



**IDAHO**

Department of  
Health and Welfare

## **Division of Medicaid**

**Lisa Hettinger**  
Division Administrator

**Joint Finance-Appropriations Committee**

**January 19, 2016**



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## Presentation Overview

\*All budget recommendations are located in your LBB section 2, pages 35-43

- Legislative Audit Findings Update
- SFY 2016 Legislative Intent Report
- Overview of Budget Recommendation\*
- SFY17 Medicaid Budget Recommendation\*
- Break
- Questions



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# Open Legislative Audit Findings - Overview and Update



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## Open Legislative Audit Findings

LAO#	Title	Status
2014-211	IBES MMIS Reconciliation	Automated errors minimal. Manual error correction processes are in place.
2014-213	Task Codes Medicaid and CHIP	Necessary corrections made. Complete reconciliation to improve future processing estimated to be complete March of 2016.
2014-214	Coordination of Benefits Medicaid	Corrections will be made in three phases. Phase one was completed December 2015.
2014-215	Medicaid Provider Eligibility	The current manual process is scheduled to be replaced with an automated solution pending the approval of the SFY17 request on line 26.



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# Legislative Intent From 2015 Legislative Session Bill HB240



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## Required Reports for LSO & DFM

Report Type	Description
<b>Medicaid Expenditures (monthly)</b>	Compares actual expenditures to appropriation and forecast for next SFY. Includes expenditures, eligible counts, and per member per month (PMPM) costs.
<b>Receipt Authority (annual)</b>	Describes any ongoing need for additional, dedicated receipt authority to be built into budget. Noncognizable need remains because of drug rebate volatility.
<b>Managed Care (biannual)</b>	Reports progress in integrating managed care approaches into the Medicaid system.



## Managed Care Initiatives

- 1993-Healthy Connections Case Management
- 2007-Dental Services
- 2010-Non-Emergent Medical Transportation
- 2013-Outpatient Behavioral Health
- 2014-Full Managed Care for Dually Eligible



# Two Year Health Home Pilot Results

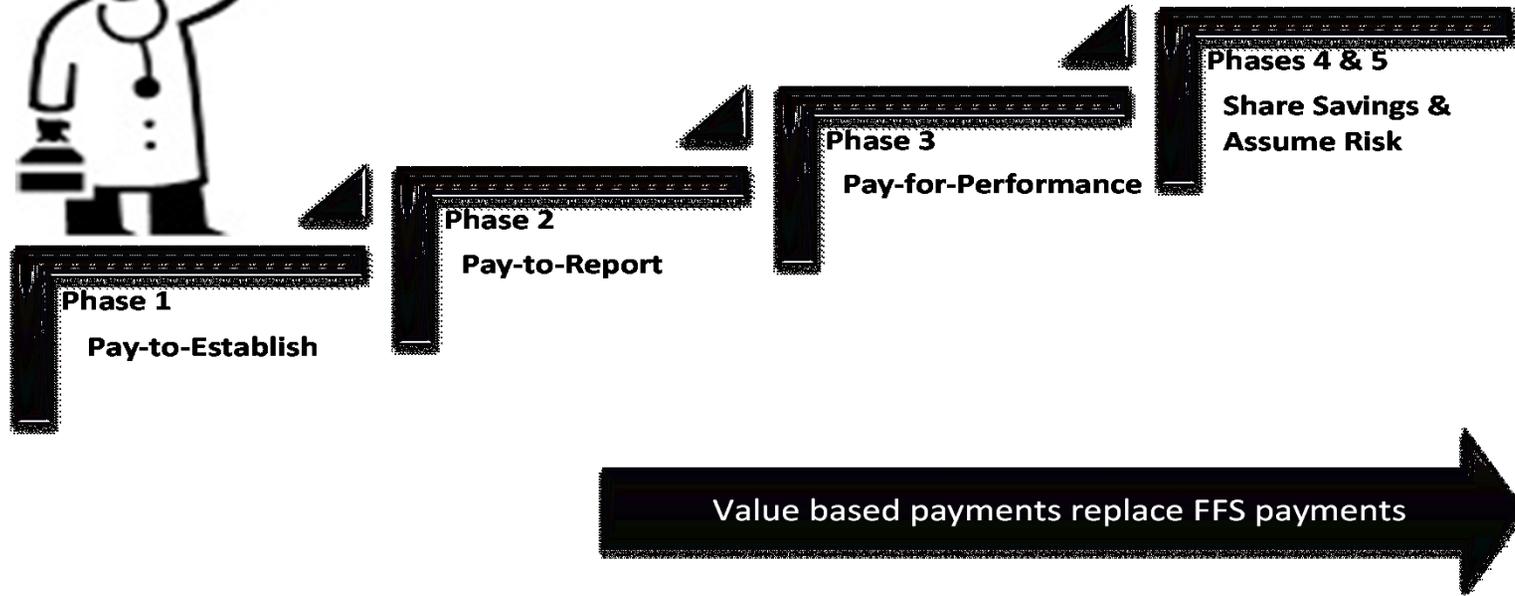
Health Home Pilot Successes			
	2012 Pre-Pilot	2013 Year 1	2014 Year 2
PMPM	\$882.49	\$822.75	\$759.34

