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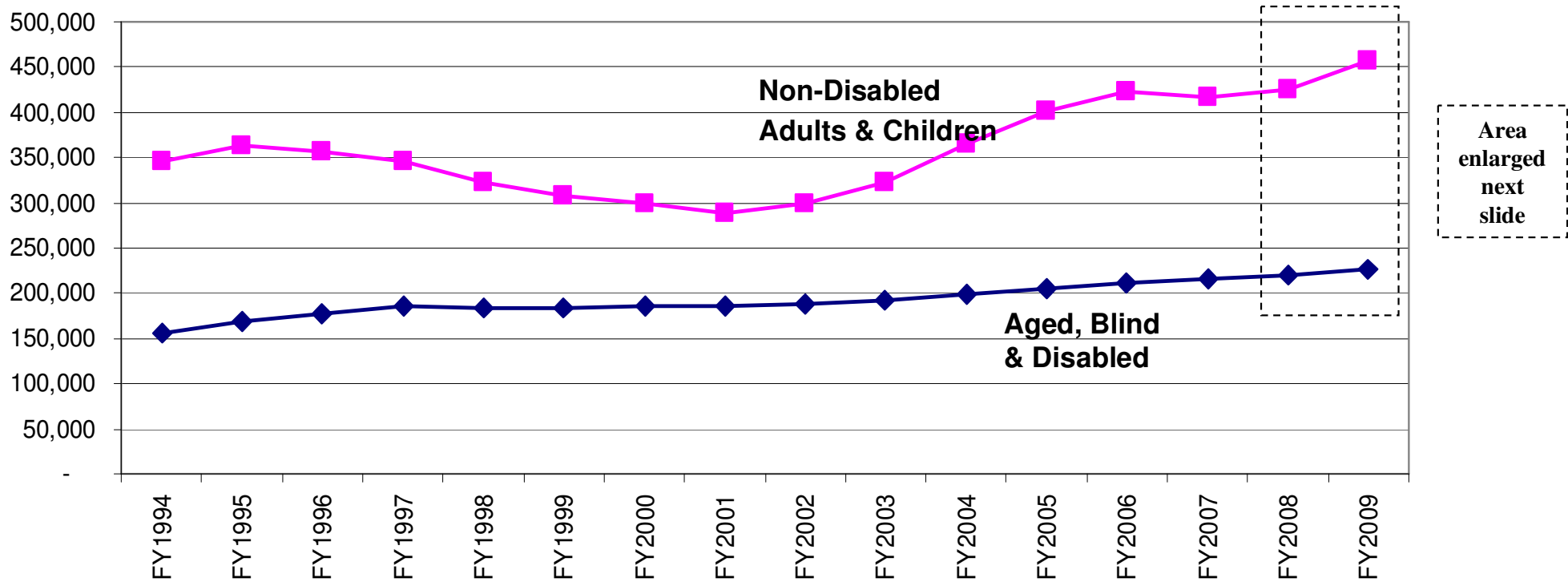
# **Understanding Virginia Budget Actions on Nursing Home Providers: Overview of 2010 General Assembly Actions**

