Department of Mental Retardation and Developmental Disabilities

House Human Services Subcommittee

Clay Weidner, Budget Analyst

Legislative Service Commission

March 10, 2005

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LSC Redbook
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Department of Mental Retardation and Developmental Disabilities

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OVERVIEW

The Ohio Department of Mental Retardation and Developmental Disabilities (ODMR/DD) is the primary state service agency for Ohioans with mental retardation or other developmental disabilities (MR/DD). The Department provides services to approximately 1,785 individuals at 12 regional developmental centers and 11,300 people through three home and community-based Medicaid waivers: Individual Options (IO), Residential Facilities Waiver (RFW), and the Level 1.

The Department also provides subsidies to Ohio's 88 county boards of MR/DD for residential and support services. County boards provide a variety of community-based services including residential support, early intervention, family support, adult vocational and employment services, and service and support administration. In fiscal year (FY) 2003, 68,896 people received services through county board programs.

System Funding

Overview

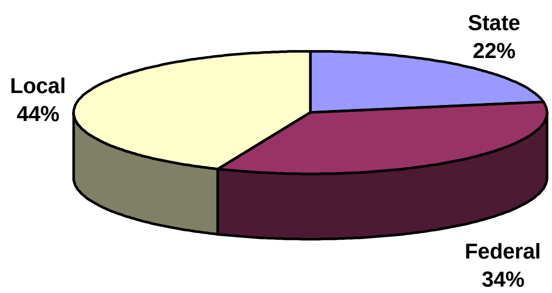
Funding for Ohio MR/DD services comes from a mix of federal, state, and local sources. Under the Medicaid program, the federal government reimburses allowable expenditures according to a state's federal medical assistance percentage (FMAP). For federal fiscal year (FFY) 2005, Ohio's FMAP rate is 59.68%. Under the program, state and local funds are used to "draw down" federal funds at the FMAP rate. Thus, for every $1.00 spent on services allowable under Medicaid, the federal government reimburses the state approximately $0.60. The Centers for Medicare and Medicaid Services (CMS) in the United States Department of Health and Human Services annually sets the FMAP rate. Administrative costs related to running Medicaid-related programs (as compared to costs associated with direct health care services) are generally reimbursed at 50%.

For services provided at developmental centers, state dollars are used to match federal dollars at the FMAP rate. For community services, both state and local funds are used as match.

Sources of Total MR/DD Expenditures

Chart 1 below shows the sources of total expenditures for MR/DD services. In FY 2003, approximately $1.7 billion was spent on MR/DD services in Ohio.[1] Local sources made up the largest source of expenditures, approximately 43.6% of total MR/DD spending ($732.9 million). The next largest funding source was federal funds, which accounted for 34.3% of total MR/DD expenditures ($576.6 million). State funds made up the smallest portion of total MR/DD expenditures. The state spent approximately $373.3 million on MR/DD services in FY 2003, approximately 22.2% of total MR/DD expenditures.

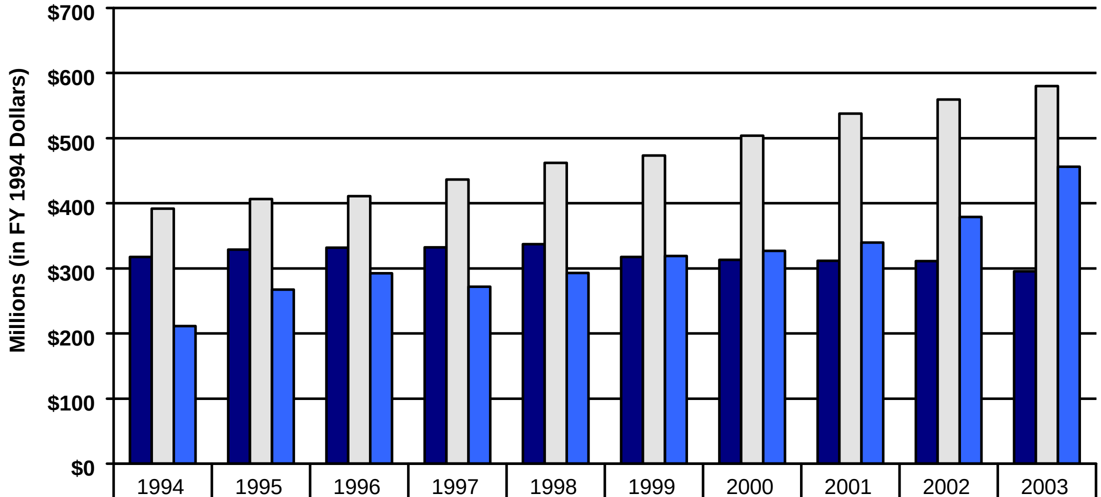
Chart 1
Sources of Total MR/DD Expenditures
FY 2003



[1] This does not include funding for private ICFs/MR or revenue received by county boards of MR/DD from the Ohio Department of Education (ODE). Private ICF/MR funding is reflected in the Ohio Department of Job and Family Services' budget while educational services funding is reflected in ODE's budget.

Since FY 1994, total funding for MR/DD services has increased approximately 43.5% ($921.1 million to $1.3 billion) when adjusted for inflation.[2] Chart 2 below shows MR/DD expenditures from each funding source between FY 1994 and FY 2003. These figures have been adjusted for inflation and are displayed in FY 1994 dollars (real).

Chart 2
Sources of Total MR/DD Expenditures
FYs 1994-2003



	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
State	$317.6	$328.9	$331.9	$332.2	$337.1	$317.7	$313.1	$311.7	$311.2	$295.5
Local	$391.6	$406.7	$410.8	$436.5	$462.1	$473.2	$503.7	$537.8	$559.3	$580.1
Federal	$211.2	$267.3	$292.3	$271.7	$293.0	$319.1	$326.9	$339.6	$378.9	$456.4

Since FY 1994, real expenditures of local and federal funds have increased, while real expenditures of state funds have decreased. Local sources of funding were the primary source of MR/DD expenditures over this time period, annually accounting for approximately 42% of total MR/DD expenditures. However, the proportion of total MR/DD spending that is local funds has stayed relatively unchanged, despite a 48.1% increase in expenditures. This has occurred because of (1) extensive growth in real federal expenditures and (2) decreases in real state expenditures.

Real federal expenditures have increased 116.1% ($211.2 million to $456.4 million) since FY 1994. Furthermore, the percentage of total MR/DD spending that is federal funds has increased from 23% in FY 1994 to 34.3% in FY 2003. The primary reasons for the growth in real federal expenditures are expansions in Medicaid waiver services and growth in the Community Alternative Funding System (CAFS) program.

[2] The JPG chained price index for government purchases of goods and services, which is generated by the U.S. Bureau of Economic Analysis, was used to adjust for inflation. The numbers presented in the chart and in parentheses are the real expenditures expressed in FY 1994 dollars.

The final source of total MR/DD spending is state funds. As Chart 2 above shows, real state expenditures have decreased 7.5% since FY 1994 ($317.6 million to $295.5 million). In FY 1994, state funds made up approximately 34.5% of total MR/DD spending. However, this percentage decreased to approximately 22.2% in FY 2003. Reasons for the reduction in real state expenditures include smaller debt service obligations ($39 million to $20 million), decreases in developmental center expenditures (8.8% decrease), and budget reductions.

Please see ***Sources of ODMR/DD Budget-FYs1994-2004*** in the ***Budget Trend Analysis*** section below for a more detailed fund group analysis of state and federal MR/DD spending.

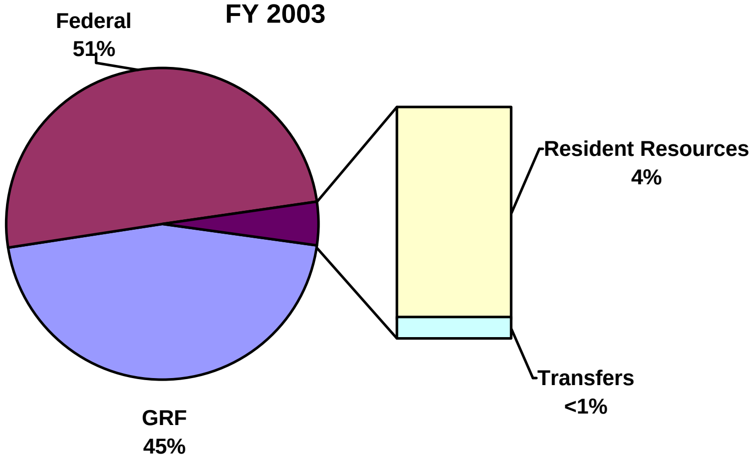
Residential Services (Developmental Centers)

State-operated institutions, known as developmental centers, are funded primarily by state General Revenue Fund (GRF) dollars and federal Medicaid reimbursement. Resident resources account for a small percentage of developmental center funding. According to the Department, approximately 70% of developmental center residents receive Social Security payments, which average $580 per month ($8.7 million annually). The remaining 30% are eligible for Supplemental Security Income, which does not provide a monthly payment to institutionalized beneficiaries.

In FY 2003, the Department spent approximately $100.7 million in GRF dollars on developmental centers.[3] As Chart 3 below shows, GRF dollars constituted approximately 45% of developmental center expenditures in FY 2003. The Department spent approximately $113.3 million in federal funds on developmental centers, approximately 51% of total expenditures. Resident resources accounted for approximately 4% ($9.0 million) of developmental center spending.

For more information, see ***Developmental Centers*** in the ***Budget Issues*** section below.

Chart 3
Sources of Expenditures for Developmental Centers
FY 2003



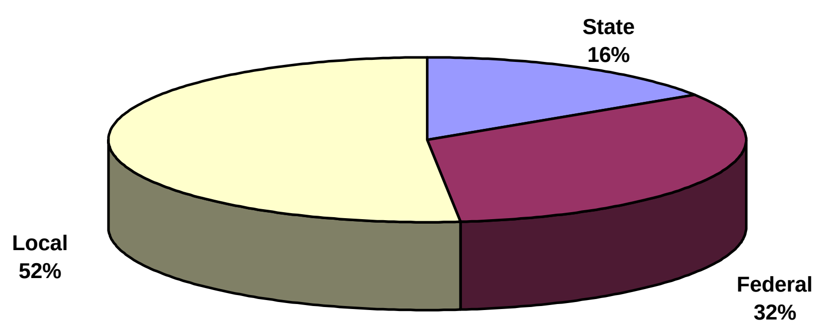
[3] Does not include debt service payments on capital projects or central office administration.

Community Services

County boards of MR/DD are responsible for providing the nonfederal share of home and community-based Medicaid waiver costs. County boards are also responsible for recommending the approval or denial of waiver services, approving and developing individual service plans, providing assistance in finding qualified providers, contracting with providers, monitoring quality assurance, and protecting the health and safety of their clients.

County boards rely on state subsidy and local levy dollars to fund the required services and supports. These funds are subsequently combined to match federal dollars at the FMAP rate (approximately 60% reimbursement). Chart 4 below shows the sources of funding for community services in FY 2003. In FY 2003, local funds accounted for approximately 52% of community services spending, totaling $732.9 million. Federal funds represented approximately 32% of community services spending ($456.3 million), while state funds constituted approximately 16% ($225.9 million).

Chart 4
Sources of Expenditures for Community Services
FY 2003



For more issues concerning community services, see ***Community Alternative Funding System (CAFS)*** and ***Medicaid Redesign*** in the ***Budget Issues*** section below.

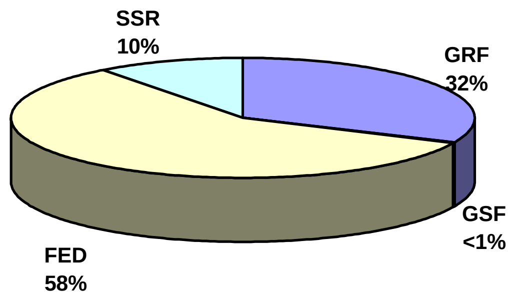
Executive Recommendations

In FY 2006, the Executive recommends a total budget of $1.15 billion for ODMR/DD, a 3.5% decrease from FY 2005 estimates. In FY 2007, this figure decreases to $1.10 billion, a 1.9% decrease from FY 2006 recommendations.

Sources of Recommended ODMR/DD Budget – FYs 2006-2007

Chart 5 below illustrates the various funding sources of the Department's recommended biennial budget.

Chart 5
Sources of ODMR/DD Budget
FYs 2006-2007



For FY 2006, GRF appropriations total $353.1 million, an increase of less than 1.0% over FY 2005 estimates. For FY 2007, GRF appropriations increase by 0.2% to $353.7 million. In total, GRF funds make up approximately 32% of the Department's recommended budget. For the most part, the executive recommendations provide for level GRF funding.

For FY 2006, Federal Special Revenue (FED) appropriations total $652.7 million, an 11.4% decrease from FY 2005 estimates. For FY 2007, FED appropriations total $630.6 million, a decrease of 3.4%. In total, federal funds represent approximately 58% of the Department's recommended budget. The decrease in federal appropriations is directly related to the termination of the Community Alternative Funding System (CAFS) program. Recently, the federal government informed the Ohio Department of Job and Family Services (ODJFS) and ODMR/DD that the state would no longer receive federal Medicaid reimbursement for CAFS services. Thus, the executive recommendations repeal all statutes governing the CAFS program. In FY 2004, the CAFS program generated approximately $206 million in federal Medicaid reimbursement. See the ***Community Alternative Funding System (CAFS)*** in the ***Budget Issues*** section below for more information on the CAFS program.

For FY 2006, State Special Revenue (SSR) appropriations total $114.3 million, an increase of approximately 62.9% from FY 2005 estimates. For FY 2007, SSR appropriations are flat funded. In total, SSR appropriations represent approximately 10% of the Department's recommended budget. For the most part, the increase in SSR appropriations occurs in line item 322-624, County Board Waiver Match, Fund 5Z1. Fund 5Z1 receives dollars pledged from county boards from their GRF subsidy allocations to pay the nonfederal share of Medicaid waiver expenditures. County boards are required by state law to pay the nonfederal portion of Medicaid waiver expenditures. However, ODMR/DD is administratively responsible for paying the provider for services rendered. Thus, to make the process more efficient, county boards can pledge funds from their GRF subsidy allocations to be used for waiver match obligations. If a county's GRF pledges will not pay for all match obligations, the county board remits local funds to cover the remaining match. Currently, approximately 3% of all county board match obligations are paid by local funds.

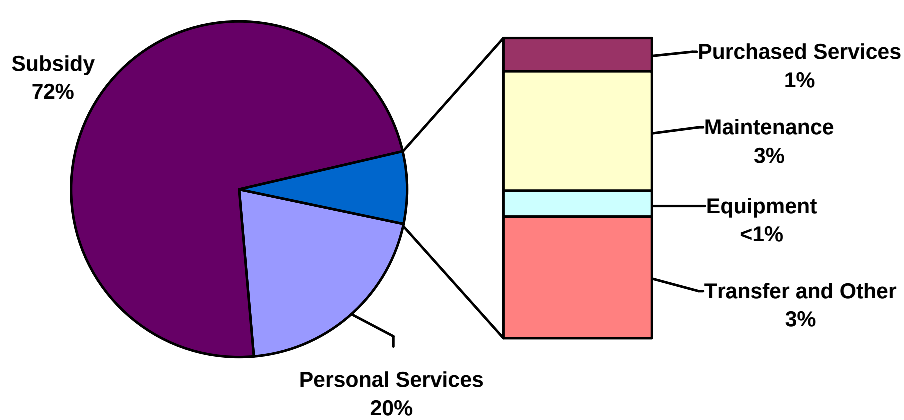
For FY 2006, General Services Fund (GSF) appropriations total $2.5 million, a decrease of approximately 36.8% from FY 2005 estimates. For FY 2007, GSF appropriations total $2.2 million, a decrease of 10.1%. In total, GSF appropriations represent less than 1% of the Department's recommended budget. The decrease in GSF appropriations can be attributed to the transfer of the Intersystem Services for Children program to the Ohio Department of Mental Health (ODMH). The ODMR/DD has been the fiscal agent for this program since FY 1993. In FY 2004, approximately $3.2 million was spent for the Intersystem program in line item 322-645, Intersystem Services for Children. These funds support grants to local family and children first councils to serve multi-needs children that require services from more than one public agency. According to the Department, there are concerns that the children targeted with these funds will change when the program is transferred. However, according to ODMH, the program will continue to serve the same population. The ODMR/DD will continue to provide its monetary contribution to the Office of Family and Children First.

See the ***Analysis of Executive Proposal*** section below for a programmatic analysis of the Executive proposal.

Recommended Objects of Expense – FYs 2006-2007

Chart 6 below illustrates the designated objects of expense for the Department's recommended biennial budget.

Chart 6
Objects of Expense
FYs 2006-2007



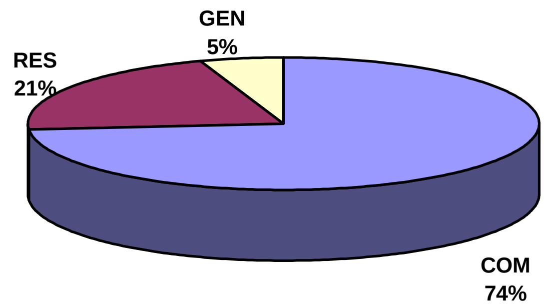
Approximately 72% of the Department's budget recommendation is for subsidies to local service providers and county boards of MR/DD. Recommended subsidy levels in FY 2006 total $817.1 million, a decrease of 3.7% over FY 2005 estimates. In FY 2007, recommended subsidy levels total $801.0 million, a decrease of 2.0% from FY 2006 recommendations. Subsidy levels decrease during the biennium due to the termination of the CAFS program.

Personal services accounts for approximately 20% of the Department's recommended budget. In FY 2006, $226.5 million will be spent in this area, a decrease of 7.8% from FY 2005 estimates. This decreases by 0.5% in FY 2007 to $225.2 million. Personal services levels decrease during the biennium due to planned reductions in central office staff and the closure of two developmental centers.

Total Recommended Budget by Program Area – FYs 2006-2007

The Department has three main program areas, as designated by the Office of Budget and Management: Community Services (COM), Residential Services (RES), and General Administration (GEN). Chart 7 below shows the Department's recommended biennial budget by these three program areas.

Chart 7
Total Budget by Program Area
FYs 2006-2007

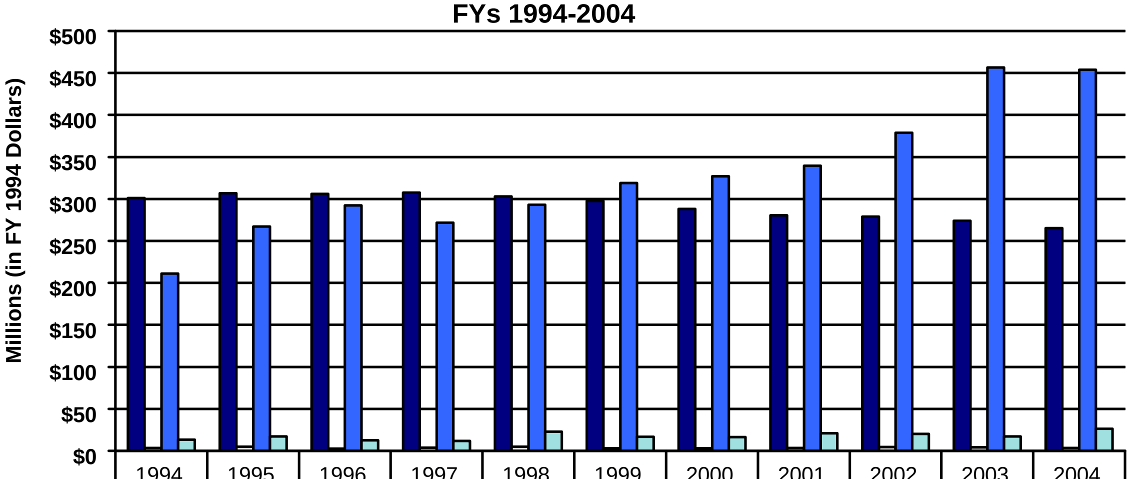


Budget Trend Analysis

Sources of ODMR/DD Budget – FYs 1994-2004

Between FYs 1994-2004, the Department's budget has increased approximately 41.7% ($528.7 million to $749.2 million) when adjusted for inflation (real).[4] Chart 8 below shows the sources of the Department's budget since FY 1994. These figures have been adjusted for inflation and are shown in FY 1994 dollars (real).

Chart 8
Sources of ODMR/DD Budget
FYs 1994-2004



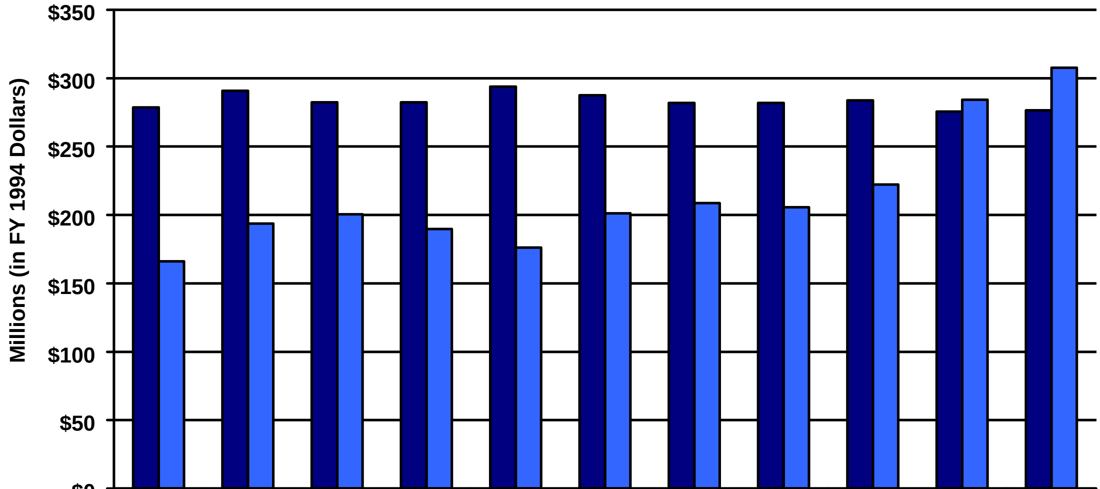
	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
GRF	$300.9	$306.8	$306.2	$307.6	$303.1	$297.7	$288.1	$280.5	$279.1	$274.1	$265.3
GSF	$3.5	$4.8	$2.5	$3.9	$5.0	$3.2	$2.9	$3.6	$4.7	$4.2	$3.5
FED	$211.2	$267.3	$292.3	$271.7	$293.0	$319.1	$326.9	$339.6	$378.9	$456.4	$454.0
SSR	$13.2	$17.3	$12.4	$12.0	$22.9	$16.8	$16.3	$21.0	$20.2	$17.2	$26.4

Since FY 1994, real expenditures of federal funds have increased, while real expenditures of state funds have decreased. Real federal expenditures have increased 115.0% ($211.2 million to $454.0 million), while real state expenditures have decreased 7.1% ($317.6 million to $295.2million). The increase in real federal expenditures is particularly interesting when compared with the 11.9% decrease in real GRF expenditures. Since most state funds are used for Medicaid-eligible expenses, the state receives federal Medicaid reimbursement for these expenditures. Thus, one might expect real federal expenditures to decrease proportionally to real state expenditures. However, since FY 1994, federal expenditures have increased significantly, while state expenditures have decreased.

[4] The JPG chained price index for government purchases of goods and services, which is generated by the U.S. Bureau of Economic Analysis, was used to adjust for inflation. The numbers presented are the real expenditures expressed in FY 1994 dollars.

If real state and federal expenditures are adjusted to account for decreases in debt service payments and increases in the CAFS program, a different picture emerges. Chart 9 below shows real state expenditures without debt service payments and real federal expenditures without CAFS expenditures since FY 1994.[5]

Chart 9
Sources of ODMR/DD Budget
Excluding Debt Service & CAFS
FYs 1994-2004



	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
State	$278.7	$290.8	$282.3	$282.3	$293.8	$287.6	$281.9	$282.0	$283.9	$275.6	$276.6
Federal	$166.0	$193.6	$200.5	$189.7	$176.1	$201.3	$208.8	$205.7	$222.2	$284.2	$307.6

Since FY 1994, real state expenditures decreased 0.8% (from 7.1%) when excluding debt service payments. The Department makes debt service payments on bonds issued for long-term capital projects. The funds are disbursed through GRF line item 320-415, Lease-Rental Payments. Real state expenditures in this line item have decreased 52.3% since FY 1994 ($39.0 million to $18.6 million). Lessening amounts of capital funding have caused the decrease in debt service payments. In total, the Department's capital spending decreased 64.2% ($38.3 million to $13.7 million) between FYs 1995-2003.

Real federal expenditures increased 85.3% (from 115.0%) after excluding CAFS expenditures. Under the CAFS program, county boards and participating school districts pay the nonfederal matching funds required to draw down Medicaid reimbursement. Traditionally, ODMR/DD does not fund the CAFS program.[6] The Department's primary fiscal role is to distribute the earned federal reimbursement to the appropriate local entity. However, the distribution of federal reimbursement is reflected in the Department's budget. The Department distributes CAFS reimbursement through federal line item 322-650, CAFS Medicaid. Real federal expenditures in line item 322-650, CAFS Medicaid, have increased

[5] Chart 9 shows real state expenditures without GRF line item 320-415, Lease-Rental Payments, and real federal expenditures without federal line item 322-650, CAFS Medicaid.
[6] However, the Department does pay the match for private providers, which has grown significantly since FY 1999. In FY 2004, the Department paid $5.1 million in match.

224.3% ($45.1 million to $146.4 million) since FY 1994. This illustrates the significant growth that has occurred in the CAFS program over this time period.[7]

In summary, after excluding debt service from real state expenditures and CAFS from real federal expenditures, real state expenditures decreased 0.8% ($278.7 million to $276.6 million), while real federal expenditures increased 85.3% ($166.0 million to $307.6 million). The increase in real federal expenditures, despite relatively flat state expenditures, can be attributed to increases in the utilization of Medicaid waivers and "refinancing." Refinancing refers to the process of moving individuals from state and local funding sources to Medicaid waivers, which receive federal Medicaid reimbursement. The ultimate goal of refinancing is to maximize federal Medicaid reimbursement for eligible individuals using existing state and local resources. Refinancing is a key tenet of Medicaid redesign, which the Department initiated in FY 2001. As the chart above shows, real federal expenditures have increased 49.5% since FY 2001, despite a 1.9% decrease in state expenditures.

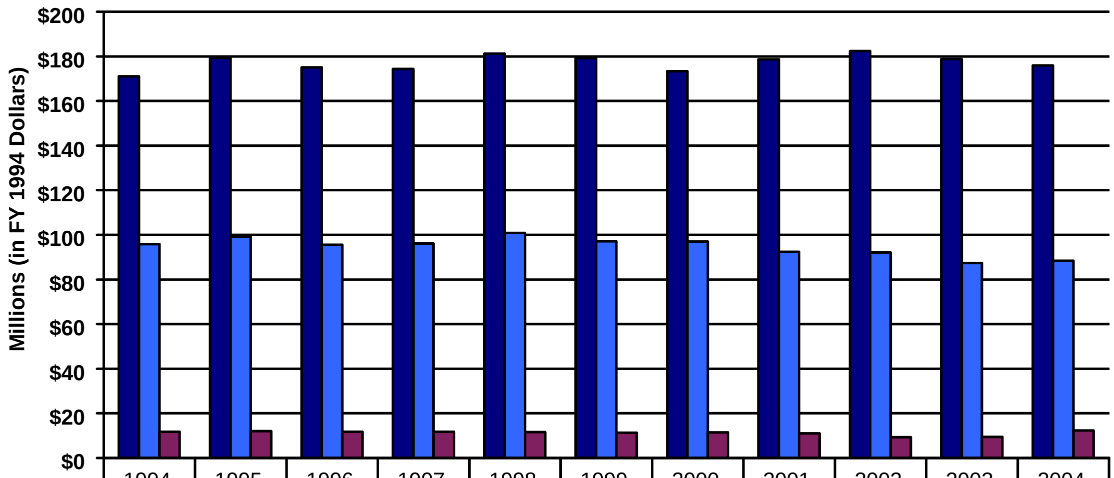
For more information, see ***Community Services*** in the following section and ***Medicaid Redesign*** in the ***Budget Issues*** section below.

[7] The Department receives a 4% administrative fee on all CAFS claims, which is expended through federal line item 322-650, CAFS Medicaid. Thus, the Department would use approximately 4% of the expenditure in line item 322-650 for administrative purposes. In recent years, much of the fee revenue was used to pay the Department's CAFS match obligations.

Total Budget by Program Area – FYs 1994-2004

Chart 10 below shows real state expenditures for each program area since FY 1994.[8] These numbers have been adjusted for inflation and are expressed in FY 1994 dollars (real).

Chart 10
Real State Expenditures by Program Area
FYs 1994-2004



	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
COM	$171.0	$179.4	$175.1	$174.4	$181.3	$179.2	$173.4	$178.7	$182.4	$178.8	$175.9
RES	$95.8	$99.3	$95.5	$96.2	$100.8	$97.1	$97.0	$92.4	$92.1	$87.4	$88.4
GEN	$11.8	$12.1	$11.7	$11.7	$11.6	$11.3	$11.5	$11.0	$9.3	$9.4	$12.3

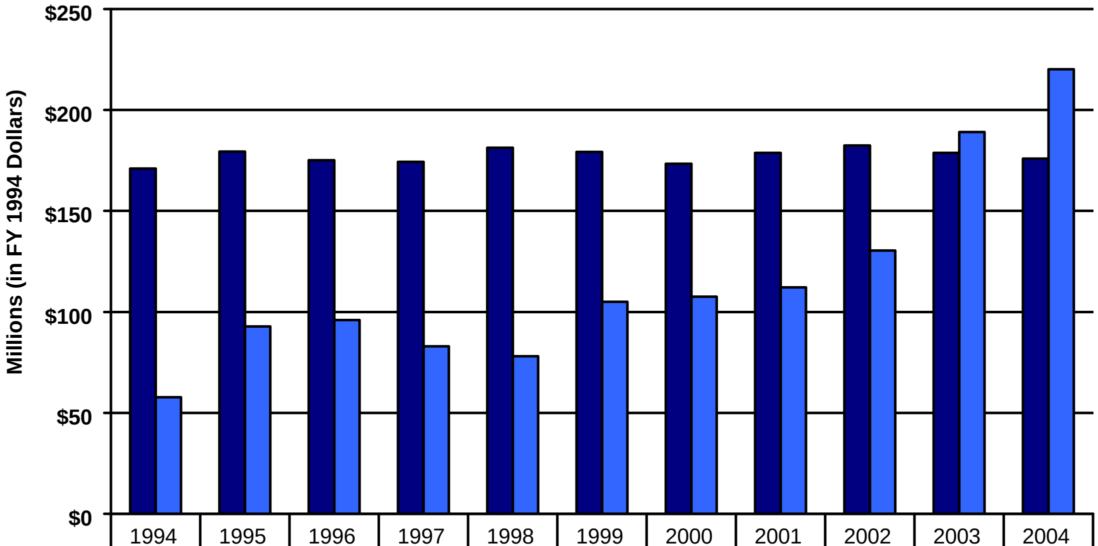
Since FY 1994, the only program area with reduced real state expenditures was residential services (developmental centers). Real state expenditures on residential services decreased 7.7% ($95.8 million to $88.4 million) during this time period. Comparatively, real state expenditures for community services (COM) increased 2.9% ($171.0 million to $175.9 million) and general administration (GEN)[9] expenditures increased 4.2% ($11.8 million to $12.3 million). Excluding residential services, real state expenditures have increased by 3.0% ($182.8 million to $188.2 million) since FY 1994.

[8] The JPG chained price index for government purchases of goods and services, which is generated by the U.S. Bureau of Economic Analysis, was used to adjust for inflation. The numbers presented are the real expenditures expressed in FY 1994 dollars.
[9] Does not include debt service payments.