- Hospital claims reduced by 19%
- Emergency room claims reduced by 8%
- Clinic claims increased by 4%



# Patient Centered Medical Homes

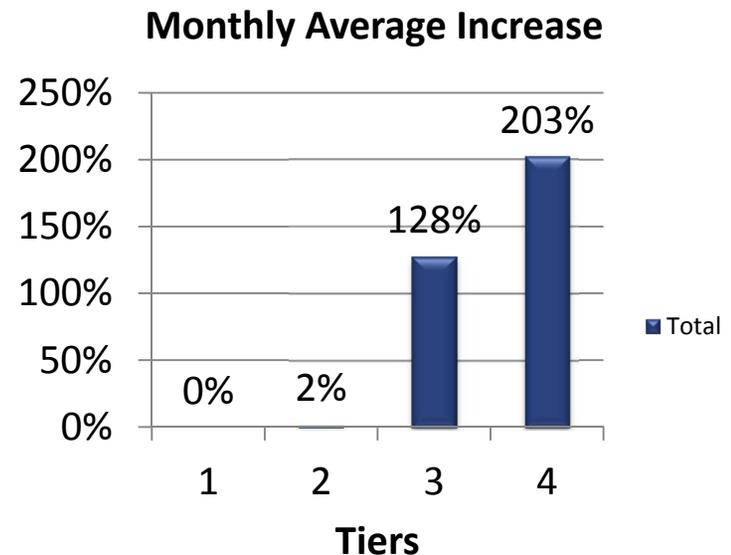
## 4 phase primary care redesign





# Medicaid Patient Centered Medical Home Redesign

- Two new Healthy Connections tiers start February 1, 2016
- Enhanced case management payments for PCMH clinics





# Idaho Behavioral Health Plan (IBHP)

**In 2012 committee goals for IBHP were established:**

- To change outpatient behavioral health so that it:
  - ✓ Enables participants to move into recovery, resilience, and wellness
  - ✓ Provides evidence-based services
  - ✓ Shifts to an outcomes-based reimbursement model



## **IBHP – Managed Care via Optum**

- Medicaid request for information in 2012
- Request for proposals - Optum successful
- Operations started 9/1/2013
- The contract end date is 3/24/16
- Two 2-year extensions are possible



# IBHP – Managed Care Performance

Utilization patterns reflect the shift to evidence-based care:

- For adult participants
  - ✓ Decreased CBRS utilization from 35% to 21%
  - ✓ Increased the use of family therapy from 3% to 13%
- For children:
  - ✓ CBRS utilization reduced 30%
  - ✓ Family Therapy increased 23%
- No material contract violations to date



## **IBHP – Looking to the Future**

- IBHP transformation isn't complete
- Outreach to stakeholders continues
- Continued improvements for managed care



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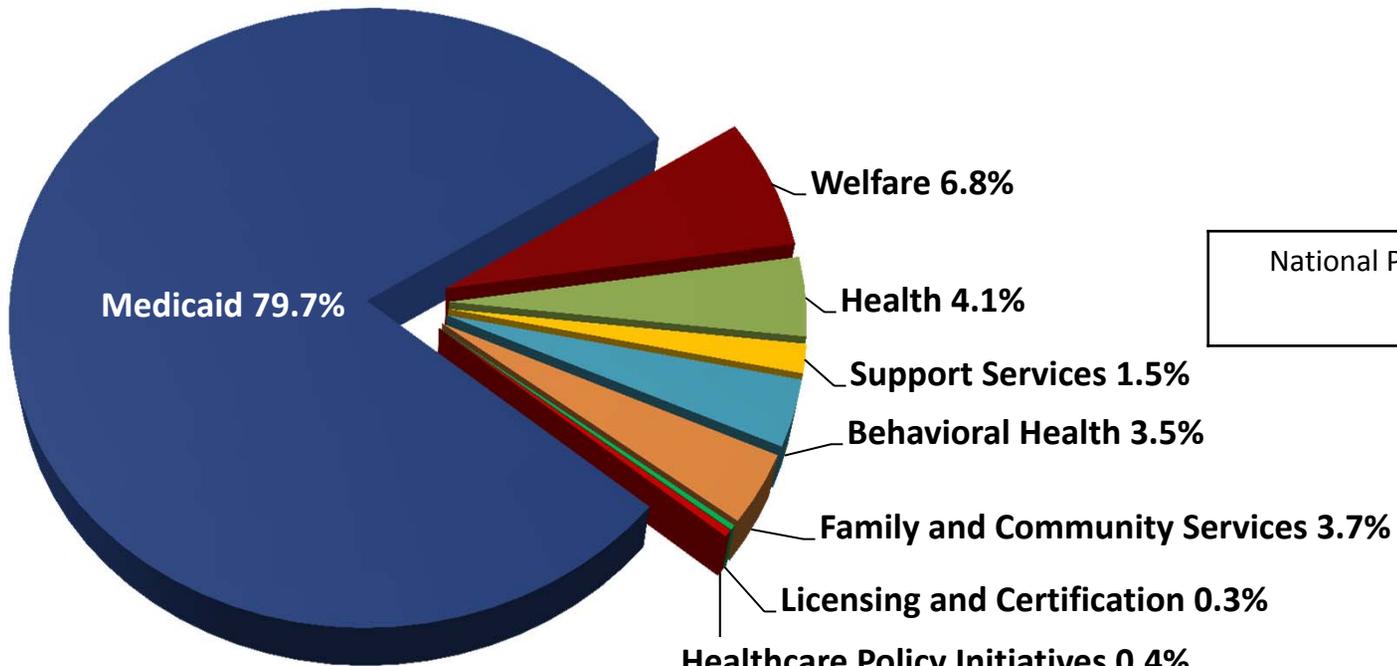
# Overview of SFY2017 Budget Recommendation