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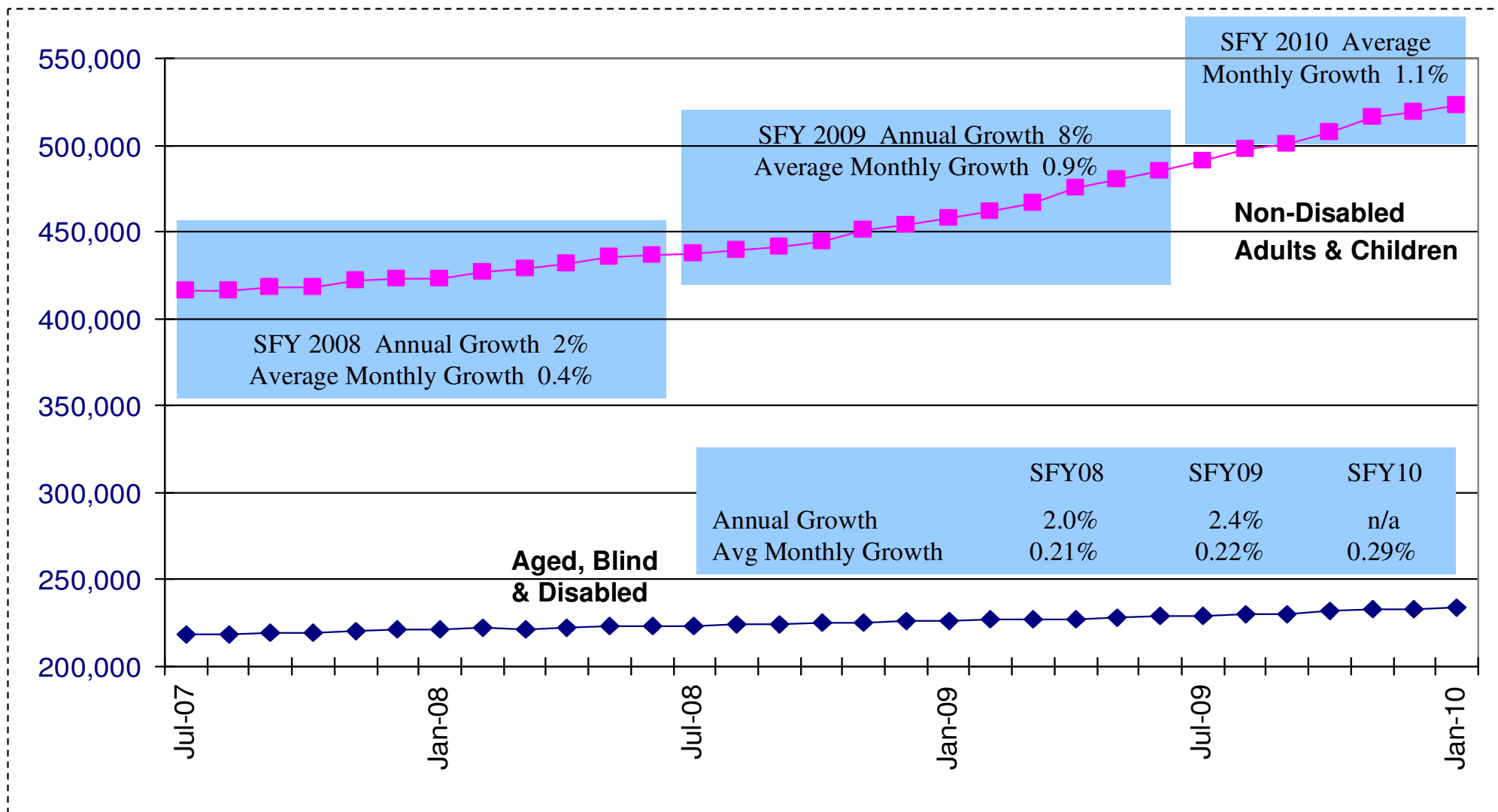
**Department of Medical Assistance Services  
April 13, 2010**

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# Medicaid Enrollment Trends

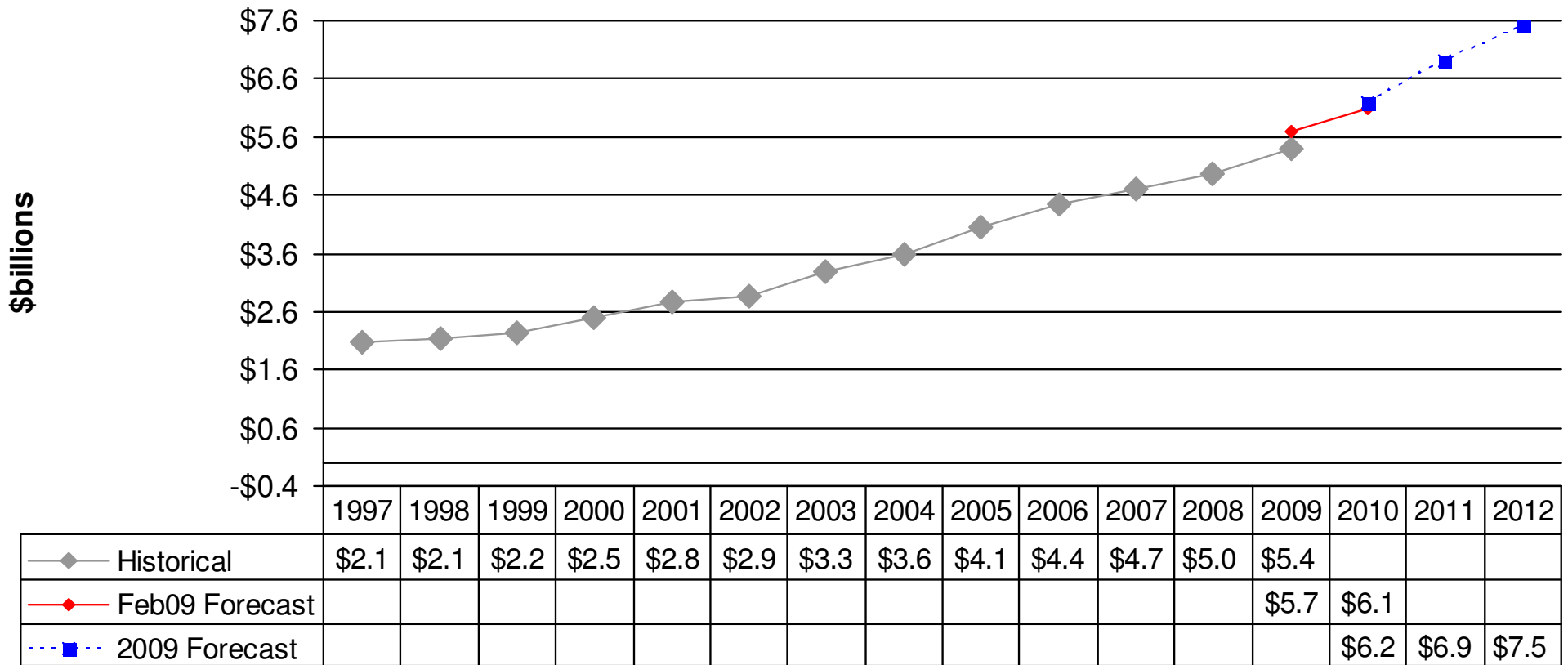


# Continued Growth in Non-Disabled Medicaid Adults & Children



# Medicaid Forecast (November 2009)

**Historical and Projected Expenditures for  
General Medicaid, Long-Term Care and Mental Health Services  
(Total Funds, \$billions)**



