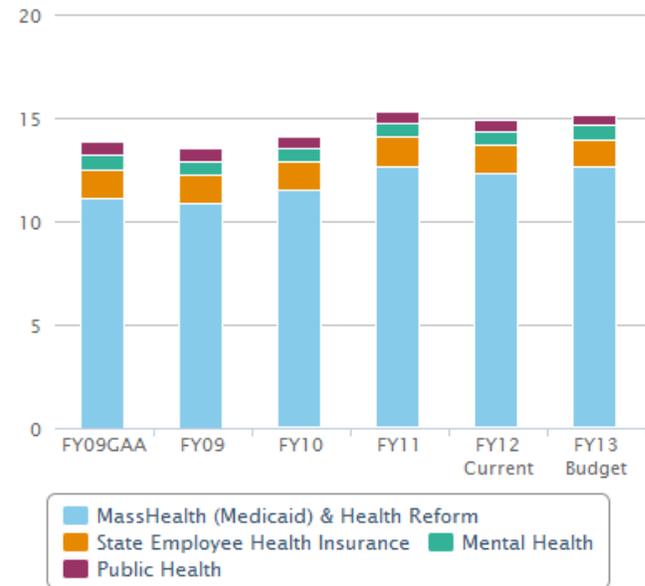


## HEALTH CARE

|                                       | FY 2009 GAA<br>(inflation adj.) | FY 2012<br>Current    | FY 2013 House         | FY 2013 Senate        | FY 2013<br>Budget     |
|---------------------------------------|---------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| <b>Health Care</b>                    | <b>13,801,558,210</b>           | <b>14,654,076,857</b> | <b>15,160,946,531</b> | <b>15,093,162,527</b> | <b>15,167,534,160</b> |
| <b>MassHealth &amp; Health Reform</b> | 11,096,692,100                  | 12,108,955,349        | 12,654,651,407        | 12,604,784,106        | 12,655,194,167        |
| <b>Mental Health</b>                  | 732,081,653                     | 651,018,701           | 675,424,657           | 672,391,960           | 671,353,922           |
| <b>Public Health</b>                  | 634,952,841                     | 523,948,808           | 519,795,169           | 531,655,129           | 529,198,197           |
| <b>State Employee Health Insur.</b>   | 1,337,831,616                   | 1,370,153,999         | 1,311,075,299         | 1,284,331,332         | 1,311,787,873         |

Health care funding in the state budget provides health coverage for more than one in five residents of Massachusetts and supports critical mental and public health programs. The Fiscal Year (FY) 2013 budget produced by the legislative Conference Committee and enacted by the legislature shortly before the start of the fiscal year includes a total of \$15.17 billion for these programs, an increase of 3.5 percent compared to FY 2012. Underlying this overall increase are different rates of growth for the four different areas that comprise this category of spending. The majority of health spending goes to Medicaid and other programs that provide health coverage for low-income people; spending in this area will grow at a faster rate than the overall budget, but the increase will be lower than it otherwise would have been in the absence of savings strategies adopted by the Conference Committee (the state receives Federal reimbursements for roughly half this spending). Meanwhile, spending for health coverage provided to state employees will decline slightly in FY 2013, while spending on public health and mental health programs will increase slightly, but will remain well below pre-recession funding levels for these programs.

Billions of Dollars (2013 Dollars)



### MassHealth (Medicaid) & Health Reform

|                                       | FY 2009 GAA<br>(inflation adj.) | FY 2012<br>Current | FY 2013 House  | FY 2013 Senate | FY 2013<br>Budget |
|---------------------------------------|---------------------------------|--------------------|----------------|----------------|-------------------|
| <b>MassHealth &amp; Health Reform</b> | 11,096,692,100                  | 12,108,955,349     | 12,654,651,407 | 12,604,784,106 | 12,655,194,167    |

Medicaid programs, including MassHealth (the state's Medicaid program for people under 65) provide health coverage for nearly 1.4 million people in Massachusetts, and the Commonwealth Care program provides coverage for about 180,000 more low-income people who do not meet MassHealth income and other eligibility criteria. The state also provides support to safety net hospitals, and helps reimburse hospitals and community health centers for care they provide to uninsured patients. The Conference Committee's budget contains \$12.66 billion for these purposes, an increase of 4.5 percent over current FY 2012 spending. The budget also contains a number of policy provisions affecting

MassHealth and the Commonwealth Care Trust Fund, as well the state's Health Care Connector, which operates the Commonwealth Care program and helps small businesses and individuals purchase health insurance.

### MassHealth (Medicaid) and Health Reform

|  | FY 2009 GAA<br>(inflation adj.) | FY 2012<br>Current    | FY 2013 House         | FY 2013 Senate        | FY 2013<br>Budget     |
|--|---------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| <b>MassHealth (Medicaid)</b>                 | <b>9,204,247,689</b>            | <b>10,521,488,732</b> | <b>11,075,078,690</b> | <b>11,021,672,272</b> | <b>11,074,340,935</b> |
| <i>Medicaid Programs*</i>                    | <i>9,046,609,857</i>            | <i>10,432,267,834</i> | <i>10,986,829,734</i> | <i>10,932,761,155</i> | <i>10,984,379,734</i> |
| <i>Medicaid Administration</i>               | <i>157,637,832</i>              | <i>89,220,898</i>     | <i>88,248,956</i>     | <i>88,911,117</i>     | <i>89,961,201</i>     |
| <b>HHS Information Technology</b>            | <b>0</b>                        | <b>81,762,075</b>     | <b>86,931,475</b>     | <b>93,676,495</b>     | <b>91,917,894</b>     |
| <b>Commonwealth Care Fund</b>                | <b>1,380,043,906</b>            | <b>865,011,822</b>    | <b>861,278,955</b>    | <b>860,772,286</b>    | <b>860,272,286</b>    |
| <i>Transfer from General Fund**</i>          | <i>1,193,606,495</i>            | <i>745,011,822</i>    | <i>741,278,955</i>    | <i>740,772,286</i>    | <i>740,272,286</i>    |
| <i>Estimated Tobacco Tax Revenue</i>         | <i>186,437,411</i>              | <i>120,000,000</i>    | <i>120,000,000</i>    | <i>120,000,000</i>    | <i>120,000,000</i>    |
| <b>Other Safety Net &amp; Health Finance</b> | <b>512,400,506</b>              | <b>640,692,720</b>    | <b>631,362,286</b>    | <b>628,663,053</b>    | <b>628,663,052</b>    |
| <i>Prescription Advantage</i>                | <i>61,448,563</i>               | <i>21,602,546</i>     | <i>19,000,869</i>     | <i>18,500,869</i>     | <i>18,500,869</i>     |
| <i>Medical Assistance Trust Fund</i>         | <i>369,543,746</i>              | <i>394,025,000</i>    | <i>394,025,000</i>    | <i>394,025,000</i>    | <i>394,025,000</i>    |
| <i>Delivery Syst Transformation***</i>       | <i>0</i>                        | <i>186,907,667</i>    | <i>186,907,667</i>    | <i>186,907,667</i>    | <i>186,907,667</i>    |
| <i>Div of Hlth Care Finance &amp; Policy</i> | <i>18,704,723</i>               | <i>31,257,507</i>     | <i>27,928,750</i>     | <i>28,129,517</i>     | <i>28,129,516</i>     |
| <i>Other Health Finance</i>                  | <i>62,703,474</i>               | <i>6,900,000</i>      | <i>3,500,000</i>      | <i>1,100,000</i>      | <i>1,100,000</i>      |

