

2015-16 Executive Budget -- MEDICAID Proposals
Investments / (Savings)
(\$ in Millions)

| Initiative | Effective Date | Art VII Yes/No | 2015-2016 Impact | | 2016-2017 Impact | | Description |
|---|----------------|-------------------|------------------|---------------|------------------|----------------|---|
| | | | Gross | State | Gross | State | |
| Pharmacy Savings Initiatives | | | | | | | |
| Leverage Pharmacy Rebates | 4/1/15 | Yes | (73.0) | (41.4) | (109.0) | (62.9) | This proposal will leverage pharmacy rebates by implementing the following: - Require manufacturers of brand drugs to provide a minimum level supplemental rebate to the State (Article VII required). - Provide the flexibility to leverage total Medicaid Rx volume to negotiate supplemental rebates on statewide utilization, including managed care (e.g. End of AIDS initiative and high cost Hepatitis C Medications) (Article VII required). - Accelerate rebate collections through improved management of claims encounter data (No Article VII Required). |
| Reduce Inappropriate Prescribing (FFS) | Various | Yes | (10.7) | (5.3) | (15.7) | (8.0) | This proposal will reduce inappropriate prescribing for drugs that do not meet clinically established criteria and includes the following: - Eliminates Prescriber Prevails - authorizes the Department to deny prior authorization of rugs when justification for use is not clinically supported. (Article VII Required) (Eff. 6/1/2015) -Continued expansion of point of sale clinical pharmacy editing to ensure appropriate diagnoses (FDA/Compendia supported) and frequency, quantity and duration limits.(No Article VII Required) (Eff. 10/1/2015) - Expands Clinical Drug Review Program (CDRP) in order to prior authorize drugs meeting the CDRP criteria until such time the DUR Board makes a recommendation to the Commissioner (FFS). (Article VII Required) (Eff. 4/1/2015) |
| AWP Discount for Brand Name Drugs and Dispensing Fee Adjustment | 5/1/15 | Yes | (36.0) | (18.0) | (39.3) | (19.7) | This proposal will increase AWP discount to AWP-24 and an \$8.00 dispensing fee, which correlates to acquisition cost and the median dispensing fee, per the surveys conducted by DOH. |
| Implement Managed Care Pharmacy Efficiencies | 4/1/15 | No | (26.8) | (13.4) | (26.8) | (13.4) | This proposal will reduce inappropriate prescribing or dispensing patterns, based on the Mercer Efficiency Analysis of Managed Care claim encounters. |
| 340B Pricing in Managed Care | 4/1/15 | Yes | (21.9) | (10.9) | (21.9) | (10.9) | This proposal would require providers to bill managed care plans acquisition cost for 340B drugs. |
| Specialty Pharmacy Vendor | 10/1/15 | No | (0.6) | (0.3) | (1.2) | (0.6) | This initiative would implement a FFS Specialty Pharmacy Program. Specialty Drugs are high cost drugs that require special handling and patient management and monitoring. This initiative would establish a specialty pharmacy vendor(s) for designated products. Channeling these products through a specified pharmacy vendor(s) network would enable the State to negotiate deeper discounts and leverage the patient management and monitoring protocols that specialty pharmacies typically employ. |
| Total Pharmacy Savings | | | (169.0) | (89.3) | (213.9) | (115.5) | |

