

DHS BUDGET REQUEST FOR FY 2016-2017
(\$ Amounts in Thousands)

Page # of Governor's Executive Budget:
Pp. A1.20, A1.27, A2.6, C1.10, C3.3-C3.5, E7.6,
E30.5, E30.8-E30.10, E30.13, E30.18-E30.20,
E30.23, E30.37, E30.38, H80

APPROPRIATION:
Long-Term Care

I. SUMMARY FINANCIAL DATA

	<u>2014-2015 Actual</u>	<u>2015-2016 Available</u>	<u>2016-2017 Budgeted</u>
State Funds Total	\$1,358,555	\$1,263,550	\$1,393,629
State Sources Itemized			
<i>Long-Term Care (General Fund)</i>	\$810,545	\$968,083	\$1,096,608
<i>MA - Long-Term Care (Tobacco Settlement Fund)</i>	\$238,929	\$111,386 ¹	\$112,940
<i>MA - Long-Term Care (Lottery Fund)</i>	\$309,081	\$184,081	\$184,081
Federal Funds Total	\$2,039,066	\$2,045,024	\$2,127,145
Federal Sources Itemized			
<i>MA - Long-Term Care (General Fund)</i>	\$2,039,066	\$2,045,024 ²	\$2,127,145
Other Funds Total	\$480,925	\$624,264	\$588,167
Other Fund Sources Itemized			
<i>Intergovernmental Transfer</i>	\$0	\$86,749	\$98,283
<i>Nursing Home Assessment</i>	\$480,925	\$537,515	\$489,884
Total	<u>\$3,878,546</u>	<u>\$3,932,838</u>	<u>\$4,108,941</u>

IA. REQUESTED SUPPLEMENTALS (Included above)

State Funds	(\$5,223)
State Sources Itemized	
<i>MA - Long-Term Care (Tobacco Settlement Fund)</i>	(\$5,223)
Federal Funds Total	\$9,152
Federal Sources Itemized	
<i>MA - Long-Term Care (General Fund)</i>	<u>\$9,152</u>
Total	<u>\$3,929</u>

¹ Reflects a recommended appropriation reduction of \$5.223 million. Act 10-A of 2015 provided \$116.609 million for this program in Fiscal Year 2015-2016.

² Includes a recommended supplemental appropriation of \$9.152 million. Act 10-A of 2015 provided \$2,035.872 million for this program in Fiscal Year 2015-2016.

II. DETAIL BY MAJOR OBJECT (\$ Amounts in Thousands)	APPROPRIATION: Long-Term Care				
	2014-2015 Actual	2015-2016 Available	2016-2017 Budgeted	Change Budgeted vs. Available	Percent Change
PERSONNEL					
<i>State Funds</i>	\$0	\$0	\$0	\$0	0.00%
<i>Federal Funds</i>	\$0	\$0	\$0	\$0	0.00%
<i>Other Funds</i>	\$0	\$0	\$0	\$0	0.00%
Total Personnel	\$0	\$0	\$0	\$0	0.00%
OPERATING					
<i>State Funds</i>	\$11,632	\$21,425	\$24,530	\$3,105	14.49%
<i>Federal Funds</i>	\$10,328	\$18,538	\$31,463	\$12,925	69.72%
<i>Other Funds</i>	\$0	\$0	\$0	\$0	0.00%
Total Operating	\$21,960	\$39,963	\$55,993	\$16,030	40.11%
FIXED ASSETS					
<i>State Funds</i>	\$0	\$0	\$0	\$0	0.00%
<i>Federal Funds</i>	\$0	\$0	\$0	\$0	0.00%
<i>Other Funds</i>	\$0	\$0	\$0	\$0	0.00%
Total Fixed Assets	\$0	\$0	\$0	\$0	0.00%
GRANT & SUBSIDY					
<i>State Funds</i>	\$1,346,923	\$1,242,125	\$1,369,099	\$126,974	10.22%
<i>Federal Funds</i>	\$2,028,488	\$2,026,486	\$2,095,682	\$69,196	3.41%
<i>Other Funds</i>	\$480,925	\$624,264	\$588,167	(\$36,097)	-5.78%
Total Grant & Subsidy	\$3,856,336	\$3,892,875	\$4,052,948	\$160,073	4.11%
NONEXPENSE					
<i>State Funds</i>	\$0	\$0	\$0	\$0	0.00%
<i>Federal Funds</i>	\$0	\$0	\$0	\$0	0.00%
<i>Other Funds</i>	\$0	\$0	\$0	\$0	0.00%
Total Nonexpense	\$0	\$0	\$0	\$0	0.00%
BUDGETARY RESERVE					
<i>State Funds</i>	\$0	\$0	\$0	\$0	0.00%
<i>Federal Funds</i>	\$250	\$0	\$0	\$0	0.00%
<i>Other Funds</i>	\$0	\$0	\$0	\$0	0.00%
Total Budgetary Reserve	\$250	\$0	\$0	\$0	0.00%
UNCOMMITTED					
<i>State Funds</i>	\$0	\$0	\$0	\$0	0.00%
<i>Federal Funds</i>	\$0	\$0	\$0	\$0	0.00%
<i>Other Funds</i>	\$0	\$0	\$0	\$0	0.00%
Total Uncommitted	\$0	\$0	\$0	\$0	0.00%
OTHER					
<i>State Funds</i>	\$0	\$0	\$0	\$0	0.00%
<i>Federal Funds</i>	\$0	\$0	\$0	\$0	0.00%
<i>Other Funds</i>	\$0	\$0	\$0	\$0	0.00%
Total Other	\$0	\$0	\$0	\$0	0.00%
TOTAL FUNDS					
<i>State Funds</i>	\$1,358,555	\$1,263,550	\$1,393,629	\$130,079	10.29%
<i>Federal Funds</i>	\$2,039,066	\$2,045,024	\$2,127,145	\$82,121	4.02%
<i>Other Funds</i>	\$480,925	\$624,264	\$588,167	(\$36,097)	-5.78%
Total Funds	\$3,878,546	\$3,932,838	\$4,108,941	\$176,103	4.48%

