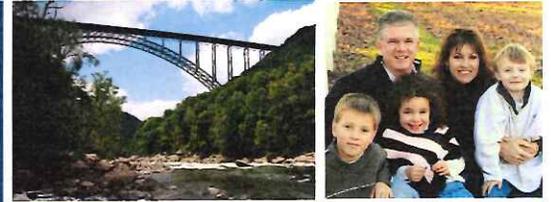


# West Virginia Department of Health and Human Resources Budget

Bill J. Crouch, Cabinet Secretary  
Jeremiah Samples, Deputy Secretary  
September 2017



# DHHR Priorities



- Drug abuse epidemic
- Complete all payer database and data warehouse
- Exploring Medicaid reforms
- Child Protective Services and Child Welfare Reform
- Privatize state facilities

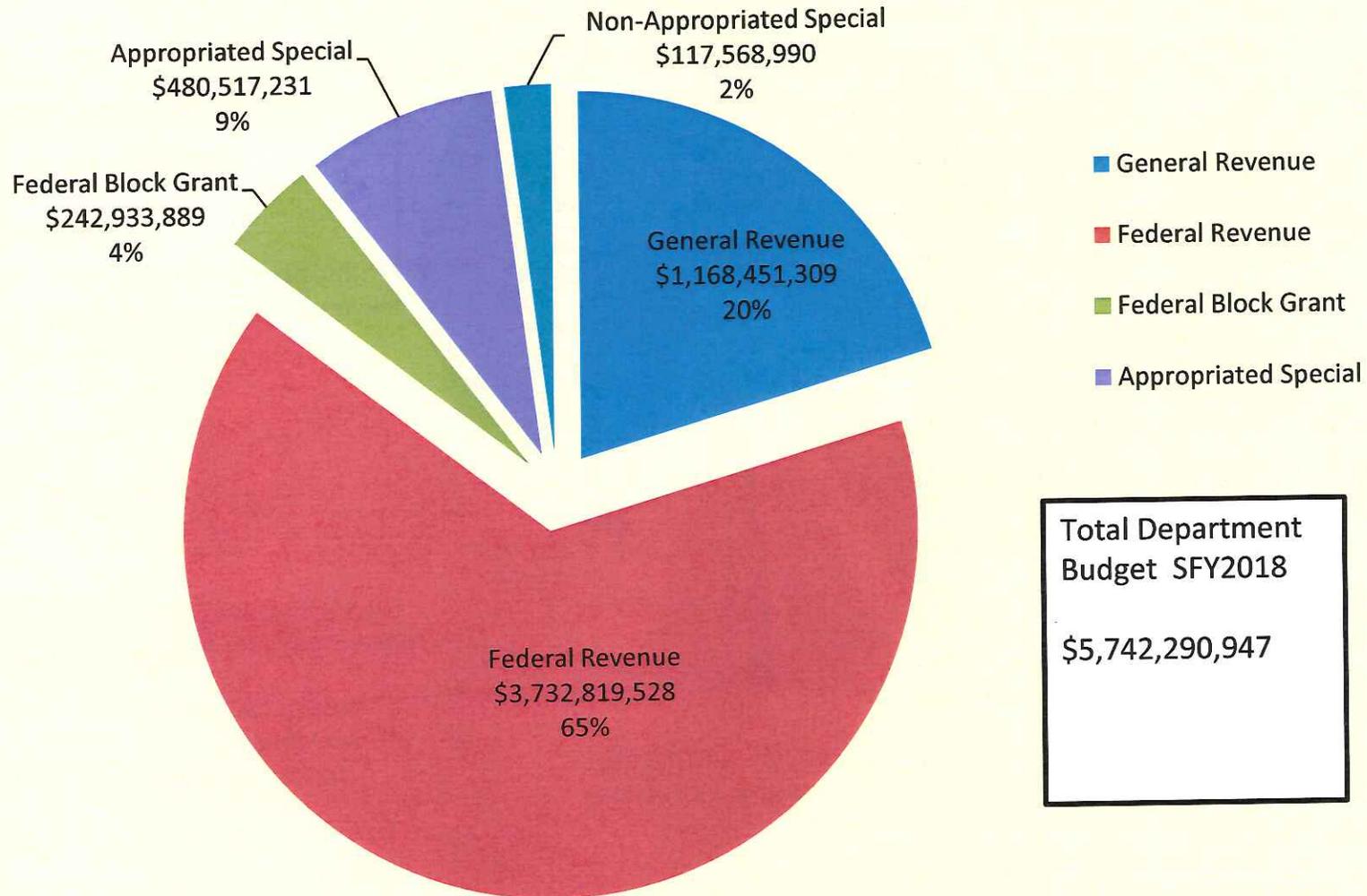
# State-Owned Hospital Challenges

- DHHR owned hospitals continue to be a major liability for the state
  - Significant capital related costs identified
  - Workforce costs represent extraordinary cost, particularly for nursing services that are becoming more contract based due to lack of state employed nurses
  - Diversion costs from state owned psychiatric facilities have increased millions of dollars over past three years due to significant increase in involuntary commitments and forensic placements by court system
  - Personnel and purchasing bureaucracy create difficulties in hospital environment
  
- Strategies to address issues
  - Tasked by Governor to develop comprehensive strategy to privatize all four state nursing homes
  - Implemented purchasing exemption passed by Legislature
  - Exploring Medicaid covering some costs for Institutions of Mental Disease

