

LSC Greenbook

Analysis of the Enacted Budget

Department of Alcohol and Drug Addiction Services

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ATTACHMENT:

Budget Spreadsheet By Line Item

Department of Alcohol and Drug Addiction Services

- GRF funding increased by 34% in FY 2012 and decreased by 78% in FY 2013
- Elevation of Medicaid match to state in FY 2012, payment of claims transferred to ODJFS in FY 2013

OVERVIEW

Agency Overview

The Ohio Department of Alcohol and Drug Addiction Services (ODADAS) was created in 1989 by Am. Sub. H.B. 317 of the 118th General Assembly. ODADAS develops, initiates, and coordinates a statewide system of services that treat people with addictions and help prevent substance abuse. ODADAS is responsible for the development and administration of a comprehensive statewide plan and the distribution of state and federal funds for those services. ODADAS works with local boards to provide alcohol and drug treatment and prevention services statewide. Ohio has 47 combined alcohol and drug addiction and mental health services boards and three separate alcohol and drug addiction services boards in Butler, Lorain, and Mahoning counties, hereafter referred to collectively as community behavioral health boards. ODADAS's daily operations are the responsibility of a director who is appointed by the Governor. Including the Director, ODADAS had 97 employees as of July 15, 2011.

Appropriation Overview

Fund Group	FY 2011*	FY 2012	% Change	FY 2013	% Change
General Revenue	\$26,922,474	\$36,053,362	33.9%	\$7,889,633	-78.1%
General Services	\$340,879	\$335,000	-1.7%	\$335,000	0%
State Special Revenue	\$28,906,760	\$19,075,000	-34.0%	\$17,075,000	-10.5%
Federal Special Revenue	\$143,338,902	\$147,175,580	2.7%	\$77,975,580	-47.0%
TOTAL	\$199,509,016	\$202,638,942	1.6%	\$103,275,213	-49.0%

*FY 2011 figures represent actual expenditures.

The table above shows ODADAS's appropriations by fund group for FY 2012 and FY 2013, as well as the expenditures for FY 2011. As seen in the table, the GRF increase of 33.9% from FY 2011 to FY 2012 is largely attributable to making up for the

loss of enhanced federal Medicaid reimbursement that resulted from the American Recovery and Reinvestment Act of 2009 and ended at the close of FY 2011. The decrease from FY 2011 to FY 2012 in State Special Revenue funds is primarily attributable to the use of one-time funding in FY 2011 for the Vocational Rehabilitation Public Private Partnership, or VRP3, Program with the Rehabilitation Services Commission. The reduction to the GRF and Federal Special Revenue fund groups in FY 2013 is due to the transfer of financial responsibility for Medicaid covered alcohol and drug addiction treatment services from ODADAS to the Ohio Department of Job and Family Services (ODJFS).

Behavioral Health Medicaid Elevation

The budget provides for transferring the financial responsibility for Medicaid covered alcohol and drug addiction treatment services from community behavioral health boards to the state (also referred to as "elevation"). Under the budget, financial responsibility for the nonfederal share of Medicaid costs is moved from the boards to the state. In addition, boards are not required to use any funds other than those allocated to them from ODADAS and federal reimbursement they receive to pay for Medicaid in FY 2012.¹

In FY 2013, the financial responsibility for paying for Medicaid covered addiction treatment services will be transferred to ODJFS and paid through GRF line item 600525, Health Care/Medicaid. According to ODJFS, the total amount budgeted for those services in FY 2013 is \$97.2 million (all funds). Of that amount, \$77.6 million has been included in line item 600525. An additional \$7 million will be transferred from ODADAS to ODJFS through line item 038621, Statewide Treatment & Prevention, to be used for the nonfederal share that will draw down \$12.6 million in federal Medicaid reimbursement.

Behavioral Health Documentation

The budget contains a provision regarding behavioral health documentation. The budget requires the directors of Alcohol and Drug Addiction Services and Mental Health, or their designees, to perform a number of actions by December 31, 2011. These actions include: (1) to identify areas of duplicative and unnecessary documentation requirements associated with licensing residential facilities and certifying community behavioral health services and programs, (2) to align the documentation standards of the Ohio Department of Mental Health (ODMH) and ODADAS, (3) to streamline both departments' standards regarding residential facilities and community behavioral

¹ Specifically, ODADAS will allocate the nonfederal share of Medicaid to boards through new GRF line item 038501, Medicaid Match, and a portion of line item 038621, Statewide Treatment & Prevention.

health services and programs with federal standards, and (4) to promote the integration of behavioral and physical health in residential facilities and community behavioral health services and programs.