# Breakdown of Medicaid Forecast Need

- **Medicaid Expenditure Forecast:**

*Adjustment in DMAS' appropriation for the Medicaid program to reflect the current forecast of expenditures for this program..*

	Funds in Millions		
	GF	NGF	Total
<b>FY2010</b>	<b>\$80.1</b>	<b>\$2.0</b>	<b>\$82.1</b>
<b>FY2011</b>	<b>\$654.2</b>	<b>\$134.6</b>	<b>\$788.7</b>
<b>FY2012</b>	<b>\$1,315.1</b>	<b>\$34.2</b>	<b>\$1,349.2</b>

## Forecast Drivers

	FY 2011	FY 2012
Total Medicaid Forecast GF Need (\$Millions)	\$654.2	\$1,315.1
Need due to enrollment/utilization	\$211.2	\$391.2
Need due to loss of ARRA stimulus	\$376.8	\$814.7
Need due to provider rate increases	\$54.1	\$81.9
Need due to addition of waiver slots	\$12.1	\$27.2

# Budget Amendments

	General Funds in Millions		
	FY2010	FY2011	FY2012
<b>Base Appropriation</b>	\$2,442.6	\$2,442.6	\$2,442.6
<b>Introduced Budget: Spending Initiatives</b>	\$99.4	\$689.4	\$1,390.4
<b>Introduced Budget: Reductions/Savings</b>	<b>0)</b>	<b>8)</b>	<b>9)</b>
<b>Total Introduced Budget</b>	<b>.9</b>	<b>.2</b>	<b>4.1</b>

<b>Conference: Spending Initiatives</b>	\$0	\$8.5	\$8.6
<b>Conference: Reductions/Savings</b>	<b>(\$5.0)</b>	<b>(\$156.8)</b>	<b>(\$193.2)</b>
<b>Conference: ARRA Contingent Restorations</b>	\$0	\$113.9	\$256.7

\*Totals may not sum due to rounding.

# Budget Amendments

	General Funds in Millions		
	FY2010	FY2011	FY2012
Base Appropriation	\$2,442.6	\$2,442.6	\$2,442.6
Funding Initiatives	\$99.4	\$697.9	\$1,399.0
Budget Reductions	)		1)
<b>WITHOUT ARRA Extension</b>	<b>\$2,416. 9</b>	<b>\$2,820.9</b>	<b>\$3,389 .5</b>
ARRA Contingent Restorations	\$0	\$113.9	\$256.7
<b>Total Proposed Budget with ARRA Extension</b>	<b>\$2,416.9</b>	<b>\$2,934.8</b>	<b>\$3,646.2</b>

\*Totals may not sum due to rounding.

# Budget Amendments

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- **Hospital Rates**
- **Nursing Home & Community-Based Long-Term Care Rates**
- **Mental Health Services**
- **Pharmacy Program Rates and Policies**
- **Other Provider Reimbursement Rates**
- **Durable Medical Equipment**
- **Optional Services Reductions and Limitations**
- **ICF/MR Provider Assessment**
- **Waiver Enrollment Freeze\***
- **Eligibility Reduction for Elderly/Disabled and FAMIS\***

\*Federal Health Reform legislation appears to block these two actions

# Amendments Affecting Nursing Home Rates

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- **Introduced Budget - Item 297.DDD. – Continue no inflation**
  - **There was no inflation adjustment in 2010**
  - **Effective 7/1/10, ceilings will all be adjusted to a June 2010 year-end so all ceilings are on equal footing**
  - **Cost reports will be settled and rates set each year, but no inflation will be added to prior year cost**
  - **Net effect:**
    - **Providers with an FYE other than June will see a slight change in their ceiling effective 7/1/10, to conform their ceiling to the June year-end ceiling, but that is the last ceiling change until 7/1/12**
    - **Providers with cost below the ceiling may get a rate increase each year based on last year's cost exceeding the previous year's, but no inflation will be added**

# **Amendments Affecting Nursing Home Rates (continued)**

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- **Conference Amendments - Item 297 #20c**
  - **Reduce operating rates 3% below the “frozen” level called for in the Introduced Budget**
  - **Reduce capital (FRV) rental rate about 2.8% (from 9% to 8.75%)**
  - **If the federal government extends the “Stimulus” federal match rate through June 30, 2011,**
    - **Revert to the “freeze” provided for in the Introduced Budget**
    - **No 3% additional reduction**
    - **No capital reduction**