



# The Monthly Report

From the Senate Appropriations Committee

Robert J. Thompson, Chairman

July 2005

## SENATE APPROPRIATIONS COMMITTEE STAFF

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Human Relations Commission  
PA Council on the Arts  
PA Commission on Crime & Delinquency  
Agriculture, Banking, Civil Service Commission,  
Consumer Advocate, Corrections,  
Historical & Museum Commission, Judiciary,  
Liquor Control Board,  
Military & Veterans Affairs,  
Milk Marketing Board, Probation & Parole,  
Public Utility Commission,  
Securities Commission,  
State Police, Transportation*

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*Education, General Services, PHEAA,  
Public Television Network,  
State Tax Equalization Board, Libraries*

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*Attorney General, Auditor General,  
Conservation & Natural Resources,  
Emergency Management Agency,  
Environmental Protection, Ethics Commission,  
Fish Commission, Game Commission,  
Housing Finance Agency, Labor & Industry,  
PennVEST,  
Legislature including:  
Health Care Cost Containment Council*

## Year End Revenue Surplus Tops \$440 Million

**B**oosted by a 4.5 percent surplus in receipts during the fourth quarter, fiscal year 2004-05 General Fund revenue collections of \$24.3 billion were \$442 million above the official estimate. This amount is \$151 million above the estimated surplus contained in the Governor's budget when it was released in February.

The \$442 million surplus is quite remarkable when you consider that gross receipts tax collections were under estimate by \$120 million, motor vehicle sales tax collections were off by \$25.6 million, cigarette taxes were \$60.3 million below the estimate, and collections of inheritance taxes was down by \$48 million.

Increases in the Corporate Net Income taxes, Capital Stock and Franchise tax, general sales tax, Personal Income tax, Realty Transfer tax, and non-tax revenues were sufficiently robust to offset the above-mentioned revenue shortfalls and produce the \$442 million surplus.

Revenue collections for the month of June were nearly on estimate with the deficit for the

month being about \$2 million on collections of \$2.1 billion. The discrepancy between the amount shown on the revenue details and the actual revenue received during June is that the Department of Revenue adjusted its June sales tax collection numbers to correct a double counting of \$36 million of sales tax payments in May.

For FY 2005-06, the Governor approved a certified revenue estimate of \$24.99 billion, an increase of 2.8 percent from FY 2004-05. The increase from FY 2003-04 to last year was almost 6.5 percent. The revenues in the current fiscal year are likely to be greater than the official estimate.

However, any additional revenues that will be generated in FY 2005-06 will be needed to meet the ever growing costs of the Medical Assistance Program. These costs are anticipated to grow by a billion dollars a year for the next five years, according to the Governor.

*Please see related article on page 2 regarding major changes to the Medical Assistance Program. Information provided by Senator Corman's office.*

**This newsletter will be available on the Senate  
Republican Caucus website at:**

**[www.pasenategop.com](http://www.pasenategop.com)**



## Overview of Medical Assistance Changes Affecting the Public Welfare Code:

**G**rants authority to the Department to:

Establish agreement on negotiated benefit cuts and measures not detailed in legislation

Establish payment rates for hospitals, nursing homes and inpatient psychiatric stays

Establish benefits package, payment rates, premiums and co-payments through an expedited regulations process

Grant exceptions to the benefit package limits

Consider maintaining drug regimens for HIV, AIDS, behavioral health, hemophilia, etc. when developing a Preferred Drug List (PDL)

Limit the use of Life Estates to circumvent fair consideration rules for asset transfers

Recoup MA payments from the residuals of annuities and special need trusts

Medical Assistance eligibility and benefit changes: Limits medical expense deduction to 3 months prior to application

Further limits psychiatric outpatient stays and partial hospitalization hours

Revises prior authorization limits on equipment, appliances and rentals

Requires additional eligibility re-determinations every 6 months

Requires managed care clients to remain in plan for at least 12 months before changing

Requires premiums for families of children with disabilities with income above MA limits

Changes relating to Long Term Care (LTC):

Spousal impoverishment rules apply to waiver recipients

Restrictions placed on the use of annuities to generate income for a community spouse

Transfers of assets above \$500 a month subject to partial months of ineligibility

Long-term care lifetime medical deduction limit of \$10,000 unless hardship exists

Changes relating health insurers:

Requires health insurers to provide the department with electronic data to determine if MA recipients have private coverage, and to pay claims for those who have coverage.

