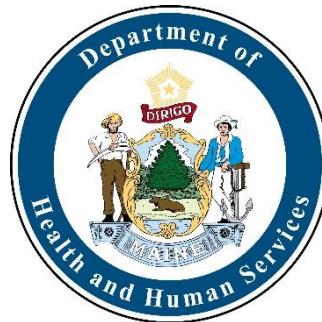


# MaineCare Supplemental Budget Initiatives

**May 12, 2021**



# MaineCare Supplemental Budget Initiatives

- 1. Context**
- 2. New Temporary COVID-19 Supports**
- 3. MaineCare Reform in the Supplemental Budget**
- 4. Original Biennial Budget Initiatives**
- 5. Summary**

# 1. Context

Two years ago, the Mills Administration had **two priorities for MaineCare:**

- **Expand Medicaid:** This option is at least 90% Federally funded. Enrollment was:
  - 0 in December 2018;
  - 44,185 in February 2020;
  - 77,838 in May 2021: above the original target of 70,000, about 75% higher than pre-pandemic
  - Expansion has been critical during the pandemic. It:
    - *Ensured coverage* for COVID-19 testing, treatment, and vaccination;
    - *Lowered uncompensated care* by preventing people losing their jobs from losing health coverage, and causing hospitals and other providers to lose a source of payment; and
    - *Protected the State budget* since 90% of the cost of increased MaineCare enrollment due to the loss of job-based coverage is Federally funded.
- **Improve how MaineCare supports accessible, quality care:** This included taking short-term action while launching a Comprehensive Rate System Evaluation to ensure a rational and sustainable foundation for the future.

# Pre-Pandemic Actions

In 2019 and early 2020, actions **targeted areas that couldn't wait**, including:

- **Waiver services for adults with development or intellectual disabilities:** this included lowering the waitlist for Section 29 services, implementing rate increases based on required rate studies, and starting system reform toward a more consumer-focused system.
- Overdue wage increases for **personal support services and direct care workers:** While passed in the FY 2021 supplemental, MaineCare took action to implement three months earlier, on April 1, 2020.
- Filling urgent **behavioral health system gaps:** This included recertifying Riverview, work to opening the geropsych unit at Dorothea Dix, forging a plan to end the AMHI consent decree, securing approval for a Medicaid waiver to support a spectrum of substance use disorder services, and expanding crisis services (e.g., rate investments in multi-systemic therapy and functional family therapy, home and community-based treatment, medication management, and Medication Assisted Treatment).

# Pandemic Actions to Date

When COVID-19 hit Maine, **MaineCare actions** included:

- Temporary rate increases for long term services and supports: From March to May 2020
- Per-member per-month payments for behavioral health (July to August 2020) and child health (September to December 2020)
- Outbreak rates for nursing and residential care facilities: Ongoing
- COVID-19 testing payments for nursing and residential care facilities: Ongoing
- Regulatory flexibility: Ongoing Appendix K waivers that allow for lower staffing ratios; waiving the low occupancy penalty for nursing facilities

The **FY21 Supplemental** included a new \$13 million (\$4M GF) behavioral health supplemental and a \$19 million (\$5.7M GF) retainer payment to IDD providers.

Federal **Provider Relief Funds** directly to Maine health care providers: \$653 million as of May 11, 2021 (amount from Paycheck Protection Program and FEMA unknown).

Maine dedicated \$30 million in dedicated **Coronavirus Relief Fund's** Economic Recovery Grant funds to health care providers: \$5 million was applied for and distributed to eligible providers.

## 2. New Temporary COVID-19 Supports

### \$88 Million in Time-Limited Payments

**\$15.4 Million Budget Initiative:** One-time MaineCare supplemental payments would be offered during the public health emergency in FY22 to:

- **Nursing and Residential Care Facilities:** \$40 million (\$10 million GF) to support facilities facing lower occupancy due to the pandemic and to fund increased staffing costs such as hero pay, sign-on bonuses, recruitment, and agency staffing.
- **Hospitals:** \$23 million (\$5.4 million GF) for workforce: support staffing costs such as costs of hero pay, sign-on bonuses, recruitment, and agency staffing. July-December.

**\$25 Million Coronavirus Relief Fund:** Recognizing the significant impact in 2020 and early due to the pandemic, the Department will provide \$25 million not claimed from the \$30 million offered to health care providers in December 2020 to hospitals, nursing facilities and residential care facilities in the short run.

