



**Department  
of Health**

Medicaid  
Redesign Team

# SFY 2016-17 Executive Budget Managed Care Proposals

January 2016

# Managed Care Savings Initiatives

- **Tighten MC Profit Cap to 3.5% (\$126M gross in 2016-17)**
  - Tightens the premium profit cap on MMC plans from 5% to 3.5%.
    - Contrary to 15/16 proposal, savings to benefit Global Cap for premium profit above 3.5%
  - Accomplishes through a 89.5% MLR on premiums which will prescribe what plans must spend on health benefits in SFY 2016-17.
- **OSC Audit Findings (\$40M gross in 2016-17)**
  - Findings associated with the Office of the State Comptroller (OSC) Managed Care OSC Audit 2014 S -55 which scope was to determine whether MCOs are submitting complete and accurate information to DOH and whether the information is being used appropriately in determining premium rate setting.
  - This audit had two findings/recommendations directly related to the development of MC premiums which are:
    - Assess the cost of the current actuary contract and any future contracts or amendments to all MCOs; and
    - Recalculate all MMC capitation rates for SFY 2014-15 for audit findings and recoup premium overpayments from all Mainstream MCOs based on the recalculated rate.

# Managed Care Savings Initiatives Continued

- **ACA Insurance Tax (\$140M gross in 2017-18)**
  - The Consolidated Appropriations Act of 2016, Title II, § 201, Moratorium on Annual Fee on Health Insurance Providers, suspends collection of the health insurance provider fee for the 2017 calendar year. Thus, health insurance issuers are not required to pay these fees for 2017.
  - Actuarial guidelines dictate that the State include the reimbursement of the fee in the development of Managed Care premiums.
    - The HIPF was included in Managed Care premiums effective April 2014
    - To develop a fiscal impact the State used estimates of 0%, 1.5%, and 2.5% as a percentage of plan premium based on plans' tax filing status and percentage of plan revenue funded from government programs to account for the HIPF

# Managed Care Savings Initiatives Continued

- **Accelerate Transition to MC for all Services (\$20M gross in 2016-17)**
  - Identify specific populations remaining in FFS who are deemed to be MC eligible and transition these populations to MC.
    - Examples:
      - 1) Individuals with exemption/exclusion codes of 90 and 91 are exempt/excluded from MC. These exemption/exclusion codes are applied by the local district and in some cases are authorized without proper documentation from the Medicaid enrollee.
      - 2) Additionally, there are also populations remaining in FFS with no Managed Care exemptions or exclusions. The Department will identify and transition these populations to Managed Care.
  - Provides DOH the authority to investigate this population and transition those individuals with insufficient exemption/exclusion documentation to MC.
  - Savings would be generated by moving these individuals who are currently in FFS into a MC model of care which will result in better care coordination and management.

# Managed Care Savings Initiatives Continued

- **OMIG/Plan Medicaid Fiscal Integrity (\$30M gross in 2016-17)**
  - Incentivize the MMC, MLTC and HIV/SNP MCO's to improve fraud recovery process and better collaborate with the Office of the Medicaid Inspector General (OMIG).
  - MCO's will need to work with OMIG in order to meet recovery goals that are set for them. Each year, an industry target would be set as part of the Budget process. For State Fiscal Year (SFY) 2016-2017 the target will be \$30M.
  - Each entity's target will be apportioned base on their percentage of the overall Managed Care revenues.
  - Savings associated with this proposal will be accomplished through a reduction to Managed Care premiums.
  - OMIG will monitor each MCO and provide support as needed. In addition to submitting an annual fraud plan, each MCO will also provide quarterly updates to OMIG outlining their recovery progress.

# Managed Care Savings Initiatives Continued

- **Penalty for Late/Incorrect Encounter Data (\$20M gross in SFY 2016-17)**

- Accurate and timely encounter data is required per the model contract and critical for obtaining pharmacy rebates, premium rate setting & analysis, and DSRIP metric and performance calculations. The Executive Budget proposes to implement penalties for submission of late and/or inaccurate encounters.
- Penalties will be implemented as a % reduction in administrative portion of Medicaid premium:
  - 1.5 % reduction will be applied to plans who fail to submit timely initial or resubmitted encounters per timeframes in model contract (Savings: \$12.5M);
  - 0.5 % reduction will be applied for submitting incomplete or inaccurate encounters that exceed DOH developed benchmarks for completeness and accuracy (Savings: \$4.2M) ;
  - 0.5 % reduction will be applied for a rejection rate of 10 percent or higher compared to DOH developed volume benchmarks (Savings: \$4.2M).
- Penalties may be applied to any and all circumstances described above at a frequency determined by the Department. The commissioner may, in her or her discretion, waive such penalty.

