HMA

HEALTH MANAGEMENT ASSOCIATES

HMA Weekly Roundup
Trends in State Health Policy

IN FOCUS: HIGHLIGHTS FROM NASBO SPRING 2013 FISCAL SURVEY OF STATES

HMA ROUNDUP: MEDICAID EXPANSION UPDATE: ARIZONA, CALIFORNIA, NEW JERSEY IN; CRUNCH TIME FOR MAINE, NEW HAMPSHIRE, OHIO, MICHIGAN, VIRGINIA, MONTANA AND PENNSYLVANIA; FLORIDA MEDICAID WAIVER APPROVED; IDAHO, ILLINOIS DUAL ELIGIBLE DEMONSTRATION TIMELINES UPDATED; NEW YORK MLTC EXPANSION CONTINUES

INDUSTRY NEWS: EMDEON ACQUIRES GOOLD HEALTH SYSTEMS; MAXIMUS WINS CUSTOMER SERVICE CONTRACTS IN HAWAII, MARYLAND

UPCOMING EVENTS: SHARON SILOW-CARROLL TO PRESENT AT ASSOCIATION FOR COMMUNITY AFFILIATED PLANS (ACAP) CEO SUMMIT – WASHINGTON DC, JUNE 25

JUNE 19, 2013

Research and Consulting in the Fields of Health and Human Services Policy, Health Economics and Finance, Program Evaluation, Data Analysis, and Health System Restructuring

---

ATLANTA, GEORGIA • AUSTIN, TEXAS • BAY AREA, CALIFORNIA • BOSTON, MASSACHUSETTS • CHICAGO, ILLINOIS
DENVER, COLORADO • HARRISBURG, PENNSYLVANIA • INDIANAPOLIS, INDIANA • LANSING, MICHIGAN • NEW YORK, NEW YORK
OLYMPIA, WASHINGTON • SACRAMENTO, CALIFORNIA • SOUTHERN CALIFORNIA • TALLAHASSEE, FLORIDA • WASHINGTON, DC

Contents

Edited by:

Gregory Nersessian, CFA
212.575.5929
gnersessian@healthmanagement.com

James Kumpel, CFA
212.575.5929
jkumpel@healthmanagement.com

Andrew Fairgrieve
312.641.5007
afairgrieve@healthmanagement.com

IN FOCUS: HIGHLIGHTS FROM NASBO SPRING 2013 FISCAL SURVEY OF STATES

This week, our *In Focus* section highlights some of the key findings of the *Fiscal Survey of the States*, released this month by the National Governors Association (NGA) and National Association of State Budget Officers (NASBO). Surveys of state budget officers in all 50 states were conducted February through April 2013. The results in the report focus on the key determinants of state fiscal health. The report highlights data and state-by-state budget actions by area of spending. Below we summarize the major takeaway points from the report, as well as highlight key findings on Medicaid-specific and other health care budget items. Additionally, we provide a summary table (pg. 5) with many of the state-by-state data items discussed below.

The Fiscal Survey of States, Spring 2013, is available at NASBO's website: *http://nasbo.org/sites/default/files/Spring percent202013 percent20Fiscal percent20Survey percent20of percent20States.pdf*

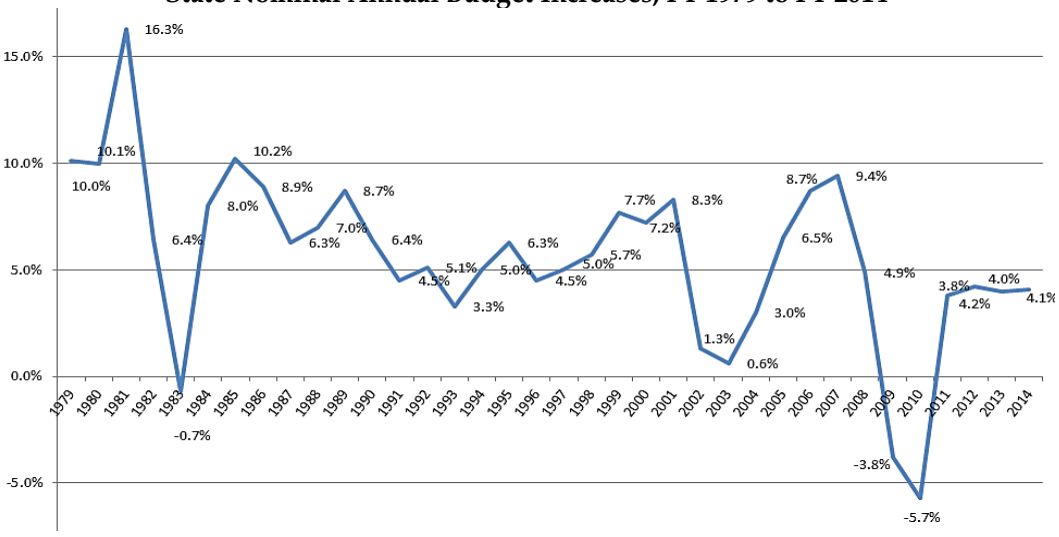
Overall Budget Environment Takeaways

Based on NASBO's survey and evaluation of state governors' recommended budgets, it appears that state fiscal conditions are continuing to improve over the last several fiscal years, but that states have still not returned to the average level of economic prosperity seen over the past 40-plus years. Some key points from the report follow.

- Governors' recommended budgets show an overall increase in both general fund (GF) expenditures and revenues in FY 2014, with only eight states projecting a decline in general fund spending.
- FY 2014 will be the fourth consecutive year of nominal spending increases - approximately 4 percent nationally - following back-to-back declines in GF spending in FY 2009 and FY 2010. This leveling off shows stable growth, but at roughly half the rate of peak expenditure growth in the mid-2000s.

Table 1

State Nominal Annual Budget Increases, FY 1979 to FY 2014



- On the revenue side, FY 2014 personal income tax collections are forecasted to be 3.7 percent higher than FY 2013 collections, sales tax collections are projected to be 3.9 percent higher and corporate income tax collections are projected to increase by 6.2 percent.
- Additionally, 18 states have seen FY 2013 revenue higher than forecasted, with only 5 states seeing revenue below forecast.