APPROPRIATION:
Long-Term Care

III. HISTORY OF LAPSES (\$ Amounts in Thousands)	2013-2014	2014-2015	2015-2016 Estimated
State Funds	\$321	\$0	\$0

IV. COMPLEMENT INFORMATION	12/31/2014	12/31/2015	2016-2017 Budgeted
State/Federally Funded			
<i>Authorized</i>	N/A	N/A	N/A
<i>Filled</i>	N/A	N/A	N/A
Federally Funded			
<i>Authorized</i>	N/A	N/A	N/A
<i>Filled</i>	N/A	N/A	N/A
Other Funded			
<i>Authorized</i>	N/A	N/A	N/A
<i>Filled</i>	N/A	N/A	N/A
Total			
<i>Authorized</i>	N/A	N/A	N/A
<i>Filled</i>	N/A	N/A	N/A
Benefit Rate	N/A	N/A	N/A

V. DERIVATION OF REQUEST / LEGISLATIVE CITATIONS / DISBURSEMENT CRITERIA

Derivation of Request:

Funding projections are derived from forecasting models developed on the basis of facilities certified for participation in the Medical Assistance (MA) Program, their MA case-mix index, projected estimates of patient pay funds and adjustments in net operating costs to reflect changes in resident care cost, and other resident related care and administrative expenses. Capital costs are also included as a component of nursing home payments.

Detail on the appropriation request is outlined in Section VI entitled "Explanation of Changes" on the following pages.

Legislative Citations:

62 P.S. § 443.1(5) and (6)

Disbursement Criteria:

The service provider must be enrolled in the Medical Assistance Program, the service recipient must be deemed eligible for Medical Assistance benefits and the service provided must be a covered Medical Assistance benefit. Reimbursement of covered services must be in accordance with promulgated fee schedules/rates of reimbursement. Payments are disbursed upon successful completion of prepayment screens and edits and availability of funding.

