HEALTH MANAGEMENT ASSOCIATES

HMA Weekly Roundup

Trends in State Health Policy

May 6, 2015

RFP CALENDAR

DUAL ELIGIBLES CALENDAR

HMA NEWS

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IN FOCUS

MEDICAID AND EXCHANGE ENROLLMENT UPDATE – FEBRUARY 2015

This week, our *In Focus* section reviews updated reports issued by the Department of Health and Human Services (HHS) on Medicaid expansion enrollment from *"Medicaid & CHIP: February 2015 Monthly Applications, Eligibility Determinations, and Enrollment Report."* Additionally, we review 2015 Exchange enrollment from the HHS Office of the Assistant Secretary for Planning and Evaluation (ASPE) Issue Brief, *"Health Insurance Marketplace 2015 Open Enrollment Period: March Enrollment Report."* Combined, these reports present a picture of Medicaid and Exchange enrollment through February 2015.

Key Takeaways from Medicaid Enrollment Report

- Across 50 states and DC reporting Medicaid and CHIP monthly enrollment data, more than 70.5 million individuals were enrolled as of February 2015.
- Medicaid participation continues to grow, with more than 1.5 million net new enrollees since the HHS November 2014 report. Meanwhile, enrollment is up more than 11.8 million (more than 20 percent) from last year's "Pre-Open Enrollment" period, defined as July 2013 through September 2013.
- The top five states in percentage growth of Medicaid and CHIP enrollment under the Medicaid expansion are Kentucky (84.9 percent), Oregon (69.0 percent), Nevada (67.2 percent), Colorado (55.3 percent), and New Mexico (51.2 percent).
- The top five states in percentage growth of Medicaid and CHIP among states that did not expand Medicaid are North Carolina (16.3 percent), Tennessee (16.2 percent), Idaho (15.3 percent), Montana (13.9 percent), and Georgia (12.1 percent).
- The top five states in total enrollment growth of Medicaid and CHIP are California (3.03 million), New York (697,668), Ohio (612,514), Washington (557,095), and Kentucky (514,925).

Table 1 – Overall U.S. Medicaid/CHIP Enrollment Growth – Pre-Open Enrollment Monthly Average through February 2015

	Pre-Open Enrollment Monthly Avg. (Jul13-Sep13)	Medicaid/CHIP Enrollment (Feb. 2015)	Feb. 2015 % Change	Feb. 2015 # Change
Expanded Medicaid				
State-Based Exchange	23,280,265	30,498,472	*31.0%*	*7,218,207*
Federally Facilitated	8,403,802	9,917,702	*18.0%*	*1,513,900*
Partnership	6,294,268	7,748,319	*23.1%*	*1,454,051*
Has Not Expanded Medicaid				
State-Based Exchange	238,150	274,555	*15.3%*	*36,405*
Federally Facilitated	20,463,211	22,076,668	*7.9%*	*1,613,457*
Partnership	0	0	*N/A*	*N/A*
Total	**58,679,696**	**70,515,716**	***20.2%***	***11,836,020***

Key Takeaways from Exchange Enrollment Report

- At the end of the 2014 special enrollment period, which extended through April 19, 2014, nearly 8.02 million individuals enrolled in a qualified health plan (QHP) for plan year 2014 through the Exchanges.
- Through February 22, 2015, nearly 11.7 million individuals have newly enrolled or reenrolled in a QHP for plan year 2015. This represents a 45.7 percent increase in enrollment, and nearly 3.7 million net new QHP enrollments overall.
- Thirty-five states saw a more than 50 percent increase in their QHP enrollments for 2015 over 2014. Massachusetts (343.4 percent), Louisiana

(83 percent), Oklahoma (82.2 percent), Virginia (78 percent), and South Carolina (77.8 percent) are the top five in terms of percentage enrollment growth.

- The top five states in terms of net QHP enrollment growth were Florida (612,521), Texas (471,417), Georgia (224,537), North Carolina (202,773), and Virginia (168,798).
- Four of the top five states in terms of percentage QHP enrollment growth, and all of the top five in net QHP enrollment growth were Federally Facilitated Marketplace (FFM) states that did not expand Medicaid.

Table 2 – Overall U.S. Exchange Enrollment – Plan Year 2014 and 2015 (Through February 22, 2015)

	Selected Exchange QHP (2014)	Selected Exchange QHP (2015)	QHP % Change	QHP # Change
Expanded Medicaid				
State-Based Exchange	2,605,647	2,990,682	*14.8%*	*385,035*
Federally Facilitated	897,611	1,404,376	*56.5%*	*506,765*
Partnership	636,845	912,978	*43.4%*	*276,133*
Has Not Expanded Medicaid				
State-Based Exchange	76,061	97,079	*27.6%*	*21,018*
Federally Facilitated	3,803,599	6,282,959	*65.2%*	*2,479,360*
Partnership	*N/A*	*N/A*	*N/A*	*N/A*
Total	**8,019,763**	**11,688,074**	***45.7%***	***3,668,311***

The table on the following page (Table 3) provides state-level data on Medicaid and Exchange enrollment.

Medicaid and Exchange Enrollment Data Sources:

Link to CMS Medicaid Expansion Enrollment Report:

"Medicaid & CHIP: February 2015 Monthly Applications, Eligibility Determinations, and Enrollment Report" (May 1, 2015)

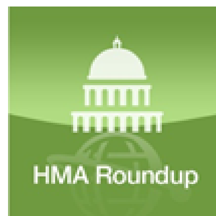
Link to ASPE Health Insurance Marketplace Enrollment Report:

"Health Insurance Marketplace 2015 Open Enrollment Period: March Enrollment Report" (March 10, 2015)

Table 3 – Medicaid/CHIP Enrollment Growth Across All States (February 2015) and 2015 Exchange Enrollment (February 22, 2015)

