HEALTH MANAGEMENT ASSOCIATES

HMA Weekly Roundup

Trends in State Health Policy

June 21, 2017

RFP CALENDAR

DUAL ELIGIBLES CALENDAR

HMA NEWS

THIS WEEK

IN FOCUS

HIGHLIGHTS FROM NASBO SPRING 2017 FISCAL SURVEY OF STATES

This week, our *In Focus* section highlights some of the key findings of the *Fiscal Survey of the States Spring 2017*, released this month by the National Association of State Budget Officers (NASBO). The association conducted surveys of state budget officers in all 50 states in February through April 2017. The findings in the report focus on the key determinants of state fiscal health, highlighting 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.

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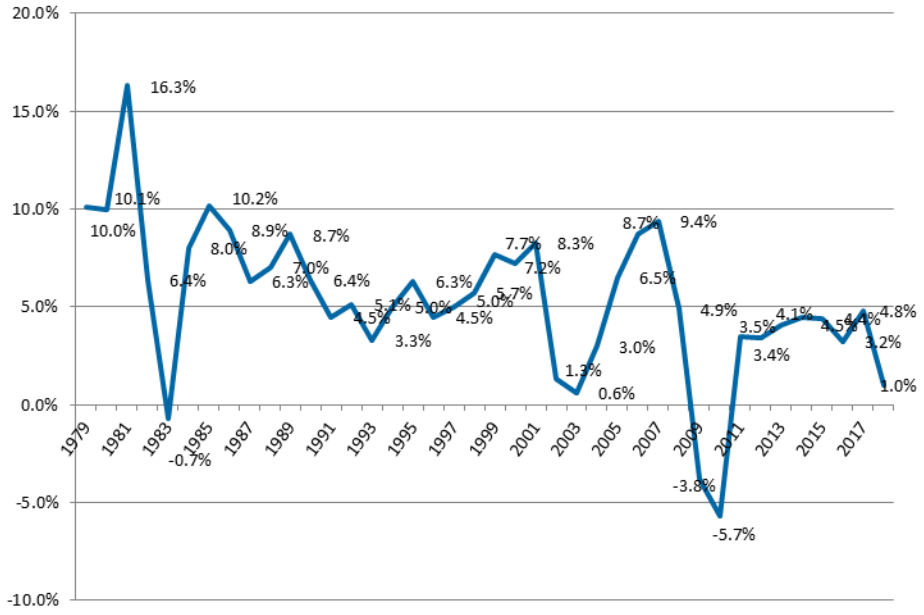
Overall Budget Environment Takeaways

Based on NASBO's survey and evaluation of state governors' recommended budgets, states are approaching FY 2018 with significant caution, following two consecutive years of slow revenue growth. Medicaid spending continues to be a major driver of state budget actions, with Medicaid spending growing faster than revenues.

Two-thirds of states (33) reported general fund (GF) revenues below budget projections for FY 2017, with nearly half of states (23) making mid-year budget cuts. Governors' budget proposals for FY 2018 amount to overall general fund spending growth of 1.0 percent. In all:

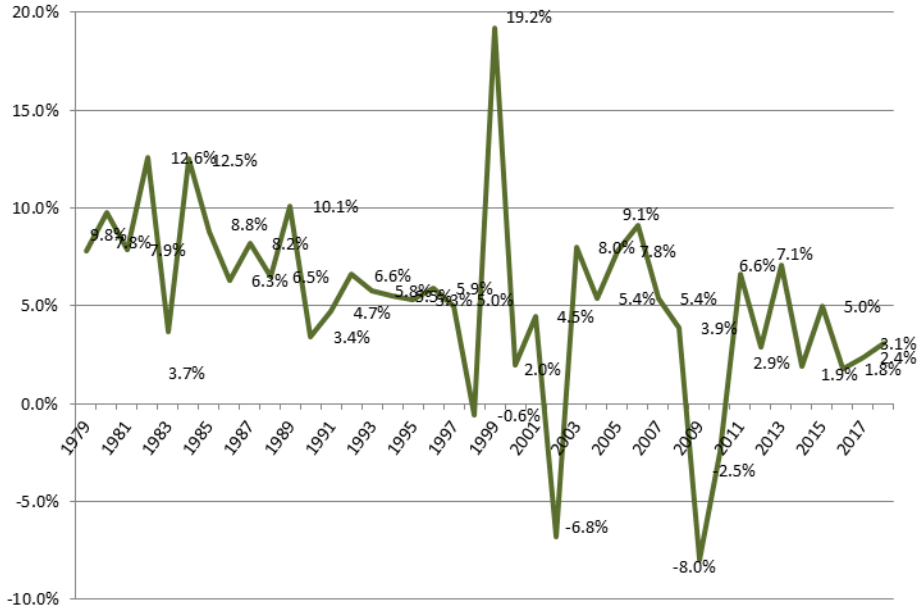
- 15 states are projecting negative budget growth;
- 29 states are projecting budget growth between 0 and 5 percent;
- Six states are projecting budget growth between 5 and 10 percent; and
- No states anticipate budget growth above 10 percent.

Figure 1 - State Nominal Annual Budget Increases, FY 1979 to FY 2018



On the revenue side, FY 2018 is projecting slightly better than FY 2017, with only three states projecting negative revenue growth (compared with nine in FY 2017). Proposed FY 2018 budgets assume overall growth in sales tax revenues of 2.7 percent, along with 4.1 percent growth in personal income tax revenue, and 3.9 percent growth in corporate income tax revenues.

