

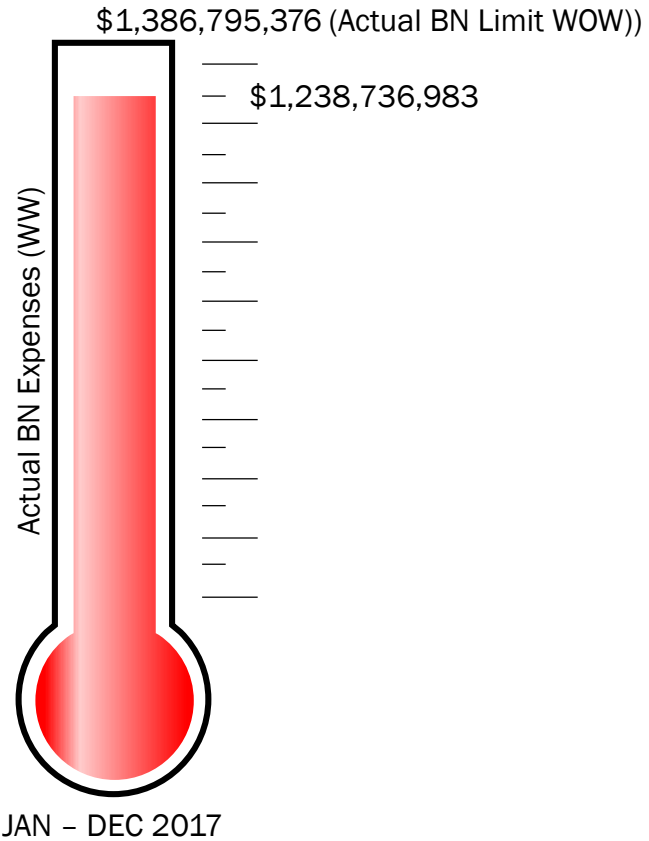
Bottom Line: 1115 Waivers and Budget Neutrality

- Situation
 - New rules govern our 1115 waiver
- Complications
 1. We have to pay attention to the new rules
 2. There is no additional money
 3. We have to manage to the cap
- Recommendations
 - Analyze every Medicaid policy decision against the cap – including investments
 - Each investment pushes us closer to the budget neutrality cap and needs to be examined carefully

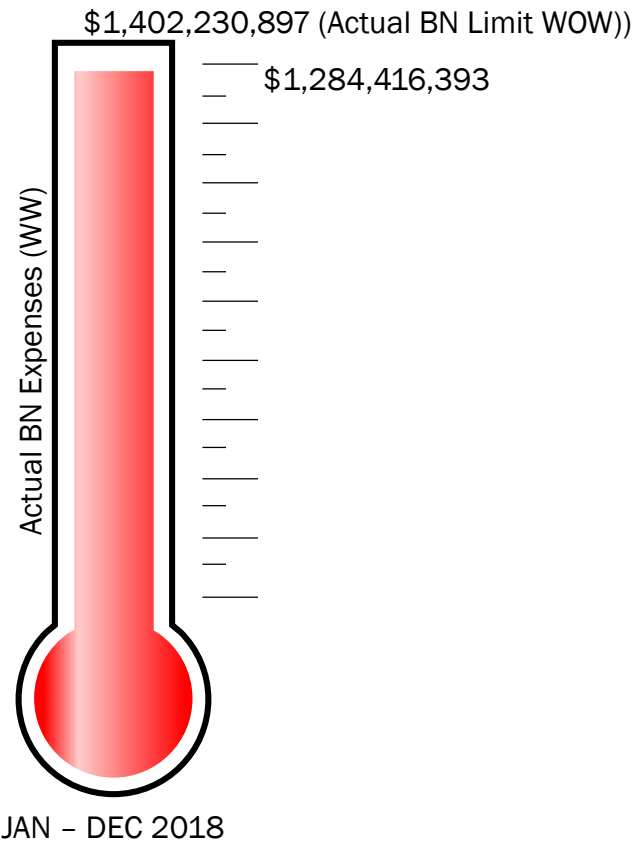
The 1115 Waiver Sets How Budget Neutrality is Calculated