Requires parity in insurance coverage for state owned psychiatric hospitals

Expands the department's authority to enroll recipients in employer's group insurance

Commonwealth Pharmacy Programs:

Establishes administrative guidelines for Commonwealth Pharmacy Programs, including MA, PACE, PEBTF, CHIP, Worker's Compensation and others

Requires procedures to ensure the use of brand name drugs when cheaper than generic

Other Agreements:

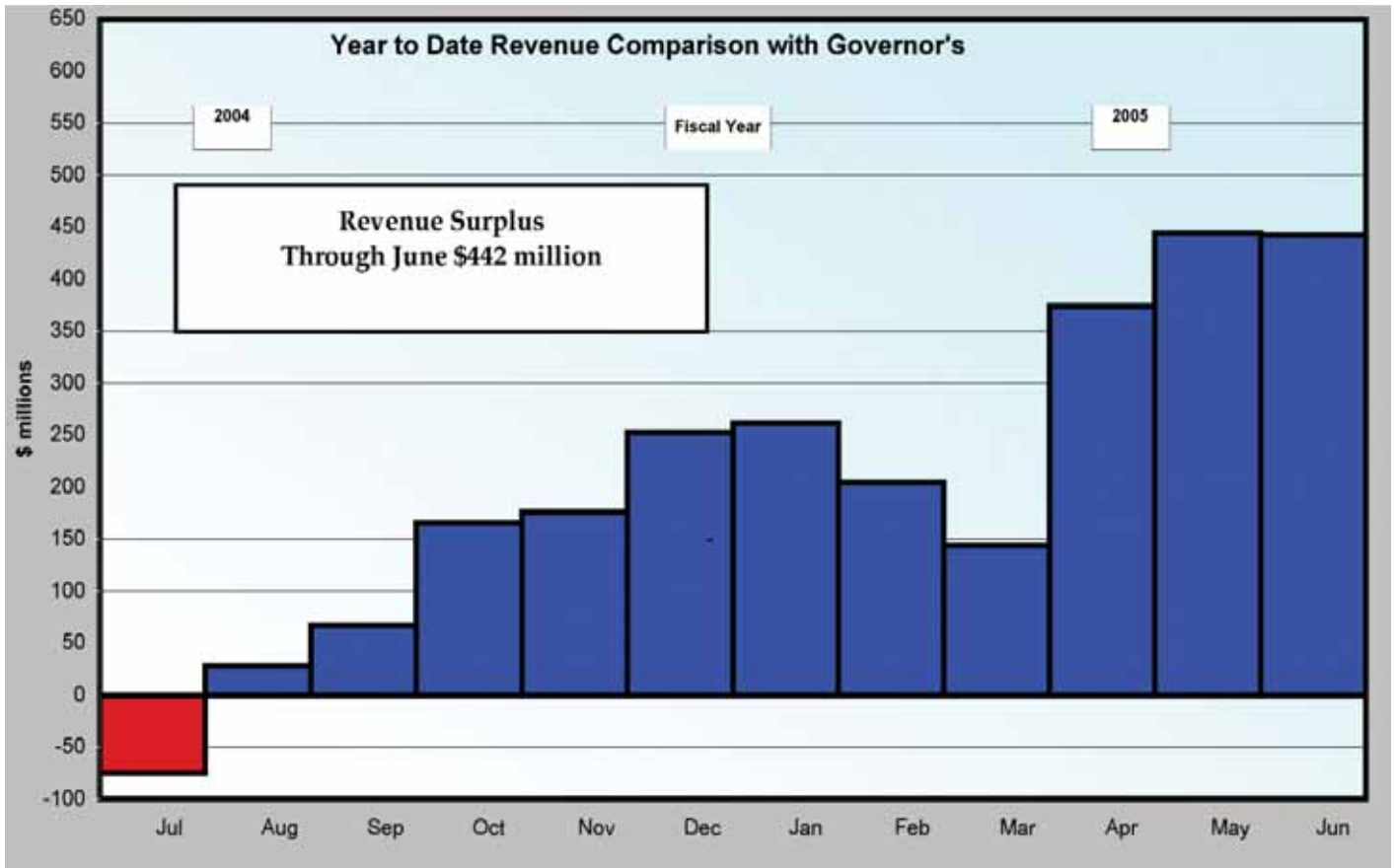
Limits General Assistance inpatient hospital & inpatient rehabilitation to 1/yr and outpatient visits to 18/yr.

Reduces Brand name Rx reimbursement from AWP - 10% to the lower of WAC + 7% or AWP-14%. Current \$4 dispensing fee remains unchanged.

