



Summary of DHHS – FY 13 MaineCare Supplemental Budget LD 1746 as Enacted

Table of Contents

Changes to General Fund Balance	Page 1
Summary of Non-DHHS Initiatives	Page 2
Summary of DHHS and MaineCare Initiatives	Page 3
Summary of Fund for a Healthy Maine Initiatives.....	Page 4
Tax and Fee Changes.....	Page 5

**Prepared by the
Office of Fiscal and Program Review**

May 24, 2012

DHHS - FY 13 MaineCare Supplemental Budget (LD 1746 as Enacted) Summary of General Fund Changes

Summary of Appropriations and Revenue/Transfers in LD 1746 as Enacted

	FY 12	FY 13
Resources (Transfers/Adjustments to Balance and Revenue):		
- General Fund Transfers and Adjustments to Balance	\$0	(\$11,250,000)
- General Fund Revenue	\$0	\$11,579,741
Net Increase (Decrease) to Resources	\$0	\$329,741
General Fund Appropriations:		
- General Fund Appropriations	\$0	\$56,972,196
Net Increase (Decrease) of Appropriations	\$0	\$56,972,196
Net Increase (Decrease) to Balance - LD 1746 as Enacted	\$0	(\$56,642,455)

Summary General Fund "Spending" and "Savings" Initiatives in LD 1746 as Enacted

	FY 12	FY 13
Initiatives Decreasing Resources ("Spending")		
- Non-DHHS Spending Initiatives (see Page 2)	\$0	(\$17,555,230)
- DHHS - MaineCare Spending Initiatives (see Page 3)	\$0	(\$80,591,583)
- DHHS - Other DHHS Spending Initiatives (see Summary Page 3)	\$0	(\$7,488,250)
Initiatives Increasing Resources ("Savings")		
- Non-DHHS Savings Initiatives (see Page 2)	\$0	\$13,017,688
- DHHS - MaineCare Savings Initiatives (see Summary Page 3)	\$0	\$30,605,988
- DHHS - Other DHHS Savings Initiatives (see Summary Page 3)	\$0	\$5,368,932
Net Increase (Decrease) to General Fund Resources	\$0	(\$56,642,455)

General Fund Budgeted Balance Summary with LD 1746 as Enacted

	FY 12	FY 13
General Fund Beginning Balances	\$19,019,140	\$42,319,014
Net Changes to Balance Prior to LD 1746 and April Rev. Forecast	(\$18,885,941)	\$11,183,772
April 2012 Special Revenue Revision	\$42,185,815	\$6,707,675
Net Changes to Balance from LD 1746 (see summaries above)	\$0	(\$56,642,455)
Budgeted Ending Balances After LD 1746	\$42,319,014	\$3,568,006

DHHS - FY 13 MaineCare Supplemental Budget (LD 1746 as Enacted)
Summary of non-DHHS Initiatives

	<u>FY 12</u>	<u>FY 13</u>
Non-DHHS Spending Initiatives:		
Administrative and Financial Services		
Transfer to Maine Budget Stabilization Fund	\$0	\$13,000,000
Environmental Protection		
Dolby Landfill Operating Costs	\$0	\$320,000
Indigent Legal Services		
Indigent Legal Services	\$0	\$450,000
Public Utilities Commission		
E-9-1-1 funding	\$0	\$3,785,230
Subtotal Non-DHHS Spending Initiatives	\$0	\$17,555,230
Non-DHHS Savings Initiatives:		
Administrative and Financial Services		
Fund for a Healthy Maine slot machine revenue remaining FY13 budgeted amount (see FHM summary on Page 4)	\$0	(\$2,500,000)
Agriculture/Conservation		
LD 1830 merging Departments of Agriculture and Conservation	\$0	(\$107,688)
Environmental Protection		
Transfer from Groundwater Oil Cleanup Fund account	\$0	(\$250,000)
Finance Authority of Maine		
Transfer from Loan Insurance Reserve but raise reserve cap	\$0	(\$2,000,000)
Professional and Financial Regulation		
Transfer from Balance in Administrative Services account	\$0	(\$1,500,000)
Tax-related Changes		
Overtime Authorization to Collect Tax Receivables - Net amount after appropriations and Revenue Sharing transfers	\$0	(\$1,670,000)
Use Tax Compliance and Education Effort - Net amount after appropriations and Revenue Sharing transfers	\$0	(\$4,990,000)
Subtotal Non-DHHS Savings Initiatives	\$0	(\$13,017,688)
Net General Fund Cost (Savings) of Non-DHHS Initiatives	\$0	\$4,537,542

