



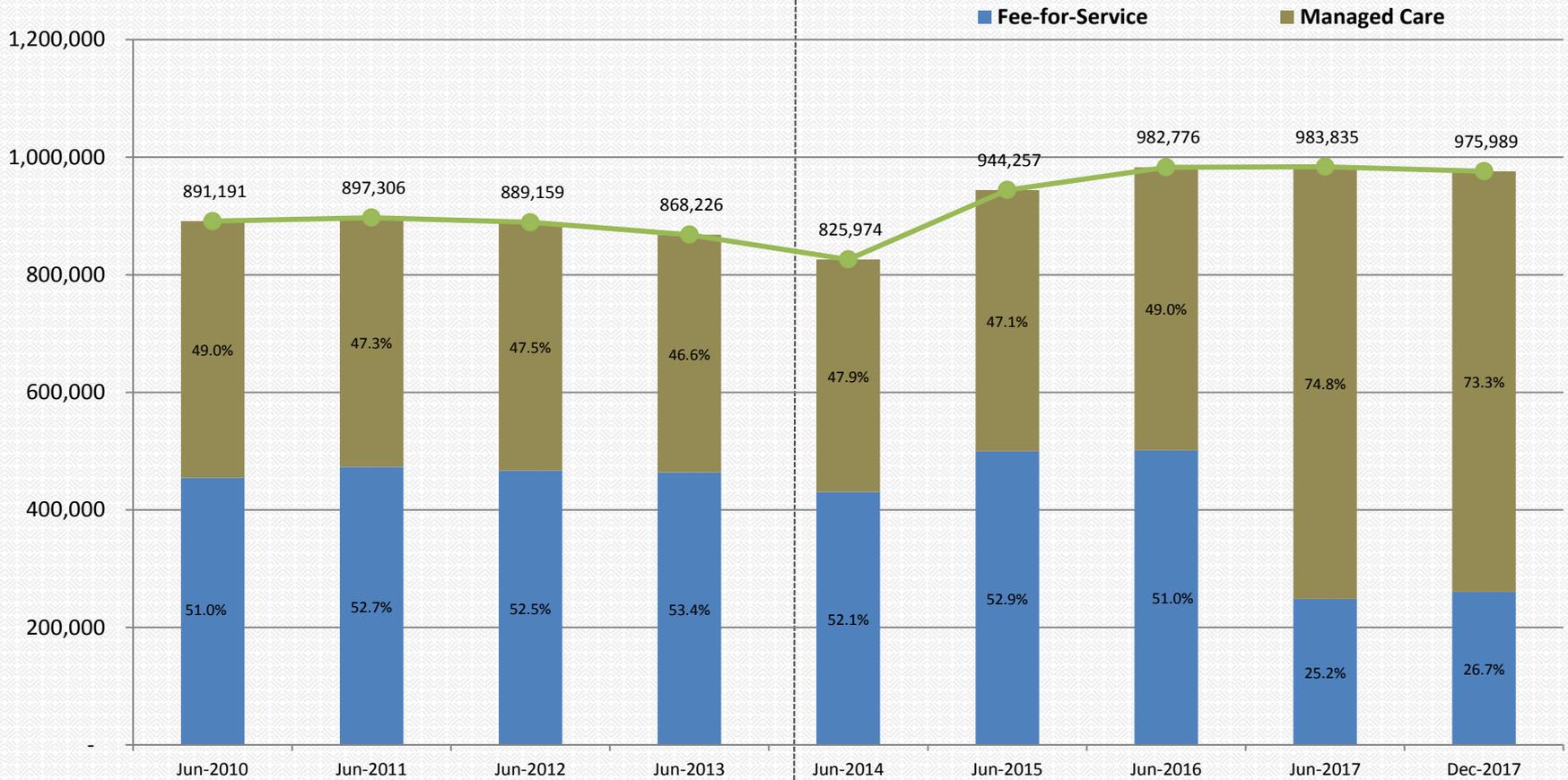
SFY 2019 BUDGET UPDATE

MO HealthNet Oversight Committee

Presented by Tony Brite
Deputy Finance Director
May 31, 2018

MO HealthNet Enrollment

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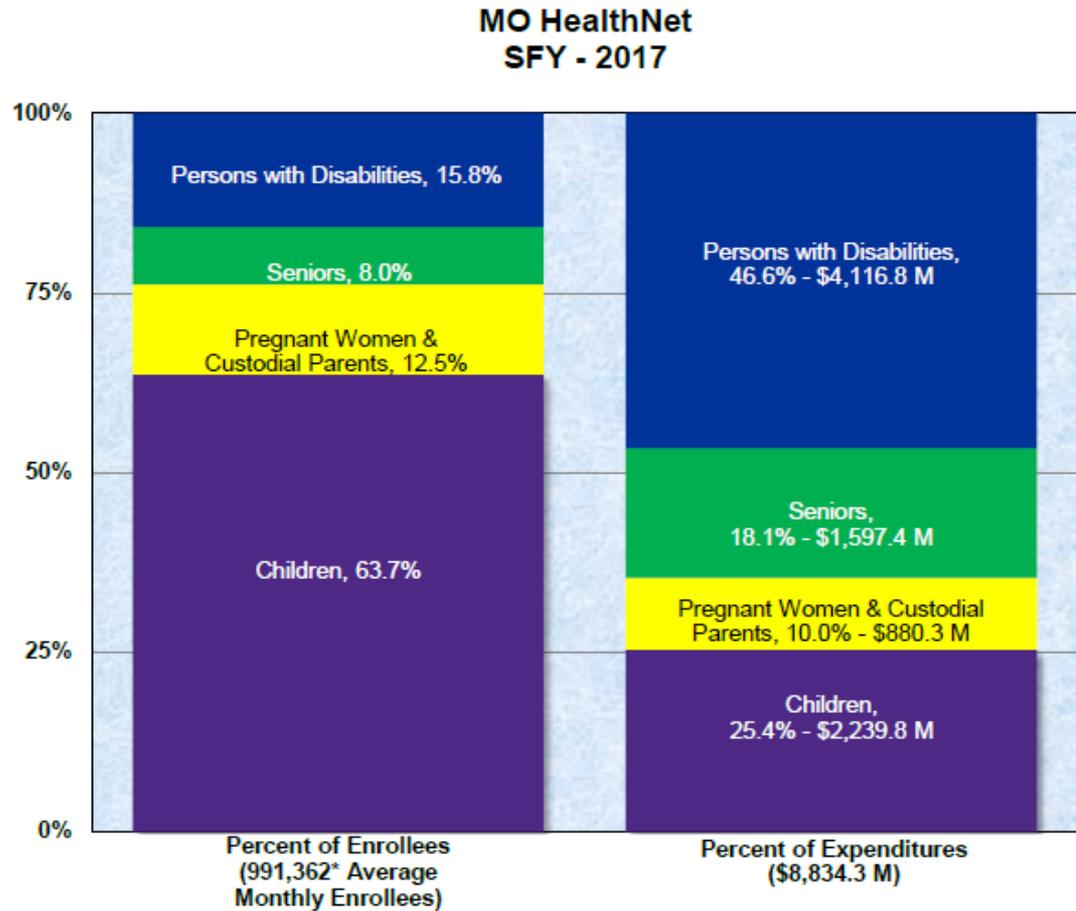


Medicaid Enrollees & Expenditures

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In SFY 2017, seniors and persons with disabilities comprised 24% of enrollees; however, they accounted for 65% of MO HealthNet expenditures.

Number of People SFY-2017 (Average Monthly)	
Persons With Disabilities	156,789
Seniors	79,279
Pregnant Women & Custodial Parents	123,937
Children	631,357
Total	991,362



SFY-2019 TAFP Budget

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TAFP

(in millions)

SFY-2019 Truly Agreed and Finally Passed Budget

SFY-2019 Major Budget Items

Medicaid Cost to Continue

Cost to Continue based on SFY-2018 ongoing need as reflected in SFY-2018 supplemental. Physician, Dental, Nursing Facilities, NFFRA, Rehab & Specialty, Services, NEMT, Hospital Care, Show-Me Healthy Babies, Hospital FRA, and IGT-Tier 1 Appropriations

DMH Intergovernmental Transfer:

Increased authority for the DMH Intergovernmental Transfer

	Total	GR
SFY-2019 Truly Agreed and Finally Passed Budget	\$7,928.1	\$1,252.8
SFY-2019 Major Budget Items		
Medicaid Cost to Continue	\$49.2	\$17.1
Cost to Continue based on SFY-2018 ongoing need as reflected in SFY-2018 supplemental. Physician, Dental, Nursing Facilities, NFFRA, Rehab & Specialty, Services, NEMT, Hospital Care, Show-Me Healthy Babies, Hospital FRA, and IGT-Tier 1 Appropriations		
DMH Intergovernmental Transfer:		
Increased authority for the DMH Intergovernmental Transfer	\$255.6	\$0.0

SFY-2019 TAFP Budget

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(in millions)