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# SFY 2017 IDHW Overview



**IDHW Total \$2.777 B**  
**Medicaid \$2.215 B**

**Change 2016-2017**

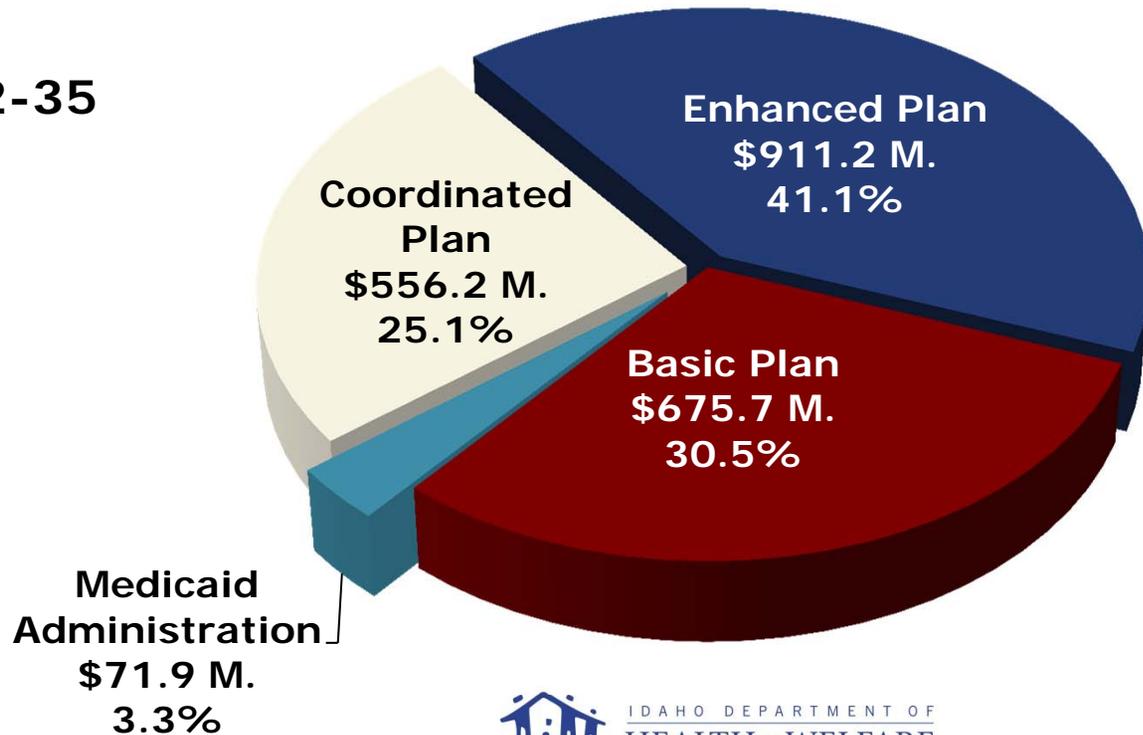
National Projected Growth Rate	7.4%
Idaho Medicaid	5.3%



# SFY 2017 Medicaid Benefit Programs

LBB: 2-35

Total: \$2.215 B.





## Costs by Population

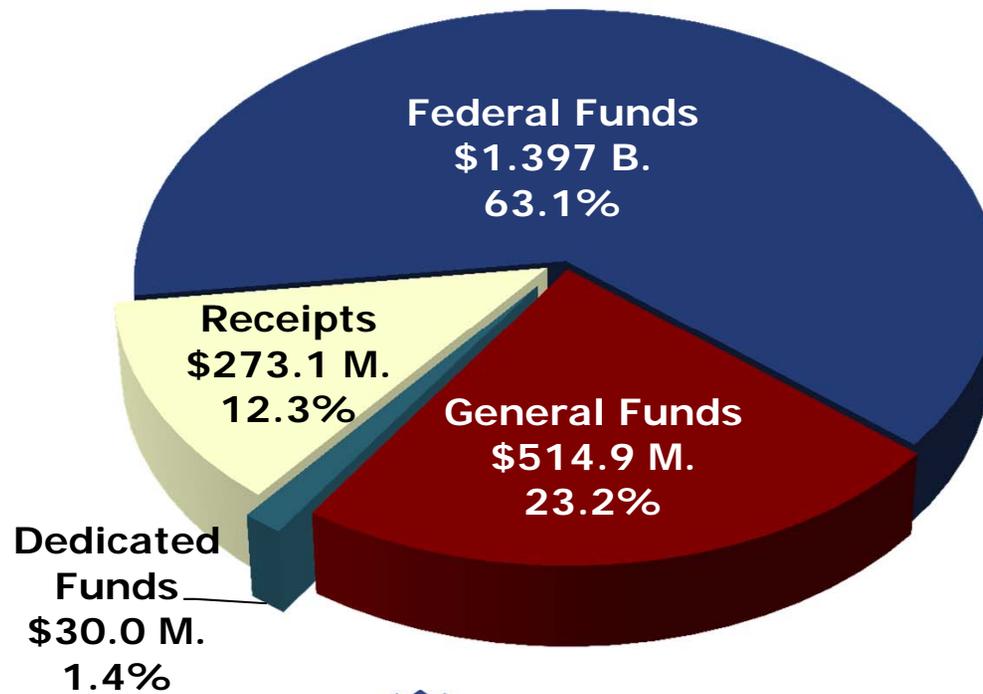
ELIGIBLES	Enrolled in SFY 2015	%	PMPM
Basic Child	188,146	65%	\$ 176
Basic Adult	27,639	10%	\$ 688
Enhanced Child	29,208	10%	\$ 753
Enhanced Adult	17,846	6%	\$ 3,497
Coordinated	25,865	9%	\$ 1,187
<b>Total All</b>	<b>288,704</b>	<b>100%</b>	<b>\$ 579</b>



