

HEALTH MANAGEMENT ASSOCIATES

HMA Weekly Roundup

Trends in Health Policy

..... May 13, 2020



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IN FOCUS

Medicaid Managed Care Spending in 2019

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) 2019. We expect the final version of the report will be completed by the end of 2020 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 2019 exceeded \$594 billion, with over half of all spending now flowing through Medicaid managed care programs. In addition, total Medicaid spending on administrative services was \$29.5 billion, bringing total program expenditures to \$623.5 billion.

Total Medicaid Managed Care Spending

Total Medicaid managed care spending (including the federal and state share) in FFY 2019 across all 50 states and 6 territories was \$313.5 billion, up from \$306.6 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 2.2 percent in FFY 2019, the lowest year-over-year growth rate since at least FFY 2007. The rate of growth has decelerated in each of the last four 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 Medicaid managed long-term care (MLTC) programs than in recent years.
- In terms of dollars, the increase from FFY 2017 to FFY 2018 was \$6.8 billion compared to \$9.8 billion from FFY 2017 to FFY 2018.
- Medicaid managed care spending has increased at a rate of 14.6 percent compounded annual growth rate (CAGR) since FFY 2007, compared to a 5.4 percent growth in total Medicaid spending.
- Medicaid managed care spending represented 52.8 percent of total Medicaid spending in FFY 2019. Compared to FFY 2018, the penetration rate increased by 0.6 percentage points, the second consecutive year in which the spending penetration rate has increased by less than one percentage point.

Figure 1: Medicaid MCO Expenditures as a Percentage of Total Medicaid Expenditures FFY 2007-2019 (\$M)

\$M	FFY 07	FFY 12	FFY 13	FFY 14	FFY 15	FFY 16	FFY 17	FFY 18	FFY 19	CAGR Since 2007
Medicaid MCO expenditures*	\$60,663	\$120,325	\$141,998	\$181,421	\$238,343	\$271,028	\$296,806	\$306,621	\$313,452	14.6%
% y/y	13.3%	17.4%	18.0%	27.8%	31.4%	13.7%	9.5%	3.3%	2.2%	
Total Medicaid expenditures	\$311,014	\$408,850	\$432,944	\$467,426	\$526,711	\$550,881	\$571,341	\$588,213	\$594,100	5.4%
% y/y	4.0%	0.6%	5.9%	8.0%	12.7%	4.6%	3.7%	3.0%	1.0%	
% of Total	19.5%	29.4%	32.8%	38.8%	45.3%	49.2%	51.9%	52.1%	52.8%	

Change in spending penetration

	1.6%	4.2%	3.4%	6.0%	6.4%	3.9%	2.8%	0.2%	0.6%
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*Includes Prepaid Ambulatory Health Plans and Prepaid Inpatient Health Plans

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, 64.7 percent of FFY 2019 spending was contributed by federal sources, which is 7.3 percentage points higher than the pre-Medicaid expansion share in FFY 2013, and 2.0 percentage points higher than FFY 2018 despite the matching rate for Medicaid expansion enrollees declining from 94 percent to 93 percent as of January 1, 2019.

Figure 2: Federal vs. States Share of Medicaid Expenditures, FFY 2012-2019 (\$M)

\$M	FFY 12	FFY 13	FFY 14	FFY 15	FFY 16	FFY 17	FFY 18	FFY 19
Federal Share	\$235,070	\$248,641	\$281,269	\$330,708	\$346,325	\$351,917	\$368,934	\$384,190
% of Total	57.5%	57.4%	60.2%	62.9%	63.2%	61.6%	62.7%	64.7%
State Share	\$173,780	\$184,303	\$186,157	\$195,063	\$202,056	\$219,424	\$219,279	\$209,910
% of Total	42.5%	42.6%	39.8%	37.1%	36.8%	38.4%	37.3%	35.3%
Total	\$408,850	\$432,944	\$467,426	\$525,772	\$548,382	\$571,341	\$588,213	\$594,100

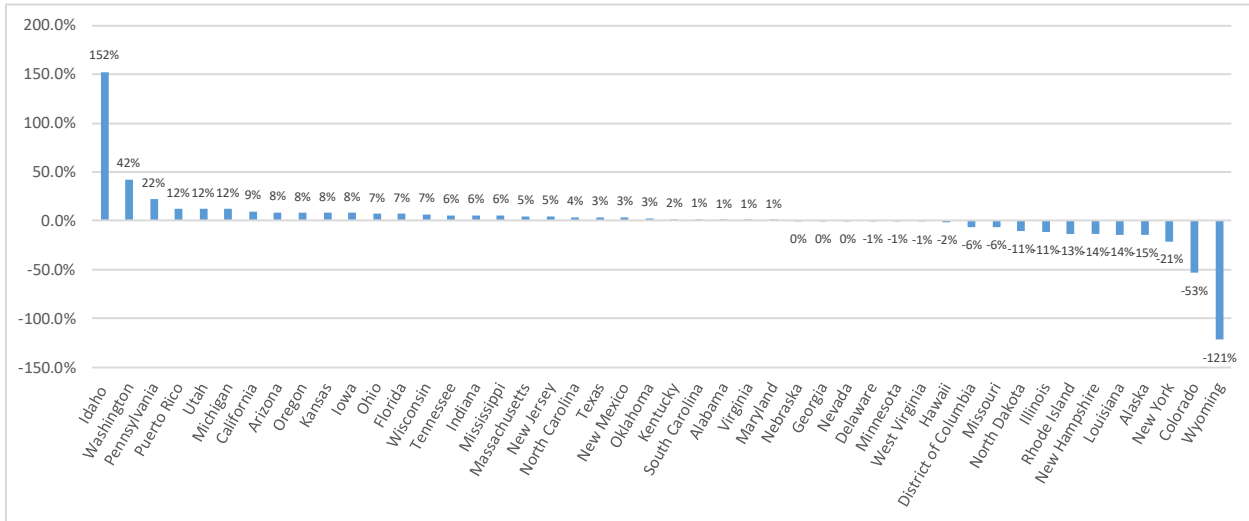
Source: CMS-64

State-Specific Growth Trends

Forty-seven states and territories report managed care organization (MCO) spending on the CMS-64 report of which four states (Alabama, Alaska, North Carolina and Oklahoma) utilize a PIHP/PAHP model exclusively. Of the remaining 43 states and territories that contract with risk-based MCOs, average MCO spending in FFY 2019 increased 2.2 percent. On a percentage basis, Idaho experienced the highest year-over-year growth in Medicaid managed care spending at 152 percent, although the state's total spending is still just under \$300 million. Among states with more mature programs, Washington experienced the fastest growth in FFY 2019 at 42 percent, likely impacted by the state's carve-in of behavioral health services in certain regions, followed by Pennsylvania at 21.9%, which was attributable to implementation of managed long term care.

