

HEALTH MANAGEMENT ASSOCIATES

# HMA Weekly Roundup

Trends in State Health Policy

..... April 17, 2019 .....



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## IN FOCUS

### MEDICAID MANAGED CARE SPENDING IN 2018

This week, our *In Focus* section reviews Medicaid spending data collected in the annual CMS-64 Medicaid expenditure report. After submitting a Freedom of Information Act request to the Centers for Medicare & Medicaid Services (CMS), we have received a draft version of the CMS-64 report that is based on preliminary estimates of Medicaid spending by state for federal fiscal year (FFY) 2018. The final version of the report will be completed by the end of 2019 and posted to the CMS website at that time. Based on the preliminary estimates, Medicaid expenditures on medical services across all 50 states and six territories in FFY 2018 exceeded \$588 billion, with over half of all spending now flowing through Medicaid managed care programs. In addition, total

Medicaid spending on administrative services was \$27.8 billion, bringing total program expenditures to \$616 billion.

**Total Medicaid Managed Care Spending**

Total Medicaid managed care spending (including the federal and state share) in FFY 2018 across all 50 states and six territories was \$307 billion, up from \$297 billion in FFY 2017. This figure includes spending on comprehensive risk-based managed care programs as well as prepaid inpatient health plans (PIHPs) and prepaid ambulatory health plans (PAHPs). PIHPs and PAHPs refer to non-comprehensive prepaid health plans that provide only certain services, such as dental services or behavioral health care. Fee-based programs such as primary care case management (PCCM) models are not counted in this total. Below we highlight some key observations:

- Total Medicaid managed care spending grew 3.3 percent in FFY 2018, the lowest year-over-year growth rate since at least FFY 2007. The rate of growth has decelerated in each of the last three years.
- This slowing of managed care spending growth, down from a peak of 31.4 percent in FFY 2015, is due in large part to fewer additional states expanding Medicaid under the Affordable Care Act (ACA) as well as fewer states implementing managed long-term care (MLTC) programs than in recent years.
- In dollar terms, the increase from FFY 2017 to FFY 2018 was \$9.8 billion compared to \$25.8 billion from FFY 2016 to FFY 2017.
- Medicaid managed care spending has increased at a 15.7 percent compounded annual growth rate (CAGR) since FFY 2007, compared to 5.8 percent growth in total Medicaid spending.
- Medicaid managed care spending represented 52.1 percent of total Medicaid spending in FFY 2018. Compared to FFY 2017, the penetration rate increased by 0.2 percentage points, the smallest annual increase since at least FFY 2007.

Figure 1: Medicaid MCO Expenditures as a Percentage of Total Medicaid Expenditures FFY 2007-2018 (\$M)

\$M	FFY 07	FFY 08	FFY 09	FFY 10	FFY 11	FFY 12	FFY 13	FFY 14	FFY 15	FFY 16	FFY 17	FFY 18	CAGR
Medicaid MCO expenditures*	\$60,663	\$71,318	\$78,644	\$90,394	\$102,478	\$120,325	\$141,998	\$181,421	\$238,343	\$271,028	\$296,806	\$306,621	15.7%
% y/y	13.3%	17.6%	10.3%	14.9%	13.4%	17.4%	18.0%	27.8%	31.4%	13.7%	9.5%	3.3%	
Total Medicaid expenditures	\$311,014	\$337,055	\$356,285	\$381,615	\$406,459	\$408,850	\$432,944	\$467,426	\$526,711	\$550,881	\$571,341	\$588,213	5.8%
% y/y	4.0%	8.4%	5.7%	7.1%	6.5%	0.6%	5.9%	8.0%	12.7%	4.6%	3.7%	3.0%	
<b>% of Total</b>	<b>19.5%</b>	<b>21.2%</b>	<b>22.1%</b>	<b>23.7%</b>	<b>25.2%</b>	<b>29.4%</b>	<b>32.8%</b>	<b>38.8%</b>	<b>45.3%</b>	<b>49.2%</b>	<b>51.9%</b>	<b>52.1%</b>	
Penetration rate increase	1.6%	1.7%	0.9%	1.6%	1.5%	4.2%	3.4%	6.0%	6.4%	3.9%	2.8%	0.2%	

\*Includes Prepaid Ambulatory Health Plans and Prepaid Inpatient Health Plans  
Source: CMS-64

Source: CMS-64

The data breaks down the state and federal share of Medicaid expenditures, which illustrates the impact that the Medicaid expansion, which was initially 100 percent federally funded in the states where it was implemented, has had on the sources of funding.

As the table below indicates, 62.7 percent of FFY 2018 spending was contributed by federal sources, which is 5.3 percentage points higher than the pre-Medicaid expansion share in FFY 2013, and 1.1 percentage points higher than FFY 2017 despite the matching rate reduction for Medicaid expansion enrollees from 95 percent to 94 percent as of January 1, 2018. We note that the

state share of Medicaid spending declined on a year over year basis in 2018, but is still greater than the state share in 2016.

Figure 2: Federal vs. States Share of Medicaid Expenditures, FFY 2012-2018

\$M	FFY 12	FFY 13	FFY 14	FFY 15	FFY 16	FFY 17	FFY 18
Federal Share	\$235,070	\$248,641	\$281,269	\$330,708	\$346,325	\$351,917	\$368,934
% of Total	57.5%	57.4%	60.2%	62.9%	63.2%	61.6%	62.7%
State Share	\$173,780	\$184,303	\$186,157	\$195,063	\$202,056	\$219,424	\$219,279
% of Total	42.5%	42.6%	39.8%	37.1%	36.8%	38.4%	37.3%
<b>Total</b>	<b>\$408,850</b>	<b>\$432,944</b>	<b>\$467,426</b>	<b>\$525,772</b>	<b>\$548,382</b>	<b>\$571,341</b>	<b>\$588,213</b>