**Additional Federal Provider Relief Fund:** An estimated \$30 billion has yet to be allocated from CARES Act; the FY2021 Consolidated Appropriations Act provided an additional \$3 billion in PRF; and American Rescue Plan has \$7.6 billion for community health centers and \$50 million for Family Planning.

# 3. MaineCare Reform in the Supplemental Budget: Why Now

- **Readiness:** The pre-pandemic plan was to start MaineCare reforms in the FY 2022-23 biennium. While initially behind, the budget process this spring has provided extra time to enable readiness.
- **Some proposals will yield long-term savings:** Upfront investment now will yield cost savings and improved health in the future.
- **Rate reforms support economic recovery:** The health sector is the largest employer in Maine. Additional supplemental payments plus rational reforms will help bridge to post-pandemic stability.
- **Budget outlook supports launch:** Improved outlook allows for consideration of changes.
- **Increased Federal Medicaid financing supports sustainability:** The supplemental would deposit into the Medicaid Stabilization Fund the freed-up general funds from Federal Medicaid matching rate increase (FMAP bump) to invest in reforms and sustainability into the next biennium (FY 2024-25).

# Comprehensive Rate System Evaluation: Background

- In 2019, DHHS and MaineCare launched a comprehensive rate system analysis to:
  - Document history of rate changes and methodologies
  - Compare rates to other Medicaid programs, Medicare, and Maine's commercial health insurance rates
- Purpose: To serve as the basis to inform policy making
  - Support initiatives to update outdated or irrational rates
  - Ground rate changes in data-driven, rigorous, value-based methodologies
- While the original intent was to complete it for the SFY 2022-23 biennial budget process, COVID-19 slowed it down



# Comprehensive Rate System Evaluation: Deliverables

## November 2020

### Benchmarking Report

- Compares MaineCare reimbursement rates with rates for similar services from Medicaid comparison states, Medicare, and commercial payers.

## January 2021

### Interim Report

- Recommendations to simplify and streamline rate setting system.
- Recommended prioritization of services for rate review.
- Estimates of associated investments.

## March 2021

### Implementation Plan

- Incorporates DHHS' recent, in-progress & planned rate adjustments into prioritization.
- Presents recommendations, rationale, and estimated effective date by policy section and service category.

# Results: Current State

- **Outdated:**

- Rates in over 40% of MaineCare policies have no schedule for review.
- Rates in almost 40% of MaineCare policies have not been updated since prior to 2015.

- **Inconsistent:**

- Rates benchmarking Medicare utilize a range of percentages and benchmarks from various different years.

- **Often no basis:**

- Rates in almost 30% of polices are “legacy rates” for which no methodology is available.

- **Complex:**

- Management of myriad, inconsistent methodologies and different timelines for adjustment is administratively burdensome and confusing for providers and the Department.

# Benchmark Report: Relative Reimbursement Rates for MaineCare Services

MaineCare Sections of Policy	Service Category	Avg % of Medicaid/Medicare Comparison Rates	Avg % of Median ME Commercial Rates
25	Dental Endodontics Services	46%	20%
85	Physical Therapy	52%	44%
25	Dental Prosthodontics (Fixed)	53%	29%
68	Occupational Therapy	55%	50%
14	Certified RN Anesthetists	55%	--
4	Ambulatory Surgical Ctr Svcs	120%	127%
18, 20, 21, 29, 102	HCBS Supported Employment	135%	--
18, 20, 21, 29, 102	HCBS Residential Habilitation	136%	--
18, 20, 21, 29, 102	HCBS Day Habilitation	150%	--
5	Ambulance	183%	84%

5 service categories with lowest relative rates

5 service categories with highest relative rates

Key: Relative Rate Levels Across MC Svcs
High Outlier
Top Tier
Above Ave Tier
Below Ave Tier
Bottom Tier
Low Outlier

Note: A rate study was conducted to ensure appropriate reimbursement for HCBS Supported Employment, Day & Residential Habilitation. High comparison to benchmarks may reflect need for payment methodology and system reform.