The chart below provides additional detail on Medicaid managed care spending growth in states with risk-based managed care programs in FFY 2018. Interestingly, 18 states reported year-over-year declines in Medicaid managed care spending compared to 17 in FFY 2018 and six in FFY 2017.

Figure 3; Medicaid Managed Care Spending Growth on a Percentage Basis by State FFY 2018-19

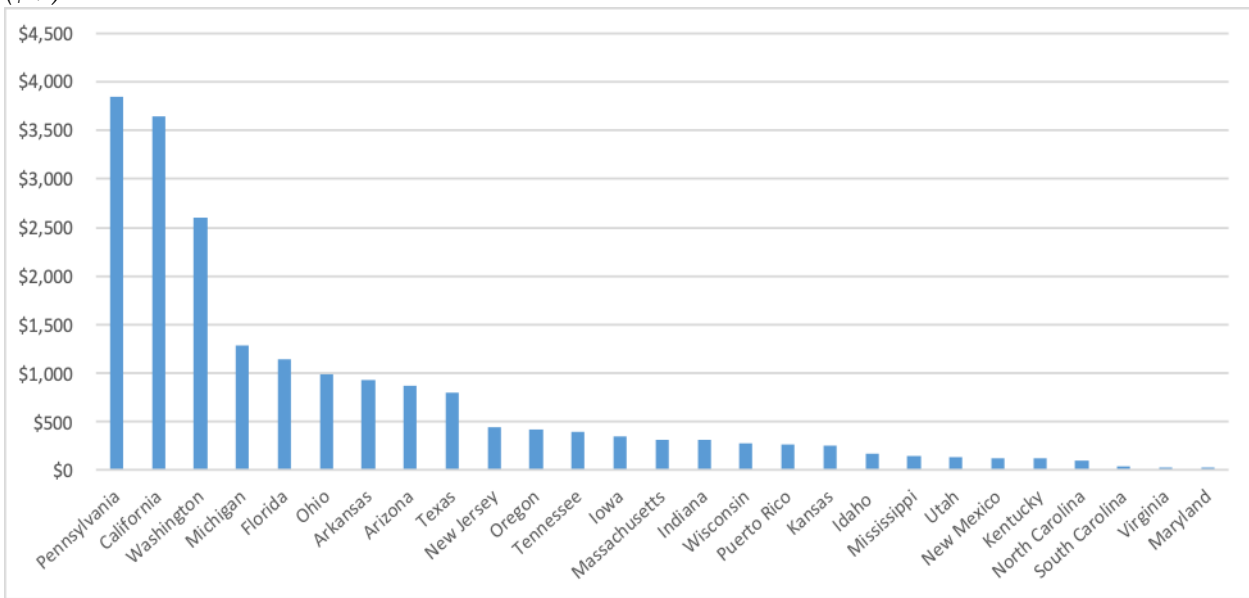


Source: CMS-64

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

Looking at year-over-year spending growth in dollar terms, Pennsylvania experienced the largest increase in Medicaid managed care spending at \$3.8 billion. Other states with significant year-over-year spending increases in dollar terms included California (\$3.6 billion) and Washington (\$2.6 billion). The chart below illustrates the year over year change in spending across the 27 states with increases.

Figure 4: Medicaid Managed Care Spending Growth on a Dollar Basis by State FFY 2018-19 (\$M)



Source: CMS-64

The percentage of Medicaid expenditures directed through risk-based Medicaid MCOs increased by more than 5 percentage points in six states from

FFY 2018 to FFY 2019. The managed care spending penetration rate rose 15.8 percentage points in Washington, and 13.5 percentage points in Arkansas.

Figure 5: Medicaid MCO Expenditures as a Percentage of Total Medicaid Expenditures in States with a 5 percent or Greater Increase from FFY 2018 to FFY 2019 (\$M)

Medicaid Expenditures	% of Total			% of Total			Pct. Point Change in % of total
	MCO	Total	Total	MCO	Total	Total	
Washington	\$6,194	\$12,094	51.2%	\$8,797	\$13,128	67.0%	15.8%
Arkansas	\$89	\$6,308	1.4%	\$1,020	\$6,843	14.9%	13.5%
Virginia	\$5,018	\$9,562	52.5%	\$5,047	\$8,026	62.9%	10.4%
Puerto Rico	\$2,154	\$2,393	90.0%	\$2,418	\$2,453	98.6%	8.5%
Pennsylvania	\$17,566	\$29,864	58.8%	\$21,415	\$32,080	66.8%	7.9%
Idaho	\$116	\$1,901	6.1%	\$294	\$2,143	13.7%	7.6%

Source: CMS-64

The table below ranks the states and territories by the percentage of total Medicaid spending that is through Medicaid MCOs. Puerto Rico reported the highest percentage at 98.6 percent, followed by Hawaii at 94.7 percent and Kansas at 93.9 percent.

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. As a result, the maximum achievable penetration rate in each state will vary and may be below that achieved in other states. The Medicaid managed care spending penetration rate is greatly influenced by the degree to which states have implemented managed long-term services and supports (MLTSS) programs.

