

# *Human Services Department FY 12 Budget Request*

**Presentation to  
Legislative Finance Committee**

**Katie Falls, Secretary, HSD  
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# Overview of Today's Discussion

- FY 12 Department Budget Request
- Focus on Critical Budget Issues
  - TANF Budget Shortfall
  - Medicaid Cost Containment
  - HSD's IT Eligibility System
  - Staffing



# PROGRAM SUPPORT (P522)

## FY11 ADJUSTED BUDGET

GENERAL FUND	1,990.9
FEDERAL FUNDS	8,569.5
OTHER	3,888.8
<b>TOTAL</b>	<b>14,449.2</b>

FY11 GF	Reduced GF	3.2% GF Reduction	Associated FF Reduction	Total Reduction
2,039.6	1,973.4	66.2	95.6	161.8

## FY12 BUDGET REQUEST

GENERAL FUND	1,990.9
FEDERAL FUNDS	8,503.9
OTHER	3,888.8
<b>TOTAL</b>	<b>14,383.6</b>

- **FY 2011**
  - FY 10 reductions in base
  - Increased vacancy rates
  - Increase Statewide Cost Allocation funds
- **FY12**
  - Reflects a 9.09 % vacancy rate in ITD
  - Reflects a 9.69% vacancy rate in other areas of PS
- Statewide Cost Allocation funds are projected to decrease in FY13 requiring more General Fund to support current level of activity



# INFORMATION TECHNOLOGY DIVISION (P522)

## FY11 ADJUSTED BUDGET

GENERAL FUND	10,507.4
FEDERAL FUNDS	18,176.20
OTHER	
<b>TOTAL</b>	<b>28,683.6</b>

FY11 GF	Reduced GF	3.2% GF Reduction	Associated FF Reduction	Total Reduction
11,140.3	10,778.8	3,61.5	589.7	951.2

## FY12 BUDGET REQUEST

GENERAL FUND	10,507.5
FEDERAL FUNDS	17,142.9
OTHER	
<b>TOTAL</b>	<b>27,650.4</b>

- FY 2011
  - FY 10 reductions in base
  - IT rate decrease
  - Essential contracts
- FY12
  - Reflects a 9.6% vacancy rate
  - IT equipment replacement minimal included; this level does not support 4 year replacement cycle
  - Department’s legacy systems are outdated; difficult to manage ever-changing federal requirements.
  - Contracts support to effect system changes not included



# FY09 to FY11 Budget Reductions

## PROGRAM SUPPORT

FY09 Op Bud	FY09 GF Reduction	FY09 FF Reduction	FY09 Total Reduction	FY09 % Reduction
46,563.0	335.5	503.3	838.8	1.80%
FY10 Op Bud	FY10GF Reduction	FY10 FF Reduction	FY10 Total Reduction	FY10 % Reduction
44,833.5	865.5	1,298.3	2,163.8	4.83%
FY11 Op Bud	FY11GF Reduction	FY11 FF Reduction	FY11 Total Reduction	FY11 % Reduction
43,814.4	427.5	641.3	1,068.8	2.44%

- FY 2009
  - Increase Statewide Cost Allocation
  - Reduce training and IT contracts
- FY 2010
  - Increase Statewide Cost Allocation
  - 5 Furlough Days
  - Increased vacancies
  - IT rate reductions
- FY 2011
  - ARRA funds to cover 2.5 Furlough Days
  - 2.5 Furlough Days
  - IT rate reductions



# CHILD SUPPORT ENFORCEMENT (P523)

## FY11 ADJUSTED BUDGET

GENERAL FUND	8,281.5
FEDERAL FUNDS	20,227.1
OTHER	<u>4,734.2</u>
<b>TOTAL</b>	<b>33,242.8</b>

FY11 GF	Reduced GF	3.2% GF Reduction	Associated FF Reduction	Total Reduction
8,559.3	8,281.6	277.7	539.1	816.8

