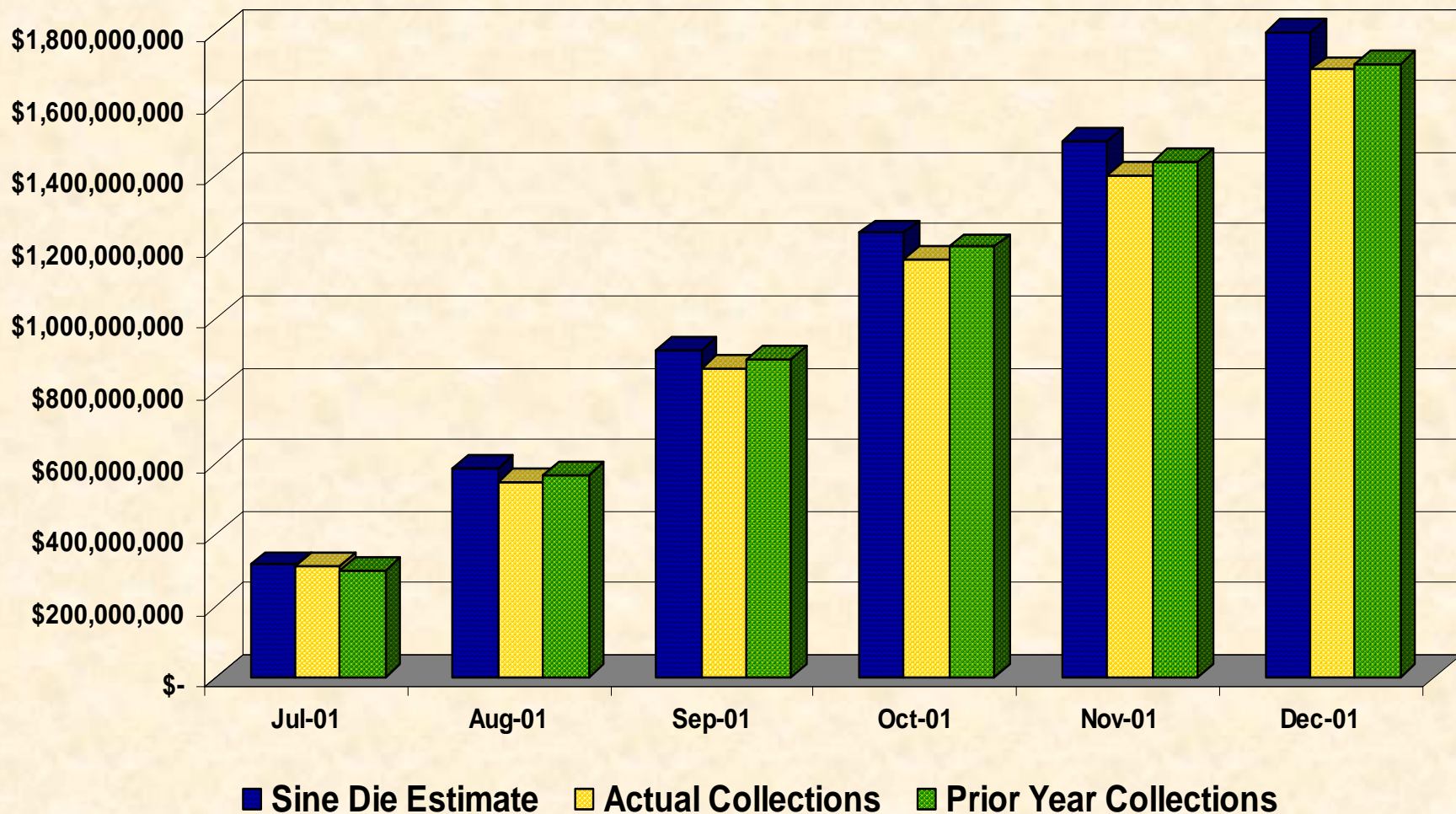




Governor's Fiscal Year 2003 Combined Funds Recommendation

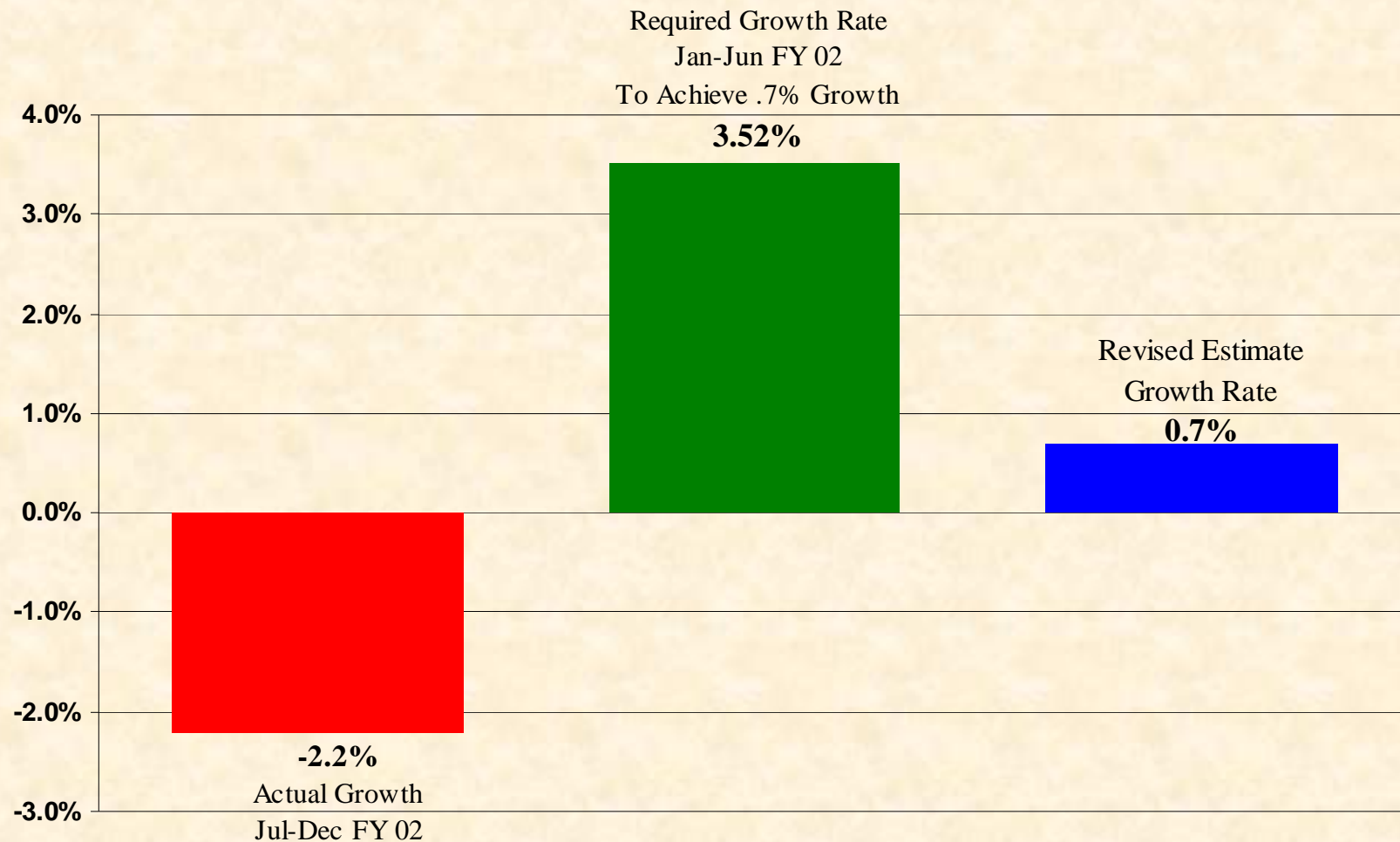


FY 02 Revenue Analysis





FY 02 General Fund Revenue Growth





FY 02 General Funds

General Fund Cash Balance as of July 1, 2001	\$ 15,473,647
Projected General Fund Revenue for FY 2002 @ -2.2% growth rate	<u>\$3,367,336,239</u>
Total Funds Available for FY 02	\$3,382,809,886
Less: General Fund Appropriations	(\$3,551,886,600)
Less: Transfer to Budget Contingency Fund	<u>(\$32,200,000)</u>
Projected FY 02 Revenue Shortfall	(\$201,276,714)
Less: Transfers from Working Cash Stabilization Fund	\$30,336,663
Less: General Fund Budget Cuts	<u>\$53,984,548</u>
ADDITIONAL BUDGET CUTS REQUIRED TO BALANCE BUDGET	(\$116,955,503)



