



**Department  
of Health**

Medicaid  
Redesign Team

# **FY 2018 Enacted Budget and Global Cap Update**

April 2017

# Agenda

- FY 2017 Global Cap Results
- FY 2018 Enacted Budget Highlights
- MRT Phase VII Proposals
- Side Letter Agreement
- Questions

# FY 2017 Global Cap Results

- Spending remained \$8 million under the Global Cap.
- Medicaid enrollment decreased by a net of 64,090 enrollees
  - *Reflects an increase of 3,633 new enrollees offset by a shift of 67,723 enrollees previously in MA to EP.*
- Provided additional funding under the Vital Access Provider Assurance Program (VAPAP) for facilities in need of essential and immediate cash assistance with the ultimate requirement of sustainability and fulfillment of the goals of Delivery System Reform Incentive Payment (DSRIP) Program.
- Implemented the new Minimum Wage requirements effective January 1, 2017
  - *Funds will be used to support direct salary costs and related fringe benefits.*

# FY 2017 Global Cap Results

- Global Cap spending was **\$8 million below** target for closeout.

Medicaid Spending (FY 2017) (dollars in millions)			
Category of Service	Estimated	Actual	Variance
<b>Medicaid Managed Care</b>	<b>\$13,725</b>	<b>\$13,762</b>	<b>\$37</b>
Mainstream Managed Care	\$9,179	\$9,150	(\$29)
Long Term Managed Care	\$4,546	\$4,612	\$66
<b>Total Fee For Service</b>	<b>\$8,506</b>	<b>\$8,635</b>	<b>\$129</b>
Inpatient	\$2,616	\$2,638	\$22
Outpatient/Emergency Room	\$359	\$368	\$9
Clinic	\$421	\$431	\$10
Nursing Homes	\$3,042	\$3,050	\$8
Other Long Term Care	\$587	\$622	\$35
Non-Institutional	\$1,481	\$1,526	\$45
<b>Medicaid Administration Costs</b>	<b>\$480</b>	<b>\$468</b>	<b>(\$12)</b>
<b>OHIP Budget / State Operations</b>	<b>\$383</b>	<b>\$305</b>	<b>(\$78)</b>
<b>Medicaid Audits</b>	<b>(\$318)</b>	<b>(\$294)</b>	<b>\$24</b>
<b>All Other</b>	<b>\$2,936</b>	<b>\$2,828</b>	<b>(\$108)</b>
<b>Local Funding Offset</b>	<b>(\$7,157)</b>	<b>(\$7,157)</b>	<b>\$0</b>
<b>TOTAL</b>	<b>\$18,555</b>	<b>\$18,547</b>	<b>(\$8)</b>

- Detailed explanation of the variances is available in the March 2017 Monthly Global Cap report located on the Departments' website.

# FY 2018 Enacted Budget Highlights

- Extends the following provisions:
  - *Global Cap through March 2019; and*
  - *NH Benchmark Rate through March 2020.*
- Establishes growth limit on drug spending (after rebates) to 10-year rolling average of Medical CPI plus 5%.
- Provides wage parity to CDPAP homecare workers.

# FY 2018 Enacted Budget Highlights

- Expands Medicaid coverage:
  - *Donor breast milk; and*
  - *Certain infertility services.*
- Reauthorizes HCRA for an additional three years through March 2020.
- Continues Minimum Wage funding requirements.

# Minimum Wage

- The financial impact of the minimum wage adjustment totals \$255 million (non-federal) in FY 2018 growing to \$579 million in FY 2019.

(\$ in millions)	FY 2018	FY 2019
Home Care	\$243	\$556
All Other	\$12	\$23
<b>Total</b>	<b>\$255</b>	<b>\$579</b>

- Funds will be used to support direct salary costs and related fringe benefits.
- Unused funds will be returned to the State.
- OMIG/DOL are responsible for enforcement.

# MRT Phase VII Proposals

- The following chart compares the MRT Phase VII investments/(savings) initiatives between the Executive Budget and the Enacted Budget and highlights major changes.