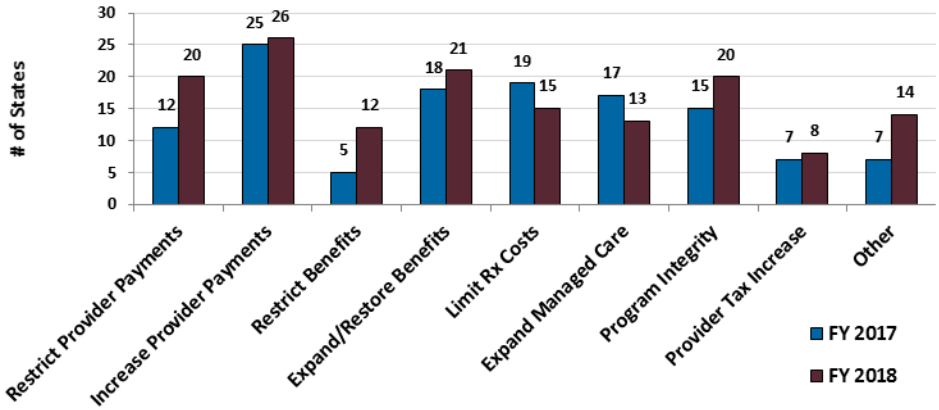
Figure 2 - State Nominal Annual Revenue Increases, FY 1979 to FY 2018



Medicaid-Specific Budget Environment

Of the 23 states making FY 2017 mid-year budget adjustments, 18 reduced Medicaid funding by more than $888 million in aggregate. Meanwhile, seven states made positive mid-year adjustments to Medicaid funding of nearly $305 million. States project overall Medicaid expenditures to grow at 4.2 percent in FY 2018, down from 8.8 percent in FY 2017.

Figure 3 - FY 2017 & Proposed FY 2018 Budgetary Actions Related to Medicaid



Proposed FY 2018 budgets show a significant uptick in states looking to restrict provider payments (20 in FY 2018; 12 in FY 2017), as well as restrict benefits to enrollees (12 in FY 2018; five in FY 2017). However, there are still a greater number of states increasing provider payments (26 in FY 2018) and expanding or restoring benefits (21 in FY 2018).

A total of 13 states responded that they intend to expand Medicaid managed care in FY 2018, down from 17 states in FY 2017.

Figure 4 - Selected State Data from NASBO Report – FY 2017 to FY 2018

	General Fund Nominal Pct. Expenditure Change		General Fund Nominal Pct. Revenue Change		FY 2017 Mid-Year Medicaid Adjustments	FY 2018 Medicaid Program Adjustment (Recommended)	FY 2018 Total Program Adjustments (Recommended)
	FY 2017	FY 2018	FY 2017	FY 2018	Value ($M)	Value ($M)	Value ($M)
Alabama	5.9%	0.6%	4.0%	2.5%	$79.0	$23.0	$42.3
Alaska	-18.4%	-2.4%	-6.0%	12.3%		($0.9)	($36.8)
Arizona	1.4%	1.5%	-0.1%	2.2%		$20.1	$262.7
Arkansas	-0.6%	2.8%	-0.6%	2.8%	($48.1)	$0.0	$0.0
California	7.7%	-0.2%	2.8%	4.4%		$1,073.2	$51.8
Colorado	1.9%	6.2%	4.8%	5.9%	($24.9)	$168.6	$596.2
Connecticut	-0.4%	0.7%	0.7%	0.6%		$271.3	$136.8
Delaware	4.5%	0.3%	0.1%	4.6%		$11.8	$12.0
Florida	4.7%	1.0%	5.9%	2.0%		($219.4)	$531.3
Georgia	4.6%	3.5%	3.0%	3.5%	($2.8)	($88.4)	$1,188.7
Hawaii	12.0%	-3.6%	1.6%	1.9%	($0.4)	$24.3	$128.6
Idaho	7.7%	5.9%	5.9%	3.7%		($4.3)	($8.2)
Illinois	22.9%	-2.6%	1.0%	3.4%		($75.8)	($780.0)
Indiana	1.8%	2.3%	1.5%	2.8%		$7.6	($98.3)
Iowa	1.4%	-0.9%	2.7%	3.6%	($15.0)	($17.3)	$24.0
Kansas	2.3%	0.1%	-0.2%	-0.2%	$40.7	$84.8	($8.5)
Kentucky	7.9%	2.4%	2.6%	2.5%		$199.7	$263.6
Louisiana	10.6%	0.3%	21.6%	0.3%	($369.6)	($229.2)	($153.9)
Maine	2.2%	0.2%	2.2%	-1.8%	$1.0	($20.5)	$7.9
Maryland	6.3%	0.5%	2.4%	3.6%	($20.0)	$242.0	($70.8)
Massachusetts	3.6%	3.5%	3.5%	4.0%	($15.0)	$140.0	$827.0
Michigan	4.4%	0.2%	3.0%	3.1%	($35.1)	$49.8	$174.1
Minnesota	7.5%	4.4%	0.7%	4.5%		($339.7)	$531.4
Mississippi	1.1%	-1.2%	1.6%	1.0%	($29.2)	($0.6)	($13.6)
Missouri	2.0%	3.8%	3.0%	3.8%	($62.3)	$96.8	($118.9)
Montana	1.7%	-0.3%	4.9%	7.4%		$0.0	$10.1
Nebraska	3.4%	1.5%	2.8%	4.3%	($14.0)	($8.0)	($7.2)
Nevada	7.0%	7.3%	2.0%	2.5%		$0.0	$0.0
New Hampshire	5.3%	2.5%	-1.8%	2.5%		$51.0	$98.2
New Jersey	2.7%	2.6%	3.4%	3.6%	($10.9)	$211.1	$890.6
New Mexico	-4.4%	-2.9%	1.7%	2.1%		$25.6	($139.6)
New York	2.4%	3.9%	-2.4%	4.5%	($206.0)	$673.0	$556.0
North Carolina	4.6%	5.9%	-0.4%	5.0%		$128.9	$1,289.7
North Dakota	0.2%	-23.4%	-9.6%	38.2%	($2.5)	$30.8	($366.8)
Ohio	2.7%	-4.9%	2.8%	-5.1%		($2,243.4)	($1,970.1)
Oklahoma	-7.0%	-2.7%	-6.1%	3.9%		$0.0	$435.9
Oregon	1.0%	5.9%	3.4%	3.8%	$2.9	$50.1	$1,548.1
Pennsylvania	5.4%	1.8%	4.9%	5.0%		$135.8	$571.6
Rhode Island	4.3%	2.5%	1.5%	3.0%	$8.0	$7.3	$109.0
South Carolina	9.5%	-2.0%	4.2%	2.9%		$50.3	$191.4
South Dakota	8.4%	2.2%	9.3%	2.9%	($5.0)	$7.1	$19.7
Tennessee	8.5%	6.1%	2.3%	0.9%		$181.1	$834.6
Texas	0.1%	-2.3%	1.7%	1.2%		$0.0	$0.0
Utah	2.0%	2.0%	4.1%	4.5%		($4.9)	$130.0
Vermont	3.6%	0.7%	5.1%	1.6%	($2.6)	($24.8)	$3.2
Virginia	6.5%	-0.6%	7.9%	0.1%	$43.3	$185.8	($49.9)
Washington	7.3%	5.0%	4.5%	4.2%	$130.0	$526.0	$1,001.0
West Virginia	5.4%	1.0%	2.0%	6.2%	($25.0)	$135.2	$209.5
Wisconsin	7.0%	-0.4%	2.7%	3.0%		$43.7	($115.8)
Wyoming	-12.9%	1.1%	1.1%	1.5%		$0.0	($25.0)
US Avg./Total	**4.8%**	**1.0%**	**2.4%**	**3.1%**	**($583.5)**	**$1,578.6**	**$8,713.6**