\*Totals for MassHealth Programs exclude the transfer of some funding for Early Intervention services from the Department of Public Health to a MassHealth line item. \*\*The FY 2012 Commonwealth Care Fund Transfer includes \$17 million in surplus FY 2011 funds that were made available in FY 2012; FY 2009 totals for the CCTF transfer include funding later replaced by other resources, including the Delivery System Transformation Fund. \*\*\*Delivery System Transformation funds will replace, to some extent, payments to hospitals that were previously made through the Commonwealth Care Trust Fund and under the "Other Health Finance" category.

### MassHealth (Medicaid)

The FY 2013 budget includes total funding of 10.98 billion for MassHealth coverage programs (excluding about \$90 million for administrative costs, as well as \$4.3 million in Early Intervention costs that will be transferred from the Department of Public Health in FY 2013). While this amount represents a 5.3 percent increase over current FY 2012 spending, it is substantially lower than the baseline amount of \$11.47 billion that the administration had estimated would be necessary to maintain these programs with no change in FY 2013. To achieve a lower rate of growth the budget proposed by the Governor in January relied on a set of cuts, savings from payment reforms, and other strategies that totaled \$544.3 million; these were offset by a proposed \$28.2 million in new spending initiatives, for a reduction of about \$516 million compared to the baseline total. The budget conferees adopted most of the Governor's proposals, but also included additional cuts and spending initiatives added by the House and Senate during the process of designing and debating their budgets, for a total of about \$478 million in savings (\$551.0 million in cuts and savings, offset by \$72.8 million in spending initiatives).

### Savings

The \$544.3 million in savings originally proposed in the Governor's House 2 budget proposal included \$49.6 million in payment reforms, 36.8 million in changes to long term care services, \$82.9 million in rate restructuring and \$375.0 million from a combination of program integrity activities and cash management strategies. The FY 2013 budget includes these with one exception, and also adds additional savings measures.

- The Conference Committee's budget includes language that maintains FY 2012 rates for **McInnis House**, a medical respite program for the homeless, instead of the savings of \$3.0 million from rate adjustments assumed in House 2.
- The budget reduces rates paid for **nursing home beds** that are held for patients during temporary absences, for a savings of \$7.5 million. The budget also includes language that prohibits the reassignment of these beds during such absences.
- The budget assumes savings of \$3.0 million from the expansion of a public health **academic detailing program** that provides information about pharmaceuticals to doctors and other health providers who serve MassHealth patients in order to promote cost-efficient prescribing practices.
- The budget requires MassHealth Basic and Essential programs to cover **hospice services** and assumes \$1.2 million in savings from this provision.
- Funding for the MassHealth program for people with HIV is \$1.0 million lower in the budget, essentially level with FY 2012, compared to the Governor's and Senate budget proposals.
- The budget conferees did not include House language prohibiting limits on **hospital appeals of case mix adjustments** in the FY 2013 budget (the Governor's budget assumed these limits would save about \$8.0 million), and they also dropped the Senate's assumption of \$15.0 million in savings from a reduction in coverage for **day habilitation** services.

### Spending Initiatives

The FY 2013 budget includes the Governor's new spending initiatives, although it funds two of them at lower levels and one at a higher level; it also adds new initiatives, and maintains an FY 2012 rate increase for nursing homes.

- The budget includes two new line items proposed by the Governor that would fund improvements to **MassHealth enrollment and redetermination processes** (4000-1602) and support activities to implement federal health reform provisions (4000-1604), but it funds them at lower levels than the Governor proposed, providing \$1.0 million instead of \$2.0 million for enrollment improvements, and \$750,000 instead of \$3.1 million for **health reform implementation**. Lower funding levels are likely to make it more difficult for the administration to meet deadlines for implementation of federal health reform requirements.
- Like the Governor's budget, the Conference budget includes \$20.0 million for **infrastructure and capacity-building activities** at hospitals that are not eligible for Delivery System Transformation grants (described below) and \$3.0 million for similar activities at community health centers, but it also goes beyond the Governor in including an additional \$3.0 million for grants to "critical access" community hospitals.
- The budget retains a Senate provision restoring coverage for **limited dental services** for adults (composite fillings for front teeth), at a cost of about \$3 million (the full-year cost is around \$6 million).

- The budget maintains the FY 2012 funding level for **supplemental rates** paid to nursing homes in FY 2013 – an amount that is \$30.2 million higher than the Governor’s proposed appropriation level. The budget also includes language earmarking \$2.8 million for a joint labor-management pay-for-performance program at nursing homes.
- The budget requires supplemental rate payments for certain pediatric hospitals, in recognition of higher costs associated with their patient case-mix, at a cost of \$11.8 million.

