



DATA POINTS

Using Information and Ideas to Transform Public Policy

Governor, House and Senate Budgets Largely the Same in Health and Human Services Spending

Only Significant Difference: Uncompensated Care Fund

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Summary: The spending levels proposed for the Department of Health and Human Services (HHS) by the Governor, passed by the House, and proposed by the Senate Finance Committee are actually quite similar. The notable exception to this is the Uncompensated Care Fund, which are payments to hospitals to help pay for charity care. This difference is a result of the Senate Finance Committee correcting Medicaid Enhancement Tax (MET) revenue projections and revising them downwards on the advice of HHS. Uncompensated Care aside, the bottom line numbers, taking into account back of the budget reductions, have the House spending \$1.3 billion in General Funds over the biennium and the Senate spending \$1.32 billion, a difference of about 1.8%.

Appropriations for the Department of Health and Human Services, (with the notable exception of the Uncompensated Care Fund,) across the Governor's Recommended, the House Passed, and Senate Finance Budgets are virtually identical.ⁱ

The Similarities:

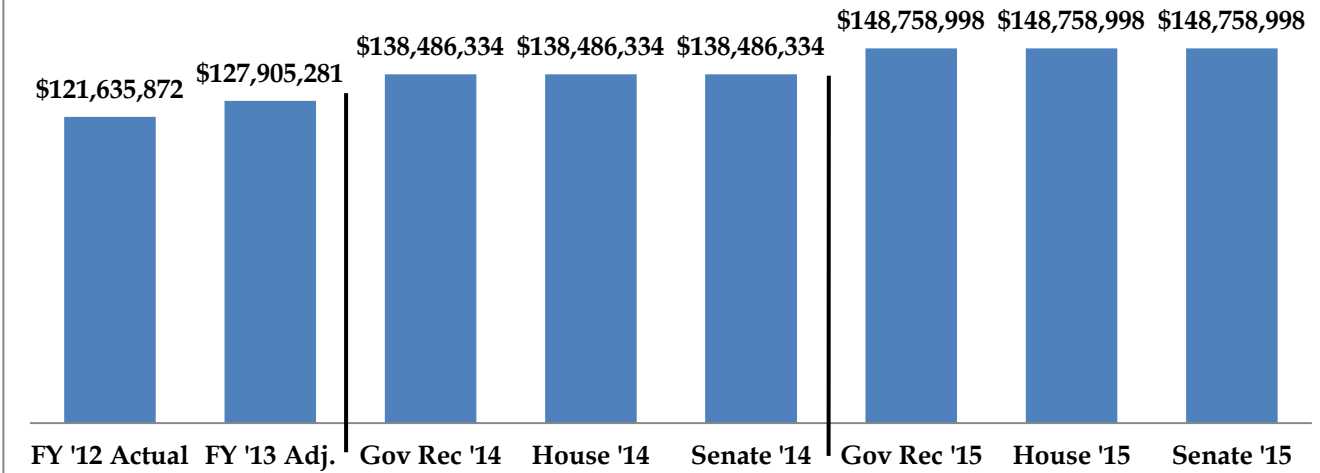
Developmental Services and Behavioral Health are two areas that lawmakers of both parties have traditionally considered the top funding priorities in the budget.

The appropriation for Developmental Services, which provides for those with developmental disabilities and acquired brain disorders, in the Governor's Recommended, House passed and Senate Finance Proposed budgets are in fact exactly the same, down to the dollar.

For fiscal year 2014, the Governor's Recommended Budget, the budget passed by the House and the budget proposed by the Senate Finance Committee all include \$138,486,334 for Developmental Service in General Fund spending. Likewise in fiscal year 2015, all three budgets include \$148,758,998 for the division.