State	Expanded Medicaid	State-Based/ FFM Exchange	Pre-Open Enrollment Monthly Avg. (Jul13-Sep13)	Medicaid/CHIP Enrollment (Feb. 2015)	Feb. 2015 % Change	Feb. 2015 # Change	Selected Exchange QHP (2014)	Selected Exchange QHP (2015)	QHP % Change	QHP # Change
US Total			**58,679,696**	**70,515,716**	***20.2%***	***11,836,020***	**8,019,763**	**11,688,074**	***45.7%***	***3,668,311***
Alabama	No	FFM	799,176	827,523	*3.5%*	*28,347*	97,870	171,641	*75.4%*	*73,771*
Alaska	No	FFM	122,334	121,074	*-1.0%*	*(1,260)*	12,890	21,260	*64.9%*	*8,370*
Arizona	Yes	FFM	1,201,770	1,497,026	*24.6%*	*295,256*	120,071	205,666	*71.3%*	*85,595*
Arkansas	Yes	Partnership	556,851	831,643	*49.3%*	*274,792*	43,446	65,684	*51.2%*	*22,238*
California	Yes	State-Based	9,157,000	12,189,535	*33.1%*	*3,032,535*	1,405,102	1,412,200	*0.5%*	*7,098*
Colorado	Yes	State-Based	783,420	1,216,592	*55.3%*	*433,172*	125,402	140,327	*11.9%*	*14,925*
Connecticut	Yes	State-Based	618,700	722,571	*16.8%*	*103,871*	79,192	109,839	*38.7%*	*30,647*
Delaware	Yes	Partnership	223,324	237,445	*6.3%*	*14,121*	14,087	25,036	*77.7%*	*10,949*
District of Columbia	Yes	State-Based	235,786	256,751	*8.9%*	*20,965*	10,714	18,465	*72.3%*	*7,751*
Florida	No	FFM	3,104,996	3,436,875	*10.7%*	*331,879*	983,775	1,596,296	*62.3%*	*612,521*
Georgia	No	FFM	1,535,090	1,721,203	*12.1%*	*186,113*	316,543	541,080	*70.9%*	*224,537*
Hawaii	Yes	State-Based	288,357	319,078	*10.7%*	*30,721*	8,592	12,625	*46.9%*	*4,033*
Idaho	No	State-Based	238,150	274,555	*15.3%*	*36,405*	76,061	97,079	*27.6%*	*21,018*
Illinois	Yes	Partnership	2,626,943	3,124,202	*18.9%*	*497,259*	217,492	349,487	*60.7%*	*131,995*
Indiana	Yes	FFM	1,120,674	1,211,921	*8.1%*	*91,247*	132,423	219,185	*65.5%*	*86,762*
Iowa	Yes	Partnership	493,515	574,057	*16.3%*	*80,542*	29,163	45,162	*54.9%*	*15,999*
Kansas	No	FFM	378,160	405,431	*7.2%*	*27,271*	57,013	96,197	*68.7%*	*39,184*
Kentucky	Yes	State-Based	606,805	1,121,730	*84.9%*	*514,925*	82,747	106,330	*28.5%*	*23,583*
Louisiana	No	FFM	1,019,787	1,061,494	*4.1%*	*41,707*	101,778	186,277	*83.0%*	*84,499*
Maine	No	FFM	266,900	280,871	*5.2%*	*13,971*	44,258	74,805	*69.0%*	*30,547*
Maryland	Yes	State-Based	856,297	1,176,350	*37.4%*	*320,053*	67,757	120,145	*77.3%*	*52,388*
Massachusetts	Yes	State-Based	1,296,359	1,658,348	*27.9%*	*361,989*	31,695	140,540	*343.4%*	*108,845*
Michigan	Yes	Partnership	1,912,009	2,280,908	*19.3%*	*368,899*	272,539	341,183	*25.2%*	*68,644*
Minnesota	Yes	State-Based	873,040	1,029,334	*17.9%*	*156,294*	48,495	59,704	*23.1%*	*11,209*
Mississippi	No	FFM	637,229	711,984	*11.7%*	*74,755*	61,494	104,538	*70.0%*	*43,044*
Missouri	No	FFM	846,084	875,879	*3.5%*	*29,795*	152,335	253,430	*66.4%*	*101,095*
Montana	No	FFM	148,974	169,708	*13.9%*	*20,734*	36,584	54,266	*48.3%*	*17,682*
Nebraska	No	FFM	244,600	236,754	*-3.2%*	*(7,846)*	42,975	74,152	*72.5%*	*31,177*
Nevada	Yes	State-Based*	332,560	556,008	*67.2%*	*223,448*	45,390	73,596	*62.1%*	*28,206*
New Hampshire	Yes	Partnership	127,082	173,286	*36.4%*	*46,204*	40,262	53,005	*31.7%*	*12,743*
New Jersey	Yes	FFM	1,283,851	1,692,754	*31.8%*	*408,903*	161,775	254,316	*57.2%*	*92,541*
New Mexico	Yes	State-Based*	457,678	691,895	*51.2%*	*234,217*	32,062	52,358	*63.3%*	*20,296*
New York	Yes	State-Based	5,678,417	6,376,105	*12.3%*	*697,688*	370,451	408,841	*10.4%*	*38,390*
North Carolina	No	FFM	1,595,952	1,855,669	*16.3%*	*259,717*	357,584	560,357	*56.7%*	*202,773*
North Dakota	Yes	FFM	69,980	87,956	*25.7%*	*17,976*	10,597	18,171	*71.5%*	*7,574*
Ohio	Yes	FFM	2,341,481	2,953,995	*26.2%*	*612,514*	154,668	234,341	*51.5%*	*79,673*
Oklahoma	No	FFM	790,051	811,378	*2.7%*	*21,327*	69,221	126,115	*82.2%*	*56,894*
Oregon	Yes	State-Based*	626,356	1,058,414	*69.0%*	*432,058*	68,308	112,024	*64.0%*	*43,716*
Pennsylvania	Yes	FFM	2,386,046	2,474,050	*3.7%*	*88,004*	318,077	472,697	*48.6%*	*154,620*
Rhode Island	Yes	State-Based	190,833	270,018	*41.5%*	*79,185*	28,485	31,337	*10.0%*	*2,852*
South Carolina	No	FFM	889,744	979,282	*10.1%*	*89,538*	118,324	210,331	*77.8%*	*92,007*
South Dakota	No	FFM	115,501	118,470	*2.6%*	*2,969*	13,104	21,393	*63.3%*	*8,289*
Tennessee	No	FFM	1,244,516	1,446,383	*16.2%*	*201,867*	151,352	231,440	*52.9%*	*80,088*
Texas	No	FFM	4,441,605	4,655,609	*4.8%*	*214,004*	733,757	1,205,174	*64.2%*	*471,417*
Utah	No	FFM	294,029	296,278	*0.8%*	*2,249*	84,601	140,612	*66.2%*	*56,011*
Vermont	Yes	State-Based	161,081	181,072	*12.4%*	*19,991*	38,048	31,619	*-16.9%*	*(6,429)*
Virginia	No	FFM	935,434	943,118	*0.8%*	*7,684*	216,356	385,154	*78.0%*	*168,798*
Washington	Yes	State-Based	1,117,576	1,674,671	*49.8%*	*557,095*	163,207	160,732	*-1.5%*	*(2,475)*
West Virginia	Yes	Partnership	354,544	526,778	*48.6%*	*172,234*	19,856	33,421	*68.3%*	*13,565*
Wisconsin	No	FFM	985,531	1,053,400	*6.9%*	*67,869*	139,815	207,349	*48.3%*	*67,534*
Wyoming	No	FFM	67,518	68,285	*1.1%*	*767*	11,970	21,092	*76.2%*	*9,122*