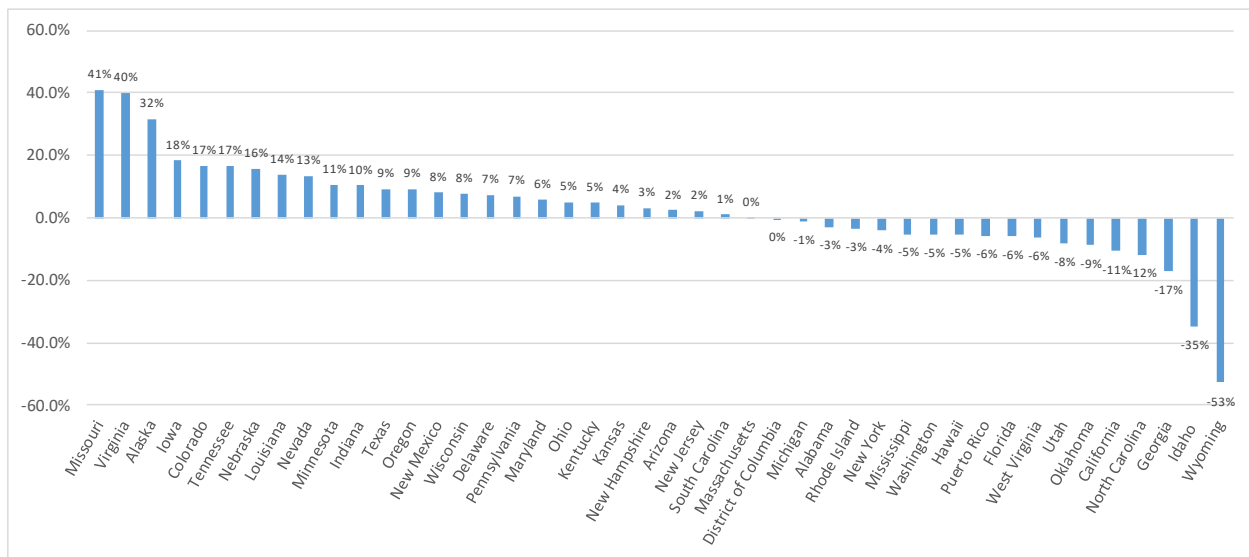
Source: CMS-64

### State-specific Growth Trends

Forty-seven states and territories report managed care organization (MCO) spending on the CMS-64 report of which six states (Alabama, Alaska, Arkansas, Idaho, North Carolina and Oklahoma) utilize a PIHP/PAHP model exclusively. Of the remaining 41 states and territories that contract with risk-based MCOs, average MCO spending in FFY 2018 increased 3.3 percent. On a percentage basis, North Dakota experienced the highest year-over-year growth in Medicaid managed care spending at 295 percent, though its total spending is still just over \$300 million. Among states with more mature programs, Missouri experienced the fastest growth in FFY 2018 at 41 percent, which was attributable to expansion of its program statewide for non-disabled parents and children. Virginia also experienced Medicaid managed care spending growth of 40 percent.

The chart below provides additional detail on Medicaid managed care spending growth in states with risk-based managed care programs in FFY 2018. Interestingly, 17 states reported year over year declines in Medicaid managed care spending compared to six in FFY 2017 and two in FFY 2016.

Figure 3; Medicaid Managed Care Spending Growth on a Percentage Basis by State FFY 2017-18

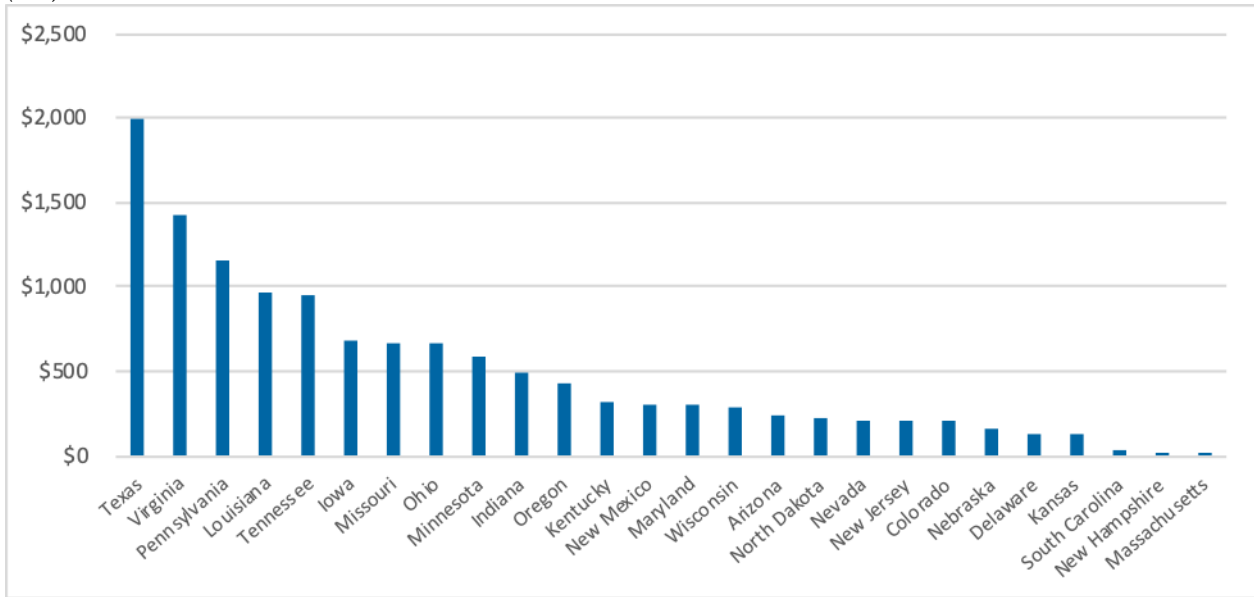


Source: CMS-64

\*Note: Not all states are included in the table due to incomplete data sets

Looking at year-over-year spending growth in dollar terms, Texas experienced the largest increase in Medicaid managed care spending at over \$2.0 billion. Other states with significant year-over-year spending increases in dollar terms included Virginia (\$1.4 billion) and Pennsylvania (\$1.2 billion) The chart below illustrates the year over year change in spending across the 26 states with increases.

