HUMAN SERVICES
JOINT SUBCOMMITTEE
CLOSING LIST #4
May 1, 2015

BUDGET ACCOUNT	**EXECUTIVE BUDGET PAGE**
	Volume II
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Federal Programs and Administration (101-3151)	DHHS-ADSD-23
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Title: HHS-ADSD - SENIOR RX AND DISABILITY RX **Budget Page:** DHHS-ADSD-16, **Volume II**
Account: 262 - 3156

Revenues	2013-14 Actual	2014-15 WP	% Chg	2015-16 GOV REC	% Chg	2016-17 GOV REC	% Chg
OTHER FUND	3,430,118	5,048,144	47.17	3,325,000	(34.13)	3,325,000	
Total Revenues	3,430,118	5,048,144	47.17	3,325,000	(34.13)	3,325,000	
Total FTE		3.00		2.00		2.00	

Adjustments to Revenue

Dec Unit	Cat	GL	Description	2015-16	2016-17
B000	00	4758	Decrease Healthy Nevada Funds to eliminate the Dental Benefit Program	(20,498)	(20,498)
E276	00	4758	Increase Healthy Nevada Funds for the Prescription Program	20,498	20,498
Sub-total				0	0
Line Item Changes to Revenues				0	0

Adjustments to Expenditures

Dec Unit	Cat	GL	Description	2015-16	2016-17
B000	21	7000	Eliminate Dental Benefit Program expenditures	(20,498)	(20,498)
E276	16	7000	Redirect Dental Benefit funds to the Senior Prescription Program	17,423	17,423
E276	19	7000	Redirect Dental Benefit funds to the Disability Prescription Program	3,075	3,075
Sub-total				0	0
Line Item Changes to Expenditures				0	0
Total				0	0
Grand Total General Fund Impact of Closing Changes				0	0

Overview

The Nevada Senior Rx and Disability Rx programs assist eligible applicants to obtain essential prescription medications. Members who are not eligible for Medicare pay $10.00 for generic drugs and $25.00 for brand name drugs. Members who are eligible for Medicare receive help with the monthly premium for the Part D plan and may use the program as a secondary payer for the Medicare Part D coverage gap.

Major Closing Issues

1. Elimination of Dental Benefit Program
2. Increase Funding for Prescription Program

Discussion of Major Closing Issues

1. Elimination of Dental Benefit Program (BASE, DHHS-ADSD-16): The 2013 Legislature approved $2.3 million in Healthy Nevada Funds for a pilot Dental Benefit program during the 2013-15 biennium. The program was funded with a projected surplus in Healthy Nevada Funds resulting from provisions in the Patient Protection and Affordable Care Act (ACA) that would reduce expenses in the Senior Rx and Disability Rx Prescription program. According to the agency, recent increases in costs and the caseload within the Prescription program, as well as under-utilization of the dental benefits, have influenced the agency’s decision to recommend discontinuing the Dental Benefit program effective June 30, 2015.

Pursuant to *Nevada Revised Statutes* (NRS) 439.665, the department may subsidize the cost of prescription drugs and, to the extent money is available, other benefits, including, without limitation, dental and vision benefits and hearing aids. Accordingly, funding allocated to Senior Rx and Disability Rx is used to subsidize prescription costs first, and other benefits may be offered with any remaining funds. The agency indicates that its current cost projections only allow for prescription benefits over the 2015-17 biennium and would not allow for the provision of dental benefits without additional funding.

The Dental Benefit program was modeled after the Public Employees' Benefits Program dental plan and offered a $1,000 maximum annual benefit, with no copay for diagnostic and preventative services, a 20 percent copay for basic services and a 50 percent copay for major services. The agency indicates that many of the members of Senior Rx and Disability Rx have significant dental problems requiring services and procedures that would cost well beyond the $1,000 maximum annual benefit.

The agency has found that members typically use the dental benefit for emergency services or for diagnosis, which often leaves little to no funding in their benefits to pay for prevention or treatment. The agency indicates the types of procedures needed by its members include endodontic/periodontal care, dentures, denture implants and denture replacement, bridges and oral surgery, the costs of which average between $2,500 and $5,000. The agency further indicates there is also the need to cover emergency care and basic oral health needs of the population in order to prevent more complex conditions in the future. Additionally, many of the Senior Rx and Disability Rx members have other serious health issues that could potentially complicate their dental procedures and increase the members' costs even further. Consequently, the agency has found that enrollees are not able to utilize the dental benefit without incurring significant out-of-pocket expenses.

In FY 2014, the agency expended $454,443 on the Dental Benefits program, which was 35.5 percent of the $1.3 million that was budgeted for the program in FY 2014. In FY 2015 to date, the agency has expended $387,646, which is 29.7 percent of $1.3 million budgeted for the program in FY 2015.

The caseloads and waitlists in the current biennium for both the Dental Benefit program and the Prescription program are summarized in the table below. According to the agency, members in the Senior Rx and Disability Rx programs have been notified that the Dental Benefits program would be ending at the end of FY 2015, which resulted in the recent decrease in the waitlist for the program.

Senior Rx and Disability Rx Caseloads

	FY 2014				FY 2015	
	Q1	Q2	Q3	Q4	Q1	Q2
Dental Benefit Program						
Caseload	817	1,112	1,109	1,114	1,097	1,108
Waitlist	282	198	109	184	66	2
Closures	5	9	8	14	19	2
Prescription Program						
Caseload	3,472	3,626	3,718	4,030	4,360	4,546
Waitlist	0	0	0	0	0	0
Closures	64	78	51	103	218	60

In response to inquiries regarding the level of benefits that would be needed in order for the Dental Benefit program to effectively meet the dental needs of its members, the agency provided an example of a hypothetical program that could be structured to offer three plan types: Plan 1 would cover only preventative care with a $1,000 per year maximum; Plan 2 would cover preventative care and the repair and replacement of existing dentures with a $2,500 maximum benefit; and Plan 3 would cover extensive treatment and new dentures with a $5,000 maximum benefit. The agency indicates that an assessment of current needs of its members shows that 65 percent of the current population would fall in Plan 1, 25 percent would fall in Plan 2, and 10 percent would fall in Plan 3. The total cost to implement a three-plan program would be approximately $4 million over the biennium for the 1,100 members. The agency indicates these are estimates based on assumptions. According to the agency, members could potentially receive services under Plan 2 or 3 initially to receive major treatments, and then move to Plan 1 in subsequent years once they only needed routine maintenance. The agency would also conduct more targeted outreach to its members to ensure they were aware of the benefits that would be available under the program.

After The Executive Budget was submitted, the agency realized additional expenditures related to the Dental Benefit Program totaling $20,498 in each year of the 2015-17 biennium should have also been eliminated and added to the enhancement to fund the prescription program. Accordingly, Fiscal staff has made a technical adjustment to eliminate $20,498 in each year of the biennium and add the same amount to Decision Unit E-276 to increase funding for the prescription program, as discussed in Major Closing Item 2. The technical adjustment has been incorporated in this closing document.

Does the Subcommittee wish to approve the Governor's recommendation to eliminate the dental benefit program in the 2015-17 biennium with the technical adjustment noted by Fiscal staff?

2. Increase Funding for Prescription Program (E-276, DHHS-ADSD-18): The Governor recommends Healthy Nevada Funds of $330,621 in FY 2016 and $352,043 in FY 2017 to increase the amount of funding for the Senior Rx and Disability Rx Prescription program. With the elimination of the Dental Benefits program as discussed in Major Closing Item 1, The Executive Budget recommends all Healthy Nevada Funds allotted for programs in the Senior Rx and Disability Rx budget totaling $6.7 million over the 2015-17 biennium be used solely for the Prescription program. This is a 13.1 percent decrease from the legislatively approved amount of $7.6 million for the Prescription program in the 2013-15 biennium. Fiscal staff notes that the program is not limited by a set number of cases approved by the Legislature, but serves as many members as funding will allow. As indicated in the previous table, the caseload for the Prescription program increased in the 2013-15 biennium, and the program has had no waitlist.

   The agency indicates that provisions in the ACA initially reduced the costs for many prescription medications; however, the agency has found that many of the medications most often prescribed to its members (insulin, chronic obstructive pulmonary disease medications, and antipsychotics) have undergone repackaging and are now under patent, thereby significantly increasing the costs of those medications. Consequently, members are expected to reach the Medicare coverage gap ("donut hole") sooner, which increases the program's caseload. Additionally, once members are in the Medicare coverage gap, their prescriptions are more expensive, which increases the cost per individual member.

   As stated above, pursuant to NRS 439.665, this recommendation would target all Healthy Nevada Funds funding allocated to the Senior Rx and Disability Rx budget to the prescription program. The agency indicates that if this recommendation is approved, a waitlist for prescription benefits is not projected for the 2015-17 biennium.

   As indicated in Major Closing Issue 1, a technical adjustment to add $20,498 in each year of biennium to this recommendation has been incorporated in this closing document.

Does the Subcommittee wish to approve the Governor's recommendation to allocate all Healthy Nevada Funds in the Senior Rx and Disability Rx budget to the prescription program during the 2015-17 biennium with the technical adjustment noted by Fiscal staff?

Other Closing Items

1. Replacement Equipment (E-710, DHHS-ADSD-18-19): The Governor recommends Healthy Nevada Funds of $2,287 in FY 2016 to replace a laptop computer with a docking station, one surge protector strip, and one monitor. **This recommendation appears reasonable.**

2. Cost Allocation (E-800, DHHS-ADSD-19): The Governor recommends increased Healthy Nevada Funds of $67,353 in FY 2016 and $69,305 in FY 2017 to support expenditures that are cost allocated within the ADSD's Federal Programs and Administration budget. Cost allocation adjustments are based on the actual time employees' code to each program in the current biennium. **This recommendation appears reasonable.**

3. Position Transfer (E-902, DHHS-ADSD-19): The Governor recommends a decrease in Healthy Nevada Funds of $67,353 in FY 2016 and $69,305 in FY 2017 to transfer a Management Analyst position from the Senior Rx and Disability Rx budget to the Federal Programs and Administration budget. The agency indicates the duties performed by this position could cover multiple program areas and would be more properly aligned with the Federal Programs and Administration budget where it would be funded with the agency's internal cost allocation funding. A corresponding decision unit in the Federal Programs and Administration budget is also recommended to accept this transferred position (E-902, DHHS-ADSD-35). **This recommendation appears reasonable.**

Fiscal staff recommends the Other Closing Items be approved as recommended by the Governor, and requests authority to make other technical adjustments as necessary.

Title: HHS-ADSD - FEDERAL PROGRAMS AND ADMINISTRATION **Budget Page:** DHHS-ADSD-23, **Volume II**
Account: 101 - 3151

Revenues	2013-14 Actual	2014-15 WP	% Chg	2015-16 GOV REC	% Chg	2016-17 GOV REC	% Chg
BALANCE FORWARD	5,044	36,238	618.44	36,238		36,238	
FEDERAL FUND	10,527,331	11,679,831	10.95	11,978,840	2.56	11,978,841	0.00
GENERAL FUND	3,404,894	3,277,912	(3.73)	4,170,467	27.23	4,227,104	1.36
INTERAGENCY TRANSFER	5,462,334	8,899,400	62.92	7,363,215	(17.26)	6,800,576	(7.64)
OTHER FUND	215,600	447,934	107.76	261,641	(41.59)	261,641	
REVERSIONS	(261,978)						
Total Revenues	19,353,225	24,341,315	25.77	23,810,401	(2.18)	23,304,400	(2.13)
Total FTE		118.51		127.51		132.51	

Adjustments to Revenue

Dec Unit	Cat	GL	Description	2015-16	2016-17
E711	00	2501	Reduce General Fund appropriations for replaced agency-owned vehicle		(130)
E711	00	4230	Reduce cost allocation reimbursements for replaced agency-owned vehicle		(235)
Sub-total				0	(365)
Line Item Changes to Revenues				0	(365)

Adjustments to Expenditures

Dec Unit	Cat	GL	Description	2015-16	2016-17
E711	04	7000	Reduce operating expenditures for replaced agency-owned vehicle		(365)
Sub-total				0	(365)
Line Item Changes to Expenditures				0	(365)
Total				0	0
Grand Total General Fund Impact of Closing Changes				0	(130)

Overview

The Federal Programs and Administration budget is the primary administrative account for the division and provides funding for Grants and Resource Development, Elder Rights and Fiscal Services for the division. The General Fund supports the division administration and personnel, provides the required state match for federal funds, supplements volunteer programs, and funds rural senior services. The primary source of federal funds in this budget is the Administration on Aging, which provides funding under Title III of the Older Americans Act. The budget also receives Title V funds from the U.S. Department of Labor and Title VII funds for elder abuse prevention and long-term care ombudsman services, as well as Medicaid (Title XIX), Social Services Block Grant (Title XX) funds and various other federal funds. The budget also receives funding from the Taxicab Authority for the division’s Taxi Assistance Program.

Major Closing Issues

1. Long-Term Care Ombudsman Program Caseload
2. New Information Technology Positions
3. Support for Governor’s Commission on Aging

Discussion of Major Closing Issues

1. Long-Term Care Ombudsman Program Caseload (M-200, DHHS-ADSD-26): The Governor recommends General Fund appropriations of $156,327 in FY 2016 and $368,290 in FY 2017 to increase the number of budgeted caseload slots for the Long-Term Care Ombudsman Program (LTCOP). The caseload for LTCOP was not budgeted as a legislatively approved caseload in prior biennia; however, the agency indicates that in coordination with the Executive Budget Office, they have determined a budgeted caseload would be appropriate for this program to maintain their desired levels of service going forward.

   The decision unit would fund six new positions, including four Administrative Assistant positions who would act as intake coordinators for the additional cases, and two Social Services Program Specialist positions who would be responsible for quality assurance of the program.

   Under the authorization of the Older Americans Act, the LTCOP provides advocacy services to residents in long-term care facilities and works to resolve problems of individual residents. The program currently has ten Elder Rights Specialist positions (9.5 FTEs) who visit the long-term care facilities and speak with residents to assist in resolving their issues. The LTCOP also uses several Volunteer Long-Term Care Ombudsmen who visit facilities under the direction of the state Elder Rights Supervisors. The agency indicates the industry standard is to visit every long-term care facility once per quarter. The agency further indicates its current staffing levels can accommodate visits to every one of the 52 nursing homes once per quarter; however, they are only able to visit 55.3 percent (275 out of 497) of other facilities for groups and homes for individual residential care once per quarter.

   In order to establish a caseload for the LTCOP, the agency has defined one case as equal to five minor activities or one major issue to be completed or resolved by the LTCOP staff. The budgeted caseload for the LTCOP is projected to increase from an average of 582 cases per month in FY 2014, to 614 cases per month in FY 2016 and 629 cases per month in FY 2017, as summarized in the table below. The caseload increase over the biennium represents population growth of all Nevada residents 60 years of age and over, which is projected to be 2.7 percent in FY 2016 and 2.5 percent in FY 2017. The recommended caseload would maintain the current visitation rates, which does not provide sufficient staff to ensure all facilities are visited four times per year.

Per Month Caseload	Actual FY 2014	Projected FY 2015	Governor Recommends FY 2016	Governor Recommends FY 2017
Long-Term Care Ombudsman Program	582	598	614	629
Administrative Assistants	6	6	8	10
Cases for each Administrative Assistant	97	100	77	63

   At the Legislative Commission's Budget Subcommittee hearing on January 21, 2015, the agency testified the increased caseload is also due to the LTCOP staff now visiting residents under 60 years of age as well as over 60 years of age; however, the projections included in The Executive Budget only considers the projected population growth of Nevada residents 60 years of age and over. In response to follow-up questions from Fiscal staff, the agency indicates that while the projected caseload growth is based on Nevada residents 60 years of age and over, they would still investigate cases and advocate for all long-term care facility residents regardless of their age. The agency estimates that less than 1 percent of the residents at long-term care facilities are under the age of 60.

Four New Administrative Assistant Positions
The LTCOP currently has six Administrative Assistant positions to process the intake of the LTCOP caseload. These individuals take complaints over the phone and document the complaints, so a volunteer Ombudsman or an Elder Rights Specialist can investigate the complaint. During its March 6, 2015 hearing, Aging and Disability Services Division (ADSD) indicated that the recommended new positions were based on increases in the call volume it was currently experiencing. In response to inquiries from Fiscal staff regarding its call volume, the agency indicated that these positions would assist with the number of phone calls and other inquires requiring a response. In FY 2014 the agency received a total of 7,301 calls, and the agency projects this amount will increase to 8,411 by FY 2017. The agency indicates that currently, most phone calls received by the program go to voice mail, and that the addition of the positions would allow a greater number of callers to talk to a live person to receive their report.

If approved, this decision unit would increase the number of Administrative Assistants by 67 percent. By way of comparison, the caseload is only projected to increase by 8.1 percent over the 2015-17 biennium from the FY 2014 actual caseload per month. As indicated in the previous table, the current staffing ratio is one Administrative Assistant to 97 cases. If the four additional Administrative Assistant positions are approved, the staffing ratio would decrease to one Administrative Assistant for every 63 cases by the end of FY 2017. The agency indicates the increased phone calls received by the program are not related to the increased in caseload.

Two New Social Services Program Specialist Positions
According to the agency, the State Long-Term Care Ombudsman is responsible for ensuring that the program meets the requirements established in the Older Americans Act. According to the agency, the two Social Services Program Specialist positions would add a new quality assurance component to the LTCOP. The agency indicates the positions would assist in ensuring the requirements of the Older Americans Act are being met, monitor and recommend areas for improvement, and provide assistance with planning, developing and implementing policies and procedures. According to the agency, the federal funds it receives for services provided under the Older Americans Act could be reduced if it fails to remain in compliance with its requirements. The agency notes that little to no quality assurance is currently being conducted on the LTCOP as there are no staff available to track and trend data for purposes of identifying strengths and weaknesses in the program, or recommend changes for areas of improvement.

In response to Fiscal staff inquiries to determine if this request is the result of known deficiencies in the program or if this is a proactive request, the agency indicates there are no known deficiencies in the LTCOP program. The new quality assurance activities would be aimed at improving the program related to the quality of care that seniors and individuals with disabilities receive from their caregivers.