Link to NASBO Fiscal Survey of States, Spring 2017

https://www.nasbo.org/mainsite/reports-data/fiscal-survey-of-states

HMA Medicaid Roundup

Colorado

Lawmakers Seek Answers Over Troubled Medicaid Claims Payment System. *The Denver Post* reported on June 20, 2017, that members of the Colorado legislature's Joint Budget Committee questioned Medicaid officials over continuing problems concerning the state's newly launched Medicaid claims payment system. The system, which was launched in March, has only paid an estimated 60 percent of claims, resulting in $53 million of unpaid provider reimbursements. The state has cited operator error and insufficient resources for technical assistance to providers. Read More

Florida

HMA Roundup – Elaine Peters (Email Elaine)

Governor Signs Nursing Home Reimbursement Bill, Delays Shift to Prospective Payments. *Florida Politics* reported on June 20, 2017, that Florida Governor Rick Scott has signed a law (SB2514) aimed at shifting nursing home reimbursements to a prospective payment system; however, the legislation delayed the move for another year. The delay is expected to give the state more time to study and implications of the shift. Read More

Georgia

DCH May Pursue Federal Medicaid Matching Funds for School Nurses. *The Atlanta Journal Constitution* reported on June 20, 2017, that the Georgia Department of Education and the Department of Community Health (DCH) may seek approval for federal Medicaid matching funds for school nurses. If approved, the state could tap into nearly $50 million in federal funds per year. The DCH board will vote on whether to proceed next month. Read More

Illinois

Court-ordered Deadline to Negotiate Medicaid Payment Backlog Plan Passes. *The New York Times* reported on June 19, 2017, Illinois was likely to miss a June 20 court-ordered deadline to agree to a plan to pay Medicaid providers a substantial portion of $2 billion in past-due bills. Discussions between the state and other parties are ongoing. The $2 billion owed to Medicaid MCOs is part of a broader state billing backlog that has surpassed $14.4 billion. Read More

Indiana

MDwise to Exit Indiana Exchange in 2018. *Indianapolis Star/USA Today* reported on June 21, 2017, that MDwise will exit the Indiana health insurance Exchange market in 2018 and will focus on its Medicaid business in the state. MDwise said it lost $21 million on its Exchange plans last year. MDwise covers 30,800 of the roughly 147,000 Exchange members in Indiana. Read More

Kansas

Governor Signs Bill Reversing Rate Reductions for KanCare Providers Serving Children. *The Kansas City Star* reported on June 16, 2017, Governor Sam Brownback has signed a bill reversing the four percent cut in reimbursements to Medicaid providers serving children. The cut was instituted during last year's budget. To offset the increased rates, the bill will also increase fees to insurers operating HMO plans. The increased reimbursement rates will take effect on July 1. Read More

Budget Bill Would Restore Funding to Community Mental Health Centers, State Hospital. *KCUR 89.3* reported on June 21, 2017, that the Kansas budget bill awaiting Governor Sam Brownback's signature includes a $1.2 billion tax increase, which is expected to help the state avoid a $900 million budget deficit, reverse cuts made to community mental health centers, and fund the reopening of 20 beds at Osawatomie State Hospital. Osawatomie has been operating just 70 percent of its beds because of budget cuts. The Kansas Mental Health Coalition stated that the funding of additional beds is a positive step, but does not alleviate the broader shortage of psychiatric beds across the state. The budget bill must still be signed by Governor Sam Brownback. Read More

Maryland

Evergreen Health Approved for Acquisition, For-Profit Conversion. *The Baltimore Sun* reported on June 14, 2017, that the Maryland Insurance Administration approved the acquisition of Evergreen Health by investors from LifeBridge Health, Anne Arundel Health System, and JARS Health Investments. Evergreen Health, which was also approved to convert to for-profit status, was one of the co-ops created under the Affordable Care Act. In January, CMS released the insurer from the co-op program on the condition that it repay $3.2 million of its $65 million federal start-up loan and forfeit $30 million due from another federal program. Evergreen has 24,000 group members. It plans to rejoin the Maryland Exchange in 2018. Read More

Massachusetts

Governor Seeks $200 Million from Employers to Offset Medicaid Costs. *WBUR* reported on June 20, 2017, that Massachusetts Governor Charlie Baker has submitted a compromise plan to the state legislature seeking $200 million more over two years from employers to help offset the rising cost of MassHealth, the state's Medicaid program. Most of the funds would come from employers with employees covered by Medicaid. The plan includes an

increase in the Employer Medical Assistance Contribution and other assessments. The plan also hopes to generate savings from several initiatives, including a five-year freeze on benefit mandates, shifting 140,000 Medicaid expansion members to the Exchange, and shifting 230,000 parents and caretakers who do not have disabilities from MassHealth Standard Plans to CarePlus. Some provisions would require approval by the Centers for Medicare & Medicaid Services (CMS). If the plan is approved by the legislature, the Governor hopes to submit a waiver application to CMS in August. Read More