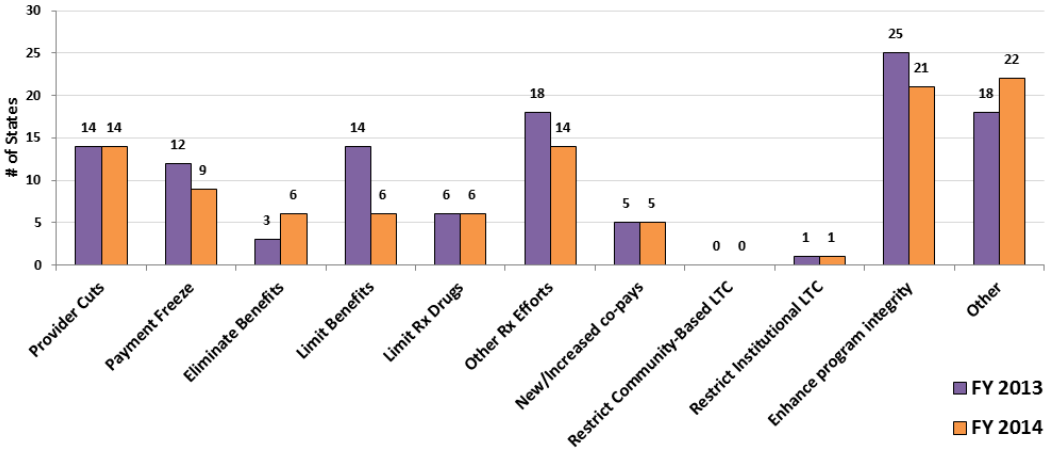
Medicaid-Specific Budget Environment

Medicaid represents a significant portion of state GF spending (23.9 percent in FY 2012, up from 17.4 percent in FY 2011) and provides an ongoing challenge to state budgets even as state revenues continue to improve.

- The state share spending on Medicaid increased by an estimated 8.9 percent in FY 2013, while federal spending for Medicaid increased 10.1 percent, with overall spending growth for Medicaid of 9.6 percent.
- FY 2014 recommended budgets show a decrease across the board in the growth of Medicaid spending, with state share increasing by 3.2 percent, federal spending increasing by 7.8 percent, and overall spending up 5.9 percent.
- In both FY 2013 and FY 2014, states have taken, or are planning to take, various actions to contain Medicaid costs, including provider payment cuts, limiting benefits, and enhanced program integrity efforts.

Table 2

FY 2013 & Proposed FY 2014 Budgetary Actions Aimed at Containing Medicaid Costs

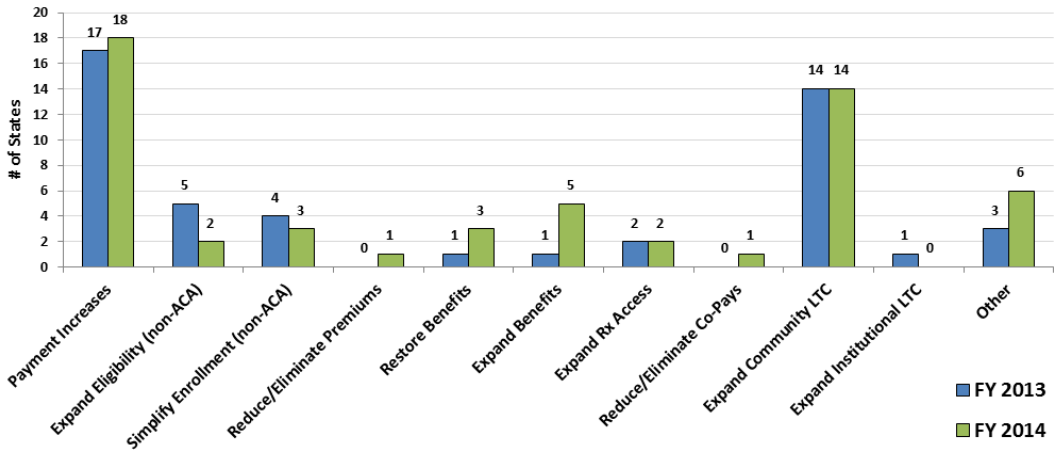


However, possibly as a result of improved state revenue climates, state efforts to expand Medicaid coverage and access, and improve provider payment rates appears to be up slightly for projected FY 2014. Most commonly, states are boosting provider rates and expanding community long-term care coverage.

- Eighteen states are increasing Medicaid provider rates in FY 2014 recommended budgets, with 14 states expanding community LTC.
- Conversely, per Table 2 above, 14 states are instituting provider payment reductions, while no states are restricting community-based LTC.

Table 3

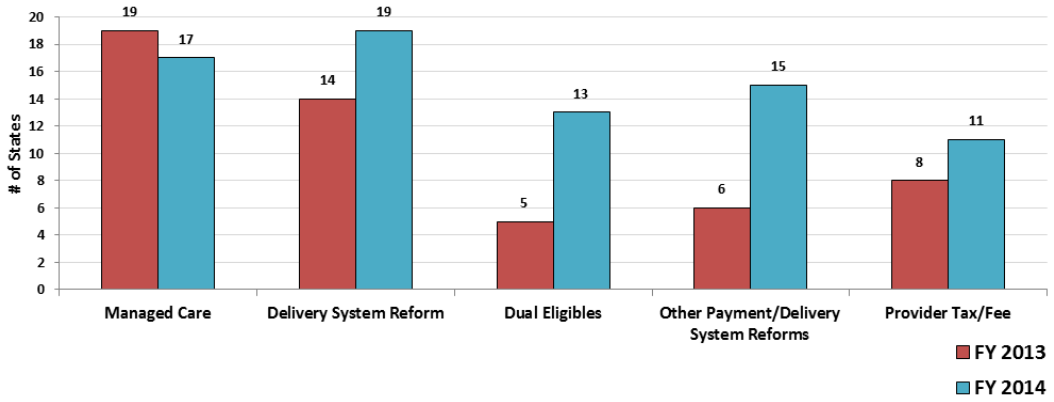
FY 2013 & Proposed FY 2014 Budgetary Actions Expanding Medicaid Coverage/Access



In addition, NASBO tracks budgetary actions surrounding Medicaid managed care changes and expansions, payment and delivery system reforms, action on dual eligibles, as well as provider taxes and fees.