VI. EXPLANATION OF CHANGES (\$ Amounts in Thousands)	APPROPRIATION: Long-Term Care			
	State \$	Federal \$	Other \$	Total \$
OPERATING				
1. The Governor's Executive Budget includes \$32.864 million (\$17.179 million in State funds) for the continuation of the major contracts for this appropriation:	<u>(\$4,246)</u>	<u>(\$2,853)</u>	<u>\$0</u>	<u>(\$7,099)</u>
Subtotal Operating	(\$4,246)	(\$2,853)	\$0	(\$7,099)
GRANT & SUBSIDY				
1. Nonpublic Nursing Facility				
A. Provides for an increase of 444,283 days of care during Fiscal Year 2016-2017 from 16,186,533 to 16,630,816:	\$36,202	\$37,414	\$0	\$73,616
B. Provides for an increase in average cost per day of \$1.96 for nonpublic nursing facilities from \$162.91 per day in Fiscal Year 2015-2016 to \$164.87 per day in Fiscal Year 2016-2017:	\$15,028	\$16,322	\$0	\$31,350
2. County Nursing Facility				
A. Reflects a decrease of 53,488 days of care during Fiscal Year 2016-2017 from 2,192,908 to 2,139,420:	(\$4,553)	(\$5,135)	\$0	(\$9,688)
B. Provides for an increase in average cost per day of \$2.16 for county nursing facilities from \$186.97 per day in Fiscal Year 2015-2016 to \$189.13 per day in Fiscal Year 2016-2017:	\$2,163	\$2,341	\$0	\$4,504
3. Certified Rehabilitation Agencies				
A. Reflects a decrease of 318 days of care during Fiscal Year 2016-2017 from 265,461 to 265,143:	(\$53)	(\$58)	\$0	(\$111)
B. Provides for an increase in average cost per day of \$4.29 for certified rehabilitation agencies from \$352.92 per day in Fiscal Year 2015-2016 to \$357.21 per day in Fiscal Year 2016-2017:	\$452	\$489	\$0	\$941
4. Inpatient Facility Based LTC Extended Care Facility				
A. Reflects a decrease of 2,284 days of care during Fiscal Year 2016-2017 from 199,427 to 197,143:	(\$198)	(\$230)	\$0	(\$428)
B. Provides for an increase in average cost per day of \$1.78 for inpatient facility based long-term care extended care facilities from \$172.04 per day in Fiscal Year 2015-2016 to \$173.82 per day in Fiscal Year 2016-2017:	<u>\$185</u>	<u>\$200</u>	<u>\$0</u>	<u>\$385</u>
Subtotal	\$49,226	\$51,343	\$0	\$100,569

VI. EXPLANATION OF CHANGES

(\$ Amounts in Thousands)

**APPROPRIATION:
Long-Term Care**

	<u>State \$</u>	<u>Federal \$</u>	<u>Other \$</u>	<u>Total \$</u>
OTHER PROVIDER PAYMENTS				
1. Provides for the increase in Nursing Facilities Allowable Cost and Direct Care Supplemental Payments:	\$5,431	\$0	\$0	\$5,431
2. Reflects the non-recurring Fiscal Year 2015-2016 Medical Assistance (MA) Day One Incentive Payments to nonpublic facilities who maintain an overall occupancy rate of at least eighty-five percent and an MA occupancy rate of at least sixty-five percent:	(\$6,000)	(\$6,503)	\$0	(\$12,503)
3. Reflects the non-recurring prior year obligation of Pay-for-Performance Payments (P4P) to qualified county nursing facilities:	(\$755)	(\$812)	\$0	(\$1,567)
Subtotal Other Provider Payments	(\$1,324)	(\$7,315)	\$0	(\$8,639)
ADMINISTRATIVE/CASH FLOW IMPACTS				
1. Reflects the non-recurring rollback of costs from Fiscal Year 2015-2016 to Fiscal Year 2014-2015:	\$12,085	\$13,097	\$0	\$25,182
2. Provides for an increase in Tobacco Settlement funding available in Fiscal Year 2016-2017:	(\$1,554)	\$0	\$0	(\$1,554)
3. Reflects the discontinuation of the Certified Public Expenditure process:	\$4,341	(\$4,341)	\$0	\$0
4. Impact of increase in Nursing Home Assessment revenue:	(\$5,500)	\$0	\$5,500	\$0
5. Impact of increase in Intergovernmental Transfer Funding:	(\$11,534)	\$0	\$11,534	\$0
6. Impact of a one-time use of Nursing Home Assessment revenue collected in prior years in Fiscal Year 2015-2016:	\$53,131	\$0	(\$53,131)	\$0
Subtotal Administrative/Cash Flow Impacts	\$50,969	\$8,756	(\$36,097)	\$23,628
7. Impact of the change in the Federal Medical Assistance Percentage (a decrease from 52.01 percent to 51.78 percent, effective October 1, 2016). Full-year blended rate decreases from 51.9625 percent to 51.8375 percent:	\$5,833	(\$5,833)	\$0	\$0
Subtotal Grant & Subsidy - General Fund	\$104,704	\$46,951	(\$36,097)	\$115,558