** Several states use the FFM marketplace for enrollment, despite being a state-based exchange, these states are NV, NM, OR..*
Note: Connecticut and Maine did not report Pre-Open Enrollment Period enrollment data to HHS for the report. HMA has substituted the December 2013 Medicaid enrollment total from the Kaiser Family Foundation, compiled by Health Management Associates (HMA) from state Medicaid enrollment reports for the Kaiser Commission on Medicaid and the Uninsured (KCMU). Data available at: http://kff.org/medicaid/state-indicator/monthly-medicaid-enrollment-in-thousands-december/



HMA Medicaid Roundup

Arkansas

Arkansas Comments on Draft Managed Care RFI Due May 8th. The Arkansas Department of Human Services (DHS) intends to issue a formal request for information (RFI) later this month to receive feedback on the potential to implement Medicaid managed care for certain special needs populations. Special needs populations under consideration include behavioral health recipients, individuals with developmental disabilities, and the aged, blind, and disabled (ABD) populations. Comments on the Draft RFI are due this Friday, May 8, 2015. The Draft RFI is available here. A fact sheet is available here.

California

HMA Roundup – Warren Lyons (Email Warren)

Senate Bill to Provide Illegal Immigrants with Medi-Cal. On May 3, 2015, *San Jose Mercury News* reported that the Senate Appropriations Committee will vote on SB 4, which would extend free or low-cost health coverage to illegal immigrants. If the bill passes, over a million people would qualify for Medi-Cal. Additionally, those who make more money would be able to buy subsidized insurance on the exchange. Costs of the bill could range from $175 million to $740 million. Read More

Medi-Cal Emergency Department Visits Rose by 50 Percent. On April 30, 2015, *California Healthline* reported that emergency department visits by Medi-Cal beneficiaries rose to 1.16 million in the fourth quarter of 2014 from 800,000 in the first quarter of 2013, according to data from Office of Statewide Health Planning and Development. Under the expansion, Med-Cal enrollment increased from 8.6 million in Fall 2013 to about 11.3 million in late 2014. However, uninsured ED visits decreased during this time. Read More

Colorado

HMA Roundup – Lee Repasch (Email Lee)

Colorado Exchange Board Names Interim CEO. The state health insurance Exchange's board Monday picked Colorado Governor Hickenlooper's chief administrative officer, Kevin Patterson, as interim CEO of Colorado's state-based Marketplace, Connect for Health Colorado. Board members said they would like Patterson ultimately to be the candidate for permanent chief executive, which would end a search that has gone on for nine months. Read More

Colorado Governor Signs $25 Billion Budget Bill. Colorado's Governor John Hickenlooper signed a $25 billion budget on May 1, 2015, which includes money for taxpayer refunds and more funding for education. The refunds are required by the Taxpayer's Bill of Rights when the state's revenue exceeds the rate of population growth and inflation. Most of the funding in the budget goes to schools, health care, and prisons. The Department of Health Care Policy and Financing, which oversees Medicaid, will receive $2.5 billion in general fund spending and nearly $8.9 billion in federal dollars. Read More. Other bills passed this session include a health Exchange audit which will allow the state auditor to conduct a review of the Colorado Exchange after a limited audit found significant issues.

Florida

HMA Roundup – Elaine Peters (Email Elaine)

Kansas, Texas Join Florida Medicaid Expansion Lawsuit. On May 4, 2015, *Orlando Sentinel* reported that Governor Rick Scott announced that Kansas and Texas will file amicus briefs supporting Florida's lawsuit against CMS. Florida alleges the federal government was coercing the state into expanding Medicaid by threatening Low Income Pool (LIP) funds. The Florida legislature remains deadlocked over expansion, likely to return within two months to pass a budget to resolve the impasse in a special legislative session. Read More

Documents Reveal Florida Hospital Profit Margins at 9 Percent, Running as High as 55 Percent. On May 1, 2015, *The Palm Beach Post* reported that according to documents on all 247 Florida hospitals, profit margins are running close to $4 billion in aggregate, nearly 9 percent, on revenues of $42.7 billion. Some specialty hospitals topped 50 percent profit margins. Margins at some larger hospitals were 24 percent to 26 percent. However, hospital officials say that if the numbers are accurate, they still show the typical profit margin – in single digits, with nearly a quarter of hospitals losing money. Furthermore, they claim the numbers could be misleading as the margins don't include long-term debt. Linda Quick, President of the South Florida Hospital & Healthcare Association says that once LIP funding is taken out, many hospitals' margins quickly erode. Profit margins of all hospitals can be found here. Read More