# DHHR

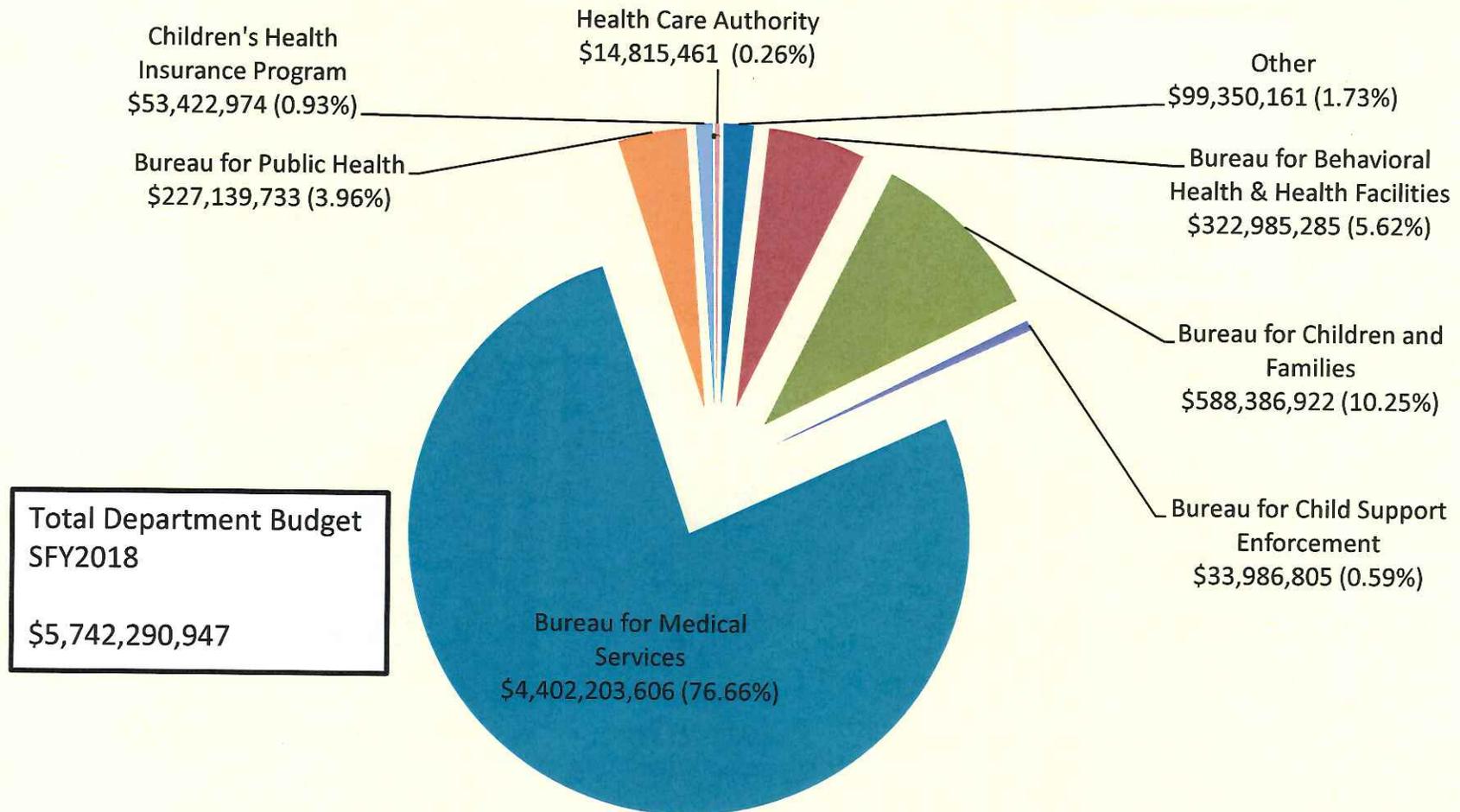
# Budget Overview

# DHHR Budget by Source SFY2018



Special Revenue excludes duplication

# DHHR Budget SFY2018



Other includes: MIS, HR, Admin, Inspector General, Secretary's Office, Communications, General Counsel, Tiger Morton, Women's Commission, Deaf and Hard of Hearing, Developmental Disabilities Council, Human Rights Commission

