



**Department
of Health**

Medicaid
Redesign Team

2017-18 Executive Budget and Global Cap Update

February 2017

Agenda

- Global Cap Recap
- Results through November 2016
- 2017-18 Global Cap Projections
- MRT Phase VII Recommendations
- Minimum Wage Increase
- Questions

Global Cap for 2016-17 is \$18.6 billion

- Reflects annual growth of \$814 million (primarily for price and utilization).
 - ✓ Managed Care trends for Mainstream (MMC) and Long Term Care (MLTC) set by Mercer.
 - ✓ Various Fee-For-Service (FFS) rate changes (includes increases for case mix, inpatient, and outpatient/clinic rates).
 - ✓ Assumes new enrollees from March 2016 (primarily MLTC).
- Includes \$44 million for minimum wage rate adjustments effective January 1, 2017.

Spending Results through November 2016

- Medicaid expenditures through November 2016 are \$26 million above estimates.

Medicaid Spending (dollars in millions)			
Category of Service	Estimated	Actual	Variance
Medicaid Managed Care	\$9,876	\$9,895	\$19
Mainstream Managed Care	\$6,746	\$6,747	\$1
Long Term Managed Care	\$3,130	\$3,148	\$18
Total Fee For Service	\$6,026	\$6,089	\$63
Inpatient	\$1,923	\$1,923	\$0
Outpatient/Emergency Room	\$248	\$257	\$9
Clinic	\$321	\$325	\$4
Nursing Homes	\$2,075	\$2,083	\$8
Other Long Term Care	\$397	\$431	\$34
Non-Institutional	\$1,062	\$1,070	\$8
Medicaid Administration Costs	\$295	\$295	\$0
OHIP Budget / State Operations	\$194	\$188	(\$6)
Medicaid Audits	(\$183)	(\$184)	(\$1)
All Other	\$2,338	\$2,289	(\$49)
Local Funding Offset	(\$4,831)	(\$4,831)	\$0
TOTAL	\$13,715	\$13,741	\$26

Enrollment Results through November 2016

- Medicaid enrollment through November 2016 decreased by 54,255 recipients since April 1, 2016. This is comprised of:
 - Converted to Essential Plan (EP): (50,899)
 - New Enrollees: (3,356)

Medicaid Enrollment Summary SFY 2016-17					
	March 2016	Converted to EP	New Enrollees	November 2016	Net Increase / (Decrease)
Managed Care	4,645,864	(50,899)	60,136	4,655,101	9,237
New York City	2,804,033	(39,027)	38,641	2,803,647	(386)
Rest of State	1,841,831	(11,872)	21,495	1,851,454	9,623
Fee-For-Service	1,521,426	0	(63,492)	1,457,934	(63,492)
New York City	755,513	0	(27,201)	728,312	(27,201)
Rest of State	765,913	0	(36,291)	729,622	(36,291)
TOTAL	6,167,290	(50,899)	(3,356)	6,113,035	(54,255)
New York City	3,559,546	(39,027)	11,440	3,531,959	(27,587)
Rest of State	2,607,744	(11,872)	(14,796)	2,581,076	(26,668)

2017-18 Global Cap Projections

- The Global Spending Cap will increase to \$19.5 billion in 2017-18, reflects underlying growth of \$962 million.

Price (+\$783 million)	<ul style="list-style-type: none"> • Trend increases for mainstream managed care rates (3.5% or \$329 million) and long term managed care rates (3% or \$155 million); • Various FFS rate packages (\$88 million); and • Minimum Wage Adjustment (\$211 million).
Utilization (+\$340 million)	<ul style="list-style-type: none"> • Annualization of 2016-17 new enrollment; and • New enrollment for 2017-18 (87,300).
MRT/One-Timers/Other (-\$161 million)	<ul style="list-style-type: none"> • Additional Pharmacy Rebates (-\$200 million); • ACA enhanced Federal Medical Assistance Percentages (FMAP) (-\$107 million); • Removal of uncommitted Vital Access Providers (VAP) funds (-\$40 million); offset by • Lower Accounts Receivable Target (\$164 million)

MRT Phase VII Recommendations

<i>Dollars in Millions (State Share) -- Investments / (Savings)</i>	2017-18	2018-19
Federal Actions/Pressures on the Global Cap	\$32	(\$86)
Managed Care Savings Initiatives	(\$61)	(\$137)
Pharmacy Savings Initiatives	(\$93)	(\$126)
Long Term Care Savings Initiatives	(\$83)	(\$63)
Transportation Initiatives	(\$25)	(\$33)
Other Savings	(\$152)	(\$182)
Investments	\$0	\$245
Net Medicaid Proposals	(\$382)	(\$382)

Federal Actions / Pressures on the Global Cap (\$32 million in 2017-18)

- Medicare Part B (\$46 million)
 - ✓ Premium/cost sharing for physician and outpatient services for dual eligible individuals (Medicaid/Medicare).
 - ✓ Premium increase from \$122 to \$134 effective January 2017 for dual eligible recipients (9.8 percent increase from last year).
- Medicare Part D (\$129 million)
 - ✓ Medicare Modernization Act established the Part D prescription drug program and requires states to make cost-sharing payments to the Federal government know as the “clawback.”
 - ✓ Per-beneficiary monthly clawback charges will increase by 11.9 percent effective January 2017.