Figure 4: Medicaid Managed Care Spending Growth on a Dollar Basis by State (Top 20 States) FFY 2016-18 (\$M)



Source: CMS-64

The percentage of Medicaid expenditures directed through risk-based Medicaid MCOs increased by more than 5 percentage points in seven states from FFY 2017 to FFY 2018. The managed care spending penetration rate rose 15.4 percentage points in Illinois, and 12.6 percentage points in Virginia.

Figure 5: Medicaid MCO Expenditures as a Percentage of Total Medicaid Expenditures in States with a 5 Percent or Greater Increase from FFY 2017 to FFY 2018 (\$M)

Medicaid Expenditures	FFY 2017			FFY 2018			Pct. Point Change in % of total
	MCO	Total	% of Total	MCO	Total	% of Total	
Illinois	\$6,662	\$15,054	44.3%	\$13,230	\$22,195	59.6%	15.4%
Virginia	\$3,586	\$8,988	39.9%	\$5,018	\$9,562	52.5%	12.6%
Louisiana	\$7,053	\$10,914	64.6%	\$8,018	\$10,836	74.0%	9.4%
Ohio	\$13,174	\$23,056	57.1%	\$13,842	\$21,744	63.7%	6.5%
Missouri	\$1,652	\$10,096	16.4%	\$2,327	\$10,296	22.6%	6.2%
Tennessee	\$5,790	\$9,088	63.7%	\$6,747	\$9,681	69.7%	6.0%
Nebraska	\$1,050	\$2,042	51.4%	\$1,216	\$2,127	57.2%	5.7%

Source: CMS-64

The table below ranks the 42 states and territories with risk-based Medicaid managed care programs by the percentage of total Medicaid spending that is through Medicaid MCOs. Hawaii reported the highest such percentage at 94.7 percent, followed by Iowa at 91.8 percent and Kansas at 91.0 percent. Puerto Rico is fourth on the list after having been first last year.

We note that in many states, there are certain payment mechanisms which may never be directed through managed care such as supplemental funding sources for institutional providers and spending on retroactively eligible beneficiaries. Thus, the maximum achievable penetration rate in each state will vary and may be below that achieved in other states. In 2019, barring any implementation delays we would expect the biggest increase in the managed care penetration rate to occur in North Carolina where the state will be implementing comprehensive risk based managed care for the first time.

*Figure 6: Medicaid MCO Expenditures as a Percent of Total Medicaid Expenditures, FFY 2015-2018*

Rank	State	2015	2016	2017	2018
1	Hawaii	86.3%	88.4%	94.7%	94.7%
2	Iowa	12.2%	13.4%	92.2%	91.8%
3	Kansas	87.5%	94.3%	93.5%	91.0%
4	Puerto Rico	98.4%	99.3%	98.6%	90.0%
5	Arizona	82.7%	85.1%	86.3%	86.1%
6	Delaware	72.0%	81.0%	83.0%	85.1%
7	New Mexico	79.1%	84.1%	79.3%	80.5%
8	Louisiana	22.6%	39.9%	64.6%	74.0%
9	Kentucky	64.1%	71.9%	71.9%	73.2%
10	Florida	37.0%	64.8%	74.6%	71.0%
11	Tennessee	66.8%	67.1%	63.7%	69.7%
12	Michigan	55.9%	61.6%	64.3%	65.3%
13	New Jersey	45.4%	56.0%	63.1%	64.1%
14	Ohio	48.8%	54.1%	57.1%	63.7%
15	Rhode Island	50.1%	57.1%	64.6%	62.6%
16	Texas	43.4%	50.4%	60.1%	62.3%
17	New York	46.2%	48.7%	59.6%	59.8%
18	Illinois	13.9%	30.7%	44.3%	59.6%
19	Pennsylvania	54.6%	54.8%	58.5%	58.8%
20	Oregon	56.8%	60.9%	57.0%	58.3%
21	Nebraska	31.7%	34.1%	51.4%	57.2%
22	Virginia	33.4%	39.4%	39.9%	52.5%
23	Washington	44.0%	49.8%	55.0%	51.2%
24	Mississippi	16.9%	22.8%	50.9%	49.9%
25	Minnesota	48.8%	50.1%	48.7%	49.6%
26	South Carolina	41.4%	46.1%	48.6%	48.8%
27	Maryland	43.7%	45.1%	46.3%	47.9%
28	Utah	49.2%	49.3%	50.8%	47.1%

29	Indiana	20.5%	27.3%	43.2%	47.1%
30	California	35.2%	46.4%	52.8%	46.7%
31	Nevada	31.3%	42.0%	45.6%	46.6%
32	Wisconsin	41.0%	45.2%	46.8%	46.3%
33	West Virginia	17.8%	17.9%	44.9%	43.6%
34	New Hampshire	18.4%	43.5%	42.8%	42.2%
35	Massachusetts	37.3%	38.3%	39.6%	38.4%
36	District of Columbia	33.6%	38.5%	36.9%	36.5%
37	Georgia	35.2%	35.6%	38.5%	29.8%
38	Missouri	12.0%	12.0%	16.4%	22.6%
39	North Carolina	20.7%	20.1%	22.7%	20.0%
40	Colorado	11.2%	12.8%	15.9%	16.2%
41	North Dakota	1.5%	17.0%	24.8%	25.1%
42	Idaho	9.7%	10.5%	9.8%	6.1%

Source: CMS-64

### Non-MCO Expenditures

Despite the rapid growth in Medicaid managed care over the last ten years, program spending still represented just over half of total Medicaid expenditures in FFY 2018. So where is the remaining FFS spending (approximately \$282 billion) going? First, as noted above, there are many states/territories with Medicaid managed care programs where certain beneficiaries or services are carved-out of the program, and these are typically associated with high-cost populations. The total amount of non-MCO spending in these 42 states in FFY 2018 was around \$247 billion. If we were to assume for the sake of argument that “full penetration” was 85 percent of total Medicaid spending, then we estimate that an additional \$165 billion in current FFS spending could shift to a managed care model just in the states that already employ managed care for a subset of services and/or beneficiaries.

