



**Department
of Health**

Medicaid
Redesign Team

FY 2016 Executive Budget and Global Cap Update

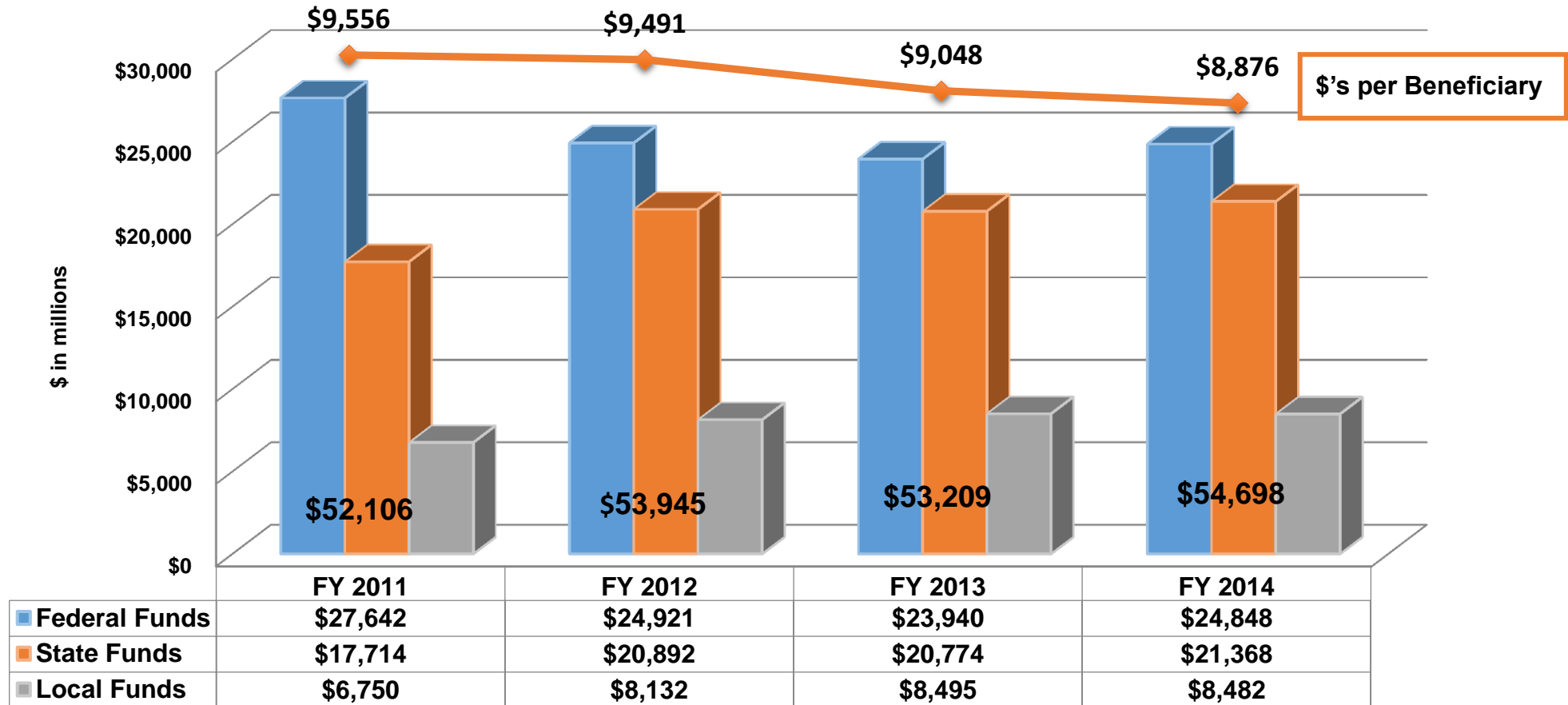
February 2015

Agenda

- ✓ **Global Cap Recap**
- ✓ **Results through November 2014**
- ✓ **Closeout Strategy**
- ✓ **FY 2016 Global Cap Projections**
- ✓ **MRT Phase V Recommendations**
- ✓ **Article VII Highlights**
- ✓ **Questions**