## FY12 BUDGET REQUEST

GENERAL FUND	8,281.5
FEDERAL FUNDS	19,922.0
OTHER	<u>5,322.6</u>
<b>TOTAL</b>	<b>33,526.1</b>

- FY 11 Budget
  - FY 10 reductions in base
  - Maximize use of ARRA provision allowing matching on incentive funds
  - Implement Pass through at supportable level
- FY12 request
  - General Fund is flat to reduced FY 2011 level
  - Overall increase of 9.2%
    - Federal (Incentives)
    - OSF (TANF Recoveries)
  - Increase vacancy rate to 11.5%



# FY09 to FY11 Budget Reductions

## CHILD SUPPORT ENFORCEMENT

FY09	FY09 GF	FY09 FF	FY09 Total	FY09 %
Op Bud	Reduction	Reduction	Reduction	Reduction
33,970.3	225.4	437.5	662.9	1.95%
FY10	FY10GF	FY10 FF	FY10 Total	FY10 %
Op Bud	Reduction	Reduction	Reduction	Reduction
33,802.8	712.2	1,382.5	2,094.7	6.20%
FY11	FY11GF	FY11 FF	FY11 Total	FY11 %
Op Bud	Reduction	Reduction	Reduction	Reduction
33,520.6	277.8	539.3	817.1	2.44%

- **FY 2009 Reductions:**
  - Replace GF with ARRA (incentive match)
  - Increased vacancies
- **FY 2010**
  - 5 Furlough Days
  - Additional use of ARRA incentives in place of GF
- **FY 2011**
  - 2.5 Furlough Days
  - Additional use of ARRA incentives in place of GF



# MEDICAL ASSISTANCE ADMINISTRATION (P524)

## FY11 ADJUSTED BUDGET

GENERAL FUND	9,491.8
OPERATING TRANSFERS IN	850
FEDERAL FUNDS	43,772.30
OTHER	789.0
<b>TOTAL</b>	<b>54,903.10</b>

FY11 GF	Reduced GF	3.2% GF Reduction	Associated FF Reduction	Total Reduction
9,805.6	9,491.8	-	-	-

## FY12 BUDGET REQUEST

GENERAL FUND	9,491.80
OPERATING TRANSFERS IN	804.4
FEDERAL FUNDS	47,924.20
OTHER	789.0
<b>TOTAL</b>	<b>59,009.40</b>

- FY 2011
  - FY 10 reductions in base
  - Exempt from GF reductions
  - Increased vacancies (hiring freeze)
  - Increase federal funds to reflect actual earn rates
- FY 2012
  - FY12 Request reflects a 6.3 % vacancy rate
  - 7.5% increase in federal funds to reflect actual earn rates
  - Reduce GF (to ISD) \$313.8
  - Health Care Reform and additional federal requirements not included in Contractual Services request





# MEDICAL ASSISTANCE PROGRAM (P524 & P766)

## FY11 ADJUSTED BUDGET

GENERAL FUND	591,261.9
OPERATING TRANSFERS IN	128,076.1
FEDERAL FUNDS	2,807,848.5
OTHER	67,094.0
<b>TOTAL</b>	<b>3,594,280.5</b>

	FY11 GF	Reduced GF	3.2% GF Reduction
P524	529,845.4	529,845.4	
P766	61,416.5	61,416.5	

## FY12 BUDGET REQUEST

GENERAL FUND	951,948.0
OPERATING TRANSFERS IN	140,777.00
FEDERAL FUNDS	2,772,905.00
OTHER	105,281.00
<b>TOTAL</b>	<b>3,970,911.00</b>

- FY 2011
  - Cost Containment projected at \$48.7 Million
  - Projected deficit (push forward into FY 2012)
- FY 2012
  - General Fund Request reflects 360.6 million increase:
    - ARRA replacement
    - BASE FMAP decrease
    - Elimination of tobacco settlement revenue
    - FY2011 push forward
    - Program Growth
    - Cost Containment implemented in FY2011 and 2012 reduces GF growth by \$62.6 million