FY 02 General Fund Budget Cuts

Category	Nov-01 3.35% Cut	Feb-02 1.65% Cut	Feb-02 4.63% Cut	Total
Legislative	\$0	\$0		\$0
Judiciary & Justice	(\$579,768)	(\$285,557)		(\$865,325)
Executive & Administrative	(\$110,283)	(\$54,318)		(\$164,601)
Fiscal Affairs	(\$2,324,140)	(\$1,144,725)		(\$3,468,865)
Public Education	(\$4,945,387)	(\$2,435,786)		(\$7,381,173)
Higher Education	(\$18,651,719)	(\$9,186,658)		(\$27,838,377)
Health Care	(\$9,340,845)	(\$4,600,712)		(\$13,941,557)
Agriculture & Commerce	(\$393,811)	(\$193,967)		(\$587,778)
IHL Agriculture	(\$1,968,599)	(\$969,607)		(\$2,938,206)
Economic Development	(\$865,097)	(\$426,092)		(\$1,291,189)
Conservation	(\$1,922,560)	(\$946,932)		(\$2,869,492)
Corrections	(\$8,131,930)	(\$4,005,275)		(\$12,137,205)
Human Care & Rehabilitation	(\$3,040,005)	(\$1,497,315)		(\$4,537,320)
Military, Police & Veterans Affairs	(\$1,040,404)	(\$512,438)		(\$1,552,842)
Local Assistance	\$0	\$0		\$0
Debt Service	\$0	\$0		\$0
Other	(\$670,000)	(\$330,000)		(\$1,000,000)
Subtotal	(\$53,984,548)	(\$26,589,382)		(\$80,573,930)
Agencies/Programs Previously Exempted			(\$88,400,000)	(\$88,400,000)
TOTAL FY 02 GENERAL FUND BUDGET CUTS	(\$53,984,548)	(\$26,589,382)	(\$88,400,000)	(\$168,973,930)



Office of the Governor
Division of Medicaid

Major Objects of Expenditure		FY 2000 Actual	FY 2001 Estimated	FY 2002 Governor Recommends	FY 2002 Priority 1 Maximize Federal Funds
Salaries	\$	16,058,510	23,738,366	24,296,120	731,730
Travel		498,522	605,000	456,608	5,000
Contractual		42,824,852	58,721,178	60,024,227	1,304,000
Commodities		827,416	809,000	828,055	25,000
Other Than Equipment		0	0	0	0
Equipment		1,636,228	1,600,000	1,235,728	62,500
Subsidies, Loans, & Grants		2,045,745,868	2,128,072,171	2,133,060,976	218,184,861
Less: 5% Reserve			0		
Total	\$	2,107,591,396	2,213,545,715	2,219,901,714	220,313,091
Funding Sources					
General	\$	195,269,945	220,674,950	250,110,837	49,912,173
Federal		1,610,199,827	1,693,362,472	1,703,709,194	169,986,803
Other		302,121,624	299,508,293	266,081,683	414,115
Total	\$	2,107,591,396	2,213,545,715	2,219,901,714	220,313,091
Positions					
FT-Permanent		511	599	599	0
FT-Time-Limited		0	0	0	0
PT-Permanent		0	0	0	0
PT-Time-Limited		0	0	0	0
Total		511	599	599	0

Priority 1:

\$49,912,173 in general funds is requested in order to receive \$168,272,688 in federal funds for: (1) The Working Disabled Grant which was mandated by HB 1054 in the 2000 legislative session; (2) added additional nursing home beds mandated but not funded during the 2000 legislative session; (3) Projected growth due to inflation estimated at 4%. In addition, 100% federal funds (\$1,300,000) are available through a planning grant which may be used to analyze the access of uninsureds to medical services and to address the development of methods to address access issues. \$414,115 in federal fund authority for the Poverty Level of the Aging and Disabled Served (PLADS) is also requested; matching funds of \$414,115 are requested from the Health Care Expendable Trust Fund.

