HUMAN SERVICES DEPARTMENT

Medicaid Proposed Cost-Containment

State – Tribal Consultation

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June 6, 2016

State – Tribal Consultation
Medicaid Cost-Containment

Purpose

The purpose of the June 6, 2016 State-Tribal Consultation is to provide Tribal leadership additional information and the opportunity to comment on the proposed Medicaid provider rate reductions.

Topics

- Medicaid Budget Update
  - Enrollment Report
  - Cost Containment Efforts
  - House Bill 2
  - Cost-Containment Subcommittees
  - FY Budget Projection
- Proposed Medicaid Rate Changes
- Access Monitoring Plan Update
- 100% Federal Medical Assistance Percentages (FMAP)

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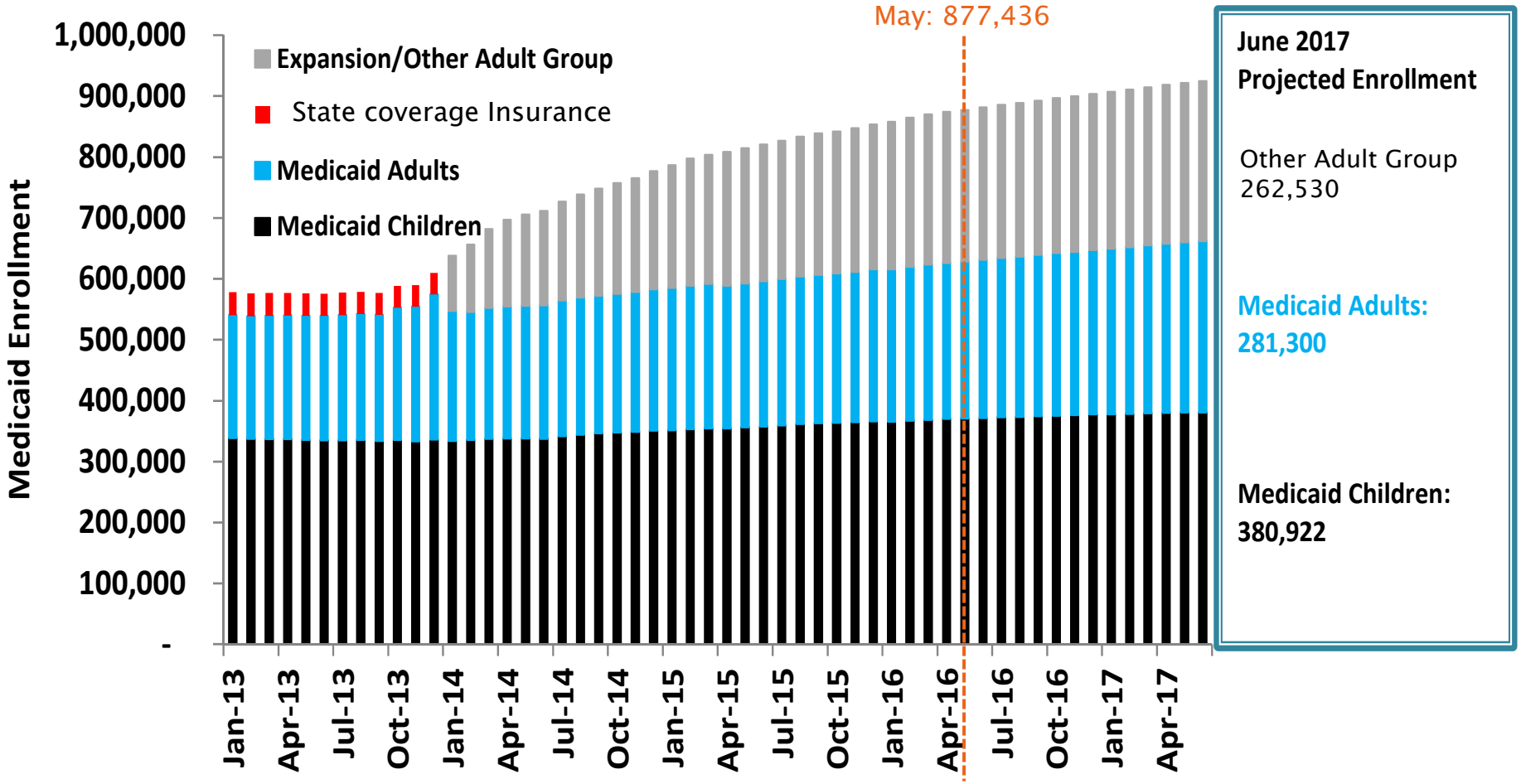
Medicaid Enrollment