Next, there are 15 states/territories that did not utilize a comprehensive risk-based managed care model in FFY 2018. In general, the 15 states/territories that do not utilize managed care today are smaller states, North Carolina being the largest at \$13 billion of Medicaid spending in FFY 2018. Total Medicaid spending across all 15 non-managed care states was \$47.6 billion. The 15 states/territories that did not employ a risk-based comprehensive Medicaid managed care model in FFY 2018 were Alabama, Alaska, American Samoa, Arkansas, Connecticut, Guam, Maine, Montana, Northern Mariana Islands, North Carolina, Oklahoma, South Dakota, Vermont, Virgin Islands and Wyoming.

In terms of spending by service line, the largest remaining fee-for-service (FFS) category is inpatient services, at \$62 billion or 23.1 percent of FFS spending. This amount is split fairly evenly between regular FFS payments (47 percent of total) and supplemental/Disproportionate Share Hospital (DSH) payments (53 percent). Measured as a whole, however, we estimate long term care services and supports (including nursing facility, waiver and other home and community-based services) represent the largest FFS funding category.

Figure 7: Fee-for-Service Medicaid Expenditures by Service Line, FFY 2018

Service	FFY 2018 FFS Spending	% of Total FFS Spending
Inpatient Services*	\$62,214	23.1%
Home and Community Based Services	\$59,036	21.9%
Other	\$44,325	16.4%
Nursing Facility*	\$41,049	15.2%
Medicare - Part A&B	\$17,930	6.6%
Outpatient Services*	\$15,002	5.6%
FQHC & Clinic Services	\$11,055	4.1%
Intermediate Care	\$9,491	3.5%
Personal Care Services	\$9,101	3.4%
Physician and Surgical Services*	\$8,968	3.3%
Dental Services	\$3,420	1.3%
<b>Total</b>	<b>\$281,592</b>	

\* Includes regular payments, supplemental payments and DSH if applicable

Source: CMS-64

Finally, we note that while the CMS-64 report provides valuable detail by service line for all FFS expenditures, it does not capture how spending directed to Medicaid MCOs is allocated by category of service. As such, it is not possible to calculate total spending by service line, a challenge that will only intensify as more spending runs through MCOs.





## HMA MEDICAID ROUNDUP

### *Alaska*

**House Committee Considers Bill to Shift Medicaid Expansion Members to Private Insurance.** *KTOO* reported on April 16, 2019, that the Alaska House Rules Committee introduced a bill at the request of Governor Mike Dunleavy that would shift up to 49,000 Medicaid expansion members to private insurance, with the state paying the premiums. The measure could also impact non-expansion members, but wouldn't affect individuals with disabilities or long-term care services. [Read More](#)

### *Arizona*

**Care1st Launches Hepatitis C Program with MIHS.** WellCare's Care1st Health Plan Arizona announced on April 15, 2019, that it has launched a Hepatitis C Center of Excellence program with Maricopa Integrated Health System (MIHS), which will receive bundled payment for treating hepatitis C patients. The program will initially evaluate and treat 100 patients with anti-viral medication and potentially expand depending on quality and utilization outcomes. CareFirst and MIHS signed the value-based network deal back in October 1, 2018. [Read More](#)

### *Arkansas*

**Arkansas Reports Increase in Medicaid Enrollment.** *Arkansas Times* reported on April 15, 2019, that Arkansas reported an increase in Medicaid enrollment of nearly 12,000 from March 1 to April 1. Data from the state Department of Human Services shows that enrollment in ARKids rose about 6,700 to a total of 416,000 as of April 1, accounting for most of the increase. Enrollment in the state's Arkansas Works expansion program also rose about 4,200 to 240,000. Expansion enrollment had been declining in part from the implementation of Medicaid work requirements; the requirements were blocked in March by a federal judge. [Read More](#)



## *District of Columbia*

**District of Columbia to Award Medicaid Managed Care Contracts to Amerigroup, AmeriHealth Caritas, Trusted.** The District of Columbia Department of Health Care Finance announced on April 12, 2019, its intent to award managed care contracts for the Medicaid/District of Columbia Healthy Families Program (DCHFP), the District of Columbia Healthcare Alliance Program (Alliance), and the Immigrant Children's Program (ICP) to incumbents AmeriHealth Caritas, Trusted Health Plan, and Anthem/Amerigroup. Contracts are for five years and will cover more than 257,000 beneficiaries.

## *Florida*

**Political Committee Gathers Signatures For Medicaid Expansion Ballot Measure.** *News4Jax/The News Service of Florida* reported on April 15, 2019, that a political committee named Florida Decides Healthcare is gathering signatures for a Medicaid expansion ballot measure in 2020. The committee has submitted 21,535 of the required 766,200 signatures. The measure calls for a constitutional amendment to expand Medicaid eligibility to adults with incomes up to 138 percent of the federal poverty level. [Read More](#)

**House Approves Legislation to Allow Uber, Lyft to Provide NEMT for Medicaid Patients.** *FLAPOL* reported on April 11, 2019, that the Florida House approved a bill that would allow members of Medicaid managed care plans to utilize companies like Uber and Lyft for non-emergency medical transportation (NEMT). A similar Senate measure is awaiting a vote in the Rules Committee before heading to the full Senate. Under the arrangement, members would schedule rides through their managed care plan and receive a text notifying them of the makes and model of the car picking them up. [Read More](#)

**House Passes Bill to Import Prescription Drugs from Canada.** *The Associated Press* reported on April 11, 2019, that the Florida House passed a bill, supported by Governor Ron DeSantis, that would allow the import of low-cost prescription drugs from Canada for Medicaid patients. The measure, sponsored by Representative Tom Leek (R-Daytona Beach), would create one program for state-funded entities like Medicaid and the prison system and another in which imported drugs are sold through pharmacies. The final measure would require federal approval. A similar bill has been circulating in the Senate. [Read More](#)

