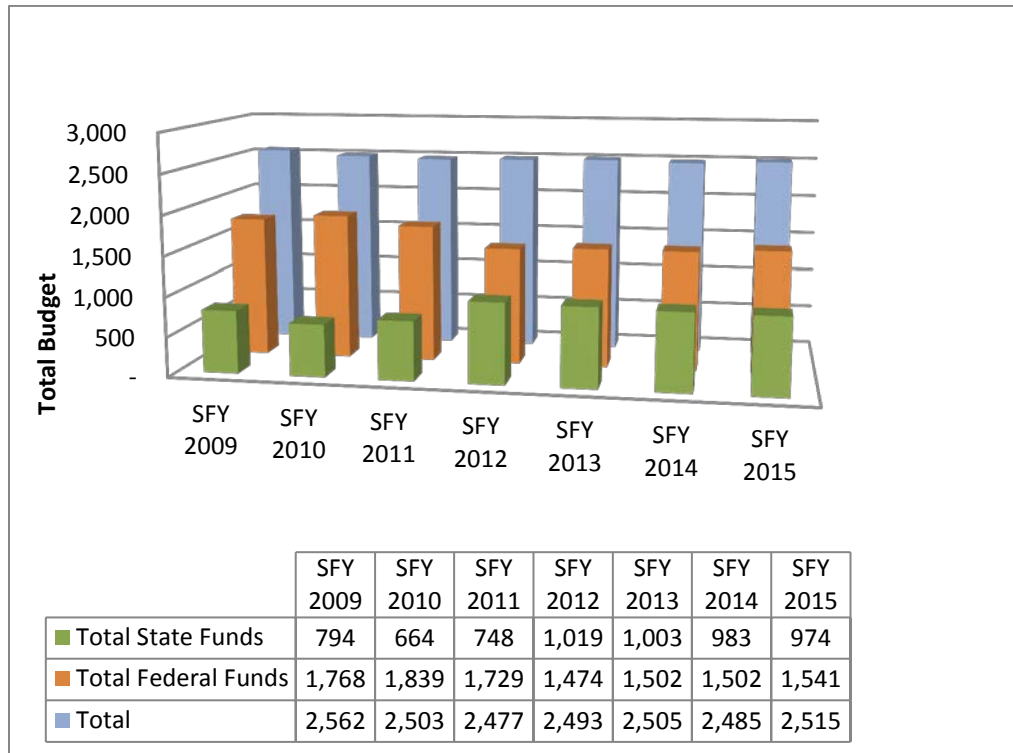


# MaineCare Expenditure History and Projected Spending (Dollars in Millions)



*Maine continues to be challenged by the loss of federal funding – a total of \$633 million decrease over three years.*

## A Snapshot of Medicaid’s Fiscal Realities

- Nationally, state spending on Medicaid exceeds funding for K-12 education, and, in the last decade, Medicaid spending has outpaced education at a rate of two to one.
- Maine’s challenges are intensified and exacerbated by the generosity of its welfare programs.
- As we stand at the edge of the federal fiscal cliff, the federal government has refused to allow Maine the flexibility to manage its Medicaid program.
- In the biennial budget alone, the reduction in federal matching funds creates a \$40 million challenge.
- DHHS’ financial needs continue to hinder the funding of other important programs across state government.

## **DHHS SFY 13 Supplemental**

### **The MaineCare Shortfall**

•MaineCare will require \$87 million in supplemental funding to meet payment obligations through the end of State Fiscal Year 13.

### **Factors Impacting the Need for Funding**

#### **Cost Shifting to the States**

- Since 2010, overall MaineCare expenditures have been virtually flat, but General Fund expenditures have increased by 65 percent to offset the loss of over \$600 million in Federal stimulus funding (\$162 million in 2009; \$272 million in 2010 and \$199 million in 2011).
- In addition, the federal match rate has consistently dropped – from 74.73 percent in 2010 to 62.57 percent in 2013.

#### **Higher Cycle Payments and Other Factors**

- Projects approximately \$54 million in expenses over what was budgeted initially in MaineCare.
- In addition, the lack of federal approval on legislatively approved changes in Medicaid and other savings were not fully realized.

Even with supplemental funding approval, total General Fund expenditures in MaineCare are projected to be about \$30 million less than in FY12

## **DHHS FY 13 Supplemental Initiatives**

### **Funding Priorities**

- \$4.2 million in additional funding to address the 25 percent increase in children in the foster care assistance program.
- \$2 million in funding for mental health services for individuals not eligible for MaineCare, in conformance with the consent decree. The services funded include Community Integration, Assertive Community Treatment, Daily Living Support, Medication Management, and WRAP. This funding complements other funds provided for Bridging and Rental Assistance Programs to facilitate safe and supportive housing for consumers.

### **Savings Initiatives**

#### **Eliminate Funding for Medically Needy Individuals in a Spend-Down Category**

These individuals reside in certain Private Non-Medical Institutions who do not have enough monthly income to pay the private rate of the facility. These individuals have income over 100 percent of the federal poverty level (\$931) and are under the asset limit of \$2,000.

