

**Summary of LD 215  
Emergency FY 07 Budget Bill  
As Amended By  
Committee Amendment**

**General Fund - Pages 1 to 4  
Fund for a Healthy Maine – Page 5**

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

**February 5, 2007**

# Emergency FY 07 Budget Bill (LD 215 As Amended)

## Overview - General Fund Balance

\$'s in millions

<b>Changes to General Fund Balance - Additional Resources Less Appropriations</b>	
<b>FY 07 Budgeted Ending General Fund Balance - Prior to LD 215</b>	<b>\$86.436<sup>1</sup></b>
<b>Net Changes to Resources</b>	
- Net Changes to Transfers/Adjustments to Balance - LD 215 As Amended	(\$10.188)
- Net Changes to Revenue (FY 07 Only) - LD 215 As Amended	\$0.340
Subtotal - Available FY07 General Fund Resources with LD 215 As Amended	<u>\$76.588</u>
Net Changes to Appropriations - LD 215 As Amended	\$75.930
<b>FY 07 Budgeted Ending Balance after LD 215 As Amended</b>	<b><u>\$0.658</u></b>

<b>Changes to General Fund Balance - "Savings" Initiatives Less "Spending" Initiatives<sup>2</sup></b>	
<b>FY07 Budgeted Ending General Fund Balance - Prior to LD 215</b>	<b>\$86.436<sup>1</sup></b>
"FY07 Savings" (General Fund Resources Added) by LD 215 As Amended	\$41.174
<b>Subtotal - Available FY07 General Fund Resources with LD 215 As Amended</b>	<b><u>\$127.610</u></b>
"FY07 Spending" (General Fund Resources Decreased) by LD 215 As Amended	\$126.952
<b>FY 07 Budgeted Ending Balance after LD 215 As Amended</b>	<b><u>\$0.658</u></b>

### Major Changes

- > MaineCare initiatives, including funding for hospital settlements and funding for MaineCare shortfalls, and other Department of Health and Human Services funding issues continue to comprise the vast majority of this bill (see page 4 for summary of these proposals and notes on changes to Governor's proposals).
- > Committee accepted the delay of the Educational Attainment Tax Credit, resulting in ongoing revenue increases through FY 11 (only the FY 07 revenue is reflected in this summary).
- > Recognizes \$7.8 million of debt service savings from reduced cash flow borrowing and lower bonded debt and \$2.1 million in savings from Homestead Property Tax Exemption and other tax reimbursement programs.
- > Accepts \$3.0 million one-time appropriation to the University of Maine System for a regional optical network to enhance research and development efforts.
- > Provides the proposed funding for disaster assistance related to flooding.
- > Accepts the transfer of an additional \$1.0 million for the Callahan Mine Site Restoration program.
- > Provides the proposed additional funding for utility and fuel costs, primarily in the Department of Corrections and the Department of Administrative and Financial Services (DAFS). The amount provided to DAFS is reduced from the Governor's original proposals.