Agency for Health Care Administration Seeks Public Feedback On Proposed Extension of Hospital Funding Program. On April 30, 2015, *Miami Herald* reported that the state Agency for Health Care Administration is going to three meetings around the state to hear public comments regarding its request to continue the Low Income Pool program. The federal government has stated that LIP would not continue as it was but a revised version of the program may be considered. The agency hopes that some form of the program will continue. It has proposed to extend LIP until June 30, 2017 and send money more broadly to hospitals. The funds will be distributed more evenly across hospitals, allowing hospitals to benefit and reduce the link between local government contributions and money distributed to each hospital. Funding would not remain at $2.1 billion. The agency emphasized that the proposed changes will not be a substitute for Medicaid expansion. Read More

Indiana

Governor Signs Bill Aimed at Reducing Infant Mortality. On May 5, 2015, the *Associated Press* reported that Indiana Governor Mike Pence has signed a bill into law creating the Safety PIN program. The program aims to reduce the state's infant mortality rate (fifth highest in the nation in 2010) through grant funding of local programs for prenatal care and cessation of drugs, alcohol, and tobacco use. The state's budget is providing $11 million for the program over the next two years. Read More

Iowa

Mikki Stier Named Director of Iowa Department of Human Services Medicaid Program. On May 1, 2015, *Sioux City Journal* reported that Mikki Stier was appointed as the Director of Iowa Medicaid Enterprise, the state's $4.2 billion program serving over half a million Iowans, effective May 27. Stier is currently the vice president of government and external relations of Broadlawns Medical Center. The former director, Jennifer Vermeer, left last July. Read More

Louisiana

Louisiana Medicaid Seeing Long HCBS Waitlists. On May 5, 2015, *The New Orleans Advocate* reported that a legislative audit released this week found nearly 55,000 Medicaid beneficiaries on various waiting lists for home and community-based services (HCBS) for the elderly and individuals with developmental disabilities. The wait times reported range from two-and-a-half years to as long as ten years. The audit report comes as the state prepares to issue a solicitation for Medicaid managed long-term supports and services (MLTSS). Read More

State Lawmakers Refuse To Expand Medicaid. On April 29, 2015, *The New York Times* reported that Louisiana lawmakers have rejected an expansion of Medicaid for the third year in a row. The Senate voted down Ben Nevers' proposed bill 5-3, while the House voted down John Bel Edwards' proposed bill. Governor Bobby Jindal has stated that expansion would be too costly. Read More

Massachusetts

MetroWest Health CEO Martin Cohen Appointed to Massachusetts Health Policy Commission. On May 4, 2015, *The MetroWest Daily News* reported that State Attorney General Maura Healey appointed Martin Cohen to the Massachusetts Health Policy Commission. Cohen has the MetroWest Health Foundation president since 1999. Read More

Nursing Home Acquisitions Precede Complaints in Massachusetts. On May 5, 2015, the *Boston Globe* reported on the increase in complaints and citations against nursing homes purchased by Synergy Health Centers over the past several years. Since 2012, Synergy has acquired ten nursing homes in the state. The issues have included both state citations and lowering of CMS quality scores. A Synergy spokesperson said the company has been quick to address concerns at its facilities. Acquisitions by other out-of-state nursing home operators have led to labor concerns, while more Massachusetts nursing homes

are feeling pressure to sell due to low reimbursement rates from the state. Read More

Montana

Montana Expands Medicaid. On April 30, 2015, *Kaiser Health News* reported that Governor Steve Bullock signed a bill, known as the HELP Act, expanding Medicaid for 45,000 more Montanans. The bill will also help Medicaid recipients find work and get job skills or education. Montana is now the 29th state plus DC to expand Medicaid. Read More

Obama Administration has Concerns About State's Expansion Provisions, Willing to Work with State. On May 1, 2015, *Great Falls Tribune* reported that federal officials are concerned about the state's expansion proposal requiring people earning as low as 50 percent of the federal poverty level to pay monthly premiums and copays. The administration still looks forward to working with the state on the issues. Agency spokesman Ben Wakana said, "as we consider the state's proposal, our priority will be to make sure that any waiver approval provides for coverage that is affordable and accessible for Montanans and does not impose significant cost-sharing or premiums on individuals with very low incomes." Read More

Nebraska

Arbor Health Plan Awarded Two Year Managed Medicaid Contract. On April 29, 2015, *Business Wire* reported that AmeriHealth Caritas' Arbor Health Plan was awarded a two-year contract to provide Medicaid managed care to rural Nebraskans. The contract is effective July 1, 2015 through June 30, 2017. It will also carve in hospice and non-emergency transportation services. Read More

New Jersey

HMA Roundup – Karen Brodsky (Email Karen)

New Jersey Marketplace enrollment tops 250,000. On May 4, 2015 *NJBIZ* reported that over 250,000 New Jersey residents signed up for insurance coverage available through the federal Marketplace. This is an increase of more than 100,000 from this time last year. More than half signed up with Horizon Blue Cross and Blue Shield of New Jersey, and the remaining individuals selected AmeriHealth, Health Republic Insurance of New Jersey, Oscar Insurance or United Healthcare. Read more.

New York

HMA Roundup – Denise Soffel (Email Denise)

Senate Roundtable on Value Based Payment. The NYS Senate Committees on Health and Insurance hosted a roundtable to explore value-based payment in NYS. The roundtable included government regulators from both the Department of Health and Department of Financial Services, as well as representatives from the insurance industry and the provider community. The roundtable came in part as a result of NY's commitment to including payment reform as a corollary and necessary support to its delivery system reform efforts

through the DSRIP program. The state's goal is to have as much as 90 percent of payments to providers be value-based by the end of the 5-year DSRIP program. The state has submitted a draft of its Value Based Payment Roadmap (45-page document now in its fifth draft) to CMS for review and is awaiting comment. They plan to establish a series of workgroups to address the detail necessary to proceed.

A number of points were made consistently by the stakeholders.