Table 4

FY 2013 & Proposed FY 2014 Budgetary Actions Surrounding Managed Care, Payment/ Delivery System Reforms, and Provider Taxes/Fees



- Budgetary actions on dual eligibles are unsurprisingly up significantly for FY 2014 over FY 2013, while 11 states (up from 8 in FY 2013) are pursuing action on provider taxes.
- There is also a significant rise in other payment and delivery system reforms. NASBO provides details and notes for each state's budgetary actions in the "other" categories.

Table 5
Selected State-by-State Data From NASBO Report – FY 2013 to FY 2014

	General Fund Nominal % Expenditure Change		FY 2013 Mid-Year Medicaid Adjustments	FY 2014 Medicaid Program Adjustment (Recommended)	FY 2014 Total Program Adjustments (Recommended)
	FY 2013	FY 2014	Value ($M)	Value ($M)	Value ($M)
Alabama	-5.20%	5.70%		$0.0	$334.7
Alaska	8.20%	-14.10%		$11.0	$31.6
Arizona	1.10%	4.60%		($69.0)	$249.8
Arkansas	2.60%	4.60%		$90.0	$219.8
California	7.60%	5.00%		$916.2	$6,312.0
Colorado	7.70%	8.50%	($9.4)	$215.2	$533.4
Connecticut	1.60%	5.80%	($109.4)	$366.2	$743.5
Delaware	1.30%	4.80%		$33.0	$125.3
Florida	7.40%	9.30%		$166.7	$2,375.0
Georgia	5.60%	2.80%	$221.3	$168.2	$518.5
Hawaii	4.40%	8.50%		$63.0	$503.0
Idaho	4.90%	4.20%		$0.0	$0.0
Illinois	-0.20%	3.50%		$0.0	$550.5
Indiana	4.30%	1.80%		($27.3)	$226.2
Iowa	3.60%	5.10%	$42.3	$75.1	$271.2
Kansas	1.60%	-1.90%	($21.5)	($28.4)	($115.5)
Kentucky	1.20%	2.80%		$0.0	$0.0
Louisiana	0.50%	-0.60%	($47.7)	$586.8	($49.9)
Maine	-2.70%	3.90%	$82.0	$19.1	$118.3
Maryland	-1.60%	8.90%		($130.5)	$980.1
Massachusetts	5.00%	7.00%	($127.7)	$1,302.4	$2,316.3
Michigan	8.90%	0.70%	($63.0)	($124.8)	$66.8
Minnesota	13.80%	-1.60%		$1.1	($304.7)
Mississippi	-2.40%	3.80%		$245.7	$228.0
Missouri	0.70%	2.50%		$74.1	$273.3
Montana	12.50%	8.80%		$14.9	$125.0
Nebraska	5.50%	5.00%		$74.2	$185.3
Nevada	6.50%	-1.70%		$33.0	$26.8
New Hampshire	2.70%	3.40%		$0.0	$33.0
New Jersey	4.20%	1.70%	$188.9	$38.2	$549.7
New Mexico	4.60%	1.70%		$27.8	$231.9
New York	5.10%	2.50%	$449.0	$635.0	$2,020.0
North Carolina	2.70%	-0.50%		$0.0	$0.0
North Dakota	-3.20%	9.00%		$46.0	$359.0
Ohio	5.30%	13.10%	$1.8	$779.0	$1,317.1
Oklahoma	7.80%	2.10%		$40.0	$120.3
Oregon	-1.80%	10.20%		$34.4	$692.9
Pennsylvania	2.70%	2.40%		$87.9	$678.8
Rhode Island	5.10%	4.00%	($24.3)	$0.0	$103.4
South Carolina	8.30%	3.50%		$75.6	$211.9
South Dakota	7.80%	2.10%	($1.0)	$22.4	$81.4
Tennessee	5.90%	6.00%	$0.3	$251.6	$688.6
Texas	-2.60%	4.60%	$4,447.9	$0.0	$1,165.0
Utah	6.00%	5.90%		($7.6)	$270.4
Vermont	4.30%	5.60%	($12.9)	($18.6)	$71.2
Virginia	5.00%	4.10%	($91.2)	$21.6	$376.0
Washington	0.80%	5.30%	$88.0	$283.0	$1,944.0
West Virginia	3.30%	-3.20%		$142.0	$120.4
Wisconsin	6.80%	2.00%		$0.0	$232.2
Wyoming	5.30%	-0.10%		$0.0	($74.0)
TERRITORIES					
Puerto Rico	*-1.90%*	*8.30%*		*$0.0*	*$753.0*
US Total	**4.00%**	**4.10%**	**$5,013.4**	**$6,534.2**	**$28,037.4**

HMA Medicaid Roundup

Alabama

HMA Roundup

Alabama Medicaid Managed Care to Feature Five Regions. On Monday June 17, 2013, Alabama's State Health Officer Don Williamson unveiled a proposed map that divides the state into five regions covered by at least two regional care organizations (RCOs) per region. The map will not become effective until October 1, 2013, subject to public comments (starting July 1, 2013) and administrative rule-making. The three-year transition to regional care organizations (RCOs) intends to save the state $50-$75 million over a five year period starting in 2016.

Arizona

HMA Roundup

Governor Brewer Signs Medicaid Expansion into Law. Following a contentious five month process, on Monday June 17, 2013, Governor Jan Brewer signed into law a Medicaid expansion plan that represented a high profile victory. Last Thursday, June 13, 2013, several Republicans in both houses of the legislature joined with a united Democratic bloc to win Senate approval (18-11) and House approval (33-27), despite opposition from the Republican leaders in both chambers. Brewer had been a vocal opponent of the Affordable Care Act, but ultimately decided that it was in the state's best interest to accept Federal funds for the expansion following President Obama's re-election last November. Brewer pointed to a "circuit breaker" in the expansion should Federal funding fall below current commitments.

Former Legislators Aim to Delay Expansion through Ballot Initiative. Former state senators Frank Antenori and Ron Gould have formed a political committee, dubbed the United Republican Alliance of Principled Conservatives, to collect more than 86,405 valid signatures from registered voters by September 12, 2013 to prevent enactment of the law until approved by the voters. Given that the next scheduled general election is not until November 2014, a successful effort would postpone implementation of Medicaid expansion by at least a year. The governor's office believes that Medicaid expansion is exempt from referendum given its inclusion in the budget.

