



**Department  
of Health**

# Medicaid Global Spending Cap Report

March 2017

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## Global Cap – A Year in Review

The Department of Health and the Division of Budget are very pleased to report that spending under FY 2017 Medicaid Global Spending Cap was \$8 million below the \$18.6 billion target. Limiting spending to the growth afforded under the Global Cap was truly a remarkable accomplishment that required fiscal discipline, creativity, and innovation from all sectors within the Medicaid program, including:

- Continuing the *Care Management for All initiative* which transitioned a number of populations and benefits into the Managed Care setting. Both the Nursing Home and Health and Recovery Plan (HARP) recipients transition this fiscal year as described in the *Beneficiary Transition Schedule to Managed Care* section;
- Continuing the *Balancing Incentive Program (BIP)*. The BIP Innovation Fund is designed to engage New York's broad network of providers, advocates, and community leaders in developing systemic improvements that address barriers encountered when providing community-based long term supports and services (LTSS) across all populations of Medicaid beneficiaries in the State;
- Continuing the *Vital Access Provider/Safety Net* program to improve community care, including expanding access to ambulatory services, opening urgent care centers, expanding services in rural areas, and providing more effective services that meet community needs;
- Providing additional funding under the *Vital Access Provider Assurance Program (VAPAP)* for facilities in need of essential and immediate cash assistance, with the ultimate requirement of sustainability and fulfillment of the goals of DRSIP;
- Continuing *Value Based Payment Reform (VBP)* designed to transform the Medicaid payment structure from volume driven to value-based;
- Continuing the *Essential Plan (EP)*. The EP provides New York the opportunity to offer many consumers a lower-cost health insurance option than is available through New York State of Health (NY State of Health); and
- Implemented the new Minimum Wage requirements effective January 1, 2017 – funds have been used to support direct salary costs and related fringe benefits.

In summary, this is the sixth consecutive year that the Medicaid health care community has remained below the Global Cap target while expanding health coverage to the State's neediest populations.

## Monthly Results - Summary

Total State Medicaid expenditures under the Medicaid Global Spending Cap for FY 2017 through March were \$8 million under projections. Spending through March resulted in total expenditures of \$18.547 billion compared to the projection of \$18.555 billion.

Medicaid Spending (\$ in millions)			
Category of Service	Estimated	Actual	Variance Over / (Under)
<b>Medicaid Managed Care</b>	<b>\$13,725</b>	<b>\$13,762</b>	<b>\$37</b>
Mainstream Managed Care	\$9,179	\$9,150	(\$29)
Long Term Managed Care	\$4,546	\$4,612	\$66
<b>Total Fee For Service</b>	<b>\$8,506</b>	<b>\$8,635</b>	<b>\$129</b>
Inpatient	\$2,616	\$2,638	\$22
Outpatient/Emergency Room	\$359	\$368	\$9
Clinic	\$421	\$431	\$10
Nursing Homes	\$3,042	\$3,050	\$8
Other Long Term Care	\$587	\$622	\$35
Non-Institutional	\$1,481	\$1,526	\$45
<b>Medicaid Administration Costs</b>	<b>\$480</b>	<b>\$468</b>	<b>(\$12)</b>
<b>OHIP Budget / State Operations</b>	<b>\$383</b>	<b>\$305</b>	<b>(\$78)</b>
<b>Medicaid Audits</b>	<b>(\$318)</b>	<b>(\$294)</b>	<b>\$24</b>
<b>All Other</b>	<b>\$2,936</b>	<b>\$2,828</b>	<b>(\$108)</b>
<b>Local Funding Offset</b>	<b>(\$7,157)</b>	<b>(\$7,157)</b>	<b>\$0</b>
<b>TOTAL</b>	<b>\$18,555</b>	<b>\$18,547</b>	<b>(\$8)</b>

## Results through March - Variance Highlights

### Medicaid Managed Care

Medicaid spending in major Managed Care categories was \$37 million over projections.

- Mainstream Managed Care was \$29 million under projections. This is primarily the result of delays in processing the July 2016 premiums, which will be implemented next fiscal year. Additionally, the State made cash advances to several plans that are expected to be fully recouped by the end of the next fiscal year.
- Long Term Managed Care was \$66 million above projections due to higher than expected enrollment. Through March there were 1,204, 0.5 percent, more recipients than anticipated, of which close to 40 percent were Nursing Home eligibles.

