

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

State Medicaid Waivers Give States Flexibility and Financial Support in Exchange for Budget Neutrality and/or Savings

- Why does Vermont have a Waiver?
 - Medicaid is traditionally limited to what is approved by CMS in the Medicaid State Plan – mandatory and optional populations and services. Federal financial participation (ffp) is automatically guaranteed.
 - A Waiver can be granted to seek ffp for populations and services that are not authorized under the State Plan (i.e. Investments, Marketplace subsidy, CRT (133-185 federal poverty limit), Global Rx)
- When the GC Waiver was extended at the end of CY 2016, CMS implemented a new Budget Neutrality framework with the goals of:
 - Strengthening fiscal accountability with States
 - Preventing the federal government's exposure to excessive expenditures under an 1115 demonstration

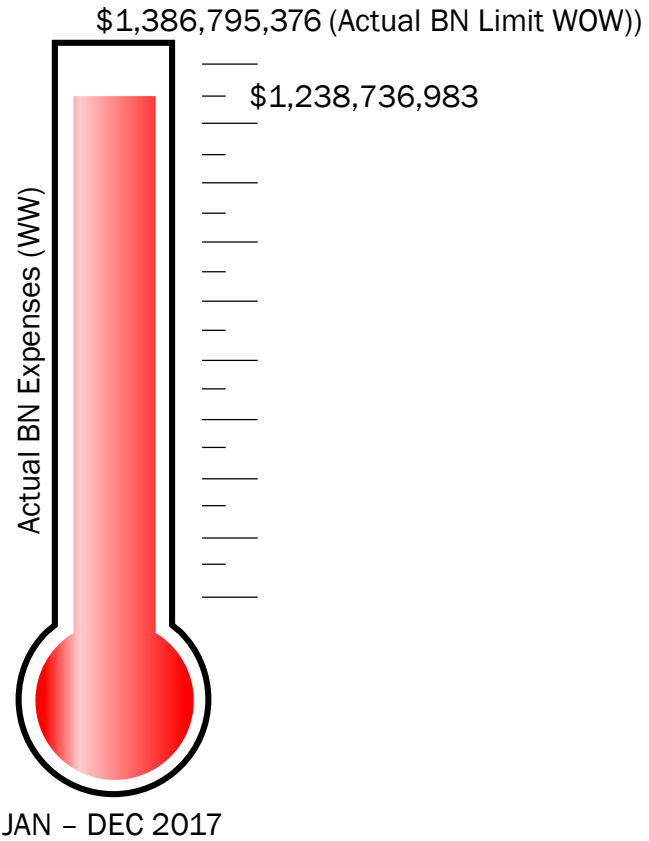
The 1115 Waiver Sets How Budget Neutrality is Calculated

- 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.

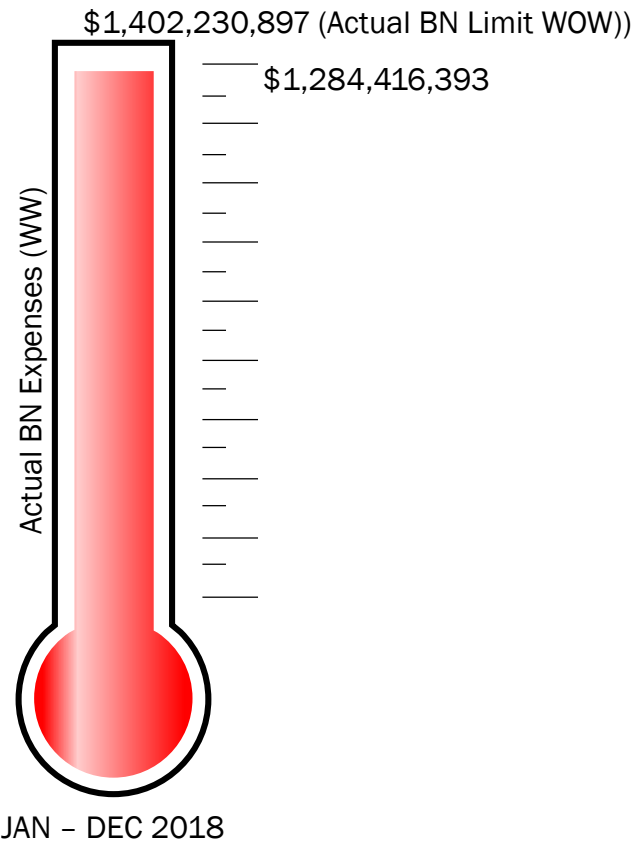
The New Cap is Real and We are Approaching it

- Enrollment (member months) declining (reducing the limit for GC spending)
 - Original CY 2017 enrollment forecast 1,577,559 member months
 - Actual CY 2017 enrollment 1,267,529 member months
- Enrollment mix changed with re-determinations
 - ABD Adults were re-determined as New Adults (quicker eligibility determination process)
 - Existing New Adults were deemed ineligible
 - Cannot accrue budget neutrality savings for New Adults
- **Actual GC expenses are approaching the ceiling – Why?**
 - Increased utilization (DS caseload, Success Beyond Six)
 - Rate increases (DHMC, Brattleboro Retreat, DA wages)
 - New services (i.e., Nasal Endoscopy, Colorectal Cancer Screening, additional Cystic Fibrosis test)