Michigan

Henry Ford Health System Sees Gains from Recent Acquisitions. *Modern Healthcare* reported on June 19, 2017, that Michigan-based Henry Ford Health System has enjoyed gains in revenues and market share from the 2016 acquisitions of Allegiance Health and HealthPlus. The acquisitions have increased annual revenues by $800 million, increased health plan market share, and expanded service to three additional counties—Genesee, Washtenaw, and Jackson. Allegiance is a health system based in Jackson, and HealthPlus is a health plan based in Flint. Read More

Mississippi

Division of Medicaid Announces MississippiCAN Managed Care Awards. The Mississippi Division of Medicaid announced on June 15, 2017, that Magnolia Health (Centene), Molina Healthcare, and UnitedHealthcare have been awarded contracts for the state's Coordinated Access Network (MississippiCAN) Medicaid managed care program. Amerigroup, MississippiTrue, Trusted Health Plan, and WellCare also submitted proposals. Centene and United were the incumbents. Under the RFP, MississippiCAN is being expanded to include the 1915(i) Intellectual/Developmental Disabilities Community Support Program (IDD CSP) and Mississippi Youth Programs Around the Clock (MYPAC) services. There were nearly 490,000 individuals enrolled in MississippiCAN as of April 2017. Annual Medicaid managed care spending is more than $2.7 billion.

Nevada

Governor Sandoval Vetoes Medicaid-for-all Bill. *Los Angeles Times* reported on June 17, 2017, that Nevada Governor Brian Sandoval vetoed a Medicaid-for-all bill. The bill, AB374, would have created the Nevada Care Plan, a Medicaid option open to residents of all incomes. The product would have been sold on the Silver State Health Insurance Exchange, effectively allowing any resident to buy into Medicaid. Sandoval argued that the measure was too hastily created and left too many unanswered questions. The bill, sponsored by Democratic Assemblyman Mike Sprinkle, would have gone into effect in January 2019. Read More

New Hampshire

Governor Signs Mental Health Reform, Child Protection Standards Bill. *New Hampshire Public Radio* reported on June 14, 2017, that New Hampshire Governor Chris Sununu signed HB 400, which requires the state Department of Health and Human Services to develop a 10-year plan for reforming mental health services. The plan, which must be completed by July 1, 2018, would need to address wait times and gaps in the current system, protect the rights of patients who are involuntarily committed for psychiatric treatment, and transition children away from treatment at New Hampshire Hospital. Additionally, the plan would create a new mid-level category for child protection cases reported to the Division of Children, Youth and Families. Read More

New York

HMA Roundup – Denise Soffel (Email Denise)

New York Releases RFPs for Supportive Housing. Governor Andrew Cuomo announced the second phase of a $20 billion five-year plan for the creation or preservation of 100,000 affordable and 6,000 supportive housing units. State agencies issued three separate Requests for Proposals (RFPs) to provide more than $650 million in capital funding and $30 million in service and operating funding for supportive housing. The first RFP, developed by the Governor's Empire State Supportive Housing Initiative Interagency workgroup, will provide $30 million in service and operating funding for at least 1,200 units of supportive housing for homeless persons with special needs, chronic conditions or other challenges. Targeted homeless populations include veterans, victims of domestic violence, frail or disabled senior citizens, young adults with histories of incarceration, homelessness or foster care, chronically homeless individuals and families, individuals eligible for Medicaid Redesign Team funds, as well as individuals with physical health, mental health and/or substance use disorders. The RFP will provide the service and operating funding needed to operate permanent supportive housing units. Applicants are expected to secure separate capital funding to finance the development and construction of their housing project. A webinar will be held on June 19, 2017, at 10:00 a.m. to provide an overview of the RFP. This webinar will be taped and made available on OMH's website. Questions about the RFP must be received by June 26, and all proposals are due by 2:00 pm on July 24. Read More

The second RFP, issued by New York State Homes and Community Renewal, includes more than $588 million to advance the creation and preservation of a wide range of affordable housing, including up to $175 million for supportive housing as part of the Supportive Housing Opportunity Program. The RFP also includes funding for ten other HCR construction and preservation programs. Applications for funding for existing and new programs may be submitted any time before March 1, 2018, or until all allocations of resources are committed. Applications will be reviewed as received and funding determinations will be made throughout the year. Read More

The final RFP, issued by the Office of Temporary and Disability Assistance, is for the Homeless Housing and Assistance Program. The FY 2018 State Budget

included $63 million for Homeless Housing and Assistance Program which can be used to acquire, construct or rehabilitate housing for people who are homeless and unable to secure housing without assistance. Projects eligible for Homeless Housing and Assistance Program funding may serve families, single adults, youth, the elderly, as well as a range of special needs groups including persons with mental illness, victims of domestic violence, veterans and people with HIV/AIDS. Proposals will be accepted beginning June 23. Read More

New York Publishes MLTC Workforce Investment Program Webinar Slides. New York's 1115 Medicaid waiver, known as the Medicaid Redesign Team Waiver Amendment, makes available up to $245 million for an initiative to retrain, recruit and retain healthcare workers in the long–term care sector. This initiative, the Workforce Investment Program, will target direct care workers, with the goals of supporting the critical long term healthcare workforce infrastructure through retraining, redeployment, and enhancing skillsets. Through the Workforce Investment Program, the Department of Health (DOH) will require managed long term care (MLTC) plans to contract with DOH–designated workforce training centers, to:

- "Invest in initiatives to attract, recruit and retain long term care workers in the areas they serve;
- Develop plans to address reductions in health disparities by focusing on the placement of long–term care workers in medically underserved communities;
- Consistently analyze the changing training and employment needs of the area that the program serves;
- Provide for broad participation and input from stakeholders; and
- Support the expansion of home care and respite care, enabling those in need of long–term care to remain in their homes and communities and reduce New York´s Medicaid costs associated with long–term care."

