

A red-tinted image of the Statue of Liberty's head and crown, positioned on the right side of the top banner. The background of the banner features a perspective grid of lines receding into the distance.

2013-14 Executive Budget MRT Phase III Proposals and Global Cap Update

January 29, 2013
2:00 – 3:00 p.m.





Overview

- New York State Budget Overview
- MRT Phase III Recommendations
- Recap of 2011-12 Medicaid Global Cap Results
- Components of \$600 Million Annual Medicaid Global Spending Cap Growth in 2012-13
- Results through November 2012
- Successfully Maintaining the \$15.9 Billion Global Cap

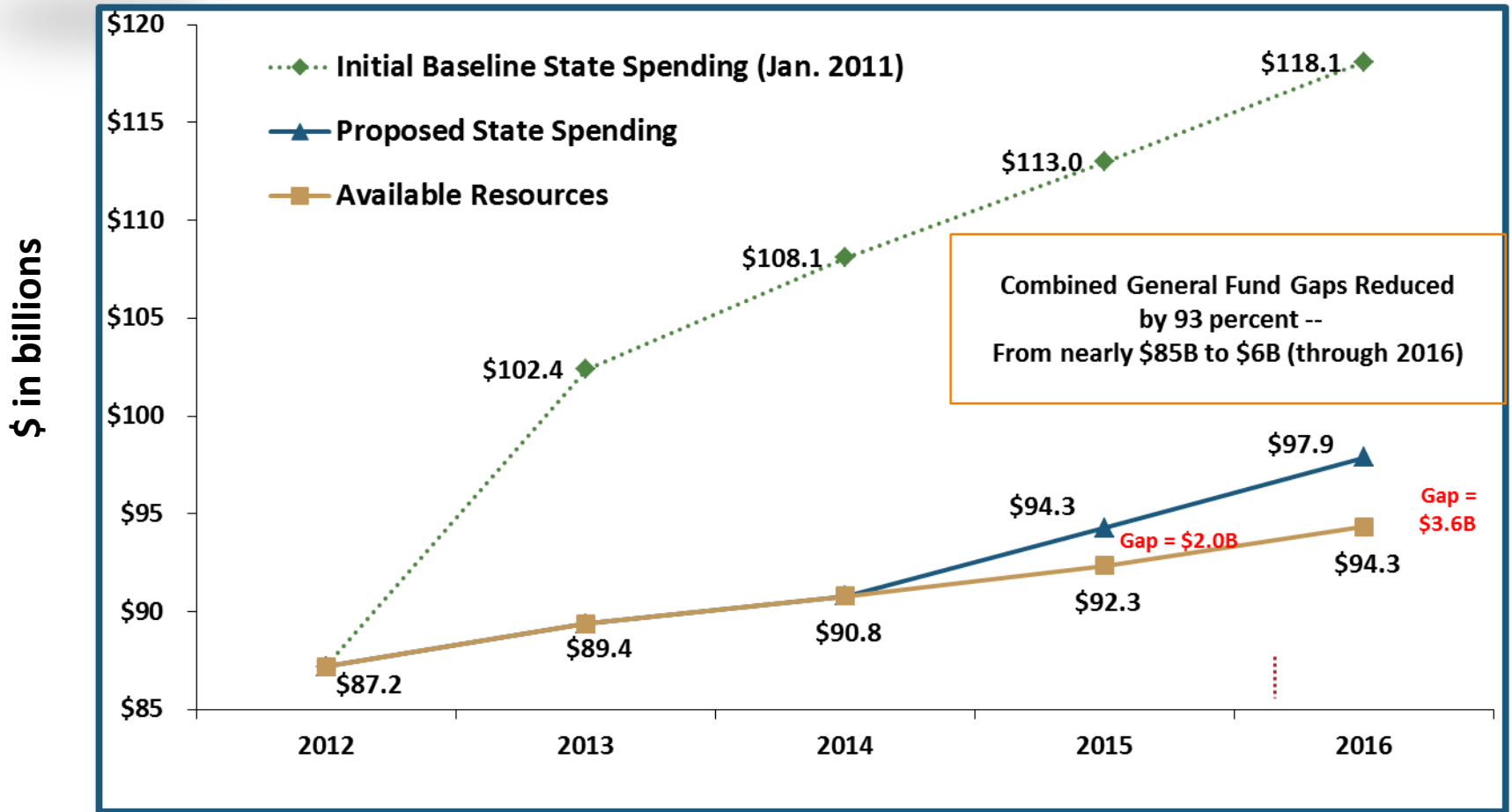


New York State Budget Overview



Current Financial Plan

SFY 2014 Executive Budget





Medicaid All Funds Spending

(\$ Millions)

| | <u>FY 2013</u> | <u>FY 2014</u> | <u>FY 2015</u> | <u>FY 2016</u> |
|------------------------|-------------------|-------------------|-------------------|-------------------|
| State Funds | \$21,783.7 | \$22,445.8 | \$23,238.7 | \$24,514.6 |
| <i>DOH State Funds</i> | \$15,911.7 | \$16,421.3 | \$16,977.6 | \$17,804.6 |
| <i>OSA State Funds</i> | \$5,872.1 | \$6,024.4 | \$6,261.1 | \$6,710.1 |
| Federal Funds | \$24,058.6 | \$26,295.6 | \$29,517.6 | \$31,748.6 |
| Local Funds | \$8,153.3 | \$8,885.9 | \$8,309.3 | \$8,135.7 |
| All Funds | \$53,995.6 | \$57,627.3 | \$61,065.5 | \$64,398.9 |



