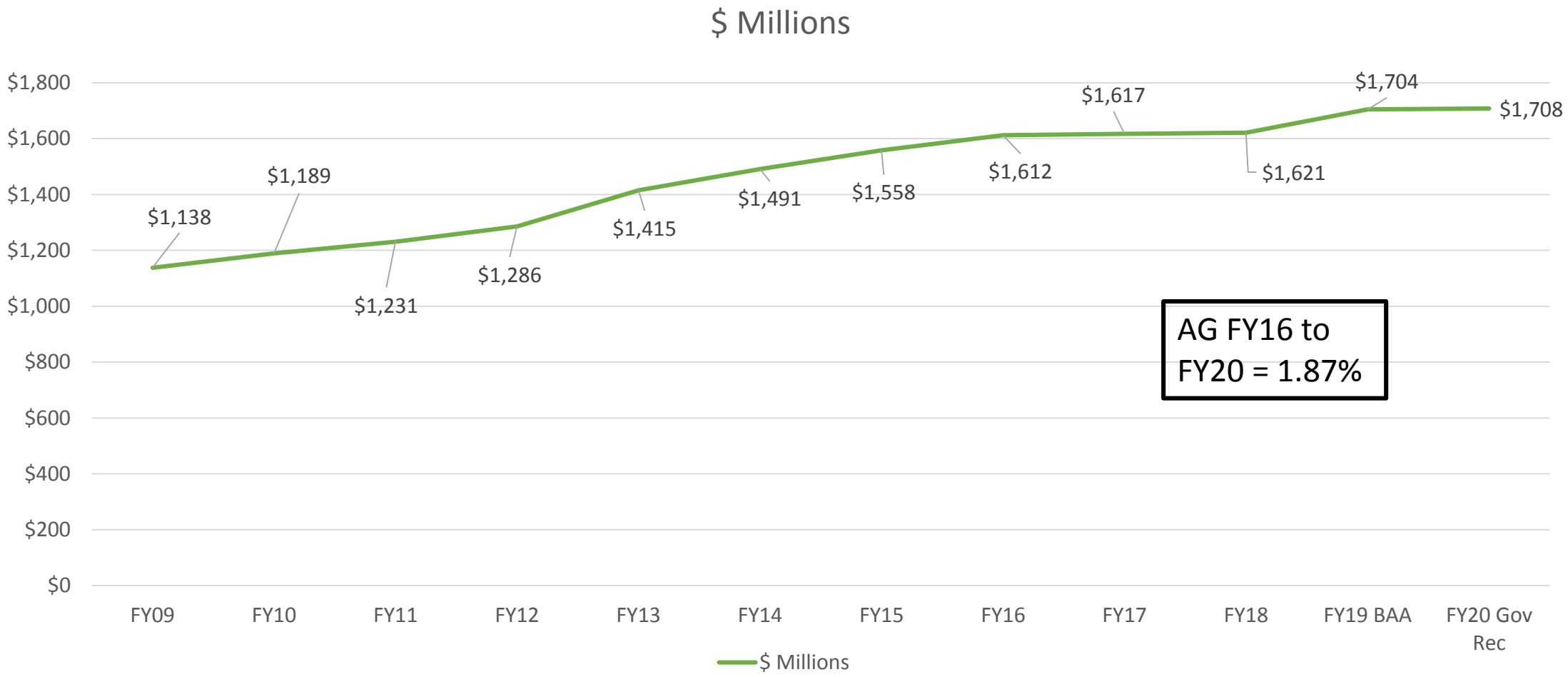
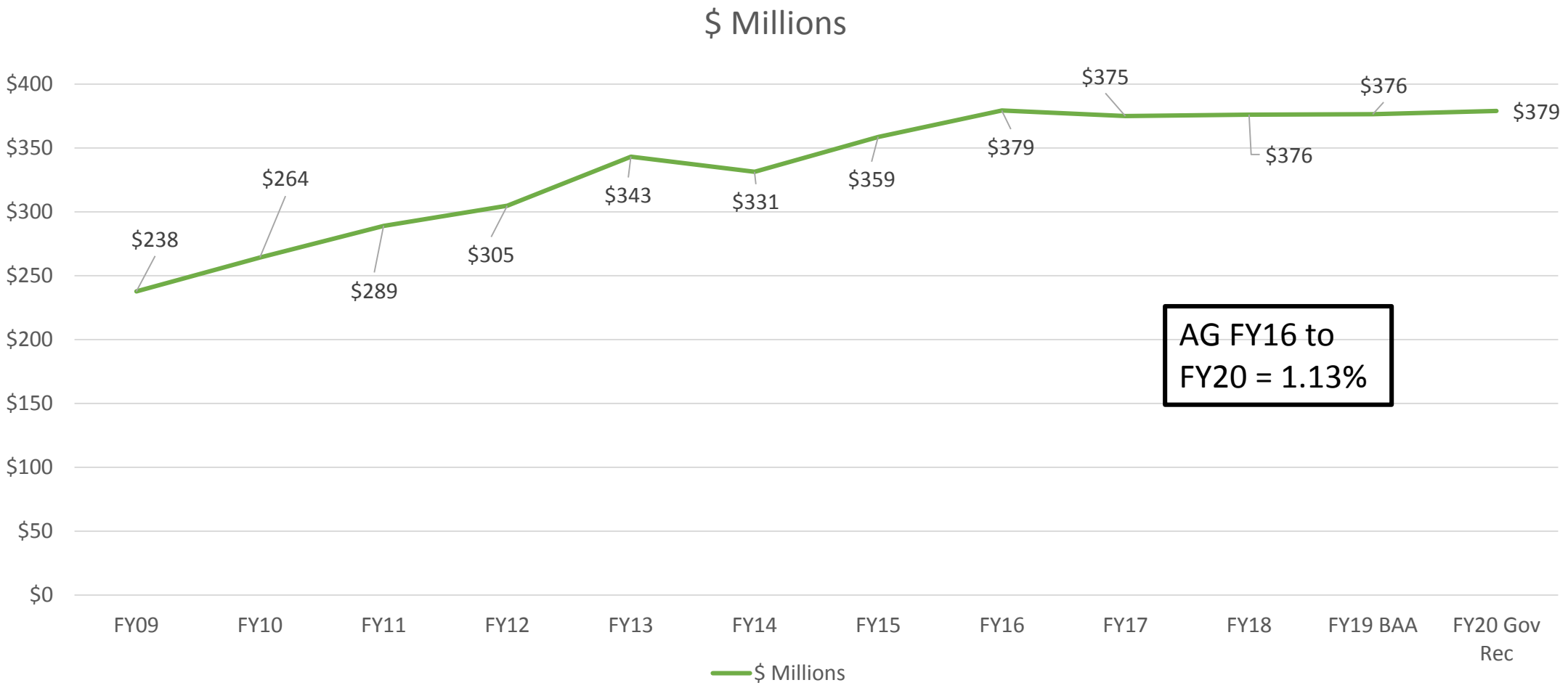
Medicaid Spending