General Fund: Developmental Services

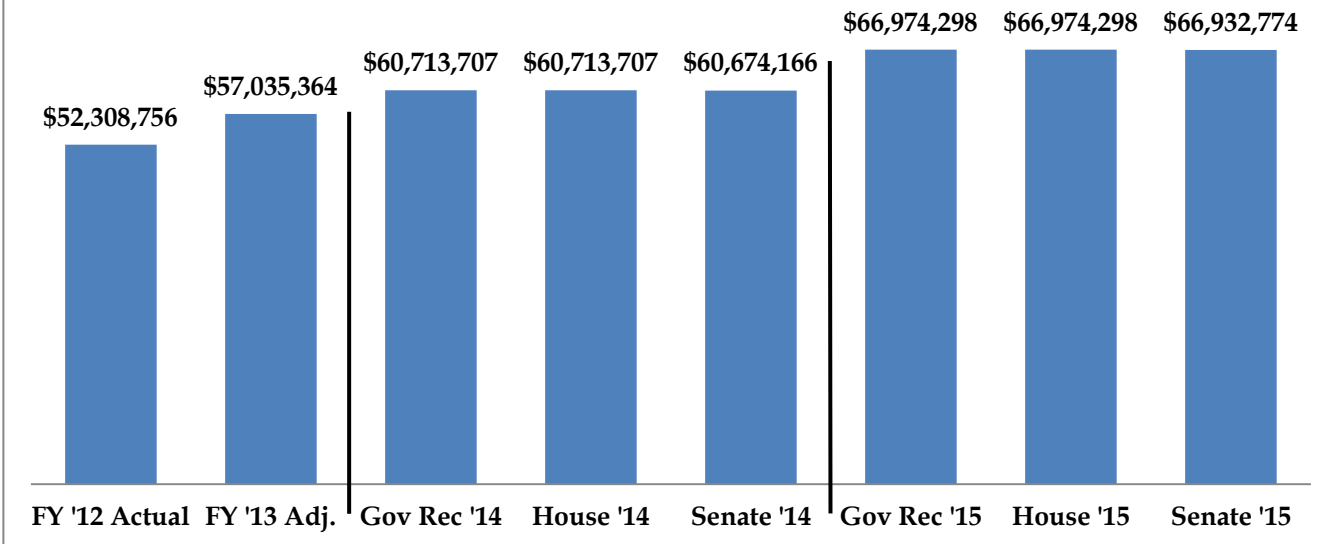
Identical Funding Levels



Behavioral Health, which is the main conduit for mental health spending at the state level, saw only minor differences. The Senate Finance Committee decreased General Fund spending by less than seven hundredths of a percent from Governor's proposed and the House passed budgets for 2014 and just shy of over six hundredths of a percent for 2015.