### Notes:

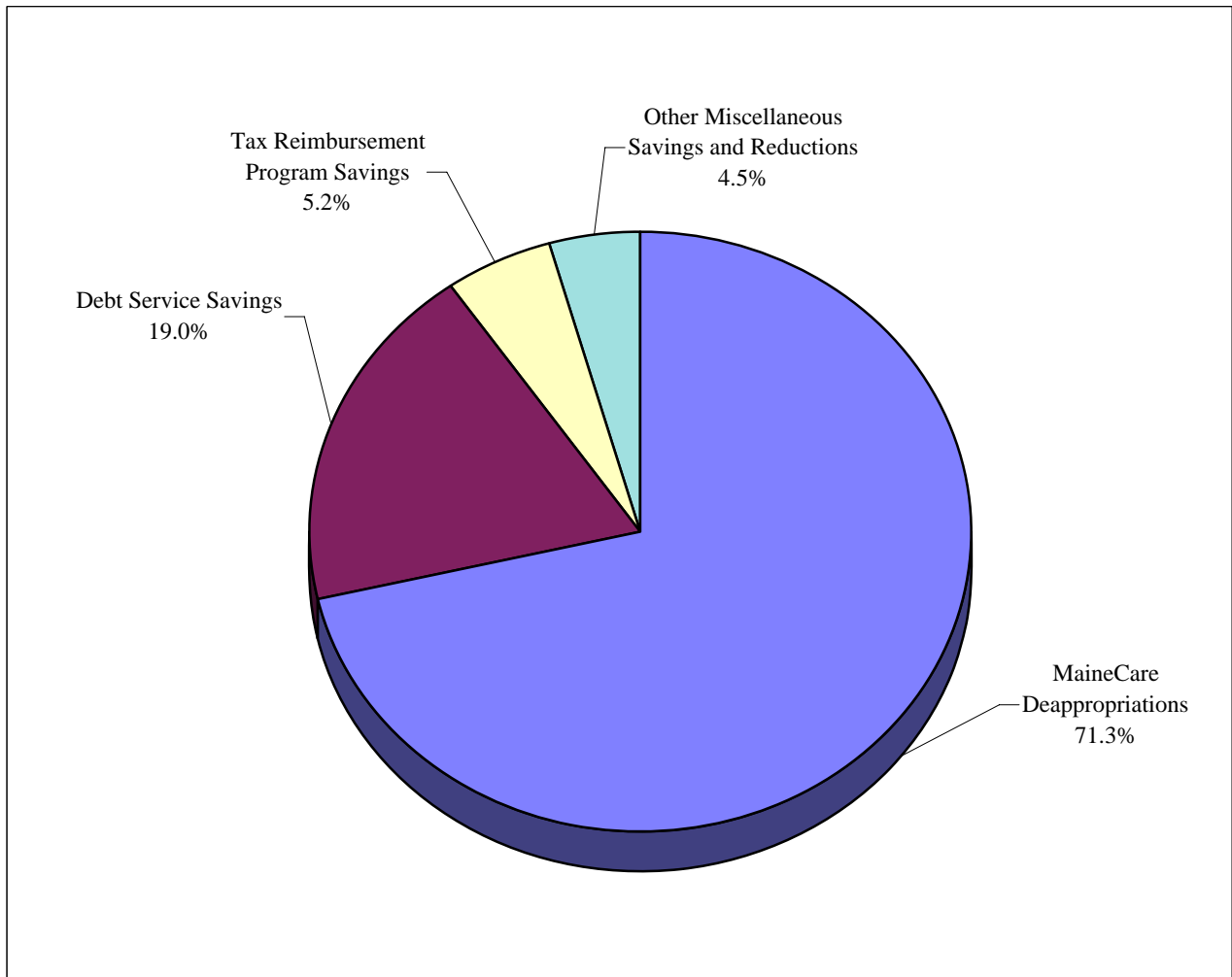
<sup>1</sup> Reflects budgeted ending balance for FY 07 including FY 06 closing transactions, all legislative changes through the 122nd Legislature and the December 2006 Revenue Forecast.

<sup>2</sup> This presentation presents a different look at the budget proposals from the traditional presentation of Budgeted Resources (net revenue changes and net transfers) less Appropriations. "Savings" initiatives include those items that increase resources: deappropriations; revenue increases; transfers from other funds; and other positive adjustments to balances. "Spending" initiatives include all those items that decrease resources: appropriations; revenue decreases; transfers to other funds; and other negative adjustments to fund balance. Initiatives that move funding between General Fund programs that net to \$0 are not reflected in this analysis.