Does the Subcommittee wish to approve the Governor's recommendation to establish a caseload for the Long-Term Care Ombudsman over the 2015-17 biennium, and to provide funding for four additional Administrative Assistant positions and two additional Social Services Program Specialist positions?

2. New Information Technology Positions (E-225, DHHS-ADSD-27-28): The Governor recommends total funding of $114,775 ($15,534 General Fund appropriation) in FY 2016 and $204,107 ($47,395 General Fund appropriation) in FY 2017 to support the salary, benefits and operating expenditures of one new Administrative Assistant position, one new Information Technology Technician position, and three new Information Technology Professional positions. The agency indicates the Administrative Assistant and Information Technology Technician are needed to support agency staff and maintain the division's hardware components, and the Information Technology Professional positions are needed to reduce the division's reliance on contracted programmers.

The recommendation includes the reduction of expenditures associated with contracted programmers in the Federal Program and Administration budget as well as in the Home and Community Based Services budget, as summarized in the following table.

Proposed Information Technology Position Expenditures Offset by Reductions in Contracted Programmer Expenditures				
New Positions	**Start Date**	**FY 2016**	**FY 2017**	**Contractor Equivalent**
Administrative Assistant	October 2015	$33,346	$45,142	0.0
IT Professional	January 2016	$33,611	$68,885	1.0
IT Technician	March 2016	$21,059	$64,074	0.0
IT Professional	July 2016	$0	$67,155	1.0
IT Professional	July 2016	$0	$67,155	1.0
Equipment / Travel / Operating		$35,805	$36,806	
Total New Positions		**$123,821**	**$349,217**	**3.0**
Reduced Contractors		**FY 2016**	**FY 2017**	
Federal Programs and Administration Budget		($9,046)	($145,110)	(1.3)
Home and Community Based Services Budget *		($8,173)	($117,831)	(1.7)
Total Reduced Contractors		**($17,219)**	**($262,941)**	**(3.0)**
Difference		**$106,602**	**$86,276**	

* Decision Unit E-227 in the Home and Community Based Services budget (E-227, DHHS-ADSD-46)

The Administrative Assistant position would not replace any contracted programmer expenditures, and would be responsible for scheduling meetings, tracking inventory, purchasing equipment, processing travel requests, and tracking work requests for the division's information technology staff. The Information Technology Technician position also would not replace any contracted programmer expenditures, and would be responsible for new duties that include maintenance of the division's hardware components.

The remaining three Information Technology Professional positions would reduce the reliance on contracted programmers who are developing and supporting the Social Assistance Management System (SAMS), which is the case management system used by the division. The three positions would eliminate the expenditures associated with three of the four contracted programmers currently supporting the SAMS. <u>Fiscal staff notes that the expenditures for the one remaining contracted programmer with similar functions would remain in the budget.</u>

The agency indicates this request is based on the assumptions that state IT positions are typically less costly that contract positions that perform the same function. Testimony provided during the March 6, 2015, hearing indicated that the agency does not have difficulty in filling its IT positions. Fiscal staff notes that, as of this writing, this budget currently has 20 IT positions, and only 1 of those positions is vacant. That position became vacant on April 4, 2015; therefore, it appears the agency is relatively successful in its ability to recruit for and retain its IT positions. The agency projects it would be able to fill these positions quickly and allow them to assume the tasks currently performed by the contracted IT positions.

Does the Subcommittee wish to approve the addition of five new positions, including one Administrative Assistant, one Information Technology Technician, and three Information Technology Professionals?

3. Support for Governor's Commission on Aging (E-286, DHHS-ADSD-31): The Governor recommends General Fund appropriations of $42,540 in each year of the 2015-17 biennium to support the Governor's Commission on Aging and related subcommittees. The recommendation includes:

   - $30,058 in each year for travel for Commission members;
   - $10,400 in each year for interpreter services for Commission meetings; and
   - $2,082 in each year for operating supplies.

   Fiscal staff notes the division has incurred an average of $1,717 in expenditures per year for the five-year period from FY 2010 through FY 2014, and has incurred $248 in FY 2015 to date, to support the Governor's Commission on Aging. The agency testified at the March 6, 2015, hearing that the members of the Commission on Aging have typically not been able to travel to the meetings and have had to participate remotely. This recommendation would allow the Commission's members to travel to the meetings to meet in person, which according to the agency is needed for the members to complete their work more effectively.

   Does the Subcommittee wish to approve General Fund appropriations of $42,540 in each year of the 2015-17 biennium to support the Governor's Commission on Aging?

Other Closing Items

1. Support for Task Force on Alzheimer's Disease (E-228, DHHS-ADSD-28): The Governor recommends Tobacco Settlement Funds of $49,582 in each year of the 2015-17 biennium for operating supplies, interpreter services, travel and contracted temporary staff support for the Task Force on Alzheimer's Disease to meet four times per year. The Task Force was established in FY 2014, as a result of Assembly Bill 80 of the 2013 Legislative Session. Although the Task Force began meeting in FY 2014, ADSD indicates it did not receive additional funding or begin tracking expenditures directly related to support of the Task Force until FY 2015. As such, revenue and expenses to support the Task Force are not included in the agency's base budget. As of this writing, the agency has incurred $17,506 in expenditures associated with the Task Force on Alzheimer's Disease in FY 2015. The agency indicates that due to the transfer of the Task Force to ADSD and changes in membership, the Task Force did not meet as many times as it had intended during its first year. The agency indicates the projected costs are based on the Task Force conducting all of its planned meetings over the 2015-17 biennium. **This recommendation appears reasonable.**

2. Information Technology Training (E-229, DHHS-ADSD-28): The Governor recommends total funding of $12,900 ($1,677 General Fund appropriation) in each year of the 2015-17 biennium for information technology staff to attend three Juniper Networks training sessions each year. The agency indicates the training is needed so information technology staff are able to adequately maintain and repair the division's information systems. **This recommendation appears reasonable.**

3. Increase Travel (E-232, DHHS-ADSD-29): The Governor recommends total funding of $11,561 ($2,149 General Fund appropriation) in FY 2016 and $9,581 ($1,866 General Fund appropriation) in FY 2017 for various travel expenditures, including:

   - $2,979 in each year for the Administrator to attend the National Association of State Directors of Developmental Disabilities Forum and Annual Conference in FY 2016 and for one Deputy Administrator to attend the same conference in FY 2017;
   - $6,988 in FY 2016 and $5,805 in FY 2017 for various information technology staff to travel between Reno, Las Vegas, and rural office locations to provide computer deployment and maintenance support, attend training sessions and manager meetings, and conduct supervisory duties; and
   - $1,594 in FY 2016 and $797 in FY 2017 for an Administrative Services Officer to travel to Las Vegas three times over the 2015-17 biennium for supervisory duties. **This recommendation appears reasonable.**

4. Increase Bandwidth in Elko Office (E-233, DHHS-ADSD-29): The Governor recommends total funding of $10,225 ($1,329 General Fund appropriation) in FY 2016 and $9,300 ($1,209 General Fund appropriation) in FY 2017 to increase the bandwidth capacity at the division's office in Elko. This recommendation includes the purchase of a router in FY 2016 and an estimate provided by the Enterprise Information Technology Services Division of ongoing costs of $775 per month. The agency indicates the current bandwidth is insufficient to manage the office's computer and video resources. **This recommendation appears reasonable.**

5. Office Move (E-241, DHHS-ADSD-30): The Governor recommends total funding of $34,238 ($31,258 General Fund appropriation) in FY 2016 and $17,525 ($15,929 General Fund appropriation) in FY 2017 to support an anticipated increase in rent and expenditures associated with relocating staff from its current location in Reno to an Americans with Disabilities Act (ADA) compliant location that is yet to be determined by the agency. The agency indicates the current building is old, has begun to deteriorate, and is not compliant with the ADA as an elevator is not available for access to the second floor. The current lease expires April 30, 2015, and the agency indicates it would continue on a month-to-month lease until FY 2016 in order to plan for the space required for any additional staff that are approved for the 2015-17 biennium. **This recommendation appears reasonable.**

6. Update Strategic Plans for Senior Services and Persons with Disabilities (E-282, DHHS-ADSD-30): The Governor recommends a General Fund appropriation of $100,000 in FY 2016 to contract with a vendor to update the division's Strategic Plan for Senior Services and Strategic Plan for Persons with Disabilities. Both strategic plans are used for the development of service program revisions that meet the programs' requirements. The agency indicates the current plans have expired and need renewed input from stakeholders to meet the current needs of seniors and disabled citizens. The strategic plans would address the provisions of the federal Olmstead decision, which requires services be provided in the community rather than in an institutional setting. **This recommendation appears reasonable.**

7. Support for Governor's Taskforce on Integrated Employment (E-285, DHHS-ADSD-31): The Governor recommends General Fund appropriations of $76,076 in each year of the biennium to support the Governor's Taskforce on Integrated Employment. The Governor's Executive Order 2014-16 established the Taskforce and states the Department of Health and Human Services and the Department of Employment, Training and Rehabilitation shall provide joint administrative support for the Taskforce. The agency would expend $68,300 in each year to contract with a third party vendor to develop a strategic plan for creating a more integrated workforce and expanding competitive employment opportunities for individuals with intellectual and developmental disabilities. The remaining $7,776 in each year would fund in-state travel for 10 (8 northern members and 2 rural members) of the Taskforce's 17 members to travel to Southern Nevada for one Taskforce meeting. **This recommendation appears reasonable.**

8. Transfer Position from Senior Rx and Disability Rx (E-502 & E-902, DHHS-ADSD-31-32 & 35): The Governor recommends transferring one Management Analyst position into the Federal Programs and Administration budget from the Senior Rx and Disability Rx budget and changing its funding source from Tobacco Settlement Funds of $67,353 in FY 2016 and $69,305 in FY 2017 to cost allocation funding. The agency indicates the duties performed by this position cover multiple program areas throughout the division and would be more properly aligned with the Federal Programs and Administration budget where it would be funded with the agency's internal cost allocation. A corresponding decision unit in the Senior Rx and Disability Rx budget is also recommended to transfer this position (E-902, DHHS-ADSD-19). **This recommendation appears reasonable, contingent on approval of the corresponding decision unit in the Senior Rx and Disability Rx budget.**

9. Transfer Positions from Home and Community Based Services (E-503 & E-903, DHHS-ADSD-32, 35 & 36): The Governor recommends transferring two positions, a Social Services Chief and a Social Services Program Specialist, into the Federal Programs and Administration budget from the Home and Community Based Services budget and changing their funding source from General Fund appropriations of $174,430 in FY 2016 and $178,035 in FY 2017 to cost allocation funding. The agency indicates the duties performed by these positions cover multiple program areas throughout the division and would be more properly aligned with the Federal Programs and Administration budget where they would be funded with the agency's internal cost allocation funding rather than General Fund appropriations. A corresponding decision unit in the Home and Community Based Services budget is also recommended to transfer these positions (E-903, DHHS-ADSD-51). **This recommendation appears reasonable, contingent on approval of the corresponding decision unit in the Home and Community Based Services budget.**

10. Replacement Equipment (E-710 & E-712, DHHS-ADSD-33-34): The Governor recommends total funding of $258,708 ($87,008 General Fund appropriation) in FY 2016 and $143,358 ($50,574 General Fund appropriation) in FY 2017. Decision Unit E-710 recommends the replacement of 52 desktop computers, 6 laptop computers with docking stations, 58 touch screen monitors, and 4 network printers. Decision Unit E-712 recommends the replacement of various items related to information systems infrastructure, including routers, servers, switches, cables, backup tapes, projectors, and various software licenses. The agency states these items are needed to maintain the division's security of personal health information. **This recommendation appears reasonable.**

11. New and Replacement Vehicles (E-711 & E-722 DHHS-ADSD-33-34): The Governor recommends total funding of $5,160 ($1,836 General Fund appropriation) in FY 2016 and $10,200 ($3,568 General Fund appropriation) in FY 2017 to replace one agency-owned van that is over seven years old with two rented from the Fleet Services Division beginning in January 2016. The agency indicates the vans would be used by the division's information technology units to transport equipment between Reno, Carson City, Las Vegas, and the division's rural offices. Fiscal staff notes that insurance and operating expenditures associated with the agency-owned vehicle that would be replaced are not recommended to be eliminated as part of this enhancement. Fiscal staff recommends a technical adjustment to eliminate $365 in FY 2017 for insurance and operating expenditures for the agency-owned vehicle to be replaced. **Fiscal staff recommends approval of this decision unit with a technical adjustment to eliminate vehicle insurance and operating expenditures in FY 2017.**

12. New Hardware and Software to Store Health Information (E-724, DHHS-ADSD-34-35): The Governor recommends total funding of $151,266 ($45,683 General Fund appropriation) in FY 2016 and $51,206 ($15,479 General Fund appropriation) in FY 2017 to purchase various hardware and 15 software applications, including 1 Microsoft SMS Suite, 10 Microsoft Visio, 46 Adobe Acrobat, 1,100 Backup PST, 20 Crystal Reports, 46 Nitro Pro, 5 Snag-It, 6 Toad DW Tools, 5 Telerik Controls, 5 Sparx Systems Enterprise Architect, 2 Webex, 1 Redgate, 2 Ad Phonebook tool, 150 Shavlick, and 200 TS 2012 Cals. While the majority of the hardware and software would be used to securely store personal health information on the division's information technology systems, the agency indicates that some of the new hardware and software applications are also needed to ensure staff are able to meet their productivity projections and maintain efficiencies. **This recommendation appears reasonable.**

Does the Subcommittee wish to approve the Other Closing Items as recommended by the Governor, and provide Fiscal staff with authority to make technical adjustments as needed?

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Title: HHS-ADSD - HOME AND COMMUNITY BASED SERVICES **Budget Page:** DHHS-ADSD-39, **Volume II**

Account: 101 - 3266

Revenues	2013-14 Actual	2014-15 WP	% Chg	2015-16 GOV REC	% Chg	2016-17 GOV REC	% Chg
BALANCE FORWARD	169,238	2,174,197	1184.70	2,140,835	(1.53)	1,721,969	(19.57)
FEDERAL FUND	406,072	402,895	(0.78)	384,735	(4.51)	384,735	
GENERAL FUND	11,328,331	13,107,004	15.70	21,006,766	60.27	23,380,589	11.30
INTERAGENCY TRANSFER	6,911,505	7,538,286	9.07	10,640,043	41.15	14,120,384	32.71
OTHER FUND	4,624,301	8,647,371	87.00	5,330,475	(38.36)	5,080,475	(4.69)
REVERSIONS	(1,085,269)						
Total Revenues	22,354,178	31,869,753	42.57	39,502,854	23.95	44,688,152	13.13
Total FTE		149.00		185.00		189.00	

Adjustments to Revenue

Dec Unit	Cat	GL	Description	2015-16	2016-17
B000	00	4758	Reduce tobacco settlement funds for TBI program	(180,000)	(180,000)
E710	00	2501	Reduce and transfer General Fund appropriations for computers not eligible for replacement	(34,007)	10,639
E710	00	3860	Reduce and transfer Medicaid revenue for computers not eligible for replacement	(5,143)	1,609
E710	00	3861	Reduce and transfer Medicaid revenue for computers not eligible for replacement	(13,542)	4,236
E711	00	2501	Reduce and transfer General Fund appropriations for computers not eligible for replacement	(433)	187
E711	00	3860	Reduce and transfer Medicaid revenue for computers not eligible for replacement	(66)	28
E711	00	3861	Reduce and transfer Medicaid revenue for computers not eligible for replacement	(173)	73
Sub-total				(233,364)	(163,228)
Line Item Changes to Revenues				(233,364)	(163,228)

Adjustments to Expenditures

Dec Unit	Cat	GL	Description	2015-16	2016-17
B000	09	8000	Reduce TBI expenditures to align with tobacco settlement funds	(180,000)	(180,000)
E710	26	8000	Eliminate and transfer IT expenditures for computers not eligible for replacement	(27,680)	27,680
E710	26	8000	Eliminate IT expenditures for computers not eligible for replacement	(6,789)	(27,156)
E710	26	8000	Eliminate IT expenditures for duplicate laptop	(2,263)	
E710	26	8000	Transfer IT expenditures for computers from FY 2016 to FY 2017	(15,960)	15,960
E711	26	8000	Eliminate and transfer IT expenditures for computers not eligible for replacement	(672)	288
Sub-total				(233,364)	(163,228)
Line Item Changes to Expenditures				(233,364)	(163,228)

	2015-16	2016-17
Total	0	0
Grand Total General Fund Impact of Closing Changes	(34,440)	10,826

Overview

Through the Home and Community Based Services budget, the Aging and Disability Services Division (ADSD) provides community-based resources to people with severe disabilities who are ineligible for services through public entitlement programs, or for whom services do not otherwise exist. The agency provides services through its Personal Assistance Services (PAS) program, the Traumatic Brain Injury (TBI) program, the Independent Living Services program and the Assistive Technology programs, which include a program to provide telecommunications devices for persons with communications difficulties. These programs allow seniors and people with disabilities to remain in the community and avoid institutional care. This budget is funded with General Fund appropriations, as well as various federal funds and transfers from other budget accounts. The budget also receives telephone surcharge fee funds for the division's Communications Access Services programs.

Major Closing Issues

1. Autism Treatment Assistance Program
2. Community Based Care Programs Caseload
3. New Elder Rights Specialist Position
4. New Interpreter Registry Program
5. Transfer of Waiver for Independent Nevadans Program

Discussion of Major Closing Issues

1. Autism Treatment Assistance Program (M-201 & E-235, DHHS-ADSD-43, 46 & 47): The Governor has identified expanding services for children diagnosed with Autism Spectrum Disorder (ASD) as a Major Budget Initiative for the 2015-17 biennium (MAJOR BUDGET INITIATIVES-20). The Governor recommends total funding of $5.0 million ($3.2 million General Fund appropriation) in FY 2016 and $9.7 million ($5.5 million General Fund appropriation) in FY 2017 to increase the number of children served in the Autism Treatment Assistance Program (ATAP) from 303 children in FY 2014 to 836 children in FY 2017, and to add two new positions, a Developmental Specialist to oversee contracted case managers (M-201) and a Health Program Manager to oversee the expanded ATAP (E-235). Of the total $56.1 million in additional funding recommended in The Executive Budget for the Major Budget Initiative, ATAP would receive $14.7 million over the 2015-17 biennium, while the remainder of the funding would be allocated to the Division of Health Care Financing and Policy (DHCFP).