	Total	GR
SFY-2019 Major Budget Items		
Health Insurer Fee Reimbursements to Managed Care organizations for the federally mandated health insurer fee.	\$60.7	\$21.7
GR Pickups: To replace one time funding from increased federal CHIP earnings, Healthy Families Trust Fund, Life Sciences Research Trust Fund, and Premium Fund: Pharmacy, Managed Care, and CHIP Medical Benefits Appropriations.	\$58.5	\$58.5

SFY-2019 TAFP Budget

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TAFP

(in millions)

	Total	GR
SFY-2019 Major Budget Items		
FMAP Increase Federal Fund authority to address the change in the Medicaid federal participation percentage (FMAP)	\$56.6	\$0.0
Pharmacy Specialty Increase Funding for the ongoing inflation and utilization of specialty pharmaceuticals.	\$0.0	\$0.0
Pharmacy Non-Specialty Increase: Funding for the ongoing inflation and utilization of non-specialty pharmaceuticals.	\$0.0	\$0.0

SFY-2019 TAFP Budget



TAFP

(in millions)

	Total	GR
SFY-2019 Major Budget Items		
Federally Required Actuarial Rate Increases:		
<p>Managed Care Actuarial Rate Increase Funding for Managed Care medical, delivery and Neonatal Intensive Care Unit services to ensure that Managed Care payments are actuarially sound.</p>	\$36.3	\$12.6
<p>NEMT Actuarial Increase Funding for NEMT rates to ensure payments are actuarially sound.</p>	\$2.2	\$0.8
<p>Hospice Rate Increase Funding for annual hospice rate increase as established by Medicare. The MO HealthNet hospice rates are calculated based on the annual hospice rates established under Medicare.</p>	\$0.3	\$0.1

SFY-2019 TAFP Budget

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TAFP

(in millions)

	Total	GR
SFY-2019 Major Budget Items		
<p>Managed Care Contracted Withhold Deferment</p> <p>Funding needed for the amount of Managed Care withhold deferred in SFY18 associated with extending Managed Care regional coverage and increasing the Managed Care withhold from 2.5% to 5% in the Statewide Managed Care RFP.</p>	\$33.3	\$11.6
<p>HB 1565 Asset Limit Increase</p> <p>Funding for additional individuals and couples who will become eligible for full Medicaid benefits as a result of HB 1565 (2016). The bill raises the MO HealthNet asset limits for MO HealthNet permanent and totally disabled claimants, MO HealthNet blind claimants, and MO HealthNet aged claimants from \$2,000 to \$3,000 for individuals and \$4,000 to \$6,000 for married couples in 2019.</p>	\$0.0	\$0.0

SFY-2019 TAFP Budget

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TAFP

(in millions)

	Total	GR
SFY-2019 Major Budget Items		
<p>Advancing MMIS Technology</p> <p>Funding Medicaid Management Information System (MMIS) system changes necessary for Medicaid reform; additional contracted pharmacy call center staff; additional state staffing (7 FTE) which will be designated to work on the procurement and system implementations; Federal match rate changes on current contracts moved to the Contract Extension NDI</p>	\$0.5	\$0.2
<p>Premium Payments Increase</p> <p>Funding for the increase in Medicare Part A and Part B premiums.</p>	\$9.1	\$3.0

SFY-2019 TAFP Budget

TAFP

(in millions)

	Total	GR
SFY-2019 Major Budget Items		
Health Home Expansion Funding expansion of the Primary Care Health Home (PCHH) initiative in Missouri by up to 5,000 new participants.	\$5.4	\$0.7
Medicare Parity for Maternal-Fetal Medicine Funding provides Medicare parity payments for primary care physicians relating to maternal-fetal medicine, neonatology, and pediatric cardiology.	\$4.2	\$1.5
Third Party Liability Contract Increase Funding the cost of increased collections for the fee-for-service population.	\$2.5	\$0.0

SFY-2019 TAFP Budget

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TAFP

(in millions)

SFY-2019 Major Budget Items	Total	GR
	<p>MMIS Contract Extension Funding to extend contracts for development, operation, and support of the MO HealthNet technology infrastructure. Federal match rate changes on current contracts.</p> <p>Electronic Visit Verification (EVV) Funding to comply with the 21st Century CURES Act designed to improve the quality of care provided to individuals through enhanced quality control, through obtaining data for research and action, and is designed to strengthen mental health parity. Section 12006 of the CURES Act requires states to implement an Electronic Visit Verification (EVV) system for Personal Care services (PC) by 01/01/2019 and for Home Health Care Services (HH) by 01/01/2023. (Public Law 114-255).</p>	<p>\$4.3</p> <p>\$0.7</p>