Note:

Cash balance of \$121,576,685 will be completely depleted by the end of FY 2001.

The Governor's recommendation includes \$414,115 in special funds (Health Care Expendable Trust Fund) in order to match \$414,115 in federal funds; in addition, \$1,300,000 (100% federal funds) is included for the planning grant. The Governor's recommendation also includes \$30,000,000 in general funds to match \$100,110,000 in federal funds for the Working Disabled Grant, PLADS, additional nursing home beds, and program growth attributable to inflation.

The Division of Medicaid provides a statewide system of medical assistance, health care, remedial, and institutional services in accordance with the requirements for federal grants and other assistance under Title XVII and XIX of the Social Security Act.



Veto Message for HB 1615

“Mississippi's state budget is a blueprint for the success of our people, not a battle plan for the politics of personality. That blueprint can not be drawn accurately if we fail to take into consideration the slowing of our national and state economy, if we fail to take into account the profound shortfall of revenue coming into the state coffers during the present fiscal year, if we fail to properly assess how much we are going to grow and where we will choose to direct that growth.”

--Governor Ronnie Musgrove
March 30, 2001



Comparison of FY 00 to FY 01 Eligibles by Program

Category of Eligibles	YTD 6/00	YTD 6/01	Difference	Benefits Received & Explanation for Difference
SSI Aged	26,189	24,188	-2,001	Full benefits (any decrease in this category could convert to PLAD)
SSI Blind	1,425	1,398	-27	Full benefits (any decrease in this category could convert to QMB)
SSI Disabled	122,604	122,358	-246	Full benefits (any decrease in this category could convert to PLAD)
MAO Aged	12,644	12,400	-244	Full benefits (any decrease in this category could convert to PLAD)
MAO Blind	8	8	0	Full benefits
MAO Disabled	2,658	2,803	145	Full benefits
Poverty Aged (PLAD)	18,528	28,571	10,043	Full benefits - reason for increase SB 2143 raising limit to 135% PL
Poverty Disabled (PLAD)	15,095	22,840	10,043	Full benefits - reason for increase SB 2143 raising limit to 135% PL
Disabled Child At-home	756	781	25	Full benefits
Working Disabled	13	121	108	Full benefits
Disabled Worker	1	0	-1	Part A Medicare Only
HCBS Elderly Under 300%	0	54	54	Full + Waiver Services - this only represents upper income eligibles
HCBS Disabled Under 300%	0	34	34	Full + Waiver Services - this only represents upper income eligibles
HCBS Independent Living	62	134	72	Full + Waiver Services - this only represents upper income eligibles
Hospice Aged	102	144	42	Hospice Services
Hospice Disabled	81	92	11	Hospice Services
QMB Aged	47	107	60	Medicare Cost Sharing
QMB Blind	26	24	-2	Medicare Cost Sharing
QMB Disabled	12	20	8	Medicare Cost Sharing
SLMB Aged	5,222	1,488	-3,734	Part B Medicare Only - 7/00 converted to PLAD
SLMB Blind	17	14	-3	Part B Medicare Only
SLMB Disabled	2,367	440	-1,927	Part B Medicare Only - 7/00 converted to PLAD
QI-II Aged	474	1,387	913	Portion of Part B
QI-II Disabled	247	672	425	Portion of Part B
TANF Cash Assistance	49,953	46,776	-3,177	TANF + full Medicaid - decreased # convert to Low Income Families
TANF Medicaid Only	5,536	4,929	-607	Full benefits (these also convert to Low Income Families)
Low Income Families	29,118	76,970	47,852	Full benefits - delinking Medicaid/TANF results in increase
PG Women/Children (100% PL)	154,978	174,340	19,362	Full benefits - CHIP I & Medicaid expansion responsible for increase
PG Women/Children (133% PL)	35,121	34,846	-275	Full benefits - children convert to 100% or CHIP
PG Women/Children (185% PL)	33,008	51,632	18,624	Full benefits
K-babies	39,739	33,474	-6,265	Full benefits - infants are being converted to 185% capacity
IVE Foster Care/Adoption	1,894	2,205	311	Full benefits
CWS Foster Care/Adoption	1,012	1,041	29	Full benefits
Unknown	442	634	192	Eligible but correct category has not been determined
TOTALS	559,379	646,925	87,546	