# Recent History of Cuts

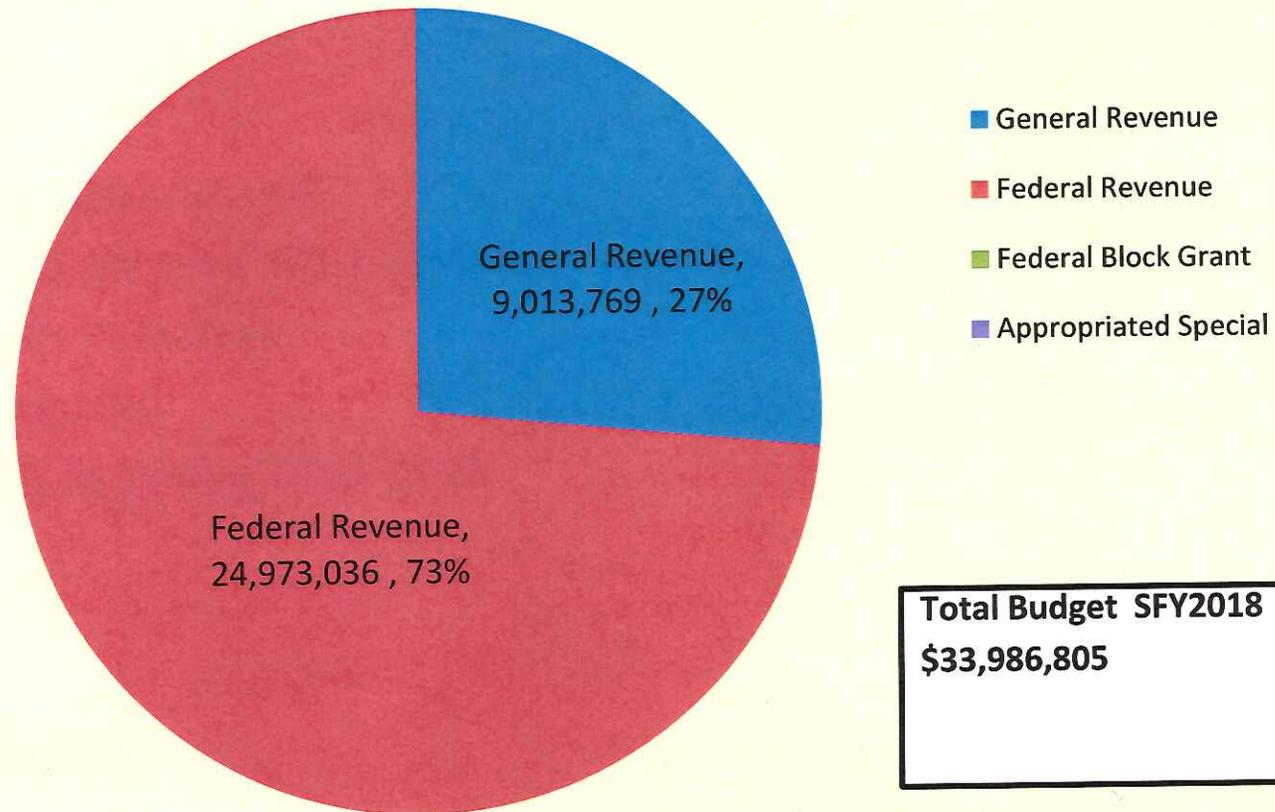
- Since SFY 2015, DHHR has cut approximately \$190 million
  - \$60 million base cuts
  - \$130 million one time cuts
- In SFY 2018, DHHR cut approximately \$9 million
  - BHHF Facilities = \$5 million
  - Tobacco Cessation = \$3 million
  - Women's Commission = \$155,489
  - CARDIAC Project = \$427,500
  - Center for End of Life = \$270,198
  - Healthy Lifestyles = \$146,426
  - Osteoporosis and Arthritis Prevention = \$158,035

# Cost Mitigation and Cuts to Contain Budget

- Privatize government functions
- Aggressive fraud detection and prevention
- Automate functions
- Maximize federal funding
- Eliminate programs with little impact or no ROI
- Consolidate duplicative programs across bureaus

