

BIENNIUM 2021-2022 BUDGET REDUCTION PLAN



Wyoming Department of Health
August 2020

Background

Due to significantly reduced state revenues, the Wyoming Department of Health (WDH) has developed a 9 percent State General Fund budget reduction. This document identifies approximately \$89 million in general fund budget reductions, including standard budget reductions as well as alternative reductions included in the standard budget but intended mostly as one-time savings for the 2021-2022 biennium. The budget reduction plan has an accompanying ~\$49 million loss of federal and other funds for a total cut of ~\$138 million. However, by leveraging one-time savings and other revenues, the department will be able to take advantage of temporary increases in federal and other funds of approximately \$21.5 million for the 2021-2022 biennium, making the realized total cut approximately \$116.5 million during the same period.

The department used the following principles to develop its budget reduction proposals:

- Avoid across-the-board reductions;
- Minimize impacts on vulnerable populations;
- Minimize impacts on the behavioral health continuum, including the department’s two safety-net facilities – the Wyoming State Hospital and the Wyoming Life Resource Center; and,
- Explore alternative options for cost savings in the 2021-2022 biennium.

Overview

Table 1, below, shows the **general fund** reductions proposed by division and by four categories.

Table 1: Proposed WDH General Fund Budget Reductions, by Division, by Category

Category	Division					Total
	AGD	BHD	DO	HCF	PHD	
Administrative	-\$430,107	-\$551,851	-\$433,048	-\$4,517,734	-\$281,850	-\$6,214,590
Contracted service					-\$338,773	-\$338,773
Program elimination	-\$2,749,893	-\$144,000		-\$2,633,789		-\$5,527,682
Program reduction		-\$10,270,593		-\$39,399,273	-\$3,662,424	-\$53,332,290
Total SGF Budget	\$32,989,241	\$256,128,703	\$11,110,939	\$647,294,799	\$42,313,511	\$989,837,193
Std. budget cut	-\$3,180,000	-\$10,966,444	-\$433,048	-\$46,550,796	-\$4,283,047	-\$65,413,335
One-time savings and revenue		-\$1,171,009	-\$1,500,000	-\$21,001,003		-\$23,672,012
Total reduction	-\$3,180,000	-\$12,137,453	\$1,933,048	-\$67,551,799	-\$4,283,047	-\$89,085,347
Percent GF reduction	-9.6%	-4.7%	-17.4%	-10.4%	-10.1%	-9.0%

AGD = Aging | BHD = Behavioral Health | DO = Director's Office | HCF = Healthcare Financing | PHD = Public Health

Federal Fund and Other Fund Impacts

These general fund cuts are accompanied by some **\$48.9 million in federal fund and other fund reductions**. This is because much of the department’s funding comes with federal matching dollars. For example, if Medicaid reimbursement rates are reduced by \$1 of State General Fund, the effective reduction is \$2, because Wyoming’s federal Medicaid match is generally 50 percent.

One-time Savings and Revenue Increases

In addition to cuts to the standard budget, WDH identified \$23.7 million in one-time savings and other revenue increases for the 2021-2022 biennium. While these cuts are initially included in the standard budget, most are not intended to continue past the 2021-2022 biennium. Table 2, below, summarizes these one-time savings, by division.

Note that these savings are mostly possible due to a one-time increase in federal and other funds (\$21.5 million), as shown below.

Table 2: Additional One-Time Savings, 2021-2022 Biennium Only, in Millions

Division	Category	Description	GF	FF/OT	Impacts
HCF	One-time savings	Capture 6.2% FMAP increase from FFCRA.	-\$16.00	\$16.00	No impact.
HCF	One-time savings	Leverage additional federal funds through supplemental payment programs (IGT, UPL, etc.) and enhanced 6.2% FMAP.	-\$4.50	\$4.50	No impact.
DO	Revenue increase	Charge additional \$5 for vital records requests (e.g., birth certificates).	-\$0.50	\$0.50	Increased charges on WY residents.
HCF	One-time savings	Leverage enhanced 6.2% FMAP for Medicare “clawback” expenditures.	-\$0.50	\$0.50	No impacts.
BHD	Program reduction	10% reduction to the Title 25 per diem reimbursement rate.	-\$0.75	\$0.00	Reduced rates to certain hospitals.
DO	Program elimination	Eliminate funding for SF150 Health Innovation Studies	-\$1.00	\$0.00	No impacts.
BHD	Contracted services	Reduce WLRC contracts for services	-\$0.42	\$0.98*	Contracts are a mix of labor (e.g. nurse practitioners) and other expenses.
Total			-\$23.67	\$21.5	

