

## **HEALTH AND HUMAN SERVICES**

The Health and Human Services category consists of appropriations for the Family and Social Services Administration (FSSA), including the Medicaid program; the State Department of Health (ISDH), the Department of Veterans Affairs, the Special Institutions and several other smaller entities. Health and Human Services comprises nearly one-third of the recommended state budget and approximately 25 percent of all recommended General Fund appropriations. FSSA comprises approximately 94 percent of all appropriations for the Health and Human Services category, with the ISDH comprising virtually all of the remaining recommended appropriations. Federal resources are an important source of funding for agencies in the Health and Human Services category; the category comprises approximately 67 percent of all recommended federal fund appropriations.

### **Family and Social Services Administration**

The Family and Social Services Administration (FSSA) was created in the 1991 General Assembly to bring several service departments under one policy and administrative umbrella by combining the former Mental Health, Public Welfare, and Human Services departments. The consolidation has resulted in more integrated services and streamlined delivery to hundreds of thousands of the state's most vulnerable individuals. Currently, there are four service divisions within FSSA including the Division of Family and Children (DFC), The Division of Disability, Aging and Rehabilitative Services (DDARS), the Division of Mental Health and Addiction (DMHA) and the Office of the Medicaid Policy and Planning (OMPP).

During state fiscal year 2002, FSSA identified more than \$33 million in state funds that have been permanently removed from its budget. In state fiscal year 2003, an additional \$11 million was removed. However, by federally leveraging state expenditures, previously solely funded through General Fund appropriations, FSSA continues to meet the service needs of our most vulnerable Hoosiers. FSSA has worked aggressively to reduce expenditures without impacting services and/or those served. The majority of the reductions to date have been achieved by renegotiating contracts, streamlining program administration, maximizing federal revenue, identifying other sources of revenue (i.e. dedicated) and choosing not to expand services through funding that was received in the prior biennium.

The recommendations provide FSSA with funding to continue providing major programs, including but not exclusively, CHOICE, ATTAIN, Project SafePlace, Domestic Violence, Youth Services Bureau, Substance Abuse Treatment, First Steps, Vocational Rehabilitation, Developmentally Disabled Residential Services, Seriously Emotionally Disturbed and Seriously Mentally Ill Services.

## Medicaid

Medicaid is the single largest program in the Health and Human Services budget, comprising approximately 67 percent of the category. With the exception of a one-time decrease experienced in FY 1995, Medicaid has been one of the fastest growing areas of the state budget.

Structural reforms made in Medicaid reimbursement and delivery systems since 1995 have successfully met budgetary goals and curbed the growth of Medicaid in recent years. Nevertheless, expenditure growth is consistent with the national average and is expected to continue to outpace the state's revenue growth throughout the upcoming biennium. Thus, the Medicaid assistance General Fund budget recommendations reflect a 6.4 percent increase in FY 2004 over the FY 2003 appropriation and an 8.8 percent increase in FY 2005 over the FY 2004 projected expenditures.

Future Medicaid expenditures remain very difficult to predict for a number of reasons. First, it is not possible to accurately project the impact of federal and state welfare reform on Medicaid client populations or to anticipate changes in the economy to which client populations are sensitive. The enrollment growth is expected to account for approximately 4.2 percent of the projected overall increase in the coming biennium. By the end of the biennium, enrollment is projected to be 813,208. Second, TANF recipient growth is projected to continue rising in FY 2004 -2005 at the rate of 6 to 7 percent. Lastly, claims expenditure growth in some provider categories such as pharmacy, psychiatric and physician services continues to be relatively high and fluctuates considerably.

## State Department of Health

The State Department of Health's mission is to promote, protect, and provide for the public health of people in Indiana. To achieve a healthier Indiana, the Department plans to promote integration of public health and health care policy, strengthen partnerships with local health departments, and support locally based responsibility for the health of the community.

The State Department of Health budget for the 2004-05 biennium will focus on providing basic and mandated public health services in a cost-efficient manner. No additional funding has been requested or recommended for the State Department of Health or its special institutions (Silvercrest Developmental Center, Indiana Soldiers' and Sailors' Children's Home, and the Indiana Veterans' Home).

Department of Veterans' Affairs

The recommended budget for the Indiana Department of Veterans' Affairs includes continued funding for operation of the veterans' cemetery in Madison. No additional funding has been requested or recommended for the Department of Veterans' Affairs.