# SFY 2017 Medicaid by Funding Source

**LBB: 2-35**

**Total: \$2.215 B.**

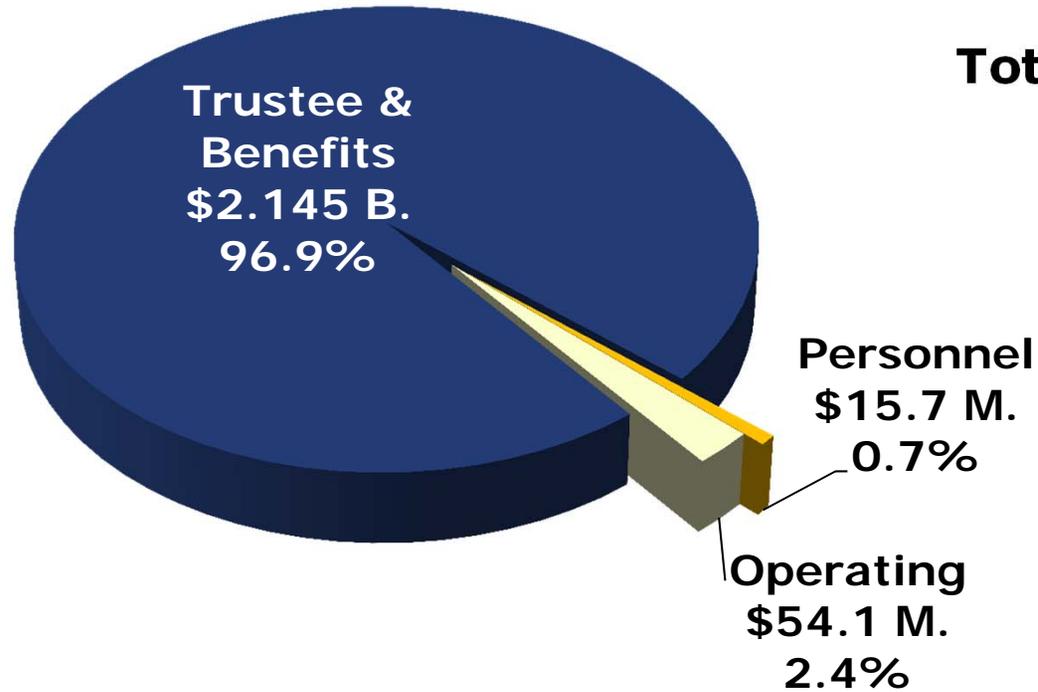




# SFY 2017 Medicaid by Category

**LBB: 2-35**

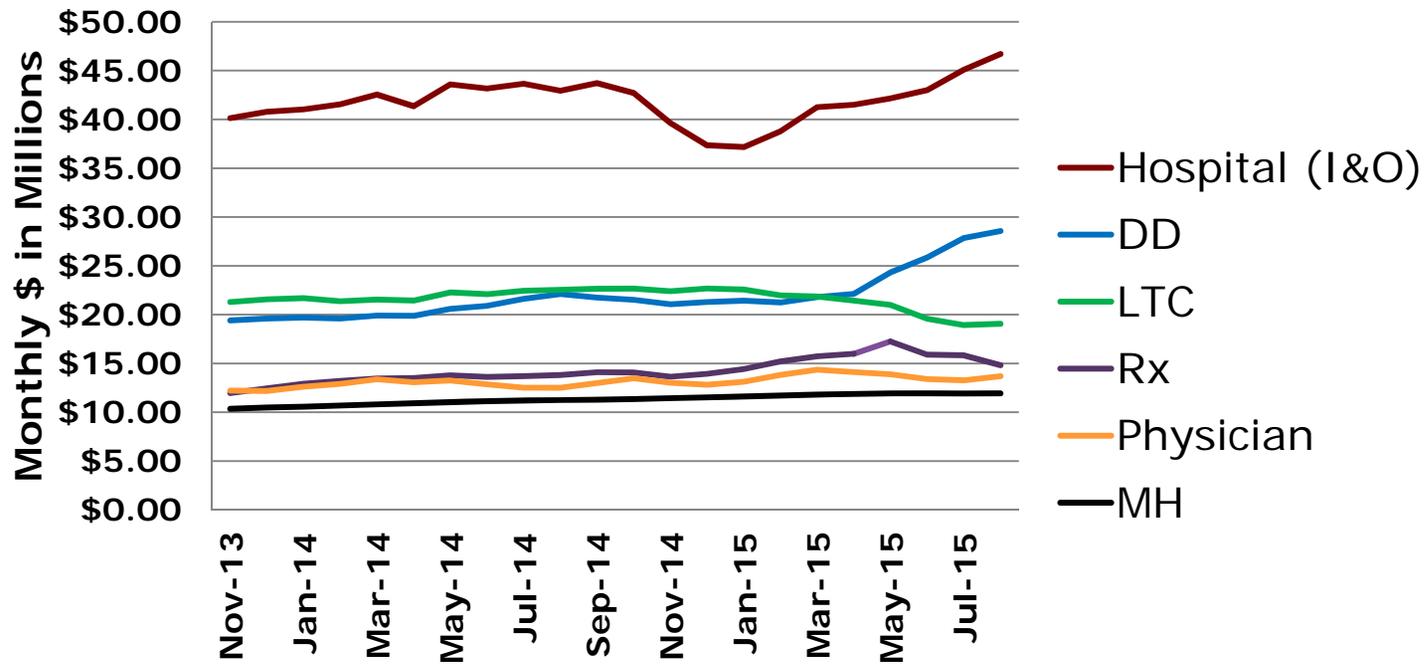
