

FY10 – MEDICAID COST CONTAINMENT

November 19, 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 – Decisions – Savings \$1,500.0 - \$2,500.0 GF

- Reduce time frame for billing (in process) and implement correct coding initiative
- Change fee-for-service pharmacy management (NMRx)
- Reduce profit cap for MCOs from 5% to 3-4%
- Efficiencies and fraud & abuse activities in pharmacy, claims, readmissions, etc.
- Implement school payment of state share
- Paper assessments for annual PCO re-determinations

Address Enrollment Growth – Decisions – Savings \$3,000.0 - \$7,000.0 GF

- Implement waiting list in SCI, (esp. single individuals not part of a group)
 - 1,000 SCI Adults Not Enrolled
- Limit outreach/aggressive recertification (due to the economy and increased enrollment savings may not be large)
- Increase premium for PAK & PAM
- Introduce sliding fee for PAM

Provider Rate Reductions – Decisions – Savings \$5,500.0 - \$9,000.0 GF

- Decrease in provider rates (example assumes 1% decrease)
 - All providers, all procedure codes
 - Hospitals
 - Practitioner payments on surgical codes
 - Practitioner payments on radiology codes
 - All practitioners
- Outpatient radiology rates to equal Medicare
- Require provider payment for background checks
- Pharmacy dispensing fee reduction to \$2.50 when generics not substituted
- Psychiatric hospital inpatient at negotiated rates rather than percentage of billed charges; outpatient at Medicare rates
- Reduce ARTC & RTC by 10%
- Pay differently border area and out-of-state hospitals
- Reduce nursing home rates through rebasing changes
- Consider changes to rates for ambulatory transportation
- Implement changes to 340B pricing for hospitals
- Cost-settle drug items on outpatient services

Benefit Reductions & Co-Pays – Decisions – Savings \$13,000.0 - \$16,000.0 GF

- Vision benefit for adults (every 3 years instead of every 2)
- Require hospitals to use in-state facilities
- Restrict scale on orthodontics
- Increase co-pays for emergency room & brand drugs
- Implement co-pays for durable medical equipment (DME), nutritional supplements, rehabilitative services for adults, and behavioral health services
- Eliminate payments for attendant transportation
- Reduce respite LTC benefit by half

**Benefit Reductions & Co-Pays – Decisions – Savings \$13,000.0 - \$16,000.0 GF
(continued)**

- Reduce private duty nursing respite for LTC
- Eliminate installation fee for emergency response systems
- Limit community LTS payments to cost of nursing home care
- Annual cap on psychosocial rehab group sessions
- Annual cap on Behavioral Management Services
- Restrict Comprehensive Community Support Services (CCSS) to allow only core service agencies (CSAs) to bill
- Reduce home environmental modification benefit
- Eliminate nursing home bed hold days

Options Being Evaluated

- Consolidate waiver waiting lists
- Reinstate premium cost-sharing in SCI below 100% FPL
- Decrease nursing facilities rates
- Out-of-network provider payments to 95% of FFS
- Require National Drug Code (NDC) on medical claims to collect drug rebates
- Implement non-payment policy for hospital acquired conditions (HACs)
- Move PCO to a waiver type program
- Non-emergency transportation only for 65 miles outside community
- Eliminate meals and lodging for recipients
- Cap number of prescriptions per month for adults
- Further SCI waiting list for new groups