

People First:

Disability Analysis of the State Budget

An Analysis of the
Governor's House 1 Budget
Recommendations for Fiscal Year 2006
(July 1, 2005 – June 30, 2006)

Prepared for:
Massachusetts Developmental Disabilities Council (MDDC)
1150 Hancock Street, 3rd Floor
Quincy, MA 02169-4340
617-770-7676 (Voice)
617-770-1987 (Fax)
617-770-9499 (TTY)
www.mass.gov/mddc (Web)

Produced by:
Massachusetts Human Services Coalition (MHSC)
37 Temple Place, 3rd Floor
Boston, MA 02111
617-482-6119 (Voice)
mhsc@earthlink.net (Email)
www.cutnomore.org (Web)

Lead Author:
Eliza Anderson, MHSC Senior Budget Analyst for Disability Issues

Additional Contributors:
Jen Douglas, MHSC Managing Editor and Budget Analyst for Welfare Issues
Emily Shumsky, MHSC Senior Budget Analyst for Health and Elder Issues
Pam Wool, MHSC Intern Analyst for Child and Youth Issues

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Executive Summary

People First: Disability Analysis of the State Budget

An Analysis of the Governor's House 1 Budget Recommendations for Fiscal Year 2006

Report #1 of 4 on the FY06 state budget debate

In this Executive Summary, we present snapshots of the governor's House 1 for FY06 budget proposals in each of the agencies and areas that *People First* covers. The overall story for disabilities services in this budget can be summarized as one of level funding. Some programs and agencies are proposed to receive their first maintenance budgets in years and others are proposed for modest increases. Still, the capacity of the state to meet the needs of persons with disabilities would be little altered by H1. Hence, both in this Executive Summary and in the full report that follows, we highlight advocacy priorities that, if achieved, would allow Massachusetts to carry out a comprehensive system of disability service provision.

1. Department of Early Education and Care (DEE&C)

H1 for FY06 keeps pace with the planned reorganization of child care and early education services into a new Department of Early Education and Care. The programming itself, however, is essentially level-funded across the board.

(For FY06 needs, advocacy priorities, and budget history on the DEE&C, see page 15 for details.)

2. Department of Education (DOE) / Special Education / The Circuit Breaker

A Circuit Breaker law was implemented at the beginning of FY04 to help address soaring special education cost for cities and towns across the state. This law created a new reimbursement formula to provide state aid to help local school districts cope with extraordinary special education costs. The formula, subject to appropriation, is supposed to pay for 75% of special education expenses that are above 4 times the average per pupil budget. This means that if a special education student's annual education expenses exceed \$29,328, then 75% of the excess will be reimbursed by the state. Under the Circuit Breaker, up to 12,000 students will trigger some form of state reimbursement to their school districts.

The Circuit Breaker for special education receives level funding in H1 for FY06, maintaining the \$80 million increase that had been approved by the legislature for FY05. At present, the Circuit Breaker is reimbursing at a rate of 72%.

(For FY06 needs, advocacy priorities, and budget history on DOE's special education circuit breaker, see page 21 for details.)

3. Department of Elder Affairs (DEA)

The H1 for FY06 budget proposal for elders basically represents level-funding. There is an \$86 million increase for Senior Care Plans (line item 4000-0600), the account which pays MassHealth costs of all eligible seniors and some persons with disabilities who receive care in the community or in a nursing home.

H1 for FY06 does not address nursing home bed-holds, which have been regulated in the past through budget language. Needs for staff training and higher pay to support quality care are

also unaddressed in H1. Funding for the Home Health Workforce Initiative (line item 4000-0625) is discontinued. Home care services are level funded, as is the agency's nutrition program. A long-awaited increase is proposed for Protective Services.

(For FY06 needs, advocacy priorities, and budget history on DEA, see page 25 for details.)

4. Department of Housing and Community Development (DHCD)

H1 for FY06 recommends level funding of \$2.3 million for the Alternative Housing Voucher Program (AHVP, line item 7004-9030) and would rename it Transitional Rental Assistance. To fully fund the program, \$5.5 million is needed.

(For FY06 needs, advocacy priorities, and budget history on DHCD, see page 35 for details.)

5. Department of Mental Health (DMH)

The governor's budget for FY06 is the first maintenance budget DMH has received in years. H1 recommends \$24.3 million more than the FY05 allocation, a 3.4% increase. The budget covers contractual rate increases and annualized costs, and will prevent further program closures. However, no one new will be served from the long waiting lists for services. Only 15 additional community-based placements will be created by this budget (to move adults who are stuck in acute hospital units).

H1 also revives last year's proposal to cut \$1.9 million from research programs at Harvard and UMass (line item 5046-0000). These funds leverage federal dollars and help to serve hundreds of people with mental illness.

Advocates are pleased to see that the EOHHS operations account (line item 4000-0300) maintains language that gives the DMH commissioner authority to approve or disapprove restrictions on medications to treat mental illness (including prior authorization requirements).

(For FY06 needs, advocacy priorities, and budget history on DMH, see page 39 for details.)

6. Department of Mental Retardation (DMR)

H1 for FY06 recommends \$58,292,652 more than the FY05 funding level for DMR, a 5.5% increase. The funds provide for the requirements of the *Boulet* (waiting list) and *Rolland* (nursing home diversion) class action settlement agreements. The funds also provide for Turning 22 services (for young people graduating or aging out of special education, line item 5920-5000). Each year, as costs increase, level funding for Turning 22 becomes less adequate to meet the needs of the program. Nearly \$8.3 million of the increase is for annualizing pay increases for the lowest paid direct care workers funded in FY05 through the salary reserve (line item 1599-6901), and nearly \$8.8 million is for Unit 2 collective bargaining increases to the salaries of unionized workers.

This budget does not fund any new service coordinator positions despite the expanding caseload of the agency, and it fails to restore the 18–20 service coordinator positions cut in FY05. The Flexible Family Supports account receives level funding only (outside of Turning 22 annualization and salary reserve-related increases). There are no new funds to pay for the new autism division at the department.

(For FY06 needs, advocacy priorities, and budget history on DMR, see page 51 for details.)

7. Department of Social Services (DSS)

H1 for FY06 proposes a slight increase to the Services for Children and Families account. It funds the gamut of programs needed by families in which abuse and neglect is occurring and the foster families that take in children removed from their homes. Funding cuts going back a decade, and level funding in recent years, have placed great strain on the ability of such programs to meet the needs of their clients, particularly for mental health and substance abuse services.

(For FY06 needs, advocacy priorities, and budget history on DSS, see page 65 for details.)

8. Department of Transitional Assistance (DTA)

H1 for FY06 proposes increases for the Employment Services Program (ESP) and decreases for the Transitional Aid to Families with Dependent Children (TAFDC) and Emergency Aid to Elderly, Disabled, and Children (EAEDC) programs. While more ESP funds are greatly needed to repair significant cuts suffered in the FY02–FY04 period, the new money won't come close to satisfying the need. Under a proposed new phase of welfare reform, parents with disabilities and other families facing serious barriers to employment would be subject to new and steeper work requirements. H1 essentially puts forward a plan to offer employment assistance to some people and save money when others drop off the rolls.

(For FY06 needs, advocacy priorities, and budget history on DTA, see page 67 for details.)

9. Department of Youth Services (DYS)

H1 for FY06 funds DYS services with increases of between 3–14.5%. While the increased allocations are needed, and the news that some of the money will be marked for suicide prevention has been welcomed, the agency is not supported to the extent needed. Major DYS concerns include the increased mental health needs of its clients. The agency serves by default as a provider of last resort for youth with mental health issues, but does not have the resources to provide the needed treatment.

(For FY06 needs, advocacy priorities, and budget history on DYS, see page 75 for details.)

10. Massachusetts Commission for the Blind (MCB)

H1 for FY06 fails to provide a maintenance budget for programs and services at MCB. MCB is a small agency that already has been cut \$900,000 from its Turning 22 and Community Services programs during the fiscal crisis and has yet to regain those resources. H1 for FY06 recommends just \$563,092 more than the FY05 level, a 2.1% increase. The increase provides most of the funding needed for new and annualized “Turning 22” program participants (students who age out of coverage under special education programs when they turn 22 years old and responsibility for their cases is transferred to a disability agency such as MCB). Community Services and Ferguson Industries face cuts.

(For FY06 needs, advocacy priorities, and budget history on the MCB, see page 81 for details.)

11. Massachusetts Commission for the Deaf and Hard of Hearing (MCDHH)

H1 for FY06 recommends an increase of \$108,903 (just 2%) for MCDHH. The budget would maintain services at the FY05 level only. No help is provided for the case management waiting list, the need for more assistive technology, community interpreter service gaps, the inadequate numbers of children's specialists (just 3 statewide), or the under-funded Deaf and Hard of Hearing Independent Living Services (DHHILS) programs (that were cut by 8% in FY02 and level-funded since).

(For FY06 needs, advocacy priorities, and budget history on the MCDHH, see page 89 for details.)

12. Massachusetts Department of Public Health (MDPH)

Near level funding will mean more program erosion if the H1 for FY06 MDPH recommendations prevail. H1 proposes a 1% increase to MDPH, from \$409.5 million in FY05 to \$416.1 million. Most programs would receive level or near level—not maintenance—funding. These include programs for immunizations, school health services, community health centers, and dental health services. Under-funding of the HIV Drug Assistance program would mean that new enrollees in FY06 would be placed on a waiting list for life sustaining drugs.

(For FY06 needs, advocacy priorities, and budget history on MDPH, see page 95 for details.)

13. Massachusetts Rehabilitation Commission (MRC)

H1 for FY06 recommends continued progress on the Turning 22 (T22) funding problem at MRC. Through T22, adult services are provided to students who graduate or age out of special education. Unfortunately there is no help in this budget for the Independent Living Centers (ILCs) or for the Home Care crisis. The ILCs have had level funding for 5 years and Home Care has a 4 month processing list for services, although Home Care is supposed to be an entitlement under the state Medicaid plan and not carry waiting lists. Vocational Rehabilitation (VR) and its long waiting list will also make no progress under this budget.

Funding for two MRC housing programs is being closely watched by the disabilities community this year: the Home Modification Loan Program and the new Community-Based Housing Program (authorized in FY05). Both are part of the capital budget, not the General Fund, and at the time of this writing, the Executive Office of Administration and Finance has yet to release the “bond cap” allocations for FY06 (the money dedicated to authorized programs out of the limited capital budget). Both programs are essential to enable people to live in their own homes and not in facility-based care.

(For FY06 needs, advocacy priorities, and budget history on the MRC, see page 107 for details.)

14. Office of Medicaid (MassHealth)

In November 2004, the governor unveiled his vision for health care coverage expansion and health insurance reform. The stated goals are to slow the growth in health care costs, expand access to health care (i.e., insurance) to all Massachusetts residents, and not spend additional

dollars. H1 for FY06 does not include language to implement these health care reforms, nor has legislation specifying the necessary details been introduced. H1 allocates additional MassHealth program expenditures of only \$134 million—just 2% of FY05 costs—at a time when average annual increases in health costs have been in the 10–12% range.

(For FY06 needs, advocacy priorities, and budget history on the Office of Medicaid, see page 119 for details.)

There are other important MassHealth issues regulated through budget language that impacts the gamut of MassHealth programs. Of concern to advocates is that H1 includes no funding for restoring what are considered optional benefits—including dental and vision services—that were cut during the recent fiscal crisis. There are no changes to the new premiums that families of insured children now must pay. And the Office of Medicaid is again granted the authority to impose enrollment caps on certain programs at any time they deem necessary. Unresolved in H1 is whether an asset test will be required for adults ages 19–64 to qualify for MassHealth programs, or whether a waiver changing standards of eligibility for persons with disabilities will be approved or implemented in FY06.

More positively, H1 does retain language within the MassHealth administration account (line item 4000-0300) that requires the Department of Mental Health (DMH) commissioner to approve any prior authorization or other restriction on medication used to treat mental illness that is issued by MassHealth programs. Also, no changes in eligibility for or benefits of PCA services are recommended in H1.

(For FY06 needs, advocacy priorities, and budget history on these other important health issues, see the “Special Section: Key Issues in Health Care” on page 143 for details.)

15. Other State Disabilities Agencies and Programs

H1 for FY06 recommends consolidating three civil legal services agencies—the **Massachusetts Legal Assistance Corporation**, the **Mental Health Legal Advisors Committee**, and **Massachusetts Correctional Legal Services**—into a single line item. The new consolidated line item would be cut by \$67,491. The governor had recommended consolidation of these 3 agencies last year, but without a cut in funding.

The **Governor’s Commission on Mental Retardation** doesn’t have its own line item nor any earmark funding. The Commission has been moved to EOHHS, but its budget is now unknown. Staff have been reduced by one-third in recent years.

The **Massachusetts Office on Disability** has been cut \$167,012 (22.5%) since FY01, unadjusted for inflation. Four full-time staff—2 policy positions and 2 advocate positions—have been cut. Client Services has lost 33% of its staff while attempting to respond to an 80% increase in demand for services. H1 for FY06 recommends just \$13,498 above the FY05 funding level, a 2.4% increase.

The **Disabled Persons Protection Commission** has been struggling to catch up with an enormous backlog of cases due to staff cuts during the fiscal crisis and sharp increases in calls to its hotline. Oversight officers have caseloads in the hundreds. H1 for FY06 recommends only \$45,295 above the FY05 funding level, a 2.65% increase.

The **Massachusetts Commission Against Discrimination** (MCAD) investigates allegations of discrimination based on disability (among other protected categories). H1 for FY06

recommends \$94,424 above the FY05 funding level, an increase of 6.6%. MCAD needs the funds to support hiring for 2 investigator positions that are critical for reducing case backlog and investigator caseloads. The new staff would also generate revenue, because when MCAD closes more cases it can maximize its federal reimbursements.

The **Architectural Access Board** is responsible for ensuring that all public buildings are accessible to and safe for use by individuals with disabilities. It has been a part of a larger line item at the Office of Public Safety and Homeland Security. H1 for FY06 again provides no specific earmark or separate line item indicating a budget for the AAB.

(For FY06 needs, advocacy priorities, and budget history on these other disability agencies and programs see page 131 for details.)

16. Salary Reserve

The governor's H1 for FY06 again includes no funding for raising salaries of the lowest paid direct care workers. There is a proposed \$5 million for a Purchase of Service Rate Adjustment (line 1599-6902) for contracted service providers, but the money is earmarked for standardizing reimbursement rates and efficiency standards, not for increasing salaries.

(For FY06 needs, advocacy priorities, and budget history on the Salary Reserve, see page 141 for details.)

Introduction: The FY06 Budget Debate in Context

On January 26, 2005, the Romney administration released House 1 for Fiscal Year 2006 (FY06), its state budget recommendations for the new fiscal year that will begin on July 1, 2005. This annual piece of legislation is commonly referred to as “House 1” or simply H1, as in “H1 for FY06,” which is how we will refer to it throughout this report.

The release of H1 for FY06 is the first step in a long process that will determine the actual state budget for FY06. The governor’s budget has now been referred to the Ways and Means Committee of the House of Representatives. Both the House and the Senate will soon have debates to determine their own budget recommendations for FY06—that may differ in many ways from the governor’s original recommendations.

This first *People First* report for the FY06 budget debate cycle examines the H1 for FY06 recommendations for disability services. The second *People First* report for FY06 will examine the recommendations made by the House Ways and Means Committee in April. The third *People First* report for FY06 will examine the critical decisions on disability issues to be made in June by the Joint House/Senate Conference Committee. The Conference Committee is charged with reconciling differences between the House and the Senate budgets for FY06. And—new this year—will be a fourth *People First* report (available electronically only) to examine the governor’s veto message to the General Court and recommend overrides necessary to best support disability services.

People First provides a disability analysis of the state’s proposed budgets to assist individuals with developmental disabilities, their families, and other advocates. *People First* also provides information for state legislators and other decisionmakers, to educate them about the important disability programs funded through the state budget. To help create better outcomes for persons with disabilities, people concerned about disability services can participate in this budget debate through regular contact with their own state representatives and state senators. Please see the “Guide for New Readers” chapter for more information on how to express your concerns to elected officials.

Questions of Revenue—Shifting Ground

The budget debate takes place on shifting ground this year. State revenue projections have been improving over the last couple of months, but a structural deficit—of as much as \$1 billion—is anticipated to continue in FY06. Much will depend on how well the economy continues to perform and how the legislature chooses to handle reserve spending, borrowing, and tax initiatives (new taxes? tax rollbacks? closing corporate tax loopholes?).

The creation of the FY06 budget involves a combination of revenue (what money do we have?), legal mandates (where must the state spend its money?), and discretionary spending (under which most disability services are funded).

The administration has proposed to roll back the state income tax from 5.3% to 5.0%, a reduction that the Mass. Budget and Policy Center (MBPC) has estimated would cost the state \$596 million in FY06. Meanwhile, the Urban Institute has estimated that \$596 million is more than the amount needed to provide all of the state’s uninsured with health coverage. Advocates remind us

that the state budget crisis itself has not been the result of overspending. Instead, the budget crisis has been the consequence of tax cuts issued during the 1990s that created a structural budget gap—an ongoing mismatch between revenue and expenditure needs— amounting to \$3 billion.

FY05—It Could Have Been Worse

The FY05 budget was better for human services than the budgets of the previous three years. The legislature overrode \$96.5 million of the governor’s \$108.5 million in vetoes. The overrides meant the preservation and limited expansion of some important initiatives, most notably \$20 million for the direct care worker salary reserve and \$5 million for co-pay assistance for Prescription Advantage (pharmacy assistance to seniors). The FY05 supplemental budget passed in September also returned \$32.8 million to the Mass. Department of Public Health (MDPH), preventing, in part, a crisis for the HIV Drug Assistance Program and a dramatic loss in federal matching funds for substance abuse services. The supplemental budget also provided \$4 million to restore MassHealth coverage for 3,000 elderly and disabled legal immigrants.

These steps did little towards restoring the hundreds of millions of dollars in cuts to human services over the previous three years. Between 460,000–600,000 Massachusetts residents now lack any health insurance, and 550,000 adults enrolled in MassHealth have received no dental benefits or eyeglasses (or other vision services) for two years. Indeed, as a result of systemic cuts, thousands of vulnerable state residents now cannot meet very basic needs.

FY06—New Leadership, New Committees, New Hope. . . and Concern

Important to the context of the FY06 budget debate is a new House Speaker, Rep. Salvatore F. DiMasi (D. Boston), and an entirely new legislative committee structure. Long-time disability advocates are hopeful that the new leadership (see Figure 1) and the expanded committee structure will bring fresh air to lawmaking in Massachusetts.

Figure 1

LEGISLATIVE LEADERSHIP			
SENATE		HOUSE	
President	Robert E. Travaglini	Speaker, Majority Leader	Salvatore F. DiMasi
President Pro Tempore	Stanley C. Rosenberg	Speaker Pro Tempore	Thomas M. Petrolati
Majority Leader	Frederick E. Berry	Majority Leader	John H. Rogers
Assistant Majority Leader	Marian Walsh	Assistant Majority Leader	Lida E. Harkins
Majority Whip	Joan Menard	Second Assistant Majority Leader	Byron Rushing
Assistant Majority Whip	Robert A. Haven, III	Minority Leader	Bradley H. Jones, Jr.

The Joint Committee on Human Services and Elder Affairs is dismantled. All told, 11 legislative committees have been expanded to become 15 under the newly announced structure (see Figure 2). The joint Health Care Committee is also gone. Covering health and human services are the following committees: Health Care Financing, Mental Health and Substance Abuse, Public Health, Children and Families, and Elder Affairs.

Of great concern to disability advocates is the absence of a committee specific to people with disabilities. Indeed, the creation of the committee structure without such a designation is a disturbing oversight inasmuch as the new committees reflect fresh state priorities. Disability-related bills presumably will be sent to the Committee for Children and Families. The Arc of Massachusetts, in coalition with the Disability Policy Consortium and other groups, has called for the creation of a “Committee on Disabilities, Community Services, and Long-Term Supports.” The House and Senate leadership has stated their confidence in the Children and Families Committee’s competency to cover the breadth of concerns.

Figure 2

LEGISLATIVE COMMITTEE STRUCTURE		
LEVEL	OLD	NEW
Joint	<ul style="list-style-type: none"> • Health Care 	<ul style="list-style-type: none"> • Health Care Financing House Chair Walrath House Vice Chair Marzilli Senate Chair Moore Senate Vice Chair Tolman
		<ul style="list-style-type: none"> • Mental Health and Substance Abuse House Chair Balser House Vice Chair Malia Senate Chair Tolman Senate Vice Chair Antonioni
		<ul style="list-style-type: none"> • Public Health House Chair Koutoujian House Vice Chair Walsh Senate Chair Fargo Senate Vice Chair Creem
	<ul style="list-style-type: none"> • Human Services and Elderly Affairs 	<ul style="list-style-type: none"> • Children and Families House Chair Owens-Hicks House Vice Chair LeDuc
		<ul style="list-style-type: none"> • Elder Affairs House Chair Correia House Vice Chair Jehlen Senate Chair Tucker Senate Vice Chair Nuciforo
	<ul style="list-style-type: none"> • Housing and Urban Development 	<ul style="list-style-type: none"> • Housing House Chair Honan House Vice Chair Fennell Senate Chair Joyce Senate Vice Chair O’Leary

(Figure 2 continues on next page)

Figure 2, continued

LEGISLATIVE COMMITTEE STRUCTURE		
LEVEL	OLD	NEW
Joint	<ul style="list-style-type: none"> • Education, Arts and Humanities 	<ul style="list-style-type: none"> • Elementary and Secondary Education House Chair Haddad House Vice Chair Creedon Senate Chair Antonioni Senate Vice Chair Augustus • Higher Education House Chair Murphy House Vice Chair Naughton Senate Chair O’Leary Senate Vice Chair Panagiotakos
	<ul style="list-style-type: none"> • Criminal Justice 	-----
	<ul style="list-style-type: none"> • Taxation 	<ul style="list-style-type: none"> • Revenue House Chair Binienda House Vice Chair Coughlin Senate Chair Creem Senate Vice Chair Joyce
	<ul style="list-style-type: none"> • Commerce and Labor 	<ul style="list-style-type: none"> • Labor and Workforce Development House Chair Rodrigues House Vice Chair Leary Senate Chair McGee Senate Vice Chair Resor
		<ul style="list-style-type: none"> • Community Development and Small Business House Chair Torrisi House Vice Chair Keenan
		<ul style="list-style-type: none"> • Economic Development and Emerging Technology House Chair Bosley House Vice Chair Sanchez Senate Chair Hart Senate Vice Chair Montigny
	<ul style="list-style-type: none"> • Judiciary 	<ul style="list-style-type: none"> • Judiciary House Chair O’Flaherty House Vice Chair Bradley Senate Chair Creedon Senate Vice Chair Baddour
Senate	<ul style="list-style-type: none"> • Ways and Means 	<ul style="list-style-type: none"> • Ways and Means Chair Murray Vice Chair Panagiotakos Assistant Vice Chair Tolman
House	<ul style="list-style-type: none"> • Ways and Means 	<ul style="list-style-type: none"> • Ways and Means Chair DeLeo Vice Chair St. Fleur Assistant Vice Chair Vallee
	<ul style="list-style-type: none"> • Medicaid 	-----

Department of Early Education and Care

Line Item	Description	FY01	FY02	FY03	FY04	FY05*	H1 for FY06
Department of Education (DOE)							
7030-1000	ErlyLrn. Sch.Rdinss.^	114,551,675	103,725,068	\$84,662,732	\$74,604,130	\$74,605,058	Transferred to 3000-1000 and 3000-3000. \$N/A
7030-1000	Cmty. Prtnrs. Children	--	--	--	--	--	Transferred to 3000-3000; Not more than: \$68,630,469
7030-1000	Mass. Fam. Networks	--	--	--	--	--	Transferred to 3000-3000. Not more than: \$5,295,694
7030-1004	Parent/Child Hm.Prog.^	--	299,005	--	900,000	1,000,000	Transferred to 3000-3000. Not more than: \$1,000,000
Department of Early Education & Care (DEE&C)							
3000-1000	Admin.	n/a					9,114,743
3000-3000	Early Ed & Care Progs.						385,060,287
3000-3050	Supportive Child Care						49,077,019
Subtotals: DEE&C							443,252,049
Office of Residential and Placement Licensure, Executive Office of Health & Human Services^^							
4000-0351	Residntl & Plcmnt. Lic.	n/a					737,593
Totals	Early Ed.&Cr.	\$523,981,230	\$504,242,525	\$465,635,266	\$447,432,749	\$449,845,031	\$450,942,722

* FY05 numbers are current as of January 25, 2005.

^ In FY01–FY05, this account includes Community Partnerships for Children and Mass. Family Networks.

^^ The Parent/Child Home Program (7030-1004) was separated from 7030-1000 in FY02.

^^^ As part of the proposed implementation plan for DEE&C, H1 for FY06 establishes this new office within the Executive Office of Health and Human Services (EOHHS) and transfers licensing of residential care programs, adoption agencies, and foster placement agencies formerly in the Office of Child Care Services (OCCS) to line 4130-0005.

Recognizing the critical impact of quality early education and care, and as a result of major advocacy efforts by the early education and care community, the legislature has recently and unanimously passed landmark legislation to create a new independent agency called the Department of Early Education & Care (DEE&C). The DEE&C will provide universal voluntary access to preschool education and centralize in one agency all infant, toddler, preschool, and school-age programs and related licensing. It will consolidate the existing state early education and care functions—which had been funded within the Department of Education (DOE) and the Office of Child Care Services (OCCS)—into one agency. The DEE&C will be located within the Executive Office of Health and Human Services (EOHHS).

Through FY05, OCCS has been responsible for supervising the Massachusetts childcare system. The DOE also has been funded through FY05 to provide programs—including “inclusive” programs for those with disabilities—for the care and education of preschool children. These systems are now undergoing a major reorganization to achieve the new state objectives for universal early education and care.

Functions previously funded within OCCS include:

- Provision of services—OCCS provided special child care services for children who had been abused and neglected, home visiting programs for infants with teenage parents, and subsidized childcare for low-income families;
- Administrative and regulatory oversight—OCCS was responsible for training and licensing all child care providers in the state, managing resource and referral systems for parents, and managing the voucher systems used to provide child care services to families receiving welfare benefits and low-income families; and
- Provision of public information—OCCS educated the community about preventing and detecting the abuse and neglect of children.

Functions previously funded within DOE include:

- Major early care and education programs—such as Head Start and early learning and school readiness programs such as Community Partnerships for Children and Massachusetts Family Networks; and
- The Parent/Child Home Program (PCHP).

At present, the demand for affordable childcare—especially among low- and moderate-income families—and for specialized services for target populations, such as at-risk children, substantially outweighs capacity in Massachusetts. More than 60% of young children in Massachusetts live in families where both parents work.¹ BOSTNET reports that roughly 80% of families in Massachusetts with a child under 3 have a working mother.² These conditions particularly jeopardize the safety of at-risk children, including those with disabilities or who are in need of specialized services.

The Early Education for All campaign is focused on the key issues of universal access to high quality programs offered through public and private providers, and staffed by well-trained early educators. The research is clear and there is a consensus among advocates, state agencies, and professionals that improving the training, education and compensation of the early childhood and school-age workforce is critical to overall quality improvements.

DEE&C Charged with Ambitious, Laudable Goals

The new Board of Early Education and Care has four responsibilities: to administer a coordinated and consolidated early education and care system; oversee the development of a universal preschool program system; develop a school readiness assessment and program evaluation systems; and oversee workforce development. The strict timeline specified by the legislature calls for formation of the new Board of Early Childhood Education and Care by April 2005, and the start date for a new Commissioner and Department of Early Childhood Education and Care by July 2005.

¹ Early Education for All, Campaign Fact Sheet, available at www.earlyeducationforall.org.

² See BOSTNET—formerly Parents United for Childcare—data online at www.pucc.com.

FY05 OVERVIEW

When Funding Doesn't Keep Up with Costs and Demands. . .

FY05 marked a reverse of the budget cutting trend at OCCS, with a very small (.6%) increase over FY04. Still, the agency has suffered an 8.5% decrease between FY01 funding (\$402,600,507) and FY05 funding (\$368,093,830) levels. Meanwhile, OCCS programs have faced cost inflation.

The cumulative impact of these cuts comes alongside a growing demand for services and has resulted in challenges for the OCCS system.

- **Waiting lists:** Waiting lists remain large, with over 13,800 children waiting for Subsidized Childcare slots. In recent years, there consistently has been a waiting list of 600–700 abused and/or neglected children needing Supportive Childcare.
- **Capacity:** Capacity has been negatively affected. Because fewer subsidized childcare slots are available, the total unduplicated number of children placed in subsidized slots in FY03 was 14,292 less than the number placed in 2001.
- **Quality:** Agency staff and advocates state that the quality of services has been eroded. Consistently high turnover is reported throughout the childcare field. Programs are now restricting resources, such as transportation supports to families, in order to stretch limited funding.

On the bright side, the FY05 budget did include a helpful one-time \$5 million Child Care Rate Reserve (line item 1599-1142), which is being distributed in the form of a 1.55% increase in rates for OCCS voucher providers and contractors. There was also an internal rate increase totaling approximately \$7.6 million in FY04. However, as one advocate stated, health care cost growth alone will eat up virtually all of the new money for most providers.

Early education and care programs at DOE have experienced similar reductions in services and decreased access to resources as a result of major cuts. Early Learning/School Readiness programs were cut \$38,947,545 (34%) from FY01–FY05. FY05 funding was nearly level with that of FY04. As a result, at least 2,000 fewer children are receiving child care tuition assistance through the DOE Community Partnership for Children (CPC). Head Start has been bearing the brunt of nearly level funding, by reducing the availability of a wide range of resources, as described in the line item analysis below. The reductions at Head Start illustrate how level funding leads to decreased resources and services available to children and families.

H1 for FY06 OVERVIEW

Reorganization on Track, but Substantial Funding is Needed to Move Forward

The new DEE&C continues to move forward in an organizational sense, with continued support from the governor for an independent, merged agency. However, the governor's H1 for FY06 budget risks derailing much of the momentum for improvements with nearly level funding. The total funding increase is less than \$6 million—not nearly enough to cover even the larger number of families that will need to be assisted with childcare subsidies as a result of proposed welfare work requirement rule changes. [Editor's Note: See the introduction to the Department of Transitional Assistance (DTA) chapter for details on those proposals.]

Advocates Work to Sustain Legislative Commitment

To build on the existing community-based systems and lay the foundation for universal preschool, Early Education and Care and School Age Program advocates—including a network of at least 10 organizations and advocacy groups—seek the following funding in FY06:

- \$32 million to build the quality, infrastructure, and capacity of the system. The money would support reimbursement adjustments for providers to enhance quality and capacity, retention of early educators who have Associates or Bachelors degrees through increased compensation, expanded parent access to DEE&C services through the Resource and Referral Centers, and programs to meet new curriculum standards.
- \$18 million for workforce development. The money would enhance educational standards of the early education workforce by supporting their pursuit of Associate- and higher-level coursework.
- Restoration of past funding cuts and full funding of the new DEE&C. Full operation of the new agency would include a system of accountability for expenditures of state dollars through statewide program and eligibility standards. It would also prioritize the allocation of equitable resources to support school-age children.

Line Item Analysis

Account: Office of Early Education

Line Item: 7030-1000

The Office of Early Education account funds early childhood educational programs, primarily Community Partnerships for Children (CPC) and Massachusetts Family Networks (MFN). It also supports a number of inclusive DOE preschools designated jointly for at-risk children, children with special education needs, and typically developing children with or without disabilities.

Community Partnerships for Children (CPC) offers a variety of comprehensive services and programs for preschool age children, including health and mental health, family education and family literacy, as well as early care and education services. CPC supports local community-based councils to work collaboratively with many programs to develop a local system of early care and education, thereby addressing service gaps and reducing the duplication of services. CPC councils provide subsidies to low- and moderate-income working families and allow the families to choose the program that best meets their needs.

CPC has been able to support inclusive preschool for at-risk children, regardless of a family's working status. In addition to providing at-risk children with access to pre-school, CPC's funding is important because it is a large portion of the inclusive pre-school program funding base. (Children with Special Education plans are funded through DOE special education funds.) Historically, \$12.9 million of the CPC annual budget has been used to support inclusive programs in public schools, Head Start, and private child care centers. The percentage of children with disabilities in inclusive programs with their peers has increased from 20% to 90% over the past 15 years.

Child care programs which participate in CPC—including public schools, Head Start centers, and child care or family child care facilities—must seek appropriate accreditation. CPC provides trainings and support for the accreditation process. CPC programs operate in 336 Massachusetts

communities (representing 95.4% of all state municipalities). Funding for this program provides child care tuition assistance to over 14,900 children of working parents. CPC funding has also enabled approximately 1,000 early childhood centers and schools to become accredited and 400 family child care providers to obtain their credentials.

Massachusetts Family Networks (MFN) support community efforts to bring families together for enrichment activities, education, and community building. MFN's ultimate goal is to create quality networks for family support and parent education accessible to all families with children from the prenatal period through age three. The MFN is presently available in 164 communities through 42 grants, serving approximately 22,000 families with children from birth to age four. Programs vary from community to community because they are designed to respond to particular local needs. As part of the parenting education and support services, 5,700 home visits were conducted and more than 4,360 parents attended 510 parenting workshops, which were offered in several languages.

Line Item	Description	FY01	FY02	FY03	FY04	FY05	H1 for FY06	Transfer To
7030-1000	Early Learning/School Readiness.**	\$114,551,675	\$103,725,068	\$84,662,732	\$74,604,130	\$74,605,058	n/a	3000-1000 3000-3000
3000-1000	Admin.	--	--	--	--	--	n/a*	
3000-3000	EE&C Programs: CPC	--	--	--	--	--	Not more than \$68,630,469	
3000-3000	EE&C Programs: MFN	--	--	--	--	--	Not more than \$5,295,694	
Totals:		\$114,551,675 ***	\$103,725,068	\$84,662,732	\$74,604,130	\$74,605,058	n/a	

* The 3000-1000 account combines a portion of former 7030-1000 and former 4130-0001

*** The FY01 total is not directly comparable to totals from other years because the Parent/Child Program was funded in this account prior to FY02.

FY01–FY05 Impact

In FY04, CPC's funding fell to \$68.6 million from \$104 million in FY01, a cut of 34%. In FY05, the program was level funded with the FY04 allocation. In FY02, CPC served 24,065 children, but more recent data report CPC serving at least 2,000 fewer children.

In FY04, MFN was cut back to \$5.2 million from \$6.4 million in FY01, a nearly 19% reduction. In FY05, MFN was level funded with the FY04 allocation. MFN programs have tried to absorb budget reductions by offering fewer home visits, family events, or parent-child activities. They also may reduce the staffing hours; thereby reducing case management and outreach services.

FY06 Needs

Keeping these programs intact and maintaining continuity in the context of the transition to the new department is of primary concern. The CPC programs operate under high quality standards. At the same time, the flexibility CPC and MFN have had in working collaboratively with the community councils to define community service needs has been an integral part of the success of

both programs. As new means for organizing and delivering services through the new DEE&C are defined, it is worthwhile to view these successful programs as models.

H1 for FY06 Recommendations

H1 would transfer these accounts at nearly level funding into the DEE&C Early Education and Care Programs account (line item 3000-3000). Level funding, in the face of ongoing inflation and increasing operating costs, strains the resources of programs.

Account: Parent/Child Home Program (PCHP)

Line Item: 7030-1004

The Parent Child Home Program (PCHP) account funds intensive home visiting services targeting families whose income or education level may put a child at risk developmentally or educationally. Services focus on parent-child verbal interaction and developing critical language and literacy skills in children aged 18 months through 3 years. The goal is to facilitate school success through strengthened parental involvement. The program is a national model. In FY04, PCHP funded 25 sites statewide and served 350 families.³

Line Item	Description	FY01	FY02	FY03	FY04	FY05	H1 for FY06	Transfer To
<i>Department of Education</i>								
7030-1004	Parent/Child Hm.Prog.*	--	2,995,005	0	900,000	1,000,000		3000-3000
<i>Department of Early Education & Care</i>								
3000-3000	Early Ed & Care Progs.	--	--	--	--	--	1,000,000	
Totals:		--	2,995,005	0	900,000	1,000,000	1,000,000	

* The Parent/Child Home Program was moved out of line item 7030-1000 into line item 7030-1004 in FY02.

FY01–FY05 Impact

In FY01, the legislature expanded the program from \$2 million to \$3 million (within account 7030-1000, above). The allocation funded 26 existing sites and 13 new sites, serving a total of 1,200 children in 39 communities.

In FY03, PCHP was vetoed and hundreds of children lost services. FY04 restored \$900,000 and FY05 projected spending is \$1,000,000. The program now has less than a third of the funding it had in FY01.

FY06 Needs

PHCP is considered a model in meeting the needs of a target population. It needs adequate funding and continuity. Level funding strains programs, and ultimately restricts the resources available to families.

H1 for FY06 Recommendations

H1 would transfer this account at no more than level funding into the DEE&C Early Education and Care Programs account (line item 3000-3000).

³ Massachusetts Children and Youth Budget for FY05

Department of Education / Special Education / The Circuit Breaker

Line Item	Description	FY01*	FY02*	FY03*	FY04	FY05	H1 for FY06
7061-0012	Special Ed Circuit Breaker**	61,941,239	62,497,427**	70,575,000	121,600,262	201,600,262	201,600,262

* Prior to FY04, this account was called “special education residential schools.”

** Figures for all years subtract for emergency 9(c) set asides and cuts.

Special education services in Massachusetts are governed by a combination of federal and state laws. Education for all children is funded through a combination of state and local sources. At the federal level, the main piece of legislation is the Individuals with Disabilities Education Act (IDEA), first passed in 1997 and reauthorized in 2004. The state’s special education law was first passed in the early 1970s and has been amended several times since.

An additional state statute, the Education Reform Act of 1993—often called simply “ed reform”—governs the provision of state aid to public elementary and secondary schools. It was created after the Supreme Judicial Court (SJC) ruled, in *McDuffy v. Secretary of the Executive Office of Education*, that the state was in violation of students’ state constitutional right to an equal education, and was hence particularly impacting students in poorer communities. The Education Reform Act establishes a foundation budget that sets the minimum spending requirements for each school district and minimum requirements for each municipality’s share of school costs. The state share of local education funding is generally referred to as “local aid.”

All children in Massachusetts ages 3–22 who are in need of or enrolled in special education services are guaranteed the following procedural and educational rights:

- An appropriate evaluation, with student and parental participation;
- An Individualized Education Plan (IEP) developed by a team that includes the parents, teachers, physicians, specialists, advocates, administrators, and others;
- A free and appropriate education (FAPE); and
- An educational setting in the least restrictive environment (LRE), meaning that students with disabilities must be educated with their non-disabled peers to the maximum extent appropriate based on the student's needs.⁴

The Circuit Breaker is a line item in the state budget within the Department of Education (DOE). Funds appropriated to this account are specifically for reimbursements to districts for special education residential schools and other extraordinary special education costs.

⁴ Federation for Children with Special Needs and Massachusetts Department of Education, *A Parent’s Guide to Special Education*. Available at: www.fcsn.org/parentguide/pgintro.html. Note that this book is available in English, Spanish, and Portuguese.

FY05 OVERVIEW

The Legislature Increases Funding for the Circuit Breaker by \$80 million—New Special Education Regulations to be Released in the Late Fall

According to the Massachusetts Budget and Policy Center (MBPC), total funding for education—local aid and DOE grants programs—is \$3.7 billion in FY05, an increase of 5.7% in total, 2.3% for just local aid, and 32.6% for just Grants and Reimbursements. Unfortunately, local aid remains 6% below the FY03 appropriation when adjusted for inflation.⁵

The increase in reimbursements was good news for the special education Circuit Breaker. The allocation in this account alone was increased by \$80 million (almost 66%) for FY05, making it very nearly fully funded (see the line item analysis section below). The governor had recommended level funding, but the legislature increased the appropriation—an important move for supporting the special education reform initiative the legislature initiated when they created the Circuit Breaker in 2000.