# Bureau for Child Support Enforcement (BCSE)

## Bureau for Child Support Enforcement



# Child Support Financial Overview

## ➤ Positives

- Steady collections

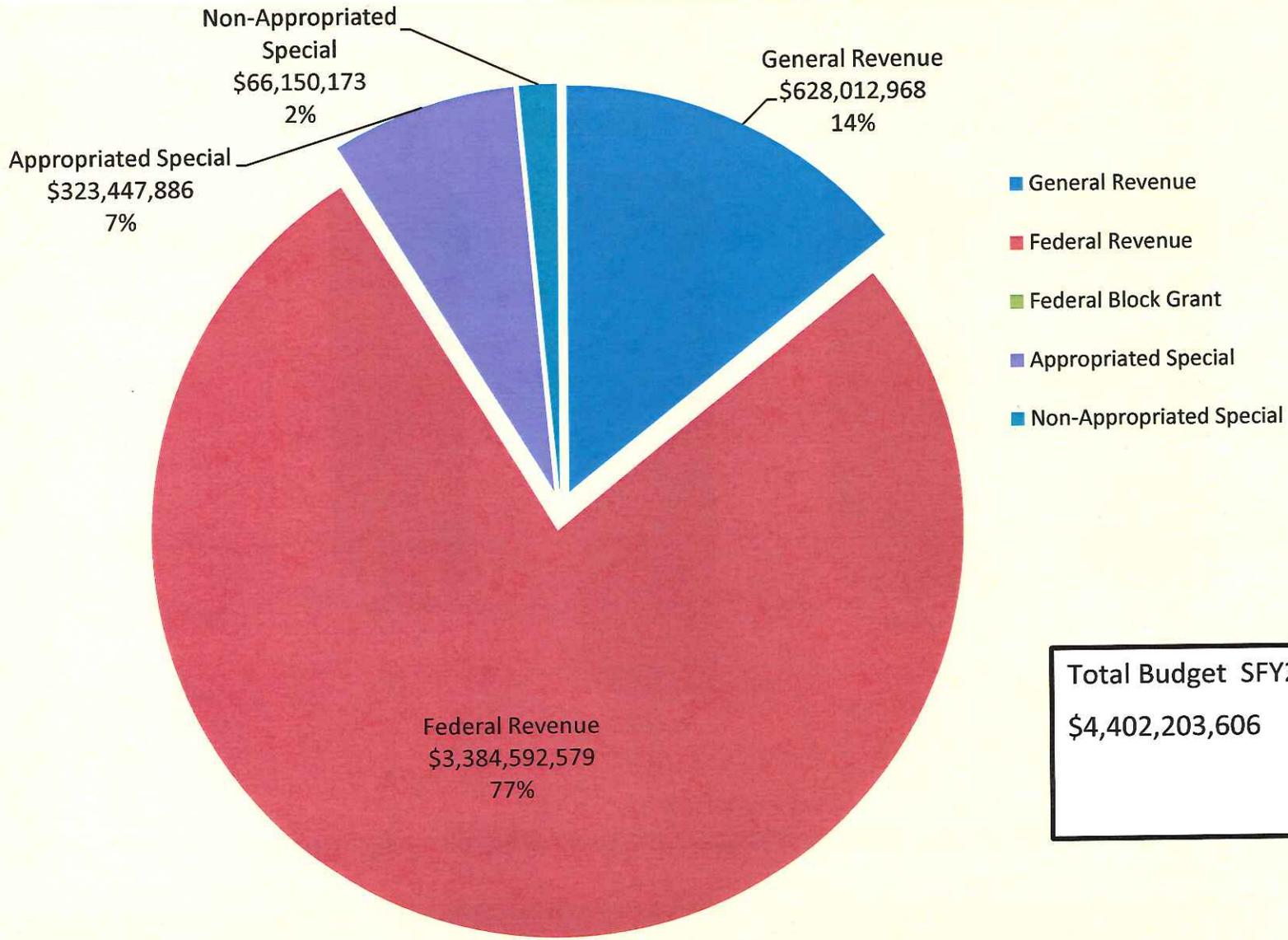
## ➤ Risks

- Loss of IDD Waiver Court Case
- DOJ Court Order
- Unexpected Lawsuits
- Unexpected disease outbreak (flu, HIV, etc)
- Loss of Federal funding

## ➤ Issues

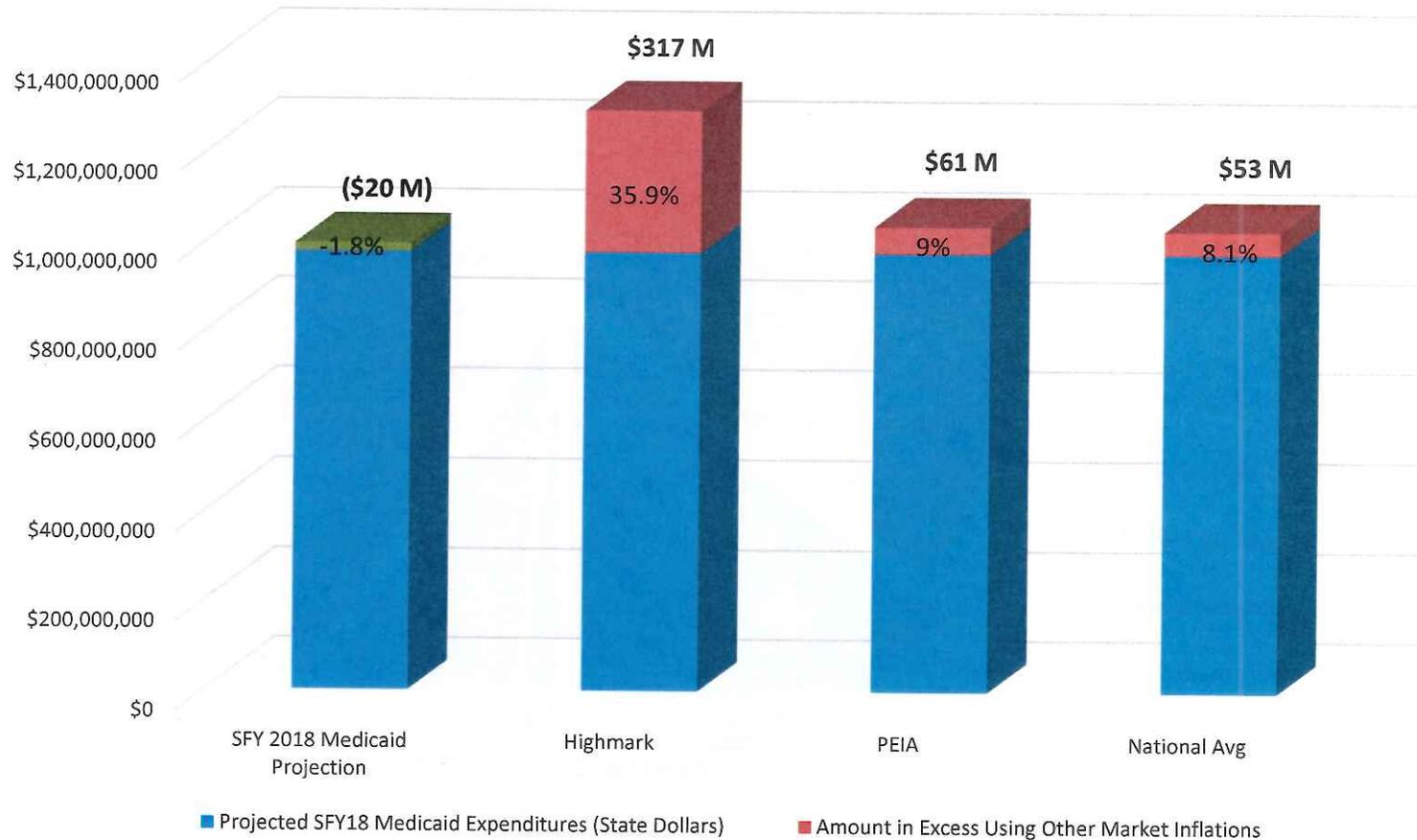
- Ongoing substance abuse crisis
- Poor population health
- Pharmacy

# Bureau for Medical Services (BMS)



# Medicaid Comparison to Other Markets

SFY2018 Medicaid Projections Using Medical Inflation Factors in Other Markets  
(State Dollars Only)



- 1) Medicaid total represents services only – Medicaid State Share has decreased from SFY17 to SFY18 by approximately \$19M.
- 2) Average Highmark Inflation for Health Insurance Marketplace, 2017
- 3) PEIA- First five months of SFY15 ending in November 2014
- 4) National average, per Wells Fargo for 2015 for non-HMOs.