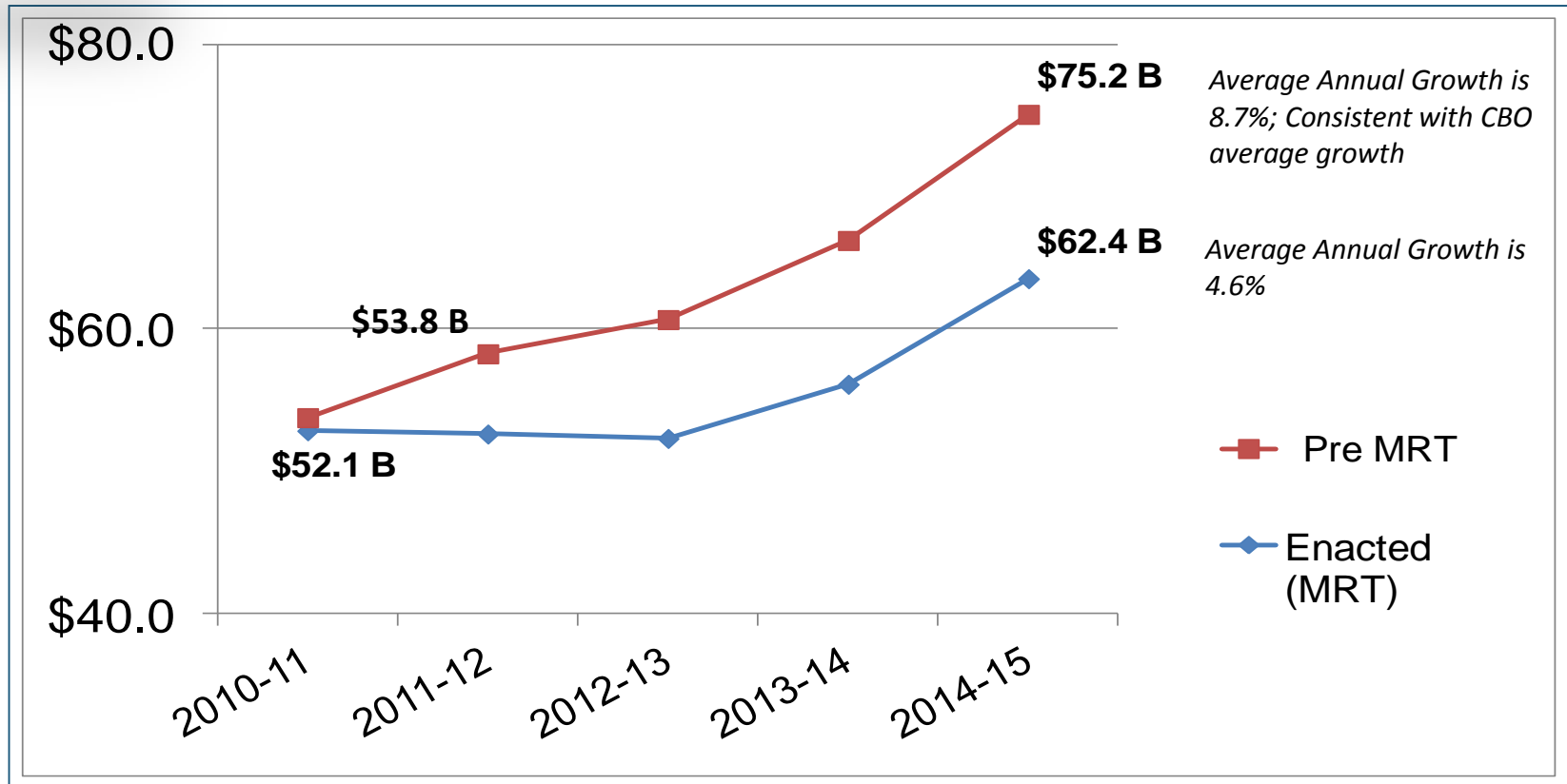
Global Cap Spending Estimates

(\$ in millions)

| | FY 2013 | FY 2014 | FY 2015 |
|--|-----------------|-----------------|-----------------|
| Medicaid Services Spending Subject to CPI Trer | \$15,320 | \$15,913 | |
| % Growth | | 3.9% | |
| BIP Shift to StOps (Exec. Budget Action) | | (\$10) | |
| Medicaid Services Spending Subject to CPI Trend | | \$15,903 | \$16,523 |
| % Growth | | | 3.9% |
| Adjustments | | | |
| LDSS Admin Ceiling | \$545 | \$545 | \$545 |
| State Operations - No Growth | \$51 | \$157 | \$157 |
| Local Medicaid Takeover (Including NYC) | \$0 | \$61 | \$187 |
| Monroe County Opt in Local Cap | \$0 | (\$183) | (\$185) |
| Admin Efficiency Savings - Discretionary | (\$5) | (\$22) | (\$71) |
| FFP | <u>\$0</u> | <u>(\$40)</u> | <u>(\$179)</u> |
| Financial Plan | \$15,912 | \$16,421 | \$16,978 |



Medicaid Growth Before & After MRT (2010-11 Base Year)



State statute “bends the cost curve” by holding spending to Medical CPI (currently at 3.9%).



MRT Phase III Recommendations



MRT Phase III Recommendations

Fiscally Neutral Package of Savings and Investments