Special Education Policy—Another Sea Swell of Change?

This year, in addition to funding, another concern is the potential impact of changes to special education regulations on both the state and federal level.

In December 2004, the federal special education law—IDEA—was finally reauthorized and signed into law. The new law represents significant compromise. Legal Advocates hope it will add up to relatively minor changes in how special education services are provided in Massachusetts, but no one can be sure until the regulations are released late this fall.⁶ Harsh disciplinary proposals were not adopted, and students with behavioral problems will continue to receive services. How discipline is handled and how it is seen to relate to a student's disability will be undergoing some changes. In addition, IEPs will look different. At this stage, it is all wait and see. Hearings have been taking place around the state in February 2005. The final regulations will tell the full story.⁷ DOE plans to hold forums around the state to better communicate its goals. Any revision of state regulations is likely to be put on hold now until the new federal IDEA regulations are released later this year.⁸

Driscoll v. Hancock

The *Hancock* decision is also important news this year. On April 26, 2004 Superior Court Judge Margot Botsford ruled that Massachusetts is not spending enough to meet its constitutional obligations for the education of lower-income students. The ruling recommended that the Supreme Judicial Court (SJC) take action and cited the needs of special needs students, among other concerns.⁹ The subsequent SJC case could have resulted in an overhaul of the foundation budget—as Judge Botsford recommended—at a potential expense of hundreds of millions of dollars.

On February 15, 2005, the SJC dismissed the case in a 5 to 2 vote. The message was twofold. First, the SJC did acknowledge that some students are not receiving an adequate education.

⁵ *Budget Monitor*, August 9, 2004. Available at: www.massbudget.org.

⁶ Conversation with Attorney Tim Sindelar of the Coalition for the Legal Rights of People with Disabilities (CLRD)

⁷ To learn more about the reauthorization of IDEA see www.fcsn.org/idea.html.

⁸ Tracy Jan, "Special Education Rules Changes Dropped," *The Boston Globe*, February 17, 2005

⁹ Maguire, "Judge Rules School Funding Unfair to Poorer Districts," *Boston Globe*, April 26, 2004

Second, the court said that the state is already taking appropriate actions to correct that problem, and the governor and the legislature should be given more time before legal action is necessary. We can expect advocates of higher foundation budgets to use the first message as a strong hook for future efforts to improve students' educations.

H1 FOR FY06 OVERVIEW

Circuit Breaker Level Funded—Continued Under-Investment in Education

Advocates are concerned that H1 for FY06 proposes to continue the under-investment in education of the recent past, and cite concerns about large class sizes, cuts to art and music programs, and increasing fees assessed on families for educational services.¹⁰ Indeed, special education funding—local aid and Grants and Reimbursements—under the governor's budget for FY06 would increase by a combined total of \$96.2 million (2.6%),¹¹ about the same as the rate of inflation. H1 for FY06 recommends level funding for the Circuit Breaker for special education.

H1 proposes to increase local aid by \$77 million (2.4%). Grants and Reimbursements would increase by about 5%, once the transfer of funding to the new Department of Early Education and Care (DEE&C) has taken place. In inflation-adjusted terms, that amount is still \$76.3 million (14%) below the FY01 allocation and \$254.3 million below that of FY02.

Other forms of local aid to cities and towns affect education spending as well. Lottery and Additional Assistance funding would improve by 2.4% under this budget, compared with FY05 spending, including the \$75 million supplemental budget for FY05. However, Lottery and Additional assistance were cut 14.9% in FY04 as compared with original FY03 appropriations.

Line Item Analysis

Account: Special Education Circuit Breaker

Line Item: 7061-0012

The Special Education Circuit Breaker account funds the Circuit Breaker reimbursement formula that the legislature created to help school districts cope with extraordinary special education costs. Under the Circuit Breaker, as many as 12,000 students triggered some form of reimbursement to their school districts in FY04. The Circuit Breaker formula is supposed to pay for 75% of special education expenses that are above 4 times the average per pupil foundation budget. In other words, any time a district spends more than \$29,328 in a school year to educate a single special education student, 75% of the excess should be reimbursed to the district by the state (whether the student is in an out-of-district or an in-district program). Full funding of the Circuit Breaker was part of the promise of special education reform passed in FY01.

FY01–FY05 Impact

In FY04, the Circuit Breaker replaced the “Special Education Residential Programs” account (known as the 50/50 program). That program split the cost of placing a special education student in a private residential school between the school district the child came from and the state. The

¹⁰ Massachusetts Teachers Association press release, January 26, 2005.

¹¹ *Budget Monitor*, January 11, 2005. Available at: www.massbudget.org.

funds were specifically designated to offset the “non-educational costs” of the residential programs. The 50/50 program covered approximately 1,400 students in FY02.

Also in FY04, the Circuit Breaker—which is subject to appropriation—was grossly underfunded. Although the legislature provided over \$51 million more than the previous program’s allocation, DOE was able to reimburse just 40.2% of these extraordinary special education expenses to school districts. Of this money, \$9 million paid for FY03 expenses, another \$9 million funded a voluntary residential placement prevention program, and \$7.5 million went to the Department of Mental Retardation (DMR) line item 5948-0012. An additional \$105 million would have been necessary to fully fund the account at the promised 75% reimbursement level.

In FY05, the legislature provided \$80 million more for the circuit breaker, although H1 for FY05 had recommended level funding. A reimbursement rate to districts of approximately 72% is projected, although the law promises 75% reimbursement. According to DOE, this appropriation is now running very close to actual costs. Also new for FY05 is a policy that bases payments to school districts on the previous year’s costs. This keeps reimbursements lagging behind inflation, and presents new budgeting challenges. The FY05 budget has also made \$3 million available for emergency expenses that are beyond the previous year’s costs.

FY06 Needs

The Board of Education had sought a \$215 million appropriation for this account in FY06. DOE now says level funding is sufficient.

H1 for FY06 Recommendation

H1 for FY06 recommends level funding.

Department of Elder Affairs

Line Item	Description	FY01	FY02	FY03	FY04	FY05	H1 for FY06
4000-0600	Sr. Care Plans	1,648,865,000	1,877,126,743	1,717,620,000	1,612,307,307	1,697,117,500	1,783,969,375
4000-0625	HHA Wage Incr.	--	--	--	0	4,000,000	0
4510-0720	Nurse's Aide Training	1,000,000	1,000,000	600,000	250,000	0	0
9110-0102	Asst. Living Regulation	368,000	372,385	318,292	243,463	246,447	246,160
9110-1455	Presc. Advtg.	73,684,000	81,838,049	85,859,000	96,372,765	110,000,000	90,159,453
9110-1460	Presc. Advtg. Subs.	new	new	new	new	5,000,000	0

The mission of the Department of Elder Affairs (DEA, formerly the Executive Office of Elder Affairs [EOEA]) is to meet the needs and advocate for the interests of the elderly in Massachusetts. With the exception of long-term institutional care for people who qualify for MassHealth, DEA focuses on services to elders in the community. Programs are provided through a statewide structure of 23 local organizations called Area Agencies on Aging and 27 community-based nonprofits called Aging Service Access Points (ASAPs).

The federal Older Americans Act of 1965 mandates each state to establish a structure of Area Agencies on Aging (AAAs), each of which defines elder needs for its area and compiles an “area plan on aging.” The majority of services funded through DEA are administered through contracts with Aging Service Access Points (ASAPs, formerly called home care corporations).

AAAs and ASAPs form an overlapping system for planning and service coordination, with 20 of the 27 ASAPs also functioning as AAAs. ASAPs’ primary responsibilities are for case management of elders participating in home care programs. ASAPs also screen elders for eligibility for MassHealth coverage of nursing home or community-based health. Their overall charge is to coordinate services and to work to keep elders in the community whenever possible. The direct care that each elder is determined to need and be eligible for is purchased by ASAPs from private home care and home health care agencies.

DEA services, some of which are targeted only to low-income persons, include:

- Home care services—community-based care for the frail elderly including assistance with meal preparation, house cleaning and bathing;
- Housing (primarily funded through housing authorities or the Department of Housing and Community Development [DHCD]) and homelessness services;
- Prescription Advantage drug insurance;
- A portion of the funding for local Councils on Aging (COAs)—that provide education, social services, health benefits counseling, information and referral, and other services for all elders in a community;
- Regulation and certification of assisted living facilities;

- Protective Services for elders who are victims of abuse, neglect, or self-neglect;
- Limited financial support for cities and towns to develop and deliver local nutrition programs for elders;
- Long-term Care Services—nursing home care reimbursed through Medicaid; and
- Senior Care—community-based health care for elders enrolled in MassHealth.

FY05 OVERVIEW

State Spending Control Efforts Focused on Nursing Home Residents

In FY04 and FY05, the administration continued its efforts to control spending by restricting services in and eligibility for programs that serve the state's poorest seniors and persons with disabilities.

In the FY04 budget, the administration eliminated MassHealth payments for "bed-holds"—to reserve the bed of a nursing home resident who is hospitalized or out visiting family overnight. Fortunately, a more limited bed-hold was re-instated in the FY05 budget. In both FY04 and FY05, the administration proposed toughening clinical eligibility for applicants to nursing homes. These changes were delayed by language in the FY05 budget.

Good News—Several Key Gains Secured in FY05 Budget

There were a number of notable victories in the FY05 budget, including a new account for Prescription Advantage Co-Pay Subsidies (line item 9110-1460); a new account for Home Health Care Raises (line item 4000-0625); and a new account for Senior Care Options (SCOs) (line item 4000-0620) to provide a voluntary managed care plan for some seniors and persons with disabilities.

The FY05 budget also included an expansion of income eligibility for the MassHealth Home and Community Based Waiver (line item 9110-1500), so that more people might be eligible for MassHealth-reimbursed community-based health care (the state is in the process of getting federal approval for this change). Finally, there was an urgently needed \$1.3 million (19.5%) funding increase for Protective Services (line item 9110-1636) in the September 2004 supplemental budget for FY05.

The Medicare Modernization Act of 2003—Impacts Unfold for Massachusetts

The federal Medicare Modernization Act of 2003 authorized a new drug benefit that will not officially begin until January 2006. However, in FY05, about 28,000 Prescription Advantage (PA) members with incomes below 135% of the federal poverty level will automatically receive a benefit of \$1,200 in federal Medicare Transitional Assistance for prescription drug coverage (there is a \$600 limit for 2004, and a \$600 limit for 2005). When the benefit is exhausted, these participants will be automatically re-enrolled in PA. The significant state savings the provision creates allowed PA to re-open enrollment in September 2004.

People with disabilities on Medicare who are also eligible for either Prescription Advantage or MassHealth will be required to get their prescription drug coverage from Medicare after January 1, 2006.

Advocates and state officials are still deciding whether additional drug benefits of Medicare Part D,¹² to be implemented in FY06, will represent savings for the state. Of concern are the following issues:

- Limits on the particular drugs that will be covered;
- A benefits coverage limit that is referred to as a “doughnut hole”—it will terminate coverage when an individual has reached \$2,250 in drug costs, but then reinstate it once that individual’s expenses reach \$2,850 in out-of-pocket costs or a total of \$5,100 for the year; and
- A clawback provision through which a portion of state savings on Medicaid and Prescription Advantage costs for elders must be returned to the federal government.

This issue will be watched closely in FY06.

H1 FOR FY06 OVERVIEW

H1 basically represents level-funding for DEA. There is an \$86 million increase for Senior Care Plans (4000-0600), the account that pays the MassHealth costs of all eligible seniors receiving care in the community or a nursing home. This account is the largest in Elder Affairs, and its costs go up annually based on enrollment, prescription drug costs, rising health care costs, and the number of persons who enter nursing homes.

While they were pleased that the administration continued funding for the Prescription Advantage program in FY06, advocates are disappointed that H1 for FY06 failed to include funding for the Direct Care Workers Salary Reserve, for home health aide wage increases, and for worker training programs for home health aides and nursing assistants. Elder advocates say that demand for home care services will run into waiting lists next year if the governor’s funding levels are not raised by the legislature.

Line Item Analysis

There are numerous budget issues outside the immediate auspices of DEA that directly affect seniors’ and people with disabilities’ access to nursing homes and the quality of care these facilities provide. For example, several line items that pertain directly to nursing home care involve reimbursement through MassHealth, the state’s Medicaid program, while others are in additional agency budgets. There are also aspects of nursing home regulation that are determined through Outside Section language. The Outside Sections are part of each annual budget, and set standards for programs outside the regular line item language. Because of their importance to DEA services, and the close attention advocates are paying to these concerns, some of these line items from other agencies and outside sections are discussed below.

¹² For more information, see Vernon Smith, Kathleen Gifford and Sandra Kramer, “The New Medicare Prescription Drug Law: Implications for Massachusetts State Health Programs,” Report of the Massachusetts Medicaid Policy Institute, September 2004. Available at www.massmedicaid.org.

Account: Senior Care Plans
Line Item: 4000-0600 (Office of Medicaid)

The Senior Care Plans account funds the MassHealth costs of seniors and persons with disabilities who have incomes low enough to qualify. Some participate in MassHealth while in nursing homes; others remain in the community and receive acute care or home health care, also paid for by MassHealth. Others enroll in MassHealth if they cannot afford Medicare premiums, and the state helps them pay for Medicare. Approximately 118,000 seniors are members of MassHealth, about 30,000 of whom live in nursing homes. The majority of seniors and people with disabilities on MassHealth who live in nursing homes and a portion of those who live in the community are either permanently or temporarily disabled and cannot live on their own.

MassHealth financial eligibility criteria vary based on disability status and whether a participant resides in the community or in a nursing home. Those who qualify for nursing homes have separate, less stringent MassHealth financial eligibility rules from those who remain in the community. Those in nursing homes are eligible for MassHealth when their incomes become too low to afford the price of the nursing home and they have “spent down” their excess income and savings.

Line Item	Description	FY01	FY02	FY03	FY04	FY05	H1 for FY06
4000-0600	Sr. Care Plans	1,648,865,000	1,877,126,743	1,717,620,000	1,612,307,307	1,697,117,500	1,783,969,375

FY01–FY05 Impact

Between FY02 and FY04, the amount spent on this line item decreased by \$200 million. In FY05, a partial restoration—an \$84.8 million increase—was allocated.

In FY05, budget language for this line item specified an earmark of not less than \$75,000 for a program to reimburse providers of dementia-specific adult day care. It was requested by the Alzheimer’s Association to provide needed adult day care that allows family members to continue working while caring for a relative with Alzheimer’s disease.

FY06 Needs

Advocates will be working to prevent further changes to access or eligibility for MassHealth long-term care coverage in FY06.

H1 for FY06 Recommendations

H1 for FY06 funds this account at \$1.7 billion—a \$86.2 million increase over FY05’s projected spending levels. It includes no earmark for dementia-specific adult day care.

Account: Home Health Aide (HHA) Wage Increase
Line Item: 4000-0625 (Office of Medicaid)

The Home Health Aide (HHA) Wage Increase account provides funds to increase the reimbursement rates that MassHealth pays for home health services. The money is intended to increase the very low pay of HHAs, home health nurses, physical therapists and occupational therapists. These workers provide essential care to elders and people with disabilities who are recovering from an illness or returning home after hospitalization.

Line Item	Description	FY01	FY02	FY03	FY04	FY05	H1 for FY06
4000-0625	HHA Wage Incr.	--	--	--	0	4,000,000	0

FY01–FY05 Impact

In November 2004, the Massachusetts Division of Health Care Finance and Policy—which sets MassHealth rates for home health care—issued proposed regulation changes to increase reimbursement for home health nursing services by 8.8% and for restorative therapies and HHA services by 1.06% over the next two years. While the development is significant, it still sets rates for home health services at a level lower than agency costs, yielding a mere 24 cents per hour raise in the rate paid to agencies who provide home health aides to Medicaid clients.

In FY05, this account was created to fund the mandated increase and allocated \$4 million. Line item language indicates that these funds can be used for the recruitment and retention of home health workers including workforce training, direct wages and benefits.

FY06 Needs

While home care advocates are supportive of rate increases for home health workers, they are also concerned about the wage rates of homemakers and personal care homemakers. Rate increases proposed to-date do not go far enough to address the severe workforce crisis faced by home care agencies throughout the Commonwealth.

H1 for FY06 Recommendations

H1 for FY06 discontinues funding for the Home Health Workforce Initiative.

Issue: **Certified Nursing Assistant (CNA) / Home Health Aide (HHA) Scholarship Program**

Line Item: **4510-0720 (Massachusetts Department of Public Health)**

The Certified Nursing Assistant (CNA) / Home Health Aide (HHA) Scholarship Program provided funding to train and provide professional development opportunities for CNAs and HHAs. The money has been located in the Massachusetts Department of Public Health (MDPH), line item 4512-0720. Training and retention of these workers is crucial to a quality system of care for frail elders and younger people with disabilities in nursing homes and in the community.

Line Item	Description	FY01	FY02	FY03	FY04	FY05	H1 for FY06
4510-0720	Nurse's Aide Training	1,000,000	1,000,000	600,000	250,000	0	0

FY01–FY05 Impact

In FY01, the CNA/HHA scholarship program received \$1 million. In FY03, it was slashed by 40%. In FY04, it was cut down to just \$250,000, funding just under 400 scholarships.

In FY05, this program was eliminated.

FY06 Needs

In the FY06 budget debate, advocates will be working to reinstate the CNA/HHA scholarship program.

H1 for FY06 Recommendations

H1 does not include funding or language to restore the CNA/HHA scholarship program.

Account: Assisted Living Regulation

Line Item: 9110-0102

The Assisted Living Regulation account funds limited state regulation and certification for assisted living facilities, to guarantee some common forms of care across facilities. Residents who live in assisted living are usually seniors or younger people with disabilities who need supportive services of some kind.

Line Item	Description	FY01	FY02	FY03	FY04	FY05	H1 for FY06
9110-0102	Asst. Living Regulation	368,000	372,385	318,292	243,463	246,447	246,160

FY01–FY05 Impact

In FY03, the allocation for this account was cut by 14.5%. In FY04, another cut of \$74,829 (24%) was made, at a time when the agency was working to expand the number of such facilities. In FY05, the account was level-funded. The loss—and lack of restoration—of funds makes assuring quality of care in assisted living facilities all the more challenging.

FY06 Needs

Because of the volume of assisted living facilities in the state and the need for a minimum standard of care for seniors and people with disabilities who choose this option, the regulation of these facilities is essential. This account is one of the only methods available to the state to monitor quality of care in those facilities that are not nursing homes.

H1 for FY06 Recommendations

H1 proposes level funding for this line item.

Account: Prescription Advantage

Line Items: 9110-1455 and 9110-1460

The Prescription Advantage (PA) account (line item 9110-1455) funds drug insurance coverage for about 90,000 elders and people with disabilities in Massachusetts. All Massachusetts seniors are eligible. Each participant pays sliding-scale premiums, deductibles and co-payments based on income. PA offers unlimited prescription drug coverage that is combined with an out-of-pocket spending limit to provide drug coverage with financial protection.

Currently the program allows all elders to enroll between the day they turn 65 and the day they turn 66. Others who are disabled, under 65 years old, and have incomes below 188% of the federal poverty level (fpl) can enroll at any time. The program also accepts people over 65 who

have just lost pharmaceutical insurance coverage. Those elders who are 66 or older must apply during open enrollment periods set by either the Secretary of Elder Affairs or the legislature.

The Prescription Advantage Co-Pay Subsidies account (line item 9110-1460, created in FY05) funds a co-pay reduction plan for members of Prescription Advantage with incomes at or below 188% of the federal poverty level (fpl), whose co-payments for medications are \$2–5 less than other members.

Line Item	Description	FY01	FY02	FY03	FY04	FY05	H1 for FY06
9110-1455	Prescription Advantage	73,684,000	81,838,049	85,859,000	96,372,765	110,000,000	90,159,453
9110-1460	Prescription Advantage Subsidies	new	new	new	New	5,000,000	0
Totals:		<i>73,684,000</i>	<i>81,838,049</i>	<i>85,859,000</i>	<i>96,372,765</i>	<i>115,000,000</i>	<i>90,159,453</i>

FY01–FY05 Impact

In FY05, Prescription Advantage (line item 9110-1455) was fully-funded at \$110 million. DEA expects the program to assist at least 85,000 elders and 4,000 persons with disabilities in FY05. Because of the introduction of a federal Medicare prescription drug benefit on January 1, 2006, eligibility for the program and its package of benefits will be changing. The DEA has not yet specified these program changes.

In FY05, Prescription Advantage Co-Pay Subsidies (line item 9110-1460) was funded at \$5 million.

FY06 Needs

During the FY06 budget debate, advocates will be working with DEA and the legislature to craft a new “wrap-around” benefit to provide additional prescription drug coverage when the federal Medicare Modernization Act drug benefit is implemented in January 2006. At that time, all Prescription Advantage members will be required to enroll in the Medicare Part D drug plan. The idea is to proactively provide current Prescription Advantage members with back-up drug coverage, in case the Medicare benefit does not cover some necessary prescription drugs.

H1 for FY06 Recommendations

Advocates are pleased that H1 for FY06 fully funds the Prescription Advantage program (line item 9110-1455) at \$90.1 million. Prescription Advantage is expected to operate in its current form for the first six months of FY06. After January 1, 2006 it will serve primarily as a wrap-around benefit for enrollees who are eligible for the new federal Medicare drug benefit.

Outside Section 163 of H1 states that Prescription Advantage will allow limited enrollment during the second half of FY06 for individuals with disabilities who have low-incomes and for certain elders. It will not accept new enrollees who are 66 or older during that period. Individuals who are not eligible for Medicare will continue to be eligible for Prescription Advantage benefits.

The governor proposes to discontinue Prescription Advantage Co-Pay Subsidies (9110-1460) in FY06. It remains to be seen whether this elimination is a problem, because Prescription Advantage may help Medicare recipients pay for new drug plan co-payments or premiums.

Additionally, a federal subsidy will be available for low-income individuals who have enrolled in a Medicare drug discount card program in 2004 and 2005.

Issue: Nursing Home Clinical Eligibility Standards
Section: Outside Section 257 (FY05)

The Clinical Eligibility Standards are rules used by ASAPs to determine if an income-eligible senior, or a person with disabilities who is under 65, physically meets the criteria for MassHealth coverage in a nursing home.

FY01–FY05 Impact

In the governor's FY04 and FY05 budget proposals, he proposed to tighten these clinical standards by requiring that individual seniors demonstrate greater degrees of frailty in order to access MassHealth benefits. These changes were delayed by language in Outside Section 257 of the FY05 budget that maintains the regulations, criteria and standards in effect as of FY04.

FY06 Needs

Advocates will be monitoring this issue in FY06, to ensure that clinical eligibility standards for nursing home care do not become stricter. Maintenance of the existing standards will enable more persons who need intensive nursing care to receive it.

H1 for FY06 Recommendations

H1 for FY06 does not mention any changes to clinical eligibility standards for nursing homes.

Issue: Certified Nursing Assistant (CNA) Wage Pass-Through
Section: Outside Section 409 (FY05)

The Certified Nursing Assistant (CNA) Wage Pass-Through has been in the budget for several years, funded through different budget line items and outside section language. It provides wage increases for the lowest paid direct service workers in nursing homes, with the intent to reduce turnover and staffing shortages. The ratio of staff to patients and the quality of staff attracted to these jobs directly affect the care that nursing home residents are getting.

Line Item	Description	FY01	FY02	FY03	FY04	FY05	H1 for FY06
Outside Section	Nursing Home Wage Pass-Thru	35,000,000	<i>In 4000-0600</i>	O.S.	O.S.	O.S.	O.S.

FY01–FY05 Impact

In FY05, this initiative was funded at \$50 million under the Nursing Home User's Fee revenue-generating mechanism in Outside Section 409.

FY06 Needs

In FY06, advocates will be working for continued inclusion of money to fund raises for these crucial front-line workers.

H1 for FY06 Recommendations

H1's Outside Section 156 continues the wage pass-through for direct care staff in nursing homes with an earmark of \$50 million. The language specifies that this money may be spent on wages, benefits or training; recruitment and retention of staff; or increasing the staff-patient ratios at nursing homes.

Issue: Nursing Home Bed-hold

Sections: Outside Sections 533 and 701 (FY04) and Outside Section 409 (FY05)

The Nursing Home Bed-hold regulation has served to literally hold the bed of a nursing home resident when they are away from the facility for a limited period for hospitalization or non-medical family visiting. This bed-hold provision provides for continued MassHealth reimbursement to the nursing home of the cost of that bed. Advocates have struggled for years to maintain and expand the length of time a bed may be held, so that the needs of seniors who must be away from their nursing home residence may be adequately met.

FY01–FY05 Impact

The FY04 budget passed with an administration money-saving plan intact—it eliminated MassHealth reimbursement for nursing home bed-holds. In FY05, Outside Section 409 reinstated a 10-day bed-hold with a \$9 million allocation. A more generous 20-day bed-hold was included in the Senate budget proposal, but did not make it into the final budget.

FY06 Needs

Advocates would like to see the bed-hold retained or expanded in FY06. At stake is the ability of nursing home residents to have stable living arrangements.

H1 for FY06 Recommendations

The nursing home bed-hold was neither mentioned nor funded in H1 for FY06.

Department of Housing and Community Development

Line Item	Description	FY01	FY02	FY03	FY04	FY05	H1 for FY06
7004-9030	AHVP Rent Vouchers	4,000,000	3,000,000	3,000,000	2,300,000	2,300,000	2,300,000

The Department of Housing and Community Development (DHCD)¹³ was created to expand affordable housing, combat poverty and help localities plan the development and renewal of their communities. State operating funds support: 49,000 units of public housing, run by 254 local housing authorities; 3 rent subsidy programs that serve about 5,400 households; 2 homelessness prevention programs; an interest subsidy program for about 6,000 units of private rental housing that were developed in the 1970s; and DHCD planning and management assistance to cities and towns.

In addition, DHCD relies on state capital budget funds and federal funds to renew aging public housing; make grants and loans to municipalities, developers, and nonprofit agencies for housing, community, and economic development projects and programs; provide Section 8 rental assistance to 20,000 households; and support housing programs that serve homeless and antipoverty programs, including fuel assistance and weatherization. People with disabilities who meet income eligibility guidelines rely on numerous DHCD programs. The Alternative Housing Voucher Program (AHVP)—covered here—specifically funds transitional rental assistance for non-elderly disabled people under the age of 60.

FY05 OVERVIEW

Overall, the state *operating* budget for DHCD in FY05 remains at half (53%) the level provided in FY01. Even when increases since FY01 in state *capital* spending for DHCD programs are factored in, state funding for DHCD remains 13% below FY01 levels, without adjusting for inflation. The decline reflects both funding cuts for ongoing programs and the failure to make new housing commitments as payments on 15-year funding contracts for housing begun in the 1980s expire. However, after four successive years of funding cuts, the FY05 budget did include small funding increases or level funding for most programs.

According to the 2000 Census, 10% of all Massachusetts households have severe housing needs, with incomes at or below 50% of the area median income and housing costs that absorb more than 50% of their monthly income. Much of the problem stems from the state's continued high housing costs. A full-time worker in Massachusetts needs to earn \$21 an hour to afford the going rent for a two-bedroom apartment and only pay 30% of his or her monthly income. The shortage in affordable housing for people with disabilities is even more acute and is repeatedly identified as one of the most significant barriers to independent living and reduced reliance on facility-based care.

While state spending on housing fell between FY01–FY05, increases in federal funding between FY01–FY04 helped to cushion the blow and enabled the state to shift some clients from state-

¹³ The Massachusetts Human Services Coalition extends our thanks to Ann Verrilli and Chris Norris of the Citizens' Housing and Planning Alliance (CHAPA), who collaborated with us on housing issues this year. To learn more about CHAPA's work on housing issues, please visit www.chapa.org.

funded to federally-funded programs. However, we are now entering a period of declining federal support, so the outlook going forward is rather gloomy. Steady cuts in state funding—including a 31% cut in rental assistance—combined with recent federal cuts, have left many households unable to obtain needed assistance or shelter.

H1 FOR FY06 OVERVIEW

The administration does not propose the needed funding boost for housing assistance to persons with disabilities in FY06. However, the allocation would be level with that of FY05, not a cut.

Line Item Analysis

Account: Alternative Housing Voucher Program (AHVP)

Line Item: 7004-9030

The Alternative Housing Voucher Program (AHVP) account funds transitional rental assistance for non-elderly disabled people under the age of 60. AHVP began in FY96 in response to concerns of residents in what was known as the state's Chapter 667 public housing program for the elderly and disabled. Overall, the program was serving a rising percentage of non-elderly disabled tenants because of the lack of alternative subsidized housing options for this population. Many elderly residents wanted a policy that would reserve most units for elderly tenants only. Many non-elderly disabled tenants indicated a desire for other housing choices as well, including conventional apartments on the private market, rather than segregated housing.

Together, the two groups developed a proposal, enacted in law in 1995, that served two purposes. First, it reserved 86.5% of each community's Chapter 667 housing for elderly residents, with the remaining 13.5% for non-elderly disabled households. Second, to help non-elderly disabled households who wanted to leave Chapter 667 housing or were on long waiting lists for other assistance, the law also created AHVP as a new rent subsidy program. AHVP's objective is to enable non-elderly disabled households to afford housing temporarily until other subsidy options become available.

AHVP was initially funded at \$4 million in FY96, a level deemed sufficient to support 800 households. However, rising rents in subsequent years made it difficult for voucher holders to find units. After several years of underleasing, DHCD increased both the subsidy and rent levels allowed. Leasing rates then rose to the authorized level of 800.

According to advocates¹⁴—AHVP has proven to be a cost-effective resource, costing an average of \$570 per month or \$6,840 per year per person. These costs are far lower than those for housing people in homeless shelters, hospitals, or nursing homes.

Line Item	Description	FY01	FY02	FY03	FY04	FY05	H1 for FY06
7004-9030	AHVP Rent Vouchers	4,000,000	3,000,000	3,000,000	2,300,000	2,300,000	2,300,000

¹⁴ United Massachusetts Disability Housing Network (a coalition of over 30 agencies concerned with housing and disability issues).

FY01–FY05 Impact

In FY02 and FY03, after years of level funding AHVP at \$4 million, the account was cut by 25% to \$3 million. DHCD was forced to take a number of steps to stay within the program budget, including freezing the re-issuance of AHVP vouchers, raising the tenant's share of rent to 25% of income (30% if heat was included), and encouraging housing authorities to give AHVP voucher holders priority when Section 8 or Massachusetts Rental Voucher Program (MRVP, the state's program that is similar to Section 8) vouchers became available. By January 2003, the number of AHVP voucher holders had fallen to 519.

In FY04, hoping that DHCD could continue to shift AHVP voucher holders to the Section 8 program, the legislature cut the AHVP account even further to \$2.3 million. Compounding the problem, in early 2004, the federal Department of Housing and Urban Development (HUD) started cutting Section 8 funding, making it increasingly hard to justify using this scarce resource on transfers from AHVP.

In FY05, the account was level-funded, providing enough money to support 300–350 of the 800 intended households. However, because DHCD did not lift the freeze on re-issuance of vouchers as current voucher holders leave the program, no one new may enroll. AHVP was assisting only 238 households as of January 2005.

FY06 Needs

Advocates have called for increasing AHVP funding back to \$4 million in FY06, noting that it would take \$5.5 million to fully fund the program (and serve 800 households). Massachusetts is continuing to experience significant homelessness among individuals with disabilities and cuts in federal Section 8 vouchers make AHVP an increasingly important resource.

H1 for FY06 Recommendations

H1 recommends level funding the AHVP account at \$2.3 million and renaming the program Transitional Rental Assistance.

Department of Mental Health

Line Item	Description	FY01	FY02*	FY03	FY04	FY05	H1 for FY06
5011-0100	Admin.	\$35,892,669	\$35,989,140	\$37,994,485	\$34,918,663	\$35,376,100	\$37,144,330
5011-0300	Pharmaceut. Admin.	538,675	501,291	--	--	--	--
5042-5000	Child & Adolescent	55,867,543	56,419,010	65,698,383	65,740,797	68,573,272	71,417,409
5042-5002	Chld/Adol. Reserve	4000-0160**	9,200,000	5042-5000	--	--	--
5046-0000	Community Mntl. Hlth.	249,588,678	257,798,346	262,976,982	271,620,060	274,852,252	287,340,397
5046-1000	Rental Subsidies	3,107,550	^	--	--	--	--
5046-1100	Ret.Rev.-Fed Reimb.	700,000	--	--	--	--	--
5046-2000	Homeless Services	21,944,454	22,069,417	22,172,086	22,182,363^^	22,182,363	22,210,643
5046-4000	Choice Ret. Rev.	125,000	125,000	125,000	125,000	125,000	125,000
5046-9999	Insurance Assess.	7,854,766	7,309,655	***	***	***	***
5047-0001	Emergency Programs	32,341,278	32,398,072	30,932,302	31,016,761	31,485,703	31,482,359
5047-0002	Ret. Rev.	6,000,000	6,000,000	6,000,000	4,500,000	4,500,000	4,500,000
5055-0000	Forensic Services	7,311,564	6,863,712	6,074,464	5,968,876	6,028,399	6,051,792
5095-0015	Facilities	163,365,262	172,121,169	167,585,196	156,753,632	152,420,140	159,579,782
5095-0016	Medfield Consldatn.	--	--	2,983,100	--	--	--
DMH Totals:		\$584,637,439	\$606,794,812	\$602,541,998	\$592,826,152	\$595,543,229	\$619,851,712

* FY02 includes the distribution of a \$16.6 million Executive Office of Administration & Finance (EOAF) reserve account passed in a supplemental budget.

** \$10 million at the Executive Office of Health and Human Services (EOHHS).

*** Consolidated with 5011-0100.

^ Moved to Dept. of Housing and Community Development.

^^ Includes \$1.5 million passed in a supplemental budget.

The Department of Mental Health (DMH) is part of the new Department of Health, clustered with the Office of Health Care Finance and Policy, the Massachusetts Department of Public Health (MDPH), and Medicaid/MassHealth acute care. It is under the umbrella of the Executive Office of Health and Human Services (EOHHS).

The DMH mission is to provide continuing care services to adults with serious mental illness and children and adolescents with serious emotional disturbance. Acute care is provided by the Massachusetts Behavioral Health Partnership, a private managed care organization, through an interagency service agreement with DMH. (MassHealth also contracts with the Partnership to provide mental health services.)

DMH serves approximately 30,000 persons annually (20,000 at any one time)—22,000 adults and 8,000 children/adolescents. Advocates report that Massachusetts has approximately 47,000 residents with serious and persistent mental illness who have substantial impairment in functioning, though the actual numbers are thought to be much higher.

FY05 OVERVIEW

Community System Teeters on Collapse; Modest Expansion Made to Child Psychiatric Access Program; Funds Shift from Facilities to Community Services

In FY05, DMH is level-funded in most accounts. The FY05 DMH budget has grown by less than 2% as compared with the FY01 allocation, unadjusted for inflation. Compared with the FY02 funding level, it has been cut by \$11.2 million. Mental health advocates are emphatic in saying that the system of care is fragile and ready to collapse. Several programs were slated to close if the Department did not receive a supplemental budget. On January 26, 2005, the governor filed a supplemental budget for FY05 with \$1.7 million to address a deficiency in the DMH's Child & Adolescent account (line item 5042-5002) for intensive residential treatment programs.

DMH administration has been cut over 20% over the last 4 years, impacting program support and the tracking of service delivery. No one knows what the average caseload is for caseworkers. The residential waiting list has not been updated in two years. The case management waiting list is shrinking, but not because more people are accessing services—advocates warn that people in need are dropping out of sight.

FY05 line item language prevents the closure of another hospital without legislative approval and without the completion of a new hospital feasibility study. Outside Section 364 calls for a special commission to do such a study for Central Mass. In addition, DMH's own plan for adult inpatient continuing care calls for construction of a new state-of-the-art hospital before closure of the Westboro and Worcester state hospitals. Outside Sections 319 and 340 (vetoed but overridden) require that DMH clients benefit from the sale of Medfield State Hospital property. Outside Section 319 calls for the Division of Capital Assets Management (DCAMM) to secure community housing units for DMH clients from the purchaser. Outside Section 340 requires that DCAMM not sell the Medfield property until a proposed site reuse plan—approved by DMH and EOHHS—is also approved by the legislature.

Mental health advocates emphasize the need for investment in community services of any dollars saved through facilities closures.

In FY05, \$4 million is shifted from Facilities (line item 5095-0015) to Community accounts—\$2.7 million is available in Community Mental Health (line item 5046-0000) and \$1.5 million in Acute Services (line item 5047-0001) for developing 76 more community-based beds and continuing funding for 84 beds that were created in FY04. There is no estimate yet for how many facility-based beds will close.

Service Gaps Persist and Worsen

The following are the key service gaps that persist at DMH:

- The waiting list: 3,645 people are waiting for residential services (last updated November 2002) and 9,900 are waiting for case management (a recently revised figure).

- An overburdened community system: The community system is in need of enhanced clinical capacity after years of funding cuts, compounded by the deinstitutionalization of people with serious mental illnesses. Funds are needed for emergency services, respite care, care coordination, and rehabilitation services.
- Substance abuse: There is currently inadequate help for those suffering both mental illness and substance abuse disorders due to benefit cuts at MassHealth, cuts to the Bureau of Substance Abuse Services (DPH), and provider rate reductions.
- Homelessness among the mentally ill: Homelessness has been exacerbated by cuts, including a \$1.1 million cut in FY03 that eliminated 300 mental health rental subsidies at the Department of Housing and Community Development (DHCD).
- Court diversion: Corrections programs are badly needed for youths and adults with mental illness. The restoration of funding for court clinics (often the entry point for services for youth with mental illness and/or substance abuse disorders) is also needed.
- Turning 22 students: Young adults are in need of resources and outreach as they age-out of state care provided by the Departments of Education (DOE), Social Services (DSS), and Youth Services (DYS) to prevent homelessness and desperation.

H1 for FY06 OVERVIEW

The Governor Provides Near Maintenance Funding, A Positive First Step. . .

The governor's H1 for FY06 proposes the first maintenance-level funding DMH has received in years. The recommendation includes \$24.3 million (3.4%) more than the FY05 funding level, and is sufficient to cover contractual rate increases and annualized costs. However, no one new will be served off the long waiting lists for services.

H1 for FY06 continues the DMH multi-year *Olmstead* initiative to move 268 adult continuing care inpatient clients into community residential placements. It also supports the initiative to create a total of 254 community-based residential placements by the close of FY06. *Olmstead* is the 1999 U.S. Supreme Court decision that requires states to provide services to people with disabilities in the most integrated setting appropriate to their needs. H1 provides \$8,442,083 in FY06 to annualize the 155 placements created in FY05—which means the funds are provided to pay for a full year of residential supports for these 155 beds—and provides expansion funding of \$975,000 to create 15 additional community-based placements.

H1 for FY06 also revives last year's H1 proposal to cut \$1.9 million from research programs at Harvard and UMass (see line item 5046-0000 below). These funds leverage federal dollars and help to serve hundreds of people with mental illness.

Advocates are pleased to see that the EOHHS operations account (line item 4000-0300) maintains language that gives the DMH commissioner the authority to approve or disapprove restrictions on medications to treat mental illness, including "prior authorization" requirements. Advocates call this budget a good start and will be advocating for \$10 million in additional funding for adult community services to address the waiting list, \$1 million to restore the mental health rental subsidies cut in FY02 at the Department of Housing and Community Development, and restoration of the \$1.9 million research funding cut proposed by the governor.

