



EXECUTIVE MEMO

TO: Board Executive Directors
QPL Chief Executive Officers
Finance Directors

FROM: State Director Mary Poole 

SUBJECT: Governor's FY21/22 Executive Budget

DATE: January 11, 2021

On Friday, January 8, 2021, Governor McMaster released his FY21/22 Executive Budget. The FY21/22 Executive Budget proposed a 2.16% increase in recurring general state funds for state government entities, which was a decrease from FY20/21 Executive Budget's proposed 7.83% increase (pre-COVID-19). The Governor's full FY21/22 Executive Budget report can be located at the following link:

<https://governor.sc.gov/sites/default/files/Documents/Executive-Budget/FY22%20Executive%20Budget%20Book%20-%20Web%20Layout.pdf>.

The Governor's FY21-22 Executive Budget recommended DDSN for a \$1,808,437 increase in recurring general funds (state dollars) for state Medicaid plan expenses for new waiver enrollments and \$2,500,000 non-recurring state funds for Greenwood Genetics Center's SC Genomic Medicine Initiative (page 73). As background, attached to this memo is a one-page summary of DDSN's FY21/22 budget request to the Executive Budget Office.

The Governor's FY21-22 Executive Budget proposed a DDSN agency budget as follows (page 66):

DDSN FY 21/22 Executive Budget				General Fund Change FY22	
General	Federal	Earmarked	Total	Dollars	Percentage
\$273,747,689	\$340,000	\$536,913,227	\$811,000,916	\$1,808,437	0.67%

DDSN will continue to keep its provider network updated on DDSN's FY21/22 budget during the upcoming legislative session until finalized. If you have any questions, please don't hesitate to call CFO Chris Clark, telephone# 803/898-9769, and email chris.clark@ddsn.sc.gov.

South Carolina Department of Disabilities and Special Needs
FY 2021 – 2022 Budget Request One-Page Summary

Priority	Description of Agency Need	State Funds Medicaid Total
1	Residential Service Rate Increase: The SCDHHS rate study (Mercer Report) recommended a residential market rate increase estimated at \$31.9 million (12.3% increase). DDSN's \$10 million request is a conservative amount to start to close this funding gap. DDSN anticipates using DDSN's current unmatched costs in the DDSN delivery system to justify an additional \$10 million residential rate increase request to SCDHHS without the need for additional appropriated state funds. (Recurring)	\$2,900,000 \$7,100,000 \$10,000,000
2	State Plan Rate Increases for Three Services Impacting DDSN Waiver Service Costs: SCDHHS increased three state plan fee-for-service rates in FY21 impacting DDSN, which provides the same services. These services (impact) are: Private Duty Nursing (15%; \$3.75 million state funds); Attendant Care (5%, \$1.28 million state funds); and Adult Day Healthcare--Transportation (15%; \$105,000 state funds). Inasmuch as DDSN provides these same services in its waivers, DDSN will need additional funding to support these statewide rate increases. (Recurring)	\$5,135,000 \$12,525,000 \$17,660,000
3	Appropriation Transfer from DHHS for First Filled Slots: The \$762,665 state funds requested is SCDHHS's estimate of recurring state funds needed for DDSN to pay the state match for new waiver consumers' medical state plan costs beginning in FY 22. This is an annual recurring appropriation transfer between SCDHHS and DDSN, which has recently been integrated into the annual budget appropriation request. (Recurring)	\$1,808,437 \$4,391,210 \$6,199,647
4	Respite Service Rate Increase: Respite is a highly valued and sought after service, but DDSN's Respite Program has inefficiencies and access problems. DDSN proposes raising the Respite rate from \$12.69 to \$15.41, which will increase participation by local providers and Boards to generate increased assess and consumer choice; reduce Medicaid recoupment/compliance risk to maintain training and employment standards; ease access logistics for families; and removes consumers' civil liability risk currently existing in family directed respite. (Recurring)	\$2,090,000 \$5,083,733 \$7,173,733
5	Early Intervention (EI) Utilization Increase: DDSN anticipates a conservative 13% increase in FY22 utilization due to serving an increase in consumers (ages 3-6). Absent an increase in funding, DDSN anticipates EI Program changes to keep funding at the FY20 level. DDSN has absorbed the past three FYs' increases in consumers and utilization from its base funding, which were 18% (FY18), 30% (FY19) and 8% (FY20). (Recurring)	\$ 755,000 \$1,018,035 \$1,773,035
6	Increase and Improve Access to Residential Supports: FY20 ended with 76 individuals with disabilities on its Critical Needs List with a 158 days average time pending of the list. This request will provide necessary residential supports and services to 28 individuals with specialized needs, who are the most difficult to place from the Critical Needs List with an average time pending of 327 days. (Recurring)	\$ 807,312 \$1,964,100 \$2,771,412
7	HASCI Waiver Slots Utilization Increase: DDSN needs 43 new HASCI waiver slots to meet FY22 anticipated consumer needs. (Recurring)	\$ 430,000 \$1,046,141 \$1,476,141
8	Electrical Grid – Coastal Center: This 53 year-old system requires replacement. This capital issue has escalated in priority due to the increasing risk of a catastrophic failure during a wide spread power outage inasmuch as DDSN's reliance on contractors, rather than Dominion Electric, for repair services. (Non-Recurring)	\$1,500,000 \$0 \$1,500,000
9	South Carolina Genomic Medicine Initiative: This initiative will combine clinical care, a "multi-omics" technological approach and big data/machine learning to create a powerful, and unique resource serving patients, healthcare providers, and state agencies. This is the second annual \$2 million request in a five year plan to fund this project with \$10 million from the State. (Non-Recurring)	\$2,000,000 \$0 \$2,000,000
10	Greenwood Genetic Center Base Budget Increase: SCDDSN has been supplementing the GGC funding with its own general state appropriations in excess of the appropriations it receives for GGC programs (\$4,934,000) and can no longer afford to do so. Contracts were restructured to bring state funding in line with the amount provided. This resulted in a decrease in funding to GGC. Requesting an increase in recurring base appropriation. (Recurring)	\$ 750,000 \$0 \$ 750,000
Total Funds Requested		\$18,175,749 \$33,128,219 \$51,303,968