California

HMA Roundup—Jennifer Kent

California passes budget. Last Tuesday, it was announced that a budget agreement for the 2013-2014 fiscal year had been reached. One of the key concessions by the Legislature was accepting the Governor's lower revenue estimates which has the practical effect of limiting overall expenditures. Once this fiscal hurdle was agreed to, all other pieces fell into place. The Legislature passed the budget and related trailer bills on Friday, June 14 and Saturday, June 15. The Governor is expected to sign them in the next few days, well in time for the start of the state's new fiscal year, July 1. The health-related budget issues were significant:

- California will expand its Medicaid program consistent with the Affordable Care Act. ABx1 1 and SBx1 1 are several hundred pages long and make the necessary changes to expand coverage to individuals with incomes at or below 138% FPL starting January 1, 2014.
- The Administration reached an agreement with the counties to help fund a portion of the Medi-Cal expansion through the creation of two funding options. In exchange for the funding options, the state will receive $300 million for 2013-14 and share in savings with the counties in subsequent years.
- A tax on Medi-Cal managed care plans was enacted. The first tax is a reauthorization of the gross premiums tax that expired July 2012 and will be a retroactive tax through July 1, 2013. A second tax, a state sales tax on Medi-Cal managed care plan total operating revenue, was authorized starting on July 1, 2013 and will expire July 1, 2016.
- The state's dual demonstration, also called the Cal-MediConnect program, was reauthorized by the Legislature. The start date for the dual demonstration is now scheduled to start no earlier than January 1, 2014 and include eight counties: Alameda, Los Angeles, Orange, San Diego, Santa Clara, San Mateo, Riverside and San Bernardino.
- The state restored a key optional Medi-Cal benefit, adult dental services, that was eliminated as a result of the state's $60 billion deficit in 2008-09.

A full analysis of these budget measures is available to clients upon request.

Autism Benefits Nixed from Medi-Cal. Autism advocates suffered a setback over the weekend, as Applied Behavioral Analysis (ABA) therapy was stripped from the Medi-Cal's essential benefits before Medicaid expansion bills passed. In an odd quirk, the Assembly had just moved forward earlier in the week with legislation that would extend the mandate on private plans to cover ABA therapy. The movement of children from the Healthy Families program to Medi-Cal in 2013 means that beneficiaries with ABA coverage in 2012 will soon lose that covered benefit due to the legislature's removal of the provision in the budget bill. On June 11, the Assembly's Health Committee had unanimously passed S.B. 126 (to extend the current private plan mandate to 2019) to Floor consideration, following a unanimous 37-0 vote in the Senate.

Court Rules that Home Care Workers Can Sue County for Unpaid Wages. On Wednesday, June 12, 2013, the state Supreme Court ruled that home-care workers may sue a county as a "co-employer" for unpaid wages. In Guerrero vs. Superior Court, the court upheld a lower court ruling in February that authorizes a jury to decide if a county's social services agency acted as a "co-employer" alongside home care beneficiaries. Nearly 448,000 Californians receive In-Home Supportive Services (IHHS) from more than 350,000 workers. Sonoma County had argued that it has no power to hire or fire workers and should not be liable for non-payment by personal care beneficiaries.

Florida

HMA Roundup – Gary Crayton and Elaine Peters

Federal Government Gives Final Approval to Statewide Medicaid Managed Care. On Friday, June 14, 2013, CMS offered final approval to Florida's waiver application to mandatory statewide Medicaid managed care. Governor Rick Scott touted the new policy as critical to provide "quality, value-based and patient-centered care" to Medicaid beneficiaries. As part of the approval, HMOs will have to adhere to an 85 percent minimum medical loss ratio. Florida's Agency for Health Care Administration had already begun the plan selection process and expects to award contracts in September 2013. Nearly 2.9 million beneficiaries should begin enrolling in managed care plans in April 2014. Waivers have been approved through June 2014 (under the original three year extension), including the Low Income Pool, so AHCA will still need to apply to CMS for subsequent waiver extensions.

Enrollment Education Efforts Begin in Florida. A first-in-the-nation "Get Covered America" event, sponsored by Enroll America, was held in Tampa on Tuesday, June 18, 2013. The purpose of the effort is to mobilize an army of volunteers to educate the uninsured about their new healthcare benefits options under the Affordable Care Act. Additional events are scheduled in such cities as Miami, Jacksonville, and Orlando, in advance of a national kickoff on June 22. Florida and Texas will be focal points for Get Covered effort, in part, because of their large uninsured populations and their state governments' decisions not to expand Medicaid or run exchanges.

Georgia

HMA Roundup – Mark Trail

DCH Board Votes to Pursue 1115 Medicaid Waiver for Adoption and Foster Care. On June 13, 2013, the Department of Community Health voted to post a Public Notice to pursue an 1115 Waiver to serve the Medicaid Adoption Assistance and Foster Care Children in a single Care Management Organization (CMO). While the DCH had previously announced its intention to serve these children in a single CMO, the appropriate vehicle to pursue with CMS had not been determined. Public hearings are scheduled for June 24th in Macon and June 25 in Atlanta. CMS has a draft of the waiver, but not the official submission. The waiver requires budget neutrality and the approach would involve choosing a single CMO from the three incumbents.

ABD Program to Be Pursued Under a State Plan Amendment. DCH intends to create a program to enhance care coordination and outcomes for the Aged, Blind and Disabled (ABD) population under Medicaid. Georgia will create an ABD program using a 1932(a) State Plan Amendment to allow for the assignment of ABD beneficiaries to the program, with a voluntary opt-out feature for those who choose to disenroll. A request for proposals (RFP) should be released by late summer 2013.

Governor Deal Chooses Three Members for Joint Study Committee on Medicaid Reform. With the passage of House Resolution 107 in the last legislative session, the Joint Study Committee on Medicaid Reform was created to assess current Medicaid policies and procedures and recommend improvements. The eighteen member committee will

consist of six members of the Senate, six members of the House, and six representatives appointed by the Governor representing (1) the Department of Community Health, (2) hospitals, (3) insurance providers, (4) nursing homes, (5) physicians, and (6) consumers. On June 14, 2013, Governor Nathan Deal named three of his six appointees: Catherine Bonk, from the Atlanta Gynecology and Obstetrics practice; Tony Herdener, the CFO of Northeast Georgia Health System; and Patrick Healy, Chairman and CEO of Peach State Health Plan.