# FY09 to FY11 Budget Reductions

## MEDICAL ASSISTANCE

FY09	FY09 GF	FY09 FF	FY09 Total	FY09 %
Op Bud	Reduction	Reduction	Reduction	Reduction
3,167,296.1	31,588.0	78,925.2	110,513.2	3.49%
FY10	FY10GF	FY10 FF	FY10 Total	FY10 %
Op Bud	Reduction	Reduction	Reduction	Reduction
3,287,540.8	22,036.0	11,695.0	33,731.0	1.03%
FY11	FY11GF	FY11 FF	FY11 Total	FY11 %
Op Bud	Reduction	Reduction	Reduction	Reduction
3,342,096.6	-	-	-	0.00%

- FY 2009
  - 1.0% GF reduction
  - \$24,550.0 GF reduction replaced with Tobacco Settlement Funds
- FY 2010
  - Replace GF with Tobacco Settlement Funds;
  - Increase Federal revenue from ARRA FMAP
- FY 2011
  - Exempt



# INCOME SUPPORT ADMIN (P525)

## FY11 ADJUSTED BUDGET

GENERAL FUND	29,878.6
FEDERAL FUNDS	37,108.5
OTHER	1,836.6
<b>TOTAL</b>	<b>68,823.7</b>

FY11 GF	Reduced GF	3.2% GF Reduction	Associated FF Reduction	Total Reduction
29,540.1	28,581.6	958.5	1,171.4	2,129.9

## FY12 BUDGET REQUEST

GENERAL FUND	29,878.6
FEDERAL FUNDS	35,473.1
OTHER	1,351.5
<b>TOTAL</b>	<b>66,703.2</b>

- **FY 2011**
  - FY 10 reductions in base
  - ARRA funds (expire 9/30/2010) used to fund positions
  - 3.2% GF reductions
  - TANF reductions
- **FY 2012**
  - GF increased by \$313.8 (MAD) & \$254.1(PS) & \$134.6 (GA IAR swap)
  - Overall decrease of \$.2.1 Million
  - Reflects a 14.2% vacancy rate.
  - Loss of Federal Funding to support SNAP caseload increase is \$1.7 million.



# INCOME SUPPORT PROGRAM (P525)

## FY11 ADJUSTED BUDGET

GENERAL FUND	11,874.50
FEDERAL FUNDS	636,752.40
OTHER	67,094.0
<b>TOTAL</b>	<b>651,427.90</b>

FY11 GF	Reduced GF	3.2% GF Reduction	Associated FF Reduction	Total Reduction
13,026.2	12,603.6	422.6	-	422.6

## FY12 BUDGET REQUEST

GENERAL FUND	951,948.0
FEDERAL FUNDS	675,491.80
OTHER	2,936.7
<b>TOTAL</b>	<b>708,050.50</b>

- **FY 2011**
  - FY 10 reductions in base
  - FY 2011 increased vacancies to avoid layoffs;
  - GF programs reduced a total of \$1,017.1.
  - Increased SNAP & TANF case load
  
- **FY 2012**
  - TANF Carry forward funds exhausted in FY11.
  - Additional GF required to sustain current level of TANF services is \$17.7 million
  - Safety net program experiencing significant increases from FY08 to FY10
    - SNAP - 53.5%
    - TANF – 35.5%
    - General Assistance – 71.1%
    - Medicaid – 13.9%



# FY09 to FY11 Budget Reductions

## INCOME SUPPORT DIVISION

FY09 Op Bud	FY09 GF Reduction	FY09 FF Reduction	FY09 Total Reduction	FY09 % Reduction
530,195.0	1,249.9	745.6	1,995.5	0.38%
FY10 Op Bud	FY10GF Reduction	FY10 FF Reduction	FY10 Total Reduction	FY10 % Reduction
557,270.1	4,225.2	421.2	4,646.4	0.83%
FY11 Op Bud	FY11GF Reduction	FY11 FF Reduction	FY11 Total Reduction	FY11 % Reduction
721,064.8	1,381.1	1,217.9	2,599.0	0.36%

