



**Department  
of Health**

**Office of  
Health Insurance  
Programs**

# **2019-20 Executive Budget Briefing**

## **New York State Department of Health, Office of Health Insurance Programs**

January 2019

# Today's Presenters

- Donna Frescatore, State Medicaid Director and Executive Director, NY State of Health
- Liz Misa, Deputy Director, Office of Health Insurance Programs
- Greg Allen, Director, Division of Program Development and Management
- Janet Zachary-Elkind, Deputy Director, Division of Program Development and Management
- Lana Earle, Director, Division of Long Term Care
- Michael Ogborn, Medicaid Chief Financial Officer
- Jonathan Bick, Director, Division of Health Plan Contracting and Oversight
- Judy Arnold, Director, Division of Eligibility and Marketplace Integration

# Medicaid Proposals

- Pharmacy
- Long Term Care
- Managed Care
- Transportation
- Investments to Improve Patient Care
- Health Home

# Pharmacy

- **Over-the-Counter (OTC) Products**

- Eliminates coverage of certain OTC products and increases the copayments from \$0.50 to \$1.00, aligning New York more closely with other states.
  - Maintains coverage for clinically critical products (e.g. aspirin) and clinically comparable less expensive OTC products that are in the Preferred Drug Program (PDP).
- This includes a subset of OTCs within the following categories: Allergy, Cough and Cold Preparations, Digestive Products, Topical products, and Vitamin and Mineral combinations (not used for deficiencies).
- Copayment exemptions would continue to apply for the most vulnerable members.

2019-20 State Impact	2020-21 State Impact
(\$12.30)	(\$16.40)

# Pharmacy

- **Establish Fair Drug Pricing Models in Medicaid Managed Care**
  - Increases transparency of prescription drug pricing for the \$5.7 billion (SFY 2017 before rebates) paid through Medicaid managed care for prescription drugs
  - Ensures that Medicaid managed care plans are charged:
    - ✓ the same amount that the PBM pays to the pharmacies for the ingredient cost; plus
    - ✓ a professional dispensing fee paid to the pharmacy; plus
    - ✓ a fair and reasonable administrative fee for PBM services.

2019-20 State Impact	2020-21 State Impact
(\$43.30)	(\$43.30)

# Pharmacy

- **Eliminate Prescriber Prevails**
- Eliminates the prescriber prevails provision which requires Medicaid to approve prior authorization of a prescription drug regardless of whether clinical criteria is met.
- This proposal would:
  - ✓ Ensure appropriate prescribing; and
  - ✓ Support patient safety by ensuring that utilization is consistent with approved indications.

2019-20 State Impact	2020-21 State Impact
(\$18.70M)	(\$22.45M)

# Pharmacy

- **Drug Cap Enhancements**
- Proposes modifications to the Medicaid Drug Cap process set forth in state statute to accelerate rebates by allowing the Department to:
  - Initiate rebate negotiations for high cost drugs using target rebate amounts that are based on established cost effectiveness studies;
  - Negotiate drug cap rebates for high cost drugs, for which there is already a manufacturer contract in force;
  - Set target rebate amounts for high cost drugs without consideration of rebates for other drugs made by the same manufacturer; and
  - Align Drug Utilization Review (DUR) Board reporting requirements and rebate effective dates with the state fiscal year.

2019-20 State Impact	2020-21 State Impact
(\$13.70)	(\$22.60)

# Long Term Care

- **Spousal Support**

- Eliminates the ability for legally responsible spouses who reside together in the community to refuse to make their income and resources available for the determination of an applicant's eligibility for Medicaid
- Brings NY into compliance with federal law and regulation

2019-20 State Impact	2020-21 State Impact
(\$5.90)	(\$5.90)



# Long Term Care

- **CDPAP Fiscal Intermediary (FIs) Efficiencies**
- Includes two proposals to realize administrative efficiencies. There are no reductions to eligibility for the CDPAP or to the hours of care provided.
  - Change FI reimbursement method to a per member per month amount to better match the type of administrative services performed by FIs (payroll, wage withholding, benefit administration). Currently, reimbursement varies with the cost of the care delivered despite FI administrative costs being largely fixed.
  - In order to realize economies of scale, permits the Department to contract with Centers for Independent Living and entities that have experience providing services to persons with disabilities, and to select one or more additional organizations to perform FI administrative services.

