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TO: Mark Stevens, Assembly Fiscal Analyst
Gary Ghiggeri, Senate Fiscal Analyst

DATE: May 25, 2003

FROM: Steve Abba, Deputy Fiscal Analyst 

RE: Budget Corrections - Medicaid and Welfare Administration

Per your request the following briefly describes the budget corrections that should be made to the Medicaid and Welfare Administration budgets.

Medicaid

I have received verbal and e-mail notification from the Division of Health Care Financing and Policy (May 22, 2003) that a calculation error was made with the final adjustments to the HIPAA/MMIS decision unit (M-501) in the Medicaid budget for both fiscal years of the 2003-05 biennium. As you are aware, decision unit M-501 changed significantly from The Executive Budget because of the reduction in claims inventory which has taken place during FY 2003. The Division presented information on changes to decision unit M-501 based on the reduction in claims inventory that was included in the closing documents and approved by the money committees. In retrospect, the Division has determined that the closing adjustments made for fiscal agent charges were based on incorrect assumptions which overstated the reductions that were made to this decision unit. The error was caught when reviewing the printouts provided to the Division that display line item changes to the budget based on the actions approved by the money committees.

To correct the error, decision unit M-501 would need to be adjusted by \$3,903,844 (\$975,960 state general funds) for FY 2004 and by \$1,938,230 (\$484,557 state general funds) for FY 2005. The adjustments would augment fiscal agent charges.

Welfare Administration

The adjustments made for the DoIT cost allocation based on the budget actions approved by the money committees significantly reduced TANF funding in the Welfare Administration budget. The reduction in TANF funding could be re-applied within the Welfare Administration budget to reduce the amount of state general funds allocated by a like amount. The amount of TANF funds that were made available as a result of the DoIT cost allocation changes that could be re-applied are as follows: FY 2004 - \$642,217 and FY 2005 - \$333,856. The savings in state general funds would be in a like amount of \$976,073 over the 2003-05 biennium.

I trust this information is helpful.

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