NEW YORK STATE | Department of Health | Office of Health Insurance Programs

2019-20 Enacted Budget:
Office of Health Insurance Programs

Public Health and Health Planning Council (PHHPC) Meeting

April 11, 2019

Enacted Budget: 2019

- **The Enacted Budget was passed on March 30, 2019**
- **Medicaid Budget Highlights:**
  - ✓$440 million in State Share Medicaid savings;
  - ✓Pharmacy reforms that increase transparency of prescription drug pricing and modifications to the Drug Cap to accelerate rebates;
  - ✓Long term care reforms that establish CDPAP fiscal intermediary efficiencies, and updates the current Nursing Home Case Mix methodology to utilize already available data to ensure that nursing homes are paid accurately and fairly based on the care needs of their residents;
  - ✓Various investments, including reimbursing for National Diabetes Prevention Program, Applied Behavioral Analysts, a continuation of the fourth year investment for ambulances, and promotion of promising DSRIP practices to further reduce preventable hospitalizations.

Medicaid Proposals

- Pharmacy
- Long Term Care
- Managed Care
- Transportation
- Investments to Improve Patient Care
- Health Home
- Federal Waiver Opportunities
- Other Proposals

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
  - Requires managed care plans to have pass-through pricing arrangements with their Pharmacy Benefit Managers (PBM) to ensure that Medicaid managed care plans are charged (does not permit “spread pricing”):
    - the same amount that the PBM pays to the pharmacies for the actual ingredient cost; plus
    - a professional dispensing fee paid to the pharmacy; plus
    - a fair and reasonable administrative fee for PBM services.

Pharmacy

- **Drug Cap Enhancements**
  - Enacts changes that accelerate rebate negotiations and collections for high cost drugs, enabling the Department to:
    - Collect rebates, effective April 1 of each fiscal year;
    - Initiate rebate negotiations using target rebate amounts that are based on established cost effectiveness studies;
    - Negotiate drug cap rebates for which there is already a manufacturer contract in force, when warranted by significant market changes or state statutory or federal regulatory changes; and
    - Set target rebate amounts without consideration of rebates for other drugs made by the same manufacturer.

Pharmacy

- **Drug Cap Enhancements (continued)**
  - Enacts administrative efficiencies and transparency provisions by;
    - aligning Drug Utilization Review (DUR) Board reporting requirements with the State Fiscal year; and
    - Increasing transparency for cost effectiveness analyses presented by third parties, which includes:
      - disclosure of third party's funding sources; and
      - making publicly available the analyses and research that was provided to the DUR Board.

Long Term Care

- **CDPAS Fiscal Intermediary (FI) Efficiencies**
  - No reductions to eligibility for the CDPAS, the consumer directed nature of CDPAS, or to the hours of care received by CDPAS member
  - Effective July 1, 2019, change FI reimbursement method to a per member per month amount.
  - Statute identifies the following applicants eligible for contracts:
  - Centers for Independent Living established under the Section 1121 of Education Law
    - FIs established prior to January 1, 2012 and continuously providing FI services to CSPAS members
    - Entities meeting other criteria established by the Department as informed by a stakeholder Workgroup and selected through a procurement process.

Long Term Care

- **CDPAS Fiscal Intermediary (FI) Efficiencies (continued)**
  - Stakeholder Workgroup pertaining to FI services and consumer's needs:
    - Best practices for delivery of FI services
    - Inform criteria for use by Department for selection of FI entities
    - Inform criteria for development of quality reporting requirements
    - Develop plan to transition consumers to another FI
  - Workgroup is to be established no later than May 15, 2019, and will include:
    - Independent Living Center (ILC) representatives
    - Managed Care Organizations and Local Departments of Social Services representatives
    - Consumers/Consumer Advocates
    - Statewide FI Associations

Long Term Care

- **Consumer First Choice Options (CFCO) Readiness**
  - Extends implementation from July 1, 2019 to January 1, 2020
  - Reflects the savings that result from delaying the implementation from January 1, 2019 to January 1, 2020.
- **Nursing Home Case Mix Adjustment**
  - Continues requirement to adjust nursing home rates for case mix in January and July of each year, but uses all available assessments to more appropriately account for acuity and ensures that nursing homes are paid accurately and fairly based on the care needs of their residents.
  - Creates a workgroup to review the acuity data used to determine NH reimbursement in order to promote a higher degree of accuracy.
  - Does not require any additional reporting from nursing homes.