# Report Recommendations to Department

- Establish consistent and rational bases for rates
- Utilize consistent Medicare benchmarks across services, where available
- Review and update methodologies and rates on a regular schedule; consider creating a technical advisory body and/or supporting a cost board that reviews spending and targets
- Move away from cost settlement (for example, overhaul of nursing facility payment system)
- Move toward payments that hold providers accountable for cost and quality (for example, move to hospital bundled payments)
  - Goal to move 40% of MaineCare dollars to payments tied to performance by end of 2022



# Proposed Plan for Rate System Evaluation Implementation

- A. Target services for adjustment in the biennium where clear case for investment, high potential to reduce downstream costs and improve member health, alignment with Department priorities
- B. Conduct rate studies on services during the biennium where:
  - Needed to ensure rates are appropriate- may be potential for cost savings among some services
  - Need to improve accountability for cost and quality, reduce administrative complexity
- C. Formalize long-run schedule for regular rate adjustments through an LD for 2022:
  - Regular cost of living and Medicare Fee Schedule adjustments
  - Rate studies every five years
  - Create Technical Advisory Panel

# A. Target Services for Rate Adjustments

**Criteria:** Launch-ready, clear case for investment, high potential to reduce downstream costs and improve member health, alignment with Department priorities

- **Standardize rates based on Medicare:** Set 13 different payment rates that currently range from 52 to 111% of 2020 Medicare to 71.4% of current year Medicare to ensure fairness and consistency. This also helps raise some of the lowest rates in MaineCare.
- **Targeted Investments:** the Rate System Evaluation and recent rate studies also supported the case for increased reimbursement for
  - Dental services
  - Substance use disorder (SUD) intensive outpatient (IOP) services
  - Residential SUD treatment rates.

## B. Prioritize Services for Rate Studies to Ensure Data-Driven, Appropriate Rates

**Conduct rate studies** on services during the biennium where there is a need to:

- Ensure rates are appropriate, including potential for cost savings among some services;
- Improve accountability for cost and quality, reduce administrative complexity;
- Update outdated rates and align with Department priorities.

### **Initial priorities:**

- Service-specific: Targeted Case Management, Ambulance, PNMI, PRTF, Family Planning, Primary Care 2.0
- System-wide: Behavioral Health, Hospitals, Nursing Facilities

The proposal supports execution of such studies as well as necessary staff and resources to oversee and implement recommended changes.

# C. Formalize Rate Adjustment Schedule & Process

- **Provide cost-of-living adjustments:** Increase 18 services that do not otherwise receive regular adjustments by a standard amount to reflect increases in wages, prices and other inputs.
- **Formalize long-run schedule:** This includes ongoing regular rate adjustments through a planned LD for 2022 to:
  - Implement regular cost-of-living and Medicare Fee Schedule adjustments;
  - Conduct rate studies every five years that must incorporate provider data and solicit stakeholder input; and
  - Create a Technical Advisory Panel to review recommended adjustments on a prescribed schedule.



# Summary of MaineCare Rate System Reform Initial Proposals

Policy area	FY22 Total	FY22 GF	FY23 Total	FY23 GF	Biennial GF Total
Medicare benchmark standardization (13 svcs including PT, OT, Podiatry, +)	\$0	\$0	\$30.7M	\$9.7M	<b>\$9.7M</b>
Provide cost of living adjustments to rates (18 svcs)	\$0	\$0	\$31.0M	\$8.4M	<b>\$8.4M</b>
Dental rates	\$0	\$0	\$8.6M	\$2.8M	<b>\$2.8M</b>
SUD Intensive Outpatient (IOP) Services	\$1.2M	\$170k	\$2.4M	\$340k	<b>\$510k</b>
Residential SUD treatment rates	\$1.1M	\$150k	\$1.5M	\$210k	<b>\$360k</b>
Rate methodology studies/ quality management support	\$1.9M	\$840k	\$1.7M	\$740k	<b>\$1.6M</b>
<b>Subtotal</b>	<b>\$4.2M</b>	<b>\$1.2M</b>	<b>\$76.0M</b>	<b>\$22.2M</b>	<b>\$23.4M</b>

# Value-Based Initiatives

- **Medicaid reform includes aligning policies to promote early, effective health care to improve health outcomes, reduce the treatment cost of preventable conditions, and improve the long-run program sustainability**
- **MaineCare reform in the Supplemental Budget includes:**
  - **Hospital Supplemental Payment:** Extra amount allocated to promote the provision of value-based care.
  - **Diabetes Prevention Program:** Evidence-based, multi-payer, national CDC program proven to reduce onset of Type II diabetes and associated costs.
  - **Adult Dental Benefit:** Covering preventive and routine dental care will prevent the high costs currently incurred in MaineCare's emergency dental benefit; evidence suggests it will also improve members' mental and physical health and job prospects.
  - **Permanent Supportive Housing Services:** Evidence-based care management services for the chronically homeless. Decreases Emergency Room, inpatient, and public safety costs. Majority expansion population at 90% match.
  - **Coverage of Immigrant Children and Pregnant People:** Restores state-funded coverage for children and pregnant people whose immigration status makes them ineligible for Medicaid or CHIP. Decreases Emergency Room and inpatient costs; supports prevention.