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| LTC Savings Initiatives | | | | | | | |
| Medicaid Transportation - Managed Long Term Care carveout | 10/1/15 | No | (14.7) | (7.4) | (29.4) | (14.7) | Medicaid transportation fee enhancement and standardization is necessary to make fees more regionally consistent and to ensure continued access of certain transport modes where fees are unjustifiably low. Changes would increase transport fees for: NYC ambulance mileage; Long Island ambulance; Allegany Chemung, Cattaraugus county ambulance; and taxi pick up and mileage adjustments in 35 rural counties. |
| Rebase CHHAs | 4/1/15 | No | (30.0) | (15.0) | (30.0) | (15.0) | Rebasing the CHHA episodic payment system will result in savings to the State ranging from a minimum of \$30 million (10% ATB cut) to a high of \$100 million (30% ATB cut). |
| Spousal Support | 4/1/15 | Yes | (21.4) | (10.7) | (21.4) | (10.7) | State Social Services law is amended to conform to Federal law with regard to spousal contributions and responsibilities for spouses residing together in the community. This amendment, which has been proposed in the past, will eliminate the ability of non-applying spouses to refuse to contribute toward the cost of care for the applicant spouse. |
| Community First Choice Option/Investments in Olmstead | 4/1/15 | No | 0.0 | 0.0 | 0.0 | 0.0 | The State has submitted a State plan to adopt the community first choice option under the ACA. This option will allow for additional FMAP for certain home and community based services and will enhance the self-directed options available. |
| Total LTC Savings | | | (66.1) | (33.1) | (80.8) | (40.4) | |
| Medicare Cost Sharing Savings | | | | | | | |
| Cost-sharing limits for Medicare Part C claims | 7/1/15 | Yes | (41.7) | (20.9) | (41.7) | (20.9) | This was an OSC recommendation. This proposal will apply cost-sharing limits to Medicare Part C (Medicare managed care) claims so that the Medicaid program would not pay any cost-sharing amount more than the maximum for what Medicaid would pay for the same service. |
| Cost-sharing limits for Medicare Part B claims | 7/1/15 | Yes | (49.7) | (24.9) | (49.7) | (24.9) | Implement full cost-sharing limits for Medicare Part B cross-over services (pay no Part B co-insurance instead of partial co-insurance when Medicare has paid more than the Medicaid fee). |
| Total Medicare Cost Sharing Savings | | | (91.4) | (45.8) | (91.4) | (45.8) | |
| Other Savings | | | | | | | |
| Family planning carveout | 4/1/15 | Yes | (0.6) | (0.6) | (0.6) | (0.6) | Carve all family planning from the APGs and hospital inpatient services to ensure correct FFP is claimed and the State receives all monies to which it is entitled (90% FFP) |
| OMIG Initiative | 4/1/15 | No | (4.0) | (2.0) | (4.0) | (2.0) | Add \$1M in additional staff that will be used in the following areas to generate savings target: LTHHCP, TBI, CHHAs, APGs, Dental, provider enrollment and revalidation, as well as an external audit and expanding upstate recipient investigations. |
| Mainstream Managed Care Plan Profit Cap | 4/1/15 | No | 0.0 | 0.0 | 0.0 | 0.0 | Year-to-year savings will likely vary due to uncertainty regarding plan profit margins. Current managed care plan profit margins capped at 5% were utilized for fiscal. Estimated savings (\$80 million gross) could be reinvested into a Quality Pool. |
| In-sourcing initiative for OHIP contracted staff | 4/1/15 | Yes | (1.0) | (0.5) | (1.0) | (0.5) | Contractor staff that are working alongside of state staff on OHIP projects could move into State items on a permanent basis if they met the minimum qualifications of the appropriate title based on their work and experience and the criteria established in the budget language. |
| Retail Clinic Pilot Program | | | (10.0) | (5.0) | (10.0) | (5.0) | Provides Medicaid recipients access to retail clinics. This will reduce State Medicaid costs by \$5 million annually. Studies show retail clinics are 40-80% less expensive than alternative sites of care, with equal quality results. |
| Total Other Savings | | | (15.6) | (8.1) | (15.6) | (8.1) | |

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| Hospital Reimbursement Investments | | | | | | | |
| Hospital Investments/Restorations - 3% | 4/1/15 | No | 185.0 | 100.0 | 185.0 | 100.0 | Still under discussions: Measures include establishing a hospital quality pool, elimination of PPNOs and ATB on elective delivery, as well as a reduction to OB tax (\$23M state only). |
| Total Hospital Reimbursement Investments | | | 185.0 | 100.0 | 185.0 | 100.0 | |

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| LTC Continuum Investments | | | | | | | |
| Alzheimer's Caregiver Support | 4/1/15 | No | 25.0 | 25.0 | 25.0 | 25.0 | Alzheimer's Caregiver Support. |
| MLTC Technology Demonstration | 4/1/15 | No | 1.0 | 1.0 | 1.0 | 1.0 | Demonstration program to utilize home and community based supportive technologies to support individual independence in the home or the most integrated setting possible. |
| NHTD Rate Increase | 4/1/15 | No | 7.6 | 3.8 | 15.2 | 7.6 | Increases reimbursement for services in the Nursing Home Transition & Diversion waiver for the first time in 7 years. After reviewing several options it was determined that additional funding was necessary. |
| BIP Project of No Wrong Door/Expanding NY Connects | 10/1/15 | No | 11.1 | 8.2 | 24.2 | 18.1 | The Balancing Incentive Program (BIP) funding for the expansion of NY Connects expires on 9/30/15. The program requires a sustainability plan for BIP projects. This funding would support the sustainability of the NY Connects expansion. |
| TBI Rates | 4/1/15 | No | 22.2 | 11.1 | 22.2 | 11.1 | CMS has granted an extension to TBI 5 year waiver 1915c renewal, including a restructuring of rates and fees. |
| Advanced Training Initiative | 4/1/15 | No | 46.0 | 23.0 | 46.0 | 23.0 | Invests \$23 million State to implement a new advanced training program aimed at teaching staff to detect early changes in a resident's physical and mental or functional status that could lead to hospitalization. This training program will be developed in cooperation between Nursing Home providers and union representatives offering training opportunities for staff or other qualifying training programs. |
| Total LTC Continuum Investments | | | 112.9 | 72.1 | 133.6 | 85.8 | |
| Other Investments | | | | | | | |
| Olmstead Mobility Management Pilot/Needs Assessment Contractor | 4/1/15 | Yes | 0.8 | 0.8 | 0.8 | 0.8 | The pilot will focus on developing a mobility management model for the disabled population in a specific geographic region, or regions, which would include public transit systems. A contractor would be procured to assess local needs and to determine the level of coordination necessary to ensure that individuals with disabilities receive services in the most integrated setting. The pilot would recognize and address existing state barriers to effective implementation of coordinated services, including statutes and policies that may limit the full coordination of services among State agencies and partner organizations. |
| Medicaid Support of Water Fluoridation (MRT#5313) | 4/1/15 | Yes | 5.0 | 5.0 | 5.0 | 5.0 | Requires water systems to inform the public of any plans to discontinue community water fluoridation and provide sufficient time for the department to ensure the requirements of the sanitary code are met and plans for funding are explored. Also, establishes a special fund to provide assistance to community water systems to support the costs of installation, repair, and upgrade of drinking water fluoridation facilities. |
| Medicaid Transportation - fee enhancement/standardization package | 4/1/15 | No | 12.0 | 6.0 | 12.0 | 6.0 | Medicaid transportation fee enhancement and standardization is necessary to make fees more regionally consistent and to ensure continued access of certain transport modes where fees are unjustifiably low. Changes would increase transport fees for: NYC ambulance mileage; Long Island ambulance; Allegany Chemung, Cattaraugus county ambulance; and taxi pick up and mileage adjustments in 35 rural counties. |
| Health Home Care Management for Children | 10/1/15 | No | 45.0 | 22.5 | 90.0 | 45.0 | The implementation of the Health Home program anticipated adults (beginning January 2012 in three phases), and then children, would be prioritized for enrollment. This initiative begins the prioritization of the enrollment of children into Health Homes under a phase-in approach that will begin on October 2015. |
| Health Home Criminal Justice Initiative | 4/1/15 | Yes | 5.0 | 2.5 | 5.0 | 2.5 | Amend the statutory authority to distribute Health Home infrastructure grants to include the distribution of funds to be used for establishing better linkages between Health Homes and the Criminal Justice system. |