Figure 6: Medicaid MCO Expenditures as a Percent of Total Medicaid Expenditures, FFY 2015-2019

Rank	State	MLTSS	2015	2016	2017	2018	2019	Rank	State	MLTSS	2015	2016	2017	2018	2019
1	Puerto Rico	Yes	98.4%	99.3%	98.6%	90.0%	98.6%	29	Utah	No	49.2%	49.3%	50.8%	47.1%	47.0%
2	Hawaii	Yes	86.3%	88.4%	94.7%	94.7%	94.7%	30	Maryland	No	43.7%	45.1%	46.3%	47.9%	46.8%
3	Kansas	Yes	87.5%	94.3%	93.5%	91.0%	93.9%	31	Nevada	No	31.3%	42.0%	45.6%	46.6%	45.7%
4	Iowa	Yes	12.2%	13.4%	92.2%	91.8%	92.1%	32	Indiana	No	20.5%	27.3%	43.2%	47.1%	45.1%
5	Arizona	Yes	82.7%	85.1%	86.3%	86.1%	86.0%	33	West Virginia	No	17.8%	17.9%	44.9%	43.6%	42.4%
6	Delaware	Yes	72.0%	81.0%	83.0%	85.1%	84.3%	34	Massachusetts	Yes	37.3%	38.3%	39.6%	38.4%	40.8%
7	New Mexico	Yes	79.1%	84.1%	79.3%	80.5%	80.7%	35	New Hampshire	No	18.4%	43.5%	42.8%	42.2%	39.5%
8	Kentucky	Yes	64.1%	71.9%	71.9%	73.2%	71.5%	36	District of Columbia	No	33.6%	38.5%	36.9%	36.5%	33.3%
9	Florida	Yes	37.0%	64.8%	74.6%	71.0%	71.4%	37	Georgia	No	35.2%	35.6%	38.5%	29.8%	29.6%
10	Tennessee	Yes	66.8%	67.1%	63.7%	69.7%	70.8%	38	North Dakota	No	1.5%	17.0%	24.8%	25.1%	23.5%
11	Washington	No	44.0%	49.8%	55.0%	51.2%	67.0%	39	Missouri	No	12.0%	12.0%	16.4%	22.6%	20.7%
12	Pennsylvania	Yes	54.6%	54.8%	58.5%	58.8%	66.8%	40	North Carolina	No	20.7%	20.1%	22.7%	20.0%	20.4%
13	Michigan	Yes	55.9%	61.6%	64.3%	65.3%	65.3%	41	Arkansas	No	0.0%	0.0%	0.0%	1.4%	14.9%
14	Illinois	Yes	13.9%	30.7%	44.3%	59.6%	63.4%	42	Idaho	No	9.7%	10.5%	9.8%	6.1%	13.7%
15	Ohio	Yes	48.8%	54.1%	57.1%	63.7%	63.2%	43	Colorado	No	11.2%	12.8%	15.9%	16.2%	7.3%
16	Virginia	Yes	33.4%	39.4%	39.9%	52.5%	62.9%	44	Oklahoma	No	2.3%	0.8%	1.3%	1.2%	1.2%
17	New Jersey	Yes	45.4%	56.0%	63.1%	64.1%	62.6%	45	Alabama	No	0.0%	0.0%	0.8%	0.8%	0.7%
18	Texas	Yes	43.4%	50.4%	60.1%	62.3%	60.5%	46	Alaska	No	0.0%	0.0%	0.0%	0.0%	0.0%
19	New York	Yes	46.2%	48.7%	59.6%	59.8%	59.6%	47	Montana	No	1.6%	-0.8%	0.0%	0.0%	0.0%
20	Oregon	No	56.8%	60.9%	57.0%	58.3%	59.4%	48	Amer. Samoa	No	0.0%	0.0%	0.0%	0.0%	0.0%
21	Louisiana	Yes	22.6%	39.9%	64.6%	74.0%	59.3%	49	Connecticut	No	0.0%	0.0%	0.0%	0.0%	0.0%
22	Nebraska	No	31.7%	34.1%	51.4%	57.2%	56.7%	50	Guam	No	0.0%	0.0%	0.0%	0.0%	0.0%
23	Rhode Island	Yes	50.1%	57.1%	64.6%	62.6%	55.2%	51	Maine	No	0.0%	0.0%	0.0%	0.0%	0.0%
24	Mississippi	No	16.9%	22.8%	50.9%	49.9%	50.5%	52	N. Mariana Islands	No	0.0%	0.0%	0.0%	0.0%	0.0%
25	California	Yes	35.2%	46.4%	52.8%	46.7%	48.4%	53	South Dakota	No	0.0%	0.0%	0.0%	0.0%	0.0%
26	Minnesota	Yes	48.8%	50.1%	48.7%	49.6%	47.7%	54	Vermont	No	0.0%	0.0%	0.0%	0.0%	0.0%
27	Wisconsin	Yes	41.0%	45.2%	46.8%	46.3%	47.5%	55	Virgin Islands	No	0.0%	0.0%	0.0%	0.0%	0.0%
28	South Carolina	Yes	41.4%	46.1%	48.6%	48.8%	47.0%	56	Wyoming	No	0.0%	0.0%	1.2%	0.6%	-0.1%

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 2019. So where is the remaining fee-for-service (FFS) spending (approximately \$281 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 2019 was \$241 billion. If we were to assume for the sake of argument that “full penetration” was 85 percent of total Medicaid spending, then HMA estimates that an additional \$205 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.