### MassHealth Policy Provisions

The FY 2013 budget also contains a number of policy provisions that affect the MassHealth program, although they do not change funding levels. These include:

- Changes to language governing an advisory committee that was created in the FY 2012 budget with a directive to study the costs and benefits of various MassHealth care delivery models, such as the Primary Care Clinician (PCC) plan, managed care program, and medical home models. The changes provide more specific criteria for the committee’s investigation and final report, and extend the date for reporting until October, 2012 (Section 145). A related section added by the House that required auto-assignment of MassHealth members who do not choose a plan into managed care organizations and the PCC plan on an equal basis, pending completion of the report, was held in conference.
- Authorization for the Inspector General to expend funds from the Health Safety Net Trust Fund (which pays for uncompensated care costs) to conduct a study of the Massachusetts Medicaid program (Section 182)
- A requirement that MassHealth report on savings strategies it will pursue in FY 2013 and any changes it plans to make to the savings plan (Section 185).
- Language requiring the Office of Health and Human Services (HHS) to select an entity to perform a study of MassHealth children with complex care needs, including an analysis of how these needs can be met by a medical home model. The provision specifies that HHS shall not award money or other compensation with the contract (Section 210).

### Commonwealth Care

The Commonwealth Care program provides coverage for about 180,000 people who are not eligible for MassHealth. Enrollment in the program is expected to grow in FY 2013, partly as a result of the reinstatement of a group of legal immigrants following a state Supreme Judicial Court decision that their exclusion from the program was unconstitutional. Members of this group had received more limited coverage under a separate plan, although that program was closed to new enrollees. The Commonwealth Care program is funded by expenditures from the Commonwealth Care Trust Fund (CCTF), which holds transfers from the General Fund and the portion of tobacco tax revenue dedicated to Commonwealth Care, as well as smaller amounts of revenue from assessments on employers who do not provide health insurance and penalties paid by individuals who do not purchase coverage that is deemed affordable.

The FY 2013 budget includes a transfer of \$740.3 million from the General Fund to the CCTF, and assumes that \$120.0 million of tobacco tax will be deposited in the Fund, for a total of \$860.3 million. This amount represents a slight decrease from the FY 2012 level (which included \$17.0 million in

surplus FY 2011 revenues that were carried forward for use in FY 2012). The slight decline in funding needed to maintain Commonwealth Care coverage is due chiefly to aggressive procurement strategies that led to lower rates for the managed care organizations that provide coverage under the program. The General Fund transfer is about \$1.0 million lower than the transfer proposed in the House budget, due to an expectation that the Connector can deliver a wellness program at a lower cost than the House assumed. As in the case of MassHealth, the Commonwealth Care program will provide coverage for limited dental services for some enrollees.

### **Other Health Financing & Health Reform Provisions**

The FY 2013 budget also provides funding for the Division of Health Care Finance and Policy and for a number of other health programs that serve low-income residents of Massachusetts, and includes two sections affecting Health Connector activities.

- **Delivery System Transformation Initiatives Trust Fund and Grants**  
The budget includes a transfer of \$186.9 million from the General Fund to a new **Delivery System Transformation Initiatives (DSTI) Trust Fund** that will provide incentive payments, in accordance with the state's MassHealth waiver agreement with the Federal government. The funds will be used support activities to help seven safety net hospitals develop new payment and health delivery systems, such as better management of chronic conditions and the infrastructure to support medical home models. Creation of the fund and a similar transfer for FY 2012 were included in a supplemental budget approved in June, 2012. Hospitals not eligible for DSTI grants will be eligible for other funding for similar activities (see MassHealth discussion above).
- **Prescription Advantage**  
The budget includes a decrease in funding, compared to FY 2012, for the **Prescription Advantage** program. The drop reflects an expectation of reduced utilization of the program due to changes made by the federal health reform law that will provide increased Medicare coverage for drug costs that are now covered by Prescription Advantage, shifting these costs from the state to the Federal government.
- **Health Connector**  
In addition to managing the Commonwealth Care program, the Connector also contracts with insurers to provide non-subsidized coverage to individuals who lack access to affordable insurance, and to small businesses. Section 133 of the budget authorizes the Connector to expand this role and to procure health insurance for other state agencies and non-profit corporations. Section 134 of the budget amends state law to create an ongoing wellness pilot program that is intended to expand the use of wellness initiatives by small businesses. Under the plan, the Connector will provide subsidies of up to 15 percent of eligible employer health costs for employers who participate in the program (a similar program was included in the final FY 2012 budget).