Community Services

Although real state expenditures (in total) have decreased since FY 1994, real state expenditures on community services actually increased. Chart 11 below shows real community services spending since FY 1994. These numbers have been adjusted for inflation and are expressed in FY 1994 dollars (real).

Chart 11
Real Community Services Expenditures
FYs 1994-2004



	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
State	$171.0	$179.4	$175.1	$174.4	$181.3	$179.2	$173.4	$178.7	$182.4	$178.8	$175.9
Federal	$57.7	$92.8	$95.9	$82.9	$78.1	$105.0	$107.6	$112.2	$130.4	$189.1	$220.2

Since FY 1994, real state expenditures on community services have increased approximately 2.9% ($171 million to $175.9 million). Additionally, real federal expenditures[10] on community services increased 281.6% ($57.7 million to $220.2 million). Beginning in FY 2001, the Department substantially increased the utilization and quantity of Medicaid waivers as part of Medicaid redesign. As discussed above, one aspect of the redesign redirects eligible individuals from services paid entirely by state and local resources to Medicaid waivers. By "refinancing" these individuals, existing state and local resources generate approximately 60% in additional federal revenue.

Since FY 2001, when Medicaid redesign began, the total number of individuals on Medicaid waivers has increased 98.3% (5,527 to 10,959). During this time, real federal expenditures increased 96.3% ($112.2 million to $220.2 million), approximately 32.1% annually. Conversely, real state expenditures actually decreased 2.8% ($178.7 million to $175.9 million) during this time period. This illustrates the significant impact of local refinancing. As existing local resources are reallocated, more revenue is generated in the MR/DD system. For more information, see ***Medicaid Redesign*** in the ***Budget Issues*** section below.

[10] Does not include CAFS expenditures.

In FY 1998, the Department received federal approval for a new Medicaid waiver for individuals living in Purchase of Service (POS) group homes. At this time, POS group homes were paid entirely with state money. This new waiver, the Residential Facilities Waiver (RFW), allowed the Department to receive federal Medicaid reimbursement for the costs associated with the operations of these group homes.

The Department also significantly increased slots in the Individual Options (IO) waiver.[11] In FY 1992, 469 individuals were enrolled on an IO waiver. Between FYs 1993-1996, the number enrolled on IO waivers grew to 2,512. In FY 1997, the 276 slots available for the Omnibus Budget Reconciliation Act (OBRA) waiver, a federally mandated waiver designed to prevent individuals with MR/DD from inappropriate placement in nursing homes, was folded into the IO waiver. This allowed the IO waiver to serve approximately 2,790 individuals. Expansions of the IO waiver in FY 2001 (500 slots), FY 2002 (500 slots), and FY 2003 (4,000 slots) further increased enrollment. In FY 2004, approximately 7,650 individuals were enrolled on an IO waiver, a 1,531.1% increase since FY 1992.

The Department implemented another Medicaid waiver, the Level 1 waiver, in FY 2003. The Level 1 waiver is designed for individuals who live in their home and need a lower level of support. This waiver served 181 individuals in FY 2003 and 342 in FY 2004. Further enrollment is expected during the next biennium.

Community services spending has been greatly affected by budget reductions. According to the Department, this has hampered additional growth in Medicaid waiver services and caused hardships on many county boards. Between FYs 2001-2004, budget reductions decreased funding for community services programs by $46 million (real).[12] For more discussion, see ***Budget Reductions*** in the ***Budget Issues*** section below.

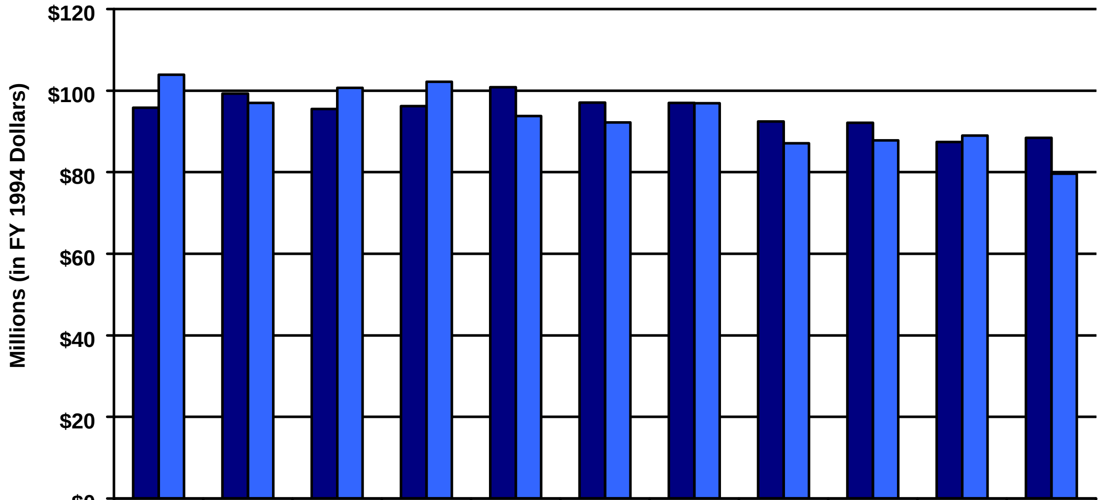
[11] The federal government restricts the number of Medicaid waiver slots. The state must get federal approval for any expansion in slots.

[12] The total reductions are expressed in FY 1994 dollars. The Department also lapsed $5.7 million in appropriations and relinquished $1 million in non-GRF cash in FY 2002 as directed by the Office of Budget and Management.

Residential Services (Developmental Centers)

As discussed above, reductions in real expenditures on developmental centers are the driving force behind the decrease in total state expenditures. Chart 12 below shows real developmental center spending since FY 1994. These numbers are adjusted for inflation and expressed in FY 1994 dollars (real).

Chart 12
Real Developmental Center Expenditures
FYs 1994-2004



	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
State	$95.8	$99.3	$95.5	$96.2	$100.8	$97.1	$97.0	$92.4	$92.1	$87.4	$88.4
Federal	$103.9	$97.0	$100.7	$102.2	$93.8	$92.2	$96.9	$87.1	$87.8	$89.0	$79.6

As Chart 12 above shows, real state expenditures on developmental centers decreased 7.7% ($95.8 million to $88.4 million) since FY 1994. Similarly, real federal expenditures decreased 23.4% ($103.9 million to $79.6 million). During this time, the number of individuals in developmental centers decreased 11.2% (2,024 to 1,797). Thus, one would expect a somewhat proportional reduction in total operating expenditures as the developmental center population decreases.[13]

On average, federal expenditures make up approximately 51% of developmental center funding. However, this percentage fluctuates slightly because some developmental center costs are not reimbursable under Medicaid. For example, courts sometimes probate individuals into a developmental center even when that individual is not Medicaid eligible. Thus, the state is responsible for 100% of that individual's costs. The Department estimates that approximately 1% of total developmental center costs are nonreimbursable. This number fluctuates annually depending on individual circumstances.

[13] However, some research suggests that economies of scale are not as evident in the human services sector as they are in other economic sectors. For a discussion on research in this area, see: Stancliffe, R.J. & Lakin, C. (2004). **Costs and Outcomes of Community Services for Persons with Intellectual and Developmental Disabilities.** *Policy Research Brief* 14(1). Minneapolis: University of Minnesota, Research and Training Center on Community Living.

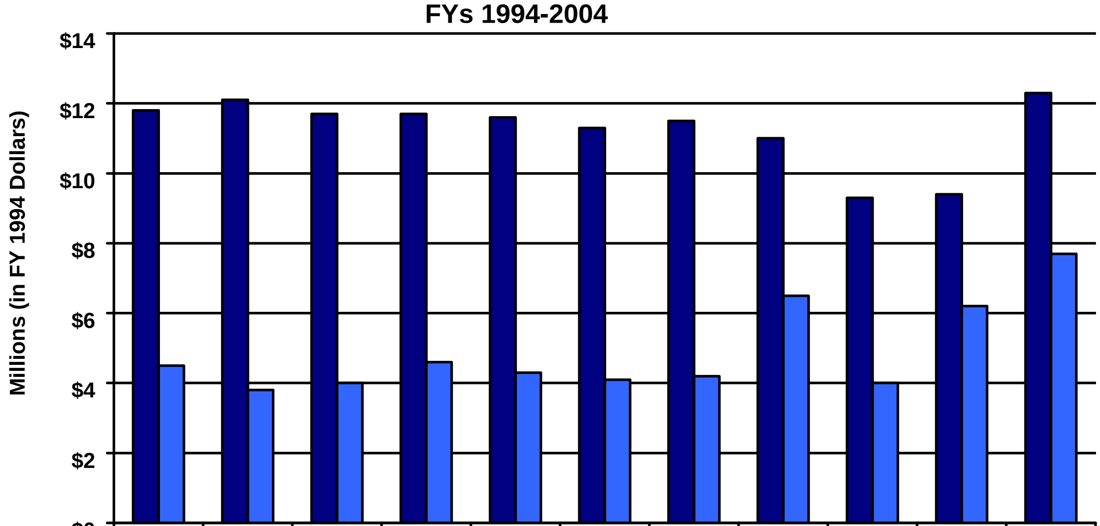
Resident resources, which are reflected in the real state expenditure, annually average approximately 4% of developmental center expenditures. State dollars make up the remainder of developmental center funding, approximately 45%.

The Department is currently in the process of closing two developmental centers. For more information, see ***Developmental Centers*** in the ***Budget Issues*** section below.

General Administration

Since FY 1994, ODMR/DD's administration expenses have increased. Chart 13 below shows real general administration[14] spending since FY 1994. These numbers have been adjusted for inflation and are expressed in FY 1994 dollars (real).

Chart 13
Real General Administration Expenditures
FYs 1994-2004



	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
State	$11.8	$12.1	$11.7	$11.7	$11.6	$11.3	$11.5	$11.0	$9.3	$9.4	$12.3
Federal	$4.5	$3.8	$4.0	$4.6	$4.3	$4.1	$4.2	$6.5	$4.0	$6.2	$7.7

Real state general administration expenditures have increased 4.2% ($11.8 million to $12.3 million) since FY 1994. Between FYs 1994-2001, general administration expenditures largely kept up with inflation. However, in FYs 2002 and 2003, real state general administration expenditures decreased 15.5%, mainly because of budget reductions totaling $4.2 million (in FY 1994 dollars). Comparatively, real federal general administration expenditures increased 71.1% ($4.5 million to $7.7 million) during this time period.

The Department used cash balances to absorb most of the budget reductions received between FYs 2001-2004. The Department also supplemented administrative expenses with fee revenue received from the 4% administrative fee charged on all CAFS claims. Expenditures for CAFS are reflected in federal line

[14] Does not include debt service payments.

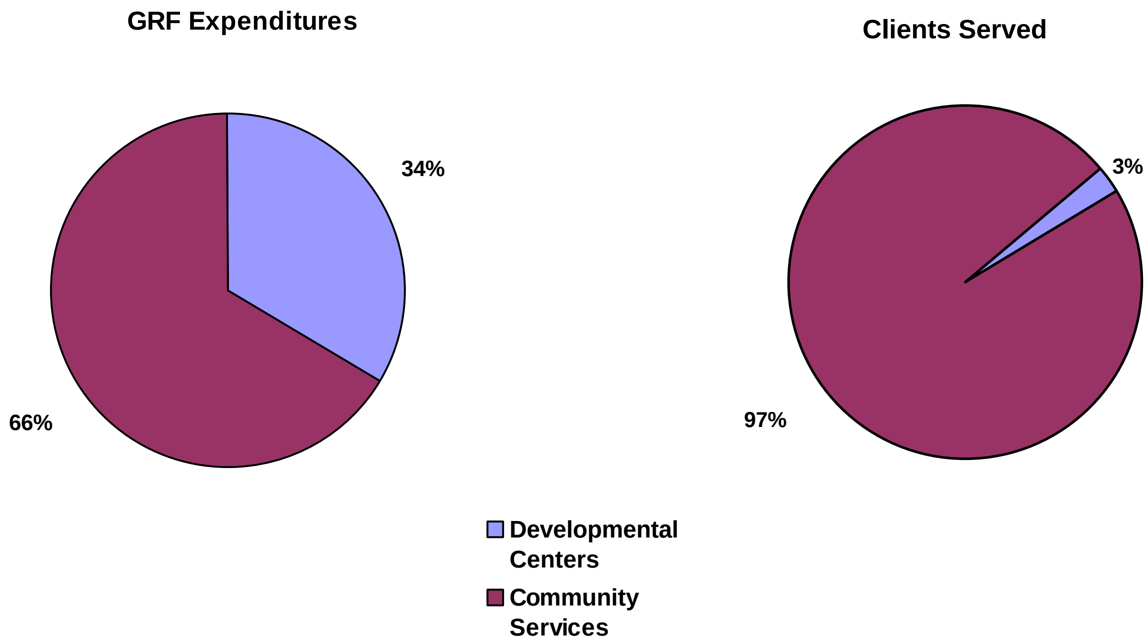
item 322-650, CAFS Medicaid, which is included in the community services program area. The Department used $3.0 million in FY 2002 and $7.1 million in FY 2003 for payroll expenses.[15]

In FY 2004, the Department received Controlling Board approval to increase appropriations in SSR line item 590-622, Medicaid Administration & Oversight, by $5.0 million in both FY 2004 and FY 2005 to hire 18 additional staff to fully implement Medicaid redesign. The Department decided not hire the additional staff because of budget reductions. According to the Department, the increased appropriations were used in accordance with ORC section 5123.0412. The original appropriation in this line item was approximately $3.0 million in both fiscal years. In FY 2004, the Department spent $4.6 million, a 60% increase from FY 2003 levels. In FY 2005, the Department estimates it will spend approximately $8 million, a 66.7% increase from FY 2004 expenditures.

GRF Expenditures and Clients Served

Chart 14 below shows expenditures for community services and developmental centers as the percentage of total GRF expenditures[16] and as a percentage of the total MR/DD population served for FY 2004.

Chart 14
GRF Expenditures and Clients Served
FY 2004



In FY 2004, developmental center expenditures accounted for approximately 34% ($103.6 million) of GRF spending, but approximately 3% of the population served. In comparison, community services accounted for 66% ($205.4 million) of GRF expenditures, but approximately 97% of individuals served. Furthermore, the number of individuals served in each setting has changed dramatically over time. The number of individuals served by county boards has increased 59.9% since FY 1994 (43,090 to 68,896). Comparatively, the number residing in developmental centers has decreased 15.9% (2,204 to 1,854) during the same time period.

[15] These amounts are adjusted for inflation and expressed in FY 1994 dollars.
[16] The total GRF expenditure does not include administration.

BUDGET ISSUES

Budget Reductions

During the current biennium, the Department received budget reductions of $6.6 million. Community services received the largest single reduction of $4.4 million. The community services reductions occurred in various line items and affected multiple programs including Supported Living ($1.3 million), County Board Subsidies ($817,561), Residential and Support Services ($308,420), Service and Support Administration ($265,491), Family Support Services ($209,276), State Use Program ($8,158), Waiver State Match ($892,039), and Tax Equity ($646,461). Residential services received reductions of $2.1 million, while general administration received $91,744 in reductions.

Impact of Budget Reductions

Table 1 below shows budget reductions by program area since FY 2001. In total, the Department has received approximately $58.6 million in budget reductions since FY 2001. In FY 2002, the Department also lapsed approximately $5.8 million in appropriations and relinquished $1.0 million in non-GRF cash as directed by the Office of Budget and Management. Thus, the Department has received a total of $65.3 million in funding reductions since FY 2001.

Table 1
Budget Reductions
FYs 2001-2005

	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	Totals by Category
Community Services	$6,457,770	$8,772,180	$29,604,036	$2,111,157	$2,331,640	**$49,276,783**
Developmental Centers	$1,632,216	$0	$0	$1,057,013	$1,000,000	**$3,689,229**
General Administration	$297,237	$1,131,678	$4,072,791	$91,744	$0	**$5,593,450**
Totals by Fiscal Year	**$8,387,223**	**$9,903,858**	**$33,676,827**	**$3,259,914**	**$3,331,640**	**$58,559,462**

As Table 1 above shows, community services received budget reductions totaling $49.2 million between FYs 2001-2005. According to the Department, these reductions have put significant pressure on county boards to serve an increasing number of individuals with reduced state funding. When state funding is reduced, the burden falls on locals to make up for any funding gaps. This has forced some county boards to seek additional levy dollars just to fund current service levels. In November 2004, 15 county boards placed levy issues on the ballot. Of the 15 issues, 11 received voter approval.[17] As levies fail, county boards shift resources to meet the most immediate needs, institute waiting lists, and reduce services. According to the Department, some counties that received voter approval on new levies are reducing current services until the additional revenue is received.

Since FY 2001, developmental centers received $3.7 million in budget reductions. In FY 2003, the Department's developmental centers underwent a staff reassessment in an effort to contain costs. The Department reassessed each staff position and its relevance to the daily mission of the developmental

[17] Counties with passing levies include Ashtabula, Butler, Carroll, Greene, Hamilton, Holmes, Perry, Pike, Portage, Ross, and Van Wert. Counties with failing levies include Morrow, Paulding, Pickaway, and Scioto.

center. Positions providing direct care were exempted from the reassessment. As a result, 383 positions were reassessed, 150 were abolished, and 28 employees were laid off. According to the Department, the reassessment process saved approximately $11.0 million in FY 2003. The Department further cut expenditures for the developmental centers by requiring developmental center-specific revenue and expense reports, reducing personal service contracts, reassigning capital funds to pressing community projects, reducing the vehicle fleet, and consolidating information technology staff. In FY 2004, the Department officially announced the closure of two developmental centers to further contain costs.

General administration funding has been reduced by $5.6 million since FY 2001. To contain costs, the Department has reduced its vehicle fleet by 40, renegotiated its telephone contract, and is currently undergoing a central office job reassessment. According to the Department, current central office staff will be restructured, resulting in layoffs, job abolishment, and position reclassifications.

To ensure essential services were not compromised, the Department used cash balances to absorb most of the budget reductions. Consequently, the Department's current cash balance has been reduced to an amount roughly equivalent to two months of operating expenses.

Community Alternative Funding System (CAFS)

Background

The CAFS program is Ohio's rehabilitation option (42 CFR 440.130(d)) under Medicaid. The CAFS program is an optional Medicaid state plan service that provides federal Medicaid reimbursement to county boards of MR/DD, local school districts, and other providers for eligible services provided in certified habilitation centers. Reimbursable services include physical therapy, occupational therapy, speech therapy and audiology, psychology, nursing, skills development, active treatment, social work/counseling, service coordination, and transportation. The CAFS program also provides skills development for individuals enrolled on Medicaid waivers and active treatment services for individuals residing in ICFs/MR.

The original intent of the CAFS program was to generate federal Medicaid reimbursement for MR/DD services provided by county boards. Thus, in 1989, Ohio added the CAFS program to the state Medicaid plan. In 1992, school districts became eligible to receive CAFS reimbursement for services provided in school settings. The CAFS program provided a mechanism for schools to receive federal Medicaid reimbursement for services required by the federal Individuals with Disabilities Education Act (IDEA). Local county boards and school districts are required by state law to provide the nonfederal matching funds. In Ohio, CAFS services are only available to individuals with MR/DD.

Current Situation

During the biennium, Ohio requested an amendment to the state Medicaid plan concerning the CAFS program. The amendment would have eliminated nutrition services and made changes to the current reimbursement method. In anticipation of federal approval, ODMR/DD promulgated rules implementing the proposed amendment. However, the Centers for Medicare and Medicaid Services (CMS) found many aspects of the proposed rules to be out of compliance. The CMS informed ODMR/DD that implementation of the rules would jeopardize federal reimbursement for the program. Additionally, CMS believes many aspects of the current CAFS program are noncompliant with federal Medicaid law. The concerns of CMS center around fundamental Medicaid requirements pertaining to comparability of services, free choice of provider, and overall service eligibility. Some of the specific concerns cited by CMS pertaining to the CAFS program and the proposed rules include the following.

- Skills development services and active treatment are not allowable services. In 1989, states were prohibited from expanding their habilitation center services programs beyond what was already included on the state Medicaid plan. According to CMS, the CAFS component of Ohio's state plan included specific therapy services (e.g., occupational therapy), but did not include skills development services or active treatment. Nonetheless, Ohio continued to cover these services under CAFS and has been receiving federal reimbursement for costs associated with these services. The CMS views the inclusion of these services as an expansion of services.

- Provider rates for CAFS services have extensive variation. For example, CMS cites that rates for adult and child transportation differ for no apparent reason.

- Reimbursement rates are based on county of residence rather than county of service. According to CMS, a provider in one county may be willing to offer services to residents of that county, but not willing to offer services to residents of another county because of different reimbursement rates.

- The CMS cites that the cost methodologies used for CAFS services are not reasonable. The CMS requires that rate-setting methodologies produce rates that are consistent with efficiency, economy, quality of care, and are sufficient to enlist enough providers to provide services. According to CMS, they are unable to determine if Ohio's cost methodologies are reasonable.

- Under CAFS, school-age children are required to be served in school settings. The CMS believes this violates an individual's free choice of provider. Medicaid law requires that eligible individuals have the choice to receive services from any willing, qualified provider. According to CMS, allowing CAFS services in public schools violates free choice of provider because other providers do not have access to schools.

- Ohio requires an Individual Service Plan (ISP), which is developed by county boards of MR/DD, to outline the services needed for a particular individual. The CMS states that requiring such plans violates federal regulations because no such plan is required for Medicaid state plan services. The CMS states that this unlawfully restricts providers from developing ISPs. The CMS also states that allowing another entity besides the state Medicaid agency (ODJFS) to determine the need or duration of professional services is an unlawful delegation of prior authorization;

- Providers are required by ORC section 5126.035 to have a service contract with a county board of MR/DD outlining the responsibilities of both the provider and the county board. However, under federal Medicaid law, a provider only needs to have a Medicaid provider agreement with the single state Medicaid agency to render Medicaid state plan services. The CMS views the additional contract as a violation of free choice of provider and a hindrance to the ability of providers to provide Medicaid services.

- State Medicaid plan services must be available to all Medicaid-eligible people in Ohio. The CMS states that Ohio statutes and administrative rules unlawfully limit CAFS services to the MR/DD population. If a service is covered under the state plan, it must be available to any Medicaid-eligible individual, not just individuals with MR/DD.

Ultimately, most of CMS' concerns arise from the misapplication of home and community-based (HCBS) Medicaid waiver rules to a state Medicaid plan service (i.e., CAFS). Federal requirements are different for HCBS Medicaid waivers and state plan services. Medicaid state plan services must follow four basic principles: (1) services must be available on a statewide basis (statewideness), (2) services cannot be arbitrarily limited to any specific illness or condition, (3) consumers must be able to freely choose from any able and willing provider (free choice of provider), and (4) services must be available to every consumer on Medicaid for whom the service is medically necessary (comparability). These federal requirements apply to all Medicaid state plan services unless a "waiver" has been granted. A HCBS Medicaid waiver, by definition, allows these requirements of Medicaid to be "waived." This allows states to cover a wider range of services that may not be covered under the state plan and target specific populations of individuals (e.g., individuals with MR/DD) who would otherwise need care in an institution. States have the flexibility to design each waiver program and select the mix of waiver services that best meet the needs of the targeted population.

According to the Department, making CAFS compliant with CMS requirements is not fiscally possible. As a state plan option, CAFS services are an entitlement available to any Medicaid-eligible individual needing CAFS services. Although local county boards and school districts are statutorily responsible for the nonfederal match, the state is ultimately responsible since CAFS is an entitlement under the state Medicaid plan. If a county board is unable or unwilling to meet the match obligations, the state must pay the nonfederal share of CAFS expenditures. Thus, the state's potential fiscal liability grows since neither the number of providers or the number of individuals served can be controlled. According to the Department, this runs counter to the Executive's priorities of cost containment within the Medicaid program.

County boards of MR/DD and local school districts constitute the majority of CAFS providers. The amount of federal Medicaid reimbursement generated from CAFS services increased 493.6% between FYs 1994 and 2005 ($45.1 million to $267.7 million).[18] This illustrates the significant growth that is occurring in the CAFS program.

Furthermore, the number of private providers of CAFS services has increased, which has significantly increased the Department's match obligations. The Department currently pays CAFS matching funds for private providers. In FY 1999, the Department paid approximately $56,000 in nonfederal matching funds to private providers of CAFS services. In FY 2004, this amount increased to approximately $5.1 million. In FY 2005, the Department estimates to pay approximately $6.9 million in match for CAFS services. According to the Department, the match obligation has grown so much that the 4% fee collected on all CAFS claims is barely paying the Department's match obligation. The Department collects approximately $7 million annually from the 4% CAFS fee. The Department projects that the fee would not cover the Department's match obligation in FY 2006.

Executive Recommendations

The CMS informed ODJFS and ODMR/DD that it would no longer provide federal Medicaid reimbursement for the CAFS program effective July 1, 2005. As a result, approximately $206 million[19] in federal Medicaid reimbursement is in jeopardy. The executive recommendations repeal all statutes regarding CAFS and certified habilitation centers, effectively terminating the program at the end of FY 2005.

Certified habilitation centers not only provide CAFS services, but are also the sole provider of targeted case management (TCM) services. Targeted case management is not a CAFS service, but is provided by certified habilitation centers. Since certified habilitation centers would no longer exist with the repeal of all CAFS statutes, the executive recommendations include language allowing habilitation centers to continue to provide TCM services until the earlier of (1) an amendment to the state Medicaid plan is approved that provides that only county boards of MR/DD may provide Medicaid TCM services or (2) the habilitation center ceases to meet certification requirements.

Furthermore, the bill eliminates state law giving county boards Medicaid local administrative authority regarding Medicaid case management services. The CMS raised concerns about the delegation of authority by the state Medicaid agency (ODJFS) and ODMR/DD to county boards. Specifically, CMS is concerned about the multiple roles of county boards in ISP development, case management, and financier of Medicaid waiver services. The CMS may not approve any amendment to the state plan until the delegation of authority issue is resolved. According to the Department, these issues are still being negotiated with CMS and interested parties and closure is expected soon.

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[18] FY 2005 expenditures are estimated. Also, the CAFS expenditure includes the 4% fee received by the Department for administering CAFS claims. However, in recent years, most of the CAFS fee revenue was used to pay the Department's CAFS obligations.

[19] Based on FY 2004 expenditures.

The executive recommendations eliminate a requirement that the Department adopt rules governing contracts between a county board and a provider of services. As discussed above, CMS raised concerns about these required service contracts. Furthermore, a lawsuit, *Thompson v. Hayes et. al*, was filed in the Franklin County Court of Common Pleas against ODJFS, ODMR/DD, and some county boards concerning the legality of these contracts. Although the case is not settled yet, the Department will request statutory changes to comply with any decision rendered by the court.

Implication of Executive Recommendation

Schools, county boards of MR/DD, and various private entities provide CAFS services. Ultimately, county boards and local school districts are at risk of losing $198.7 million in federal Medicaid reimbursement.[20] Private providers of CAFS services are at risk of losing all CAFS funding, approximately $12.4 million.[21]

Services provided through the CAFS program can be broken down into four main components: (1) active treatment for individuals in ICFs/MR; (2) skills development and supports for individuals receiving support on a Medicaid waiver; (3) professional services; and (4) transportation. The following discussion will focus on the impact of the CAFS termination on CAFS services and on public entities.

Effect on CAFS Services

Active Treatment

The CAFS program provides federal reimbursement for active treatment services provided to individuals residing in ICFs/MR.[22] In order to participate in the ICF/MR program, the federal government requires that individuals receive 24-hour active treatment services. Thus, these services will continue without interruption. Active treatment costs will be transitioned to the ICF/MR provider rate paid by ODJFS. This will require an amendment to the state Medicaid plan and changes to current administrative rules. In most states, adult active treatment costs are included in the provider rate paid to ICFs/MR. In FY 2004, 6,190 individuals received active treatment services through CAFS.

Skills Development

The CAFS program provides federal reimbursement for skills development services for adults enrolled on Medicaid waivers. Skills development services are the same as active treatment services. The only difference is that active treatment is provided to adults residing in ICFs/MR and skills development is provided to adults receiving Medicaid waiver services. These services will continue to be provided to waiver enrollees. Current waivers will be amended to include skills development services. This will require amendments to the state Medicaid plan, amendments to the current Medicaid waivers, and changes to current administrative rules. It may also involve definitional changes to current waiver

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[20] Based on FY 2004 expenditures. Only the federal portion is at risk for county boards and school districts because they currently pay the nonfederal share (approximately 40%).
[21] Based on FY 2004 expenditures. Currently, ODMR/DD pays the nonfederal share of CAFS matching funds for private providers and distributes the earned federal reimbursement to the provider. The 4% CAFS fee is not collected on private providers.
[22] Active treatment, also called day services or skills development, refers to services that teach an individual the daily living skills necessary to live a more independent life. Some of the required training includes dressing, grooming, feeding, communication, basic home care, money management, self-medication administration, and pre-vocational training.

services, most notably supported employment and homemaker/personal care. In FY 2004, 9,101 individuals received skills development services through CAFS.

Professional Services

The CAFS program provides federal reimbursement for professional services provided to Medicaid-eligible individuals.[23] Eligibility rules prohibit providers from using CAFS to bill Medicaid for professional services rendered to individuals residing in an ICF/MR or enrolled on a Medicaid waiver. Thus, the individuals affected by the elimination of CAFS professional services are those that are neither residents of ICFs/MR or enrollees on Medicaid waivers. In FY 2004, approximately 23,986 received professional services through CAFS.[24]

Individuals currently receiving CAFS professional services would be eligible for comparable services funded through their Medicaid card. However, the provider of the services may change, as current CAFS providers may not qualify as Medicaid card providers. In some cases, it may be difficult for individuals to access comparable services depending on the number of qualified Medicaid providers in the particular area.

Furthermore, there are some definitional differences between professional services provided through CAFS and the Medicaid card. Consequently, an individual may not be able to get the exact same service. For example, some Medicaid card services have caps limiting the amount, duration, and scope of a specific service. The CAFS program does not impose any such limitations. According to the Department, there will need to be an assessment of the services individuals cannot access.

Transportation

The CAFS program also provides federal reimbursement for transportation costs associated with the provision of CAFS services. Transportation services will continue to be covered for individuals residing in ICFs/MR and enrolled on waivers. In FY 2004, approximately 21,097 received transportation services through CAFS.

Effect on Public Entities

Effect on Participating Schools

The federal Individuals with Disabilities Education Act (IDEA) requires public schools to provide all eligible children with disabilities a free and appropriate education in the least restrictive environment. The Act requires schools to develop Individualized Education Programs (IEP) for each child. The IEP's outline the specific education and related services needed by the individual. Schools are legally liable to provide the services included on the IEP, which may or may not be eligible for Medicaid reimbursement, at no cost to eligible students. The CAFS program allows schools to receive federal reimbursement for the provision of required IDEA services to Medicaid-eligible children. Participating schools also receive Medicaid administrative reimbursement for duties directly supporting efforts to identify and enroll individuals into Medicaid and directly supporting the provision of medical services covered under the state Medicaid plan. Approximately 220 school districts currently participate in the CAFS program.

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[23] CAFS professional services include physical therapy, occupational therapy, speech therapy, audiology, psychology, nursing, nutrition, physician services, and social work/counseling.
[24] This estimate may double count individuals who receive more than one professional service.

All CAFS services are mandated by IDEA, thus schools must continue to provide them to ensure compliance with federal law. However, with the termination of CAFS, participating school districts will not receive federal reimbursement for these services. In FY 2004, schools received approximately $49.3 million in federal Medicaid reimbursement for services provided to Medicaid-eligible children. The primary CAFS service provided in school settings is professional services (e.g., speech therapy, physical therapy, etc.). Approximately 95% of all CAFS services provided in school settings were classified as professional services in FY 2004. Of this total, speech and audiology ($18.0 million), psychology ($13.8 million), and occupational therapy ($5.7 million) received the largest portion of federal Medicaid reimbursement.