### Fee-For-Service

Medicaid spending in major fee-for-service categories was \$129 million, or 1.5 percent, over projections.

- *Inpatient* spending was \$22 million over projections due to slower than expected transition of services to a Managed Care setting for BHO/HARP eligible individuals. Additionally, the State made cash advances to several safety net providers that are expected to be fully recouped by the end of the next fiscal year.
- *Outpatient/Emergency Room* spending was \$9 million over projections. The variance was primarily related to retroactive rates being processed. The impact was slightly higher than expected.

- *Other Long Term Care* spending was \$35 million above estimates. This is a result of higher than expected utilization through March. There were 2,676 more individuals receiving personal care and home health services than anticipated.
- *Non-Institutional* spending was \$45 million above projections which is primarily driven by higher than expected costs for Medicare Part D Clawback and Medicare Part B beneficiaries qualifying for Medicaid subsidies.

## OHIP Budget / State Operations

The OHIP State Operations budget reflects the Non-Federal share only of personal services (i.e., salaries of OHIP staff that work on the Medicaid budget) and non-personal services costs (i.e., contractual services). The FY 2017 budget is projected to total \$383 million which also includes Essential Plan administration costs.

Contracts for the Enrollment Center, Medicaid Management Information Systems (MMIS), NYSOH Exchange, transportation management, and various MRT initiatives comprise 65 percent (\$192 million) of the total non-personal service budget.

OHIP State Operations was under budget by \$78 million. The variance was driven by lower than expected contractual spending.

OHIP Budget – FY 2017 (\$ in millions)		
Service Costs	Annual Budget	Actual - YTD
<b>Personal Services</b>	<b>\$40</b>	<b>\$36</b>
<b>Non-Personal Services</b>	<b>\$295</b>	<b>\$225</b>
Enrollment Center	\$86	\$77
eMedNY/MMIS	\$43	\$44
Medicaid Transportation Management	\$28	\$26
NYS Of Health Healthcare Exchange	\$26	\$3
OHIP Actuarial and Consulting Services	\$9	\$11
All Others	\$103	\$64
<b>Essential Plan</b>	<b>\$48</b>	<b>\$44</b>
<b>TOTAL</b>	<b>\$383</b>	<b>\$305</b>

### All Other

All Other spending was below projected levels by \$108 million. The All Other category includes a variety of Medicaid payments and offsets. The underspending in this category is attributed to lower than expected State Contribution for the Essential Plan (EP). This was a result of a reconciliation that identified previously funded Medicaid expenses that were eligible to be funded through the EP trust fund.

### Accounts Receivable

The Accounts Receivable (A/R) ending balance for FY 2016 was \$325 million. The State expected to recoup \$194 million by the end of FY 2017, resulting in a projected A/R balance of \$131 million by March 2017. Through the end of March, retroactive rates owed to the State were \$204 million. This reflects net recoveries of \$121 million since March 2016.

The Department of Health is engaged in an initiative to eliminate all currently outstanding retroactive rates Medicaid liabilities owed to the State. These liabilities pose a potential risk to the Medicaid Global Spending Cap. It is therefore important that the Department take these necessary steps to ensure the solvency of the Global Cap and protect the integrity of the Medicaid program. All retroactive rate liabilities processed on August 1, 2015, and forward, which cannot be fully paid within twelve months using the

standard fifteen percent Medicaid recoupment percentage, will be adjusted to a higher recoupment rate to ensure that these liabilities will be paid within twelve months from the date of the first recoupment.

## Enrollment

### Medicaid Enrollment

Medicaid total enrollment reached 6,103,200 enrollees at the end of March 2017. This reflects a net decrease of 64,090 enrollees, or 1.0 percent, since March 2016, which is comprised of:

- Aliessa individuals previously counted as Medicaid members (67,723) were converted to the Essential Plan; and
- New enrollment of 3,633.