General Fund: Behavioral Health

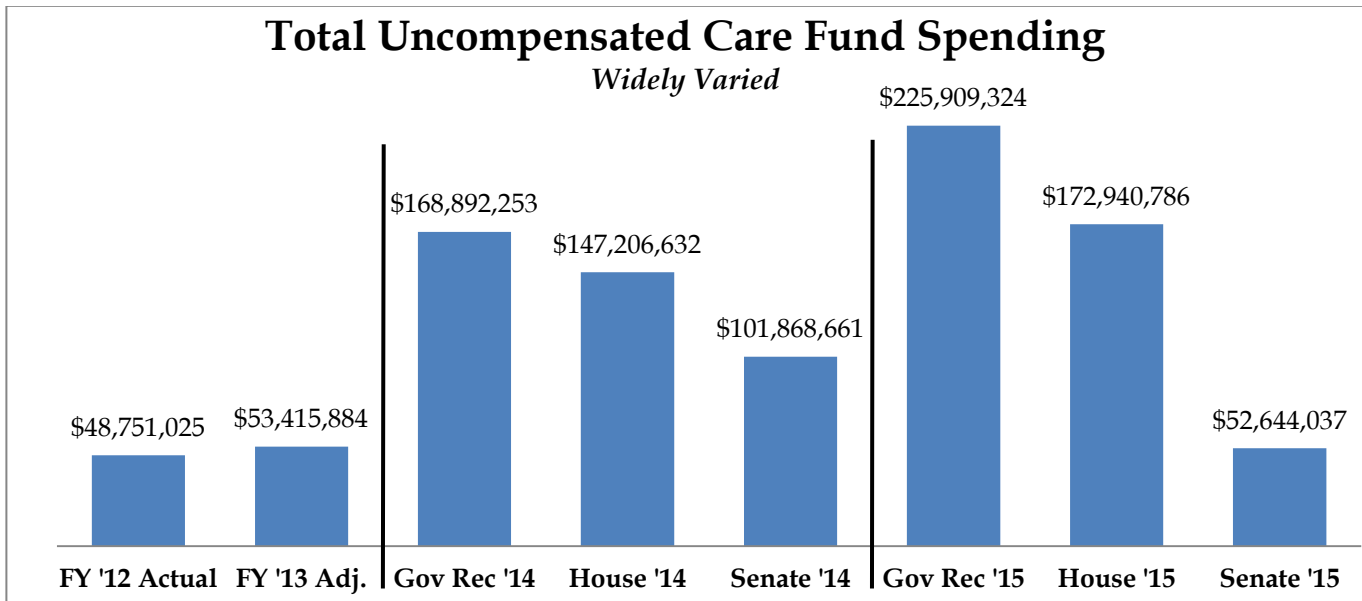
Nearly Identical Funding Levels



The Major Difference: Uncompensated Care and the Medicaid Enhancement Tax

The major difference in the Health and Human Services budget is in the Uncompensated Care Fund line item. The Uncompensated Care Fund is money paid by the state to hospitals to help reimburse the costs of treating poor and indigent patients. The Medicaid Enhancement Tax

(MET), together with its federal match, makes up nearly all of the funding for the Uncompensated Care Fund.ⁱⁱ Typically it does not contain General Fund spending, however, in Fiscal 2014, there is a onetime infusion of \$20 million added by the Senate Finance Committee.



This level of funding was not a policy decision, but a reflection of anticipated revenues. The Senate Finance Committee adjusted the revenue projections of MET downward, as recommended by HHS during budget hearingsⁱⁱⁱ, resulting in less money available for the Uncompensated Care Fund. However, the Senate Committee added \$20 million in General Fund money for fiscal year 2014, which receives a 100% Federal match for an additional \$40 million above what the MET would have raised. That General Fund infusion however, does not carry through to fiscal year 2015, resulting in the decline. Conversely, the Governor and the House projected increases based on a higher base line and optimistic growth rates of MET revenues.