- FY 2009
  - 2.5% GF reduction
  - Increased vacancies
  - Transfer in from other programs
- FY 2010
  - Five Furlough Days
  - Increased vacancies
  - Shift GF to Federal Funds
    - 2 Parent & Exempt to TANF
- FY 2011
  - ARRA funds to cover 2.5 Furlough days
  - 2.5 Furlough days
  - Reduce state-funded programs



# BEHAVIORAL HEALTH SERVICES (P767)

## FY11 ADJUSTED BUDGET

GENERAL FUND	42,118.6
OPERATING TRANSFERS IN	889.5
FEDERAL FUNDS	11,942.80
OTHER	21.0
<b>TOTAL</b>	<b>54,971.90</b>

FY11 GF	Reduced GF	3.2% GF Reduction	Associated FF Reduction	Total Reduction
43,531.0	42,118.6	1,412.4	-	1,412.4

## FY12 BUDGET REQUEST

GENERAL FUND	42,118.6
OPERATING TRANSFERS IN	
FEDERAL FUNDS	10,941.1
OTHER	21.0
<b>TOTAL</b>	<b>53,080.7</b>

## FY 2011

- FY 10 reductions in base
- Increased vacancies
- Federal grants expire ( renewed)

## FY 2012

- FY12 request reflects a 13.3% vacancy rate
- Request reflects loss of federal grants in
- 96% of the budget goes to direct services.
- Expansion - \$35.0 to transfer Office of Substance Abuse Prevention to HSD from DOH



# FY09 to FY11 Budget Reductions

## BEHAVIORAL HEALTH SERVICES

FY09	FY09 GF	FY09 FF	FY09 Total	FY09 %
Op Bud	Reduction	Reduction	Reduction	Reduction
65,954.5	1,143.8	-	1,143.8	1.73%

FY10	FY10GF	FY10 FF	FY10 Total	FY10 %
Op Bud	Reduction	Reduction	Reduction	Reduction
62,806.5	872.0	-	872.0	1.39%

FY11	FY11GF	FY11 FF	FY11 Total	FY11 %
Op Bud	Reduction	Reduction	Reduction	Reduction
56,384.3	1,412.4	-	1,412.4	2.50%

- FY 2009
  - Replace GF with Federal Funds
  - Targeted reductions
- FY 2010
  - Increased vacancies
  - 5 Furlough Days
  - Across the board reductions to providers
  - Increased vacancies
- FY 2011
  - Increased vacancies
  - 2.5 Furlough days
  - ARRA funds to cover 2.5 furlough days
  - Provider reductions



# Temporary Assistance For Needy Families Budget Update For FY 11

## Loss of federal ARRA funds without decrease in caseload has resulted in a significant budget shortfall.

- Total Revenue available is \$137,674.1 (\$24,562.2 less than appropriated level)
- Reduced expenditures to funding available
  - Reduced Childcare by \$13,500.0
  - Reduced Cash Assistance Benefits by 15%
  - Eliminated January clothing allowance for school-aged children
  - Eliminating Transition Bonus program for families effective February 2011
  - Reduced/Eliminated Non-cash services

## Contingency funds

- We were notified today that NM will receive contingency funds for October and November and possibly December.
  - Contingency funds awarded for October and November \$3,685.9; December award unknown
- Based on the most recent information from the feds, we believe that we may receive \$3,391.2 in population supplemental grant.
- Assuming \$3,391.2 in population supplemental and Contingency Funds \$3,685.7, **restoring TANF funds to Childcare of \$3,108.4 would be possible but we would use all available funds in FY 11.**