According to the Department, there are some options under Medicaid where schools could become Medicaid providers, thus preserving some of the lost Medicaid reimbursement. However, any such option will result in a much smaller rate of reimbursement because the services would be paid on a fee-for-service basis. Under CAFS, schools are reimbursed based on actual incurred costs. Thus, depending on the difference between the fee-for-service and actual costs, the school may receive significantly less reimbursement. However, it is unclear as of this writing whether any participating school districts will investigate other options under Medicaid. If other options under Medicaid are not available, school districts may ultimately lose $49.3 million in Medicaid reimbursement.[25]

Effect on County Boards of MR/DD

Overview

County boards of MR/DD are the largest providers of CAFS services. In FY 2004, county boards generated $149.4 million in federal CAFS reimbursement. As discussed above, federal reimbursement will be maintained for most CAFS services currently provided by county boards, which include skills development and active treatment. However, the amounts reimbursed to county boards may decrease. According to the Department, the biggest impact to county boards stemming from the loss of CAFS funding will be the shift from cost-based to fee-for-service reimbursement. The CAFS program is reimbursed based on actual costs, whereas the various alternative sources of funding are reimbursed based on specific fees for each service. Thus, depending on the difference between current actual costs and the fee-for-service, the county board may receive significantly less reimbursement under the fee-for-service reimbursement system.

In the end, any loss of revenue or increase in costs to county boards will put more pressure on local funds to fill any gaps. Waiver expansion in many areas of the state may be negatively affected. According to the Department, some county boards are leery of enrolling additional individuals on IO waivers due to the lack of a concrete cost cap. County boards are afraid of having open-ended waiver obligations, which last for the lifetime of the individual, when future funding levels are unknown (e.g., state subsidies). The loss of CAFS funding may exacerbate this trend as county boards may see losses in revenue and increased waiver costs.

Active Treatment

County boards could lose revenue associated with the provision of active treatment for individuals residing in ICFs/MR, depending on the rate setting method employed by ODJFS. Active treatment costs will be transitioned to the ICF/MR provider rate. ODJFS pays private ICFs/MR out of its own budget. In most states, the ICF/MR rate paid to providers includes active treatment costs. However, in Ohio, the

[25] Based on FY 2004 expenditures.

ICF/MR provider rate is not designed to include adult active treatment costs. Instead, payment for active treatment services is made to a separate provider through CAFS. For the most part, individuals receive active treatment off-grounds, usually provided by a county board of MR/DD. Under CAFS, county boards pay the active treatment matching funds and receive the federal reimbursement. The CMS recognizes there is a cost difference between on-grounds and off-grounds active treatment. Thus, CMS allows states to have different active treatment rates that differentiate between on-site and off-site active treatment. However, it is unclear at this time how the rates would be set and if such considerations will be worked into the provider rate. Depending on the rate changes, county boards may experience a loss in revenue. In FY 2004, county boards received $33.4 million in federal reimbursement for the provision of active treatment.

Furthermore, it is unclear at this time if county boards will continue to be responsible for the nonfederal share of active treatment costs. The bill does not include any language requiring any entity to transfer funds to ODJFS to cover the increase in Medicaid expenditures. According to ODMR/DD, negotiations concerning payment are ongoing. Thus, as of this writing, it is unclear what entity will be responsible for any increase in Medicaid costs.

Skills Development

In FY 2004, the nonfederal share of CAFS skills development services totaled $30.2 million. County boards of MR/DD paid most of these costs ($29.5 million). Skills development costs would shift to Medicaid waivers. County boards are currently responsible for the nonfederal share of Medicaid waiver expenditures. Thus, the nonfederal share of skills development services would remain the responsibility of the county boards.

County boards could realize an increase in waiver costs as skills development services are transitioned onto current waivers because of (1) potential additional match requirements and (2) different reimbursement rates. As discussed above, county boards are responsible for the nonfederal share of Medicaid waiver expenditures. Under CAFS, county boards are currently responsible for the nonfederal share of skills development services. However, ODMR/DD pays the nonfederal share for private providers of CAFS services. As these services shift to waivers, county boards may incur additional waiver costs for skills development services for which the state currently pays the match. In FY 2004, ODMR/DD paid approximately $663,000 in matching funds to private providers for skills development services.

Secondly, county board waiver costs may also be affected by the shift from cost-based to fee-for-service reimbursement. Depending on the difference between actual costs and the fee-for-service, the county board may receive significantly less reimbursement for individuals currently enrolled on waivers.

Professional Services

County boards could also lose revenue associated with the provision of professional services. As discussed above, individuals currently receiving CAFS professional services would be eligible for comparable services funded through their Medicaid card. However, the provider of the services may change since county boards may not qualify as providers of Medicaid card services. According to the Department, there are some options under Medicaid in which county boards can qualify as providers and, thus, preserve some of the lost Medicaid reimbursement. However, it is unknown at this time if any of these options will be explored.

Unless county boards can contract with or become Medicaid providers, federal reimbursement for professional services will be lost. In FY 2004, county boards received $10.7 million in federal reimbursement for professional services rendered. If county boards continue to provide these services, the boards will either (1) have to pay 100% of the costs (as opposed 40%) or (2) become a Medicaid provider. Ultimately, these would be business decisions made by each respective county board based on available resources and priorities.

Transportation

As discussed above, transportation services will continue to be covered. The transportation rates will be part of the ICF/MR rate paid by ODJFS and the new fee schedule for Medicaid waivers. According to the Department, CMS believes transportation rates paid to providers are unreasonable. In FY 2004, county boards received $30.3 million in federal reimbursement for CAFS transportation services. Depending on the rate changes, county boards may experience a loss in revenue. However, the difference in the rates paid is not known at this time.

Transportation is allowable under Medicaid as an administrative cost. However, ODJFS is currently not able to adapt a Medicaid administrative claiming method for county boards. According to the ODMR/DD, the feasibility of adding transportation costs as a waiver administrative claim is being explored.

Targeted Case Management

Certified habilitation centers not only provide CAFS services, but are also the sole provider of Medicaid targeted case management (TCM) and service coordination. Since certified habilitation centers would no longer exist, the executive recommendations include language allowing habilitation centers to continue to provide TCM services until the earlier of (1) an amendment to the state Medicaid plan is approved that provides that only county boards of MR/DD may provide Medicaid TCM services or (2) the habilitation center ceases to meet certification requirements. The amendment to the state Medicaid plan would eliminate service coordination as a separate service. Individuals currently receiving service coordination through CAFS could access these services through county boards of MR/DD.

In FY 2004, $25 million in nonfederal match was paid for case management services. Of that total, county boards of MR/DD paid approximately $22 million. The Department paid private providers approximately $2.1 million in service coordination matching funds. If county boards do become the sole provider of TCM services, the boards may be responsible for an additional $2.1 million per year in match currently paid by ODMR/DD.

Effect on ODMR/DD

For the most part, county boards and local school districts fund CAFS services. However, the Department experienced significant growth in match obligations to private providers of CAFS services over previous biennia. Between FYs 1999 and 2004, ODMR/DD's match obligations have grown 9,007% from $56,000 to $5.1 million. The termination of the CAFS program will eliminate the Department's match obligations.

The biggest implication stemming from the termination of CAFS is the loss of the 4.0% fee collected on all CAFS claims. The Department collects approximately $7.0 million annually from the 4.0% CAFS fee. However, much of this revenue is currently used to pay CAFS match obligations. In FY 2004, the Department paid $5.1 million in nonfederal matching funds for CAFS services. Thus, the net revenue gain from the 4% CAFS fee was $1.9 million in FY 2004.[26] The executive recommendations propose an increase in the fee paid by county boards on all Medicaid paid claims for home and community-based services to 1.5 % (from 1.0%) to make up for some of the lost revenue. In FY 2004, ODMR/DD collected $3.2 million from the 1.0% fee. With the proposed increase, the Department would generate approximately $1.6 million in additional revenue. Thus, the net effect of losing the CAFS fee and increasing the waiver administration fee would be a revenue loss of approximately $300,000.[27] According to the Department, to absorb the revenue loss, central office will undergo a comprehensive reassessment of jobs, which will end with layoffs, early retirements, and job abolishment.

Effect on ODJFS/Medicaid

Medicaid expenditures in the ODJFS budget may increase upon the termination of the CAFS program. The CAFS services that may impact ODJFS Medicaid expenditures are active treatment for individuals residing in ICFs/MR and professional services.

The ODJFS provides the nonfederal matching funds for private ICFs/MR. As discussed earlier, active treatment costs will be transitioned to the ICF/MR provider rate paid by ODJFS. Currently, county boards pay the active treatment matching funds and receive the federal reimbursement. In FY 2004, the nonfederal share of CAFS active treatment services totaled $23.3 million. Thus, there may be an increase in Medicaid expenditures in ODJFS line item 600-525, Health Care/Medicaid, of approximately $23.3 million per year.[28]

As discussed above, individuals accessing professional services through CAFS would be eligible for comparable services funded through the Medicaid card. In FY 2004, the nonfederal share of CAFS professional services totaled $41.2 million. Of that total, county boards paid $7.3 million and local school districts paid $32.2 million. If all of these costs shift to the Medicaid card, there may be an increase in Medicaid expenditures in ODJFS line item 600-525, Health Care/Medicaid, of approximately $41.2 million per year.[29] Taking both of these services into account, ODJFS may see an increase in its Medicaid expenditures of approximately $64.5 million per year.

However, the net effect on overall Medicaid expenditures will depend on many factors. First, CAFS services are currently reimbursed based on actual incurred costs. Medicaid card services and the new rate paid to ICFs/MR are reimbursed on a fee-for-service basis. According to ODMR/DD, the difference in reimbursement rates may be significantly lower. Thus, depending on the difference between the fee-for-service and actual costs for these services, there may be a decrease in overall Medicaid expenditures. Secondly, most CAFS professional services are provided in school settings. Federal law requires the provision of these services to individuals needing special education. Thus, schools must provide these services, with or without federal reimbursement. In these cases, the school would have to make up for the lost federal reimbursement.

It is unclear at this time what entity will be responsible for any increase in Medicaid costs. The bill does not include any language requiring ODMR/DD, county boards, school districts, or any other entity to transfer funds to ODJFS to cover any such increase. According to ODMR/DD, negotiations concerning payment are ongoing. Thus, as of this writing, it is unclear what entity will be responsible for any increase in Medicaid costs.

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[26] $7 million (CAFS revenue) minus $5.1 million (CAFS match obligations).
[27] $1.9 million (CAFS net revenue) minus $1.6 million (additional waiver administration fee revenue).
[28] Based on FY 2004 estimates.
[29] Based on FY 2004 expenditures.

Developmental Centers

Background

Ohio currently operates 12 state developmental centers, which are located regionally throughout Ohio and are accessible to all 88 counties. The developmental centers serve approximately 1,780 individuals with MR/DD. Individuals served in the developmental centers require comprehensive program, medical, and residential services including skills development, behavior support, and therapy. Each developmental center is Medicaid-certified as an ICF/MR, which signifies compliance with federal standards.

Deinstitutionalization in the United States and Ohio

Since 1970, the number of individuals in state-operated institutions has steadily declined both in Ohio and nationally (see Table 2 below). Between 1970 and 2000, Ohio's population in state institutions decreased from 9,501 to 2,004, representing a 78.9% decrease. Similarly, the number of individuals in state institutions nationwide decreased 74.5% (186,743 to 47,592). Since 2000, however, the decrease in the institutional population has slowed in Ohio when compared to the rest of the U.S. In 2003, the number of residents in developmental centers was 1,887, a 5.8% decrease from 2000 (2,004 to 1,887). Comparatively, the number of individuals in state institutions nationwide decreased by 10.0% (47,592 to 42,835). In total, the population in Ohio developmental centers has decreased 76.1% since 1970, compared to 73.8% nationwide.

Table 2

Average Daily Population in Institutions

	1960	1970	1980	1990	2000	2001	2002	2003
United States	163,730	186,743	131,088	84,389	47,592	46,236	44,343	42,835
Ohio	7,855	9,501	5,493	2,573	2,004	1,992	1,942	1,887
% of U.S. (Ohio)	**4.80%**	**5.09%**	**4.19%**	**3.05%**	**4.21%**	**4.30%**	**4.38%**	**4.41%**

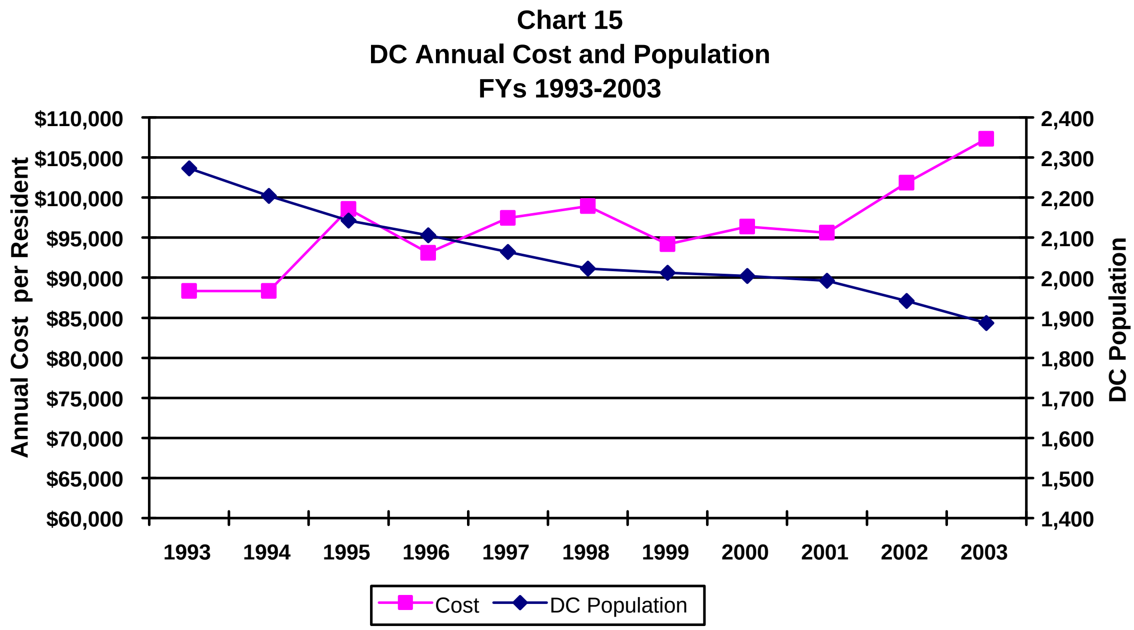
Source: Prouty, R. and Lakin, C.K., (Eds.) (2003). **Residential Services for Persons with Developmental Disabilities: Status and Trends through 2002**. University of Minnesota, Research and Training Center on Community Living, Institute on Community Integration: Minneapolis and information provided by the Ohio Department of Mental Retardation and Developmental Disabilities.

In the last 20 years, Ohio has closed three developmental centers: Orient in 1984, Cleveland in 1988, and Broadview in 1992. Each of these developmental centers had quality of care issues. The Department is in the process of closing two more developmental centers: Springview in FY 2005 and Apple Creek in FY 2006.

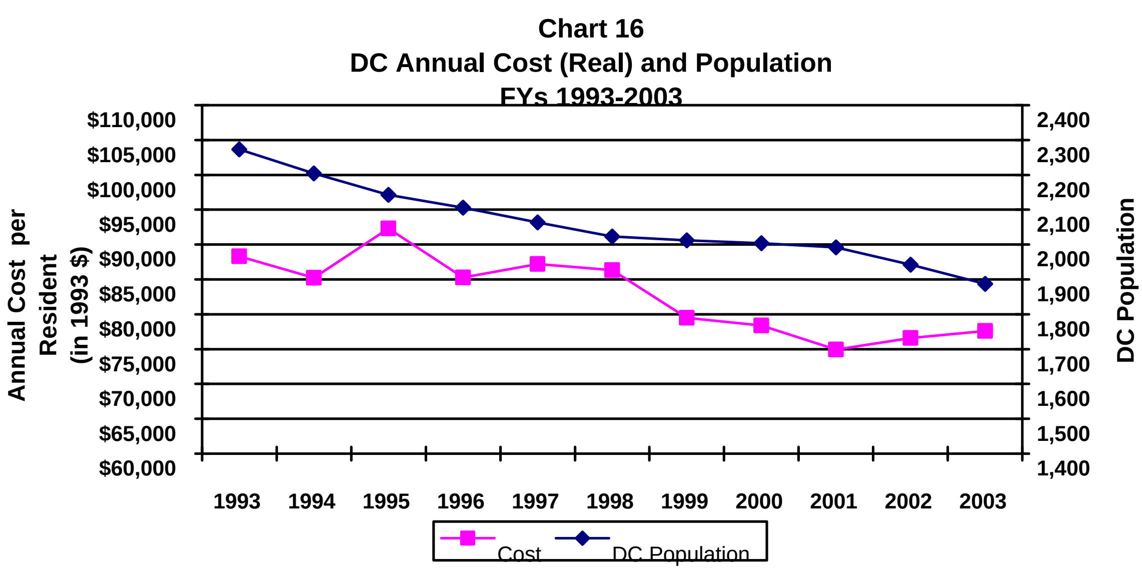
Developmental Center Costs

According to the Department, budgetary pressures from decreased biennial appropriations and budget reductions have caused the Department to undergo several cost containment initiatives, including the closure of two more developmental centers.[30] Chart 15 below shows the average annual cost of state institutional care in Ohio and the number of residents in developmental centers.

[30] The Department also believes that the closures follow the intent of recent Supreme Court decisions (e.g., *Olmstead)* that mandate residents have the option to choose where they want to live.



Since FY 1993, the average annual cost per resident increased 21.5% ($88,330 to $107,310), while the number of residents decreased 17.0% (2,273 to 1,887). Chart 15 above shows that per resident costs are increasing as the number of residents is decreasing. However, when the average annual cost per resident is adjusted for inflation[31] to account for increases in personnel costs, a different pattern emerges. Chart 16 below shows the inflation-adjusted (real) annual cost per resident and the number of residents from FYs 1993 to 2003.



[31] To adjust for inflation, the JPGSLCWSS Chained price index for state and local personnel costs, which is generated by the U.S. Bureau of Economic Analysis, was used. This index was used because personnel expenditures account for the majority of developmental center costs (approximately 85%).

Since FY 1993, the real cost per resident in state institutions decreased 12.1% ($88,330 to $77,601) when adjusted for inflation. In comparison, the number of residents decreased 17.0% (2,273 to 1,887) during this time period. However, even after adjusting for inflation, the percent decrease in population still outpaced the percent decrease in cost per resident by approximately 4.9%. There are a couple of possible explanations for this trend. First, institutions have a fixed level of maintenance costs that are unlikely to be significantly affected by the number of residents in the institution. Moving small numbers of individuals from a developmental center may not result in significant cost reductions until staffing can be reduced and/or residential buildings/wings can be closed. Furthermore, as buildings age, more money is needed for repairs and renovations. These costs are largely independent of the number of residents in the developmental center.

Second, wages in state-operated institutions are generally higher than non-state institutions. Table 3 below displays wage comparisons for four positions commonly found in developmental centers and private MR/DD facilities. Since the private-facility data set was from 1999,[32] an inflation factor was used to adjust these wage amounts to 2004 levels.[33] As Table 3 below shows, wage rates in state-operated developmental centers are consistently higher than similar positions in private MR/DD facilities.

Table 3
Comparison of Wage Rates in Public vs. Private MR/DD Facilities
Calendar Year 2004

	Wages in State Developmental Centers	Average Wages for Similar Positions in Private Facilities
Therapeutic Program Worker – provides direct care services to residents in MR/DD centers	$12.94 - $14.26	$9.16
Resident Care Supervisor 1 – directly supervises program personnel	$15.44 - $18.97	$13.02
Licensed Practical Nurse – provides general nursing, direct care, and programming assistance	$15.50 - $18.87	$15.40
Qualified MR Professional – coordinates implementation of client-based habilitation programming and leads coordination and delivery of services	$18.20 - $22.76	$15.25

Source: Ohio Provider Resource Association. (1999). **The Ohio Provider Resource Association 1999 Salary and Benefits Survey** and 2004 state payroll obtained from the Department of Administrative Services.

Furthermore, MR/DD services are staff intensive, especially for the majority of the population that reside in developmental centers (76% have a severe/profound range of retardation). As residents of developmental centers move into community settings, the individuals remaining may be the ones with the most intensive service needs and, thus, higher costs.

[32] Ohio Provider Resource Association. (1999). **The Ohio Provider Resource Association 1999 Salary and Benefits Survey.**

[33] Wages were estimated to grow by 10.1% between 1999 and 2004. The estimate of wage growth was made in two stages. First, 1999 wages were inflated to 2001 using Ohio data from the U.S. Bureau of Labor Statistics (BLS) Covered Employment and Wages Program for the intermediate care facilities industry (SIC 8052); growth from 1999 to 2001 is estimated to account for 6.6% of the total 10.1% estimate. Second, estimated 2001 wages were inflated to 2004 by adjusting the annual growth rate derived in step one using BLS national data on average weekly earnings of production workers in residential mental retardation facilities. The annual growth rate in wages in the industry slowed significantly after 2001 nationally, and a similar slowdown is assumed to have taken place in Ohio. The assumed slowdown accounts for the fact that most of the growth in wages from 1999 to 2004 is estimated to have taken place during the first two years.

Closings

On February 5, 2003, the Department announced the closure of Springview and Apple Creek developmental centers at the end of FY 2005 and 2006, respectively. At the time of the closure announcement, Springview Developmental Center served 86 people and had 170 staff, while Apple Creek Developmental Center had 181 residents and 381 staff.

Revised Code section 5123.032 (as enacted by S.B. 178 of the 125th General Assembly) requires the Legislative Service Commission to conduct an independent study of the developmental centers of the Department and the Department's operation of the centers when the Governor announces the closing of a developmental center. The report that was issued for the Springview and Apple Creek closures can be accessed at http://www.lsc.state.oh.us/legreports/mrdd.pdf.

Managing the Closures of Springview and Apple Creek

Individuals residing in Springview or Apple Creek have the option of moving (1) to another developmental center, (2) to a private ICF/MR, or (3) into the community or back with their families with the support of a Medicaid waiver.

The Department has submitted to CMS an application for a special HCBS Medicaid waiver, called the Community Access Model (CAM) waiver, for (1) current residents of Springview or Apple Creek, (2) residents of other developmental centers whose move to the community creates a vacancy for a resident of Springview or Apple Creek, or (3) residents in private ICFs/MR whose move to the community creates a vacancy for a resident of Springview or Apple Creek. However, CMS has put the CAM waiver on hold until the Department implements a new waiver reimbursement system. As of this writing, the waiver reimbursement system has not been implemented. The Department recently received CMS approval for the new waiver reimbursement system and hopes to have it in place by July 1, 2005. Pending federal approval, the Department expects to implement the CAM waiver simultaneously. Since CMS has not yet approved the CAM waiver, the Department has been using IO waiver slots for relocated individuals.

If approved, the CAM waiver will have an annual cost cap of approximately $85,000 and will include the following services that are on other waivers: respite care, environmental accessibility adaptations, transportation, specialized medical equipment and supplies, and homemaker/personal care. The CAM waiver will also include nursing services after Medicaid state plan nursing service maximums have been reached and nursing care oversight, which is a clinical monitoring function available to individuals that require nursing as a waiver service. The CAM waiver will also include community transition services, which will have a one-time cost cap of $3,500. The individual pays costs associated with room and board. If an individual's projected costs will exceed the CAM waiver's cost cap, the individual will not be enrolled on the waiver.

The Department has committed to pay the entire nonfederal share of CAM waiver costs for each individual enrolled on the waiver (approximately $35,000) and community transition costs (approximately $1,400). The Department will give the county board in which the enrollee resides the entire portion of the nonfederal share of waiver costs, even if costs for the individual do not reach the cost cap. The Department has agreed to provide the same amount of support to county boards of MR/DD for individuals enrolled on an IO waiver as a result of the closure.

Savings

As part of the mandated study, the Department provided LSC staff with cost reduction estimates for the closures of Springview and Apple Creek developmental centers.[34] As Table 4 below shows, the closing of Springview and Apple Creek may result in an estimated GRF reduction of approximately $6.5 million annually by FY 2007.

Table 4
Estimated Cost Reduction (GRF)
FYs 2004 through 2007

	FY 2004	**FY 2005**	**FY 2006**	**FY 2007**
Apple Creek Developmental Center	$852,000	$2,700,000	$3,500,000	$9,100,000
Springview Developmental Center	$253,000	$968,000	$3,900,000	$4,200,000
Total Cost Reductions (GRF) from Closures	$1,100,000	$3,700,000	$7,500,000	$13,300,000
Community Waiver Match Expenditures	$549,000	$2,800,000	$5,100,000	$6,900,000
Net Cost Reduction (GRF)	**$556,000**	**$880,000**	**$2,300,000**	**$6,500,000**

Community waiver expenditures for affected residents will continue for as long as the residents continue to receive waiver services. The net estimated reductions in costs stated for FY 2007 will continue annually thereafter, but can be expected to change over time due both to inflation and to eventual reductions in the number of former residents who receive waiver services. However, these estimates are based on multiple assumptions (e.g., the number of residents moving into the community) that will change during the course of closures. Furthermore, county boards may incur additional costs for services not on the waiver, notably skills development services (e.g., day programming) and case management.

Ideally, the Department was going to use the CAM waiver to fund individuals moving to community settings as a result of the closure. However, as stated above, CMS has put the CAM waiver on hold until the Department implements a new waiver reimbursement system. The Department is currently using IO waivers for individuals choosing community placement. The use of IO waivers as a substitute may increase waiver obligations for two reasons. First, the current IO waiver does not have an individual cost cap other than the average cost of institutionalization. Consequently, if an individual's costs rise above the cost cap of the CAM waiver (approximately $85,000), the nonfederal share of waiver expenditures would exceed what the Department committed to pay (approximately $35,000). To control for this, enrollment is strictly limited to individuals who will stay below the cost cap.

Second, the CAM waiver would include one-time community transition costs (capped at $3,500) as a waiver service. Under the CAM waiver, the Department would be responsible for the nonfederal share (approximately $1,400) of such costs. The IO waiver, on the other hand, does not allow for community transition costs. Consequently, the Department would be responsible for the entire portion of any

[34] For further information about how these cost reductions were derived, please see the LSC mandated study, which can be accessed at http://www.lsc.state.oh.us/legreports/mrdd.pdf.

community transitions costs for individuals moving to the community using an IO waiver, a difference of $2,100 per person.

Status of the Closures

As of this writing, both developmental centers are on schedule to close by the dates outlined by the Governor (Springview at the end of FY 2005 and Apple Creek at the end of FY 2006). The current census at Springview is 25 (from 86) and 76 (from 179) at Apple Creek. As of December 30, 2004, 88 residents went to other developmental centers, 28 went to private ICFs/MR, 13 transitioned to Medicaid waivers, and 23 have died. The Department is tracking individuals for three years after a move to monitor the success of each transition.

The Future of Developmental Centers

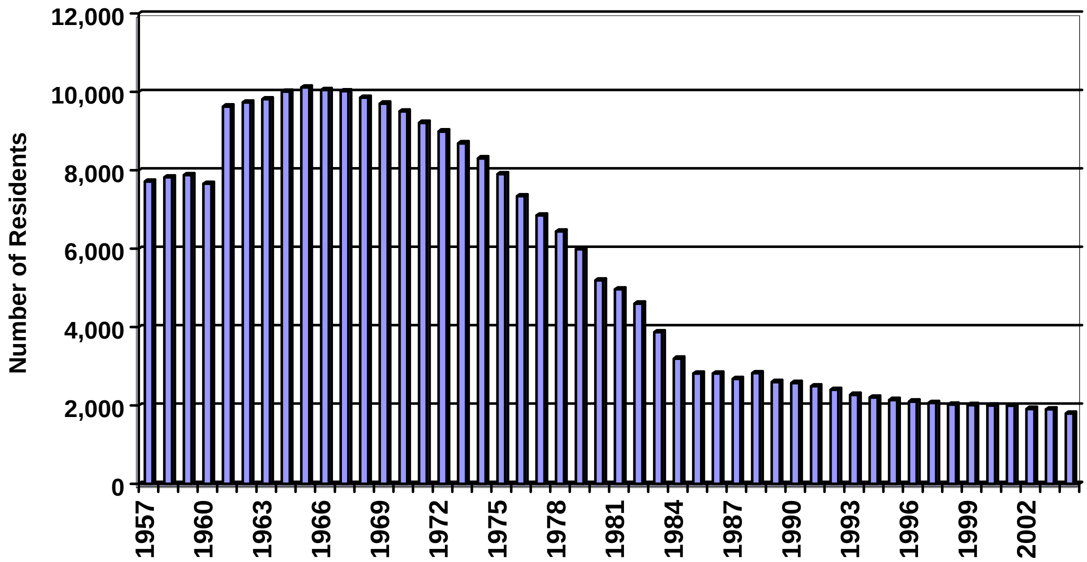
During the biennium, the Department is planning to contract with an outside entity to study the future of Ohio's developmental centers. According to the Department, the recommendations of the study will help develop a long-term plan for the centers. The Department is currently preparing a Request for Proposal and hopes to receive the recommendations by January 2006. The Department plans on asking the contractor to provide numerous recommendations pertaining to the centers including their role and function, the ideal number of centers, the best locations for centers, and a timeline for achieving the recommendations.

Nonetheless, the role of developmental centers within Ohio's MR/DD system has changed. Developmental centers focus their efforts toward the provision of specialized services and residential care for clients with complex medical, behavioral, and other specialized needs. Program emphasis is placed on the provision of services for those who are dually diagnosed with severe behavior problems and the mentally retarded criminal offender.

The changing role of developmental centers can be seen by the following trends:

(1) The decreasing number of individuals in developmental centers (Chart 17);

Chart 17
Developmental Center Population
FYs 1957-2004



(2) The number of individuals leaving developmental centers exceeds the number entering them (Table 5);

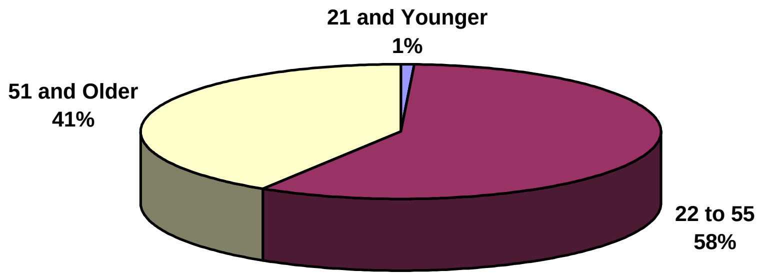
Table 5
Admissions, Discharges, and Deaths
FYs 2000-2004

Fiscal Year	Admissions	Discharges	Deaths	Net change*
2000	103	84	37	(18)
2001	113	89	29	(5)
2002	97	119	38	(60)
2003	108	148	44	(84)
2004	138	183	56	(101)

*Admissions minus the sum of discharges and deaths.

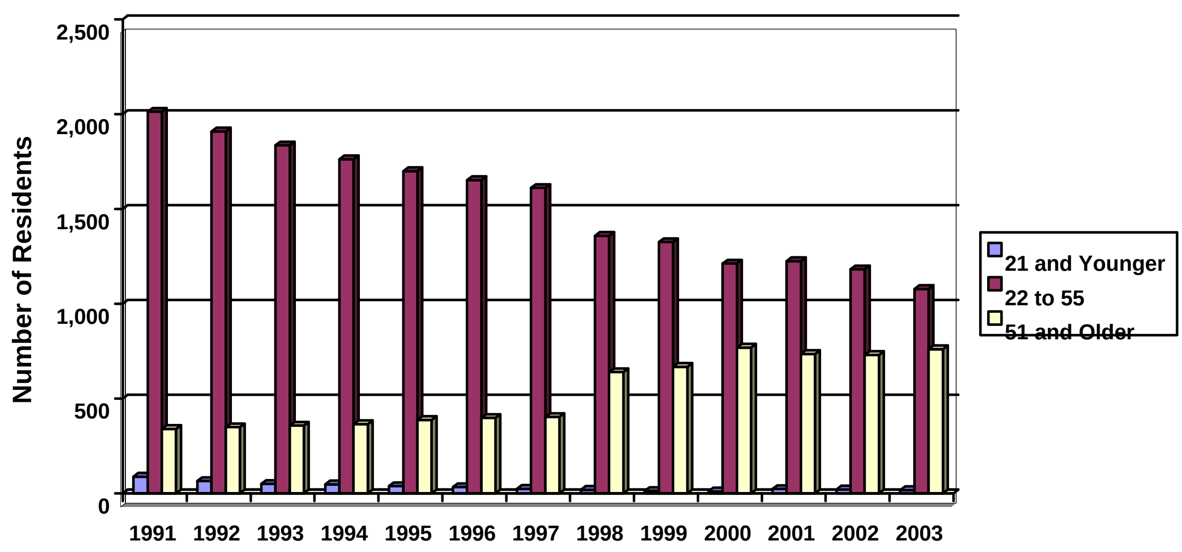
(3) The majority of developmental center residents are 22 or older (Chart 18);

Chart 18
Age Ranges for DC Population
FY 2003



(4) The percentage of individuals over the age of 55 has consistently increased over time, while the percentage of individuals between ages 22 and 55 has continually decreased (Chart 19).