   Caseload (M-201, DHHS-ADSD-43)

   As previously indicated, the recommended caseload for ATAP would increase from 303 children who received services per month at the end of FY 2014 to 692 children per month by the end of FY 2016 and 836 children per month by the end of FY 2017. The waitlist for ATAP is projected to increase from 500 children at the end of FY 2014 to 1,001 children by the end of the 2015-17 biennium even with the increased funding. At the agency's Legislative Commission's Joint Subcommittee hearing on January 21, 2015, the agency indicated that the waitlist for ATAP only includes those families seeking services from ATAP; the waitlist is not a representation of all children diagnosed with ASD who are not receiving any services. The recommended caseload and projected waitlist for ATAP is summarized in the following table.

ATAP Monthly Caseload

	Actual June FY 2014[1]	Projected June FY 2015	Governor Recommends June FY 2016	Governor Recommends June FY 2017	Increase Over Actual FY 2014	% Change
Caseload	303	572	692	836	533	175.9%
Waitlist	500	569	797	1,001	501	100.2%
Total	**803**	**1,141**	**1,489**	**1,837**	**1,034**	**128.8%**

[1] Obtained from Caseload Evaluation Organization reports developed by the Department of Health and Human Services.

When asked how the projected caseload for ATAP was derived, the agency indicated it compared the Department of Education's data on the number of students diagnosed with ASD to the State Demographer's projected school age population (ages 5-18) to determine the percentage of students with ASD. The data is summarized in the following table.

Percent of Children (Age 5-18) Diagnosed with ASD	
School Year	Percent
2011-2012	0.92%
2012-2013	0.98%
2013-2014	1.16%
2014-2015	1.22%
2015-2016 *	1.28%
2016-2017 *	1.34%

* Projected growth in The Executive Budget

The agency notes that the highest percentage used in its projections in FY 2017 (1.34 percent) is still below the current expected prevalence rate of 1 in 68 children (1.47 percent), which is the most recent estimate provided by the Centers for Disease Control and Prevention.

New Positions

- Developmental Specialist (M-201, DHHS-ADSD-43): The recommendation includes funding for the salary, benefits and operating expenditures of one new Developmental Specialist position to oversee the additional cases recommended for ATAP. The agency uses contracted case managers to contact the families on a monthly basis, complete quarterly home visits and annual assessments, create annual service plans and outline treatment plans. The Developmental Specialist position would be responsible for reviewing and approving the treatment plans developed by the contracted case managers required for the additional cases recommended for ATAP over the 2015-17 biennium. In a follow-up response to Subcommittee questions, the agency indicates it currently employs 17 contracted case managers, and would need to hire an additional 13 contracted case managers to accommodate the 533 additional children over the 2015-17 biennium, the costs of which are included in this recommendation.

- Health Program Manager (E-235, DHHS-ADSD-46-47): Included in the total recommended funding are General Fund appropriations of $69,192 in FY 2016 and $84,166 in FY 2017 for the salary, benefits, and operating expenditures of a new Health Program Manager position to manage the ATAP program. The agency indicates a new position is needed to manage and oversee the expanding caseload and increased needs of ATAP, and would manage the program's budget, planning, policies, procedures, and supervision. The program is currently managed by a Social Services Program Specialist position.

  In response to inquiries regarding the need for a new Health Program Manager position rather than reclassifying the existing Social Services Program Specialist position, the agency responded that the Social Services Program Specialist was assigned to manage ATAP when it was only serving between 90 and 100 children, had four contracted case managers, and only six providers. If the Health Program Manager position is approved, the agency indicates the Social Services Program Specialist would be assigned to focus on provider recruitment and quality assurance. According to the agency, the growing needs of the program, and the need to increase provider capacity, require an additional high-level management position rather than a reclassification of the existing manager of the program.

Medicaid
On July 7, 2014, the Centers for Medicare and Medicaid Services (CMS) issued policy guidance to states indicating that Medicaid must provide the full array of medically necessary services to children with ASD under the federally mandated Early and Periodic Screening, Diagnostic, and Treatment (EPSDT) provision. States are required to provide any Medicaid coverable service that is medically necessary to address any physical or behavioral condition under EPSDT for Medicaid recipients up to 21 years of age.

Beginning in January 2016, the agency projects that 30 percent of the individuals receiving services from ATAP would be eligible for Medicaid; therefore, in Decision Unit M-201, The Executive Budget reflects a Medicaid reimbursement of $1.8 million in FY 2016 and $4.2 million in FY 2017. The agency indicates the Medicaid rates for ASD treatment therapies are expected to be similar, if not the same, as the rates currently provided under ATAP, so the Medicaid revenue projections should not vary significantly from those currently in The Executive Budget once the rates are finalized. The agency further indicates that it already has processes and procedures in place to bill Medicaid for services provided to participants in its other programs; therefore, it would not need to establish a new billing function within the division.

Provider Availability
The services provided by ATAP only focus on behavior intervention and therapies and do not include some of the other common therapies and treatments for ASD, which may include occupational and speech therapies, neurological or gastrointestinal treatments. All provider agencies for ATAP are required to employ a licensed psychologist, if ASD treatment is within the scope of their practice, or a Board Certified Behavior Analyst (BCBA), while Board Certified Assistant Behavior Analysts (BCaBA) work under the supervision of a BCBA. The number of licensed psychologists currently in Nevada with ASD treatment as part of their scope of practice is unknown as this is not a specific scope that is tracked. According to the Behavior Analyst Certification Board's website, there are currently 93 BCBAs and 17 BCaBAs in Nevada; however, it is unknown how many are still actively providing services or how many would be willing to provide services through ATAP. The agency indicates that Registered Behavior Technicians (RBT) and those with a Certificate in Applied Behavior Analysis (CABA) can also provide ASD behavior therapies, but they cannot develop behavioral plans and must work under the direct supervision of a licensed psychologist, BCBA, or BCaBA. According to the agency, RBTs and CABAs should not be considered when analyzing the total provider availability. The agency indicates ATAP currently has 28 active providers statewide, and 22 additional providers are in the process of completing the provider agreements.

The recommended increase in the caseload for ATAP included in The Executive Budget is based on a ratio of one provider to 24 children, with a gradual increase in provider availability projected over the 2015-17 biennium. During discussions with Fiscal staff, the agency indicated there are currently enough providers and licensed psychologists in Nevada to serve 2,400 children, and there are projected to be a sufficient number of providers for the recommended caseloads for both ATAP and for the new Applied Behavioral Analysis (ABA) services recommended for DHCFP during the 2015-17 biennium. Fiscal staff notes that the DHCFP budget for ABA services was reduced by 50 percent due to projected provider sufficiency issues.

Of the $9.6 million recommended in FY 2017, the Governor recommends placing $2.2 million in General Fund appropriations in the agency's reserves in the event the number of providers exceeds the current projection, and additional children on the waitlist could receive services. The agency projects that if providers are available, an additional 290 children would be able to receive services with the $2.2 million recommended in reserve funds. The agency indicates they based the projected number of children that can be served only using the current number of providers, and did not include pending applications for provider agreements. The agency is projecting to be able to serve the additional

290 children if all the current pending applications for provider agreements are approved and additional providers are added over the 2015-17 biennium.

Assembly Bill 6
Assembly Bill 6, as amended, requires autism behavior interventionists to be registered as a Registered Behavior Technician or an equivalent credential by the Behavior Analyst Certification Board, Inc. rather than by the Board of Psychological Examiners. The Assembly passed the bill on April 21, 2015, and it was introduced and referred to the Senate Committee on Commerce, Labor and Energy on April 23, 2015.

1. **Does the Subcommittee wish to approve the Governor's recommendation to provide $3.1 million in General Fund appropriations and $1.8 million in Medicaid reimbursements in FY 2016 and $3.2 million in General Fund appropriations and $4.1 million in Medicaid reimbursements in FY 2017 to expand the Autism Treatment Assistance Program and support the following positions?**
   - **One new Developmental Specialist position**
   - **13 contracted Case Managers**
   - **One new Health Program Manager position**

2. **If the Subcommittee approves the Governor's recommendation to expand the Autism Treatment Assistance Program, the Subcommittee may also wish to consider the following options:**

   a. **Approve the Governor's recommendation to retain reserve funds of $2.2 million in this budget in FY 2017 in the event sufficient providers are available and additional children can be treated. The agency would need to seek approval from the Interim Finance Committee to transfer funds from the Reserve category to the Autism category in order to expend the funds. Any unspent funds would revert back to the General Fund at the end of FY 2017.**

   b. **Approve the addition of $2.2 million to the IFC Contingency Fund for use by the agency in FY 2017 in the event sufficient providers are available and additional children can be treated. The agency would need to seek approval from the Interim Finance Committee to access these funds. Any unspent funds would remain in the IFC Contingency Fund at the end of the FY 2017.**

   c. **Not approve the Governor's recommendation to retain reserve funds of $2.2 million in this budget in FY 2017. Fiscal staff notes this option would not affect the total funding in the decision made in Question 1 above.**

2. Community Based Care Programs Caseload (M-200, DHHS-ADSD-42): The Governor recommends total funding of $1.0 million ($744,594 General Fund appropriation) in FY 2016 and $2.0 million ($768,151 General Fund appropriation) in FY 2017 to increase the number of budgeted caseload slots for the division's Community Based Care programs as indicated in the table on the following page.

Average Monthly Caseload and (Waitlists)					
Description	Budgeted FY 2014	Actual FY 2014 [1]	Projected FY 2015	Governor Recommends FY 2016	FY 2017
Federally Funded:					
Home and Community Based Waiver (HCBW) [2]	1,825	1,775	1,875	1,906	1,994
Waitlist		*444*	*638*	*404*	*647*
Average Wait Time (Days) [3]		*113*	*110*	*108*	*172*
State Funded:					
Community Options Program for the Elderly (COPE)	59	48	50	59	70
Waitlist		*35*	*30*	*27*	*49*
Average Wait Time (Days) [3]		*64*	*161*	*128*	*229*
Homemaker Program	320	317	322	359	400
Waitlist		*31*	*48*	*66*	*149*
Average Wait Time (Days) [3]		*68*	*77*	*68*	*121*
Personal Assistance Services (PAS) Program	150	123	121	131	141
Waitlist		*14*	*35*	*24*	*43*
Average Wait Time (Days) [3]		*43*	*44*	*51*	*92*
Total Caseloads	**2,354**	**2,263**	**2,368**	**2,455**	**2,605**
Total Waitlists		**524**	**751**	**521**	**888**

[1] Obtained from Caseload Evaluation Organization reports developed by the Department of Health and Human Services.

[2] The HCBW-Assisted Living waiver was combined with the HCBW-Frail Elderly waiver in FY 2015; this table combines the two waiver programs in FY 2014 for comparison purposes.

[3] The Average Wait Time listed under Actual FY 2014 is the most recent wait time data as of December 2014.

The Community Based Care programs provide non-medical services and assistance to enable seniors and adults with severe physical disabilities to remain in their own homes and avoid placement in long-term care facilities. The recommended funding would support the salary benefits, and operating expenditures of 11 new positions, including 8 Social Workers, 1 Social Work Supervisor, 1 Social Services Program Specialist, and 1 Administrative Assistant. Seven of the positions would begin in October 2015, while the remaining four positions would begin in July 2016, to align with the recommended caseload growth. The agency indicates the additional social worker positions would allow the agency to maintain its current average monthly caseload of between 45 and 50 cases per caseworker across all of the Community Based Care programs.

The services associated with the HCBW for the Frail Elderly are funded through Medicaid. Fiscal staff notes that CMS reviews and approves the state's HCBW program, including the approval of an established maximum number of people who receive services at any point in time, which is currently 1,884 people. The agency would need to receive approval from CMS to increase the caseload to the totals recommended during the 2015-17 biennium. The agency indicates it is currently in the process of renewing the HCBW through CMS to equal the projected caseload of 1,906 cases in FY 2016 and 1,994 cases in FY 2017, as recommended in <u>The Executive Budget</u>. The agency notes that CMS has until June 30, 2015, to approve the renewal and projected caseload for the HCBW.

The agency indicates that in order to eliminate the waitlists for all the Community Based Care programs, the division would require additional staffing and services, which the agency estimates would cost approximately $2.2 million over the 2015-17 biennium. This amount would be <u>in addition</u> to the funding and positions already included in <u>The Executive Budget</u>.

Does the Subcommittee wish to approve $1.0 million in FY 2016 and $2.0 million in FY 2017 to support caseload increases for the Community Based Care programs, which includes the addition of eight Social Workers, one Social Work Supervisor, one Social Services Program Specialist, one Administrative Assistant and associated services costs?

3. New Elder Rights Specialist Position (E-225, DHHS-ADSD-45): The Governor recommends General Fund appropriations of $52,420 in FY 2016 and $60,542 in FY 2017 for the salary, benefits, and operating expenditures of a new Elder Rights Specialist position to be based in Elko for the Elder Protective Services (EPS) program.

   The EPS program assists elders and their caregivers with life planning decisions and in attaining or maintaining the highest level of independent living. Program staff provide information and referrals to other agencies that provide services to support the elders' physical, emotional, social and economic well-being. The agency indicates this new position would assist clients who are victims of abuse, neglect, exploitation and isolation, and would conduct community outreach and recruitment of providers for services under the EPS program. The agency indicates no staff is available to conduct community outreach to the rural counties for the EPS program. The division currently has two Elder Rights Specialists, one based in Reno and one based in Las Vegas, that must travel to the rural areas of the state to conduct outreach and provide assistance as they are able. The Executive Budget recommends the additional position to perform these functions in the rural counties based in the program's Elko office.

   The new Elder Rights Specialist would work under the direction of a Social Work Supervisor based in Carson City, and would assist a Social Worker based in Elko with inquiries and intervention for cases. The agency indicates the current Social Worker based in Elko is not available to adequately conduct community outreach for the EPS program due to the amount of time that is required to travel to each rural community, in addition to managing a full caseload.

   Does the Subcommittee wish to approve General Fund appropriations of $112,962 over the 2015-17 biennium for a new Elder Rights Specialist position in the agency's Elko office?

4. New Interpreter Registry Program (E-226, DHHS-ADSD-45): Pursuant to *Nevada Revised Statutes* (NRS) 427A.797, the Public Utilities Commission (PUC) collects a Telecommunication Devices for the Deaf (TDD) surcharge for each telephone line in Nevada and deposits the funds into the Account for Services for Persons with Impaired Speech or Hearing, which is administered by ADSD. Funds are used by ADSD to provide devices to any person who is certified to be deaf or to have severely impaired speech or hearing, and allows them to communicate by telephone through a dual-party relay system. The PUC is required to approve the program's budget and corresponding TDD rate every fiscal year.

   Pursuant to NRS 656A.080, ADSD is required to establish and maintain a registry of persons engaged in the practice of interpreting or real-time captioning, and ensure they have completed the required education, and certification. The requirement to establish the registry was approved by the 2007 Legislature in Senate Bill 473, which also included the provision that TDD surcharge funds cover the costs incurred by ADSD to establish and maintain the interpreter registry. The agency indicates it has struggled to comply with the statute and that 85 percent of interpreters have either not submitted an application to register with the division, or have not submitted documentation indicating they have complied with the education, training, experience and certification requirements to engage in the practice of interpreting in the state.

   The Governor recommends an increase in (TDD) surcharge funds of $64,145 in FY 2016 and $75,937 in FY 2017 to establish an interpreter oversight and training program within ADSD. The recommended funding would support the salary, benefits, and operating expenditures of one new Social Services Program Specialist position to oversee and manage the new interpreter registry program. The agency indicates the addition of one Social Services Program Specialist would have little to no impact on the TDD rate in the future.

The agency indicates failure to adequately maintain the interpreter registry going forward would likely result in consumers utilizing sub-standard interpreter services. The use of sub-standard interpreter services could result in miscommunication across many critical areas of service, including diagnosis, eligibility determination for services, school curriculums, and vocational placement. According to the agency, outreach is also needed so the public is aware that skilled interpreters must be insured and certified.

The agency projects that with a position focused on compliance and enforcement of interpreters, they can achieve a compliance rate of approximately 93 percent by the end of FY 2017, as compared to the current compliance rate of 15 percent. The agency indicates the position would focus initially on activities that include outreach and monitoring to make employers and interpreters aware of the requirement to be in compliance with the registry. In addition, this position would assist with the coordination of mentoring and training for interpreters to become compliant. The agency notes this position would also conduct investigations of complaints and allegations of interpreters that are noncompliant.

The expenditures associated with the recommended Interpreter Registration and Training Program and new Social Services Program Specialist position are included in ADSD's proposed program budget for FY 2016 submitted to the PUC for consideration. The PUC held a hearing on April 14, 2015, to hear the docket regarding ADSD's proposed budget for telecommunications services for the speech and hearing impaired for FY 2016. The PUC will vote to modify or approve ADSD's proposed budget at a later date prior to the start of FY 2016. Fiscal staff notes that if the 2015 Legislature approves this position, but the PUC does not approve funding for this position, then this new position would require alternative funding or it would remain vacant over the 2015-17 biennium.

Assembly Bill 200, as amended, would remove the requirement that the PUC must approve this program's budget each fiscal year. The bill would also cap the TDD surcharge rate at $.08 per month, which would continue to be set by regulation by the PUC. Assembly Bill 200, as amended, was passed by the Assembly on April 21, 2015, and was referred to the Senate Committee on Health and Human Services on April 23, 2015.

Does the Subcommittee wish to approve TDD surcharge revenue of $140,082 over the 2015-17 biennium for a new Social Services Program Specialist position to oversee and manage the interpreter registry program?

