The below memo details a preliminary analysis of Illinois Governor Bruce Rauner’s Fiscal Year 2016 (FY16) Proposed Budget. It provides an overarching view of important health and human services priorities within the proposed FY16 Illinois state budget.

Overall, the Governor’s proposed FY16 Budget reduces spending by $6.2 Billion and proposes no new revenue.

As you likely know, the details of this proposed budget will continue to become clearer in the days and weeks ahead so please keep in mind that the below is an initial view of information released by the Governor’s office for his proposed FY16 budget address given on February 18, 2015.

As always, please feel free to reach out directly to me if you have any questions nisrael@everthriveil.org, (847) 620-9758 (cell)

Best,
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**Governor Bruce Rauner’s Fiscal Year (FY) 2016 Proposed Budget - Highlights**

1. **Illinois Department of Public Health (IDPH)**
   Overall FY16 Proposed Budget for IDPH is $584.5 Million; Total Proposed Reduction for IDPH FY16 Budget is $21.9 Million (when compared to FY15 Budget)
   - **Expenses Associated with School Health Centers:** Reduction of $127,900; **10% Cut**
   - **Grants for Community Health Center Expansion Program:** Flat Funding (compared to FY15) of $1,364,600
   - **Grants for Immunizations and Outreach Activities:** Reduction of $461,900; **10% cut**
   - **Expenses Associated with the Childhood Immunization Program:** Flat Funding (compared to FY15) of $145,500
   - **Expenses for Promotion of Women’s Health:** Flat Funding (compared to FY15) of $485,000
   - **Expenses of Women’s Health Programs:** Flat Funding (compared to FY15) of $200,000
   - **Perinatal Services:** Reduction of $111,500; **10% cut**
   - **Grants to Family Planning Programs for Contraceptive Services:** Reduction of $47,000; **10% cut**
   - **Costs Associated with Children’s Health Programs:** Flat Funding (compared to FY15) of $1,229,700
• **Expenses Associated with Breast and Cervical Cancer Screenings and Other Related Activities:** Reduction of $9,823,400; **71% cut**
  - The IDPH Director noted that there are $6,000,000 in Federal Funds under “Grants for Breast and Cervical Cancer Screening” that when added to the $4,000,000 remaining in “Expenses Associated with Breast and Cervical Cancer Screenings and Other Related Activities” equals out to $10,000,000.

  Therefore, FY16 Proposed Reduction to the IBCCP (Illinois Breast and Cervical Cancer Program) is $3,823,400; **28% cut**

• **Expenses Associated with Sudden Infant Death Syndrome (SIDS):** Funding Eliminated (Funded at $250,000 in FY15); **100% cut**

• **ACA Marketplace:** Flat Funding (compared to FY15) of $30,000,000 (All Federal Dollars)

2. **Illinois Department of Human Services (IDHS)**
   Overall, entire programs in the IDHS proposed budget were eliminated and many programs were decimated by cuts.

   The following is not an exhaustive list but a snapshot of the cuts and service reductions in the IDHS proposed budget:
   - **Freezing intakes on childcare for children over 6;**
   - **Increasing childcare copays;**
   - **$23 million in reductions to Early Intervention;**
   - **$35 million in reductions to community substance abuse programs;**
   - **$88 million reduction to community mental health programs;** and
   - **Elimination of State Funding for the following:** Homeless Youth Services; Supportive Housing Services; Immigrant Integration Services; After School Matters; Parent Mentoring

   Governor Rauner made it clear that his proposed budget has a **$1.4 Billion cut to the Illinois Medicaid Program.** Below is a snapshot of how the Governor proposes to achieve this $1.4 Billion cut in Medicaid for FY16.

   **Proposed Cuts include:**
   - **Rates and services (added back after SMART Act, primarily through SB741 in 98th GA, signed June 2014)**
     - Roll back nursing home rate increase, $215.8 million
     - **Elimination of adult dental – $32 million**
     - Roll back Supportive Living Facility (SLF) increase - $13.8 million
     - Roll back increased reimbursement to ambulance providers – $13.8 million
- Cut renal dialysis – $13.8 million
- Eliminate safety net hospital add ons – $9.2 million
- Roll back increased home health rate – $5.5 million
- Elimination of adult podiatry services – $4.6 million
- Eliminate exceptions to four-script limit, including psychotropic drugs carve-out that happened in SB741 and carve-out of kids in complex care CCEs - $4.6 million
- Roll back rates proposed for Specialized Mental Health Rehabilitation Facilities (SMHRFs) (new name for Institutes for Mental Disease (IMDs)) – $3.7 million
- Roll back new rate increase for child psychiatric hospitals – $3.7 million
- Roll back rate increase for transitional care facilities - $0.5 million

- Cuts to optional services and rates
  - Eliminate funding for IMDs – $74.7 million
  - Eliminate care coordination fees to ACEs and CCEs – $60 million
  - Reduction in Medicaid managed care rates (impacting MCOs and MCCNs) – $54.9 million, ~1.5% depending on population being served
    - Program changes will result in lower rates as well for MCOs and MCCNs
  - Decrease pharmacy dispensing fee for brand and generic by $2.40/drug – $46.2 million
    - This would result in a $0 dispensing fee for brands and $3.10 for generic
  - Tightening Durable Medical Equipment (DME) and supplies contracts and usage – $29.8 million
  - Eliminate renal dialysis for non citizens – $9.3 million
  - Eliminate kidney transplants for non-citizens – $7 million
  - Raise Determination of Need (DON) score as state moves towards Universal Assessment Tool (UAT) for Long-Term Services (LTS) eligibility – $7.1 million
  - Reinstate therapy limits from SMART Act – $1.6 million

- Program integrity – ensuring timely Medicaid eligibility redeterminations/renewals
  $53 million
  - Savings comes from catching up with Medicaid eligibility redetermination/renewal caseload
  - Increased resources to Inspector General to combat provider and recipient fraud - $21.5 million

- Eligibility reductions
  - Eliminate Medicaid under Illinois Breast and Cervical Cancer Program (IBCCP) - $32.3 million
    - Idea is that most of these people can move to Health Insurance Marketplace
  - Eliminate state hemophilia program – $4.6 million
    - Idea is that most of these people should go to the Health Insurance Marketplace – HFS said they actually spend very little in this state program now, $4.6 does not represent reduction of services, just appropriations
  - Eliminate state renal program – $100,000
  - Eliminate All Kids eligibility for kids who already have private insurance (for kids in Share and Premium levels, 150-300% FPL) All Kids - $2.9 million
    - This should not impact Medically Fragile Technology Dependent (MFTD) waiver children at all because income is waived for these kids
- Eliminate Health Benefits for Workers with Disabilities – $1.4 million

- Proposed changes to hospital static payments
  - Elimination of current GRF payments – these payments are not tied to any specific services - $334.9 million
  - Take $400 million of payments to hospitals that are static payments funded by hospital assessment and use this amount to pay claims-based hospital payments – start paying for services instead of lump sum payments to hospitals
    - The idea is to redirect these dollars to pay for general Medicaid services instead of only to hospitals;
    - The "ACA $400 million" payments to hospitals should help offset this proposed change

- $12.5M operational savings to HFS

- Some of these cuts to the Medicaid Program will require legislation, some rules changes, some State Plan Amendments (SPAs)