# Value-Based Initiatives: Behavioral Health

- **Coordinated Specialty Care:** Evidence-based program for transition-aged youth experiencing first episode psychosis. Decreases Emergency Room, inpatient, and public safety costs.
- **1115 Substance Use Disorder (SUD) Waiver initiatives:** Promote effective treatment and recovery, family unity. CMS requires demonstration of cost neutrality. Majority expansion population at 90% match.
- **MaineMOM Integrated Care:** Promotes effective treatment and recovery, improved birth outcomes, family unity. Reduce infant and maternal mortality. CMS requires demonstration of cost neutrality.
- **Certified Community Behavioral Health Clinic Model Development:** Funds assessments and other work necessary to reform behavioral health service delivery and payment to promote integrated care and provider accountability for health outcomes.
  - The American Rescue Plan provides additional grants for such clinics.
  - The American Rescue Plan provides enhanced match for mobile crisis services that will be explored in the coming year.

# Value-Based Initiatives

Policy area	FY22 Total	FY22 GF	FY23 Total	FY23 GF	Biennial GF Total
Hospital Performance Supplemental	\$600k	\$170k	\$600k	\$180k	<b>\$350k</b>
Diabetes Prevention Program	-	-	\$1.6M	\$540k	<b>\$540k</b>
Adult Dental Benefit	-	-	\$30.1M	\$12.3M	<b>\$12.3M</b>
Permanent Supportive Housing Services	\$250k	\$40k	\$1.7M	\$280k	<b>\$320k</b>
Coverage of Low-Income Immigrant Children & Pregnant People	\$640k	\$420k	\$2.8M	\$1.5M	<b>\$2.0M</b>
Coordinated Specialty Care/ First Episode Psychosis			\$7.0M	\$1.6M	<b>\$1.6M</b>
1115 Residential SUD expanded beds	\$930k	\$120k	\$930k	\$130k	<b>\$250k</b>
1115 SUD Parenting/ Recovery Pilots	\$2.9M	\$1.0M	\$6.1M	\$2.2M	<b>\$3.2M</b>
MaineMOM Integrated MAT & maternity care	\$970k	\$340k	\$3.7M	\$1.3M	<b>\$1.6M</b>
Certified Community Behavioral Health Clinics: Needs Assessment, TA*	\$100k	\$50k	\$450k	\$230k	<b>\$280k</b>
<b>Subtotal</b>	<b>\$6.4M</b>	<b>\$2.2M</b>	<b>\$67.2M</b>	<b>\$20.3M</b>	<b>\$22.4M</b>

\*One-time investment distinct from ARPA option.

# Paying for MaineCare Reform

- **Total general fund impact of MaineCare reform initiatives in FY 2022-23 supplemental budget:**
  - \$23.4 million for rate system implementation
  - \$22.4 million for value-based initiatives
  - **\$45.9 million**
- **Use Federal Medicaid Relief to Support Ongoing Reforms:**
  - **\$90 million** from the increased Federal Medicaid matching rate during the public health emergency to be deposited in Medicaid Stabilization Fund to:
    - Implement additional reforms as rate studies are concluded
    - Sustain reforms in the FY 24-25 biennial budget

# 4. Original Biennial Budget Initiatives

## Unchanged Initiatives

### Highlights include:

- Rate increases in FY23 not included in Current Services baseline budget (NF, PNMI, AFCH, FQHC, RHC, Section 21/29)
- \$6 million to fund Section 29 services for adults with developmental disabilities in their homes and communities by an additional 30 slots per month.
- \$840k to modify MaineCare estate recovery rules to the mandatory federal requirement.
- \$6.1M in savings due to pharmacy initiatives to reduce dispensing fee and eliminate rural incentive payments