An external stakeholder webinar was presented on Thursday, May 25, describing the initiative and outlining the criteria for designation as a Long Term Care Workforce Investment Organization. Read More

Ohio

Senate Republicans Propose Medicaid Expansion Enrollment Freeze. *Cleveland.com* reported on June 20, 2017, that Ohio Senate Republicans are proposing a freeze on Medicaid expansion enrollment beginning July 1, 2018. The state would hold a year-long open enrollment prior to the freeze. Ohio Senate Finance Chairman Scott Oelslage said the "freeze will help us evaluate where the budget is a year from now, and more importantly, help us see what is happening in Washington and how it will impact us." The state House is expected to reject the Senate's proposal. Senate Democrats also oppose the freeze and plan to offer an amendment to remove it. Ohio is currently facing a fiscal 2018-19 budget shortfall of $1 billion. Read More

Oklahoma

SoonerCare+ RFP Cancelled For Lack of Funding. *NewsOK* reported on June 18, 2017, that lack of necessary funds drove the Oklahoma Health Care Authority (OHCA) to cancel the SoonerCare+ Medicaid managed care procurement for individuals who are in the aged, blind, and disabled (ABD) category of eligibility. Start-up costs for SoonerCare+ were projected at more than $100 million over the first several years of the program, and a request for $52 million in near-term funding needed to move ahead with the RFP was denied by legislators. According to OHCA, the procurement process cannot be resumed, and it is unclear if legislative approval would be needed to issue a new procurement. Read More

Oregon

House Approves Taxes on Health Plans, Hospitals to Fund Medicaid. *Oregon Live* reported on June 15, 2017, that the Oregon House of Representatives approved a $550 million tax plan, including increased hospital taxes and a new tax on health plans, to help address a Medicaid funding shortfall. The plan, which now goes onto the state Senate, is aimed at avoiding program cutbacks, including the potential elimination of coverage for up to 350,000 Medicaid members. Despite Republican opposition, Governor Kate Brown hopes a final bill will be ready to be signed by July 10. Read More

Pennsylvania

HMA Roundup – Julie George (Email Julie)

Independent Hospitals in Pittsburgh Partner to Better Address Patient Care Issues. Four Pittsburgh-area community hospitals are joining together to address rising costs and improving quality of care. Butler, Excela and Washington health systems and St. Clair Hospital are forming Bridges Health Partners to take a population health approach to improving patient care. The collaboration's first project is the creation of an Medicare ACO that allows doctors affiliated with the community hospitals to treat up to 20,000 Western Pennsylvania seniors in ways intended to better coordinate care, hold down overall health care spending and improve the quality of care rendered. The accountable care organization is only the first way Bridges hospitals plan to work together. A joint investment in a shared information technology platform, shared treatment protocols and shared electronic medical records are also planned. Read More

Draft Organizational Charts for Proposed Department of Health and Human Services Released. Pennsylvania Governor Tom Wolf released draft organizational plans for the proposed new Department of Health and Human Services (DHHS). DHHS, which unifies the Departments of Human Services, Health, Aging and Drug and Alcohol Programs, is scheduled to launch on July 1, the beginning of the 2017-2018 fiscal year. DHHS will oversee 10 offices: Administration; Aging and Adult Community Living; Child Development and Early Learning; Children, Youth, and Families; Developmental Programs; Eligibility and Self-Sufficiency; Health Care Quality and Licensure; Medical Programs and Pharmacy Services; Mental Health and Substance Use Disorders; and Public Health. In addition to the Physician General and Secretary of the

new department, this reorganization will add two cabinet-level positions: Commissioner on Aging and Commissioner on Substance Use & Addiction. Last month, Governor Wolf announced his selection of Insurance Commissioner Teresa Miller to lead the new department as the inaugural Secretary of DHHS. Miller's nomination will need to be confirmed by the PA State Senate assuming that the DHHS unification proposal is adopted by the Legislature. Read More

DHS Publishes Final Notice of Managed Care Assessment Program For Fiscal Year 2017-2018. The Department of Human Services provided final notice of an adjustment to the managed care assessment fee for Fiscal Year (FY) 2017-2018. The department estimates the annual aggregate assessment fixed fees for managed care organizations in FY 2017-2018 will total $1,047,217,000. Read More

South Carolina

Palmetto Health, Greenville Health Announce Merger. *The State* reported on June 15, 2017, that the merger of Palmetto Health and Greenville Health System will form the largest health system in South Carolina. The newly formed entity will consist of 13 hospitals, including Palmetto Health Richland and Palmetto Hospital Baptist in Columbia, Palmetto Health Tuomey in Sumter, Easley Baptist Hospital in Pickens County, and other facilities in Greenville, Ocenee, Laurens, and Greer counties. Together, the merger will serve a total of 1.2 million patients per year. Timing of the deal is pending approval. Read More

Texas

State Loosens Telemedicine Restrictions, Despite Opposition. *Houston Chronicle* reported on June 15, 2017, that Texas has lifted what had amounted to some of the toughest telemedicine restrictions in the nation. A new law eliminates the requirement for visiting with a doctor prior to using telemedicine. The legislation was strongly opposed by the Texas Medical Board. Read More

Virginia

Medallion 4.0 RFP to be Released Early Summer 2017. The Virginia Department of Medical Assistance Services announced on June 16, 2017, that it will release a request for proposal for the state's Medallion 4.0 Medicaid managed care program in early summer 2017. The RFP was originally scheduled to be released in the spring. Awards are expected in late fall 2017. Medallion 4.0 will go into effect regionally:

- Tidewater Region Effective Date: August 1, 2018
- Central Region Effective Date: September 1, 2018
- Northern/Winchester Region Effective Date: October 1, 2018
- Charlottesville/Western Region Effective Date: November 1, 2018
- Roanoke/Alleghany Region Effective Date: December 1, 2018
- Southwest Region Effective Date: December 1, 2018