**These federal funds may or may not be reduced at the WLRC.*

WDH Budget Summary

WDH has proposed cuts of approximately \$89 million in State General Funds from its overall general fund budget of \$962,098,640. This overall budget is reflected in Table 3, below, which shows the department's 2021-2022 standard budget in descending order according to the percent of the general fund budget each program represents. It is important to note that five WDH program areas account for ~91 percent of the total general fund budget. Table 3 is illustrative and not intended to tie directly to all units within the 2021-2022 budget book.

Table 3: WDH Program Budgets, Ordered by Program Percent of General Fund Budget

% of GF	Program Area	2021-2022 Total Budget	General Fund Budget	Federal Funds	Other Funds
91%	Medicaid + Waivers	\$1,423,896,759	\$628,873,152	\$744,387,137	\$50,636,470
	Mental Health/Sub. Abuse	\$109,254,639	\$88,061,850	\$8,977,096	\$12,215,693
	Developmental Preschools	\$73,335,627	\$68,010,840	\$122,593	\$5,202,194
	State Hospital	\$75,847,472	\$72,849,230	\$0	\$2,998,242
	Life Resource Center	\$59,003,051	\$15,640,482	\$216,109	\$43,146,460
8%	Public Health Nursing	\$18,792,996	\$13,207,769	\$0	\$5,585,227
	Senior Services Board	\$11,171,338	\$11,171,338	\$0	\$0
	Support Svcs/Director's Office	\$10,822,801	\$9,415,895	\$1,376,743	\$30,163
	Immunization	\$11,401,417	\$9,050,192	\$2,281,764	\$69,461
	Veterans' Home	\$8,771,785	\$7,771,047	\$0	\$1,000,738
	Senior Care	\$11,625,494	\$6,449,589	\$5,175,905	\$0
	S.A / Tobacco Prevention	\$12,823,157	\$1,863,469	\$2,699,920	\$8,259,768
	Court Supervised Trtmnt	\$7,373,216	\$3,722,301	\$155,343	\$3,495,572
	Pioneer Home	\$4,978,316	\$4,940,318	\$0	\$37,998
	Public Health Lab	\$6,304,481	\$4,272,786	\$577,028	\$1,454,667
	Retirement Center	\$12,955,328	\$294,941	\$112,550	\$12,547,837
	Maternal and Child Health	\$7,804,573	\$3,308,364	\$3,192,664	\$1,303,545
	Rural Health	\$11,410,328	\$1,956,366	\$9,444,413	\$9,549
1%	EMS	\$4,608,803	\$2,007,839	\$2,581,383	\$19,581
	WIC	\$24,814,920	\$1,901,528	\$17,928,021	\$4,985,370
	Healthcare Licensing	\$6,042,202	\$1,413,759	\$4,628,443	\$0
	Vital Statistics	\$2,042,878	\$1,205,818	\$591,889	\$245,171
	Infectious Disease Epi	\$2,840,611	\$1,091,916	\$1,668,340	\$80,355
	Cancer Programs	\$5,934,520	\$937,464	\$2,662,650	\$2,334,406
	Communicable Disease	\$6,116,124	\$722,279	\$4,237,919	\$1,155,926
	Injury and Chronic Disease	\$4,116,210	\$556,614	\$3,006,396	\$553,200
	Senior Volunteer Service	\$259,583	\$259,583	\$0	\$0
	Nutrition Services	\$7,988,301	\$480,228	\$7,508,072	\$0
	Elder Rights	\$420,538	\$204,581	\$215,957	\$0
	BRFSS Survey	\$444,138	\$313,101	\$0	\$131,037
	Respite Care	\$144,000	\$144,000	\$0	\$0
	Public Health Preparedness	\$11,377,143	\$0	\$11,377,143	\$0
	Nurse Family Partnership	\$3,533,482	\$0	\$0	\$3,533,482
100%	Total	\$1,958,256,231	\$962,098,640	\$835,125,479	\$161,032,112

Reduction Summary

Table 4, below, summarizes the same list of programs and includes both the proposed State General Fund cuts and the total cut to reflect the loss of any federal matching or other funds.