*Amounts may not add due to rounding*

**Emergency FY 07 Budget Bill (LD 215 As Amended)**  
**General Fund Adjustments - "Savings" Initiatives**<sup>1</sup>  
**Initiatives Increasing General Fund FY07 Balance**

	\$ in Millions	% of Total
MaineCare Deappropriations	\$29.4	71.3% <sup>2</sup>
Debt Service Savings	\$7.8	19.0%
Tax Reimbursement Program Savings	\$2.1	5.2%
Other Miscellaneous Savings and Reductions	\$1.8	4.5%
<b>TOTAL ADJUSTMENTS INCREASING FY07 BALANCE</b>	<b>\$41.2</b>	<b>100.0%</b>



**Notes:**

- <sup>1</sup> "Savings" initiatives include those items that increase resources: deappropriations; revenue increases; transfers from other funds; and other positive adjustments to balances. Does not reflect transfers of appropriations between General Fund programs.
- <sup>2</sup> Medicaid/MaineCare savings primarily reflect deappropriations in the largest MaineCare programs, which are used to offset other MaineCare funding needs. See Page 4 for more detail.

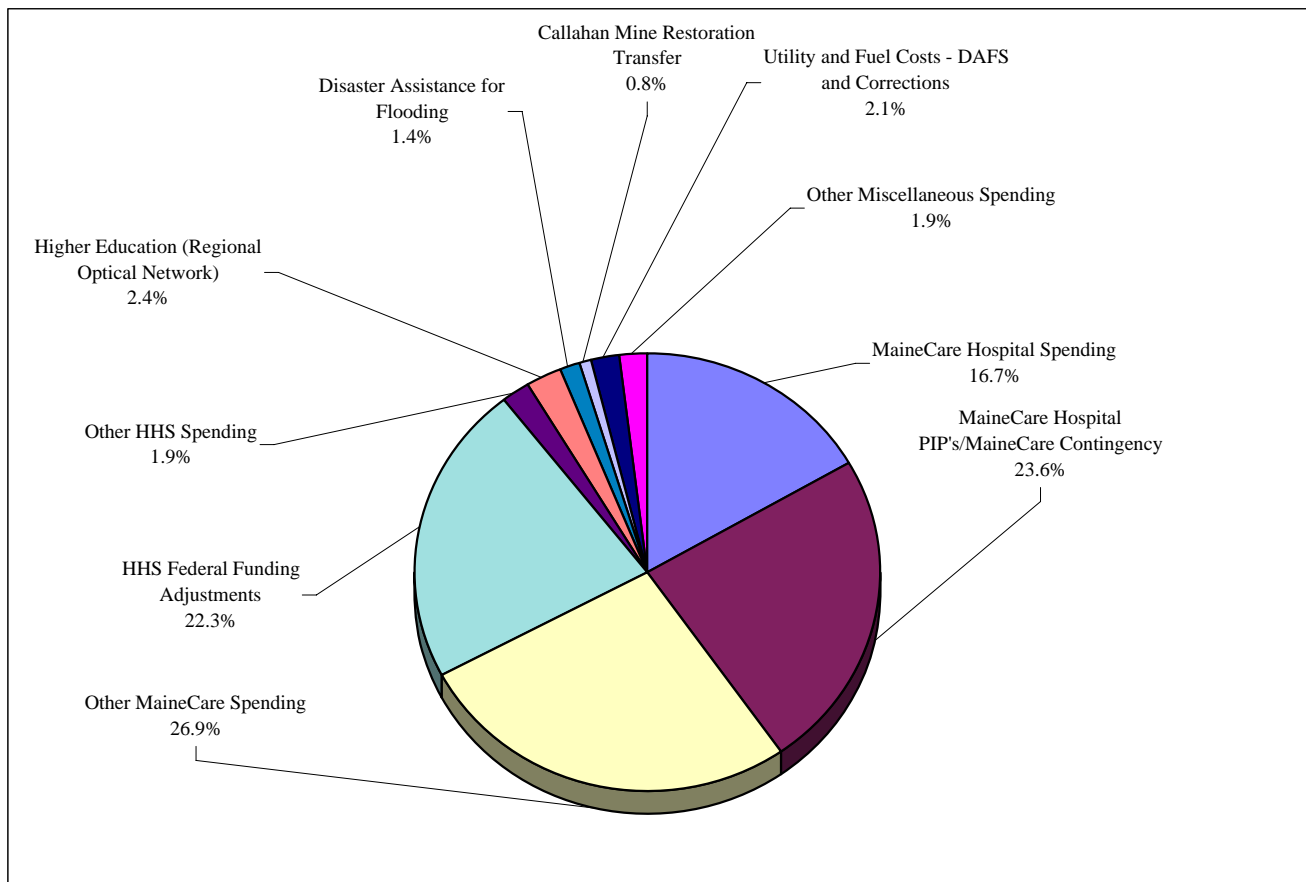
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# Emergency FY 07 Budget Bill (LD 215 As Amended)

