

FY 2018 Medicaid Budget Update

Medicaid Advisory Committee Meeting
September 28, 2017

FY 18 Medicaid Projection

- Overall appropriation - \$11.3 B (TF)
 - \$3.2 B (GF)
 - \$1 B (SF)
 - \$7 B (FF)
- Currently projecting \$11 M GF shortfall for Medicaid Provider Reimbursement, \$15 M GF shortfall for Behavioral Health and a favorable \$4.6 M GF surplus for MCHP
- Average Enrollment Projected to increase by 3%
- CY 2018 MCO Capitation \$5.9 B (TF)
- 8 MCO's participating in CY 2018 with 1 New MCO joining soon. Overall 1% rate increase in CY 2018.

Reductions Approved by BPW 9/2017

- Utilize \$5M of Cigarette Restitution Fund (CRF) available balance to reduce GF need.
- Reduce Hospital Presumptive Eligibility (HPE) funding by \$1M GF because volumes are lower than expected.
- Reduce budget for average length of stay (ALOS) by \$10 M GF for Chronic and Special Pediatric hospital stays due to current utilization review data which indicates a decrease.

Other Cost Containment Ideas

Under consideration for General Fund (GF) savings:

- Applied Behavioral Analysis (ABA) – reduction in budget due to lower volume than expected \$10 M
- Decrease use of lab tests that are not clinically necessary for drug screenings. Require prior authorization for high costs panels and save \$3.4 M
- The Medicaid program no longer pays for observational stays longer than 24 hours. \$.6 M
- Reduce Hospital Presumptive Eligibility for pregnant women (HPE) funding by \$.8 M because volumes are lower than expected.