2019-20 State Impact	2020-21 State Impact
(\$75.00)	(\$75.00)

# Long Term Care

- **Consumer First Choice Options (CFCO) Readiness**
  - Additional time needed by the Department of Health, and requested by Managed Care Plans and Local Departments of Social Services (LDSS) to complete readiness activities.
  - Reflects the savings that result from delaying the implementation from January 1, 2019 to July 1, 2019.

2019-20 State Impact	2020-21 State Impact
(\$24.50)	\$0.00

# Long Term Care

- **Nursing Home Case Mix Adjustment**

- Continues requirement to adjust nursing home rates for case mix in January and July of each year, but bases the adjustment on nursing home reported census data throughout the period, rather than on the census for only two days during the year.
- Utilizing additional data points will improve the accuracy of the methodology.
- Does not require any additional reporting from nursing homes.

2019-20 State Impact	2020-21 State Impact
(\$122.79)	(\$122.79)

# Long Term Care

- **SOFA EISEP Investment**

- Invest \$15 million into community-based (non-medical) supports for aging New Yorkers through the State Office For the Aging's Expanded In-home Services for the Elderly Program (EISEP) to serve more older adults, help seniors maintain their autonomy, and delay future Medicaid costs by providing less intensive services earlier.

2019-20 State Impact	2020-21 State Impact
\$15.00	\$15.00

- **SOFA EISEP Medicaid Savings**

- Reflects savings to the Medicaid program as a result of this investment in EISEP. Savings result from a reduction in Medicaid personal care I and II, as well as avoided nursing homes placement.

2019-20 State Impact	2020-21 State Impact
(\$34.00)	(\$34.00)

# Long Term Care

- **Modernize Long Term Care Regulations**
  - Modernize regulations to reflect the implementation and care management features of the Medicaid Managed Long Term Care Program.
  - Amend regulations governing appropriate reasons and notice language to be used when reducing or discontinuing personal care services authorized by MLTC Plans.

2019-20 State Impact	2020-21 State Impact
(\$25.00)	(\$25.00)

# Long Term Care

- **Electronic Visit Verification (EVV)**

- The 21<sup>st</sup> Century Cures Act mandates that states implement Electronic Visit Verification for all Medicaid personal care services (by 1/2020) and home health care services (by 1/2023) that require an in-home visit by a provider.
- Failure to comply subjects states to a Federal Medicaid Assistance Percentages (FMAP) reduction of up to 1 percent.
- The budget provides funding to design and develop EVV to meet this requirement. Federal match is assumed at 90 percent for these activities.

2019-20 State Impact	2020-21 State Impact
\$10.00	\$15.25

# Managed Care

## Third Party Health Insurance

- Medicaid eligible persons with comprehensive Third Party Health Insurance (e.g., employer insurance) are not enrolled in managed care plans and are disenrolled when the TPHI is identified.
- The budget reflects savings from two administrative actions:
  1. A reduction in the average time from identification of comprehensive health coverage to disenrollment from managed care plans, consistent with enrollment policy, to avoid overpayments.

2019-20 State Impact	2020-21 State Impact
(\$18.70)	(\$18.70)

2. Additional savings that result from managed care contractual changes to recover overpayments when they occur.

2019-20 State Impact	2020-21 State Impact
(\$3.90)	(\$13.90)

# Transportation

- **Transition remaining populations and services to the State's Transportation Management Vendor**
  - Managed Long-Term Care transportation Carveout
    - Carve out Medicaid transportation from the Managed Long Term Care (MLTC) capitated rates (excluding PACE) to fee-for-service management.
- Adult Day Health Care (ADHC) Transportation Carveout
  - Carve out the provision of Medicaid transportation reimbursement from the ADHC programs to fee-for-service management.

2019-20 State Impact	2020-21 State Impact
(\$6.40)	(\$12.90)

2019-20 State Impact	2020-21 State Impact
(\$4.10)	(\$4.10)



# Transportation

- **Eliminate Rural Transit Assistance**

- Eliminate the \$4 million in rural transit assistance paid to 16 counties.
- Transition of Medicaid transportation to DOH is complete statewide and transitional assistance to counties is no longer appropriate.

2019-20 State Impact	2020-21 State Impact
(\$4.00)	(\$4.00)

- **NYC Livery Rate Reduction**

- Reduce NYC livery fees by \$3.00 to better reflect market rates.