2002 Medicaid Budget Issues

June 11, 2001

- Medicaid will experience a significant budget deficit in FY 2002:
 - An increase of over 87,000 Medicaid recipients.
 - Average Annual Cost of \$3,300 per recipient
 - Total Estimated Cost is \$287.1 Million;
 - Therefore, \$66.5 Million in State Funds are needed.
 - Prescription Drugs are Skyrocketing.
 - Increasing nearly 40% in the FY 2001, \$125 Million



2002 Medicaid Budget Issues (cont)

June 11, 2001

- Cash Reserves have been used.
 - \$121 Million in FY 2000
- Funds from Annual Lapse have been used.
 - Lapse usually covers 1 month of services.
- Medicaid Appropriations for 2002
 - Increase in State General Funds, FY 2002 to FY 2001, \$29 Million
 - Decrease in Health Care Expendable Funds to Medicaid, \$16 Million
 - Net Increase in Funding, \$13 Million
- Federal Matching Rate Drops
 - Drops from 76.82% to 76.09%
 - Represents a loss of \$20 Million annually
- New Medicaid Services, 2001 Legislative Session
 - \$25 Million in additional services



Mississippi Law 43-13-107

- Division of Medicaid created; Medical Care Advisory Committee established
 - Required by federal regulations to advise the Division.
 - Governor shall appoint 5 members
 - Lt. Governor shall appoint 3 members
 - Speaker shall appoint 3 members
 - Chairmen of the House and Senate Public Health & Welfare and Appropriations Committees and one Senator and Representative shall serve as ex officio members



Mississippi Law 43-13-107 (cont)

- Medical Care Advisory Committee Duties:
 - The Chairmanship shall alternate annually between the Chairman of the House and Senate Public Health and Welfare Committees.
 - The Committee shall meet Quarterly.
 - The Executive Director of the Division of Medicaid shall submit all amendments, modifications, and changes to the state plan for the operation of the Medicaid program, for review before the amendments, modifications or changes may be implemented by the division.
 - Provide a written report on or before November 30 of each year to the Governor, Lt. Governor, and Speaker.



Summary of Meetings

- Budget Hearings during the 2001 Legislative Session
 - Senate Subcommittee-Thames—January 19, 2001 9:15 AM
 - House Subcommittee-Holland—February 1, 2001 8:00 AM
- Individual Meetings with Legislators
 - Rep. Moody—February 8, 2001 8:30 AM
 - Rep. Holland—February 14, 2001 9:00 AM
 - Rep. Moody—June 28, 2001 9:30 AM
- Legislative Budget Hearings
 - September 12, 2001 1:30 PM
 - September 27, 2001 3:00 PM



Summary of Meetings (cont)

- Medical Care Advisory Committee
 - October 10, 2000, 10:00 AM
 - March 21, 2001, 10:00 AM
 - June 28, 2001, 10:00 AM