**House Panel Approves Measure to Implement Work Requirements Despite Federal Judge's Ruling.** *The Gainesville Sun* reported on April 10, 2019, that members of a Florida House panel approved a proposal to implement Medicaid work requirements, despite a federal judge's decision to block similar work requirements in Arkansas and Kentucky. The bill would require 500,000 beneficiaries to engage in work activities to remain eligible for Medicaid coverage. [Read More](#)

## Iowa

**Iowa to Evenly Distribute Medicaid Members Among Plans Following UnitedHealthcare Exit in July 2019.** *The Gazette* reported on April 10, 2019, that Iowa plans to evenly distribute the state's 600,000 Medicaid managed care beneficiaries across the two remaining insurers, Anthem/Amerigroup Iowa and Iowa Total Care (Centene), after the departure of UnitedHealthcare of the River Valley effective July 1. UnitedHealthcare alone serves 425,000 beneficiaries. The state is still considering whether to release a request for proposals for a third Medicaid managed care plan. [Read More](#)

**House Considers Additional Medicaid Funding to Cover Budget Shortfall.** *The Associated Press* reported on April 10, 2019, that the Iowa House plans to consider a spending bill that would add \$150 million to the state's Medicaid program to cover this year's budget shortfall. The program faces an additional shortfall of nearly \$80 million in fiscal 2020. [Read More](#)

## Michigan

**Medicaid Considers Four Options for MLTSS System Revamp.** *Open Minds* reported on April 14, 2019, that the Michigan Department of Health and Human Services (MDHHS) is considering four different options for revamping the state's Medicaid Managed Long-term Services and Supports (MLTSS) effective 2024. The four options under consideration include: 1. strengthening the existing system; 2. moderate expansion of MLTSS options for dually eligible individuals; 3. expansion of MLTSS options for dually eligible plus Medicaid-only individuals with nursing facility level of care; 4. full transition to MLTSS for all populations including dual eligibles. [Read More](#)

## Mississippi

**Mississippi Begins Receiving Clinical Data Directly from Medicaid Plans.** The Mississippi Division of Medicaid announced on April 16, 2019, that it has begun receiving clinical data summaries directly from Medicaid managed care plans. Centene's Magnolia Health is the first plan to participate in the initiative. The state already exchanges data with providers, including the University of Mississippi Medical Center, Hattiesburg Clinic, and Singing River Health System. MedeAnalytics is providing the data exchange technology. [Read More](#)

## Montana

**Senate Fails to Renew Medicaid Expansion.** *U.S. News* reported on April 11, 2019, that the Montana Senate failed to renew the state's Medicaid expansion program in a 25-25 vote, with several Republicans withholding their support. Medicaid expansion is expected to come up again before the end of the legislative session, according to Senate Majority Leader Fred Thomas (R-Stevensville). [Read More](#)

## New Jersey

### HMA Roundup – Karen Brodsky ([Email Karen](#))

**New Jersey Child Enrollment Declines, Barriers to Health Coverage Being Addressed.** *NJ Spotlight* reported on April 15, 2019, that the New Jersey Policy Perspective published a report that New Jersey is lagging behind many other states in insuring children. It attributes the decline to the state's higher number of children in immigrant families whose parents are reluctant to enroll their children in public programs because of their concerns that federal anti-immigrant policies could adversely affect citizenship application outcomes for legal immigrant parents. Between May 2018 and January 2019, NJFamilyCare experienced a drop in child enrollment of 33,000. Close to 60 percent of uninsured children are income eligible for NJFamilyCare or Marketplace subsidies. Other barriers may be contributing to this decline including the State's high Children's Health Insurance Plan (CHIP) premium, 90-day uninsured requirement to enroll in CHIP, and the discontinuation of access for eligible children to a buy-in program for CHIP coverage. State legislators are planning to introduce bills to improve community outreach, eliminate CHIP premiums, discontinue the 90-day waiting period and end eligibility criteria that are linked to immigration status. [Read More](#)

**Mental Health Parity Legislation Signed Into Law.** *NJBIZ* reported on April 11, 2019, that New Jersey Governor Phil Murphy signed legislation that will enhance enforcement of mental health parity laws in the state. The law aims to improve transparency and accountability by requiring insurers to provide coverage consistent with federal requirements of the Mental Health Parity Act of 2008. Health plans will be required to submit an annual report to the state's Department of Banking and Insurance (DOBI) to demonstrate compliance. DOBI must develop a report for the Legislature and available to the public to review their activities to oversee the provisions of the law. The law goes into effect on June 10, 2019. [Read More](#)

## New York

### HMA Roundup – Denise Soffel ([Email Denise](#))

**New York Establishes Foster Care Services Stakeholder Workgroup.** As part of its Children's System Transformation, New York will be transferring children in foster care into Medicaid managed care plans. The transition is scheduled for October 2019. The state has established a stakeholder workgroup to help plan for the transition. The workgroup is for Medicaid managed care plans and Voluntary Foster Care Agencies to:

- Discuss the Foster Care transition to Medicaid managed care
- Identify roles for Medicaid managed care plans and voluntary foster care agencies
- Develop concrete and operational solutions to ensure access to needed health services
- Provide feedback to the State and make recommendations for successful transition

Contact [Kingsley.Owusu@health.ny.gov](mailto:Kingsley.Owusu@health.ny.gov) to participate.