5. Transfer of Waiver for Independent Nevadans (WIN) Program (E-500, E-501, E-900 & E-901, DHHS-ADSD-47, 48, 50 & 51): The Governor recommends transferring the WIN program, which includes 25 existing positions and 2 recommended new positions, along with total funding of $2.0 million ($828,889 General Fund appropriation) in FY 2016 and $2.1 million ($855,538 General Fund appropriation) in FY 2017, from DHCFP to the Home and Community Based Services budget within ADSD. The WIN program is also known as the Waiver for Persons with Physical Disabilities. Currently, ADSD operates Medicaid's two other CMS-approved waiver programs: the HCBW for the Frail Elderly and the Intellectual Disabilities and Related Conditions (IDRC) Waiver. As with the other two waiver programs, the administrative authority over the WIN program would remain with DHCFP.

   Fiscal staff notes the Governor recommends increasing the caseload for the WIN program by 51 slots over the 2015-17 biennium, which is included in the transfer of the program. The recommendation for an increased caseload for the WIN program is discussed in detail in DHCFP's Administration budget closing document.

Included in these decision units is a recommendation for ADSD to decrease the total General Fund appropriations for the WIN program by $334,827 over the 2015-17 biennium and replace it with Medicaid funding. In response to inquiries from Fiscal staff regarding the apparent difference in funding of the WIN program under DHCFP as compared to the proposed funding under ADSD, the agency responded that the difference is only attributed to the methods each agency uses to track its administrative and case management activities; the actual services provided under the program would be paid the same way they were paid for under DHCFP.

The agency indicates that transferring the operation of the WIN waiver to ADSD is the first step in combining the WIN program with the HCBW for the Frail Elderly to create one state waiver program for individuals who would otherwise likely be institutionalized in a nursing facility. Fiscal staff notes that CMS approval is required for integrating waiver programs; however, CMS approval would not be required to move the WIN program from DHCFP to ADSD.

The ADSD has recently combined several Medicaid waiver programs after obtaining CMS approval. In July 2011, the Waiver for Elderly in Adult Residential Care (WEARC) and the Community Home-Based Initiatives Program (CHIP) waiver were combined to form the HCBW for the Frail Elderly. In July 2014, the agency combined the Assisted Living (AL) waiver with the HCBW for the Frail Elderly.

According to the agency, the goal of the waiver integration is to reduce duplication of effort, increase access to services, increase service quality, and allow for the efficient utilization of state resources. The agency indicates that administering multiple waiver programs creates duplicate federal reporting requirements, multiple quality assurance systems, and duplicative provider review processes. For the benefit of recipients, the agency indicates its plans for waiver integration would simplify service access for recipients, increase service quality, and allow service coordinators to provide integrated case management of all service needs for the recipient. The agency notes that as a result of the previous waiver integrations, 274 recipients have been able to access services without having to re-apply for a different program, be placed on another waitlist, or experience a delay in services.

Does the Subcommittee wish to approve the transfer of the Waiver for Independent Nevadans program, including 25 existing and 2 new positions, and total funding of $4.1 million over the 2015-17 biennium, from the Division of Health Care Financing and Policy to the Aging and Disability Services Division?

Other Closing Items

1. Traumatic Brain Injury Program (SUMMARY, DHHS-ADSD-52 & 53): The Traumatic Brain Injury (TBI) program within ADSD is currently funded with tobacco settlement funds. The funding is used to provide a sub-grant to a community partner that provides rehabilitative therapy to individuals after a TBI. The TBI program was originally instituted when insurance companies had annual and lifetime maximums on benefits; however, the Affordable Care Act has removed the annual and lifetime maximums, which decreases the need for the TBI program. Consequently, ADSD is assisting the community partner to increase its ability to bill Medicaid and private insurance companies for TBI services, while ADSD gradually reduces its funding. The Executive Budget includes tobacco settlement funds for the TBI program of $750,000 in FY 2016 and $500,000 in FY 2017. The agency notified Fiscal staff on February 11, 2015, that the tobacco settlement funds available for the TBI program have since been further reduced to $570,000 in FY 2016 and $320,000 in FY 2017 and requested a technical adjustment to reduce the amounts included in *The Executive Budget* accordingly. The agency indicates this reduction would not affect the number of individuals receiving services since the need for the program is diminishing. Fiscal staff recommends a technical adjustment to reduce the tobacco settlement funds allocated to the TBI program, which has been incorporated into this closing document. **Fiscal staff recommends funding for the Traumatic Brain Injury program be reduced in accordance with the tobacco settlement funds allocated to the program.**

2. Independent Living (M-540, DHHS-ADSD-44): The Governor recommends General Fund appropriations of $27,874 in FY 2016 and $52,958 in FY 2017 to fund an increase in the cost of building materials, vehicle modifications, and construction services provided in the Independent Living Program, while keeping the budgeted caseload slots constant at 276 cases annually. The recommended increase in the cost of goods and services is based on the Consumer Price Index for those goods and services offered in the program. The agency provides that an average of 306 people were on the waitlist for the Independent Living Program in FY 2014. The agency indicates that an individual can receive some items or services as they become available, but may still be on the waitlist for additional items. **This recommendation appears reasonable.**

3. Cost Allocation (M-800 & E-800, DHHS-ADSD-44 & 50): The Governor recommends total funding of $421,959 ($228,113 General Fund appropriation) in FY 2016 and $406,387 ($219,695 General Fund appropriation) in FY 2017 to support expenditures that are cost allocated within the ADSD's Federal Programs and Administration budget. **This recommendation appears reasonable.**

4. Reduce Contractor Programmer Expenses (E-227, DHHS-ADSD-46): The Governor recommends a total reduction of $8,173 ($3,251 reduced General Fund appropriation) in FY 2016 and a reduction of $117,831 ($39,342 reduced General Fund appropriation) in FY 2017 to reduce the costs for contracted information technology programming staff contingent upon the approval of the new information technology positions recommended in the Federal Programs and Administration budget. A companion decision unit (E-225, DHHS-ADSD-27-28) is discussed in detail in the budget closing document for Federal Programs and Administration. **This recommendation appears reasonable, contingent on the approval of the corresponding decision unit for new information technology positions recommended in the Federal Programs and Administration budget.**

5. Support for Commission on Autism Spectrum Disorder (E-230, DHHS-ADSD-46): The Governor recommends tobacco settlement funds of $51,864 in each year of the 2015-17 biennium for contracted personnel, operating and travel expenditures to support the Commission on Autism Spectrum Disorder. The Commission on Autism Spectrum Disorder was established to advise the Governor on suggestions for improvement of services to Nevadans diagnosed with ASD. The Commission was originally established by a Governor's Executive Order issued in 2008, and then amended by Executive Order 2011-21 issued in 2011, which set a "cease-to-exist" date for the Commission of July 1, 2015. Pursuant to NRS 427A.875(4), the policies of ATAP and any services provided must be developed in cooperation and be approved by the Nevada Autism Task Force or its successor organization, which is currently the Commission on Autism Spectrum Disorder. The agency indicates it expects the Governor to extend the "cease-to-exist" date of the Commission through the 2015-17 biennium. If the Commission on Autism Spectrum Disorder is discontinued, this money would be reverted back to the Tobacco Settlement Fund. **This recommendation appears reasonable.**

6. Office Move (E-241, DHHS-ADSD-47): The Governor recommends total funding of $107,136 ($82,011 General Fund appropriation) in FY 2016 and $57,321 ($41,026 General Fund appropriation) in FY 2017 to support an anticipated increase in rent and expenditures associated with relocating staff from its current location in Reno to an Americans with Disabilities Act (ADA) compliant location that is yet to be determined by the agency. The agency indicates the current building is old, has begun to deteriorate, and is not compliant with the ADA as an elevator is not available for access to the second floor. The current lease expires April 30, 2015, and the agency indicates it would continue on a month-to-month lease until FY 2016 in order to plan for the space required for any additional staff that are approved for the 2015-17 biennium. **This recommendation appears reasonable.**

7. Replacement Equipment (E-710 & E-711, DHHS-ADSD-49): The Governor recommends total funding of $61,948 ($39,980 General Fund appropriation) in FY 2016 and $55,888 ($36,069 General Fund appropriation) in FY 2017 to replace 34 desktop computers, 24 laptop computers with docking stations, 58 touch screen monitors, 58 surge protector strips, 1 projector, 3 network printers, 3 uninterrupted power supplies for servers, and network cables. Fiscal staff notes that 19 computers recommended for replacement in FY 2016 are not eligible for replacement until FY 2017, and 15 computers recommended for replacement are not eligible for replacement in the 2015-17 biennium. Fiscal staff recommends technical adjustments to transfer computers from FY 2016 to FY 2017 and to eliminate those computers and associated equipment not eligible for replacement from this recommendation. These technical adjustments have been incorporated into this closing document. **Fiscal staff recommends approval of this decision unit, with technical adjustments to transfer and eliminate computers and associated equipment not eligible for replacement during the 2015-17 biennium.**

8. Transfer Positions (E-903, DHHS-ADSD-51): The Governor recommends transferring two positions, a Social Services Chief and a Social Services Program Specialist, from the Home and Community Based Services budget to the Federal Programs and Administration budget. The position transfers would result in decreases in General Fund appropriations of $174,430 in FY 2016 and $178,035 in FY 2017. The agency indicates the duties performed by these positions cover multiple program areas throughout the division and would be more properly aligned in the Federal Programs and Administration budget where they would be funded with the agency's internal cost allocation funding rather than with General Fund appropriations. **This recommendation appears reasonable.**

Does the Subcommittee wish to approve the Other Closing Items as recommended by the Governor, including the technical adjustments noted in Other Closing Items 1, 5 and 7, the contingency noted in Other Closing Item 4, and provide Fiscal staff with authority to make other technical adjustments as needed?

Title: HHS-ADSD - EARLY INTERVENTION SERVICES **Budget Page:** DHHS-ADSD-54, **Volume II**
Account: 101 - 3208

Revenues	2013-14 Actual	2014-15 WP	% Chg	2015-16 GOV REC	% Chg	2016-17 GOV REC	% Chg
FEDERAL FUND	291,051	169,616	(41.72)	313,088	84.59	324,670	3.70
GENERAL FUND	28,924,730	32,463,532	12.23	29,531,557	(9.03)	30,249,542	2.43
INTERAGENCY TRANSFER	3,945,300	4,250,922	7.75	3,634,270	(14.51)	3,645,065	0.30
OTHER FUND	182,249	147,561	(19.03)	196,792	33.36	204,000	3.66
REVERSIONS	(5,225,926)						
Total Revenues	28,117,404	37,031,631	31.70	33,675,707	(9.06)	34,423,277	2.22
Total FTE		208.37		210.39		210.39	

Adjustments to Revenue

Dec Unit	Cat	GL	Description	2015-16	2016-17
E712	00	2501	Reduce General Fund appropriations for touch screen monitors to equal standard monitors	(8,789)	(8,789)
Sub-total				(8,789)	(8,789)
Line Item Changes to Revenues				(8,789)	(8,789)

Adjustments to Expenditures

Dec Unit	Cat	GL	Description	2015-16	2016-17
E712	26	8000	Reduce IT expenditures for touch screen monitors to equal standard monitors	(8,789)	(8,789)
Sub-total				(8,789)	(8,789)
Line Item Changes to Expenditures				(8,789)	(8,789)
Total				0	0
Grand Total General Fund Impact of Closing Changes				(8,789)	(8,789)

Overview

Early Intervention Services (EIS) works to identify infants and toddlers who have, or are at risk for, developmental delays. EIS clinics, as well as community providers, provide services and support for families with children from birth to their third birthday who have developmental delays in the areas of cognition, communication, physical development, social/emotional development and adaptive skills. The program helps facilitate the children's learning and individualized development in concert with the family. Specialized therapies, as well as case management, are provided by state EIS clinic staff and its contracted therapists, as well as a group of community providers working in the southern and northwestern regions of the state. Funding is provided primarily through General Fund appropriations, but also includes federal Individuals with Disabilities Education Act (IDEA) Part C grant revenue and reimbursements from Medicaid and insurance. <u>The IDEA Part C grant has a maintenance of effort (MOE) requirement, so all General Fund appropriations expended in the upcoming biennium, must be continued in successive fiscal years</u>.

Major Closing Issues

1. Caseload Increase
2. Replace Expired Grant Funding

Discussion of Major Closing Issues

1. Caseload Increase (M-200, DHHS-ADSD-56): The Governor recommends total funding of $680,639 ($653,505 General Fund appropriation) in FY 2016 and $1.3 million ($1.2 million General Fund appropriation) in FY 2017 to increase the caseload of children receiving services in the EIS program. The recommended funding would increase the caseload as summarized in the following table.

Monthly Caseload [1]					
	Actual	Legislature Approved		Governor Recommends	
Description	FY 2014 [2]	FY 2014	FY 2015	FY 2016	FY 2017
EIS Clinics	1,463	1,795	1,871	1,638	1,701
Community Providers	1,462	1,795	1,871	1,638	1,701
Total	**2,925**	**3,590**	**3,742**	**3,276**	**3,402**

[1] The caseloads indicated are the monthly totals realized and projected in June at the end of each fiscal year.

[2] Obtained from Caseload Evaluation Organization reports developed by the Department of Health and Human Services.

Fiscal staff notes that the caseload expenditures included in The Executive Budget were based on the FY 2014 actual expenditures incurred, while the state positions currently included in the agency's base budget would accommodate the caseload budgeted for FY 2015.

Caseload Distribution

During the 2013 Legislative Session, the EIS program was approved to split its caseload so that 50 percent of children receive services directly from EIS clinic staff and 50 percent receive services from community providers. When the 50/50 split was approved, the agency indicated the EIS program would retain responsibility for providing clinics for metabolic and genetic disorders, vision clinics, child abuse referrals, and neonatal screening for medically fragile children. State EIS clinic staff would also provide direct services to children (predominantly the medically fragile children) as well as oversee quality assurance, standardization and training for community providers. The community providers would provide the majority of specialized instruction and case management. The recommendation for the 2015-17 biennium continues the 50/50 distribution of the caseload. The community providers for EIS, as with other programs, are limited in the number of children they are able to serve, especially in the rural areas.

The rural areas of the state are mostly served by the state clinics, which utilize state employees and contracted therapists to provide direct services to the children in those areas. When asked what the agency is doing to increase provider capacity in the rural areas, the agency responded that it is difficult to recruit community providers to serve the rural areas as there are generally not enough children in one geographic area to sustain providers, necessitating travelling long distances to reach all of the children in need of services. The agency indicates that it can provide travel reimbursements to community providers in some instances so that it is cost effective for them to serve the rural population. The agency further indicates that they meet with community providers on a regular basis to project for fluctuations in new referrals and ensure that all children receive their required services. According to the agency, the EIS staff and community providers can continue to provide services to all children with the 50/50 distribution of its caseload.

Waitlist
As indicated in the previous table, the actual caseload in FY 2014 was 665 children fewer or 18.5 percent less, than the legislatively approved amount for the year. Fiscal staff notes that lack of funding for EIS was a recurring issue during the 2011-13 biennium, and the waitlist had grown to a high of 481 children in January 2013. Funding and positions for the program were increased by the 2013 Legislature to increase the caseload from 2,953 children per month to 3,742 children per month, an increase of 26.7 percent over the 2013-15 biennium, in order to eliminate the waitlist. The agency indicates the waitlist for EIS has been eliminated, and that all required services are being provided within 30 days of the development of an Individualized Family Service Plan (IFSP).

Percentage of Referred Children Who Qualify for EIS
The agency also indicates it has improved the percentage of children referred to the program who ultimately qualify for services. Referrals to the program can come from pediatricians and other physicians, social service agencies, hospitals, and directly from parents. Because referrals to the program come from various sources, refined projections of accepted referrals are not available. The agency has historically estimated between 40 and 60 percent of children referred qualify for services. To ensure the waitlist was eliminated, The Executive Budget for the 2013-15 biennium assumed a projected rate of 70 percent of children referred to the program would qualify for services.

The agency reports that it has worked to increase the rate of children referred to the program who ultimately qualify for services by providing targeted instructions, which include observable symptoms, to assist physicians and other sources in identifying potential developmental delays. During discussions with the agency, it was indicated the percent of children referred to EIS who ultimately qualify for services has increased to 91.7 percent. According to the agency, the EIS caseload is consistent with the national average of early intervention programs in other states. The agency further indicates the increase to the caseload recommended for the 2015-17 biennium would serve all new accepted referrals to the program and is not projected to generate a waitlist.

New Positions
As indicated previously, the funding for the program and the caseload for the 2013-15 biennium was increased in order for the agency to eliminate the waitlist. However, the agency projects the caseload for the 2015-17 biennium will still be lower than the legislatively approved caseload for the 2013-15 biennium. Despite the lower caseload, when compared to the caseload budgeted in the current biennium, the Governor recommends funding to support the salaries, benefits, and operating expenditures of one full-time Administrative Assistant and one part-time (0.51 FTE) Administrative Assistant who would be responsible for the intake coordination of the additional cases. The recommendation would also support an increase in contracted case management services.

Fiscal staff notes that as part of the increased caseload approved by the 2013 Legislature, the agency was approved for an additional 38 Developmental Specialist positions (37.75 FTE); however, the agency was not approved for any additional intake positions to support the increased caseload, which is the basis for the two new Administrative Assistant positions recommended for the 2015-17 biennium. Fiscal staff also notes that of the 122 Developmental Specialist positions (120.26 FTE) that act as caseworkers for EIS, 24 positions are currently vacant, and 7 of the new positions approved for the 2013-15 biennium have never been filled. The agency indicates, that as of this writing, they are in the process of recruiting and making offers for 11 positions.

When asked if two of the vacant Developmental Specialist positions could be reclassified to the recommended Administrative Assistant positions, the agency responded that decreasing their Developmental Specialist positions would affect their caseload ratio and they may not be able serve the recommended caseload. According to the agency, these positions are difficult to recruit for and experience a high rate of turnover due to the difficulty of the cases they are assigned.