# FY 12 TANF Budget Update

## FY 2012

- Base block grant and population supplemental grants reauthorized through 9/30/2011; subsequent funding levels are in question – subject to congressional action.
- Total Recurring Revenue at FFY 2011 level is \$117,131.2
  - Block grant level of funding remains at \$110,578.1
  - Population Supplemental Appropriation is reauthorized at \$6,553.1 [Current legislation leaves this in doubt]
  - Restitutions projected @ \$200.0
- Projected Base Expenditures \$114,197.8 (\$685.0 less than Request)
  - Child Care reduced by \$26,447.8
  - Reduced Cash Assistance Benefits by 15%
  - Reduced Clothing Allowance
  - Reduced/Eliminated Non-cash services
- If Contingency Funds (non-recurring) are approved for the entire year the remaining \$13,461.0 would be available **[Current legislation leaves this in doubt]**
  - \$8,654.0 Child Care restore sustained into FY 2012 [Current legislation leaves this in doubt]
  - Balance would be used in place of block grant (carry forward into FY 2013)
  - Contingency Funds will be awarded for amounts obligated on or after October 1, 2010, and before the date of enactment of the Claims Resolution Act of 2010; it is uncertain whether HSD's application will "obligated" – it was submitted within the timeframe.
- **If the population supplemental grant is not reauthorized for FY 12, then there will be no additional TANF funding available for childcare and the TANF program will have a deficit of \$3.4 million.**



# FY 2012 Medicaid Budget Request Submitted

- Increase in General Fund needed to fund services at levels after cost containment is **\$360,687.0** in FY 12 Budget Request

## Assumptions Included

- Did not include use of Tobacco Settlement Funds
  - Loss of \$23,192.0
- Included Loss of full enhanced ARRA funding
  - Loss of \$333,839.0

- Reflected annual adjustment of base FMAP
  - Increased general fund need of \$26,863.0
- Assumed increase of total costs by 10.4%
  - Increased need of \$25,894.0 due to recipient and utilization growth
- FY 2011 Expenditures Pushed Forward
  - \$33,132.0 (Projected Shortfall from FY 11)
- Included cost containment of \$62,241.0 based on savings of \$48,767.0 in cost containment activities conducted in FY 11



# 12/3/10 Update on Medicaid Budget Projections

- FY 11 Projected Shortfall now **\$7,945.0**
  - Cost containment savings up from \$ 48,767.0 to \$49,529.0
  - Removed \$19 million set aside for federal disallowances
  - Reduces push forward of shortfall from FY 11 to FY 12 from \$33,132.0 to \$7,945.0
- FY 12 Budget Request Adjustment
  - Increase in cost containment conducted in FY 11 means increase in annualized savings for FY 12; now projected to be \$68,531.0
- Increase in General Fund needed to fund services at levels after cost containment is **\$336,959.0** in Budget Request (decrease of \$23,728.0 from budget request)



# More Cost Containment Anticipated

## What We Can Not Do (Examples, Not Complete List)

- **Under the requirements of PPACA states CAN NOT do the following:**
- Reduce eligibility except for certain adults over 133% FPL
- Raise income eligibility guidelines or resource tests
- Change enrollment or renewal procedures, including adding new paperwork requirements, that make it more difficult for individuals to establish or maintain their eligibility;
- Raise premiums or enrollment fees in Medicaid;
- Cannot change aggregate cost neutrality in the waivers to individual cost neutrality;
- Reduce the number of 1915(c) waiver slots for home and community-based services



## What We Can Not Do, continued

- ❖ Other Medicaid rules prohibit states from doing the following:
  - Eliminating mandatory benefits or imposing significant caps or limits on certain benefits
  - Significantly increasing co-pays
  - Eliminate even most optional benefits for children in NM's Medicaid program because, as a Medicaid expansion state, EPSDT requirements apply



# Can only Reduce Eligibility for certain adults over 133% FPL

**553,698 total Medicaid recipients (July 2010 data)**

60,000 are Medicaid eligible through SSI

- **Can not reduce eligibility** except for non-pregnant, non-disabled adults over 133% FPL
  - Cannot reduce eligibility for children (332,361)
  - Cannot reduce eligibility for pregnant women (7,600)
  - Cannot reduce eligibility for the elderly or individuals with disabilities (7,535)
  - Can not eliminate eligibility for childless adults on Title XIX Medicaid waiver; possible elimination of eligibility for parents on SCI
- **Will lose all Medicaid funding if we violate MOE rules**
  - ❖ FY 11 Medicaid budget is \$790,161.0 in state general funds and **\$2,917,403.0 in federal funds**



# State Coverage Insurance Program

- 44,758 individuals enrolled on SCI (12/2/10)
- 3,206 are above 134% FPL
  - 2,530 are childless adults on Title XIX Medicaid Waiver. Cannot change eligibility for these individuals.
  - 676 are parents and covered through a 1115 Demonstration Waiver. Unknown whether we could eliminate eligibility for this group.
- If eligibility for parents is eliminated, could save \$1,590.0 in state funds. Total cost of coverage is \$5,350.0, of which \$3,760.0 is federal funds.