2019-20 State Impact	2020-21 State Impact
(\$6.10)	(\$6.10)

# Transportation

- **Adjust Medicaid Ambulance Rates to reflect the DOH's Rate Adequacy Report.** The report included ambulance transport cost analysis and participation from ambulance providers.

- **Fund additional year of Ambulance Rate Adequacy Increase**

- The increase would represent an additional year of a 5-year phase-in of the \$31.4M rate increase recommended by the 2017 Ambulance Rate Adequacy Report.

2019-20 State Impact	2020-21 State Impact
\$3.10	\$6.30

- **Eliminate Supplemental Ambulance Rebate Payments**

- Eliminate the \$6 million supplemental payments.

2019-20 State Impact	2020-21 State Impact
(\$3.00)	(\$3.00)

# Health Homes

- **Health Home Rate and Program Modifications**
- Implements the next step of a multi-year effort to improve the efficiency of the health home program and focus on the highest need members.
  - Restructure reimbursement rates to add a step down in care management for members that have become stable
  - Refines Health Home discharge criteria for persons no longer in current need of Health Home services

2019-20 State Impact	2020-21 State Impact
(\$5.00)	(\$5.00)

# Medicare Part B

- **Medicare Part B Cost Sharing Proposals**

- Limit Medicaid payments of Medicare Part B deductibles to not exceed the amount Medicaid would otherwise pay for the service to a non-dual Medicaid member.
- Consistent with prior initiatives, eliminate the requirement that Medicaid pay the full Part B co-insurance for ambulance and psychologists services and limit the Medicaid payment to the amount Medicaid would otherwise pay for the service to a non-dual member.

2019-20 State Impact	2020-21 State Impact
(\$17.50)	(\$23.30)

# Investing in Patient Care

- **Promote promising DSRIP ideas to reduce unnecessary utilization**
  - Promote Promising DSRIP practices to further reduce preventable hospitalizations and extend regulatory waiver flexibility for 5 years.

2019-20 State Impact	2020-21 State Impact
(\$10.00)	(\$10.00)

- **Promote Primary Care and Reduce Potentially Avoidable Inpatient Services**
  - Implement facility specific reductions in inpatient payments for lower performance on a mix of potentially avoidable inpatient services and reinvest a portion of the savings in primary care, maternity, and other ambulatory services.

2019-20 State Impact	2020-21 State Impact
(\$5.00)	(\$10.00)

# Investing in Patient Care

- **Reimburse National Diabetes Prevention Program**

- Reflects savings that will result from implementing the National Diabetes Prevention program for Medicaid members. This program is an evidence-based educational and support program designed to assist at-risk individuals from developing Type 2 diabetes.

2019-20 State Impact	2020-21 State Impact
(\$0.90)	(\$1.20)

- **Applied Behavioral Analysts**

- Expand Medicaid to include coverage for Applied Behavioral Analysis for children in Medicaid managed care and Medicaid fee-for-service.

2019-20 State Impact	2020-21 State Impact
\$6.40	\$13.10

# Other

- **Eliminate Major Academic Centers of Excellence Payment**
  - Eliminates the Major Academic Centers of Excellence State only payment

2019-20 State Impact	2020-21 State Impact
(\$24.50)	(\$24.50)

- **Eliminate Population Health Improvement Program**
  - Eliminates the Population Health Improvement Program (PHIP)

2019-20 State Impact	2020-21 State Impact
(\$7.75)	(\$7.75)

# Other

- **Nursing Home Transition and Diversion (NHTD)**
  - Shifts funding for the NHTD waiver to the Global Cap

2019-20 State Impact	2020-21 State Impact
\$1.84	\$1.84

- **Traumatic Brain Injury (TBI)**
  - Shifts Funding for the TBI to the Global Cap

2019-20 State Impact	2020-21 State Impact
\$11.47	\$11.47



# SUNY Hospital Investment

- **SUNY DSH Investment**

- Increase the non-Federal share of the SUNY DSH funded by the Medicaid Global Spending Cap by \$60 million state share annually, from \$170 million to \$230 million.

2019-20 State Impact	2020-21 State Impact
\$60.00	\$60.00

- **Transition Flushing Support to VBP QIP**

- Transitions support for Flushing hospitals to VBP QIP from VAPAP where it is State-only funded.

2019-20 State Impact	2020-21 State Impact
(\$29.60)	(\$29.60)

# Questions?

**Additional information available at:**

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

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