VI. EXPLANATION OF CHANGES (\$ Amounts in Thousands)	APPROPRIATION: Long-Term Care			
	State \$	Federal \$	Other \$	Total \$
FISCAL YEAR 2016-2017 INITIATIVES				
OPERATING				
1. Community HealthChoices Administration				
A. Provides funding for the administration of Community HealthChoices in the Southwest Region beginning in January of 2017:	\$7,351	\$15,778	\$0	\$23,129
GRANT & SUBSIDY				
2. Community HealthChoices				
A. Impact of the transition from multiple fee-for-service delivery systems to a consolidated, capitated, managed long-term services and supports system called Community HealthChoices. This system will be implemented in the Southwest Region of the Commonwealth beginning January 2017:	\$20,716	\$22,245	\$0	\$42,961
Subtotal Fiscal Year 2016-2017 Initiatives	\$28,067	\$38,023	\$0	\$66,090
TOBACCO FUND				
GRANT & SUBSIDY				
1. The Fiscal Year 2016-2017 Governor's Executive Budget recommends that \$112.940 million be allocated from the Tobacco Settlement Fund to provide supplemental funding to the Long-Term Care appropriation, an increase of \$1.554 million from the Fiscal Year 2015-2016 amount:	\$1,554	\$0	\$0	\$1,554
Subtotal Grant & Subsidy - Tobacco Settlement Fund	\$1,554	\$0	\$0	\$1,554
GENERAL FUND				
Total Operating	\$3,105	\$12,925	\$0	\$16,030
Total Grant & Subsidy	\$125,420	\$69,196	(\$36,097)	\$158,519
Total General Fund	\$128,525	\$82,121	(\$36,097)	\$174,549
TOBACCO FUND				
Total Grant & Subsidy	\$1,554	\$0	\$0	\$1,554
Total Tobacco Fund	\$1,554	\$0	\$0	\$1,554
TOTAL	\$130,079	\$82,121	(\$36,097)	\$176,103

Long-Term Care
Fiscal Year 2016-2017 Governor's Executive Budget
Fiscal Year 2015-2016

