



STATE OF MARYLAND

DHMH

Maryland Department of Health and Mental Hygiene

*Larry Hogan, Governor - Boyd Rutherford, Lt. Governor - Van Mitchell, Secretary*

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MEDICAID ADVISORY COMMITTEE BUDGET UPDATE

4/24/15

The FY 2016 Medicaid Provider Reimbursement budget as proposed by Governor Hogan was reduced by \$32,139,098 in total funds and \$9,852,642 in general funds during the legislative session. The reductions were primarily in eliminating the funding related to the fiscal agent early takeover under the Medicaid Enterprise Restructuring Project (MERP) contract due to the current delay in the program. Other general fund reductions include grant funding to the LHD's (\$250,000), nonemergency transportation (\$500,000), hospital presumptive eligibility (\$135,705) and health homes (\$4M). Outside of provider reimbursements, fiscal 2016 federal fund for MERP was eliminated although DHMH can bring back a piece of that funding by budget amendment if required.

Fiscal 2015 general fund deficiency funding was reduced by \$22 million general funds, although authorization was provided to restore \$2 million in special funds from MHIP. A further \$11 million in Medicaid deficiency funds was restricted for use only by the Departments of Public Safety and Correctional Services and the State Police to meet anticipated fiscal 2015 deficiencies in those agencies.

General funds in the amount of \$38.8M were restricted to restore E & M codes to 92% of Medicare for Medicaid Primary Care Providers and Behavioral Health Psychiatrist; maintain coverage for pregnant women between 185% to 250% of the federal poverty level and expand family planning services for women up to 200% of the federal poverty level; maintain provider rates at the January 8, 2015 level for Behavioral Health Community and Medicaid LTC Community providers; partially offset the budgeted reduction in Nursing Home rates; and, restore the support to Adult Day Care Grants. However, the final decision on whether to make those restorations rests with the Governor. It should be noted that \$26,564,295 in Medicaid funding was restricted along with other funding to support over \$200 million in proposed legislative priorities. That funding falls to fund balance if not used for the proposed restrictive purposes.

Other actions include information requests to provide additional information on the Community First Choice Program and the consolidated Community Options Waiver; review issues related to the potential conversion of Nursing Facilities into continuing care retirement communities; report on patient outcomes for participation in health homes; and, require the submission of a plan to ensure that Managed Care Organizations provide recipients with reasonable access to pharmacy services despite changes in networks.

DHMH will also work with the HSCRC to adopt policies to provide \$16.7 million in general fund savings and special fund revenue to Medicaid resulting from lower uncompensated care. The BRFA also provides funding from the MHIP fund balance for Medicaid to better manage the Medicare-Medicaid dually eligible population, and reduces the Medicaid Deficit Assessment by at least \$25 million beginning in fiscal 2017. This will require additional general fund support in the same amount in Medicaid.