Line Item Analysis

Accounts: Administration and Insurance Assessments

Line Items: 5011-0100 and 5046-9999

The Administration line funds approximately 420 administrative and programmatic full-time equivalent staff (FTEs) at DMH. Insurance Assessments are also funded here. In FY03, line item 5011-0100 was consolidated with line item 5046-9999—raw numbers are therefore not directly comparable across fiscal years.

Line Item	Description	FY01	FY02*	FY03	FY04	FY05	H1 for FY06
5011-0100	Admin.	\$35,892,669	\$35,989,140	\$37,994,485	\$34,918,663	\$35,376,100	\$37,144,330
5046-9999	Insurance Assessments	7,854,766	7,309,655	***	***	***	***

* FY02 includes the distribution of a \$16.6 million EOAF reserve account passed in a supplemental budget.

*** Consolidated with 5011-0100.

FY01–FY05 Impact

Since 2002, 110 staff positions have been cut from this account, a 21% reduction. In FY04 alone, 14% of administrative and programmatic positions were cut. A DMH memo acknowledged that such a cut would reduce DMH's ability to effectively operate and manage services.

The FY05 allocation is \$405,061 below DMH's maintenance estimate. DMH estimates it could lose another 7 staff positions as a result.

FY06 Needs

DMH cannot afford another below-maintenance budget for this account without further jeopardizing program support positions.

H1 for FY06 Recommendations

H1 recommends \$1,768,230 above the FY05 allocation. DMH reports that the amount is \$52,351 short of their FY06 maintenance needs. Most of the increase above the FY05 funding level is for chargebacks—charges DMH must pay EOHHS for centralized administrative services—and for annualized payroll expenses—to pay for a full year of employment expenses for positions which had been backfilled in FY05.

Account: Child and Adolescent Services

Line Item: 5042-5000

The Child and Adolescent Services account funds community-based and inpatient mental health services for children and adolescents. Services include: respite; case management; court clinics; and individual/family flexible, residential, inpatient, community, and school supports.

Approximately 8,000 children (ages birth–18) are served by this account—7,800 of them in the community and 200 on an inpatient basis.

Line Item	Description	FY01	FY02*	FY03	FY04	FY05	H1 for FY06
5042-5000	Child & Adolescent	55,867,543	56,419,010	65,698,383	65,740,797	68,573,272	71,417,409
5042-5002	Chld/Adolesc Reserve	4000-0160**	9,200,000	5042-5000	--	--	--

* FY02 includes the distribution of a \$16.6 million EOAF reserve account passed in a supplemental budget.

** \$10 million at EOHHS.

FY01–FY05 Impact

In FY04, DMH avoided cutting a dozen child/adolescent beds by making adult services cuts. Level funding for many years has meant no movement for the 245 children on the waiting list for community residences. A different waiting list for case management holds 1,600 children.

In FY05, the account is level-funded with FY04, with one exception: \$2.5 million will expand the Child Psychiatric Access Pilot Project. This program provides primary care providers with access to child psychiatrists to assist them with care management, transitional counseling, and psychopharmacology services. Eventually, it is hoped that 600,000 children statewide will have access to the program. Also, Outside Section 337 creates a commission to study the use of psychotropic drugs in treating children who are under the protection and care of the Department of Social Services (DSS). [Editor's Note: See the DSS chapter for more information about the mental health needs of children and adolescents.]

FY06 Needs

Advocates are calling for increased funding for this line item. They are also seeking increased support for DSS programs and substance abuse treatment for children with co-occurring disorders (i.e., mental illness and substance abuse).

For FY06, DMH has acknowledged the need for an additional \$265,589 to cover 3 specific programs within this account:

- the Eliminating Barriers Initiative—\$75,000 for a stigma reduction campaign in the high schools;
- the Police Pocket Guide—\$90,589 for an education/resource guide for police; and
- a peer support program for children and adolescents in inpatient treatment—\$100,000.

H1 for FY06 Recommendations

H1 recommends \$2,844,137 above the FY05 funding level. Comments within the governor's budget indicate the increase is for intensive child/adolescent placements, but DMH reports the increase is for maintenance needs. The recommendation would annualize the governor's \$1.7 million supplemental budget that he filed for FY05 by providing a full year of funding for those Intensive Residential Treatment needs (that were originally under-funded). It also includes maintenance expenses, such as \$619,736 to annualize the POS Salary Reserve that was originally allocated in FY05.

Account: Community Mental Health Services

Line Item: 5046-0000

The Community Mental Health Services account provides 7,000 community residential placements statewide. These are placements in small community-based settings that provide support services for people with serious mental illness.

Annually, 11,800 adults are served with residential placements, representing significant progress—in 1993 there were just 3,909 community beds. However, another 3,400 adults are on the waiting list for placements. Case management is also provided for an additional 11,000 adults. However, another 8,300 adults are on the waiting list for case management.

Finally, outpatient services are provided, including: individual supports for 22,000 adults; 4,000 supported employment placements; drop-in centers and social clubs serving 900 individuals in day services; and skills training, psychiatric day treatment, home-based treatment, crisis intervention, outpatient therapy, and 25 clubhouse programs serving 2,500 members.

Line Item	Description	FY01	FY02*	FY03	FY04	FY05	H1 for FY06
5046-0000	Community Mntl. Hlth.	249,588,678	257,798,346	262,976,982	271,620,060	274,852,252	287,340,397

* FY02 includes the distribution of a \$16.6 million EOAF reserve account passed in a supplemental budget.

FY01–FY05 Impact

In FY02, DMH cut 50% of its contracted outpatient and day services to clients. Also, 130 adults with serious mental illness were cut from day rehabilitation services. In FY03, DMH almost completely eliminated contracted outpatient services, affecting 1,800 adults. Partial hospital programs—daytime hospital treatment and supervision for people with serious illnesses to shorten inpatient hospital stays—were consolidated or eliminated. Also in FY03, the agency finished its *Olmstead* initiative to create 255 new community placements and 9 Program of Assertive Community Treatment (PACT) teams and closed Medfield Hospital.

In FY04, funds were shifted to line item 5046-0000 (due to the closure of Medfield Hospital) to annualize (i.e., pay for a year of services) the new community placements that had been created in FY03. At the same time, a shortfall here triggered closure of Solomon Carter Fuller’s outpatient services; relocation of Mass. Mental Hospital’s outpatient department to the Shattuck Hospital (a Department of Public Health facility); and closure of the Intensive Secure Treatment Program at Taunton, eliminating 14 beds for violent patients with severe mental illness.

The FY05 budget supports DMH’s modest community residential expansion initiative—\$2.7 million shifted to this account from Facilities (line item 5095-0015) will combine with \$1.7 million from Acute Services (line item 5047-0001) to annualize the 84 community beds that were new in FY04 and create 76 new community beds in FY05. By the end of FY05, the total number of such beds created will be 160. DMH has no estimate for how many inpatient beds will close in FY05. No hospital will close, as a result of line item language stipulating that a feasibility study for a new hospital in central Massachusetts must be completed first.

FY06 Needs

DMH has acknowledged the need for \$7 million in new funds for this account in FY06. The money would support:

- \$2 million for services to young adults, some of whom are aging out of services provided by the Departments of Education (DOE), Social Services (DSS), and Youth Services (DYS).
- \$1.885 million for continued community development. Advocates note that the cost to move 130 discharge-ready patients into safe community-based housing is \$8.5 million.
- \$1 million for rental assistance. The money presumably is to restore the FY03 cut that eliminated 300 subsidies at the Department of Housing and Community Development (DHCD). [Editor's Note: See the DHCD chapter to learn about rental subsidies for persons with disabilities through the Alternative Housing Voucher Program.]
- \$1.3 million to establish a mental health training initiative.

Advocates are also seeking more funds for this account to address the more intensive needs of individuals transitioning from restrictive settings to community placements. Community service programs need more resources to handle the needs for emergency services, respite care, care coordination, and rehabilitation services.

H1 for FY06 Recommendations

H1 provides \$12,488,145 above the FY05 funding level. DMH reports that the apparent increase is really mostly maintenance funding, including the annualization of 155 community placements begun in FY05 (\$7.46 million) and PACT annualization (\$1.1 million). "Annualization" is a full year of funding for services newly created or newly provided part way through the previous year. This maintenance level of funding also includes payroll adjustments made necessary by the salary reserve passed in the FY05 budget, and by a new collective bargaining agreement with unionized workers.

DMH also reports that H1 eliminates \$1.9 million in research funding. This reduction is the same one sought by H1 for FY05. The cut would eliminate research into the causes and treatment of mental illness carried out at the Harvard and UMass Medical Schools. The state funds have helped to leverage private and federal government dollars. The combined money supports the treatment of 750 individuals with disabilities and family members annually at the Harvard program and the involvement of more than 1,000 individuals with disabilities and family members annually with the UMass program.

DMH also reports that \$975,000 in expansion is provided for 15 new community-based placements (\$65,000 each) in FY06.

Account: Homeless Services
Line Item: 5046-2000

The Homeless Services account provides residential/housing, employment, and outreach services to homeless individuals with mental illnesses throughout the state. Residential/housing services are provided to 2,400 formerly homeless individuals, while outreach services reach 1,500 persons.

Research suggests that among the single adults who are homeless, 30–40% are mentally ill. DMH estimates 2,000 homeless people with mental illness across the state, of whom 1,200 are in

Boston. Many advocates believe the actual numbers are considerably higher.

Line Item	Description	FY01	FY02*	FY03	FY04	FY05	H1 for FY06
5046-2000	Homeless Services	21,944,454	22,069,417	22,172,086	22,182,363^^	22,182,363	22,210,643

* FY02 includes the distribution of a \$16.6 million EOAF reserve account passed in a supplemental budget.

^^ Includes \$1.5 million passed in a supplemental budget.

FY01–FY05 Impact

Homeless Services has been nearly level-funded for 5 years, providing below-maintenance resources.

In FY03, the legislature cut one-third of the funding (\$1,107,550) to the rental assistance program for DMH clients at the Department of Housing and Community Development (line item 7004-9033). Over 300 subsidies were eliminated and program rent shares for all tenants were raised from 25–30% to 35% of income. Clearly, the loss of a housing subsidy for this population may have impact on the rates of homelessness.

FY06 Needs

DMH has acknowledged the need for an additional \$600,000 for this account in FY06. The expansion would fund homelessness prevention through a tenancy preservation program in which DMH works with district courts to prevent evictions. NAMI-Mass is advocating for the restoration of homeless mentally ill funding to this line.

H1 for FY06 Recommendations

H1 for FY06 provides \$28,280 above the FY05 level. These funds maintain the salary increase made possible by the FY05 POS Salary Reserve.

Account: Emergency Programs **Line Item: 5047-0001**

The Emergency Programs account includes \$22.2 million to fund contracted emergency services providers (ESPs) through an interagency agreement with the Office of Medicaid (MassHealth). This acute care—which serves as a front door to DMH and Medicaid services—is provided in general hospitals across the state, with 26 sites in total. The account also includes \$9.3 million for community-based services (the same services as those funded by line item 5046-0000, see above).

Line Item	Description	FY01	FY02*	FY03	FY04	FY05	H1 for FY06
5047-0001	Emergency Programs	32,341,278	32,398,072	30,932,302	31,016,761	31,485,703	31,482,359

* FY02 includes the distribution of a \$16.6 million EOAF reserve account passed in a supplemental budget.

FY01–FY05 Impact

FY03 and FY04 budget cuts eliminated the inpatient bed days that were formerly funded here. In FY05, the account is still \$855,575 below FY01, unadjusted for inflation. DMH reports, however, that \$1.5 million is available for the creation of new community-based placements in FY05.

FY06 Needs

DMH has acknowledged the need for an additional \$6.5 million for this line in FY06. The funding would enhance services at certain sites and make offerings consistent statewide. NAMI-Mass calls for a redesign of the Emergency Service System to enhance services to elders and improve mobile access, crisis stabilization, and diversionary services.

H1 for FY06 Recommendations

H1 recommends funding that is nearly level with the FY05 allocation.

Account: Retained Revenue

Line Item: 5047-0002

The Retained Revenue account funds Community Mental Health services. The account collects federal financial participation (ffp) dollars generated through MassHealth from the Emergency Services and Acute Inpatient Care Program (line item 5047-0001)—the funds are used to augment the community system. Approximately \$7 million is generated each year.

Line Item	Description	FY01	FY02*	FY03	FY04	FY05	H1 for FY06
5047-0002	Ret. Rev.	6,000,000	6,000,000	6,000,000	4,500,000	4,500,000	4,500,000

* FY02 includes the distribution of a \$16.6 million EOAF reserve account passed in a supplemental budget.

FY01–FY05 Impact

In past years, \$1 million of this Retained Revenue was returned to the General Fund, while \$6 million was returned to DMH for community services.

In FY04, the ceiling on this account was lowered. Of the \$7 million that is collected, only \$4.5 million is now returned to DMH. DMH chose to preserve the community system and cut an inpatient unit in Taunton instead (see line item 5046-0000 above) in FY04.

In FY05, the cap remains just \$4.5 million, straining the community system.

FY06 Needs

For FY06, advocates across the board are requesting more funds for the community mental health system. Restoration of the \$6 million ceiling to this line item is considered a good place to start.

H1 for FY06 Recommendations

H1 for FY06 maintains the FY05 revenue ceiling on this account.

Account: Forensic Services

Line Item: 5055-0000

The Forensic Services account funds the Division of Forensic Mental Health, which provides court clinics (forensic evaluations) and consultations to county jails. NAMI-Mass reports that March 2003 statistics show 1,999 inmates—20.85% of the total Department of Corrections (DOC) population—with open mental health cases. Of these, 1,391 (14.5%) are on psychotropic medication.

Line Item	Description	FY01	FY02*	FY03	FY04	FY05	H1 for FY06
5055-0000	Forensic Services	7,311,564	6,863,712	6,074,464	5,968,876	6,028,399	6,051,792

* FY02 includes the distribution of a \$16.6 million EOAF reserve account passed in a supplemental budget.

FY01–FY05 Impact

In past years, DMH provided assessment, crisis intervention, evaluation, medication and release planning services for mentally ill inmates in county correctional facilities. DMH has eliminated all of these services, leaving the DOC with primary responsibility. Additionally, due to MassHealth cuts, 6 of 22 detoxification facilities have closed. The Mass. Public Health Association reports a dramatic increase in involuntary 30-day civil commitments to DOC facilities for substance abuse treatment.¹⁵

In FY05, the account is 17.5% below its FY01 level, unadjusted for inflation. DMH has been struggling to maintain the court clinics, which are mandated by law.

FY06 Needs

Advocates call for more consultation and training for prison staff in the areas of screening, crisis intervention, and maintaining inmates on their medication. Prison staff often have little understanding of mental illness.

Advocates also call for additional funding to this account to increase mental health capacity within the adult and juvenile court systems. More community diversion and re-entry services are needed.

DMH has acknowledged the need for an additional \$3.463 million to this account in FY06 to fund juvenile court diversion for children ages 12 and under. The Parent/Professional Advocacy League (PPAL) reports that last year 230 kids under age 12 went to juvenile court for low-risk crimes and found no community diversionary services available to them.

H1 for FY06 Recommendations

H1 recommends no funding expansion to this account. The slight increase is for annualization of FY05's POS Salary Reserve and other maintenance payroll adjustments.

Account: Facilities

Line Item: 5095-0015

The Facilities account funds the operation of adult inpatient facilities and community health centers. Since the FY03 closure of Medfield State Hospital, only Taunton, Worcester, and Westboro remain. Additional inpatient units exist at Lindemann (42 beds), Tewksbury (144 beds), and Shattuck (125 beds) state facilities. Parkview Hospital (30 beds) in Springfield is also contracted. The population served is the long-term chronically ill. The length of stay ranges from a high of 855 days to a low of 240 days, with an average length of stay of 469 days.

In 1993, the Department's adult continuing care inpatient bed capacity was at 1,444. Approximately 46% of the Department's service delivery budget was spent for inpatient care,

¹⁵ Mass. Public Health Association, "Correctional Health: The Missing Key to Improving the Public's Health and Safety," 2003.

while 54% was spent on community services. In 2004, the Department's adult continuing care inpatient bed capacity was 900. Approximately 26% of the Department's service delivery budget is spent for inpatient care; 74% is spent for community services.

The average cost (i.e., direct care, administrative and fringe) of providing continuing care inpatient services in a DMH hospital is approximately \$168,489 per bed per year. Revenue averages \$40,160 per bed per year. The major revenue source is Federal Financial Participation (FFP), which is the federal government's share of a state's expenditures under the Medicaid program. After revenue offset, the net state cost of providing adult continuing care inpatient services in a DMH hospital is approximately \$128,329 per bed per year.

By contrast, the average cost to discharge a current DMH adult continuing care inpatient client and provide necessary community services would be approximately \$80,000 per person per year. This amount includes projected average DMH costs of \$65,000 per person per year and projected average Medicaid costs of \$15,000 per person per year.¹⁶

Line Item	Description	FY01	FY02*	FY03	FY04	FY05	H1 for FY06
5095-0015	Facilities	163,365,262	172,121,169	167,585,196	156,753,632	152,420,140	159,579,782

* FY02 includes the distribution of a \$16.6 million EOAF reserve account passed in a supplemental budget.

FY01–FY05 Impact

Since FY02, the facilities account has declined by nearly \$20 million, unadjusted for inflation. In FY02, DMH began consolidating Medfield State Hospital and closed one inpatient unit (at the Lindemann Mental Health Center in Boston). Between FY02 and FY03, DMH closed 183 inpatient beds and eliminated 375 full-time staff positions.

The FY04 budget for this line item was \$10.8 million below the FY03 allocation, due to the closure of Medfield Hospital. There is a corresponding \$8 million increase in the Community Mental Health line item. DMH reports that the remaining \$2.8 million was reportedly absorbed through “efficiency initiatives” (i.e., cuts) at the hospitals.

For FY05, an additional \$4,333,492 was cut from Facilities. The funds are reportedly shifting to community programming, but advocates are concerned that there isn't additional funding in the Community Mental Health account (line item 5046-0000) to correspondingly expand the capacity of community placements. DMH reports \$2.7 million from Community Mental Health and \$1.5 million from Acute Services (line item 5047-0001) funding will be used to develop 76 more community-based beds and continue funding for the 84 beds created in FY04. However, DMH has no estimate yet for how many facility-based beds will close due to the funding cut. Line item language prevents the closure of Worcester or Westboro State Hospitals without legislative approval and not until completion of a study of the building plan for a new hospital in central Massachusetts that would replace the out-dated facilities.

FY06 Needs

Advocates want people with mental illness to benefit from the sale and development of state hospitals. They recommend that at least 25% of the developed property value be set aside in cash

¹⁶ Massachusetts Department of Mental Health, Inpatient Study Report for the General Court, March 2004.

to be used in a housing trust, or alternately that at least 25% of the housing developed is set aside to serve the mentally ill.

DMH estimates that 268 current adult continuing care inpatient clients are ready for discharge to the community if sufficient resources are made available.¹⁷ DMH reports that a total of \$17 million will be necessary to fund the 268 community placements going forward on an annual basis.

H1 for FY06 Recommendations

H1 for FY06 recommends \$7,159,642 above the FY05 allocation. Of that amount, \$2,446,835 is for collective bargaining agreements with unionized workers and \$4,348 is to maintain the salary increase made possible by the FY05 POS Salary Reserve. DMH reports that this proposal is \$103,222 below its FY06 maintenance estimate.

¹⁷ DMH Inpatient Study, March 2004.

Department of Mental Retardation

Line Item	Description	FY01	FY02	FY03	FY04	FY05	H1 for FY06
5911-1000	Admin.	\$6,029,262	\$6,384,457	\$13,404,870	\$12,102,349	\$13,102,349	\$12,780,909
5920-1000	Regional Admin.	48,683,630	50,611,983	50,724,936	51,549,675	52,316,518	53,853,237
5911-1210	Worker Certificatn.	1,544,650	1,437,451	437,451	0	--	--
5911-2000	Transport.	25,049,926	23,879,506*	14,708,746	13,239,367	13,782,367	13,882,296
5911-9999	Insurance Assess.**	9,535,105	8,873,369	--	--	--	--
5920-2000	Comm. Residences	353,695,256	376,277,607	422,648,101	452,720,888^^	476,614,523	499,491,126
5920-2010	State Residences	99,998,330	110,025,001*	111,238,845***	110,905,005	113,269,640	119,978,807
5920-2020	<i>Boulet</i> Wait List	--	15,000,000	36,500,000	49,500,000	70,000,000	85,614,227
5920-2025	Day/Work Programs	90,185,163	94,126,063*	104,179,308^	106,451,278	109,171,278	113,106,979
5920-3000	Family Supports	50,248,489	51,416,056*	61,739,428^	46,800,000^^	48,800,000	50,789,967
5920-4050	Waiting List	35,838,105	34,838,105	--	--	--	--
5920-5000	Turning 22	6,950,000	6,467,670	6,467,670	6,467,670	6,467,670	6,467,670
5920-6000	Older Unserved	6,750,000	6,281,550	--	--	--	--
5920-8000	Child/Adolescent	5,024,156	5,011,548	--	--	--	--
5930-1000	Facilities	164,767,603	171,839,637*	165,581,181***	164,461,641^^	160,220,259	166,072,065
5982-1000	Templeton Ret. Rev.	100,000	100,000	100,000	100,000	100,000	100,000
DMR	Totals	\$904,399,678	\$962,570,003	\$987,730,536	\$1,014,297,873	\$1,063,844,604	\$1,122,137,256
5948-0012	DMR/DOE	7,500,000	7,500,000	7,500,000	7,500,000	7,500,000	7,500,000

* These figures include funds passed in the \$18.848 million supplemental reserve budget for DMR (an EOHHS reserve account).

** These funds were consolidated into other accounts.

*** These figures include supplemental appropriations (\$3.4 million transferred to 5920-2010 and \$3.6 million transferred to 5930-1000 from the \$7 million supplemental budget).

^ These are consolidated accounts and cannot be compared directly with previous year's funding. 5920-2025 and 5920-3000 in FY03 includes emergency 9(c) reductions made by the governor.

^^ The funds from this account were consolidated into 5920-2000.

^^^ These figures include a supplemental budget appropriation—of \$3.2 million in 5920-2000 and \$800,000 in 5930-1000.

The Department of Mental Retardation (DMR) is part of the Office of Community and Disability Services under the umbrella of the Executive Office of Health and Human Services (EOHHS). DMR serves over 32,126 individuals statewide through 24 area and 5 regional offices, 6 residential facilities (development centers), 1,932 community residences, and through contracted services with 265 private provider agencies. The agency provides a variety of services, including: individualized service coordination, flexible family supports, employment services, day services, and residential supports. DMR works to tailor services to an individual's and/or family's needs and to maximize self-determination and choice for its clients.

Rolland v. Cellucci and Boulet v. Cellucci

Two legal settlements shape DMR's current funding needs. Between FY01–FY07 DMR's budget has grown and will continue to grow faster than the other agencies due to the settlement agreements of two class action lawsuits: *Rolland v. Cellucci* and *Boulet v. Cellucci*. The settlements mandate that DMR annually provide residential placements and flexible supports to increasing numbers on its long waiting list. In addition, the Commonwealth made a commitment when the *Boulet* case was settled to stem the continued growth of the waiting list by fully funding each year's Turning 22 class. These are the students who age out of special education services and into the adult service system each year. Without adequate funding in the adult services system, the waiting list would continue to grow.

For FY05 alone, *Boulet*, *Rolland*, and Turning 22 total \$47.35 million in new expansion funding to the DMR budget. The new money is to bring new clients into the service system off the waiting lists, and to annualize the previous year's new clients by providing them with a full year of funding for services.

Boulet v. Cellucci is the waiting list lawsuit. Five families on DMR's waiting list sued for services in federal court and won their case in July 2000. Judge Woodlock certified a class of 2,225 Medicaid eligible people who have faced years of delay in receiving services. Then, in January 2001, the case was settled with a 5-year plan to eradicate the waiting list. The plan called for providing services to the 2,437 people who overall made up the waiting list. Of these individuals: 1,961 were certified as needing out of home placements; 266 were certified as needing both residential and non-residential services; and another 210 were certified as needing non-residential services only. DMR agreed to provide residential services even to those on the waiting list who were not eligible for Medicaid (MassHealth). In addition, the agreement requires that DMR educate people on their housing and services options.

From FY02–FY06, a combination of new funds and DMR base resources are to be used to serve each of the 2,437 people who made up the list. For residential support, DMR began with the most urgent cases. Other funds have been allocated for interim services—providing for such things as respite to families and community access for individual program participants—to those who must still wait. (See the analysis for line item 5920-2020, below, for the specific funding requirements of the *Boulet* settlement agreement.)

Rolland v. Cellucci is the nursing home lawsuit. In January 2000, the *Rolland* suit was settled. The suit charged that the state illegally placed people with mental retardation in nursing homes rather than in community programs. A class was certified involving 1,600 adults with MR and other developmental disabilities who resided in nursing facilities or who were or should have been screened for admission to nursing facilities on or after October 29, 1998—900 of these are candidates for community living.

From FY01–FY07, DMR is and will be moving hundreds of people who wish to leave nursing homes for community-based residential care. Up to 150 persons per year are affected. In addition, DMR must divert a total of 275 potential nursing home admissions over 6 years, and the Department is to provide specialized services—including work supports, social supports, community outings, and other services—to those who remain in nursing homes. (See the analysis for line item 5920-2000, below, for the specific funding requirements of the *Rolland* settlement agreement).

FY05 OVERVIEW

Most Cuts Averted in FY05

The FY05 budget is largely positive for DMR, with total funding at \$1.063 billion—\$49.6 million above the FY04 allocation. Of that, \$47.35 million is full funding to support *Boulet*, *Rolland*, and Turning 22 needs, while another \$20.5 million supports *Boulet* and includes “catch up” funding—to patch the under-funding of previous years—which is necessary for the Commonwealth to abide by the settlement agreement.

The FY05 governor’s initiative to end day and work programs for nearly 800 DMR clients who were not covered by state, federal, or court-ordered mandates was rejected by the legislature. In addition, both chambers of the legislature unanimously overrode the governor’s veto of the \$20 million salary reserve. Hence direct care workers are receiving their first cost-of-living adjustment in three years, an essential support for the DMR community system. [Editor’s Note: See the Salary Reserve chapter to learn more about that issue.] In addition, there is a \$640,000 restoration to the \$2 million in cuts that flexible family supports sustained between FY02 and FY03.

On the downside, a \$600,000 shortfall to Community Residential programs is impacting clinical team services for up to 2,400 residents (line item 5920-2000). A \$900,000 cut to Regional Administration (line item 5920-1000) is terminating 18–20 service coordinators.

H1 FOR FY06 OVERVIEW

Lawsuits, Turning 22 Funded—No Restorations, No Cuts

H1 recommends \$58,292,652 more than FY05 for DMR, a 5.5% increase. The funds provide for the requirements of the *Boulet* and *Rolland* class action settlement agreements. There is essentially level funding for Turning 22 (services for young people who are graduating or aging out of special education services), which is growing increasingly inadequate (see line item 5920-5000 below). Nearly \$8.3 million of the increase is to annualize the FY05 POS Salary Reserve initiative for the lowest paid direct care workers, and nearly \$8.8 million is for Unit 2 collective bargaining increases to the salaries of unionized workers.

This budget does not fund any new service coordinator positions, despite the expanding caseload of the agency. Neither does it restore the 18–20 service coordinator positions that were cut in FY05. The Flexible Family Supports account receives level funding, outside of Turning 22 annualization and salary reserve-related increases. There are no additional funds to pay for the new autism division at the department.

*Line Item Analysis***Account: Administration****Line Item: 5911-1000**

The Administration account funds \$4.5 million for central administration, payroll, and travel. It also provides \$8.5 million for workers compensation, Medicaid, unemployment, and universal health (from FY03 forward, when line item 5911-1000 was consolidated with former line item 5911-9999 for insurance assessments). Finally, there is \$99,000 in FY05 for a consultant to work on asset management and development related to any reuse of Fernald Development Center's land or property.

Line Item	Description	FY01	FY02	FY03	FY04	FY05	H1 for FY06
5911-1000	Admin.	\$6,029,262	\$6,384,457	\$13,404,870	\$12,102,349	\$13,102,349	\$12,780,909
5911-9999	Insurance Assess.**	9,535,105	8,873,369	--	--	--	--
Totals:		\$15,564,367	\$15,257,826	\$13,404,870	\$12,102,349	\$13,102,349	\$12,780,909

** These funds were consolidated into 5911-1000.

FY01–FY05 Impact

In FY02, the account was cut by \$1.2 million. Staff reductions absorbed the cut. In FY04, this account was cut another \$1.3 million, reflecting the reorganization of EOHHS and the centralization of agency administrative functions.

To accommodate its new reduced administration budget, DMR revised its regional structure. Five regional offices were consolidated into four by combining the Western and Central regions. This combined region acquired the Middlesex West area office. In addition: the Springfield and Westfield areas combined offices; the Southeast region acquired the South Coastal Area office; the Northeast region acquired the Central Middlesex Area office; and Metro Boston now includes the entire city of Boston as well as the Charles River and Newton South-Norfolk area offices. DMR also relocated administrative functions that were at the former Dever Development Center site to the Southeast Regional Office in Carver.

In FY05, \$1 million is returned to the account. DMR reports that the allocation is still short \$300,000 for FY05 expenses. Overall, DMR's staff has been cut 483 full-time equivalent staff (FTEs) since June 2001, a 6.5% staff reduction.

FY06 Needs

DMR has established the need for an additional \$634,690 for this account in FY06. The funds are to cover the chargebacks that EOHHS requires DMR to pay for human resources and other services that have been centralized at the EOHHS central administration office.

H1 for FY06 Recommendations

H1 would reduce this account by \$321,440 (2.44%), due to the governor's unemployment reduction.

Account: Regional Administration**Line Item: 5920-1000**

The Regional Administration account funds the operational expenses of regional and area offices, including service coordinators.

Line Item	Description	FY01	FY02	FY03	FY04	FY05	H1 for FY06
5920-1000	Regional Admin.	48,683,630	50,611,983	50,724,936	51,549,675	52,316,518	53,853,237

FY01–FY05 Impact

The FY05 budget underfunds this account by close to \$900,000, eliminating 18–20 out of 477 service coordinator positions. Service coordinators play an essential role in connecting individuals to needed resources and in performing risk management functions to protect individuals from harm.

FY06 Needs

DMR has anticipated needs totaling \$4.352 million for FY06. These include: \$1.15 million for 23 new service coordinator positions due to caseload increases; \$1 million to restore the 18-20 service coordinators cut in FY05; \$1 million for 20 additional needed administrative positions; \$300,000 for investigator positions (4 backfilled and 4 to annualize); and \$200,000 for unfunded chargebacks (to pay for centralized services at EOHHS).

H1 for FY06 Recommendations

H1 would improve the funding to this account by \$1,536,719 (2.9%). The money will not provide for any new service coordinator positions nor restorations, according to DMR.

Account: Transportation**Line Item: 5911-2000**

The Transportation account funds transportation of people with mental retardation to residential, day and employment programs. By statute, transportation is considered to be an entitlement for individuals placed in a program. In reality, vendors who operate day programs are sometimes asked to transport individuals themselves, or parents are expected to assist with transportation services. DMR transports roughly 6,000 adults to and from day, work, and residential programs daily.

Line Item	Description	FY01	FY02	FY03	FY04	FY05	H1 for FY06
5911-2000	Transport.	25,049,926	23,879,506*	14,708,746**	13,239,367	13,782,367	13,882,296

* This figure cannot be compared to previous years since the FY03 account consolidation and restructuring transferred some transportation funding to the Day/Work account.

** This figure includes \$550,000 that DMR transferred to this account from the \$18.848 million discretionary reserve created by the supplemental budget.

FY01–FY05 Impact

Funding for the Transportation account has been eroding for more than 15 years. Unadjusted for inflation, the budget for these services is more than \$8 million below funding in FY89.

Between FY01–FY04, account restructuring makes comparisons challenging. Cuts over these years totaled more than \$4.7 million, but DMR reports that they managed the reductions through a new collaborative effort with the Office of Medicaid (MassHealth) in which DMR assumes responsibility for the management of transportation at a lower cost. According to the Department, no DMR service participants have been cut from transportation services. Advocates argue that transportation has been underfunded for years and these cuts are compounding already long routes, overcrowding, and serious safety concerns.

In FY05, the governor's proposal to cut the Transportation account by \$4.3 million was rejected by the legislature. Services were maintained for the nearly 800 individuals who would have lost them.

FY06 Needs

DMR has identified the need for an additional \$99,201 for this account in FY06. The funds would cover the unfunded chargeback increase for human resources and other services that have been provided by EOHHS since the restructuring and centralizing of state agency administrative services.

H1 for FY06 Recommendations

H1 proposes an increase of \$99,902 (.7%).

Account: Residential Community Programs **Line Item: 5920-2000**

The Residential Community Programs account funds vendor-operated (i.e., privately run, not state-run) residential programs in the community. On average, a vendor-operated bed in one of these programs costs the state \$54,797 per year.

Staff turnover in community residences is high, which adversely affects the quality of care. However, DMR reports that in the latest “State of the States in Developmental Disabilities,” a study of the financing and programming trends in the U.S. between 1996–2000 by the University of Colorado, DMR rated high for the number of people living in community settings with 6 or less people and for reducing the number of people with mental retardation and developmental disabilities stuck in nursing homes faster than the national average.

Progress with reducing nursing home placements is due, partly, to the *Rolland* class-action lawsuit settlement (see the introduction to this chapter for more information on *Rolland*). In FY02, DMR reports that 175 people were moved to community residential placements and specialized services (e.g., day programming) were provided for more than 900 who remained in nursing homes. Due to this settlement and the need to annualize Turning 22 program participants, this account will grow each year through FY06. In FY02, there were a total of 9,015 people living in community-residential programs (including the state-operated ones funded by line item 5920-2010, see below).

In general, conditions in group homes are eroding. Level funding to providers has resulted in reduced staff and supports. Some providers are closing residences. *Boulet* funding (see the introduction to this chapter for information on *Boulet*) continues to develop new residential placements, but this money was never meant to compensate for an eroding base of residential services.

Line Item	Description	FY01	FY02	FY03	FY04	FY05	H1 for FY06
5920-2000	Comm. Residences	353,695,256	376,277,607	422,648,101	452,720,888^^	476,614,523	499,491,126

^^ This figure cannot be compared with previous years due to account restructuring.

FY01–FY05 Impact

In FY03 and FY04, this account was restructured, making comparisons with previous years difficult. In FY03, DMR reported that the consolidated account was under-funded by \$3 million, but no service reductions would take place. Also in FY03, an \$800,000 cut to the *Rolland* settlement compliance began, causing delayed placements. Meanwhile, the Commonwealth has been found not in compliance with the *Rolland* settlement due to inadequate funding for social and day/work supports and for supports to cover a person's full medical needs. The case has been in federal appeals court.

In FY04, the account was under-funded by \$2.1 million, even after the passage of a supplemental budget. DMR reported that 15 different residential settings closed, terminating 36 beds. The funding amounts give the appearance of a dramatic increase in FY04—this is due to the transfer of funding for individual flexible supports from the Flexible Family Supports account (also called Respite, line item 5920-3000), the needed annualization funds for Turning 22 program participants (\$9.52 million) and the *Rolland* settlement (\$8.25 million), as well as funds needed for new *Rolland* clients (\$4.8 million). (See the introduction to this chapter for more information on *Rolland*.)

In FY05, the FY04 cut of \$2.1 million was restored and the governor's proposal to cut \$1.2 million for clinical team services was not fully accepted. The good news is tempered, however, by \$325,000 in new earmarking. The net effect is that clinical team services may be cut by \$600,000 and as a result, some portion of the 2,400 individuals who receive counseling, occupational therapy, and nursing services will see cuts.

FY06 Needs

The *Rolland* settlement requires an additional \$13.25 million (\$5 million for new placements and \$8.25 million for annualization) in FY06. Turning 22 program participants will require \$9.52 million in annualization funds.

H1 for FY06 Recommendations

H1 recommends \$22,876,603 above the FY05 funding level. This amount fully funds the *Rolland* settlement and Turning 22 annualization for FY06, as well as the FY05 salary reserve initiative for vendored direct care workers (\$5.7 million).

Account: Community-Based Residential Services
Line Item: 5920-2010

The Community-Based Residential Services account funds state-operated (i.e., run by DMR staff) residential programs in the community. DMR residential services cost the state about \$113,327 per bed, as compared to \$54,797 per bed in the vendor-run programs (see line item 5920-2000, above). Note, however, that these figures should not be considered a straight comparison because the vendor rate excludes some costs that are covered in the DMR program. According to DMR, the cost is higher because DMR employees are paid higher salaries, and the DMR-run programs serve individuals with disabilities who are leaving institutions. DMR staff frequently follow individuals who move to these programs from the state institutions. In FY03 there were 987 state-operated community-based beds.

Line Item	Description	FY01	FY02	FY03	FY04	FY05	H1 for FY06
5920-2010	State Residences	99,998,330	110,025,001*	111,238,845**	110,905,005	113,269,640	119,978,807

* This figure includes \$4,267,811 transferred to this account from the \$18.848 million discretionary reserve created by the supplemental budget.

** This figure includes \$3.4 million transferred to this account from the \$7 million supplemental budget. A veto cut \$100,000 from this account in FY03.

FY01–FY05 Impact

Funding for Community-Based Residential Services has not kept up with inflation.

In FY04, the account was funded at \$333,840 below the FY03 level. Under-funding impacts direct care staffing. The FY03 figure includes \$3.4 million transferred to this account from the \$7 million supplemental budget.

In FY05, there was modest good news. According to DMR, there is a \$427,460 increase to this account which will allow the Department to increase direct care staffing. (The remaining nearly \$2 million increase is mostly a transfer from line item 5920-2000.)

FY06 Needs

DMR has identified the need for a \$1.787 million increase to this account for FY06. Close to \$1 million is for anticipated fuel increases and nearly \$800,000 is for additional clinical staffing needs.

H1 for FY06 Recommendations

H1 for FY06 recommends \$6,709,167 above FY05. Of that, \$4.2 million is for collective bargaining increases to the salaries of unionized state employees, and \$25,478 is to annualize the FY05 POS salary reserve initiative for the lowest paid direct care workers.

Account: Boulet Waiting List
Line Item: 5920-2020

The *Boulet* Waiting List account funds the *Boulet* lawsuit settlement agreement (see the introduction to this chapter for a fuller explanation of the *Boulet* class-action lawsuit). *Boulet* requires new funds, in combination with some base resources, to eradicate the DMR waiting list problem for 2,225 members of this class action suit over 5 years.

The *Boulet* agreement calls for particular actions in each of the following years:

- In FY02—\$22 million was to be appropriated for residential services to approximately 250 individuals and for interim services to individuals who require residential services but must continue to wait; and an additional \$5.97 million in base resources to provide residential supports to another 125 waiting individuals.
- In FY03—\$18 million in new funds was to be appropriated, plus the use of base resources.
- In FY04, FY05, and FY06—\$15 million in additional funds was to be appropriated each year; additionally, \$5.37 million of base funds was to be used in FY04 and \$6.44 million each was to be used in FY05 and FY06.
- In FY06—all individuals on the *Boulet* waiting list are to be served by the close of FY06.

Line Item	Description	FY01	FY02	FY03	FY04	FY05	H1 for FY06
5920-2020	<i>Boulet</i> Wait List	--	15,000,000*	36,500,000	49,500,000	70,000,000	85,614,227

* These funds were passed in a supplemental budget.

FY01–FY05 Impact

In FY02, the final budget did not fund *Boulet*, but a supplemental budget passed on the heels of the FY02 budget did allocate \$15 million—\$7 million short of the settlement agreement’s requirement. DMR reports, however, that 375 individuals received residential placements as required by the agreement in FY02 and that interim services were provided to 1,556 individuals.