**MASSHEALTH & HEALTH REFORM LINE ITEMS**

| Line Item                   | Name   | FY 2012<br>Current | FY 2013<br>House | FY 2013<br>Senate | FY 2013<br>Budget | Notes  |
|-----------------------------|--|--------------------|------------------|-------------------|-------------------|--|
| 1599-2004                   | Health Care Cost Containment Reserve             | 1,900,000          | 0                | 0                 | 0                 |  |
| 1599-2009                   | Hale Hospital Reserve                            | 2,400,000          | 2,400,000        | 0                 | 0                 | Included in 4000-0300                                    |
| 4000-0265                   | Primary Care Workforce                           | 1,000,000          | 0                | 0                 | 0                 |  |
| 4000-0300*                  | Exec Off of Health and Human Services            | 86,484,473         | 85,512,643       | 86,171,094        | 87,224,888        | See 1599-2009  |
| 4000-0301                   | MassHealth Auditing and Utilization Reviews      | 1,736,425          | 1,736,313        | 1,740,023         | 1,736,313         |  |
| 4000-0309                   | MassHealth Field Auditing Taskforce              | 1,000,000          | 1,000,000        | 1,000,000         | 1,000,000         |  |
| 4000-0320                   | MassHealth Recoveries--Retained Revenue          | 225,000,000        | 225,000,000      | 225,000,000       | 225,000,000       |  |
| 4000-0430                   | MassHealth CommonHealth Plan                     | 130,439,637        | 73,165,557       | 73,165,558        | 73,165,557        |  |
| 4000-0500                   | MassHealth Managed Care                          | 3,879,010,669      | 4,164,475,376    | 4,166,475,376     | 4,167,475,376     |  |
| 4000-0600                   | MassHealth Senior Care                           | 2,550,602,264      | 2,763,630,662    | 2,756,130,662     | 2,756,130,662     |  |
| 4000-0640                   | MassHealth Nursing Home Supp Rates               | 318,300,000        | 318,500,000      | 288,500,000       | 318,700,000       |  |
| 4000-0700                   | MassHealth Fee-for-Service Payments              | 2,029,206,633      | 1,950,180,126    | 1,929,380,126     | 1,953,180,126     | Adjusted to reflect transfer of Early Intervention funds |
| 4000-0870                   | MassHealth Basic Coverage                        | 157,016,626        | 179,909,689      | 178,759,689       | 178,759,689       |  |
| 4000-0875                   | MassHealth Breast & Cervical Cancer Treatment    | 4,770,999          | 5,248,099        | 5,248,099         | 5,248,099         |  |
| 4000-0880                   | MassHealth Family Assistance Plan                | 218,925,814        | 213,894,591      | 213,894,591       | 213,894,591       |  |
| 4000-0890                   | MassHealth Premium Asst & Ins Partnership        | 58,181,956         | 30,481,392       | 30,481,392        | 30,481,392        |  |
| 4000-0895                   | Healthy Start Program                            | 13,800,000         | 15,850,244       | 15,850,244        | 15,850,244        |  |
| 4000-0950                   | Children's Behavioral Health Initiative          | 214,743,708        | 221,549,097      | 221,705,516       | 221,549,097       |  |
| 4000-0990                   | Children's Medical Security Plan                 | 12,600,000         | 13,298,695       | 13,298,695        | 13,298,695        |  |
| 4000-1400                   | MassHealth HIV Plan                              | 18,541,135         | 18,744,723       | 19,744,723        | 18,744,723        |  |
| 4000-1405                   | MassHealth Essential                             | 389,757,408        | 505,998,456      | 504,848,457       | 505,998,456       |  |
| 4000-1420                   | Medicare Part D Clawback                         | 211,370,985        | 285,153,027      | 285,153,027       | 285,153,027       |  |
| 4000-1602                   | MassHealth Operations                            | 0                  | 1,000,000        | 2,000,000         | 1,000,000         |  |
| 4000-1604                   | Health Care System Reform                        | 0                  | 750,000          | 3,125,000         | 750,000           |  |
| 4000-1700*                  | HHS Information Technology Costs                 | 81,762,075         | 86,931,475       | 93,676,495        | 91,917,894        |  |
| 4100-0060*                  | Division of Health Care Finance and Policy       | 21,157,507         | 21,828,750       | 22,029,517        | 22,029,516        |  |
| 4100-0061                   | All Payer Claims Database                        | 4,000,000          | 4,000,000        | 4,000,000         | 4,000,000         |  |
| 4100-0360                   | Health Care Quality and Cost Council--RR         | 100,000            | 100,000          | 100,000           | 100,000           |  |
| 4100-0062                   | Health Safety Net Claims Migration--RR           | 6,000,000          | 0                | 0                 | 0                 |  |
| 4100-0082                   | Health Safety Net Claims Migration--RR           | 0                  | 2,000,000        | 2,000,000         | 2,000,000         |  |
| 7006-0029                   | Health Care Access Bureau Assessment             | 1,100,000          | 1,100,000        | 1,100,000         | 1,100,000         |  |
| 9110-1455*                  | Prescription Advantage                           | 21,602,546         | 19,000,869       | 18,500,869        | 18,500,869        |  |
| <b>Trust Fund Transfers</b> |  |                    |                  |                   |                   |  |
| 1595-1069                   | Health Insurance Technology Trust Fund           | 500,000            | 0                | 0                 | 0                 | Funded off budget in 2013                                |
| 1595-5819                   | CommCare Trust Fund--Transfer from Gen Fund      | 745,011,822        | 741,278,955      | 740,772,286       | 740,272,286       |  |
|                             | CommCare Trust Fund--Tobacco Tax Transfer        | 120,000,000        | 120,000,000      | 120,000,000       | 120,000,000       |  |
| 1595-1067                   | Delivery System Transformation Initiatives Trust | 186,907,667        | 186,907,667      | 186,907,667       | 186,907,667       |  |
| 1595-1068                   | Medical Assistance Trust Fund                    | 394,025,000        | 394,025,000      | 394,025,000       | 394,025,000       |  |

\*House and FY 2013 totals adjusted to include collective bargaining agreements.

## Mental Health

|                      | FY 2009 GAA<br>(inflation adj.) | FY 2012<br>Current | FY 2013 House      | FY 2013 Senate     | FY 2013<br>Budget  |
|----------------------|---------------------------------|--------------------|--------------------|--------------------|--------------------|
| <b>Mental Health</b> | <b>732,081,653</b>              | <b>651,018,701</b> | <b>675,424,657</b> | <b>672,391,960</b> | <b>671,353,922</b> |

The Conference Committee's FY 2013 appropriation for programs operated by the **Department of Mental Health (DMH)** represents a slight increase over current FY 2012 current spending, but remains well below pre-recession spending levels for most of these programs. The budget contains a total of \$671.4 million for DMH programs, an increase of 3.1 percent over the \$651.0 million provided in FY 2012, but 8.3 percent below the FY 2009 level, after adjusting for inflation. Cuts since 2009 have affected education, employment, and clubhouse programs, and have reduced beds at DMH facilities.

The bulk of the FY 2013 increase goes to three core DMH line items—funding for **child and adolescent mental health services** rises by \$5.0 million, while the appropriation for **adult mental health and support services** rises by \$11.7 million and **mental health hospitals and in-patient facilities** will see an increase of \$12.6 million. These increases are offset by the fact that the FY 2012 budget included the one-time use of resources from mental health trust funds to supplement the adult services and facilities line items in FY 2012. The availability of trust funds meant that the budget appropriations for the line items were lower in FY 2012 than they would have been if the \$10.0 million in trust funds had flowed more directly through them, and conversely the FY 2013 increases for these programs appear larger. After accounting for the use of trust funds, the combined increase for these two line items is more modest. (Note that the budget also contains language allowing the use of the trust funds appropriated in FY 2012 through the end of FY 2013.)

|           | Program                      | FY 2012<br>Current | FY 2013 Budget     | Increase    |
|-----------|------------------------------|--------------------|--------------------|-------------|
| 5046-0000 | Adult Mental Health Services | 332,285,802        | 344,027,150        | 3.5%        |
| 5095-0015 | Inpatient Facilities         | 146,732,857        | 159,313,321        | 8.6%        |
| 5095-0017 | Trust Fund Contributions     | 10,000,000         | 0                  |             |
|           | <b>TOTAL</b>                 | <b>489,018,659</b> | <b>503,340,471</b> | <b>2.9%</b> |

### Taunton State Hospital & Behavioral Health Study

The FY 2013 budget includes language in the DMH facilities line item (5095-0015) requiring that 45 beds be maintained at Taunton State Hospital until the completion of a study of the behavioral health system described below. The Senate budget included language requiring the maintenance of 72 beds, while the House did not include any requirement, instead assuming closure of the facility midway through FY 2013. Other line item language directs state agencies to develop a plan for the disposition of land and property when in-patient mental health facilities are closed, and sets out criteria for the discharge of DMH clients from in-patient to community-based mental health facilities.