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| Expand the Ombudsman program to all managed care products | 4/1/15 | No | 5.0 | 2.5 | 25.0 | 12.5 | Expand the Ombudsman program to all managed care products (Phased in over 3 years). |
| Total Other Investments | | | 72.8 | 39.3 | 137.8 | 71.8 | |
| Other Administrative Actions & Base Changes | | | | | | | |
| BHP Acceleration | 4/1/15 | No | (644.7) | (644.7) | (218.9) | (218.9) | Savings of \$645 million in FY 2016 and \$219 million in FY 2017 generated by shifting certain Medicaid enrollees who are legal immigrants from Medicaid to the BHP. |
| ACA FMAP Increase for Childless Adults | 4/1/15 | No | 0.0 | (294.0) | 0.0 | (275.0) | The State is able to claim an enhanced Federal Medical Assistance Percentage (FMAP) associated with childless adults. |
| Financial Plan Relief | 4/1/15 | No | 200.0 | 200.0 | 200.0 | 200.0 | Medicaid is providing an additional \$200 million in Financial Plan relief by absorbing a comparable reduction in State transfers from the Office for Persons with Developmental Disabilities. |
| VAP | 4/1/15 | No | 580.0 | 290.0 | 480.0 | 240.0 | Invests an additional \$290 million in FY 2016, decreasing to \$240 million annually in FY 2017, primarily to provide flexible grants to providers to improve community care, including expanding access to ambulatory services, urgent care centers, and services in rural areas consistent with the goals of health transformation. |
| Additional Funding to Support the Waiver | 4/1/15 | No | 100.0 | 100.0 | 100.0 | 100.0 | Public hospitals must make the initial drawdown for DSRIP funding and then disburse it to safety net hospitals. Should a public hospital fail to meet its performance goals or be valued at a lower than expected attribution level, it may be unable to receive the proper Federal match. As a precautionary measure, the State has included \$100 million in supplemental funding to hold safety net hospitals harmless in the event of an inadequate public hospital drawdown. |
| Supportive Housing Spending Lag | 4/1/15 | No | 68.3 | 68.3 | 0.0 | 0.0 | |
| Medicaid 53rd Cycle | 4/1/15 | No | 414.0 | 207.0 | 0.0 | 0.0 | FY 2016 includes a 53rd weekly payment cycle for Medicaid that is estimated to cost \$207 million State share. |
| Executive Order on Immigration | 12/1/14 | No | 38.3 | 38.3 | 83.7 | 83.7 | Pursuant to the Presidential Executive Order, an estimated 269,000 NY residents will be able to apply for temporary relief from deportation under the new deferred action program. Approximately 15,000 of these individuals are expected to enroll in Medicaid. |
| Enrollment | | | 0.0 | 0.0 | (355.2) | (177.6) | DOH forecasts Medicaid enrollment to moderate beginning in FY 2017 as the effects of the ACA stabilize. \$178 million in out-year growth is reprogrammed to support other critical MRT investments. |
| Total Other Administrative Actions & Base Changes | | | 755.9 | (35.1) | 289.6 | (47.8) | |
| Net MRT V Investments/(Savings) | | | 784.5 | 0.0 | 344.3 | 0.0 | |