# Original MaineCare Initiatives Included in the FY22-23 Supplemental Budget

	FY22 Total	FY22 GF	FY23 Total	FY23 GF	Biennial GF Total *
Section 29 waiver slots	\$4.6M	\$1.4M	\$15.7M	\$4.7M	\$6.1M
Section 21 and 29 rates	-	-	\$32.5M	\$9.8M	\$9.8M
Other rate increases (NF, PNMI, FQHC, RHC, AFHC)	-	-	\$28.4M	\$9.5M	\$9.5M
Alignment to RFC	-	\$5.8M	-	\$5.8M	\$11.6M
Estate recovery	\$1.2M	\$420k	\$1.2M	\$440k	\$860k
FMAP Changes (PC)	\$0	\$(59,595)	\$0	\$(60k)	\$(120k)
NF bed hold direct care savings	\$(910k)	\$(270k)	\$(910k)	\$(270k)	\$(540k)
Pharmacy related savings (rural PIP, dispensing fee)	\$(8.1M)	\$(3.1M)	\$(8.2M)	\$(3.1M)	\$(6.2M)
DME UPL savings	\$(600k)	\$(200k)	\$(600k)	\$(200k)	\$(400k)
<b>Total</b>	<b>\$(3.81M)</b>	<b>\$3.99M</b>	<b>\$68.09M</b>	<b>\$26.61M</b>	<b>\$30.6M</b>

\* Does not include initiatives passed in Current Services budget (e.g., \$9.8M GF for Section 21 and 29 rates in FY22)

# Adjusted Biennial Budget Initiatives

Adjustments based on changed circumstances and new information:

- **Mental Health Intensive Outpatient Program & Children's Residential Services:** Updated to reflect draft rates now available from rate studies.
- **340B Initiative:** Delaying to FY 2023 to allow for transition. Lowers savings by \$2M GF in FY22.
- **IMD Outpatient Savings:** Eliminated in light of ongoing COVID-19 costs and need to coordinate with broader hospital rate reform work beginning in FY22. Previous savings: \$680k.
- **Psych Unit Discharge Rate Reduction:** Eliminated in light of ongoing COVID-19 costs and need to coordinate with broader hospital rate reform work beginning in FY22. Previous savings: \$1.4M.
- **MaineCare Account Consolidation:** Delayed until FY 2023 to allow for implementation.



# Adjusted Biennial Budget Initiatives

Policy area	FY22 Total	FY22 GF	FY23 Total	FY23 GF	Biennial GF Total
MMIS Family Planning FMAP (revised)	-	(\$500k)	-	(\$500k)	(\$990k)
NET (revised)	\$3.5M	\$970k	-	-	\$970k
Mental Health Intensive Outpatient Program (revised)	\$2.2M	\$500k	\$17.6M	\$3.7M	\$4.2M
Children's Residential Services (revised)	\$1.9M	\$600k	\$17.1M	\$5.7M	\$6.4M
Start 340B Savings on 7-1-22 (revised)	-	-	(\$6.9M)	(\$2.1M)	(\$2.1M)
Preferred drug list (revised)	(\$1.2M)	(\$340k)	(\$2.0M)	(\$600)	(\$940k)
MaineCare consolidation (revised)	-	-	-	(\$3M)	(\$3M)
OADS Community First Choice FMAP (zeroed out)	-	-	-	-	-
IMD outpatient services (zeroed out)	-	-	-	-	-
Psych discharge rate (zeroed out)	-	-	-	-	-
<b>Total</b>	<b>\$6.4M</b>	<b>\$1.73M</b>	<b>\$25.8M</b>	<b>\$3.7M</b>	<b>\$5.43M</b>

# 5. Summary

## Overall Governor's Budget Proposal MaineCare Investments (GF):

### **New Initiatives: \$151.2 million**

- \$15.4 million in temporary supplemental payments for hospitals, nursing homes and residential care facilities
- \$22.4 million in MaineCare rate reforms
- \$23.4 million in value-based initiatives
- \$90 million to Medicaid Stabilization Fund

### **Original Initiatives: \$36.03 million**

- \$30.6 million in initiatives in the original biennial budget
- \$5.43 million in adjustments to the original biennial budget