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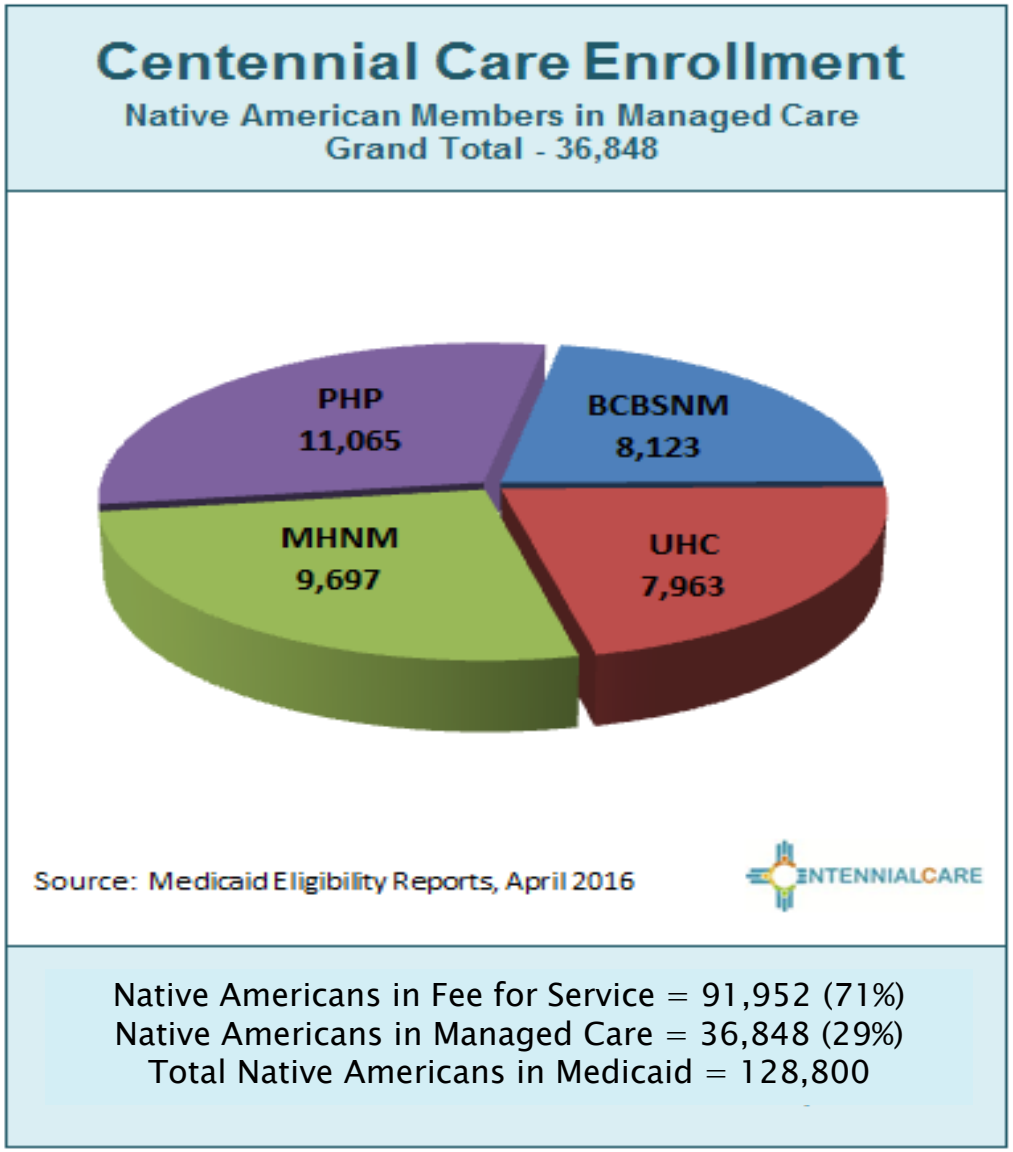

Native American Enrollment

Fee-for-Service (FFS)

- FFS 91,952 (71%)

Managed Care Organization (MCO)

- MCO 36,848 (29%)

TOTAL

Native Americans in Medicaid

128,800

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Medicaid Spending

- Total Medicaid spending is increasing, primarily due to enrollment growth.
- The FY17 general fund (GF) appropriation for Medicaid is $913.6 million, an increase of $21.9 million from FY16, but about $63 million less than the FY17 request.

($ in millions)	FY14 Actual	FY15 Projection*	FY16 Projection*	FY17 Request	FY17 Op Bud	FY17 Projection*
Total Budget	$4,200.6	$5,172.3	$5,644.8	$5,916.0	$5,741.9	$5,787.4
General Fund	$901.9	$894.8	$910.2	$976.9	$913.6	$938.0

*Projection data as of March, 2016. The projections include all push forward amounts between SFYs. FY16 general fund includes $18 million supplemental appropriation. These figures exclude Medicaid administration.