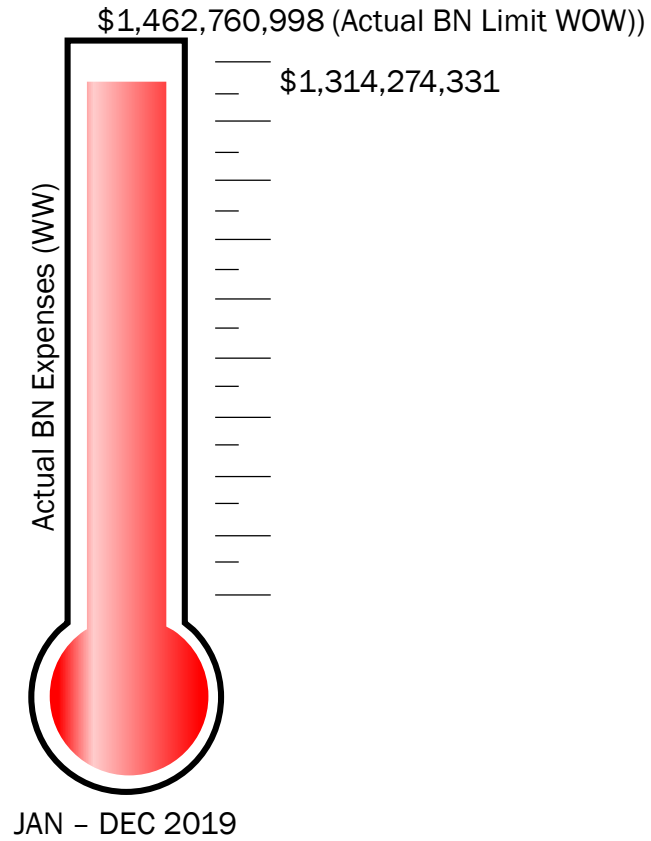
Budget Neutrality



(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

Investment Expenditures

Department	Investment Description	CY 2017 Total	CY 2018 Total	
AHSCO	Investments (STC-79) - 2-1-1 Grant (41)	453,000	452,651	
AHSCO	Investments (STC-79) - Designated Agency Underinsured Services (54)	6,527,675	4,994,014	
DCF	Investments (STC-79) - Residential Care for Youth/Substitute Care (1)	9,419,725	9,151,661	*
DCF	Investments (STC-79) - Lund Home (2)	2,832,952	2,188,170	*
DCF	Investments (STC-79) - Challenges for Change: DCF (9)	168,041	252,224	* R&B portion only
DCF	Investments (STC-79) - Strengthening Families (26)	752,205	906,600	
DCF	Investments (STC-79) - Prevent Child Abuse Vermont: Shaken Baby (33)	-	-	
DCF	Investments (STC-79) - Prevent Child Abuse Vermont: Nurturing Parent (34)	107,638	157,150	
DCF	Investments (STC-79) - Building Bright Futures (35)	644,232	523,999	
DCF	Investments (STC-79) - Medical Services (55)	90,734	62,197	
DCF	Investments (STC-79) - Aid to the Aged, Blind and Disabled CCL Level III (56)	2,878,482	128,702	
DCF	Investments (STC-79) - Aid to the Aged, Blind and Disabled Res Care Level III (57)	43,529	-	
DCF	Investments (STC-79) - Aid to the Aged, Blind and Disabled Res Care Level IV (58)	105,594	-	
DCF	Investments (STC-79) - Essential Person Program (59)	985,864	890,722	
DCF	Investments (STC-79) - GA Medical Expenses (60)	228,808	288,935	
DCF	Investments (STC-79) - Therapeutic Child Care (61)	751,377	845,726	
DCF	Investments (STC-79) - Lamoille Valley Community Justice Project (62)	217,500	148,006	
DDAIL	Investments (STC-79) - Flexible Family/Respite Funding (27)	1,661,766	1,507,707	
DDAIL	Investments (STC-79) - Quality Review of Home Health Agencies (42)	1,838	-	
DDAIL	Investments (STC-79) - Support and Services at Home (SASH) (43)	1,329,942	894,571	
DDAIL	Investments (STC-79) - Mobility Training/Other Svcs.-Elderly Visually Impaired (63)	240,568	304,924	
DDAIL	Investments (STC-79) - DS Special Payments for Medical Services (64)	1,178,321	2,119,241	
DDAIL	Investments (STC-79) - Seriously Functionally Impaired: DAIL (65)	78,350	69,767	
DDAIL	Investments (STC-79) - HomeSharing (77)	345,440	295,650	
DDAIL	Investments (STC-79) - Self-Neglect Initiative (78)	279,353	169,125	
DMH	Investments (STC-79) - Institution for Mental Disease Services: DMH (3) - VPCH	21,901,454	22,844,092	*
DMH	Investments (STC-79) - Institution for Mental Disease Services: DMH (3) - BR	4,662,343	7,675,766	*
DMH	Investments (STC-79) - Mental Health Children's Community Services (12)	4,664,517	4,610,180	* R&B portion only
DMH	Investments (STC-79) - Acute Psychiatric Inpatient Services (13)	2,443,202	3,231,717	
DMH	Investments (STC-79) - Mental Health CRT Community Support Services (16)	7,763,839	12,778,722	* R&B portion only
DMH	Investments (STC-79) - Emergency Support Fund (22)	1,019,474	960,011	
DMH	Investments (STC-79) - Special Payments for Treatment Plan Services (28)	133,469	145,915	
DMH	Investments (STC-79) - Emergency Mental Health for Children and Adults (29)	11,889,380	8,818,795	
DMH	Investments (STC-79) - MH Outpatient Services for Adults (66)	2,788,792	2,853,885	
DMH	Investments (STC-79) - Respite Services for Youth with SED and their Families (67)	1,209,008	1,115,076	
DMH	Investments (STC-79) - Seriously Functionally Impaired: DMH (68)	67,926	31,119	
DMH	Investments (STC-79) - Mental Health Consumer Support Programs (79)	425,138	460,951	
DOC	Return House	447,823	485,111	* R&B portion only
DOC	Northern Lights	410,761	393,752	* R&B portion only
DOC	Pathways to Housing	849,395	1,033,609	* R&B portion only
DOC	St. Albans and United Counseling Service Transitional Housing (Challenges for Change)	559,128	623,493	* R&B portion only
DOC	Northeast Kingdom Community Action	140,673	-	
DOC	Community Rehabilitative Care	2,107,233	3,550,996	
DOC	Intensive Sexual Abuse Program	10,320	10,730	
DVHA	Investments (STC-79) - Institution for Mental Disease Services: DVHA (7)	8,083,185	8,477,700	*
DVHA	Investments (STC-79) - Vermont Information Technology Leaders/HIT/HIE/HCR (8)	3,795,851	1,967,073	*
DVHA	Investments (STC-79) - Patient Safety Net Services (18)	289,640	132,130	
DVHA	Investments (STC-79) - Vermont Blueprint for Health (51)	2,762,313	3,229,706	
DVHA	Investments (STC-79) - Buy-In (52)	28,944	42,937	
DVHA	Investments (STC-79) - HIV Drug Coverage (53)	5,779	2,675	
DVHA	Investments (STC-79) - Family Supports (72)	6,362	-	
DVHA	DSR Investment (STC-83) - One Care VT ACO Quality & Health Management (81)		2,457,000	
DVHA	DSR Investment (STC-83) - One Care VT ACO Advanced Community Care Coordination (82)		3,942,503	
GMCB	Green Mountain Care Board	2,179,615	2,058,169	
UVM	Vermont Physician Training	4,046,216	3,712,716	*
VAAFM	Agriculture Public Health Initiatives	51,502	-	
VDH	Investments (STC-79) - Recovery Centers (17)	1,554,330	1,541,082	