Table 4: Overall Proposed Reductions

% of GF	Program Area	2021-2022 Total Budget	General Fund Budget	Proposed cut (SGF)	Proposed cut (Total)
91%	Medicaid + Waivers	\$1,423,896,759	\$628,873,152	-\$46,550,796	-\$95,537,448
	Mental Health/Sub. Abuse	\$109,254,639	\$88,061,850	-\$650,000	-\$650,000
	Developmental Preschools	\$73,335,627	\$68,010,840	-\$8,826,627	-\$8,826,627
	State Hospital	\$75,847,472	\$72,849,230	-\$153,435	-\$153,435
	Life Resource Center	\$59,003,051	\$15,640,482		
8%	Public Health Nursing	\$18,792,996	\$13,207,769		
	Senior Services Board	\$11,171,338	\$11,171,338	-\$48,000	-\$48,000
	Support Svcs/Director's Office	\$10,822,801	\$9,415,895	-\$1,148,929	-\$1,148,929
	Immunization	\$11,401,417	\$9,050,192	-\$3,500,000	-\$3,500,000
	Veterans' Home	\$8,771,785	\$7,771,047	-\$300,000	-\$300,000
	Senior Care	\$11,625,494	\$6,449,589	-\$2,749,893	-\$2,749,893
	S.A / Tobacco Prevention	\$12,823,157	\$1,863,469		
	Court Supervised Trtmnt	\$7,373,216	\$3,722,301	-\$793,966	-\$793,966
	Pioneer Home	\$4,978,316	\$4,940,318		
	Public Health Lab	\$6,304,481	\$4,272,786		
	Retirement Center	\$12,955,328	\$294,941		
	Maternal and Child Health	\$7,804,573	\$3,308,364		
Rural Health	\$11,410,328	\$1,956,366	-\$282,424	-\$282,424	
1%	EMS	\$4,608,803	\$2,007,839	-\$49,436	-\$49,436
	WIC	\$24,814,920	\$1,901,528	-\$70,000	-\$70,000
	Health Care Licensing	\$6,042,202	\$1,413,759		
	Vital Statistics	\$2,042,878	\$1,205,818	-\$145,829	-\$145,829
	Infectious Disease Epi	\$2,840,611	\$1,091,916		
	Cancer Programs	\$5,934,520	\$937,464		
	Communicable Disease	\$6,116,124	\$722,279		
	Injury and Chronic Disease	\$4,116,210	\$556,614		
	Senior Volunteer Service	\$259,583	\$259,583		
	Nutrition Services	\$7,988,301	\$480,228		
	Elder Rights	\$420,538	\$204,581		
	BRFSS Survey	\$444,138	\$313,101		
	Respite Care	\$144,000	\$144,000	-\$144,000	-\$144,000
	Public Health Preparedness	\$11,377,143	\$0		
Nurse Family Partnership	\$3,533,482	\$0			
100%	Total	\$1,958,256,231	\$962,098,640	-\$65,413,335	-\$114,399,987*

Note that the department's 2021-2022 budget reduction totals ~\$89 million. The total cut in Table 4 (\$65.4 million in State General Funds and \$114.4 million in federal and other funds) does not include one-time savings and increased revenue shown on pages 1 and 2.

Division of Healthcare Financing

The Division of Healthcare Financing, which operates the state's Medicaid plan, will reduce its 2021/22 State General Fund budget by \$46,550,796 and its total budget by \$95,537,448. These cuts are summarized in the table below. Note the total cut in Table 5 does not include one-time savings and increased revenue shown on pages 1 and 2.

