



**Department  
of Health**

Medicaid  
Redesign Team

# **2018-19 Executive Budget and Global Cap Update**

February 2018

# Agenda

- Results through November 2017
- 2018-19 Global Cap Projections
- MRT Phase VIII Recommendations
- Minimum Wage Increase
- Pressures/Risks
- Questions

# Spending Results through November 2017

- Medicaid expenditures through November 2017 are \$17 million above estimates.

Medicaid Spending (dollars in millions)			
Category of Service	Estimated	Actual	Variance
<b>Medicaid Managed Care</b>	<b>\$10,785</b>	<b>\$10,825</b>	<b>\$40</b>
Mainstream Managed Care	\$6,930	\$6,951	\$21
Long Term Managed Care	\$3,855	\$3,874	\$19
<b>Total Fee For Service</b>	<b>\$6,245</b>	<b>\$6,277</b>	<b>\$32</b>
Inpatient	\$2,085	\$2,092	\$7
Outpatient/Emergency Room	\$233	\$231	(\$2)
Clinic	\$314	\$329	\$15
Nursing Homes	\$1,937	\$1,924	(\$13)
Other Long Term Care	\$425	\$441	\$16
Non-Institutional	\$1,251	\$1,260	\$9
<b>Medicaid Administration Costs</b>	<b>\$212</b>	<b>\$219</b>	<b>\$7</b>
<b>OHIP Budget / State Operations</b>	<b>\$296</b>	<b>\$292</b>	<b>(\$4)</b>
<b>Medicaid Audits</b>	<b>(\$246)</b>	<b>(\$267)</b>	<b>(\$21)</b>
<b>All Other</b>	<b>\$1,926</b>	<b>\$1,889</b>	<b>(\$37)</b>
<b>Local Funding Offset</b>	<b>(\$4,813)</b>	<b>(\$4,813)</b>	<b>\$0</b>
<b>TOTAL</b>	<b>\$14,405</b>	<b>\$14,422</b>	<b>\$17</b>

# Enrollment Results through November 2017

- Medicaid enrollment through November 2017 decreased by 794 recipients since April 1, 2017. This is comprised of:
  - Converted to Essential Plan (EP): (7,649)
  - New Enrollees: 6,855

Medicaid Enrollment Summary SFY 2017-18					
	March 2017	Converted to EP	New Enrollees	November 2017	Net Increase / (Decrease)
<b>Managed Care</b>	<b>4,674,373</b>	<b>(7,649)</b>	<b>32,043</b>	<b>4,698,767</b>	<b>24,394</b>
New York City	2,814,329	(6,196)	(716)	2,807,417	(6,912)
Rest of State	1,860,044	(1,453)	32,759	1,891,350	31,306
<b>Fee-For-Service</b>	<b>1,447,218</b>	<b>0</b>	<b>(25,188)</b>	<b>1,422,030</b>	<b>(25,188)</b>
New York City	717,548	0	3,483	721,031	3,483
Rest of State	729,670	0	(28,671)	700,999	(28,671)
<b>TOTAL</b>	<b>6,121,591</b>	<b>(7,649)</b>	<b>6,855</b>	<b>6,120,797</b>	<b>(794)</b>
New York City	3,531,877	(6,196)	2,767	3,528,448	(3,429)
Rest of State	2,589,714	(1,453)	4,088	2,592,349	2,635

*\*Includes 21,712 MLTC enrollment*

# 2018-19 Global Cap Projections

- The Global Spending Cap will increase to \$20.8 billion in 2018-19, reflects growth of \$1.2 billion, includes \$448 million for minimum wage rate adjustments.

<b>Price (+\$1.07 billion)</b>	<ul style="list-style-type: none"> <li>• Trend increases for mainstream managed care rates (3.5% or \$321 million) and long term managed care rates (3% or \$183 million);</li> <li>• Various FFS rate packages (\$119 million); and</li> <li>• Minimum Wage Adjustment incl. 2017-18 reconciliation (\$448 million).</li> </ul>
<b>Utilization (+\$275 million)</b>	<ul style="list-style-type: none"> <li>• Annualization of 2017-18 new enrollment; and</li> <li>• New enrollment for 2018-19 (8,426).</li> </ul>
<b>MRT/One-Timers/Other (-\$117 million)</b>	<ul style="list-style-type: none"> <li>• ACA enhanced FMAP (-\$181 million)</li> <li>• OHIP StOps (\$30 million);</li> <li>• New CFCO services (\$25 million); and</li> <li>• PCMH (\$20 million).</li> </ul>

# MRT Phase VIII Recommendations

\$ in millions	FY 2019	FY 2020
Pressures on the Global Cap	\$675	\$890
Essential Plan Impact	(\$282)	(\$379)
Pharmacy Initiatives	(\$44)	(\$54)
Long Term Care Initiatives	(\$180)	(\$271)
Managed Care Initiatives	(\$70)	(\$119)
Other Savings Initiatives	(\$100)	(\$117)
Other Investments	\$1	\$50
<b>Net Medicaid Proposals</b>	<b>\$0</b>	<b>\$0</b>

For more detail visit [https://www.health.ny.gov/health\\_care/medicaid/redesign/mrt\\_budget.htm](https://www.health.ny.gov/health_care/medicaid/redesign/mrt_budget.htm)

## Global Cap Pressures (\$675 million in 2018-19)

- **Global Cap Target (\$425 million)**
  - ✓ Financial Plan relief target.
- **Outstanding Federal Obligations (\$175 million)**
  - ✓ Funding needed to cover various outstanding federal obligations.
- **Additional Funding for VAPAP/VBPQIP (\$45 million)**
  - ✓ Additional funding for financially distressed hospitals.
- **Other Global Cap Pressures (\$30 million)**

## Essential Plan Impact (-\$282 million in 2018-19)

- **Convert VBP-QIP / Other Supplemental Programs to Essential Plan (-\$282 million)**
  - ✓ This proposal converts supplemental programs from Medicaid to the Essential Plan thereby freeing up Global Cap resources.