# Managed Care Pharmacy Initiatives

- Eliminate Prescriber Prevails
  - Excludes Atypical Antipsychotics and Anti-depressants (SSRIs and SNRIs)
- Implement Hard Caps on Opioids
  - Aligns managed care plans with the FFS limit of four (4) opioid prescriptions every 30 days
  - Includes opioids identified as being “Limited to a total of four (4) opioid prescriptions every 30 days” under the FFS program at: [https://newyork.fhsc.com/downloads/providers/NYRx\\_PDP\\_PDL.pdf](https://newyork.fhsc.com/downloads/providers/NYRx_PDP_PDL.pdf)
- Establish Ceiling on Brand Name Blockbuster Drugs
  - Gives the Commissioner the authority to: 1) establish a list of Critical Prescription Drugs 2) collect financial information from manufacturers and 3) set a “ceiling price” based on a comprehensive “value based” evaluation by DOH’s actuary
  - Ceiling price will be achieved via the collection of rebates by DOH for both FFS and Managed Care utilization

# Managed Care Pharmacy Initiatives Continued

- **Generic CPI Penalty**

- Gives the Commissioner authority to require generic manufacturers to pay an additional rebate if their drug prices increase faster than inflation, until the recently enacted comparable federal legislation is implemented in November, 2016
- Rebates will be collected by DOH for both FFS and Managed Care utilization

- **Accelerate RFP and Rebate Collections**

- Administrative initiative to accelerate the collection of rebates
- Based on OSC Audit - 2015-S-1

# Other Managed Care Related Proposals

Initiative	Effective Date	2016-17		2017-18	
		Gross	State	Gross	State
Federal Actions					
Increase in Medicare Part B Premiums for Dual Eligibles	1/1/16	\$69.03	\$69.03	\$69.03	\$69.03
Medicare Part D “Clawback” Annual Rate Adjustment	1/1/16	\$114.0	\$114.0	\$114.0	\$114.0
LTC Savings Initiatives					
Carve Out Transportation from MLTCP	10/1/16	(\$16.00)	(\$8.00)	(\$32.00)	(\$16.00)
Remove Transportation Direct Cost Component from Nursing Home Rate	4/1/16	(\$12.00)	(\$6.00)	(\$12.00)	(\$6.00)
Implement Spousal Support	4/1/16	(\$20.00)	(\$10.00)	(\$20.00)	(\$10.00)
Carve all Medicaid Benefits into MLTC	10/1/16	(\$3.10)	(\$1.50)	(\$3.96)	(\$1.98)
Restrict MLTCP to only Nursing Home Eligibles (Grandfathered)	10/1/16	(\$3.80)	(\$1.90)	(\$11.20)	(\$5.60)
Community Spouse Resouce Amount	7/1/16	(\$11.50)	(\$5.75)	(\$15.30)	(\$7.65)
Managed Care Savings Initiatives					
Children Managed Care Implementation	4/1/16	\$0.00	\$0.00	\$30.00	\$15.00
Other Savings					
Comprehensive Coverage & Promotion of Long Acting Reversible Contraception (LARC)	4/1/16	(\$12.60)	(\$6.30)	(\$12.60)	(\$6.30)
Increase Disallowance for Early Elective Deliveries <39 Weeks Gestations without Medical Indication to 50%	4/1/16	(\$3.00)	(\$1.50)	(\$3.00)	(\$1.50)
Reduce BHO/HARP Investment Program	4/1/16	(\$20.00)	(\$10.00)	(\$20.00)	(\$10.00)
Retail Clinic Pilot Program	4/1/16	(\$10.00)	(\$5.00)	(\$10.00)	(\$5.00)
Continued MA Coverage Review	4/1/16	(\$10.00)	(\$5.00)	(\$10.00)	(\$5.00)
Other Investments					
Additional Funding for Distressed Hospitals (VAPAP/VBP-QIP)	4/1/16	\$75.00	\$75.00	\$145.00	\$145.00
End of AIDS Investment	4/1/16	\$10.00	\$10.00	\$10.00	\$10.00

# Questions