FY 02 Supplementary Revenue/Appropriation Recommendation

Medicaid Budget Shortfall	(\$148,000,000)
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State Aid Road Revenue	\$48,000,000
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Electronic Funds Transfers	<u>\$100,000,000</u>
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Balance	\$0
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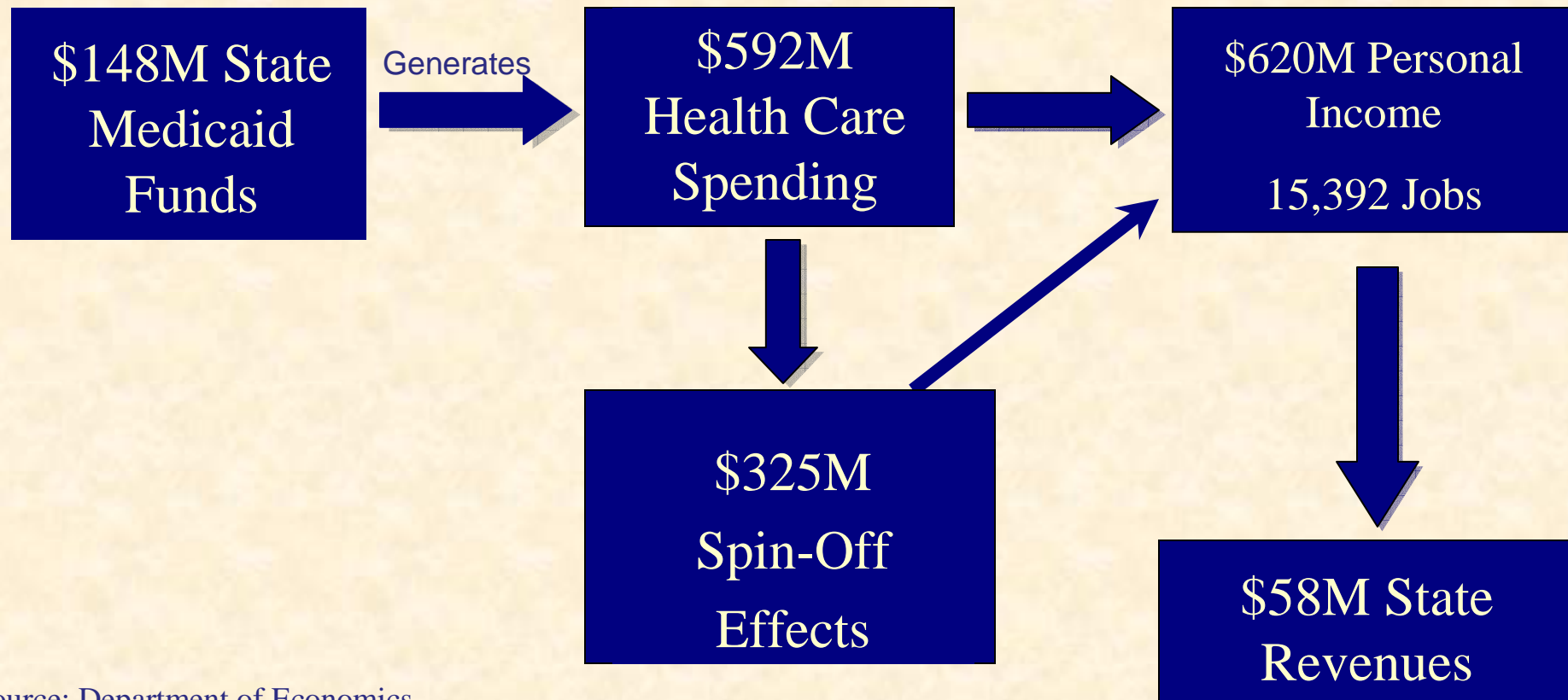


Benefits to Funding Medicaid as Opposed to Slashing Services

- 22 % (640,000) of the state population receives Medicaid services
- 80 % of nursing home patient care is funded by Medicaid dollars
- Maximize Federal Funding – A quarter spent in state funds translates into a dollar to spend on health care
- Investing in children's health is a long term investment in community health and productivity
- Provide health care to the State's most vulnerable citizens – children, pregnant women, the disabled and blind
- Every state dollar spent on Medicaid services generates \$.39 to the State Treasury and \$3.00 in Federal Funds



Economic Impact of Medicaid Investment



Source: Department of Economics
Center for Policy & Planning
Mississippi Institutions of Higher Learning



Medicaid Cost Containment Initiatives

- Pharmacy Benefits Management
- Disease Management/Targeted Case Management
- Require billing to Medicare for certain drugs provided to cross-over beneficiaries
- Require return of unused medication at Long Term Care (LTC) facilities to the billing pharmacy for credit to Medicaid



FY 03 General Funds

Estimated General Fund Balance as of 7/1/02	\$16,942
Projected Revenue for FY 2003 (2.65% growth over FY 02)	\$3,456,570,649
Total Funds Available for FY 03 (including 2% holdback)	\$3,456,587,591
Less: 2% Holdback	\$69,131,751
Less: Executive Budget Recommendation for FY 03	\$3,387,061,384
Estimated General Fund Balance as of 6/30/03***	\$394,456

*** Not inclusive of 2% Holdback



Governor's FY 03 Priorities

- Jobs
- Education
- Public Safety
- Health Care
- Agency Flexibility



Governor's FY 03 Priorities

Teacher Pay Raise	\$71.3
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State and Public School Employees Health Insurance