DHHS - FY 13 MaineCare Supplemental Budget (LD 1746 as Enacted)
Summary of DHHS and MaineCare Initiatives

	<u>FY 12</u>	<u>FY 13</u>
MaineCare and Related Spending Initiatives		
Cycle Payments Shortfall ¹	\$0	\$66,793,803
MaineCare Federal Medical Assistance Percentage (FMAP) - 63.27% to 62.57% 10/1/2012 ¹	\$0	\$11,775,773
Developmental Services - funding to reduce Section 21 and Section 29 waiver waitlists	\$0	\$1,000,000
Adult Mental Health - offset to reductions made in PL 2011, c. 380 to reduce reimbursement for outpatient substance abuse and mental health services (Section 65) rates	\$0	\$1,000,000
MaineCare Optional Services - offset to 10% rate reduction for adult family care services in Public Law 2011, chapter 477, Part M	\$0	\$22,007
Subtotal MaineCare Spending	\$0	\$80,591,583
Other DHHS Spending Initiatives		
Foster Care FMAP ¹	\$0	\$13,579
General Assistance Shortfall		\$4,297,699
Disproportionate Share Hospital - IMD Funding Issues		\$3,176,972
Subtotal Other DHHS Spending	\$0	\$7,488,250
Total DHHS Spending Initiatives ¹	\$0	\$88,079,833
MaineCare and Related Reductions/Savings Initiatives		
MaineCare Eligibility/Recipients Reductions	\$0	(\$10,271,833)
Eliminate MaineCare Optional Services - ambulatory surgical centers; sexually transmitted disease screenings; smoking cessation products	\$0	(\$420,255)
Adult Mental Health - IMDs and psychiatric units in private hospitals savings; integrated care initiative for outpatient mental health and primary care services	\$0	(\$1,897,500)
MaineCare Prescription Drugs - Medicare Savings Program/DEL eligibility reductions	\$0	(\$1,775,708)
Shift MaineCare Seed to FHM (See page 4 for FHM initiatives offsetting shift)	\$0	(\$9,876,575)
MaineCare Redesign Task Force	\$0	(\$5,000,000)
Substance Abuse - Limit methadone treatment of addiction to opioids (LD 1840)	\$0	(\$1,364,117)
Subtotal MaineCare Savings/Reductions	\$0	(\$30,605,988)
Other DHHS Reductions/Savings Initiatives		
DHHS Management - Salary Savings	\$0	(\$1,000,000)
Adult Mental Health - reduction in mobile outreach crisis contracts	\$0	(\$277,500)
Children's Services - reductions in Head Start and Child Welfare programs	\$0	(\$3,249,500)
DHHS Restructuring (LD 1887) Net Savings	\$0	(\$841,932)
Subtotal Other DHHS Reductions/Savings Initiatives	\$0	(\$5,368,932)
Total DHHS Reductions/Savings Initiatives	\$0	(\$35,974,920)

¹ DHHS has identified additional administrative offsets of \$17.1 million in FY 13 and additional savings of \$5.3 million from MaineCare ineligible segments to help fund the total estimated MaineCare shortfall of \$101.0 million in FY 13.