| \$ in Millions -- Investments (Savings) | 2013-14 Gross | 2013-14 State | 2014-15 Gross | 2014-15 State |
|---|------------------|------------------|------------------|------------------|
| Supportive Housing | \$12.50 | \$12.50 | \$12.50 | \$12.50 |
| Payment Reform (VAP/SN, NH Quality Pool) | \$62.00 | \$31.00 | \$39.00 | \$19.50 |
| Health Home Investments | \$25.08 | \$17.02 | \$10.08 | \$5.04 |
| Integration of Behavioral & Physical Health Clinic Services | \$15.00 | \$7.50 | \$15.00 | \$7.50 |
| MLTC Quality Incentive | \$20.00 | \$10.00 | \$20.00 | \$10.00 |
| Balance Incentive Program Implementation | \$20.00 | \$10.00 | \$0.00 | \$0.00 |
| Various Pharmacy Saving Initiatives | (\$26.51) | (\$13.27) | (\$35.66) | (\$17.83) |
| Spousal Support | (\$68.60) | (\$34.30) | (\$137.00) | (\$68.50) |
| All Other Investments/Savings Initiatives | \$3.58 | \$2.27 | (\$4.40) | (\$1.26) |
| Federal Health Care Reform | \$0.00 | (\$43.00) | \$0.00 | (\$43.00) |
| Repeal Family Health Plus | \$0.00 | \$0.00 | (\$106.00) | (\$38.50) |
| Medicaid Benchmark Plan | \$0.00 | \$0.00 | \$307.00 | \$115.13 |
| Net MRT Phase III Recommendations | \$63.05 | (\$0.28) | \$120.52 | \$0.58 |



