

# SFY 2017 Reductions to Exec Budget

As of 04/12/2016

SGF Reduction in Accordance with Constitution		SGF \$
1	Portion of 2017 Deficit Assigned to DHH	(\$408.8)
2	<p><b>Amount Assigned to DHH Program Offices and LGEs</b></p> <p>Significant reductions include:</p> <ul style="list-style-type: none"> <li>•OPH: Loss of 31 retail food sanitarians, retail food establishment inspections will be cut in half.</li> <li>•OBH: Inability to meet increasing demand for forensic inpatient beds, resulting in longer jail stays.</li> <li>•OCDD: Reduction limits capacity for "Request for Services Registry" to assess only 17% of potential recipients.</li> <li>•OAAS: Eliminate State Personal Assistance Services program which helps recipients avoid institutionalization.</li> <li>•OS: Reduction to health standards, fewer inspections done statewide to ensure patient safety.</li> <li>•LGEs: Significant reductions to behavioral health and services for the developmentally disabled.</li> </ul>	(\$23.6)
3	<b>Balance Assigned to Medical Vendor Payments</b>	<b>(\$385.2)</b>

FFP Rate	62.26%
Match Rate	37.74%

Proposed Adjustments to 2017 Executive Budget		SGF \$	Total \$
4	<p><b>Annualization of 2016 Expenditure Trends</b></p> <p>This adjustment reflects the expenditure trends DHH is seeing in the Spring of 2016. It reflects an update of projected 2017 expenditures with the most current data.</p>	(\$62.5)	(\$165.7)
5	<p><b>Refinancing of 2016 PPP Expenditures</b></p> <p>This is the annualization of the 2016 adjustment used to address the mid-year deficit.</p>	\$0.7	\$27.5
6	<b>Expansion Adjustments</b>	(\$118.0)	(\$392.2)
7	<p><b>UCC/DSH Reduction Due to Expansion</b></p> <p>Increase projected UCC/DSH reduction from 10% to 25%.</p>	(\$56.5)	(\$149.6)
8	<p><b>Annualize 2016 Pediatric Day Health Care Program Changes</b></p> <p>PDHC provides services to 612 children with complex medical conditions. In SFY 2015, DHH implemented a facility need review process to limit the number of new providers. In SFY 2016, it will change program policy to target resources to children requiring continuous skilled nursing care. This reduction annualizes this policy change.</p>	(\$1.5)	(\$4.0)
9	<p><b>Reduce Funding for Unfilled Waiver Slots</b></p> <ul style="list-style-type: none"> <li>•134 Adult Day Health Care Waiver - \$1,502,808</li> <li>•38 Children's Choice Waiver - \$477,061</li> <li>•130 Community Choices Waiver - \$1,596,020</li> <li>•119 Supports Waiver - \$755,954</li> </ul>	(\$1.6)	(\$4.2)
10	<p><b>Eliminate Funding for Overtime for Waivers and LTC Services</b></p> <p>The Federal Department of Labor has amended regulations regarding domestic service employment, 78 FR 60454, which extends Fair Labor Standards Act (FLSA) protections to most home care workers to become effective October 13, 2015. The new regulations remove domestic service employees from the exemptions and grants them the Act's minimum-wage and overtime protections. DHH surveyed Home and Community Based Providers (HCBPs), and the findings indicate that most DSWs work up to 20 overtime hours per week. This rule will require HCBPs to pay overtime to DSWs. This is a new federal mandate. However, DHH is not currently appropriated funds to increase the current Medicaid provider rates to meet this requirement and there is a realistic concern that this Federal change will force providers to exit the system and reduce provider capacity of to meet recipient needs.</p>	(\$21.0)	(\$55.6)
11	<p><b>Reduce MCO PMPMs from 50% to 7% in the Actuarially Sound Range</b></p> <p>This reduction assumes MCO payments will be made at the floor of the rate range throughout SFY17. The MCO's are likely to say that the reduction will result in operating losses that threaten their financial viability forcing them to pass reductions on to providers or exit the market. 7 percent is effectively the floor of the rate range due to a 2% monthly withhold of the MCO's revenues to incent contract compliance. \$84.0 million is associated with Physical Health services and \$25.6 is associated with Specialized Behavioral Health services.</p>	(\$38.9)	(\$103.0)