Plan Stabilization - Effective 7/1/02	\$17.4
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Plan Enhancements - Effective 7/1/03 (\$18.3)	
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Multi-Year State Employee Pay Raise (10 % over 5 Years)

State Employees (1%)	\$23.9
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IHL Employees (1%)	\$8.0
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Community & Junior College Employees (1%)	\$2.3
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(5-Year Plan: 1% Year 1; 2% Years 2-4; and 3% Year 5)

*****In millions**



General Funds

Category	FY 02 Estimated	Executive Budget Recommendation FY 03	% Change FY03/02
Legislative	\$22,051,528	\$19,731,334	-10.5%
Judiciary & Justice	\$43,475,210	\$43,264,316	-0.5%
Executive & Administrative	\$3,127,420	\$3,069,579	-1.8%
Fiscal Affairs	\$66,208,392	\$61,941,520	-6.4%
Public Education	\$1,409,168,472	\$1,583,127,037	12.3%
Higher Education	\$559,428,138	\$495,956,411	*-11.3%

** -5.2% when adjusted for allocation of cash reserves*



General Funds

Category	FY 02 Estimated	Executive Budget Recommendation FY 03	% Change FY03/02
Health Care	\$468,634,159	\$334,506,291 *	-28.6%
Agriculture & Commerce	\$11,167,796	\$9,660,614	-13.5%
IHL - Agriculture	\$55,825,867	\$50,598,091	-9.4%
Economic Development	\$24,532,570	\$28,599,376	16.6%
Preservation & Conservation	\$54,920,330	\$55,478,279	1.0%
Corrections	\$230,606,727	\$224,787,423	-2.5%

**Not Inclusive of Supplementary Recommendations*



General Funds

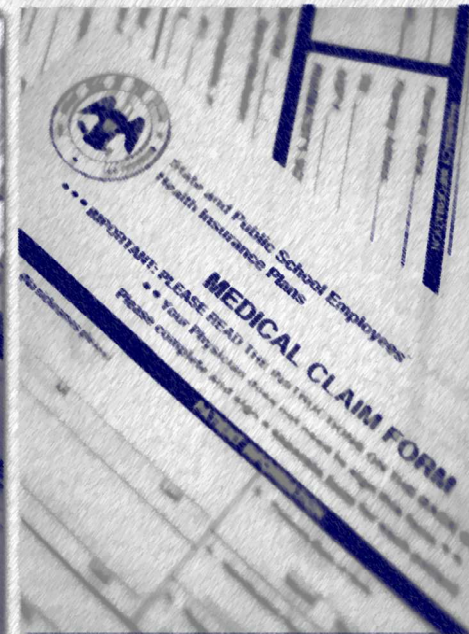
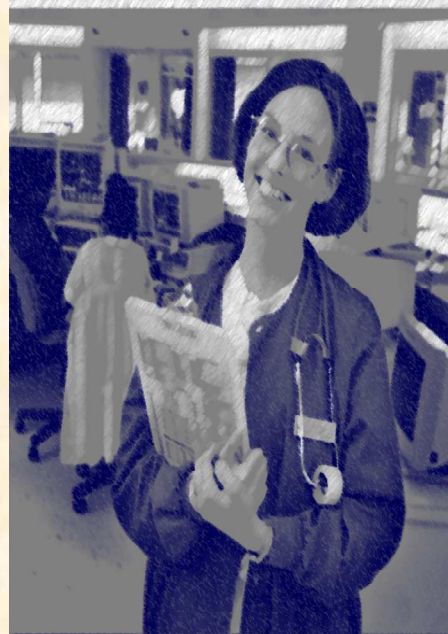
Category	FY 02	Executive Budget	% Change
	Estimated	Recommendation FY 03	
Human Care & Rehabilitation	\$86,209,019	\$85,387,442	-1.0%
Military, Public Safety & Veterans' Affairs	\$63,450,860	\$68,391,800	7.8%
Local Assistance	\$72,765,724	\$76,300,000	4.9%
Debt Service	\$192,309,627	\$218,677,248	13.7%
State, Higher Ed Employees & Insurance	\$0	\$27,584,623	n/a
Capital Expenditures	\$30,828	\$0	-100.0%
Transportation*	\$19,000,000	\$0	-100.0%
Total	\$3,382,912,667	\$3,387,061,384	0.1%