1. We have already begun to undertake a number of experiments in value-based payment, but the results are not yet clear, either in terms of cost savings or improvements in quality. A single mandated approach should not be imposed.
2. Efforts across payors need to be better aligned, especially in the quality metrics being used to evaluate provider outcomes.
3. Providers vary widely in their readiness to move to value based payment, and so a multi-pronged approach is essential.
4. Most providers are leery of taking on down-side risk until they have more experience, but payors think it is essential that providers have skin in the game if payment reform is to be successful.
5. Value-based payment needs to reflect the circumstances of a given payor and a given provider, reflecting the particular patients, the specific benefits, and the way in which the dollars will flow. .

The roundtable can be viewed on the State Senate website here.

New York Payment Reform Scorecard. The NYS Health Foundation released the first-ever New York scorecard on payment reform. It provides a detailed look into how payors in NYS are paying for health care and the types of value-oriented arrangements that are being used. New York State has set ambitious goals to have large majorities of patients in both Medicaid and the commercial market receiving care under some form of value-based payment in the coming years. An independent organization, Catalyst for Payment Reform, prepared two scorecards: one for New York's commercial market, and one for the Medicaid program. The scorecards are based on surveys of 10 commercial plans and 15 Medicaid managed care plans. They found that 93 percent of payment in the commercial market, and 73 percent of payment in the Medicaid market, remain fee-for-service. The scorecards indicate that only about one-third of payments are tied to value, with pay-for-performance the most common form of value-oriented payment. In fact, most of the payments that are value-oriented, do not put providers at down-side financial risk. The scorecards can be found on the Health Foundation website.

Ending the Epidemic: A Blueprint to End AIDS. In June 2014 Governor Cuomo detailed a three-point plan to end the AIDS epidemic in New York State. The goal is to reduce the number of new HIV infections to just 750 [from an estimated 3,000] by the end of 2020 and achieve the first ever decrease in HIV prevalence in New York State. The three-point plan will identify persons with HIV who remain undiagnosed and link them to health care; link persons diagnosed with HIV to health care to maximize viral suppression so they remain healthy and prevent further transmission; and facilitate access to Pre-Exposure Prophylaxis (PrEP) for high-risk persons to keep them HIV negative. This week the Governor released a blueprint containing recommendations of the "Ending

the Epidemic" task force. Capital Health Care reports that to fully implement the 44 recommendations over the next five years would cost $2.25 billion, including as much as $700 million in housing subsidies; this year's budget includes $10 million for AIDS reduction. The Blueprint can be found on the Department of Health website.

Xerox State Healthcare, LLC has been awarded the new MMIS Contract. The Department of Health has entered into a five year agreement with Xerox State Healthcare, LLC to implement and administer a new Medicaid Management Information System (MMIS). The new system, called the New York Medicaid Management Information System (NYMMIS), will replace eMedNY, the current State Medicaid system. Configuration and implementation of the NYMMIS is scheduled to take approximately eighteen months and will consist of two releases. Release One will include provider management, pharmacy benefits management, the MEIPASS EHR Incentive Program and a Xerox run provider call center to assist providers with enrollment issues. Release Two will consist of a member call center, remaining claims processing and related services including prior approval, coordination of benefits, capitation payments and specific benefit carve-outs for Medicaid managed care members.

North Carolina

Cardinal Innovations First Year Serving Mental Health Managed Care. On April 30, 2015, *Kaiser Health News* reported that last year under a state mandate, Cardinal Innovations Healthcare Solutions was granted control of over $200 million in Medicaid spending on mental health services in Mecklenburg County. After a year serving residents, mental health professionals and advocates say it is going well. When the mandate was initially passed, many clients and families feared that the focus on cost control would erode care. There are still today, however, some disputes over payments for the most complex and expensive cases. Cardinal has saved enough money to extend services to nearly 900 people this year. Read More

Ohio

HMA Roundup – Mel Borkan (Email Mel)

House Budget Threat to Ohio's Medicaid Expansion. The Morrow County Sentinel is reporting that a new report by Policy Matters Ohio, a research and advocacy group, finds that provisions in the new House version of the budget requiring the State to apply for a federal waiver to implement reforms such as special health savings accounts and premium payments could put at risk Ohio's success in health care access to date. Read More

The Senate's Turn. Ohio Governor Kasich's budget got a significant overhaul in the Ohio House review and the Administration is not happy. This is the third budget for the Kasich administration and officials are concerned that the House changes are a lost opportunity. Most of the extensive tax package that would have reduced income taxes by 23% over two years as it broadened and increased the state sales tax and increased taxes for cigarettes, business receipts and oil and gas profits was stripped out. $200 million was removed from a Medicaid contingency fund and more optimistic revenue assumptions were used. The

Senate, which usually uses the House passed version to begin their review, has instead decided to start anew. Read More

Pennsylvania

HMA Roundup – Julie George (Email Julie)

PACE Expansion of the Living Independence for the Elderly Program for Perry County. The Living Independence for the Elderly (LIFE) Program is Pennsylvania's version of the Federal Program of All-inclusive Care for the Elderly (PACE). The Department of Human Services (Department) is planning to expand the LIFE Program in Perry County to satisfy participant needs and interest from providers and stakeholders in serving the County. The Department will solicit information from organizations interested in opening a LIFE center and participating in the LIFE Program in Perry County. PACE providers will be responsible to deliver specific services to individuals enrolled in the LIFE Program who are eligible for Medical Assistance (MA) and are nursing facility clinically eligible. The organization shall provide an original and three hard copies of the submission to the Department within 90 days of this publication. Read More

Governor Wolf Asks Federal Government for State-Based Marketplace to Protect 382,000 Pennsylvanians. Governor Wolf sent a letter to the federal Department of Health and Human Services declaring Pennsylvania's intent to implement a State-based Marketplace for Pennsylvanians to shop for health insurance coverage The letter was sent to cover Pennsylvania in the event the United States Supreme Court rules that people are not eligible for subsidies to help them afford health coverage in states where the federal government runs the health insurance marketplaces. Governor Wolf's letter to the Department of Health and Human Services does not mean that Pennsylvania has to set up a state-based marketplace. The governor's letter also does not mean that Pennsylvania must submit an application, nor does it mean that the state will be transitioning to a state-based marketplace. This simply leaves the door open so the state has this option in the event of an adverse Supreme Court ruling. Read More