Supportive Housing

- **Dedicate \$91 million to expand access to supportive housing services:**
 - *Continue \$75 million in MRT dollars to fund various supportive housing initiatives;*
 - *Allocate \$12 million in new funds; and*
 - *Designate \$4 million for fund new supportive housing initiatives associated with Medicaid savings derived from the closure of hospital and nursing home beds.*



Payment Reform

- **Increase funding for Essential Community Provider Network and Vital Access Providers:**
 - *Total VAP/SN Pool will increase to \$182 million in 2013-14 and \$153 million in 2014-15.*
 - *Includes reallocation of \$30 million from the NH Financially Disadvantaged Program to the VAP/SN Pool for Nursing Homes.*
- **Increase Nursing Home Quality Pool:**
 - *From \$50 million to \$60 million in 2013-14.*
- **Develop Price for Specialty Nursing Homes:**
 - *\$5 million allocated in 2014-15 to help transition to the new price.*



Health Homes and Health Clinic Investments

- **Health Homes Infrastructure Development and Governance Support Grants:**
 - *1 year funding of \$15 million in 2013-14.*
 - *Distributed based upon lack of prior access to HEAL funding and Federal Innovation Grants.*
- **Health Home Plus Design targeted at AOT/State Psychiatric Center Discharges:**
 - *\$10 million will primarily be used to support patient case loads.*
- **Integration of Behavioral and Physical Health Clinic Services (\$15 million)**



MLTC Quality Incentive/BIP Implementation

- **MLTC Quality Incentive:**
 - *\$20 million will be paid to plans that have high levels of performance (quality, satisfaction, and plan performance).*
- **Balance Incentive Program Implementation:**
 - *BIP is a provision of ACA to provide enhanced long term services which will allow NYS to receive significant enhanced FMAP (roughly \$200 million).*
 - *1 year funding of \$20 million in state operations costs.*



Various Pharmacy Savings

- **Eliminate Prescriber Prevails (\$21 million):**
 - *Atypical antipsychotic drug class (MCOs).*
 - *All drug classes (FFS).*
 - *Opioids in excess of 4 prescriptions in a 30-day period.*
- **Reduce Pharmacy FFS Reimbursement Rate (\$4 million)**
- **Tighten Early Fill Edit (\$1 million):**
 - *Refill when medication on hand is equal or less than a 7-day supply.*
- **Require Minimum Supplemental Rebates for Brand Drugs (\$1 million)**



All Other Investments (Savings)

- **Spousal Support:**
 - *Requires spouses to contribute to cost of care.*
- **Basic Benefit Review Workgroup:**
 - *Expand tobacco cessation counseling to dentists.*
 - *Discontinue coverage for lumbar discography.*
 - *Limit coverage of Transcutaneous Nerve Stimulation to pain associated with knee osteoarthritis.*
 - *Discontinue coverage for implantable infusion pumps for non-cancer pain.*



All Other Investments (Savings)

- **Indigent Care Pool Reform:**
 - *Brings methodology into compliance with Federal DSH requirements and strengthens Financial Aid Law.*



Federal Health Care Reform

- **Additional FFP for childless adults in January 2014:**
 - *\$83 million in savings -- \$43 million dedicated for Medicaid initiatives and \$40 million used to support the Financial Plan.*
- **Repeal Family Health Plus (\$106 million in savings):**
 - *FHP enrollees will be subsumed into the new Medicaid eligibility category starting in January 2014.*
- **Define Medicaid Benchmark Plan as the Current Medicaid Benefit (\$307 million in costs):**
 - *Requires new adult eligibility group to be enrolled into a benchmark plan starting in January 2014.*