Medicaid All Funds Spending (FY2011-14)

“Bending” the Cost Curve



Global Cap Recap

- The Global Cap for FY 2015 is \$17.0 billion.
 - ✓ Reflects annual growth of \$540 million (primarily for price and utilization).
 - ✓ Enrollment is projected to reach 6.1 million by March 2015, an increase of 400,000 enrollees from March 2014.
 - Includes 140,000 expansion recipients (100 percent federally funded)

Results through November 2014

- Through November spending under the Global Cap was \$10 million below estimates;
 - ✓ Fee-For-Service and Medicaid Managed Care spending are on target with estimates;
 - ✓ Timing related issues include lower spending in Other State Agencies (-\$58 million) offset by lower audit recoveries (+\$52 million).
- Health care coverage was provided to an additional 287,000 fragile and low income recipients through November:
 - ✓ Medicaid Managed Care enrollment increased by 403,000 recipients.
 - ✓ Fee for Service enrollment decreased by 116,000 recipients.

Results through November 2014

- Medicaid expenditures through November 2014 are \$10 million or 0.09% below projections.

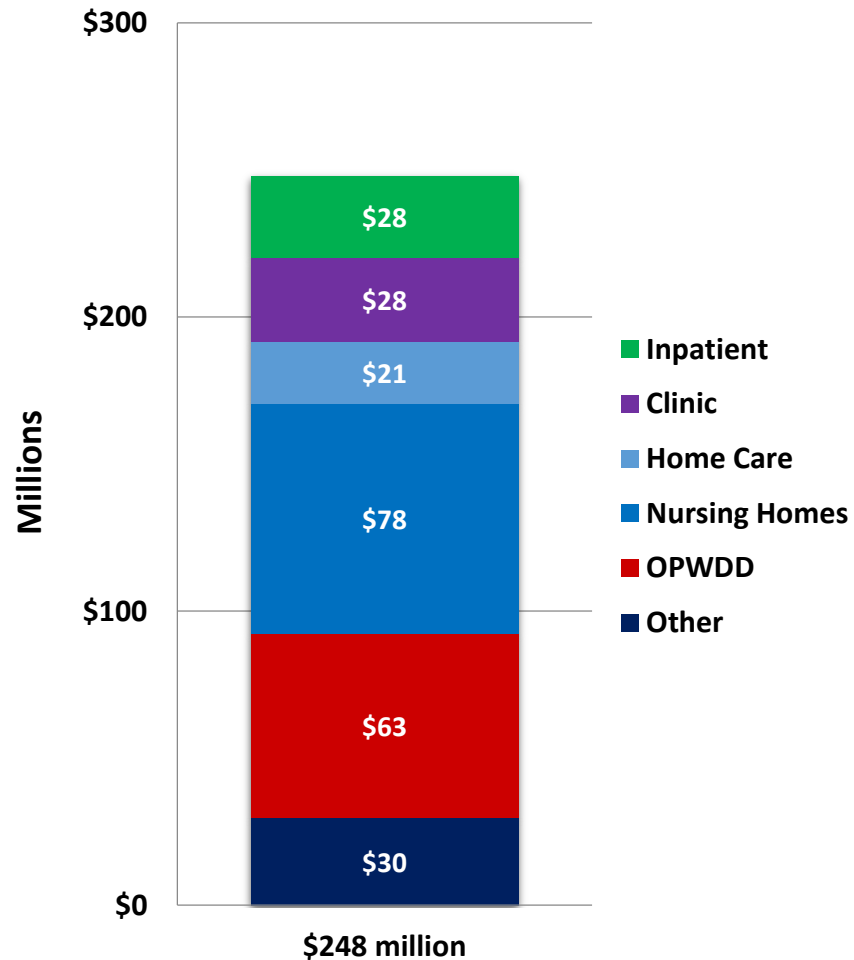
Medicaid Spending November 2014 (dollars in millions)			
Category of Service	Estimated	Actual	Variance
Medicaid Managed Care	\$8,058	\$8,061	\$3
Mainstream Managed Care	\$5,820	\$5,842	\$22
Long Term Managed Care	\$2,238	\$2,219	(\$19)
Family Health Plus	\$289	\$314	\$25
Total Fee For Service	\$6,312	\$6,304	(\$8)
Inpatient	\$1,973	\$1,977	\$4
Outpatient/Emergency Room	\$265	\$271	\$6
Clinic	\$379	\$368	(\$11)
Nursing Homes	\$2,208	\$2,223	\$15
Other Long Term Care	\$477	\$473	(\$4)
Non-Institutional	\$1,010	\$992	(\$18)
Medicaid Administration Costs	\$292	\$318	\$26
OHIP Budget / State Operations	\$111	\$100	(\$11)
Medicaid Audits	(\$270)	(\$218)	\$52
All Other	\$1,620	\$1,523	(\$97)
Local Funding Offset	(\$4,966)	(\$4,966)	\$0
TOTAL	\$11,446	\$11,436	(\$10)