Chart 19
Developmental Center Population by Age
FYs 1991-2003



Collectively, the data illustrates that the developmental center population is decreasing, getting older, and not being replaced by younger individuals.

Medicaid Redesign

Overview

In July 1999, CMS audited the Residential Facilities Waiver (RFW). The audit concluded that Ohio failed to comply with the Medicaid requirements of statewideness, reasonable access, and comparability of services in their Medicaid waiver program. With the passage of Am. Sub. H.B. 94 and Am. Sub. H.B. 405, both of the 124th General Assembly (FY 2001), reforms of Ohio's MR/DD delivery system began. According to the Department, these changes are necessary to reduce the large residential services waiting lists, the inequity among county board services, high direct care staff turnover, to increase consumer choice, to comply with recent Supreme Court decisions (*Olmstead)*, and to bring Ohio's MR/DD services in compliance with Medicaid requirements.

One key tenet of these reforms, collectively known as Medicaid redesign, is predicated on redirecting individuals to Medicaid waivers who receive services paid fully by GRF and/or local levy dollars. The Department refers to this process as "refinancing." Thus, as individuals are moved for services funded solely by state and local dollars (e.g., Supported Living, Family Support Services, etc.) to funding sources that receive federal reimbursement (waiver services), funds are freed (approximately 60% of the costs) and can be used elsewhere in the MR/DD system. The released state and local dollars, then, may be used to expand Medicaid waiver services.

However, the refinancing of programs is only one part of Medicaid redesign. The redesign also aims to equalize funding in tax poor counties through the Tax Equity program, seek health and safety assurances for individuals with MR/DD, set up county board liability/risk funds, design a new waiver reimbursement methodology, and guarantee free choice of provider.

New Waiver System

The redesign calls for the implementation of a three-waiver system consisting of a Level 1 waiver, Level 2 waiver, and Level 3 waiver. The Level 1 waiver, which received federal approval for 5,000 slots, has an individual cost cap of approximately $5,000. The current IO waiver will be split into the Level 2 and Level 3 waivers. The Level 2 waiver will have an approximate cost floor of $5,001 and a cost cap of approximately $66,000. The Level 3 waiver will have an aggregate cost cap equaling the average cost of state institutionalization. The Level 3 waiver's aggregate cost cap means that a particular individual's cost may exceed the average cost of institutionalization, as long as the average of all enrollees does not exceed the waiver's cost cap.

In FY 1998, the Department received federal approval for a new Medicaid waiver for individuals living in Purchase of Service (POS) group homes. This waiver, the Residential Facilities Waiver (RFW), allowed the Department to receive federal Medicaid reimbursement for the costs associated with the operations of these group homes. As part of Medicaid redesign, the RFW will be phased out and its enrollees will be transferred to one of the three aforementioned waivers. The Department expects to transition all RFW enrollees to IO waivers before the end of FY 2005, when federal approval of the RFW ends. When this process is complete, the Department will begin further work on the Level 3 waiver. According to the Department, getting the Level 3 waiver in place is a vital component of further waiver expansion. Currently, some county boards are leery of enrolling additional individuals on Medicaid waivers due to the lack of a concrete cost cap. Some county boards are afraid of having open-ended waiver obligations, which last for the lifetime of the individual, when future funding levels are unknown. When the Level 3 waiver is implemented, a cost cap will be put on the IO waiver.

Current Status

Refinancing

Formerly, a high percentage of state MR/DD spending was unmatched state and local money that funded Medicaid-reimbursable services. For example, in FY 2002, 32% of Ohio's total MR/DD spending was unmatched state and local funds, which ranked as the highest percentage in the U.S.[35] The Department believes Medicaid redesign will bring this percentage down.

Approximately 3,360 individuals have been "refinanced" from state and local funding sources to IO waivers. The costs of these individuals' services now generate federal Medicaid reimbursement, whereas their former funding sources did not. Additionally, 1,900 individuals now receive IO waiver services that formerly did not receive residential services. In total, approximately 5,425 individuals have been enrolled on Medicaid waivers because of the redesign.

Since FY 2001, when Medicaid redesign began, the total number of individuals on Medicaid waivers has increased 98.3% (5,527 to 10,959). During this time, federal expenditures[36] increased 129.1% ($134.2 million to $263.3 million), when adjusted for inflation (real).[37] Conversely, real state expenditures actually decreased 1.5% ($213.6 million to $210.3 million) during this time period. This illustrates the significant impact of local refinancing. As existing local resources are reallocated, more revenue is generated in the MR/DD system. According to the Department, in FY 2004 approximately 39% of all waiver matching funds came from county boards of MR/DD for either their GRF subsidy allocations (97%) or local levy funds (3%).

The Department recently implemented the Level 1 waiver. In FY 2003, approximately 180 individuals received Level 1 services. This number increased to 342 in FY 2004. In FY 2005, an estimated 771 individuals are receiving Level 1 services, with 400 additional slots allocated to county boards. However, the Department received federal approval for 5,000 Level 1 slots (3,000 in FY 2004, 1,000 in FY 2005, and 1,000 in FY 2006). According to the Department, enrollment on the Level 1 waiver has been greatly affected by county board budgetary concerns. The Department also believes the $5,000 cost cap is not adequate to assure the health and safety of many individuals. Furthermore, CMS has identified some structural problems with the waiver. The Department is discussing the possibility of asking CMS to suspend enrollment on the Level 1 waiver while these concerns are addressed.

Health and Safety Assurances

The Department has implemented many health and safety reforms to address the issues uncovered by extensive news coverage and departmental reviews. Some of these reforms include the implementation of the Major Unusual Incident tracking system; changes to state statute pertaining to medication administration, county board accreditation, and licensure of residential facilities; implementation of the MR/DD Employee Abuser Registry; creation of the Mortality Review Committee; and implementation of the MR/DD Victims of Crime Task Force.

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[35] Source: Braddock, David, Richard Hemp, Mary Rizzolo, and Amy Pomeranz-Essley, 2004. *The State of the States in Developmental Disabilities:* Coleman Institute for Cognitive Disabilities and Department of Psychiatry: The University of Colorado. Available at: http://www.cu.edu/ColemanInstitute/ stateofthestates/home.htm
[36] This excludes CAFS expenditures.
[37] The JPG chained price index for government purchases of goods and services, which is generated by the U.S. Bureau of Economic Analysis, was used to adjust for inflation. The numbers presented are the real expenditures expressed in FY 2001 dollars.

Waiver Reimbursement Methodology

Currently, county boards of MR/DD and providers negotiate payment rates. The CMS has criticized this as not being reasonable, as provider rates vary county to county, and, in some cases, within individual counties. The ODMR/DD and ODJFS have been working on a waiver reimbursement methodology that eliminates the inconsistency of rate setting across the state for Medicaid waiver services. The fee schedule is designed to (1) assure fees are consistent with efficiency, economy, and quality of care, (2) consider the intensity of consumer resource need, (3) recognize variation in different geographic areas regarding the resources necessary to assure the health and welfare of consumers, and (4) recognize variations in environmental supports available to consumers.

The new funding of waiver services is based on the administration of the Ohio Developmental Disabilities Profile (ODDP). The ODDP is an assessment tool in which a standardized score is derived based on the service needs of the individual. The ODDP links the assessment of the individual to a funding range. When completed statewide, the ODDP allows similarly situated individuals to access comparable waiver services throughout Ohio. An Individual Service Plan (ISP) is then developed. The ISP process identifies the actual services needed by the individual and develops a budget based on the ODDP funding range.

The new provider rates will be applied universally to all current or new waiver enrollees. The Department, in consultation with ODJFS and a private consulting firm, generated the new rates by prorating the highest provider rates down and the lowest provider rates up. Thus, the net effect on providers will be the difference between their current rate and the new rate. Providers with current rates higher than the new rate will see a reduction in payment. Providers with rates lower than the new rate will see an increase in payment. Overall, the new rates will be cost neutral statewide.

The new reimbursement methodology will affect county boards of MR/DD. However, the extent of the impact will depend on each individual county board. Some county boards may incur increased waiver match obligations, as provider rates will increase. In contrast, other county boards may see decreased waiver match obligations, as provider rates decrease. The net effect on each county board will depend on the difference between current provider rates and the new rates.

The new reimbursement methodology was recently approved by CMS. According to the Department, the rules will be filed with the Joint Committee on Agency Rule Review soon. The Department hopes to implement the new rates by July 1, 2005.

CMS Concerns

The CMS recently raised concerns about some aspects of the Ohio MR/DD delivery system. The issues deal not only with specific programs (e.g., CAFS), but also with the county board service delivery system. The CMS required the Department and ODJFS to provide a blueprint for system change that will address all areas of non-compliance. The Department recently issued the required blueprint for system change entitled "Vision for Medicaid Services for the MR/DD System." The document can be accessed at http://odmrdd.state.oh.us/Includes/Press_Releases/Reports/visionMRDD12-29-04.pdf**.**

ICF/MR Reform

The Executive recommends converting the current state ICF/MR entitlement program to a facility-based Medicaid waiver. Specifically, the bill requires ODJFS to seek federal approval by January 1, 2007 to (1) establish a Medicaid waiver program under which individuals receive home and community-based services in lieu of the ICF/MR service and (2) terminate the ICF/MR service on the date the Medicaid waiver program begins to be implemented statewide. The bill allows ODJFS to contract with ODMR/DD for the administration of the ICF/MR Medicaid waiver.

The bill requires the administering agency to phase in implementation of the waiver. As part of the phase-in process, the administering agency must do all of the following: (1) select one or more providers to provide home and community-based services under the waiver during an initial testing phase, (2) during the testing phase, make adjustments to the waiver's implementation that ODMR/DD and ODJFS agree are necessary for effective statewide implementation, (3) implement the waiver statewide when both departments are confident in its effectiveness, and (4) ensure that the phase-in process does not cause any individual receiving ICF/MR services to suffer an interruption in Medicaid-covered services. The bill provides that an individual enrolled in the new waiver has the right to choose the provider from which the individual will receive home and community-based services.

However, it is important to differentiate between the phase-in provided under the bill and a demonstration (pilot) program. Under a demonstration program, states are allowed to undertake specific projects that allow CMS to test various system attributes to determine if such projects should be continued or expanded. Demonstration projects are used to evaluate the effects, impact, and costs of various initiatives. However, the phase-in is not a demonstration project. The phase-in would occur after federal approval of the facility waiver and an amendment to the state Medicaid plan removing ICFs/MR as an optional service. Thus, when the phase-in begins, ICF/MR services would no longer be an entitlement under Medicaid. According to ODJFS, it is not fiscally viable to undertake a demonstration project because ICFs/MR are currently (1) an entitlement under Medicaid and (2) at almost 100% capacity. Consequently, if a demonstration project were to occur, the state would incur costs for individuals transitioning to the facility waivers and individuals filling the open ICFs/MR beds.

It is expected that the facility waiver will enable the state to eliminate ICFs/MR from the state Medicaid plan, which will allow the state to have increased control over the growth and costs of the system. The change will impact how ICFs/MR are funded, which may have an impact on revenues. As with all Medicaid waivers, an individual's room and board costs are not covered outside of an institution. Individuals may have to use their own resources to help cover such costs, which may include social security benefits, federal Supplemental Security Income (SSI), or other similar supplements.

There will be no fiscal effect during the biennium, as the bill requires the entity responsible for administering the waiver program to phase in implementation. The exact details of the proposed waiver program will be negotiated during the biennium with the goal of a FY 2008 implementation.

Martin v. Taft

In 1989, Ohio Legal Rights Service (OLRS) filed a federal class action lawsuit against Ohio claiming undue segregation in institutions for individuals with MR/DD and large waiting lists for people in need of services. According to OLRS, the *Martin* lawsuit seeks integrated community residential services, specifies that state programs should not discriminate against people with severe disabilities, and states that integrated residential services should be developed. Recently, a settlement to the longstanding case was announced. The settlement was negotiated in the context of the executive recommendation to move the ICF/MR program to a Medicaid waiver. However, the court recently granted the plaintiff's motion to withdraw approval of the settlement. Thus, settlement discussions will continue during the biennium.

FACTS AND FIGURES

Department of Mental Retardation and Developmental Disabilities Staffing Levels						
					Estimated	
Program Series/Division	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**
Central Administration	341	342	337	322	292	292
Developmental Centers	3,742	3,763	3,759	3,652	3,136	3,136
Totals	4,083	4,105	4,096	3,974	3,428	3,428

Source: Ohio Department of Mental Retardation and Developmental Disabilities

Staffing levels will decrease over the biennium as (1) two developmental centers complete the closure process and (2) central office staff undergoes a reassessment, which will involve early retirements, job abolishment, and layoffs.

MASTER TABLE: EXECUTIVE'S RECOMMENDATIONS FOR FY 2006 AND FY 2007

The following table provides a comprehensive presentation of the Executive's recommendations for each of the agency's line items and the programs each line item supports. Please note that some line items may provide funding for multiple program series and/or programs. See the Analysis of Executive Proposal section for more information on specific program funding.

Fund	ALI	Title	FY 2006	FY 2007
		Executive Recommendations for FY 2006 and FY 2007, By Line Item and Program		
		General Revenue Fund		
GRF	**320-321**	**Central Administration**	**$9,357,877**	**$9,357,874**
		Program Series 1: Early Intervention Services	$438,349	$442,290
		Program 01.02: Early Intervention	$245,223	$247,293
		Program 01.03: MR/DD County Board Subsidies	$193,126	$194,997
		Program Series 2: Education and Related Services	$332,249	$335,327
		Program 02.02: Office of Family and Children First	$177,609	$179,371
		Program 02.03: Foster Grandparent Services	$154,640	$155,956
		Program Series 3: Employment and Skills Development Services and Supports	$746,956	$755,325
		Program 03.02: MR/DD County Board Subsidies	$214,659	$217,358
		Program 03.03: Tax Equity	$153,822	$155,161
		Program 03.04: Social Services Block Grant (Title XX)	$235,812	$238,913
		Program 03.05: Community MR/DD Trust Fund	$142,663	$143,893
		Program Series 4: Residential Services and Supports	$2,375,060	$2,343,772
		Program 04.01: Developmental Centers	$569,675	$588,151
		Program 04.02: Family Support Services	$149,825	$151,108
		Program 04.03: Supported Living	$149,525	$151,108
		Program 04.04: Residential Facilities Waiver	$430,711	$412,654
		Program 04.05: Individual Options Waiver	$450,699	$432,919
		Program 04.06: Level One Waiver	$458,870	$440,561
		Program 04.07: Miscellaneious Residential Supports	$165,755	$167,271
		Program Series 5: Constituent Supports/Advocacy	$624,766	$630,666
		Program 05.01: Protective Services	$164,023	$165,581
		Program 05.02: Employment and Training for Persons with Severe Disabilities	$149,789	$151,071
		Program 05.03: Indpendence Plus Initiative Grant	$161,127	$162,905
		Program 05.04: Ohio Developmental Disabilities Council	$149,827	$151,109
		Program Series 6: Compliance and Quality Improvement	$4,840,497	$4,850,494
		Program 06.01: Service and Support Administration	$166,702	$168,447
		Program 06.02: Quality Assurance and Quality Improvement in HCBS Grant	$627,385	$560,785
		Program 06.03: Major Unusual Incidents	$1,875,216	$1,932,947
		Program 06.04: Provider Certification	$954,896	$983,718
		Program 06.05: Licensure	$1,058,981	$1,046,016
		Program 06.06: Accreditation	$157,317	$158,581
GRF	**320-412**	**Protective Services**	**$2,463,000**	**$2,463,000**
		Program Series 5: Constituent Supports/Advocacy	$2,463,000	$2,463,000

Executive Recommendations for FY 2006 and FY 2007, By Line Item and Program

Fund	ALI	Title	FY 2006	FY 2007
		Program 05.01: Protective Services	$2,463,000	$2,463,000
GRF	**320-415**	**Lease-Rental Payments**	**$23,296,200**	**$23,833,600**
		Program Series 4: Residential Services and Supports	$23,296,200	$23,833,600
		Program 04.08: Debt Service	$23,296,200	$23,833,600
GRF	**322-405**	**State Use Program**	**$268,040**	**$268,040**
		Program Series 5: Constituent Supports/Advocacy	$268,040	$268,040
		Program 05.02: Employment and Training for Persons with Severe Disabilities	$268,040	$268,040
GRF	**322-413**	**Residential and Support Services**	**$7,423,021**	**$7,423,021**
		Program Series 4: Residential Services and Supports	$7,423,021	$7,423,021
		Program 04.07: Miscellaneious Residential Supports	$7,423,021	$7,423,021
GRF	**322-416**	**Waiver State Match**	**$103,090,738**	**$104,397,504**
		Program Series 4: Residential Services and Supports	$103,090,738	$104,397,504
		Program 04.04: Residential Facilities Waiver	$69,034,337	$69,909,871
		Program 04.05: Individual Options Waiver	$34,019,944	$34,451,176
		Program 04.06: Level One Waiver	$36,457	$36,457
GRF	**322-417**	**Supported Living**	**$43,160,198**	**$43,160,198**
		Program Series 4: Residential Services and Supports	$43,160,198	$43,160,198
		Program 04.03: Supported Living	$43,160,198	$43,160,198
GRF	**322-451**	**Family Support Services**	**$6,938,898**	**$6,938,898**
		Program Series 4: Residential Services and Supports	$6,938,898	$6,938,898
		Program 04.02: Family Support Services	$6,938,898	$6,938,898
GRF	**322-452**	**Service and Support Administration**	**$8,672,730**	**$8,672,730**
		Program Series 6: Compliance and Quality Improvement	$8,672,730	$8,672,730
		Program 06.01: Service and Support Administration	$8,672,730	$8,672,730
GRF	**322-501**	**County Boards Subsidies**	**$32,193,542**	**$32,193,542**
		Program Series 1: Early Intervention Services	$7,307,934	$7,307,934
		Program 01.03: MR/DD County Board Subsidies	$7,307,934	$7,307,934
		Program Series 3: Employment and Skills Development Services and Supports	$24,885,608	$24,885,608
		Program 03.02: MR/DD County Board Subsidies	$24,885,608	$24,885,608
GRF	**322-503**	**Tax Equity**	**$14,500,000**	**$14,500,000**
		Program Series 3: Employment and Skills Development Services and Supports	$14,500,000	$14,500,000
		Program 03.03: Tax Equity	$14,500,000	$14,500,000
GRF	**323-321**	**Residential Facilities Operations**	**$101,764,366**	**$100,457,600**
		Program Series 4: Residential Services and Supports	$101,764,366	$100,457,600
		Program 04.01: Developmental Centers	$101,764,366	$100,457,600

Executive Recommendations for FY 2006 and FY 2007, By Line Item and Program				
Fund	**ALI**	**Title**	**FY 2006**	**FY 2007**
		General Revenue Fund Subtotal	**$353,128,610**	**$353,666,007**
		General Services Fund Group		
152	**323-609**	**Residential Facilities Support**	**$912,177**	**$912,177**
		Program Series 4: Residential Services and Supports	$912,177	$912,177
		Program 04.01: Developmental Centers	$912,177	$912,177
4B5	**320-640**	**Conference/Training**	**$300,000**	**$300,000**
		Program Series 4: Residential Services and Supports	$225,000	$225,000
		Program 04.05: Individual Options Waiver	$225,000	$225,000
		Program Series 6: Compliance and Quality Improvement	$75,000	$75,000
		Program 06.03: Major Unusual Incidents	$75,000	$75,000
4U4	**322-606**	**Community MR and DD Trust**	**$300,000**	**$50,000**
		Program Series 3: Employment and Skills Development Services and Supports	$300,000	$50,000
		Program 03.05: Community MR/DD Trust Fund	$300,000	$50,000
4V1	**322-611**	**Family and Children First**	**$625,000**	**$625,000**
		Program Series 2: Education and Related Services	$625,000	$625,000
		Program 02.02: Office of Family and Children First	$625,000	$625,000
488	**322-603**	**Provider Audit Refunds**	**$350,000**	**$350,000**
		Program Series 4: Residential Services and Supports	$350,000	$350,000
		Program 04.05: Individual Options Waiver	$350,000	$350,000
		General Services Fund Subtotal	**$2,487,177**	**$2,237,177**
		Federal Special Revenue Fund Group		
3A4	**320-605**	**Administrative Support**	**$13,492,892**	**$13,492,892**
		Program Series 1: Early Intervention Services	$792,098	$793,180
		Program 01.02: Early Intervention	$395,077	$395,611
		Program 01.03: MR/DD County Board Subsidies	$397,021	$397,569
		Program Series 2: Education and Related Services	$425,029	$426,437
		Program 02.02: Office of Family and Children First	$29,949	$30,823
		Program 02.03: Foster Grandparent Services	$395,080	$395,614
		Program Series 3: Employment and Skills Development Services and Supports	$1,580,323	$1,582,456
		Program 03.02: MR/DD County Board Subsidies	$395,080	$395,614
		Program 03.03: Tax Equity	$395,080	$395,614
		Program 03.04: Social Services Block Grant (Title XX)	$395,080	$395,614
		Program 03.05: Community MR/DD Trust Fund	$395,083	$395,614
		Program Series 4: Residential Services and Supports	$6,468,840	$6,392,197
		Program 04.01: Developmental Centers	$3,496,715	$3,583,917

Executive Recommendations for FY 2006 and FY 2007, By Line Item and Program				
Fund	**ALI**	**Title**	**FY 2006**	**FY 2007**
		Program 04.02: Family Support Services	$449,933	$450,500
		Program 04.03: Supported Living	$445,080	$445,614
		Program 04.04: Residential Facilities Waiver	$489,386	$490,245
		Program 04.05: Individual Options Waiver	$657,386	$490,245
		Program 04.06: Level One Waiver	$445,060	$445,593
		Program 04.07: Miscellaneious Residential Supports	$485,280	$486,083
		Program Series 5: Constituent Supports/Advocacy	$571,248	$578,319
		Program 05.01: Protective Services	$59,929	$60,802
		Program 05.02: Employment and Training for Persons with Severe Disabilities	$87,408	$95,831
		Program 05.03: Indpendence Plus Initiative Grant	$395,062	$391,978
		Program 05.04: Ohio Developmental Disabilities Council	$28,849	$29,708
		Program Series 6: Compliance and Quality Improvement	$3,655,354	$3,720,303
		Program 06.01: Service and Support Administration	$395,065	$395,599
		Program 06.02: Quality Assurance and Quality Improvement in HCBS Grant	$487,809	$547,653
		Program 06.03: Major Unusual Incidents	$487,609	$489,079
		Program 06.04: Provider Certification	$426,355	$427,217
		Program 06.05: Licensure	$1,503,121	$1,605,109
		Program 06.06: Accreditation	$355,395	$255,646
3A4	**322-605**	**Community Program Support**	**$1,500,000**	**$1,500,000**
		Program Series 4: Residential Services and Supports	$1,500,000	$1,500,000
		Program 04.05: Individual Options Waiver	$1,500,000	$1,500,000
3A4	**323-605**	**Developmental Center Operations Expenses**	**$120,000,000**	**$120,000,000**
		Program Series 4: Residential Services and Supports	$120,000,000	$120,000,000
		Program 04.01: Developmental Centers	$120,000,000	$120,000,000
3A5	**320-613**	**DD Council Operating Expenses**	**$895,440**	**$895,440**
		Program Series 5: Constituent Supports/Advocacy	$895,440	$895,440
		Program 05.04: Ohio Developmental Disabilities Council	$895,440	$895,440
3A5	**322-613**	**DD Council Grants**	**$3,204,240**	**$3,204,240**
		Program Series 5: Constituent Supports/Advocacy	$3,204,240	$3,204,240
		Program 05.04: Ohio Developmental Disabilities Council	$3,204,240	$3,204,240
3G6	**322-639**	**Medicaid Waiver**	**$373,772,814**	**$373,772,814**
		Program Series 1: Early Intervention Services	$6,828	$19,402
		Program 01.02: Early Intervention	$3,414	$3,604
		Program 01.03: MR/DD County Board Subsidies	$3,414	$15,798
		Program Series 2: Education and Related Services	$6,828	$7,208

Executive Recommendations for FY 2006 and FY 2007, By Line Item and Program				
Fund	**ALI**	**Title**	**FY 2006**	**FY 2007**
		Program 02.02: Office of Family and Children First	$3,414	$3,604
		Program 02.03: Foster Grandparent Services	$3,414	$3,604
		Program Series 3: Employment and Skills Development Services and Supports	$85,576	$103,082
		Program 03.02: MR/DD County Board Subsidies	$75,334	$92,270
		Program 03.03: Tax Equity	$3,414	$3,604
		Program 03.04: Social Services Block Grant (Title XX)	$3,414	$3,604
		Program 03.05: Community MR/DD Trust Fund	$3,414	$3,604
		Program Series 4: Residential Services and Supports	$370,356,997	$370,191,460
		Program 04.01: Developmental Centers	$3,414	$3,604
		Program 04.02: Family Support Services	$3,614	$3,805
		Program 04.03: Supported Living	$3,614	$3,805
		Program 04.04: Residential Facilities Waiver	$89,709,827	$89,710,079
		Program 04.05: Individual Options Waiver	$265,453,514	$265,238,365
		Program 04.06: Level One Waiver	$15,179,400	$15,227,996
		Program 04.07: Miscellaneious Residential Supports	$3,614	$3,806
		Program Series 5: Constituent Supports/Advocacy	$2,476,658	$2,477,418
		Program 05.01: Protective Services	$2,466,414	$2,466,604
		Program 05.02: Employment and Training for Persons with Severe Disabilities	$3,414	$3,604
		Program 05.03: Indpendence Plus Initiative Grant	$3,415	$3,605
		Program 05.04: Ohio Developmental Disabilities Council	$3,415	$3,605
		Program Series 6: Compliance and Quality Improvement	$839,927	$974,244
		Program 06.01: Service and Support Administration	$3,415	$3,605
		Program 06.02: Quality Assurance and Quality Improvement in HCBS Grant	$789,734	$921,019
		Program 06.03: Major Unusual Incidents	$3,415	$3,605
		Program 06.04: Provider Certification	$3,415	$3,605
		Program 06.05: Licensure	$36,533	$38,805
		Program 06.06: Accreditation	$3,415	$3,605
3M7	**322-650**	**CAFS Medicaid**	**$125,924,299**	**$103,773,730**
		Program Series 1: Early Intervention Services	$41,536,235	$34,591,243
		Program 01.01: CAFS-Early Intervention	$41,536,235	$34,591,243
		Program Series 2: Education and Related Services	$41,548,407	$34,591,243
		Program 02.01: CAFS-Education	$41,548,407	$34,591,243
		Program Series 3: Employment and Skills Development Services and Supports	$42,839,657	$34,591,244
		Program 03.01: CAFS-Adult Habilitation	$42,839,657	$34,591,244
325	**320-634**	**Protective Services**	**$100,000**	**$100,000**

Executive Recommendations for FY 2006 and FY 2007, By Line Item and Program				
Fund	**ALI**	**Title**	**FY 2006**	**FY 2007**
		Program Series 5: Constituent Supports/Advocacy	$100,000	$100,000
		Program 05.01: Protective Services	$100,000	$100,000
325	**322-608**	**Grants for Infants and Families with Disabilities**	**$1,763,165**	**$1,763,165**
		Program Series 1: Early Intervention Services	$541,934	$554,253
		Program 01.01: CAFS-Early Intervention	$17,365	$17,955
		Program 01.02: Early Intervention	$524,569	$536,298
		Program Series 2: Education and Related Services	$17,365	$17,955
		Program 02.01: CAFS-Education	$17,365	$17,955
		Program Series 3: Employment and Skills Development Services and Supports	$180,784	$185,178
		Program 03.01: CAFS-Adult Habilitation	$44,810	$45,457
		Program 03.02: MR/DD County Board Subsidies	$27,445	$27,502
		Program 03.04: Social Services Block Grant (Title XX)	$108,529	$112,219
		Program Series 4: Residential Services and Supports	$83,963	$85,938
		Program 04.04: Residential Facilities Waiver	$17,365	$17,955
		Program 04.05: Individual Options Waiver	$47,063	$47,784
		Program 04.06: Level One Waiver	$19,535	$20,199
		Program Series 5: Constituent Supports/Advocacy	$505,810	$486,389
		Program 05.03: Indpendence Plus Initiative Grant	$438,452	$418,889
		Program 05.04: Ohio Developmental Disabilities Council	$67,358	$67,500
		Program Series 6: Compliance and Quality Improvement	$433,309	$433,452
		Program 06.02: Quality Assurance and Quality Improvement in HCBS Grant	$433,309	$433,452
325	**322-612**	**Community Social Service Programs**	**$11,500,000**	**$11,500,000**
		Program Series 3: Employment and Skills Development Services and Supports	$11,500,000	$11,500,000
		Program 03.04: Social Services Block Grant (Title XX)	$11,500,000	$11,500,000
325	**323-608**	**Foster Grandparent Program**	**$575,000**	**$575,000**
		Program Series 2: Education and Related Services	$575,000	$575,000
		Program 02.03: Foster Grandparent Services	$575,000	$575,000
		Federal Special Revenue Fund Subtotal	**$652,727,850**	**$630,577,281**
State Special Revenue Fund Group				
221	**322-620**	**Supplemental Service Trust**	**$150,000**	**$150,000**
		Program Series 4: Residential Services and Supports	$150,000	$150,000
		Program 04.07: Miscellaneious Residential Supports	$150,000	$150,000
4K8	**322-604**	**Waiver-Match**	**$12,000,000**	**$12,000,000**
		Program Series 4: Residential Services and Supports	$12,000,000	$12,000,000
		Program 04.05: Individual Options Waiver	$12,000,000	$12,000,000

Executive Recommendations for FY 2006 and FY 2007, By Line Item and Program				
Fund	**ALI**	**Title**	**FY 2006**	**FY 2007**
489	**323-632**	**Developmental Center Direct Care Support**	**$12,125,628**	**$12,125,628**
		Program Series 4: Residential Services and Supports	$12,125,628	$12,125,628
		Program 04.01: Developmental Centers	$12,125,628	$12,125,628
5H0	**322-619**	**Medicaid Repayment**	**$25,000**	**$25,000**
		Program Series 4: Residential Services and Supports	$25,000	$25,000
		Program 04.07: Miscellaneious Residential Supports	$25,000	$25,000
5S2	**590-622**	**Medicaid Administration & Oversight**	**$8,000,000**	**$8,000,000**
		Program Series 2: Education and Related Services	$38,566	$39,625
		Program 02.03: Foster Grandparent Services	$38,566	$39,625
		Program Series 3: Employment and Skills Development Services and Supports	$111,424	$115,099
		Program 03.02: MR/DD County Board Subsidies	$93,966	$97,631
		Program 03.04: Social Services Block Grant (Title XX)	$17,458	$17,468
		Program Series 4: Residential Services and Supports	$5,562,589	$5,463,484
		Program 04.01: Developmental Centers	$11,878	$12,017
		Program 04.04: Residential Facilities Waiver	$1,794,413	$1,751,549
		Program 04.05: Individual Options Waiver	$1,878,574	$1,860,869
		Program 04.06: Level One Waiver	$1,877,724	$1,839,049
		Program Series 6: Compliance and Quality Improvement	$2,287,421	$2,381,792
		Program 06.01: Service and Support Administration	$22,237	$22,384
		Program 06.02: Quality Assurance and Quality Improvement in HCBS Grant	$421,121	$432,530
		Program 06.04: Provider Certification	$149,979	$158,808
		Program 06.05: Licensure	$388,360	$397,503
		Program 06.06: Accreditation	$1,305,724	$1,370,567
5Z1	**322-624**	**County Board Waiver Match**	**$82,000,000**	**$82,000,000**
		Program Series 4: Residential Services and Supports	$82,000,000	$82,000,000
		Program 04.05: Individual Options Waiver	$61,000,000	$61,000,000
		Program 04.06: Level One Waiver	$21,000,000	$21,000,000
		State Special Revenue Fund Subtotal	**$114,300,628**	**$114,300,628**
Department of Mental Retardation and Developmental Disabilities Total Funding			**$1,122,644,265**	**$1,100,781,093**

ANALYSIS OF EXECUTIVE PROPOSAL

Program Series 1 **Early Intervention Services**

Purpose: This program series targets children, birth through age two, who are at risk of or are diagnosed with a developmental delay. Once identified, service providers and the family work together to develop an Individual Family Services Plan that includes services related to the needs of the child and the family.