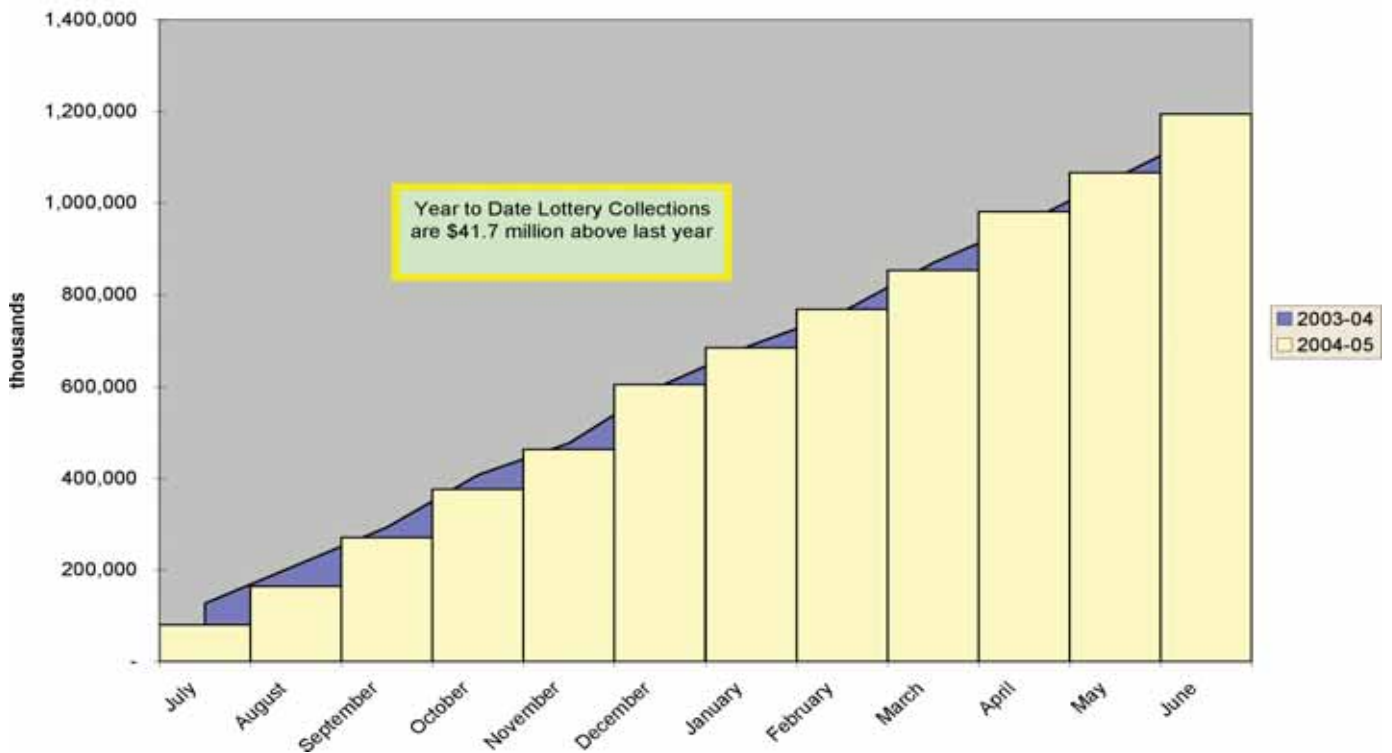
Reduces Generic Rx reimbursement from AWP- 10% to the lowest of WAC+66% or AWP-25%, state max allowable cost or federal upper limit. \$4 dispensing fee unchanged.

Revised reimbursement methodology for nursing homes and caps payment increase at an average of 2.8%