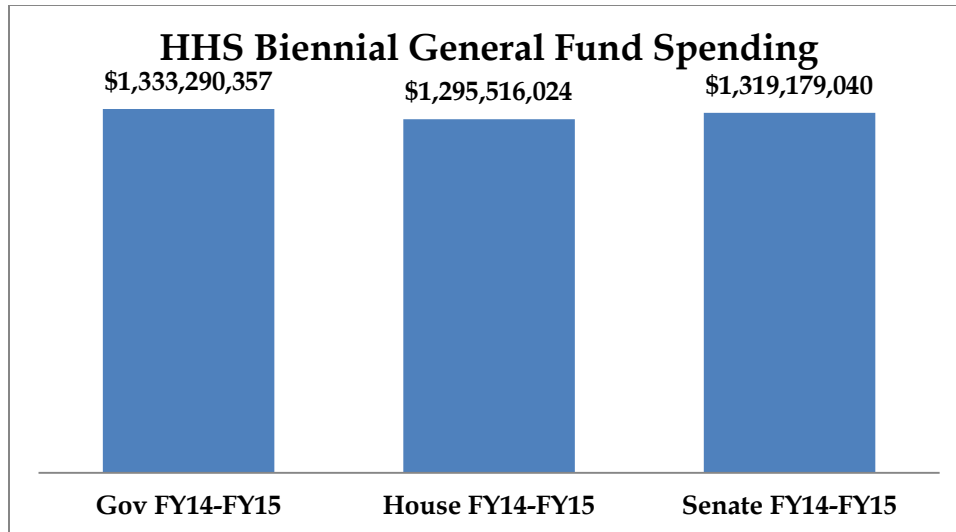
Back of the Budget Reductions:^{iv}

In addition to the Uncompensated Care Fund, there are differences in the ‘Back of the Budget’ reductions to the budget. Back of the Budget reductions are used by lawmakers to trim appropriations not in specific line items, but across agencies as a whole. How to make these cuts are left to the individual department heads.

The House Budget directs \$13.5 million in General Fund cuts over the two years, while the Senate Finance Budget requires \$26.0 million albeit from a higher base. These cuts represent reductions of 1% and 2% respectively.

The Bottom Line

Uncompensated Care aside, the House Passed and Senate Finance Health and Human Services budgets are virtually the same. Over the biennium, the House Budget would spend \$1.30 billion in total, while the Senate Finance Budget would spend \$1.32 billion, , a difference of about 1.8%.



Spending as budgeted, net of back of the budget reductions

ⁱ All budgetary data is taken from the follow sources

Governor’s Recommended Budget:

<http://admin.state.nh.us/budget/Budget2014-2015/GovernorsBudgetBill.pdf>

House Budget, as Passed:

http://www.gencourt.state.nh.us/lba/Budget/operating_budgets/2014_2015/HB1%20House%20Passed.pdf

Compare Report: Senate Finance Budget vs House Passed:

http://www.gencourt.state.nh.us/lba/Budget/operating_budgets/2014_2015/Compare%20Report%20%28Senate%20Finance%20vs%20House%20Passed%29%2005-28-13.pdf

ⁱⁱ For a full explanation of the Medicaid Enhancement Tax, see “Meet the MET: New Hampshire Budget Writers Grapple with a Brand New Tax that’s been around for Twenty Years” by my colleague Grant Bosse

<http://www.jbartlett.org/meet-the-met>

ⁱⁱⁱ Katie Dunne, the State Medicaid Director testified to the House Finance Committee that “*SFY 2014/2015 projected MET revenue needs adjustment downward, consistent with actual collections in SFY 2013, which will impact amounts available for distribution.*” While the House pared back projections slightly, the Senate Finance Committee heeded Dunne’s advice and used MET revenues collected in FY13 as a base line with 2% growth each year. This resulted in lower levels of funding for Uncompensated Care proposed by the Senate Finance Committee. Source: *SFY 2014/2015 Budget Worksession, House Finance Division III*, NH Department of Health and Human Services, Office of Medicaid Business and Policy, March 4, 2013, <http://www.dhhs.nh.gov/ocom/documents/diviii-03042013.pdf>

^{iv}

Health and Human Services General Fund 'Back of the Budget' Reductions				
	House FY14	House FY15	Senate FY14	Senate FY15
GF Appropriation Reduction	-\$2,250,000	-\$2,250,000	-\$3,500,000	-\$3,500,000
Sununu Center Reduction	-\$500,000	-\$750,000	-\$500,000	-\$750,000
Medicaid Off-set	-\$4,500,000	-\$4,500,000	-\$4,500,000	-\$4,500,000
GF Statewide Personnel Reduction			-\$4,500,000	-\$4,500,000
BIENNIAL TOTAL		-\$14,750,000		-\$26,250,000

The Back of the Budget Reductions in the Senate Finance Committee Budget call for \$50 million in personnel reductions to be made, of which \$20 million must be General Funds. Health and Human Services, by virtue of being the state’s largest department, it has more flexibility in how these cuts are made. That means HHS’s portion of the \$20 million reduction could be anywhere from \$6 million to \$10 million. We have used \$9 million as an estimate for the purposes of this chart.