Medicaid Enrollment Summary FY 2017					
	March 2016	Converted to EP	New Enrollees	March 2017	Net Increase / (Decrease)
<b>Managed Care</b>	<b>4,645,864</b>	<b>(67,723)</b>	<b>82,842</b>	<b>4,660,983</b>	<b>15,119</b>
New York City	2,804,033	(51,782)	53,138	2,805,389	1,356
Rest of State	1,841,831	(15,941)	29,704	1,855,594	13,763
<b>Fee-For-Service</b>	<b>1,521,426</b>	<b>0</b>	<b>(79,209)</b>	<b>1,442,217</b>	<b>(79,209)</b>
New York City	755,513	0	(33,756)	721,757	(33,756)
Rest of State	765,913	0	(45,453)	720,460	(45,453)
<b>TOTAL</b>	<b>6,167,290</b>	<b>(67,723)</b>	<b>3,633</b>	<b>6,103,200</b>	<b>(64,090)</b>
New York City	3,559,546	(51,782)	19,382	3,527,146	(32,400)
Rest of State	2,607,744	(15,941)	(15,749)	2,576,054	(31,690)

### Essential Plan Enrollment

Essential Plan enrollment reached 679,643 enrollees at the end of March 2017. This reflects an increase of 213,029 enrollees since March 2016.

Essential Plan Enrollment Summary FY 2017			
	March 2016	March 2017	Increase / (Decrease)
<b>Statewide</b>	466,614	679,643	<b>213,029</b>

## Appendix A Inventory of Rate Packages

Below is a list of the majority of rate packages processed in FY 2017:

Category of Service	Rate Package Description	Effective Date	Date Released
<b>Managed Care</b>	Mainstream April 2016	4/1/2016	December 2016
<b>Long Term Managed Care</b>	FIDA Rates Phase IV-October 2015	10/1/2015	July 2016
	Partial Capitation Rates-April 2016	4/1/2016	December 2016
	FIDA Rates Phase V-January 2016	1/1/2016	January 2017
<b>Outpatient / Emergency room</b>	Language Assistance - IP service -uses OPD rate code	9/1/2012 - 03/31/2017	August 2016
	FQHC Rates	Various	October 2016
	Hospital-based OASAS rehab clinic APG	01/01/11 – 03/31/2017	November 2016
	Uncompensated Care Program distribution	Various	October 2016
<b>Nursing Home</b>	OMIG Audits	Various	February 2017
	CMI Update	Various	August 2016 October 2016 November 2016
	Advanced Training Initiative	1/1/2017	February 2017
	Cash Receipts Assessment	1/1/2015	July 2016 February 2017

### Additional Information on rate packages:

[http://www.health.ny.gov/facilities/medicaid\\_rate\\_inventory/](http://www.health.ny.gov/facilities/medicaid_rate_inventory/)

## Appendix B

### Beneficiary Transition Schedule to Managed Care

Care Management for All was a key component of the MRT’s recommendations intended to improve benefit coordination, quality of care, and patient outcomes over the full range of health care, including mental health, substance abuse, developmental disability, and physical health care services. It will also redirect almost all Medicaid spending in the State from fee-for-service to care management. The care management system currently in place includes comprehensive plans, HIV/AIDS special needs plans, partial capitation long term care plans, and Medicare/Medicaid supplemental plans. As Care Management for All progresses, additional plans tailored to meet the needs of the transitioning population will be added, including mental health and substance abuse special needs plans, as well as fully integrated plans for Medicare/Medicaid “dual eligibles”. The chart below outlines the list of recipients schedule to transition into the care management setting during FY 2017:

Medicaid Fee for Service Transition to Managed Care (Populations) FY 2017				
Populations	From (COS)	To (COS)	# of FY 2017 Targeted Enrollees	FY 2017 Enrolled through March
Nursing Homes	Nursing Homes	MMC/MLTC	7,105	7,516
BHO/HARPs	Various	MMC	52,671	46,123



## Appendix C

### Phase VI MRT Initiatives

Phase VI MRT Initiatives (\$ in millions)	
Initiative	Impact
Federal Actions	\$183
Pharmacy Savings Initiatives	(\$65)
Long Term Care Savings Initiatives	(\$17)
Managed Care Savings Initiatives	(\$146)
Other Savings	(\$45)
Other Investments	\$90
<b>TOTAL</b>	<b>\$0</b>

#### Additional Information on Phase VI MRT:

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

## Appendix D

### Enrollment through the NYSOH Healthcare Exchange

Profile of Medicaid Enrollees through NYSOH Healthcare Exchange			
	Total	Fee For Service	Managed Care
January 2014 - Current	<b>2,703,497</b>	428,919	2,274,578