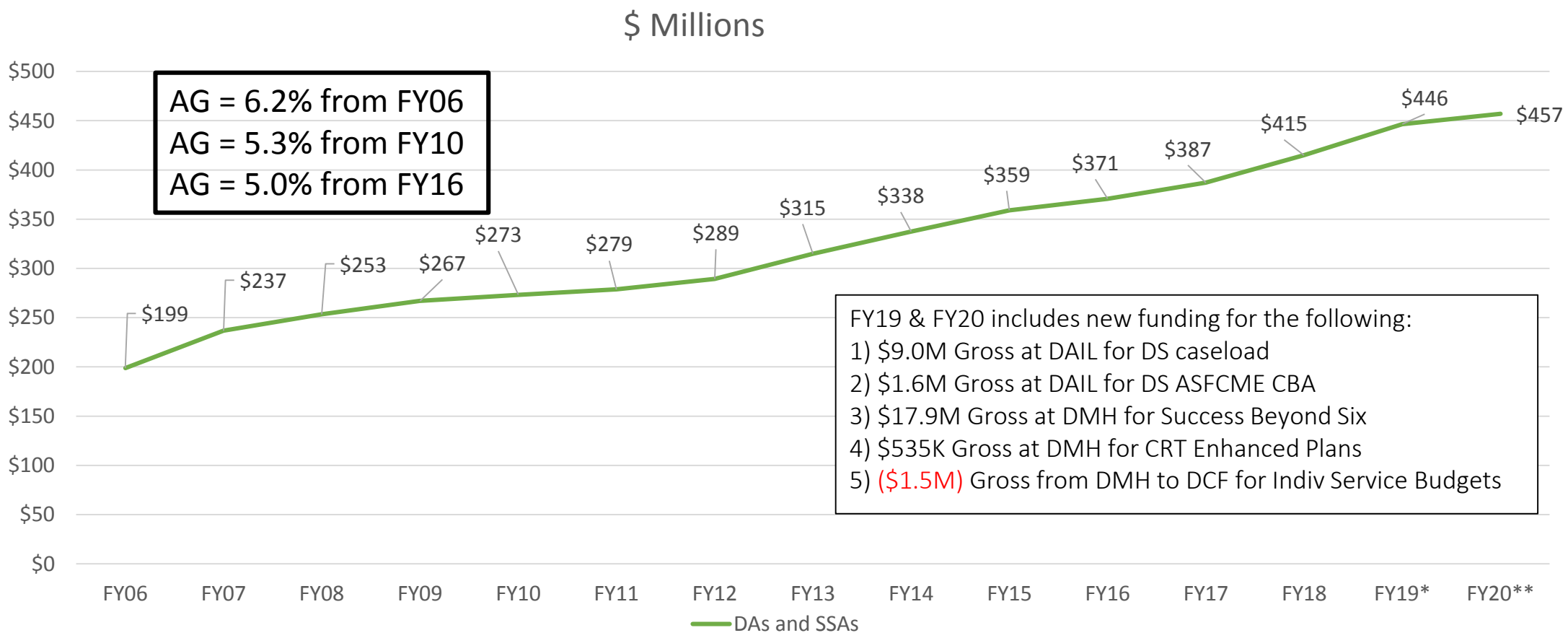
Includes Global Commitment, State Only Programs, DSH, Clawback and SCHIP.