Fiscal staff notes the total number of Developmental Specialists currently in the EIS budget was approved by the 2013 Legislature based on a projected caseload of 1,871 for the state's share of the caseload at the end of FY 2015; the highest recommended caseload for the 2015-17 biennium is 1,701, or 170 cases fewer. The agency indicates its average current caseload ratio is approximately 30 children for every caseworker; however, the agency calculates a weighted caseload to each caseworker depending on the number of hours, types of services, and distances to travel that are required for each case. As a result, caseworkers can have more or fewer cases depending on the types of cases they are assigned. With the number of cases recommended for state EIS positions at the end of FY 2017 (1,701) divided by the total number of Developmental Specialist positions that are assigned a caseload (120.26 FTE), it appears the average caseload for each caseworker would be 14.1 cases. If two positions were reclassified to Administrative Assistant positions, the average caseload for each caseworker would be increased slightly to 14.3 cases. Although the agency said this change may adversely affect its caseload ratio, it appears the ratio would still leave a margin to account for higher-weighted caseloads that may be assigned to some caseworkers. Because the number of Developmental Specialists currently in this budget is based on a caseload of 1,871 for the state's share of the caseload, as was approved for the 2013-15 biennium, and the highest recommended caseload for the 2015-17 biennium is 1,701, or 170 cases fewer, it appears two of the existing Developmental Specialist positions could be reclassified to Administrative Assistant positions without adversely affecting the agency's caseload to caseworker ratio.

Seven of the new Developmental Specialist positions that were approved for the 2013-15 biennium have never been filled, and new equipment has not been purchased, so reclassified positions would still require the purchase of new equipment. Fiscal staff notes that reclassifying two existing positions rather than adding two new positions would result in decreased General Fund appropriations of $128,363 in FY 2016 and $132,182 in FY 2017.

Fiscal staff notes the new equipment included in this recommendation is for three new positions, although <u>The Executive Budget</u> only recommends two new positions. <u>If approved, a technical adjustment would be needed to eliminate the new equipment for the extra position</u>.

The Subcommittee may wish to consider the following options:

1. **Approve the Governor's recommendation to increase funding for the caseload for Early Intervention Services, which includes the addition of one full-time Administrative Assistant, one part-time Administrative Assistant, and associated operating expenditures.**

2. **Approve the Governor's recommendation to increase funding for the caseload for Early Intervention Services, but reclassify two vacant, full-time Developmental Specialist positions to one full-time Administrative Assistant and one part-time Administrative Assistant, with associated operating expenditures.**

3. **Not approve the Governor's recommendation to increase funding for the caseload for Early Intervention Services or associated positions.**

If the Subcommittee approves Options 1 or 2, Fiscal staff requests authority to eliminate the new equipment included in the recommendation for an extra position.

2. Replace Expired Grant Funding (E-490 & E-491, DHHS-ADSD-58-59): Block grant funds transferred from the Maternal and Child Health (MCH) Services program in the Division of Public and Behavioral Health (DPBH), in addition to General Fund appropriations, previously funded four positions (3.51 FTEs) within EIS, as well as contracted therapists who provide therapy services to children. The agency indicates the MCH block grant awarded to ADSD was terminated effective July 1, 2014.

   Accordingly, The Executive Budget includes Decision Unit E-490 to eliminate the block grant funding and General Fund appropriations totaling $605,449 ($196,104 General Fund appropriation) in FY 2016 and $644,729 ($234,538 General Fund appropriation) in FY 2017, which was authorized by the 2013 Legislature to support the four positions. However, the Governor does not recommend the elimination of these positions. Instead, in Decision Unit E-491, the Governor recommends General Fund appropriations of $587,214 in FY 2016 and $626,432 in FY 2017 to support the four existing positions in the 2015-17 biennium. The enhancement to retain the positions is slightly less than the recommendation to eliminate the positions due to the addition of vacancy savings associated with the retained positions. Fiscal staff notes that the MCH block grant funding was budgeted in the 2013-15 biennium to support 54 percent of each position's total expenditures, with the remaining 46 percent supported with General Fund appropriations; therefore, the Governor's recommendation is to replace the equivalent of 54 percent of each position's costs with General Fund appropriations, in addition to $158,782 in each year for contracted therapist expenditures. The net effect of both recommendations is increased General Fund appropriations of $783,004 over the 2015-17 biennium.

   The positions include two unclassified Senior Physicians (1.51 FTEs), one Registered Dietitian, and one Clinical Program Planner. The two Senior Physician positions (1.51 FTEs) are the only two developmental pediatricians located at the Las Vegas clinic, and they specialize in infants and toddlers with disabilities, diagnose rare or unusual conditions, and advise families with medically fragile children. The Registered Dietician provides screening, assessment, intervention, monitoring and transition services to at-risk children. The Clinical Program Planner provides program planning and evaluation, quality assurance, and contract administration.

   Prior to FY 2012, the positions and contracted therapists were funded with only General Fund appropriations. In FY 2012, the agency began receiving the MCH funding to partially support the four positions in an effort to reduce the program's General Fund appropriations. Fiscal staff notes the positions have been performing the same functions within EIS since prior to the block grant being received and are responsible for some of the overall services, therapies, and management provided to all children served within EIS. The positions were not new positions approved in conjunction with receipt of the block grant.

   Three of the four positions are currently filled. If the Governor's recommendation to fund these positions with General Fund appropriations is not approved, Decision Unit E-490 includes terminal leave payouts of $37,696 for those employees due to the possible layoff of the positions. Although the MCH funding expired July 1, 2014, the agency indicates the three positions that are currently filled are being funded with vacancy savings for the remainder of FY 2015.

   The agency indicates that if the Governor's recommendation to fund these positions with General Fund appropriations is not approved, the services would still be needed and the agency would have to contract for the services at a higher cost. Fiscal staff notes that the costs for contracted physicians and other medical positions in other state agencies typically range from 60 percent to more than 100 percent higher than comparable state positions. The agency further indicates that the genetics and metabolic clinics would also be eliminated.

In response to inquiries from Fiscal staff regarding any efforts the agency has made to locate and obtain other funding sources for these positions, the agency indicates it continues to bill insurance for reimbursable services and seek grant funds whenever possible; however, according to the agency, no alternative funding is available for these positions at this time.

Does the Subcommittee wish to approve retaining and funding four existing Early Intervention Services staff, including two Senior Physicians one Registered Dietitian, and one Clinical Program Planner, with General Fund appropriations?

Other Closing Items

1. Cost Allocation (M-800 & E-800, DHHS-ADSD-57, 62 & 63): The Governor recommends total funding of $75,621 ($64,807 General Fund appropriation) in FY 2016 and $69,798 ($59,815 General Fund appropriation) in FY 2017 to support expenditures that are cost allocated within the ADSD's Federal Programs and Administration budget. **This recommendation appears reasonable.**

2. Transfer Position from Maternal and Child Health Services (E-537 & E-937, DHHS-ADSD-59 & 63): The Governor recommends transferring a part-time Health Program Specialist position from the Maternal and Child Health Services budget to the EIS budget and replacing its current funding source of Client Charge Case Management revenue with General Fund appropriations of $49,388 in FY 2016 and $50,701 in FY 2017.

   In the Maternal and Child Health Services budget, the Governor recommends transferring the responsibility of the Newborn Screening (NBS) program to the University of Nevada, School of Medicine (UNSOM) and School of Community Health Sciences. The recommendation includes the elimination of two vacant full-time positions currently assigned to the NBS program, which is discussed in detail in the highlight for Maternal and Child Health Services. The Governor recommends transferring a filled part-time Health Program Specialist position currently assigned to the Newborn Screening (NBS) program to the EIS budget since this part-time position is currently working with EIS and provides support to infants and toddlers with serious or life-threatening metabolic conditions. Fiscal staff notes the Joint Subcommittee on Human Services voted to approve the transfer of this position from the Newborn Screening Program to Early Intervention Services at its closing meeting on April 1, 2015. **This recommendation appears reasonable, and is consistent with previous actions taken by the Subcommittee.**

3. Replacement Equipment (E-710, E-712, E-717, E-718 & E-719, DHHS-ADSD-59-61): The Governor recommends total General Fund appropriations of $238,676 in FY 2016 and $131,842 in FY 2017 to replace equipment as indicated below.

   - (E-710, DHHS-ADSD-59-60): The Governor recommends General Fund appropriations of $61,260 in FY 2016 and $42,823 in FY 2017 to replace 10 network printers, 94 surge protector strips, 3 projectors, and various items related to information systems infrastructure consisting of 5 routers, 1 server, 3 uninterruptible power supplies, 13 switches, network cables, and 1 Microsoft Windows Server software license. The agency states these items are needed to maintain the security of personal health information. **This recommendation appears reasonable.**

   - (E-712, DHHS-ADSD-60): The Governor recommends General Fund appropriations of $89,019 in each year of the 2015-17 biennium to replace 52 desktop computers, 42 laptop computers with docking stations, and 94 touch screen monitors. In response to inquiries from Fiscal staff regarding the need for touch screen monitors, the agency responded that these monitors are offered as part of a standard computer purchase and are not a requirement of the program. As such, Fiscal staff recommends a technical adjustment to reduce the recommendation from $338 each to $151 each to equate to the amount recommended for a standard flat panel monitor. A technical adjustment to reduce the General Fund appropriations by $8,789 in each year of the 2015-17 biennium has been incorporated into this closing document. **Fiscal staff recommends approval of this decision unit, with a technical adjustment to reduce the cost of touch screen monitors to that of a standard monitor.**

- (E-717, DHHS-ADSD-60): The Governor recommends a General Fund appropriation of $9,192 in FY 2016 to replace four laminators in the division's Reno, Las Vegas, Carson City, and Elko offices. The agency indicates laminators are used to create pictures, storybooks, and song cards to be used for communication, behavioral skills, and developmental activities for children. **This recommendation appears reasonable.**

- (E-718, DHHS-ADSD-61): The Governor recommends a General Fund appropriation of $75,325 in FY 2016 to replace audiology and visual reinforcement audiometry equipment in the Reno and Las Vegas offices. The agency indicates the equipment uses a combination of sounds and video monitors to conduct hearing tests for children. According to the agency, the audiology equipment is over 7 years old and the visual reinforcement audiometry equipment is over 15 years old, and can no longer be repaired or supported. **This recommendation appears reasonable.**

- (E-719, DHHS-ADSD-61): The Governor recommends a General Fund appropriation of $3,880 in FY 2016 to replace an infant scale at the division's clinic in Carson City. The agency indicates the scale currently in use does not provide accurate measurements. **This recommendation appears reasonable.**

4. New Equipment (E-720, E-721 & E-722, DHHS-ADSD-61-62): The Governor recommends total General Fund appropriations of $41,823 in FY 2016 and $31,722 in FY 2017 to purchase new equipment as indicated below.

- (E-720, DHHS-ADSD-61-62): The Governor recommends General Fund appropriations of $14,490 in FY 2016 and $13,500 in FY 2017 to purchase various hardware and software components that would be used to securely store personal health information on the division's information systems. **This recommendation appears reasonable.**

- (E-721, DHHS-ADSD-62): The Governor recommends General Fund appropriations of $27,333 in FY 2016 and $18,222 in FY 2017 to purchase five new audiology devices. The agency indicates this equipment can access middle and inner ear function and would be used to conduct hearing screenings in the division's Reno, Las Vegas, Winnemucca, Elko and Ely offices. **This recommendation appears reasonable.**

- (E-722, DHHS-ADSD-62): The Governor recommends expenditure authority of $19,027 in FY 2016 and $37,637 in FY 2017 to begin renting seven new vehicles from the Fleet Services Division in January 2016. The agency indicates the vehicles would be used by EIS staff throughout the state. The agency expended $57,456 in FY 2014 in mileage reimbursements to employees. According to the agency, renting vehicles from the Fleet Services Division would offset these expenditures; therefore, this recommendation would be funded with a reduction to mileage reimbursement expenditures. **This recommendation appears reasonable.**

Does the Subcommittee wish to approve the Other Closing Items as recommended by the Governor, with the technical adjustment noted in Other Closing Item 3, and provide Fiscal staff with authority to make other technical adjustments as needed?

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Title: HHS-ADSD - FAMILY PRESERVATION PROGRAM **Budget Page:** DHHS-ADSD-66, **Volume II**
Account: 101 - 3166

Revenues	2013-14 Actual	2014-15 WP	% Chg	2015-16 GOV REC	% Chg	2016-17 GOV REC	% Chg
GENERAL FUND	1,576,202	1,659,604	5.29	1,636,416	(1.40)	1,730,664	5.76
OTHER FUND	1,154,412	1,200,000	3.95	1,200,000		1,200,000	
REVERSIONS	(57,636)						
Total Revenues	2,672,978	2,859,604	6.98	2,836,416	(0.81)	2,930,664	3.32
Total FTE							

Adjustments to Revenue

Dec Unit	Cat	GL	Description	2015-16	2016-17
				Gov Rec	Gov Rec
Sub-total				0	0
Line Item Changes to Revenues				0	0

Adjustments to Expenditures

Dec Unit	Cat	GL	Description	2015-16	2016-17
				Gov Rec	Gov Rec
Sub-total				0	0
Line Item Changes to Expenditures				0	0
Total				0	0
Grand Total General Fund Impact of Closing Changes				0	0

Overview

Pursuant to *Nevada Revised Statutes* (NRS) 435.365, the Family Preservation Program (FPP) is a statewide program providing monthly cash assistance to low-income families who care for relatives in their homes who have a profound or severe intellectual disability or have children under six years of age who have developmental delays that requires support that is equivalent to the support required by a person with profound or severe intellectual disabilities or a related condition. The FPP aims to strengthen and support families so that they may remain intact and limit or avoid the need for institutional placements. The budget is funded with General Fund appropriations and an allocation from the Tobacco Master Settlement Agreement.

Major Closing Issue

Caseload Increase

Discussion of Major Closing Issue

Caseload Increase (M-200, DHHS-ADSD-66): The Governor recommends General Fund appropriations of $49,368 in FY 2016 and $143,616 in FY 2017 to provide assistance to additional qualified families. The request is based on a projected caseload increase of 20 families by the end of FY 2016 and an additional 21 families by the end of FY 2017. A total of 662 families are projected to be served in the program by the end of the 2015-17 biennium at the current approved rate of $374 per family, per month.

Fiscal staff notes that the FPP serves families from each of the three regional centers; however, the staff from the Sierra Regional Center administers the program for the FPP, irrespective of the region where the served families reside. A summary of the projected caseload growth for each of the three regional centers is shown in the following table. The FPP currently has no waitlist.

Family Preservation Program								
	Actual					Projected	Governor Recommends	
Description	**FY 2010**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**	**FY 2016**	**FY 2017**
Sierra Regional Center	*63*	*64*	*64*	*83*	*86*	*98*	*110*	*122*
Desert Regional Center	*406*	*426*	*474*	*482*	*478*	*485*	*490*	*495*
Rural Regional Center	*40*	*42*	*41*	*39*	*37*	*38*	*41*	*45*
FPP Monthly Caseload *	**509**	**532**	**579**	**604**	**601**	**621**	**641**	**662**
Annual Increase		23	47	25	-3	20	20	21
Percent Increase		4.5%	8.8%	4.3%	-0.5%	3.3%	3.2%	3.3%

* Caseloads are recommended to increase gradually throughout the year. The caseloads indicated are the monthly totals realized and projected in June at the end of each fiscal year.

The FPP caseload decreased by three cases in FY 2014, and has increased by seven cases to date in FY 2015. As indicated previously, The Executive Budget recommends an increase of 20 cases in FY 2016 and 21 cases in FY 2017.

In response to inquiries from Fiscal staff regarding the factors that affected the decline in the caseload in FY 2014, the agency responded that the program has a financial eligibility requirement that only permits people earning less than 300 percent of the federal poverty guideline to qualify for the program. As the economy has improved, fewer people met the low income level, thereby increasing the number of people who terminated in the biennium due to financial ineligibility. According to the agency, these factors were considered when projecting the caseload recommended for the 2015-17 biennium, which is based on a seven-year program trend.

The use of tobacco settlement funds to partially support the FPP was originally approved by the 2011 Legislature to begin in FY 2013 to partially offset the General Fund appropriations supporting the program. The Governor recommends continuing support for the FPP with tobacco settlement funds of $1.2 million in each year of the 2015-17 biennium, and General Fund appropriations to support the remaining projected expenditures.

The monthly payment per family must be approved by the Legislature every biennium pursuant to NRS 435.365. The rate was increased by the 2007 Legislature from $362 per month in FY 2008 to $374 per month in FY 2009, where it has remained for the last three biennia. The Executive Budget recommends no change to the rate in the 2015-17 biennium.

Does the Subcommittee wish to approve caseload increases of 3.2 percent in FY 2016 and 3.3 percent in FY 2017 for the Family Preservation Program, and to maintain the payment per family at $374 per month as recommended by the Governor?

Division-Wide: HHS-ADSD – REGIONAL CENTERS CLOSING ISSUES

Revenues	2013-14 Actual	2014-15 WP	% Chg	2015-16 GOV REC	% Chg	2016-17 GOV REC	% Chg
BALANCE FORWARD	190,022	748,097	293.69				
GENERAL FUND	74,218,420	75,867,959	2.22	83,763,107	10.41	94,967,172	13.38
INTERAGENCY TRANSFER	74,170,142	75,061,178	1.20	74,404,463	(2.87)	85,171,498	14.47
OTHER FUND	5,067,745	5,999,119	18.38	5,250,223	(12.48)	5,250,223	0.00
REVERSIONS	(3,716,917)						
Total Revenues	149,929,412	157,676,353	5.17	163,417,793	3.64	185,388,893	13.44
Total FTE		406.41		421.92		430.92	

Overview

Pursuant to NRS Chapter 435, the Aging and Disability Services Division is responsible for the development, administration, coordination and evaluation of state treatment and training programs for individuals with developmental disabilities and related conditions. The Developmental Services budgets consist of the Family Preservation Program, Sierra Regional Center (SRC), Desert Regional Center (DRC), and Rural Regional Center (RRC). These regional centers provide case management and service coordination, residential support, family support/respite, and jobs and day training to individuals with developmental disabilities and related conditions. This document highlights two areas of the Governor's recommended budget that cross three budget accounts within Developmental Services' regional centers (caseload and provider rate increases). Decision units that are specific to each budget are covered in the closing documents for each separate budget.

