

FY 2017 Health Care Savings Proposals - Executive Budget State Investments / (Savings) \$ in Millions

Initiative	Effective Date	Legal - Admin	Descriptions	FY 2017		FY 2018	
				Gross	State	Gross	State
Federal Actions							
Increase in Medicare Part B Premiums for Dual Eligibles	1/1/16	Admin	This reflects a premium increase from \$105 to \$122. Final rates will be released in early November.	\$69.03	\$69.03	\$69.03	\$69.03
Medicare Part D "Clawback" Annual Rate Adjustment	1/1/16	Admin	CMS released the annual rate update for the 2016 Medicare Part D Clawback, which is expected to increase by 11.6%.	\$114.00	\$114.00	\$114.00	\$114.00
Total Federal Actions				\$183.03	\$183.03	\$183.03	\$183.03
Pharmacy Savings Initiatives							
Reduce Reimbursement Rate for Specialty Drugs (FFS)	5/1/16	Legal	This proposal will reduce reimbursement rates for certain specialty drugs, to align with rates achieved by the managed care plans.	(\$3.70)	(\$1.80)	(\$7.30)	(\$3.60)
Eliminate Prescriber Prevails (FFS)	6/1/16	Legal	Authorizes the denial of authorization for drugs when justification for use is not clinically supported, except for mental health medications.	(\$17.60)	(\$8.80)	(\$17.60)	(\$8.80)
Eliminate Prescriber Prevails (MCO)	6/1/16	Legal	Authorizes the denial of authorization for drugs when justification for use is not clinically supported, except for mental health medications.	(\$23.80)	(\$11.90)	(\$23.80)	(\$11.90)
Expand Clinical Drug Review Program (CDRP) (FFS)	4/1/16	Legal	Expands the Clinical Drug Review Program (CDRP) in order to prior authorize drugs meeting CDRP criteria until such time that the Drug Utilization Review (DUR) Board makes a recommendation to the Commissioner.	(\$0.30)	(\$0.16)	(\$0.50)	(\$0.25)
Accelerate RFP and Rebate Collections (FFS/MCO)	4/1/16	Admin	Accelerate RFP and rebate collections through improved management of claims encounter data.	(\$27.00)	(\$13.00)	(\$33.00)	(\$17.00)
Generic CPI Penalty (FFS/MCO)	7/1/16	Legal	Authorizes the Commissioner to apply a ceiling price for generic drugs, comparable to the Federally established Consumer Price Index (CPI) penalty for brand name drugs.	(\$47.50)	(\$23.80)	(\$47.50)	(\$23.80)
Establish Ceiling on Brand Name Blockbuster Drugs (FFS/MCO)	4/1/16	Legal	Authorizes the Commissioner to set a ceiling price for new high cost blockbuster drugs, as determined by the State's actuary.	(\$12.00)	(\$6.00)	(\$20.50)	(\$10.30)
Implement Hard Cap on Opioids	4/1/16	Legal	Limit opioid prescriptions to 4 fills per month in Managed Care.	(\$0.30)	(\$0.17)	(\$0.70)	(\$0.30)
Total Pharmacy Savings				(\$132.20)	(\$65.63)	(\$150.90)	(\$75.95)
LTC Savings Initiatives							
Carve Out Transportation from MLTCP	10/1/16	Legal	Transportation to a medical service would be carved out of the Managed Long Term Care (MLTC) benefit and reimbursed Fee-for-Service (FFS) under the administration of the state's contracted transportation managers.	(\$16.00)	(\$8.00)	(\$32.00)	(\$16.00)
Carve Out Adult Day Home Care Transportation	4/1/16	Admin	This proposal would carve out the provision of Medicaid transportation from the Adult Day Home Care programs that are reimbursed to manage their own transportation to FFS under the administration of the State's transportation manager.	(\$6.40)	(\$3.20)	(\$6.40)	(\$3.20)
Remove Transportation Direct Cost Component from Nursing Home Rate	4/1/16	Admin	This proposal is a technical change to remove the direct cost component of transportation from the nursing home rate.	(\$12.00)	(\$6.00)	(\$12.00)	(\$6.00)