### **Total: \$187.23 million**

# APPENDIX

# Biennial Rate System Investment: Current Rates for Medicare Benchmark Services

Service Category (Section of Policy)	Service Subcategory	Avg % of Medicaid/Medicare Comparison Rates	Avg % of Median ME Commercial Rates
Physician Services (90)	Physician Svcs inc by ACA	111%	93%
Speech and Hearing Svcs (109)	Agency	95%	67%
APRN Services (14)	Advanced Practice RN	79%	--
Speech and Hearing Svcs (109)	Independent	78%	56%
Physician Services (90)	Physician Other	77%	62%
Medical Imaging Services (101)		76%	39%
Chiropractic Services (15)		73%	59%
Physician Services (90)	Anesthesiology	69%	--
Vision Services (75)		65%	54%
Podiatric Services (95)		59%	54%
APRN Services (14)	Certified RN Anesthetists	55%	--
Occupational Therapy Svcs (68)		55%	50%
Physical Therapy Svcs (85)		52%	44%

Key: Relative Rate Levels Across MC Svcs
High Outlier
Top Tier
Above Ave Tier
Below Ave Tier
Bottom Tier
Low Outlier

## Recommendation:

- ACA Physician Services Benchmark at 100% of Current Year Medicare
- All other services at 71.4% (% at which no service category experiences a net loss)

# Evidence-Based Outcomes of Services Targeted Under Medicare Benchmark Standardization Investment

## Improved Member Outcomes

- **PT:** decreased rates of opioid prescribing for low back pain
- **OT:** improved problem solving in mental health rehabilitation programs
- **Speech:** significantly improved expressive abilities for children with delayed language development
- **Vision:** linked to one's quality of life, independence, and mobility and educational attainment.
- **Podiatry:** significant reductions in fall rates and diabetic foot ulcers incidence and severity

## Cost-related Outcomes

- **PT:** referral after ED visit reduced health care costs, even after 12 months.
- **OT:** inpatient use is associated with lower readmission rates.
- **Speech/hearing:** hearing aids reduce the probability of any ED visits, hospitalizations and lengths of stay.
- **Vision:** undiagnosed or untreated visual disorders across all age groups are the root of significant healthcare costs.
- **Podiatry:** Unhealed diabetic foot ulcers increase the risk of infection, amputation, and mortality, and increase healthcare utilization rates.

# Biennial Rate System Investment: Current Dental Rates

Dental (25) Service Subcategory	Avg % of Medicaid/ Medicare Comparison Rates	Avg % of Median ME Commercial Rates
Maxillofacial Prosthetics	106%	81%
Adjunctive General Services	95%	41%
Oral & Maxillofacial Surgery	84%	57%
Orthodontics	81%	100%
Restorative Services	78%	39%
<b>Preventive Services</b>	69%	45%
<b>Periodontics</b>	65%	28%
Prosthodontics (Removable)	61%	35%
<b>Diagnostic Services</b>	57%	31%
Prosthodontics (Fixed)	53%	29%
<b>Endodontics</b>	46%	20%

Key: Relative Rate Levels Across MC Svcs
High Outlier
Top Tier
Above Ave Tier
Below Ave Tier
Bottom Tier
Low Outlier

## Recommendation:

- Benchmark 67% of commercial median for preventive, diagnostic, endodontics, periodontics
- Benchmark 50% of commercial median for other services

# Biennial Rate System Investment: Services Targeted for Rate Studies

Service Category (Section of Policy)	Service Subcategory	Avg % of Medicaid/Medicare Comparison Rates	Avg % of Median ME Commercial Rates
Ambulance Services (5)		183%	84%
Behavioral Health (65)	Children's Outpatient	120%	--
Targeted Case Management (13)		110%	--
Behavioral Health (28, 65)	Children's Comm-based BH	106%	--
Hospital- Acute Care (45)	Inpatient	103%	--
Behavioral Health (17, 65)	Adult Outpatient	101%	--
Behavioral Health (65, 97)	Adult Residential Services	95%	--
Behavioral Health (65, 93, 97)	SUD Services	92%	103%
Hospital- Acute Care (45)	Outpatient	92%	89%
Behavioral Health (17, 65)	Adult Comm-based BH	91%	134%
Behavioral Health (65)	Outpatient All Ages	78%	88%
Family Planning Agency Services (30)		73%	68%
Abortion services (45, 30)		67%	40%

Key: Relative Rate Levels Across MC Svcs
High Outlier
Top Tier
Above Ave Tier
Below Ave Tier
Bottom Tier
Low Outlier

## Prioritize services for rate studies where:

- There may be an opportunity for savings or rebalancing
- Evidence that investment may be appropriate (Family Planning)

Note: Benchmark comparisons are not available for many hospital, primary care, and PNMI services due to the variation in how other states and commercial payers reimburse for these services.