# Strategic Cost Containment is Needed

## Medicaid's Role in our health care system and the economy

- Medicaid is the largest source of federal revenue for states and has a major impact on a state's economy and job market. Known as the "multiplier effect," Medicaid spending generates more income and purchasing by businesses and individuals across the state.
- Medicaid is a large source of payment for hospitals, practitioners, medical supply companies and pharmacies. In addition, millions of jobs are created nationwide through Medicaid funding. Beside the impact on health outcomes, cuts to Medicaid funding have a ripple effect of eliminating jobs and reducing family incomes.
- In January 2009, the Kaiser Foundation compiled and reviewed findings from 29 studies in 23 states that analyzed the role that Medicaid funding plays in state and local economies. Their key findings follow.
  1. *Medicaid spending generates economic activity including jobs, income and state tax revenues at the state level.*
  2. *Regardless of the economic model, all studies show Medicaid spending has a positive impact on state economies. The magnitude of the impact is dependent on state Medicaid spending, a state's matching rate (FMAP), and the economic conditions in a state.*
  3. *Reductions in state and federal Medicaid spending will lead to declines in federal Medicaid dollars, decreases in the flow of dollars to health care providers, and consequently lead to declines in economic activity at the state level. For example, due to the federal match, a state with a 60 percent FMAP must cut overall Medicaid spending by \$2.40 to save \$1 in state Medicaid spending.*
- ❖ **With New Mexico receiving \$3 to \$4 dollars for every dollar we spend in the program, Medicaid funding has a significantly positive role in supporting jobs, incomes and purchases across our health care delivery system, associated businesses and vendors, and on household consumption, tax collection and the New Mexico economy as a whole.**





# Strategic Cost Containment is Needed Preparing for Health Care Reform

- New Mexico needs to expand our health care delivery system to prepare for the numbers of uninsured who will be covered in 2014, either through Medicaid or private health care coverage;
- Need to take advantage of grants and other funding available through PPACA that help us build our health care system



# What We Can Do

- Reduce Benefits
- Reduce Provider reimbursement
- Reduce Administrative Costs
- Reduce Profits
- Reduce Fraud and Abuse
- Increase Revenues



# Ideas for Considerations from Stakeholder Work Groups, Public Input and Staff (Short-Term – FY 11 & FY 12)

1. Simplify administrative, billing, background checks, licensing and certification procedures and reduce the overall paperwork required of providers.
2. Reduce the inappropriate use of ER facilities
3. Limit out-of-home placements for behavioral health services and expand less costly and more effective community-based services
4. Eliminate payment for more over-the-counter medicines for children
5. Reduce the number of MCOs participating in the Medicaid program
6. Evaluate and improve the cost-effectiveness and performance of MCOs
7. Propose and pilot different models of health care delivery and financing mechanisms, such as Accountable Care Organizations and medical home models, to improve care coordination, improve health outcomes and reduce costs
8. Implement co-pays (see Appendix)
9. Further expand fraud and abuse activities
10. Work with stakeholders, providers, advocates, tribes, and consumers to develop successful cost containment ideas that do not dismantle the health care system
11. Establish a clinical review committee to propose benefit changes that do not reduce health outcomes
12. Protected Native American Medicaid Plan



# Examples of Ideas For Longer Term Cost Containment – FY 12 and Beyond

1. Redesign Long Term Services programs (consolidate waivers, better define services and tighten utilization)
2. Restructure payment system to keep down costs and increase health outcomes
3. Develop medical home and accountable care organizations models
4. Increase patient education to reduce inappropriate use of medical services
5. Increase information technology tools to create efficiencies and reduce administrative burden