Idaho

HMA Roundup

Dual Eligibles Timeline Presented to Stakeholders. On June 5, 2013, the Idaho Department of Health and Welfare (IDHW) delivered a stakeholder update on the status of the dual eligible demonstration program. IDHW asked for an exemption from the competitive bidding process and will release contracts directly to interested health plans. IDHW will then evaluate their responses. Idaho plans to have a memorandum of understanding signed with CMS and also release the contracts in July 2013 with plan selections by August 2013. The state would aim to submit 1915 amendments and waiver applications by October 2013. The first region enrollment date is March 1, 2014. Two plans have submitted plan benefit packages for the demonstration. Below are the key timelines for implementation of the program.

Illinois

HMA Roundup – Erika Wicks

Duals Demo Voluntary Enrollment to Begin January 2014. According to a recent stakeholder information session on the Medicare-Medicaid Alignment Initiative (MMAI), voluntary enrollment will begin in January 2014 with passive enrollment beginning in April 2014. Voluntary enrollment was previously scheduled to begin on October 1, 2013. A link to the MMAI Q&A document is available here.

Maine

HMA Roundup

LePage Signs Bill to Pay Hospital Debt. On Friday, June 14, 2013, Governor Paul LePage signed into law, a bill that would apply revenues from a new contract for wholesale liquor to begin repaying a $183.5 million debt to 39 hospitals in the state. Previously, lawmakers had attempted to link the hospital debt repayment bill to the Medicaid expansion bill, but were rebuffed by the Governor.

LePage Vetoes Medicaid Expansion Again. On Monday, June 17, 2013, Governor Paul LePage vetoed a Medicaid expansion bill for a second time. L.D. 1066 passed the Senate by a 23-12 vote and the House by a 97-51 vote, but fell short of a veto-proof two-thirds majority. The governor said that the state must negotiate with CMS to secure a better deal. LePage has requested that the federal government absorb 100 percent of the expansion for ten years, but HHS has already noted that it has no authority under the law to negotiate such a provision.

Massachusetts

HMA Roundup—Tom Dehner and Rob Buchanan

Record Enrollment on Massachusetts Health Connector. On Thursday, June 13, 2013, the Massachusetts Health Connector reported a record 206,393 lives were enrolled in the state's Commonwealth Care health insurance exchange, up from the prior month's record level of 205,475. Key to the uptick in enrollment was the rescission of a prior state law that had directed certain legal immigrants into a less generous state program, Commonwealth Care Bridge. The Commonwealth Care program has contributed to Massachusetts achieving the lowest level of uninsured in the country, at just 3.4 percent in 2011.

Michigan

HMA Roundup—Esther Reagan

Michigan Medicaid Vote Running Short on Time. Following a lopsided 76-31 vote last Thursday, June 13, 2013, by the House to approve Medicaid expansion (H.B. 4714) , the Michigan Senate is running short on time to hold its own vote before the legislature recesses for the summer on June 21. A spokesman for Senate Republicans indicated that a vote will not be scheduled unless the majority of GOP members support the initiative. It is not clear at this point whether the bill has sufficient support in the Michigan Senate, or if it would be amended during the Senate process, which would require concurrence back in the House. If all 12 Senate Democrats vote for expansion, at least seven Senate Republicans (and a tie-breaking vote from Lt. Governor Brian Calley) would be required for passage. However, even with passage and a signature from Governor Rick Snyder, CMS would need to approve waivers allowing for the proposals that beneficiaries contribute up to 5 percent of their income toward their medical care and up to 7 percent after 48 months on Medicaid.

Mississippi

HMA Roundup

Medicaid Agreement Needed to Avert End of Program. The state of Mississippi is approaching an unexpected dire deadline when Medicaid loses its authorization on July 1. The legislature is required by state law to reauthorize Medicaid annually, with the support of three-fifths of both houses. This year, Democrats have balked at voting for reauthorization without a debate on Medicaid expansion, which Republicans have rejected. However, Democrats have recently offered a proposal to apply Federal funds under expansion toward premium assistance for private plans on the health exchange for beneficiaries below 138 percent of the federal poverty level. The proposal has a fallback provision that would end the expanded eligibility should the federal government amend its current commitment to fund at least 90 percent of the costs of expansion.

Montana

HMA Roundup

Governor Bullock Says "Everything is on the Table" for Medicaid Expansion. On Saturday, June 15, 2013, Governor Steve Bullock addressed a convention, expressing his disappointment that the legislature did not pass Medicaid expansion. In particular, Bullock noted that 70,000 Montanans would have gained healthcare coverage, helped hospitals, and reduced uncompensated care. The governor noted that all options remain on the table, including a special session or ballot initiative.

Developmentally and Mentally Disabled to Get 4 Percent Increase in Payments. Following outcries by affected groups, the Bullock Administration approved a 4 percent increase in Medicaid payments (as passed by the legislature) to groups that serve the mentally and developmentally disabled, without any strings attached. The Department of Public Health and Human Services would still like to eventually explore incentive payments based on outcomes.

New Hampshire

HMA Roundup

House and Senate Remain at Odds Over Medicaid Expansion. On Wednesday, June 19, House Speaker Terie Norelli expressed doubt that her chamber could support a budget that does not include Medicaid expansion. The House budget negotiators had proposed a a commission study the issue with a proposal to be presented in a special session in August to the joint Fiscal Committee. If the committee failed to approve a plan by September 1, the state would automatically expand Medicaid effective January 1, 2014. The Republican-led Senate insists that further study is necessary, but that the budget should be voted on separate from the Medicaid expansion.

New Jersey

HMA Roundup

Medicaid Expansion Legislation Voted Out of Committee. This past week, both the Senate and Assembly Budget Committees reported Medicaid expansion bills out of committee. Although Governor Chris Christie would prefer to see legislation that allows the state to opt-out of expansion should the Federal government renege on its funding obligations, the governor reiterated the beneficial fiscal impact of Medicaid expansion, citing $227 million in additional Federal funds into the state annually.