Major Closing Issues

1. Caseload Increases and Calculation Errors
2. Provider Rate Increase

Discussion of Major Closing Issues

1. Caseload Increases and Calculation Errors (M-200, DHHS-ADSD-70, 79, 80, 87 & 88): The three regional centers provide services for individuals throughout the state with developmental disabilities and related conditions. The services provided include case management and service coordination, residential support, family support/respite, and jobs and day training. Case management and service coordination for individuals approved for developmental services is typically provided by state positions within the three regional centers. Residential Support offers assistance to individuals with developmental disabilities and related conditions who require assistance to live in the least restrictive community setting possible. Family Support/Respite offers financial assistance to families to care for their relatives in the family home as a means to prevent out-of-home placement. Families must meet the 300 percent federal poverty guidelines, and services include respite for the primary caregivers. Jobs and Day Training services assist individuals in obtaining employment and living skills through day habilitation settings, facility-based work, or supported employment.

   The Governor recommends total funding of $8.1 million ($4.5 million General Fund appropriation) in FY 2016 and $21.8 million ($11.7 million General Fund appropriation) in FY 2017 for caseload increases in the three regional center budgets for Developmental Services programs, as summarized in the tables on the following page.

Developmental Services Total Funding for Caseload Increases					
FY 2016	Caseload Management	Residential Support	Family Support	Jobs and Day Training	Total
Sierra Regional Center	$149,457	$1,359,329	$4,359	$377,112	**$1,890,257**
Desert Regional Center	$582,242	$3,177,730	$91,936	$1,350,529	**$5,202,437**
Rural Regional Center	$159,191	$724,164	$3,153	$154,070	**$1,040,578**
FY 2016 Total	**$890,890**	**$5,261,223**	**$99,448**	**$1,881,711**	**$8,133,272**
FY 2017					
Sierra Regional Center	$183,065	$4,669,184	$12,054	$1,134,435	**$5,998,738**
Desert Regional Center	$1,287,587	$7,853,674	$218,439	$3,366,978	**$12,726,678**
Rural Regional Center	$312,829	$2,276,700	$7,392	$480,921	**$3,077,842**
FY 2017 Total	**$1,783,481**	**$14,799,558**	**$237,885**	**$4,982,334**	**$21,803,258**

Developmental Services Caseload Funding Sources	FY 2016		FY 2017		Total	
	General Funds	Medicaid Funds	General Funds	Medicaid Funds	General Funds	Medicaid Funds
Sierra Regional Center	$1,013,328	$876,929	$3,064,252	$2,934,486	$4,077,580	$3,811,415
Desert Regional Center	$2,962,628	$2,239,809	$7,015,785	$5,710,893	$9,978,413	$7,950,702
Rural Regional Center	$561,537	$479,041	$1,591,479	$1,486,363	$2,153,016	$1,965,404
Total	**$4,537,493**	**$3,595,779**	**$11,671,516**	**$10,131,742**	**$16,209,009**	**$13,727,521**

Caseload Increases

The Governor recommends increasing the total caseload for all developmental services from 6,320 clients in FY 2014 to 7,386 clients by the end of FY 2016 and 7,917 clients by the end of FY 2017. Fiscal staff notes that justification in The Executive Budget indicates the waitlists in all programs would be eliminated by the end of the biennium. However, subsequent to the agency's March 13, 2015, budget hearing, the agency discovered discrepancies in its caseload calculations. As a result, the recommended level of funding in the Governor's budget would still result in waitlists. The following table summarizes the caseload originally anticipated when The Executive Budget was submitted versus the revised caseload and corresponding waitlist that would be supported in the 2015-17 biennium if the level of funding recommended in The Executive Budget is approved.

Developmental Services Monthly Caseloads and Waitlists *

	Actual FY 2014		Projected FY 2015		Governor Recommended FY 2016		Governor Recommended FY 2017		Revised With Corrected Calculation ** FY 2016		Revised With Corrected Calculation ** FY 2017	
	Caseload	Waitlist	Caseload	Waitlist	Caseload	Waitlist	Caseload	Waitlist	Caseload	Waitlist	Caseload	Waitlist
Residential Support												
Sierra Regional Center	586	(87)	598	(138)	665	(58)	747	(0)	665	(209)	747	(280)
Desert Regional Center	1,209	(177)	1,175	(211)	1,422	(44)	1,497	(0)	1,144	(245)	1,219	(280)
Rural Regional Center	303	(53)	300	(59)	344	(28)	398	(0)	344	(66)	398	(74)
Subtotal	**2,098**	**(317)**	**2,073**	**(408)**	**2,431**	**(130)**	**2,642**	**(0)**	**2,153**	**(520)**	**2,364**	**(634)**
Family Support/Respite												
Sierra Regional Center	177	(36)	178	(0)	183	(0)	188	(0)	183	(0)	188	(0)
Desert Regional Center	1,471	(140)	1,465	(405)	1,787	(70)	1,867	(0)	1,616	(441)	1,696	(478)
Rural Regional Center	115	(11)	115	(0)	120	(0)	124	(0)	120	(0)	124	(0)
Subtotal	**1,763**	**(187)**	**1,758**	**(405)**	**2,090**	**(70)**	**2,179**	**(0)**	**1,919**	**(441)**	**2,008**	**(478)**
Jobs and Day Training												
Sierra Regional Center	416	(92)	430	(124)	487	(56)	554	(0)	487	(172)	554	(220)
Desert Regional Center	1,811	(195)	1,874	(359)	2,108	(73)	2,238	(0)	2,077	(422)	2,207	(485)
Rural Regional Center	232	(55)	243	(55)	270	(27)	304	(0)	270	(56)	304	(56)
Subtotal	**2,459**	**(342)**	**2,547**	**(538)**	**2,865**	**(156)**	**3,096**	**(0)**	**2,834**	**(650)**	**3,065**	**(761)**
Total All Programs	**6,320**	**(846)**	**6,378**	**(1,351)**	**7,386**	**(356)**	**7,917**	**(0)**	**6,906**	**(1,611)**	**7,437**	**(1,873)**

* Actual caseloads and waitlists are based the monthly totals realized, while projections are based on the estimated caseload and waitlists as of June of each year.

** Revised caseloads based on the Governor's recommended funding levels.

Fiscal staff received the updated caseload the afternoon of April 27, 2015. Fiscal staff asked the agency to provide information on how much it would cost to eliminate the waitlist for all developmental services. The agency only provided an estimate to eliminate the waitlist for DRC, which was projected to be $11.5 million in FY 2016 and $12.0 million in FY 2017.

Caseload Management

The Governor recommends 25 new positions (24.51 FTEs) for the three regional centers to support increases in caseload management services. The positions are recommended to be phased in as the additional caseloads increase over the 2015-17 biennium. The recommended positions for each regional center, along with their corresponding start dates, are summarized in the following table.

Recommended Positions for Developmental Services			
Regional Center	**Title**	**FTE**	**Start Date**
Sierra Regional Center	Developmental Specialist	1.00	October 2015
	Quality Assurance Specialist	1.00	October 2015
	Licensed Psychologist	0.51	October 2015
Desert Regional Center	Developmental Specialist	2.00	October 2015
	Quality Assurance Specialist	2.00	October 2015
	Psychiatric Nurse	1.00	October 2015
	Licensed Psychologist	1.00	October 2015
	Custodial Worker	1.00	October 2015
	Developmental Specialist	4.00	March 2016
	Developmental Specialist	2.00	July 2016
	Quality Assurance Specialist	1.00	July 2016
	Developmental Specialist	3.00	January 2017
Rural Regional Center	Developmental Specialist	2.00	October 2015
	Quality Assurance Specialist	1.00	October 2015
	Developmental Specialist	1.00	July 2016
	Administrative Assistant	1.00	July 2016
Total FTE		**24.51**	

The Developmental Specialist positions would provide case management services to the additional caseloads recommended for the Residential Support, Family Support/Respite, and Jobs and Day Training programs. Although some Developmental Specialists have smaller staffing ratios of 15 or 25 clients based on the more intensive treatment required for some services, most have a recommended caseload of 45 clients. The new positions would allow the regional centers to maintain the staffing to caseload ratio of 1:45 for the recommended caseload. The Quality Assurance Specialist positions would ensure that the developmental services programs are meeting the requirements for health and safety oversight, and ensure contracted providers of services are qualified and have capacity to serve the increased caseloads. The agency indicates a state quality assurance and improvement system is a requirement of the Centers for Medicare and Medicaid Services (CMS) waiver programs. The Licensed Psychologist and Psychiatric Nurse positions would be responsible for reviewing applications for services, conducting tests and evaluations, and providing oversight for the projected increase in individuals served by the programs. The Administrative Assistant position at RRC would provide support to the recommended Developmental Specialist positions for their administrative case management duties.

The DRC is the only regional center in Nevada with a 24-hour Intermediate Care Facility for Individuals with Intellectual Disabilities (ICF/ID). The ICF/ID has 48 beds and DRC currently has 7 Custodial Worker positions (6.51 FTE) to maintain the facility. The Executive Budget does not recommend an increase to the number of individuals to be served at the ICF/ID.

When asked why an additional Custodial Worker position is recommended as part of an increase in the caseloads at DRC if the number of beds at the ICF/ID is not recommended to increase, the agency replied that they have increased usage of their buildings for staff and for the ICF/ID. Rather than an additional administrative support position, the agency indicates the immediate needs of the center require an additional Custodial Worker position to ensure all areas of the campus are appropriately cleaned and meet regulated standards.

Historic and Current Issues with Caseload Projections

During the 2013-15 biennium ADSD experienced two major issues with their caseload projections that caused a shortfall of funding for the Residential Support program and a surplus of funding in Family Support/Respite Program as described below.

Residential Support

Based on the original projections, the caseload for Residential Support at the three regional centers was projected to increase from 2,098 actual clients per month in FY 2014 to 2,431 clients per month by the end of FY 2016 and 2,642 clients per month by the end of FY 2017, a 25.9 percent increase through the 2015-17 biennium from the FY 2014 actual caseload.

Sierra Regional Center (Historic Issue)

Although the 2013 Legislature approved funding for a caseload of 643 clients per month in FY 2014 at SRC, the center only served 586 clients per month by the end of FY 2014 due to the actual cost of services per client being higher than the legislatively approved amounts. The higher cost of services per client resulted in a budget shortfall. Cost of services for residential support can vary depending on the acuity level of the clients. The agency indicates that based on SRC's previous experience, The Executive Budget recommends regular supported living services at $1,058 per month, intensive services at $4,632 per month, and intensive-plus services at $7,001 per month. Fiscal staff notes that SRC transferred $100,000 in expenditure authority in FY 2014 from Family Support/Respite and $125,000 from vacancy savings realized in the Personnel category to partially fund the budgeted shortfall in Residential Support. Even with the transferred funding, the number of people served per month decreased from 604 to 586 during FY 2014, while the waitlist increased from 17 to 87. Through January 2015, the FY 2015 monthly average is 589 clients, and the current waitlist is 116.

In response to Fiscal staff inquiries regarding SRC being unable to serve the budgeted number of clients in FY 2014 for Residential Support, even with the additional funding transferred from savings realized in other categories, the agency responded that the actual average cost per client exceeded the budgeted amount in FY 2014 by $250.08 per month, per client. The agency indicates the increase in the average cost per client occurred rapidly due to a small portion of clients who required intensive services. Once the increase was identified, expenditure authority was transferred from other categories, the agency delayed new placements, and the waitlist increased to ensure the agency could remain within its budgetary authority. According to the agency, the recommended caseload accounts for this increase and the agency does not anticipate a similar occurrence over the 2015-17 biennium.

Desert Regional Center (Current Issue)

Fiscal staff was notified on Monday, April 27, 2015, that the caseload for DRC recommended in The Executive Budget for the 2015-17 biennium was calculated incorrectly and would result in the agency serving fewer individuals in FY 2016 than they are currently serving in FY 2015. Even with the caseload funding adjustment included in Decision Unit M-200, the total funding recommended in FY 2016 for Residential Support at DRC is $226,824 less than the funding approved in FY 2015. The cost per case for Residential Support services can vary significantly depending on the level of treatment each person requires, and the agency indicates the original projections used to determine the recommended caseload accounted for more individuals receiving less-intensive services than what is actually needed.

Under the recommended caseload for FY 2016, the agency indicates it would have to decrease the number of individuals currently receiving services (1,175) by 31 to equal the number of individuals recommended for services to begin in FY 2016 (1,144). Typically, the agency provides for a modest growth in caseload over the course of a year; however, with the current funding, the agency would not be able to add any new clients during FY 2016. The agency indicates that it has delayed providing services to new individuals through the remainder of FY 2015 in order to lessen the effect of this decrease in the caseload beginning in FY 2016. According to the agency, an additional $1.5 million in funding (General Fund appropriations of $700,390 and federal funds of $753,667) would be needed in FY 2016 to fully resolve the miscalculation and not result in a decreased caseload at the beginning of FY 2016. According to the agency, the recommended funding for FY 2017 can accommodate the projected caseload without having to eliminate any individuals from the program.

Due to the short timeframe in which Fiscal staff was provided by the agency to analyze this information, Fiscal staff can only confirm that the amount budgeted in FY 2016 is less than the amount budgeted for FY 2015; however, because the agency has been delaying adding new individuals to its caseload through the remainder of FY 2015, it appears FY 2015 will have a large surplus in funding remaining at the close of the fiscal year and should not be used to determine the adequacy of the amount budgeted in FY 2016. Additionally, the rates the agency uses to calculate the shortfall in FY 2016 are higher than the rates used to build the caseload enhancement, with no explanation provided for the increased rates. Consequently, Fiscal staff is unable to determine if the shortfall the agency projects to occur in the beginning of FY 2016 is accurate.

As noted previously, some Developmental Specialists have smaller staffing ratios of 15 or 25 clients based on the more intensive treatment required for some services, which are provided under the Residential Support program, while most of the other programs have a recommended caseload of 45 clients. The agency indicates the budget as recommended would not allow for sufficient budgetary authority to add any additional clients in FY 2016. However, <u>The Executive Budget</u> recommendations were constructed with the assumption that the caseload for Residential Support at DRC would increase by 122 cases in FY 2016, which <u>would equate to approximately 3 Developmental Specialist positions that it appears would not be required since the agency would not be able to increase its caseload during the first fiscal year</u>.

<u>Agency Proposes to Redirect Discovered Savings to Mitigate Shortfall</u>
The agency has discovered savings in other areas of this budget that it proposes to redirect to mitigate the shortfall. The base budget and caseload enhancement for DRC include expenditures for license and maintenance costs for the agency's new Harmony case management system. A delay in implementation of the Harmony case management system has resulted in the delay in the ongoing maintenance costs. <u>The agency indicates the license and maintenance costs will no longer be required in FY 2016.</u> The total licensing fees and maintenance costs recommended for the Harmony case management system included in FY 2016 is $676,305 (General Fund appropriations of $325,763 and federal funds of $350,542).

As indicated previously, according to the agency, the Residential Support services caseload recommended for DRC was calculated incorrectly and, if approved as recommended by the Governor, would still result in a decrease of 31 cases at the beginning of FY 2016 as compared to the end of FY 2015. <u>On April 27, 2015, the agency requested the Subcommittee consider an adjustment to transfer the expenditure authority for the FY 2016 system maintenance costs to Residential Support services at DRC in order to partially alleviate the funding shortfall caused by the miscalculation in caseload.</u> This funding would provide services for an additional 14 clients per month out of the 31 clients per month over FY 2016 that would need to be added to fully resolve the miscalculation. If the Subcommittee approves the redirection of this funding, the projected waitlist would decrease by the same amount over the 2015-17 biennium.

Fiscal staff notes that if the new positions in this Major Closing Issue are approved, the agency would have sufficient staffing to accommodate this partial correction in the funding shortage the agency indicates would occur in FY 2016, since the staffing needs were based on the original caseload, which was higher than the revised caseload.

Family Support/Respite

All Regional Centers (Historic Issue)

The updated caseload projection for Family Support/Respite at the three regional centers increased from 1,763 actual clients per month in FY 2014 to 1,919 clients per month by the end of FY 2016 and 2,008 clients per month by the end of FY 2017, a 13.9 percent increase through the 2015-17 biennium from the FY 2014 actual caseload.

As the following table indicates, over the last three years the actual Family Support/Respite caseload has been between 9.9 percent and 76.4 percent lower than the caseload budgeted in each month, with the greatest deviations noted in the first quarter of each fiscal year.

Family Support / Respite Caseloads												
	Jul	**Aug**	**Sep**	**Oct**	**Nov**	**Dec**	**Jan**	**Feb**	**Mar**	**Apr**	**May**	**Jun**
FY 2012												
Budgeted	2,058	2,058	2,058	2,058	2,058	2,058	2,058	2,058	2,058	2,058	2,058	2,058
Actual	494	852	1,137	1,294	1,388	1,486	1,550	1,613	1,681	1,737	1,770	1,790
FY 2013												
Budgeted	2,058	2,058	2,058	2,058	2,058	2,058	2,058	2,058	2,058	2,058	2,058	2,058
Actual	486	842	1,082	1,195	1,249	1,292	1,338	1,372	1,426	1,468	1,507	1,564
FY 2014												
Budgeted	1,842	1,843	1,843	1,880	1,881	1,882	1,918	1,919	1,920	1,957	1,957	1,957
Actual	477	856	1,102	1,237	1,308	1,375	1,433	1,473	1,528	1,576	1,655	1,763
FY 2015												
Budgeted	1,974	1,975	1,976	1,994	1,994	1,995	2,012	2,013	2,013	2,030	2,030	2,030
Actual	447	844	1,131	1,368	1,459	1,534	1,605	--	--	--	--	--

Fiscal staff notes that the decrease in caseload historically realized in the first quarter of the year is not factored into the caseload projections in the 2015-17 biennium. When asked why the caseload for Family Support/Respite services experiences a significant decline in the first quarter of each year, the agency indicated that participants must recertify for the program at the start of each fiscal year. The agency indicates the regional centers now have people recertify throughout the year at the same time as the normal plan revision process occurs. According to the agency, this change should result in a more consistent caseload throughout the year and the caseload for the 2015-17 biennium should not be adjusted to account for the decrease at the beginning of each fiscal year; however, with the most recent data obtained in FY 2015 still showing a significant decrease in the first quarter, Fiscal staff is unable to confirm any consistency to the caseload throughout the year has occurred.