DHHS - FY 13 MaineCare Supplemental Budget (LD 1746 as Enacted)
Summary of Fund for a Healthy Maine (FHM) Initiatives

	<u>FY 12</u>	<u>FY 13</u>
Allocations - Fund for a Healthy Maine		
FHM Spending Initiatives		
FHM Funding for Maine Care Shifted from Other Programs		
FHM - Medical Care (0960-01)	\$0	\$9,876,575
FHM Spending for Federal Medical Assistance Percentage (FMAP) Decrease		
FHM - Substance Abuse (0948-02)	\$0	\$17,976
FHM - Medical Care (0960-01)	\$0	\$113,010
	<u>\$0</u>	<u>\$130,986</u>
Total FHM Spending Initiatives	<u>\$0</u>	<u>\$10,007,561</u>
FHM Reductions/Savings Initiatives		
FHM Redistribution Proposals Reflecting FY 13 Funding Eliminations		
FHM - Bureau of Health - Oral Health (0953-01)	\$0	(\$300,000)
FHM - Bureau of Health - Home Visits (0953-06)	\$0	(\$2,653,383)
FHM - Bureau of Health - Community School Grants (0953-07)	\$0	(\$2,764,945)
FHM - Family Planning (0956-01)	\$0	(\$401,430)
FHM - Purchased Social Services (0961-01)	\$0	(\$1,971,118)
FHM - Drugs for the Elderly and Disabled (Z015-01)	\$0	(\$1,219,908)
	<u>\$0</u>	<u>(\$9,310,784)</u>
total FHM Reductions/Savings Initiatives	<u>\$0</u>	<u>(\$9,310,784)</u>
Net Changes to FHM Allocations	<u><u>\$0</u></u>	<u><u>\$696,777</u></u>
FHM Revenue and Transfer Initiatives		
Transfer of remaining FY 2012-13 Racino Revenue to General Fund	\$0	(\$2,500,000)
	<u>\$0</u>	<u>(\$2,500,000)</u>
Net Increase (Decrease) to FHM Balance in LD 1746	<u><u>\$0</u></u>	<u><u>(\$3,196,777)</u></u>

DHHS -FY 13 MaineCare Supplemental Budget (LD 1746 as Enacted)
Tax and Fee Changes Affecting State and Local Tax Burden

Description of Tax or Fee Change	Bill Part	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15
Sales and Use Tax					
Expands the scope of Title 36, section 2013, which provides for the refund of sales tax on purchases of depreciable machinery or equipment used for commercial agriculture and certain other purposes, to include items used in commercial wood harvesting and in the commercial production of greenhouse and nursery products and expands the scope of Title 36, section 1760, subsection 7-B, which provides a sales tax exemption for products used in commercial agriculture production, to include horticulture.	Part N	\$0	\$0	(\$847,850)	(\$869,166)
Undertake a Use Tax Compliance Program from July 1, 2012 through December 30, 2012 covering purchases made in calendar years 2006-2011. Taxpayer is absolved from further liability prior to January 1, 2012 and criminal prosecution, if form and payments submitted as required. Payment of the tax and interest (no penalties) would be required for the three calendar years with the highest use tax liability; use tax liability - including interest and late charges - would be forgiven for the three "low years."	Part Q	\$0	\$5,600,000	\$0	\$0
Enhance revenue discovery and collections opportunities by authorizing an "Overtime Initiative" to be undertaken by Maine Revenue Services.	Part A	\$0	\$1,200,000	(\$300,000)	(\$150,000)
Individual Income Tax					
Exempts from Maine income tax active duty military pay earned outside of Maine for service performed pursuant to written orders during tax years beginning on or after January 1, 2014.	Part M	\$0	\$0	(\$780,000)	(\$1,972,000)
Amends the pension income tax subtraction modification to raise the \$6,000 limit to \$10,000 for tax years beginning on or after January 1, 2014.	Part R	\$0	\$0	(\$7,578,000)	(\$21,894,737)
Enhance revenue discovery and collections opportunities by authorizing an "Overtime Initiative" to be undertaken by Maine Revenue Services.		\$0	\$800,000	(\$200,000)	(\$100,000)
Total Impact of Tax and Fee Changes		\$0	\$7,600,000	(\$9,705,850)	(\$24,985,903)