<u>LONG-TERM CARE FACILITIES</u>	Total	Federal	State	Leave and Facility Days	Hospital Days	Cost Per Day
July 2015	\$249,241,826	\$129,201,259	\$120,040,367	1,475,510	17,383	\$168.26
August	\$283,235,527	\$146,906,424	\$136,329,103	1,676,720	19,490	\$168.27
September	\$263,488,417	\$136,746,282	\$126,742,135	1,555,407	16,921	\$168.79
October	\$257,412,283	\$134,109,212	\$123,303,071	1,521,876	15,416	\$168.57
November	\$290,662,880	\$151,508,260	\$139,154,620	1,718,599	20,439	\$168.46
December	\$254,007,860	\$132,109,488	\$121,898,372	1,501,366	18,021	\$168.51
January 2016	\$254,007,860	\$132,109,488	\$121,898,372	1,501,366	18,021	\$168.51
February	\$280,471,907	\$145,873,439	\$134,598,468	1,658,112	19,867	\$168.48
March	\$254,007,860	\$132,109,488	\$121,898,372	1,501,366	18,021	\$168.51
April	\$254,007,860	\$132,109,488	\$121,898,372	1,501,366	18,021	\$168.51
May	\$280,471,907	\$145,873,439	\$134,598,468	1,658,112	19,867	\$168.48
June	\$254,007,860	\$132,109,488	\$121,898,372	1,501,366	18,021	\$168.51
Subtotal Long-Term Care Facilities Expenditures	\$3,175,023,847	\$1,650,765,755	\$1,524,258,092	18,771,166	219,488	\$168.49
<u>OTHER PROVIDER PAYMENTS</u>						
Case-Mix Regulation Disproportionate Share Payments	\$6,495,689	\$3,375,322	\$3,120,367			
MDOI-MA Day One Incentive Payments-County (Assessment)	\$23,661,944	\$12,306,577	\$11,355,367			
MDOI-MA Day One Incentive Payments-County (Special Revenue)	\$132,057,928	\$68,683,328	\$63,374,600			
MDOI- MA Day One Incentive Payments - Non Public (State Funds)	\$12,502,605	\$6,502,605	\$6,000,000			
Non Public MDOI Prior Year Obligation (Apr-Jun 2015 qtr)	\$4,151,100	\$2,151,100	\$2,000,000			
Supplemental Ventilator Care Payments	\$4,420,127	\$2,296,808	\$2,123,319			
Pay-for-Performance (P4P) Payments Prior Year (Apr-Jun 2015 qtr)	\$1,567,663	\$812,363	\$755,300			
Nursing Facilities Allowable Costs Supplemental Payments	\$334,785,423	\$174,121,899	\$160,663,524			
Nursing Facilities Direct Care Supplemental Payments	\$268,231,250	\$139,507,073	\$128,724,177			
Gross Adjustments/Cost Settlements	\$3,736,215	\$1,941,431	\$1,794,784			
Subtotal Other Provider Payments	\$791,609,944	\$411,698,506	\$379,911,438			
TOTAL PROVIDER PAYMENTS	\$3,966,633,791	\$2,062,464,261	\$1,904,169,530			
<u>ADMINISTRATIVE/CASH FLOW IMPACTS</u>						
Refunds	(\$53,854,869)	(\$27,984,336)	(\$25,870,533)			
Transfer Expenditures to LTC Lottery Fund	(\$184,081,000)	\$0	(\$184,081,000)			
Transfer Expenditures to LTC Tobacco Settlement Fund	(\$111,386,000)	\$0	(\$111,386,000)			
Reimbursement for Certified Public Expenditures	\$0	\$4,341,332	(\$4,341,332)			
Civil Monetary Penalty Fund	(\$1,433,783)	\$0	(\$1,433,783)			
Nursing Home Transition	\$5,000,557	\$761,574	\$4,238,983			
Rollback of Expenditures to Fiscal Year 2014-2015	(\$25,181,496)	(\$13,096,896)	(\$12,084,600)			
Subtotal Administrative/Cash Flow Impacts	(\$370,936,591)	(\$35,978,326)	(\$334,958,265)			
<u>OPERATING</u>						
Alvarez & Marsal	\$2,343,731	\$1,171,866	\$1,171,865			
Cognosante LLC	\$3,000	\$2,700	\$300			
Computer Aid Inc	\$415,913	\$207,957	\$207,956			
Dell Marketing	\$32,193	\$24,377	\$7,816			
Deloitte	\$3,488,849	\$2,816,637	\$872,212			
Dering Consulting Group	\$250,000	\$0	\$250,000			
Dilworth Paxson	\$600,000	\$0	\$600,000			
Harmony	\$10,000	\$0	\$10,000			
HP Enterprise	\$750,000	\$552,225	\$197,775			
Independent Enrollment Broker - A	\$614,757	\$278,731	\$336,026			
Independent Enrollment Broker - B	\$2,366,694	\$1,073,059	\$1,293,635			
InGenesis	\$7,352,258	\$3,815,087	\$3,537,171			
Kendal Outreach LLC	\$933,783	\$0	\$933,783			
Maximus	\$4,464,972	\$2,024,418	\$2,440,554			
Mercer	\$5,000,000	\$2,500,000	\$2,500,000			
MHM Solutions	\$339,760	\$169,880	\$169,880			
Money Follows the Person	\$200,015	\$200,015	\$0			
Myers & Stauffer	\$2,469,166	\$1,234,583	\$1,234,583			
National Core Indicators	\$13,500	\$6,750	\$6,750			
PHFA MOU	\$2,487,580	\$161,941	\$2,325,639			
PPL Consultant Provider	\$1,271,198	\$1,016,958	\$254,240			
Raffaele & Puppio	\$200,000	\$0	\$200,000			
Revenue Maximization	\$1,393,750	\$0	\$1,393,750			
Sellers Dorsey	\$2,500,000	\$1,250,000	\$1,250,000			
University of Massachusetts	\$462,000	\$231,000	\$231,000			
Subtotal Operating Expenditures	\$39,963,119	\$18,538,184	\$21,424,935			

Long-Term Care
 Fiscal Year 2016-2017 Governor's Executive Budget
 Fiscal Year 2015-2016