Article VII Highlights

- Global Cap and 2% ATB reduction extended through March 2015.
- NH wage parity to create a “wage floor” to protect workers on the move to managed care
- Medicaid State Operations spending is consolidated within the Global Cap.
- Shift CHP rate setting to DOH.
- Eliminate all statutory barriers to “Care Management for All.”
- Authorize Developmental Disability Individual Support and Care Coordination Organizations (DISCOs).



Recap of 2011-12 & 2012-13 Global Cap



Recap of 2011-12 Global Cap

- **Spending under the 2011-12 Global Cap was \$14 million below the \$15.3 billion target.**
- **Accounts receivable balance totaled \$575 million as of March 31, 2012:**
 - *Peaked at over \$750 million in January 2012.*
- **Health care coverage was provided to an additional 154,000 fragile and low income recipients:**
 - *Medicaid Managed Care enrollment increased by 230,000 recipients.*
 - *Fee for Service enrollment decreased by 76,000 recipients.*



Components of \$600M Annual Growth in 2012-13

- Annual growth of \$600 million over last year includes costs associated with both price and enrollment increases, offset by a net change in one-time revenue and spending actions as well as the continuation of MRT initiatives.

| | |
|---|---|
| Price (+\$363 million) | Price includes an increase in managed care premiums and fee-for-service pharmacy costs, as well as various inpatient and outpatient rate changes. |
| Utilization (+\$433 million) | Utilization reflects the annualization of 2011-12 net enrollment growth (154,000 recipients) as well as assumed new enrollment for 2012-13 (ranging from 90,000 to 120,000 recipients; excluding the additional Child Health Plus enrollees estimated at 95,000). |
| One-Timers (-\$67 million) | One-Timers primarily include the loss of enhanced FMAP which expired in June 2011 (+\$703 million), offset by 53rd Medicaid cycle in 2011-12 (-\$325 million) and accounts receivable recoupments in 2012-13 (-\$259 million). |
| MRT/Other (-\$129 million) | Other reflects the annualization of MRT Phase I savings (\$156 million) offset by MRT Phase II initiatives (\$27 million). |



Results through November 2012

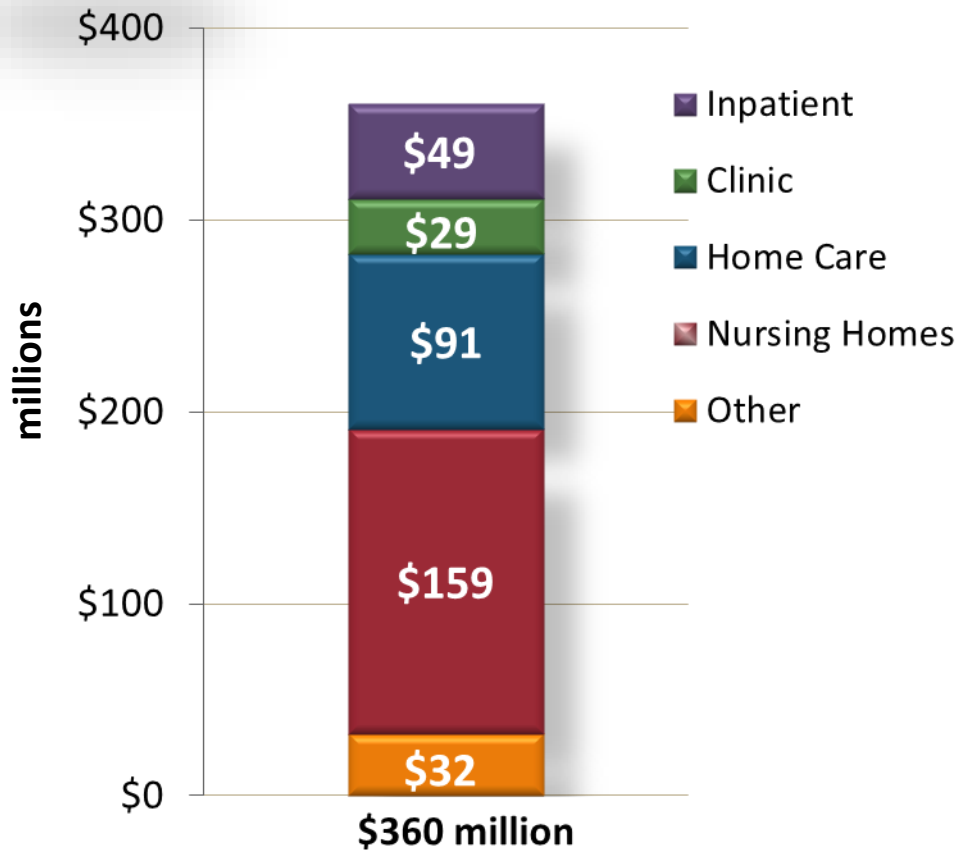
- Medicaid expenditures through November 2012 are \$46 million or 0.4% below projections.