Increases inpatient hospital care rates by 2%



Comparison of Lottery Ticket Deposits



# Appropriations Committee Monthly Revenue Report

## Appropriations Committee Monthly Revenue Report

Thursday, June 30, 2005 Account:	Revenue	(data in thousands of dollars)					June
	2003-04	For the month of June			For the year through June		
	thru June	Revenue	Official Estimate	Surplus (Deficit)	Revenue	Official Estimate	
<b>CORPORATE TAXES:</b>							
Clearing Account	\$6,052	(\$7,446)	\$0	(\$7,446)	\$5,751	\$0	\$5,751
Corp. Net Income	\$1,675,976	\$297,297	\$307,500	(\$10,203)	\$1,919,432	\$1,815,800	\$103,632
Cap. Stock & Franchise	\$980,998	\$163,817	\$156,900	\$6,917	\$1,023,151	\$958,100	\$65,051
Gross Receipts	\$1,012,388	\$5,276	\$100	\$5,176	\$1,125,908	\$1,245,900	(\$119,992)
PURTA	\$50,262	\$124	\$0	\$124	\$41,178	\$40,100	\$1,078
Insurance Premiums	\$390,707	\$1,457	\$3,400	(\$1,943)	\$410,691	\$409,500	\$1,191
Financial Institutions	\$217,481	\$2,795	\$4,100	(\$1,305)	\$208,922	\$210,500	(\$1,578)
Other Selective Bus. Taxes	\$18,371	\$1,728	\$1,700	\$28	\$17,057	\$12,500	\$4,557
<b>CORPORATE TAX TOTAL</b>	<b>\$4,352,236</b>	<b>\$465,048</b>	<b>\$473,700</b>	<b>(\$8,652)</b>	<b>\$4,752,090</b>	<b>\$4,692,400</b>	<b>\$59,690</b>
<b>CONSUMPTION TAXES:</b>							
Sales, Use & Occupation Tax	\$7,728,543	\$645,139	\$681,900	(\$36,761)	\$7,999,952	\$7,951,300	\$48,652
-Motor Vehicle Sales	\$1,268,695	\$114,957	\$118,100	(\$3,143)	\$1,230,388	\$1,256,000	(\$25,612)
-General (net of transfers)	\$6,459,847	\$530,182	\$563,800	(\$33,618)	\$6,769,564	\$6,695,300	\$74,264
Cigarette Tax	\$856,442	\$73,369	\$82,500	(\$9,131)	\$784,371	\$844,700	(\$60,329)
Malt Beverage Tax	\$26,201	\$1,950	\$2,300	(\$350)	\$24,904	\$24,500	\$404
Liquor Tax	\$195,179	\$16,621	\$14,600	\$2,021	\$212,501	\$201,200	\$11,301
<b>CONSUMPTION TAX TOTAL</b>	<b>\$8,806,364</b>	<b>\$737,080</b>	<b>\$781,300</b>	<b>(\$44,220)</b>	<b>\$9,021,728</b>	<b>\$9,021,700</b>	<b>\$28</b>
<b>OTHER TAXES:</b>							
Personal Income Tax	\$7,733,804	\$772,803	\$765,300	\$7,503	\$8,746,792	\$8,521,500	\$225,292
-Withheld PIT	\$6,124,355	\$532,190	\$548,300	(\$16,110)	\$6,737,651	\$6,699,100	\$38,551
-Quarterly & Annual PIT	\$1,609,449	\$240,613	\$217,000	\$23,613	\$2,009,141	\$1,822,400	\$186,741
Realty Transfer Tax	\$400,590	\$49,280	\$37,100	\$12,180	\$472,539	\$390,900	\$81,639
Inheritance & Estate Tax	\$747,625	\$68,745	\$66,600	\$2,145	\$716,148	\$764,300	(\$48,152)
Minor & Repealed	\$6,629	\$6,208	\$3,900	\$2,308	\$3,593	(\$2,700)	\$6,293
<b>OTHER TAXES TOTAL</b>	<b>\$8,888,647</b>	<b>\$897,036</b>	<b>\$872,900</b>	<b>\$24,136</b>	<b>\$9,939,073</b>	<b>\$9,674,000</b>	<b>\$265,073</b>
<b>GENERAL FUND TAXES</b>	<b>\$22,047,247</b>	<b>\$2,099,164</b>	<b>\$2,127,900</b>	<b>(\$28,736)</b>	<b>\$23,712,891</b>	<b>\$23,388,100</b>	<b>\$324,791</b>
<b>NON-TAX REVENUES</b>	<b>\$780,950</b>	<b>\$25,183</b>	<b>\$35,200</b>	<b>(\$10,017)</b>	<b>\$595,649</b>	<b>\$478,400</b>	<b>\$117,249</b>
<b>GENERAL FUND</b>	<b>\$22,828,197</b>	<b>\$2,124,347</b>	<b>\$2,163,100</b>	<b>-\$38,753</b>	<b>\$24,308,540</b>	<b>\$23,866,500</b>	<b>\$442,040</b>
<b>MOTOR LICENSE FUND:</b>							
Liquid Fuels Tax	\$587,041	(\$76,324)	(\$53,190)	(\$23,134)	\$588,256	\$592,890	(\$4,634)
Fuels Use Tax	\$154,985	\$28,160	\$28,130	\$30	\$157,448	\$158,490	(\$1,042)
Motor Carriers Road Tax	\$27,490	\$6,766	\$1,060	\$5,706	\$30,654	\$28,670	\$1,984
Alternate Fuels	\$563	\$371	\$110	\$261	\$719	\$350	\$369
Clearing Account	\$8	\$2,323	\$0	\$2,323	(\$8)	\$0	(\$8)
Gross Receipts Tax	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Oil Company Franchise Tax	\$342,352	\$75,029	\$70,040	\$4,989	\$381,298	\$387,060	(\$5,762)
Licenses and Fees	\$844,025	\$88,889	\$88,590	\$299	\$877,739	\$845,800	\$31,939
Vehicle Code Fines	\$32,102	(\$11,262)	(\$10,900)	(\$362)	\$34,578	\$30,700	\$3,878
Miscellaneous	\$97,105	\$6,316	\$4,150	\$2,166	\$86,190	\$57,900	\$28,290
<b>MOTOR FUND</b>	<b>\$2,085,671</b>	<b>\$120,268</b>	<b>\$127,990</b>	<b>(\$7,722)</b>	<b>\$2,156,873</b>	<b>\$2,101,860</b>	<b>\$55,013</b>