Fifteen states/territories did not utilize a comprehensive risk-based managed care model in FFY 2019. In general, the 14 states/territories that do not utilize managed care today are smaller states, North Carolina being the largest at \$13.6 billion of Medicaid spending in FFY 2019. Total Medicaid spending across all 14 non-managed care states was \$42.7 billion. The 14 states/territories that did not employ a risk-based comprehensive Medicaid managed care model in FFY 2018 were Alabama, Alaska, American Samoa, 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 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, HMA estimates long-term services and supports (including nursing facility, home and community-based waiver 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 2019

Service	FFY 2019 FFS Spending	% of Total FFS Spending
Inpatient Hospital Services*	\$63,050	23.4%
Home and Community Based Services	\$62,656	23.2%
Nursing Facility*	\$41,325	15.3%
Other	\$38,708	14.3%
Medicare - Part A&B	\$18,451	6.8%
Outpatient Hospital Services*	\$13,723	5.1%
FQHC & Clinic Services	\$11,534	4.3%
Personal Care Services	\$9,827	3.6%
Intermediate Care	\$9,003	3.3%
Physician and Surgical Services*	\$8,054	3.0%
Dental Services	\$4,260	1.6%
Total	\$280,590	
<i>* Includes regular payments, supplemental payments and DSH if applicable</i>		

Source: CMS-64

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. Therefore, 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

Arizona

Arizona Postpones Competitive Bid to Integrate SMI, Medicaid Managed Care. The Arizona Health Care Cost Containment Agency (AHCCCS) announced on May 6, 2020, the postponement of a competitive bid that would eliminate the Regional Behavioral Health Care (RHBA) contracts for services provided to individuals with serious mentally ill (SMI) diagnoses. AHCCCS intends to issue a Competitive Contract Expansion competitive bid to serve the SMI population. Only one of the current Arizona Complete Care health plans in each of the three regions will be awarded a contract. This action delays the implementation of the new SMI contracts from October 1, 2021 to October 1, 2022. The RHBA contracts have been extended to September 30, 2022, to account for the delay. [Read More](#)

California

California Faces \$54 Billion Budget Deficit. *The San Francisco Chronicle* reported on May 7, 2020, that California is facing a budget shortfall of \$54.3 billion driven by the economic fallout from COVID-19, according to the state Department of Finance. Governor Gavin Newsom is expected to release a revised budget proposal next week. [Read More](#)

Colorado

Colorado Budget Staff Proposes 25 Percent Cut to IDD Services. *The Gazette* reported on May 6, 2020, that the Colorado Joint Budget Committee has proposed a 25 percent cut to services for individuals with intellectual and developmental disabilities as part of a broader effort to rein in the state budget. Other recommendations include freezing enrollment for the Program for All-inclusive Care for the Elderly (PACE) and eliminating funding for the second year of the state's Exchange plan reinsurance program. [Read More](#)

Florida

Governor Delays Review of Fiscal 2021 Budget Until Congress Decides on Additional COVID-19 Package. *WLRN* reported on May 11, 2020, that Florida Governor Rick DeSantis announced he was putting off reviewing a \$93.2 billion budget for fiscal 2021 until after Congress makes a decision on another stimulus package in response to COVID-19. Florida Senate President Bill Galvano (R-Bradenton) indicated that the CARES Act will already direct an estimated \$12 billion to the state, with \$8.3 billion for state and local budget “stabilization.” [Read More](#)

Florida Projects \$1 Billion in Additional State Medicaid Costs. *Florida Politics* reported on May 9, 2020, that Florida could see state Medicaid spending rise by \$1.1 billion in fiscal 2021, driven by more than 437,000 additional members, according to projections from the Florida Agency for Health Care Administration. Total Medicaid spending, including state and federal share, could increase by \$3 billion. The agency also anticipates a \$66.5 million increase in state Medicaid spending for the remaining three months fiscal 2020, driven by more than 109,00 additional members. Total costs could increase by nearly \$186.9 million. [Read More](#)

Illinois

Illinois SEIU, Nursing Homes Reach Tentative Agreement, Avert Strike. *The Chicago Sun Times* reported on May 7, 2020, that Service Employee International Union (SEIU) Healthcare Illinois and nursing homes have reached a tentative agreement, averting a strike by 6,000 Illinois nursing home workers. The two-year contract includes a \$15 minimum wage for all workers, hazard pay during the COVID-19 pandemic, additional sick days, and provisions ensuring that employees are not required to work without adequate personal protective equipment. The contract, which is expected to be ratified next week, covers more than 10,000 members. [Read More](#)

Maryland

Maryland Exchange Competition to Expand With Entrance of UnitedHealthcare in 2021. *Modern Healthcare* reported on May 12, 2020, that Maryland’s Affordable Care Act (ACA) Exchange competition will expand in 2021 with the entrance of UnitedHealthcare. United, which had exited nearly all Exchange markets in 2017, sees renewed opportunity. United currently sells Exchange plans in Massachusetts, Nevada, and New York. [Read More](#)

Missouri

Lawmaker Seeks Ballot Measure that Could Block Medicaid Expansion Funding. *The Springfield News-Leader* reported on May 11, 2020, that Missouri House Budget Committee Chair Cody Smith (R-Carthage) is backing a ballot measure that would allow state lawmakers to deny funding for a proposed Medicaid expansion initiative. The resolution, which cleared the committee and now heads to the full House, would appear on the same ballot as the Medicaid expansion measure. Similar legislation has also been filed in the Senate. [Read More](#)

New Mexico

Medicaid Enrollment Swells to 40 Percent of State Population. *The Albuquerque Journal* reported on May 12, 2020, that Medicaid enrollment in New Mexico increased to about 844,000 during the past three months of the COVID-19 pandemic, reaching 40 percent of the state's population. Nicole Comeaux, director of the state's Human Services Department, Medical Assistance Division, said enrollment is expected to continue to rise. [Read More](#)

New Mexico to Temporarily Increase Medicaid Hospital Rates. *The Albuquerque Journal* reported on May 10, 2020, that the New Mexico Human Services Department received federal approval to increase Medicaid reimbursements to hospitals up to 50 percent for eligible intensive care unit patients in response to COVID-19. The temporary reimbursement increase, totaling \$66 million, is in addition to emergency funding from the CARES Act and other legislation. [Read More](#)

New York

HMA Roundup – Cara Henley ([Email Cara](#))

New York Requests Emergency Medicaid Waiver Extension for COVID-19. On May 11, 2020, New York has submitted an emergency waiver extension request for \$2.75 billion related to flexibilities needed for its response to the COVID-19 crisis. New York Governor Andrew Cuomo had previously issued an executive order instructing State agencies to take all reasonable efforts to assist in the response and recovery. In the state's letter, the Department of Health (DOH) indicates that "despite the State's decisive response to the COVID-19 outbreak by our providers, local districts, health plans, and communities...the COVID-19 pandemic has demonstrated an immediate and fundamental need to rapidly pivot and reconfigure aspects of the State's healthcare delivery system that are only possible through this new section 1115 demonstration opportunity."