**Total: \$2.215 B.**



**FTP: 209**

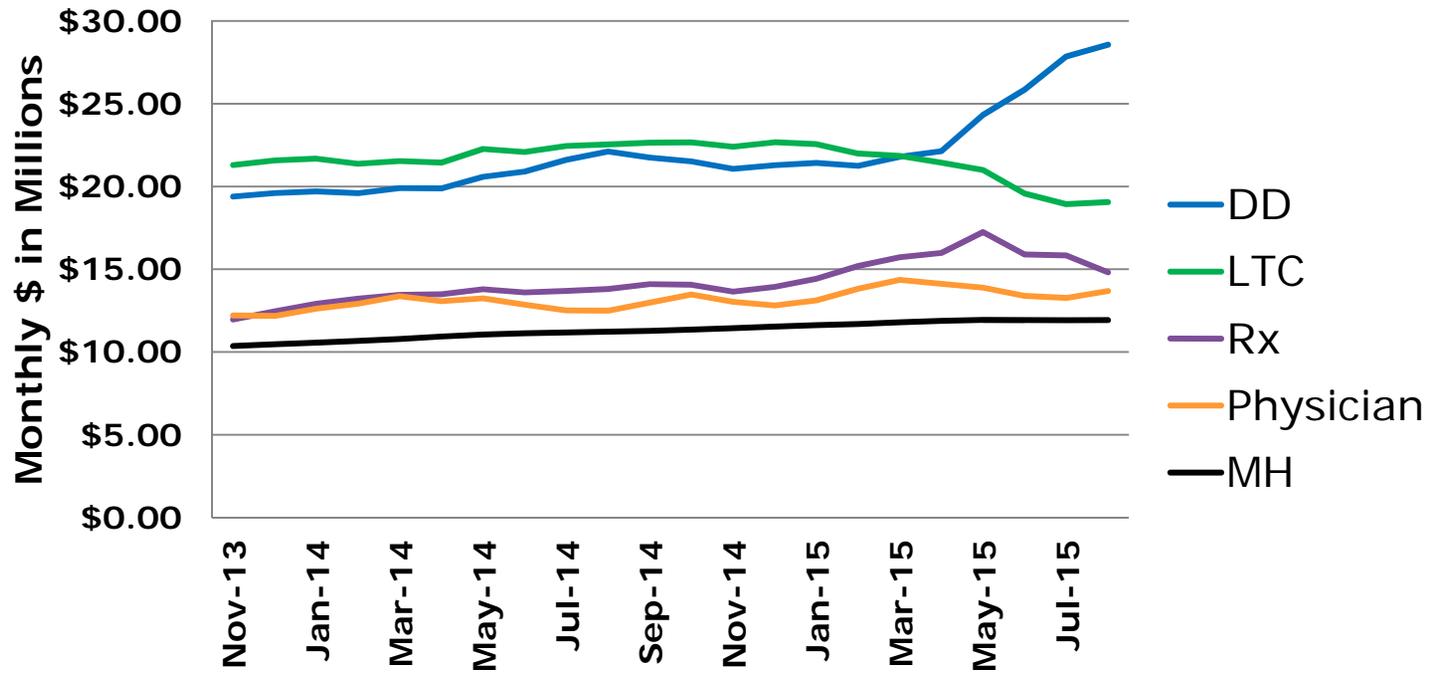


# Top 6 Expenditure Groups





# Top Non-Hospital Expenditure Groups





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# Medical Assistance Services SFY2017 Budget Recommendation