➤ *Detail descriptions of the Executive Budget proposals are located on the Department’s website (link below).*

\$ in millions (State Share)	FY 2018		FY 2019		Major Changes from Executive Budget
	Executive	Enacted	Executive	Enacted	
Federal Actions/Pressures on GC	\$32	(\$27)	(\$86)	(\$27)	Extends Affordable Care Act Overclaim repayment to 3 years.
Managed Care Savings Initiatives	(\$61)	(\$61)	(\$137)	(\$137)	No changes.
Pharmacy Savings Initiatives	(\$93)	(\$65)	(\$126)	(\$96)	Establishes a Drug Cap; restores reductions to Prescriber Prevails & Over-The-Counter coverage.
Long Term Care Savings Initiatives	(\$83)	(\$70)	(\$63)	(\$44)	Restores the elimination of spousal support and the restriction of MLTCP to only nursing home eligibles.
Transportation Savings Initiatives	(\$25)	(\$12)	(\$33)	(\$17)	Restores carve-out from MLTCP; Adult Day Care; Rural Transit Assistance.
Other Savings Initiatives	(\$152)	(\$146)	(\$182)	(\$132)	Restores Essential Plan cost sharing; avoidable Emergency Room visits funding; and increases savings targets for various programs.
Investments	\$0	\$0	\$245	\$43	Reduces funding for Value Based Payments/Targeted Provider Rate increases.
Legislative Avails	--	(\$45)	--	(\$35)	Detail provided on following slides.
Legislative Adds	--	\$44	--	\$63	Detail provided on following slides.
<b>Net Medicaid Proposals</b>	<b>(\$382)</b>	<b>(\$382)</b>	<b>(\$382)</b>	<b>(\$382)</b>	

# Pharmacy Initiatives

- Establish Rebates for High Cost Drugs (\$55 million savings in 2017-18)
  - Limits drug spending growth in FY 2018 to the 10-year rolling average of the medical component of the Consumer Price Index plus five percent, less the State share rebate target of \$55 million;
  - Provides the authority to negotiate enhanced rebates with drug manufacturers in the event the Director of the Budget determines drug spending to exceed the cap.
  - Allows Commissioner to refer certain drugs to the Drug Utilization Review Board (DURB) if negotiations with the drug manufacturers are unsuccessful;
  - Provides DURB with the authority to request drug development, cost/pricing and other data to determine appropriate target rebate amount; and
  - Permits the Commissioner to utilize “super powers” such as the ability to remove drugs from the preferred drug list, waive prescriber prevails provisions and accelerate rebates.

# Legislative Avails (\$45 million in FY 2018)

- Medicaid Re-estimate/ DSRIP Savings (-\$25 million);
- A/R Payment (-\$10 million); and
- Health Home Reduction (-\$10 million).

# Legislative Adds (\$44 million in FY 2018)

- Enhanced Safety Net Hospitals (\$10 million);
- Critical Access Hospitals (\$10 million);
- Wage Parity for CDPAP Assistants (\$9 million);
- SUNY DSH (\$9 million);
- Women's Health (\$5 million); and
- Other Adds (\$1 million).

# Side Letter Agreement

- Explore Separate Rate Cells with CMS
  - *Re-engage CMS regarding the nursing home, high cost / high need and HARP population rate cells.*
- Improve Transparency with Legislature
  - *Provide Global Cap updates on a monthly basis.*
  - *Present overview and updates on recent managed care rate packages/adjustments on a quarterly basis.*
- Universal Assessment Tool
  - *Establish a workgroup with DOH, Legislature and health care stakeholders to analyze and formulate recommendations.*

# Side Letter Agreement

- Implement Women's Health and Prenatal Care Pilot
- NHTD/TBI Waiver Transition
  - *Delay the NHTD/TBI Waivers transition into managed care to January 1, 2019.*
- School Based Health Centers
  - *Continues the SBHC Medicaid Managed Care carve-out until July 1, 2018.*
- Essential Plan Cost Sharing
  - *Maintains the current level of cost sharing requirements from enrollees for FY 2018.*

# Questions