**Medicaid Spending November 2012
(dollars in millions)**

| Category of Service | Estimated | Actual | Variance |
|-------------------------------|-----------------|-----------------|---------------|
| Total Fee For Service | \$7,630 | \$7,627 | (\$3) |
| Inpatient | \$2,086 | \$2,072 | (\$14) |
| Outpatient/Emergency Room | \$359 | \$351 | (\$8) |
| Clinic | \$428 | \$441 | \$13 |
| Nursing Homes | \$2,269 | \$2,265 | (\$4) |
| Other Long Term Care | \$1,251 | \$1,262 | \$11 |
| Non-Institutional | \$1,238 | \$1,236 | (\$2) |
| Medicaid Managed Care | \$6,085 | \$6,089 | \$4 |
| Family Health Plus | \$619 | \$616 | (\$4) |
| Medicaid Administration Costs | \$372 | \$330 | (\$42) |
| Medicaid Audits | (\$237) | (\$239) | (\$2) |
| All Other | \$823 | \$825 | \$2 |
| Local Funding Offset | (\$4,897) | (\$4,897) | \$0 |
| TOTAL | \$10,396 | \$10,351 | (\$46) |



A/R Balance – January 2013



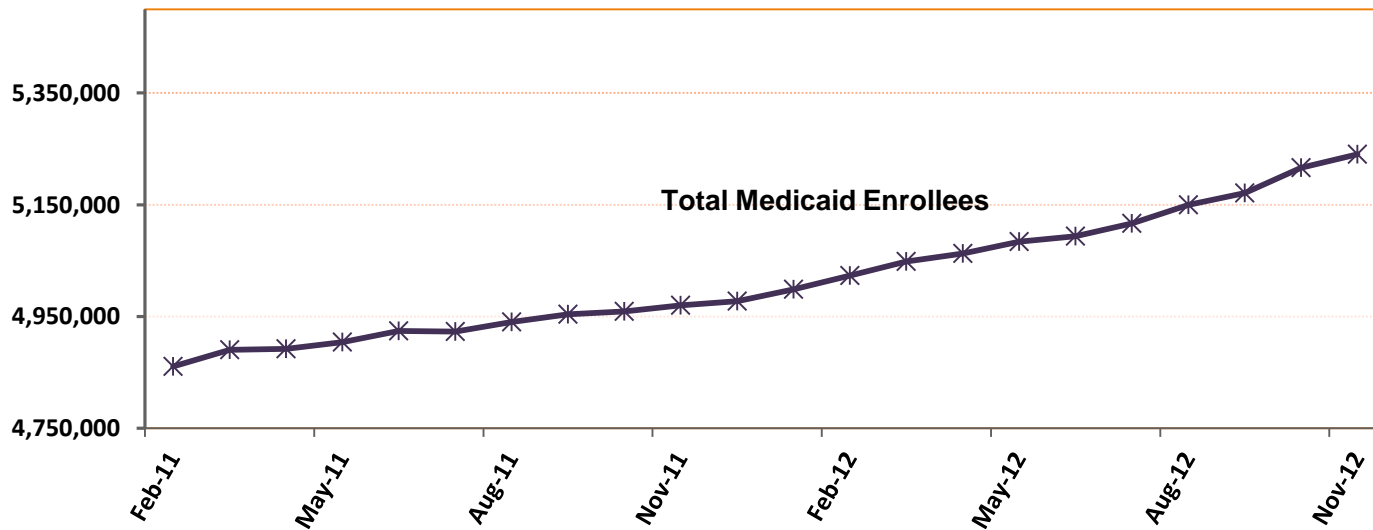
- The accounts receivable balance is expected to decline by \$259 million during SFY 2012-13.
- Balance as of March 31, 2013 is projected at \$316 million.
- DOH will continue to work with providers asking for voluntary payment of outstanding liabilities:
 - *Avoids interest costs; and*
 - *Mitigates adverse impact on Global Cap.*