Under the waiver request, the state has requested funds to make three key investments: (1) Emergency Capacity Assurance; (2) Rapid Facility Conversion; and (3) Regional Coordination and Workforce Development. These efforts will be funded through two pools:

- Emergency Capacity Assurance Fund (ECAAF) – \$1.85B: This pool will provide direct funding to stabilize providers and ensure the ongoing availability of provider capacity during and after the public health

emergency. Specifically, this funding would be directed to supporting Emergency Capacity Assurance and Rapid Facility Conversion.

- Regional Coordination and Emergency Deployment Fund (RCEDF) – \$900M: This pool will fund existing Performing Provider Systems (PPSs) to support Regional Coordination and Workforce Redeployment efforts.

If this emergency request is approved, funds will be disbursed directly to providers through an application process where providers will describe and attest to how they intend to spend the funds within pre-set priority areas and the specific timeframe over which the funds will be spent. Unspent funds identified in provider progress reports will be reallocated to emerging needs or other providers.

New York's current 1115 waiver is set to expire on March 31, 2021. In its letter, DOH requests as part of its emergency submission for the Centers for Medicare & Medicaid Services (CMS) to extend for up to twelve-months the current terms and conditions in the Medicaid Redesign Team (MRT) Waiver to allow the state time to review all programs authorized under the MRT Waiver in light of the pandemic and conduct the appropriate budget neutrality review and public notice process.

Previously, CMS rejected New York's Delivery System Reform Incentive Payment (DSRIP) Program waiver extension and renewal request. The DSRIP waiver expired April 31, 2020, which ended much of the work that was being conducted by PPSs around the state. [Read More](#)

New York Hospitals Barred from Discharging COVID-19 Positive Patients to Nursing Homes. A new executive order issued by New York Governor Cuomo on May 10, 2020, prohibits discharge from a hospital to a nursing home unless the hospital has obtained a negative COVID-19 diagnostic test before discharge. Additionally, all staff in nursing home facilities must be tested twice a week under the new order. According to the *Times Union*, "the additional protocol comes as the Cuomo administration has faced severe backlash for its handling of the pandemic in nursing homes...The state has been under fire for its policies relating to the spread of the coronavirus in nursing homes, for more than a month requiring the care facilities to continue accepting COVID-19 patients. Officials had also implemented and then rescinded a policy allowing COVID-19 positive, but asymptomatic, employees to continue working in nursing homes." All nursing homes are required to submit a certificate of compliance and plan to the state detailing how they will abide by new testing requirements. [Read More](#)

New York Requests Additional Federal Funding. *Newsday* reported on May 7, 2020, that New York has requested an additional \$64 billion in federal funds as part of the National Governor's Association (NGA) request for \$500 billion nationally. New York, along with NGA, is focusing its federal request on unrestricted aid from the federal government, a near doubling of the Medicaid reimbursement rate, and an agreement that federal government to pay the state's 25 percent share of the FEMA funding. Raising the Medicaid reimbursement rate to 12 percent would result in possibly a billion dollars or more for the state. In a joint statement released with NGA Chair, Maryland Governor Hogan, Governor Cuomo "renewed the bipartisan call for unrestricted fiscal support for states in the next federal COVID-19 relief bill." Governor Cuomo also [announced](#) that members of the New York Congressional Delegation will propose the "Americans First Law" to help

prevent corporate bailouts following the COVID-19 pandemic. The law states that a corporation cannot be eligible to receive government funding if it does not maintain the same number of employees that the corporation had before the COVID-19 pandemic. [Read More](#)

Governor To Release the Next Round of State Spending Cuts. *City & State New York* reported on May 11, 2020, that New York Governor Cuomo is expected to release proposed cuts to state spending after the Division of Budget announced that the state needed to cut \$8.2 billion in aid to localities, including potential cuts to education and Medicaid, which make up about 80 percent of aid to localities. Cuts will likely be unavoidable because the budget gap is only expected to grow in coming years. New York estimates tax revenues this fiscal year will be \$13.3 billion more than originally estimated in January. *City & State* interviewed experts who weighed in on the likelihood of different cuts, including additional reductions to Medicaid. E.J. McMahan, research director at Empire Center for Public Policy, stated that as opposed to education, Medicaid has many moving parts that will make any sort of across the board cut difficult. The enacted budget already contains \$2.2 billion in Medicaid spending reductions pursuant to recommendations made by the Medicaid Redesign Team. Further, McMahan stated that as a result of New York accepting the enhanced emergency FMAP, broad Medicaid restructuring is prevented. David Friedfel, director of state studies at the Citizens Budget Commission said “the most likely course of action for the state, with those restrictions in mind, is to cut Medicaid reimbursement rates across the board.” [Read More](#)

Health Advocates Urge Governor to Avoid Medicaid Cuts. *The Legislative Gazette* reported on May 11, 2020, that 31 public health organizations, including the American Heart Association and the American Diabetes Association, are urging New York Governor Cuomo to maintain funding for Medicaid and other public health programs. The letter states, “While in the throes of a global health crisis, we should not be defunding programs that reduce the morbidity and mortality of chronic disease and provide critical health care coverage to New York’s most vulnerable residents.” The letter proposes increasing the cigarette tax by one dollar per pack, and raising taxes on other tobacco products as well. The group suggested that the money raised from such a tax could lessen the need for cuts to crucial health programs. [Read More](#)