Department	Investment Description	CY 2017 Total	CY 2018 Total	* Subject to phasedown
VDH	Investments (STC-79) - Emergency Medical Services (19)	652,097	727,836	
VDH	Investments (STC-79) - Area Health Education Centers (AHEC) (21)	428,300	662,600	
VDH	Investments (STC-79) - Public Inebriate Services, C for C (23)	1,245,949	1,073,127	
VDH	Investments (STC-79) - Physician/Dentist Loan Repayment Program (25)	550,111	767,111	
VDH	Investments (STC-79) - Substance Use Disorder Treatment (30)	8,137,762	4,904,668	
VDH	Investments (STC-79) - Health Laboratory (31)	3,335,520	3,223,915	
VDH	Investments (STC-79) - WIC Coverage (37)	2,617,237	3,728,042	
VDH	Investments (STC-79) - Fluoride Treatment (38)	67,030	63,370	
VDH	Investments (STC-79) - Health Research and Statistics (39)	1,395,866	1,441,917	
VDH	Investments (STC-79) - Epidemiology (40)	1,017,869	996,717	
VDH	Investments (STC-79) - VT Blueprint for Health (44)	1,130,499	1,513,916	
VDH	Investments (STC-79) - Enhanced Immunization (46)	238,749	222,803	
VDH	Investments (STC-79) - Patient Safety - Adverse Events (47)	34,157	38,244	
VDH	Investments (STC-79) - Poison Control (48)	107,491	141,260	
VDH	Investments (STC-79) - Healthy Homes and Lead Poisoning Prevention Program (49)	263,053	290,118	
VDH	Investments (STC-79) - Tobacco Cessation: Community Coalitions (50)	670,304	1,267,337	
VDH	Investments (STC-79) - Renal Disease (73)	6,750	-	
VDH	Investments (STC-79) - TB Medical Services (74)	140,826	110,546	
VDH	Investments (STC-79) - Family Planning (75)	1,483,612	1,341,300	
VDH	Investments (STC-79) - Statewide Tobacco Cessation (76)	257,507	-	
VSC	Health Professional Training	409,461	409,461	
VVH	Vermont Veterans Home	521,972	-	
		142,332,671	148,463,641	