Medicaid Enrollment

- Medicaid total enrollment reached 5,240,040 enrollees at the end of November 2012. This reflects an increase of roughly 191,700 enrollees (includes 74,300 Child Health plus recipients), or 3.8%, since March 2012.

Medicaid Enrollment



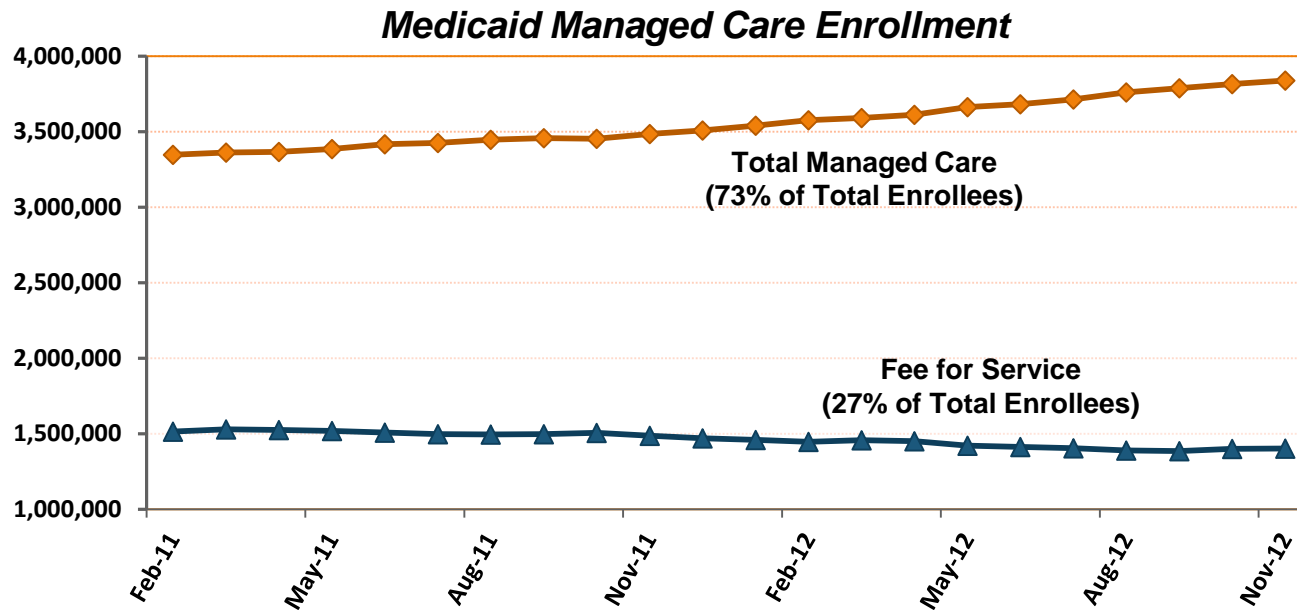
Source: NYS DOH/OHIP Medicaid Enrollment Database