Deemed Certification

The budget includes a provision that makes changes regarding the certification of community behavioral health agencies. The budget requires state certification to be granted to an alcohol and drug addiction program or a community mental health agency if the applicant for certification holds national accreditation from the Joint Commission, the Council on Accreditation of Rehabilitation Facilities, or the Council on Accreditation. However, the budget also authorizes or requires the ODADAS and ODMH directors to perform certain other actions related to validating accreditation.

ANALYSIS OF ENACTED BUDGET

Introduction

This section provides an analysis of the appropriations for each line item in ODADAS's budget. ODADAS uses many of its line items for multiple purposes, which often include treatment and prevention services. The following table shows the appropriation for each line item in FY 2012 and FY 2013. Following the table, a narrative describes how each line item is used.

Table 2. Appropriations for ODADAS				
Fund	ALI and Name		FY 2012	FY 2013
General Revenue Fund				
GRF	038401	Treatment Services	\$11,225,590	\$7,020,974
GRF	038404	Prevention Services	\$868,659	\$868,659
GRF	038501	Medicaid Match	\$23,959,113	\$0
General Revenue Fund Subtotal			\$36,053,362	\$7,889,633
General Services Fund Group				
5T90	038616	Problem Gambling Services	\$335,000	\$335,000
General Services Fund Group Subtotal			\$335,000	\$335,000
Federal Special Revenue Fund Group				
3G40	038614	Substance Abuse Block Grant	\$69,000,000	\$69,000,000
3H80	038609	Demonstration Grants	\$8,675,580	\$8,675,580
3J80	038610	Medicaid	\$69,200,000	\$0
3N80	038611	Administrative Reimbursement	\$300,000	\$300,000
Federal Special Revenue Fund Group Subtotal			\$147,175,580	\$77,975,580
State Special Revenue Fund Group				
4750	038621	Statewide Treatment & Prevention	\$16,000,000	\$14,000,000
5JW0	038615	Board Match Reimbursement	\$3,000,000	\$3,000,000
6890	038604	Education and Conferences	\$75,000	\$75,000
State Special Revenue Fund Group Subtotal			\$19,075,000	\$17,075,000
Total Funding: ODADAS			\$202,638,942	\$103,275,213

Treatment Services (038401)

This GRF line item is used to distribute subsidies to the state's 50 community behavioral health boards to provide an integrated system of alcohol and drug addiction treatment services that meets locally determined needs. In addition, this line item is used to fund drug courts, which handle cases involving substance abusing offenders through comprehensive supervision that includes drug testing, treatment referrals and programs, and sanctions and incentives. The budget provides \$11.2 million in FY 2012,

a 56.9% decrease from FY 2011 expenditures, and \$7 million in FY 2013, a 37.5% decrease from FY 2012. The reduction in funding for this line item in FY 2012 is attributable to the creation of new GRF line item 038501, Medicaid Match.

Prevention (038404)

This GRF line item is used to distribute subsidies to the state's 50 local community behavioral health boards to develop and provide community alcohol and drug prevention services and programs that meet locally determined needs. The budget appropriates \$868,659 for FY 2012 and FY 2013, a 0.4% decrease from FY 2011 expenditures. Local boards contract with public and private nonprofit agencies to provide prevention services indentified in their community plan, which is approved by ODADAS.

Medicaid Match (038501)

This new GRF line item will be used to distribute subsidies to community behavioral health boards to pay for the nonfederal share of Medicaid covered addiction treatment services. The budget appropriates \$24 million in FY 2012. This line item is not funded in FY 2013, as the nonfederal share of Medicaid covered addiction treatment services will be paid for by ODJFS through line item 600525, Health Care/Medicaid. A majority of the nonfederal share of Medicaid costs was previously paid through GRF line item 038401, Treatment Services. Under the budget, boards are not required to use any funds other than those allocated to them from this line item, a portion of funds allocated from line item 038621, Statewide Treatment & Prevention, and the corresponding federal reimbursement, to pay for Medicaid. ODADAS plans on using \$7 million from line item 038621, Treatment and Prevention Services, in both fiscal years for the nonfederal share of Medicaid covered addiction treatment services.