Acute Care Spending



Inpatient, Outpatient and Physician categories of service (including ACO pmpm); source MMIS claims

AHS Funding for DAs and SSAs



Data Source: E-fins and AHS ups & downs. * **FY19 amount reflects BAA.**
**FY20 amount reflects current proposed AHS budget.

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

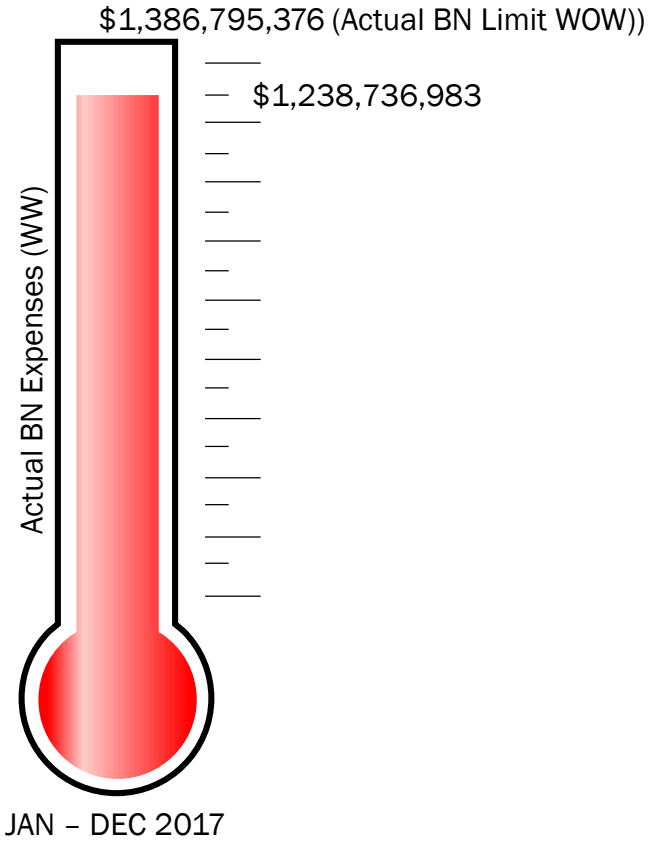
The 1115 Waiver Sets How Budget Neutrality is Calculated

- 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.