# BMS Financial Overview

## ➤ Positives

- Projecting a significant Medicaid state budget reduction in SFY2019
- Offsetting state only costs by moving to Medicaid services from other DHHR bureaus
- Promise of increased CMS flexibility

## ➤ Risks

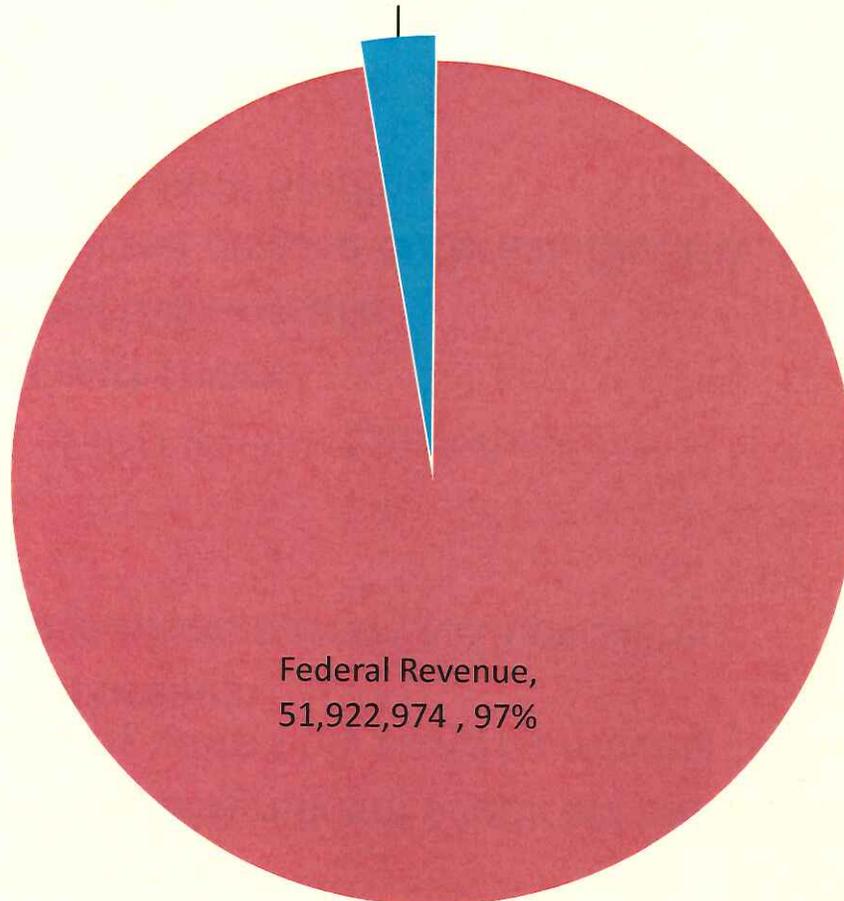
- Loss of IDD Waiver Court Case
- DOJ Court Order
- Unexpected Lawsuits
- Unexpected disease outbreak (flu, HIV, etc)
- Loss of Federal funding

## ➤ Issues

- Ongoing substance abuse crisis
- Poor population health
- Pharmacy

# Child Health Insurance Program (CHIP)

Non-Appropriated Special, 1,500,000 , 3%



- General Revenue
- Federal Revenue
- Federal Block Grant
- Appropriated Special

Total Budget  
SFY2018

\$53,422,974

# CHIP Financial Overview

## ➤ Positives

- Stable enrollment and annual expenditures
- Promised flexibility from CMS
- 100% Federal Match
- Amongst lowest child uninsured rates in United States