**New York Budget Side Letter Agreement Codifies Agreements Between DOH, Lawmakers.** As it has in the last three years, the New York Department of Health sent a letter to New York Assembly Health Chair Richard Gottfried codifying several agreements that were concluded during budget negotiations. Among other things, the letter commits the Department of Health to:

- Supporting robust consumer protections for consumers utilizing personal care services and proposing regulations that outline appropriate reasons for reducing personal care services
- Promoting asthma projects and medically tailored meals as part of DSRIP
- Updating the Managed Long-Term Care risk adjustment methodology
- Incorporating reporting on workforce recruitment, retention and minimum wage into regular monthly briefings for the legislature

**Independence Care System Providers Eligible for Network Enhancement Fee.** Independence Care System (ICS) shut its managed long-term care plan on March 31, 2019, and most of its members have been transferred to VNSNY Choice. As part of this year's budget, providers who were part of the ICS network who have joined the VNSNY Choice network are eligible for a Network Enhancement Fee for a period of three years. The payments, totaling \$24 million, are designed to compensate providers for claims for care provided to ICS members that had not been paid.

## Oregon

**Foster Care System Is Hit with Federal Lawsuit Alleging Neglect, Abuse.** *The New York Times/Associated Press* reported on April 16, 2019, that the Oregon Department of Human Services is facing a federal lawsuit alleging inadequate services and care for children under the state's foster care system. The lawsuit, filed in U.S. District Court, alleges that the state has failed to adequately protect foster children and provide them with stable living conditions. The state provides services for 7,500 foster children. [Read More](#)

**Governor Proposes Tobacco Tax Increase to Fund Medicaid Shortfall.** *The Seattle Times/Associated Press* reported on April 10, 2019, that Oregon Governor Kate Brown is looking to increase tobacco taxes to \$3.33 per pack of cigarettes, up from \$1.33, and add a tax on e-cigarettes to help fund the state's \$950 million Medicaid shortfall. The proposal, which still needs to be approved by the legislature, is expected to bring in \$346 million every two years. [Read More](#)

## Pennsylvania

### HMA Roundup – Julie George ([Email Julie](#))

**Grand Jury Investigation Releases Recommendations for Medical Assistance Program.** A Pennsylvania Investigative Grand Jury released on April 15, 2019, a report with proposed recommendations for legislative, executive, and administrative action regarding the commonwealth's Medical Assistance (MA) program. The investigation focused on services for care-dependent Pennsylvanians and identified three systemic issues that can leave individuals open for exploitation:

1. MA claims submitted for payment do not require identification of the individual providing services.
2. MA claims submitted for payment do not require specific date and time information.
3. The individuals providing these services lack the knowledge and training to provide quality care and to properly bill for those services.

Proposed recommendations include requiring all individual providers have either a National or State Provider Identifier (NPI or SPI), all claims include date and time specificity, and all service providers receive training on appropriate care and billing practices. [Read More](#)

**Lawmakers Introduce Legislation to Delay MATP Revamp.** Pennsylvania lawmakers introduced legislation in both houses (HB 986 and SB 390) of the General Assembly to delay the implementation of a revamped Medical Assistance Transportation Program (MATP) until the Department of Human Services (DHS) conducts a thorough review of the current system and proposed changes. The 2018 Human Services Code included a requirement that DHS seek to revamp its system and deliver MATP services utilizing a statewide or regional broker. Following that directive, DHS issued an MATP Broker Request for Application (RFA) in December 2018. Applications were due on April 1, 2019. Opposition from elected and public transportation officials prompted this new legislation.

## Tennessee

**House Clears Medicaid Block Grant Proposal.** *The Associated Press* reported on April 11, 2019, that the Tennessee House passed a Medicaid block grant proposal, which would significantly overhaul the state's Medicaid program. The proposal, sponsored by Timothy Hill (R-Bluff City), would require a federal waiver. [Read More](#)

## Wisconsin

**Wisconsin Receives CMS Approval for SeniorCare 1115 Waiver Extension.** On April 12, 2019, the Centers for Medicare & Medicaid Services (CMS) approved an 1115 waiver extension of the Wisconsin SeniorCare demonstration through December 31, 2028. Since September 1, 2002, the Medicaid SeniorCare program has provided a prescription drug benefit to low-income seniors who are not otherwise eligible to receive full Medicaid benefits. To-date, the program has served more than 290,000 seniors across the state.

## National

**4.4 Million Would be Eligible for Medicaid Expansion in 14 Remaining States, Kaiser Says.** The Kaiser Family Foundation reported on April 15, 2019, that 4.4 million additional uninsured adults would become eligible for coverage if the remaining 14 non-expansion states were to adopt Medicaid expansion. Data in the Kaiser [fact sheet](#) also notes the potential impacts of expansion, such as improved access to care, decreased uncompensated care costs, and increased utilization of care. [Read More](#)

**MACPAC Seeks Change In Definition of Medicaid Shortfall.** *Modern Healthcare* reported on April 11, 2019, that the Medicaid and CHIP Payment Advisory Commission (MACPC) voted to recommend that Congress change the definition of Medicaid shortfall, a move that could impact the amount of disproportionate-share (DSH) payments that a hospital receives. Under the new definition, costs and payments for Medicaid-eligible patients for whom Medicaid isn't the primary payer would no longer be included in the Medicaid DSH payment calculation. [Read More](#)

**MACPAC Urges Congress to Eliminate Medicaid Drug Rebate Cap.** *Modern Healthcare* reported on April 11, 2019, that the Medicaid and CHIP Payment Advisory Commission (MACPAC) is urging Congress to eliminate the Medicaid drug rebate cap, currently at 100 percent of a drug's average manufacturer price. MACPAC also recommended institution of a 180-day grace period allowing states to restrict coverage of a drug to confirm effectiveness or apply prior authorization policies. [Read More](#)

**Trump Administration Appeals Federal Judge's Decision to Block Work Requirements.** *The Associated Press* reported on April 10, 2019, that the Trump administration appealed a federal judge's decision to block Medicaid work requirements in Arkansas and Kentucky. The Department of Justice filed the appeal with the U.S. Court of Appeals for the District of Columbia Circuit. Last month, U.S. District Judge James Boasberg ruled that work requirements fail to promote the objectives of Medicaid. Arkansas also appealed the decision. [Read More](#)