## Pharmacy Initiatives (-\$45 million in 2018-19)

- **Reduce Inappropriate Prescribing & Enhance Prescriber/Pharmacist Collaboration (-\$18 million)**
  - ✓ This proposal eliminates the prescriber prevails provision, and establishes voluntary Comprehensive Medication Management for patients with chronic conditions.
- **Reduce Coverage for OTCs (-\$11 million)**
  - ✓ This proposal eliminates coverage of some OTC products and increases the copays from \$0.50 to \$1.00.
- **Rebate Risk Assessment (-\$10 million)**
  - ✓ This proposal allows the department to engage with a vendor to perform an independent risk assessment of the historic rebate billing/collection protocols.
- **Other Pharmacy Initiatives (-\$6 million)**

## Long Term Care Initiatives (-\$180 million in 2018-19)

- **Limit MLTC Eligibility to < 6 Months in NHs (-\$74 million)**

- ✓ This proposal requires that an individual in a Nursing Home for longer than six months is no longer be eligible for Managed Care.

- **Social Adult Day Health Benefit Efficiency Savings (-\$28 million)**

- ✓ This proposal allows MLTC plans to manage the social adult day benefit more efficiently by eliminating contracts with poor performing providers, adjusting member utilization as necessary, and executing any other reasonable approaches to better utilize the benefit.

- **Admin Rate Reduction / Regulation Relief (-\$19 million)**

- ✓ This proposal reduces Plan capitated payments for admin across all Plans.

- **Limit LHCSA Contracts with MLTC Plans (-\$14 million)**

- ✓ This proposal sets a cap on the total number of LHCSAs an MLTC plan contracts with (maximum of 10 per plan).

- **All Other Long Term Care Initiatives (-\$65 million).**

## Managed Care Initiatives (-\$70 million in 2018-19)

- **Health Home Quality, Innovation and Performance Proposal (-\$33 million)**
  - ✓ This proposal is intended to align strategic MRT initiatives incentivizing primary health care drivers for high risk high cost Medicaid beneficiaries by introducing bonus and penalty payments based on successful Health Home and Managed Care partnerships.
- **Increase Current Penalties for Managed Care Plans that Fail to Meet VBP Targets (-\$10 million)**
  - ✓ This proposal increases VBP Roadmap penalties for MCOs that fail to achieve required levels of VBP contracting.
- **PCMH Cap and Value Based Payment Incentive Alignment (-\$10 million)**
  - ✓ This proposal modifies the PCMH payments in MMC and the add-on payment in FFS, as well as differentiate PCMH payment rates for providers engaged in Value Based Payment.
- **All Other Managed Care Initiatives (-\$17 million)**

## Other Initiatives (-\$100 million in 2018-19)

- **OMIG Savings Initiatives (-\$30 million)**

- ✓ This proposal supports initiatives to recover overpayments to Medicaid managed care organizations (MCO), require MCOs to report potential fraud, waste, or abuse, and to allow for the recovery of overpayments from MCO subcontractors or providers.

- **Transportation Reforms (-\$20 million)**

- ✓ This proposal includes the following transportation reforms: MLTC carveout; ADHC carveout; elimination of \$6M annual ambulance supplemental payment; reducing NYC livery rates and eliminating \$4M annual rural assistance payment to fund a \$12.56M ambulance rate increase.

- **Reduce AR Balances (-\$13 million)**

- ✓ This proposal allows the State to establish a billing and collection process for outstanding accounts receivable balances owed to the State.

- **All Other Initiatives (-\$37 million).**

## Investments (\$1 million in 2018-19)

- **First One Thousand Days (\$1 million)**

- ✓ This proposal implements the first 1,000 Days 10-point plan.

# Minimum Wage

- The financial impact of the minimum wage adjustment totals \$703 million (non-federal) in 2018-19 growing to over \$1 billion in 2019-20.

(dollars in millions)	2018-19	2019-20
Home Care	\$682	\$995
All Other	\$21	\$27
<b>Total</b>	<b>\$703</b>	<b>\$1,022</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.

## Pressures/Risks

- Pending Federal DSH Cuts impacting hospitals – \$1.2B (gross) through SFY 2019 and \$2.6B (gross) annually when fully implemented)
- Continuing underlying growth in MLTC (5% in financial plan vs. 14% current trend)
- Escalating costs for Gene Therapy Drugs (\$500,000 per treatment)
- Pharmacy Spending & Rebates

# Questions

All questions can be submitted to [MRTUpdates@health.ny.gov](mailto:MRTUpdates@health.ny.gov)