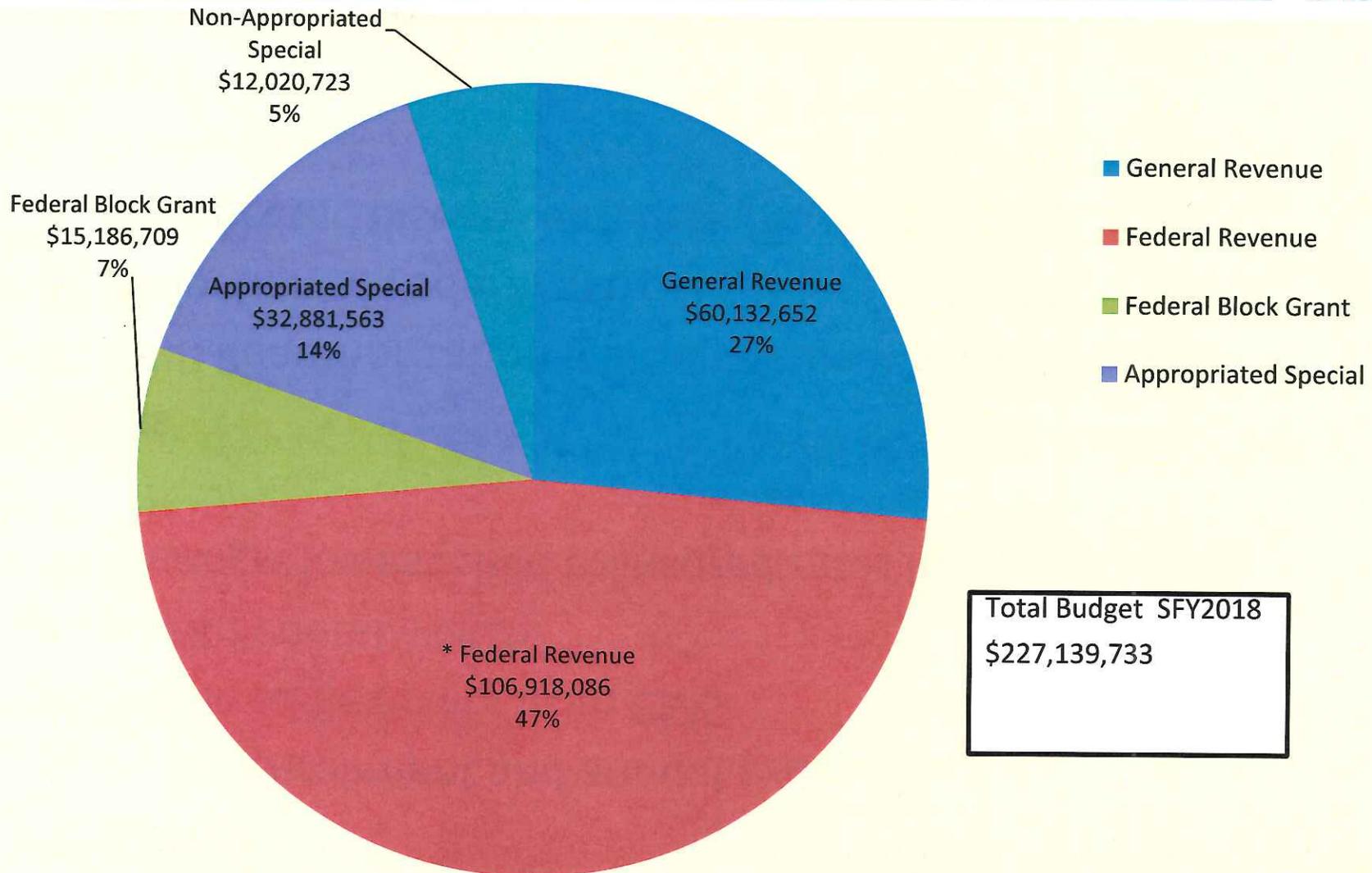
## ➤ Risks

- CHIP Reauthorization (US Senate deal mitigates risk)
- Reduction of Federal match
- Unexpected disease outbreak (flu, HIV, etc)

## ➤ Issues

- Poor population health

# Bureau for Public Health (BPH)



Federal revenue represents spending authority

# BPH Financial Overview

## ➤ Positives

- Leveled out Birth to Three expenditures
- Eliminating redundancies with BCF, BHHF, and BMS