Health Plans Get to Keep Incentive Data Secret. Five health insurers offering Medicaid coverage in Pennsylvania don't have to reveal how many gift cards they've offered as incentives for patients to visit doctors and dentists, the state Office of Open Records ruled. The insurers said disclosure would show which programs are working and allow competitors to steal each other's' ideas. In a ruling Monday, Joshua Young, a hearing officer in the Office of Open Records, said that argument is bolstered by the fact that the insurers take steps to keep the data secret. Ben Geffen, an attorney for the Public Interest Law Center of Philadelphia, said the decision and a similar one he is appealing hinge on the reasoning that health plans may shield information that speaks to the effectiveness of the programs they operate with government dollars. The health plans that rebuffed the release of their records were: AmeriHealth Caritas Pennsylvania; AmeriHealth Northeast; Keystone Health; Aetna Better Health of Pennsylvania; and UPMC for You. Read More

Puerto Rico

HMA Roundup – Juan Montanez (Email Juan)

Puerto Rico Update. Against a backdrop of very troubled government finances, a contentious debate over tax reform and an economy still in recession, the transition to full-risk managed care of Puerto Rico's Government Health Plan (GHP; known locally as Mi Salud) went into effect on April 1st. Five plans, including four local health insurance companies and a subsidiary established by Molina Healthcare, took over more than 1.4 million GHP lives, which represent more than 40 percent of the U.S. territory's population. There have been reports of long lines at health plan service centers and long wait times at health plan call centers, along with concerns about the adequacy of the provider networks of some plans, and early connectivity issues between the systems of the program's pharmacy benefits manager and several plans. It is also our understanding that at least one plan has been placed on a corrective action plan by the Health Insurance Administration (known in Puerto Rico by its Spanish acronym, ASES), the local agency responsible for administering the GHP. All of the above notwithstanding, there have been no reports of catastrophic system failures or other breakdowns that have jeopardized the care of GHP members.

As a recipient of State Innovation Model (SIM) model design funding, and in keeping with Governor Alejandro Garcia Padilla's promise to explore structural reforms to the territory's health care system, the controlling Popular Democratic Party drafted legislation to establish a health care reform "multi-sectorial work group". The legislation was approved in late 2013, but to our understanding this work group has not been formally established. Moreover, despite the Governor's announcement in September 2013 of a new "Basic Health Plan" that would cover over 75,000 individuals who were uninsured at the time, this initiative has not been implemented.

The territory's fiscal situation can only be described as critical:

- The legislature and the Governor's office had been embroiled in a very heated debate over the possible imposition of a Value Added Tax as part of a comprehensive tax reform bill designed to address evasion and garner credibility with investors and debt-holders. The tax reform bill failed to pass in the Legislature, which led the Governor to announce major austerity measures in his State of the Territory speech. The central government's budget for Fiscal Year 2015-2016 is still being debated.
- The local Government Development Bank, the quasi-independent financing arm of the central government, recently issued a missive where it warned of the potential of a government shut-down and massive layoffs if the central government's liquidity challenges are not addressed within the next 60 to 90 days.
- The central government's debt, which has accumulated to over $70 billion – almost 70 percent of GDP – has already been downgraded to junk status with no expectations of an upgrade in the near future.
- ASES is seeking a line of credit "lifeline" to be able to settle fee-for-service claims it did not settle prior to the transition to full-risk managed care. It is estimated that these claims are in excess of $100 million (the GHP's annual budget is approximately $2.5 billion).

- Looming still is the possibility that ASES will hit a funding "cliff" as early as 2017 given the rate at which it is utilizing non-recurring federal Medicaid funding earmarked in the Affordable Care Act for U.S. territories. CMS officials have met with local officials to discuss this issue.

Moreover, CMS announced rate cuts to local Medicare Advantage (MA) plans estimated at up to 11 percent. This could severely impact the finances of the GHP, which relies heavily on MA plans to deliver services to approximately 200,000 dual-eligibles, and other MA beneficiaries who may experience higher premiums, deductibles and co-payments and/or cutbacks in value-adding services. MA plan penetration in Puerto Rico is over 70 percent, by far the highest in the U.S. Lawmakers are asking HHS to raise MA rates. CMS said that it will conduct an analysis of relevant data.

Rhode Island

Governor Raimondo's Reinventing Medicaid Group Proposes $91 Million in Cuts. On April 30, 2015, *Providence Journal* reported Governor Raimondo's Reinventing Medicaid working group has released a report which proposes to cut $91 million. The largest cuts are to hospitals and nursing homes: hospital Medicaid payments would drop by five percent ($15.7 million) and nursing home by three percent ($13.3 million). The cuts include the $29 million reduction already in the Governor's proposed 2016 budget. The Reinventing Medicaid working group was formed by the Governor in late February to address a projected $190 million deficit in the 2016 budget. Read More

Texas

Uninsured Rate Falls to 17 Percent. On April 30, 2015, *The Texas Tribune* reported that according to a report from the Episcopal Health Foundation and Rice University's Baker Institute for Public Policy, the rate of uninsured in Texas has fallen to 17 percent in March. The state still remains atop states with the highest percentage of uninsured people.

Utah

Governor Gary Herbert and Legislative Leaders to Start Over on Expansion. On April 30, 2015, *Deseret News* reported that Governor Gary Herbert announced that he and legislative leaders are starting over on Medicaid expansion after meeting with U.S. Health and Human Services Secretary Sylvia Burwell. Herbert expects to come up with a plan in time for a special legislature session this summer. Read More

National

Will Incentives for Medicaid Beneficiaries to Make Healthier Decisions Pay Off? On May 4, 2015, *Kaiser Health News* looked into the effectiveness of financial incentives at improving healthy behaviors to save money for the health insurance program. According to a report by the Center for Health Care Strategies, financial incentives are effective at improving healthy behaviors, but

the effect can decrease over time. An analysis of 34 studies, published in the journal Preventative Medicine, found that workplace and other incentives can change health behaviors in the short term, but the effects dissipated once the incentives were taken away. Under the ACA, states like Iowa, New Mexico, Indiana, Pennsylvania, New Hampshire, and Michigan have included wellness incentives in Medicaid. One of the biggest obstacles to incentives is getting the word out to enrollees. Additionally, the poor are less likely to understand how incentives work and face transportation and other barriers to get to appointments or classes under the program. Read More