Results through November 2014

- Medicaid enrollment through November 2014 increased by 287,397 recipients since April 1, 2014.

Medicaid Enrollment Summary FY 2015			
	March 2014	November 2014	Increase / (Decrease)
Managed Care	4,126,307	4,529,526	403,219
New York City	2,589,618	2,809,361	219,743
Rest of State	1,536,689	1,720,165	183,476
Fee-For-Service	1,578,130	1,462,308	(115,822)
New York City	790,996	713,374	(77,622)
Rest of State	787,134	748,934	(38,200)
TOTAL	5,704,437	5,991,834	287,397
New York City	3,380,614	3,522,735	142,121
Rest of State	2,323,823	2,469,099	145,276

Results through November 2014



- DOH is engaged in an initiative to reduce all outstanding A/R liabilities by March 31, 2017.
- Providers with outstanding liabilities will be required to submit proposals that achieve full recovery of the liabilities over the next two years.

Closeout Strategy

- DOH monitors the Global Cap spending closely and expects to end the year on target
- Major rate packages to be processed before the fiscal year ends
 - ✓ April 2014 Mainstream Managed Care Rates (\$420 million)
- Other scheduled rate packages are at risk due to CMS delay and will roll into FY 2016:
 - ✓ MLTC / MMC, 2% ATB , VAP
- Federal credits in the Global Cap are also at risk due to CMS delay:
 - ✓ SSHS Cost Study
 - ✓ Additional Federal Revenue from Emergency Services (Aliessa population)
- If necessary to balance rolled liabilities, the Department may consider advancing FY 2016 payments into FY 2015 (i.e., DSH)

FY 2016 Global Cap Projections

- The Global Spending Cap will increase to \$17.7 billion in FY 2016, reflects growth of \$779 million; highlights include:

Price (+\$403 million)	<ul style="list-style-type: none"> 4% trend increases for mainstream managed care and long term managed care (\$353 million); Various FFS rate packages (\$50 million).
Utilization (+\$480 million)	<ul style="list-style-type: none"> Annualization of FY 2015 net enrollment; New enrollment for FY 2016, including the ACA “woodwork”.
MRT/One-Timers/Other (-\$104 million)	<ul style="list-style-type: none"> Basic Health Program (-\$945 million); ACA FMAP (-\$294 million); offset by MH Stabilization funds (\$200 million, incl. Financial Plan relief); VAP Funding (\$290 million); Medicaid 53rd cycle (\$207 million); Loss in one-time Federal Revenue (\$200 million); Additional Funding to support the Waiver (\$100 million); Hospital Quality and Essential/Rural Community Provider Investment (\$100 million); and Executive Order on Immigration (\$38 million).