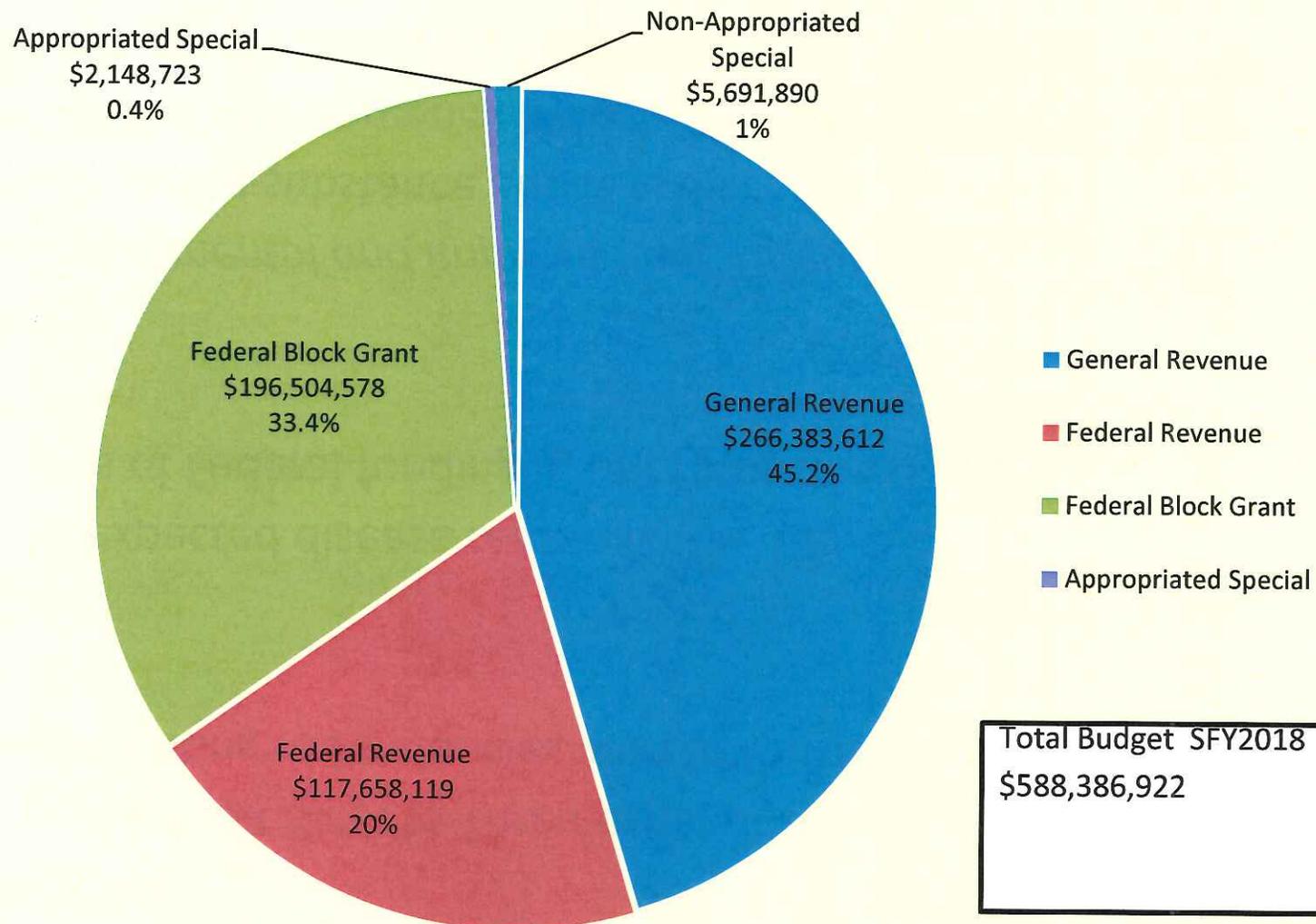
## ➤ Risks

- Unexpected disease outbreak (flu, HIV, etc)
- Loss of Federal funding (grant reductions)

## ➤ Issues

- *Supplemental and Improvement Threat*
  - Ongoing substance abuse crisis
  - Office of Emergency Medical Services
  - Office of Laboratory Services
  - Unfunded Cannabis Mandate
  - Office of Chief Medical Examiner

# Bureau for Children and Families (BCF)



# BCF Financial Overview

## ➤ Positives

- Projected TANF Funding Surplus
- Mitigating cost increases by streamlining funding through BMS, BPH, and BHHF

## ➤ Risks

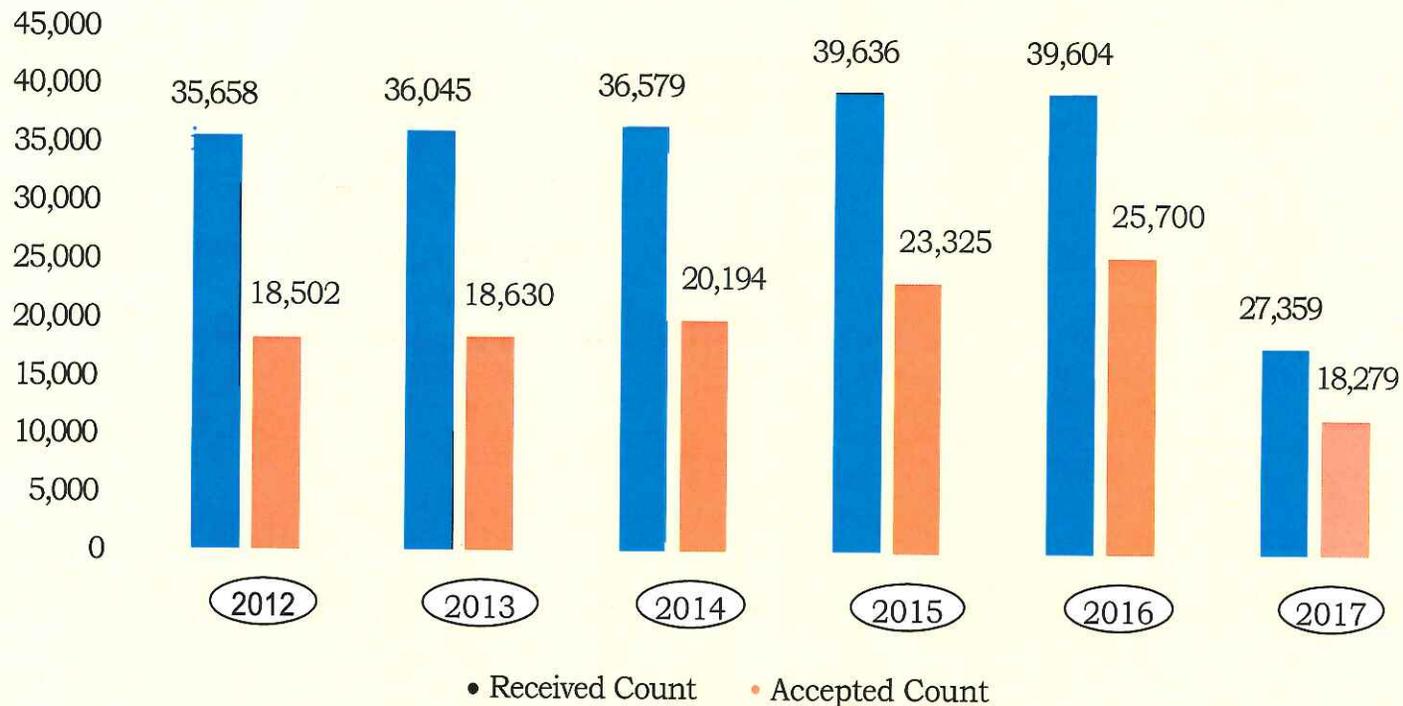
- Future decrease of TANF funding
- Unexpected Facility Costs
- Unexpected Court Order(s)

## ➤ Issues

- Supplemental and Improvement Threat
  - Ongoing Substance Abuse Crisis
  - Child Welfare Crisis
  - CPS Crisis
  - Child Care Rule Change

