



**Oversight Committee**

**Review of FY 18 Savings/Cost Containment Strategies**

**December 12, 2017**

**One-Time Cash**

\$15.2M – Identified fund balances during the Department Request budget preparation

**Projection Adjustments**

\$26.2M –Changes to projections based on:

- Governor withhold impacts on managed care rates;
- Declining managed care enrollment;
- Lowering enrollment expectation for change in asset limit;
- Changing when the Health Insurer Fee is paid; and
- Other program savings due to managed care extension not previously identified.

**Pharmacy**

\$3.0M – Pharmacy pricing adjustments, including:

- Discontinue paying for certain non-rebate eligible products;
- Adjusting some 340b pricing; and
- Utilize Smart PA for morphine equivalent products.

**Standardized pricing based on Medicare rates**

\$2.6M – Based on MHD clinical staff review of policies and rates compared to Medicare and other states.

- Standardizing how lab codes are paid. Most changes will occur January 1, 2018.
- Lowers some durable medical equipment rates to the Medicare maximum.

**Change in hospital reimbursement**

\$.8M – related to both inpatient and outpatient hospital reimbursement.

- Changing pricing for certain outpatient procedures, starting with Bariatric procedures.
- Limiting overnights for outpatient stays.
- Edit inpatient claims to limit initial visit charges.
- Limiting how rural health clinics bill for radiology services.

**Other**

- \$1.5M – moving Blind Pension participants to Medicaid.

**\$49.4M total savings identified.**