

**Testimony
Department of Human Services
Government Services Committee
Representative Jeff Delzer, Chairman
September 19, 2012**

Chairman Delzer, and members of the Government 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, major programmatic changes, the status of one-time expenditures, and the anticipated budget needs for the 2013-2015 biennium.

Status 2011-2013 Budget

The Department is currently analyzing the expenditures for the first 14 months of the 2011-2013 beinnium. The budget is managed on a Department-wide basis, and 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.

Programmatic Changes and One-Time Expenditures

The Department has not made any major programmatic changes during the 2011-2013 biennium.

The Department's one-time expenditures are as follows:

- Federal Stimulus of \$519,175 was spent on the Infant Development (Part C) program for the development of training programs.

- SB 2012 Section 10 – Funding of \$400,000 for supplemental payments, with \$200,000 to be paid to a governmental nursing facility and \$200,000 to a hospital with both entities being associated with the intergovernmental transfer payment program. Both payments were made in August 2011.
- SB 2012 Section 2 – State Hospital Capital Projects:

Project	2011-2013 Budget	Expenditures thru August 2012	Remaining Balance
Emergency Generator Project	1,300,000	217,532	1,082,468
New Horizons Electrical Service Upgrade	300,000	18,650	281,350
Fire/Smoke Damper Testing	200,000	86,708	113,292
	1,800,000	322,890	1,477,110

- HB 1152 – Provided \$3.5 million for Medicaid supplemental payments for critical access hospitals. The Medicaid plan amendment was approved August 26, 2011.
- HB 1199 – Provided \$64,000 for guardianship program enhancements to provide an annual fee for providing guardianship services. As of August 31, 2012, the Department has paid six individuals/entities a \$500 per year guardian fee and has established 13 guardianships at an average cost of \$1,781.41 per individual.
- SB 2015 – Replaced Permanent Oil Trust Funds of \$1,474,362 with General Fund for the Medicaid Management Information System (MMIS) Replacement project.
- SB 2024 – Provided \$149,094 for system modifications to MMIS which are almost complete. Effective for dates of service beginning October 1, 2012 medical providers can submit claims to the Department for payment processing on behalf of the inmates of county jails. Also \$72,324 was provided for the necessary

modifications to the eligibility system to be made after the implementation of the MMIS, to process inpatient hospital claims for inmates of the state penitentiary and county jails.

- SB 2012 and Special Session HB 1475 – Provided \$42.7 million for the Eligibility System Modernization Project. We have completed the Initiation Phase and have begun the Planning and Analysis Phase.

2013-2015 Budget

An October 5, 2012 budget extension was approved for the Department, and therefore we continue the process of building our budget. The Office of Management and Budget provided testimony earlier today regarding the Department's estimated costs to continue for the 2013-2015 biennium.

I would be happy to answer any questions.