In FY03, the final budget again under-funded *Boulet*, this time by \$3.5 million. To fully fund the settlement agreement, \$25 million in new funds (\$7 million to make up for what was missing in FY02 and \$18 million to fully fund year 2 of the 5-year plan) was necessary. DMR reports that a total of 400 people did receive residential placements with this funding (and with the agency’s base resources) and 1,250 received interim supports. In effect, DMR had to absorb the \$3.5 million of under-funding out of its base resources, impacting other programming.

In FY04, the final budget provided \$13,000,000 in new funds, \$2 million short of the settlement agreement, while doing nothing to correct the under-funding of last year. The under-funding will likely put additional pressure on DMR’s base, which ultimately impacts programming. The governor’s \$1,300,000 veto to this account was overridden.

FY05 brought good news. Full funding is provided for *Boulet*, a \$20.5 million increase over FY04, which is catch up funding to meet the back obligations of prior years, in addition to what is called for in FY05 by the settlement agreement.

FY06 Needs

For FY06, the settlement agreement calls for \$15 million in new funds, for a total account allocation of \$85 million.

H1 for FY06 Recommendations

H1 would provide \$15,614,227 above the FY05 level. It includes full funding for *Boulet*, \$573,120 to annualize the FY05 POS Salary Reserve initiative, and \$27,238 for collective bargaining increases for unionized state employees.

Account: Community Day/Work Programs
Line Item: 5920-2025

The Community Day/Work Programs account funds supported employment programs, sheltered workshops, and other day programs. DMR has encouraged supported employment in the community for individuals with disabilities and is working towards limiting sheltered workshop programs. Supported employment programs provide job search and job skills training as well as life skills training. Persons who receive community-based work programs have found employment in fields such as food service, janitorial services and assembly work. Some program participants have started their own businesses. DMR served 5,346 people with community day and work supports in FY03.

The Community Day/Work Programs account grows each year due to Turning 22 annualization needs (see the introduction to this chapter for an explanation). Account language earmarks \$2,720,000 for these young adults.

Line Item	Description	FY01	FY02	FY03	FY04	FY05	H1 for FY06
5920-2025	Day/Work Programs	90,185,163	94,126,063*	104,179,308^	106,451,278	109,171,278	113,106,979

* This figure includes \$3,999,763 transferred to this account from the \$18.848 million discretionary reserve created by the supplemental budget.

^ This level of funding cannot be compared to previous years due to the consolidation of funding from the Transportation account.

FY01–FY05 Impact

Between FY03–FY04, this account was cut by roughly \$3.5 million (mostly in FY03), impacting more than 250 persons with disabilities. As the ongoing consequence of cuts, individuals receiving day support services are increasingly provided with MassHealth-funded day habilitation services only. According to the Arc of Massachusetts, day services are becoming increasingly difficult to come by. In general, if a person gets services, they’re headed for any open slot whether or not it has the supports they need. Providers have been seeking to absorb the cuts to these services by shifting their emphasis to MassHealth-reimbursed day habilitation services only, which have also been hit with MassHealth rate reductions. There have also been disruptions due to problems with transportation contracts.

For FY05, DMR reports that the account is fully funded for the same number of persons as were served in FY04. The legislature rejected the governor’s proposal to cut services to nearly 800 individuals.

H1 for FY06 Recommendations

H1 for FY06 recommends \$3,935,701 above FY05. Of that, \$2,720,000 is for Turning 22 annualization and \$1,215,701 is for annualization of the FY05 POS salary reserve initiative for vendored direct care workers.

Account: Flexible Family Supports
Line Item: 5920-3000

The Flexible Family Supports account funds respite and flexible family support services for individuals receiving DMR services and their families. Services may include providing an in-

home caregiver while the primary caregiver is away, out-of-home care for periods as long as a weekend, funds for a family to learn sign language, or an alternative communication device for someone who cannot speak. This account is a key *Olmstead* initiative and a program that other disabilities agencies are now seeking to replicate.

Advocates say that the Flexible Family Supports program is the single most important source of state-funded services that allow people with severe disabilities to remain in their own homes. Each year, DMR receives referrals of children for these services and there is increased demand as children grow into adolescents.

DMR serves about 14,900 families through this program. Individual supports used to be covered by this line item, but those funds were transferred to the Community Residential account (line item 5920-2000) in FY04. The account grows by \$1.36 million each year to meet Turning 22 annualization needs.

Line Item	Description	FY01	FY02	FY03	FY04	FY05	H1 for FY06
5920-3000	Family Supports	50,248,489	51,416,056*	61,739,428^	46,800,000^^	48,800,000	50,789,967

* This figure includes \$1.2 million transferred to this account from the \$18.848 million discretionary reserve created by the supplemental budget.

^ This is a consolidated account and cannot be compared directly with previous year's funding.

^^ Funds from this account were consolidated into 5920-2000.

FY01–FY05 Impact

The Flexible Family Supports program has received no increases in 8 years.

Between FY03–FY04, the program suffered approximately \$2 million in budget cuts (\$1.8 million in FY03 alone). The FY03 cut reduced support to each family by 5%.

In FY05, the final budget restored \$620,000 of the \$2 million cut to this program.

FY06 Needs

Advocates are seeking an additional \$4.5 million in FY06 to provide services for as many as 1,000 more families, including many with autism spectrum disorders. Their proposal includes approximately \$300,000 for the administration of a new autism division at DMR. The Arc notes that many families have young children who have aged out of Early Intervention services and that there continue to be adults living with families who require family assistance.

H1 for FY06 Recommendations

H1 would provide \$1,989,967 more than the FY05 funding level. Of that, \$1,360,000 is for Turning 22 annualization and \$629,967 funds the FY05 salary reserve initiative to the lowest paid vendored direct care workers.

Account: Turning 22 (T22) Community Services
Line Item: 5920-5000

The Turning 22 (T22) Community Services account funds services to persons with mental retardation and related disabilities who turn 22 and therefore age out of special education services. When an individual begins to receive services funded through this account, that person

will be served for the remainder of the fiscal year in which she or he turned 22. The following year, annualization funds are necessary to provide for the full year of services—these are earmarked and spread out among the service accounts.

Massachusetts's Turning Twenty-Two Law mandates that an Individual Transition Plan (ITP) be developed for each person turning 22, to ease their transition into the adult services system for people with disabilities. However, the services dictated by such plans remained subject to appropriation for many years. Until 1999, DMR had been able to serve only about 150 of the most severely disabled out of the approximately 400 young people who turn 22 each year, leaving the remaining 250 individuals to join the long DMR waiting list. FY99 was the first year of full funding to the program, effectively stemming the growth of the waiting list.

Line Item	Description	FY01	FY02	FY03	FY04	FY05	H1 for FY06
5920-5000	Turning 22	6,950,000	6,467,670	6,467,670	6,467,670	6,467,670	6,467,670

FY01–FY05 Impact

Since FY02, this account has been under-funded by \$482,330. A total of \$6.95 million is needed to provide \$4.4 million for services to the 160 most needy individuals, and \$2.55 million to provide at least a day program to the remaining 290 people who would otherwise join the waiting list. The number of Turning 22 students has increased to approximately 450 annually. DMR reports that it has absorbed this cut by delaying placements. Line item language permits the funds to annualize to \$13.6 million.

In FY05, the account was level-funded once again. Delayed placements continue to be the norm.

FY06 Needs

DMR has established the need for \$7.467 million to this account for FY06, including \$1.2 million for day and employment services.

H1 for FY06 Recommendations

H1 for FY06 recommends level funding only.

Account: Facilities **Line Item: 5930-1000**

The Facilities account funds the operation and management of the remaining 6 developmental centers, known archaically as state schools: Glavin; Monson; Templeton; Hogan; Wrentham; and Fernald. So far the state has closed 3 institutions: Belchertown (in 1992); Berry Rehabilitation Center (in 1995); and Dever (in 2002). In FY05, 1,077 individuals remain in the 6 institutions, down from 2,643 in FY92. DMR allows a handful of admissions each year, usually residents from other institutions or patients requiring short-term care.

In FY04, the governor called for the closure of Fernald, sparking families to protest (see the introduction to this chapter for more details). The state plan now is to maintain a 65-bed skilled nursing facility (Greene Building), and allow 24 residents to live at Malone Park (a Fernald cul-de-sac). The Shriver Center and the Adaptive Design Center would remain as well. Meanwhile, 65 residents would be transferred to other institutions; 80 would go to new state-operated community programs; and 25 would move to existing state-operated programs.

Line Item	Description	FY01	FY02	FY03	FY04	FY05	H1 for FY06
5930-1000	Facilities	164,767,603	171,839,637*	165,581,181***	164,461,641^^	160,220,259	166,072,065

* Includes \$6,988,247 transferred to this account from the \$18.848 million discretionary reserve created by the supplemental appropriation.

*** Includes \$3.6 million from the \$7 million FY03 supplemental appropriation.

^^ Includes an \$800,000 supplemental appropriation.

FY01–FY05 Impact

Funding for the Facilities account has declined annually, as has the population within the centers. Fernald families contend that funding cuts have eroded services and led to deteriorating conditions. DMR has reported that cuts have been managed through the consolidation of buildings and units and through transfers and community placements.

In FY05, the account is again below maintenance. DMR reports that the shortfall is \$5 million and that the reduction again will be managed by a declining census.

FY06 Needs

Most advocates for people with developmental disabilities support the closure of the state facilities. They are seeking the closure of the state facilities and call for the money supporting each resident to follow that person into the community.

H1 for FY06 Recommendations

H1 for FY06 provides \$5,851,806 above FY05. Of that, \$4,526,455 is collective bargaining for state employee unions and \$71,387 is to annualize the FY05 POS Salary Reserve initiative for the lowest paid vendored direct care workers.

Department of Social Services

Line Item	Description	FY01	FY02	FY03	FY04	FY05*	H1 for FY06
4800-0038	Srvcs.toChldrn. & Families	0	0	235,886,714	249,145,585	261,576,384	270,467,488

* FY05 numbers are current through January 28, 2005.

The mission of the Department of Social Services (DSS) is to protect children who have been abused or neglected, and to insure that each child has a safe, nurturing, permanent home. DSS provides family support services, foster care, group care, and domestic violence services. Three-fourths of the families visited by DSS social workers remain intact, and three-fourths of the children removed from their homes are returned within one year.

Any child suffering from abuse or neglect in Massachusetts is entitled by statute to DSS services. Unlike many other agencies, therefore, waiting lists are not an option—DSS must accept all intakes. As the agency responsible for children in crisis, it is also often the initial point of contact for children who become involved with other state agencies, such as the Department of Mental Health (DMH), the Department of Youth Services (DYS), and MassHealth. DSS is located within the Executive Office of Health and Human Services (EOHHS).

FY05 OVERVIEW

In FY05, total DSS funding was 4% above the FY04 level, with most lines receiving 2–3% increases. Funding restorations have generally gone to replacing staff, annualizing program costs, and an increased numbers of intakes. Massachusetts Children and Youth Budget advocates generally state that current funding will allow for maintenance of services, but stress that it is a bare maintenance level—not enough to truly address the needs of these highly vulnerable children and families. DSS has been chronically under-funded going back to the 1990s.

The following systemic problems—stemming from insufficient resources—are key areas for DSS reform: caseloads are persistently high; there are insufficient resources for young people aging out of state custody; staff retention and vacancies are major issues throughout the system; and providers are struggling to meet service needs.

Overburdened Systems Shift Children to Other Overburdened Systems

A resounding theme among advocates is that children who need but cannot access services at other agencies, particularly DMH, are being picked up by DSS, putting additional pressure on the agency's resources. The shifting also occurs from DSS to DHS—and increasingly, youths involved with DHS are also in need of mental health services.

With its own service system straining, DSS is not able to provide sufficient services to address the needs of many of these youth, so many are ultimately picked up by the courts and sent to DHS. As of January 2004, nearly 55% of DHS committed youth—and 75% of the girls—had received DSS services prior to DHS commitment. These young people's legal infractions would not generally bring them to DHS; they would be better served by DSS. As a consequence, the DHS system becomes overburdened and youth are put at risk for problems resulting from

inappropriate detention. Addressing these problems is a significant advocacy concern of Citizens for Juvenile Justice.

H1 FOR FY06 OVERVIEW

The small increase that H1 proposes for Foster Care is welcome. However, far more is needed to sufficiently address the needs of families in the DSS system, particularly those for mental health and substance abuse services.

Line Item Analysis

Account: Services for Children and Families

Line Item: 4800-0038

The Services for Children and Families account funds—through contracted service providers, other agencies, or directly by DSS—a wide range of services to provide the supports and resources necessary for biological, foster, and adoptive families to care for their children. Services for Children and Families include Foster Care Services, the Permanency Program, Adoption Services, and the Child Protective Services Program; and Family Stabilization, Unification, and Reunification.

Within these programs are two issues pertinent to disabilities concerns. First, children entering the foster system often have unaddressed medical and mental health needs. Second, substance abuse services for parents are provided as part of the Family Stabilization program.

Line Item	Description	FY01	FY02	FY03	FY04	FY05*	H1 for FY06
4800-0038	Srvcs.toChldrn. & Families	0	0	235,886,714	249,145,585	261,576,384	270,467,488

* FY05 numbers are current through January 28, 2005.

FY01–FY05 Impact

Overall, programs are straining under level funding. Foster families take in very needy kids but, as Massachusetts Alliance for Families points out, they often need to wait for months for essential support services like therapy or psychiatric care.

FY06 Needs

Services for foster parents need to be increased. Foster families need services modeled after Family Stabilization Teams, a support model for biological families that provides home visits by interdisciplinary teams.

H1 for FY06 Recommendations

H1 recommends \$270,467,488—a \$8,891,104 (3.4%) increase over the FY05 funding level. As stated in H1 line item language, the increased funding is to support the projected caseload. According to the Massachusetts Budget and Policy Center, in “real” money—i.e., adjusted for inflation—the proposed allocation amounts only to a 1.2% increase.

Department of Transitional Assistance

Line Item	Description	FY01	FY02	FY03	FY04	FY05	H1 for FY06
4401-1000	Employment Services	24,825,327	\$37,849,259	\$28,000,000	\$11,017,679*	18,998,978	27,047,902
4403-2000	TAFDC	243,144,221	289,650,459	332,031,646	321,374,779	317,762,806	309,234,813
4405-2000	SSI State Supplement	198,866,409	201,462,979	203,037,225	200,697,005	203,272,025	183,617,771
4408-1000	EAEDC	42,439,856	53,224,971	71,983,260	63,891,268	70,079,481	58,156,361

^ Includes Caseworker Payroll (otherwise in 4400-1100).

* Plus \$6 million in one-time federal funds for job search through Career Centers (7003-0806), for a total of \$17,017,679.

** Used for Employment Services (4401-1100), bringing that program's FY05 allocation to \$21,998,978.

The Department of Transitional Assistance (DTA) is the state agency that provides poor individuals and families with cash benefits and other forms of public assistance, including: Transitional Aid to Families with Dependent Children (TAFDC), or “welfare;” Emergency Aid to the Elderly, Disabled and Children (EAEDC); Emergency Assistance (EA) for shelter and housing search assistance services; State Supplemental Security Income (SSI), a cash assistance program that augments federal benefits for the elderly and disabled; and Food Stamp benefits. DTA is located within the Executive Office of Health and Human Services (EOHHS).

FY05 OVERVIEW

A Mixed Picture for DTA Programs

The FY05 budget contained some positive new developments and preserved some important existing program provisions. The changes listed here are those with the most immediate impact on persons with disabilities. There are now stronger “good cause” protections on the procedural rights of TAFDC recipients who cannot comply with work requirements. Also, the more generous state eligibility guidelines for immigrants and persons with disabilities who need TAFDC and EAEDC benefits were threatened but maintained.

However, there were also key losses. The numbers of required hours per week that recipients must be engaged in work activities was increased. Additionally, budget language that would have required DTA to give the legislature 60 days advance notice of a projected deficiency in a program account—in order to allow time for supplemental allocations—was vetoed, leaving program recipients vulnerable to mid-year benefits reductions or terminations.

Change on the Horizon

DTA is now facing great uncertainty about the kinds of federal requirements that the state TAFDC program—jointly funded by state and federal dollars—will have to comply with in the near future. In the mid-1990s, welfare reform legislation was enacted at both state and federal levels. Now those laws are reaching their expiration and reauthorization dates.

First, under the authority of a federal government waiver, Massachusetts launched its own experiment with welfare reform in 1995. The program name was changed from Aid to Families

with Dependent Children (AFDC) to Transitional Aid to Families with Dependent Children (TAFDC). Key among the sweeping changes to the program were: a 2-year time limit on benefits receipt within any 5-year period; a “family cap” denying benefits for new children born to program recipient families; weekly work requirements for parents whose youngest child was of school age; “LearnFare” rules penalizing families whose children had poor school attendance; and living arrangement and school attendance requirements for teen parents.

Ten years after reform, the number of TAFDC participants has greatly dwindled. Those who remain on the rolls tend to have the greatest barriers to work, often related to mental health problems. The state’s federal waiver—which has allowed some aspects of the TAFDC program to be determined independently of federal TANF rules—will expire in September, 2005.

Second, Congress passed the Personal Responsibility and Work Opportunity Act (PRWORA) of 1996, which ended entitlements to federal Aid to Families with Dependent Children benefits by block-granting the funding to states and renaming the program Transitional Aid to Needy Families (TANF). TANF underwent programmatic changes similar to those already implemented in the Massachusetts TAFDC program.

PRWORA was up for reauthorization in 2001, but is still being funded through a series of extensions pending Congressional agreement. It is expected that TANF may be reauthorized this year, but just what will change and how Massachusetts will be impacted is difficult to predict. One thing that seems almost certain is that program participants again will face steeper work requirements.

The consequence of the expiring waiver and federal reauthorization is that DTA must be poised to abide by potentially significant yet currently unknown new compliance rules. Some of the ways the state is positioning itself in advance of these changes would particularly affect persons with disabilities (discussed below).

Welfare Reform Advisory Committee Issues Report

A special state Welfare Reform Advisory Committee (WRAC)—comprised of representatives from state agencies, advocacy groups, and provider organizations, along with educators and experts in workforce development and other fields—was assembled to make policy recommendations in anticipation of Congressional renewal of PRWORA and expiration of the state waiver. WRAC issued its advisory report¹⁸ in November 2004. The document calls for further expanding the definition of countable work activities, so that participants enrolled in education and training programs may count more of those hours toward their weekly work obligation, and restoring TAFDC benefits for legal immigrants.

However, of great concern to advocates is a recommendation for what is called “full engagement” in work activities for persons with disabilities and other groups. According to the Massachusetts Law Reform Institute (MLRI), among those who would be required to comply with new work rules—some of whom could be required to work for 34 hours per week, more than any current maximum—are: 5,600 persons with severe disabilities; 2,400 recipients who now care for a disabled family member at home; 2,000 pregnant women in their last trimester; and 2,700 parents of a child between ages 1–2.

¹⁸ Welfare Reform Advisory Committee, “A Report to the Commissioner of the Massachusetts Department of Transitional Assistance: Recommendations Post-Waiver and in Anticipation of the Reauthorization by the Congress of the United States of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996,” November 2004. Available at: www.uwmb.org/documents/wrac_report.pdf.

Advocates are concerned that there are no plans in place to provide adequate rehabilitation and supports for these persons. The Massachusetts Rehabilitation Commission (MRC) now maintains a 4-month wait list of 1,500–2,000 people with disabilities in need of vocational rehabilitation, and is only able to serve those with the most serious impairments. [Editor’s Note: See the MRC chapter to learn more about that agency’s services and the needs for more funding.]

In addition, according to WRAC member Deborah Harris, of MLRI, who filed a dissenting addendum to the work recommendations, the move could be fiscally damaging to the state. Because it is unrealistic to expect that a significant portion of the targeted groups will meet stricter work requirements, the result may be severe financial penalties when Massachusetts fails to meet its federally-mandated work participation rate.

H1 FOR FY06 OVERVIEW

Welfare Reform Redux

H1 for FY06 is a disappointment to welfare and disability advocates. According to MLRI, the budget would repeal aspects of the state’s welfare reform law and replace it with a new statute that provides far fewer protections for families.¹⁹ With some exceptions, H1 proposes to eliminate exemptions from the work requirement. If passed, about 14,000 program participants—including 5,600 disabled parents—would become subject to work requirements and time limits.

H1 for FY06 would also repeal the guarantee of child care, set no maximum on the number of weekly work hours DTA could require, repeal last year’s good cause protections, and subject all families to a 5-year lifetime benefits limit. Although the expressed rationale for much of the proposals is the impending changes at the federal level, advocates will be working to remind legislators that the state does have other options besides removing protections from very vulnerable families. One possibility under discussion is to target state funds toward activities that may differ from the newly reauthorized federal legislation. The strategy would serve at least 2 objectives. First, within current allocation levels, it would allow the state to preserve its own rules, including protections for families for whom work requirements are less appropriate. Second, those state-funded persons exempt from work requirements would not bring down the state’s work-participation rate by their failure to work.. Hence the strategy would preserve needed federal matching funds.

Line Item Analysis

Account: Employment Services Program (ESP)

Line Items: 4401-1000, 4401-1100, and 7003-0806

The Employment Services Program (ESP) account funds education, training, and other services intended to help TAFDC recipients get and keep jobs. ESP is crucial for the eventual well-being of TAFDC recipient families receiving time-limited cash benefits and facing program work requirements. It will be particularly crucial for recipients who have disabilities or care for persons with disabilities if they face new work requirements in the coming year.

¹⁹ Massachusetts Law Reform Institute. “House 1 for FY 2006: Preliminary Analysis of Selected Welfare, Child Care, Housing, Elder and Health Issues.” Available at: www.masslegalservices.org.

People First—H1 for FY06

Line Item	Description	FY01	FY02	FY03	FY04	FY05	H1 for FY06
4401-1000	Employment Services	24,825,327	\$37,849,259	\$28,000,000	\$11,017,679*	18,998,978	27,047,902
4401-1100	USDA Rmb. E&TFd.Stmp.	0	0	0	0	3,000,000**	3,000,000**
7003-0806	Career Centers	0	0	0	6,000,000*	0	0
Totals:		24,825,327	\$37,849,259	\$28,000,000	17,017,679*	21,998,978	30,047,902

* The \$6 million allocated here through the Career Centers account (line item 7003-0806) within the Department of Workforce Development comes from one-time federal funds.

** These funds come from federal reimbursement for state dollars spent on education and training for food stamp recipients.

FY01–FY05 Impact

In FY02, ESP was funded at \$35.7 million. Severe cuts left the allocation at \$17 million by FY04. As a consequence, there were extreme reductions in these critical employment and training services.

In FY05, ESP was allocated nearly \$19 million—plus an additional \$3 million that could be available in retained revenues—for a total increase of a nearly \$5 million (29%) above FY04. The strong efforts of the Family Economic Initiative, the Massachusetts Alliance on Teen Pregnancy, the Working Family Agenda and a coalition of Employment Services Program (ESP) providers were key to that restoration. Still the account remained 11.4% below its FY01 level.

FY06 Needs

DTA has indicated that new procurement activities related to operating ESP will require an additional \$8 million in FY06.

H1 for FY06 Recommendations

H1 proposes to increase ESP by just over \$8 (37%) million in FY06. Line item language does not specify whether the dollars are intended for increased costs of procurement activities. Up to \$1 million of the funds may be used for participants in the EAEDC program (see line item 4408-1000, below).

The higher allocation recommended for ESP accompanies the governor's desire to impose new work requirements on 14,000 additional program participants, including 5,600 persons with severe disabilities and 2,400 recipients who now care for a disabled family member at home. However, this budget does not designate funding for assessments nor services for recipients with disabilities. According to the Mass. Law Reform Institute (MLRI), the new money would fund services for fewer than 2,000 new persons, leaving no additional resources for the remaining 12,000 persons who may need them.

Account: Transitional Aid to Families with Dependent Children (TAFDC)

Line Item: 4403-2000

The Transitional Aid to Families with Dependent Children (TAFDC) program provides time-limited cash benefits to low-income families with children, pregnant women in the last 120 days of pregnancy, and some parents with disabilities. U.S. citizens who have (or have applied for) a

Social Security number and a small number of legal immigrants are eligible when they meet asset and income guidelines. This benefit is not available to families without children.

TAFDC benefits include: a monthly cash grant based on the number of adults and children receiving TAFDC in a household; a \$40 per month rent allowance for families not residing in public or other subsidized housing; child care services for a child under age 13 or an older child with a disability when the parent is engaged in approved work activities; automatic enrollment in MassHealth; a monthly food stamp allotment; Employment Services Program (ESP) education, training, or job search assistance (see line 4401-1000 above); transportation assistance of \$71 per month if the parent meets certain criteria; and certain annual and one time payments for specified family needs.

Families may receive benefits for 2 years in any 5-year period. When families leave the program, they may continue to be eligible for some benefits—including child care, MassHealth, and food stamps—for up to one year.

Line Item	Description	FY01	FY02	FY03	FY04	FY05	H1 for FY06
4403-2000	TAFDC	243,144,221	289,650,459	332,031,646	321,374,779	317,762,806	309,234,813
4403-2002	Supp. TAFDC: Immigrants	5,740,772	0	0	0	0	0
4403-2013	ChildSupp: TAFDC	22,824,844	0	0	0	0	0
Totals:		271,709,837	289,650,459	332,031,646	321,374,779	317,762,806	309,234,813

FY01–FY05 Impact

In July 2002, the legislature eliminated coverage of federally-ineligible non-citizens. About 600 lawful immigrant families lost some or all of their cash assistance benefits along with eligibility for the Employment Services Program and child care subsidies.

In FY05, there were proposals to align the state disability standards with the more restrictive federal definition, but these were not adopted.

FY05 also carried good and bad news for the work requirements that non-exempt (exemptions include caring for a person with a disability) program participants must satisfy. Through FY04, all non-exempt parents were required to work 20 hours per week. In FY05, this standard remains for parents of preschoolers, but Outside Section language increased required work to 24 hours per week for parents of children ages 6–9 and 30 hours per week for parents of older children. The good news was expanded “countable” work activities. Parents are now able to count education and training activities (for up to 12 months), and housing search activities (that are already mandatory for parents living in a family shelter), toward their required weekly work hours.

Thanks to advocacy from the Mass. Law Reform Institute, the Family Economic Initiative, and others, there were also new “good cause” rules in the FY05 budget. DTA can no longer reduce or stop a family’s benefits without first finding out whether that family had “good cause” for not complying with program requirements. “Good cause” is a regulated set of exemptions that includes obstacles such as not being able to find a job or child care.

FY06 Needs

DTA has stated a need for an additional \$3,211,730 to cover the cost of anticipated caseload increases in FY06.

Advocates are concerned in particular about maintaining state commitment for benefits to immigrants and persons with disabilities. They also will be seeking line item language to require DTA to give the legislature at least 60 days notice of an anticipated deficit in any account, to give time for the process of a supplemental budget appropriation before the agency makes any changes to eligibility or benefit levels. (See the introduction to this chapter for pending program changes in response to federal statute reauthorization and state waiver expiration.)

H1 for FY06 Recommendations

H1 proposes an \$8.6 million (3%) reduction from the FY05 funding level—an amount \$2.1 million (1%) below DTA-projected needs, according to the Mass. Coalition for the Homeless. The reduction is consistent with the governor's proposed reforms, which will leave fewer families eligible for benefits. If the reforms pass, about 14,000 program participants—including 5,600 disabled parents—would become subject to work requirements and a 5-year lifetime benefits limit. The budget would also repeal the guarantee of child care, set no maximum on the number of weekly work hours DTA could require, and repeal last year's good cause protections.

Account: Supplemental Security Income (SSI) State Supplement
Line Item: 4405-2000

The Supplemental Security Income (SSI) State Supplement account is for state supplements to the monthly cash benefit payments for participants in the federal SSI program. Persons eligible for SSI are age 65 or older or any age between 0–64 and have a disability. They must have assets of less than \$2,000 if single and \$3,000 if married (excluding the value of a car), be a U.S. citizen or a member of one of many specified groups of immigrants, and be low-income. The level of cash benefits for an individual is calculated by comparing a Federal Benefit Rate table to the applicant's income.

Line Item	Description	FY01	FY02	FY03	FY04	FY05	H1 for FY06
4405-2000	SSI State Supplement	198,866,409	201,462,979	203,037,225	200,697,005	203,272,025	183,617,771

H1 for FY06 Recommendations

H1 proposes to reduce the allocation in this account by \$19.7 million (10%).

Account: Emergency Aid to the Elderly and Disabled (EAEDC)
Line Item: 4408-1000

The Emergency Aid to the Elderly, Disabled, and Children (EAEDC) account funds a minimum cash assistance program for U.S. citizens and legal immigrants who are or elderly or have disabilities but cannot qualify for federal Supplemental Security Income (SSI) benefits. In 1996, when numerous federal benefits were terminated for some legal immigrants, Massachusetts decided to cover this vulnerable population at state cost. Approximately 75% of EAEDC participants qualify for the program based on disability status.

To be eligible for EAEDC, a person must be disabled with a condition that limits their ability to work, caring for a disabled person, age 65 or over, a recipient of Mass. Rehabilitation Commission services, or a child ineligible for TAFDC who meets other specified criteria. The disability determination the program uses is not as strict as that used by SSI. Eligible persons have incomes below the grant amount for their family size and countable assets of less than \$250 for an individual or \$500 for a married couple. Immigrants who are legally present in the U.S. are eligible when they provide proper documentation.

EAEDC grant amounts, which have remained the same since 1987, range from \$303.70 per month for 1 person to \$669.80 per month for a family of 5. Program participants also receive MassHealth benefits.

According to advocates, many program participants are refugees and asylees who cannot naturalize to U.S. citizenship or access other benefits, and others are too disabled or elderly to have the work history required by federal SSI guidelines. EAEDC eligibility criteria is more broad than that for SSI. Often, an EAEDC benefit is their only source of income.

Line Item	Description	FY01	FY02	FY03	FY04	FY05	H1 for FY06
4408-1000	EAEDC	42,439,856	53,224,971	71,983,260	63,891,268	70,079,481	58,156,361

FY01–FY05 Impact

In June, 2003, the state eliminated EAEDC benefits for full-time high school students under age 21. A rent allowance of \$35 per month was also terminated at that time.

In the FY05 budget debate, 1,900 elderly and disabled persons on EAEDC who did not meet the non-citizen requirements for the federal SSI program faced potential expulsion. That initiative was unsuccessful—state eligibility guidelines for immigrants were preserved and the funding (\$70.1 million) is close to the estimated need.

FY06 Needs

During the FY06 budget debate Mass. Law Reform Institute (MLRI), the Family Economic Initiative, the Massachusetts Immigrant and Refugee Advocacy (MIRA) Coalition, and others will be working hard to preserve the gains made last year and to oppose the implementation of what are called “work first” reforms on this vulnerable population. MIRA and others are also gearing up to work against any proposals to terminate benefits to immigrants.

The Massachusetts Coalition for the Homeless is seeking to fully fund the program at \$76.9 million and to provide a 10% cost-of-living increase in the monthly cash benefits.

DTA has expressed need for EAEDC funding increases in FY06. A small amount of new money—\$204,758—is sought to cover rent home rate increases. An additional \$2,691,888 is needed to support anticipated caseload increases.

H1 for FY06 Recommendations

H1 proposes line item language that is very worrisome for advocates of persons with disabilities. It would give DTA permission to institute a work requirement for non-elderly adult recipients whose disability is projected to last 6 months or longer. DTA seems poised to implement the regulation, and estimates that 2,030 disabled immigrants would lose EAEDC benefits entirely

due to failure to comply and that an additional 1,220 would have reductions in their monthly grants. In other words, these are persons whom the agency does not think will be able to meet work requirements, even under the threat of lost benefits.

There is also concern that disabled individuals who do comply with work requirements will negatively impact their pending applications for federal Supplemental Security Income (SSI). Many EAEDC participants are enrolled in the program simply because they have no other resources during the lengthy process of being certified eligible for SSI.

The H1 allocation would reduce EAEDC funding by a significant \$11.9 million (17%) and rename the program “Emergency Transitional Assistance.” The funding reduction accompanies an anticipated drop in enrollment consistent with proposed reforms that would terminate many recipients from this meager and vital program.

Department Of Youth Services

Line Item	Description	FY01	FY02	FY03	FY04	FY05	H1 for FY06
4200-0200	Residential: Detained	14,474,980	17,412,296	18,623,370	18,083,924	18,907,464	19,642,0222
4200-0300	Residential: Committed	79,115,860	80,887,860	81,121,601	81,253,668	86,305,310	98,864,256

The above data is from the DYS website's²⁰ Youth Services Budget.

The Department of Youth Services (DYS) is the juvenile justice agency of Massachusetts. DYS is responsible for juveniles placed in DYS custody by court order, including those ages 7–17 charged with an offense or in pre-trial detention prior to adjudication, plus those up to age 21 who have been committed by the Juvenile Court to remain in DYS custody. Each year in Massachusetts, approximately 18,000–20,000 juveniles are arraigned in court as delinquents charged with breaking the law. Of these, about 5,500 youths are detained in secure DYS facilities while awaiting the outcome of their trials. Over the past ten years, the DYS numbers have been rising. Youth of color are over-represented at every stage in the juvenile justice system. Increasingly, youth placed in DYS custody suffer from mental health problems.

DYS is located within the Executive Office of Health and Human Services (EOHHS). The agency is responsible for addressing the educational, psychological, and health needs—including substance abuse treatment—of youth in its custody. In order to facilitate the youths' gradual reintegration into the community while meeting the security needs of the public, DYS provides a continuum of care, including:

- A range of residential placements—from highly secure locked units to residential group homes, supported independent living programs, foster homes, or at home with the youth's family of origin; and
- Community programs—such as day reporting centers and delinquency prevention programs.

In addition to operating its own facilities and programs, DYS contracts with nonprofit provider agencies and works collaboratively with other government and private agencies—including the schools, law enforcement, and community and family resources—to meet youths' needs. In total, DYS funds 102 programs for youth, including 64 facilities and 38 programs in the community.

FY05 OVERVIEW

A “Criminalization of Mental Illness”

When youths are in detention, DYS is responsible for their assessment and the provision of residential, educational, psychological and medical services. While DYS has seen small funding increases between FY01–FY04 and a moderate increase in FY05, the system remains seriously under-funded in its efforts to address the mental health, educational, and community re-integration needs of its clients. Mary Sylva, DYS Chief of Staff, and Jan Manfredi, of the Commonwealth Corporation's Center for Youth Development and Education, both report that significant gaps in workforce parity continue, affecting staff credentialing, recruitment and retention. From FY01–

²⁰ www.mass.gov/dys

FY04, agency staffing decreased by 53 full time employees (6% of the total DYS workforce)—even as client numbers grew in all major categories of service.

Large numbers of youths in DYS custody have serious psychiatric disorders, including depression and psychosis. There is a consensus that this is a critical problem, reflecting what some are labeling a “criminalization of mental illness.” In 2002, DYS estimated that 15% of involved youth took anti-psychotic medications. In 2004, researchers at the Center for Mental Health Services concluded that 60–70% of youth in DYS facilities had clinically significant symptoms of mental disturbance. Nationwide, it is estimated that among youths in the custody of state juvenile justice agencies, 50–75% have serious mental illness.²¹

Under-funding of other systems—particularly the Departments of Social Services (DSS) and Mental Health (DMH)—shifts the burden to DYS, often turning DYS into what Citizens for Juvenile Justice (CfJJ) describes as a “placement of last resort.” In some cases, advocates report that youth actually enter the juvenile justice system in order to access otherwise unavailable mental health services.

On a related note, there is great concern over the efficacy of CHINS (Child In Need of Services) petitions. Over 50% of youth placed by the courts in the custody of DSS through CHINS petitions are arraigned in juvenile or adult criminal court within 3 years. Barbara Talkov of the Children’s League of Massachusetts writes that CHINS fails to provide the services these youth need since many of these youths eventually get placed in DYS custody. In the view of the Parent Professional Advocacy League (PAL), many of these youths have mental health diagnoses.

Many youths are entering DYS custody with initial minor legal infractions. Advocates state that many of these young people could have their needs better met either by remaining in the community or through other systems, were appropriate services available. These advocates stress the devastating impact the experience of detention—with separation from school, family and community—has on these youth.

Prioritizing Resources for Mental Health Services

By all accounts, DYS is not currently equipped to provide the thorough mental health assessment and services that youths in its custody require. In 2004, there were two suicides in DYS programs, and there have been 96 serious suicide attempts by teens in DYS lock-ups between March 2002—March 2004. These incidents have brought an acute focus to the problem of mental health.

Addressing the mental health needs of youth in the custody of DYS through a significant increase in resources and systemic change has been identified as a major priority by both DYS and advocates. Most recently, a Suicide Prevention Task Force has been convened to examine the state’s residential programs for children.

Prioritizing Resources for Special Education Services

DYS has implemented systemic initiatives in recent years to improve education and community-based services, but these initiatives remain seriously under-funded, undermining the Department’s ability to provide services essential for success.

²¹ United States House of Representatives Committee on Government Reform, Minority Staff Special Investigations Division. “Incarceration of Youth Who Are Waiting for Community Mental Health Services in the United States,” July 2004. Available at: www.reform.house.gov/min.

Inadequate educational programs at DYS have become another barrier to the rehabilitation of these youth, according to many advocates, including the Mental Health Legal Advisors Committee. Approximately 40% of DYS students have Special Education plans, but Manfredi states that with more effective testing the number of students who would qualify for special education services is in the 80% range.

Learning disabilities that are not effectively addressed within school systems evolve into a pivotal issue for many of these youths, ultimately underlying much of their behavior. Peter Leone²², citing several juvenile justice studies, concludes that youths with cognitive or emotional disabilities are more likely to do poorly and drop out of school, more likely to be arrested, and—once arrested—more likely to be adjudicated as delinquent and placed in custodial facilities that lack services to meet their needs.

Additional Loss of Federal Funds a Concern

Over the past three years there also has been a loss of federal funding for crucial services, including Youth Diversion Programs. These programs provide services to assist young people who are determined to be at risk of DYS involvement. Federal funding for these services was reduced from \$4.16 million in 2002 to \$2.62 million in 2004. There are indications that federal funding for these programs may be eliminated altogether in FY06.

H1 FOR FY06 OVERVIEW

The administration's recommendations for DYS funding in FY06 are mixed. Little would be likely to change for programs serving detained youths (line item 4200-0200), proposed for a modest increase. Positive news, however, is the recommendation for a substantial increase in funding for programs serving committed youths (line item 4200-0300), including an earmark for suicide prevention. The proposal is seen as a solid step toward addressing the growing mental health needs of the DYS population.

Line Item Analysis

Account: Residential Services for the Detained Population

Line Item: 4200-0200

The Residential Services for the Detained Population account funds services for youths who have been charged with an offense and are awaiting the outcome of their case. Services—provided through a DYS detention unit and provider contract detention units—range from locked facilities to staff secure units. This account also funds the educational, clinical, and medical services that DYS is responsible for providing to detained youth. Depending on the acuteness of need and a youth's eligibility for other service systems, the Departments of Education (DOE) or Mental Health (DMH) or MassHealth may provide portions of this care.

In 2004, 5,190 youth were admitted to detention. This number is 6.7% below the previous year, but 3.3% above the average over the previous 5 years, so the one-year decrease does not yet indicate a trend, according to Rob Tansi, DYS Research Analyst. Since 1994, there has been a 29% increase in the number of detained youth. Advocates often describe detention as a "holding tank," yet, as Jan Manfredi of the Commonwealth Corporation's Center for Youth Development

²² Leone, EDJJ, 2002

and Education points out, were resources to increase significantly, valuable assessment and other quality interventions could be occurring for detained youth at this time.