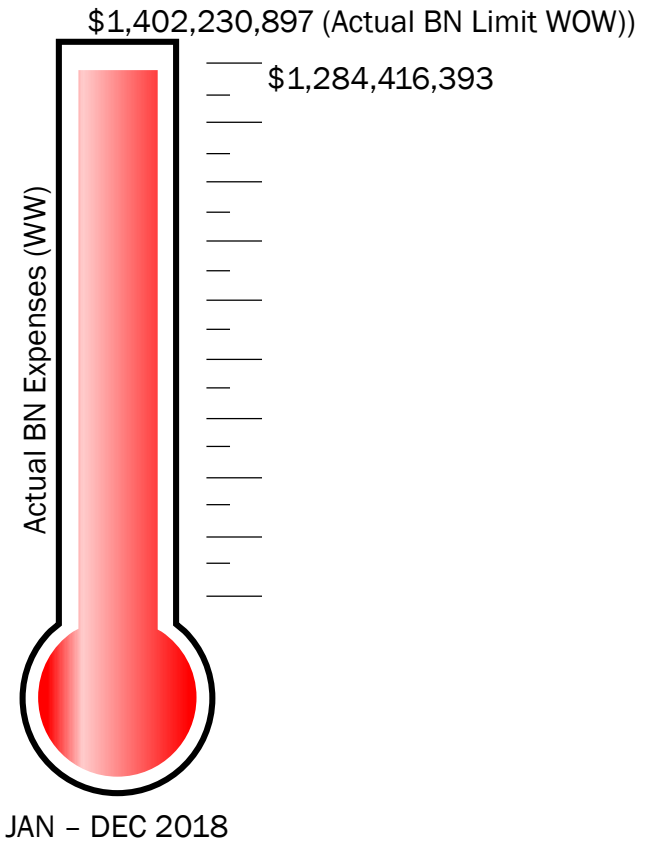
- The “without waiver” budget ceiling is calculated using a CMS and State agreed upon methodology with growth trends that estimate what the cost of Medicaid services would be absent the demonstration.

- 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.

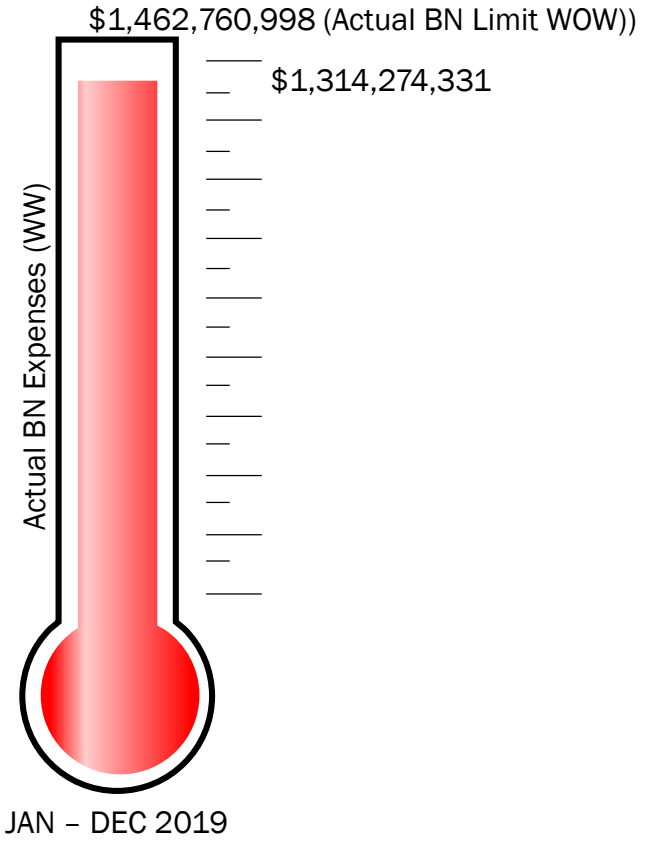
Budget Neutrality



(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

The Problem for Policymakers has Changed from Finding State Match to Managing to the Cap

- The problem to solve has changed:
  - Old 1115 Waiver created plenty of room for spending *if you could find state dollars to get ffp*
  - *New waiver has very little room for spending and leaders need to be mindful of the cap in all decisions*
- We expect this pressure to continue:
  - The next renewal period at the end of CY2021, the GC WOW pmpm rates will be rebased for CY2022-2026
  - The same methodology will apply – MEG pmpm at either the trend rate based on the last 5 demonstration years (2016-2020), or the trend rate based on the President's budget, whichever rate is lower between the two scenarios
  - This could reduce the amount available for Investments, expansion services, and the State's ability to deal with price pressures