Problem Gambling Services (038616)

This line item is used to provide treatment to clients with a pathological gambling addiction and to fund a problem gambling conference every year in March. This line item is supported by an annual \$335,000 transfer from the Ohio Lottery Commission to ODADAS through an interagency agreement. The budget appropriates \$335,000 for FY 2012 and FY 2013, a decrease of 1.7% from FY 2011 expenditures.

Substance Abuse Block Grant (038614)

This federally funded line item is primarily used to distribute funds to the local boards for treatment and prevention services. The grant may also be used for certain specialized treatment and prevention programs. The budget appropriates \$69 million in FY 2012 and FY 2013, a 4.2% increase over FY 2011 expenditures. Revenue that supports this line item comes from the Substance Abuse Prevention and Treatment (SAPT) Block Grant awarded by the Substance Abuse and Mental Health Services

Administration (SAMHSA). The federal government requires 20% of the SAPT Grant be spent on prevention and early intervention.

For the SAPT Grant, Ohio must meet a maintenance of effort (MOE) each year in order to receive the full amount of the grant. The MOE is calculated for each state fiscal year based on the average of state expenditures for grant-authorized activities from the prior two years. SAMHSA awards the SAPT Grant on a federal fiscal year (FFY) basis. Failure to meet MOE in any year results in a penalty, equal to the difference between current year expenditures and the MOE, that is reduced from ODADAS's subsequent grant award. For FY 2011, the required MOE was \$52.86 million. In that year, ODADAS spent \$50.33 million toward MOE, \$2.53 million below the required MOE of \$52.86 million. ODADAS has applied for a waiver for that year because of extraordinary economic conditions. If ODADAS does not receive a waiver, it will be assessed a penalty of \$2.53 million in FFY 2012.

For FY 2012 and FY 2013, MOE is expected to be about \$48.7 million and \$52.3 million, respectively. The amount expected to be available for MOE is \$54.4 million in FY 2012 and \$24.2 million in FY 2013. The reduction in the amount available for MOE in FY 2013 is attributable to the transfer of financial responsibility for Medicaid covered addiction treatment services to ODJFS. At the appropriated level, ODADAS projects a penalty of \$28.1 million in FFY 2014 for not meeting MOE. Such a reduction in the FFY 2014 grant would affect the amount of dollars distributed to the boards to provide addiction prevention and treatment services. However, ODADAS is currently working on establishing a method or procedure to count Medicaid expenditures toward MOE in FY 2013 to avoid a penalty in FFY 2014.

Demonstration Grants (038609)

This federally funded line item is used to provide treatment and prevention services statewide. Revenue that supports this line item comes from various grants ODADAS applies for and receives each year. ODADAS plans to seek additional federal grants in the FY 2012-FY 2013 biennium. The budget appropriates \$8.7 million in FY 2012 and FY 2013. The appropriation level includes four grants ODADAS anticipates receiving over the biennium: Access to Recovery, Strategic Prevention Framework State Incentive Grant, Safe Outcome Measurement and Management System, and Technology Assisted Care.

Medicaid (038610)

This federally funded line item is used to pass through to local boards the federal reimbursement received for Medicaid covered alcohol and drug addiction treatment services that were paid for by the boards. The budget appropriates \$69.2 million for FY 2012, a 0.6% decrease from FY 2011 expenditures. This line item is not funded in FY 2013, as the budget provides for ODJFS to assume the financial responsibility for

Medicaid covered addiction treatment services in that year through GRF line item 600525, Health Care/Medicaid.

Administrative Reimbursement (038611)

This line item is used to pay payroll, maintenance, and equipment expenditures incurred by administering various federal programs and grants. Revenues are generated from a variety of federal sources that allow for reimbursement of administrative costs. The budget appropriates \$300,000 in FY 2012 and FY 2013.

Statewide Treatment & Prevention (038621)

This line item is used to provide subsidies to the local boards to provide treatment, prevention, education, outreach, and early intervention services, as specified in the comprehensive ODADAS statewide plan. The budget provides funding of \$16 million in FY 2012, a decrease of 20.7% from FY 2011 expenditures, and \$14 million in FY 2013, a decrease of 12.5% from FY 2012. According to ODADAS, the reduction in both years is offset by increases in GRF line item 038401, Treatment Services. Additionally, ODADAS may award grants or provide funding for special programs or projects as funds are available. In the past, funds in this line item supported driver intervention programs, women's treatment for Medicaid, and the Cuyahoga County Medicaid Adolescent Rehabilitation program. In each year, \$7 million from this line item will be directed toward Medicaid services and beginning in FY 2013 ODADAS will transfer these funds to ODJFS to pay for Medicaid services.