Line Item	Description	FY01	FY02	FY03	FY04	FY05	H1 for FY06
4200-0200	Residential: Detained	14,474,980	17,412,296	18,623,370	18,083,924	18,907,464	19,642,0222

FY01–FY05 Impact

FY05 final appropriated funding of \$18,907,464 is an increase of \$4,297,502 (29.4%) over the FY01 allocation and \$123,540 (.6%) over the FY04 allocation. FY05 projected spending, which includes an anticipated supplement, would increase this line item by \$130,985 (.7%) over the FY04 allocation.

In FY05, despite funding which does not keep up with inflation, DYS reports that it is able to maintain basic service levels in this line item. However, it is important to place funding increases to this account in the context of increasing detention admissions of 61% between 1993–2003 (or of 21% between 1994–2004). Large service gaps remain untouched.

FY06 Needs

For FY06, this account needs funding increases commensurate with growing populations and their increased level of need. Inadequacies in mental health and educational services apply to the needs of youth in detention.

H1 for FY06 Recommendations

H1 recommends \$19,642,022 for this account—a \$734,558 (3.8%) increase over the FY05 final appropriation and a \$603,573 (3.2%) increase over FY05 projected spending (based on the anticipated FY05 supplemental budget).

Account: Residential Services for the Committed Population **Line Item: 4200-0300**

The Residential Services for the Committed Population account funds secure residential placement for youths committed to DYS by the courts. These programs—services operated by DYS or contracted through private providers—include initial assessment placement; secure treatment, including locked-secure and staff-secure; and group homes. DYS is also responsible for providing educational/vocational, clinical, and medical services to these youths. Depending on the acuteness of need and a youth’s eligibility for other service systems, the Departments of Education (DOE) or Mental Health (DMH) or MassHealth may provide portions of this care.

As of January 1, 2004, 38% of youths committed to DYS were placed in residential programs for periods ranging from 3 months to several years. The DYS system has the capacity for 566 beds in locked facilities and 413 beds in staff secure facilities. The Department also places youth in non-contracted group homes and foster homes.

Within this line item is a special program called the Safety Initiative. It supports the upgrading of clinical mental health positions for staff who are close to completing Masters level credentialing and for new hires who will replace formerly unlicensed staff. It is also working to increase the number of clinical staff for client intakes, particularly in the Boston area.

Line Item	Description	FY01	FY02	FY03	FY04	FY05	H1 for FY06
4200-0300	Residential: Committed	79,115,860	80,887,860	81,121,601	81,253,668	86,305,310	98,864,256

FY01–FY05 Impact

In FY05, the appropriated amount for this account is an increase of \$3,851,642 (4.6%) over the FY04 funding level and an increase of \$7.4 million (9.3%) over the FY01–FY05 period. However, FY05 projected spending for this account—which includes an anticipated FY05 supplement of \$2.5 million that DYS says will go primarily into this account—should increase by \$6,559,517 (7.9%) over FY04 and by 12.7% from FY01–FY05.

The Safety Initiative was new in FY05. The funding is critical for expanding youths’ access to quality mental health services.

FY06 Needs

For FY06, DYS has established the need for substantial increases to address gaps in mental health and education services (see the introduction to this chapter for more information on this issue). The agency has outlined an initiative that includes: adding intake staff; upgrading all clinical positions by replacing any current staff with appropriately licensed clinicians; increasing the number of staff for suicide watch on-call teams; and adding a new training program for suicide prevention and medication administration. An estimated \$2 million is needed to update the 5-year-old Medical Service Contracts, including the addition of psychiatric consults.

A joint letter by DOE Commissioner Driscoll and DYS Commissioner Bolden requested an initial additional expenditure in FY06 of \$2,550,000 for education within DYS. It would be the first phase of working toward per pupil funding parity to bring DYS equivalent with the adjusted (eliminating non-DYS related costs) Boston Public School expenditure of \$6,896 per student. Driscoll and Bolden have stated that both agencies recognize the importance of achieving funding parity at DYS with the educational services provided to students in other settings.

Additionally, Parents for Reform, a project of the Federation for Children with Special Needs, states that family support and access to information from sources other than the system itself—peers, parents, etc.—will help to enhance relationships and build bridges to better outcomes for youths, including more successful transitions into the community, plus less re-entry into the system. Because parental involvement is critical to any successful program, adequate funding to support parent initiatives is absolutely needed.

H1 for FY06 Recommendations

H1 proposes \$98,864,256 for this line item—a \$12,558,946 (14.5%) increase over FY05 currently appropriated dollars, or a \$9,851,071 (11%) increase over the FY05 projected spending (including an anticipated FY05 supplemental budget). An earmark targets \$9.3 million of this money towards the suicide prevention initiative. DYS and advocates support the recommendation as a major step towards improving mental health services at the agency.

Massachusetts Commission for the Blind

Line Item	Description	FY01	FY02	FY03	FY04	FY05	H1 for FY06
4110-0001	Administration	\$1,159,477	\$1,077,838	\$934,075	\$825,292	\$939,292	\$1,104,714
4110-0003	RR Fees				114,000	—	--
4110-1000	Community Srvcs.	4,093,938	3,819,001	3,629,082	3,673,070	3,733,070	3,653,326
4110-1010	SSI for the Blind	8,369,809	8,369,809	8,351,643	8,351,643	8,351,643	8,351,643
4110-1020	Admin/Medicare	421,813	416,206	313,979	323,947	321,461	316,884
4110-2000	Turning 22	7,798,576	7,760,004	7,744,790	8,000,574	8,074,775	8,891,043
4110-2001	Turning 22 New	320,000	120,000	165,000	36,500	297,000	4110-2000
4110-3010	Voc. Rehab	2,675,450	2,635,560	2,622,740	2,588,521	2,588,521	2,588,521
4110-4000	Ferguson Ind.	2,125,949*	2,184,492	1,859,740	1,884,200	1,885,073	1,847,796
Total	MCB	26,965,012	26,382,910	25,621,049	25,797,747	26,190,835	26,753,927

* This figure includes the \$387,000 that MCB reports it received in a supplemental budget for rent.

The Massachusetts Commission for the Blind (MCB, the Commission) is part of the Office of Community and Disability Services under the umbrella of EOHHS. MCB provides: independent living services; rehabilitation services, for which it receives a portion of the federal vocational rehabilitation (VR) funding; social programs; and information services. The Commission serves about 9,000 legally blind clients annually. Between 2,500–3,000 are new referrals, and roughly that many cases are closed each year as successful rehabilitations.

There are about 38,000 legally blind residents in Massachusetts and the fastest growing segment is people over the age of 65—representing 70% of the MCB caseload.

Unlike persons with other disabilities, blind persons in need of VR are served by MCB, not the Massachusetts Rehabilitation Commission. Additionally, blind persons with mental retardation are served by DMR.

FY05 OVERVIEW

Austerity the Theme at MCB—Service Gaps Remain

In FY05, MCB's budget remains 3% below its FY01 funding level, unadjusted for inflation. This is level funding with FY04, and no restorations have been made to cuts taken during the fiscal crisis. While MCB maintains few waiting lists, services and adaptive equipment are thinly provided. In FY02, 500 deaf/blind individuals experienced service cuts that were never restored. Vocational rehabilitation takes longer than it used to and there is less high tech equipment available. Ferguson industries remains poorly funded with inadequate raw materials to keep employees busy.

If there is good news in FY05, it is that Turning 22 residential needs (adult services or other youth services provided to students who graduate or age out of special education) are fully funded. Additionally, the legislature abolished the short-lived fees for travel passes and certificates of blindness that were the result of an FY04 governor's initiative.

Advocates with the Disability Policy Consortium are calling for MassHealth restorations to return coverage for visual services, dental, preventative mental health, and other medical services for MassHealth subscribers that were cut in FY02 (see the MassHealth chapter in this report). MCB-involved individuals often need new eyeglass prescriptions multiple times per year as their vision deteriorates. Eyeglasses are fundamental to independence and community integration.

H1 FOR FY06 OVERVIEW

H1 for FY06 recommends just \$563,092 (2.1%) more than the total FY05 funding level. The increase supports nearly full funding for Turning 22. The budget provides no other expansion funding, nor does it support maintenance or even level funding for Community Services or Ferguson Industries.

Line Item Analysis

Account: Administration

Line Items: 4110-0001 and 4110-0003

The Administration account funds the administrative expenses of MCB. The Commission administers financial assistance, establishes eligibility for Medicaid, and provides social and vocational services for the blind.

Massachusetts requires ophthalmologists, optometrists, and other eye specialists to report evaluations of legal blindness within 30 days, to be compiled in MCB's central registry. The resulting statistics on blindness have been recognized by the federal Center for Disease Control as the most accurate in the country.

Line Item	Description	FY01	FY02	FY03	FY04	FY05	H1 for FY06
4110-0001	Administration	\$1,159,477	\$1,077,838	\$934,075	\$825,292	\$939,292	\$1,104,714
4110-0003	RR Fees				114,000	--	--
Totals		\$1,159,477	\$1,077,838	\$934,075	\$939,292	\$939,292	\$1,104,714

FY01–FY05 Impact

In FY02, the number of full-time equivalent staff (FTEs) supported by this account was 10.5. In FY03, due to budget cuts, there were only 7 FTEs funded here.

The FY04 budget cut this account by \$108,783 and created a retained revenue account (line item 4110-0003) with \$114,000 to offset the reduction. Money in the new account came from fees charged to legally blind individuals for certificates of blindness and travel passes. In FY05, the legislature abolished these fees and restored the \$114,000 to the administration account. The FY05 appropriation does not support the 4.5% management pay increase the governor's budget had proposed.

H1 for FY06 Recommendations

H1 for FY06 recommends \$165,422 above the FY05 funding level, a 17.6% increase. MCB reports that \$156,000 of this increase is for chargebacks—the money MCB must pay to the Executive Office of Health and Human Services (EOHHS) for the centralized administrative services it provides following state agency reorganization.

Account: Community Services**Line Item: 4110-1000**

The Community Services account provides a range of supports that enable adults and children with blindness to live in the community. In FY04, MCB served 7,500 clients through this account.

Adult services include: adult day health care; advocacy; case management; community reintegration for elders; counseling services; diagnostic and evaluation services; homemaker services; information and referral services; interpreter services; essential skills training to meet emergency needs; orientation and mobility services; recreation; rehabilitation teaching; respite care; self advocacy/recreation for deaf-blind persons; self-help group counseling for newly blind persons; transportation; and flexible supports.

Children's services include: socialization services for school-age children; summer camps; school consultations; respite assistance; an after-school program; and flexible supports.

Community Services also funds two additional programs. The Radio Reading program provides local news and information to blind listeners through the Talking Information Center network of stations. The Deaf/Blind Community Access Network (DBCAN) serves 57 adults who are multi-disabled, helping them better integrate into the community.

Line Item	Description	FY01	FY02	FY03	FY04	FY05	H1 for FY06
4110-1000	Community Svcs.	4,093,938	3,819,001	3,629,082	3,673,070	3,733,070	3,653,326

FY01–FY05 Impact

Between FY02 and FY03, Community Services was cut by 11.35%. As a consequence, service cuts—that were never restored—impacted 500 adults and children. Through the early retirement initiative, 11.25 full time staff were cut. Caseloads went up and whole regions of the state went poorly served, including 125 children in the Springfield area.

In FY04, level funding of \$350,000 to the DBCAN meant reducing service hours from 16 down to 12, and limited transportation reimbursement to accommodate a sharp increase in program interest by new clients.

For FY05, funding is still down 9% from the FY01 level, unadjusted for inflation. Modest funding increases between FY04–FY05 enabled rehiring in 5 positions covering rehabilitation teaching, supervision, and social work. Still, caseloads in FY05 average 90–100 per worker.

FY06 Needs

MCB has established the need for an additional \$250,000 for this account in FY06. The funds would bring the account up to \$3,983,070, still almost 3% below FY01's appropriation. The

funds are for three areas: \$50,000 for technology for blind elders; \$50,000 in expansion money for the DBCAM—there are 8–10 individuals on a waiting list; and \$150,000 for rehabilitation training, vision utilization, and communication services in community settings.

H1 for FY06 Recommendations

H1 proposes a \$79,744 (2.1%) cut to the FY05 level of funding and would reduce services.

Account: State Supplemental Security Income (SSI) for the Blind
Line Item: 4110-1010

The State Supplemental Security Income (SSI) for the Blind account funds benefits that augment those of the federal SSI program. Like federal SSI—an income supplement program funded by general tax revenues—this state program provides a modest cash benefit to low-income elderly, blind, and blind/disabled persons so that they may meet basic needs for food, clothing, and shelter. In addition to monthly benefit payments, this account also funds minimal Emergency Assistance for its participants. Currently, about 4,175 Massachusetts residents receive benefits; more than 70% of this caseload is made up of people over the age of 65.

Line Item	Description	FY01	FY02	FY03	FY04	FY05	H1 for FY06
4110-1010	SSI for the Blind	8,369,809	8,369,809	8,351,643	8,351,643	8,351,643	8,351,643

FY01–FY05 Impact

The FY03 budget cut \$18,166 from this line, which had been level-funded for years. The final FY04 budget funded the account at the reduced FY03 level, but did maintain the program within MCB instead transferring it to the Department of Transitional Assistance (DTA) as the governor had proposed. For FY05, the account is level-funded with FY04.

H1 for FY06 Recommendations

H1 recommends level funding for this program.

Account: Administration/Medicare
Line Item: 4110-1020

The Administration/Medicare account funds administrative staff who determine whether blind applicants are eligible for Medicaid. When an individual is found to be eligible, Medicaid benefits are then administered through the Division of Medical Assistance (DMA). The range of services available is the same as for all other Medicaid recipients: hospital, outpatient, physician and nursing home services; as well as medication, diagnostic, preventive and rehabilitative services.

Blind people uniquely need assistance with Medicaid paperwork and this department helps maintain the eligibility of some 4,175 blind persons in addition to processing new applications. Elders over the age of 65 comprise about 50% of the caseload. The other half are non-elderly people with disabilities, including one or more condition(s) other than blindness.

Line Item	Description	FY01	FY02	FY03	FY04	FY05	H1 for FY06
4110-1020	Admin/Medicare	421,813	416,206	313,979	323,947	321,461	316,884

FY01–FY05 Impact

In FY03, this account was cut by almost 25%. Between the early retirement initiative and budget-driven layoffs, the agency has lost over 4 employees—from 10.85 full-time equivalent staff (FTEs) at the start of FY02 to 6 FTEs in FY03. MCB reports that the staff reduction means it is taking longer to serve this client base.

For FY04, the governor's \$100,000 veto was overridden by the legislature—the final allocation provided maintenance funding at the reduced FY03 level.

For FY05, the account is level-funded with FY04.

H1 for FY06 Recommendations

H1 for FY06 proposes to cut this account by \$4,577 from the FY05 funding level.

Accounts: Turning 22 (T22) and Turning 22 New (T22 New)

Line Items: 4110-2000 and 4110-2001

The Turning 22 (T22) account funds community-based support and residential services for older deaf/blind and multi-disabled individuals and those who turned 22 in the previous year. This account should grow each year to annualize services to those young people. Currently, residential services are provided to 69 individuals with multiple disabilities. An additional 418 deaf/blind and multi-disabled people receive some community-based support services through this account.

The Turning 22 New (T22 New) account funds the same services for young people with multiple disabilities who are graduating from or aging out of special education programs (by turning 22) in the current fiscal year. About 3–10 eligible individuals turn 22 each year.

Line Item	Description	FY01	FY02	FY03	FY04	FY05	H1 for FY06
4110-2000	Turning 22	7,798,576	7,760,004	7,744,790	8,000,574	8,074,775	8,891,043
4110-2001	Turning 22 New	320,000	120,000	165,000	36,500	297,000	4110-2000
Totals:		8,118,576	7,880,004	7,909,790	8,037,074	8,371,775	8,891,043

FY01–FY05 Impact

The FY02 budget cut \$578,707 from the base of these accounts, reducing services to 500 deaf/blind individuals. Everything from adaptive equipment, respite, specialty training, orientation and mobility training to socialization and recreation services were impacted. These service reductions were never restored.

In FY05, Turning 22 residential needs are fully met, providing for annualization and new program participants. However, because the FY02 base cut of \$578,707 remains, only T22 individuals in residential settings are getting their needs met. Others receive information and referral and the very occasional service or device. Only the highest needs are responded to.

FY06 Needs

MCB has established the need for \$295,000 to support 6 Turning 22 New (line item 4110-2001) program participants in FY06, and an additional \$467,000 to fully annualize FY05's T22 participants (line item 4110-2000). Total combined funding need for both accounts is \$8,836,775, without building back the FY02 service cuts.

H1 for FY06 Recommendations

H1 recommends \$519,268 above the FY05 funding level for a consolidated Turning 22 account. This increase includes approximately \$90,000 for the salary reserve initiative for the lowest paid direct care workers. Keeping in mind the salary reserve funds, MCB reports the account would be about \$30,000 short of full funding for new and annualized services to Turning 22 program participants.

Account: Vocational Rehabilitation (VR)
Line Item: 4110-3010

The Vocational Rehabilitation (VR) account funds evaluation and assessment, the Technology for the Blind program, vocational training and equipment (including software), job placement assistance, and post-employment services. The goal of MCB's VR program is to assist all eligible and interested blind persons to secure employment, independent homemaker status or non-competitive employment, depending upon their interests and abilities. In FY04, there were 1,400 active participants; 194 were rehabilitated.

Line Item	Description	FY01	FY02	FY03	FY04	FY05	H1 for FY06
4110-3010	Voc. Rehab	2,675,450	2,635,560	2,622,740	2,588,521	2,588,521	2,588,521

FY01–FY05 Impact

Between FY02 and FY04, VR was cut 3.25% from its FY01 level, unadjusted for inflation. Staff was cut from 139 full-time equivalent staff (FTEs) in FY02 to 121 FTEs in FY04. The FY04 budget stripped MCB of its designation as the single state agency for vocational rehabilitation services to blind persons and moved this designation to the Executive Office of Health and Human Services (EOHHS). Insiders report that the VR program has reduced the high tech devices available and that rehabilitations take longer.

As of FY05, MCB reports that it is down just 5 FTEs from their FY01 level. Level funding with FY04, however, will worsen the thin provision of high tech equipment for blind individuals who are pursuing education and seeking employment. The account remains 3.25% below the FY01 funding level, unadjusted for inflation.

FY06 Needs

MCB has established the need for an increase of \$175,000 to this account to serve blind college and university students.

H1 for FY06 Recommendations

H1 recommends level funding for the VR account in FY06.

Account: Ferguson Industries**Line Item: 4110-4000**

Ferguson Industries employs people with multiple disabilities to perform light industrial work producing home and office products for sale. A Homebound Program funds persons who work in their homes producing articles that are sold by Ferguson Industries. Sales bring in about \$900,000 in revenues annually. A portion of the revenues is returned to MCB, and any amount over \$700,000 goes back into the general fund. Currently, 34 blind/multi-disabled workshop employees are employed at Ferguson, down from 45 persons 11 years ago.

Line Item	Description	FY01	FY02	FY03	FY04	FY05	H1 for FY06
4110-4000	Ferguson Ind.	2,125,949*	2,184,492	1,859,740	1,884,200	1,885,073	1,847,796

* This figure includes the \$387,000 that MCB reports it received in a supplemental budget for rent.

FY01–FY05 Impact

Since FY02, Ferguson Industries has been cut nearly 14%, unadjusted for inflation. In FY03, funds were cut for the raw materials the program needs to keep its employees busy. In FY04, Ferguson moved to a new location in Malden and has a new director (who is also the director of vending).

In FY05, level funding continues to impact the program's productivity, which in turn impacts the revenue the program creates and further shrinks its budget.

FY06 Needs

MCB has established the need for an additional \$135,000 for this line item in FY06 to enhance Ferguson's production capacity and to hire new workers.

H1 for FY06 Recommendations

H1 recommends an additional cut of \$37,277 to Ferguson Industries from the FY05 level.

Massachusetts Commission for the Deaf and Hard of Hearing

Line Item	Description	FY01	FY02	FY03	FY04	FY05	H1 for FY06
4125-0100	MCDHH	\$5,656,825	\$5,384,778	\$4,991,808	\$4,929,536	\$5,264,267	\$5,373,170
4125-0101	Interpreter Svcs. Ret. Rev.	105,000	105,000	149,500	175,000	175,000*	175,000*
4125-0122	Interpreter Chargeback	120,000	120,000	160,000	160,000	160,000*	160,000*
Totals	MCDHH	5,881,825	5,609,778	5,301,308	5,264,536	5,599,267	5,708,170

* Note: MCDHH collects about \$15,000 less than the combined ceilings for these revenue accounts.

The Massachusetts Commission for the Deaf and Hard of Hearing (MCDHH, the Commission) is within the Office of Community and Disability Services under the umbrella of the Executive Office of Health and Human Services (EOHHS). MCDHH serves 3 groups: people who are deaf; people who are hard of hearing; and people deafened late in life. The Commission provides specialized services for persons with disabilities and technical assistance to other state agencies so that they may serve deaf and hard of hearing individuals. Over 5,000 persons are served annually through case managers and Deaf and Hard of Hearing Independent Living Services (DHILS) providers. In addition, 20,000 interpreter requests are filled annually.

Approximately 8.6% of the general population has a hearing loss—an estimated 546,022 persons in Massachusetts. MCDHH serves individuals of all ages. Populations particularly in need of services are immigrants and the elderly—65% of people over age 75 are hard of hearing or deaf.

FY05 OVERVIEW

Partial Restoration to Emergency Interpreter Services; Service Gaps Persist

In FY05, MCDHH received a 7% increase over the FY04 funding level, which is partially restoring its After Hours Emergency Interpreter Services program. Overall, this budget is still 6% below FY01, unadjusted for inflation. MCDHH staff has been cut 16% between FY01–FY05, from 72.3 to 56.4 full-time equivalent staff (FTEs).

H1 FOR FY06 OVERVIEW

For MCDHH as a whole, H1 for FY06 recommends an increase of \$108,903 (2%). The budget would maintain services at the FY05 level.

Line Item Analysis

Unlike the other agencies, MCDHH has one account for all of its program funding, matched by 2 accounts for reimbursements from the federal government and other state agencies. Because of this funding structure, the charts are not reproduced within the program analysis below.

Program: After Hours Emergency Interpreter Services

The After Hours Emergency Interpreter Services program provides on-call interpreters for deaf and hard of hearing persons experiencing medical, mental health, and legal emergencies that require immediate assistance. Funds for this program extend the regular weekday service into nighttime and weekend hours by forwarding calls to the pagers of interpreters on duty in each region of the state. Because interpreters work these extended hours on a volunteer basis, there may be times in a given region when no emergency after-hours services are available.

The toll free emergencies-only phone number is 1-800-249-9949.

FY01–FY05 Impact

In FY03, this program was funded at \$140,000. In FY05, MCDHH has just \$100,000 to pay for on-call emergency interpreter stipends. The current “fill rate”—percentage of requests successfully responded to—is approximately 75%.

FY06 Needs

To provide full coverage statewide, \$400,000 is needed for this program. MCDHH has established the need for an additional \$160,000 for this service in FY06.

H1 for FY06 Recommendations

H1 would maintain services at the FY05 level.

Program: Staff and Community Interpreter Services

The Staff and Community Interpreter Services program funds interpreters for deaf, late deafened, and hard of hearing individuals. Legal interpreters provide court room interpretation.

FY01–FY05 Impact

In FY01, there were 11 MCDHH-approved legal interpreters statewide.

In FY05, there are just 10 such positions, a 25% cut from FY04 alone that has left Boston, Western and Central Massachusetts, Cape Cod, and the southeast regions under- or unserved. The shortage is hampering the Commission’s ability to function and individuals’ capacity to access basic legal, emergency and human services supports.

FY06 Needs

MCDHH has established the need for an additional \$125,000 in FY06 for communication access for substance abuse services.

H1 for FY06 Recommendations

H1 would maintain services at the FY05 level.

Program: Interpreting and CART (Communication Access Real Time Interpreting) Referral Services

The Interpreting and CART (Communication Access Real Time Interpreting) Referral Services program provides stenographers and computer equipment to individuals and organizations. The

objective is to help with the responsibility to provide accommodations for persons with disabilities under the Americans with Disabilities Act (ADA) and other state and local statutes. Courts, doctors, lawyers, therapists, hospitals, museums, libraries, police departments, fire departments, colleges, universities, and employers are all examples of parties required to provide effective communication for deaf, late deafened and hard of hearing people.

A CART provider types spoken language into a stenographic machine connected to a computer. The computer uses special software to translate the shorthand into English and display it on a laptop computer monitor or a large wall screen, depending on the needs of the setting. Freelance CART provider fees range from \$150–195 for the first two hours or any part thereof and \$50–65 per hour thereafter. Additional charges may apply for projection equipment or other supplies.

FY01–FY05 Impact

In FY04, the fill rate for medical and hospital interpreter requests was just 69%. In FY05, this program is suffering from a severe shortage in freelance interpreters and the elimination of 3 of MCDHH's referral specialist positions.

FY06 Needs

MCDHH has established the need for an additional \$100,000 in FY06 for CART services.

H1 for FY06 Recommendations

H1 would maintain services at the FY05 level.

Program: Communication Access, Training and Technology Services (CATTS)

The Communication Access, Training and Technology Services (CATTS) department within MCDHH provides general information and referrals, education and training, and technical assistance for assistive technology. CATTS services help other state agencies to understand their legal responsibilities to provide accommodations for deaf, late deafened, and hard of hearing persons, and hence creates access for these persons to a range of public and private services.

According to MCDHH, typical requests are for information on: MCDHH services, the Americans with Disabilities Act (ADA), other state and federal laws, sign language and speechreading classes, communication access, assistive technology, programs and support services, interpreter/CART issues, and schools and summer camps.

FY01–FY05 Impact

Since FY01, these services have been cut by 50%. There are now just 4 staff conducting Americans with Disabilities Act (ADA) communication-access compliance trainings and providing technical assistance to state agencies, hospitals and law enforcement.

FY06 Needs

Restorations in this service area are critical for ensuring deaf individuals' access to other state services, as well as adequate enforcement of their rights under the ADA.

H1 for FY06 Recommendations

The governor's budget would maintain services at the FY05 level.

Program: Hard of Hearing Outreach

The Hard of Hearing Outreach program had been responsible for publicizing services that can meet the needs of hard of hearing residents in the state.

FY01–FY05 Impact

In FY02, funds for this program were eliminated—a \$250,000 loss. Currently, the Communication Access, Training and Technology Services (CATTS, see its program description above) is the only outreach MCDHH conducts, and there are no activities that specifically target elders, the largest group with hearing loss.

FY06 Needs

Restorations to Hard of Hearing Outreach would help ensure that individuals in need of deaf and hard of hearing services can access them.

H1 for FY06 Recommendations

H1 does not restore this program.

Program: Case Management

The Case Management program assists deaf, hard of hearing, and late deafened persons in coordinating and navigating the range of supports they may need. Activities of this program include: referral services; cross-agency case coordination; technical assistance to state and community agencies in policy and procedures development; assistance to deaf, late deafened and hard of hearing individuals with complex life situations; bilingual case management services; and training to hard of hearing individuals regarding factors related to hearing loss. The total MCDHH adult/child caseload was approximately 3,420 in FY04.

FY01–FY05 Impact

In FY05, MCDHH case management is provided by just 7.5 full-time equivalents for the entire state. New clients are currently having to wait six weeks to be contacted by a case manager. Additionally, there are only 3 children's specialists, a number woefully inadequate given the universal newborn hearing screening referrals the Commission has been receiving.

FY06 Needs

MCDHH has established the need for an additional \$225,000 in FY06 for case management and social services.

H1 for FY06 Recommendations

H1 would maintain services at the FY05 level.

Program: Assistive Technology

Through the Assistive Technology program, MCDHH provides “funds of last resort” for a range of supports that enable individuals to live independently and fully, including: hearing aids; hearing aid repairs; Assistive Listening Devices; closed caption decoders for televisions; baby cry lights; doorbell lights; visual/vibrating alarm clocks; visual/vibrating smoke alarms; door

knock lights; and other devices. Eligible individuals either meet low-income guidelines, are receiving Transitional Aid to Families with Dependent Children (TAFDC) benefits, or are receiving Supplemental Security Income (SSI) benefits. [Editor's Note: See the Department of Transitional Assistance chapter, line items 4403-2000 and 4405-2000 and the Massachusetts Commission for the Blind chapter, line item 4110-1010, for more information on these 2 programs.]

FY01–FY05 Impact

In FY01, 83 individuals were served with hearing aids. In FY05, just 10–12 persons will receive assistance. The waiting list is currently at 123 persons.

FY06 Needs

The deaf community and the Disability Policy Consortium are advocating for all health insurance providers to cover a minimum of 85% of the cost of hearing aids. Hearing aids cost \$2,000–3,000 and last an average of 5 years. It is estimated that only 25% of people who would benefit from hearing aids receive effective hearing-related health care.

H1 for FY06 Recommendations

H1 would maintain services at the FY05 level.

Program: Deaf and Hard of Hearing Independent Living Services (DHILS)

The Deaf and Hard of Hearing Independent Living Services (DHILS) programs are run through a statewide network of 10 private, nonprofit agencies that provide a range of services to support deaf, late deafened, and hard of hearing individuals. DHILS agencies employ persons who are themselves deaf, late deafened, or hard of hearing to be Independent Living Specialists. These specialists work with individuals to set and achieve their own personal goals for independent functioning in family, school, employment, and community situations.

Services offered include: peer-mentoring; self-advocacy training; life skills training; workshops and recreational activities; loans of assistive technology equipment; information and referral; and emergency intervention. The DHILS programs serve approximately 1,360 individuals annually.

FY01–FY05 Impact

In FY02, DHILS agencies were cut by 8%. They have received no increases since. Staff are poorly paid. Consequently, employee turnover is a problem. As of FY05, all DHILS agencies are now under-funded. These agencies are also under stress due to a lack of training opportunities, impacting their ability to advocate effectively on immigration, housing, and taxation issues. Exacerbating this situation, 5 of MCDHH's programs contract with Deaf, Inc., which has also recently lost United Way funding.

FY06 Needs

MCDHH has requested an additional \$100,000 in FY06 for DHILS.

H1 for FY06 Recommendations

H1 would maintain services at the FY05 level.

Massachusetts Department of Public Health

Line Item	Description	FY01	FY02	FY03	FY04	FY05	H1 for FY06
4510-0600	Environmental Health Services	3,947,284	4,030,022	2,702,345	2,709,962	3,146,865	3,187,661
4512-0103	AIDS Prevention, Treatmt. & Svcs.	49,569,025	40,561,545	34,972,875	32,056,975	33,344,099	34,697,303
4512-0106	HIV Rebates (Ret. Rev.)	1,200,000	1,200,000	1,200,000	1,200,000	1,900,000	1,900,000
4512-0500	Dental Health Services	1,305,021	1,429,675	1,397,396	1,399,150	1,556,150	1,556,150
4512-0501	Tufts Dental Prog. Equip.	--	518,920	0	0	0	--
4512-1300	Family Planning Services	977,344	988,961	0	0	0	--
4513-1000	Family Health Services	12,775,715	11,485,421	10,344,077	4,840,000	7,010,000	8,332,196
4513-1002	WIC Nutrition Services	13,927,265	13,663,615	13,142,281	12,571,048	12,571,048	12,859,601
4513-1010	Early Intervention (Ret. Rev.)	2,414,628	2,556,679	2,538,952	2,700,050	2,700,050	2,700,050
4513-1020	Early Intervention	29,663,816	29,716,956	28,562,518	29,188,130	29,270,778	29,840,024
4513-1021	Early Intervention Respite Services	414,663	390,754	0	0	0	--
4513-1023	Newborn Hearing Screening	83,085	66,628	0	83,060	83,060	83,060

* Final FY05 Budget includes Prior Appropriations Continued for FY04 in the supplemental budget passed in September 2004.

The Massachusetts Department of Public Health (MDPH) is part of the Office of Health under the umbrella of the Executive Office of Health and Human Services (EOHHS). MDPH operates scores of programs charged with carrying out preventive, educational, public relations, research, direct therapeutic and health, laboratory research, data collection, and numerous other services on behalf of public health in the Commonwealth.

These programs include: smoking cessation and treatment for gambling addiction and substance abuse; services for survivors of sexual assault; education on and testing for many forms of cancer and other diseases; services for people with HIV and AIDS; tuberculosis testing; a system of state hospitals; the maintenance of health statistics and vital records; family programs like the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) and Early Intervention for young children at risk of developmental delays; management of state accreditation systems for nurses and other health professionals; and various health-system and patient-protection quality oversight.

Even more than most agencies, the work of MDPH is considered by public health proponents to reduce future and emergency costs to tax payers.

FY05 OVERVIEW

MDPH Attempts to Cope with a Budget Slashed 29% Between FY01–FY04

The FY05 story at MDPH only comes into clear focus with an understanding of the agency's recent history. Between FY01–FY04, MDPH's budget was cut 29%, unadjusted for inflation. For just non-hospital programs, the FY01–FY04 cut was 37%. These were the deepest cuts to any agency within the Executive Office of Health and Human Services (EOHHS). April 2004 data shows that MDPH has cut 363 full-time equivalent staff (FTEs) since FY01, a total staff loss of nearly 18%. Compounding these problems, cuts in local aid to cities and towns have been deep and public health services are being slashed at the municipal level.

Researchers²³ have examined the effects of recent MDPH budget cuts on the Commonwealth and concluded, in part, the following:

- Cuts fall disproportionately on the poor, communities of color, women, and children. Cuts to school health, prostate and breast cancer awareness, diabetes, teen pregnancy prevention, WIC, prenatal care, AIDS, etc. all disproportionately impact communities of color, women, and in some cases children.
- Cuts to public health infrastructure make health disparities and other vital health impact data difficult to track. Cuts in the public health infrastructure have reduced capability at state and local levels to maintain information systems that track diseases, health problems, and how services are being used.
- The service-delivery system is now in jeopardy. In Massachusetts, local services are provided by an infrastructure of private, community-based provider agencies. Replacing large state institutions, they have demonstrated their ability to reach populations often ignored by larger, more centralized agencies. Cuts have eliminated some of the most successful and innovative programs and vulnerable people have been cut from care with nowhere to go.
- MDPH cuts increase stress on the Uncompensated Care Pool and MassHealth. Elimination of preventive health protection programs funded by the state will increase the need for primary care, particularly for the poor and uninsured, thereby increasing the strain on MassHealth and the Uncompensated Care Pool.

Between 1990–2003, Massachusetts fell from 1st to 22nd in a nationwide ranking of state support for public health. While more federal funding has been provided to the states for public health infrastructure, these funds do not begin to compensate for state cuts in Massachusetts. Over \$28 million in new money has come from federal sources, including the Center for Disease Control (CDC) and the Prevention and Health Resources and Services Administration, compared with nearly \$160 million cut from state funding for MDPH and local health agencies.

FY05 Sees 9% Improvement over FY04—But Still 23% below FY01

In FY05, including a September 2004 supplemental budget that was applied to FY05, the legislature restored \$32.8 million of the MDPH cuts that had been sustained since FY01. Yet for non-hospital programs, the MDPH budget is still 31.5% below the FY01 level, unadjusted for inflation; with hospital programs included, the funding loss since FY01 is 23%.

²³ Kurland, Judith and Deborah Anne Walker. "Funding Cuts to Public Health in Massachusetts: Losses over Gains, 2004," Massachusetts Health Policy Forum. Available at: www.tbf.org/boston/boston-L1.asp.

Partial restorations include the following: \$14.7 million more for the Bureau of Substance Abuse Services (44% above FY04); \$700,000 more for the HIV Drug Assistance Program (58% above FY04); \$1.28 million more to AIDS Services (4% above FY04); \$2.17 million more to Family Health Services (45% above FY04); and \$125,000 more for Suicide Prevention (100% above FY04).

H1 for FY06 OVERVIEW

Near Level Funding Means More Program Erosion

H1 proposes a 1% increase to MDPH, from \$409.5 million in FY05 to \$416.1 million in FY06, according to the Mass. Public Health Association (MPHA). Most programs receive level or near level—not maintenance—funding. The lack of inflationary increases will translate into continued program erosion.

H1 would cut substance abuse services 5% (by \$2.6 million) as compared with FY05 funding, however he filed a supplemental budget for \$9.2 million on the same day as he released H1. Substance abuse advocates say the supplemental was for more than originally anticipated because of new information on the state's maintenance of effort matching requirements needed to preserve federal dollars for substance abuse. In addition, this budget badly under funds the beleaguered public health hospitals, and cuts the State Laboratory Institute by 1%.

*Line Item Analysis*²⁴

Account: Environmental Health
Line Item: 4510-0600

The Environmental Health account funds:

- The Division of Food and Drugs
- The Radiation Control Program
- The Bureau of Environmental Health Assessment
- The Community Sanitation Program
- The Renal Disease Program

The Bureau of Environmental Health Assessment's services include the tracking or surveillance of important diseases such as childhood asthma, childhood and other cancers, and lead poisoning. It is the expertise within this bureau that designs community-based studies and conducts investigation to clarify whether an environmental agent is causing illness.

Line Item	Description	FY01 Final	FY02 Final	FY03 Final	FY04 Final	FY05 Final Budget	H1 for FY06	% Change H1 vs. FY05
4510-0600	Environmental Health Services	3,947,284	4,030,022	2,702,345	2,709,962	3,146,865	3,187,661	1%

²⁴ *People First* is indebted to the Massachusetts Health Policy Forum, the Massachusetts Department of Public Health (MDPH), and the Massachusetts Public Health Association (MPHA). The line item analysis that follows is an amalgam of text and information gleaned from these sources and their budget analyses and communiqués. We also thank the numerous issue-based advocacy organizations whose fact-sheet information we've relied upon.

FY01–FY05 Impact

Funding to this line item was cut 37% between FY01–FY04, with 33% of all funded positions eliminated—a loss of both infrastructure and expertise.

Funding to the Bureau alone for its community studies has fallen by 39%. Meanwhile, the number of calls received by the Bureau’s Community Assessment program has increased by 22% over the same period. Many ongoing investigations have been discontinued mid-stream and other studies have gone into a longer waiting time for execution. MDPH reports that the cut in staff impacts regulatory services required by statute and provided by the Division of Food and Drugs, Bureau of Environmental Health Assessments, Radiation Control, and the Community Sanitation Program.

FY05 restored \$436,903 to this account, a 16% improvement over FY04. However, it added \$545,000 in new ear marking not included in FY04 and therefore core bureau functions were cut again. Overall, the account is still 24% below FY01, unadjusted for inflation.

Governor’s H1 for FY06 Recommendations

H1 recommends 1.3% more than FY05 to this account. The funding is for the POS Salary Reserve initiative and for collective bargaining contracts with unionized workers.

Account: HIV/AIDS Bureau

Line Items: 4512-0103 and 4512-0106

The HIV/AIDS Bureau is funded through 2 separate accounts.

Line 4512-0103 funds:

- HIV/AIDS Counseling and Testing Services—according to the Project ABLE coalition, in FY03 over 54,000 HIV tests were performed at these programs targeting difficult-to-reach individuals, such as the homeless and injection drug users;
- HIV/AIDS Specialty Care Services—for non-reimbursable services including home care and primary health care visits, mental health services, and medication adherence support programs; currently serving 8,000-10,000 people;
- HIV/AIDS Client Support Services—including nutrition, transportation, housing support, emergency assistance, respite care, and child care; currently serving 8,000-10,000 people.
- Prevention and Education Services—located in drop-in centers, substance abuse treatment programs, family planning programs, and community health centers; currently reaching tens of thousands of Massachusetts residents; and
- Substance Abuse Services—for individuals with or at risk of HIV seeking outpatient treatment for heroin use and inpatient detoxification treatment; thousands are served.

Line 4512-0106 funds:

- HIV Drug Assistance Program (HDAP)—to pay for life-saving AIDS medications for income-eligible people who are under- or uninsured. This is a retained revenue account collecting federal financial participation (ffp)—over 3,200 people are served through this combination of state and federal funds. (HDAP also receives funds through line item 4512-0103.)