Co-Pays for Mental Health Services Are Waived for Essential Workers. *Crain’s Health Pulse* reported on May 4, 2020, that New York Governor Andrew Cuomo announced that state-regulated health insurers will be required to waive members’ cost-sharing payments, such as copays and deductibles, for in-person or remote mental health services. The mandate will apply to in-network care provided on an outpatient basis to essential workers. State directives such as this one apply only to state-regulated plans, including Medicaid, the Essential Plan, and individual and small-business insurance plans. Larger employers that pay their own claims and work with insurers to administer coverage are regulated by the federal government. As a result, some New York essential workers will not be covered under the mental health initiative. The state encouraged insurers administering self-insured plans to voluntarily uphold the regulation. [Read More](#)

New York City Home Care Agencies Warn of Implications Related to Proposed Wage Changes for Essential Workers. *Patch* reported on May 8, 2020, that members of the Save New York City Home Health Care Coalition, representing 28 New York City-based home care services agencies employing 61,000 home care workers, say newly proposed New York City Council legislation threatens their industry's survival unless federal and state government come to the table with added funding. Proposed legislation would significantly increase pay - by as much as an extra \$300-\$450 per week - for employees deemed "essential workers" since the COVID-19 outbreak, including home care workers. The proposed bill would require employers to pay hourly workers \$30 extra for a shift under four hours, \$60 for a shift of four to eight hours, and \$75 for any shift over eight hours. As proposed, those payments would not be funded by Medicaid or any other sources. "Among the Coalition members who would be impacted by this, 95 percent of the funding case load is paid for by Medicaid, and neither the city, state and federal government are offering any increases, let alone dollar-for-dollar funding commensurate with the proposed premium pay," said Ira Wincott, Counsel for the Save New York City Home Health Care Coalition. "Since the State of New York and Federal Government are actually the payee for the services we provide to the City's neediest, the City Council - as well-intended the legislation might be - does not have the authority to force the fiscal hand of leaders in Albany and Washington, D.C. to provide the funding necessary for the home care industry to survive such a proposal." Since 2012 agencies in New York State have been governed by the Home Care Worker Wage Parity Law, which requires agencies to pay their home care aides who perform Medicaid services wages and benefits above the minimum wage. [Read More](#)

New York Virus Tracing To Be Led by Public Hospital System. *The New York Times* reported on May 7, 2020, that New York City Mayor Bill De Blasio has tasked its public hospital system, Health and Hospitals, to conduct disease tracking throughout the five boroughs. This represents a sharp departure from prior disease tracking efforts led by the city's health department who conducted contact tracing for tuberculosis, HIV, and Ebola. The decision has been met with criticism with many "questioning the wisdom of changing what has worked before, especially during a pandemic." The mayor when making his announcement said "everything at Health and Hospitals been based on speed and intensity and precision and they've done an amazing job." Dr. Mitchell Katz, head of Health and Hospitals, said "the move was made because his agency, a public benefit corporation rather than a city department, could more quickly hire contact tracers and enter into contracts for testing and other needed services." [Read More](#)

New York City H+H Plan, Amazon Collaborate to Reach Members at Risk of COVID-19 Hospitalization. *Modern Healthcare* reported on May 7, 2020, that MetroPlus, a not-for-profit health plan owned by NYC Health + Hospitals, announced a collaboration with Amazon Web Services and others to reach out to 85,000 members at high risk for hospitalization from COVID-19. MetroPlus also tapped AirNYC, a not-for-profit that helps people manage chronic illness, with finding food pantries and filing unemployment benefits. [Read More](#)

Ohio

Ohio Expects Medicaid Enrollment to Approach 3 Million by June. *The Columbus Dispatch* reported on May 12, 2020, that Ohio expects Medicaid enrollment to approach 3 million by June, an increase of about 340,000 in the second quarter alone, according to Medicaid Director Maureen Corcoran. The state is expected to offset the added cost in part by reducing rates to Medicaid managed care plans. [Read More](#)

Ohio to Cut Rates to Medicaid Managed Care Plans. *Fox 8* reported on May 6, 2020, that Ohio intends to cut \$210 million in Medicaid spending largely by adjusting rates paid to managed care plans, according to Office of Budget and Management Director Kimberly Murnieks. Murnieks said that the adjustment is tied to decreased use of healthcare services during the pandemic. [Read More](#)

Pennsylvania

HMA Roundup – Amanda Glickman ([Email Amanda](#))

Pennsylvania Publishes Temporary Changes to the Community HealthChoices 1915(c) Waiver. On April 30, 2020, the Centers for Medicare & Medicaid Services (CMS) approved temporary changes to the Pennsylvania Community HealthChoices (CHC) Medicaid Section 1915(c) Home and Community-Based Waiver, effective March 6, 2020, through June 30, 2020. These changes address potential staffing shortages and the need for services not included in approved waiver service descriptions to ensure participant health and safety needs can be accommodated for the duration of the COVID-19 statewide emergency.

Pennsylvania Projects Financial Hit to CHIP. *The Morning Call* reported on May 11, 2020, that the Pennsylvania Children's Health Insurance Program (CHIP) saw an increase of more than 10,200 members from March to April 2020, roughly a 5 percent spike according to the state Department of Human Services. State officials are projecting enrollment numbers to continue to grow creating a funding challenge as tax revenues are down, and the federal match is set to decrease this fall. CHIP could see a shortfall of up to \$31 million. Bipartisan federal lawmakers, Representatives Susan Wild (D-PA) and Brian Fitzpatrick (R-PA), have introduced legislation to prevent federal CHIP dollars from being reduced this fall. [Read More](#)

Texas

Texas Awards STAR Kids Medicaid Contract to Aetna Better Health. CVS Health Corp. announced on May 8, 2020, that its Aetna Better Health plan was awarded a Texas STAR Kids Medicaid managed care contract, covering 7,500 members in the seven-county Dallas service area. The contract runs from September 1, 2020, through August 31, 2022. Aetna has 85,000 members in Medicaid, Children's Health Insurance Program (CHIP), and other STAR programs in Texas. [Read More](#)

Texas Still Faces Backlog of Medicaid, CHIP Applications. *The Texas Observer* reported on May 12, 2020, that Texas still faces a significant backlog in processing Medicaid and Children's Health Insurance Program (CHIP) applications. In March, the state was able to process 83 percent of new applications within the federally required 45-day period, an improvement from 67 percent in February. The norm for the state is 95 percent. [Read More](#)