Section 186 of the budget creates an advisory committee of legislators and stakeholders that will commission a consultant to produce an independent analysis of public and private behavioral health care services in Massachusetts, and the facilities line item includes an earmark of \$100,000 for this purpose. The study will cover a broad range of issues, including the state's in-patient bed capacity, the implementation of federal and state mental health parity laws, and a review of the Massachusetts Emergency Services Program. A final report, which must contain an estimate of the appropriate

number of in-patient mental health beds and description of the “anticipated impact” of the closure of Taunton State Hospital, is due at the end of December, 2012.

### DMH Clubhouses

The FY 2013 budget includes an earmark of \$1.0 million in additional funding over the FY 2012 level for DMH clubhouse programs within the adult mental health services line item (5046-0000). This amount is midway between the Senate and House budget proposals for earmarks of \$1.5 million and \$500,000, respectively. Clubhouse programs provide a variety of community-based vocational and social rehabilitation services to people with mental illness.

### Forensic Services

The budget contains an appropriation of \$8.3 million for forensic mental health services, including juvenile court clinics. This funding level is identical to that proposed in the House’s FY 2013 budget and slightly below the Senate appropriation, but well below the \$9.2 million that the Governor recommended as the amount needed to maintain the program in FY 2013.

### Stephanie Moulton Safety Symposium

Section 55 of the budget amends state law to require DMH to conduct an annual Stephanie Moulton Safety Symposium for employees that will include discussions of safety practices and risk management for community-based services. The symposium is named in honor of a mental health worker who was killed by a resident in a group home in 2011. The DMH administrative line item (5011-0100) includes an earmark of \$100,000 to pay for the symposium.

#### MENTAL HEALTH LINE ITEMS

| Line Item  | Name  | FY 2012<br>Current | FY 2013<br>House | FY 2013<br>Senate | FY 2013<br>Budget | Notes                |
|------------|---|--------------------|------------------|-------------------|-------------------|----------------------|
| 5011-0100* | Department of Mental Health Administration    | 26,747,749         | 27,273,198       | 27,373,198        | 27,373,198        |                      |
| 5042-5000* | Child and Adolescent Mental Health Services   | 71,773,509         | 77,672,234       | 76,816,757        | 76,816,757        |                      |
| 5046-0000* | Adult Mental Health and Support Services      | 332,285,802        | 344,057,893      | 343,927,150       | 344,027,150       |                      |
| 5046-2000  | Statewide Homelessness Support Services       | 20,134,424         | 20,134,424       | 20,134,424        | 20,134,424        |                      |
| 5046-4000  | CHOICE Program RR                             | 125,000            | 125,000          | 125,000           | 125,000           |                      |
| 5047-0001* | Emergency Services & Acute Mental Health Care | 35,122,197         | 35,288,704       | 35,242,254        | 35,242,254        |                      |
| 5055-0000* | Forensic Services Program                     | 8,097,163          | 8,321,818        | 8,634,856         | 8,321,818         |                      |
| 5095-0015* | Inpatient Facilities & Community-Based Svs    | 146,732,857        | 162,551,386      | 160,138,321       | 159,313,321       |                      |
| 5095-0017  | Trust Fund Contributions                      | 10,000,000         | 0                | 0                 | 0                 | See discussion above |

\*House and FY 2013 totals adjusted to include collective bargaining agreements.

## Public Health

|               | FY 2009 GAA<br>(inflation adj.) | FY 2012<br>Current | FY 2013 House | FY 2013 Senate | FY 2013<br>Conference |
|---------------|---------------------------------|--------------------|---------------|----------------|-----------------------|
| Public Health | 634,952,841                     | 523,948,808        | 519,795,169   | 531,655,129    | 529,198,197           |

Programs operated by the Department of Public Health (DPH) protect the health of the general public in Massachusetts by responding to public health emergencies, ensuring that health professionals and facilities are properly licensed, and promoting wellness and disease prevention activities. Overall funding for these programs rises very slightly in the FY 2013 budget. This increase is the result of the Conference Committee's decision to adopt, or come part way to, the Senate appropriation level in many of the areas where the House and Senate proposals differed. The House FY 2013 budget included a decrease in overall funding for public health programs of \$4.2 million compared to FY 2012, while the Senate proposed an increase of \$7.7 million. The increase of \$5.2 million contained in the conferees' budget resolution represents a rise of just 1.0 percent over FY 2012 spending and barely begins to restore the \$111.0 million drop in funding for public health programs that occurred between FY 2009 and FY 2012, after adjusting for inflation.

Highlights of the FY 2013 appropriations for public health programs are provided below; for a comprehensive list of appropriations see the table at the end of this section, and for historical spending data click [here] to use the MassBudget Budget Browser. (Note that public health funding totals in this *Budget Monitor* have been adjusted to reflect proposed transfers of funds related to Early Intervention programs and the State Laboratory; they also include funding for a Youth Violence grant program directly administered by the Office of Health and Human Services.)

### Substance Abuse Services

Funding for substance abuse services provided by the DPH is distributed mainly through the department's **Division of Substance Abuse Services** line item, but the budget also includes separate appropriations for some smaller programs focused on particular populations. The FY 2013 budget includes an increase of \$2.9 million for these programs overall, most of which will go to the main Division of Substance Abuse Services line item. The Conference Committee's choice to adopt the House's appropriation amount for a **Compulsive Behavior Treatment Program** that uses unclaimed prize money in the State lottery fund to provide treatment to compulsive gamblers means that funding for this program will increase by just over half a million dollars in FY 2013. Likewise, the Conferees adopted the Senate's proposal to provide \$2.0 million for a **Jail Diversion** program for non-violent offenders with addictions to heroin or OxyContin.

In addition to these budget line items, a separate off-budget **Substance Abuse Services Fund** was created in FY 2012 in order to pay for an expansion of treatment facilities and case management services for people who have been civilly committed to institutions and who have substance abuse disorders. The Fund received a transfer of \$10.0 million from the General Fund in FY 2012, and statutory language allowed these dollars to be spent through the end of FY 2013, at which point the Fund will sunset. Any additional ongoing costs related to the expansion will need to be included in future budgets. The conferees did not include Senate language that added new provisions governing expenditures from the Fund in the FY 2013 budget.

