



**STATE OF WASHINGTON
DEPARTMENT OF SOCIAL AND HEALTH SERVICES**

Health and Recovery Services Administration

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October 29, 2009

TO: Health and Recovery Services Administration Staff Members

FROM: Doug Porter, Assistant Secretary

SUBJECT: Additional HRSA budget reduction options for this biennium

As our Secretary outlined in her message to employees on Wednesday, we have had to respond to the state's darkening financial picture with still more budget proposals for the upcoming 2010 Legislative Session. Our proposed reductions have been passed along to the Office of Financial Management for the Governor's review, and from there they will be passed on to the Legislature as it considers the supplemental budget.

These are serious cuts, and cuts on top of cuts. We are asking the Legislature to consider:

- Cutting the Apple Health for Kids eligibility back from 300 percent of the Federal Poverty Level to 205 percent. (At that level, we will still be able to leverage federal SCHIP funds for our Medicaid children's enrollment.)
- Eliminating the adult hearing, vision and non-emergent dental benefits.
- Eliminating the hospice benefit in Medicaid
- Cutting the last support for the PALS program at Western State Hospital.
- Eliminating funding for community placements for individuals who are able to leave the psychiatric hospitals but still need community support systems.
- Eliminating drug and alcohol treatment for all of the non-ADATSA, non-Medicaid and non-General Assistance/Unemployable clients.
- Eliminating funding for medical interpreters.
- Additional staff reductions are being met through mostly vacancies and leveraging retirement incentives or downshifting options.

Thuy Hua-Ly, Director for the Division of Rates and Finance, and her staff have produced several spreadsheets that provide more detail on these cuts and others, and we will post them on iHRSA today. The spreadsheets also underscore another unpleasant reality, which is that our caseload is on the increase. Children on medical coverage will increase 11 percent from previous estimates; families will increase 13 percent. That raises the amount of money we must spend on programs, and it raises the bar on what must be cut.

However, we are not yet at a decision point. First, the Governor must review our proposals and decide which of them she will send on to the Legislature. Second, we cannot read the Legislature's mind at this distance, except to realize that they know the situation is dire.

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As Susan Dreyfus said in her memo to staff, we will not know how the proposed cuts stand until next spring after the Legislature has reviewed the proposals before it and determine how it will proceed.

In the meantime, I believe we need to stand together and make the decisions that need to be made as the facts present themselves to us. Susan's message to us on Wednesday was that we need to continue to work under our "One Department" theme and implement best practices to improve service efficiency, consistency and quality. As before, it is my intent and the intent of the Executive Committee to keep you informed and to encourage your feedback and ideas as the budget moves forward.

These are painful times, and we have not seen the bottom yet. But we must pull together and endure. One thing this news does not diminish is the consistent excellence and energy of our staff. You are to be commended for that, and the state is in your debt.