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## Supplemental Recommendation: KW Lawsuit

LBB 2-38 Line 1

### T&B Payments

**\$17,600,000**

State General Funds

\$5,104,000

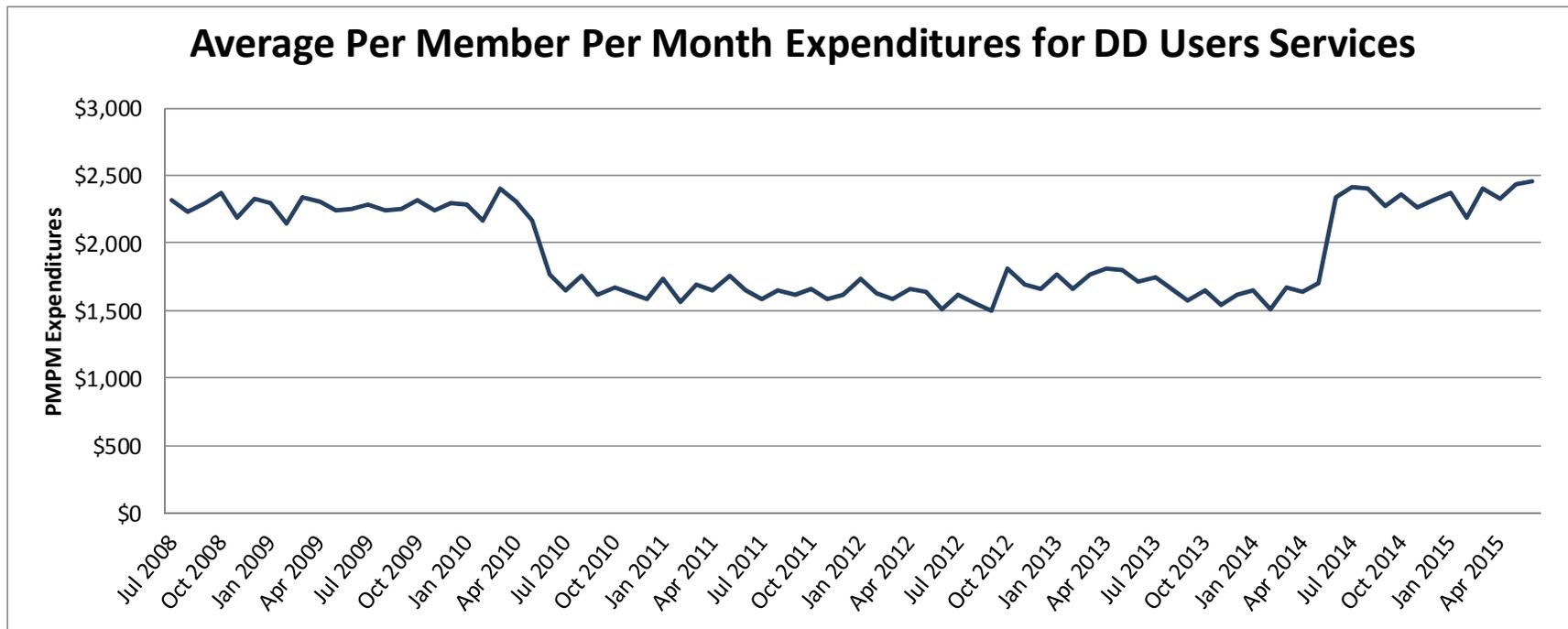
Federal Spending Authority

\$12,496,000

- Lawsuit initiated in 2012
- Made a class action in 2014 giving higher potential budgets to all
- Spending is increasing to hit caps



# Class Receives Highest Budget





## Supplemental Recommendation: MMIS Contract Operations

LBB: 2-38 Line 2

<b>One-time Operations Recommendation</b>	<b>\$1,281,600</b>
State General Funds	\$155,200
Federal Spending Authority	\$1,126,400

- Increase to Pharmacy Benefits Management (PBM) Contractor
- Conversion costs for required TMSIS reporting
- Accompanying annualization for PBM of \$96,900



# Supplemental Recommendation: Changes in

## LBB: 2-39 Line 4 CHIP Funding Sources

### T&B Payment

### Fund Shift

State General Funds	(\$7,605,000)
Federal Spending Authority	\$7,389,000
Dedicated Spending Authority	\$216,000

- Federal match increase to 100%
- Final distribution of the Dedicated Health Insurance Access Card Fund
- Operating funds shift
- Accompanying SFY17 annualization of \$<2,425,000> in general funds and \$2,425,000 in federal funds



# Supplemental Recommendation: Increase to Medicare Part B Premiums

LBB: 2-39 Line 7

## T&B Payment

**\$4,067,300**

State General Funds

\$1,415,500

Federal Spending Authority

\$2,651,800

- Historical increases less than 5%
- 15% increase in FFY17
- Accompanying SFY17 annualization of \$4,427,700



