

**Testimony**  
**Department of Human Services**  
**Human Services Committee**  
**Representative Alon Wieland, Chairman**  
**July 31, 2012**

Chairman Wieland, and members of the Human Services Committee, I am Debra McDermott, the Assistant Director of Fiscal Administration, for the Department of Human Services. I am here today to provide the status of the Department's 2011-2013 appropriation and the anticipated budget needs for the 2013-2015 biennium.

The Department is currently analyzing the expenditures for the first 12 months of the 2011-2013 biennium. Due to a 3.13% decrease in the Federal Medical Assistance Percentage (FMAP) for Federal Fiscal Year (FFY) 2013, we continue to anticipate a deficiency appropriation request not to exceed approximately \$21.2 million.

As we build the Department's budget for the 2013-2015 biennium, one of the first areas considered is future FMAP changes. In April, the organization Federal Funds Information for States (FFIS) issued the preliminary FMAP for FFY 2014, which is 50.00%. This is a decrease from the final FMAPs issued for FFY 2012 and FFY 2013 of 55.40% and 52.27%, respectively. Applying the preliminary FMAP of 50.00% for both FFY 2014 and FFY 2015, we have estimated a general fund need of approximately \$91.5 million.

The Department will also need to continue the 3% inflation granted to providers on July 1, 2012 for a full 24 months. We will also need to maintain the ending caseloads for the 2011–2013 biennium for a full 24 months.

Finally, the Department is evaluating the requirements contained in the Affordable Care Act and we hope to know more in the weeks and months to come so we are better able to quantify the impacts on the Department's programs.

The Department still has a great deal of work ahead of us. However, as we build our budget, we also look at Child Support Collections which continue to rise for families. The increase in pass-through child support funds for families means higher monthly income for them and the likelihood of needing less assistance from the Department. Another area we analyze every budget cycle is the number of Medicaid eligible clients that are seen at the Human Service Centers along with how many of those clients have third-party coverage, whether it be Medicare, or other private insurance. We will carefully scrutinize these estimates since income from these sources will result in less need from the general fund.

I would be happy to answer any questions.