### Health Promotion and Disease Prevention

FY 2013 funding for Disease Prevention and Health Promotion programs, such as cancer screening, cardiovascular risk education, and care coordination for high risk populations, rises by 5.7 percent compared to FY 2012 (amounts are adjusted to account for a transfer of funding for an ALS registry to a separate line item). Nevertheless, at \$3.3 million in FY 2013, the appropriation for these programs remains far below its FY 2009 inflation-adjusted level of \$15.7 million.

### Children's Public Health Programs

A number of public health programs provide services chiefly or exclusively to children. Some, although not all, of these programs receive increases in the FY 2013 budget.

- **Early Intervention**

After accounting for a transfer of some funding to the MassHealth program, the budget provides an increase of \$1.1 million for **Early Intervention** programs that serve infants and small children who exhibit delays in cognitive, motor, language and other forms of development. This amount is somewhat less than the \$1.9 million increase the Senate proposed, but well above the levels proposed by the Governor and House. The budget also includes language, added during Senate budget debate, dedicating any year-end surplus to one-time salary increases for direct care workers in Early Intervention programs.

- **WIC**

The budget includes an increase of \$1.8 million, or 7.5 percent, in the amount of revenue that the Women, Infants and Children nutrition program is authorized to retain and spend from revenue it receives from infant formula rebates under federal regulations. The increase is expected to cover the costs of maintaining current services (a separate line item funded with state General Fund dollars receives level funding compared to FY 2012).

- **Violence Prevention and At-Risk Youth Grants**

The budget provides \$4.0 million for a **Youth Violence Prevention Grant** program within the Department of Health and Human Services, midway between the Senate's proposal of \$8.0 million and the House proposal to eliminate funding. These grants, which are targeted to high-risk communities, were first funded at \$10.0 million in an FY 2012 supplemental budget, and the Governor proposed the same level of funding in FY 2013. The budget also includes increases of \$500,000 for a separate youth violence prevent program operated by DPH, and an additional \$1.0 million for matching grants to non-profit organizations that offer youth programs. When these three grant programs are combined, the total FY 2013 funding level declines by \$4.5 million compared to FY 2012.

- **School-Based Health Services**

The budget includes level funding, compared to FY 2012, for school-based health services and health centers in schools. Line item language requires DPH to conduct a study concerning the installation of automatic external defibrillators in all public schools in Massachusetts.

- **Universal Immunization**

The budget contains level funding for the Universal Immunization program, but does not include the Senate's proposal to codify a surcharge that has been imposed on insurers in recent years to pay for the costs of vaccines for this program and to create a trust fund to hold revenues from the surcharge, along with an advisory council to make recommendations on the

purchase of vaccines. Without statutory language, surcharge language will need to be included in future budgets.

**Healthcare Workforce Transformation Fund**

Section 60 of the budget creates a Health Care Workforce Transformation Trust Fund and Section 154 requires the transfer of \$20.0 million in any surplus FY 2012 tax revenue to the Fund. The budget omits language included in the Senate budget that describes the purpose of the fund and sets out criteria for expenditures from it.

**Academic Detailing**

The conferees adopted a Senate proposal to provide \$500,000 for an Academic Detailing program that encourages cost-effective prescribing practices among health providers who have patients in publicly funded health programs. Neither the House nor Governor proposed funding for this program, which was last funded in the FY 2009 budget and which is expected to result in savings of about \$3 million within the MassHealth program.

**Support Services for Homicide Victims**

The budget includes a new line item (4513-1098) appropriating \$125,000 in FY 2013 for Support Services for Homicide Victims and language earmarking the entire amount for the Louis Brown Peace Institute.