**CMS Considers Increased Regulation Of D-SNP 'Look-Alike' Plans.** *Modern Healthcare* reported on April 11, 2019, that the Centers for Medicare & Medicaid Services (CMS) is considering ways to curb enrollment in dual-eligible special needs (D-SNP) "look-alike" plans, which target individuals eligible for integrated Medicare and Medicaid benefits but only provide Medicare Advantage coverage. CMS is considering efforts to better educate plan members and potentially rejecting applications from Medicare Advantage plans that target duals but don't offer integrated Medicare-Medicaid benefits. There are about 10 million duals in the U.S., with 1.7 enrolled in a D-SNP. In seven California counties alone, there were 19 D-SNP look-alike plans with 95,000 combined enrollees in 2017. [Read More](#)



**Medicare Considers Expanding Coverage for Innovative Cancer Treatment.**

*The New York Times* reported on April 13, 2019, that Medicare is considering expanding coverage for a new type of personalized cancer treatment, CAR-T therapy. UnitedHealth Group, the largest Medicare Advantage (MA) plan, has expressed concerns that the therapy could create “significant financial risks” for private MA plans. The Food and Drug Administration (FDA) has approved two CAR-T therapies: Kymriah (Novartis), with a list price of \$373,000 or \$475,000 depending on the type of cancer; and Yescarta (Gilead Sciences), with a price tag of \$373,000. CMS is expected to make a decision in the following weeks. [Read More](#)





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## INDUSTRY NEWS

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**North Carolina-Based Atrium Health, Wake Forest Baptist Health, Wake Forest University to Merge.** *Modern Healthcare* reported on April 10, 2019, that not-for-profit Atrium Health, Wake Forest Baptist Health and Wake Forest University have agreed to merge. The deal would combine Atrium's 42 hospitals and Wake Forest Baptist's seven. It would also add a Charlotte campus to Wake Forest University medical school. The merger is expected to close later in 2019. [Read More](#)

**Pinnacle Treatment Centers Acquires VA Opioid Treatment Programs.** Pinnacle Treatment Centers announced on April 17, 2019, that it has acquired American Addiction Treatment Center and Addiction Medicine Specialists, which combined offer four opioid treatment programs for adults in Virginia. [Read More](#)

**Bridges Fund Management Invests in Opioid Treatment Provider.** Bridges Fund Management announced on April 16, 2019, that it has invested in Sunrise Treatment Holdings, an opioid and behavioral counseling provider with five clinics in Ohio. Financial terms were not disclosed. [Read More](#)

## RFP CALENDAR

Date	State/Program	Event	Beneficiaries
2019	Ohio	RFP Release	2,360,000
2019	Hawaii	RFP Release	360,000
April 22, 2019	Oregon CCO 2.0	Applications Due	840,000
April 29, 2019	Louisiana	Proposals Due	1,500,000
May 17, 2019	Minnesota MA Families and Children; MinnesotaCare	Proposals Due	679,000
May 17, 2019	Minnesota Senior Health Options; Senior Care Plus	Proposals Due	55,000
Late Spring 2019	Kentucky	RFP Release	1,200,000
June 1, 2019	Idaho Medicaid Plus (Dual) -Bonner, Kootenai, Nez Perce Counties	Implementation	
June 28, 2019	Texas STAR+PLUS	Contract Start Date	530,000
June 28, 2019	Louisiana	Awards	1,500,000
July 1, 2019	New Hampshire	Implementation	181,380
July 1, 2019	Iowa	Implementation	600,000
July 1, 2019	Mississippi CHIP	Implementation	47,000
July 1, 2019	Washington Integrated Managed Care - North Sound (Island, San Juan, Skagit, Snohomish, and Whatcom Counties)	Implementation for RSAs Opting for 2020 Start	~1,600,000 program total
July 9, 2019	Oregon CCO 2.0	Awards	840,000
July 19, 2019	Minnesota MA Families and Children; MinnesotaCare	Awards	679,000
July 19, 2019	Minnesota Senior Health Options; Senior Care Plus	Awards	55,000
August 30, 2019	Texas STAR and CHIP	Contract Start Date	3,400,000
Early Fall 2019	Massachusetts One Care (Duals Demo)	Awards	150,000
October 1, 2019	Arizona I/DD Integrated Health Care Choice	Implementation	~30,000
November 1, 2019	North Carolina - Phase 1	Implementation	1,500,000
2020	California Two Plan Commercial - Alameda, Contra Costa, Fresno, Kings, Madera, San Francisco, Santa Clara	RFP Release	315,000
2020	California Two Plan Commercial - Los Angeles	RFP Release	960,000
2020	California Two Plan Commercial - Riverside, San Bernardino	RFP Release	148,000
2020	California Two Plan Commercial - Kern, San Joaquin, Stanislaus, Tulare	RFP Release	265,500
2020	California GMC - Sacramento	RFP Release	430,000
2020	California GMC - San Diego	RFP Release	700,000
2020	California Imperial	RFP Release	76,000
2020	California Regional - Alpine, Amador, Butte, Calaveras, Colusa, El Dorado, Glenn, Inyo, Mariposa, Mono, Nevada, Placer, Plumas, Sierra, Sutter, Tehama, Tuolumne, Yuba	RFP Release	295,000
2020	California San Benito	RFP Release	8,000
January 1, 2020	Louisiana	Implementation	1,500,000
January 1, 2020	Wisconsin MLTC Family Care and Family Care Partnership Select Service Areas in GSR 9, 10, and 13	Implementation	
January 1, 2020	Pennsylvania MLTSS/Duals	Implementation (Remaining Zones)	175,000
January 1, 2020	Hawaii	Implementation	360,000
January 1, 2020	Minnesota MA Families and Children; MinnesotaCare	Implementation	679,000
January 1, 2020	Minnesota Senior Health Options; Senior Care Plus	Implementation	55,000
January 1, 2020	Washington Integrated Managed Care - Great Rivers (Cowlitz, Grays Harbor, Lewis, Pacific, and Wahkiakum Counties); Salish (Clallam, Jefferson, and Kitsap Counties); Thurston-Mason (Mason and Thurston Counties)	Implementation for RSAs Opting for 2020 Start	~1,600,000 program total
January 1, 2020	Massachusetts One Care (Duals Demo)	Implementation	150,000
January 1, 2020	Florida Healthy Kids	Implementation	212,500
January 1, 2020	Oregon CCO 2.0	Implementation	840,000
February 1, 2020	North Carolina - Phase 2	Implementation	1,500,000
June 1, 2020	Texas STAR+PLUS	Operational Start Date	530,000
July 1, 2020	Kentucky	Implementation	1,200,000
September 1, 2020	Texas STAR and CHIP	Operational Start Date	3,400,000
January 2023	California Two Plan Commercial - Alameda, Contra Costa, Fresno, Kings, Madera, San Francisco, Santa Clara	Implementation	315,000
January 2023	California Two Plan Commercial - Los Angeles	Implementation	960,000
January 2023	California Two Plan Commercial - Riverside, San Bernardino	Implementation	148,000
January 2023	California Two Plan Commercial - Kern, San Joaquin, Stanislaus, Tulare	Implementation	265,500
January 2023	California GMC - Sacramento	Implementation	430,000
January 2023	California GMC - San Diego	Implementation	700,000
January 2023	California Imperial	Implementation	76,000
January 2024	California Regional - Alpine, Amador, Butte, Calaveras, Colusa, El Dorado, Glenn, Inyo, Mariposa, Mono, Nevada, Placer, Plumas, Sierra, Sutter, Tehama, Tuolumne, Yuba	Implementation	295,000
January 2024	California San Benito	Implementation	8,000