- Longstanding CMS policy requires that Medicaid Section 1115(a) demonstrations be budget neutral to the federal government; meaning that federal Medicaid expenditures for a state cannot be allowed to exceed what would have occurred without the waiver.
- The “without waiver” budget ceiling is calculated using a CMS and State agreed upon methodology with growth trends that estimate what the cost of Medicaid services would be absent the demonstration.
- For a waiver to be budget neutral, actual Medicaid service expenditures – plus the cost of any expenditure authorities authorized under the demonstration – cannot be greater than the projected “without waiver” expenditures.

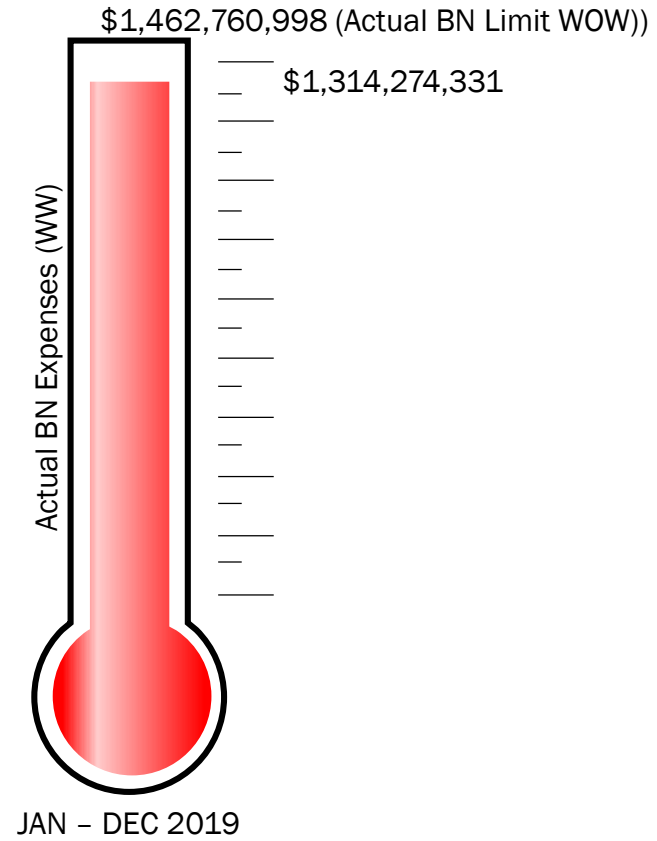
Budget Neutrality



(Difference) Savings:
\$148,058,394 or 11%



(Difference) Savings:
\$117,814,504 or 8%



(Difference) Savings:
\$148,486,667 or 10%

Investments Summary

- Within the Budget Neutrality limit is a sub-limit for Investment spending
- Amounts cannot be rolled over from DY to DY
- Accounts for the following known changes:
 - Brattleboro Retreat rate increase
 - Brattleboro additional bed capacity
 - Delivery System Reform Investments
 - SUD IMD expenses to be claimed as GC Program
- Still negotiating % of Mental Health IMD phasedown in CY2021 (assumes 5% beginning in CY2021)
- *See detailed Investment slide*

	CY2017	CY2018	CY2019	CY2020	CY2021
Annual Investment Limit	\$ 142,500,000	\$ 148,500,000	\$ 138,500,000	\$ 136,500,000	\$ 136,500,000
Projected Spending	\$ 142,332,671	\$ 148,463,641	\$ 136,120,097	\$ 131,673,381	\$ 124,288,994
Balance	\$ 167,329	\$ 36,359	\$ 2,379,903	\$ 4,826,619	\$ 12,211,006