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.
- **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.

Long Term Care

- **Modernize Long Term Care Regulations**
  - Amend regulations to reflect the implementation and care management features of the Medicaid Managed Care Program.
  - Continue to support robust consumer protections under existing law.
- **Electronic Visit Verification (EVV)**
  - The 21st Century Cures Act requires that states implement Electronic Visit Verification for all Medicaid personal care services (by 1/2020) and home health care services (by 1/2023). Good faith exception available.
  - Failure to comply subjects states to a Federal Medicaid Assistance Percentages (FMAP) reduction of up to 1 percent.
  - Budget provides funding to design and develop EVV to meet this requirement.

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

Managed Care

- **Office of the Medicaid Inspector General Managed Care Recoveries**
  - Increase compliance of managed care organizations and providers participating in the Medicaid Program.
- **Reduce Managed Care Quality Incentive**
  - Mainstream reduced by-$10 million State share
  - Managed Long Term Care reduced by $5 million State share
- **Enhance Oversight of Behavioral Health Parity**
  - Fund resources to implement enhanced oversight of MCOs for the enforcement of behavioral health parity compliance (i.e. MCO BH network adequacy, MCO parity surveillance, oversight of MCO parity reporting, etc.).

Transportation

- **Fund additional year of Ambulance Rate Adequacy Increase**
  - The increase would represent the final two years of the five-year phase-in of the $31.4M rate increase recommended by the 2017 Ambulance Rate Adequacy Report.

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

Investing in Patient Care

- **Promote promising DSRIP ideas to reduce unnecessary utilization**
  - Promote promising DSRIP practices to further reduce preventable hospitalizations
  - Extend regulatory waiver flexibility under certain circumstances for five years.
  - Promote Medically-Tailored Meals and Asthma Management programs among DSRIP promising practices.
- **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.

Investing in Patient Care

- **Applied Behavioral Analysts**
  - Expand Medicaid to include coverage for Applied Behavioral Analysis for children in Medicaid managed care and Medicaid fee-for-service.
- **Maternal Mortality**
  - Supports a comprehensive effort and targeted initiatives aimed at reducing maternal mortality and morbidities within the state's health care system, including, but not limited to:
    - creating a maternal mortality review board
    - developing a training curriculum on implicit racial bias
    - expanding community health workers, and building a data warehouse for analysis of maternal outcomes to support quality improvement
- **Early Intervention (EI)**
  - Increases EI rates reimbursed by Medicaid by 5 percent

Federal Waiver Opportunities

- Two Federal waivers will be submitted to provide more stability to high-risk Medicaid members:

Supportive Housing Federal Waiver

  - Secure a waiver for Medicaid's supportive housing program in order to access federal funding for certain housing related activities and services that are currently resourced with state-only funds.

Reinvest Supportive Housing

  - Reinvest Federal waiver funding to support housing-related activities and services that promote community integration.

Federal Waiver Opportunities

- **Criminal Justice Waiver**
  - Seek federal approval to provide limited, high-impact, Medicaid coverage to incarcerated individuals 30 days prior to release to the community.
  - Services to include medical consultation, counseling, care management and pharmacy all targeted to individuals with higher-risk conditions, such as serious mental illness, Substance Use Disorder, HIV and other chronic diseases like asthma or diabetes.
  - These service will provide key “bridging care” for these members prior to transition to the community and will allow continuous care management through Medicaid Health Homes.

Other Proposals

- **Eliminate Major Academic Centers of Excellence Payment**
  - Eliminates the Major Academic Centers of Excellence State only payment to specific hospitals.
- **Increases funding for Enhanced Safety Net Hospitals**
  - Increases available funding for Safety Net Hospitals based on inpatient and outpatient services provided to Medicaid and uninsured patients.
- **Shifts Funding for Waivers to the Medicaid Global Cap**
  - Nursing Home Transition and Diversion (NHTD) waiver
  - Traumatic Brain Injury (TBI) waiver

Medical Indemnity Fund

- Transfers the administration of the Medical Indemnity Fund (MIF) from the Department of Financial Services to the Department of Health, effective October 1, 2019.
- Extends the enhanced rates of the MIF program for an additional year, through December 31, 2020.

Questions?

Additional information available at:

https://www.health.ny.gov/health_care/medicaid/redesign/mrt_budget.htm

Email:

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