Table 5: Division of Healthcare Financing Proposed Budget Reductions 2021-2022

Unit	Cut description	Cuts (millions \$)				Positions
		Total	SGF	FF	OF	
Multiple	Realized reductions in health services utilization from previous round of budget cuts, and decreased health care utilization since 17-18.	-\$40.00	-\$20.00	-\$20.00	\$0.00	0
Multiple	2.5% reduction to most provider rates	-\$22.64	-\$11.32	-\$11.32	\$0.00	0
420	Children's Health Insurance Program (CHIP) transition to administration by Medicaid. Reduction in administrative costs and equalization of rates with Medicaid.	-\$10.51	-\$3.67	-\$6.83	\$0.00	0
461	Implement prior authorization on all behavioral health services for children over 30 visits per year.	-\$4.00	-\$2.00	-\$2.00	\$0.00	0
485	Reduce slots on the Comprehensive Waiver and add corresponding slots to Supports Waiver on a 1-for-1 basis.	-\$4.16	-\$2.08	-\$2.08	\$0.00	0
463	Immediately cap and then end PACE program by transitioning participants to alternative programs with six month federally-required phase-out period.	-\$3.44	-\$1.72	-\$1.72	\$0.00	0
462	Change behavioral health group therapy from 15-minute units to a per-session unit to match national coding	-\$3.00	-\$1.50	-\$1.50	\$0.00	0
401	Reduce health management activities.	-\$2.00	-\$1.00	-\$1.00	\$0.00	0
485	Eliminate services from Comprehensive and Supports waivers that are also offered through the state plan (Skilled Nursing, OT, PT, ST, and Dietician services)	-\$1.93	-\$0.97	-\$0.97	\$0.00	0
461	Implement a mandatory 90-day supply on prescription drugs.	-\$1.00	-\$0.50	-\$0.50	\$0.00	0
485	Eliminate homemaker service from Comprehensive and Supports waivers.	-\$0.63	-\$0.31	-\$0.31	\$0.00	0
401	Stop paying for Webchart contract (Electronic Health Record, Vendor- MIE) on behalf of Public Health.	-\$0.50	-\$0.50	\$0.00	\$0.00	0
461	Reduce Patient Centered Medical Home (PCMH) per-member per-month from \$6 to \$3	-\$0.50	-\$0.25	-\$0.25	\$0.00	0
483	Eliminate Project Out program.	-\$0.40	-\$0.40	\$0.00	\$0.00	0
472	Eliminate chiropractic as a covered benefit	-\$0.40	-\$0.20	-\$0.20	\$0.00	0

Unit	Cut description	Cuts (millions \$)				Positions
		Total	SGF	FF	OF	
401	End Vital Research contract for Developmental Disabilities Unit.	-\$0.31	-\$0.16	-\$0.16	\$0.00	0
486	Cease level of service assessments for individuals on Supports Waiver and waitlist for Developmental Disabilities Unit.	-\$0.24	-\$0.12	-\$0.12	\$0.00	0
401	HIT. End paying WyFi connection fees or reimbursements to providers on July 1, 2020.	-\$0.10	-\$0.01	-\$0.09	\$0.00	0
401	Limit travel for conferences or training unless fully funded outside of state dollars.	-\$0.10	-\$0.40	-\$0.60	\$0.00	0
401	HIT. Don't begin Comagine PCMH TA Task Plan that helps primary care becomes NCQA Certified Patient Center Medical Homes	-\$0.10	-\$0.01	-\$0.09	\$0.00	0
485	Tighten criteria for specialized equipment services for Comprehensive and Supports Waivers.	-\$0.05	-\$0.02	-\$0.02	\$0.00	0
401	MMIS. End paper mailings to save on postage. End paper billing by providers.	-\$0.04	-\$0.01	-\$0.03	\$0.00	0
401	Use public health emergency to end postings in newspapers.	-\$0.03	-\$0.01	-\$0.01	\$0.00	0

Behavioral Health Division Reductions

The Behavioral Health Division will reduce its 2021/22 State General Fund budget by \$10,966,444. These cuts are summarized in the table below. Note the total cut in Table 6 does not include one-time savings and increased revenue shown on pages 1 and 2.