<u>GRANT PAYMENTS</u>	Total	Federal	State
Center for Independent Living	\$1,085,369	\$0	\$1,085,369
Pennsylvania Legal Aid Network	\$125,000	\$0	\$125,000
Pennsylvania Long-Term Grant Program (CMP)	<u>\$500,000</u>	<u>\$0</u>	<u>\$500,000</u>
Subtotal Grant Payments	\$1,710,369	\$0	\$1,710,369
Total	\$3,637,370,688	\$2,045,024,119	\$1,592,346,569
Nursing Home Assessment	\$484,384,120	\$0	\$484,384,120
Available Intergovernmental Transfer Funding	\$86,748,853	\$0	\$86,748,853
Other Revenue	<u>\$53,130,596</u>	<u>\$0</u>	<u>\$53,130,596</u>
Total FY 2015-2016 Program Requirement		<u>\$2,045,024,119</u>	<u>\$968,083,000</u>
Act 10-A of 2015		<u>\$2,035,872,000</u>	<u>\$968,083,000</u>
Surplus / (Deficit)		(\$9,152,119)	\$0

Long-Term Care
Fiscal Year 2016-2017 Governor's Executive Budget
Fiscal Year 2016-2017

<u>LONG-TERM CARE FACILITIES</u>	Total	Federal	State	Leave and Facility Days	Hospital Days	Cost Per Day
July 2016	\$259,041,101	\$134,727,277	\$124,313,824	1,531,876	18,390	\$168.43
August	\$291,728,434	\$151,727,959	\$140,000,475	1,704,616	20,430	\$170.46
September	\$264,228,115	\$137,425,043	\$126,803,072	1,543,652	18,534	\$170.49
October	\$291,728,434	\$151,056,983	\$140,671,451	1,704,616	20,430	\$170.46
November	\$264,228,115	\$136,817,318	\$127,410,797	1,543,652	18,534	\$170.49
December	\$264,228,115	\$136,817,318	\$127,410,797	1,543,652	18,534	\$170.49
January 2017	\$291,728,434	\$151,056,983	\$140,671,451	1,704,616	20,430	\$170.46
February	\$264,228,115	\$136,817,318	\$127,410,797	1,543,652	18,534	\$170.49
March	\$264,228,115	\$136,817,318	\$127,410,797	1,543,652	18,534	\$170.49
April	\$264,228,115	\$136,817,318	\$127,410,797	1,543,652	18,534	\$170.49
May	\$291,728,434	\$151,056,983	\$140,671,451	1,704,616	20,430	\$170.46
June	\$264,228,115	\$136,817,318	\$127,410,797	1,543,652	18,534	\$170.49
Subtotal Long-Term Care Facilities Expenditures	\$3,275,551,642	\$1,697,955,136	\$1,577,596,506	19,155,904	229,848	\$170.31
<u>OTHER PROVIDER PAYMENTS</u>						
Case-Mix Regulation Disproportionate Share Payments	\$6,495,689	\$3,367,203	\$3,128,486			
MDOI-MA Day One Incentive Payments-County (Assessment)	\$23,661,944	\$12,252,155	\$11,409,789			
MDOI-MA Day One Incentive Payments-County (Special Revenue)	\$132,057,928	\$68,379,595	\$63,678,333			
Non Public MDOI Prior Year Obligation (Apr-Jun 2016 qtr)	\$4,167,535	\$2,167,535	\$2,000,000			
Supplemental Ventilator Care Payments	\$4,420,127	\$2,291,283	\$2,128,844			
Nursing Facilities Allowable Costs Supplemental Payments	\$337,513,923	\$173,351,892	\$164,162,031			
Nursing Facilities Direct Care Supplemental Payments	\$270,959,750	\$138,890,141	\$132,069,609			
Gross Adjustments/Cost Settlements	\$3,736,215	\$1,936,760	\$1,799,455			
Subtotal Other Provider Payments	\$783,013,111	\$402,636,564	\$380,376,547			
TOTAL PROVIDER PAYMENTS	\$4,058,564,753	\$2,100,591,700	\$1,957,973,053			
<u>ADMINISTRATIVE/CASH FLOW IMPACTS</u>						
Refunds	(\$53,854,869)	(\$27,917,018)	(\$25,937,851)			
Transfer Expenditures to LTC Lottery Fund	(\$184,081,000)	\$0	(\$184,081,000)			
Transfer Expenditures to LTC Tobacco Settlement Fund	(\$112,940,000)	\$0	(\$112,940,000)			
Civil Monetary Penalty Fund	(\$1,433,783)	\$0	(\$1,433,783)			
Nursing Home Transition	\$5,000,557	\$761,574	\$4,238,983			
Subtotal Administrative/Cash Flow Impacts	(\$347,309,095)	(\$27,155,444)	(\$320,153,651)			
<u>OPERATING</u>						