SFY-2019 TAFP Budget

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TAFP

(in millions)

SFY-2019 Major Budget Items	Total	GR
	New Items in TAFP:	
Provider Rate Increases:		
• Physician Services – restore 1.5% rate reduction	\$1.70	\$1.70
• Dental – restore 1.5% rate reduction	\$0.09	\$0.09
• Home Health – restore 1.5% rate reduction	\$0.09	\$0.03
• Rehab and Specialty – restore 1.5% rate reduction	\$0.73	\$0.73
• Complex Rehab – restore 1.5% rate reduction	\$0.16	\$0.06
• Nursing Facilities – \$8.30 per day increase	\$72.19	\$25.12

SFY-2019 TAFP Budget

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TAFP

(in millions)

	Total	GR
SFY-2019 Major Budget Items		
New Items in TAFP:		
Community Health Access Program (CHAPS) Funds a new procedure code which would reimburse paramedics for providing treatment on-site	\$1.4	\$0.5
Extended Postpartum Care SUD Funding to extend services for up to twelve months to women with substance use disorders.	\$1.4	\$0.5
Trauma Treatment for Children Funding for case management fee to support evidence-based, limited duration mental health treatments to children who have experienced trauma.	\$1.3	\$0.5

SFY-2019 TAFP Budget

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TAFP

(in millions)

	Total	GR
SFY-2019 Major Budget Items		
New Items in TAFP:		
Fee-For-Service Supplemental Payment Funding for supplemental payments to Tier 1 Safety Net Providers	\$2.0	\$0.0
Managed Care Supplemental Payment Funding for supplemental payments to Tier 1 Safety Net Hospitals for physician and other healthcare professional services	\$24.4	\$0.0

SFY-2019 TAFP Budget

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TAFP

(in millions)

	Total	GR
SFY-2019 Major Budget Items		
Administration items added:		
Pay Plan	\$0.09	\$0.02
MHD Director Salary Adjustment	\$0.05	\$0.03
Managed Care FRA Implementation Staff	\$0.04	\$0.02
Funding items added:		
CHIP Fund Switch	\$81.2	\$0.0
E&E Reallocation from Program Lines to MHD MMIS and Admin	\$29.0	\$17.3

Revenue Update

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- SFY 2018 Consensus Revenue Estimate
 - 3.8% Growth - \$9,398B
- SFY 2018 Revised Consensus Revenue Estimate
 - 1.9% Growth - \$9,188.9B
- SFY 2019 Consensus Revenue Estimate
 - 2.5% Growth - \$9,418.2B
- SFY 2018 Actual Revenue Growth –April Collections
 - Increased 2.1% for the year, from \$7.64B to \$7.80B

Managed Care Follow Up

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Preliminary Medicaid Cost Comparison of Managed Care (MC) Eligible Population

	Post Statewide MC	Pre-Statewide MC
	Oct-Dec SFY 2018	Oct-Dec SFY 2017
Total MO HealthNet Expended-Less Pharmacy and Mental Health Large Eligibility Group Custodial Parent, Pregnant Women and Children (Source: State Fiscal Year 2017 and 2018 Monthly Management Reports for Oct-Dec, Table 23)	\$ 647,115,725.50	\$ 577,089,582.10
Total Participants	737,294	756,665
Less: Fee-For-Service Claims Run Out Associated with MC extension	\$ 4,560,845.17	
Less: Hospital FRA Full Medicaid Pricing	\$ 118,827,291.34	
Less: Delayed May 2017 MC Contract Payment	\$ 14,045,538.95	
Less: Total	\$ 137,433,675.46	
Add: Delivery (KICK) and Very Low Birthweight (NICU) payments	\$ 105,700,599.08	\$ 61,919,266.68
Add: Affordable Care Act Health Insurer Fee (to be paid in SFY 2019)	\$ 15,782,667.25	\$ 12,466,074.71
Add: Total	\$ 121,483,266.33	\$ 74,385,341.39
PMPM	\$ 285.35	\$ 286.99

Managed Care Follow Up

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Preliminary Medicaid Cost Comparison of Managed Care (MC) Eligible Population

Pre-Statewide MC Implementation (Oct-Dec 2017): \$286.99 PMPM

Post Statewide MC Implementation (Oct-Dec 2018): \$285.35 PMPM

Next Steps



- Establish Financial and Quality Baselines for Future Analysis
- Rapid Transformation Contract to Review