12	<u>Lake Charles (WO Moss)/Lake Charles Memorial-UCC/DSH</u> <ul style="list-style-type: none"> <li>•Eliminate \$4.1M in UPL/FMP payments.</li> <li>•Eliminate \$45.7 in UCC/DSH payments.</li> <li>•These reductions will result in this Partner ending this agreement.</li> <li>•The Legislature has already given LSU permission to close WO Moss.</li> </ul>	(\$18.8)	(\$49.8)
13	<u>Bogalusa PPP (Wash/St Tamm)/Our Lady of the Angels</u> <ul style="list-style-type: none"> <li>•Eliminate \$21.9M in UPL/FMP payments.</li> <li>•Eliminate \$22.5 in UCC/DSH payments.</li> <li>•These reductions will result in this Partner ending this agreement.</li> <li>•The State Legislature will need to give LSU permission to close this facility.</li> </ul>	(\$16.8)	(\$44.4)
14	<u>Houma PPP (Chabert)/Terrebonne General &amp; Ochsner</u> <ul style="list-style-type: none"> <li>•Eliminate \$37.8M in UPL/FMP payments.</li> <li>•Eliminate \$74.0M in UCC/DSH payments.</li> <li>•Part of these payments is funded with \$20.7 in IGT's from Terrebonne General, the SGF savings has been reduced by this amount.</li> <li>•These reductions will result in these partners ending this agreement.</li> <li>•The Legislature will need to give LSU permission to close this facility.</li> </ul>	(\$21.5)	(\$111.8)
15	<u>Alexandria (Huey P.)/Rapides &amp; St. Francis</u> <ul style="list-style-type: none"> <li>•Eliminate \$47.9 in UCC/DSH payments.</li> <li>•These reductions will result in this Partner ending this agreement.</li> <li>•The Legislature has already given LSU permission to close Huey P. Long.</li> </ul>	(\$18.1)	(\$47.9)
16	<u>Monroe (EA Conway)/Biomedical Research Foundation</u> <ul style="list-style-type: none"> <li>•3% reduction to be achieved thru contract re-negotiations.</li> </ul>	(\$1.1)	(\$2.9)
17	<u>Lafayette PPP (Univ Med Cntr)/Lafayette General</u> <ul style="list-style-type: none"> <li>•3% reduction to be achieved thru contract re-negotiations.</li> </ul>	(\$1.5)	(\$4.1)
18	<u>Baton Rouge PPP (Earl K. Long)/Our Lady of the Lake</u> <ul style="list-style-type: none"> <li>•3% reduction to be achieved thru contract re-negotiations.</li> </ul>	(\$1.7)	(\$4.6)
19	<u>Baton Rouge PPP (Earl K. Long)/Woman's</u> <ul style="list-style-type: none"> <li>•3% reduction to be achieved thru contract re-negotiations.</li> </ul>	(\$0.2)	(\$0.4)
20	<u>Shreveport (LSU-HSC)/Biomedical Research Foundation</u> <ul style="list-style-type: none"> <li>•3% reduction to be achieved thru contract re-negotiations.</li> </ul>	(\$1.7)	(\$4.4)
21	<u>New Orleans PPP (ILH)/Children's/Tour</u> <ul style="list-style-type: none"> <li>•3% reduction to be achieved thru contract re-negotiations.</li> </ul>	(\$4.6)	(\$12.2)
<b>Overall Reduction Total</b>		<b>(\$385.2)</b>	<b>(\$1,129.3)</b>