

Comparison of the Senate and House FY 08-09 DHHS Budgets: NH CARES Assessment of Safety Net Impacts Based on 10 Common Methods Used to Reduce State General Funds (GF)

A. The Three Methods of Making GF Cuts that Most Hurt Safety Net Services

(Note: NH CARES focuses on these three because they have by far the largest impact.)

Cut Method #1 Specific General Fund (GF) Cuts to Programs that Reduce Total Service Funding

These are GF cuts that reduce funds to specific safety net programs and services that are not based on reductions in needs or costs. These eliminate supports, care, and opportunities to specific people now getting them or who are now eligible for them. This requires some combination of eliminating specific services, limiting the services a person can receive, making them less available or accessible, lowering quality, changing standards to make fewer people eligible, establishing wait lists, and making it harder to apply.

Typical impacts on individuals include unmet medical care and support needs, worsening illness and pain, continued family and personal crises, inability to meet basic needs for food and shelter, and many lost opportunities for people to live better lives and better themselves. Typical results for our state include cost shifting to municipalities, businesses, direct care staff and community service organizations and loss of potential, productivity, and the quality of life. Funding cuts here clearly hurt the people served and society.

Senate #1 GF Cuts: BEAS Community Services (SSBG) PAU 5-1-8-3-2 = (\$560,000)

Senate #1 GF Adds: OMBP Child Health (SCHIP), PAU 5-1-2-1-3 = + \$1m
These Help! OMBP Manchester Health Center PAU 5-1-2-1-3 = + \$75,000
OMBP Specialty Pediatric Hospitals PAU 5-1-2-1-3 = + \$1.6m
DCYF Family Resource Centers PAU 5-1-6-9-5 = + \$240,000
BEAS Private Elder Case Mgt PAU 5-1-8-4-1 = + \$136,000
BEAS Crotched Mtn & Cedarcrest Rates PAU 5-1-8-4-1 = + \$700,000

Cut Method #2 Unspecific GF Cuts to All of DHHS or to Divisions that Reduce Total Funding

These are blanket or “back of the budget” GF cuts of a specified dollar amount. The specific DHHS services to be cut are deliberately not identified and the actual cuts are left up to the Commissioner to be determined later. It is usually required that these blanket cuts be made from broad cost categories such as administration, equipment, travel, and clerical personnel that are not supposed to affect direct services.

The impact of these on the safety net varies. They can range from significant (if we lose federal grants because of lack of staff) to minimal (if DHHS is able to make up the cuts with new revenue or by counting existing staff vacancies).

Senate #2 GF Blanket Cuts: The Senate added \$.7m in FY 08 & \$1m in FY 09 for DHHS-wide administrative and IT expenses, consultants, salaries to the House blanket cut of \$1.5m in FY 08 and \$1.5m in FY 09. (Note: This cut was reduced to allow DHHS enough flexibility in Medicaid Provider Payments to pay for incontinence supplies for adults.)

Cut Method #3 Delays in Implementing Rate Increases Covering Basic Cost and Other Increases

The impacts of these vary greatly depending on the ability of service providers to shift costs, how close they are to insolvency, and the proportion of the actual costs of an effective service (meeting DHHS standards) that DHHS pays. Delaying and not providing inflationary rate increases clearly have significant negative impacts on the availability and effectiveness of safety net services.

Senate #3 Rate Delays: BEAS Nursing Services: Delays 2% for FY 09 to Jan 09.

B. The Seven Methods of GF Cuts that Have Less or No Impact on the Safety Net

Cut Method #4 Specific GF Program Cuts from Credible Projections of Lower Need or Costs

These are reductions in General and Total Funds for specific service programs that come from credible lower projections of costs, the number of people to be served (with no change in eligibility standards), and/or lower per person usage. To be in this category, these lower projections must be made in good faith, be databased, and use objective and accepted methods. (Note: NH CARES considers reductions based on arbitrary and unsupportable lower projections to be actual cuts to existing people and are included in the Cut Method #1 Category.)

Senate #4 Lower Projections:

- a) OMBP Medicare Part D Drug Phase-Down share reduction of \$10m in GF (PAU 5-1-2-1-3). We do not know how solid this is - but it is consistent with current year and national data.
- b) DPH Antiviral Purchases need reduced by 100,000 doses per year, reducing PAU 5-1-5-4-4 by \$2m in GF. There is a credible case that these does above the federal allocation are not essential, and no compelling case that they are needed. In fact, nobody knows.
- c) DFA TANF Cases were reduced by 500 per year. This is a credible Estimate based on current caseloads. This reduced TANF (PAU 5-1-7-4-1) by \$6m which in turn, increased the TANF Reserve by \$6m (no GF involved). This also reduced OMBP Medicaid Health Care (PAU 5-1-2-1-3) by \$3.4m GF, and DCYF Child Care by \$2.7m (PAU 5-1-6-8-2, federal funds only).
- d) DFA Two Parent Needy Cases reduced by 10 per year reducing GF by \$135,000 (PAU 5-1-7-4-6). This is a credible estimate based on current caseloads.
- e) BEAS Nursing Home projections cut 1%. This reduced GF by \$1m for PAU 5-1-8-4-1. BEAS provided four different sets of caseload histories and this is as credible as any. (Note the FY 09 1% reduction does not match the House caseload footnote.)
- f) BDS Reduction from \$53k to \$50k in Per Person for Persons coming off the DD waitlist reducing PAU 5-1-10-1-3 by \$.7m GF. This is defensible based on current per person costs.

Cut Method #5 Delays in Funding Implementation of New Programs or Program Expansions

There is no or minimal impact if the funding delay reflects the normal start up delays. There is some negative impact if the reduction in funding for the first year delays the start-up. The Senate delays appear to have minimal impact.

Senate #5 GF Delays: (a) DPH Governor's Commission Alcohol & Drug Treatment and Prevention, PAU 5-1-5-3-1- (\$1.6M); (b) DPH Childhood Lead, PAU 5-1-5-3-14 (\$340,000); (c) DPH Comprehensive Cancer Program, PAU 5-1-5-2-7 (\$1.5m)

Cut Method #6 Shifting Funding to Non-GF 08-09 Sources Without Reducing Total Funding

Senate #6 Shifts to Non-GF: The Senate changed the county share from 25% for elder and children's services to 50% county (0% GF) for elder nursing services and 0% county for children's services and APTD and OAA. This was the major change in the House and Senate DHHS budget lines, but did not affect total service spending. Other shifts were \$2m GF for antivirals in DPH (PAU 5-1-5-4-4) to the FY 07 budget from FY 08 and \$.5m GF in DPH Family Planning to the TANF Reserve.

Cut Method #7 Higher Estimates of Existing DHHS Revenues - No significant Senate adds.

Cut Method #8 New General and Dedicated Fund DHHS Revenues - No significant Senate adds.

Cut Method #9 Use of FY 07 DHHS Reserves or Surpluses - No Senate uses.

Cut Method #10 Shift Expenses from the Operating to the Capital budget - No Senate shifts.