Advocates with Project ABLE warn that the level of drug-resistant HIV virus in Massachusetts is increasing. An estimated 10% of new infections are caused by drug-resistant viruses. Interruptions in medical care due to budget cuts contribute to the development of these strains. More costly medical services are necessary due to cuts to programs which keep people healthier longer and living independently in their own communities. Out of the nearly 23,000 people infected in Massachusetts, several thousand do not know they are infected with HIV and may be putting others at risk of infection.

Line Item	Description	FY01	FY02	FY03	FY04	FY05	H1 for FY06
4512-0103	AIDS Prevention, Treatmt. & Svcs.	49,569,025	40,561,545	34,972,875	32,056,975	33,344,099	34,697,303
4512-0106	HIV Rebates (Ret. Rev.)	1,200,000	1,200,000	1,200,000	1,200,000	1,900,000	1,900,000
Totals:		50,769,025	41,761,545	36,172,875	33,256,975	35,244,099	36,597,303

FY01–FY05 Impact

FY02–FY04 budget cuts resulted in many program cuts for which restorations are still needed:

- Elimination of 25,000 HIV tests—representing about a third of the testing/counseling program—meaning that thousands of high-risk residents did not find out their HIV status, potentially putting others at risk;
- No provision of treatment and support services, including transportation, nutrition, and emergency assistance—essential for keeping people living in the community and able to follow complex treatment plans—to 2,500 people between FY01–FY04;
- Reduction or elimination of health center, home health care, and county jail-based programs;
- Cuts to prevention and education services of 38%—consequently 350,000 contacts with high-risk individuals were lost;
- A loss of Specialty Care Services—including home care, medication adherence help, and mental health services—for 1,000 individuals;
- Thousands of persons cut from narcotic treatment and several hundred were cut from detoxification treatment—at the same time that substance abuse treatment for more than 250 clients at the Department of Corrections (DOC) was cut.

In FY05, these HIV/AIDS accounts are funded at nearly 33% below their FY01 funding level, unadjusted for inflation and including the September 2004 supplemental budget for FY05 of \$2.4 million. The supplemental, combined with restoration of eligibility for the HIV MassHealth program from 133% to 200% of poverty, narrowly averted the creation of waiting lists at HDAP for life-saving drugs.

Still needed in FY05 is an additional \$2.2 million supplemental budget to cover the cost of serving individuals who should be covered by MassHealth. The state is waiting for the approval of an HIV Medicaid waiver, and the approval delay has resulted in \$2.2 million in unanticipated HDAP costs. MDPH anticipates the federal waiver will be approved and the clients moved to MassHealth before FY06.

FY06 Needs

Project ABLE is advocating for an additional \$7 million to 4512-0103 in FY06 to fund \$5.1 million beyond FY05 funding for HDAP to cover the rise in HIV infections (with 1,000 new infections per year) and \$1.9 million for Education and Prevention, Treatment, and Support Services.

H1 for FY06 Recommendations

H1 recommends \$1,353,204 (4%) for these services above the FY05 allocation. It maintains the ceiling on the HDAP retained revenue account (line item 4512-0106) at \$1.9 million. MDPH reports that \$1.086 million of the increase is maintenance funding for HDAP to continue supporting the 4,000 HDAP clients projected by the end of FY05. At this funding level, new enrollees in FY06 will have to be placed on a waiting list for life-sustaining drugs.

Account: Dental Health

Line Item: 4512-0500

The Dental Health account funds the Office of Oral Health, which provides public education and dental care for people who are court-mandated and people with developmental disabilities. Programs include:

- The Tufts Dental Program, that serves persons with disabilities with oral health education, screenings, and case management at 8 sites around the state and provides operating room facilities for extensive care and behavioral management at 2 Boston-area facilities;
- A community fluoridation program in 22 communities, serving 58% of the state's population;
- A statewide school fluoride mouth-rinse program for children, serving 59,000 children in non-fluoridated communities; and
- A Head Start fluoride tablet program in non-fluoridated communities, serving 2,000 children.

Line Item	Description	FY01	FY02	FY03	FY04	FY05	H1 for FY06
4512-0500	Dental Health Services	1,305,021	1,429,675	1,397,396	1,399,150	1,556,150	1,556,150
4512-0501	Tufts Dental Prog. Equip.	--	518,920	0	0	0	--
Totals:		<i>1,305,021</i>	<i>1,948,595</i>	<i>1,397,396</i>	<i>1,399,150</i>	<i>1,556,150</i>	<i>1,556,150</i>

FY01–FY05 Impact

In FY03, the account was cut by \$44,560, eliminating technical and financial assistance to new communities requesting support for starting a community water fluoridation system. Most programs have received level-funding for years.

In FY05, the account's funding grows by \$157,000 (11%). The increase is improving funding for the Tufts contract in order to expand services to developmentally disabled children and adults. New earmarking also designates a minimum of \$122,000 for a dental clinic in Taunton to serve moderate- to low-income residents. Last year's \$200,000 earmark to a different Taunton dental clinic is gone.

FY06 Needs

Health Care for All's (HCFA) Oral Health Advocacy Taskforce is working to bring statewide community water fluoridation to all communities in Massachusetts with public water supplies serving more than 5,000 residents. HCFA reports that the initiative would have an average statewide cost of 50 cents per person per year and would save millions of dollars annually on dental care. Massachusetts ranks 35th in the nation for fluoridation status.

H1 for FY06 Recommendations

H1 recommends level funding with the FY05 allocation.

Account: Family Health Services**Line Items: 4512-1300 and 4513-1000**

The Family Health Services account funds Primary Care Programs for Pregnant Women, Children, and Adolescents (and a number of other programs, not discussed here). These programs provide primary care to more than 130,000 pregnant women, children, and adolescents in 40 health centers and primary care sites serving low income and/or medically underserved communities across the state. These programs offer clinical care, psychosocial services, nutrition, outreach and case finding, case management and care coordination, and health promotion and disease prevention activities. Federal Maternal and Child Health funds also support these primary care programs.

Line Item	Description	FY01	FY02	FY03	FY04	FY05	H1 for FY06
4512-1300	Family Planning Services	977,344	988,961	0	0	0	--
4513-1000	Family Health Services	12,775,715	11,485,421	10,344,077	4,840,000	7,010,000	8,332,196
Totals:		<i>13,753,059</i>	<i>12,474,382</i>	<i>10,344,077</i>	<i>4,840,000</i>	<i>7,010,000</i>	<i>8,332,196</i>

FY01–FY05 Impact

Each of these critically important programs suffered severe cuts during the recent fiscal crisis.

Between FY02–FY03, Primary Care Programs for Pregnant Women, Children, and Adolescents were cut 36%, from \$1,702,414 in FY01 to \$451,000 in FY03. According to MDPH, cuts to primary care increase the use of emergency rooms and urgent care services, and diminish the ability to diagnose communicable diseases early. Cuts also cause a decrease in early prenatal care, and increase untreated mental illness, substance abuse, household violence, and other conditions for which primary care screens.

In March of FY03, FIRSTSteps, a maternal child health home visiting program that had served 20 sites in high-risk communities throughout the state, was eliminated. The program served 1,560 persons in FY02 and 952 persons in FY03. MDPH now channels the federal funding they receive into Early Intervention Partnerships—a revised model of what had been FIRSTSteps. Fewer individuals are served through this model.

In FY04, \$2.38 million of the reduction to this line represented funding transferred to other accounts. In addition, \$470,776 was cut from an Interagency Service Agreement (ISA) to the Department of Mental Retardation (DMR) that paid for 11 adult residential placements in staffed

apartments and community-based residences, along with the support and rehab services these clients need. DMR has had to cover these clients from their own limited budget.

FY06 Needs

Advocates are seeking a \$1.8 million increase to 4513-1000 in order to earmark \$6 million for family planning. They would like to see \$400,000 of this money earmarked for HIV counseling and testing services for at-risk family planning program participants.

H1 for FY06 Recommendations

H1 recommends \$8,332,196 for this account, a 15.86% (\$1,322,196) increase over FY05 funding. Of this money, \$72,832 is for annualization of the FY05 POS salary reserve initiative to increase the salaries of the Department's contracted direct care employees.

Account: Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)

Line Items: 4513-1002 and 4513-1012

The Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) program accounts fund this joint state-funded and federally-funded program. Line item 4513-1012 is a retained revenue account, holding federal matching funds the program generates.

WIC serves low- and moderate-income pregnant, breastfeeding and postpartum women; infants; and children up to age five who are certified as medically or nutritionally at-risk. The program provides nutrition education and counseling, health care and social service referrals, and checks to buy protein rich food—such as eggs, milk, and cheese—at stores approved by the program. WIC participants also receive coupons redeemable at community farmers' markets for fresh produce.

WIC became an entitlement program in Massachusetts in the early 1990s. Outreach is conducted to reach the homeless, nutritionally deficient, and poor in places like health care centers, churches, food pantries, shelters and soup kitchens. The average monthly caseload was 118,248 in FY03. It is projected to be 119,842 in FY04.

The Nutrition account also funds a statewide network of 6 growth and nutrition programs, established in 1984 to evaluate and treat children with growth deficiencies—children commonly known as having a “failure to thrive”—through a multidisciplinary approach. Services are provided by a physician, nutritionist, nurse practitioner, social worker, case manager and/or a specially trained psychologist. Thousands of children have been served since the network's inception.

Line Item	Description	FY01	FY02	FY03	FY04	FY05	H1 for FY06
4513-1002	WIC Nutrition Services	13,927,265	13,663,615	13,142,281	12,571,048	12,571,048	12,859,601
4513-1012	WIC (Ret. Rev.)	22,513,925	21,865,750	21,254,273	23,230,000	23,230,000	24,076,000
Totals:		<i>36,441,190</i>	<i>35,529,365</i>	<i>34,396,554</i>	<i>35,801,048</i>	<i>35,801,048</i>	<i>36,935,601</i>

FY01- FY05 Impact

Since FY01, WIC has been cut nearly 2%, unadjusted for inflation (and including consideration of the retained revenue account). The Department has worked to maintain its caseload during the economic downturn—when demand only rises—by reducing education and outreach materials.

MDPH notes that less access to WIC by women who need it will mean lower birth weight newborns, more premature births, and an increase in infant mortality.

FY06 Needs

MDPH has established the need for \$1.1 million in additional funding to the 4513-1002 account in FY06 to support an anticipated 5% inflationary rise in food expenses, particularly the price of milk. An additional \$846,000 is requested for line item 4513-1012 for a 5% increase in the cost of infant formula. Project Bread is advocating to maintain level funding for 4513-1002 in FY06.

H1 for FY06 Recommendations

H1 recommends \$12,859,601 for 4513-1002, a 2.3% (\$288,533) increase over FY05. It is essentially level funding, because the new money is for continuing the POS Salary Reserve initiative first funded through a separate account in FY05. H1 for FY06 does, however, increase the ceiling on the WIC retained revenue account (4513-1012) by \$846,000. The combined funding would cover an average monthly caseload of 120,555.

Account: Early Intervention

Line Items: 4513-1010, 4513-1020, 4513-1021

The Early Intervention (EI) accounts fund a statewide, comprehensive, developmental service available to families of children from birth to age 3 who have or are at risk for developmental delays. Family-centered diagnostic and treatment services are provided by nurses, social workers, speech, occupational, and physical therapists. Attention is focused as well on empowering families and providing family supports and networking. MDPH estimates the FY05 caseload will reach 30,294 persons (6.5% more than in FY04).

Line Item	Description	FY01	FY02	FY03	FY04	FY05	H1 for FY06
4513-1010	Early Intervention (Ret. Rev.)	2,414,628	2,556,679	2,538,952	2,700,050	2,700,050	2,700,050
4513-1020	Early Intervention	29,663,816	29,716,956	28,562,518	29,188,130	29,270,778	29,840,024
4513-1021	Early Intervention Respite Services	414,663	390,754	0	0	0	--
Totals:		<i>32,493,107</i>	<i>32,664,389</i>	<i>31,101,470</i>	<i>31,888,180</i>	<i>31,970,828</i>	<i>32,540,074</i>

FY01–FY05 Impact

Since FY01, the combined EI accounts have been cut 1.6% (\$522,279), unadjusted for inflation. At the same time, caseload has increased between 5–6.5% annually. In FY03, a former separate respite account was de-funded by consolidating it into the main EI account (line item 4513-1010) without corresponding funding.

The agency has kept up with demand in two ways.

- First, beginning in FY02, MDPH became the payer of last resort for these services—the law was changed so that third party payers (public and private insurers) are required to pay for services rendered by EI specialists up to a specified benefit cap. In FY05, this cap was increased from \$3,200 to \$5,200—the change is expected to keep up with the caseload increase, but reduced service hours are now the norm.

- Second, in FY03, MDPH cut services—group service hours and parent group service hours were cut back and transition services for special education eligible children along with some other provider reimbursements were eliminated.

The Early Intervention Consortium reports that in addition to service cuts, the program is also suffering due to stagnating provider rates. EI has a very high turnover for physical therapists, occupational therapists, speech pathologists, and other specialists. The last rate increase was for 1.21% in April 2002. The program used to employ nurses, but cannot anymore. High turnover negatively impacts families—when service coordinators change frequently, relationships with trusted practitioners are severed.

FY06 Needs

Advocates are requesting a \$2 million increase to line item 4513-1020 in FY06, earmarked for program enhancement (not caseload growth). The funds are needed for services—such as translator services and parent/family liaisons—that have been cut in recent years. In total advocates seek \$31,188,130 for line item 4513-1020 in FY06.

Advocates also call for the program to remain at MDPH and not to be moved into the new Department of Early Education and Care (DEE&C). They want to ensure that insurance providers continue to be able reimburse for medically necessary services, which could look suspect under an education and care department. The state is currently paying for just one-third of the cost of these services.

MDPH has established the need for an additional \$558,000 for line item 4513-1020 in FY06—\$384,994 is for an anticipated FY06 increase in autism costs and \$173,006 is for FY06 caseload growth.

H1 for FY06 Recommendations

H1 recommends \$569,246 (1.9%) above FY05. The funds would remain at MDPH and not be consolidated into the new DEE&C. MDPH reports that expansion funding of \$558,000 would allow the program to deliver services to 31,764 children—a 5% increase over the projected caseload of 30,251—during FY06. Approximately 70% of the additional funding will support specialty services for children with autism, and 30% will cover the general EI direct services caseload increase. The remaining new \$11,246 is to annualize the FY05 POS salary reserve initiative to increase the salaries of the lowest paid contracted direct care workers.

Account: Universal Newborn Hearing Screening Line Item: 4513-1023

The Universal Newborn Hearing Screening account funds the tracking, notification, and follow-through of newborns with potential hearing disorders to families, primary care providers, and early intervention programs. Since passage of a 1998 statute, hearing screenings are required prior to a newborn's discharge from a hospital or birthing center—4 babies in every 1,000 have a permanent hearing loss detectable by newborn hearing screening. MDPH reports that detecting hearing loss at birth and having habilitation well under way by six months of age has been shown to result in higher cognitive, language, and social outcomes than later diagnosis.

The program is also supported by federal funds through two sources: the Centers for Disease Control's (CDC) Childhood Hearing Data System Project, for a computerized infrastructure; and

the Maternal and Child Health Bureau's Massachusetts Infant Hearing Linkage Project, to help connect families to a continuum of services.

Line Item	Description	FY01	FY02	FY03	FY04	FY05	H1 for FY06
4513-1023	Newborn Hearing Screening	83,085	66,628	0	83,060	83,060	83,060

FY01–FY05 Impact

Since FY01, this line item has been cut by 17%, from \$100,000 to \$83,060. Under-funding at the Massachusetts Commission for the Deaf and Hard of Hearing (MCDHH) has also meant poor follow through for families referred to that agency.

H1 for FY06 Recommendations

H1 for FY06 recommends level funding.

Massachusetts Rehabilitation Commission

Line Item	Description	FY01	FY02	FY03	FY04	FY05	H1 for FY06
4120-1000	Admin.	\$367,321	\$480,788	\$421,311	\$404,864	\$409,264	\$571,395
4120-2000	VR Services	7,520,413	7,660,311	7,672,261	7,259,207	7,459,207	7,476,987
4120-3000	Employment. Svcs.	9,025,618	8,399,240	8,098,927	7,780,098	7,886,816	7,968,942
4120-4000	Ind. Living	7,023,433	7,628,212	7,255,346	7,471,512	7,520,512	7,798,601
4120-4001	Housing Registry	100,000	93,060	93,060	83,754	83,754	83,754
4120-4010	Turning 22	--	320,000	440,760	565,000	1,065,000	712,550
4120-5000	Home Care	4,704,801	4,774,767*	4,694,767	4,342,733	4,339,768	4,391,217
4120-5050	Home Care Ret. Rev.	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
MRC	<i>Subtotals w/o SHIP:</i>	\$30,741,586	\$31,356,378	\$30,676,432	\$29,907,168	\$30,764,321	\$31,003,446
4120-6000	SHIP	6,923,277	6,954,509	6,504,692	5,979,149	6,000,568	\$7,218,168
4120-6001	SHIP Trust Fund	750,000	1,000,000	1,800,000	off budget	off budget	--
4120-6002	SHIP Trust Ret. Rev.	2,000,000	4,500,000	5,000,000	off budget	off budget	6,748,592 off budget
SHIP**	<i>Head Injury Totals:</i>	\$9,673,277	\$12,454,509	\$13,304,692	\$5,979,149**	\$6,000,598**	\$13,966,760
MRC	Totals:	\$40,414,863	\$43,810,887	\$43,981,124	\$35,886,317	\$36,764,889	\$44,970,206

* Includes \$312,024 passed in supplemental budget.

** SHIP totals do not include “off budget” trust fund dollars. MRC spends \$6.8 million annually from the trust, based on historical collections.

The Massachusetts Rehabilitation Commission (MRC) is part of the Office of Community and Disability Services under the EOHHS umbrella. MRC contains 3 divisions—the Vocational Rehabilitation (VR) Services, Disability Determination Services Division, and the Community Services Division. The Commission provides services so individuals with disabilities can achieve maximum quality of life and economic self-sufficiency, including job training and placement, home care, and independent living services.

Over 150,000 people with all types of disabilities (except blindness, because those persons are served by the Massachusetts Commission for the Blind [MCB]) are served. Approximately 12% of the general population is made up of people with disabilities—representing 736,000 individuals in Massachusetts—and unemployment rates for people with disabilities are approximately 70% or higher.

FY05 OVERVIEW

Lowlights and Highlights: Waiting Lists Prevail in All Programs, but FY05 is an Improvement over FY04

Aside from the Statewide Head Injury Program, MRC's budget has not grown since FY01 and therefore fails to keep up with inflation or maintenance needs. Waiting lists are the norm at all programs, including Home Care (an entitlement under the state Medicaid plan). See the line-by-line analysis below for details on the waiting lists, under-funding, and FY06 needs at Community Services/Independent Living programs, Home Care, the Statewide Head Injury Program, Vocational Rehabilitation, and Statewide Employment Services.

The FY05 budget is a small improvement over FY04, which was the low of the FY01–FY05 period. A restoration of \$878,000 (2.4% above the FY04 allocation) includes \$500,000 of badly needed Turning 22 program funding (see line item 4120-4010, below).

New Funds Provided for Two Important Loan Programs

The Home Modification Loan Program provides loans for access modifications (like ramps and bathroom alterations). It helps keep elders, adults and children with disabilities in their own homes (or moves them home), rather than live in nursing facilities. Loans average \$20,800.

Advocates worked hard to see this program reauthorized in FY05, as part of a housing bond bill, and harder still to see a minimal \$2 million appropriated. Full funding would have required \$5 million, based on a \$25 million recapitalization over 5 years. MRC estimates that 65–70 families will be helped, leaving approximately 200 additional applications on the waiting list. Advocacy is needed to see more funds appropriated for FY06—\$8 million would provide full funding (including “catch up” funding for FY05).

The Assistive Technology Loan Program will provide eligible applicants with low-interest loans to purchase any type of assistive technology (van lifts, computers, recreation equipment, etc.). Loans may be for as low as \$500 or as much as \$60,000–70,000. MRC was provided \$565,000 in the FY05 supplemental budget as one-time funding to support start up of this new program. The state funds were the needed match to draw down \$1.7 million in federal grant support.

New Community-Based Housing Program Authorized

The governor authorized the creation of a new Community-based Housing Program in FY05, the result of advocacy efforts by the disability community to begin to address the dire lack of affordable accessible housing in Massachusetts. Once designed and funded, the program will serve very low-income people with disabilities who are not clients of either the Departments of Mental Retardation (DMR) or Mental Health (DMH) and are either institutionalized or at risk of institutionalization. The program is still in the planning stages at MRC and has not received any bond capitalization funds to date.

The Building Blocks Coalition, led by the Citizens' Housing and Planning Alliance (CHAPA) and other groups has been advocating for bond capitalization for the program. A minimum of \$3.5 million is requested for the first year. There are no estimates as yet for how many units of integrated, affordable, accessible housing the program will create. As of this writing, the Executive Office of Administration and Finance has yet to release the bond cap allocations for FY06.

H1 FOR FY06 OVERVIEW

A Solid Start to the Budget Debate, But No Help for Most Waiting Lists

H1 provides a solid foundation to build on. The governor has proposed no cuts to MRC and has recommended continued progress on the Turning 22 funding problem (“Turning 22” services are adult services provided to students who graduate or age out of special education, or other youth services). The budget provides funding to continue services to current Turning 22 clients (annualization) and \$712,550 for new program participants. It is the first time MRC’s new T22 account (line item 4120-4010), for those newly age 22, really will pay exclusively for new clients.

There is no help, however, for the Independent Living Centers (ILCs) or for the Home Care crisis. The ILCs have had level funding for 5 years and Home Care has a 4-month processing list for services. Home Care is supposed to be an entitlement under the state Medicaid plan and not carry waiting lists. Vocational Rehabilitation (VR) and its long waiting list would also make no progress under this budget. Individuals with disabilities, advocates, and families will be looking to the legislature to help restore the effectiveness of these programs for FY06.

Line Item Analysis

Account: Administration

Line Item: 4120-1000

The Administration account funds the administrative expenses of the MRC, including the state-funded staff who run MRC programs. Federal funds pay for the bulk of MRC staff salaries, including vocational rehabilitation and disability determination staff.

Line Item	Description	FY01	FY02	FY03	FY04	FY05	H1 for FY06
4120-1000	Admin.	\$367,321	\$480,788	\$421,311	\$404,864	\$409,264	\$571,395

FY01–FY05 Impact

FY02 brought a large rent increase to MRC; it is reflected in that year’s administration appropriation and the vocational rehabilitation appropriation.

FY03 cut this account nearly \$59,477 and MRC distributed this reduction throughout the rest of its state accounts, thereby impacting programming. FY04 cut another \$16,447. New line item language allows the Commissioner to transfer up to 10% of any account to any other account. This change is positive for the agency, allowing for a greater degree of flexibility.

The FY05 budget, improved funding for this account by \$4,400.

FY06 Needs

The FY05 funding level remains \$71,524 below that of FY02, a cut of nearly 15%. Consequently, operational costs are still being shifted to program/service accounts—this is a problem to address in FY06.

H1 for FY06 Recommendations

H1 for FY06 recommends \$162,131 (39%) above the FY05 allocation.

Account: Vocational Rehabilitation (VR) Services
Line Item: 4120-2000

The Vocational Rehabilitation (VR) account—along with federal VR matching funds required by the federal vocational rehabilitation program (line item 4120-0020)—provides funding to operate 25 Vocational Rehabilitation area offices and 215 rehabilitation counselor positions. Vocational rehabilitation, employment, job placement, and van and housing modification services are provided to persons with mental or physical disabilities (except those who are blind and are served through the Massachusetts Commission for the Blind [MCB]).

VR served 34,000 individuals with disabilities in FY04, of whom 2,848 achieved employment. In comparison, over 39,688 were served in FY01, when 2,014 more people with disabilities were moved into competitive employment than in FY04. Although the State Rehabilitation Council reports that for every dollar invested in VR services, \$16 is returned, VR is serving thousands fewer clients on an annual basis.

Since 1999, anyone who is disabled and chronically unemployed, but not severely disabled, receives no VR services. The use of a waiting list triggers an order of selection system that prioritizes individuals with the most severe disabilities. Even counseling and guidance, as unpaid services, cannot be provided if the applicant fails to fit the federally-mandated order of selection criteria.

Line Item	Description	FY01	FY02	FY03	FY04	FY05	H1 for FY06
4120-2000	VR Services	7,520,413	7,660,311	7,672,261	7,259,207	7,459,207	7,476,987

FY01–FY05 Impact

In FY03, the VR waiting list ballooned to 7,000. Many went unserved and dropped off the list out of discouragement. By FY04, the waiting list was 1,500–2,000 (with an average 4-month wait per individual).

In FY04, state funding to VR was cut by nearly 5.4%. Although the total state/federal VR budget is \$50 million, federal reimbursements and state funding have not come close to keeping pace with the effects of collective bargaining increases, the increased cost of services purchased for program participants to go to work (and other inflationary increases), or the double digit increase in demand for services by persons with significant disabilities. Federal funds to VR fell below what they were in FY97. Additional federal funding cuts were threatened but not enacted. Despite rehiring 30 rehabilitation counselors in FY04, caseloads were at 100–120 per counselor.

In FY05, the legislature provided an additional \$200,000 above FY04, partially restoring that year's cut. However, the Disability Policy Consortium and the State Rehabilitation Council had advocated for an additional \$600,000. The wait for services remains approximately 4 months from the date of application. Large counselor caseloads, coupled with the order of selection system (triggered by a lack of resources), are the biggest limitations.

FY06 Needs

MRC has established the need for an additional \$500,000 for VR in FY06. The funds would provide services for young adult clients of the Departments of Youth Services (DYS) and Social Services (DSS) who are receiving special education and transitioning to adult services, thereby

assisting at-risk youth to get into the work force. The State Rehabilitation Council is requesting an additional \$800,000 for this account in FY06 to reduce the waiting list.

H1 for FY06 Recommendations

H1 recommends an increase of just \$17,780. There are no new service funds for VR.

Account: Statewide Employment Services (SES)

Line Item: 4120-3000

Statewide Employment Services (SES) funds the Extended Employment Program (EEP) and Community-Based Employment Services (CBES).

EEP, with \$5 million in FY05, funds rehabilitation facility-based (sheltered) and community-based employment settings for persons with severe disabilities. Individuals learn basic work skills and complete subcontracted work that the facilities procure. People who participate in these programs work for at least 5 hours a day, 5 days a week. They earn minimum wage or are paid piece rate earnings (often sub-minimum wages). In FY05, 832 people with disabilities are served. MRC has cut this program in half in the last 15 years.

CBES is a supported work program, funded in FY05 with \$2.4 million. It operates various federal- and state-funded programs for people with severe disabilities. The programs provide assessment, job placement, individual employment supports, extended services, training, and job development. Individuals must work for a minimum of 20 hours per week to be eligible. In FY04, 800 persons were served; 229 of these were placed in competitive employment. Approximately 190 receive ongoing (called “extended”) supports to remain employed.

Line Item	Description	FY01	FY02	FY03	FY04	FY05	H1 for FY06
4120-3000	Employmnt. Srvcs.	9,025,618	8,399,240	8,098,927	7,780,098	7,886,816	7,968,942

FY01–FY05 Impact

Between FY01–FY04, SES was cut by over \$1.1 million (13.8%), unadjusted for inflation. As a result, 300 placement slots were cut, most from EEP. MRC has had limited funds to provide ongoing supports to CBES program participants who need them in order to remain in competitive employment. The cost per program participant per year averages \$2,500, and only \$419,000 was available in FY04. Only state funding can be used for these “extended” employment supports. There are waiting lists for both programs.

In FY05, the legislature restored \$106,718 to the SES account, leaving it down over 12.5% from the FY01 funding level. The restoration enabled MRC to take 18 people off the 50-person EEP waiting list. Although MRC has prioritized CBES in recent years, they report that dozens of people have been waiting 3–4 years for EEP services.

FY06 Needs

MRC has requested \$416,000 to eradicate the EEP and CBES waiting lists in FY06. The State Rehabilitation Council has requested an additional \$500,000 for CBES to provide the extended supports that individuals need to remain in competitive work.

H1 for FY06 Recommendations

H1 recommends just \$82,126 above the FY05 funding level, which is mostly salary reserve funding for vendored direct care workers only.

Accounts: Independent Living and Turning 22 Services Line Items: 4120-4000 and 4120-4010

The Independent Living and Turning 22 Services accounts fund a number of programs—Independent Living Centers, Adult Supported Living Services, Assistive Technology (including Project SHARE), Protective Services, and Turning 22 Services (including the Transition to Adulthood Program). Each of these programs is presented separately in the list below.

- There are currently 11 Independent Living Centers (ILCs) (line item 4120-4000). ILCs provide independent living services, peer counseling, skills training, help in finding housing, information, advocacy and other services to assist individuals with severe disabilities to leave institutions and to prevent institutionalization of people who currently live in the community. ILCs are staffed, for the most part, by people with disabilities, and the ILC boards of directors are made up of at least 51% of people with disabilities. Annually, 12,000 people are served by ILCs. Formal waiting lists are not maintained. In FY04, 80–90 people were helped to leave institutions, while over 480 people were assisted to stay out of nursing homes.
- Adult Supported Living (ASL) Services (line item 4120-4000) are provided to help people move out of or prevent them from entering nursing homes. Approximately 4 hours per week of case management is provided for those individuals participating in the personal care attendant (PCA) program. PCAs are employees who provide at-home assistance for people with disabilities, allowing many to avoid living in facilities. In FY03, the average cost for ASL case management was \$6,551 per program participant. With PCA services it was \$38,902. In contrast, nursing homes can average \$65,000 per person per year. In FY04, this program moved 7 people with severe disabilities out of nursing homes into community living. Currently, 93 adults receive ASL services. These persons all have severe physical disabilities in addition to the presence of cognitive impairments, mental illness, multiple medical problems, or other difficult life circumstances.
- Assistive Technology (AT) Services (line item 4120-4000) provide low- and high-tech solutions to increase independence for individuals in major life functions such as seeing, hearing, breathing, manual dexterity, mobility, communicating, learning, working, or self-care. These are last resort services. People who are eligible for similar services through Special Education, Vocational Rehabilitation, and other EOHHS agencies may not receive AT through this program. Annually, 300 persons are served. A related program, Project SHARE, is operated at UMass Dartmouth and funded through an interagency services agreement. This cost-effective program provides technology to help people with severe disabilities communicate and have as much independence as possible.
- Turning 22 (T22) Services (line items 4120-4000 and 4120-4010) are for young people with severe physical disabilities when they reach 22 years of age and graduate from special education programs. T22 provides a continuum of community living options, from minimal supported living case management—personal care attendant (PCA) and financial case management for those in their own apartments—to intensive services with 24 hour / 7 day supports for those in secure residential settings. Most of the young people who receive supported living services are graduates of the Massachusetts Hospital School in Canton. Case

management and transition planning begin while the young people are still in school through the Transition to Adulthood Program (TAP), also funded here. TAP provides skills trainers from ILCs who go into school systems to work with individuals before they turn 22, in order to facilitate a smooth transition from school to the community. In FY04, 67 persons were served. Service to 74 individuals is projected for FY05.

- The Protective Services program (line item 4120-4000) handles referrals that MRC receives from the Disabled Persons Protection Commission (DPPC) hotline. [Editor’s Note: See the “Other Disability Advocacy and Information Agencies” chapter, line item 1107-2501, to learn more about the DPPC.] MRC then conducts investigations, provides post-investigation services to people who have been found to be at risk for further abuse—including emergency shelter, increased home health aide services and counseling—and reports back to DPPC. Referrals are on the rise due to staffing shortages at the DPPC as well as increased hotline activity.

Line Item	Description	FY01	FY02	FY03	FY04	FY05	H1 for FY06
4120-4000	Ind. Living	7,023,433	7,628,212	7,255,346	7,471,512	7,520,512	7,798,601
4120-4010	Turning 22	---	320,000	440,760	565,000	1,065,000	712,550

FY01–FY05 Impact

The recent impact on each of the programs funded by these line items is discussed separately below.

- ILCs (line item 4120-4000): In FY05, the 11 ILCs received \$3.2 million. ILCs have received level funding for 5 years. Staff are poorly compensated, so low staff retention and high burn-out are problems. ILCs have become crisis centers, responding to emergency situations, with less attention given to aftercare. Cuts across the service sector impact their ability to be effective (i.e., it is hard to move people out of nursing homes when there is no housing to move them into). In FY05, the ILCs are contracted to move 10–20% more people out of institutions, without any corresponding increase in funds. Although the Statewide Independent Living Council (SILC) had advocated for an additional \$600,000 to the ILCs in FY05, the money was not allocated.
- ASL (line item 4120-4000): In FY05, ASL received \$837,739. There are 25 people currently un-served on a waiting list. MRC conducts no outreach to people in need and estimates that over 2,000 people could benefit from ASL in the Commonwealth. The ASL Program has not grown substantively in 5 years—91 people were served in FY02 and only 93 are projected for FY05—despite a sharp increase in need. Most people are brought off the waiting list through attrition only, causing a 4-year wait for services. Meanwhile, the PCA program has exploded over the last 5 years, with 5,000–11,000 using PCA services. The need for case coordination is severe.
- AT Services (line item 4120-4000): In FY05, AT Services received \$573,100. AT has been level-funded for 5 years. The waiting list hovers at about 75 people annually. Beyond the waiting list, MRC conducts no outreach to determine the extent of need. In FY03, Project SHARE was cut and MRC estimates the Commission served 37% fewer persons as a result. The funding was restored in FY04 and in FY05 Project SHARE was funded at \$200,000.

- T22 (line items 4120-4010 and 4120-4000): In FY02, the legislature created a separate account for new T22 (line item 4120-4010) MRC program participants. The challenge since has been to secure annualization funds in the Independent Living (line item 4120-4000) and Statewide Head Injury Program (line item 4120-6000, see below) accounts each year to continue to serve each previous year's new participants. Annualization funds provide a full year of services for those individuals brought into the system part way through the previous year. In FY03 and FY04, under-funding meant the creation of a waiting list for T22 services. In FY05, line item 4120-4000 included \$1.99 million for Turning 22 (T22) services, while line item 4120-4010 provided an additional \$1.065 million to serve the new T22 participants, including an additional \$500,000 for the T22 waiting list and \$565,000 in annualization funds for the previous years' new participants.
- Protective Services (line item 4120-4000): In FY02, Protective Services was cut by 3 full-time equivalent staff (FTEs), from 10 to 7. In FY03: 138 individuals received Protective Services; there were 145 new service plans; 132 individuals received paid services; there were a total of 279 investigations; and 3,146 home visits were conducted. Services to 40 individuals were cut due to inadequate funding. These were individuals who were not eligible for services under the abuse statute, but were still at risk for abuse. MRC reports that the intensity of the investigations has increased and they are seeing many more cases of domestic violence and criminal activity. The agency anticipates that because of housing shortages and economic instability these trends will continue. In FY05, the Protective Services budget remains at \$623,300, representing level funding with FY04 and FY03.

FY06 Needs

The FY06 needs for each of the programs funded by these line items is discussed separately below.

- ILCs (line item 4120-4000): MRC has established the need for an additional \$500,000 for the ILCs in FY06. Meanwhile, the Statewide Independent Living Council (SILC) and the Disability Policy Consortium (DPC) are advocating for a \$1 million increase—\$500,000 to help the ILCs meet the nursing home diversion goals being set by EOHHS and \$500,000 for base funding parity (equal base funding to each center) to the ILCs statewide.
- Adult Supported Living (line item 4120-4000): MRC has established the need for an additional \$312,000 to eradicate the current ASL waiting list in FY06. Advocates have been talking for years about the need to expand supported living. There is also a need for PCA workforce development and PCA screening services.
- Assistive Technology Services (line item 4120-4000): Advocates at the SILC and the DPC identify AT funding as just scraping the surface of the needs in the Commonwealth. Easter Seals Massachusetts has also been advocating for AT funding, as has the State Rehabilitation Council. MRC estimates that an additional \$375,000 would serve the current waiting list of 75 people.
- Turning 22 (line items 4120-4000 and 4120-4010): For FY06, MRC needs an additional \$210,000 to continue services to the FY05 T22 program participants (annualization funds in line item 4120-4000). Line item 4120-4010 needs \$179,100 to serve a projected 21 new T22 students. Also needed are \$900,000 new dollars in the SHIP account (line item 4120-6000, also for annualization funds). Finally, MRC is assigned T22 cases from the Transitional Advisory Committee that fall through the eligibility cracks between the disability agencies. Additional funds will be needed to cover these cases; exact figures are still to be determined.

The State Rehabilitation Council and the DPC have been advocating for improved T22 funding for FY06.

Turning 22 has been a growing problem for many years at MRC and has squeezed funding from other programs. Central to the issue has been how to pay for Turning 22 annualization, particularly for brain-injured Turning 22 program participants, whose needs can run up to \$150,000 per year per person for a 24 hour / 7 day residential program. Unlike at DMR and MCB, where the annualized costs—the second year of services for a young person who started adult services the previous year—are rolled into the base of the appropriate services account, MRC has had to scramble to continue services for these individuals, and routinely has had to obligate much of its new Turning 22 funds for the annualization costs of last year's group. As a result, MRC has had a hard time paying to bring new people into adult services. Waiting lists have resulted, and other IL and SHIP services have been squeezed.

H1 for FY06 Recommendations

H1 provides T22 annualization funds to the base of two accounts at MRC—\$210,000 to the Independent Living account (line item 4120-4000) and \$1.1 million in the Statewide Head Injury appropriations account (line item 4120-6000, see below). In addition, \$712,550 is recommended in the Turning 22 account (line item 4120-4010) for new program participants. This amount is less than last year, but most of FY05's Turning 22 account is paying for annualization, not new participants. For the first time in a long time, expansion dollars are in the budget to serve a significant number of new Turning 22 participants.

Outside of the progress for Turning 22 funding, this budget would provide level funding to the other IL programs, including the ILCs. Finally, \$86,000 is provided for the salary reserve initiative for the lowest paid vendored direct care workers.

Account: Housing Registry (Mass Access)

Line Item: 4120-4001

The Housing Registry, also known as Mass Access, is a service that matches people who have disabilities and are seeking housing with available accessible units in the state. In 1990, the legislature passed the Housing Bill of Rights for Persons with Disabilities (Mass. G. L. c. 722), which required MRC to develop and operate a central registry of accessible and adaptable housing for people with disabilities. In FY02, there were 26,000 housing calls to the Independent Living Centers (ILCs) and the Housing Registry recorded just 541 vacancies, including 112 new listings. In FY03, over 500 people were able to locate accessible housing through the registry.

Line Item	Description	FY01	FY02	FY03	FY04	FY05	H1 for FY06
4120-4001	Housing Registry	100,000	93,060	93,060	83,754	83,754	83,754

FY01–FY05 Impact

Since FY01, the Housing Registry account has been cut by 16.25%. Meanwhile, the costs of operating the Registry have gone up. Cuts impact the Registry's ability to maintain real-time updates of the housing database. In FY05, the account is level-funded with the FY04 allocation.

H1 for FY06 Recommendations

H1 recommends level funding to this account again in FY06.

Account: Home Care Services
Line Items: 4120-5000 and 4120-5050

The Home Care Services program provides grocery shopping, meal preparation, medication pick-up, laundry, and light housekeeping assistance for people with severe disabilities between the ages of 18–59 who live alone (or with minor children) and whose disabilities put them at risk of re-hospitalization or institutionalization. Only MassHealth-eligible individuals are now served.

Home Care generates federal financial participation (ffp) revenue through MassHealth, and services under this account are an entitlement under the state’s MassHealth plan. The ffp money goes to the General Fund, but MRC has a retained revenue account (line item 4120-5050) that captures up to \$2 million and helps to cover rate increases for Home Care services. The average vendor rate, set by the Department of Elder Affairs (DEA), is \$18–\$27 per hour.

