

Expenditure Requests and Revenues - I-149 Funds  
 Executive Recommendation Compared to Tobacco Alliance Recommendations

| Expenditures and Revenues                                 | Biennial Cost       |                     |
|---|---------------------|---------------------|
|   | Executive           | Alliance            |
| <b>Expenditures</b>                                       |                     |                     |
| Reserve Fund*   | \$26,000,000        |                     |
| Prescription Drug Coverage (SB 324)**                     | \$15,750,000        | \$25,360,000        |
| Children with Special Health Needs                        | 0                   | 200,000             |
| Persons Waiting for SSI Disability Determination          | 0                   | 1,440,000           |
| Subtotal Prescription Drug Coverage                       | <u>\$15,750,000</u> | <u>\$27,000,000</u> |
| Tax Credit/Premium Assistance (HB 667)                    | \$17,550,000        | \$14,500,000        |
| Medicaid Rate Increases                                   | \$10,223,309        | \$19,254,273        |
| Medicaid Service Expansions                               | 1,735,865           | 5,992,174           |
| CHIP Expansions   | 4,161,951           | 5,131,942           |
| CHIP State Matching Funds*                                | 2,575,347           | 0                   |
| Medicaid State Matching Funds*                            | 4,076,371           | 0                   |
| Mental Health Services Plan*                              | 6,500,000           | 0                   |
| <b>Total Expenditures</b>                                 | <u>\$88,572,842</u> | <u>\$71,878,389</u> |
| <b>Revenues - HJR 2</b>                                   | <u>\$89,986,000</u> | <u>\$89,986,000</u> |
| <b>Revenues Over (Under) Expenditure Recommendations*</b> | <u>\$1,413,158</u>  | <u>\$18,107,611</u> |

\*Alliance endorses reserve with understanding that the reserve amount equals the difference between revenues and expenditures.

\*\*Alliance estimates for drug coverage represent the full annual cost (\$13.5 M), but propose that the program be implemented January 1, 2006, effectively requiring appropriation of only 1/2 of the first year cost.

\*\*\*May require statutory amendment to implement

I-149 Funds for Service Expansions, Provider Rate Increases, and Base Matching Funds  
Executive Recommendation Compared to Tobacco Alliance Recommendation

| Description of Funding Request  | FY 2004      | Biennial Cost       |                     | Notes                               |
|---|--------------|---------------------|---------------------|-------------------------------------|
|   | Base         | Executive           | Alliance            |                                     |
| <b>MEDICAID RATE INCREASES</b>  |              |                     |                     |                                     |
| <b>Disability Services Division (DSD)</b>                                   |              |                     |                     |                                     |
| DD Provider Wages - 25th to the 35th Labor Market Percentile                | \$21,353,663 | \$1,900,000         | \$720,000           | Unknown % Increase                  |
| <b>Health Resources Division (HRD) (State Plan Services)</b>                |              |                     |                     |                                     |
| Hospital Rate Increase (1% Across the Board in FY 2006)                     | \$40,768,008 | \$540,000           | \$3,688,464         | Inpatient and Outpatient Rate Incr. |
| Ambulatory Surgery Centers to Medicare Rates                                | 844,478      | 97,536              | 97,536              | (Assumed Part of Alliance Recomm)   |
| Neonatal Care Paid at Costs   | 7,312,472    | 295,656             | 300,000             |                                     |
| Raise Physician Provider Rates to 89% of Medicare Level                     | 23,900,000   | 438,000             | 3,240,000           | Raise to Medicare Upper Pay Limit   |
| Maternity Rate Increase to 51% of Billed Charges                            | 3,400,000    | 729,247             | 729,247             | (Assumed Part of Alliance Recomm)   |
| Children's Mental Health 6% Rate Increase                                   |              | 1,407,524           | 2,160,000           | Unknown % Increase                  |
| Dental Access: Funds to Hire Dentists for Medicaid Clients                  |              | 500,000             | 954,000             | Unknown % Increase                  |
| Cardiac and Pulmonary Rehabilitation  |              | 233,680             | 242,000             |                                     |
| Critical Access Hospital Payments to 101% of Cost                           | 8,680,808    | 79,248              | 80,000              |                                     |
| Increase Physical Rehabilitation  |              | 0                   | 240,000             |                                     |
| <b>Subtotal Health Resources Division</b>                                   |              | <u>\$4,320,891</u>  | <u>\$11,731,247</u> |                                     |
| <b>Senior and Long Term Care Division</b>                                   |              |                     |                     |                                     |
| 3% Nursing Home Provider Rate Increase (IGT not Included)                   | \$21,017,301 | \$2,130,335         | \$4,930,943         | Percent of Increase Not Specified   |
| Nursing Facility Direct Care Wage Initiatives (.16 plus 33% Benefits)       |              | 829,057             | 829,057             | (Assumed Part of Alliance Recomm)   |
| 3% Community Based Provider Rate Increase                                   | 9,258,321    | 784,592             | 784,592             | Allocated from Waiver Expansion     |
| Community Services Direct Care Wage Initiatives (.16 plus 33% Benefits)     |              | 258,434             | 258,434             | and Rate Increase Below             |
| <b>Subtotal Senior and Long Term Care</b>                                   |              | <u>\$4,002,418</u>  | <u>\$6,805,026</u>  |                                     |
| <b>Total Medicaid Rate Increase Proposals</b>                               |              | <u>\$10,223,309</u> | <u>\$19,254,273</u> |                                     |
| <b>MEDICAID SERVICE EXPANSIONS</b>  |              |                     |                     |                                     |
| Eliminate Medicaid Asset Test for Children                                  |              | \$0                 | \$3,121,200         |                                     |
| Reinstate Medicaid Mental Health Benefits for Non SED and Non SDMI          |              | 0                   | 1,754,000           |                                     |
| Community Services Expansion (20 New Senior/Disabled Slots)                 | 4,871,238    | 233,880             | 1,116,974           | Waiver Expansion & Rate Increase    |
| Early Periodic Screening and Diagnosis for Children                         | 1,677,000    | 380,000             | 0                   |                                     |
| Home/Community Waiver Services for Mentally Ill Adults (105 Slots Jan 2007) |              | 631,601             | 0                   |                                     |
| Adults  |              | 340,384             | 0                   |                                     |
| Additional Clinic Children's Special Health Care                            |              | 100,000             | 0                   |                                     |
| Flexible Funds for Waiver for Seriously Emotionally Disturbed Children      |              | 50,000              | 0                   |                                     |
| <b>Total Medicaid Service Expansions</b>                                    |              | <u>\$1,735,865</u>  | <u>\$5,992,174</u>  |                                     |
| <b>CHIP</b>   |              |                     |                     |                                     |
| CHIP Base Funding (2005 Biennium Appropriation = \$5,143,384)               | \$2,976,103  | \$2,575,347         | \$0                 | Alliance Recommends GF for Base     |
| Expand CHIP by 3,000 Additional Children                                    | 2,976,103    | 2,124,625           | 3,094,616           |                                     |
| Restore Mental Health Wrap Around for CHIP                                  |              | 687,326             | 687,326             | Exec. Altered to Show Alliance Rec. |
| New Medicaid Enrollment for Children due to CHIP Expansion                  |              | 1,350,000           | 1,350,000           | Exec. Altered to Show Alliance Rec. |
| <b>Total CHIP Recommendations</b>   |              | <u>\$6,737,298</u>  | <u>\$5,131,942</u>  |                                     |
| <b>TOTAL RECOMMENDATIONS FOR CHIP AND MEDICAID</b>                          |              | <u>\$18,696,471</u> | <u>\$30,378,389</u> |                                     |