- The department currently uses all state dollars to fund their medical costs until they meet their deductible and become eligible for MaineCare.
- This initiative will grandfather current members; we will not be allowing new members into the eligibility group.

**Savings:** \$232,000

### **Eliminate the State-Funded Drug Program**

Eliminates the Drugs for the Elderly program which covers co-payments, Medicare Part D premiums, out-of-pocket costs, known as the donut hole, and the cost of excluded drugs. This program is 100 percent state funded.

**Savings:** \$1.75 million

### **Increase Care Management**

20 percent of MaineCare members account for 87 percent of the cost, and the top 5 percent account for 54 percent of the cost. Initiatives already under way assure appropriate services are provided in the proper settings and will expand with high utilizers, leading to intensive care management and savings.

**Savings:** \$160,000

### **Reduce Reimbursement Rates for Critical Access Hospitals**

Reduce reimbursement to Critical Access Hospitals from 109 percent of actual costs to 101 percent. This aligns with Medicare's current reimbursement of 101 percent.

**Savings:** \$612,000

### **Rate Reduction in Section 45, Hospital Outpatient Services**

Reduce reimbursement for hospital outpatient services by 10 percent.

**Savings:** \$1.2 million

### **Manage to a \$10.1 Million Cap in General Assistance**

## **DHHS FY 14-15 Initiatives**

### **Funding Priorities**

#### **Funding Growth**

A 3.5 percent funding increase is included each year to account for growth in payments to providers. In comparison, the national annual average for growth is projected to be around 6 percent. (CMS Trend Report)

**Funding:** FY14: \$13.1 million FY 15: \$33 million

#### **Mental Health Consent Decree**

Funding for mental health services for individuals not eligible for MaineCare in conformance with the Bates vs. Harvey Consent Decree. The services funded include Community Integration, Assertive Community Treatment, Daily Living Support, Medication Management, and WRAP. This funding works complimentary to the additional funds provided for Bridging and Rental Assistance Programs to facilitate safe and supportive housing for consumers.

**Funding:** FY14: \$2 million

#### **Wait Lists – Developmentally Disabled**

Funding to reduce wait lists for individuals with intellectual disabilities and Autism. These are home and community based services and supports provided under the Section 21 Waiver.

**Funding:** FY14: \$3.3 million FY15: \$3.4 million

**Taken off the wait list:** 85 people

## **Welfare Reform**

### **Reduce Medicare Savings Plan to Federal Minimums and Eliminate Crossover Payments**

Maine is currently one of two states that provide coverage above the federal minimum. Recently, the federal government allowed a reduction in services by 10 percent.

**Savings: FY 14: \$11.7 million    FY15: 12.1 million**

### **Limit Those Eligible for Medicaid and Medicare to Receive Services from Licensed Clinical Social Workers (LCSW)**

This initiative aligns with Medicare, which only reimburses LCSWs for Behavioral Health Services. Medicare does not reimburse for Licensed Clinical Professional Counselors (LCPCs) or Licensed Marriage and Family Therapists (LMFTs).

**Savings: FY14: \$3.3 million    FY15: \$3.3 million**

### **Eliminate the State Funded Drug Program**

Eliminate the Drugs for the Elderly program which covers co-payments, Medicare Part D premiums, out-of-pocket costs known as the donut hole and the cost of excluded drugs.

**Savings: FY14: \$7 million    FY15: \$7 million**

### **Manage to a \$10.1 Million Cap in General Assistance**

Establish changes in the General Assistance Program that will reduce costs, including standardized bed-night rates, standardized reimbursement to municipalities at 50 percent and exclusion of benefits provided to people who are not eligible for TANF due to the 60-month time limit.

**Savings: FY14: \$3.1 million    FY15: \$3.6 million**

### **Eliminate Cash Assistance for Legal Non-Citizens**

Discontinue the state-funded cash assistance to elderly/blind/disabled legal non-citizens who are not entitled to Social Security Income (SSI) benefits.

**Savings: FY 14: \$552,000    FY15: \$740,000**

## **Payment Reform**

### **Align Hospital Taxation with Nursing Facilities**

Rebase the hospital tax annually to mirror existing practice with Nursing Facilities.

**Revenue Increase: FY 14: \$13.1 million    FY15: \$17.8 million**

### **Reduce Reimbursement to Critical Access Hospitals**

Carry forward the change proposed in FY 13 Supplemental to reimburse Critical Access Hospitals at 101 percent of actual costs vs. 109 percent.

**Savings: FY14: \$2.4 million    FY15: \$2.4 million**

## **Cost Reduction**

### **Increase Care Management**

20 percent of MaineCare members account for 87 percent of the cost, and the top 5 percent account for 54 percent of the cost. Initiatives already under way will expand, with all providing intensive care management of high utilizers to reduce cost.

**Savings: FY14: \$6.5 million    FY15: Projected Biennial Savings: \$15.6 million**