Almost Half of State Insurance Exchange Marketplaces Face Financial Struggles. On May 1, 2015, *The Washington Post* reported that nearly half of the 17 state insurance marketplaces are facing surging costs, particularly related to technology and customer call centers. Officials are considering raising fees on insurers, cost sharing with other states, asking lawmakers for cash infusions, or switching to the federal website, HealthCare.gov. The state exchanges will reportedly hold off on any major decisions until after the Supreme Court ruling of King v. Burwell. Read More

Growing Number of Rural Hospitals Closing. On May 2, 2015, *Modern Healthcare* reported that rural hospitals are struggling to stay open and a growing number are beginning to close as a result of changing demographics, medical practices, management decisions, and federal policies that have put more financial pressure on facilities. Since 2010, 50 rural hospitals in the U.S. have closed. In the last two years, there were more closures than the last 10 years combined. Currently, 283 rural hospitals in 39 states are at risk of closure. According to iVantage Health Analytics, 35 percent of rural hospitals are operating at a loss. Read More

GOP To Demand Obama Remove Employer and Individual Mandates if Supreme Court Rules Against Health Law. On May 1, 2015, *The Hill* reported that Republicans are readying a list of demands if the King v. Burwell rules against the health care law this summer. So far, the GOP has put forth over half-dozen proposal for alternatives. However, all proposals include some sort of temporary aid to those would lose their subsidies. While GOP leaders in Congress are under pressure to put forth a repeal of the law, the leader of the Senate Republican Policy Committee, John Barrasso, indicated that he doesn't want to dilute the party's bargaining power on Obamacare by pushing another repeal effort. The Democrats have also been coming up with a solution in the event of a conservative ruling – pass a bill that changes the few sentences under scrutiny. Read More

Report: Risk Corridors May Make U.S. Insurance Market Less Stable. On May 1, 2015, *Standard and Poor's Rating Services* released a report predicting the ACA risk-corridor pool to be significantly underfunded if the government enforces budget neutrality. S&P found that "the aggregate risk-corridor payables recorded by U.S. insurers for 2014 are less than 10% of the aggregate risk-corridor receivables booked by insurers for the same year" and that "uncertainty of payment due to underfunding can cause volatility in the market for all participants." Read More

Republican States Seek to Add Work Requirements to Expansion Bills. On April 30, 2015, *Politico* reported that in nearly a dozen GOP states, the governor or legislators are seeking to add work requirements to expansion bills. Supporters of Medicaid work say it is a way of taming a health care entitlement

they find excessively costly and riddled with fraud and abuse. However, the Health and Human Services Department has rejected all such requests so far. The administration has stated that adding requirements or conditions subverts the law's goal of providing affordable and accessible care to those who need it. Read More

Industry News

The Ensign Group Announces Acquisitions in Washington, Utah. On May 1, 2015, The Ensign Group announced that it acquired Washington-based nursing facility, Bainbridge Island Health and Rehabilitation, effective May 1, 2015. Read More. On May 1, 2015, the Ensign Group announced that it acquired Utah-based Wasatch Healthcare and Rehabilitation skilled nursing facility and Utah-based St. George Rehabilitation skilled nursing facility, effective May 1, 2015. Read More

KFF Report Reveals Ascension Health Benefits from Medicaid Expansion. On April 30, 2015, *St. Louis Post-Dispatch* reported that a study released by the Kaiser Family Foundation found that Ascension hospitals in Medicaid expansion states had higher rates of growth in patient volume and higher revenues from Medicaid than hospitals in non-expansion states. The report compared data from the last nine months of 2013 with the first nine months of 2014, the year Medicaid expansion took effect. In expansion states, Ascension saw the number of patients increase by 7.4 percent. In non-expansion states, the increase was only 1.4 percent. Furthermore, the combined revenue from hospitals in expansion states saw Medicaid payments increase 8.2 percent. In non-expansion states Medicaid payments decreased by 2.6 percent. Read More

Gilead Hepatitis C Drugs Sales Reach $4.55 Billion in First Quarter. On April 30, 2015, *The New York Times* reported that Gilead Sciences' Hepatitis C drug sales reached $4.55 billion in the first quarter. Harvoni, Gilead's newest drug had sales of $3.58 billion, and Sovaldi had $972 million. The combined drug sales in the first quarter were double that of a year earlier. The company announced that it expects total product sales to be between $28 billion and $29 billion this year. Read More

Kindred and Dignity Health Announce Joint Venture to Create Inpatient Rehabilitation Hospital in Arizona. On April 30, 2015, Kindred Healthcare announced that it signed a definitive agreement with Dignity Health to create a joint venture to construct a 50-bed inpatient hospital in Chandler, Arizona. The hospital will be called Dignity Health Rehabilitation Hospital – East Valley and is expected to open by the third quarter of 2016. Read More

RFP CALENDAR

Date	State/Program	Event	Beneficiaries
Early May, 2015	Michigan	RFP Release	1,500,000
May 14, 2015	Georgia	Proposals Due	1,300,000
May 19, 2015	Iowa	Proposals Due	550,000
May 22, 2015	Kentucky	Proposals Due	1,100,000
May, 2015	Mississippi CHIP	Contract Awards	50,300
May, 2015	Florida Healthy Kids	Contract Awards	185,000
Spring, 2015	Louisiana MLTSS - Frail Elderly	RFP Release	50,000
Spring, 2015	Louisiana MLTSS - DD	RFP Release	15,000
July 1, 2015	Missouri	Implementation	398,000
July 1, 2015	Kentucky	Implementation	1,100,000
July 1, 2015	Mississippi CHIP	Implementation	50,300
July, 2015	Georgia	Contract Awards	1,300,000
July 31, 2015	Iowa	Contract Awards	550,000
August, 2015	Michigan	Contract Awards	1,500,000
September 1, 2015	Texas NorthSTAR (Behavioral)	Implementation	840,000
September 1, 2015	Texas STAR Health (Foster Care)	Implementation	32,000
October 1, 2015	Arizona (Behavioral)	Implementation	23,000
October 1, 2015	Florida Healthy Kids	Implementation	185,000
Fall 2015	Louisiana MLTSS - Frail Elderly	Implementation	50,000
January 1, 2016	Michigan	Implementation	1,500,000
January 1, 2016	Iowa	Implementation	550,000
Early 2016	Louisiana MLTSS - DD	Implementation	15,000
July, 2016	Georgia	Implementation	1,300,000
September 1, 2016	Texas STAR Kids	Implementation	200,000

Dual Eligible Financial Alignment Demonstration Calendar

Below is a summary table of the progression of states toward implementing dual eligible financial alignment demonstrations in 2014 and 2015.