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House Bill 2 Requirements

- 2016 House Bill 2 requires the department to take a series of actions to "reduce projected Medicaid spending".
  - Shall reduce reimbursement rates paid to Medicaid providers
  - Shall reduce spending on managed care administrative costs
  - Shall pursue additional cost sharing requirements (e.g., co-pays and premiums)
  - Consider changes to Medicaid benefits and implement processes to enhance eligibility verification

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MAC Cost-Containment Subcommittees

- Provider Payments Cost-Containment Subcommittee
- Benefit Package, Eligibility Verification & Recipient Cost-Sharing Subcommittee
- Long-Term Strategies Subcommittee

Each Committee has tribal and IHS representation.

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Medicaid: FY 17 Budget Projection

- $938.0 million from the general fund, $38.9 million lower than the Oct. 2015 data projection. The general fund appropriation for FY17 is **$913.6 million**, leaving $24.4 million in GF shortfall.

Component Driver	General Fund Need	GF Change
General Fund Need – Oct. 2015 Data Projection	**$976,970**	
Cost Containment – Provider Rate Reductions *		($32,500)
Federal waiver of Health Insurance Provider Fee **		($18,550)
Care Coordination & Centennial Rewards		($3,512)
Enrollment & Utilization Trends		($3,408)
Federal Match for Family Planning		($2,465)
Net Other Revenue Increase		($1,758)
FY16 Push Forward		$23,263
General Fund Need – March 2016 Data Projection	**$938,042**	

Notes: $ in thousands.

* There was $ 22.4 million as "cost containment" from Oct. 2015 Data projection, and HSD has assumed that the additional revenues from UNMH should cover the expenditures "to be cost contained." Now the additional UNMH IGT of $20 million has been recommended in HB2.

** One time occurrence

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Proposed Medicaid Rate Changes

- Terminate Primary Care Provider (PCP) Enhanced Payments (SPA 16-004)
  - Propose to discontinue the PCP Enhanced Payment Program implemented under the Affordable Care Act (ACA); effective 7/1/16
  - Program originally put in place for 2013-2014 with enhanced federal funding to support
    - Enhanced federal funding ended in 2015; HSD opted to continue program
  - Affects approximately 2,000 providers statewide; 38 tribal providers in 6 tribal facilities
  - Total Savings = $24-$26 million total ($5-$6 million GF)
    - IHS/tribal impact =$26,000 per year

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Proposed Medicaid Rate Changes

- Outpatient Hospital Reimbursement Reduction (SPA 16-005)
  - Hospitals have benefited significantly from the Adult Expansion of Medicaid
  - Propose to reduce hospital outpatient payments as follows:
    - 3% reduction to outpatient services at acute care, critical access and outpatient rehabilitative hospitals
    - 5% reduction to outpatient services at UNM Hospital
  - OMB rates not affected; no impact on IHS and tribal health facilities
  - Effective 7/1/16
  - Savings = $12.5-$17 million total ($3-$4 million GF)

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Proposed Medicaid Rate Changes

- Inpatient Hospital Reimbursement (SPA 16-006)
  - Propose to reduce hospital inpatient payments as follows:
    - 5% reduction at acute care and critical access hospitals
    - 8% reduction at UNM Hospital
  - Propose to reduce SNCP hospital enhanced rates to the level of matching funds available from counties and the $10 million general fund appropriation in HSD's base budget
  - OMB rates not affected; no impact on IHS and tribal health facilities
  - Effective 7/1/16
  - Inpatient savings = $38-$45million total ($8-$10 million GF)
  - SNCP savings = $28-$33 million total ($3-$4 million GF)
    - Note: GF savings lower due to contribution of state matching funds by UNM Hospital

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Proposed Medicaid Rate Changes

- Practitioner and Dental Reimbursement (SPA 16-007)
  - Propose to reduce payments to physicians and other practitioners paid by fee schedule:
    - 2% reduction for codes currently paid below 90% of the Medicare fee schedule
    - 4% reduction for codes currently paid between 90-100% of the Medicare fee schedule
    - 6% reduction for codes currently paid at greater than 100% of the Medicare fee schedule
    - Any code remaining above 94% of Medicare was reduced to 94% of the Medicare rate
    - 5% increase for EPSDT Well-Child screens
    - 3% reduction for dental services paid by fee schedule

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Proposed Medicaid Rate Changes