MRT Phase V Recommendations

Fiscally Neutral Package of Savings and Investments

<i>Dollars in Millions (State Share) -- Investments (Savings)</i>	2015-16	2016-17
Basic Health Program Acceleration (Incremental to FY 2015 Budget)	(645)	(219)
ACA FMAP Increase for Childless Adults	(294)	(275)
Pharmacy Initiatives	(89)	(116)
VAP (Including Single Public PPSs)	290	240
Medicaid 53rd Cycle	207	0
Financial Plan Relief	200	200
Hospital Quality and Essential/Rural Community Provider Investment	100	100
Additional Funding to Support the Waiver	100	100
Alzheimer's Caregiver Support	25	25
Health Home Care Management for Children	23	45
All Other Investments (Savings)	83	(100)
Net Medicaid Proposals	0	0

Basic Health Program

- The Basic Health Plan will be implemented in 2 phases
 - ✓ Phase I – Effective 4/1/15, Aliessa enrollees will “transition in place” into the BHP and will remain in their respective plans.
 - ✓ Phase II – Effective 10/1/15, eligible enrollees from the Marketplace will transition into the BHP for coverage effective January 2016.

(\$'s in millions)	Total BHP Cost	Federal Subsidies	GC (Benefit) / Cost	GC Benefit for Aliessa	Annual State Savings
Phase I	989	(1,005)	(16)	(839)	(855)
Phase II	654	(504)	150	(280)	(130)
Total	1,643	(1,509)	134	(1,119)	(985)
				Already Budgeted Savings*	300
				BHP Administration Costs	35
				Inclusion of the Aliessa Wrap	8
				Elimination of the FHP Wrap	(3)
				Net BHP Savings	(645)

*\$300 million in savings was included in FY 2015 Enacted Budget.



ACA FMAP Increase for Childless Adults

- ACA FMAP (\$294 million in 2015-16):
 - ✓ Under the Affordable Care Act the State is able to claim an enhanced Federal Medical Assistance Percentage associated with childless adults.
 - ✓ On January 1, 2015, the FMAP increases from 75 percent to 80 percent.

(\$'s in millions)	FY 2014	FY 2015	Growth
Enhanced FMAP	(1,564)	(1,945)	(381)
Local Share of FMAP	435	522	87
Total	(1,129)	(1,423)	(294)

Pharmacy Initiatives

- Pharmacy Initiatives (\$89 million in 2015-16):
 - ✓ Leverage Pharmacy Rebates (\$41 million);
 - ✓ AWP Discount for Brand Name Drugs and Dispensing Fee Adjustment (\$18 million);
 - ✓ Implement Managed Care Pharmacy Efficiencies (\$13 million);
 - ✓ 340B Pricing in Managed Care (\$11 million); and
 - ✓ Reduce Inappropriate Prescribing / Specialty Pharmacy Vendor (\$6 million).

Hospital Quality and Essential / Rural Community Provider Investment

- Hospital Quality and Essential/Rural Community Provider Investment (\$100 million):
 - ✓ This proposal reinvests 3 percent to the Hospital industry through various investments and restorations:
 - Establishes a quality pool;
 - Eliminates the potentially preventable negative outcomes (PPNOs) rate adjustment;
 - Eliminates across-the-board (ATB) rate reduction for unnecessary elective deliveries;
 - Reduces HCRA Obstetrics Assessment by \$15 million; and
 - Provides targeted investments to essential community healthcare providers.

Vital Access Provider Program

- The Executive Budget includes \$952 million for FY 2015 and \$852 for FY 2016:

(\$'s in millions)	FY 2016		FY 2017	
	Gross	State	Gross	State
Current VAP Funding	\$372	\$186	\$372	\$186
Transitional Operational Support	\$500	\$250	\$400	\$200
Funding for Single Public PPSs	\$80	\$40	\$80	\$40
TOTAL	\$952	\$476	\$852	\$426

Article VII Highlights

- Extends Global Cap
- Extends Indigent Care
- Value Based Payments

Questions