Funding for this line item is generated from three sources: 1.5% of gross profits from liquor sales, \$112.50 of the \$475 driver's license reinstatement fee, and 20% of liquor permit renewal fees. The decreases in funding each year are attributable to the budget provision to lease Ohio's wholesale liquor distribution system to JobsOhio for an upfront payment of \$1.2 billion, effective January 1, 2012.

Board Match Reimbursement (038615)

This line item is used to collect and distribute to local boards the nonfederal share of Medicaid covered alcohol and drug addiction treatment services overpayments or collections identified through the cost reconciliation process or the ODJFS Surveillance and Utilization Review. The federal share is collected and returned to the federal government by ODJFS. The budget appropriates \$3 million for each year of the biennium.

Education and Conference (038604)

This line item is used to fund educational services and conferences, the Addiction Studies Institute, the semiannual directors' meeting, and publication of a services directory. Revenue that supports this line item comes from registration and sponsorship fees related to substance abuse conferences and trainings. The budget appropriates \$75,000 for each year of the biennium.

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FY 2012 - FY 2013 Final Appropriation Amounts

All Fund Groups

Line Item Detail by Agency					Appropriations	FY 2011 to FY 2012	Appropriations	FY 2012 to FY 2013
			FY 2010	FY 2011	FY 2012	% Change	FY 2013	% Change
Report For Main Operating Appropriations Bill			Version: Enacted					
ADA Department of Alcohol and Drug Addiction Services								
GRF	038401	Treatment Services	\$ 26,245,782	\$ 26,050,415	\$ 11,225,590	-56.91%	\$ 7,020,974	-37.46%
GRF	038404	Prevention Services	\$ 865,259	\$ 872,059	\$ 868,659	-0.39%	\$ 868,659	0.00%
GRF	038501	Medicaid Match	\$ 0	\$ 0	\$ 23,959,113	N/A	\$ 0	-100.00%
General Revenue Fund Total			\$ 27,111,041	\$ 26,922,474	\$ 36,053,362	33.92%	\$ 7,889,633	-78.12%
5T90	038616	Problem Gambling Services	\$ 325,214	\$ 340,879	\$ 335,000	-1.72%	\$ 335,000	0.00%
General Services Fund Group Total			\$ 325,214	\$ 340,879	\$ 335,000	-1.72%	\$ 335,000	0.00%
3FG0	038627	Vocational Rehabilitation Administration	\$ 0	\$ 611,532	\$ 0	-100.00%	\$ 0	N/A
3G30	038603	Drug Free Schools	\$ 2,127,783	\$ 89,493	\$ 0	-100.00%	\$ 0	N/A
3G40	038614	Substance Abuse Block Grant	\$ 69,623,348	\$ 66,190,812	\$ 69,000,000	4.24%	\$ 69,000,000	0.00%
3H80	038609	Demonstration Grants	\$ 8,244,659	\$ 6,422,087	\$ 8,675,580	35.09%	\$ 8,675,580	0.00%
3J80	038610	Medicaid	\$ 58,310,577	\$ 69,610,197	\$ 69,200,000	-0.59%	\$ 0	-100.00%
3N80	038611	Administrative Reimbursement	\$ 338,600	\$ 414,782	\$ 300,000	-27.67%	\$ 300,000	0.00%
Federal Special Revenue Fund Group Total			\$ 138,644,966	\$ 143,338,902	\$ 147,175,580	2.68%	\$ 77,975,580	-47.02%
4750	038621	Statewide Treatment and Prevention	\$ 17,317,770	\$ 20,166,588	\$ 16,000,000	-20.66%	\$ 14,000,000	-12.50%
5JW0	038615	Board Match Reimbursement	\$ 0	\$ 0	\$ 3,000,000	N/A	\$ 3,000,000	0.00%
5KF0	038628	Local Vocational Rehabilitation Program	\$ 0	\$ 8,705,946	\$ 0	-100.00%	\$ 0	N/A
6890	038604	Education and Conferences	\$ 34,909	\$ 34,227	\$ 75,000	119.13%	\$ 75,000	0.00%
State Special Revenue Fund Group Total			\$ 17,352,678	\$ 28,906,760	\$ 19,075,000	-34.01%	\$ 17,075,000	-10.48%
Department of Alcohol and Drug Addiction Services Total			\$ 183,433,899	\$ 199,509,016	\$ 202,638,942	1.57%	\$ 103,275,213	-49.03%