Alvarez & Marsal	\$540,861	\$270,431	\$270,430			
Cognosante LLC	\$3,000	\$2,700	\$300			
Computer Aid Inc.	\$424,230	\$212,115	\$212,115			
Dell Marketing	\$32,193	\$24,377	\$7,816			
Deloitte	\$2,625,000	\$1,968,750	\$656,250			
Dering Consulting Group	\$250,000	\$0	\$250,000			
Dilworth Paxson	\$600,000	\$0	\$600,000			
HP Enterprise	\$500,000	\$368,150	\$131,850			
Independent Enrollment Broker - A	\$2,459,030	\$1,114,924	\$1,344,106			
Independent Enrollment Broker - B	\$4,733,396	\$2,146,122	\$2,587,274			
InGenesis	\$7,500,000	\$3,891,750	\$3,608,250			
Mercer	\$1,000,000	\$500,000	\$500,000			
MHM Solutions	\$353,350	\$176,675	\$176,675			
Money Follows the Person	\$2,255,322	\$2,255,322	\$0			
Myers & Stauffer	\$1,500,000	\$750,000	\$750,000			
Nursing Facility Training (CMP)	\$933,783	\$0	\$933,783			
PHFA MOU	\$2,487,580	\$161,941	\$2,325,639			
PPL Consultant Provider	\$1,271,198	\$1,016,958	\$254,240			
Raffaele & Puppio	\$200,000	\$0	\$200,000			
Revenue Maximization	\$1,545,000	\$0	\$1,545,000			
Sellers Dorsey	\$1,250,000	\$625,000	\$625,000			
University of Massachusetts	\$400,000	\$200,000	\$200,000			
Subtotal Operating Expenditures	\$32,863,943	\$15,685,215	\$17,178,728			
<u>GRANT PAYMENTS</u>						
Center for Independent Living	\$1,085,369	\$0	\$1,085,369			
Pennsylvania Legal Aid Network	\$125,000	\$0	\$125,000			
Pennsylvania Long-Term Grant Program (CMP)	\$500,000	\$0	\$500,000			
Subtotal Grant Payments	\$1,710,369	\$0	\$1,710,369			
<u>FY 2016-2017 PRR/Initiatives</u>						
Community HealthChoices	\$42,960,983	\$22,245,197	\$20,715,786			
Community HealthChoices Administration	\$23,129,114	\$15,778,307	\$7,350,807			
Subtotal FY 2016-2017 PRR/Initiatives	\$66,090,097	\$38,023,504	\$28,066,593			
Total	\$3,811,920,067	\$2,127,144,975	\$1,684,775,092			
Nursing Home Assessment	\$489,884,120	\$0	\$489,884,120			
Available Intergovernmental Transfer Funding	\$98,282,659	\$0	\$98,282,659			
Total FY 2016-2017 Program Requirement		\$2,127,144,975	\$1,096,608,313			

LONG-TERM CARE

PROGRAM STATEMENT

The Long-Term Care appropriation provides for care to individuals needing nursing facility services. Recipients are assessed to determine if they are both medically and financially eligible for Medical Assistance (MA) nursing facility benefits before they can be admitted to or have payment for nursing facility services. As the number of people needing long-term care services has grown, the need to realign both the supply of services and the funding that supports them has become increasingly evident.

NURSING FACILITY SERVICES

Nursing facilities provide care to recipients whose medical needs do not require acute hospital care, but need a more intense level of care or supervision than provided in a non-nursing facility setting. According to the Department of Health, there were 695 licensed county and general nursing facilities with approximately 86,815 beds in the Commonwealth as of January 31, 2015. Of these, 619 facilities and approximately 82,818 beds were certified to participate in the MA Program, representing 95.4 percent of the beds in the State. Nursing facilities are paid for the services provided to MA eligible recipients through a case-mix prospective payment system that recognizes net operating and capital costs and is based on the resources needed to meet their residents' care requirements.