NYSOH Healthcare Exchange – FY 2017 Medicaid Eligibility Determinations		
	Total	% of Total
Childless adults income < 100% (85% FMAP)	789,421	29.2%
Childless adults income 100-138% (100% FMAP)	248,722	9.2%
All Other (50% FMAP)	1,665,354	61.6%
<b>Total</b>	<b>2,703,497</b>	<b>100.0%</b>

## Appendix E

### Regional Spending Data

The Global Cap legislation requires the Department to publish actual State Medicaid spending by region. The regions selected are based on the Governor's eleven economic development areas. The chart below represents total provider spending that occurs within the Medicaid claiming system (eMedNY) through March 2017 for each region.

Medicaid Regional Spending (\$ in millions)	
Economic Region	Non-Federal Total Paid
New York City	\$15,005
Long Island	\$2,411
Mid-Hudson	\$2,364
Western	\$1,231
Finger Lakes	\$1,072
Capital District	\$881
Central	\$635
Mohawk Valley	\$523
Southern Tier	\$483
North Country	\$349
Out of State	\$124
<b>TOTAL</b>	<b>\$25,078</b>

More detailed regional information can be found on the Department of Health's website at:  
[http://www.health.ny.gov/health\\_care/medicaid/regulations/global\\_cap/](http://www.health.ny.gov/health_care/medicaid/regulations/global_cap/)

## Appendix F

### Medicaid Global Spending Cap Annual Budget (Online and Offline)

The \$18.6 billion Medicaid State Funds Spending Cap can be organized into two major components: (1) health care provider reimbursement and (2) other administrative, intergovernmental or revenue lines, also referred to as “offline” or occurring outside the MMIS billing system. Health care provider spending reflects the cost of care that is attributable to certain service sectors of the program (i.e., hospital, nursing home, managed care, etc.). These payments occur within the Medicaid claiming system (eMedNY). Projections for most service sectors begin with FY 2016 ending recipients and average rates per recipient. Adjustments to spending projections are then made for anticipated rate packages, transitions of populations/benefits to the Managed Care setting, and any non-recurring or one-time payments. Monitoring the movement of recipients between fee-for-service reimbursement and monthly Managed Care rates of payment is critical to evaluating various health service budgets.

The second component of spending, spending outside the eMedNY billing system, reflects spending on intergovernmental transfer payments, State and Local District Social Service administrative claims, etc., as well as receipts that offset the State’s cost for Medicaid, i.e., drug manufacturer rebates and accounts receivable collections. The following table outlines the annual Medicaid projections by major health care sector for both provider claims and other payments/revenues.

Medicaid Global Spending Cap Annual Budget (\$ in millions)			
Category of Service	Online	Offline	Total
<b>Medicaid Managed Care</b>	<b>\$14,003</b>	<b>(\$278)</b>	<b>\$13,725</b>
Mainstream Managed Care	\$9,270	(\$91)	\$9,179
Long Term Managed Care	\$4,733	(\$187)	\$4,546
<b>Fee For Service</b>	<b>\$7,657</b>	<b>\$849</b>	<b>\$8,506</b>
Acute Care	\$2,733	\$663	\$3,396
Long Term Care	\$3,584	\$45	\$3,629
Non-Institutional	\$1,340	\$141	\$1,481
<b>Medicaid Administration Costs</b>	<b>\$0</b>	<b>\$480</b>	<b>\$480</b>
<b>OHIP Budget / State Operations</b>	<b>\$0</b>	<b>\$383</b>	<b>\$383</b>
<b>Medicaid Audits</b>	<b>\$0</b>	<b>(\$318)</b>	<b>(\$318)</b>
<b>Other State Agency</b>	<b>\$3,159</b>	<b>(\$981)</b>	<b>\$2,178</b>
<b>All Other</b>	<b>\$0</b>	<b>\$758</b>	<b>\$758</b>
<b>Local Cap Contribution</b>	<b>\$0</b>	<b>(\$7,157)</b>	<b>(\$7,157)</b>
<b>TOTAL</b>	<b>\$24,819</b>	<b>(\$6,264)</b>	<b>\$18,555</b>