National

CMS Issues Final Rule, Backs Off Plan to Alter Auto Re-enrollment Process on Exchanges. *Modern Healthcare* reported on May 7, 2020, that the Centers for Medicare & Medicaid (CMS) issued the Notice of Benefit and Payment Parameters for 2021 Final Rule, which walks back an earlier plan to alter the auto re-enrollment process for Affordable Care Act (ACA) Exchange members. The final rule also finalizes changes to how the medical loss ratio (MLR) is calculated, includes information on how insurers can implement value-based models, clarifies when Exchanges need to re-determine member eligibility, tweaks special enrollment periods, and makes technical changes to risk-adjustment methodologies. Separately, CMS also announced a one-week extension of the Qualified Health Plan (QHP) certification and rate review timelines. [Read More](#)

Pelosi to Seek Trillions of Dollars in State, COVID-19 Relief. *Politico* reported on May 7, 2020, that House Speaker Nancy Pelosi (D-California) is seeking to introduce a multitrillion-dollar COVID-19 relief package next week. The proposal is expected to include \$1 trillion for cash-strapped state and local governments, as well as new funding for COVID-19 testing and protective medical equipment. [Read More](#)

HHS Releases Preliminary Data on Provider Relief Grant Distributions. *Modern Healthcare* reported on May 7, 2020, that the U.S. Department of Health and Human Services (HHS) released preliminary data on the distribution of the first \$50 billion out of \$175 billion in Coronavirus Aid, Relief, and Economic Security (CARES) Act provider relief funds. The top ten recipients were:

- Dignity Health, Arizona: \$180 million
- Cleveland Clinic, Ohio: \$103 million
- Stanford Health Care, California: \$102 million
- Memorial Hermann Health System, Texas: \$92 million
- NYU Langone Health, New York: \$92 million
- County of Los Angeles, California: \$81 million
- Hackensack Meridian Health, New Jersey: \$77 million
- Florida Cancer Specialists & Research Institute: \$67 million
- Memorial Hospital for Cancer and Allied Diseases, New York: \$64 million
- Massachusetts General Hospital: \$58 million

HHS extended the deadline for providers to accept the terms of the grants to 45 days after they received the funds. [Read More](#)

CMS Needs to Take Active Role in Helping Medicare Members Battle Opioid Addiction, Report Finds. *Modern Healthcare* reported on May 7, 2020, that the Centers for Medicare & Medicaid Services (CMS) should take a more active role to ensure Medicare beneficiaries get access to treatment for opioid use disorder, according to a report by the Office of the Inspector General of the U.S. Department of Health and Human Services. The report found that 71,000 Medicare Part D beneficiaries were at serious risk for opioid abuse. [Read More](#)

Trump Reiterates Call to Invalidate Affordable Care Act. *The Washington Post* reported on May 6, 2020, that President Trump reiterated his desire to invalidate the entire Affordable Care Act (ACA) despite the COVID-19 pandemic. Trump made the comment on May 6, the last opportunity for his administration to change its position in a case challenging the constitutionality of the law. The Supreme Court is expected to hear arguments in the case later this year. [Read More](#)



INDUSTRY NEWS

Home Health Providers Adjust to Address Increase in Depression, Anxiety Among Seniors. *Home Health Care News* reported on May 12, 2020, that home care providers like AccentCare and Elara Caring are stepping up behavioral health efforts to address rising depression and anxiety among seniors. Efforts include use of telehealth and increased outreach to identify and communicate with seniors who are at risk or who have cancelled home health visits for fear of COVID-19. [Read More](#)

Centene to Double Investment in Telehealth for Incarcerated Populations. Centene Corporation announced on May 12, 2020, that it is doubling its investment in telehealth technology to expand access to primary and specialty care for incarcerated populations. The investment, through the company's Centurion subsidiary, is also expected to allow for an additional 3,000 monthly mental health visits and to address social determinants of health through pilot programs at facilities in three states. [Read More](#)

Hospital Revenues Suffer Because of Fewer Patients, Delayed Procedures. *Modern Healthcare* reported on May 11, 2020, that hospitals are missing out on about \$60 billion in monthly revenues as patients delay procedures during the COVID-19 crisis, according to a new Strata Decision Technology analysis. The estimate is based on a 55 percent drop in patient visits over the past two months, including large declines in cardiology and breast health visits. [Read more](#)

LogistiCare Acquires National MedTrans. On May 7, 2020, non-emergency medical transportation (NEMT) provider LogistiCare, a subsidiary of publicly traded Providence Service Corporation, announced that it has acquired National MedTrans from Specialty Benefits, LLC. National MedTrans, with \$200 million in revenues, provides NEMT services to approximately two million individuals across 12 states. [Read More](#)

UnitedHealth to Expand Access to COVID-19 Support, Housing for Medicaid Members. UnitedHealth Group, Inc. announced on May 7, 2020, that it is providing more than \$1.5 billion in additional COVID-19 support, including plans to accelerate funds to critical care providers to serve more Medicaid members and to expand its Housing+Health and homeless support programs. [Read More](#)

