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Thoughtful Analysis...Responsible Policy

State Adds Funding for Mental Health and Developmental Disability Programs

New State Funds Begin to Implement

Lawsuit Settlement Agreement

By Timothy Sweeney, M.P.A., Senior Health Care Analyst

Summary

The enacted FY 2012 budget adds \$129 million in General Fund support to the Department of Behavioral Health and Developmental Disabilities (DBHDD), relative to the original FY 2011 budget. These funds are used primarily to replace the expiring enhanced Medicaid funding, to implement changes agreed to in the state's settlement with the U.S. Department of Justice (DOJ), and to fund higher employer contributions for state employee health insurance.

In total, the FY 2012 appropriation represents a 17.1 percent increase above the FY 2011 appropriation. Excluding the new funding necessary to replace expiring Recovery Act funding, the FY 2012 amount represents a 9.5 percent increase above the originally enacted FY 2011 budget. The increased funding included in the DBHDD appropriation will help the department to implement a variety of improvements to meet the terms of the settlement, which calls for increased state investment over a five year period.

The following discussion provides an overview of the enacted FY 2012 budget for DBHDD and includes a brief overview of the settlement provisions being addressed by the new funds. The amounts discussed in this brief do not include FY 2012 funding for agencies that are attached to DBHDD for administrative purposes; these agencies include the Georgia Council for Developmental Disabilities and the Sexual Offender Review Board.

THOUGHTFUL ANALYSIS...RESPONSIBLE POLICY

Department of Behavioral Health and Developmental Disabilities

The Department of Behavioral Health and Developmental Disabilities was created in FY 2010 as part of the re-organization of the Department of Human Resources. Under the re-organization, waiver programs serving Georgians with mental health needs and/or developmental disabilities were moved to the new department, along with programs providing support services to effected families. In addition, programs serving Georgians with addictive diseases were moved to the new department, as well as programs to care for forensic mental health patients.

In FY 2012, DBHDD is appropriated \$882.6 million. The enacted FY 2012 budget includes significant new General Fund support for the Department of Behavioral Health and Developmental Disabilities (DBHDD). In total, the FY 2012 budget increases General Fund support to DBHDD by \$129 million, or about 17 percent (not including attached agencies). Excluding the new funding to replace the enhanced federal funding expiring after FY 2011, the budget effectively increases state funding to DBHDD by 9.5 percent.¹

The budget increases for DBHDD are primarily for three purposes: Implementation of the October 2010 DOJ settlement, restoring state funding reduced in recent years due to temporary enhanced federal funding available, and increased employer contributions to state employee health insurance costs. FY 2012 appropriations to DBHDD are summarized below.

Table 1 State General Funds for DBHDD Service Areas in FY 2012 Compared to FY 2011 (in millions)

	Original FY 2011 Budget	Enacted FY 2012 Budget
Addictive Disease Services	\$ 46.5	\$ 46.8
Developmental Disability Services	184.8	257.5
Forensic Services	55.8	58.9
Behavioral Health Services	282.0	334.4
Direct Care Support	147.6	145.6
Administration and Other Programs	36.9	39.6
Total DBHDD (may not add due to rounding)	\$ 753.6	\$ 882.6

The following sections summarize the major funding changes for DBHDD in FY 2012.

DOJ Settlement Agreement

In October 2010, the state reached an agreement with the U.S. Department of Justice (DOJ) to settle a lawsuit related to the U.S. Supreme Court's Olmstead decision.² Under the five-year period of the settlement agreement, Georgia will be obligated to provide more services to individuals with mental illness and developmental disabilities in community settings as opposed to institutional or hospital settings.

The Amended FY 2011 budget added \$13.4 million to begin implementing the terms of the settlement that layout specific new state investment targeting individuals with developmental disabilities and mental health needs. The FY 2012 budget builds on the investment added in the

Amended FY 2011 budget and adds \$52.3 million in new General Fund support (above the original FY 2011 appropriation) to continue implementing the DOJ settlement agreement in the following ways:

- \$32 million to the Adult Mental Health Services program to fund more mental health services in community settings;
- \$12.8 million in the Adult Developmental Disabilities Services program to provide 400 family supports, five crisis respite homes, and six mobile crisis teams for consumers being served in community settings; and,
- \$7.5 million in the Adult Developmental Disabilities Services program to fund 250 services in the New Options Waiver and Comprehensive Waiver programs for consumers with developmental disabilities. Of this total, 150 services will go to transition individuals from institutional to community settings, while 100 services are for individuals already in the community who are at risk of institutionalization without additional services.

Reflecting Federal Match Rate Change, Expiration of Recovery Act Funding

The enacted FY 2012 budget includes \$52.2 million in new General Fund support to reflect changes in the federal matching percentage for Medicaid and the expiration of temporary enhanced federal Medicaid funding originally included in the American Reinvestment and Recovery Act of 2009. The enhanced federal funds expire at the end of FY 2011, and new state funds are needed to replace these funds.

An increase in the base federal matching percentage also is embedded in this amount; therefore the amount added in the FY 2012 budget is not identical to the amount reduced from the budget in recent years as a result of the temporary federal funding that has been available since FY 2009.

Increased Funding for State Employee Health Insurance

The FY 2012 budget increases agency appropriations across state government to increase the employer contribution to the State Health Benefit Plan (SHBP) on behalf of state employees. In an effort to deal with state budget deficits in recent years, prior year surplus funding in the SHBP have been used to help pay for the costs of state employee health coverage in the place of higher agency contributions. These surplus funds have been exhausted, however, so the FY 2012 budget increases state agency contributions for SHBP costs and appropriates new funding for agencies to pay these costs. The budget adds \$18.8 million in General Funds in DBHDD for this purpose.

Other Changes in the FY 2012 Budget

In addition to the three main categories of changes described above, the budget includes \$11.4 million in new funding to reflect a variety of other changes, including:

- Adding \$7.1 million to annualize 150 waiver services originally added in the FY 2011 budget;

- Adding \$3 million for technical changes as a result of increased employer retirement contributions, increased telecommunications costs, and reduced workers compensation premiums;
- Adding \$0.6 million transferred from the Department of Human Services related to the reorganization of human services agencies; and,
- Adding \$0.7 million to fund new waiver services for children aging out of state Department of Family and Children Services custody.

These funding increases are offset by a \$5.6 million reduction to reflect the closing of the state hospital in Rome and anticipated savings gained by serving patients in community settings instead of the hospital.

Conclusions and Additional Issues to Consider

The new funding included in the FY 2012 budget is a significant first step in implementing the DOJ settlement agreement, which will improve access to community-based services for Georgians with developmental disabilities and/or mental illnesses. This funding is only a first step, however, and Georgia is obliged to invest additional funding over the five-year time frame of the settlement to continue to increase access to community services. Furthermore, the implementation of the DOJ settlement will not by itself dramatically reduce the waiting list for community developmental disability services, which stands at nearly 6,000 Georgians.

In addition to implementing the settlement agreement, DBHDD will experience other changes in the coming years as a result of the largely federally financed Medicaid expansion that takes effect in 2014. Thanks to this expansion, Georgia's Medicaid program will become available to adults in Georgia with incomes up to 133 percent of poverty (approximately \$14,400 for an individual or \$24,400 for a family of three) who currently are most likely to be uninsured. In the first three years of the expansion, the costs to cover newly-eligible individuals will be borne completely by the federal government. This means that the expanded Medicaid program could be an especially important resource to help Georgia serve more adults with mental health needs.

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Contact: Tim Sweeney, Tsweeney@GBPI.org; 404.420.1324