## Supplemental Recommendation: Exceptional Child Lawsuit

LBB: 2-39 Line 8

### T&B Payments

**(\$10,000,000)**

State General Funds

**(\$2,900,000)**

Federal Spending Authority

**(\$7,100,000)**

- IDHW won the Supreme Court case
- 2012 court-ordered rates reversed
- CMS-approved methodology reinstates rates that uphold 42 U.S.C. 1396a(a)(30)(A)
- Accompanying SFY17 annualization of **\$<10,000,000>**



## Nondiscretionary Adjustments

LBB: 2-39 Line 8

### T&B Payments

**\$92,484,100**

State General Funds

\$16,519,100

Federal Spending Authority

\$41,265,000

Receipt Spending Authority

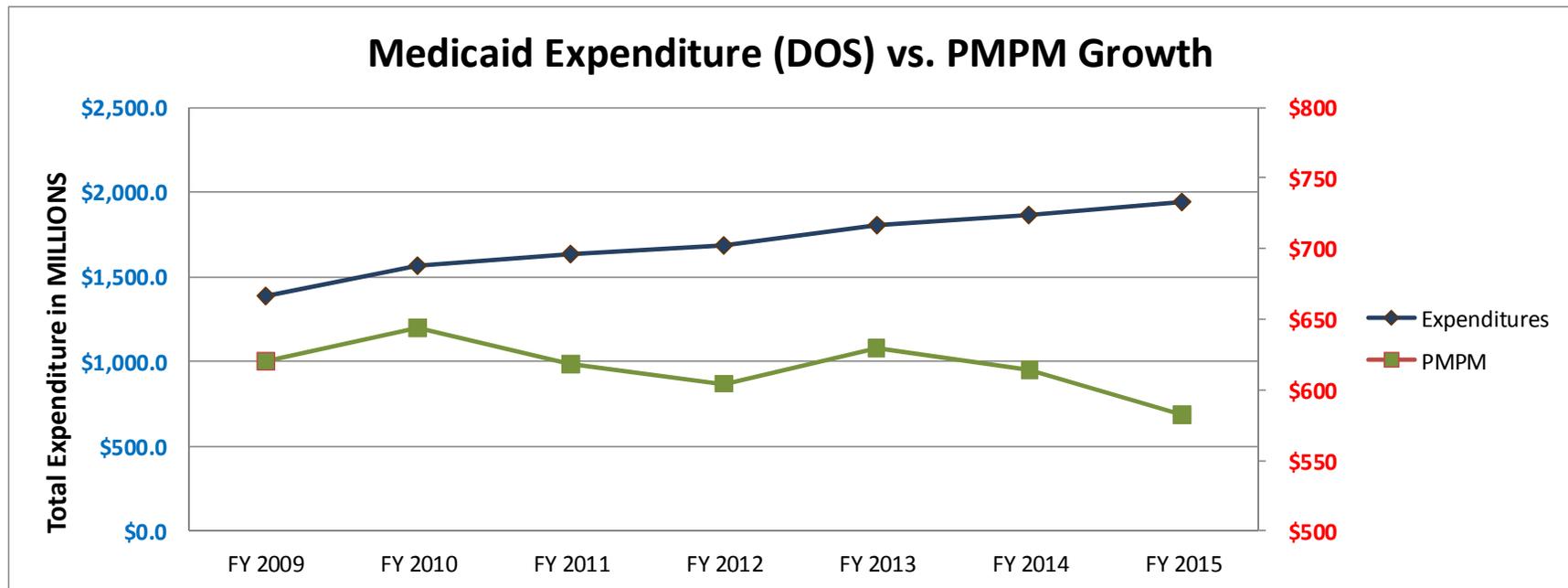
\$34,700,000

Recommending increases in:

- Required reimbursement adjustments - \$38,503,600
- Increases in caseload - \$38,391,500
- Increases in utilization - \$15,589,000
- Increased receipt authority - \$34,700,000
- FMAP fund shift - \$1,603,300