Federal Actions / Pressures on the Global Cap (\$32 million in 2017-18)

- ACA Overclaim Repayment (\$118 million)
 - ✓ The State was incorrectly claiming 75% FMAP (due to system limitations) on individuals who were not eligible to receive the enhanced FMAP.
- Compliance with Covered Outpatient Drug Rule and Copay Provisions (\$6 million)
 - ✓ Aligns NY State Medicaid with the CMS Covered Outpatient Drug Rule, which requires that states move to a cost based pharmacy reimbursement methodology for Fee-For-Service pharmacy programs.

Managed Care Initiatives (-\$61 million in 2017-18)

- Currently 4.7 million individuals receive care through mainstream or MLTC/FIDA.
- Patient satisfaction/efficiency metrics are improving while costs are under control.
 - ✓ Require Medicare coverage as a condition of Medicaid Eligibility (-\$26 million);
 - ✓ Reduction in Mainstream Managed Care Quality Bonus (-\$20 million);
 - ✓ Reduce Payments to Plans for Facilitated Enrollment (-\$10 million); and
 - ✓ Reduction in Funding of VBP Pilots (-\$5 million).

Pharmacy Initiatives (-\$93 million in 2017-18)

- Establish rebates for High Cost Drugs (-\$55 million);
- Reduce Inappropriate Prescribing/Prescriber Prevails (-\$21 million);
- Generic CPI Penalty Adjustment - 75% (-\$9 million);
- Reduce Coverage for OTCs (-\$6 million); and
- Enhanced Program Integrity for Opioids/Controlled Substances (-\$1 million).

Long Term Care Savings Initiatives (-\$83 million in 2017-18)

- Balancing Incentive Program to support FLSA (-\$35 million);
- Reduce MLTCP Quality Bonus (-\$15 million);
- Eliminate Bed Hold Payment (-\$11 million);
- Spousal Support (-\$10 million);
- Adjustment of End-of-Life Services for Medicare (-\$4 million);
- Ban MLTC Marketing/Reduce Enrollment Growth (-\$3 million);
- Restrict MLTCP to Only Nursing Home Eligibles (-\$3 million); and
- Implementation of a Plan Fining Mechanism for DLTC (-\$2 million).

Transportation Care Savings Initiatives (-\$25 million in 2017-18)

- Transportation Manager Savings (-\$8 million);
- Adult Day Health Care (-\$5 million);
- Carve Out Transportation from MLTCP (-\$4 million);
- Eliminate Rural Transit Assistance (-\$4 million); and
- Reduce 911 “Frequent Flier” Calls (-\$4 million).

Other Savings (-\$152 million in 2017-18)

- School Supportive Health Services NYC Expansion (-\$50 million);
- Increase EP Cost Sharing Limits (-\$15 million);
- Reduce Avoidable ER Visits by 25% and Create Reinvestment Pool (-\$10 million);
- Realign Children's SPA and MC Implementation (-\$10 million);
- Continued Medicaid Coverage Review (-\$5 million);
- Enhance Claim Editing for ESO (-\$3 million);
- Increase Penalty for Early Elective Deliveries (-\$2 million);

Other Savings (-\$152 million in 2017-18)

- Early Intervention Initiatives (-\$1 million);
- OHIP In-sourcing (-\$1 million); and
- Reduce Program Spending (-\$57 million).
 - ✓ Supportive Housing;
 - ✓ VAPAP/VBP-QIP;
 - ✓ DOH Global Cap Admin;
 - ✓ PCMH Enhanced Funding;
 - ✓ Hospital Quality Pool; and
 - ✓ BIP Funds (No Wrong Door/NY Connects).

Investments (\$245 million in 2018-19)

- Additional Funding for VBP Implementation/Targeted Provider Rate Increase (\$240 million)
- OPWDD Transition to Managed Care (\$5 million)

Minimum Wage

- The financial impact of the minimum wage adjustment totals \$255 million (non-federal) in 2017-18 growing to \$579 million in 2018-19.

(dollars in millions)	2017-18	2018-19
Home Care	\$241	\$555
All Other	\$14	\$24
Total	\$255	\$579

- 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.

Questions