Table 6: Behavioral Health Division Proposed Budget Reductions, 2021-2022

Unit	Cut description	Cuts (millions \$)				Positions
		Total	SGF	FF	OF	
2510	Reductions to contracts for Early Intervention and Education Part C (birth through 2) and Part B (ages 3 – 5)	-\$8.82	-\$8.82	\$0.00	\$0.00	0
2503	Cuts to contracts for Court Supervised Treatment	-\$0.79	-\$0.79	\$0.00	\$0.00	0
2502	Recovery Supports	-\$0.65	-\$0.65	\$0.00	\$0.00	0
2501	Administrative cuts	-\$0.40	-\$0.40	\$0.00	\$0.00	1
2505	Cut of HR position at State Hospital	-\$0.15	-\$0.15	\$0.00	\$0.00	1
2511	Elimination of Respite Care program	-\$0.14	-\$0.14	\$0.00	\$0.00	0

Public Health Division Reductions

The Public Health Division will reduce its 2021/22 State General Fund budget by \$4,238,047. These cuts are summarized in the table below.

Table 7: Public Health Division Proposed Budget Reductions, 2021-2022

Unit	Cut description	Cuts (millions \$)				Positions
		Total	SGF	FF	OF	
522	Elimination of WYVIP immunization funding for private providers, who will have to bill insurance or clients for vaccines.	-\$3.50	-\$3.50	\$0.00	\$0.00	0
550	Reduction of 600-series SGF to counties, replaced with other funds. No impact.	-\$0.20	-\$0.20	\$0.00	\$0.00	0
510	Merge the Office of Health Equity with the Office of Performance Improvement, eliminating position 0909.	-\$0.16	-\$0.16	\$0.00	\$0.00	1
Multiple	Reductions in in- and out-of-state travel.	-\$0.12	-\$0.12	\$0.00	\$0.00	0
501	Substitution of funding for 211 Contract.	-\$0.10	-\$0.10	\$0.00	\$0.00	0
503	Reductions to travel and elimination of simulation training contracts for the Office of EMS.	-\$0.10	-\$0.10	\$0.00	\$0.00	0
525	Reduction to WIC 900-series contract for Electronic Benefit Transfer (EBT) card system replacement.	-\$0.07	-\$0.07	\$0.00	\$0.00	0
510	Reduction of the 600 and 900 series associated with the Office of Health Equity associated with the language access contract, which can be absorbed into the costs associated with programs needing translation.	-\$0.02	-\$0.02	\$0.00	\$0.00	0

Aging Division Reductions

The Aging Health Division will reduce its 2021/22 State General Fund budget by \$3,180,000. These cuts are summarized in the table below.

Table 8: Aging Division Proposed Budget Reductions, 2021-2022

Unit	Cut description	Cuts (millions \$)				Positions
		Total	SGF	FF	OF	
5002	Phased-in elimination of the Wyoming Home Services program (W.S. §9-2-1208).	-\$2.75	-\$2.75	\$0.00	\$0.00	0
5050	Reduction in 200-series administrative costs at the Wyoming Veterans' Home	-\$0.30	-\$0.30	\$0.00	\$0.00	0
5001	Reduction in 200-series administrative costs in the Community Living Section	-\$0.08	-\$0.08	\$0.00	\$0.00	0
5007	Reduction in 200- and 900-series administration in the Wyoming Senior Services Board	-\$0.05	-\$0.05	\$0.00	\$0.00	0

Director's Office Reductions

The Director's Office will reduce its 2021/22 State General Fund budget by \$433,048. These cuts are summarized in the table below. Note the total cut in Table 9 does not include one-time savings and increased revenue shown on pages 1 and 2.

Table 9: Director's Office Proposed Budget Reductions, 2021-2022

Unit	Cut description	Cuts (millions \$)				Positions
		Total	SGF	FF	OF	
0101	Eliminate position 1774 (Fiscal)	-\$0.08	-\$0.08	\$0.00	\$0.00	1
0101	Eliminate position 0915 (DUPRE)	-\$0.20	-\$0.20	\$0.00	\$0.00	1
0130	Eliminate position 9535 (VSS)	-\$0.15	-\$0.15	\$0.00	\$0.00	1