# Ideas for Increasing Revenue

1. Take advantage of federal grants and other funding opportunities available through PPACA
2. Establish provider assessment fees to generate revenue for the Medicaid program
3. Leverage general fund and other dollars to receive greater federal match; rev match
4. Transactions fees; reinvestment in provider system to improve quality



# HSD'S IT Eligibility System ISD2 Replacement

	On Hand	Request	Total Project
State	\$13,792,000	\$15,844,000 Via ICIP Bond and/or C2 non-recurring GF Request	
Federal	\$16,208,000	\$21,000,000 Federal Match	
Total	\$30,000,000	\$36,844,000	\$66,844,000



# Staffing

- 17.46% vacancy rate (375.5 vacant positions)
- Vacancy Rates from FY 06 to FY 11
  - Lowest Vacancy rate 6.2% in FY 08
  - In FY 11 Vacancy rate has exceeded 19%
  - Our vacancy rates would be higher had we not been able to create term positions using ARRA funding . These positions expire June 30, 2011.



# Appendices

## Additional Information on the Medicaid Program





# Examples of Cost Containment Already Implemented

- Implemented Pharmacy Management Plan, includes "Generics First"
- Eliminated coverage of majority of over-the-counter medications for adults; some for children
- Reset MCO rates
- Created waiting list for SCI
- Require in-state facilities for appropriate services
- Reduce state share of subsidy for PAK
- Eliminated state's payment for background checks (still required)
- Implemented increased Fraud and Abuse Activities
- Eliminated Aggressive Outreach
- Pharmacy Fee/Reimbursement Changes
- Reduced Eye glasses to 1 pair every 2 years; Reduce Frame Allowance for Glasses
- Reduced dental benefit for adults
- Reduced Transportation for Pharmacy
- Eliminated Gastric Surgery (bypass) as a benefit
- Reduce home environmental modification benefit from \$7,500 over 5 years to \$5,000
- Reduced long-term care respite benefit from 336 hours per year to 168 hours per year
- Eliminated paying installation fee for emergency response systems for long-term care clients
- Reduced Nursing Home Reserve Bed Days



# Cost Containment Currently Proposed

- Changes to limits and payments for Durable Medical Equipment & Supplies
- Tighten utilization of Personal Care Option (PCO) services
- Changes to the Mi Via program (ALTSD)
- Proposed to eliminate allergy testing and treatment as a Medicaid benefit
- Proposed to eliminate sleep studies as a Medicaid benefit
- Proposed to eliminate coverage of PAP smears for women under the age of 21 and prostate screenings for men under the age of 40
- Expand use of matching data system for the Public Assistance and Reporting Information System (PARIS)
- Proposed to change reimbursement for inpatient hospital readmissions that occur within 24 hours of discharge



# Cost savings from elimination of optional adult benefits

## Eliminate PCO program:

- 15,418 recipients; \$87,613.0 GF savings (total \$287,173.0); savings assumes no recipients moves into nursing facility

## Eliminate coverage of prescription drugs for adults

- 30 million GF

## Eliminate coverage of dental services for adults

- \$3.5 million GF

## Eliminate DME and DMS for adults

- \$ 2.2 million GF

## Limit adult inpatient hospital days to 25 days per year

- \$2 million GF

## Limit ER visits to 3 per year

- \$3.5 million GF

## Eliminate PT and OT benefits for adults

- \$300,000 GF

## Eliminate all adults vision exams and glasses

- \$300,000 GF

## Eliminate all podiatry for adults

- \$800,000 GF

## Eliminate all prosthetics and orthotics

- \$175,000 GF

## Eliminate all adult hearing services

- \$75,000 GF

## Eliminate prostate screenings and mammograms for clients under age 50

- \$22,000 GF



# Cost Savings from Provider Rates

Provider rate reduction of

- 1% = approximately 1 million
- 3% (excluding hospitals, nursing homes, waivers IHS, and PCO) savings of \$3 million
- 5% = 5 million