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Implement Spousal Support	4/1/16	Legal	This proposal provides that Medicaid will be furnished to an applicant, notwithstanding the failure or refusal of the applicant's spouse to make the spouse's income and resources available to meet the cost of care, if: (a) the applicant is an institutionalized spouse and executes an assignment of support from the community spouse in favor of the social services district and the department, unless the applicant is unable to execute such assignment due to physical or mental impairment or to deny assistance would create an undue hardship; or (b) the spouse is absent from the applicant's household. In such cases, legal action can be taken to recover the cost of the Medicaid provided from the recipient's spouse.	(\$20.00)	(\$10.00)	(\$20.00)	(\$10.00)
Carve all Medicaid Benefits into MLTC	10/1/16	Admin	This proposal would expand the partial cap MLTC benefit package to add all Medicaid services.	(\$3.10)	(\$1.50)	(\$3.96)	(\$1.98)
Restrict MLTCP to only Nursing Home Eligibles	10/1/16	Legal	Effective October 1, 2016, Nursing Home level of care (NHLOC) would be required as the condition of eligibility for all new enrollments into MLTC. Current member would be grandfathered in and would not have to meet the NHLOC provision unless they disenrolled in the plan.	(\$3.80)	(\$1.90)	(\$11.20)	(\$5.60)
Community Spouse Resource Amount	7/1/16	Legal	This proposal changes the minimum community spouse resource amount. The minimum community spouse resource amount is used in determining the Medicaid eligibility of an applicant under spousal impoverishment budgeting.	(\$11.50)	(\$5.75)	(\$15.30)	(\$7.65)
Total LTC Savings				(\$72.80)	(\$36.35)	(\$100.86)	(\$50.43)
Managed Care Savings Initiatives							
Tighten Managed Care Profit Cap to 3.5%	4/1/16	Admin	Effective April 1, 2016, this proposal tightens the premium profit cap on Mainstream Managed Care (MMC) plans from 5% to 3.5%. The premium profit cap will be accomplished through a medical loss ratio (MLR) on premiums, which will prescribe what plans must spend on health benefits in State Fiscal Year 2016-17.	(\$126.00)	(\$63.00)	(\$126.00)	(\$63.00)
OMIG/Plan MA Fiscal Integrity	4/1/16	Admin	Effective April 1, 2016, this proposal withholds \$30M across all Managed Care Organizations (MCO's) in MMC, MLTC, and HIV/SNP in order to incentivize the MCO's to improve their fraud recovery process and better collaborate with the Office of the Medicaid Inspector General (OMIG). MCO's will need to work with OMIG in order to meet recovery goals that are set for them. Each year, an industry target would be set as part of the Budget process.	(\$30.00)	(\$15.00)	(\$40.00)	(\$20.00)
Penalty for Late/Incorrect Encounter Data	4/1/16	Legal	This proposal would implement a tiered penalty approach for submission of late and/or inaccurate encounters. This proposal is intended to ensure that encounters are submitted timely and accurately by instituting tiered penalties for the submission of late and/or inaccurate encounter data. Accurate and timely encounter data is required for obtaining pharmacy rebates, premium rate setting and rate analysis as well as the DSRIP metrics calculations.	(\$20.00)	(\$10.00)	(\$10.00)	(\$5.00)

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Children Managed Care Implementation (BH Transition)	4/1/16	Admin	This proposal will add six new children's services to improve earlier intervention to address service gaps and produce better long-term outcomes for children and families.	\$0.00	\$0.00	\$30.00	\$15.00
OSC Audit Findings	4/1/16	Admin	A result of preliminary findings from OSC Audit, includes: 1. Assess the cost of the current actuary contract and any future contracts or amendments to all MCO's. 2. Recalculate all mainstream Medicaid capitation rates for state fiscal year 2014-15 based on the audit findings and recoup premium overpayments from all mainstreams MCO's based on the recalculated rate.	(\$40.00)	(\$20.00)	(\$10.00)	(\$5.00)
Accelerate Transition to Managed Care for all Services	4/1/16	Admin	Effective April 1, 2016, this proposal will identify specific populations remaining in FFS who are deemed to be Managed Care eligible and transition these populations to Managed Care. Currently individuals with exemption/exclusion codes of 90 and 91 are exempt or excluded from Managed Care. This proposal would give the Department the authority to investigate this population and transition those individuals with insufficient exemption/exclusion documentation to Managed Care. Additionally, there are also populations remaining in FFS with no Managed Care exemptions or exclusions. The Department will identify and transition these populations to Managed Care.	(\$20.00)	(\$10.00)	(\$20.00)	(\$10.00)
ACA Insurance Tax (MCO Tax)	1/1/17	Admin	This proposal recognizes savings resulting from the federal removal of the MCO/ACA tax.	\$0.00	\$0.00	(\$140.00)	(\$70.00)
Total Managed Care Savings				(\$236.00)	(\$118.00)	(\$316.00)	(\$158.00)
Other Savings							
Implement Cost Sharing Limits to Medicare Part C	7/1/16	Legal	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.	(\$22.90)	(\$11.45)	(\$22.90)	(\$11.45)
Expansion of the Ambulette Ambulatory Fee to Other Counties	4/1/16	Admin	This proposal would expand ambulette ambulatory (AA) fees to other counties (NYC phase-in on Oct.1) for transports where the enrollee needs personal assistance but is not in a wheelchair. The fee would be set at a lower percentage of the existing ambulette fee. The AA fee is currently used in 15 upstate counties.	(\$10.77)	(\$5.40)	(\$20.38)	(\$10.20)
Claim extra 1% FMAP for U.S. Preventative Services Task Force (USPSTF) A & B Recommended Services	4/1/16	Admin	This proposal would claim 1% additional FMAP for USPSTF A&B recommended preventive services.	\$0.00	(\$0.60)	\$0.00	(\$0.60)
Comprehensive Coverage and Promotion of Long Acting Reversible Contraception (LARC)	4/1/16	Admin	This proposal would increase access/improve education/outreach for the comprehensive coverage and promotion of LARC.	(\$12.60)	(\$6.30)	(\$12.60)	(\$6.30)
Increase Disallowance for Early Elective Deliveries <39 Weeks Gestations without Medical Indication to 50%	4/1/16	Admin	This proposal would reduce payments for elective C-section deliveries and inductions of labor under 39 weeks gestation unless a documented medical indication is present. Specifically, this proposal would increase the current penalty from 25% to 50%.	(\$3.00)	(\$1.50)	(\$3.00)	(\$1.50)
Reduce BHO/HARP Investment Program	4/1/16	Admin	The Behavioral Health Transformation Initiatives spending projections reflect \$10M in State Share savings for offsets associated with Federal Balancing Incentive Payment (BIP) grant funds covering the cost of Health Home Plus through September 2017, combined with non-recurring start-up activities that will be phasing out in 2017-18.	(\$20.00)	(\$10.00)	(\$20.00)	(\$10.00)