The following table shows the line items that are used to fund the Early Intervention Services program series, as well as the Governor's recommended funding levels.

Fund	ALI	Title	FY 2006	FY 2007
General Revenue Fund				
GRF	320-321*	Central Administration	$438,349	$442,290
GRF	322-501*	County Boards Subsidies	$7,307,934	$7,307,934
		General Revenue Fund Subtotal	**$7,746,283**	**$7,750,224**
Federal Special Revenue Fund				
3A4	320-605*	Administrative Support	$792,098	$793,180
3G6	322-639*	Medicaid Waiver	$6,828	$19,402
3M7	322-650*	CAFS Medicaid	$41,536,235	$34,591,243
325	322-608*	Grants for Infants and Families with Disabilities	$541,934	$554,253
		Federal Special Revenue Fund Subtotal	**$42,877,095**	**$35,958,078**
Total Funding: Early Intervention Services			**$50,623,378**	**$43,708,302**

* Amount does not reflect total appropriation because the line item is used to fund other program series.

This analysis focuses on the following specific programs within the Early Intervention Services program series:

- ***Community Alternative Funding System (CAFS)-Early Intervention***
- ***Early Intervention***
- ***Subsidies to County Boards of MR/DD-Early Childhood Services***

Community Alternative Funding System (CAFS)-Early Intervention

Program Description: The CAFS program provides federal Medicaid reimbursement to county boards of MR/DD, local school districts, and nonprofit organizations for medical and support services provided to persons with MR/DD in certified habilitation centers. This is an optional state Medicaid plan service and serves as a mechanism for the reimbursement of costs associated with the provision of Medicaid-approved services delivered by habilitation centers. Reimbursable services include physical therapy, occupational therapy, speech therapy and audiology, psychology, nursing, skills development, active treatment, social work/counseling, service coordination, and transportation.

The Early Intervention (EI) part of the CAFS program provides federal Medicaid reimbursement to county boards of MR/DD, private providers, and public children services agencies for costs incurred providing EI services. County boards of MR/DD make up approximately 50% of all providers of EI services in Ohio. The significant services provided under CAFS for EI services are physical therapy, occupational therapy, speech therapy, audiology, and service coordination.

The local provider is responsible for the nonfederal share of CAFS expenditures. The provider of CAFS services covers the full amount of the services and then submits a claim to ODMR/DD for federal reimbursement (approximately 60% of the total cost of the claim). County boards of MR/DD and school districts rely heavily on local levy dollars to provide matching funds. There is a 4% fee charged on each CAFS claim to help offset the Department's costs of administering the program.

Funding Source and Line Items: The following table shows the line items that are used to fund the CAFS-Early Intervention program, as well as the Governor's recommended funding levels.

Fund	ALI	Title	FY 2006	FY 2007
Federal Special Revenue Fund				
3M7	322-650*	CAFS Medicaid	$41,536,235	$34,591,243
325	322-608*	Grants for Infants and Families with Disabilities	$17,365	$17,955
		Federal Special Revenue Fund Subtotal	**$41,553,600**	**$34,609,198**
Total Funding: CAFS-Early Intervention			**$41,553,600**	**$34,609,198**

* Amount does not reflect total appropriation because the line item is used to fund other programs.

Implication of Executive Recommendation: The CMS recently found the CAFS program to be out of compliance with federal Medicaid requirements pertaining to comparability of services, free choice of provider, and overall service eligibility. The CMS informed ODJFS and ODMR/DD that it would no longer provide federal Medicaid reimbursement for the CAFS program effective July 1, 2005. As a result, approximately $206 million[38] in federal Medicaid reimbursement is in jeopardy. Consequently, the executive recommendations repeal all statutes regarding CAFS and certified habilitation centers, effectively terminating the program at the end of FY 2005. The executive recommendations include appropriations in FY 2006 and FY 2007 to account for residual claiming that will occur during the biennium.

According to the Department, making CAFS compliant with CMS requirements is not fiscally possible. As a state plan option, CAFS services are an entitlement available to any Medicaid-eligible individual needing CAFS services. Although local county boards and school districts are statutorily responsible for the nonfederal match, the state is ultimately responsible since CAFS is an entitlement under the state Medicaid plan. If a county board is unable or unwilling to meet the match obligations, the state must pay the nonfederal share of CAFS expenditures. Thus, the state's potential fiscal liability grows since neither the number of providers or the number of individuals served can be controlled. According to the Department, this runs counter to the Executive's priorities of cost containment within the Medicaid program.

The termination of the CAFS program will affect county boards of MR/DD, participating school districts, private providers, ODMR/DD, ODJFS, and the individuals receiving CAFS services. See ***Community Alternative Funding System (CAFS)*** in the ***Budget Issues*** section above for more information.

[38] Based on FY 2004 expenditures.

Early Intervention

Program Description: The Early Intervention (EI) program was established in 1987 by Federal Part C of the Individuals with Disabilities Education Act (IDEA). The Act grants federal funds, which come from the U.S. Department of Education, to states to provide services and supports to infants and toddlers, birth through age two, with developmental delays or risk factors associated with such delays. Infants, birth through age two, who have or are at risk for developmental delays, receive such services as language stimulation and communication skills training, physical development, social-emotional development, cognitive development, and sensory development.

In Ohio, EI services are provided through a network of state agencies as part of the Ohio Department of Health's (ODH) "Help Me Grow" initiative. The Governor has designated ODH as the lead agency for providing EI services. Consequently, ODH is charged with the general administration, supervision, and monitoring of EI services. The ODMR/DD receives a portion of the federal funds from ODH to provide training and technical assistance to county boards to ensure compliance with all federal and state statutes regarding EI services. County boards of MR/DD are specifically targeted with these funds because they are the largest providers of EI services in Ohio (approximately 50%).

Funding Source and Line Items: The following table shows the line items that are used to fund the Early Intervention program, as well as the Governor's recommended funding levels.

Fund	ALI	Title	FY 2006	FY 2007
General Revenue Fund				
GRF	320-321*	Central Administration	$245,223	$247,293
		General Revenue Fund Subtotal	**$245,223**	**$247,293**
Federal Special Revenue Fund				
3A4	320-605*	Administrative Support	$395,077	$395,611
3G6	322-639*	Medicaid Waiver	$3,414	$3,414
325	322-608*	Grants for Infants and Families with Disabilities	$524,569	$536,298
		Federal Special Revenue Fund Subtotal	**$923,060**	**$935,323**
Total Funding: Early Intervention			**$1,168,283**	**$1,182,806**

* Amount does not reflect total appropriation because the line item is used to fund other programs.

Implication of Executive Recommendation: The executive recommendations provide for current service levels. The funding does not provide any direct EI services. These are federal funds that are used to pay for the personnel needed to provide training, consultation, and technical assistance to county boards of MR/DD to ensure statewide compliance with all relevant federal and state regulations. As stated above, money is transferred from the federal Department of Education to ODH to ODMR/DD. The level of services is determined by an interagency agreement between ODH and ODMR/DD and will remain constant in the next biennium.

Subsidies to County Boards of MR/DD-Early Childhood Services

Program Description: This program distributes GRF state subsidies to the 88 county boards of MR/DD. County boards of MR/DD are mandated to provide early childhood services, supported home services, adult services, and special education programs to Ohioans with MR/DD.

State law requires county boards of MR/DD to provide early childhood services. The goal of this program is to provide a per enrollee subsidy for each child served by a county board of MR/DD or through a contract between a county board and a private provider. Subsidies are distributed according to the formula set forth in section 5126.12 of the Revised Code. Under the Revised Code, the state subsidy is $950 per child under age three. Subsidy payments are combined with local levy funds to provide the match for federal financial participation.

Funding Source and Line Items: The following table shows the line items that are used to fund the Subsidies to County Boards of MR/DD-Early Childhood Services program, as well as the Governor's recommended funding levels.

Fund	ALI	Title	FY 2006	FY 2007
General Revenue Fund				
GRF	320-321*	Central Administration	$193,126	$194,997
GRF	322-501*	County Boards Subsidies	$7,307,934	$7,307,934
		General Revenue Fund Subtotal	**$7,501,060**	**$7,502,931**
Federal Special Revenue Fund				
3A4	320-605*	Administrative Support	$397,021	$397,569
3G6	322-639*	Medicaid Waiver	$3,414	$15,798
		Federal Special Revenue Fund Subtotal	**$400,435**	**$413,367**
Total Funding: Subsidies to County Boards of MR/DD-Early Childhood Services			**$7,901,495**	**$7,916,298**

* Amount does not reflect total appropriation because the line item is used to fund other programs.

Implication of Executive Recommendation: The Executive recommends flat funding in GRF line item 322-501, County Boards Subsidies, of $32.2 million in each fiscal year. Of that total, approximately $7.3 million will be used to fund early childhood services subsidies. With the recommended funding, the Department will provide a prorated early childhood services subsidy to county boards. All of the subsidy funds will be used to maintain current levels of service.

As discussed above, section 5126.12 of the Revised Code mandates that the Department pay $950 per child less than three years of age. In FY 2003, the number of children under three enrolled in county board programs was 9,861. Based on these numbers, approximately $9.4 million would be needed to fully fund the early childhood subsidy formula. The executive budget recommendations fall approximately $2.1 million short of fully funding the formula. Furthermore, any increase in the early childhood population since FY 2003 would further elevate the statutory funding level. According to the Department, the statewide average cost for early childhood services is approximately $6,000 per individual, which far outweighs the statutory per child subsidy.

According to the Department, the recommended funding will put more pressure on local levy dollars to support the increasing demand for services. In recent years, the county board population has steadily increased, while state funding has decreased. Between FYs 1994-2003, the county board population increased 59.9% (43,090 to 68,896), while funding in line item 322-501, County Boards Subsidies, decreased 11.6% ($37.1 million to $32.9 million) when adjusted for inflation.[39] When state funding is reduced, the burden falls on locals to make up for any funding gaps. Thus, county boards are serving an increasing number of individuals with reduced amounts of state funding The loss of CAFS funding and the implementation of the new waiver reimbursement methodology may exacerbate this trend as county boards may see losses in revenue and increased waiver costs.

[39] The JPG chained price index for government purchases of goods and services, which is generated by the U.S. Bureau of Economic Analysis, was used to adjust for inflation. The numbers presented are the real expenditures expressed in FY 1994 dollars.

Program Series 2 Education and Related Services

Purpose: Programs in this program series target children ages 3 through 21 with MR/DD who are eligible for a free and appropriate education through Ohio's public school system.

The following table shows the line items that are used to fund the Education and Related Services program series, as well as the Governor's recommended funding levels.

Fund	ALI	Title	FY 2006	FY 2007
General Revenue Fund				
GRF	320-321*	Central Administration	$332,249	$335,327
		General Revenue Fund Subtotal	**$332,249**	**$335,327**
State Special Revenue Fund				
5S2	590-622*	Medicaid Administration & Oversight	$38,566	$39,625
		State Special Revenue Fund Subtotal	**$38,566**	**$39,625**
General Services Fund				
4V1	322-611	Family and Children First	$625,000	$625,000
		General Services Fund Subtotal	**$625,000**	**$625,000**
Federal Special Revenue Fund				
3A4	320-605*	Administrative Support	$425,029	$426,437
3G6	322-639*	Medicaid Waiver	$6,828	$7,208
3M7	322-650*	CAFS Medicaid	$41,548,407	$34,591,243
325	322-608*	Grants for Infants and Families with Disabilities	$17,365	$17,955
325	323-608	Foster Grandparent Program	$575,000	$575,000
		Federal Special Revenue Fund Subtotal	**$42,572,629**	**$35,617,843**
Total Funding: Education and Related Services			**$43,568,444**	**$36,617,795**

* Amount does not reflect total appropriation because the line item is used to fund other program series.

This analysis focuses on the following specific programs within the Education and Related Services program series:

- ***Community Alternative Funding System (CAFS)-Education***
- ***Office of Family and Children First***
- ***Intersystem Services For Children***
- ***Foster Grandparent Services***

Community Alternative Funding System (CAFS)-Education

Program Description: The CAFS program provides federal Medicaid reimbursement to county boards of MR/DD, local school districts, and nonprofit organizations for medical and support services provided to persons with MR/DD in certified habilitation centers. This is an optional state Medicaid plan service and serves as a mechanism for the reimbursement of costs associated with the provision of Medicaid-approved services delivered by habilitation centers. Reimbursable services include physical therapy, occupational therapy, speech therapy and audiology, psychology, nursing, skills development, active treatment, social work/counseling, service coordination, and transportation.

The education part of the CAFS program provides federal Medicaid reimbursement to county boards of MR/DD and certified school districts for costs incurred providing CAFS services to children age 3 through 21.

The local provider is responsible for the nonfederal share of CAFS expenditures. The provider of CAFS services covers the full amount of the services and then submits a claim to ODMR/DD for federal reimbursement (approximately 60% of the total cost of the claim). County boards of MR/DD and local school districts rely heavily on local levy dollars to provide matching funds. There is a 4% fee charged on each CAFS claim to help offset the Department's costs of administering the program.

Funding Source and Line Items: The following table shows the line items that are used to fund the CAFS-Education program, as well as the Governor's recommended funding levels.

Fund	ALI	Title	FY 2006	FY 2007
Federal Special Revenue Fund				
3M7	322-650*	CAFS Medicaid	$41,548,407	$34,591,243
325	322-608*	Grants for Infants and Families with Disabilities	$17,365	$17,955
		Federal Special Revenue Fund Subtotal	**$41,565,772**	**$34,609,198**
Total Funding: CAFS-Education			**$41,565,772**	**$34,609,198**

* Amount does not reflect total appropriation because the line item is used to fund other programs.

Implication of Executive Recommendation: The CMS recently found the CAFS program to be out of compliance with federal Medicaid requirements pertaining to comparability of services, free choice of provider, and overall service eligibility. The CMS informed ODJFS and ODMR/DD that it would no longer provide federal Medicaid reimbursement for the CAFS program effective July 1, 2005. As a result, approximately $206 million[40] in federal Medicaid reimbursement is in jeopardy. Consequently, the executive recommendations repeal all statutes regarding CAFS and certified habilitation centers, effectively terminating the program at the end of FY 2005. The executive recommendations include appropriations in FY 2006 and FY 2007 to account for residual claiming that will occur during the biennium.

According to the Department, making CAFS compliant with CMS requirements is not fiscally possible. As a state plan option, CAFS services are an entitlement available to any Medicaid-eligible individual needing CAFS services. Although local county boards and school districts are statutorily responsible for the nonfederal match, the state is ultimately responsible since CAFS is an entitlement under the state Medicaid plan. If a county board is unable or unwilling to meet the match obligations, the state must pay the nonfederal share of CAFS expenditures. Thus, the state's potential fiscal liability grows since neither the number of providers or the number of individuals served can be controlled. According to the Department, this runs counter to the Executive's priorities of cost containment within the Medicaid program.

The termination of the CAFS program will affect county boards of MR/DD, participating school districts, private providers, ODMR/DD, ODJFS, and the individuals receiving CAFS services. See ***Community Alternative Funding System (CAFS)*** in the ***Budget Issues*** section above for more information.

[40] Based on FY 2004 expenditures.

Office of Family and Children First

Program Description: The Office of Family and Children First (OFCF) is a network of various state agencies and private organizations that work to align resources and activities around a shared vision for meeting the needs of children. The OFCF supports the work of the Governor's Family and Children First (FCF) Cabinet Council. The Governor's FCF Cabinet Council consists of the directors of various state agencies that provide support to multi-need children. The goal of the FCF Cabinet Council is to streamline and coordinate existing government services for families seeking assistance for their children by (1) making recommendations to the Governor and the Ohio General Assembly regarding the provision of services, (2) advise and assess the coordination of service delivery to children, (3) encourage coordinated efforts at the state and local level to improve the social service delivery system, and (4) develop programs and projects to encourage coordinated efforts at the state and local level.

There are also 88 local county FCF councils. The local FCF councils are charged with (1) evaluating and prioritizing services for children and families, (2) fill service gaps whenever possible, (3) invent new approaches to achieve better results, (4) ensure ongoing input from a broad representation of families, (5) maintain an accountability system to monitor progress in achieving results, and (6) refer to the FCF Cabinet Council those children for whom the county council cannot provide adequate services.

The OFCF, and the entire FCF local and state framework, is not a program, but rather an initiative to coordinate a variety of services for children and families, especially those that are at risk and/or low-income. The Department of MR/DD is the fiscal agent for the initiative. All initiatives of the OFCF are funded through the participating state agencies and come from a variety of funding sources.

Funding Source and Line Items: The following table shows the line items that are used to fund the Office of Family and Children First program, as well as the Governor's recommended funding levels.

Fund	ALI	Title	FY 2006	FY 2007
General Revenue Fund				
GRF	320-321*	Central Administration	$177,609	$179,371
		General Revenue Fund Subtotal	**$177,609**	**$179,371**
General Services Fund				
4V1	322-611	Family and Children First	$625,000	$625,000
		General Services Fund Subtotal	**$625,000**	**$625,000**
Federal Special Revenue Fund				
3A4	320-605*	Administrative Support	$29,949	$30,823
3G6	322-639*	Medicaid Waiver	$3,414	$3,414
		Federal Special Revenue Fund Subtotal	**$33,363**	**$34,237**
Total Funding: Office of Family and Children First			**$835,972**	**$838,798**

* Amount does not reflect total appropriation because the line item is used to fund other programs.

Implication of Executive Recommendation: The executive budget recommendation provides for current service levels to be maintained.

Intersystem Services For Children

Program Description: The Intersystem Services for Children program coordinates services for children requiring help from more than one state agency. This prevents these children from suffering service lapses because of conflicting agency mandates. Intersystem funds are used to provide short-term supports of no more than 12 months to the child and respective family. The short-term support gives counties time to develop the necessary means to meet the child's long-term needs. The goal of the program is to help local FCF councils to work collaboratively to build local capacity to serve multi-need children, while keeping the children in their own home.

The ODMR/DD administers intersystem funds on behalf of the Governor's FCF Council. The local FCF council submits referrals to ODMR/DD for the disbursement of Intersystem funds. By doing so, the FCF council certifies that the respective county does not have the resources to support the child. Local agencies are required to provide at least a 50% match of the state funds to have a request approved. On average, 65 counties access Intersystem funds.

Intersystem funds are initially transferred from the Ohio Department of Education to ODMR/DD. The local FCF council submits a funding request to the FCF Cabinet Council that stipulates the services and supports needed for the child and the total cost of the services. State funds are then allocated based on the child's living situation. More state funds are authorized (50%) if the services support the child within the child's own home. Fewer funds are authorized (25%) if the child will be removed from the child's own home. The remainder of the funding must come from local match and is usually a result of pooled resources from the county FCF council.

Funding Source and Line Items: The following table shows the line items that are used to fund the Intersystem Services for Children program, as well as the Governor's recommended funding levels.

Fund	ALI	Title	FY 2006	FY 2007
General Services Fund				
4J6	322-645	Intersystem Services for Children	$0	$0
		General Services Fund Subtotal	**$0**	**$0**
Total Funding: Intersystem Services for Children			**$0**	**$0**

Implication of Executive Recommendation: The Intersystem Services for Children program is being transferred to the Ohio Department of Mental Health (ODMH). The ODMR/DD has been the fiscal agent for this program since FY 1993. In FY 2004, approximately $3.2 million was spent in line item 322-645, Intersystem Service for Children. The funds in this program are used to support grants to local FCF councils. The program serves multi-needs children requiring services from more than one public agency. According to the Department, there are concerns that the children targeted with these funds will change when the program is transferred. However, according to ODMH, the program will continue to serve the same population. The ODMR/DD will continue to provide its monetary contribution to the OFCF.

Foster Grandparent Services

Program Description: The Foster Grandparent program provides volunteer opportunities for lower-income senior citizens aged 60 years or older to assist children with MR/DD. At the same time, the program provides one-on-one supportive services for children who have special needs or who are disadvantaged. This program is part of the National Senior Service Corps. There is a national network of similarly structured volunteer organizations sponsored and operated by state and local governments throughout the United States. This program provides supportive services to approximately 450 children with special needs at 50 community-based volunteer stations (located in 9 counties) from 125 foster grandparents.

Funds for this program come from a federal grant provided by the Corporation for National and Community Service. Only 90% of the program's operating budget can come from federal funds; therefore, a state match of 10% is necessary.

Funding Source and Line Items: The following table shows the line items that are used to fund the Foster Grandparent Services program, as well as the Governor's recommended funding levels.

Fund	ALI	Title	FY 2006	FY 2007
General Revenue Fund				
GRF	320-321*	Central Administration	$154,640	$155,956
		General Revenue Fund Subtotal	**$154,640**	**$155,956**
State Special Revenue Fund				
5S2	590-622*	Medicaid Administration & Oversight	$38,566	$39,625
		State Special Revenue Fund Subtotal	**$38,566**	**$39,625**
Federal Special Revenue Fund				
3A4	320-605*	Administrative Support	$425,029	$426,437
3G6	322-639*	Medicaid Waiver	$6,828	$7,208
325	323-608	Foster Grandparent Program	$575,000	$575,000
		Federal Special Revenue Fund Subtotal	**$1,006,857**	**$1,008,645**
Total Funding: Foster Grandparent Services			**$1,166,700**	**$1,169,799**

* Amount does not reflect total appropriation because the line item is used to fund other programs.

Implication of Executive Recommendation: The executive recommendations provide for current service levels to be maintained. During the biennium, the primary focus of this program will be to increase the number of volunteer sites at early childhood and family centers.

Program Series 3 — Employment and Skills Development Services and Supports

Purpose: This program series focuses on nonresidential services for individuals with MR/DD, ages 16 and older, who require skill development or support in order to gain meaningful, competitive employment or to live independently in a safe and healthy environment.

The following table shows the line items that are used to fund the Employment and Skills Development Services and Supports program series, as well as the Governor's recommended funding levels.

Fund	ALI	Title	FY 2006	FY 2007
General Revenue Fund				
GRF	320-321*	Central Administration	$746,956	$755,325
GRF	322-501*	County Boards Subsidies	$24,885,608	$24,885,608
GRF	322-503	Tax Equity	$14,500,000	$14,500,000
		General Revenue Fund Subtotal	**$40,132,564**	**$40,140,933**
State Special Revenue Fund				
5S2	590-622*	Medicaid Administration & Oversight	$111,424	$115,099
		State Special Revenue Fund Subtotal	**$111,424**	**$115,099**
General Services Fund				
4U4	322-606	Community MR and DD Trust	$300,000	$50,000
		General Services Fund Subtotal	**$300,000**	**$50,000**
Federal Special Revenue Fund				
3A4	320-605*	Administrative Support	$1,580,323	$1,582,456
3G6	322-639*	Medicaid Waiver	$85,576	$103,082
3M7	322-650*	CAFS Medicaid	$42,839,657	$34,591,244
325	322-608*	Grants for Infants and Families with Disabilities	$180,784	$185,178
325	322-612	Community Social Services Program	$11,500,000	$11,500,000
		Federal Special Revenue Fund Subtotal	**$56,186,340**	**$47,961,960**
Total Funding: Employment and Skills Development Services and Supports			**$96,730,328**	**$88,267,992**

* Amount does not reflect total appropriation because the line item is used to fund other program series.

This analysis focuses on the following specific programs within the Employment and Skills Development Services and Supports program series:

- ***Community Alternative Funding System (CAFS)-Adult Habilitation***
- ***Subsidies to County Boards of MR/DD-Adult Services***
- ***Tax Equity***
- ***Social Services Block Grant (Title XX)***
- ***Community MR/DD Trust Fund***

Community Alternative Funding System (CAFS)-Adult Habilitation

Program Description: The CAFS program provides federal Medicaid reimbursement to county boards of MR/DD, local school districts, and nonprofit organizations for medical and support services provided to persons with MR/DD in certified habilitation centers. This is an optional state Medicaid plan service and serves as a mechanism for the reimbursement of costs associated with the provision of Medicaid-approved services delivered by habilitation centers. Reimbursable services include physical therapy, occupational therapy, speech therapy and audiology, psychology, nursing, skills development, active treatment, social work/counseling, service coordination, and transportation. CAFS also provides skills development for individuals on home and community-based waivers and active treatment services for individuals residing in ICFs/MR.

The adult habilitation part of the CAFS program provides federal reimbursement to Medicaid-certified habilitation centers for services provided to individuals 16 and older who are eligible to receive services from a county board of MR/DD.

The county board of MR/DD is responsible for the nonfederal share of CAFS expenditures. The provider of CAFS services covers the full amount of the services and then submits a claim to ODMR/DD for federal reimbursement (approximately 60% of the total cost of the claim). County boards of MR/DD and local school districts rely heavily on local levy dollars to provide matching funds. There is a 4% fee charged on each CAFS claim to help offset the Department's costs of administering the program.

Funding Source and Line Items: The following table shows the line items that are used to fund the CAFS-Adult Habilitation program, as well as the Governor's recommended funding levels.

Fund	ALI	Title	FY 2006	FY 2007
Federal Special Revenue Fund				
3M7	322-650*	CAFS Medicaid	$42,839,657	$34,591,244
325	322-608*	Grants for Infants and Families with Disabilities	$44,810	$45,457
		Federal Special Revenue Fund Subtotal	**$42,884,467**	**$34,636,701**
Total Funding: CAFS-Adult Habilitation			**$42,884,467**	**$34,636,701**

* Amount does not reflect total appropriation because the line item is used to fund other programs.

Implication of Executive Recommendation: The CMS recently found the CAFS program to be out of compliance with federal Medicaid requirements pertaining to comparability of services, free choice of provider, and overall service eligibility. The CMS informed ODJFS and ODMR/DD that it would no longer provide federal Medicaid reimbursement for the CAFS program effective July 1, 2005. As a result, approximately $206 million[41] in federal Medicaid reimbursement is in jeopardy. Consequently, the executive recommendations repeal all statutes regarding CAFS and certified habilitation centers, effectively terminating the program at the end of FY 2005. The executive recommendations include appropriations in FY 2006 and FY 2007 to account for residual claiming that will occur during the biennium.

According to the Department, making CAFS compliant with CMS requirements is not fiscally possible. As a state plan option, CAFS services are an entitlement available to any Medicaid-eligible individual needing CAFS services. Although local county boards and school districts are statutorily responsible for the nonfederal match, the state is ultimately responsible since CAFS is an entitlement under the state Medicaid plan. If a county board is unable or unwilling to meet the match obligations, the state must pay the nonfederal share of CAFS expenditures. Thus, the state's potential fiscal liability grows since neither the number of providers or the number of individuals served can be controlled. According to the

[41] Based on FY 2004 expenditures.

Department, this runs counter to the Executive's priorities of cost containment within the Medicaid program.

The termination of the CAFS program will affect county boards of MR/DD, participating school districts, private providers, ODMR/DD, ODJFS, and the individuals receiving CAFS services. See ***Community Alternative Funding System (CAFS)*** in the ***Budget Issues*** section above for more information.

Subsidies to County Boards of MR/DD-Adult Services

Program Description: This program distributes GRF state subsidies to the 88 county boards of MR/DD. County boards of MR/DD are mandated to provide early childhood services, supported home services, adult services, and special education programs.

State law mandates that county boards of MR/DD provide adult services and supportive home services. Adult services include habilitation, pre-vocational and vocational skill development, job coaching, job development, supported employment, vocational assessment, and employment in sheltered workshops. The primary goal of this program is to provide a per enrollee subsidy for each adult served directly or through a contract between a county board of MR/DD and a provider. Subsidies are distributed according to the formula set forth in section 5126.12 of the Revised Code. Under the Revised Code, the state subsidy is between $1,000 and $1,500 for persons who are at least 16 years of age or older. The variance is based on whether or not the county board is eligible to bill for Medicaid reimbursement for the individual. Subsidy payments are combined with local levy funds to provide match for federal Medicaid reimbursement.

Funding Source and Line Items: The following table shows the line items that are used to fund the Subsidies to County Boards of MR/DD-Adult Services program, as well as the Governor's recommended funding levels.

Fund	ALI	Title	FY 2006	FY 2007
General Revenue Fund				
GRF	320-321*	Central Administration	$214,659	$217,358
GRF	322-501*	County Boards Subsidies	$24,885,608	$24,885,608
		General Revenue Fund Subtotal	**$25,100,267**	**$25,102,966**
State Special Revenue Fund				
5S2	590-622*	Medicaid Administration & Oversight	$93,966	$97,631
		State Special Revenue Fund Subtotal	**$93,966**	**$97,631**
General Services Fund				
Federal Special Revenue Fund				
3A4	320-605*	Administrative Support	$395,080	$395,614
3G6	322-639*	Medicaid Waiver	$75,334	$92,270
325	322-608*	Grants for Infants and Families with Disabilities	$27,445	$27,502
		Federal Special Revenue Fund Subtotal	**$497,859**	**$515,386**
Total Funding: Subsidies to County Boards of MR/DD-Adult Services			**$25,692,092**	**$25,715,983**

* Amount does not reflect total appropriation because the line item is used to fund other programs.

Implication of Executive Recommendation: The Executive recommends flat funding in GRF line item 322-501, County Boards Subsidies, of $32.2 million in each fiscal year. Of that total, approximately $24.9 million in each fiscal year is for adult services. With the recommended funding, the Department will provide a prorated adult services subsidy to county boards. All of the subsidy funds will be used to maintain current levels of service.

As discussed above, ORC section 5126.12 mandates that the Department pay between $1,000 and $1,500 per adult, depending on the eligibility of the individual. In FY 2003, enrollment in county board adult services programs totaled 29,834. Based on these numbers, fully funding the adult services subsidy formula would take somewhere between $29.8 million and $44.8 million, depending on the eligibility of the individual. Thus, the executive budget recommendations would fall short of the statutory subsidy level by somewhere between $4.9 million and $19.9 million. Furthermore, the estimate is based on FY 2003 enrollment data. Any subsequent increase in enrollment would drive the estimated subsidy shortfall higher. According to the Department, the statewide average cost for adult services is approximately $12,000 per individual, which far outweighs the statutory subsidy.

According to the Department, the recommended funding will put more pressure on local levy dollars to support the increasing demand for services. In recent years, county board population has steadily increased, while state funding has decreased. Between FYs 1994-2003, the county board population increased 59.9% (43,090 to 68,896), while funding in line item 322-501, County Boards Subsidies, decreased 11.6% ($37.1 million to $32.9 million) when adjusted for inflation.[42] When state funding is reduced, the burden falls on locals to make up for any funding gaps. Thus, county boards are serving an increasing number of individuals with reduced amounts of state funding. The loss of CAFS funding and the implementation of the new waiver reimbursement methodology may exacerbate this trend as county boards may see losses in revenue and increased waiver costs.

[42] The JPG chained price index for government purchases of goods and services, which is generated by the U.S. Bureau of Economic Analysis, was used to adjust for inflation. The numbers presented are the real expenditures expressed in FY 1994 dollars.