# 2022 LD for Regulatory & Process Reform

1. Formalize schedule for regular rate adjustments: ensure adequacy and reduce need for advocacy to legislature
  - Annual cost of living and Medicare Fee Schedule
  - Rate studies every five years
2. Require that rate studies collect and incorporate provider data and comments; publicly share draft rates
3. Focus rules on detailed descriptions of methodologies with reference to fee schedule, to obviate need for annual rulemaking
4. Conduct analysis every 4 years benchmarking MaineCare rates to those for commercial Maine payers, other state Medicaid agencies, and Medicare.
5. Establish Technical Advisory Panel (e.g., BoI, MHDO, DoL, PFR, consumer reps) to review MaineCare's rate recommendations, assess need for emergency action.



# MaineCare Initiatives included in FY21 Supplemental (passed in March 2020)

Policy area	FY21 Total Funding	FY21 GF
Partial Update for Home and Community-Based Waiver Services for Adults with Autism, Intellectual Disabilities	\$2,540,577	\$767,253
Home and Community-Based Waiver Services for Adults with Brain Injury, Other	\$1,537,526	\$463,612
Personal Care Services/Consumer-Directed/Private Duty/State-Funded Attendant	\$21,747,088	\$6,969,111
Medication Management	\$1,321,947	\$359,308
Home and Community Behavioral Health	\$715,424	\$259,556
Multi-systemic Therapy/Family Functional Therapy for children	\$920,917	\$334,109
<b>Total</b>	<b>\$28,783,479</b>	<b>\$9,152,949</b>

*Note: Additional GF funding was provided for state-funded contracts for Personal Support Services (\$3.6M) and Med Management (\$279k)*

# MaineCare Initiatives included in FY21 Supplemental (passed in March 2021)

Initiative	FY21 GF
One-time supplemental payments (BH, retainers)	\$9,700,000
RFC alignment	\$3,432,205
DME UPL payment	\$948,211
DME UPL savings	\$(524,900)
6.2% FMAP: Increased Federal funding	\$(139,770,581)
Drug rebate savings	\$(11,411,253)
Other FMAP: Increased Federal funding	\$(2,600,000)
<b>Total</b>	<b>\$(140,226,318)</b>

# MaineCare Initiatives included in FY22-23 Current Services Budget (LD 715)

	FY22 Total	FY22 GF	FY23 Total	FY23 GF	Biennial GF Total
Section 21 and 29 rates	\$32,537,156	\$9,787,177	-	-	\$9,787,177
PNMI D rates	\$9,823,317	\$3,544,253	-	-	\$3,544,253
NF COLA	\$13,363,440	\$4,019,723	-	-	\$4,019,723
Hospital supplemental payments	\$11,287,885	\$3,184,713	\$11,287,885	\$3,184,713	\$6,369,426
PNMI C rates	\$3,753,947	\$2,009,705	-	-	\$2,009,705
FQHC rates	\$983,972	\$293,571	-	-	\$293,571
RHC rates	\$238,220	\$73,544	-	-	\$73,544
AFCH rates	\$282,454	\$123,214	-	-	\$123,214
Drug rebate savings	\$0	(\$9,790,000)	\$0	(\$9,790,000)	(\$19,580,000)
Enhanced FMAP – Supp: Increased Federal \$	\$0	(\$7,223,063)	\$0	(\$7,223,063)	(\$14,446,126)
Regular FMAP Increased Federal \$	\$0	(\$2,549,787)	\$0	(\$5,002,705)	(\$7,522,492)
Hospital rebasing	\$0	(\$11,818,376)	\$0	(\$11,818,376)	(\$23,636,752)
Enhanced FMAP – PIPs: Increased Federal \$	\$0	(\$13,450,874)	\$0	(\$13,409,614)	(\$26,860,488)
<b>Current Services subtotal</b>	<b>\$72,270,391</b>	<b>(\$21,796,200)</b>	<b>\$11,287,885</b>	<b>(\$44,059,045)</b>	<b>(\$65,855,245)</b>
MaineCare rescission	\$0	(\$60,000,000)			
		<b>(\$81,796,200)</b>			