

# *Medicaid*

## **Medicaid Matters New York**

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### **2010-2011 Executive Budget Health/Medicaid Overview**

Cuts/savings in the health area total \$1.9 billion. That total is comprised of:

Provider and program cuts	\$1 billion
Taxes and surcharges on specific providers	\$240.2 million
New sugar beverage tax & increase in state cigarette tax	\$650 million

Medicaid cuts are as follows by sector:

Hospitals	\$244.6 million
Nursing homes	\$140.2 million
Home care	\$73.9 million
Pharmacy	\$12.2 million

There are **no proposed cuts in Medicaid reimbursement for community-based primary care centers**. There are also **no increases in funding or continuation of efforts to move more funding into ambulatory care**.

The budget would continue action taken in the Deficit Reduction Plan to **discontinue the remaining 2010 portion of the trend factor** for hospitals, nursing homes (excluding pediatric nursing homes), home care and personal care.

The **hospital assessment on inpatient gross receipts** would go from .35% to .75%. There are also changes that would cut funding to hospitals with high rates of **potentially-preventable readmissions** and reinvest it as an incentive for pay-for-performance.

The budget would provide a **\$3.5 million investment in the *Doctors Across New York* program**, creating 50 new slots in each of the two components of the program (loan repayment and practice support). There is also a **\$26 million investment in obstetrics access and quality for hospital delivery**, which would mean an increase in the hospital inpatient payment only. Both of these investments are paid for through a change in how hospitals are paid for costs of indirect medical education, which does not include the direct costs of graduate medical education.

The Governor proposes to fund **hospital charity care** based 100% on actual units of service to the uninsured. The funding pool would be cut by \$70 million. Funding for the major public hospitals would not be cut, but the total amount allocated to them will remain capped, regardless of the number of uninsured served by these facilities. **Disproportionate Share Hospital funding (DSH)** will remain level this year.

**The Governor does not propose to make broad Medicaid eligibility changes.** The budget includes two definition changes, related to the definition of “estate,” and pre-need funerals. There are some benefit changes which are discussed below.

In the simplification arena, the budget would implement “**express lane**” enrollment, as provided in the federal Children’s Health Insurance Program Reauthorization Act (CHIPRA). Also in conformance with CHIPRA, the budget would **add medically-needy orthodontia to the Child Health Plus benefit package**. It would also add CHIPRA-required language for **social security numbers when applying**, if the state will be applying for federal matching funds. For some children, the social security number will not be required.

In the **long term care** arena, the Governor would increase the **cash assessment** on personal care providers, certified home health agencies (CHHAs), long term home health care programs (LTHHCPs), and licensed home care services agencies (LHCSAs) from .35% to .7%.

There is a proposal to **cap personal care and consumer-directed personal assistance services at 12 hours per day**, beginning July 1, 2010. Anyone needing more than 12 hours of service will be directed to another option, such as managed long term care, the Long Term Home Health Care program, or the Nursing Home Transition and Diversion waiver. The state will pick up the cost of services for anyone who does not fit into one of the other options under a new state-only Nursing Home Transition and Diversion program, after the existing NHTD waiver reaches capacity. There will be \$1 million dedicated to consumer education about their options, as well as assistance in applying for what they need. The total net savings is \$30 million.

Resulting from the proceedings of the DOH Home Health Care Reimbursement Working Group, the budget would implement a new **episodic reimbursement methodology for home care**, but not until 2012, to give the working group more time to deliberate. Children 18 and under are exempt, as well as potentially other specific groups, as determined by the Commissioner.

To demonstrate that funding can effectively be reinvested in community-based long term care services upon the closure or down-sizing of public nursing facilities, the budget would create a **County Long Term Care Financing Demonstration program**.

In **Medicaid pharmacy**, the Governor proposes to:

- remove the Preferred Drug List exemption of anti-depressants, anti-psychotics, anti-retrovirals, and anti-rejection drugs to take advantage of manufacturers’ rebates, while leaving the statutory exemption from prior authorization intact;
- eliminate the Medicaid wrap for drugs that are covered by Medicare Part D;
- eliminate the specialty pharmacy designation for HIV drugs;
- establish a pharmaceutical company gift ban; and,
- provide reimbursement to pharmacists that administer immunizations.

Also in pharmacy, though not Medicaid, are changes to the **Elderly Pharmaceutical Insurance Coverage program** (EPIC). Similar to the Medicaid proposal, the budget would eliminate EPIC wrap-around coverage of drugs that are covered by Medicare. It would also eliminate hardship language, as well as language that guarantees EPIC enrollees will not walk away from pharmacies without their prescriptions.

The budget would establish **co-pays under the Family Health Plus Employer Buy-In** program. This was an anticipated action, in conjunction with the roll-out of the program.

The budget authorizes the Commissioner and allocates American Recovery and Reinvestment Act funding to promote **electronic health records**.

The Medicaid **fraud** target is going up by \$300 million. The Medicaid Inspector General will have discretion as to how to arrive at the new target. Civil penalties would be increased as well.

In the **Early Intervention** program (EI), there are savings associated with several changes, including modification of certain standards, rate reform, billing practices, parental fees, and use of paraprofessionals. Of greatest impact on consumers is the proposed quarterly fee to receive services. Fees would be imposed on a sliding scale, starting at 251% of the Federal poverty level. EI is currently an entitlement program. Standards for eligibility for speech therapy services would be changed, when the child needs only speech services.

The budget does not propose to make **local assistance** cuts beyond what was accomplished in the Deficit Reduction Plan in December, which cut funding to public health programs and community-based organizations by 12.5%.

The budget does not bank on a potential extension of the current **FMAP** enhancement provided under ARRA (61.5% through the end of 2010). Congress has indicated that they may extend the enhancement.

If you have any questions, please do not hesitate to contact Lara Kassel, MMNY Coordinator, at 518-320-7100 x2220 or [lkassel@cdrnys.org](mailto:lkassel@cdrnys.org).