# BUDGET MONITOR

## PUBLIC HEALTH LINE ITEMS

| Line Item  | Name  | FY 2012<br>Current | FY 2013<br>House | FY 2013<br>Senate | FY 2013<br>Budget | Notes                               |
|------------|---|--------------------|------------------|-------------------|-------------------|-------------------------------------|
| 4000-0005  | Safe & Successful Youth Grant Program           | 10,000,000         | 0                | 8,000,000         | 4,000,000         |                                     |
| 4510-0020  | Food Protection Program--RR                     | 375,000            | 375,000          | 375,000           | 375,000           |                                     |
| 4510-0025  | SEAL Dental Program--RR                         | 889,889            | 889,889          | 889,889           | 889,889           |                                     |
| 4510-0040* | Pharmaceutical Regulation--RR                   | 421,539            | 427,266          | 432,188           | 432,188           |                                     |
| 4510-0100* | Department of Public Health                     | 17,708,308         | 17,572,647       | 17,941,867        | 17,871,474        |                                     |
| 4510-0110* | Community Health Center Services                | 963,949            | 1,067,287        | 1,067,830         | 1,067,287         |                                     |
| 4510-0600* | Environmental Health Services                   | 3,205,454          | 3,337,405        | 3,231,212         | 3,386,819         |                                     |
| 4510-0615* | Nuclear Reactor Monitoring--RR                  | 1,764,716          | 1,768,947        | 1,768,947         | 1,858,947         |                                     |
| 4510-0616  | Prescription Drug Monitoring--RR                | 1,241,668          | 1,245,175        | 1,751,481         | 1,295,175         |                                     |
| 4510-0710* | Div of Health Care Quality and Improvement      | 6,242,959          | 6,306,482        | 6,500,000         | 6,341,939         |                                     |
| 4510-0712* | Division of Health Care Quality--RR             | 2,439,711          | 2,481,081        | 3,481,081         | 2,481,081         |                                     |
| 4510-0715  | Primary Care Center & Loan Forgiveness Program  | 157,000            | 0                | 157,000           | 157,000           |                                     |
| 4510-0716  | Academic Detailing Program                      | 93,000             | 0                | 500,000           | 500,000           |                                     |
| 4510-0721* | Board of Registration in Nursing                | 795,800            | 848,961          | 854,892           | 848,961           |                                     |
| 4510-0722* | Board of Registration in Pharmacy               | 194,806            | 182,623          | 234,508           | 182,623           |                                     |
| 4510-0723* | Board of Registration in Medicine & Acupuncture | 997,001            | 1,088,151        | 1,088,151         | 1,088,151         |                                     |
| 4510-0725* | Health Boards of Registration                   | 273,383            | 284,595          | 315,865           | 284,595           |                                     |
| 4510-0726  | Board of Reg in Medicine--RR                    | 300,000            | 300,000          | 300,000           | 300,000           |                                     |
| 4510-0790  | Regional Emergency Medical Services             | 931,959            | 931,959          | 931,959           | 931,959           |                                     |
| 4510-0810  | Sexual Assault Nurse Examiner                   | 3,160,740          | 3,160,740        | 3,160,740         | 3,160,740         |                                     |
| 4512-0103  | HIV/AIDS Prevention, Treatment and Services     | 32,097,810         | 32,097,810       | 32,101,023        | 32,101,023        |                                     |
| 4512-0106  | HIV/AIDS--Drug Rebates RR                       | 7,500,000          | 7,500,000        | 7,500,000         | 7,500,000         |                                     |
| 4512-0200  | Division of Substance Abuse Services            | 74,810,802         | 77,539,595       | 76,539,595        | 77,164,595        |                                     |
| 4512-0201  | Substance Abuse Step-Down Recovery Services     | 4,800,000          | 4,800,000        | 4,800,000         | 4,800,000         |                                     |
| 4512-0202  | Secure Treatment Facilities (Jail Diversion)    | 2,000,000          | 0                | 2,000,000         | 2,000,000         |                                     |
| 4512-0203  | Young Adult Treatment (Family Intervention)     | 1,500,000          | 1,500,000        | 1,500,000         | 1,500,000         |                                     |
| 4512-0225  | Compulsive Behavior Treatment--RR               | 1,270,000          | 1,830,000        | 1,000,000         | 1,830,000         |                                     |
| 4512-0500* | Dental Health Services                          | 1,395,761          | 1,403,897        | 1,401,531         | 1,403,897         |                                     |
| 4513-1000* | Family Health Services                          | 4,656,797          | 4,767,135        | 4,666,697         | 4,666,697         |                                     |
| 4513-1002  | Women, Infants, and Children's (WIC)            | 12,366,617         | 12,366,617       | 12,366,617        | 12,366,617        |                                     |
| 4513-1012  | WIC Manufacturer Rebates--RR                    | 24,510,000         | 26,355,000       | 26,355,000        | 26,355,000        |                                     |
| 4513-1020* | Early Intervention Services                     | 31,144,420         | 31,325,263       | 33,025,263        | 32,325,263        | Adjusted for transfer to MassHealth |
| 4513-1023* | Newborn Hearing Screening Program               | 65,494             | 70,194           | 70,193            | 70,193            |                                     |
| 4513-1026* | Suicide Prevention and Intervention Program     | 3,569,444          | 3,839,455        | 3,591,950         | 3,839,455         |                                     |
| 4513-1098  | Support Services for Homicide Victim Survivors  | 0                  | 125,000          | 125,000           | 125,000           |                                     |
| 4513-1111  | Health Promotion and Disease Prevention         | 3,400,000          | 3,400,000        | 3,663,076         | 3,593,000         | Includes ALS registry (4510-3008)   |
| 4513-1130* | Domestic Violence & Sexual Assault Prevention   | 5,507,970          | 5,514,340        | 5,514,340         | 5,514,340         |                                     |
| 4516-0263* | Blood Lead Testing Fee RR                       | 1,112,974          | 1,117,101        | 1,117,101         | 1,117,101         |                                     |
| 4516-1000* | State Lab & Communicable Disease Control        | 13,013,002         | 13,246,240       | 14,472,659        | 13,649,089        | Reflects transfer to Police Lab     |
| 4516-1010* | Emergency Preparedness Match                    | 2,272,509          | 2,193,665        | 2,209,400         | 2,197,411         |                                     |
| 4516-1022  | State Lab Tuberculosis Test--RR                 | 250,619            | 250,182          | 250,619           | 250,619           |                                     |
| 4518-0200* | Registry of Vital Records--RR                   | 415,275            | 625,835          | 675,000           | 675,000           |                                     |
| 4530-9000* | Teenage Pregnancy Prevention Services           | 2,378,410          | 2,385,873        | 2,536,916         | 2,535,873         |                                     |
| 4570-1502* | Infection Prevention Program                    | 251,281            | 262,168          | 265,299           | 262,168           |                                     |
| 4580-1000  | Universal Immunization Program                  | 52,222,377         | 52,879,812       | 52,879,812        | 52,879,812        |                                     |
| 4590-0250* | School-Based Health Programs                    | 11,597,967         | 11,336,670       | 11,597,967        | 11,597,967        |                                     |
| 4590-0300  | Smoking Prevention & Cessation Programs         | 4,150,703          | 4,400,703        | 4,151,958         | 4,151,958         |                                     |
| 4590-0912* | Western Mass Hospital--RR                       | 16,457,488         | 17,081,671       | 16,990,628        | 17,081,671        |                                     |
| 4590-0913  | Shattuck Medical Vendor--RR                     | 499,827            | 499,827          | 499,827           | 499,827           |                                     |
| 4590-0915* | Public Health Hospitals                         | 139,037,382        | 144,973,695      | 142,754,835       | 145,021,833       |                                     |
| 4590-0917* | Shattuck Hospital DOC Inmat RR                  | 4,046,265          | 4,204,640        | 4,209,388         | 4,209,388         |                                     |
| 4590-1503* | Pediatric Palliative Care                       | 790,732            | 796,051          | 896,051           | 821,051           |                                     |
| 4590-1506* | Violence Prevention Grants                      | 1,000,000          | 1,501,178        | 1,007,431         | 1,501,178         |                                     |
| 4590-1507  | Youth-At-Risk Matching Grants                   | 1,700,000          | 1,900,000        | 2,500,000         | 2,700,000         |                                     |
| 4590-2001  | Tewksbury Hospital DDS RR                       | 0                  | 3,437,342        | 3,437,342         | 3,437,342         |                                     |
| OS-SAS     | Substance Abuse Services Fund                   | 10,000,000         | 0                | 0                 | 0                 |                                     |

\*House and FY 2013 totals adjusted to include collective bargaining agreements.