Read More

Wisconsin

Medicaid Drug Testing Proposal Draws Public Criticism. *Associated Press* reported on June 20, 2017, that Wisconsin Governor Scott Walker's proposal to make drug testing a requirement for receiving Medicaid drew 1,050 public comments, of which only five were fully positive, according to a review conducted by the *Associated Press.* The plan would require able-bodied, childless adults covered by the state's Medicaid program, BadgerCare, to work and undergo drug tests. The requirements would potentially affect 148,000 individuals. If approved, the new requirements would take effect April 2019. Read More

National

MACPAC Releases June 2017 Report to Congress on Medicaid and CHIP. The Medicaid and CHIP Payment and Access Commission (MACPAC) announced on June 15, 2017, the release of its *June 2017 Report to Congress on Medicaid and CHIP*, including a special emphasis on how state Medicaid programs are responding to the opioid epidemic. For example, the report highlights how some states, including Ohio, Texas, Vermont, and Virginia, are using Medicaid legal authorities to expand treatment for opioid abuse and integrate physical health and substance use disorder delivery systems. Other areas highlighted in the report include decisions states have made regarding optional eligibility groups, which account for less than one-third of Medicaid spending; and Medicaid managed care program integrity practices. Read More

Senate Republican ACA Repeal, Replacement Bill Expected June 22. *Politico* reported on June 20, 2017, that Senate Republicans are expected to finalize their Affordable Care Act repeal and replacement bill by the end of this week and are hopeful a vote can take place before the July 4 recess. Senator Bob Corker (R-TN) predicts the legislation will be made public on Thursday, June 22, leaving Senators approximately one week to review the legislation ahead of a vote deadline. However, Senators reportedly haven't yet reached agreement on several key sticking points in the bill. Read More

Several Medicaid MCOs Submit Letter Asking Senators to Reconsider Per Capita Caps. Ten Medicaid managed care organizations (MCOs) submitted a joint letter to the U.S. Senate on June 20, 2017, urging lawmakers to reconsider the proposed per capita cap funding system and to prevent deep Medicaid cuts. The MCOs, AmeriHealth Caritas, Blue Shield of California, CalOptima, CareSource, Gateway Health Plan, Healthfirst, Inland Empire Health Plan, LA Care Health Plan, Molina Healthcare, and UPMC for You, asked the Senate to consider the consequences of altering the Affordable Care Act's Medicaid provisions and the financing structure of Medicaid. The insurers fear that per capita caps based on 2016 Medicaid costs could lead to a 25 percent shortfall in covering the actual cost of providing care by 2026. The MCOs predict that states and taxpayers will carry the burden of this funding gap. As a result, benefits may be limited, coverage for certain beneficiaries may be cut, and provider rates may be reduced. The insurers also state that cutting Medicaid coverage will worsen the opioid crisis. The letter calls on Senators to explore other innovative ways to make Medicaid more efficient. Read More

Senate Republican Health Care Bill May Cut Medicaid More than House Bill. *The Hill* reported on June 19, 2017, that a Senate proposal to repeal and replace the Affordable Care Act would potentially cut Medicaid more significantly than the House American Health Care Act, which passed in May. The Senate proposal would initially include a Medicaid per capita cap growth rate similar to that of the House bill, but the rate would reportedly drop starting in 2025. This consensus option has been sent to the Congressional Budget Office for scoring. Read More

Senate Republican Health Bill May Retain ACA Taxes to Avoid Medicaid Funding Cuts. *The New York Times* reported on June 15, 2017, that Republican Senators may retain some of the taxes used to fund provisions of the Affordable Care Act (ACA) in an effort to delay major funding cuts to programs like Medicaid. However, the proposal could alienate some conservative Republicans, jeopardizing a consensus. Read More

CMS Releases Draft Rule Exempting Additional Small Providers from MACRA. *Modern Healthcare* reported on June 20, 2017, that the Centers for Medicare & Medicaid Services (CMS) has released a new draft rule that would exempt additional providers from complying with the Medicare Access and CHIP Reauthorization Act (MACRA). Providers with less than $90,000 in Medicare revenues or fewer than 200 annual unique Medicare patients will be exempt. Previously, the threshold was $30,000 or fewer than 100 Medicare patients. About 834,000 clinicians may be excluded under the draft rule. CMS estimates only 37 percent of Medicare clinicians bill under MACRA currently. Read More

Industry News

Anthem to Exit Indiana, Wisconsin Exchanges in 2018. *Bloomberg* reported on June 21, 2017, that Anthem announced it will exit the Indiana and Wisconsin health insurance Exchange markets for 2018. The insurer cited political uncertainty, lack of stability, and "a shrinking and deteriorating individual market" as reasons for the decision. Read More

Premera Reverses Decision to Exit Washington Exchange in One of Two Counties; Medica to Participate in Iowa Exchange. *The Wall Street Journal* reported on June 19, 2017, that Premera Blue Cross reversed its decision to pull out of the Washington individual health insurance Exchange in Grays Harbor county. The company will still exit the Klickitat county marketplace. Both counties were poised to have no insurers participating in 2018. Meanwhile, Medica announced it will offer plans in Iowa's Exchange in 2018 in all 99 counties. Iowa was also at risk of not having any insurers participating in the marketplaces in most counties. The state's largest insurer, Wellmark Blue Cross and Blue Shield, pulled out of the Exchanges for 2018. Medica is seeking a 43.5 percent rate increase. Read More

Genesis HealthCare to Settle Medicaid, Medicare Lawsuits. *The New York Times* reported on June 16, 2017, that Genesis HealthCare will settle six federal lawsuits for a reported $53.6 million. The lawsuits allege that the provider and its subsidiaries submitted improper claims to Medicare and Medicaid for medically unnecessary therapy and nursing care that did not meet standards. Genesis provides short-term post-acute services, long-term care services, rehabilitation, and skilled nursing in 30 states. Read More