Tax Equity

Program Description: Under this program, GRF funds are distributed to help equalize funding among county boards of MR/DD by providing additional subsidy to tax-poor county boards. Tax equity funds subsidize the costs of county board services for adults age 22 or older. Tax equity disbursements are determined by a formula outlined in ORC section 5126.18.

Funding Source and Line Items: The following table shows the line items that are used to fund the Tax Equity program, as well as the Governor's recommended funding levels.

Fund	ALI	Title	FY 2006	FY 2007
General Revenue Fund				
GRF	320-321*	Central Administration	$153,822	$155,161
GRF	322-503	Tax Equity	$14,500,000	$14,500,000
		General Revenue Fund Subtotal	**$14,653,822**	**$14,655,161**
Federal Special Revenue Fund				
3A4	320-605*	Administrative Support	$1,580,323	$1,582,456
3G6	322-639*	Medicaid Waiver	$85,576	$103,082
		Federal Special Revenue Fund Subtotal	**$1,665,899**	**$1,685,538**
Total Funding: Tax Equity			**$15,052,316**	**$15,054,379**

* Amount does not reflect total appropriation because the line item is used to fund other programs.

Implication of Executive Recommendation: The Executive recommends flat funding in GRF line item 322-503, Tax Equity, of $14.5 million in both fiscal years. All of these funds will be used to maintain current service levels.

Since FY 2001, state subsidies to county boards have been reduced by $49.3 million. Thus, county boards are being forced to serve an increasing number of individuals with reduced state funding. The Department believes this has resulted in counties using tax equity dollars to shore up reductions in state funding. As a result, poorer counties are not able to expand waiver services or address residential services waiting lists. According to the Department, tax equity funds are the only way to ensure equity in funding to counties with failing tax levies.

Social Service Block Grant (Title XX)

Program Description: County boards of MR/DD receive federal Title XX, or Social Service Block Grant, funding from the Department. Services covered under Title XX include counseling, daycare for adults and children, education, training, employment, home health, information and referral, protective services for adults, recreation, and transportation.

The ODJFS receives Title XX funds from the federal government and transfers a portion of the money to ODMH and ODMR/DD. Revised Code Section 5101.46 mandates that the Department of MR/DD receive 14.57% of Title XX funds.

Funding Source and Line Items: The following table shows the line items that are used to fund the Social Service Block Grant program, as well as the Governor's recommended funding levels.

Fund	ALI	Title	FY 2006	FY 2007
General Revenue Fund				
GRF	320-321*	Central Administration	$235,812	$238,913
		General Revenue Fund Subtotal	**$235,812**	**$238,913**
State Special Revenue Fund				
5S2	590-622*	Medicaid Administration & Oversight	$17,458	$17,458
		State Special Revenue Fund Subtotal	**$17,458**	**$17,458**
Federal Special Revenue Fund				
3A4	320-605*	Administrative Support	$395,080	$395,614
3G6	322-639*	Medicaid Waiver	$3,414	$3,604
325	322-608*	Grants for Infants and Families with Disabilities	$108,529	$112,219
325	322-612	Community Social Services Program	$11,500,000	$11,500,000
		Federal Special Revenue Fund Subtotal	**$12,007,023**	**$12,011,437**
Total Funding: Social Service Block Grant (Title XX)			**$12,260,293**	**$12,267,818**

* Amount does not reflect total appropriation because the line item is used to fund other programs.

Implication of Executive Recommendation: The total amount of the executive recommendations will go towards maintaining current service levels. The federal government has steadily decreased the amount of Title XX dollars to the states over time. In FY 1994, Title XX dollars for the Department totaled $16.5 million. By FY 2005, Title XX dollars decreased by 41.8% to $10.3 million. County boards replace Title XX funds with local money whenever possible. County boards that cannot afford to do so have reduced Title XX services.

Community MR/DD Trust Fund

Program Description: The Community MR/DD Trust Fund, created by ORC section 5123.352, provides temporary funding assistance to county boards of MR/DD. The funds can be used for short-term interventions for individuals with MR/DD; emergency respite care; Family Support services; Supported Living; staff training; short-term early childhood services, adult services, and case management when local levy funds are insufficient to meet the needs of the services due to three or more levy failures within two years; and to keep individuals in the community to avoid unnecessary institutionalization. The Director of MR/DD is required to grant the funding based on the availability of funds and departmental priorities.

Funding Source and Line Items: The following table shows the line items that are used to fund the Community MR/DD Trust program, as well as the Governor's recommended funding levels.

Fund	ALI	Title	FY 2006	FY 2007
General Revenue Fund				
GRF	320-321*	Central Administration	$142,663	$143,893
		General Revenue Fund Subtotal	**$142,663**	**$143,893**
General Services Fund				
4U4	322-606	Community MR and DD Trust	$300,000	$50,000
		General Services Fund Subtotal	**$300,000**	**$50,000**
Federal Special Revenue Fund				
3A4	320-605*	Administrative Support	$395,083	$395,614
3G6	322-639*	Medicaid Waiver	$3,414	$3,414
		Federal Special Revenue Fund Subtotal	**$398,497**	**$399,028**
Total Funding: Community MR/DD Trust			**$841,160**	**$593,111**

* Amount does not reflect total appropriation because the line item is used to fund other programs.

Implication of Executive Recommendation: Funding comes from unencumbered, unexpended GRF moneys left over at the end of every fiscal year. Only GRF funds, excluding debt service payments are eligible for transfer to the Community MR/DD Trust Fund. The Director of the Budget and Management determines the amount of funds transferred to the Community MR/DD Trust Fund. The ultimate goal of the Community MR/DD Trust Fund is to provide funding for residential supports that may not be available because of funding gaps.

Program Series 4 — Residential Services and Supports

Purpose: This program series provides residential and related supports to individuals of all ages who reside in a variety of settings including licensed facilities, supported living arrangements, their own homes, or with family.

The following table shows the line items that are used to fund the Residential Services and Supports program series, as well as the Governor's recommended funding levels.

Fund	ALI	Title	FY 2006	FY 2007
General Revenue Fund				
GRF	320-321*	Central Administration	$2,375,060	$2,343,772
GRF	322-413	Residential and Support Services	$7,423,021	$7,423,021
GRF	320-415	Lease-Rental Payments	$23,296,200	$23,833,600
GRF	322-416	Waiver State Match	$103,090,738	$104,397,504
GRF	322-417	Supported Living	$43,160,198	$43,160,198
GRF	322-451	Family Support Services	$6,938,898	$6,938,898
GRF	323-321	Residential Facilities Operations	$101,764,366	$100,457,600
		General Revenue Fund Subtotal	**$288,048,481**	**$288,554,593**
State Special Revenue Fund				
221	322-620	Supplemental Service Trust	$150,000	$150,000
4K8	322-604	Waiver-Match	$12,000,000	$12,000,000
489	323-632	Developmental Center Direct Care Support	$12,125,628	$12,125,628
5H0	322-619	Medicaid Repayment	$25,000	$25,000
5S2	590-622*	Medicaid Administration & Oversight	$5,562,589	$5,463,484
5Z1	322-624	County Board Waiver Match	$82,000,000	$82,000,000
		State Special Revenue Fund Subtotal	**$111,863,217**	**$111,764,112**
General Services Fund				
152	323-609	Residential Facilities Support	$912,177	$912,177
4B5	320-640*	Conference/Training	$225,000	$225,000
488	322-603	Provider Audit Refunds	$350,000	$350,000
		General Services Fund Subtotal	**$1,487,177**	**$1,487,177**
Federal Special Revenue Fund				
3A4	320-605*	Administrative Support	$6,468,840	$6,392,197
3A4	322-605	Community Program Support	$1,500,000	$1,500,000
3A4	323-605	Developmental Center Operations Expenses	$120,000,000	$120,000,000
3G6	322-639*	Medicaid Waiver	$370,356,997	$370,191,460
325	322-608*	Grants for Infants and Families with Disabilities	$83,963	$85,938
		Federal Special Revenue Fund Subtotal	**$498,409,800**	**$498,169,595**
Total Funding: Residential Services and Supports			**$899,808,675**	**$899,975,477**

* Amount does not reflect total appropriation because the line item is used to fund other program series.

This analysis focuses on the following specific programs within the Residential Services and Supports program series:

- ***Developmental Centers***
- ***Family Support Services***
- ***Supported Living***
- ***Residential Facilities Waiver (RFW)***
- ***Individual Options (IO) Waiver***
- ***Level One Waiver***
- ***Miscellaneous-Residential Supports***
- ***Debt Service***

Developmental Centers

Program Description: The Department currently operates 12 developmental centers, which are located regionally throughout Ohio and accessible to all 88 counties. The developmental centers serve individuals who require comprehensive program, medical, and residential services in an institutional setting. Developmental centers are required to provide the following services: protection from harm, skills development, health care, behavior support, therapy, and residential support. In addition, developmental centers also provide self-directed community transitions and community consultation and assistance. Each developmental center is Medicaid-certified, which signifies compliance with mandated federal government standards. Approximately 1,780 individuals with MR/DD currently reside in state-operated developmental centers. Of those 1,780, approximately 76% have a severe/profound range of retardation.

Funding Source and Line Items: The following table shows the line items that are used to fund the Developmental Centers program, as well as the Governor's recommended funding levels.

Fund	ALI	Title	FY 2006	FY 2007
General Revenue Fund				
GRF	320-321*	Central Administration	$569,675	$588,151
GRF	323-321	Residential Facilities Operations	$101,764,366	$100,457,600
		General Revenue Fund Subtotal	**$102,334,041**	**$101,045,751**
State Special Revenue Fund				
489	323-632*	Developmental Center Direct Care Support	$12,125,628	$12,125,628
5S2	590-622*	Medicaid Administration & Oversight	$11,878	$12,017
		State Special Revenue Fund Subtotal	**$12,137,506**	**$12,137,645**
General Services Fund				
152	323-609	Residential Facilities Support	$912,177	$912,177
		General Services Fund Subtotal	**$912,177**	**$912,177**
Federal Special Revenue Fund				
3A4	320-605*	Administrative Support	$3,469,715	$3,583,917
3A4	323-605	Developmental Center Operation Expenses	$120,000,000	$120,000,000
3G6	322-639*	Medicaid Waiver	$3,414	$3,604
		Federal Special Revenue Fund Subtotal	**$123,473,129**	**$123,587,521**
Total Funding: Developmental Centers			**$238,883,853**	**$237,683,094**

* Amount does not reflect total appropriation because the line item is used to fund other programs.

Implication of Executive Recommendation: GRF line item 323-321, Residential Facilities Operations, is the main source of personnel expenditures for the developmental centers. Funding in this line item decreases by 4.5% in FY 2006 and 1.3% in FY 2007. The other main source of personnel expenses occurs in Federal Special Revenue line item 323-605, Developmental Center Operation Expenses, which decreases by 6.9% in FY 2006 to $120 million. The Executive recommends level funding for FY 2007. The executive recommendations will be used to maintain current program and certification levels. Furthermore, the GRF funding will cover the 4% wage increase that will occur during the biennium.

The decreases in appropriations reflect the closure of Springview and Apple Creek developmental centers in FY 2005 and FY 2006, respectively. The Department expects to reduce developmental center staffing levels by approximately 515 individuals. The census at the developmental centers will continue to decrease as more individuals are moved into other settings because of the closure. According to the Department, funding will follow the displaced individuals. Thus, a portion of the developmental center budget will follow the individuals that choose to leave the developmental center system (e.g., transition into the community). In future budgets, the Department will request appropriations based on the displaced individual's final placement.

See ***Developmental Centers*** in the ***Budget Issues*** section above for more information.

Family Support Services

Program Description: The Family Support Services program funds respite services, home modifications, adaptive equipment, special diets, parent education/counseling, and other specialized supports to assist families in their efforts to care for family members with MR/DD. Often times, family support funds are the only support individuals on county board waiting lists receive. The overall goal of the program is to prevent or reduce more costly residential care by enabling families to meet the needs of the individual within their own home. If a family is able, the family may be required to pay a prorated share of the expenses.

Funding Source and Line Items: The following table shows the line items that are used to fund the Family Support Services program, as well as the Governor's recommended funding levels.

Fund	ALI	Title	FY 2006	FY 2007
General Revenue Fund				
GRF	320-321*	Central Administration	$149,825	$151,108
GRF	322-451	Family Support Services	$6,938,898	$6,938,898
		General Revenue Fund Subtotal	**$7,088,723**	**$7,090,006**
Federal Special Revenue Fund				
3A4	320-605*	Administrative Support	$449,933	$450,500
3G6	322-639*	Medicaid Waiver	$3,614	$3,805
		Federal Special Revenue Fund Subtotal	**$453,547**	**$454,305**
Total Funding: Family Support Services			**$7,542,270**	**$7,544,311**

* Amount does not reflect total appropriation because the line item is used to fund other programs.

Implication of Executive Recommendation: Funds in GRF line item 322-451, Family Support Services, are allocated to county boards of MR/DD based on a formula that takes into account average daily membership, county poverty, and county population. The Executive recommends flat funding in GRF line item 322-451, Family Support Services, of $6.9 million for both fiscal years. With the flat funding, the number of individuals served under this program will remain relatively constant. However, there may be an overall reduction in services as more families enroll in the program. The growing enrollment forces county boards to serve an increasing number of families with flat state funding. Consequently, the amount of money allocated per family goes down. This, in turn, reduces the amount of services received.

Supported Living

Program Description: The Supported Living program provides residential services and supports to individuals with MR/DD in community-based settings who do not receive or require more structured services such as those provided through a Medicaid waiver or in a licensed facility. Supported living funds may be used for services such as home accessibility adaptations, assistive equipment, and room and board subsidies. The goal of the Supported Living program is to provide assistance to individuals with MR/DD to enable the individual to remain in their own home while avoiding more costly residential services.

Funding Source and Line Items: The following table shows the line items that are used to fund the Supported Living program, as well as the Governor's recommended funding levels.

Fund	ALI	Title	FY 2006	FY 2007
General Revenue Fund				
GRF	320-321*	Central Administration	$149,525	$151,108
GRF	322-417	Supported Living	$43,160,198	$43,160,198
		General Revenue Fund Subtotal	**$43,309,723**	**$43,311,306**
Federal Special Revenue Fund				
3A4	320-605*	Administrative Support	$445,080	$445,614
3G6	322-639*	Medicaid Waiver	$3,614	$3,805
		Federal Special Revenue Fund Subtotal	**$448,694**	**$449,419**
Total Funding: Supported Living			**$43,758,417**	**$43,760,725**

* Amount does not reflect total appropriation because the line item is used to fund other programs.

Implication of Executive Recommendation: Funding in GRF line item 322-417, Supported Living, increases by 2% to $43.2 million in FY 2006 and is flat funded in FY 2007. The executive recommendations will be used entirely to meet current service levels.

Since FY 2001, state subsidies to county boards have been reduced by $49.3 million. If county boards do not have the local funds to make up for any lost state revenue, services are reduced. According to the Department, the number of individuals served by this program decreased 3% during the current biennium.

Residential Facilities Waiver (RFW)

Program Description: The RFW is a home and community-based Medicaid waiver regulated by the Department. This waiver provides community-based residential services in licensed facility settings to Medicaid-eligible individuals that cannot live independently. Individuals on the waiver are able to live in one of over 1,200 smaller homes licensed by the Department. Services covered by the waiver include direct supervision, skill development, transportation, adaptive equipment, supported employment, supplies, and homemaker/personal care. Although room and board is not covered under the waiver, funds are used to cover the portion of the room and board costs that the personal resources of the individual cannot support. In FY 2004, the RFW served approximately 2,525 individuals with MR/DD in 66 of Ohio's 88 counties. The average yearly per enrollee cost of the waiver was $34,934 in FY 2003.

During this biennium, the Department will transition the individuals served by the RFW onto the Individual Options (IO) waiver as part of the Medicaid redesign initiative. The redesign calls for the implementation of a three-waiver system consisting of a Level 1 waiver, Level 2 wavier, and Level 3 waiver. The Level 1 waiver has an individual cost cap of approximately $5,000. The current IO waiver will be split into the Level 2 and Level 3 waivers. The Level 2 waiver will have an approximate cost floor of $5,001 and a cost cap of approximately $66,000. The Level 3 waiver will have an aggregate cost cap equaling the average cost of state institutionalization. The Level 3 waiver's aggregate cost cap means that a particular individual's cost may exceed the average cost of institutionalization, as long as the average of all enrollees does not exceed the waiver's cost cap. Eventually, when all three waivers are fully implemented, enrollees will be transferred to one of the three aforementioned waivers based on individual service needs.

Funding Source and Line Items: The following table shows the line items that are used to fund the Residential Facilities Waiver program, as well as the Governor's recommended funding levels.

Fund	ALI	Title	FY 2006	FY 2007
General Revenue Fund				
GRF	320-321*	Central Administration	$430,711	$412,654
GRF	322-416*	Waiver State Match	$69,034,337	$69,909,871
		General Revenue Fund Subtotal	**$69,465,048**	**$70,322,525**
State Special Revenue Fund				
5S2	590-622*	Medicaid Administration & Oversight	$1,794,413	$1,751,549
		State Special Revenue Fund Subtotal	**$1,794,413**	**$1,751,549**
Federal Special Revenue Fund				
3A4	320-605*	Administrative Support	$489,386	$490,245
3G6	322-639*	Medicaid Waiver	$89,709,827	$89,710,079
325	322-608*	Grants for Infants and Families with Disabilities	$17,365	$17,955
		Federal Special Revenue Fund Subtotal	**$90,216,578**	**$90,218,279**
Total Funding: Residential Facilities Waiver (RFW)			**$161,476,039**	**$162,292,353**

* Amount does not reflect total appropriation because the line item is used to fund other programs.

Implication of Executive Recommendation: The Department expects to transition all RFW enrollees to IO waivers before the end of FY 2005, when federal approval of the RFW ends. The executive recommendations will support IO waiver services for all current RFW enrollees.

Individual Options (IO) Waiver

Program Description: The IO waiver is a home and community-based Medicaid waiver that provides federal financial reimbursement for certain Medicaid services for eligible persons residing in non-institutional settings. Services covered on the IO waiver include supported employment, specialized medical and adaptive/assistive equipment, environmental modifications, home-delivered meals, homemaker/personal care, respite care, and transportation. The individual pays costs associated with room and board (e.g., rent, utilities, food, etc.). In FY 2004, approximately 7,275 individuals with MR/DD received services through the IO waiver in all 88 Ohio counties. The average yearly per enrollee cost of the waiver was $43,618 in FY 2003.

Funding Source and Line Items: The following table shows the line items that are used to fund the Individual Options Waiver program, as well as the Governor's recommended funding levels.

Fund	ALI	Title	FY 2006	FY 2007
General Revenue Fund				
GRF	320-321*	Central Administration	$450,699	$432,919
GRF	322-416*	Waiver State Match	$34,019,944	$34,451,176
		General Revenue Fund Subtotal	**$34,470,643**	**$34,884,095**
State Special Revenue Fund				
4K8	322-604	Waiver-Match	$12,000,000	$12,000,000
5S2	590-622*	Medicaid Administration & Oversight	$1,878,574	$1,860,869
5Z1	322-624*	County Board Waiver Match	$61,000,000	$61,000,000
		State Special Revenue Fund Subtotal	**$74,878,574**	**$74,860,869**
General Services Fund				
4B5	320-640*	Conference/Training	$225,000	$225,000
488	322-603	Provider Audit Refunds	$350,000	$350,000
		General Services Fund Subtotal	**$575,000**	**$575,000**
Federal Special Revenue Fund				
3A4	320-605*	Administrative Support	$657,386	$490,345
3A4	322-605	Community Program Support	$1,500,000	$1,500,000
3G6	322-639*	Medicaid Waiver	$265,453,514	$265,238,365
		Federal Special Revenue Fund Subtotal	**$267,610,900**	**$267,228,710**
Total Funding: Individual Options (IO) Waiver			**$377,582,180**	**$377,596,358**

* Amount does not reflect total appropriation because the line item is used to fund other programs.

Implication of Executive Recommendation: The executive recommendations include a 3.1% increase in GRF line item 322-416, Waiver State Match, in FY 2006 and a 1.3% increase in FY 2007. The funding increase accounts for individuals moving into the community as a result of the developmental center closures. As such, GRF appropriations for developmental centers decrease by 4.5% in FY 2006 and 1.3% in FY 2007. Thus, GRF line item 322-416 is essentially flat funded from FY 2005 estimates. The Department believes that the executive recommendations will maintain current service levels.

According to the Department, getting the Level 3 waiver in place is a vital component of further waiver expansion. Currently, some county boards are leery of enrolling additional individuals on the IO due to the lack of a concrete cost cap. Some county boards are afraid of having open-ended waiver obligations, which last for the lifetime of the individual, when future funding levels are unknown. The loss of CAFS funding may exacerbate this trend as county boards may see losses in revenue and increased waiver costs (see ***Community Alternative Funding System (CAFS)*** in the ***Budget Issues*** section for more information). When the Level 3 waiver is implemented, a cost cap will be put on the IO waiver. This may alleviate some of these concerns.

During the biennium, the Department will implement a new system for determining statewide provider rates. Currently, county boards of MR/DD and providers negotiate payment rates. Thus, provider rates vary county to county and, in some cases, within individual counties. The new reimbursement methodology will affect county boards of MR/DD. However, the extent of the impact will depend on each individual county board. Some county boards may incur increased waiver match obligations, as provider rates will increase. In contrast, other county boards may see decreased waiver match obligations, as providers rates decrease. The net effect on each county board will depend on the difference between current provider rates and the new rates. Overall, the new rates will be cost neutral statewide. The new reimbursement methodology was recently approved by CMS. According to the Department, the rules will be filed with the Joint Committee on Agency Rule Review soon. The Department hopes to implement the new rates by July 1, 2005. See ***Medicaid Redesign*** in the ***Budget Issues*** section above for more detail on the new reimbursement methodology.

Level 1 Waiver

Program Description: The Level 1 waiver is a home and community-based Medicaid waiver that provides federal financial reimbursement for certain Medicaid services for individuals who continue to live with a family member who provides natural support. Individuals on this waiver must have a network of friends, neighbors, or family that can safely and effectively provide the necessary care at no cost to the system. The Level 1 waiver has a $5,000 annual cost cap for homemaker/personal care, institutional respite, informal respite, and transportation. The Level 1 waiver has a $6,000 cost cap for personal emergency response systems, specialized medical equipment and supplies, and environmental modifications. The Level 1 waiver has an $8,000 cost cap for emergency assistance.

The Level 1 waiver was implemented as part of the Medicaid redesign initiative. Medicaid eligible individuals with MR/DD who receive low-level support from programs entirely funded by GRF and local levy funds (e.g., Supported Living) are directed to the Level 1 waiver to maximize federal reimbursement.

Funding Source and Line Items: The following table shows the line items that are used to fund the Level 1 Waiver program, as well as the Governor's recommended funding levels.

Fund	ALI	Title	FY 2006	FY 2007
General Revenue Fund				
GRF	320-321*	Central Administration	$458,870	$440,561
GRF	322-416*	Waiver State Match	$36,457	$36,457
		General Revenue Fund Subtotal	**$495,327**	**$477,018**
State Special Revenue Fund				
5S2	590-622*	Medicaid Administration & Oversight	$1,877,724	$1,839,049
5Z1	322-624*	County Board Waiver Match	$21,000,000	$21,000,000
		State Special Revenue Fund Subtotal	**$22,877,724**	**$22,839,049**
Federal Special Revenue Fund				
3A4	320-605*	Administrative Support	$445,060	$445,593
3G6	322-639*	Medicaid Waiver	$15,179,400	$15,227,996
325	322-608*	Grants for Infants and Families with Disabilities	$19,535	$20,199
		Federal Special Revenue Fund Subtotal	**$15,643,995**	**$15,693,788**
Total Funding: Level 1 Waiver			**$39,017,046**	**$39,009,855**

* Amount does not reflect total appropriation because the line item is used to fund other programs.

Implication of Executive Recommendation: The Department implemented the Level 1 waiver during the current biennium. The executive recommendations will maintain current service levels. The Department expects more individuals to enroll on the Level 1 waiver during the biennium. However, the number of individuals enrolling will depend on the resources of the respective county board, as county boards are responsible for all Level 1 match obligations.

The Department received federal approval for 5,000 Level 1 slots (3,000 in FY 2004; 1,000 in FY 2005; and 1,000 in FY 2006). The Department expects to serve approximately 1,000 individuals during the next biennium. According to the Department, enrollment on the Level 1 waiver has been greatly affected by county board budgetary concerns. The Department believes the $5,000 cost cap is not sufficient to assure the health and safety of many individuals. Furthermore, the cost cap is so low that counties are forced to choose between eligible services to keep some individual's costs under the cap. The Department believes a higher cost cap is needed. Also, CMS has identified some structural problems with the Level 1 waiver and has asked the Department and ODJFS to address these concerns. As of this writing, the Department and ODJFS are preparing responses to CMS' inquiries.

The large number of unfilled Level 1 slots is also a fiscal liability for the Department. The CMS expects costs to be controlled by containing enrollment. The CMS allocates a specific number of waiver slots to states based on need and available funding. Thus, when states receive waiver slots, they are expected to fill them. The Department is considering petitioning CMS to suspend enrollment on the Level 1 waiver while all of these concerns are addressed.

Miscellaneous-Residential Supports

Program Description: These funds are for subsidy payments that are not part of other departmental programs. These payments include subsidizing the administration of individuals enrolled to receive IO services in a licensed facility, subsidizes room and board for individuals on the IO waiver that were formerly on OBRA waiver or are *Sermak* class members, and pays for psychological evaluations for any individual with MR/DD prior to admission into a nursing facility.

Funding Source and Line Items: The following table shows the line items that are used to fund the Miscellaneous-Residential Supports program, as well as the Governor's recommended funding levels.

Fund	ALI	Title	FY 2006	FY 2007
General Revenue Fund				
GRF	320-321*	Central Administration	$165,755	$167,271
GRF	322-413	Residential and Support Services	$7,423,021	$7,423,021
		General Revenue Fund Subtotal	**$7,588,776**	**$7,590,292**
State Special Revenue Fund				
221	322-620	Supplemental Service Trust	$150,000	$150,000
5H0	322-619	Medicaid Repayment	$25,000	$25,000
		State Special Revenue Fund Subtotal	**$175,000**	**$175,000**
Federal Special Revenue Fund				
3A4	320-605*	Administrative Support	$485,280	$486,083
3G6	322-639*	Medicaid Waiver	$3,614	$3,614
		Federal Special Revenue Fund Subtotal	**$488,894**	**$489,697**
Total Funding: Miscellaneous-Residential Supports			**$8,252,670**	**$8,255,181**

* Amount does not reflect total appropriation because the line item is used to fund other programs.

Implication of Executive Recommendation: The executive recommendations will provide for current service levels to be maintained.

Debt Service

Program Description: This program covers debt service payments on bonds issued for long-term capital construction projects.

Funding Source and Line Items: The following table shows the line items that are used to fund the Debt Service, as well as the Governor's recommended funding levels.

Fund	ALI	Title	FY 2006	FY 2007
General Revenue Fund				
GRF	320-415	Lease-Rental Payments	$23,296,200	$23,833,600
		General Revenue Fund Subtotal	**$23,296,200**	**$23,833,600**
Total Funding: Debt Service			**$23,296,200**	**$23,833,600**

Implication of Executive Recommendation: The executive recommendations provide for continued funding levels for this program.

Program Series 5 — Constituents Supports/Advocacy

Purpose: This program series supports advocacy and protective services for individuals with MR/DD of all ages.

The following table shows the line items that are used to fund the Constituents Supports/Advocacy program series, as well as the Governor's recommended funding levels.

Fund	ALI	Title	FY 2006	FY 2007
General Revenue Fund				
GRF	320-321*	Central Administration	$624,766	$630,666
GRF	322-405	State Use Program	$268,040	$268,040
GRF	320-412	Protective Services	$2,463,000	$2,463,000
		General Revenue Fund Subtotal	**$3,355,806**	**$3,361,706**
Federal Special Revenue Fund				
3A4	320-605*	Administrative Support	$571,248	$578,319
3A5	320-613	DD Council Operating Expenses	$895,440	$895,440
3A5	322-613	DD Council Grants	$3,204,240	$3,204,240
3G6	322-639*	Medicaid Waiver	$2,466,414	$2,466,604
325	320-634	Protective Services	$100,000	$100,000
325	322-608*	Grants for Infants and Families with Disabilities	$505,810	$486,389
		Federal Special Revenue Fund Subtotal	**$7,743,152**	**$7,730,992**
Total Funding: Constituents Supports/Advocacy			**$11,098,958**	**$11,092,698**

* Amount does not reflect total appropriation because the line item is used to fund other program series.

This analysis focuses on the following specific programs within the Constituents Supports/Advocacy program series:

- ***Protective Services***
- ***Employment and Training for Persons with Severe Disabilities***
- ***Independence Plus Initiative Grant***
- ***Ohio Developmental Disabilities Council***

Protective Services

Program Description: Under this program, the Department contracts with Advocacy and Protective Service, Inc. (APSI), a nonprofit agency, to provide a statewide system of protective services for persons with MR/DD. Advocacy and Protective Service, Inc., provides guardianships, limited guardianships, interim guardianships, financial management, and protector services to individuals with MR/DD upon referral or appointment by a probate court.

Funding Source and Line Items: The following table shows the line items that are used to fund the Protective Services program, as well as the Governor's recommended funding levels.

Fund	ALI	Title	FY 2006	FY 2007
General Revenue Fund				
GRF	320-321*	Central Administration	$164,023	$165,581
GRF	320-412	Protective Services	$2,463,000	$2,463,000
		General Revenue Fund Subtotal	**$2,627,023**	**$2,628,581**
Federal Special Revenue Fund				
3A4	320-605*	Administrative Support	$59,929	$60,802
3G6	322-639*	Medicaid Waiver	$2,466,414	$2,466,604
325	320-634	Protective Services	$100,000	$100,000
		Federal Special Revenue Fund Subtotal	**$2,626,343**	**$2,627,406**
Total Funding: Protective Services			**$5,253,366**	**$5,255,987**

* Amount does not reflect total appropriation because the line item is used to fund other programs.

Implication of Executive Recommendation: Under current law, ODMR/DD is responsible for paying the nonfederal share of Medicaid case management services if the services are provided by an agency with which the Department contracts to provide protective services. Historically, the Department's contract with APSI included only the state share of the contract (approximately 40%). APSI could then bill Medicaid for service coordination through the CAFS program, thereby receiving federal Medicaid reimbursement (approximately 60%).

During the current biennium, CMS informed the Department that billing Medicaid for service coordination for individuals residing in ICFs/MR would no longer be allowable. Individuals residing in ICFs/MR constitute approximately 60% of APSI's clients. Thus, the revenue loss to APSI would have been significant and may have compromised service levels. The Department maintained federal reimbursement by funding APSI's contract in full, not just the state portion. These costs were then included in the Department's Medicaid administration claim. However, a percentage of federal reimbursement is lost in this process because reimbursement rates for administrative expenses are lower than rates for actual services (50% v. 59.68%). The Department received Controlling Board approval to use $359,387 in FY 2004 and $454,670 in FY 2005 of non-GRF fee revenue from the CAFS program to fully fund APSI's contract. However, the CAFS revenue will no longer be available upon its termination at the end of FY 2005. Consequently, the executive recommendations increase appropriations in GRF line item 320-412, Protective Services, by $454,670 to fund APSI's contract in full for the biennium. The increased GRF appropriation only fully funds the contract and will not provide for additional services.

Currently, 4,083 individuals receive protective services from APSI. The number of individuals currently served constitutes a 15% increase since FY 2003 (3,549 to 4,083). Furthermore, the number of individuals served by APSI has increased 26.4% since FY 2001 (3,230 to 4,083). The Department estimates continued growth in this program because of the aging "baby boomer" generation that may soon be unable to care for their children with MR/DD. Furthermore, individuals with MR/DD are also living longer. Thus, APSI is experiencing a predictable number of yearly case referrals (approximately 200 per year) without a comparable loss of cases.