## State Employee Health Insurance

|                                     | FY 2009 GAA<br>(inflation adj.) | FY 2012<br>Current   | FY 2013 House        | FY 2013 Senate       | FY 2013<br>Budget    |
|-------------------------------------|---------------------------------|----------------------|----------------------|----------------------|----------------------|
| <b>State Employee Health Insur.</b> | <b>1,337,831,616</b>            | <b>1,370,153,999</b> | <b>1,311,075,299</b> | <b>1,284,331,332</b> | <b>1,311,787,873</b> |

\*Adjusted to remove costs related to municipal coverage for which the state receives a reimbursement.

Overall funding for the state share of health coverage provided to current and retired state employees through the **Group Insurance Commission (GIC)** declines in the FY 2013 budget, thanks largely to a drop in costs for health insurance premiums. As the table below shows, funding for premium and plan costs appears to fall substantially from \$830.1 million in FY 2012 to \$757.7 million in FY 2013. The budget conferees followed the Governor's proposals to use \$40.0 million in existing balances in a Group Insurance trust fund to pay for state employee health costs in FY 2013, but even when this one-time resource is taken into account funding for premiums still falls by nearly 4 percent, from \$830.1 million in FY 2012 to \$797.7 million in FY 2013. (These one-time resources come from a fund that holds federal revenue resulting from the state's participation in an early retiree reinsurance program created by the national health reform law.)

The decline in spending is largely the result of GIC efforts to hold down premium cost increases in recent years through a variety of strategies, such as encouraging state employees to choose health plans with limited networks. Last spring the GIC announced that the average premium increase for employee health coverage for next year will be 1.4 percent, the lowest since 1999. (Note that we exclude from our calculations premium costs related to insurance for municipal employees who receive health coverage through the GIC because these costs are fully reimbursed by the municipalities.)

| State Employee Health Costs                  | FY 2012<br>Current   | FY 2013 House        | FY 2013 Senate       | FY 2013<br>Budget    |
|--|----------------------|----------------------|----------------------|----------------------|
| <i>Employee Premiums and Plan Costs*</i>     | 830,154,520          | 756,679,063          | 757,669,230          | 757,669,230          |
| <i>Dental &amp; Vision Benefits</i>          | 36,054,973           | 37,591,870           | 37,441,870           | 37,441,870           |
| <i>Retired Municipal Teacher Insurance</i>   | 64,726,762           | 69,342,635           | 69,249,835           | 69,249,835           |
| <i>Tran to State Retiree Benefits Fund**</i> | 414,325,940          | 442,715,928          | 415,042,237          | 442,715,928          |
| <i>Other GIC</i>                             | 24,891,804           | 4,745,803            | 4,928,160            | 4,711,010            |
| <b>Total Budgetary Spending</b>              | <b>1,370,153,999</b> | <b>1,311,075,299</b> | <b>1,284,331,332</b> | <b>1,311,787,873</b> |
| <b>One-time Use of Federal Trust Funds</b>   | 0                    | 40,000,000           | 40,000,000           | 40,000,000           |
| <b>TOTAL</b>                                 | <b>1,370,153,999</b> | <b>1,351,075,299</b> | <b>1,324,331,332</b> | <b>1,351,787,873</b> |

\*Adjusted to remove costs related to municipal coverage for which the state receives a reimbursement.

\*\*FY 2013 budget total for SRBTF transfer includes \$27.7 million in tobacco settlement revenues in accordance with FY 2012 budget language (not included in Senate budget).

The FY 2013 budget also appears to include the transfer of a portion of tobacco settlement revenue to the State Retiree Benefits Trust Fund (SRBTF). Currently the SRBTF receives an annual transfer from the General Fund, and in the FY 2013 budget it is also scheduled to receive a portion of revenue from the annual tobacco settlement payment made to the state. In recent years this revenue has been deposited in the General Fund for use in the budget, but language in last year's FY 2012 budget required that 10 percent of the tobacco settlement payment (estimated at \$27.6 million) be set aside in FY 2013 in order to help fund future benefits promised to employees. This share is scheduled to increase by ten percentage points each year until 2022, when 100 percent of the payment will go into the fund. Although the budget includes language maintaining the full transfer of tobacco settlement

revenue to the General Fund in FY 2013, committee staff have indicated the transfer of 10 percent to the SRBTF is expected to occur, and it is included in estimates in this section.

**STATE EMPLOYEE HEALTH INSURANCE LINE ITEMS**

| Line Item  | Name   | FY 2012<br>Current | FY 2013<br>House | FY 2013<br>Senate | FY 2013<br>Budget | Notes                               |
|------------|--|--------------------|------------------|-------------------|-------------------|-------------------------------------|
| 0640-0096  | State Lottery Comm--Health Benefits              | 355,945            | 355,945          | 373,152           | 355,945           |                                     |
| 1108-5100* | Group Insurance Commission                       | 2,561,709          | 2,360,095        | 2,537,146         | 2,337,203         |                                     |
| 1108-5200  | Group Insurance Premium and Plan Costs           | 830,154,520        | 756,679,063      | 757,669,230       | 757,669,230       | <i>Excludes municipal GIC costs</i> |
| 1108-5201* | Municipal Partnership Act--Retained Revenue      | 2,017,862          | 2,029,763        | 2,017,862         | 2,017,862         |                                     |
| 1108-5350  | Retired Governmental Employees Premiums          | 340,000            | 448,800          | 356,000           | 356,000           |                                     |
| 1108-5400  | Retired Municipal Teachers Premiums              | 64,386,762         | 68,893,835       | 68,893,835        | 68,893,835        |                                     |
| 1108-5500  | Group Insurance Dental and Vision Benefits       | 9,104,973          | 9,833,370        | 9,683,370         | 9,683,370         |                                     |
| 1599-1027  | Reserve for Benefit Change Reimbursement         | 19,806,288         | 0                | 0                 | 0                 |                                     |
| 1750-0300  | Contribution to Union Dental and Vision Insuranc | 26,950,000         | 27,758,500       | 27,758,500        | 27,758,500        |                                     |
| 1599-6152  | State Retiree Benefits Trust Fund Transfer       | 414,325,940        | 415,042,237      | 415,042,237       | 415,042,237       |                                     |
|            | State Retiree Benefits Trust (tobacco \$\$)      | 0                  | 27,673,691       | 0                 | 27,673,691        |                                     |
| 1599-7051  | Retiree Health Care Cost Valuation               | 150,000            | 0                | 0                 | 0                 |                                     |

*\*House and FY 2013 totals adjusted to include collective bargaining agreements.*