## General Fund Adjustments - "Spending" Initiatives<sup>1</sup>

### Initiatives Decreasing General Fund FY07 Balance

	\$ in Millions	% of Total
MaineCare Hospital Spending	\$21.2	16.7% <sup>2</sup>
MaineCare Hospital PIP's/MaineCare Contingency	\$30.0	23.6% <sup>2</sup>
Other MaineCare Spending	\$34.2	26.9% <sup>2</sup>
HHS Federal Funding Adjustments	\$28.3	22.3% <sup>2</sup>
Other HHS Spending	\$2.5	1.9% <sup>2</sup>
Higher Education (Regional Optical Network)	\$3.0	2.4%
Disaster Assistance for Flooding	\$1.8	1.4%
Callahan Mine Restoration Transfer	\$1.0	0.8%
Utility and Fuel Costs - DAFS and Corrections	\$2.6	2.1%
Other Miscellaneous Spending	\$2.4	1.9%
<b>TOTAL ADJUSTMENTS DECREASING FY07 BALANCE</b>	<b>\$127.0</b>	<b>100.0%</b>



**Notes:**

<sup>1</sup> "Spending" initiatives include all those items that decrease resources: appropriations; revenue decreases; transfers to other funds; and other negative adjustments to fund balance. Initiatives that move funding between General Fund programs that net to \$0 are not reflected in this analysis.

<sup>2</sup> See page 4 for additional detail on DHHS MaineCare and other initiatives.

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# **Emergency FY 07 Budget Bill (LD 215 As Amended)**

## **Summary of MaineCare and Other DHHS Provisions**

### **MaineCare and Related**

The Committee Amendment is in aggregate consistent with the Governor's proposed Emergency FY 07 Budget's net increase of appropriations for MaineCare and related programs of \$56.0 million in FY 07. The Committee Amendment does make a number of modifications to specific initiatives as summarized below:

- > **MaineCare Funding Transfer.** Appropriates \$29.4 million: to cover shortfalls in MaineCare seed accounts of the former Department of Behavioral and Developmental Services; to restore the deappropriation not realized from the Departmentwide mental health managed care initiative; and for other MaineCare related programs. These appropriations are partially offset by deappropriations of \$19.4 million in the Medical Care - Payments to Provider (MAP) account and \$7.5 million in the Nursing Facilities account. The Governor's bill proposed appropriations of \$63.8 million to cover shortfalls in MaineCare and related accounts to be partially offset by a deappropriation of \$61.3 million in the Medical Care - Payments to Provider (MAP) account.
- > **MaineCare Hospital Payments.** Appropriates \$21.2 million for increased MaineCare payments to hospitals including: \$20.0 million for hospital MaineCare payment settlements; \$0.6 million for a 3.41% cost-of-living adjustment in the rate paid for inpatient services at acute care non-critical access hospitals; and \$0.6 million for increased tax and match lump sum payments to hospitals. Part L appropriates \$30 million to be carried forward into FY 08 to be used as the state seed for increased MaineCare prospective interim payments (PIPs) to hospitals and, to the extent necessary, allows the MaineCare program to access these funds in FY 07 to facilitate the timely payment of any current MaineCare provider claims. Part L also provides for the transfer of up to \$82 million, minus any of the \$30 million appropriation used for hospital PIPs, of the available unappropriated surplus in the General Fund at the close for FY 07 to increase PIPs to hospitals.