RFP Calendar

Date	State/Program	Event	Beneficiaries
Early Summer 2017	Virginia Medallion 4.0	RFP Release	700,000
July 1, 2017	Wisconsin Family Care (GSR 1, 4, 5, 6)	Implementation	14,000
July 1, 2017	Nevada	Implementation	420,000
July 1, 2017	Georgia	Implementation	1,300,000
July 10, 2017	Delaware	Contract Awards (Optional)	200,000
July 17, 2017	Texas CHIP (Rural, Hidalgo Service Areas)	Proposals Due	85,000
July, 2017	Ohio MLTSS	RFA Release	130,000
August 1, 2017	Virginia MLTSS	Implementation - Tidewater	20,000
August, 2017	Alabama ICN (MLTSS)	RFP Release	25,000
Summer 2017	Illinois	Contract Awards	2,700,000
Summer 2017	Florida Statewide Medicaid Managed Care (SMMC)	RFP Release	3,100,000
Summer 2017	Massachusetts One Care (Duals Demo)	Procurement Release	TBD
September 1, 2017	New Mexico	RFP Release	700,000
September 1, 2017	Virginia MLTSS	Implementation - Central	23,000
October 1, 2017	Arizona ALTCS (E/PD)	Implementation	30,000
October 1, 2017	Virginia MLTSS	Implementation - Charlottesville/Western	17,000
October 1, 2017	Texas CHIP (Rural, Hidalgo Service Areas)	Contract Awards	85,000
October, 2017	Alabama ICN (MLTSS)	Proposals Due	25,000
October, 2017	Ohio MLTSS	Contract Awards	130,000
November 1, 2017	Virginia MLTSS	Implementation - Roanoke/Alleghany, Southwest	23,000
November 2, 2017	Arizona Acute Care/CRS	RFP Release	1,600,000
November 15, 2017	New Mexico	Proposals Due	700,000
Fall 2017	Virginia Medallion 4.0	Contract Awards	700,000
December 1, 2017	Virginia MLTSS	Implementation - Northern/Winchester	26,000
December 18, 2017	Massachusetts	Implementation	850,000
January 1, 2018	Delaware	Implementation (Optional)	200,000
January 1, 2018	Illinois	Implementation	2,700,000
January 1, 2018	Pennsylvania HealthChoices	Implementation (SW, NW Zones)	640,000
January 1, 2018	Pennsylvania MLTSS/Duals	Implementation (SW Zone)	100,000
January 1, 2018	Alaska Coordinated Care Demonstration	Implementation	TBD
January 1, 2018	Washington (FIMC - North Central RSA)	Contract Awards	66,000
January 1, 2018	Virginia MLTSS	Implementation - CCC Demo, ABD in Medallion 3.0	105,000
January 25, 2018	Arizona Acute Care/CRS	Proposals Due	1,600,000
Winter 2018	Massachusetts One Care (Duals Demo)	Contract Awards	TBD
March, 2018	North Carolina	RFP Release	1,500,000
March 1, 2018	Pennsylvania HealthChoices	Implementation (NE Zone)	315,000
March 8, 2018	Arizona Acute Care/CRS	Contract Awards	1,600,000
March 15, 2018	New Mexico	Contract Awards	700,000
June, 2018	North Carolina	Proposals Due	1,500,000
July 1, 2018	Pennsylvania HealthChoices	Implementation (SE Zone)	830,000
July 1, 2018	Pennsylvania MLTSS/Duals	Implementation (SE Zone)	145,000
July 1, 2018	MississippiCAN	Implementation	500,000
July, 2018	Alabama ICN (MLTSS)	Implementation	25,000
July, 2018	Ohio MLTSS	Implementation	130,000
August 1, 2018	Virginia Medallion 4.0	Implementation	700,000
September 1, 2018	Texas CHIP (Rural, Hidalgo Service Areas)	Implementation	85,000
September, 2018	North Carolina	Contract awards	1,500,000
October 1, 2018	Arizona Acute Care/CRS	Implementation	1,600,000
January 1, 2019	Pennsylvania HealthChoices	Implementation (Lehigh/Capital Zone)	490,000
January 1, 2019	Pennsylvania MLTSS/Duals	Implementation (Remaining Zones)	175,000
January 1, 2019	Texas STAR+PLUS Statewide	Implementation	530,000
January 1, 2019	New Mexico	Implementation	700,000
January, 2019	Massachusetts One Care (Duals Demo)	Implementation	TBD
July 1, 2019	North Carolina	Implementation	1,500,000
January 1, 2020	Texas STAR, CHIP Statewide	Implementation	3,400,000

DUAL ELIGIBLE FINANCIAL ALIGNMENT DEMONSTRATION IMPLEMENTATION STATUS

Below is a summary table of state dual eligible financial alignment demonstration status.

State	Model	Opt- in Enrollment Date	Passive Enrollment Date	Duals Eligible For Demo	Demo Enrollment (June 2017)	Percent of Eligible Enrolled	Health Plans
California	Capitated	4/1/2014	5/1/2014 7/1/2014 1/1/2015	350,000	117,302	33.5%	CalOptima; Care 1st Partner Plan, LLC; Community Health Group Partner; Health Net; Health Plan of San Mateo; Inland Empire Health Plan; LA Care; Molina; Santa Clara Family Health Plan; Anthem (CareMore)
Illinois	Capitated	4/1/2014	6/1/2014	136,000	50,064	36.8%	Aetna; Centene; Blue Cross Blue Shield of IL; Cigna-Health Spring; Humana; Meridian Health Plan; Molina
Massachusetts	Capitated	10/1/2013	1/1/2014	97,000	16,809	17.3%	Commonwealth Care Alliance; Network Health
Michigan	Capitated	3/1/2015	5/1/2015	100,000	39,046	39.0%	AmeriHealth Michigan; Coventry (Aetna); Michigan Complete Health; Meridian Health Plan; HAP Midwest Health Plan; Molina Healthcare; Upper Peninsula Health Plan
New York*	Capitated	1/1/2015	4/1/2015	124,000	4,566	3.7%	There are 14 FIDA plans currenting serving the demonstration. A full list is available on the MRT FIDA website.
New York - IDD	Capitated	4/1/2016	None	20,000	561	2.8%	Partners Health Plan
Ohio	Capitated	5/1/2014	1/1/2015	114,000	74,347	65.2%	Aetna; CareSource; Centene; Molina; UnitedHealth
Rhode Island	Capitated	7/1/2016	10/1/2016	25,400	13,717	54.0%	Neighborhood Health Plan of RI
South Carolina	Capitated	2/1/2015	4/1/2016	53,600	7,915	14.8%	Absolute Total Care (Centene); Molina Healthcare of South Carolina; Select Health of South Carolina (AmeriHealth)
Texas	Capitated	3/1/2015	4/1/2015	168,000	39,919	23.8%	Anthem (Amerigroup); Cigna-HealthSpring; Molina; Superior (Centene); United
Virginia	Capitated	3/1/2014	5/1/2014	66,200	27,194	41.1%	Humana; Anthem (HealthKeepers); VA Premier Health
Total Capitated	**10 States**			**1,254,200**	**391,440**	**31.2%**	