Sierra Regional Center (Current Issue)

Fiscal staff notes that it appears the average monthly cost per client recommended for SRC in the 2015-17 biennium was based on the total number of families who received services in FY 2014, rather than the total number of unduplicated paid cases, regardless of whether they were the same family, which is how the average monthly cost per client was calculated for both DRC and RRC. By correcting this calculation error, SRC's cost per case would decrease from $128.24 to $109.59 per client, per month, which would reduce funding for Family Support/Respite services at SRC by $82,309 over the 2015-17 biennium, as summarized in the following table.

Sierra Regional Center Family Support/Respite Total Costs (Base and Caseload)			
	Actual	Governor Recommends	
	FY 2014	FY 2016	FY 2017
Current Cost per Case			
Number of Families Served	1,657		
Cost per Case	$128.24		
Projected Cases		2,170	2,230
Total Expenditures	**$212,488**	**$278,273**	**$285,968**
Corrected Cost per Case			
Number of Clients Served	1,940		
Cost per Case	$109.59		
Projected Cases		2,170	2,230
Total Expenditures	**$212,608**	**$237,814**	**$244,390**
Difference		**$40,459**	**$41,578**

To correct the calculation error for the cost per case, Fiscal staff recommends a technical adjustment to reduce the funding for Family Support/Respite at Sierra Regional Center by $40,459 in FY 2016 and $41,578 in FY 2017.

The Subcommittee has several decisions to make regarding the caseloads and staffing for the regional center budgets as follows:

1. **Does the Subcommittee wish to fund the following revised projected caseloads and waitlists at the three regional centers?**

Developmental Services Monthly Caseloads and Waitlists				
	FY 2016		FY 2017	
	Caseload	Waitlist	Caseload	Waitlist
Residential Support	2,153	(520)	2,364	(634)
Family Support/Respite	1,919	(441)	2,008	(478)
Jobs and Day Training	2,834	(650)	3,065	(761)
Total All Programs	**6,906**	**(1,611)**	**7,437**	**(1,873)**

2. **The Subcommittee may wish to consider the following options:**

   a. **Redirect $325,763 in General Fund appropriations and $350,542 in federal funds from the agency's license and maintenance costs to Residential Support services at Desert Regional Center.**

   b. **Eliminate $325,763 in General Fund appropriations and $350,542 in federal funds for license and maintenance costs that are no longer needed at Desert Regional Center, and eliminate 3.0 FTE Developmental Specialist positions from this recommendation.**

3. **Does the Subcommittee wish to approve the Governor's recommendation to fund the following new positions totaling 24.51 FTE?**

   - **15 Developmental Specialists;**
   - **5 Quality Assurance Specialists;**
   - **1.51 Licensed Psychologists;**
   - **1 Psychiatric Nurse;**
   - **1 Administrative Assistant; and**
   - **1 Custodial Worker**

If the Subcommittee approves Decision Unit M-200, Fiscal staff recommends a technical adjustment to reduce the cost of the projected caseload over the 2015-17 biennium for Family Support/Respite at Sierra Regional Center by $40,459 in FY 2016 and $41,578 in FY 2017 due to a calculation error, and requests authority to make technical adjustments to reflect the final Federal Medical Assistance Percentages (FMAP) rates, which will determine the federal funding for this budget.

2. Provider Rate Increase (E-250, DHHS ADSD-72, 81, 89 & 90): Residential Support offers assistance to individuals with developmental disabilities and related conditions who require assistance to live in the least restrictive community setting possible. Possible living arrangements may include apartments, host homes, foster homes, and shared residences. Jobs and Day Training services assist individuals with developmental disabilities and related conditions in obtaining employment and living skills through day habilitation settings, facility-based work, or supported employment. Services in both programs are delivered by providers through contracts with the three regional centers.

   As summarized in the following table, the Governor recommends total funding of $7.8 million ($4.0 million General Fund appropriation) in FY 2017 to increase the rate paid to contracted providers of direct services in the Residential Support and Jobs and Day Training programs by 5.7 percent beginning in FY 2017.

Provider Rate Increases Funding Sources			
	FY 2017		
	General Funds	Medicaid Funds	Total
Sierra Regional Center	$1,042,772	$1,045,573	$2,088,345
Desert Regional Center	$2,467,796	$2,347,603	$4,815,399
Rural Regional Center	$455,049	$449,829	$904,878
Total	**$3,965,617**	**$3,843,005**	**$7,808,622**

   Fiscal staff notes that it appears the calculated increase of 5.7 percent was based on a higher caseload than what was ultimately recommended in The Executive Budget. Accordingly, it appears that based on the recommended funding over the biennium, this enhancement would support a provider rate increase of an average of approximately 6.0 percent in FY 2017. To maintain the 5.7 percent recommended increase in FY 2017, this enhancement could be reduced by $462,727.

   Rates for Residential Support services are typically paid to the contracted providers for each client per hour of service, while rates for Jobs and Day Training services are typically paid for each client per day of service. The average current and proposed rates are provided in the following table.

Provider Rates				
Program Description	FY 2014 Average Current Rate	Governor Recommended 5.7% Increase Over Current Rate	Potential 6.0% Increase Over Current Rate	Medicaid Average Current Rate
Residential Support / rate per hour	$18.86	$19.94	$19.99	$25.00
Jobs and Day Training / rate per day	$49.27	$52.08	$52.23	$146.22

   The current rates paid to providers is less than the approved Medicaid rate for the same services provided under the waiver program, and have not been increased in over 10 years. According to the agency, several residential service providers in urban areas have closed or reduced the number of individuals they serve, and service providers in rural areas are very difficult to retain because of the current low rates. Additionally, the agency indicates that increasing the rates would allow providers to offer more competitive salaries and benefits to increase employee retention and provide consistency in the care provided. As indicated in the previous table, the proposed rate increases would not bring the average rates up to the current average Medicaid rates for the same services.

In response to inquiries from Fiscal staff about how the new rates would entice providers to remain in business given the proposed rates would still be lower than the average Medicaid rates for the same services, the agency responded that providers have recognized the leadership at the division and how the division has worked to obtain an increase to their rate when few other provider types receive an increase. The agency further indicates the providers continue to work with the divisions to develop new ways to deliver cost effective services.

The Subcommittee may wish to consider the following options:

1. **Approve the Governor's recommendation for a 5.7 percent rate increase to providers of services in the Residential Support and Jobs and Day Training programs beginning in FY 2017 and reduce the recommendation by $462,727 in order to correct the calculation error included in Decision Unit E-250.**

2. **Approve the funding amount recommended by the Governor which would support a provider rate increase of approximately 6.0 percent for providers of services in the Residential Support and Jobs and Day Training programs beginning in FY 2017.**

3. **Not approve the Governor's recommendation to increase the rates paid to providers of services in the Residential Support and Jobs and Day Training programs.**

Additional Information – No Action Required

County Reimbursements: The 2011 Legislature authorized the Developmental Services programs to begin assessing counties for the cost of services provided to children with intellectual disabilities and related conditions pursuant to NRS 435.010. Although the statutory provision was enacted in 1929, the agencies did not begin charging counties for services until FY 2012 to partially offset the General Fund appropriations supporting the agencies' programs. The following table lists the total reimbursements received from the counties for services provided to children in each fiscal year, as compared to the legislatively approved amounts. The recommended county reimbursements for the 2015-17 biennium are either equal to or slightly higher than the amounts received in FY 2014 for each regional center.

Developmental Services County Reimbursements						
	FY 2012	**FY 2013**	**FY 2014**	**FY 2015 ***	**FY 2016**	**FY 2017**
Sierra Regional Center						
Budgeted Reimbursements	$1,605,618	$1,559,526	$975,428	$975,428	$994,937	$994,937
Actual Reimbursements	$946,747	$912,679	$994,936	$535,591		
Percent of Budgeted Reimbursed	59.0%	58.5%	102.0%	54.9%		
Desert Regional Center						
Budgeted Reimbursements	$2,856,111	$2,781,113	$3,208,115	$3,208,115	$2,663,940	$2,663,940
Actual Reimbursements	$2,240,135	$3,135,110	$2,526,652	$1,976,353		
Percent of Budgeted Reimbursed	78.4%	112.7%	78.8%	61.6%		
Rural Regional Center						
Budgeted Reimbursements	$889,602	$864,199	$418,666	$418,666	$185,761	$185,761
Actual Reimbursements	$418,666	$254,542	$182,409	$84,210		
Percent of Budgeted Reimbursed	47.1%	29.5%	43.6%	20.1%		

* FY 2015 is for actual amounts received through April 28, 2015.

As indicated in the table, the county reimbursements received by RRC have been significantly less than the legislatively approved amounts.

The agency indicates the counties do not reimburse the state for all eligible services; the counties only reimburse for all agreed upon services. According to the agency, the counties have reimbursed nearly 100 percent of the invoices that are submitted, which reflect the agreed upon services. For those services in which counties do not choose to provide reimbursement, the regional centers fund the services with General Fund appropriations or do not provide the service.

During the hearing on March 13, 2015, the agency testified that it planned to submit proposed legislation in the future to clarify the existing language associated with counties reimbursing the state for services; however, the Subcommittee expressed an interest in addressing that issue during this legislative session. In response to clarification regarding what steps the agency has taken to clarify the statutory language that requires the counties to reimburse services provided to children, the agency indicated that it meets regularly with county managers to address issues as they arise. The agency indicates increased clarification would be beneficial in regard to which services the counties are responsible to reimburse, and which agency ultimately has authority in deciding the administration and oversight of those services. The agency indicates that without clarification, services could be delayed in the future.

Title: HHS-ADSD - SIERRA REGIONAL CENTER **Budget Page:** DHHS-ADSD-68, **Volume II**
Account: 101 - 3280

Revenues	2013-14 Actual	2014-15 WP	% Chg	2015-16 GOV REC	% Chg	2016-17 GOV REC	% Chg
BALANCE FORWARD	(2)	2	(200.00)				
GENERAL FUND	17,764,569	17,695,240	(0.39)	19,579,501	10.65	22,427,925	14.55
INTERAGENCY TRANSFER	17,175,169	16,687,733	(2.84)	16,878,035	1.14	20,088,787	19.02
OTHER FUND	994,937	975,428	(1.96)	994,937	2.00	994,937	
REVERSIONS	(326,627)						
Total Revenues	35,608,046	35,358,403	(0.70)	37,452,473	5.92	43,511,649	16.18
Total FTE		67.02		69.53		69.53	

Adjustments to Revenue

Dec Unit	Cat	GL	Description	2015-16	2016-17
M425	00	2501	Increase General Fund appropriation for update project cost	4,500	
M426	00	2501	Increase General Fund appropriation for updated project cost	4,500	
E710	00	2501	Eliminate General Fund appropriations for computers not eligible for replacement	(25,980)	(36,951)
E710	00	2501	Reduce General Fund appropriations for software		(435)
E711	00	2501	Reduce General Fund appropriations for phone lines not needed	(4,123)	(4,123)
Sub-total				(21,103)	(41,509)
Line Item Changes to Revenues				(21,103)	(41,509)

Adjustments to Expenditures

Dec Unit	Cat	GL	Description	2015-16	2016-17
M425	95	8000	Increase building maintenance expenditures for updated project cost	4,500	
M426	95	8000	Increase building maintenance expenditures for updated project cost	4,500	
E710	26	7000	Eliminate IT expenditures for computers not eligible for replacement	(6,750)	(8,100)
E710	26	8000	Eliminate IT expenditures for computers not eligible for replacement	(19,230)	(28,851)
E710	26	8000	Reduce IT software expenditures		(435)
E711	04	7000	Reduce operating expenditures for phone lines not needed	(4,123)	(4,123)
Sub-total				(21,103)	(41,509)
Line Item Changes to Expenditures				(21,103)	(41,509)
Total				0	0
Grand Total General Fund Impact of Closing Changes				(21,103)	(41,509)

Overview

The Sierra Regional Center (SRC) provides services for individuals with developmental disabilities and related conditions residing in Washoe County. The services provided include case management and service coordination, residential support, family support/respite, and jobs and day training. The budget is funded primarily with General Fund appropriations and federal Medicaid funds (both waiver reimbursements and administrative costs). Federal Title XX funds and county reimbursements for services provided to children also support this budget.

Major Closing Issues
1. Caseload Increase
2. Provider Rate Increase

Discussion of Major Closing Issues
1. Caseload Increase (M-200, DHHS-ADSD-70): The Governor recommends a total of $1.9 million ($1.0 million General Fund appropriation) in FY 2016 and $6.0 million ($3.1 million General Fund appropriation) in FY 2017 to increase the caseloads for the Residential Support, Family Support/Respite, and Jobs and Day Training programs from 1,179 clients served per month in FY 2014 to 1,335 clients per month in FY 2016 and 1,489 clients per month in FY 2017. **No additional action is necessary. Fiscal staff requests authority to make technical adjustments to this decision unit based on the Subcommittee's decision on the Developmental Services caseloads as detailed in the division-wide closing document.**

2. Provider Rate Increase (E-250, DHHS-ADSD-72): The Governor recommends a total of $2.1 million ($1.0 million General Fund appropriation) in FY 2017 to increase the provider rates paid for services in the Residential Support and Jobs and Day Training programs by 5.7 percent beginning in FY 2017. **No additional action is necessary. Fiscal staff requests authority to make technical adjustments to this decision unit based on the Subcommittee's decision on the provider rate increases as detailed in the division-wide closing document.**

Other Closing Items
1. Deferred Maintenance (M-425 & M-426, DHHS-ADSD-71): The Governor recommends General Fund appropriations of $80,500 in FY 2016 to fund deferred maintenance projects at SRC. The recommendations and project costs were included in Facility Condition Analysis reports published by the State Public Works Division (SPWD) in 2006 and 2012.

    - Sidewalk Replacement (M-425, DHHS-ADSD-71): The Governor recommends a General Fund appropriation of $8,000 in FY 2016 to remove and replace 200 linear feet of concrete sidewalks that run in front of three buildings at SRC. The recommendation includes expenditures for the removal and disposal of the existing sidewalk. The agency indicates the sidewalks have deteriorated to the point of being a safety hazard. The replacement of this portion of the sidewalk was included in the findings resulting from a survey conducted by the SPWD in 2006, which was the basis for the cost estimate provided for this project in The Executive Budget. An updated Facility Condition Analysis report published by the SPWD in FY 2012 included an estimated project cost of $12,500. As such, Fiscal staff recommends a technical adjustment to increase this recommendation from $8,000 to $12,500 in FY 2016, funded with General Fund appropriations. The technical adjustments for this project are incorporated into this closing document. **This decision unit appears reasonable with a technical adjustment to increase the project's cost from $8,000 to $12,500.**

    - Carpet Replacement (M-426, DHHS-ADSD-71): This Governor recommends a General Fund appropriation of $72,500 in FY 2016 to replace the carpet in two buildings at SRC. The agency indicates the existing carpet in the two buildings is between 15 and 18 years old and is showing signs of wear and deterioration. The replacement of the carpet in one building was included in the findings of a survey conducted by the SPWD in 2006 and estimated to be $27,000, while the replacement of the carpet in the other building was included in the findings of a survey conducted by the SPWD in 2012 and estimated to be $45,500. The cost estimates provided in the 2006 Facilities Condition Analysis report were used as the cost basis for this item in The Executive Budget. An updated Facility Condition Analysis report published by the SPWD in FY 2012 included an estimated project cost for replacement of the carpet in the first building of $31,500. As such, Fiscal staff recommends a technical adjustment to increase this recommendation from $72,500 to

$77,000 in FY 2016, funded with General Fund appropriations. The technical adjustments for these projects are incorporated into this closing document. **This decision unit appears reasonable with a technical adjustment to increase the projects' costs from $72,500 to $77,000.**

2. Cost Allocation (M-800 & E-800, DHHS-ADSD-71-72 & 74): The Governor recommends a total of $23,689 ($14,214 General Fund appropriation) in FY 2016 and $21,864 ($13,119 General Fund appropriation) in FY 2017 to support expenditures that are cost allocated within the ADSD's Federal Programs and Administration budget. **This recommendation appears reasonable.**

3. Increase Travel (E-276, DHHS-ADSD-72-73): The Governor recommends General Fund appropriations of $1,500 in each year of the 2015-17 biennium to allow agency staff to travel twice per year to evaluate clients currently being cared for in other states. The agency indicates clients receiving services out-of-state require assessment and planning before they can transition back to their home communities. **This recommendation appears reasonable.**

4. Replacement Equipment (E-710, DHHS-ADSD-73): The Governor recommends General Fund appropriations of $79,976 in FY 2016 and $64,604 in FY 2017 to replace 36 desktop computers with dual monitors, 8 laptop computers with docking stations, 6 network printers, 36 surge protector strips, 1 projector, 2 servers, 1 router, 9 switches, and several other miscellaneous pieces of hardware and software. Fiscal staff notes that 33 desktop computers and 3 laptop computers included in this recommendation are not eligible for replacement in the 2015-17 biennium and recommends a technical adjustment to eliminate General Fund appropriations of $25,980 in FY 2016 and $36,951 in FY 2017. Fiscal staff further notes that the quote provided for the software included in this recommendation is $435 less than the amount recommended in The Executive Budget. Fiscal staff recommends a technical adjustment to reduce the amount of the software by $435 to equal the amount provided on the quote. These technical adjustments have been incorporated into this closing document. **Fiscal staff recommends approval of this decision unit, with technical adjustments to eliminate computers and associated equipment not eligible for replacement during the 2015-17 biennium and to reduce the amount of funding for firewall software by $435.**

5. Replacement Phone System (E-711, DHHS-ADSD-73-74): The Governor recommends General Fund appropriations of $97,347 in FY 2016 and $12,267 in FY 2017 to add state phone lines for 68 employees at SRC. Fiscal staff notes SRC is currently receiving telephone service from an outside company and is not currently within the state's phone system managed by the Enterprise Information Technology Services (EITS) Division. The majority of the recommendation in FY 2016 is for the initial installation of the new system for $88,000. The remainder of the recommendation is for the ongoing phone line and voice mail expenditures. The agency indicates EITS has provided its approval for the addition of the state phone lines but cannot estimate how the new phone lines would affect the existing phone service or expenditures incurred at SRC. Fiscal staff notes that the base budget includes phone, fax, and communication line expenditures of $4,123 in each year of the 2015-17 biennium. If this recommendation is approved, Fiscal staff recommends a technical adjustment to eliminate the base year expenditures of $4,123 in each year of the 2015-17 biennium. These technical adjustments have been incorporated into this closing document. **Fiscal staff recommends approval of this decision unit, with a technical adjustment to eliminate the base year expenditures for phone lines.**

6. Maintenance of Buildings and Grounds (E-730, DHHS-ADSD-74): The Governor recommends a General Fund appropriation of $18,566 in FY 2016 to deep clean the division's agency-owned buildings and heating, ventilation and air conditioning ducts. The agency indicates facility cleaning is needed to ensure the health and safety of its employees, clients and visitors. **This recommendation appears reasonable.**

Does the Subcommittee wish to approve the Other Closing Items as recommended by the Governor, with the technical adjustments noted in Other Closing Items 1, 4 and 5, and provide Fiscal staff with authority to make other technical adjustments as necessary?