Demand for Home Care Services increases as more people with disabilities gain access to other services that allow them to live in their own homes. Openings in the program occur when people die, become more seriously disabled, turn age 60 (when they are covered by DEA) or are found no longer eligible. The annual cost of services averaged \$3,800 per client in FY04.

Line Item	Description	FY01	FY02	FY03	FY04	FY05	H1 for FY06
4120-5000	Home Care	4,704,801	4,774,767*	4,694,767	4,342,733	4,339,768	4,391,217
4120-5050	Home Care Ret. Rev.	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000

* Includes \$312,024 passed in supplemental budget.

FY01–FY05 Impact

Since FY02, the Home Care Services program has been cut nearly 9%. Budget cuts have trimmed Home Care service hours and tightened eligibility. In FY04, budget cuts ended Home Care services to non-Medicaid-eligible individuals. As a result, although the program served 1,792 clients per month in FY01, only 1,632 were served per month in FY04. MRC is spending more on re-evaluations to ensure program attrition and keep the “processing list”—a euphemism for the term “waiting list” that is used because this program is an entitlement—moving.

In FY04, the processing list of Medicaid-eligible individuals was at 256 persons. It has ballooned to 400 persons in FY05. People now are waiting 4 months to be served. Currently, there are also about 150 non-MassHealth-eligible persons on the processing list who will not be served but desperately need the help.

In FY05, the program received less than level funding and is now 9% below its FY02 level (which was the high funding mark between FY01–FY05 for this account).

FY06 Needs

MRC has established the need for an additional \$2,774,571 (a 64% increase) for Home Care in FY06 to address the current “backlog” of clients (including those who are not MassHealth-eligible) and the projected increase of 20 additional client applicants per month. MRC also would like to see line item 4120-5050, the retained revenue account that captures federal financial participation (ffp) and is largely obligated by Home Care rate increases, increased by \$500,000.

H1 for FY06 Recommendations

H1 provides no relief for the waiting list. The \$51,449 increase to this line item is for the salary reserve initiative funded in FY05 for the lowest paid vendored direct care workers.

Account: Statewide Head Injury Program (SHIP)

Line Item: 4120-6000, 4120 and 4120-6002

The Statewide Head Injury Program (SHIP) supports community services for people with traumatic brain injury (TBI), including: community-based residential placements; regional head injury centers; service coordination; case management; respite; assistive technology; one-to-one skills training and support; substance abuse services; social and recreation programs; technical assistance; and information referral.

SHIP focuses resources on developing a statewide network of community-based programs to serve children, those turning 22, the aging population, those from diverse cultures and the elderly. In FY04, over 550 individuals with TBI were served. The SHIP waiting list now holds 2,500 eligible individuals.

A recent Department of Public Health report indicates the needs could be much greater. In 2002, 4,605 people were released from Massachusetts hospitals with TBIs, while another 33,073 were treated in emergency rooms and sent home. Injuries are up 23.5% since 1995. Some advocates have called TBI an epidemic.

Line Item	Description	FY01	FY02	FY03	FY04	FY05	H1 for FY06
4120-6000	SHIP	6,923,277	6,954,509	6,504,692	5,979,149	6,000,568	7,218,168
4120-6001	SHIP Trust Fund	750,000	1,000,000	1,800,000	off budget	off budget	
4120-6002	SHIP Trust Ret. Rev.	2,000,000	4,500,000	5,000,000	off budget	off budget	6,748,592 off budget

FY01–FY05 Impact

Each of the funding sources for the SHIP line items is discussed separately below.

- The Head Injury Trust Fund (off-budget): Prior to FY04, successful advocacy helped expand access to Head Injury Trust Fund dollars. These funds are collected from speeding and DUI (driving under the influence) surcharges/fines and are not from the General Fund (i.e., they are not tax dollars). The trust fund monies were formerly allocated in line items 4120-6001 (SHIP Trust Fund) and 4120-6002 (SHIP Trust Fund Retained Revenue). In FY04, trust fund money was moved off budget, so the accounts are no longer subject to appropriation (which makes sense since they are not tax dollars).
- The 4120-6000 SHIP account (from the General Fund): Since FY01, this account has been cut by nearly \$1 million. However, including access to the trust, the total SHIP budget is now \$12.8 million, compared with \$9.6 million in FY01. As a result, approximately 50 more individuals are receiving paid SHIP services than did in FY01. Hampering SHIP's capacity to take on more clients are the needs of SHIP Turning 22 program participants. SHIP's budget should grow annually, reflecting the addition of T22 annualization dollars (see line 4120-4000 above). It has not.

- Federal matching funds: SHIP services now generate federal financial participation (ffp) matching dollars, but the money reverts to the General Fund instead of benefiting SHIP.

In FY05, no expansion funds are provided for SHIP and the appropriation does not keep up with inflation. No one new will be offered residential services off the 2,500 person waiting list.

FY06 Needs

Survivors of head injuries, in particular, are in need of increased residential services. About 75% of individuals with head injuries live with their parents, and as individuals and parents grow older, the need for supportive residential services increases.

MRC reports that an additional \$900,000 is necessary in FY06 to annualize FY05 new SHIP Turning 22 program participants.

Advocates are calling for an additional \$3 million for the SHIP account in FY06. The funds would be divided as follows: \$500,000 for a regional Information and Resource system statewide; \$500,000 for a comprehensive residential program for battered women who have sustained a TBI (many of whom are homeless); and \$2 million for the waiting list (to provide services to 40 people). MBIA is also calling on the state to create services for those with Acquired Brain Injuries (such as stroke victims).

H1 for FY06 Recommendations

H1 proposes \$1.1 million in annualization funding for Turning 22 program participants to be added to the base of SHIP's 4120-6000 line item. MRC reports that \$180,000 of this money is for non-SHIP participants, however, and will need to be shifted into the Independent Living account (line item 4120-4000, see above) to correct the problem. In addition, \$124,880 is provided for annualization costs of the FY05 salary reserve initiative.

Full funding for Turning 22 annualization means that the funds in the new Turning 22 account will fully support new clients, including several SHIP program participants who would otherwise wait for services. Aside from Turning 22, there are no new service dollars in this budget for SHIP program participants.

Office of Medicaid (MassHealth)

Line Item	Description	FY01	FY02	FY03	FY 04	FY05	H1 for FY06
4000-0352	MassHealth Enroll. Outrch.	(1,000,000 earmark: line 4000-0310)	(1,000,000 earmark: line 4000-0310)	0	0	0	250,000
4000-0430	CommonHealth	42,112,325	53,130,000	54,745,000	78,150,000	83,224,049	75,246,379
4000-0500	Managed Care	1,490,620,301	1,743,425,322	1,896,910,000	2,360,640,111	2,319,197,919	1,977,150,989
4000-0600	Sr. Care Plans**	1,648,865,785	1,877,126,743	1,717,620,000	1,612,307,307	1,697,117,500	1,783,969,375
4000-0620	Sr. Care Options**	--	--	--	--	83,275,500	86,777,546
4000-0625	HHA Rate Increase**	--	--	--	--	4,000,000	0
4000-0700	Indemnity/3 rd Party Plans	736,800,329	944,557,935	1,103,497,000	1,267,332,669	1,239,530,000	1,498,059,398
4000-0860	MassHealth Standard	246,937,392	295,630,000	332,786,452	369,747,220	390,030,100	389,892,223
4000-0870	MassHealth Basic	214,230,819	234,970,000	219,823,000	92,100,000	111,642,118	56,372,203
4000-0895	Healthy Start	8,077,556	7,005,297	7,221,618	6,213,532	14,213,532	15,447,686
4000-0896	MassHealth Ess.: Imgrnts.	--	--	--	--	2,000,000^	0
4000-1400	MassHealth HIV	10,000,000	5,500,000	10,380,401	14,962,424	8,732,000	6,926,068
4000-1405	MassHealth Essential***	--	--	--	O.S.: 160,000,000	O.S.: \$160,000,000	119,377,890

* Office of Medicaid and Executive Office of Health and Human Services administration were consolidated in FY04.

** These line items fund programs overseen by the Department of Elder Affairs. See DEA chapter for analysis.

*** MassHealth Essential was moved on budget in H1 for FY06.

^ This amount includes a September 2004 supplemental appropriation for elderly and disabled immigrants only.

MassHealth, the state name for the federal Medicaid program, is Massachusetts's health insurance program for low-income families, pregnant women, children, and elderly persons. It also provides crucial coverage for persons with disabilities and some long-term unemployed individuals. After a reorganization in FY04, the new state Office of Medicaid, which oversees MassHealth, replaced the former "Division of Medical Assistance" (DMA) and is now located within the Executive Office of Health and Human Services (EOHHS).

[Editor's Note: In this section, the words "MassHealth" and "Medicaid" should be regarded as synonymous—the difference is only in the state and federal names for this program.]

MassHealth is funded through a combination of federal and state funds. In recent budget cycles, it has been a target for cuts and the provisions of the program have been heavily debated. As a consequence, eligibility guidelines have been tightened and service offerings have been reduced in many programs, including those vital to persons with disabilities.

Advocates point out that:

- MassHealth attracts matching federal funds, fosters economic growth in the health care sector and, most importantly, ensures that a high percentage of individuals who cannot obtain health insurance through their employers will get needed care.
- Double-digit national health care inflation creates hardship for a growing number of working families. The resulting rise in health care premiums makes health care unaffordable and has led to higher numbers of uninsured individuals and families in Massachusetts. MassHealth provides the only public health insurance “safety net” coverage option for many families and individuals.
- MassHealth provides needed health coverage to 200,000 people with disabilities.
- Recent reports by the state’s Division of Health Care Finance and Policy (DHCFP) indicate that 460,000 residents in Massachusetts do not have health insurance, the majority of whom are adults between 19 and 64 years old. It is estimated that about 100,000 of these persons may be eligible for MassHealth.²⁵
- Other reports have estimated that up to 660,000 persons—or 10% of the state’s population—are uninsured.²⁶

FY05 OVERVIEW

A Mixed Picture—Increases of \$400 Million Lauded, Yet Restorations Only Help Some

Some of the cuts that were implemented in FY02–FY04 have been restored. Total spending for MassHealth will increase by close to \$400 million (7.8%) over FY04 funding, not including the “off-budget” expenditures for Uncompensated Care (free care at hospitals), the MassHealth Essential program, and the Nursing Home User Fee. When the off-budget expenditures are included, MassHealth growth for FY05 falls in the 11–12% range, a number close to the annual growth for health care expenditures.

The good news includes restorations in the following programs (see the line-by-line analyses below for more details):

- The Healthy Start program (line 4000-0895)—that provides prenatal care, outreach, information and referral, and advocacy to low-income uninsured pregnant women and their infants—was fully-funded in FY05 after receiving inadequate funding in FY04.
- Eligibility was restored for MassHealth for HIV-positive persons (line 4000-1400) with incomes at 134–200% of the federal poverty level. This eligibility guideline had been tightened in FY04 to include only those with incomes at or below 133% of the federal poverty level.

Federal Matching Funds Threatened

In November 2004, federal officials at the Center for Medicare and Medicaid Services threatened to cut matching funds for MassHealth by \$583 million, saying the state had violated rules for

²⁵ See Health Care for All’s fact sheet, “Who are the Eligible but Unenrolled?” January 25, 2005, for data based on estimates from the state Division of Health Care Finance and Policy.

²⁶ These estimates are from the Urban Institute and Kaiser Commission on Medicaid and the Uninsured. Data is drawn from pooled March 2003 and 2004 Current Population Surveys. Available at www.statehealthfacts.org.

financing the Medicaid program. Because the federal administration is trying to restrain the growth in Medicaid spending nationwide, the federal government is looking more closely at Medicaid administration practices in all states.

The dispute was tied to negotiations between Massachusetts and federal officials over the state's waiver of Medicaid rules, which gives Massachusetts permission to create a unique Medicaid program for the state. The waiver—approved last in 2001 and up for renewal in 2005²⁷—allows the state to use managed-care programs for MassHealth recipients, thus enabling enrollment of many more program participants than would otherwise be possible within current funding levels.

During waiver negotiations, federal officials accused the state of using a variety of unacceptable techniques to collect a federal match. The governor and other state officials, backed by Senator Edward Kennedy, argued that the money had been used legitimately. Most of the disputed money now goes to Boston Medical Center, UMass Memorial Hospital in Worcester and the Cambridge Health Alliance. These facilities provide a disproportionate share of care for uninsured and low-income persons, some of whom receive free care and others who are on MassHealth. Had federal officials been successful, the lost funds probably would have resulted in further state-level cuts to services or changes to eligibility rules so that fewer individuals could receive benefits. Fortunately, state negotiators were successful and the cuts were averted.

In January 2005, after extensive discussion, the Massachusetts Office of Medicaid found out that the waiver will be extended for another three years. Still, the struggle to preserve federal funding is not over. According to a recent *Boston Globe* article, “the number of people without insurance could expand as the [federal] administration seeks to reduce the federal deficit by slashing funding for state Medicaid programs.”²⁸

This federal posture does not bode well for states like Massachusetts, which use “optional” categories to cover a larger number of low-income and uninsured persons under their Medicaid programs. According to the *Boston Globe* and the administration, “The state will have to significantly change how it pays for its share of the Massachusetts Medicaid program and could still lose up to \$200 million in federal funds in FY06.”²⁹

H1 FOR FY06 OVERVIEW

Health Care Reform Objectives Made Key Issue

In November 2004, the administration unveiled its vision for health care coverage expansion and “health insurance reform.” The governor’s plan, outlined in broad brushstrokes in a *Boston Globe* editorial, may be introduced as a bill in FY05. The administration’s stated goals are to slow the growth in health care costs, expand access to health care (i.e., insurance) to all Massachusetts residents, and not spend additional dollars.

In particular, the administration wants to change the way our free care pool (Uncompensated Care Pool) works, expand MassHealth, and slow the growth of private health insurance premiums. “We need to be smarter in the way we use the billions we already spend,” the

²⁷ Dembner, Alice, “U.S. Threatens to Cut \$583m in Medicaid, Contends State is Violating Financing Rules,” *Boston Globe*, November 11, 2004.

²⁸ Rowland, Christopher, “Industry Launches U.S. Drug-discount Initiative,” *Boston Globe*, January 12, 2005, p. F1.

²⁹ Dembner, Alice and Rick Klein, “Mass., U.S. Reach Deal on Funding, Averts Major Cut in Medicaid Match,” *Boston Globe*, January 15, 2005, p. B1.

governor said in his January 13, 2005 State of the State Address, and “finding a way to bring down the cost of health care is one of our highest priorities.”

H1 Budget Proposal Missing Details on Funding Health Care for Uninsured

H1 for FY06 does not include language to implement the governor’s proposed health care reforms, nor has legislation specifying the necessary details been introduced. H1 allocates additional MassHealth program expenditures of only \$134 million—just 2% of FY05 costs—at a time when average annual increases in health costs have been in the 10–12% range.

Although H1 for FY06 initially gives the impression that the \$6.6 billion proposed for MassHealth programs is a 5.6% increase over FY05. In fact, H1 allocates additional program expenditures of only 2% (\$134 million) over the FY05 level. This is because the H1 recommendation includes FY05 unspent funds and counts those again in the FY06 allocation. Currently, average annual increases in health costs have been in the 10–12% range. Advocates are unsure if the H1 allocation would adequately fund the program.

Finally, H1 makes proposed changes to eligibility guidelines. According to advocates, H1 for FY06 would terminate coverage for elderly and disabled legal immigrants. It also would inadequately fund MassHealth Essential (line items 4000-0896 and 4000-1405, see below) coverage for long-term unemployed adults.³⁰

Line Item Analysis

Account: MassHealth Enrollment Outreach Grants
Line Item: 4000-0352

The MassHealth Enrollment Outreach Grants account would fund nonprofit groups to encourage enrollment in MassHealth. Each year, there are many Massachusetts residents who are eligible for MassHealth, but do not enroll—this program provides money to contact and sign up a portion of the estimated 100,000 individuals currently in this category.

Line Item	Description	FY01	FY02	FY03	FY 04	FY05	H1 for FY06
4000-0352	MassHealth Enroll. Outreach.	(1,000,000 earmark: line 4000-0310)	(1,000,000 earmark: line 4000-0310)	0	0	0	250,000

FY01–FY05 Impact

In FY01 and FY02, account 4000-0310 included an earmark of \$1,000,000 for enrollment outreach. Overall, enrollment outreach funding has been intermittently provided in past budget years.

³⁰ Massachusetts Law Reform Institute, “House 1 for FY06 Preliminary Analysis of Selected Welfare, Child Care, Housing, Elder and Health Issues,” January 27, 2005. Available at Masslegalservices.org/docs/06house1summary.pdf.

FY06 Needs

Research by the Massachusetts Division of Health Care Finance and Policy has estimated that more than 5,000 adults with disabilities may be eligible for CommonHealth but are not enrolled.³¹ Many of the state's uninsured residents are unaware that they could receive this program.

H1 for FY06 Recommendations

H1 for FY06 recommends funding this new account at \$250,000. It is the only line item in H1 that provides money targeted for enrollment expansion. While advocates are pleased with the funding, similar enrollment outreach programs in the past have received \$1 million and over.

Account: CommonHealth

Line Item: 4000-0430

The CommonHealth account funds health insurance for some children with disabilities and adults with disabilities who are employed or seeking employment. While 89% of MassHealth recipients with disabilities are covered under the MassHealth Standard program (line 4000-0860), those who are working tend to have income above the eligibility guidelines.

There is no upper income limit for eligibility for CommonHealth. Participants with incomes that are above 150% of the federal poverty level are charged sliding-scale premiums based on their incomes. About 14,900 members currently receive CommonHealth (November 1, 2004 data). Of these, 12,500 are adults and the remainder are children.

Line Item	Description	FY01	FY02	FY03	FY 04	FY05	H1 for FY06
4000-0430	CommonHealth	42,112,325	53,130,000	54,745,000	78,150,000	83,224,049	75,246,379

FY01–FY05 Impact

In FY04, some of the premiums that CommonHealth members pay were increased. In addition, the FY04 budget authorized the program to institute new asset tests for eligibility and to set a cap on the number of members that may enroll. There is currently a flexible cap for adults of 11,850–13,000 and enrollment has not yet been closed.

In FY05, the program is funded at \$83.2 million. The administration predicts that only \$78.6 million of these funds will be spent. Additionally, final budget language retained CommonHealth eligibility standards for children--in effect since 1996--guaranteeing that children with disabilities will have the same access to this program as in previous years.

FY06 Needs

Advocates will be closely monitoring enrollment in the CommonHealth program in FY06, so that members are aware when or if the program is capped and can attempt to prevent waitlists.

³¹ Health Care for All, "Who are the Eligible but Unenrolled?" January 25, 2005, using data based on estimates from the state Division of Health Care Finance and Policy.

H1 for FY06 Recommendations

H1 for FY06 recommends funding the CommonHealth program at \$75.2 million. While this appears to be a \$7.9 million cut, if administration predictions of a \$4.6 million surplus in this account in FY05 are accurate, CommonHealth funding would decrease by only \$3.3 million (or 4.2%) between FY05 and FY06 at this allocation level. Children’s eligibility standards are again retained.

Account: Managed Care Plans
Line Item: 4000-0500

The Managed Care Plans account pays for those enrolled in several MassHealth programs: MassHealth Standard (also funded in 4000-0860); MassHealth Essential (also funded in 4000-1405); MassHealth Family Assistance (also funded in 4000-0880 and 4000-0890); and MassHealth Basic (also funded in 4000-0870). Also covered are claims for the state’s primary care clinician plan, mental health and substance abuse program, and HMO plans services. Enrollees are more than 500,000 adults and children.

MassHealth Standard and MassHealth Essential are discussed under their separate line items below. People with disabilities who are in the MassHealth Standard program are normally required to enroll with managed care organizations. If no suitable managed care provider is available, as determined by the Office of Medicaid, a member in MassHealth Standard can choose not to enroll in managed care.

Line Item	Description	FY01	FY02	FY03	FY 04	FY05	H1 for FY06
4000-0500	Managed Care	1,490,620,301	1,743,425,322	1,896,910,000	2,360,640,111	2,319,197,919	1,977,150,989

FY01–FY05 Impact

In FY05, Managed Care was funded at \$2.3 billion—a decrease of \$41.4 million (1.8%) from FY04 spending.

H1 for FY06 Recommendations

H1 proposes to cut this account by \$302 million (14%) from the FY05 projected spending level. It is not clear if the decrease is due to a projected enrollment decline.

Accounts: Senior Care Plans, Senior Care Options, and Home Health Aide Rate Increase
Line Items: 4000-0600, 4000-0620, 4000-0625

Please see the Department of Elder Affairs chapter for coverage of the Senior Care Plans, Senior Care Options and Home Health Aide Rate Increase accounts. Note that funding for these programs continues to come from MassHealth, and is therefore counted as part of total MassHealth spending.

Line Item	Description	FY01	FY02	FY03	FY 04	FY05	H1 for FY06
4000-0600	Sr. Care Plans**	1,648,865,785	1,877,126,743	1,717,620,000	1,612,307,307	1,697,117,500	1,783,969,375
4000-0620	Sr. Care Options**	--	--	--	--	83,275,500	86,777,546
4000-0625	HHA Rate Increase**	--	--	--	--	4,000,000	0
Totals:		1,648,865,785	1,877,126,743	1,717,620,000	1,612,307,307	1,784,393,000	1,870,746,921

** These line items fund programs overseen by the Department of Elder Affairs (DEA). See DEA chapter for analysis.

Account: Indemnity and Third Party Plans

Line Item: 4000-0700

The Indemnity and Third Party Plans account covers the costs of claims for seniors and families who exhaust other insurance options. Since MassHealth is the payer of last resort, it often pays for seniors' Medicare premiums or the premiums of members who have employer-sponsored insurance but cannot pay their share. Coverage for more than 130,000 adults and children is paid for by this line item. About 85,000 of those covered are people with disabilities.

Line Item	Description	FY01	FY02	FY03	FY 04	FY05	H1 for FY06
4000-0700	Indemnity/3 rd Party Plans	736,800,329	944,557,935	1,103,497,000	1,267,332,669	1,239,530,000	1,498,059,398

FY01–FY05 Impact

In FY05, this account was funded at \$27.8 million less than the FY04 allocation. Expenditures in FY05, however, are projected to be \$32 million lower than appropriated, leaving this account with a surplus of that amount.

H1 for FY06 Recommendations

In FY06, the administration allocates \$290 million in additional funds for the Indemnity and Third Party Plans. This amount is based on projections of increased need.

Account: MassHealth Standard

Line Items: 4000-0860 (also 4000-0500, 4000-0700)

The MassHealth Standard program is the largest MassHealth coverage group, and funding for the program spans several line items. Line 4000-0860 was created during Massachusetts's 1996 health care reform to cover the expense of new populations covered by expansions. MassHealth Standard provides the most comprehensive benefits package of any MassHealth program, covering 40 different services, including long-term care at nursing facilities, personal care, adult day health, and early intervention services.

The following groups are eligible for MassHealth Standard: children and adolescents with family incomes up to 150% of the federal poverty level (fpl); pregnant women and infants with incomes up to 200% of fpl; adults under age 65 with incomes up to 133% of fpl (including adults with disabilities); and seniors living in the community with incomes up to 100% of fpl. About

807,000 residents are enrolled in the program. About 160,000 adults with disabilities and 18,000 children with disabilities are members with MassHealth Standard coverage.

Line Item	Description	FY01	FY02	FY03	FY 04	FY05	H1 for FY06
4000-0860	MassHealth Standard	246,937,392	295,630,000	332,786,452	369,747,220	390,030,100	389,892,223

FY01–FY05 Impact

In FY04, MassHealth Standard members faced new premiums and co-pays. As of November 1, 2003, families with incomes between 134–150% of fpl now pay premiums of \$12 per child, though premiums for families with more than one child are capped at \$15.

In FY05, spending on this line item increased by only 3.48%. There is now a proposal by the administration to impose additional asset tests as part of eligibility screening in the future.

FY06 Needs

In FY06, advocates will be working to lower premiums for children and stave off asset test requirements for adults.

H1 for FY06 Recommendations

The governor proposes to level fund this line item in FY06.

Account: MassHealth Basic

Line Item: 4000-0870

The MassHealth Basic program is a stripped-down version of MassHealth Standard, providing a package of benefits that is more limited in amount, duration and scope.

To be eligible for MassHealth Basic, an individual must have income at or below 100% of the federal poverty level and be either a recipient of Emergency Aid to Elders, Disabled and Children (EAEDC) and/or a long-term unemployed client of the Department of Mental Health (DMH).

Line Item	Description	FY01	FY02	FY03	FY 04	FY05	H1 for FY06
4000-0870	MassHealth Basic	214,230,819	234,970,000	219,823,000	92,100,000	111,642,118	56,372,203

FY01–FY05 Impact

In FY03, the majority of this program's 60,000 members were terminated (on April 1, 2003), as part of an effort to balance the budget during the state's fiscal crisis.

In FY05, the program received \$111 million—an increase of 16.7% over FY04 spending—and served about 12,000 members.

FY06 Needs

Continuing coverage for MassHealth Basic recipients who are on EAEDC or clients of the Department of Mental Health will be important to advocates and legislators in FY06.

H1 for FY06 Recommendations

H1 for FY06 cuts the funding for MassHealth Basic in half. Advocates believe this is an indication that the administration intends to revamp EAEDC—and hence terminate crucial benefits for vulnerable immigrants, elderly people, and persons with disabilities—leaving fewer people eligible for MassHealth Basic. However, those who would lose EAEDC through these proposed changes may continue to be eligible for MassHealth Basic under H1's Outside Section 165. It is unclear how this grandfathering clause may work.

Account: Healthy Start

Line Item: 4000-0895

The Healthy Start program provides prenatal care, outreach, information and referral, advocacy, post-partum care, and limited home visits to low-income pregnant women and infants who are ineligible for MassHealth. Program staff also help pregnant women and new mothers apply for MassHealth and Women, Infants, and Children (WIC) benefits. WIC is a federal-state nutrition program (for more information, see Department of Public Health chapter, line 4513-1002). Since it began 18 years ago, Healthy Start has been shown to reduce infant mortality and the incidence of low birth-weight babies.

Women eligible for the program have incomes below 200% of the federal poverty level (fpl). Services rendered up to 10 days prior to the date of application are covered. All applicants are screened simultaneously for Healthy Start and MassHealth.

Healthy Start primarily serves women who are not eligible for MassHealth due to their citizenship or immigration status. Those who do qualify for MassHealth are often eligible only for MassHealth Limited, a program that covers emergency services, including delivery of a baby.

The toll-free number for Healthy Start is 1-800-531-2229.

Line Item	Description	FY01	FY02	FY03	FY 04	FY05	H1 for FY06
4513-1005 (DPH)	Healthy Start	8,077,556	7,005,297	7,221,618	transferred	transferred	transferred
4000-0895	Healthy Start	--	--	--	6,213,532	14,213,532	15,447,686

FY01–FY05 Impact

In FY02, the program had to close enrollment mid-year due to under-funding, but a court order forced MDPH to re-open to new enrollees. In FY03 and FY04, the program received continued under-funding but kept enrollment open. Two program reductions occurred in July 2003 (as part of the FY04 budget). First, eligibility was reduced from 225% to 200% fpl. Second, the coverage start date was reduced from 30 to 10 days before the date of application.

In FY05, the state began receiving a 65% federal match for Healthy Start, and the program was funded at \$14.2 million—a dramatic \$8 million (128%) increase over FY04 funding. According to advocates at Health Care for All, this amount fully funds the program's costs and will cover all of the women who need the program in FY05.

H1 for FY06 Recommendations

In H1 for FY06, the administration recommends funding Healthy Start at \$15.4 million—a 20% increase over projected FY05 spending—based on predictions that enrollment will increase.

Accounts: MassHealth Essential and MassHealth Essential for Immigrants Line Items: 4000-0896 and 4000-1405

The MassHealth Essential accounts fund two types of health insurance assistance programs, MassHealth Essential Premium Assistance and MassHealth Essential Purchase of Medical Benefits (a direct coverage program). Members must enroll in the MassHealth Primary Care Clinician (PCC) program. The benefits are similar to MassHealth Basic, except that the following services are not covered: audiologist visits, chiropractic services, hearing aids, nurse-midwife services, orthotic supports, vision care and home health care. Participants pay no premiums, but are assessed co-payments for prescriptions and non-emergency medical services provided in an emergency room. Coverage begins for each accepted individual after he or she selects a primary care doctor.

Adults who are U.S. citizens, have incomes at or below 100% of the federal poverty level, have been unemployed for more than one year, and are not eligible for unemployment insurance can qualify for MassHealth Essential (line 4000-1405). A small group of “special status” adult legal immigrants who are either elders and/or people with disabilities are eligible for MassHealth Essential benefits that are funded in a separate account in FY05 (4000-0896).

Line Item	Description	FY01	FY02	FY03	FY 04	FY05	H1 for FY06
4000-0896	MassHealth Ess.: Imgrnts.	--	--	--	--	2,000,000^	0
4000-1405	MassHealth Essential***	--	--	--	O.S.: 160,000,000	O.S.: \$160,000,000	119,377,890
Totals:		--	--	--	160,000,000	162,000,000	119,377,890

*** MassHealth Essential was moved on budget in H1 for FY06.

^ This amount includes a September 2004 supplemental appropriation for elderly and disabled immigrants only.

FY01–FY05 Impact

In FY03, under pressure of the state fiscal crisis, the legislature terminated most of the members of the MassHealth Basic program—this was part of a plan to eliminate MassHealth Basic effective April 2003. (36,000 lost coverage; those that remained had to be either DMH clients or recipients of state EAEDC benefits).

In FY04, under public pressure to restore coverage, the legislature created MassHealth Essential as a new program to serve the group that had lost MassHealth Basic coverage. Essential began enrollment in October 2003.

Also in FY04, benefits to most immigrant adults were terminated on August 1, 2003. (In 1996, most legal immigrants were made ineligible for federally-funded health insurance assistance programs as a result of welfare reform legislation. From 1996–July 2003, Massachusetts offered MassHealth coverage for more than 10,000 adult legal immigrants exclusively at state expense.) As part of an override of the governor’s budget vetoes for FY04, MassHealth Essential coverage was extended to approximately 3,000 legal immigrants who were elderly or disabled. Coverage began in June 2004 and was only guaranteed through September 2004.

In the FY05 budget debate, advocates sought to extend MassHealth Essential coverage to the entire group of 10,000 immigrants who had lost coverage in 2003. Ultimately, proposals to cover the entire affected immigrant population were not included in the FY05 budget, but a September 2004 supplemental budget for FY05 allocated \$2 million in a new account called MassHealth Essential for Immigrants (line 4000-0896) to continue coverage for the 3,000 elderly or disabled immigrants through June 30, 2005.

The governor vetoed half of the legislature's initial \$4 million supplemental allocation. He also attached an amendment stipulating that only "sponsored immigrants" whose "sponsors were deceased or unable to support" them would be eligible. Although the amendment was never adopted by the legislature, the Office of Medicaid implemented the restriction by regulation and, in December 2004, sent notices to the affected immigrants asking for signed statements on their sponsors' incomes. Only those elderly and disabled legal immigrants whose sponsors' incomes are below 200% of the federal poverty line will retain their benefits during the remainder of FY05.

FY06 Needs

There is concern that the money allocated for MassHealth Essential for Immigrants (line 4000-0896) will run out in the spring of 2005.

H1 for FY06 Recommendations

H1 for FY06 places MassHealth Essential (line item 4000-1405) on budget and recommends funding at \$119 million. While the proposed allocation appears to be a 25% cut from FY05 spending amounts, on closer examination we see that this is level funding for the program. Because the money will come from the Uncompensated Care Pool, it follows the hospital fiscal year of October 1, 2004–September 30, 2005. The dollars proposed in H1 for FY06 are intended only to cover the 9-month period from October 1, 2005–June 30, 2006. H1 for FY06 discontinues funding for MassHealth Essential for Immigrants (line item 4000-0896).

Account: MassHealth for People with HIV

Line Item: 4000-1400

The MassHealth for People with HIV account covers people with HIV for primary care and early treatment and reduces the necessity for people to enroll in the HIV Drug Assistance Program (see Department of Public Health, lines 4512-0103 and 4512-0106).

Current eligibility for the program is set at 200% of the federal poverty level (fpl). Approximately 600 participants are enrolled.

Line Item	Description	FY01	FY02	FY03	FY 04	FY05	H1 for FY06
4000-1400	MassHealth HIV	10,000,000	5,500,000	10,380,401	14,962,424	8,732,000	6,926,068

FY01–FY05 Impact

In FY04, two changes designed to control costs threatened this program. First, the income eligibility level was reduced from 200% to 133% of the fpl. As a result, more than 120 people lost coverage. Predictably, that led to more pressure on the Massachusetts Department of Public Health's (MDPH) HIV Drug Assistance Program. Second, new premium charges were

introduced. In FY05, a third change—a proposed enrollment cap—was discussed but never implemented.

The FY05 budget contained mixed news. On the positive side, eligibility was restored back to 200% of fpl. However, the actual restoration did not take place until January 2005, when federal officials renewed the state's MassHealth waiver. Eligibility must now be expanded retroactively back to July 1, 2004 (the beginning of FY05).

In FY05, there was also a major funding loss of \$6.2 million below than the FY04 allocation. The state also received federal permission to institute a flexible program enrollment cap set at 620–770 individuals—meaning that the state is allowed to close enrollment at 620 enrollees and required to do so when the number of participants reaches 770.

FY06 Needs

Advocates call for eliminating the enrollment cap for this program in FY06, both to secure needed treatment for low-income people with HIV and to reduce pressure on MDPH's HIV Drug Assistance program.

H1 for FY06 Recommendations

H1 for FY06 recommends again reducing spending for this account by \$397,000, citing administration estimates of an anticipated reduction in demand for the program.

Other Disability Advocacy and Information Agencies

Line Item	Description	Agency	FY01	FY02	FY03	FY04	FY05	H1 for FY06
0321-1600	MLAC Total	Judiciary	\$4,276,799	\$4,266,799	\$4,225,408	\$7,564,142	7,564,142	0321-1600
0321-1610	MLAC General Support	Judiciary	4,800,000	4,800,000	4,734,750	0321-1600	0321-1600	8,565,227
0321-2000	MHLAC	Judiciary	546,412*	507,764	501,085	501,085	568,576*	0321-1610
0321-2100	Mass. Correctnl. Legal Services	Judiciary	730,214	730,250	700,250	500,000	500,000	0321-1610
No line	Gov. Commissn. on MR	EOHHS (as of FY05)	206,760 0411-1000	205,161 0411-1000	205,161** 0411-1000	205,161** 0411-1000	^	^
1107-2400	MOD	Sec. of Adm.&Finc.	741,355	670,253	585,196	574,343	573,469	586,967
1107-2501	DPPC	Exc. Office Adm.&Finc.	1,686,445	1,717,026^^	1,578,214	1,572,323	1,704,742	1,750,037
1150-5100	MCAD	Sec. of Adm.&Finc.	2,524,960	2,311,861	1,819,076	1,494,521	1,434,740	1,529,164
1150-5104	MCAD EE & Fair Housing	Sec. of Adm.&Finc.	1,813,344	1,863,898	1,987,982	2,467,962	2,467,982	2,467,982
1150-5116	MCAD Diversity Trainers	Sec. of Adm.&Finc.	27,500	27,500	27,500	27,500	27,500	27,500
8000-0500	Architectural Access Board.	Off.of Pub. Safety&Hm. Sec.	227,212	220,484	8311-1000	8311-1000	8311-1000	8311-1000

* FY01 and FY05 include supplemental budget appropriations (\$43,000 and \$52,204 respectively).

** This is an earmark in 0411-1000 for “not more than \$205,161” for the Governor’s Commission.

^ There is no longer an earmark for the Governor’s Commission anywhere in the budget.

^^ This amount includes the \$100,973 supplemental budget that was passed early in FY02.

The following independent commissions and programs are funded through a variety of state agencies. All are important to the community of people with disabilities in Massachusetts.

Line Item Analysis

Account: Massachusetts Legal Assistance Corporation (MLAC)

Line Items: 0321-1600 and 0321-1610

Agency: Judiciary

The Massachusetts Legal Assistance Corporation (MLAC) accounts fund 18 legal services programs serving low-income (up to 125% of the federal poverty level) people across the state. Funding for MLAC comes from state sources as well as from revenue generated by the Interest on Lawyers Trust Accounts program.

MLAC services fall into 4 categories:

- General Support provides for day-to-day civil legal needs of low-income people in areas like family law, housing, income maintenance, health care access and other problems with assistance programs;

- The Medicare Advocacy Project (MAP) provides advocacy for those unfairly denied Medicare coverage;
- The Disability Benefits Project (DBP) provides assistance to low-income persons with disabilities who have been improperly denied federal SSI/SSDI benefits;
- The Battered Women's Legal Assistance Project (BWLAP) offers legal assistance to victims of domestic violence in complex legal matters such as child support, custody and visitation.

MLAC notes that legal aid helps avert housing crises for families and the elderly and helps bring millions in federal dollars to the Commonwealth each year through advocacy for individual benefits and federal policy changes.

MLAC programs are extremely cost-effective. In FY01, for example, DBP attorneys won favorable Supplemental Security Income (SSI) and Supplemental Security Disability Income (SSDI) determinations for their clients in 86% of cases, resulting in federal payments of \$3.4 million to Commonwealth residents. About \$570,000 was in the form of direct reimbursements to the state's EAEDC program. Residents with disabilities received lump payments for retroactive benefits of more than \$2.8 million. Only \$1.2 million of state investment produced this return, and yet, despite the cost-effectiveness of MLAC programs, a majority of eligible callers to legal aid programs are being turned away due to a lack of resources.

Line Item	Description	Agency	FY01	FY02	FY03	FY04	FY05	H1 for FY06
0321-1600	MLAC Total	Judiciary	\$4,276,799	\$4,266,799	\$4,225,408	\$7,564,142	7,564,142	0321-1600
0321-1610	MLAC General Support	Judiciary	4,800,000	4,800,000	4,734,750	0321-1600	0321-1600	8,565,227*

* This is a consolidated account and cannot be compared with previous years.

FY01–FY05 Impact

Since FY01, MLAC has been cut by \$1,512,657 (16.6%). Most of the cuts have come from general support, since the other 4 program categories are earmarked. The cuts have come at a time when more people have been falling within the income eligibility guidelines for legal aid (125% of poverty), which has put more pressure on already stretched services.

Since FY03, the earmark for DBP has been reduced by \$14,475 (from \$1,204,604 in FY02 to \$1,190,129 in FY03). MAP has been cut by \$6,620 (from \$550,906 to \$544,286). And BWLAP has been cut by \$30,296 (from \$2,521,289 to \$2,490,993). In his FY04 veto message, the governor sought to de-fund these legal services to indigent and vulnerable residents, but was overridden.

In FY05, MLAC is level-funded with FY04. Earmarking for DBP, MAP, and BWLAC remains the same (\$1,190,129, \$544,286, and \$2,490,993 respectively).

FY06 Needs

MLAC is requesting an increase of \$4.5 million for civil legal services in FY06. This figure includes \$1.5 million in restoration funds. MLAC is also requesting that the earmarks for BWLAP, DBP, and MAP be restored to their FY02 levels (\$2,511,289, \$1,204,604, and \$550,906 respectively), leaving \$7,800,000 for general support. The increase would pay for 4,380 additional cases, benefiting close to 18,000 low-income individuals and family members across the state.

H1 for FY06 Recommendations

H1 recommends consolidating MLAC with the Mental Health Legal Advisor's Committee (MHLAC, line item 0321-2000), and the Mass. Correctional Legal Services (MCLS, line item 0321-2100), the same consolidation that was sought in the H1 for FY05 budget. This year there is also a cut of \$67,491 from the proposed consolidated civil legal services account. The civil legal services community is advocating to maintain their separate line items and to preserve their funding.