State	Model	Duals eligible for demo	RFP Released	RFP Response Due Date	Contract Award Date	Signed MOU with CMS	Opt- in Enrollment Date	Passive Enrollment Date	Health Plans
California	Capitated	350,000	X	3/1/2012	4/4/2012	3/27/2013	4/1/2014	5/1/2014 7/1/2014 1/1/2015	CalOptima; Care 1st Partner Plan, LLC; Community Health Group Partner; Health Net; Health Plan of San Mateo; Inland Empire Health Plan; LA Care; Molina; Santa Clara Family Health Plan; Anthem (CareMore)
Colorado	MFFS	62,982				2/28/2014		9/1/2014	
Connecticut	MFFS	57,569						TBD	
Illinois	Capitated	136,000	X	6/18/2012	11/9/2012	2/22/2013	4/1/2014	6/1/2014	Aetna; Centene; Health Alliance; Blue Cross Blue Shield of IL; Health Spring; Humana; Meridian Health Plan; Molina
Massachusetts	Capitated	90,000	X	8/20/2012	11/5/2012	8/22/2013	10/1/2013	1/1/2014	Commonwealth Care Alliance; Fallon Total Care; Network Health
Michigan	Capitated	105,000	X	9/10/2013	11/6/2013	4/3/2014	3/1/2015	5/1/2015	AmeriHealth Michigan; Coventry (Aetna); Fidelis SecureCare; Meridian Health Plan; Midwest Health Plan; Molina Healthcare; Upper Peninsula Health Plan
New York	Capitated	124,000	Application			8/26/2013	1/1/2015 *(Phase 2 Delayed)*	4/1/2015 *(Phase 2 Delayed)*	There are 22 FIDA plans selected to serve the demonstration. A full list is available on the MRT FIDA website.
North Carolina	MFFS	222,151						TBD	
Ohio	Capitated	114,000	X	5/25/2012	6/28/2012	12/11/2012	5/1/2014	1/1/2015	Aetna; CareSource; Centene; Molina; UnitedHealth
Oklahoma	MFFS	104,258						TBD	
Rhode Island*	Capitated	28,000	X	5/12/2014	9/1/2014		4/1/2015		
South Carolina	Capitated	53,600	X		11/1/2013	10/25/2013	2/1/2015	6/1/2015	Absolute Total Care (Centene); Advicare; Molina Healthcare of South Carolina; Select Health of South Carolina (AmeriHealth)
Texas	Capitated	168,000	N/A	N/A	N/A	5/23/2014	3/1/2015	4/1/2015	Anthem (Amerigroup), Health Spring, Molina, Superior (Centene), United
Virginia	Capitated	78,596	X	5/15/2013	12/9/2013	5/21/2013	3/1/2014	5/1/2014	Humana; Anthem (HealthKeepers); VA Premier Health
Washington	Capitated	48,500	*Cancelled Capitated Financial Alignment Model*						
	MFFS	66,500	X			10/24/2012		7/1/2013; 10/1/2013	
Totals	**10 Capitated 5 MFFS**	**1.3M Capitated 513K FFS**	***10***			***11***			

** Phase I enrollment of duals only includes Medicaid benefits. Medicare-Medicare integration to occur within 12 months.*

Dual Eligible Financial Alignment Demonstration Enrollment Update

Below are enrollment totals in the states with active dual eligible demonstration enrollments in a capitated model as of this week's publication.

State	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15
California	48,976	51,527	58,945	122,908	123,079	124,239	122,520
Illinois	49,060	49,253	57,967	63,731	64,199	60,684	58,594
Massachusetts	17,465	18,104	17,918	17,867	17,763	17,797	17,474
New York				17	406	539	6,660
Ohio				68,262	66,892	65,657	63,625
South Carolina					83	1,205	1,398
Texas						20	15,141
Virginia	28,642	29,648	27,701	27,333	26,877	27,765	25,563
Total Duals Demo Enrollment	**144,143**	**148,532**	**162,531**	**300,118**	**299,299**	**297,906**	**310,975**

Source: State enrollment data and CMS enrollment data, compiled by HMA

HMA News

HMA Webinar Replay: Breaking Down the Armstrong Ruling and What It Means

On April 30, 2015, HMA Information Services hosted the webinar, "Implications of the U.S. Supreme Court's Ruling in Armstrong v. Exceptional Child Center: A Real-world Analysis."

The U.S. Supreme Court recently limited the ability of healthcare providers to file lawsuits against state Medicaid programs over the adequacy of provider payment rates. The court's decision in Armstrong v. Exceptional Child Center is good news for states looking to rein in Medicaid costs. But many fear it will be bad news for Medicaid beneficiaries, who may struggle to find access to quality care if providers refuse to participate in the program because of insufficient payment rates. Enforcement of Medicaid's promise to provide high-quality health care to the poor now falls largely in the lap of CMS, whose enforcement tools may not be up to the task.

During this webinar, our presenters provided an analysis of the possible real-world implications of this decision – for providers, beneficiaries, states and Medicaid managed care plans.

Speakers included:

Meghan Linvill McNab, J.D., Krieg DeVault
Leah Mannweiler, J.D., Partner, Krieg DeVault
Kathy Gifford, J.D., Health Management Associates
Catherine Rudd, J.D., Health Management Associates

The slide deck and a replay of this webinar are available here.

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