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## HMA NEWS

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### New this week on HMA Information Services (HMAIS):

#### Medicaid Data and Updates:

- Colorado RAE Enrollment is 1.2 Million, Mar-19 Data
- Iowa Medicaid Managed Care Enrollment is Flat, Mar-19 Data
- Illinois Medicaid Managed Care Enrollment is Down 3.4%, Mar-19 Data
- Minnesota Medicaid Managed Care Enrollment is Down 2.6%, Apr-19 Data
- New York Medicaid Managed Care Enrollment is Flat, Mar-19 Data
- Tennessee Medicaid Managed Care Enrollment is Up 3.2%, Mar-19 Data
- Utah Medicaid Managed Care Enrollment is Down 1.1%, Apr-19 Data
- Wisconsin Medicaid Managed Care Enrollment is Up 0.8%, Mar-19 Data
- Illinois Dual Demo Enrollment is Up 0.6%, Mar-19 Data
- Massachusetts Dual Demo Enrollment is Up 3.2%, Mar-19 Data
- Ohio Dual Demo Enrollment is Up 4.5%, Apr-19 Data
- Rhode Island Dual Demo Enrollment is 15,101, Apr-19 Data
- Texas Dual Demo Enrollment is 40,887, Apr-19 Data
- Idaho Medicaid Spending Is Up 9.0%, 2018 Data

#### Public Documents:

##### *Medicaid RFPs, RFIs, and Contracts:*

- Connecticut Behavioral Health Program Contracts, 2011-17
- DC Medicaid Managed Care RFP, Award, Data Books, and Related Documents, 2018-19
- DC MMIS Independent Verification and Validation Services RFP, Award, and Other Related Documents, Jan-18
- Louisiana Dental Program Benefit Management RFP, Proposals, 2018
- Missouri Health Information Network Services RFI, Apr-19
- Mississippi MMIS Project Management, IV&V, Change Management, and Testing Management Services RFP and Award, Jan-18
- New Mexico External Quality Review Organization RFP and Contract, Jun-18
- New York Health Benefit Exchange (NYSOH) and Medicaid Management Information Systems (MMIS) Systems Procurement Support RFP, Apr-19
- Oregon Independent Qualified Agent and Services Coordination RFP, Apr-19
- Pennsylvania Comprehensive Services and Information Resources RFI and Responses, 2018-19
- South Carolina Solicitation for Third Party Liability Services and Award, Aug-17
- Texas Medicaid, CHIP Actuarial and Financial Data Management Services RFP, Apr-19
- Virginia Commonwealth Coordinated Care Plus MLTSS MCO Contracts, 2017-19
- Washington Integrated Care for Kids (InCK) Model Project RFA, Proposals, Scoring, and Related Documents, 2018
- Washington Medicaid Managed Care Model Contracts, 2019

*Medicaid Program Reports, Data and Updates:*

- Arkansas Department of Human Services Annual Statistical Reports, 2014-18
- Arkansas Monthly Enrollment and Expenditures Report, Apr-19
- Arizona AHCCCS Population Demographics, Apr-19
- Arizona Medicaid Advisory Committee Meeting Materials, Apr-19
- Louisiana Medicaid Managed Care Enrollment by Plan, Region, and Subprogram, Feb-19
- Massachusetts Annual Medicaid Audit Report, Mar-19
- Massachusetts Health Safety Net Annual Reports, 2015-18
- Massachusetts MassHealth 1115 Waiver Annual Reports, 2016-18
- New Mexico 1115 Waiver Public Event Presentation, Apr-19
- New York APR-DRG and Exempt Rates for Medicaid Fee-for-Service and Managed Care, 2018
- Ohio Medicaid Enrollment by Eligibility Category, Mar-19
- Pennsylvania Grand Jury Recommendations for the Medical Assistance (MA) Program, Mar-19
- Virginia Medicaid Expansion Enrollment Dashboard, Apr-19
- Vermont Medicaid Services Fee Schedule, Apr-19
- Washington Apple Health Medicaid Managed Care Service Areas, Jan-19
- Washington Medicaid Services Provider Fee Schedules and FFS Hospital Reimbursement Rates, 2019
- Washington State Medicaid Transformation Project (MTP) Demonstration Section 1115 Waiver Quarterly Reports, 2018
- Wisconsin Senior Care 1115 Waiver Documents, 2013-19
- Wyoming Governor's Supplemental Budget Request, Department of Health, FY 2019-20

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