The Governor's budget had proposed appropriations totaling \$51.2 million for increased MaineCare payments to hospitals and Part L language to transfer \$52 million of the available unappropriated surplus in the General Fund at the close for FY 07 for hospital settlements and to increase prospective interim payments to hospitals, but did not include the Committee Amendment language related to the MaineCare contingency.

- > **MaineCare Provider Taxes.** Includes the Governor's proposed net deappropriation of \$1.4 million to reflect the impact of adjusting allocations and appropriations in the various MaineCare seed programs, service provider tax and other tax programs of the Department of Health and Human Services.
- > **MaineCare MR Waiver Transfer.** Includes the proposed transfer of \$1.1 million in funding appropriated for the Mental Retardation Waiver - Supports program to the Mental Retardation Services - Community grant program.
- > **MaineCare Administration.** Includes the proposed appropriation of \$2.8 million for increased MaineCare administrative costs.
- > **MaineCare Disproportionate Share Hospital (DSH) Payments.** The Committee Amendment includes the proposed appropriation of \$0.9 million for Dorothea Dix Psychiatric Center and Riverview Psychiatric Center increased costs.

### **Other Department of Health and Human Services (DHHS) Proposals**

#### **Federal Financial Issues**

- > **Cost Allocation Plan.** Includes the proposed appropriation of \$10.9 million in FY 07 for operational expenditures to replace resources not available from the Department's indirect cost allocation plan transfers.
- > **Reductions in Federal Grant Award.** Includes the proposed appropriation of \$7.4 million to maintain services in the Purchased Social Services and Child Care programs at current levels to cover a shortfall created by a reduction in the federal grant awards for these programs.
- > **GF Unappropriated Funds Transfers.** Includes the proposed Part J transfers of \$10.1 million from the General Fund to the Federal Expenditures Fund in a number of DHHS programs for prior year adjustments related to indirect cost allocation settlements, federal audit settlements; and for federal grant overdraws.

#### **Other Proposed DHHS Appropriations**

- > **Other Appropriations.** Includes the proposed additional appropriations of \$2.5 million in FY07 for other DHHS programs including: \$1.7 million to correct the mechanism of billing DHHS for legal services by the Department of the Attorney General; \$0.6 million to continue the operation of the 211 call center; and \$174,250 for an increase in fees in the Driver Education and Evaluation Program. This last initiative will increase General Fund undedicated revenue by \$174,250.

**Emergency FY 07 Budget Bill (LD 215 As Amended)**  
**Overview - Fund for a Healthy Maine (FHM)**  
\$'s in millions

<b>Changes to Fund for a Healthy Maine Balance</b>	
<b>FY07 Budgeted Ending FHM Balance - Prior to LD 215</b>	<b>\$7.571<sup>1</sup></b>
<b>FHM Adjustments to Allocations in LD 215:</b>	
- Eliminate Fund-wide Deallocation	\$8.392
- Reduction of funding to FHM - Drugs for the Elderly and Disabled program	(\$0.810)
- Other net changes to FHM allocations	(\$0.026)
Net Changes to FHM Allocations - LD 215	\$7.556
<b>FY07 Budgeted Ending Balance after EFY07 Budget Bill (LD 215)</b>	<b>\$0.014</b>

**Major Changes**

Committee accepted all of the Governor's Fund for a Healthy Maine budget proposals which include the following:

- > Provides funding to offset a Fund-wide deallocation included in Public Law 2005, chapter 519, Part AA, section 3. This allocation will avoid the distribution of total reductions of \$8,391,658 to individual FHM programs.
- > Reduces funding no longer required to administer the FHM - Drugs for the Elderly and Disabled program (deallocation of \$810,000).
- > Reduces funding available from salary savings and lower-than-anticipated operating costs in the FHM - Bureau of Medical Services program (deallocation of \$30,000)
- > Provides funding to fully fund one Human Services Aide III position and related All Other funding in the FHM - Bureau of Family Independence - Central program (allocation of \$4,470).

**Notes:**

<sup>1</sup> Reflects budgeted ending balance for FY07 including FY06 closing transactions, all legislative changes through the 122nd Legislature and the December 2006 Revenue Forecast.

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