Nursing facility cost reports are audited to ensure that the costs incurred by nursing facilities are reasonable and appropriate prior to developing payment rates. The Department of Human Services uses a Utilization Management Review (UMR) process to ensure rates paid to nursing facilities are based on correct Minimum Data Set (MDS) information and that overpayments are avoided. The UMR activities include monitoring facility MDS submissions, performing reviews of nursing facility billing processes and providing technical assistance for nursing facility staff.

The MA Participation Review – This review process objectively analyzes and determines the demand for additional MA-certified nursing facility beds, assuring compliance with Federal requirements to safeguard against unnecessary utilization of Medicaid services. In order for providers to receive approval for MA participation of new bed construction, they must successfully demonstrate demand for additional nursing facility beds in their geographical area. Requests are denied when this cannot be demonstrated or when alternatives to nursing facility care exist to meet demand.

FISCAL YEAR 2016-2017 INITIATIVE – COMMUNITY HEALTHCHOICES

The 2016 Fiscal Year budget provides for the implementation of Community HealthChoices (CHC) to improve health outcomes. The Department of Human Services and the Pennsylvania Department of Aging will continue the combined three-year implementation of a managed long-term services and supports program for older Pennsylvanians and adults with physical disabilities - (CHC). This program will ensure that one entity is responsible for coordinating the physical health and long-term service and support needs of participants to improve care coordination and health outcomes while allowing more individuals to live in their community. CHC will be implemented in three phases. Phase one will be implemented January 2017, in the Southwest region. Phase two will be implemented January 2018 in the Southeast region. The final phase three will be implemented January 2019 in the Northwest, Lehigh-Capital, and Northeast regions.

Benefits of implementing the CHC program include the following:

- **Enhanced opportunities for community-based living.** Managed long-term services and supports will improve person-centered service planning and, as more community-based living options become available, the ability to honor participant preferences to live and work in the community will expand. Performance incentives built into the program's quality oversight and payment policies will stimulate a wider and deeper array of home and community-based services options.
- **Strengthened coordination of long-term services and supports and other types of health care, including all Medicare and Medicaid services for dual eligible individuals.** Better coordination of Medicare and Medicaid health services and long-term service and supports will make the system easier to use and will result in better quality of life, health, safety, and well-being.
- **Enhanced quality and accountability.** CHC – Managed care organizations will be accountable for outcomes for the target population and responsible for the overall health and long-term support for the whole person. Quality of life and care will be measured and published, giving participants the information they need to make informed decisions.
- **Advance program innovation.** Greater creativity and innovation afforded in the program will help to increase community housing options, enhance the long-term services and supports direct care workforce, expand the use of technology, and expand employment among participants who have employment goals.
- **Increase efficiency and effectiveness.** The program will increase the efficiency of health care and long-term service and supports by reducing preventable admissions to hospitals, emergency departments, nursing facilities and other high-cost services and by increasing the use of health promotion, primary care and home and community-based services.

When fully implemented, CHC will serve an estimated 450,000 individuals, including 130,000 older persons and adults with physical disabilities who are currently receiving long-term service and supports in the community and in nursing facilities. CHC - Managed Care Organizations will be accountable for most Medicaid-covered services, including preventive services, primary and acute care, long-term services and supports (home and community-based services and nursing facilities), prescription drugs, and dental services. Participants who have Medicaid and Medicare coverage (dual eligible participants) will have the option to have their Medicaid and Medicare services coordinated by the same Managed Care Organization.

This initiative builds on the Commonwealth's past success in implementing the country's most extensive network of Programs of All-inclusive Care for the Elderly (called LIFE, Living Independence for the Elderly, in Pennsylvania), which will continue to be an option for eligible persons, and its home and community-based services waiver programs. It also builds on the Commonwealth's experience with HealthChoices, a statewide managed care delivery system for children and adults. Behavioral health services will continue to be provided through the Behavioral Health Services HealthChoices (Behavioral Health - Managed Care Organizations). CHC - Managed Care Organizations and Behavioral Health - Managed Care Organizations will be required to coordinate services for individuals who participate in both programs.