

FY10 – MEDICAID COST CONTAINMENT EXAMPLES September 16, 2009

*NOTE: Dollar Amounts Are Preliminary Estimates and Are Annualized.
It Takes More Cost Containment to Reduce GF Expenditures in FY10 & FY11 Due to High
Federal Match from ARRA Funds.*

Administrative Changes – Examples

- Reduce time frame for billing (in process) and implement correct coding initiative = TBD
- Eliminate Fee-For-Service Pharmacy Management (NMRx) = TBD
- Reduce Profit Cap for MCOs from 5% to 3-4% = TBD
- Reduce Number of MCOs in *Salud!* = TBD
- Efficiencies and Fraud & Abuse Activities in Pharmacy, Claims, Readmissions, etc. = TBD
- Assessment on Managed Care Interest on Reserves = TBD (Additional Revenue)
- Move Native Americans Into Managed Care w/ Value-Added Benefits = \$610.5 GF
- Move School-Based Services to Managed Care = \$64.7 GF
- Paper Assessments for Annual PCO Re-Determinations = \$16.8 GF
- Move Financial Payments for Mi Via to MMIS Contractor = \$50.9 GF
- Move All Long Term Services into CoLTS (PACE, All Waivers, Etc.) = \$3,694 GF
- Consolidate Waiver Waiting Lists = TBD

Address Enrollment Growth – Examples

- Implement Waiting List in SCI, (Esp. Single Individuals Not Part of a Group) = \$16,156.4 GF
 - 1,000 SCI Adults Not Enrolled = \$1,615.6 GF
- Reinstate Premium Cost-Sharing in SCI Below 100% FPL = \$3,398.5 GF
- Limit Outreach/Aggressive Recertification = \$774.1 GF
 - 1,000 Kids Not Enrolled = \$700.8 GF
- Implement Waiting List for PAK & PAM = \$2,100.0 (GF)
- Introduce Sliding Fee for PAM = \$2,300.0 GF
- Automatically Enroll Presumptively Eligible Children into Managed Care = \$279.2 GF

Provider Rate Reductions – Examples

- 1% Decrease in Provider Rates
 - All Providers, All Procedure Codes = \$6,300.0 GF
 - Nursing Facility = \$353.7 GF
 - ICF MRs = \$46.5 GF
 - Hospitals = \$530.2 GF
 - Practitioner Payments on Surgical Codes = \$339.8 GF
 - Practitioner Payments on Radiology Codes = \$169.9 GF
 - All Practitioners = \$3,398.5 GF
- Outpatient Radiology Rates to Equal Medicare = \$3,072.9 GF
- Out-of-Network Payments to 95% of FFS = \$244.2 GF
- Eliminate PCO & Waiver Background Check Payments = \$36.6 GF
- Pharmacy Dispensing Fee Reduction to \$2.50 When Generics Not Substituted = \$25.3 GF
- Psych Hospital Inpatient At Negotiated Rates Rather Than Percentage of Billed Charges; Outpatient At Medicare Rates = \$122.6 GF
- Reduce ARTC & RTC By 10% = \$771.3 GF
- Require National Drug Code (NDC) on Medical Claims to Collect Drug Rebates = \$350.0 GF (Additional Revenue)
- Cost Settle Border Hospitals = \$47.8 GF
- Reduce Transportation Rates for Schools By 50% = \$23.4 GF

Benefit Elimination – Examples

- Vision Benefit for Adults = \$203.5 GF
- Adult Dental Benefits, Except Emergency = \$1,729.8 GF
- Hospice Services = \$236.9 GF
- Podiatry Services for Adults = \$122.1 GF
- Hearing Aids & Hearing Evaluations for Adults = \$96.7 GF
- Physical, Occupational & Speech Therapy for Adults = \$366.3 GF
- Nursing Services in Schools = \$67.2 GF
- School Health Transportation Services = \$46.8 GF
- School-Based Services = \$630.9 GF
- NOTE: Many Behavioral Health Services Are Not Mandatory, So Could Be Eliminated Or Reduced

Benefit Reduction – Examples

- Limit Personal Care Option Number of Hours = \$4,985.8 GF
- Telephone Monitoring of PCO Services = \$508.8 GF
- Require Hospitals to Use In-State Facilities = \$699.8 GF
- Restrict Scale on Orthodontics = \$508.8
- Increase Co-pays for Emergency Room (\$3) & Brand Drugs (\$5) = \$468.1 GF
- Non-Emergency Transportation Only for 65 Miles Outside Community = \$178.1 GF
- Eliminate Meals and Lodging for Recipients = \$178.1 GF
- Eliminate Payments for Attendant Transportation = \$63.7 GF
- Cap Number of Prescriptions Per Month for Adults = \$170.9 GF
- Polypharmacy Protocols = \$132.3 GF
- Reduce Respite LTC Benefit By 1/2 = \$264.6 GF
- Reduce Nursing Respite for Long Term Care = \$27.2 GF
- Eliminate Installation Fee for Emergency Response Systems = \$11.5 GF
- Limit Community LTS Payments to Cost of Nursing Home Care = \$101.8 GF
- Annual Cap on Psychosocial Rehab Group Sessions = \$146.5 GF
- Annual Cap on Behavioral Management Services = \$106.8 GF
- Annual Cap on Behavioral Health Therapies (20) = \$326.6 GF
- Restrict Comprehensive Community Support Services (CCSS) to Allow Only Core Service Agencies (CSAs) to Bill = \$254.4 GF
- Reduce Home Environmental Modification Benefit = \$96.5 GF
- Eliminate Nursing Home Bed Hold Days = \$854.7 GF