*Most current four months counts are adjusted by lag factors (3.23%, 1.12%, 0.43% and 0.15%, respectively)



MMC/FHP Enrollment

- **Medicaid Managed Care enrollment in November 2012 reached 3,837,839 enrollees, an increase of almost 246,500 enrollees (includes 74,300 Child Health plus recipients), or 6.9%, since March 2012.**



Source: NYS DOH/OHIP Medicaid Enrollment Database and Managed Care Roster

*Includes FHP, Primary Care Partial Capitation Provider, Managed LTC, Partial Managed LTC, PACE, Medicaid Advantage, Medicaid Advantage Plus and HIV SNP.



Status of Local Administration Takeover Implementation

- **The State continues to achieve significant milestones in the takeover of local administration:**
 - ❖ By the end of SFY 2013, the Enrollment Center will operate in 31 counties to directly recertify individuals in Medicaid and FHP.
 - *Six counties will be added in March 2013 (Allegany, Madison, Onondaga, Ontario, Steuben, and Wyoming).*



Status of Local Administration Takeover Implementation

- **85 additional State Admin FTEs have been filled:**
 - *DOH anticipates the balance of new staff hired by the end of the SFY.*
- **The State realized \$40 million in local administrative savings in FY 2012; anticipate FY 2013 to equal or exceed this value in additional savings.**



Potential Risks to Global Cap

- School Supportive Health Services (\$75 million)
- Pharmacy Rebates
- Medicaid Rate Packages
 - *APG Investments, CHHA Cap Reconciliation, GME Reconciliation*
- Flu Epidemic
 - *More than 19,000 confirmed cases to date; an increase of 400% over last year*
- Accounts Receivable Balances (\$360 million as of January 2013)
- Impact of Hurricane Sandy



Keys to Successfully Maintaining the \$15.9 Billion Global Cap

- **Continue working collectively with the health care industries to:**
 - *Shift less severe patients from the hospital and emergency room to more appropriate ambulatory/primary care settings;*
 - *Better management of the dual-eligible (Medicaid-Medicare) population and control of Long Term Care spending;*
 - *Shift Medicaid recipients from costly fee-for-service into Medicaid Managed Care where services are better coordinated and financial incentives are more rational; and*
 - *Voluntarily repay over \$350 million (as of January 2013) to the State for outstanding liabilities owed by providers.*



Keys to Successfully Maintaining the \$15.9 Billion Global Cap

- Centralized Medicaid administration.
- Improvement in economy will drive lower enrollment growth.
- Continued successful implementation of MRT Phase I and Phase II initiatives.



2013-14 Executive Budget MRT Phase III: Questions?

- If you have questions from today's presentation, please join us on Twitter for an opportunity to ask questions and have them answered in real time.
- When: Tuesday, February 5, 2:00 PM – 3:00 PM
- How to participate in the live Twitter chat:
 - *If you're not already on Twitter, join at www.twitter.com*
 - *Follow the MRT on Twitter: [@NewYorkMRT](https://twitter.com/NewYorkMRT)*
 - *Login to Twitter between 2:00 PM and 3:00 PM on Tuesday, February 5*
 - *Ask questions by including [@NewYorkMRT](https://twitter.com/NewYorkMRT) and [#NYMRT](https://twitter.com/#!/NewYorkMRT) in your tweets*
 - *You don't have to tweet – you can watch the conversation just by following [@NewYorkMRT](https://twitter.com/NewYorkMRT) on Twitter – updates will show up in your news feed.*



MRT: Additional Information

- MRT Website:
http://www.health.ny.gov/health_care/medicaid/redesign/
- Sign up for email updates:
http://www.health.ny.gov/health_care/medicaid/redesign/list_serv.htm
- ‘Like’ the MRT on Facebook:
<http://www.facebook.com/NewYorkMRT>
- Follow the MRT on Twitter: [@NewYorkMRT](#)