Employment and Training for Persons with Severe Disabilities

Program Description: The State Use program is a procurement set-aside program that provides a vehicle for government agencies to purchase products and services through one of more than 100 qualified nonprofit agencies that employ persons with severe disabilities. These funds support the State Use Committee, which is the sole administrative body responsible for regulating the program. The Committee determines the suitability of products and services available through the State Use program. Once placed on the procurement list, the purchase of these products and services is exempt from the competitive bidding process required by state, county, and local governments. In FY 2003, there were approximately 3,271 persons with a severe disability employed in activities directly related to the State Use program. Mandatory sales of products and services to state and local agencies exceeded $30 million in FY 2003. Individuals with disabilities participating in the State Use program collected approximately $8.4 million in wages paid.

Funding for the State Use Committee is used to pay for the necessary staff for the facilitation, organization, and administration of the program. The central nonprofit agency for the State Use program is OIH, Inc. OIH, Inc. receives a commission based on the prices of goods and services sold. In FY 2003, OIH, Inc., received over $1.6 million in commission.

Funding Source and Line Items: The following table shows the line items that are used to fund the Employment and Training for Persons with Severe Disabilities program, as well as the Governor's recommended funding levels.

Fund	ALI	Title	FY 2006	FY 2007
General Revenue Fund				
GRF	320-321*	Central Administration	$149,789	$151,071
GRF	322-405	State Use Program	$268,040	$268,040
		General Revenue Fund Subtotal	**$417,829**	**$419,111**
Federal Special Revenue Fund				
3A4	320-605*	Administrative Support	$87,408	$95,831
3G6	322-639*	Medicaid Waiver	$3,414	$3,414
		Federal Special Revenue Fund Subtotal	**$90,822**	**$99,245**
Total Funding: Employment and Training for Persons with Severe Disabilities			**$508,651**	**$518,546**

* Amount does not reflect total appropriation because the line item is used to fund other programs.

Implication of Executive Recommendation: The level recommended by the Executive will allow for continued service levels. These funds are used to support payroll expenses associated with the State Use Committee.

Independence Plus Initiative Grant

Program Description: The Department has been awarded a Independence Plus Initiative Grant by the federal government to assist in developing a home and community-based Medicaid waiver in which services are "self-directed" by the individual. A waiver of this type does not currently exist for individuals with MR/DD in Ohio.

Funding Source and Line Items: The following table shows the line items that are used to fund the Independence Plus Initiative Grant program, as well as the Governor's recommended funding levels.

Fund	ALI	Title	FY 2006	FY 2007
General Revenue Fund				
GRF	320-321*	Central Administration	$161,127	$162,905
		General Revenue Fund Subtotal	**$161,127**	**$162,905**
Federal Special Revenue Fund				
3A4	320-605*	Administrative Support	$395,062	$391,978
3G6	322-639*	Medicaid Waiver	$3,415	$3,605
325	322-608*	Grants for Infants and Families with Disabilities	$438,452	$418,889
		Federal Special Revenue Fund Subtotal	**$836,929**	**$814,472**
Total Funding: Independence Plus Initiative Grant			**$998,056**	**$977,377**

* Amount does not reflect total appropriation because the line item is used to fund other programs.

Implication of Executive Recommendation: The grant funds will be used for training and consultation with system stakeholders to assist in developing the waiver, conducting an independent evaluation once the waiver is in its demonstration stage, and providing stipends to individuals with MR/DD to participate in meetings. The grant funds also provide for a grant coordinator, equipment, and travel expenses. The Independence Plus grant will eventually lead to the expansion of waiver options for persons with MR/DD.

Ohio Developmental Disabilities Council

Program Description: The Ohio Developmental Disabilities Council (DD Council), appointed by the Governor, serves as an advocate for all persons with developmental disabilities. Members are people with developmental disabilities, parents, guardians, representatives from state agencies, and nonprofit organizations that provide services to individuals with developmental disabilities. The DD Council is a federal program in which the Department serves as its fiscal agent. The DD Council emphasizes education and early intervention, quality assurance, childcare, health, employment, housing, transportation, recreation, and other community services.

Funding for the Council comes primarily from federal grants. Of the amount funded, 70% must be in grants, while the remaining 30% can be used for operating cost. Of that 30%, the state is required to match it at 25%.

Funding Source and Line Items: The following table shows the line items that are used to fund the Ohio Developmental Disabilities Council program, as well as the Governor's recommended funding levels.

Fund	ALI	Title	FY 2006	FY 2007
General Revenue Fund				
GRF	320-321*	Central Administration	$149,827	$151,109
		General Revenue Fund Subtotal	**$149,827**	**$151,109**
Federal Special Revenue Fund				
3A4	320-605*	Administrative Support	$28,849	$29,708
3A5	320-613	DD Council Operating Expenses	$895,440	$895,440
3A5	322-613	DD Council Grants	$3,204,240	$3,204,240
3G6	322-639*	Medicaid Waiver	$3,415	$3,415
325	322-608*	Grants for Infants and Families with Disabilities	$67,358	$67,500
		Federal Special Revenue Fund Subtotal	**$4,199,302**	**$4,200,303**
Total Funding: Ohio Developmental Disabilities Council			**$4,349,129**	**$4,351,602**

* Amount does not reflect total appropriation because the line item is used to fund other programs.

Implication of Executive Recommendation: The executive recommendations will provide for current service levels to be maintained. Funding for the DD Council comes primarily from federal sources. State matching funds pay the rent for the Council's offices, expenses associated with meetings, in-state travel expenses, and an amount roughly equivalent to one FTE. Federal funds are used to pay staff salaries, as well as maintenance and equipment (line item 320-613, DD Council Operating Expenses). Federal funds are also used for 30 grant awards (line item 322-613, DD Council Grants) focusing on ideas designed to promote systems change in Ohio.

Program Series 6 — Compliance and Quality Improvement

Purpose: This program series provides oversight of the MR/DD service system, monitors the health and welfare of individuals with MR/DD, and assures continued compliance with regulations and continuous quality improvement.

The following table shows the line items that are used to fund the Compliance and Quality Improvement program series, as well as the Governor's recommended funding levels.

Fund	ALI	Title	FY 2006	FY 2007
General Revenue Fund				
GRF	320-321*	Central Administration	$4,840,497	$4,850,494
GRF	322-452	Service and Support Administration	$8,672,730	$8,672,730
		General Revenue Fund Subtotal	**$13,513,227**	**$13,523,224**
State Special Revenue Fund				
5S2	590-622*	Medicaid Administration & Oversight	$2,287,421	$2,381,792
		State Special Revenue Fund Subtotal	**$2,287,421**	**$2,381,792**
General Services Fund				
4B5	320-640*	Conference/Training	$75,000	$75,000
		General Services Fund Subtotal	**$75,000**	**$75,000**
Federal Special Revenue Fund				
3A4	320-605*	Administrative Support	$3,655,354	$3,720,303
3G6	322-639*	Medicaid Waiver	$839,927	$974,244
325	322-608*	Grants for Infants and Families with Disabilities	$433,309	$433,452
		Federal Special Revenue Fund Subtotal	**$4,928,590**	**$5,127,999**
Total Funding: Compliance and Quality Improvement			**$20,804,238**	**$21,108,015**

* Amount does not reflect total appropriation because the line item is used to fund other program series.

This analysis focuses on the following specific programs within the Compliance and Quality Improvement program series:

- ***Service and Support Administration***
- ***Quality Assurance and Quality Improvement in Home and Community-Based Services Grant***
- ***Major Unusual Incidents (MUI)***
- ***Provider Certification***
- ***Licensure***
- ***Accreditation***

Service and Support Administration

Program Description: This program subsidizes the cost of service and support administration that is required to be provided by each county board of MR/DD. Service and support administration, under the mandate of Am. Sub. H.B. 94 of the 124th General Assembly, replaced traditional case management services. Before the change, CMS' audit of the RFW concluded that Ohio "did not provide quality case management/service coordination." Consequently, the Department instituted many reforms to address

CMS' concerns. The individual service and support administrator (SSA) provides a single point of accountability at the local level for individuals with MR/DD and their families. The SSA is responsible for coordinating each individual's services across the MR/DD delivery system. Service and support administration is required to be provided to any person on a Medicaid home and community-based waiver and any eligible individual age three or older who requests such service.

Funding for the Service and Support Administration program is a mix of GRF, local levy dollars, and federal financial participation.

Funding Source and Line Items: The following table shows the line items that are used to fund the Service and Support Administration program, as well as the Governor's recommended funding levels.

Fund	ALI	Title	FY 2006	FY 2007
General Revenue Fund				
GRF	320-321*	Central Administration	$166,702	$168,447
GRF	322-452	Service and Support Administration	$8,672,730	$8,672,730
		General Revenue Fund Subtotal	**$8,839,432**	**$8,841,177**
State Special Revenue Fund				
5S2	590-622*	Medicaid Administration & Oversight	$22,237	$22,384
		State Special Revenue Fund Subtotal	**$22,237**	**$22,384**
Federal Special Revenue Fund				
3A4	320-605*	Administrative Support	$3,655,354	$3,720,303
3G6	322-639*	Medicaid Waiver	$839,927	$974,244
		Federal Special Revenue Fund Subtotal	**$4,495,281**	**$4,694,547**
Total Funding: Service and Support Administration			**$9,260,149**	**$9,262,765**

* Amount does not reflect total appropriation because the line item is used to fund other programs.

Implication of Executive Recommendation: The executive recommendations may provide for current service levels. According to the Department, reductions in state funding over previous biennia forced county boards to use local funds to support this program during the current biennium. This enabled service levels to be maintained despite the reduction in state funding. However, decreases in state funding puts more pressure on local levy dollars to make up for any gaps. In the absence of local funding, the ratio of SSA's to clients increases.

Section 5126.15 of the Revised Code mandates that, subject to available funding, county boards receive the greater of $20,000 or $200 times the county board's average daily membership. County boards do not receive a per person subsidy for children under the age of three. In FY 2003, the county board population was 68,896, of which 9,861 were children under the age of three. Thus, in FY 2003, the county board population for which to calculate the service and support administration subsidy is approximately 59,035. Assuming each county board would exceed the $20,000 threshold, it would take approximately $11.8 million to fully fund the statutory formula. The executive budget recommendations would fall short of the statutory subsidy level by approximately $3.1 million. Furthermore, the estimate is based on FY 2003 enrollment data. Any subsequent increase in enrollment would drive the estimated subsidy shortfall higher.

Quality Assurance and Quality Improvement in Home and Community-Based Services Grant

Program Description: These funds are a Real Choice Systems Change Research and Demonstration grant awarded by the CMS. According to the Department, the purpose of the grant is "to design and implement a quality information management system in which data generated by the service system can be interpreted into an integrated knowledge profile that identifies areas of improvement in effectiveness and efficiency specific to the management and delivery of services and supports to individuals with disabilities."

Funding Source and Line Items: The following table shows the line items that are used to fund the Quality Assurance and Quality Improvement in Home and Community-Based Services Grant program, as well as the Governor's recommended funding levels.

Fund	ALI	Title	FY 2006	FY 2007
General Revenue Fund				
GRF	320-321*	Central Administration	$627,385	$560,785
		General Revenue Fund Subtotal	**$627,385**	**$560,785**
State Special Revenue Fund				
5S2	590-622*	Medicaid Administration & Oversight	$421,121	$432,530
		State Special Revenue Fund Subtotal	**$421,121**	**$432,530**
Federal Special Revenue Fund				
3A4	320-605*	Administrative Support	$487,809	$547,653
3G6	322-639*	Medicaid Waiver	$789,734	$921,019
325	322-608*	Grants for Infants and Families with Disabilities	$433,309	$433,452
		Federal Special Revenue Fund Subtotal	**$1,710,852**	**$1,902,124**
Total Funding: Quality Assurance & Quality Improvement in Home and Community-Based Services Grant			**$2,759,358**	**$2,895,439**

* Amount does not reflect total appropriation because the line item is used to fund other programs.

Implication of Executive Recommendation: This program is funded by a federal grant. The grant will provide funding for five counties to participate in a pilot project designed to coordinate the collection of quality assurance and quality improvement data. There is a 5% in-kind match required for the grant. The Department fulfills this requirement through the use of staff time funded by GRF line item 320-321, Central Administration.

Major Unusual Incidents (MUI)

Program Description: The fundamental way the Department attempts to ensure the health and safety of its clients is through the tracking, reporting, and investigation of MUIs. An MUI is an alleged, suspected, or actual occurrence of an incident that adversely affects the health and safety of an individual, including acts committed or allegedly committed by one individual against another. The MUI program manages the MR/DD Employee Abuser Registry, conducts conflict investigations, conducts certification training for county board investigative agents, provides training and technical assistance on health and safety issues, manages the Department's hotline, and conducts compliance activities for county boards of MR/DD and providers for their "protection from harm" systems.

Providers of services are required to document and report all MUIs within 24 hours. Incidents can occur in any setting and include any event that is inconsistent with the individual's normal routine. Incidents are reported to the appropriate county board of MR/DD, which is required to investigate the incident and report its findings to the Department. The Department may conduct a separate review or investigation of any MUI if necessary. If an individual has more than three MUIs in any six-month period, that individual's record is automatically flagged and the Department investigates further.

Funding Source and Line Items: The following table shows the line items that are used to fund the Major Unusual Incidents program, as well as the Governor's recommended funding levels.

Fund	ALI	Title	FY 2006	FY 2007
General Revenue Fund				
GRF	320-321*	Central Administration	$1,875,216	$1,932,947
		General Revenue Fund Subtotal	**$1,875,216**	**$1,932,947**
General Services Fund				
4B5	320-640*	Conference/Training	$75,000	$75,000
		General Services Fund Subtotal	**$75,000**	**$75,000**
Federal Special Revenue Fund				
3A4	320-605*	Administrative Support	$487,609	$489,079
3G6	322-639*	Medicaid Waiver	$3,415	$3,415
		Federal Special Revenue Fund Subtotal	**$491,024**	**$492,494**
Total Funding: Major Unusual Incidents			**$2,441,240**	**$2,500,631**

* Amount does not reflect total appropriation because the line item is used to fund other programs.

Implication of Executive Recommendation: The executive recommendations will be used to maintain current service levels. The MUI unit will monitor provider compliance, manage the Abuser Registry, and ensure MR/DD providers remain properly certified.

Provider Certification

Program Description: The Department is charged with certifying agencies and/or individuals that seek to provide home and community-based services funded by a Medicaid waiver (RFW, IO, or Level 1), the Supported Living program, or the CAFS program. The program is charged with developing and implementing standards for initial and continuing certification for providers. Providers are monitored and reviewed on a regular basis to ensure compliance with federal and state regulations.

Funding Source and Line Items: The following table shows the line items that are used to fund the Provider Certification program, as well as the Governor's recommended funding levels.

Fund	ALI	Title	FY 2006	FY 2007
General Revenue Fund				
GRF	320-321*	Central Administration	$954,896	$983,718
		General Revenue Fund Subtotal	**$954,896**	**$983,718**
State Special Revenue Fund				
5S2	590-622*	Medicaid Administration & Oversight	$149,979	$158,808
		State Special Revenue Fund Subtotal	**$149,979**	**$158,808**
Federal Special Revenue Fund				
3A4	320-605*	Administrative Support	$426,355	$427,217
3G6	322-639*	Medicaid Waiver	$3,415	$3,415
		Federal Special Revenue Fund Subtotal	**$429,770**	**$430,632**
Total Funding: Provider Certification			**$1,534,645**	**$1,573,348**

* Amount does not reflect total appropriation because the line item is used to fund other programs.

Implication of Executive Recommendation: These funds will be used to maintain current service levels. Budget reductions have not allowed staffing vacancies in this program to be filled. However, the number of applicants seeking certification annually increases. Measures will be taken during the biennium to develop methods to reduce the need to hire additional staff through the use of technology. Furthermore, the Department plans to reorganize some staff activities to increase efficiency.

Licensure

Program Description: The Department is charged with licensing agencies and/or individuals that seek to become providers of licensed residential facilities. These facilities include ICFs/MR and facilities where individuals are supported through home and community-based services. The Department conducts on-site reviews of the facilities and program services to ensure compliance with licensure standards. The Department develops and implements standards for initial and continuing licensure for residential facilities. Licensees are monitored and reviewed on a regular basis to identify any deficiencies in the provision of services and to ensure any previous deficiencies have been corrected. If a deficiency is detected, the provider must submit plans of compliance to the Department.

Funding Source and Line Items: The following table shows the line items that are used to fund the Licensure program, as well as the Governor's recommended funding levels.

Fund	ALI	Title	FY 2006	FY 2007
General Revenue Fund				
GRF	320-321*	Central Administration	$1,058,981	$1,046,016
		General Revenue Fund Subtotal	**$1,058,981**	**$1,046,016**
State Special Revenue Fund				
5S2	590-622*	Medicaid Administration & Oversight	$388,360	$397,503
		State Special Revenue Fund Subtotal	**$388,360**	**$397,503**
Federal Special Revenue Fund				
3A4	320-605*	Administrative Support	$1,503,121	$1,605,109
3G6	322-639*	Medicaid Waiver	$36,533	$38,805
		Federal Special Revenue Fund Subtotal	**$1,539,654**	**$1,643,914**
Total Funding: Licensure			**$2,986,995**	**$3,087,433**

* Amount does not reflect total appropriation because the line item is used to fund other programs.

Implication of Executive Recommendation: These funds will be used to maintain current service levels. Budget reductions have not allowed staffing vacancies in this program to be filled. However, the number of applicants seeking licensure annually increases. Measures will be taken during the biennium to develop methods to reduce the need to hire additional staff through the use of technology. Furthermore, the Department plans to reorganize some staff activities to increase efficiency.

Accreditation

Program Description: The Department is charged with performing compliance reviews on the programs and administration of county boards of MR/DD. As required by state statute, all 88 county boards of MR/DD are accredited in accordance with standards developed by the Department. In order for a county board to be accredited, it must operate in compliance with minimum standards established in federal and state regulations.

Funding Source and Line Items: The following table shows the line items that are used to fund the Accreditation program, as well as the Governor's recommended funding levels.

Fund	ALI	Title	FY 2006	FY 2007
General Revenue Fund				
GRF	320-321*	Central Administration	$157,317	$158,581
		General Revenue Fund Subtotal	**$157,317**	**$158,581**
State Special Revenue Fund				
5S2	590-622*	Medicaid Administration & Oversight	$1,305,724	$1,370,567
		State Special Revenue Fund Subtotal	**$1,305,724**	**$1,370,567**
Federal Special Revenue Fund				
3A4	320-605*	Administrative Support	$355,395	$255,646
3G6	322-639*	Medicaid Waiver	$3,415	$3,605
		Federal Special Revenue Fund Subtotal	**$358,810**	**$259,251**
Total Funding: Accreditation			**$1,821,851**	**$1,788,399**

* Amount does not reflect total appropriation because the line item is used to fund other programs.

Implication of Executive Recommendation: These funds will be used to maintain current service levels. Budget reductions have not allowed staffing vacancies in this program to be filled. However, the number of applicants seeking accreditation annually increases. Measures will be taken during the biennium to develop methods to reduce the need to hire additional staff through the use of technology. Furthermore, the Department plans to reorganize some staff activities to increase efficiency.

PERMANENT AND TEMPORARY LAW PROVISIONS

Permanent Law Provisions

Community Alternative Funding System (CAFS) terminated (primary R.C. section 5111.041 (repealed); other R.C. sections: 127.16, 140.01, 3323.021, 3702.51, 3721.01, 3722.01, 3722.02, 5111.042, 5123.01, 5123.041 (repealed), 5123.046, 5123.047, 5123.048 (repealed), 5123.049, 5123.0412, 5123.34, 5123.71, 5123.76, 5126.01, 5126.035, 5126.042, 5126.054, 5126.055, 5126.056, 5126.057, 5126.12, and 5705.091; Sections 206.66.78 and 209.09.09)

Terminates the CAFS program effective July 1, 2005.

Repeals state law governing the certification of habilitation centers.

Medicaid Case Management Services (primary R.C. section 5126.055; other R.C. sections 5111.042, 5123.047, and 5126.057 and Section 209.09.10)

Eliminates state law giving county boards Medicaid local administrative authority regarding Medicaid case management services.

Eliminates a requirement that the Department pay the nonfederal share of Medicaid case management services if the services are provided by an agency with which the Department has contracted to provide protective services.

Provides that a certified habilitation center may provide Medicaid case management services until the earlier of (1) an amendment to the state Medicaid plan that provides that only county boards of MR/DD may provide Medicaid case management services and (2) the habilitation center ceases to meet the certification requirements.

Administrative Fee Increase for Medicaid Paid Claims (R.C. section 5123.0412)

Increases the administrative fee county boards of MR/DD are charged for Medicaid paid claims for home and community-based services to 1.5% (from 1%) of the total value of the paid claims.

Clarifies what services are subject to the fee, and changes how the fees are to be used by the Ohio Department of Job and Family Services (ODJFS) and ODMR/DD.

Waiting Lists for Services (R.C. section 5126.042)

Authorizes a county board, through the next biennium, to give priority for services to no more than 400 individuals under age 22 who have service needs of unusual scope or intensity due to a mental or physical condition.

Authorizes a county board to continue to use, until December 31, 2007, criteria specified in rules to determine, when two or more individuals qualify for priority on a waiting list for home and community-based services, the order in which the individuals will be offered priority.

Rules Governing Service Contracts (R.C. section 5126.035)

Eliminates a requirement that the Department adopt rules governing contracts between a county board of MR/DD and a provider of services.

Temporary Law Provisions

Lease-Rental Payments (Section 209.09.03)

Temporary law mandates GRF line item 320-415, Lease-Rental Payments, be used to meet all required payments under to leases and agreements made under section 154.20 of the Revised Code, but limited to the aggregate amount of $47,129,800. Similar language was included in the last budget act.

Residential and Support Services (Section 209.09.06)

Temporary law designates GRF line item 322-413, Residential and Support Services, for supports needed to fulfill the requirements of a consent decree in *Sermak v. Manuel* and earmarks up to $1,000,000 in each fiscal year for other Medicaid-reimbursed programs other than home and community-based waiver services that enable individuals with MR/DD to live in the community. Similar language was included in the last budget act.

Waiver State Match (Section 209.09.06)

Temporary law designates GRF line item 322-416, Waiver State Match, for home and community-based waiver services, services contracted by county boards of MR/DD, and to pay the nonfederal share of the cost of one or more new ICF/MR beds in a county where the county board does not initiate or support the development of such beds.

Temporary law also allows the Department to designate a portion of GRF line item 322-416, Waiver State Match, to support county boards that have a low percentage of residential and support service development when compared to the number of individuals with MR/DD living in the county.

Temporary law earmarks $9,850,000 of GRF line item 322-416, Waiver State Match, in each fiscal year to be distributed to county boards to support existing RFW and IO waivers. The bill allows up to $3,000,000 in each fiscal year to be used for program management, $4,200,000 in each fiscal year to implement health and welfare requirements, and not less than $2,650,000 shall be used to recruit and retain direct care staff.

Temporary law also mandates that the Department use the method utilized in FY 2005 to determine each RFW and IO provider's allocation of funds for FY 2006 and FY 2007.

Similar language was included in the last budget act.

Supported Living (Section 209.09.06)

Temporary law designates GRF line item 322-417, Supported Living, for supported living services contracted by county boards under Revised Code sections 5126.40 to 5126.47 and to pay the nonfederal share of the cost of one or more new ICF/MR beds in a county where the county board does not initiate or support the development of such beds. Similar language was included in the last budget act.

Other Residential and Support Service Programs (Section 209.09.06)

Temporary law allows the Department to develop residential and support service programs that enable individuals with MR/DD to live in the community. The Department may use GRF line items 322-413, Residential and Support Services; 322-416, Waiver State Match; or 322-417, Supported Living, to fund such programs. The Department may waive the support collection requirements of Chapter 5121. and section 5123.122 of the Revised Code for persons enrolled in programs pursuant to this section. The Department must adopt rules in accordance with Chapter 119. of the Revised Code or use existing rules to implement such programs. Similar language was included in the last budget act.

Family Support Services (Section 209.09.06)

Temporary law designates GRF line item 322-451, Family Support Services, to assist individuals with MR/DD and their families who are living in the community and to pay the nonfederal share of the cost of one or more new ICF/MR beds in a county where the county board initiates or supports the development of such beds. Similar language was included in the last budget act.

Service and Support Administration (Section 209.09.06)

Appropriations in GRF line item 322-452, Service and Support Administration, will be allocated to county boards of MR/DD to provide service and support administration services and to assist in bringing state funding for service and support administrators within the level authorized in division (C) of section 5126.15 of the Revised Code. The Department can request Controlling Board approval to transfer any unobligated appropriations from other GRF line items to meet the statutory funding levels. Subject to funding in GRF line item 322-452, Service and Support Administration, no county may receive less than its FY 1995 allocation.

Temporary language also replaces case management services, wherever it is referred to in any law, contract, or other document, with service and support administration.

The bill also allows the Department to use GRF line item 322-452, Service and Support Administration, to pay the nonfederal share of the cost of one or more new ICF/MR beds in a county where the county board initiates or supports the development of such beds.

Similar language was included in the last budget act.

State Subsidies to MR/DD Boards (Section 209.09.06)

Temporary law requires that GRF line item 322-501, County Boards Subsidies, be distributed to county boards of MR/DD under section 5126.12 of the Revised Code to the limit of the lesser required by that section or, if the appropriation is less than the required subsidy, prorated to all county boards of MR/DD. The Department may also use funds in GRF line item 322-501, County Boards Subsidies, to pay the nonfederal share of the cost of one or more new ICF/MR beds in a county where the county board initiates or supports the development of such beds. Similar language was included in the last budget act.

Waiver Match (Section 209.09.06)

The Department may use line item 322-604, Waiver-Match, as state matching funds for home and community-based Medicaid waivers. Similar language was included in the last budget act.

County Board Waiver Match (Section 209.09.06)

Temporary law requires the Department to transfer, through intrastate transfer vouchers, cash from any allowable GRF line item to Fund 5Z1, line item 322-624, County Board Waiver Match. The amounts being transferred reflect the amounts that county boards pledge from their state GRF allocations to cover the cost of providing the nonfederal match for waiver services.

Developmental Center Program to Develop a Model Billing for Services Rendered (Section 209.06.12)

Temporary law allows developmental centers to provide services to individuals with MR/DD living in the community or to providers of these services. The bill allows the Department to develop a method for recovery of all costs associated with the provision of these services. Similar language was included in the last budget act.

Transfer of Funds for Developmental Center Pharmacy Programs (Section 209.06.15)

Temporary law requires the Department to pay ODJFS the nonfederal share of Medicaid prescription drug claim costs for all developmental centers. Similar language was included in the last budget act.

Nonfederal Share of Additional ICF/MR Beds (Section 209.06.21)

Temporary law requires the Department to transfer specific funds to ODJFS to pay the nonfederal share of the cost under Medicaid for newly certified ICF/MR beds. The bill allows the Department to use GRF line items 322-416, Waiver State Match, or 322-417, Supported Living, to pay the nonfederal share of new ICF/MR certified beds if a county board opposes the addition. The Department is allowed to use GRF line items 322-451, Family Support Services; 322-452, Service and Support Administration; or 322-501, County Boards Subsidies, to pay the nonfederal share of new ICF/MR certified beds if a county board of MR/DD initiates or supports the addition. Similar language was included in the last budget act.

REQUESTS NOT FUNDED

The information provided below reflects the amount requested by the Department and what the Executive recommended for that request.

Intersystem Services for Children						
Fund Line Item	FY 2006 Requested	FY 2006 Recommended	Difference	FY 2007 Requested	FY 2007 Recommended	Difference
4J6 322-645	$2,000,000	$0	($2,000,000)	$2,000,000	$0	($2,000,000)
TOTALS	$2,000,000	$0	($2,000,000)	$2,000,000	$0	($2,000,000)

The Intersystem Services for Children program is being transferred to the Ohio Department of Mental Health (ODMH). The ODMR/DD has been the fiscal agent for this program since FY 1993. In FY 2004, approximately $3.2 million was spent in line item 322-645, Intersystem Services for Children. The funds in this program are used to support grants to local family and children first councils. The program serves multi-needs children requiring services from more than one public agency. According to the Department, there are concerns that the children targeted with these funds will change when the program is transferred. However, according to ODMH, the program will continue to serve the same population. The ODMR/DD will continue to provide its monetary contribution to the Office of Family and Children First.

Community Alternative Funding System (CAFS)						
Fund Line Item	FY 2006 Requested	FY 2006 Recommended	Difference	FY 2007 Requested	FY 2007 Recommended	Difference
3M7 322-650	$263,697,957	$125,924,299	($137,773,658)	$263,432,034	$103,773,730	($159,658,304)
TOTALS	$263,697,957	$125,924,299	($137,773,658)	$263,432,034	$103,773,730	($159,658,304)

Recently, the federal government informed the Ohio Department of Job and Family Services and ODMR/DD that the state would no longer receive federal Medicaid reimbursement for CAFS services. As a result, the CAFS program will be terminated on June 30, 2005. In FY 2004, ODMR/DD distributed approximately $182 million in federal Medicaid reimbursement to local CAFS providers. When the Department submitted their budget request, the termination of the CAFS program was not finalized. The executive recommendations include appropriations in FY 2006 and FY 2007 to account for residual claiming that will occur during the biennium.

Developmental Center Operations						
Fund Line Item	FY 2006 Requested	FY 2006 Recommended	Difference	FY 2007 Requested	FY 2007 Recommended	Difference
3A4 323-605	$127,831,708	$120,000,000	($7,831,708)	$127,831,708	$120,000,000	($7,831,708)
TOTALS	$127,831,708	$120,000,000	($7,831,708)	$127,831,708	$120,000,000	($7,831,708)

The Department revised its original budget request to account for the decrease in the developmental center census during the biennium. Thus, the executive recommendations reflect the expected decrease in residents and staff.

General Revenue Fund

GRF 320-321 Central Administration

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
$9,899,611	$7,333,527	$9,036,650	$9,357,878	**$9,357,877**	**$9,357,874**
	-25.9%	23.2%	3.6%	**0.0%**	**0.0%**

Source: GRF

Legal Basis: Section 71.01 of Am. Sub. H.B. 95 of the 125th G.A. (originally established by Am. Sub. H.B. 215 of the 122nd G.A.)

Purpose: This line item supports expenses associated with payroll costs for central office.

GRF 320-411 Special Olympics

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
$200,000	$0	$0	$0	**$0**	**$0**
	-100.0%	N/A	N/A	**N/A**	**N/A**

Source: GRF

Legal Basis: Discontinued line item (originally established by Am. Sub. H.B. 291 of the 115th G.A.)

Purpose: The funds in this line item supported the Ohio Special Olympics, Inc., which conducted Special Olympics programs for persons with MR/DD.

GRF 320-412 Protective Services

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
$1,499,991	$1,449,298	$1,919,257	$2,008,330	**$2,463,000**	**$2,463,000**
	-3.4%	32.4%	4.6%	**22.6%**	**0.0%**

Source: GRF

Legal Basis: ORC 5123.56; Section 71.01 of Am. Sub. H.B. 95 of the 125th G.A. (originally established as ORC 5119.86 by Am. Sub. H.B. 284 of the 109th G.A.; renumbered ORC 5123.56 by Am. Sub. H.B. 900 of the 113th G.A.)

Purpose: These funds are used to pay costs associated with guardianships, trusteeships, and protectorships for persons with MR/DD. The Department contracts with Advocacy and Protective Service, Inc. (APSI), a non-profit agency, for these services. Additional services are funded through the Federal Special Revenue Fund Group (line item 320-634, Protective Services).

GRF 320-415 Lease-Rental Payments

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
$24,581,264	$25,127,891	$24,102,718	$23,206,750	**$23,296,200**	**$23,833,600**
	2.2%	-4.1%	-3.7%	**0.4%**	**2.3%**

Source: GRF

Legal Basis: Section 71.01 of Am. Sub. H.B. 95 of the 125th G.A. (originally established by Am. Sub. H.B. 117 of the 121st G.A.)

Purpose: This line item is used to make debt service payments on bonds issued for long-term capital construction projects.