Additional Information – No Action Required

2015 Capital Improvement Program (CIP) Project (APPENDIX-5): The Governor recommends funding for one project for SRC included in the 2015 CIP to replace the roofing system. Project number 15-S01 includes $168,337 in state funding to provide for a weather proofing system on the buildings at SRC in which the roofing system has deteriorated beyond its useful life.

Title: HHS-ADSD - DESERT REGIONAL CENTER **Budget Page:** DHHS-ADSD-77, **Volume II**

Account: 101 - 3279

Revenues	2013-14 Actual	2014-15 WP	% Chg	2015-16 GOV REC	% Chg	2016-17 GOV REC	% Chg
BALANCE FORWARD	190,024	748,095	293.68				
GENERAL FUND	46,532,718	48,528,955	4.29	53,538,833	10.32	60,352,066	12.73
INTERAGENCY TRANSFER	50,466,689	51,537,727	2.12	50,298,042	(2.41)	56,370,985	12.07
OTHER FUND	2,735,987	3,404,855	24.45	2,869,525	(15.72)	2,869,525	
REVERSIONS	(2,688,889)						
Total Revenues	97,236,529	104,219,632	7.18	106,706,400	2.39	119,592,576	12.08
Total FTE		303.11		313.11		320.11	

Adjustments to Revenue

Dec Unit	Cat	GL	Description	2015-16	2016-17
B000	00	2501	Reduce General Fund appropriations for one-time IT expenditures	(8,337)	(8,337)
B000	00	3860	Reduce Medicaid revenue for one-time IT expenditures	(1,136)	(1,136)
B000	00	3862	Reduce Medicaid Revenue for one-time IT expenditures	(1,295)	(1,295)
B000	00	3864	Reduce Medicaid Revenue for one-time IT expenditures	(1,077)	(1,077)
E720	00	2501	Reduce General Fund appropriations for software		(1,740)
E721	00	2501	Reduce General Fund appropriations for new phone system	(9,959)	
E721	00	2501	Reduce General Fund appropriations for software		(435)
Sub-total				(21,804)	(14,020)
Line Item Changes to Revenues				(21,804)	(14,020)

Adjustments to Expenditures

Dec Unit	Cat	GL	Description	2015-16	2016-17
B000	26	7000	Eliminate one-time IT expenditures	(11,845)	(11,845)
E720	26	7000	Reduce IT software expenditures		(1,740)
E721	26	7000	Reduce IT software expenditures		(435)
E721	26	8000	Reduce IT expenditures for new phone system	(9,959)	
Sub-total				(21,804)	(14,020)
Line Item Changes to Expenditures				(21,804)	(14,020)
Total				0	0
Grand Total General Fund Impact of Closing Changes				(18,296)	(10,512)

Overview

The Desert Regional Center (DRC) provides services for individuals with developmental disabilities and related conditions residing in Clark and parts of Lincoln and Nye Counties. Services provided include case management and service coordination, residential support, family support/respite, and jobs and day training. The budget is funded primarily with General Fund appropriations and federal Medicaid funds (both waiver reimbursements and administrative costs). Federal Title XX funds and county reimbursements for services provided to children also support this budget.

Major Closing Issues

1. Caseload Increase
2. Provider Rate Increase

Discussion of Major Closing Issues

1. Caseload Increase (M-200, DHHS-ADSD-79-80): The Governor recommends a total of $5.2 million ($3.0 million General Fund appropriation) in FY 2016 and $12.7 million ($7.0 million General Fund appropriation) in FY 2017 to increase the caseloads for the Residential Support, Family Support/Respite, and Jobs and Day Training programs from 4,491 clients served per month in FY 2014 to 4,837 clients per month in FY 2016 and 5,122 clients per month in FY 2017. **No additional action is necessary. Fiscal staff requests authority to make technical adjustments to this decision unit based on the Subcommittee's decision on the Developmental Services caseloads as detailed in the division-wide closing document.**

2. Provider Rate Increase (E-250, DHHS-ADSD-81): The Governor recommends a total of $4.8 million ($2.5 million General Fund appropriation) in FY 2017 to increase the provider rates paid for services in the Residential Support and Jobs and Day Training programs by 5.7 percent beginning in FY 2017. **No additional action is necessary. Fiscal staff requests authority to make technical adjustments to this decision unit based on the Subcommittee's decision on the provider rate increases as detailed in the division-wide closing document.**

Other Closing Items

1. One-Time Expenditures (BASE, DHHS-ADSD-77): The agency incurred two expenditures in FY 2014 for phone, fax, and communication lines totaling $11,845 and are continued in the agency's base budget for each year of the 2015-17 biennium. In response to questions regarding the nature of the expenditures during Fiscal staff's base budget review, the agency indicated these were one-time expenditures and could be eliminated from the budget. A technical adjustment to eliminate $11,845 in each year of the biennium has been incorporated into this closing document. **Fiscal staff recommends approval of this technical adjustment to eliminate one-time expenditures.**

2. Agency Specific Inflation (M-101, DHHS-ADSD-79): The Governor recommends total funding of $2,573 ($949 General Fund appropriation) in FY 2016 and $2,475 ($903 General Fund appropriation) in FY 2017 to support an increase in food expenditures for the in-home cooking program at the Intermediate Care Facility for Individuals with Intellectual Disabilities at DRC. **This recommendation appears reasonable.**

3. Deferred Maintenance (M-425, DHHS-ADSD-80): The Governor recommends General Fund appropriations of $57,557 in FY 2016 and $291,274 in FY 2017 to convert approximately 200,000 square feet of lawn to xeriscape landscaping while preserving the more mature trees and shrubbery to conserve water, reduce utility costs, and decrease the labor required to maintain the lawn at DRC. This recommendation was included in a Facility Condition Analysis report published by the State Public Works Division (SPWD) in 2013. Although a reduction in utility expenditures is not recommended in the 2015-17 biennium, the agency should realize utility savings in future biennia as a result of this recommendation. **This recommendation appears reasonable.**

4. Cost Allocation (M-800 & E-800, DHHS-ADSD-81 & 83): The Governor recommends total funding of $133,365 ($80,686 General Fund appropriation) in FY 2016 and $123,096 ($74,473 General Fund appropriation) in FY 2017 to support expenditures that are cost allocated within the ADSD's Federal Programs and Administration budget. **This recommendation appears reasonable.**

5. Replacement Equipment (E-710, DHHS-ADSD-82): The Governor recommends General Fund appropriations of $244,749 in FY 2016 and $235,427 in FY 2017 to replace 131 laptop computers with docking stations and monitors, 14 network printers, 131 surge protector strips, 6 switches, 6 servers, 4 routers, 2 uninterruptible power supplies, 4 Microsoft Windows Server software licenses, 4 Adobe Acrobat software licenses, 50 office chairs, 20 workstations, 2 floor burnishers, and 1 leaf blower. The recommendation also includes the replacement of two agency-owned vans with leased vans from the Fleet Services Division. **This recommendation appears reasonable.**

6. New Equipment (E-720, DHHS-ADSD-82-83): The Governor recommends General Fund appropriations of $4,900 in FY 2016 and $10,900 in FY 2017 to purchase four hardware analyzers, firewall software, and cables for network data management and information security. The agency indicates this equipment would control data traffic and ensure the safety of protected health information. Fiscal staff notes that the quote provided for the four software units included in this recommendation is $435 less each than the amount recommended in The Executive Budget. Fiscal staff recommends a technical adjustment to reduce the amount of the firewall software licenses by a total of $1,740 to equal the amount provided on the quote. This technical adjustment has been incorporated into this closing document. **Fiscal staff recommends approval of this decision unit with a technical adjustment to reduce the amount for the software licenses.**

7. New Phone System (E-721, DHHS-ADSD-83): The Governor recommends General Fund appropriations of $53,208 in FY 2016 and $2,500 in FY 2017 to purchase a new phone system with associated hardware and software for the new office space to accommodate the 17 additional staff recommended in Decision Unit M-200 to address caseload. Fiscal staff notes the recommended amount would provide phone lines for 30 staff. As such, Fiscal staff recommends a technical adjustment to reduce the requested number of lines to 17, which equates to a decrease of $9,959 in FY 2016. Fiscal staff further notes that the quote provided for the software included in this recommendation is $435 less each than the amount recommended in The Executive Budget. Fiscal staff recommends a technical adjustment to reduce the amount of the software by a total of $435 to equal the amount provided on the quote. These technical adjustments have been incorporated into this closing document. This decision unit is contingent upon approval of the increased caseload and associated positions recommended for DRC. **Fiscal staff recommends approval of this decision unit contingent upon the approval of Decision Unit M-200, and requests technical adjustment authority to reduce the number of phone lines by 13, and the amount of funding for firewall software by $435.**

Does the Subcommittee wish to approve the Other Closing Items as recommended by the Governor, with the technical adjustments noted in Other Closing Items 1, 6, and 7, and provide Fiscal staff with authority to make other technical adjustments as needed?

Additional Information – No Action Required

2015 Capital Improvement Program (CIP) Project (APPENDIX-4): The Governor recommends funding for one project for DRC included in the 2015 CIP to replace the heating, ventilation and air conditioning (HVAC) system. Project number 15-M18 includes $497,903 in state funding to replace the HVAC units in five buildings located at DRC, which are approximately 15 years old and have reached the end of their useful life.

Title: HHS-ADSD - RURAL REGIONAL CENTER **Budget Page:** DHHS-ADSD-86, **Volume II**

Account: 101 - 3167

Revenues	2013-14 Actual	2014-15 WP	% Chg	2015-16 GOV REC	% Chg	2016-17 GOV REC	% Chg
GENERAL FUND	8,344,931	7,984,160	(4.32)	9,008,357	12.83	10,456,517	16.08
INTERAGENCY TRANSFER	6,528,284	6,835,718	4.71	7,228,386	5.74	8,711,726	20.52
OTHER FUND	182,409	418,836	129.61	185,761	(55.65)	185,761	
REVERSIONS	(643,765)						
Total Revenues	14,411,859	15,238,714	5.74	16,422,504	7.77	19,354,004	17.85
Total FTE		36.28		39.28		41.28	

Adjustments to Revenue

Dec Unit	Cat	GL	Description	2015-16	2016-17
E710	00	2501	Decrease General Fund appropriations for computers not eligible for replacement and to match quote for requested equipment	(18,515)	(24,131)
Sub-total				(18,515)	(24,131)
Line Item Changes to Revenues				(18,515)	(24,131)

Adjustments to Expenditures

Dec Unit	Cat	GL	Description	2015-16	2016-17
E710	26	8000	Decrease IT expenditures for computers not eligible for replacement and to match quote for requested equipment	(18,515)	(24,131)
Sub-total				(18,515)	(24,131)
Line Item Changes to Expenditures				(18,515)	(24,131)
Total				0	0
Grand Total General Fund Impact of Closing Changes				(18,515)	(24,131)

Overview

The Rural Regional Center provides services for individuals with developmental disabilities and related conditions living in rural Northern Nevada. Intake services are provided from the main office in Carson City. Satellite offices are located in Elko, Fallon, Fernley, Minden and Winnemucca. Services provided include case management and service coordination, residential support, family support/respite, and jobs and day training. The budget is funded primarily with General Fund appropriations and federal Medicaid funds (both waiver reimbursements and administrative costs). Federal Title XX funds and county reimbursements for services provided to children also support this budget.

Major Closing Issue

1. Restore Externship Program
2. Caseload Increase
3. Provider Rate Increase

Discussion of Major Closing Issue

1. Restore Externship Program (E-248, DHHS-ADSD-89): The Governor recommends General Fund appropriations of $40,000 in each year of the 2015-17 biennium to support the restoration of an externship program that would allow one psychology student from the University of Nevada,

Reno (UNR) to participate in a variety of supervised clinical experiences in a rural setting. The graduate student would participate in clinical functions, including diagnostic evaluations, counseling and consultation under the supervision of a licensed clinical psychologist. The agency indicates Rural Regional Center had a previous Interlocal Agreement with UNR for an externship program that expired at the end of FY 2013, and the agency did not renew the agreement at that time due to budgetary constraints. According to the agency, reinstating the program would provide students with exposure to working with individuals with intellectual disabilities and related conditions in rural communities. The agency indicates the program may encourage students to remain in the field, which is an area difficult to recruit and retain qualified employees, especially in rural areas. The agency further indicates there has been an increase in applications for services and that the use of the extern position would eliminate wait times.

Sierra Regional Center currently has a similar agreement with UNR for two extern positions at that center, which are supervised by one of the agency's Licensed Psychologists. The agency indicates the two positions have been successful in performing needed activities in the clinical and behavior analysis areas. In addition, the agency indicates that the externship program at SRC has previously resulted in two employees remaining at the center to fill positions that have historically been difficult to recruit for and had been vacant for long periods of time. According to the agency, it does not have any data from the previous externship at RRC that resulted in employees being hired at the center or by providers in the community.

According to the agency, an externship program at the regional centers benefits communities by providing exposure to practitioners who build cultural competence and skills consistent with models of inclusion and integrated care for people with intellectual or developmental disabilities. In addition, the university benefits by funding graduate students to go on to serve in the community.

Does the Subcommittee wish to approve General Fund appropriations of $80,000 over the 2015-17 biennium, as recommended by the Governor, to reinstate the externship program at Rural Regional Center?

2. <u>Caseload Increase (M-200, DHHS-ADSD-87-88)</u>: The Governor recommends total funding of $1.0 million ($561,537 General Fund appropriation) in FY 2016 and $3.1 million ($1.6 million General Fund appropriation) in FY 2017 to increase the caseloads for the Residential Support, Family Support/Respite, and Jobs and Day Training programs at the Rural Regional Center from 650 clients served per month in FY 2014 to 734 clients per month in FY 2016 and 826 clients per month in FY 2017. **No additional action is necessary. Fiscal staff requests authority to make technical adjustments to this decision unit based on the Subcommittee's decision on the Developmental Services caseloads as detailed in the division-wide closing document.**

3. <u>Provider Rate Increase (E-250, DHHS-ADSD-89-90)</u>: The Governor recommends total funding of $904,878 ($455,059 General Fund appropriation) in FY 2017 to increase the provider rates paid for services in the Residential Support and Jobs and Day Training programs by 5.7 percent beginning in FY 2017. **No additional action is necessary. Fiscal staff requests authority to make technical adjustments to this decision unit based on the Subcommittee's decision on the provider rate increases as detailed in the division-wide closing document.**

<u>Other Closing Items</u>

1. <u>Cost Allocation (M-800 & E-800, DHHS-ADSD-88-89 & 90-91)</u>: The Governor recommends total funding of $13,128 ($7,877 General Fund appropriation) in FY 2016 and $12,117 ($7,270 General Fund appropriation) in FY 2017 to support expenditures that are cost allocated within the ADSD's Federal Programs and Administration budget. **This recommendation appears reasonable.**

2. Replacement Equipment (E-710, DHHS-ADSD-90): The Governor recommends General Fund appropriations of $107,756 in FY 2016 and $69,416 in FY 2017 to replace 16 desktop computers with dual monitors, 8 laptop computers with docking stations, 5 network printers, 16 surge protector strips, 1 projector, 24 Microsoft Office licenses, videoconference equipment, 2 servers, 5 routers, 5 switches, and other miscellaneous hardware and software. Fiscal staff notes that 13 desktop computers and the 8 laptop computers included in this recommendation are not eligible for replacement in the 2015-17 biennium and recommends a technical adjustment to eliminate General Fund appropriations of $16,610 in FY 2016 and $21,956 in FY 2017. Further, the quote provided for five software units is $435 less each, and the quote provide for the videoconference equipment is $1,905 less than the amounts recommended in The Executive Budget. Fiscal staff recommends technical adjustments to reduce the amounts of the software by a total of $2,175 and the videoconference equipment by $1,095 to equal the amounts provided in the quotes. These technical adjustments have been incorporated into this closing document. **Fiscal staff recommends approval of this decision unit, with technical adjustments to eliminate computers and associated equipment not eligible for replacement during the 2015-17 biennium and to reduce the amount of funding for software by $2,175 and videoconference equipment by $1,095.**

Does the Subcommittee wish to approve the Other Closing Items as recommended by the Governor, with the technical adjustments noted in Other Closing Item 2, and provide Fiscal staff with authority to make other technical adjustments as needed?