- Maternity care, delivery and obstetric codes exempt; specialized BH services exempt
- Services paid at OMB or encounter rates not affected; no reduction for ambulatory surgical centers at IHS or tribal health facilities, or for dental services paid at the OMB rate
  - IHS and tribal health facilities **will** be affected by the reduction when they are paid on a fee schedule basis unless exempted as stated above
- Effective 7/1/16
- Provider reduction savings = $29-$33 million total ($6-$7.5 million GF)
- Dental reduction savings = $3-$4.5 million total ($600,000-$1 million GF)
- IHS/tribal impact = $57,000 per year

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Proposed Medicaid Rate Changes

- Community Benefit Reimbursement
  - Propose to reduce Medicaid payments to Community Benefit providers and agencies by 1%
  - These services are reimbursed by the Centennial Care managed care organizations (MCOs) at rates determined by the MCOs
    - Centennial Care only; no FFS reduction
    - No proposed fee schedule
  - Savings =$3-$4 million total ($850,000-$1.2 million GF)

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Access Monitoring Plan

- HSD establishing a method for studying provider access for Medicaid recipients
  - CMS requirement
  - Baseline study for Medicaid access as of July 2015
  - Access Monitoring Plan will be focused on FFS recipients and FFS providers
  - Will be available for public and tribal comment prior to submission to CMS
- Detailed model in development to detect changes in provider access due to rate reductions
  - Both FFS and Centennial Care
  - Baseline will be established for June 2016, the month before reductions are implemented
  - Study to be conducted every three months and compared against baseline to identify trends

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100% FMAP

Services Received Through IHS / Tribal Facilities

- Released late February 2016
- Allows the 100% Match for those Native Americans who receive services "through a facility operated by the IHS, an Indian Tribe or Tribal Organization"
- Has major procedural requirements.

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100 % FMAP POLICY CHANGES

- Additional services and providers now eligible for full (100%) federal funding.
- All IHS/Tribal services eligible for full federal funding (not just "facility" services).
- Applies to both Fee-for-Service (FFS) and Managed Care Organization (MCO).
- Services "performed through a referral to a non-IHS or Tribal provider" may be covered as long as certain criteria are met.

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Required CMS Criteria – 100% FMAP

- The non-IHS/Tribal provider must be enrolled in NM Medicaid for the service being provided.
- All care **must** be provided pursuant to a written care coordination agreement between the IHS/Tribal facility and the other facility.
- The patient **must** have an established relationship with the IHS or Tribal facility.
- The care records from the referred to facility **must** be shared with the IHS or Tribal facility.

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100 % FMAP Current Efforts

- First, and most importantly, we are meeting with the IHS to determine how we can comply with the federal requirements.
- Participating in a six state study group to come up with a plan and approach that CMS can approve.
- Running reports on prior year expenditures to determine where the greatest potential for savings might occur. We are sharing the reports with the IHS work group.

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100% FMAP Next Steps

- We have an IHS-approved Collaborative Agreement to use.
- We have to determine how providers will indicate to us that they have received an IHS or Tribal referral and have shared the care records with the referring entity.
- We have to determine how this applies to Centennial Care, and Long Term Services and Supports (LTSS) in particular.
- We have to establish recordkeeping and audit requirements.

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Summary on Cost-Containment Tribal Notification

The notification is sent at least 60 days before the date of the state agency's submission to CMS and will allow a reasonable amount of time for response to the notification which will be, at a minimum, 30 days. This will allow a tribal or pueblo government, IHS facility, or other tribal healthcare provider to make comments or to ask questions within a time frame that allows adequate time for the state agency to consider any issues raised and time for any necessary further discussion between the state agency and the tribal or pueblo government, IHS facility, or other tribal healthcare providers responding to the notification.

- 3/18/16 to Current - MAC Subcommittee Meetings – Tribal and IHS representation.
- 4/29/16 -Notification for comment and tribal opportunity to request for consultation was sent via email to Tribal leadership and I/T/Us.
- 5/02/16 – Same sent via postal mail to Tribal leadership and I/T/Us.
- 5/9/16 – Medicaid Advisory Committee (MAC) Meeting – Tribal representation.
- 5/18/16 - Notifications were sent to Native American Advisory Committee (NATAC).
- 5/19/16 – All Pueblo Council of Governors Meeting - Provided hardcopy handouts on Cost Containment and announcement of consultation date. Followed up with emailed to all tribal leadership and IHS.
- 5/23/16 – NATAC Quarterly Meeting, Update and handouts on Cost Containment and Consultation date.
- 5/24/16 – Outlook invitation with documents sent to all tribal leadership on Consultation.

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TRIBAL COMMENT

The tribal comment period has been extended to June 15, 2016.

Please send your advice, comments or questions to the MAD Native American Liaison, Theresa Belanger, at (505) 827-3122 or by email at Theresa.belanger@state.nm.us

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