GRF 322-405 State Use Program

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
$242,004	$261,282	$261,700	$268,040	**$268,040**	**$268,040**
	8.0%	0.2%	2.4%	**0.0%**	**0.0%**

Source: GRF

Legal Basis: ORC 4115.31 through 4115.35; Section 71.02 of Am. Sub. H.B. 95 of the 125th G.A. (originally established by Am. S.B. 430 of the 111th G.A.)

Purpose: These funds are used to pay the expenses of the State Use Committee. The Committee approves suitable products and services that are provided by non-profit workshops that employ individuals with severe disabilities.

GRF 322-413 Residential and Support Services

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
$137,669,440	$154,235,070	$7,746,079	$8,450,787	**$7,423,021**	**$7,423,021**
	12.0%	-95.0%	9.1%	**-12.2%**	**0.0%**

Source: GRF

Legal Basis: Section 71.02 of Am. Sub. H.B. 95 of the 125th G.A. (originally established by Am. Sub. H.B. 117 of the 121st G.A.)

Purpose: These funds are used to implement the requirements of the Sermak consent decree. Am. Sub. H.B. 95 of the 125th G.A. includes temporary language allowing the Department to use this line item to implement the requirements of the consent decree in the Sermak case and for other Medicaid-reimbursed programs, in an amount not to exceed $1.0 million per fiscal year, that enable persons with MR/DD to live in the community.

These funds are also used for Medicaid-reimbursed programs other than the home and community-based waiver services that allow individuals with MR/DD to live in the community, to support former residents of Broadview Developmental Center, and to conduct Pre-Admission Screening and Review evaluations required by federal regulations.

GRF 322-416 Waiver State Match

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
$0	$0	$90,590,348	$100,019,747	**$103,090,738**	**$104,397,504**
	N/A	N/A	10.4%	**3.1%**	**1.3%**

Source: GRF

Legal Basis: Section 71.02 of Am. Sub. H.B. 95 of the 125th G.A.

Purpose: These funds provide state funding for two home and community-based Medicaid waivers--the Individual Options (IO) and the Residential Facilities Waiver (RFW).

Am. Sub. H.B. 95 of the 125th G.A. includes temporary language requiring that this line item be used for the following:

(1) home and community-based waiver services;
(2) services contracted by county boards of MR/DD;
(3) the nonfederal share of the cost of one or more new ICF/MR certified beds in a county where the county board does not support such development and if the Department is required to transfer funds to the Ohio Department of Job and Family Services to pay such nonfederal share.

H.B. 95 earmarks $9,850,000 in each fiscal year to be distributed to county boards of MR/DD to support existing RFW and IO waivers related to Medicaid activities provided for in a county board's plan. Up to $3,000,000 of this earmark in each fiscal year may be used to implement day-to-day program management services and up to $4,200,000 in each fiscal year may be used to implement the program and health and welfare requirements of ORC 5126.054.

H.B. 95 earmarks $2,650,000 in fiscal years 2004 and 2005 to recruit and retain direct care staff.

H.B. 95 requires the Department to use the fiscal year 2003 methodology to determine each residential facilities waiver and individual options waiver provider's allocation for fiscal years 2004 and 2005.

H.B. 95 allows the Department to use this line item to develop residential and support service programs that enable persons with MR/DD to live in the community.

GRF 322-417 Supported Living

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
$0	$0	$47,488,680	$42,316,121	**$43,160,198**	**$43,160,198**
	N/A	N/A	-10.9%	**2.0%**	**0.0%**

Source: GRF

Legal Basis: Section 71.02 of Am. Sub. H.B. 95 of the 125th G.A.

Purpose: These funds are used for the Supported Living program. The Supported Living program provides direct subsidies to county boards of MR/DD to support community-based, residential services.

Am. Sub. H.B. 95 of the 125th G.A. includes temporary language allowing this line item to pay the nonfederal share of the cost of one or more new Intermediate Care Facilities for the Mentally Retarded certified beds in counties where the county board does not support such additions and if the Department is required to transfer such nonfederal funds to the Ohio Department of Job and Family Services pursuant to this bill.

H.B. 95 allows the Department to use this line item to develop residential and support service programs that enable persons with MR/DD to live in the community.

GRF 322-451 Family Support Services

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
$7,975,870	$6,975,870	$5,711,492	$6,836,353	**$6,938,898**	**$6,938,898**
	-12.5%	-18.1%	19.7%	**1.5%**	**0.0%**

Source: GRF

Legal Basis: ORC 5126.11; Section 71.02 of Am. Sub. H.B. 95 of the 125th G.A. (originally established by Am. Sub. S.B. 21 of the 112th G.A.)

Purpose: These funds support the Family Support Services program to provide assistance to persons with MR/DD and their families who are living in the community.

Am. Sub. H.B. 95 of the 125th G.A. includes temporary language allowing the Department to use this line item to pay the nonfederal share of the cost of one or more new Intermediate Care Facilities for the Mentally Retarded certified beds in a county where the county board of MR/DD initiates or supports such additions and if the Department is required to transfer such funds to the Ohio Department of Job and Family Services pursuant to this bill.

GRF 322-452 Service and Support Administration

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
$8,849,707	$8,849,724	$8,761,227	$8,672,730	**$8,672,730**	**$8,672,730**
	0.0%	-1.0%	-1.0%	**0.0%**	**0.0%**

Source: GRF

Legal Basis: ORC 5126.15; Section 71.02 of Am. Sub. H.B. 95 of the 125th G.A. (originally established by Sub. H.B. 403 of the 117th G.A.)

Purpose: These funds support service and support administration activities throughout Ohio. These funds are allocated to county boards of MR/DD to bring state funding for all approved service and support administrators to the level authorized in ORC 5126.15(C). Subject to funding in this line item, no county may receive less than its allocation in FY 1995 for service and support administration.

Am. Sub. H.B. 95 of the 125th G.A. includes temporary language renaming "Case Management Services" as "Service and Support Administration" wherever referred to in any law, contract, or other document.

Additional temporary language authorizes the Department to use this line item to pay the nonfederal share of the cost of one or more new Intermediate Care Facility for the Mentally Retarded certified beds in a county where the county board of MR/DD initiates or supports such an addition and if the Department is required to transfer such funds to the Ohio Department of Job and Family Services pursuant to the bill.

GRF 322-501 County Boards Subsidies

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
$49,708,303	$41,416,400	$31,176,572	$31,296,087	**$32,193,542**	**$32,193,542**
	-16.7%	-24.7%	0.4%	**2.9%**	**0.0%**

Source: GRF

Legal Basis: ORC 5126.12; Section 71.02 of Am. Sub. H.B. 95 of the 125th G.A. (originally established as ORC 5127.03 by H.B. 1 of the 100th G.A.; renumbered as ORC 5126.07 by Am. Sub. H.B. 455 of the 111th G.A.; renumbered as ORC 5126.12 by Am. Sub. S.B. 160 of the 113th G.A.)

Purpose: These funds are used to subsidize the basic operating expenses of the state's 88 county boards of MR/DD. The operating subsidy is paid to a county board based upon the number of individuals enrolled in board programs.

The Department is required to distribute the funds in this line item to county boards of MR/DD for subsidies distributed pursuant to ORC 5126.12 to the limit of the lesser of the amount required by that section or the appropriation in line item 322-501, County Boards Subsidies, prorated to all county boards of MR/DD.

Temporary language in Am. Sub. H.B. 95 of the 125th G.A. allows the Department to use funds in this line item to pay the nonfederal share of the cost of one or more new Intermediate Care Facility for the Mentally Retarded certified beds if the county board initiates or supports such an addition and if the Department is required to pay such funds to the Ohio Department of Job and Family Services pursuant to the bill.

GRF 322-503 Tax Equity

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
$0	$0	$13,650,615	$14,000,000	**$14,500,000**	**$14,500,000**
	N/A	N/A	2.6%	**3.6%**	**0.0%**

Source: GRF

Legal Basis: ORC 5126.18; Section 71.02 of Am. Sub. H.B. 95 of the 125th G.A.

Purpose: These funds are used to fund the Tax Equalization program created under ORC 5126.18. This program helps to equalize funding among county boards of MR/DD by providing additional funding to tax-poor county boards.

GRF 323-321 Residential Facilities Operations

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
$100,499,356	$100,666,372	$103,582,397	$106,606,338	**$101,764,366**	**$100,457,600**
	0.2%	2.9%	2.9%	**-4.5%**	**-1.3%**

Source: GRF

Legal Basis: Section 71.05 of Am. Sub. H.B. 95 of the 125th G.A. (originally established by Am. Sub. H.B. 215 of the 122nd G.A.)

Purpose: These funds support the Department's 12 developmental centers.

General Services Fund Group

152 323-609 Residential Facilities Support

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
$606,527	$810,465	$863,048	$912,177	**$912,177**	**$912,177**
	33.6%	6.5%	5.7%	**0.0%**	**0.0%**

Source: GSF: Revenues from the sale of goods and services by developmental centers and special education subsidy moneys from the Ohio Department of Education

Legal Basis: Section 71.05 of Am. Sub. H.B. 95 of the 125th G.A. (originally established by Controlling Board in June 1980)

Purpose: These funds are used for maintenance and equipment expenses at the Department's 12 developmental centers.

488 322-603 Provider Audit Refunds

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
$928,265	$322	$0	$300,000	**$350,000**	**$350,000**
	-100.0%	-100.0%	N/A	**16.7%**	**0.0%**

Source: GSF: Reimbursement moneys collected from providers following an audit

Legal Basis: Section 71.02 of Am. Sub. H.B. 95 of the 125th G.A. (originally established by Am. Sub. H.B. 298 of the 119th G.A.)

Purpose: These funds are used to pay staff that audit service providers.

4B5 320-640 Conference/Training

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
$17,887	$24,866	$21,888	$100,000	**$300,000**	**$300,000**
	39.0%	-12.0%	356.9%	**200.0%**	**0.0%**

Source: GSF: Fees assessed to participants of various conference and training activities

Legal Basis: Section 71.01 of Am. Sub. H.B. 95 of the 125th G.A. (originally established by Controlling Board on November 20, 1989)

Purpose: These funds are used for training expenses.

4J6 322-607 Intersystems Services - Youth

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
$1,809,528	$466,989	$0	$0	**$0**	**$0**
	-74.2%	-100.0%	N/A	**N/A**	**N/A**

Source: GSF: Youth cluster funds from the Department of Job and Family Services for multi-need youth

Legal Basis: Discontinued line item (originally established by Controlling Board on April 24, 2000)

Purpose: These funds were used to supplement local wrap-around programs for multi-need youth who were eligible for services from at least two Family and Children First Council agencies.

4J6 322-645 Intersystem Services for Children

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
$1,409,197	$3,200,117	$3,201,032	$2,000,000	**$0**	**$0**
	127.1%	0.0%	-37.5%	**-100.0%**	**N/A**

Source: GSF: Transfers from the Ohio Department of Education

Legal Basis: Section 71.02 of Am. Sub. H.B. 95 of the 125th G.A. (originally established by Am. Sub. H.B. 117 of the 121st G.A.)

Purpose: These funds were used to support direct grants to county Family and Children First Councils. This program is being transferred to the Ohio Department of Mental Health.

4U4 322-606 Community MR and DD Trust

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
$0	$0	$0	$0	**$300,000**	**$50,000**
	N/A	N/A	N/A	**N/A**	**-83.3%**

Source: GSF: GRF funds not spent, with the exception of debt service, at the end of the fiscal year

Legal Basis: ORC 5123.352; Section 71.02 of Am. Sub. H.B. 95 of the 125th G.A. (originally established by Am. Sub. S.B. 21 of the 120th G.A.)

Purpose: These funds are used to support unique community training programs. The Department must certify all unspent and unencumbered GRF appropriations, other than those in line item 320-415, Lease-Rental Payments. At the end of a fiscal year, the Office of Budget and Management can transfer up to the certified amount of unspent money into the Community MR and DD Trust Fund (Fund 4U4). If this amount exceeds $20 million, the Controlling Board must approve the transfer.

4V1 322-611 Family and Children First

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
$981,854	$776,016	$510,218	$625,000	**$625,000**	**$625,000**
	-21.0%	-34.3%	22.5%	**0.0%**	**0.0%**

Source: GSF: Transfers from various state agencies

Legal Basis: Section 71.02 of Am. Sub. H.B. 95 of the 125th G.A. (originally established by Controlling Board in 1995)

Purpose: These funds are used to provide operating support for the Family and Children First Council.

4V1 322-623 Special Projects

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
$0	$26,600	$0	$0	**$0**	**$0**
	N/A		N/A	**N/A**	**N/A**

Source: GSF: Transfer of funds from Ohio Department of Transportation

Legal Basis: Discontinued line item (originally established by Controlling Board on April 22, 2002)

Purpose: These funds were used to conduct a study to review and improve the marketing practices used to promote and sell the custodial services offered by persons with severe mental retardation. The study also developed recommendations for improving the efficiency, effectiveness, and accuracy of the methods, processes, and procedures used to establish a fair-market price for custodial services on the procurement list of the State Use Committee. This was a short-term project limited to fiscal years 2002-2003.

Federal Special Revenue Fund Group

325 320-634 Protective Services

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
$150,000	$75,000	$100,000	$100,000	**$100,000**	**$100,000**
	-50.0%	33.3%	0.0%	**0.0%**	**0.0%**

Source: FED: Title XX funds the Department receives from the Ohio Department of Job and Family Services

Legal Basis: ORC 5123.56; Section 71.01 of Am. Sub. H.B. 95 of the 125th G.A. (originally established as ORC 5119.86 by Am. Sub. H.B. 284 of the 109th G.A.; renumbered ORC 5123.56 by Am. Sub. H.B. 900 of the 113th G.A.)

Purpose: These funds supplement the costs associated with initiating and maintaining guardianships, trusteeships, and protectorships for mentally retarded and developmentally disabled clients, pursuant to ORC 5123.56. The Department contracts with Advocacy and Protective Services, Inc. (APSI), a non-profit agency, for these services. Additional protective services funding is contained in GRF line item 320-412, Protective Services.

Title XX funds are originally received by the Ohio Department of Job and Family Services (ODJFS). ODJFS then passes a portion of these funds to ODMR/DD.

325 322-608 Grants for Infants and Families with Disabilities

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
$1,065,281	$876,046	$683,746	$1,833,816	**$1,763,165**	**$1,763,165**
	-17.8%	-22.0%	168.2%	**-3.9%**	**0.0%**

Source: FED: CFDA 84.181, Grants for Infants and Families with Disabilities

Legal Basis: Section 71.02 of Am. Sub. H.B. 95 of the 125th G.A. (originally established by H.B. 204 of the 113th G.A.)

Purpose: These funds provide grants for infants and families with disabilities living in the community.

325 322-612 Community Social Service Programs

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
$9,982,234	$7,565,273	$12,385,961	$10,330,830	**$11,500,000**	**$11,500,000**
	-24.2%	63.7%	-16.6%	**11.3%**	**0.0%**

Source: FED: CFDA 93.667, Social Services Block Grant

Legal Basis: Section 71.02 of Am. Sub. H.B. 95 of the 125th G.A. (originally established by Controlling Board on April 25, 1980)

Purpose: These funds are used for community-based services. Title XX funds are originally received by the Ohio Department of Job and Family Services (ODJFS). ODJFS then passes a portion of these funds to ODMR/DD.

325 322-617 Education Grants - Operating

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
$8,439	$8,028	$4,820	$75,500	**$0**	**$0**
	-4.9%	-40.0%	1466.4%	**-100.0%**	**N/A**

Source: FED: CFDA 84.002, Adult Basic and Literacy Education (Adult Education and Family Literacy Act, Chapter 2, Pub. L. 105-220, U.C.S. 1201 et seq.)

Legal Basis: Section 71.02 of Am. Sub. H.B. 95 of the 125th G.A. (originally established by H.B. 204 of the 113th G.A.)

Purpose: These funds were used to hire teachers, purchase education materials, and expand the educational opportunities for adults with MR/DD to focus on basic literacy skills. The Department is no longer a sub-recipient of these funds.

325 323-608 Foster Grandparent Program

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
$333,764	$396,179	$426,428	$582,809	**$575,000**	**$575,000**
	18.7%	7.6%	36.7%	**-1.3%**	**0.0%**

Source: FED: CFDA 94.011, Foster Grandparent Program

Legal Basis: Section 71.05 of Am. Sub. H.B. 95 of the 125th G.A. (originally established by H.B. 204 of the 113th G.A.)

Purpose: These funds are used to support the Foster Grandparent Program.

325 323-617 Education Grants - Residential Facilities

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
$356,298	$370,642	$282,912	$425,000	**$0**	**$0**
	4.0%	-23.7%	50.2%	**-100.0%**	**N/A**

Source: FED: CFDA 84.002, Adult Basic and Literacy Education (Adult Education and Family Literacy Act, Chapter 2, Pub. L. 105-220, U.S.C. 1201 et seq.)

Legal Basis: Section 71.05 of Am. Sub. H.B. 95 of the 125th G.A. (originally established by H.B. 204 of the 113th G.A.)

Purpose: These funds were used to ensure that successful outcomes are achieved primarily in obtaining and retaining employment and in learning basic reading skills to function independently. The Department is no longer a sub-recipient of these funds.

3A4 320-605 Administrative Support

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
$3,863,732	$6,873,753	$9,105,888	$8,250,000	**$13,492,892**	**$13,492,892**
	77.9%	32.5%	-9.4%	**63.6%**	**0.0%**

Source: FED: CFDA 93.778, Medical Assistance Program (federal Medicaid reimbursement)

Legal Basis: Section 71.01 of Am. Sub. H.B. 95 of the 125th G.A. (originally established by H.B. 204 of the 113th G.A.)

Purpose: These funds support expenses associated with the central office.

3A4 322-605 Community Program Support

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
$657,994	$0	$359,860	$427,606	**$1,500,000**	**$1,500,000**
	-100.0%	N/A	18.8%	**250.8%**	**0.0%**

Source: FED: CFDA 93.778, Medical Assistance Program (federal Medicaid reimbursement)

Legal Basis: Section 71.02 of Am. Sub. H.B. 95 of the 125th G.A. (originally established by H.B. 204 of the 113th G.A.)

Purpose: In the past, these funds have been used for emergencies.

3A4 322-610 Community Residential Support

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
$0	$0	$0	$500,000	**$0**	**$0**
	N/A	N/A	N/A	**-100.0%**	**N/A**

Source: FED: CFDA 93.778, Medical Assistance Program (receives transfers from 323-605, Medicaid Reimbursement, which are then reallocated for other purposes, usually for emergency situations)

Legal Basis: Section 71.02 of Am. Sub. H.B. 95 of the 125th G.A. (originally established by Am. Sub. H.B. 215 of the 122nd G.A.)

Purpose: In the past, funding in this line item has been used for emergencies. The funding contained in this line item is being transferred to line item 322-605, Community Program Support.

3A4 323-605 Developmental Center Operation Expenses

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
$106,580,994	$111,680,440	$102,480,028	$128,831,708	**$120,000,000**	**$120,000,000**
	4.8%	-8.2%	25.7%	**-6.9%**	**0.0%**

Source: FED: CFDA 93.778, Medical Assistance Program (federal Medicaid reimbursement)

Legal Basis: Section 71.05 of Am. Sub. H.B. 95 of the 125th G.A. (originally established by Am. Sub. H.B. 291 of the 115th G.A.)

Purpose: These funds are used to pay operating expenses at the Department's 12 developmental centers.

3A5 320-613 DD Council Operating Expenses

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
$905,322	$839,507	$841,359	$861,000	**$895,440**	**$895,440**
	-7.3%	0.2%	2.3%	**4.0%**	**0.0%**

Source: FED: CFDA 93.630, Developmental Disabilities Basic Support and Advocacy Grants

Legal Basis: Section 71.01 of Am. Sub. H.B. 95 of the 125th G.A. (originally established by Controlling Board on April 25, 1980)

Purpose: These funds pay the operating expenses for the Developmental Disabilities Council.

3A5 322-613 DD Council Grants

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
$2,153,524	$2,007,402	$2,138,403	$3,472,327	**$3,204,240**	**$3,204,240**
	-6.8%	6.5%	62.4%	**-7.7%**	**0.0%**

Source: FED: CFDA 93.630, Developmental Disabilities Basic Support and Advocacy Grants

Legal Basis: Section 71.02 of Am. Sub. H.B. 95 of the 125th G.A. (originally established by Controlling Board on April 25, 1980)

Purpose: These funds provide grants issued by the DD Council to serve individuals with MR/DD living in the community, based on parameters outlined in the Developmental Disabilities Assistance Act.

3G6 322-639 Medicaid Waiver

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
$145,491,897	$228,378,979	$270,052,678	$313,014,342	**$373,772,814**	**$373,772,814**
	57.0%	18.2%	15.9%	**19.4%**	**0.0%**

Source: FED: CFDA 93.778, Medical Assistance Program (federal Medicaid reimbursement)

Legal Basis: Section 71.02 of Am. Sub. H.B. 95 of the 125th G.A. (originally established by Controlling Board on January 26, 1990)

Purpose: These funds are used to implement home and community-based Medicaid programs. Funds in this line item represent federal reimbursement received from Medicaid waiver services.

3M7 322-650 CAFS Medicaid

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
$191,543,590	$217,477,018	$189,898,794	$267,668,087	**$125,924,299**	**$103,773,730**
	13.5%	-12.7%	41.0%	**-53.0%**	**-17.6%**

Source: FED: CFDA 93.778, Medical Assistance Program (federal Medicaid reimbursement)

Legal Basis: ORC 5111.041; Section 71.02 of Am. Sub. H.B. 95 of the 125th G.A. (originally established by Am. Sub. H.B. 694 of the 114th G.A.)

Purpose: These funds provide federal matching funds for the Community Alternative Funding System (CAFS) program. The CAFS program will be terminated at the end of FY 2005. Appropriations in FY 2006 and FY 2007 are for residual claiming that will occur during the biennium.

State Special Revenue Fund Group

221 322-620 Supplement Service Trust

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
$0	$0	$0	$125,375	**$150,000**	**$150,000**
	N/A	N/A	N/A	**19.6%**	**0.0%**

Source: SSR: Funds recovered from a supplemental services trust upon the death of a beneficiary

Legal Basis: ORC 1339.51

Purpose: These funds are used for community-based services that are not Medicaid eligible, such as reimbursements for attendance in recreational events, travel, vacations, sports, elective medical or dental care, gym memberships, etc. When an individual with a supplemental service trust dies, 50% of the remaining funds are returned to the county board of MR/DD in the individual's county of origin. The funds are then used to fund services that are not Medicaid reimbursable for individuals without trusts.

489 323-632 Developmental Center Direct Care Support

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
$11,465,025	$8,993,683	$10,222,586	$8,000,000	**$12,125,628**	**$12,125,628**
	-21.6%	13.7%	-21.7%	**51.6%**	**0.0%**

Source: SSR: Resources of individuals residing in developmental centers

Legal Basis: ORC 5121.03; Section 71.05 of Am. Sub. H.B. 95 of the 125th G.A. (originally established by H.B. 1 of the 100th G.A.)

Purpose: These funds are used for the individual's cost of care in a developmental center.

4K8 322-604 Waiver-Match

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
$13,183,009	$9,727,561	$18,972,244	$12,000,000	**$12,000,000**	**$12,000,000**
	-26.2%	95.0%	-36.7%	**0.0%**	**0.0%**

Source: SSR: ICF/MR bed tax assessment revenues transferred from the Department of Job and Family Services

Legal Basis: Section 71.02 of Am. Sub. H.B. 95 of the 125th G.A. (originally established by Am. Sub. H.B. 152 of the 120th G.A.)

Purpose: These funds support home and community-based Medicaid waivers.

5H0 322-619 Medicaid Repayment

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
$0	$0	$0	$25,000	**$25,000**	**$25,000**
	N/A	N/A	N/A	**0.0%**	**0.0%**

Source: SSR: Medicaid audit reimbursements received from the Department of Job and Family Services

Legal Basis: Section 71.02 of Am. Sub. H.B. 95 of the 125th G.A. (originally established by Controlling Board on November 17, 1997)

Purpose: These funds are used for central office payroll.

5S2 590-622 Medicaid Administration & Oversight

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
$0	$2,998,303	$4,983,474	$8,000,000	**$8,000,000**	**$8,000,000**
	N/A	66.2%	60.5%	**0.0%**	**0.0%**

Source: SSR: Funds collected from the 1% fee charged to all county boards of MR/DD on the total of Medicaid paid claims.

Legal Basis: ORC 5123.0412 (B); Section 71.01 of Am. Sub. H.B. 95 of the 125th G.A. (originally established by Controlling Board on October 15, 2001)

Purpose: These funds can be used for the administrative and oversight costs Medicaid service and support administration services, county board technical support, and home and community-based services that a county board monitors and develops or contracts to provide. The administrative and oversight costs include staff, systems, and other resources dedicated to eligibility determinations, training, fiscal management, claims processing, quality assurance, and other such duties the Department identifies. The fees deposited in this fund are divided among the Department and the Ohio Department of Job and Family Services by an interagency agreement.

5Z1 322-624 County Board Waiver Match

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
$0	$0	$17,265,859	$42,000,000	**$82,000,000**	**$82,000,000**
	N/A	N/A	143.3%	**95.2%**	**0.0%**

Source: SSR: Funds from county boards of MR/DD to cover state waiver match obligations

Legal Basis: Main appropriations act of the 126th G.A. (originally established by the Controlling Board on August 18, 2003)

Purpose: These funds are received from county boards of MR/DD and are used to cover the non-federal share of Medicaid waiver expenditures.

LSC Budget Spreadsheet by Line Item, FY 2006 - FY 2007

Fund	ALI	ALI Title	2004	Estimated 2005	Executive 2006	% Change 2005 to 2006	Executive 2007	% Change 2006 to 2007
DMR Mental Retardation and Developmental Disabilities, Department of								
GRF	320-321	Central Administration	$ 9,036,650	$9,357,878	$ 9,357,877	0.0%	$ 9,357,874	0.0%
GRF	320-412	Protective Services	$ 1,919,257	$2,008,330	$ 2,463,000	22.6%	$ 2,463,000	0.0%
GRF	320-415	Lease-Rental Payments	$ 24,102,718	$23,206,750	$ 23,296,200	0.4%	$ 23,833,600	2.3%
GRF	322-405	State Use Program	$ 261,700	$268,040	$ 268,040	0.0%	$ 268,040	0.0%
GRF	322-413	Residential and Support Services	$ 7,746,079	$8,450,787	$ 7,423,021	-12.2%	$ 7,423,021	0.0%
GRF	322-416	Waiver State Match	$ 90,590,348	$100,019,747	$ 103,090,738	3.1%	$ 104,397,504	1.3%
GRF	322-417	Supported Living	$ 47,488,680	$42,316,121	$ 43,160,198	2.0%	$ 43,160,198	0.0%
GRF	322-451	Family Support Services	$ 5,711,492	$6,836,353	$ 6,938,898	1.5%	$ 6,938,898	0.0%
GRF	322-452	Service and Support Administration	$ 8,761,227	$8,672,730	$ 8,672,730	0.0%	$ 8,672,730	0.0%
GRF	322-501	County Boards Subsidies	$ 31,176,572	$31,296,087	$ 32,193,542	2.9%	$ 32,193,542	0.0%
GRF	322-503	Tax Equity	$ 13,650,615	$14,000,000	$ 14,500,000	3.6%	$ 14,500,000	0.0%
GRF	323-321	Residential Facilities Operations	$ 103,582,397	$106,606,338	$ 101,764,366	-4.5%	$ 100,457,600	-1.3%
General Revenue Fund Total			**$ 344,027,735**	**$ 353,039,161**	**$ 353,128,610**	**0.0%**	**$ 353,666,007**	**0.2%**
152	323-609	Residential Facilities Support	$ 863,048	$912,177	$ 912,177	0.0%	$ 912,177	0.0%
488	322-603	Provider Audit Refunds	$ 0	$300,000	$ 350,000	16.7%	$ 350,000	0.0%
4B5	320-640	Conference/Training	$ 21,888	$100,000	$ 300,000	200.0%	$ 300,000	0.0%
4J6	322-645	Intersystem Services for Children	$ 3,201,032	$2,000,000	$ 0	-100.0%	$ 0	N/A
4U4	322-606	Community MR and DD Trust	$ 0	$0	$ 300,000	N/A	$ 50,000	-83.3%
4V1	322-611	Family and Children First	$ 510,218	$625,000	$ 625,000	0.0%	$ 625,000	0.0%
General Services Fund Group Total			**$ 4,596,186**	**$ 3,937,177**	**$ 2,487,177**	**-36.8%**	**$ 2,237,177**	**-10.1%**
325	320-634	Protective Services	$ 100,000	$100,000	$ 100,000	0.0%	$ 100,000	0.0%
325	322-608	Grants for Infants and Families with Disabilities	$ 683,746	$1,833,816	$ 1,763,165	-3.9%	$ 1,763,165	0.0%
325	322-612	Community Social Service Programs	$ 12,385,961	$10,330,830	$ 11,500,000	11.3%	$ 11,500,000	0.0%
325	322-617	Education Grants - Operating	$ 4,820	$75,500	$ 0	-100.0%	$ 0	N/A
325	323-608	Foster Grandparent Program	$ 426,428	$582,809	$ 575,000	-1.3%	$ 575,000	0.0%
325	323-617	Education Grants - Residential Facilities	$ 282,912	$425,000	$ 0	-100.0%	$ 0	N/A
3A4	320-605	Administrative Support	$ 9,105,888	$8,250,000	$ 13,492,892	63.6%	$ 13,492,892	0.0%

LSC Budget Spreadsheet by Line Item, FY 2006 - FY 2007

Fund	ALI	ALI Title	2004	Estimated 2005	Executive 2006	% Change 2005 to 2006	Executive 2007	% Change 2006 to 2007
DMR Mental Retardation and Developmental Disabilities, Department of								
3A4	322-605	Community Program Support	$ 359,860	$427,606	$ 1,500,000	250.8%	$ 1,500,000	0.0%
3A4	322-610	Community Residential Support	$ 0	$500,000	$ 0	-100.0%	$ 0	N/A
3A4	323-605	Developmental Center Operation Expenses	$ 102,480,028	$128,831,708	$ 120,000,000	-6.9%	$ 120,000,000	0.0%
3A5	320-613	DD Council Operating Expenses	$ 841,359	$861,000	$ 895,440	4.0%	$ 895,440	0.0%
3A5	322-613	DD Council Grants	$ 2,138,403	$3,472,327	$ 3,204,240	-7.7%	$ 3,204,240	0.0%
3G6	322-639	Medicaid Waiver	$ 270,052,678	$313,014,342	$ 373,772,814	19.4%	$ 373,772,814	0.0%
3M7	322-650	CAFS Medicaid	$ 189,898,794	$267,668,087	$ 125,924,299	-53.0%	$ 103,773,730	-17.6%
Federal Special Revenue Fund Group Total			**$ 588,760,877**	**$ 736,373,025**	**$ 652,727,850**	**-11.4%**	**$ 630,577,281**	**-3.4%**
221	322-620	Supplement Service Trust	$ 0	$125,375	$ 150,000	19.6%	$ 150,000	0.0%
489	323-632	Developmental Center Direct Care Support	$ 10,222,586	$8,000,000	$ 12,125,628	51.6%	$ 12,125,628	0.0%
4K8	322-604	Waiver-Match	$ 18,972,244	$12,000,000	$ 12,000,000	0.0%	$ 12,000,000	0.0%
5H0	322-619	Medicaid Repayment	$ 0	$25,000	$ 25,000	0.0%	$ 25,000	0.0%
5S2	590-622	Medicaid Administration & Oversight	$ 4,983,474	$8,000,000	$ 8,000,000	0.0%	$ 8,000,000	0.0%
5Z1	322-624	County Board Waiver Match	$ 17,265,859	$42,000,000	$ 82,000,000	95.2%	$ 82,000,000	0.0%
State Special Revenue Fund Group Total			**$ 51,444,163**	**$ 70,150,375**	**$ 114,300,628**	**62.9%**	**$ 114,300,628**	**0.0%**
Total All Budget Fund Groups			***$ 988,828,961***	***$ 1,163,499,738***	***$ 1,122,644,265***	***-3.5%***	***$ 1,100,781,093***	***-1.9%***