** New York's Duals Demonstration program, FIDA, has been extended through December 2019. FIDA will be expanding into Region 2, which includes Suffolk and Westchester Counties, effective March 1, 2017. FIDA began in NYC and Nassau Counties in 2014, but expansion into Region 2 was delayed. Currently one plan has been approved to offer FIDA in Region 2; other plans will be added as they complete readiness review. Enrollment in FIDA in Region 2 will be voluntary; no passive enrollment.*

Note: Enrollment figures in the above chart are based on state enrollment reporting, where available, and on CMS monthly reporting otherwise.

HMA News

Medicaid Managed Care Executives, State Medicaid Directors to Discuss Innovation and the Future of Government-Sponsored Health Care at HMA Conference

More than 35 Industry-Leading Speakers Confirmed

Dates: September 11-12, 2017
Location: Renaissance Chicago Downtown Hotel

Medicaid managed care plans and state Medicaid directors have a unique opportunity to work together to shape the future of the Medicaid program. It is a once-in-a-lifetime opportunity, driven by the Trump Administration's stated desire to push Medicaid decision making down to the state level.

The Future of Medicaid is Here: Implications for Payers, Providers and States is a unique, two-day event organized by Health Management Associates. Confirmed speakers include industry executives from Medicaid plans across the nation as well as Medicaid directors from California, Florida, Kansas, Hawaii, Michigan, Tennessee, Texas, and Washington.

Speakers will address how health plans and states can work together given the potential for broad-based changes aimed at dramatically altering the structure of Medicaid. Everything is on the table, and the choices could reshape the Medicaid program for years to come.

Early Bird registration is now open for the event, which will take place September 11-12, 2017 at the Renaissance Chicago Downtown Hotel**.** Visit the conference website for complete details: https://2017futureofmedicaid.healthmanagement.com/ or contact Carl Mercurio at 646-590-0236 or cmercurio@healthmanagement.com. Group rates and sponsorships are available.

Health Plan Speakers (In alphabetical order)

- *Laurie Brubaker, Head of Aetna Medicaid*
- *David Cotton, CEO, Meridian Health Plans*
- *Susan Fleischman, MD, VP, Medicaid, CHIP, and Charitable Care, Kaiser Permanente*
- *Patrick Gordon, Associate VP, Rocky Mountain Health Plan, a UnitedHealthcare plan*
- *Jesse Hunter, EVP, Products, Centene Corp.*
- *Kristin Metzger, Indiana Medicaid, Anthem Blue Cross Blue Shield*
- *J. Mario Molina, MD, Former President, CEO, Molina Healthcare*
- *Michael Monson, Corporate VP, Long Term Care & Dual Eligibles, Centene Corp.*
- *Pamela Morris, President, CEO, CareSource*
- *Pamme Taylor, VP for Advocacy and Community Based Programs, WellCare*
- *Francisco "Paco" Trilla, MD, Medical Director, Neighborhood Health Plan of Rhode Island*
- *Paul Tufano, Chairman, CEO, AmeriHealth Caritas*

State Medicaid Speakers (In alphabetical order)

- *Mari Cantwell, California State Medicaid Director*
- *Gary Jessee, Deputy Executive Commissioner, Medical and Social Services, Texas HHS*
- *Nathan Johnson, Chief Policy Officer, Washington Health Care Authority*
- *Patti Killingsworth, Assistant Commissioner, Chief of Long Term Services and Supports, TennCare*
- *MaryAnne Lindeblad, State Medicaid Director, Washington Health Care Authority*
- *Joe Moser, Former Director of Medicaid, Indiana Family and Social Services Administration*
- *Judy Mohr Peterson, Medicaid Director, Hawaii State Department of Human Services*
- *Chris Priest, Medicaid Director, Michigan Department of Health and Human Services*
- *Michael Randol, Director, Division of Health Care Finance, Kansas Department of Health and Environment*
- *Justin Senior, Secretary, Florida Agency for Health Care Administration*

The Future of Medicaid is Here: Implications for Payers, Providers and States is the second conference in a series organized by HMA on the future of state-sponsored healthcare. HMA is a leading independent national healthcare research and consulting firm with more than 200 consultants in nearly two dozen offices nationwide.

Health Management Associates (HMA) is an independent health care research and consulting firm, specializing in the fields of health system restructuring, health care program development, health economics and finance, program evaluation, and data analysis. HMA is widely regarded as a leader in providing technical and analytical services to health care purchasers, payers, and providers, with a special concentration on those who address the needs of the medically indigent and underserved. Founded in 1985, Health Management Associates has offices in Albany, New York; Atlanta, Georgia; Austin, Texas; Boston, Massachusetts; Chicago, Illinois; Columbus, Ohio; Denver, Colorado; Harrisburg, Pennsylvania; Indianapolis, Indiana; Lansing, Michigan; New York, New York; Phoenix, Arizona; Portland, Oregon; Sacramento, San Francisco, and Southern California; Seattle, Washington; Tallahassee, Florida; and Washington, DC.

http://healthmanagement.com/about-us/

Among other services, HMA provides generalized information, analysis, and business consultation services to investment professionals; however, HMA is not a registered broker-dealer or investment adviser firm. HMA does not provide advice as to the value of securities or the advisability of investing in, purchasing, or selling particular securities. Research and analysis prepared by HMA on behalf of any particular client is independent of and not influenced by the interests of other clients.