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Mandate Commercial Insurance Reimbursement for EI	4/1/16	Legal	Amend Insurance Law to require insurers to reimburse essential benefits delivered to infants and toddlers under the Early Intervention Program (EIP). Commercial insurers would not be allowed to deny coverage for medical services normally covered under the terms of the policy due to: prior authorization requirements, the location where the services are provided, the facilitative nature of the service, the duration of the condition and/or the likelihood of significant improvement, or the network	(\$4.20)	(\$2.10)	(\$4.20)	(\$2.10)
Modify EI Screening and Evaluation Requirements	4/1/16	Legal	Amend Public Health Law related to evaluation of children to determine EIP eligibility to (1) require use of medical/other records where appropriate to determine a child's eligibility for the EIP and, (2) require evaluators to screen all children referred to the EIP with a suspected developmental delay (screening would not be required for children referred with diagnosed conditions that render them eligible, such as Down Syndrome). EIP rates would be revised to create a new evaluation review rate that would compensate objective evaluators for reviewing child records and determining eligibility based on those reviews; and, reduce the existing screening rates which are currently at the same level as the supplemental evaluation rate for in-depth assessment of a specific area of developmental concern.	(\$5.40)	(\$2.70)	(\$5.40)	(\$2.70)
Retail Clinic Pilot Program	4/1/16	Legal	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.	(\$10.00)	(\$5.00)	(\$10.00)	(\$5.00)
Continued MA Coverage Review	4/1/16	Admin	This proposal would conduct a thorough examination of the current list of covered benefits in the Medicaid program and develop a list of savings proposals. To the extent practicable, the Medicaid Evidence Based Benefit Review Advisory Committee would be engaged when such examination requires evidence-based review.	(\$10.00)	(\$5.00)	(\$10.00)	(\$5.00)
Total Other Savings				(\$98.87)	(\$50.05)	(\$108.48)	(\$54.85)
Other Investments							
Breast and Prostate Cancer SOS Proposals	4/1/16	Admin	Invests \$800 thousand in breast and prostate cancer services.	\$1.60	\$0.80	\$0.00	\$0.00
Additional Funding for Distressed Hospitals (VAPAP/VBP-QIP)	4/1/16	Admin	The Executive Budget provides an additional \$75 million investment in the Vital Access Provider Assurance Program (VAPAP) and Value Based Payment Quality Improvement Program (VBP-QIP) programs, which provide operating assistance to hospitals in financial distress. VBP-QIP funding is administered through MCOs and serves hospitals shifting to a value-based payment structure, while VAPAP provides State-only Medicaid funds to smaller hospitals lacking the resources to transition to value-based payments.	\$75.00	\$75.00	\$145.00	\$145.00
Increase EI Administrative Component of Provider Rates	4/1/16	Admin	Increase the administrative component of EIP program rates by 1% -- providers now have additional administrative expenses associated with claiming to third party payers through the State Fiscal Agent (implemented 4/1/13). A 1% increase in the administrative component of the EIP rates is needed to compensate providers for expenses associated with claiming to these payers.	\$2.40	\$1.20	\$2.40	\$1.20

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End of AIDS Investment	4/1/16	Admin	Provides \$50 million over 5 years in additional funding to support the End of AIDS initiative.	\$10.00	\$10.00	\$10.00	\$10.00
Total Other Investments				\$89.00	\$87.00	\$157.40	\$156.20
Other							
New Bonded Capital Resources Supportive Housing	4/1/16	Admin	The new bonded capital funds allow for Financial Plan relief through a reduction in the Medicaid General Fund.	(\$44.00)	(\$44.00)	(\$44.00)	(\$44.00)
Increase in Stabilization Fund for Bonded Capital	4/1/16	Admin	\$44 million in new bonded capital resources are advanced in the FY 2017 budget.	\$44.00	\$44.00	\$44.00	\$44.00
Total Other				\$0.00	\$0.00	\$0.00	\$0.00
Total MRT				(\$267.84)	\$0.00	(\$335.81)	\$0.00