New York

HMA Roundup—Denise Soffel

Medicaid Managed Care Advisory Review Panel Update. On Thursday, June 13, 2013, the New York Medicaid Managed Care Advisory Review Panel held a conference call to update stakeholders on the following:

- MVP-Hudson merger – MVP Healthcare, a health plan with a Medicaid presence, announced in May 2013 that it was acquiring Hudson Health Plan, a provider-sponsored Medicaid managed care plan. No time frames have yet been announced for the acquisition. Under the acquisition, Hudson Health Plan will assume responsibility for public programs, including Medicaid, Family Health Plus and CHP, while MVP will retain responsibility for its commercial products. This mirrors the mergers between United Healthcare and AmeriChoice (now United Healthcare Community Plan) in 2002, and WellPoint and Amerigroup in 2012.
- Plan expansion - NYS is actively recruiting mainstream Medicaid managed care plans to move into the Western region of the state since MCO HealthNow withdrew. Although New York's 1115 waiver, the Partnership Plan, does not require that more than one plan be operating in a given county, the state strongly prefers the existence of at least two plans, to assure consumer choice. United Healthcare Community Plan has announced its intention to expand to Niagara and Genessee Counties.
- Population expansion – Foster care children outside New York City are being transitioned into mandatory Medicaid managed care effective April 2013. These children are not subject to auto-assignment; rather, the Local Department of Social Services (LDSS) and the foster care representative are individually selecting a plan based on the child's current utilization patterns.
- New benefits – Effective July 2013, TB directly observed therapy is being carved into the Medicaid managed care benefit package. Two additional benefits, adult day health and AIDS adult day health, also scheduled to be carved in July 2013, have been delayed until August. CMS has not approved the transition and is waiting for plans to enter into agreements with providers that will satisfy CMS's network adequacy requirements.
- Managed Long-Term Care Program—Phase 3 of the transition to mandatory enrollment in managed long-term care begins in June 2013. Phase 3 includes Rockland and Orange counties. Phase 4 is currently scheduled to begin in December 2013. Phase 4 includes the "urban upstate" counties, Albany, Onondaga (Syracuse), Monroe (Rochester) and Erie (Buffalo). Subsequent phases are not scheduled; the roll-out depends on adequate provider network capacity being available. The enacted budget includes savings generated by an expedited enrollment into MLTCs. The state is examining the current phase-in schedule to determine how it can be accelerated to meet savings targets.

Legislature Votes to Restore $90 Million in Developmental Disabilities Funding. This week, the Senate and Assembly both approved a measure to restore $90 million in funding for programs and services for developmentally disabled New Yorkers. The bills will be sent to Governor Andrew Cuomo for his consideration. A working group has been convened to find $90 million dollars in savings that will reduce administrative costs, identify efficiencies, and eliminate duplication.

North Carolina

HMA Roundup

WakeMed and Key Physicians File for ACO Status. On Monday, June 17, 2013, WakeMed Health & Hospitals announced a partnership with Key Physicians, one of North Carolina's largest physician practices, aimed at reducing hospital readmissions and improving patient outcomes. The partners will follow up with patients discharged from the hospital to ensure they are taking medications and scheduling follow-up appointments. The partnership has filed under Medicare as an Accountable Care Organization, dubbed WakeMed Key Community Care. The ACO hopes to hire 15 health coordinators to monitor and advise patients on their care plans, while leveraging data analytics to improve efficiency.

Ohio

HMA Roundup

House Speaker Doubts Medicaid Expansion Will Fly Before End of Month. With a June 30 deadline to complete the state's two-year budget, legislators will be hard-pressed to address a compromise Medicaid expansion plan within the next two weeks, according to Speaker William Batchelder. Governor John Kasich, however, held out hope that Medicaid expansion would happen—whether as part of the budget process or separately.

Pennsylvania

HMA Roundup – Matt Roan

Corbett Expresses Frustration with Status of Medicaid Expansion Talks. Governor Tom Corbett has sent Public Welfare Secretary Bev MacKareth to meet with HHS administration on the state's flexibility in implementing Medicaid Expansion. Among the changes the Corbett administration wants to make for the expansion population are increased copays, revised benefits packages, opportunities for the expansion population to purchase coverage through the exchange and requirements that expansion recipients work or that must seek work. The Governor's office has expressed frustration with HHS, stating that they have not been responsive to these requests. Supporters of Medicaid expansion in PA have accused the Governor of deploying these talks as a stall tactic to effectively delay an expansion decision until after the state budget is passed by the end of this month.

IFO Predicts Year-End Surplus, Increases Revenue Projections for SFY 2013-2014. The Independent Fiscal Office (IFO) predicts that the state will end the fiscal year on June 30th with $28.7 billion in collections, resulting in a $144M year-end surplus, and projects that the state will take in $28.9 billion in revenue for SFY 13-14 as a result of continued modest economic growth. Meanwhile the Legislature is in the final phases of passing a spending plan for next year, the Governor's proposed budget calls for $28.4 billion in spending, while the current version of the Budget Bill in the House of Representatives calls for $28.3 billion in spending.

Rhode Island

HMA Roundup

Hittner Named New Health Insurance Commissioner. On June 13, 2013, Governor Lincoln Chafee nominated veteran anesthesiologist Kathleen Hittner to be Rhode Island's health insurance commissioner, succeeding Christopher Koller, who is set to become president of the Milbank Memorial Fund in New York City. Dr. Hittner served as Chief of Anesthesiology at both Roger Williams Medical Center and The Miriam Hospital. In addition, Dr. Hittner was President of Miriam's Medical Staff from 1998 to 2000 and served as President and CEO of the Miriam Hospital from 2000 to 2009. Dr. Hittner has served on the faculty of The Warren Alpert Medical School of Brown University since 1979 and is Clinical Professor of Surgery in Anesthesiology. She previously served on the Boards of the Rhode Island Insurance Brokerage Corporation (1992-2000) and Rhode Island Sound Enterprises Insurance Co. (2000-2012).

Virginia

HMA Roundup

Medicaid Reform Commission Holds First Meeting. On Monday, June 17, 2013, Virginia's Medicaid Innovation and Reform Commission held its first meeting following its establishment in the state budget earlier in the year. Future meetings are scheduled for August, October and December for the commission to assess whether or not the state should move forward with Medicaid expansion. The next commission meeting will review costs to the state with Medicaid expansion and without it.

Washington

HMA Roundup –Doug Porter

Improving Fiscal Outlook Could Boost Budget Negotiations. With lawmakers now negotiating through a second special session, improving economic data may spark a compromise. On Tuesday, June 18, 2013, the state Revenue and Forecast Council noted that better home sales, modest job growth, and improving tax collections should translate into $231 million more in tax revenues than previously forecast in March. Budget negotiators were encouraged by the better outlook, which could close some fiscal gaps that had previously existed. The Senate Majority Coalition Caucus (23 Republicans and two Democrats) were hopeful that the improved revenue outlook should quell calls to raise taxes. With a drop in demand for certain government programs, the state could expect to spend $90 million less than originally thought. Without an operating budget by July 1, the state would have to prepare for a partial government shutdown.