RFP CALENDAR

Date	State/Program	Event	Beneficiaries
2020	Ohio	RFP Release	2,360,000
February 1, 2020 (DELAYED)	North Carolina - Phase 1 & 2	Implementation	1,500,000
April 30, 2020 (DELAYED)	Indiana Hoosier Care Connect ABD	Awards	90,000
June 16, 2020	Minnesota SNBC - Morrison, Todd, and Wadena Counties	Awards	NA
July 1, 2020	Minnesota SNBC - Morrison, Todd, and Wadena Counties	Implementation	NA
July 1, 2020	Hawaii	Implementation	340,000
July 1, 2020	West Virginia Mountain Health Trust	Implementation	400,000
July 1, 2020	Washington Integrated Managed Care (Expanded Access)	Proposals Due	NA
July 24, 2020	Washington Integrated Managed Care (Expanded Access)	Awards	NA
September 1, 2020	Texas STAR Kids - Dallas Service Area	Implementation	21,000
October 1, 2020	Washington DC	Implementation	224,000
2021	California Two Plan Commercial - Alameda, Contra Costa, Fresno, Kern, Kings, Los Angeles, Madera, Riverside, San Bernardino, Santa Clara, San Francisco, San Joaquin, Stanislaus, and Tulare	RFP Release	1,640,000
2021	California GMC - Sacramento, San Diego	RFP Release	1,091,000
2021	California Imperial	RFP Release	75,000
2021	California Regional - Alpine, Amador, Butte, Calaveras, Colusa, El Dorado, Glenn, Inyo, Mariposa, Mono, Nevada, Placer, Plumas, Sierra, Sutter, Tehama, Tuolumne, Yuba	RFP Release	286,000
2021	California San Benito	RFP Release	7,600
January 2021	Nevada	RFP Release	465,000
January 1, 2021	Kentucky Rebid	Implementation	1,200,000
January 1, 2021	Massachusetts One Care (Duals Demo)	Implementation	150,000
January 1, 2021	Pennsylvania HealthChoices Physical Health	Implementation	2,260,000
January 1, 2021	Washington Integrated Managed Care (Expanded Access)	Implementation	NA
April 1, 2021	Indiana Hoosier Care Connect ABD	Implementation	90,000
September 1, 2021	Texas STAR Health (Foster Care)	Operational Start Date	34,000
January 2024	California Two Plan Commercial - Alameda, Contra Costa, Fresno, Kern, Kings, Los Angeles, Madera, Riverside, San Bernardino, Santa Clara, San Francisco, San Joaquin, Stanislaus, and Tulare	Implementation	1,640,000
January 2024	California GMC - Sacramento, San Diego	Implementation	1,091,000
January 2024	California Imperial	Implementation	75,000
January 2024	California Regional - Alpine, Amador, Butte, Calaveras, Colusa, El Dorado, Glenn, Inyo, Mariposa, Mono, Nevada, Placer, Plumas, Sierra, Sutter, Tehama, Tuolumne, Yuba	Implementation	286,000
January 2024	California San Benito	Implementation	7,600

HMA NEWS

Upcoming Webinar- Supporting the Behavioral Health Workforce During the COVID-19 Response: Strategies for Providers to Sustain and Strengthen the Behavioral Health System. Join us Monday, May 18, from 1-2:30pm ET for the "Supporting the Behavioral Health Workforce During the COVID-19 Response: Strategies for Providers to Sustain and Strengthen the Behavioral Health System" webinar. During this webinar, HMA experts will show how leading behavioral providers are using new regulatory flexibilities, emerging staffing models, and new delivery formats to develop and implement organizational changes and innovations that sustain workforce excellence. [Register here](#)

HMA Report Examines COVID-19 Toll on Pennsylvania Hospitals. The recent HMA report, Analysis of the Financial Impact of COVID-19 on Pennsylvania Hospitals, estimated the potential financial impact on hospitals and health systems of the current COVID-19 pandemic in the Commonwealth of Pennsylvania. [Read more](#)

HMA Podcast Series, "HOPE: Behavioral Health and COVID-19 Response" Launches. HMA is launching a podcast series, HOPE: Behavioral Health & COVID-19 Response. It offers listeners quickly digestible, timely, practical advice and information in support of New York's behavioral health providers as they serve the most vulnerable. [Listen to the first episode, Benefits of Remote Induction of Buprenorphine now](#)

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

Medicaid Data

- Alabama SNP Membership at 82,684, Mar-20 Data
- Colorado SNP Membership at 22,047, Mar-20 Data
- Florida SNP Membership at 455,982, Mar-20 Data
- Iowa Medicaid Managed Care Enrollment is Up 4.2%, May-20 Data
- Illinois Dual Demo Enrollment is Down 3.0%, Apr-20 Data
- Illinois Medicaid Managed Care Enrollment is Up 1.7%, Apr-20 Data
- MLRs Average 91.5% at Illinois Medicaid MCOs, 2019 Data
- Missouri Medicaid Fee for Service vs. Managed Care Penetration, 2014-19
- Mississippi Medicaid Managed Care Enrollment is Down 0.8%, Feb-20 Data
- Montana Medicaid Fee for Service vs. Managed Care Penetration, 2014-19
- New Mexico Medicaid Managed Care Enrollment is Up 2.4%, Apr-20 Data
- Rhode Island Medicaid Managed Care Enrollment is Down 6.8%, 2019 Data
- South Carolina Dual Demo Enrollment is Up 12.5%, Mar-20 Data
- Texas Dual Demo Enrollment is 42,376, Jan-20 Data
- Virginia Medicaid MLTSS Enrollment is Over 246,300, Apr-20 Data

Public Documents:

Medicaid RFPs, RFIs, and Contracts:

- North Dakota Medicaid Managed Care Contract and Amendments, 2014-18
- Tennessee Medicaid Managed Care Contract, 2019-20

Medicaid Program Reports, Data and Updates:

- Medicaid Managed Care Enrollment for 300 Plans in 39 States, Plus Ownership and For-Profit vs. Not-for-Profit Status, Updated Apr-20
- California Budget Update Presentation and Outlook Report, FY 2020-21
- Louisiana Medicaid HEDIS Report, 2019
- New York Medicaid Redesign Team COVID-19 Emergency 1115 Waiver Request, May-20
- Pennsylvania 1915(c) Community HealthChoices Home and Community-Based Waiver & Related Documents, 2020
- Pennsylvania Medical Assistance Advisory Committee (MAAC) Meeting Materials, Apr-20
- Rhode Island Medicaid Managed Care Program Annual External Quality Review Technical Reports, 2015-18
- South Carolina Medicaid Enrollment by County and Plan, Mar-20
- Virginia External Quality Review Technical Reports, CY 2018-19
- Virginia Managed Care Operational Reports, FY 2018-19
- Wisconsin External Quality Review Annual Technical Reports, 2014-19

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