# Child Protective Service Referrals

## Statewide Referrals

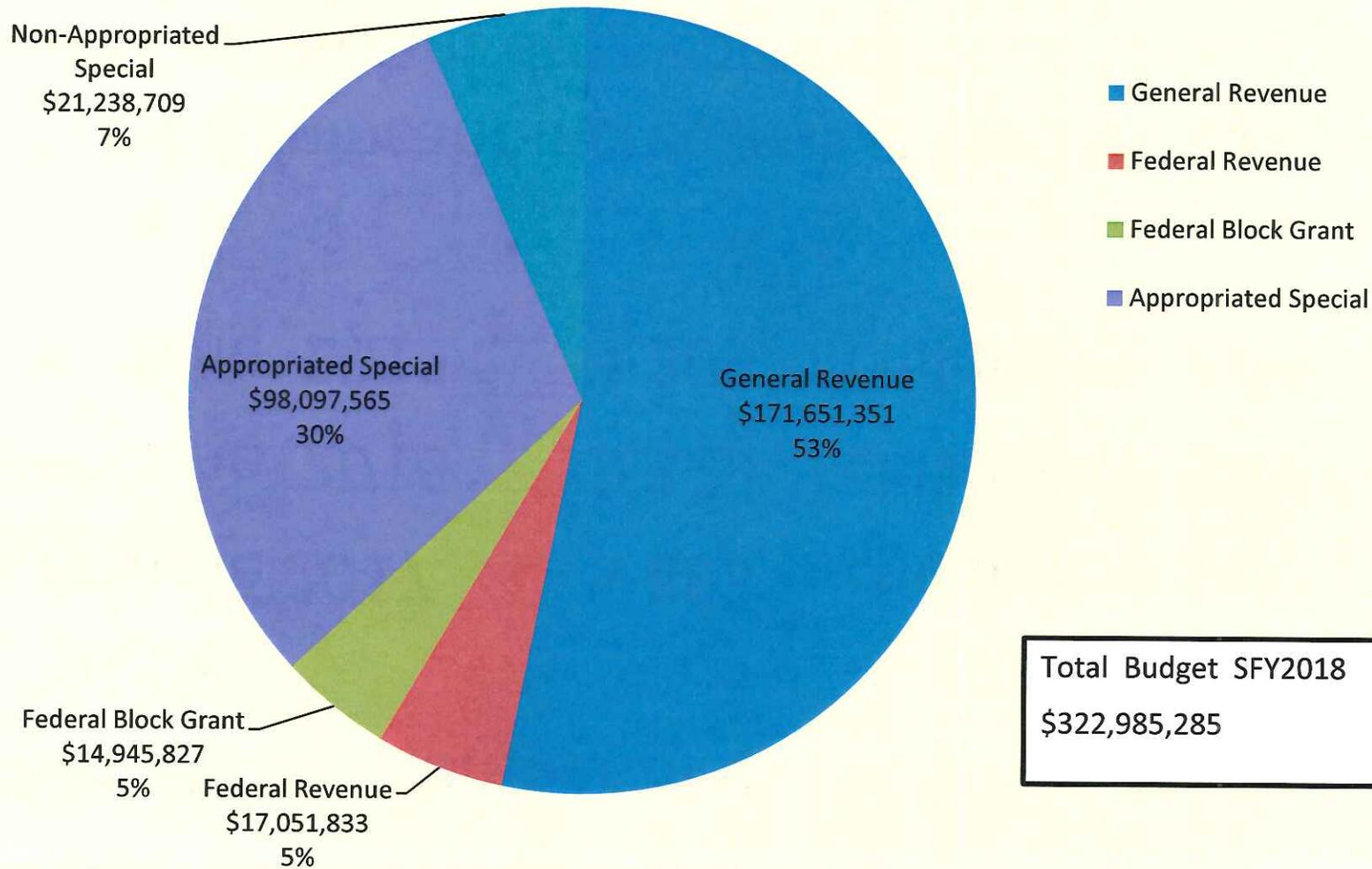


2017 Jan to Aug Only

# WV Child Welfare

- In WV the number of children in care continues to rise
  - June 2017      5,893      children in care
  - June 2016      5,329      children in care
  - June 2012      4,309      children in care
  
- This significant increase is attributed to our states current drug epidemic

# Bureau for Behavioral Health and Health Facilities (BHFF)



# BHHF Financial Overview

## ➤ Positives

- Infusion of substance abuse funding
- Mitigated budget growth by streamlining services with other bureaus

## ➤ Risks

- Unexpected facility cost (HVAC, plumbing, etc)
- Loss of Federal funding
- Sharpe CMS Audit
- Welch DSH Audit

## ➤ Issues

- *Supplemental and Improvement Threat*
  - Increase in Forensic Patients
  - Diversions
  - Nursing Contracts
  - Decrease in Revenue
  - Increase in Hartley Costs

# Increase in Diversion Costs

➤ Diversions from state psychiatric facilities to other inpatient psych facilities has increased dramatically

- SFY 2015                      \$24 M
- SFY 2016                      \$33 M
- SFY 2017                      \$40 M

# Increase in Nursing Contracts

- Nursing contracts have dramatically increased in recent years
- This is a statewide issue impacting private/public nursing homes, hospitals, and other providers
  - SFY 2015                      \$5 M
  - SFY 2016                      \$14 M
  - SFY 2017                      \$18 M

# Contact Information



## **Bill J. Crouch**

Cabinet Secretary

One Davis Square, Suite 100 East  
Charleston, WV 25301

Phone: (304) 558-0684

Fax: (304) 558-1130

Email: [DHHRSecretary@wv.gov](mailto:DHHRSecretary@wv.gov)

Website: [www.dhhr.wv.gov](http://www.dhhr.wv.gov)

## **Jeremiah Samples**

Deputy Cabinet Secretary

One Davis Square, Suite 100 East  
Charleston, WV 25301

Phone: (304) 558-0684

Fax: (304) 558-1130

Email: [jeremiah.samples@wv.gov](mailto:jeremiah.samples@wv.gov)

Website: [www.dhhr.wv.gov](http://www.dhhr.wv.gov)