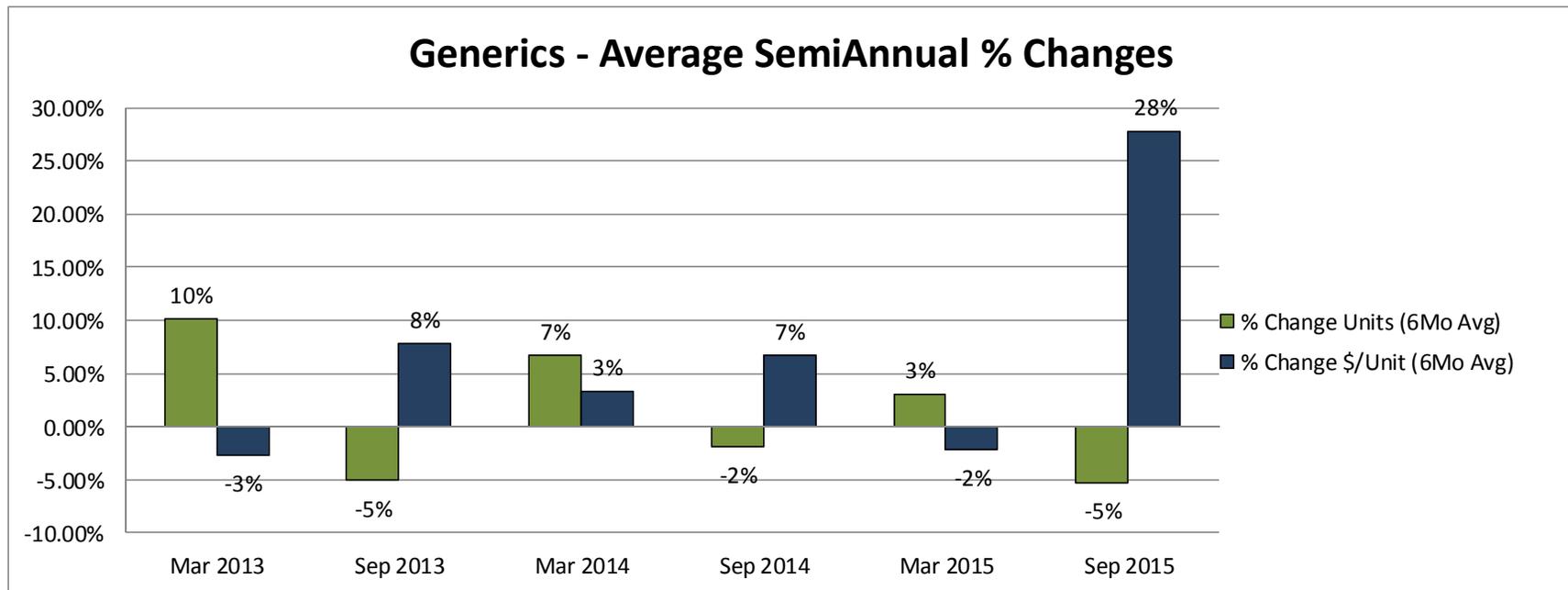


# Per Member Per Month Declines





# The Unanticipated Change in Generics





## Transitional Medicaid

LBB: 2-42 Line 3

<b>T&amp;B Payments</b>	<b>\$9,771,000</b>
State General Funds	\$2,833,600
Federal Spending Authority	\$6,937,400

- Federally mandated eligibility group
- Changed due to ACA Supreme Court decision resulted in change to how the program was authorized in 2015
- Funding recommendation to continue



## Personal Needs Allowance

LBB: 2-42 Line 19

<b>T&amp;B Payments</b>	<b>\$1,524,100</b>
State General Funds	\$442,000
Federal Spending Authority	\$1,082,100

- Participant retains cash for rent, utilities, food, and personal expenses
- Increasing from 150% to 180% of SSI
- First increase in 10 years



## Money Follows the Person

LBB: 2-42 Line 21

<b>Operating and T&amp;B Payments</b>	<b>\$728,100</b>
State General Funds	\$62,200
Federal Spending Authority	\$665,900

- Sixth year of a 10-year grant to move people from institutions to the community
- 322 transitions to date
- Prior four years of transitions exceeded benchmarks



## Electronic Health Records

LBB: 2-42 Line 22

**Administrative Recommendation     \$17,102,100**

State General Funds     \$69,600

Federal Spending Authority     \$17,032,500

- Year four of a nine-year grant
- Administration of the federal EHR incentive program
- Payments to providers are 100% federal dollars
- Administrative costs including audit are 90/10



## Provider Enrollment Improvements

LBB: 2-43 Line 26

**One-Time Operations Recommendation** **\$1,005,600**

State General Funds \$100,600

Federal Spending Authority \$905,000

- Mandated by 42 CFR part 455 subpart E
- More accurate enrollment information and better provider screening
- 90/10 funding to make MMIS alterations



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## Questions?

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**Joint Finance-Appropriation Committee**

**January 19, 2016**



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# Glossary of Acronyms

Acronym	Definition
ACA	Affordable Care Act
A&D	Aged & Disabled
CBRS	Community Based Rehabilitative Services
CEC	Council for Exceptional Children
CFR	Code of Federal Regulation
CHIP	Children's Health Insurance Program
CMS	Centers for Medicare and Medicaid Services
DD	Developmental Disabilities
DFM	Division of Financial Management
EHR	Electronic Health Records
FMAP	Federal Medical Assistance Percentages
FTP	File Transfer Protocol



## Glossary of Acronyms Cont.

Acronym	Definition
HHA	Health Home Agency
IBES	Idaho Benefits Eligibility System
IBHP	Idaho Behavioral Health Plan
IBNR	Incurred but not Reported
ICF/ID	Intermediate Care Facility for Individuals with Intellectual Disabilities
IDHW	Idaho Department of Health and Welfare
LSO	Legislative Services Office
LTC	Long Term Care
MMCP	Medicare Medicaid Coordinated Plan
MMIS	Medicaid Management Information System
MSP	Medicare Savings Program
NF	Nursing Facility



## Glossary of Acronyms Cont.

Acronym	Definition
OPE	Office of Performance Evaluations
PBM	Pharmacy Benefit Manager
PCS	Personal Care Services
PMPM	Per Member Per Month
PNA	Personal Needs Allowance
PSR	Psychosocial Rehabilitation
RFI	Request for Information
RFP	Request for Proposal
RX	Medical Prescription
SFY	State Fiscal Year
SSI	Supplemental Security Income
T & B	Trustee and Benefits
TMSIS	Transformed Medicaid Statistical Information System