**Department of Health and Mental Hygiene**

**Medical Care Program Administration**

**M00Q.00**

**Response to Issues**

***Page 13: DLS recommends the adoption of narrative requesting that DHMH refine its value-based purchasing program for calendar 2015 to prevent MCOs that pay more in penalties than they earn in incentives from participation in bonus payments based on highest normalized scores.***

**Response:**

The Department agrees to study the current methodology and make a recommendation by October 2014.

***Page 23: As noted in earlier analyses of DHMH provider rates, DLS has recommended the following language so that all mid-year rate-adjustments are adjusted so that the rates are increased July 1, 2014, by whatever amount the available funding supports:***

***Provided that any funding included in the fiscal 2015 Department of Health and Mental Hygiene budget for provider rate increases shall be used to fund the level of rate increase that is supportable with that funding on a twelve-month basis effective July 1, 2014. Further provided that this restriction does not apply to any calendar 2015 rate increase for managed care organizations (MCO).***

**Response:**

Rate increases proposed to become effective January 1, 2015 (2.5% for medical day care and private duty nursing services, 1.725% for nursing facility services) should be adopted as proposed by the Governor.

For nursing facility services, reducing the rate increase to 0.8625% provides insufficient cushion for providers that may receive reduced reimbursement in the transition to a prospective, RUGs-based payment methodology. This would result in a significant number of providers with an effective rate cut in FY 2015.

***Page 29: Implementation of this proposal requires action in the BRFA to temporarily lower the MHIP assessment beyond that currently proposed and to temporarily increase the Medicaid assessment for fiscal 2015 only. DLS will be recommending those actions.***

**Response:**

The Department disagrees with this proposal. MHIP would need to have adequate reserves, and the Department supports the Governor’s budget in this regard, where this fund transfer was not included.

***Page 44 and 45: While recommending that the project proceed, DLS also makes the following additional recommendations:***

* ***Based on anticipated projects delays, a fiscal 2015 general fund reduction of $2,000,000. This recommendation will be made in the DoIT budget analysis.***
* ***The addition of budget bill language requiring DHMH and DoIT to submit a report to the budget committees affirming the successful completion of all system requirements documents and system design documents, the development of an adequate IMS, and revised budget estimates prior to any funding being spent on the development phase in the System Development Life Cycle process.***
* ***Beginning on July 1, 2014, and continuing until the MDERP go-live date, quarterly updates on the MERP in the format used by DoIT for its fiscal year-end major IT development project reports***

***However, given the uncertainty around the current contract, DLS again recommends deleting the early takeover funding from the fiscal 2014 budget.***

**Response:**

The Department responds as follows

* Agrees with the proposed reduction of $2 million in the DoIT budget to support the new MMIS project. , the Department does not concur with this recommendation.
* Regarding the budget language: we are supportive, provided our proposed change in the language is accepted, to reflect the fact that certain deliverables are not due until well into FY 2015, are the appropriation should not be withheld pending the (timely) delivery of those later deliverables.
* Regarding the quarterly updates, the Department agrees.
* Regarding deleting the early takeover funds, the Department agrees.

***Page 65: DLS recommends the release of the restricted funds for a published 2014 budget bill JCR analyzing trends in pediatric restorative dental surgery.***

**Response:**

The Department agrees with the recommendation.