Account: Mental Health Legal Advisors Committee (MHLAC)

Line Item: 0321-2000

Agency: Judiciary

The Mental Health Legal Advisors Committee (MHLAC) account funds advocacy and information referral for individuals with disabilities who are in the state mental health system and individuals seeking insurance coverage for mental health services. Services include: litigation on systemic issues; education and training to persons with disabilities, attorneys, judges, and advocates; and monitoring of conditions in state mental health facilities and in the community. Annually, 2,000–3,000 requests for advocacy and information are received. Private attorneys provide *pro bono* services for appropriate cases.

Line Item	Description	Agency	FY01	FY02	FY03	FY04	FY05	H1 for FY06
0321-2000	MHLAC	Judiciary	546,412*	507,764	501,085	501,085	568,576*	0321-1610

* FY01 and FY05 include supplemental budget appropriations (\$43,000 and \$52,204 respectively).

FY01–FY05 Impact

Since FY01, MHLAC has been cut 8.3%, unadjusted for inflation. MHLAC went from 7.6 full time staff in FY01 to just 6.0 in FY04.

The FY02 and FY03 budgets reduced MHLAC's intake hours by 33%. In FY03, over 1,000 fewer people with disabilities were assisted as compared with FY01. Also, the Regional Coordinator role was eliminated in FY02, ending regular back-up assistance for mental health attorneys in Essex, Middlesex and Suffolk counties.

In FY05, MHLAC staff is at 6.4 full time equivalent positions, a .4 position improvement thanks to the receipt of \$52,204 in a supplemental budget for FY05. The supplemental also funded Supreme Judicial Court-approved salary adjustments. MHLAC is still down one full-time legal staff position from its FY01 staffing level.

FY06 Needs

MHLAC reports that their maintenance budget for FY06 is approximately \$568,576. However, the agency may be moving and hence needing a larger rent budget. It is additionally requesting \$81,024 to build back 1.6 full time equivalent attorney positions. One would be a part-time *pro bono* support attorney responsible for recruiting, training and supporting private *pro bono* attorneys to handle mental health issues. The other would be a full-time attorney position as a state matching source for the Clubhouse Legal Support Project currently operated with private

and federal funding (the project is in demand and expansion is needed for more clubhouse clients to access legal services). The total budget request is for a minimum of \$649,600.

H1 for FY06 Recommendations

H1 for FY06 recommends consolidating MHLAC with the Massachusetts Legal Assistance Corporation (MLAC line item, 0321-2100) and the Mass. Correctional Legal Services (MCLS, line items 0321-1600 and 0321-1610), the same consolidation sought by the H1 for FY05 budget. This year an additional \$67,491 is cut from the consolidated civil legal services account. The civil legal services community is advocating to maintain their separate line items and to preserve their funding.

Account: Governor’s Commission on Mental Retardation

Line Item: 0411-1000

Agency: Executive Office of Health and Human Services (EOHHS)

The Governor's Commission on Mental Retardation (the Commission) is funded by an earmark within line item 0411-1000. The Commission oversees and monitors the needs and treatment of people with mental retardation (MR).

The Commission works closely with the Department of Mental Retardation (DMR), the Executive Office of Health and Human Services (EOHHS), and other state agencies to ensure quality services for individuals with mental retardation. Priority areas include the development of strategies to improve service delivery for individuals with disabilities and families who have been waiting for supports. (The Commission monitors the *Boulet* Waiting List settlement agreement and provide technical assistance—see the Department of Mental Retardation chapter for more information on *Boulet*.) Additional priorities are for the development of strategies to enhance public/private partnerships and to enhance interagency collaboration.

Line Item	Description	Agency	FY01	FY02	FY03	FY04	FY05	H1 for FY06
None	Gov. Commissn. on MR	EOHHS	206,760	205,161	205,161**	205,161**	^	^

** This is an earmark in 0411-1000 for “not more than \$205,161” for the Governor’s Commission

^ There is no longer an earmark for the Governor’s Commission anywhere in the budget.

FY01–FY05 Impact

The FY01–FY05 period for the Governor’s Commission on Mental Retardation has been marked by reorganization and cuts. The Commission was transferred to EOHHS payroll on July 1, 2003 and moved to the China Trade Building. The Commission now reports to the secretary of EOHHS and modifications have been made to the Executive Order to reflect this change. The governor retains appointing authority. The staff has been cut by one-third, from 3 positions to 2.

In FY05, because there is no line or earmark at EOHHS, it remains unclear just what the Governor’s Commission’s budget is. EOHHS is paying its expenditures out of several accounts and for FY05 the Commission reports it will spend approximately \$155,161. This amount is a 25% reduction from previous years.

FY06 Needs

For FY06, no increases have been requested. The Commission's staff is waiting for the governor to appoint the commissioners for the next 3-year term.

H1 for FY06 Recommendations

H1 for FY06 makes no mention of the Governor's Commission for MR.

Account: Massachusetts Office on Disability (MOD)

Line Item: 1107-2400

Agency: Secretary of Administration and Finance

The Massachusetts Office on Disability (MOD) is the agency designated to oversee the state's compliance with the Americans with Disabilities Act (ADA). MOD additionally advocates for individuals with disabilities, provides technical assistance to state agencies, and coordinates the Governor's Advisory Commission on Disability Policy and the Interagency Disability Services Coordinating Council. MOD's caseload was 9,803 clients in FY02.

Line Item	Description	Agency	FY01	FY02	FY03	FY04	FY05	H1 for FY06
1107-2400	MOD	Sec. of Adm.&Finc.	741,355	670,253	585,196	574,343	573,469	586,967

FY01–FY05 Impact

Since FY01, MOD's budget has been cut by \$167,012 (22.5%), unadjusted for inflation. When adjusted for inflation, MOD's budget is now less than 50% what it was in 1989. Four full-time staff have been cut, a loss of 2 policy positions and 2 advocate positions. Client Services has lost 33% of its staff while attempting to respond to an 80% increase in demand for services. Participation at local Commission on Disability meetings has been eliminated, and regional Commission meetings have been cut by 25%. In total, 30% of client service requests now go unserved, including community trainings cut by 80%, travel for technical assistance cut by 80%, and intake hours cut by 25%.

FY05 provides less than level funding with the FY04 allocation. Meanwhile, the demand for MOD services from agencies and individuals continues to rise. This below-maintenance budget will further erode services and trainings. MOD continues to have just one support staff person fielding calls from people in crisis statewide.

FY06 Needs

MOD has requested an increase of \$91,531 in FY06 in order to reinstate 1.5 full-time staff positions and build back some of its capacity to provide technical assistance. MOD reports that changes in the structure of state government has increased demand on the office for its technical expertise and experience, but staff are at a breaking point.

H1 for FY06 Recommendations

H1 recommends an allocation \$13,498 (2.4%) above the FY05 funding level.

Account: Disabled Persons Protection Commission (DPPC)

Line Item: 1107-2501

Agency: Executive Office for Administration and Finance (EOAF)

The Disabled Persons Protection Commission (DPPC) is an independent agency with 3 commissioners that report directly to the governor and the legislature. The DPPC investigates abuse allegations and oversees investigations and protective services performed by the Departments of Mental Retardation (DMR) and Mental Health (DMH) and the Mass. Rehab Commission (MRC). The DPPC conducts training programs, sponsors education and outreach, investigates reports of retaliation against individuals who report abuse and provides information and referrals on various abuse-related issues. In FY04, 1,779 cases were investigated under its authority.

Increase in demand for DPPC services has been and continues to be dramatic. In FY04, the number of calls processed was 40% higher than it was in FY02. Also in FY04, the DPPC was involved in 880 criminal investigations, up from just 87 in FY98 when its State Police Detective Unit was created.

Line Item	Description	Agency	FY01	FY02	FY03	FY04	FY05	H1 for FY06
1107-2501	DPPC	Exc. Office Adm.&Finc.	1,686,445	1,717,026^^	1,578,214	1,572,323	1,704,742	1,750,037

^^ This amount includes the \$100,973 supplemental budget that was passed early in FY02.

FY01–FY05 Impact

Between FY02 and FY04, the DPPC budget was cut by 8.4%—causing the loss of 4 out of 7 investigator positions—despite a sharp increase in need for services. The number of overdue investigations climbed by 447% from FY00 to FY04. In FY04, the DPPC assigned itself just 5% of investigations. The remainder of cases were self-investigated by state agencies. As of August 2004, there were 678 overdue investigation reports. On average, caseloads have gone from 215 to 375 per oversight officer (a 74% increase).

In FY05, the DPPC budget improved by 8.4%, enabling the backfilling of 3 vacant positions and allowing the Commission to begin recording hotline calls and to reinstate background checks on potential employees assigned to work with disabled individuals. The case backlog remains.

FY06 Needs

The DPPC has requested an additional \$188,153 for FY06 in order to backfill its remaining vacancies (to 30 full-time staff). The funds are badly needed to address the increase in hotline calls, the backlog of investigations, and the very high average caseload of oversight officers. The total budget request is for \$1,935,514.

H1 for FY06 Recommendations

H1 for FY06 recommends \$45,295 (2.65%) above the FY05 funding level.

Account: Massachusetts Commission Against Discrimination (MCAD)
Line Items: 1150-5100, 1150-5104, and 1150-5116
Agency: Secretary of Administration and Finance

The Massachusetts Commission Against Discrimination (MCAD) is the Commonwealth's primary civil rights enforcement agency. MCAD investigates allegations of discrimination based on disability, race, gender, age, religion, welfare status, sexual orientation or national origin status in the areas of employment, education, housing, credit and public accommodation. The Commission receives approximately 4,300 complaints each year.

MCAD's Equal Employment and Fair Housing programs work to monitor government compliance with state and federal affirmative action guidelines and are funded by the allocation in line item 1150-5104. MCAD has also conducted studies of systemic discrimination. MCAD's discrimination prevention certification program for diversity trainers is funded by the allocation in line item 1150-5116. The program offers Trainer Referral Services so businesses can access a pool of state-certified trainers.

Line Item	Description	Agency	FY01	FY02	FY03	FY04	FY05	H1 for FY06
1150-5100	MCAD	Sec. of Adm.&Finc.	2,524,960	2,311,861	1,819,076	1,494,521	1,434,740	1,529,164
1150-5104	MCAD EE & Fair Housing	Sec. of Adm.&Finc.	1,813,344	1,863,898	1,987,982	2,467,962	2,467,982	2,467,982
1150-5116	MCAD Divrsty. Trainers	Sec. of Adm.&Finc.	27,500	27,500	27,500	27,500	27,500	27,500

FY01–FY05 Impact

Between FY02–FY04, the legislature reduced MCAD's appropriation in line item 1150-5100 by \$1.09 million and raised the ceiling on MCAD's primary retained revenue in line item 1150-5104 by \$654,638. The net cut is \$435,582 (10%), but the situation is really worse. The retained revenue account raises revenue from federal reimbursements for housing and urban development and equal opportunity programs and from new civil penalties instituted in FY04 against respondents found to have engaged in unlawful discrimination. In FY04, MCAD could not meet the new retained revenue ceiling, leaving the Commission short another \$264,124.

Budget cuts have meant an inadequate number of investigators and average caseloads as high as 430 (in FY03 in Boston), nearly double what they had been.

In FY05, MCAD reports that the Commission should come closer to meeting its retained revenue ceiling, projecting a shortfall of just \$51,300. The Commission has been cautiously backfilling investigator positions as the situation improves.

FY06 Needs

MCAD needs an additional \$97,568 in the appropriation for line item 1150-5100 in order to support hiring for 2 investigator positions. The positions are critical for reducing case backlog and investigator caseloads. Additionally, because when MCAD maximizes its case closings it will also maximize its federal reimbursements, having more staff will likely generate more revenue.

H1 for FY06 Recommendations

H1 for FY06 recommends \$94,424 (6.6%) above the FY05 allocation.

Account: Architectural Access Board (AAB)
Line Item: 8000-0500
Agency: Office of Public Safety and Homeland Security

The Architectural Access Board (AAB) is responsible for ensuring that all public buildings are accessible to and safe for use by individuals with disabilities. The Board enforces state rules and regulations to ensure that any new construction, renovation or changes of use meet the accessibility standards established by the Board. The Board does not enforce the Americans with Disabilities Act (ADA).

The Board conducts hearings on complaints and requests for variances from regulations that govern construction and renovation of public and private buildings. It has jurisdiction over new construction and renovation. Each year, the Board fields 250 complaints and most are handled administratively. In addition, 220–300 variance applications are responded to annually, which comprise most of the hearings held by the Board.

Line Item	Description	Agency	FY01	FY02	FY03	FY04	FY05	H1 for FY06
8000-0500	Architectural Access Board.	Off.of Pub. Safety&Hm. Sec.	227,212	220,484	8311-1000	8311-1000	8311-1000	8311-1000

FY01–FY05 Impact

In FY03, AAB lost its own line item when it was moved to the Office of Public Safety and Homeland Security administration account along with the Board of Building Regulations and Standards. The account (line item 8311-1000) does not earmark a budget to either Board, but has been cut in total by \$261,845 since FY03.

Also in FY03, AAB staff was cut in half—from 4 full-time equivalent staff (FTEs) to 2—through the early retirement initiative. Tom Hopkins, the former compliance officer, became the director while continuing to fulfill the duties of the compliance officer. Hopkins reports that the consolidation of AAB with the Office of Public Safety and Homeland Security is a logical move and is helping to improve communication with state inspectors and to improve trainings.

In FY04, \$196,912 was cut from this administration account. However, AAB was able to backfill a .75 FTE compliance officer position. This brings its staff to 2.75 FTEs, still a reduction of 1.25 FTEs from FY02 levels.

For FY05, the administration account (line item 8311-1000) is funded at \$1,023,359—another reduction greater than \$64,000.

FY06 Needs

AAB has requested that the compliance officer position be full time and that they backfill a clerical position, bringing their staff back to the 4 FTEs level.

AAB also reports that the Office of Public Safety and Homeland Security will seeking to update regulations this year for a variety of areas, including the AAB. AAB supports making state regulations substantially equivalent to the ADA so that inspectors and designers can be governed

by one standard. This change would also expand the Board’s jurisdiction to employee-access spaces in addition to public-access areas.

Governor’s H1 for FY06 Recommendations

H1 provides no specific earmark or separate line indicating a budget for the AAB. The Office of Public Safety and Homeland Security account that funds the AAB and the Board of Building Regulations and Standards is recommended for \$1,280,533, an increase of \$259,174 above FY05. Budget explanatory language indicates that the funds are “to hire staff and improve inspection services.”

Salary Reserve

Line Item	Description	FY01	FY02	FY03	FY04	FY05	H1 for FY06
1599-6901	Salary Reserve	\$15,000,000	\$5,000,000	\$0	\$0	\$20,000,000	

The Direct Care Worker Salary Reserve—also called the Purchase of Service (POS) Salary Reserve—was first created in the 1990s to provide modest but important salary increases for direct care workers who are employed by service providers that contract with state agencies under the Executive Office of Health and Human Services (EOHHS) and the Department of Elder Affairs (DEA). It is allocated within the Executive Office of Administration and Finance (EOAF) for distribution to these private providers.

Many community-based social and human services programs are contracted out to private, usually non-profit, provider agencies. Because state reimbursement levels for this contracted care are so low and usually have no built-in cost-of-living adjustments, employees at provider agencies receive notoriously low salaries and benefits for their difficult caregiving work. It has been estimated that more than half of these direct care workers have no health insurance coverage. Many work a second job to make ends meet.

Inadequate compensation of direct care workers has been named by many advocates as one of the most severe problems in the state's human services system. The consequence is extremely high turn-over rates, chronic worker shortages and a lack of qualified staff in all areas of service delivery. For persons who depend on state supports, these problems strongly weigh against successful access to, quality of, and continuity of care—serving as sources of often daily stress.

Line Item Analysis

Account: POS Salary Reserve

Line Item: 1599-6901

Each time the Salary Reserve is funded the allocation serves a one-time purpose. To sustain the wage increases beyond a single year, these funds must be annualized into the budgets of all the agencies whose workers received a Salary Reserve-funded raise. [Editor's Note: Readers will notice that increases proposed by the governor's H1 for FY06 budget to many of the line items covered in *People First* are intended for maintaining POS Salary Reserve raises into the next fiscal year.]

Line Item	Description	FY01	FY02	FY03	FY04	FY05	H1 for FY06
1599-6901	Salary Reserve	\$15,000,000	\$5,000,000	\$0	\$0	\$20,000,000	\$0

FY01–FY05 Impact

In FY01, the Salary Reserve received \$15 million, although at its highest earlier point it was allocated \$28 million. It was slashed to \$5 million in FY02 and eliminated in FY03 and FY04.

The FY05 allocation of \$20 million was a significant victory for direct care workers, thanks to sustained advocacy on the part of many organizations. The legislature rejected the governor's initial proposal to de-fund the account entirely.

FY05 budget language earmarked \$10 million of this total for workers earning under \$25,000 per year (\$12 or less per hour) and the other \$10 million for workers earning \$25,001–40,000 (\$12–19 per hour). Language also stipulated that annualization funds would be provided in FY06, but that they would not in total be permitted to exceed \$20 million—in other words, workers won't suffer a pay reduction in FY06, but neither are they budgeted for a cost-of-living increase in that year. The raises are in addition to any that were already set by collective bargaining agreements.

FY06 Needs

In FY06, advocates are seeking \$60 million for the Salary Reserve account. The recommendation has broad support in the human services and disability advocacy communities.

H1 for FY06 Recommendations

H1 includes no funding for raising the salaries of the lowest paid direct care workers.

H1 does include a proposal of \$5 million for a Purchase of Service Rate Adjustment (line item 1599-6902) for contracted service providers, but the money is marked for standardizing reimbursement rates and achieving efficiency standards, not for salary raises.³²

³² Massachusetts Council of Human Service Providers, Inc., "Budget Alert: Governor Releases 'House 1' Budget—Workers Ignored!!" January 26, 2005.

Special Section: Key Issues in Health Care

Many of the key issues currently debated in health care span the numerous MassHealth programs and funding streams. Other aspects of Massachusetts's public health insurance system are funded or regulated separately from the line items within the Office of Medicaid (MassHealth). Therefore, this *People First* volume includes a special section on cross-cutting issues and off-budget programs that impact the MassHealth coverage of persons with disabilities.

Issue: **Adult Dental Health Benefits**
Affected Lines: **all MassHealth programs**
Relevant Section: **Outside Section 309 (FY05)**

Prior to FY03, dental benefits were part of the coverage provided by almost all MassHealth programs. With the loss of dental coverage in December 2002, all adults on MassHealth, including 175,000 adults with disabilities, are unable to fix cavities, obtain dentures, or prevent serious infections. The only option available to most is to pay for their own dental care (which most program participants cannot afford), have their teeth extracted, or apply to the Office of Medicaid for a "special circumstances" exception (which is difficult to obtain).

Recent Developments

In FY03, all MassHealth preventive and routine care dental benefits for adults, and eventually dentures as well, were eliminated. About 550,000 people were affected. Children and a small number of adults who qualify under "special circumstances" are still receiving dental benefits. All other adults may access only "emergency dental services, extractions and oral surgery, and x-rays related to these services."³³

Adults who lost coverage are enrolled in at least five different MassHealth programs: MassHealth Standard; CommonHealth (for persons with disabilities); MassHealth Basic; Family Assistance; and MassHealth Essential. Many members have faced medical problems, nutrition problems and other complications after not being able to obtain dental care, especially dentures and fillings. Some go without teeth and have had to change their diets as a consequence.

Even if dental coverage is restored to adult MassHealth members, obtaining services may be difficult because a shortage of dentists in the program is ongoing. It is believed that dentists would be more likely to join the MassHealth program if a third party negotiated reimbursement rates.

In the FY05 budget, Outside Section 309 directed the Executive Office of Health and Human Services (EOHHS) to issue a request for proposals that would allow a third-party administrator to negotiate MassHealth dental benefits—a promising step toward expanding the number of dentists willing to accept patients with MassHealth. The administration has until January 2006 to award a contract.

FY06 Needs

Restoring oral health care, dentures, and other non-emergency dental benefits for all adults on MassHealth is a top priority for advocates. The cost of adult dental coverage for one year is

³³For more information on what is covered, see Vicky Pulos, *MassHealth Advocacy Guide*, Massachusetts Law Reform Institute: 2004.

estimated at about \$75 million (requiring \$60 million in new funds)—half of which would be reimbursed by the federal government.³⁴

H1 for FY06 Recommendations

H1 includes no funding for restoring “optional”—including dental—benefits. Because these cuts were imposed during the recent fiscal crisis and the state is now expecting an FY05 surplus in MassHealth funding, advocates will be working with the legislator to restore funding for these important benefits.

In Outside Section 155 of H1 for FY06, dental providers are given permission to limit the number of Medicaid patients they allow into their practice. The intent of this section is to increase the number of dental providers willing to accept MassHealth patients. Dentists are often unwilling to accept the paperwork requirements and the reimbursement rates offered by MassHealth.

Issue: **Adult Vision Services**
Affected Lines: **all MassHealth programs**

Prior to FY03, vision benefits were part of the coverage provided by many MassHealth programs.

Recent Developments

Adults enrolled in MassHealth programs have not been covered for eyeglasses or other vision services since January 1, 2003. About 550,000 adults enrolled in the following programs continue to be affected: MassHealth Standard, CommonHealth, MassHealth Basic, Family Assistance, and MassHealth Essential. This includes more than 170,000 adults with disabilities, and those who need eyeglasses for reading, driving and working.

FY06 Needs

Restoring vision services is a top advocacy priority for FY06. The annual cost of coverage is estimated at about \$4 million.³⁵ This gap in coverage is of particular concern to advocates for people with disabilities.

H1 for FY06 Recommendations

H1 does not include any funding for vision services.

Issue: **Drug Prior Authorization**
Affected Lines: **all MassHealth programs**
Relevant Section: **Outside Section 305 (FY05)**

The rising cost of prescription drugs has been a challenge for the MassHealth system. In an effort to slow expenditures on prescription drugs, in July 2002 the state began limiting access to brand name or other “non-preferred” medicines through an approved drug list. When prescribing medications not on the list, doctors must obtain what is called “prior approval” from MassHealth officials. The approved drug list has a disproportionately negative effect on individuals and

³⁴Figures supplied by Health Care for All, based on FY06 cost estimates.

³⁵ Figures supplied by Office of State Rep. Kathleen Teahan, based on FY05 cost estimates.

families whose serious health needs require that they take a variety of medications to function. Only about two-thirds of applications for prior approval of prescriptions are approved.

Recent Developments

In the FY05 budget, Outside Section 305 required MassHealth to conduct a Drug Prior Authorization Study to determine the consequences of its drug prior authorization program by February 1, 2005. Although not made public at the time this report went to press, it is anticipated that the study may highlight some of the damaging effects the MassHealth approved drug list has had on individual persons with disabilities. A similar study was requested in the FY04 budget but never issued.

Also in the FY05 budget, the Commissioner of Mental Health retains the ability to oversee any “drug prior authorization policies” that affect psychiatric drugs.

FY06 Needs

In FY06, advocates and legislators will continue to monitor the prior authorization process and have proposed several bills to control the number and types of drugs that need prior authorization. According to advocates, when access to effective and/or innovative medications is restricted, especially those for acute mental illness, the long-term result is often more costly inpatient treatments and emergency services.

H1 for FY06 Recommendations

H1 retains language from the FY05 budget within the MassHealth administration account (line item 4000-0300) that requires the Department of Mental Health (DMH) commissioner to approve any prior authorization or other restriction on medication used to treat mental illness that is issued by MassHealth programs.

Issue:	Children’s Premiums
Affected Lines:	MassHealth Standard(4000-0860)
	CommonHealth (4000-0430)
	Family Assistance (4000-0880)

All children covered by several MassHealth programs—including MassHealth Standard, CommonHealth, and Family Assistance are now charged premiums based on their family incomes.

Recent Developments

In FY03, MassHealth introduced monthly premium charges for children with family incomes above 150% of the fpl—impacting nearly 9,000 children—many of whom have disabilities or parents with disabilities.

FY06 Needs

Advocates and several legislators would like to see premiums for lower-income families decreased or eliminated in FY06.

H1 for FY06 Recommendations

No changes to premiums for children on MassHealth are included in H1.

Issue: MassHealth Personal Care Attendant (PCA) Services
Affected Lines: all MassHealth Programs that serve people with disabilities

The Personal Care Attendant (PCA) program provides persons with disabilities of all ages with assistance in basic daily tasks like dressing, transfers, and bathing. PCAs, who are paid by MassHealth, allow many individuals to remain in the community and some to participate more fully in the workforce. Independent Living Centers (ILCs) evaluate individuals for program participation. Those who do participate usually train and hire their own PCAs. Currently more than 11,000 MassHealth members receive PCA assistance.

Recent Developments

During FY04 and FY05, the administration threatened to tighten eligibility requirements for the PCA program. In the H1 for FY05 budget, language was proposed to “amend or develop new standards and regulations for PCAs.” Because this language would have made eligibility stricter and changed how screening is done, advocates feared it would cause the loss of valuable service hours. These program changes were ultimately blocked.

In FY05, advocates also attempted to stop adverse program changes by introducing language requiring MassHealth to consult with stakeholders before making changes to PCA eligibility standards. The provision was vetoed and not overridden.

FY06 Needs

Advocates will continue working to block changes to eligibility for or benefits of PCA services in FY06. On many occasions, the administration has been generally supportive of expanding the PCA program so that more people with disabilities are cared for at home.

H1 for FY06 Recommendations

No changes in eligibility for or benefits of PCA services are recommended in H1.

Issue: MassHealth Enrollment Caps
Funding Sources: CommonHealth (4000-0430)
Insurance Partnership (4000-0890 and 4000-0891)
MassHealth for HIV Positive Persons (4000-1400)
MassHealth Essential (4000-1405)
Relevant Section: Outside Section 241 (FY05)

The federal government has authorized MassHealth to impose enrollment caps—limits on the numbers of adults who may enroll, regardless of whether a program's funding allocations have been exhausted—in CommonHealth, the Insurance Partnership, MassHealth for HIV Positive Persons, and MassHealth Essential. The state legislature has granted authority for such decisions to the Executive Office of Health and Human Services (EOHHS). Only MassHealth Essential currently has an enrollment cap of 44,000 individuals.

Recent Developments

In FY04, enrollment caps were proposed but did not get implemented for MassHealth for HIV Positive Persons, CommonHealth and the Insurance Partnership. So far, EOHHS has decided not to implement caps in any program besides MassHealth Essential.

In FY05, Outside Section 241 of the Conference Committee budget would have repealed EOHHS's legislature-granted authority to set enrollment caps. Because the administration wants to retain its authority to cap enrollments and thereby control MassHealth spending, the language was vetoed and not overridden.

FY06 Needs

Preventing enrollment caps continues to be a top advocacy priority for health care advocates and advocates for people with disabilities in FY06.

H1 for FY06 Recommendations

In H1 for FY06, line item language in the MassHealth Essential account (4000-1405) expressly gives the secretary of EOHHS permission "to limit or close enrollment if necessary in order to ensure expenditures from this item do not exceed the amount appropriated herein." It is not specified whether enrollment caps will be issued for other programs.

Issue: MassHealth Asset Testing
Funding Sources: all MassHealth programs, with particular impacts for CommonHealth (4000-0430)

Current eligibility guidelines for MassHealth only take into account the *income* level of applicants under age 65 (those over age 65 must "spend down" their assets in order to be eligible for benefits). As part of its campaign against "fraud" in the system, the administration believes that new *asset* limits will prevent those with higher resources from enrolling in MassHealth and has applied for federal permission (still pending) to allow this program change.

Asset testing would create barriers to care in particular for persons with disabilities enrolled in the CommonHealth program (4000-0430). Many CommonHealth members qualify for services not based on income but instead on medical necessity or categorical disability. These individuals "buy-in" to the program—in other words, they pay premiums to participate. Disability advocates are concerned that if asset testing is implemented, these individuals may be faced with losing all of their savings to health costs before they could re-qualify for the program. An asset test may particularly burden parents of adult children with disabilities and working adults with disabilities, who would need to pay for uncovered health care costs out-of-pocket.

Recent Developments

In FY04, the Office of Medicaid was given permission by the legislature to look at the level of assets held by all MassHealth enrollees ages 19–64. The Conference Budget for FY05 included language calling for a study to look at the effects of implementing an asset test on working adults with disabilities enrolled in the CommonHealth program. The study, supported by advocates as a vehicle to document the difficulties caused by such a test, was vetoed and not overridden.

Administration officials have indicated that they will not implement an asset test for adults under age 65 in FY05.

FY06 Needs

In FY06, advocates have not determined if action is needed to fight an asset test.

H1 for FY06 Recommendations

It is not specified in H1 whether an asset test will be required for adults ages 19–64 to qualify for MassHealth programs.

Issue: MassHealth Disability Waiver
Funding Sources: Primarily MassHealth Standard (4000-0860 and 4000-0500) and CommonHealth (4000-0430)

When the Office of Medicaid wishes to implement a program change that differs from federal standards for the Medicaid program, it must apply for a waiver.

Recent Developments

In FY04, EOHHS applied for a waiver that would allow use of a MassHealth eligibility standard for people with disabilities that is more restrictive than the current disability standard used by the federal Supplemental Security Income (SSI) or Social Security Disability Insurance (SSDI) programs. The waiver is still pending with the federal Center for Medicare and Medicaid Services (which has taken no action on the request).

In November 2003 (during FY04), 43 provider and other organizations sent a letter to the federal government opposing such a waiver. Several members of Congress also expressed opposition to the proposed change, saying it was a dangerous threat to health care access for people with disabilities. Advocates believe it would shift the burden of proof of disability onto the patient, hence eliminating an important protection for people with disabilities who want to work but cannot afford health coverage without MassHealth benefits.

If the change is approved, the disability review process would change in two ways—the frequency of re-determination and the number of people with disabilities who qualify for MassHealth. The Office of Medicaid expects to save \$20 million as a consequence of these restrictions on eligibility, which would make Massachusetts's standard among the most restrictive in the nation.

FY06 Needs

Advocates believe that MassHealth officials are still interested in changing disability standards for MassHealth eligibility. The Mass. Law Reform Institute and Health Care for All are working to prohibit any changes in eligibility for MassHealth for people with disabilities.

H1 for FY06 Recommendations

No language in H1 indicates whether a waiver changing standards of eligibility for persons with disabilities will be approved or implemented in FY06.

A Guide for New Readers

Many readers of *People First* reports are seasoned advocates. For those who may be new to advocacy work on disability issues, we offer suggestions and information below.

How to Communicate with Your Elected Officials

1. If you think an H1 for FY06 recommendation for a program or service you care about should be supported, improved, or changed, you should convey your concern as soon as possible to your state representative and state senator.

Who are my elected officials?

- You can visit www.wheredoivotema.org to learn who your elected officials are.

How do I reach them?

- By email!: You can visit www.mass.gov to learn more about your legislators and obtain their e-mail addresses.
- By phone!: You can reach any representative or senator by calling the State House switchboard at 617-722-2000. If you call, you will probably speak with a staff person. That is fine—they will convey your concern to your legislator.
- By mail!: You can send your elected officials a letter. All letters should be addressed as follows:

The Honorable Representative Firstname Lastname
OR The Honorable Senator Firstname Lastname
The State House
Boston, MA 02133

- In person!: If you can make a personal visit to your representative and/or your senator, it is even better than a call or letter. Call ahead to make an appointment. If you cannot get to the State House, you can ask when the legislator will be holding district hours in the city or town where you live and visit him/her there.
2. Whatever communication method you use, be as specific as possible in the request you make, using information from this report. Rather than saying something like “I think we need more funding to help out people who are blind,” say something like, “I know independent living supports are very essential for people who are blind. Please support restoring line item 4110-1000 at the Massachusetts Commission for the Blind to its fiscal year 2001 level of \$4,093,938.”
 3. Ask your legislators to convey your concern to the Chairperson of the Ways & Means Committee. Tell your legislator that you will call back within a week to see if they have contacted the Ways and Means Chair—and then you should make that follow-up call.
 4. Even if your representative or senator already supports your position 110%, you should still contact them. Your legislator needs to be able to tell the Ways and Means Committee, “This is a top priority for me. I’ve gotten 6 calls from my district about this line item. We need to do something.”
 5. Ask and help your friends and family to make calls, send emails, or write letters as well. Five to ten calls, emails, or letters on the same subject is considered a tidal wave of public opinion at the State House.

Next Steps in the FY06 State Budget Debate

Each step in the budget debate process is a window of opportunity for advocacy efforts to improve programs and services for persons with disabilities. The most important advocacy relationship any person can have is with his or her own state representative and state senator. A call, email, letter, or visit from a constituent in the district is always the most influential. To be most effective, an advocate establishes an ongoing relationship with his or her state representative and state senator.

Window of Opportunity: The House

H1 for FY06 now has been sent to the House Ways & Means Committee (HWM), chaired by Rep. Robert DeLeo. Committee staff and members are preparing their own recommendations. The HWM FY06 Budget will be released to the full House sometime in late April or early May 2005. Every representative will then have the opportunity to submit amendments to alter those recommendations for funding or policy issues. Usually 500 or more amendments are filed. The House will meet for up to a week in full formal sessions to debate and decide these amendments. (However, because there will be many informal negotiations between leadership and rank and file members, few amendments will be subject to actual roll call votes.)

Advocacy action steps:

- Call, email, write, or visit your state representative. Tell him/her about your priorities for the FY06 House budget.
- Ask your representative to make your priorities known when she/he speaks with the Chair of the House Ways and Means Committee.

Window of Opportunity: The Senate

The House budget will then be referred to the Senate Ways & Means (SWM) Committee, chaired by Sen. Therese Murray. SWM senators and staff already will have been working on their own set of FY06 recommendations. The SWM FY06 Budget will be released to the full Senate sometime late May or early June 2005. Then there will be a full debate, similar to the House debate, where the fate of the amendments filed by various senators are decided. Since there are 160 state representatives and 40 state senators, the Senate process usually involves fewer amendments and quicker decisions. The full debate usually takes two or three days.

Advocacy action steps:

- Call, email, write, or visit your state senator. Tell him/her about your priorities for the FY06 Senate budget.
- Ask your senator to make your priorities known when he/she speaks with the Chair of the House Ways and Means Committee.

Window of Opportunity: The Conference Committee

The House and Senate budgets will vary in their funding and policy recommendations. The two budgets will be sent to a Joint House/Senate Conference Committee, composed of three senators and three representatives and chaired by both Ways & Means Committee chairs. While they are not formally members of the Conference Committee, House Speaker Salvatore DiMasi and Senate President Robert Travaglini will have great influence over the Conference Committee negotiations.

The Conference Committee should complete its work by late June 2005. Its single reconciled set of budget recommendations, known as the Conference Committee Report for FY06, is returned to each chamber for a single “yea” or “nay” vote of approval. After it is approved by each chamber, this Conference Committee budget is sent to the governor’s desk.

Advocacy action steps:

- Call, email, or write the members of the Conference Committee, the Speaker of the House, and/or the Senate President. Tell each of them to include the language and/or the funding that you prefer from either the House or the Senate budgets when they draft the Conference Committee Report.
- Call, email, write, or visit your state representative and senator. Ask these elected officials to make your priorities known to the Conference Committee, the Speaker of the House, and the Senate President.

Window of Opportunity: The Governor’s Vetoes

The governor has ten days to review that budget and return it to the House with the governor’s veto message. He can veto policy changes and he can veto some or all of the dollar amount appropriated to a particular line item. He cannot, however, increase any appropriations at that point in the process.

Advocacy action steps:

- Call, email, or write the governor’s office to ask him not to veto your budget priorities as stated in the Conference Committee Report. As always, be specific in your request—mention the line item numbers of any particular budget language or particular funding amount you are calling about.

Window of Opportunity: The Legislative Overrides

In the final step, the legislature may vote to pass overrides on some of the governor’s vetoes. The House leadership will review the governor’s vetoes, decide which ones to challenge, and have formal roll call votes on each. A two-thirds majority vote is needed to overturn a veto. If the veto is not overturned in the House, it will remain in the final budget. If a veto is overturned, it is sent to the Senate, where again a two-thirds majority is needed for each item. If both chambers override a veto, the original Conference Committee recommendation stands as the final version of the FY06 budget. This entire process is supposed to be complete before the formal start of fiscal year 2006 on July 1, 2005.

Advocacy action steps:

- Call, email, or write your state representative and senator.
- Thanks him/her for the positive aspects of the Conference Committee budget with regard with disability issues. As him/her to vote to override and of the governor’s vetoes with which you do not agree.

State Website Budget Resources

The Commonwealth of Massachusetts website has become a great resource for followers of the budget debate. A link from the home page—at www.mass.gov—to “The 2006 Budget Process” will take you to the full governor’s H1 for FY06 in an easily searchable form. Other links take you to past year’s budget proposals. The flow chart on the next page, which portrays the full budget debate process, is among the many resources provided.

Overview of the budget process

Fiscal year 2006 budget documents

Budget-writing steps

Governor's Budget
January 26, 2005

The budget begins as a bill that the Governor submits in January (or February if at the start of a new term) to the House of Representatives.



House Ways & Means Budget

The House Ways and Means Committee reviews this budget and then develops its own recommendation.



House Budget

Once debated, amended and voted on by the full House, it becomes the House budget bill.



Senate Ways & Means Budget

At this point, the House passes its bill to the Senate. The Senate Ways & Means Committee reviews that bill and develops its own.



Senate Budget

Once debated, amended and voted on, it becomes the Senate's budget bill.



Conference Committee Budget

House and Senate leadership then assign members to a joint "conference committee" to negotiate the differences between the House and Senate bills. Once that work is completed, the conference committee returns its bill to the House for a vote. If the House makes any changes to the bill, it must return the bill to the conference committee to be renegotiated. Once approved by the House, the budget passes to the Senate, which then votes its approval.



Vetoes

From there, the Senate passes the bill to the Governor who has ten days to review and approve it, or make vetoes or reductions. The Governor may approve or veto the entire budget, or may veto or reduce certain line items or sections, but may not add anything.



Overrides

The House and Senate may vote to override the Governor's vetoes. Overrides require a two-thirds majority in each chamber.

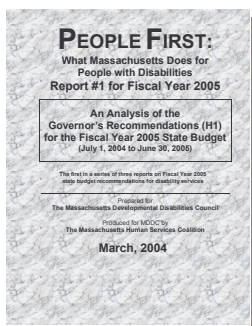


Final Budget

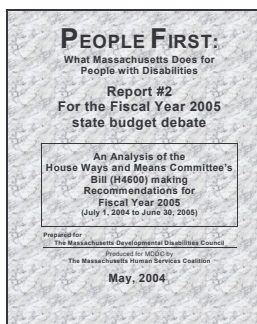
The final budget is also known as the General Appropriations Act or "Chapter [#] of the Acts of yyyy."

Follow the budget process on disabilities issues
during the FY06 debate!!

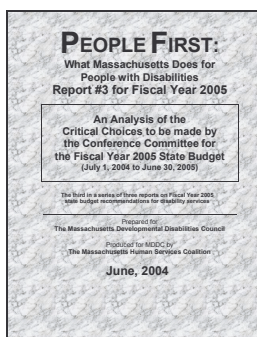
Go to www.mass.gov/mddc to download the
People First: Disability Analysis of the State Budget !



Volume I provides a full overview of all disabilities-related programs and agencies, along with an analysis of the potential impacts of the governor's budget proposals in his House 1 for FY06.



Volume II provides analysis of House of Representatives budget proposals for FY06.



Volume III presents the critical choices facing the Conference Committee as they reconcile the differences in the House and Senate budget proposals.



Volume IV will discuss and analyze the governor's vetoes and identify key issues for advocates to discuss with their legislators as they consider overrides.