National

HMA Roundup

CMS Orders States to Pay Cost Sharing for Dual Eligibles. In a recent bulletin, CMS recognized that certain state Medicaid agencies have been derelict in paying healthcare providers for Medicare cost-sharing on dual eligible beneficiaries. CMS identified examples of states not paying legitimate claims, whether due to providers being certified by Medicare but not Medicaid; providers not being recognized by the state's Medicaid Management Information Systems (MMIS); or services being covered by Medicare exclusively, rather than by Medicaid. In any event, states are required as a condition of receiving matching funds to process all legal and appropriate claims.

CMS Issues Proposed Rule on Program Integrity. On June 14, 2013, CMS is issuing a proposed rule, scheduled to appear in the Federal Register on June 19, 2013, that sets forth financial integrity and oversight standards with respect to Affordable Insurance Exchanges; Qualified Health Plan (QHP) issuers in Federally facilitated Exchanges (FFEs); and States with regard to the operation of risk adjustment and reinsurance programs. It also proposes additional standards with respect to agents and brokers. These standards, which include financial integrity provisions and protections against fraud and abuse, are consistent with Title I of the Patient Protection and Affordable Care Act as amended by the Health Care and Education Reconciliation Act of 2010, referred to collectively as the Affordable Care Act.

House Insurance Tax Repeal Bill Reaches 222 Co-Sponsors. As of Wednesday, June 19, 2013, House Bill 763, designed to repeal the health insurance tax imposed by the Affordable Care Act, had attracted 222 co-sponsors, reflecting the majority of the chamber. The Congressional Budget Office estimates more than $100 billion in projected revenues over the next decade from this tax. Oliver Wyman projects that individuals could see premiums $110 higher per policy, while families would experience premiums $360 higher due to the tax being passed on to beneficiaries. The Senate is unlikely to consider the legislation.

In the news

- **"Small U.S. insurers fill gaps for weakest state health exchanges"**

  Limited participation by the nation's largest insurers in many state exchanges has provided opportunities for smaller health plans and traditionally Medicaid-focused managed care health plans. Centene's Magnolia Health Plan is reported to be the only plan that has submitted intent to participate in Mississippi's federally facilitated exchange for the 2014 calendar year. (Reuters)

- **"States to Offer Additional Subsidies on Health Exchanges"**

  So far, at least three states – Massachusetts, New York, and Vermont – are working to establish state-funded subsidies on top of the premium assistance tax credit provided for exchange enrollees. Whether other states will explore this option is unclear, as all three states currently offer Medicaid coverage above 138 percent FPL or provide other subsidized health coverage options. (Governing)

- **"Republicans Continue to Move Away from Medicaid Block Grants"**

  CQ reports on the steady push by Republicans for granting greater flexibility to states on their Medicaid programs, but notes that recent proposals are focused more on per capita spending caps, rather than the block grant approach that was previously gaining attention. (CQ – Subscription Required)

OTHER HEADLINES

Arkansas

- **"Fight over health care expansion could enter new round"**

  A former Arkansas congressional candidate is leading a campaign to put the Arkansas private option plan for Medicaid expansion on the state ballot in 2014, leading to a potential for repealing the state's plan for expanding Medicaid. The ballot initiative petition must receive nearly 50,000 signatures by August 15, 2013. (Arkansas News)

Iowa

- **"Federal OK seen likely for Iowa health plan"**

  Iowa Medicaid Director Jennifer Vermeer is optimistic that CMS will approve the state's waiver for the Iowa Health and Wellness plan, approved by lawmakers on May 23, 2013. The plan would provide coverage for low-income Iowans, while paying premiums for slightly higher income individuals to enroll in the Exchange. After one year, most participants would begin to pay a small share of their premiums. (Des Moines Register)

Texas

- **"Pharmacists Push Transparency in Medicaid Pricing"**

  Texas pharmacists are pushing for greater transparency in drug pricing and under the state's expanded Medicaid managed care programs. In the past 18 months, pharmacists have seen a significant drop in reimbursements under managed care, coupled with what they see as a lack of transparency in pricing, preferred drug lists, and changing policies within the health plans. (Texas Tribune)

INDUSTRY NEWS

Centene Plans to Exit Kentucky by 3Q13. On Monday, June 17, 2013, Centene's management confirmed that the company continues to pursue an exit from the Kentucky market by the third quarter of 2013, despite a court ruling that the company could not do so. Centene will likely incur fines in order to extricate itself from its state contract, which has caused red ink over the last year.

Cigna and Scottsdale Health Partners Launch Accountable Care Initiative. Cigna has partnered with Scottsdale Health Partners to cover 4,000 enrollees receiving care from Scottsdale's 480 primary care physicians. Effective July 1, 2013, Cigna will pay Scottsdale to monitor and coordinate the care for those enrollees, with incentive payments for achieving quality and cost-savings targets. The relationship aims to achieve fundamental goals of an Accountable Care Organization, without formally organizing as such.

Emdeon Acquires Goold Health Systems. On June 12, 2013, Emdeon announced the acquisition of Goold Health Systems, a provider of pharmacy benefit management services to state Medicaid agencies.

Maximus Wins Customer Service Contracts in Hawaii and Maryland. Maximus announced two recent contract wins in both Hawaii and Maryland. The three-year Hawaii contract involves the establishment and operation of the Hawai'i Health Connector's Customer Service Contact Center and Support Service. The five-year contract with the Maryland Health Benefit Exchange (MHBE) involves comprehensive call center, fulfillment and command center services.

RFP CALENDAR

Below is an updated Medicaid managed care RFP calendar. The events are color coded by state/program and are listed in date order.