**Not Inclusive of Bond Proceeds*



Mississippians' Access to Health Care (MATH)

A proposal for
expanding health care
coverage for all
Mississippians





Mississippians' Access to Health Care (MATH) Recommendations

	State Dollars	Eligible Federal Match
State Employees Health Insurance	\$16.24	\$1.12
HOPE for Mississippi	\$4.35	\$13.05
Cardiovascular Disease Demonstration Pilot	\$4.53	\$13.59
Diabetes Demonstration Pilot	\$6.29	\$18.86
Breast and Cervical Cancer Prevention	\$1.10	\$3.30

****In millions*



FY 03 Supplementary Revenue Recommendations

December 2001 Annual Tobacco Payment	\$209,029,286 Actual
December 2002 Annual Tobacco Payment	\$144,250,000 Estimate
Expendable Balance Forward	<u>\$53,368,197</u>
Subtotal	\$406,647,483
Less: FY 02 Expendable Appropriations	<u>(\$69,622,207)</u>
Total Supplemental Funds Available	\$337,025,276
Plus General Funds @ 2.65%	<u>\$3,387,438,898</u>
Total General & Supplemental Funds Available	<u>\$3,724,464,174</u>



Executive Combined Funds Summary

Category	General Funds	Supplemental Funds	Other Special Funds	Federal Funds	TOTAL FUNDS
Legislative	\$19,731,334	\$0	\$0	\$0	\$19,731,334
Judiciary & Justice	\$43,264,316	\$0	\$20,222,840	\$2,218,391	\$65,705,547
Executive & Administrative	\$3,069,579	\$0	\$0	\$0	\$3,069,579
Fiscal Affairs	\$61,941,520	\$0	\$59,155,120	\$65,476	\$121,162,116
Public Education	\$1,583,127,037	\$0	\$261,031,967	\$519,261,308	\$2,363,420,312
Higher Education	\$495,956,411	\$0	\$1,132,966,505	\$108,876,689	\$1,737,799,605
Health Care	\$334,506,291	\$337,025,276	\$643,976,913	\$2,640,229,255	\$3,955,737,735



Executive Combined Funds Summary

Category	General Funds	Supplemental Funds	Other Special Funds	Federal Funds	TOTAL FUNDS
Agriculture & Commerce	\$9,660,614	\$0	\$8,102,564	\$2,533,423	\$20,296,601
IHL - Agriculture	\$50,598,091	\$0	\$14,127,934	\$13,844,376	\$78,570,401
Economic Development	\$28,599,376	\$0	\$10,751,296	\$121,892,509	\$161,243,181
Preservation & Conservation	\$55,478,279	\$0	\$140,925,314	\$31,391,615	\$227,795,208
Corrections	\$224,787,423	\$0	\$14,191,850	\$0	\$238,979,273
Human Care & Rehabilitation	\$85,387,442	\$0	\$23,908,293	\$427,483,644	\$536,779,379
Military, Public Safety & Veterans' Affairs	\$68,391,800	\$0	\$48,493,454	\$160,760,000	\$277,645,254



Executive Combined Funds Summary

Category	General Funds	Supplemental Funds	Other Special Funds	Federal Funds	TOTAL FUNDS
Local Assistance	\$76,300,000	\$0	\$1,200,000	\$0	\$77,500,000
Debt Service	\$218,677,248	\$0	\$75,057,283	\$0	\$293,734,531
State, Higher Ed Employees & Insurance	\$27,584,623	\$0	\$10,139,324	\$3,545,014	\$41,268,961
Special Fund Agencies	\$0	\$0	\$210,945,529	\$82,918,883	\$293,864,412
Department of Transportation	\$0	\$0	\$564,368,505	\$458,601,056	\$1,022,969,561
TOTAL FUNDS	\$3,387,061,384	\$337,025,276	\$3,239,564,691	\$4,573,621,639	\$11,537,272,990

Plus: Economic Impact Dollars

\$57,720,000

Total Funds Including Economic Impact

\$11,597,997,636

Economic Impact dollars are recommended for transfer to Working Cash Stabilization Fund (WCSF)



“We cannot and should not limit the promise and potential of our State. We have to take bold and creative steps to make a difference.”

-Governor Ronnie Musgrove