Date	State	Event	Beneficiaries
June, 2013	Rhode Island Duals	Contract Awards	22,700
June, 2013	South Carolina Duals	RFP Released	68,000
June, 2013	Virginia Duals	Contract awards	79,000
July 1, 2013	Ohio	Implementation	1,650,000
July 1, 2013	Nevada	Implementation	188,000
July 1, 2013	Idaho Behavioral	Implementation	200,000
July 19, 2013	Wisconsin MLTC (Select Regions)	Proposals Due	10,000
Summer 2013	Michigan Duals	RFP Released	70,000
August 1, 2013	Florida LTC (Region 7)	Implementation	9,600
August, 2013	Wisconsin MLTC (Select Regions)	Contract awards	10,000
September 1, 2013	Ohio Duals	Implementation	115,000
September 1, 2013	Rhode Island Duals - Medicaid Only	Implementation	22,700
September 1, 2013	Florida LTC (Regions 8,9)	Implementation	14,000
September 16, 2013	Florida acute care	Contract awards	2,800,000
October 1, 2013	Massachusetts Duals	Implementation	115,000
October 1, 2013	Arizona - Acute Care	Implementation	1,100,000
October 1, 2013	Arizona - Maricopa Behavioral	Implementation	N/A
November 1, 2013	Florida LTC (Regions 1,2,10)	Implementation	13,700
December, 1 2013	Florida LTC (Region 11)	Implementation	16,400
"Early 2014"	North Carolina	RFP released	TBD
January 1, 2014	Illinois Duals	Implementation	136,000
January 1, 2014	California Duals	Implementation	456,000
January 1, 2014	New Mexico	Implementation	510,000
January 1, 2014	South Carolina Duals	Implementation	68,000
January 1, 2014	Vermont Duals	Implementation	22,000
August, 2013	Wisconsin MLTC (Select Regions)	Implementation	10,000
January 1, 2014	Virginia Duals	Implementation	79,000
January 1, 2014	Texas Duals	Implementation	214,400
February 1, 2014	Florida LTC (Regions 5,6)	Implementation	19,500
March 1, 2014	Idaho Duals	Implementation	17,700
March 1, 2014	Florida LTC (Regions 3,4)	Implementation	16,700
April 1, 2014	New York Duals	Implementation	133,880
April 1, 2014	Washington Duals	Implementation	48,500
July 1, 2014	Michigan Duals	Implementation	70,000
September 1, 2014	Texas Rural STAR+PLUS	Operational Start Date	110,000
October 1, 2014	Florida acute care	Implementation (All Regions)	2,800,000

DUAL INTEGRATION PROPOSAL STATUS

Below is a summary table of the progression of states toward implementing dual eligible integration demonstrations in 2013 and 2014.

State	Model	Duals eligible for demo	RFP Released	RFP Response Due Date	Contract Award Date	Signed MOU with CMS	Enrollment effective date
Arizona		98,235	Not pursuing Financial Alignment Model				
California	Capitated	456,000	X	3/1/2012	4/4/2012	X	1/1/2014
Colorado	MFFS	62,982					10/1/2013
Connecticut	MFFS	57,569					TBD
Hawaii		24,189	Not pursuing Financial Alignment Model				
Illinois	Capitated	136,000	X	6/18/2012	11/9/2012	X	1/1/2014
Iowa	MFFS	62,714					TBD
Idaho	Capitated	22,548	June 2013	TBD	TBD		3/1/2014
Massachusetts	Capitated	109,636	X	8/20/2012	11/5/2012	X	10/1/2013
Michigan	Capitated	70,000	Summer 2013		TBD		7/1/2014
Missouri	MFFS‡	6,380					10/1/2012
Minnesota		93,165	Not pursuing Financial Alignment Model				
New Mexico		40,000	Not pursuing Financial Alignment Model				
New York	Capitated	133,880					4/1/2014
North Carolina	MFFS	222,151					TBD
Ohio	Capitated	114,000	X	5/25/2012	Scoring: 6/28/12	X	9/1/2013
Oklahoma	MFFS	104,258					7/1/2013
Oregon		68,000	Not pursuing Financial Alignment Model				
Rhode Island	Capitated	22,700	X	3/27/2013			9/1/2013*
South Carolina	Capitated	68,000	Summer 2013	TBD	TBD		1/1/2014
Tennessee		136,000	Not pursuing Financial Alignment Model				
Texas	Capitated	214,402			Early 2013		1/1/2014
Virginia	Capitated	78,596	X	5/15/2013	July 2013	X	1/1/2014
Vermont	Capitated	22,000	10/1/2013	TBD	TBD	7/15/2013	9/1/2014
Washington	Capitated/MFFS	115,000	X	5/15/2013 (Capitated	6/6/2013	MFFS Only	1/1/2014
Wisconsin	Capitated	5,500-6,000	X	8/23/2012	10/1/2012		TBD**
Totals	**14 Capitated 7 MFFS**	**1.5M Capitated 485K FFS**	***8***			***6***	

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

*** Wisconsin is completing a comment period on a draft MOU with CMS. Finalized MOU will determine implementation date.*

‡ Capitated duals integration model for health homes population.

HMA Upcoming Appearances

"Meeting the Needs of Vulnerable Populations through Community Partnerships"
Association for Community Affiliated Plans (ACAP) CEO Summit

Sharon Silow-Carroll – Presenter

June 25, 2013

Washington, D.C.

HMA News

Issue Brief Examines Medicaid Outreach and Enrollment Strategies

HMA Principal Jennifer Edwards and Consultant Diana Rodin worked with Samantha Artiga of the Kaiser Family Foundation to produce the recently released "Profiles of Medicaid Outreach and Enrollment Strategies: Helping Families Maintain Coverage in Michigan." It is the second installment in the "Gearing up for 2014" series, which highlights lessons learned from Medicaid and CHIP outreach and enrollment strategies. This brief profiles a new initiative of the Michigan Primary Care Association to facilitate coverage renewals through a systematic, technology-based reminder system coupled with one-on-one assistance. The inaugural issue brief profiled a successful initiative among health centers in Utah to provide one-on-one Medicaid enrollment assistance. **(Link to Issue Brief - PDF)**

HMA Advises on Safety Net ACO Readiness Assessment Tool

The Safety Net Accountable Care Organization (ACO) Readiness Assessment Tool is designed for organizations to assess how ready they are to take on the responsibilities of becoming an ACO serving a population of safety net patients. Pat Terrell, Managing Principal at HMA, served on author Stephen M. Shortell's Advisory Committee during its development. When released, Terry Conway and Art Jones, Managing Principal and Principal at HMA, spoke on the topic of accountable care during the kick-off conference. **(Link - PDF)**