

Fiscal Year 2007 Amended Governor's Recommended Budget

Presentation to
Senate Appropriations
Community Health Subcommittee
January 30, 2007



Overview

- Program Fiscal Status

- **Medicaid and SHBP:** Appropriations expected to meet projected cash expenditures for 2007
- **PeachCare:** Contingent on the availability of additional federal matching funds

- Amended FY 2007 - Highlights

- Projected 2008 Medicaid Deficit
 - Address depletion of prior years' surplus funds and partial entitlement growth
- Administrative Resources to Support Program Operations
- CMO Quality Assessment Fee Adjustments
- Disproportionate Share Hospital Program
- Nursing Home Provider Fee

Loss of Prior Year (PY) Surplus

FY 2005 Excess Intergovernmental Transfers from the Upper Payment Limit Program were rolled forward to provide one-time coverage of needs in AFY 2006 and FY 2007

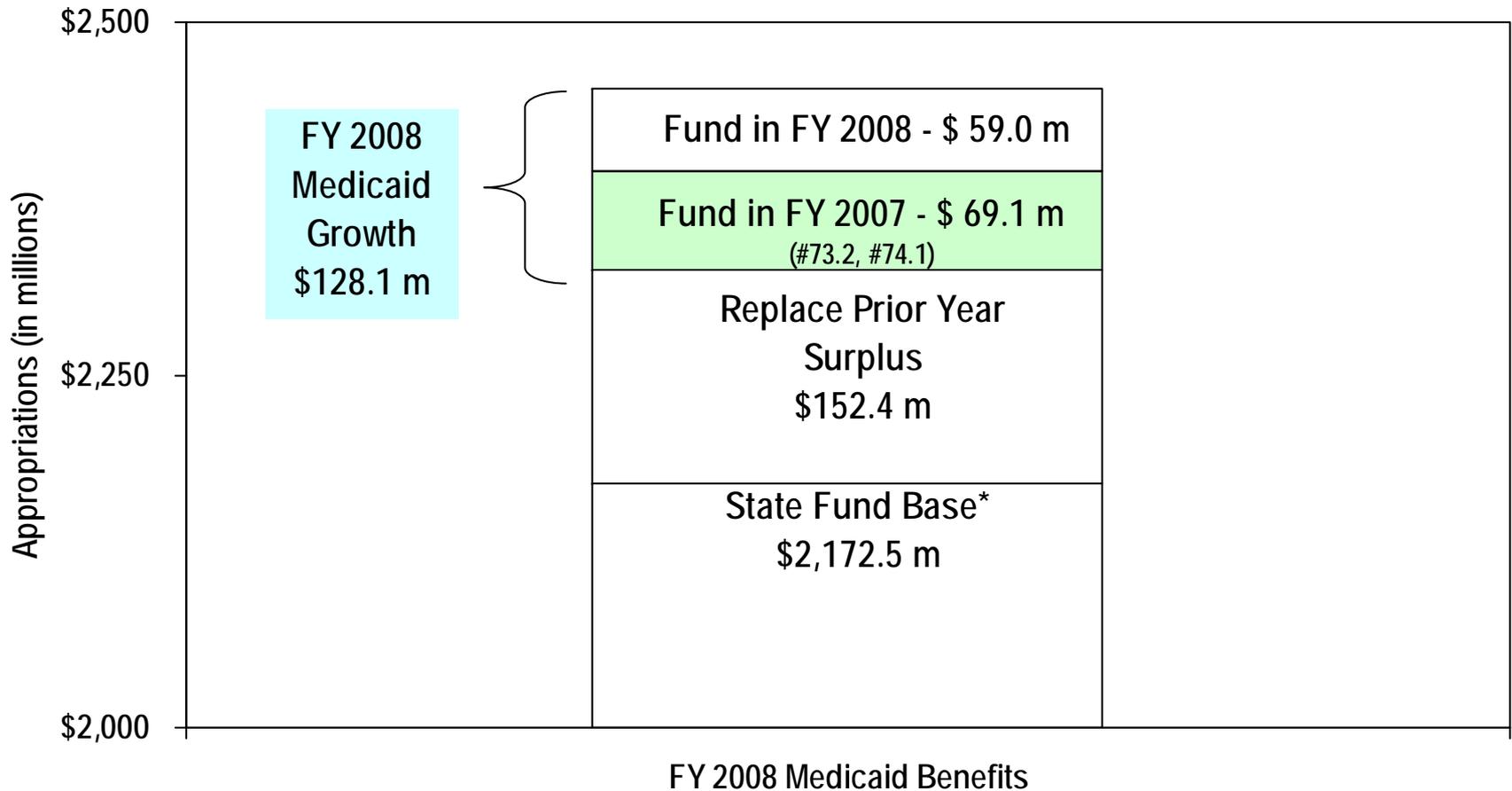
AFY 2006 H.B. 1026

Administration:	\$ 12.7 m
Medicaid Benefits:	
•LIM	\$ 56.2 m
•ABD	<u>\$ 89.3 m</u>
Total:	\$158.2 m

FY 2007 H.B. 1027

Administration (#70.2):	\$ 14.1 m
Medicaid Benefits:	
• LIM (#74.2)	\$ 79.8 m
• ABD (#73.3)	<u>\$ 72.6 m</u>
Total:	\$166.6 m

Pre-Fund FY 2008 Medicaid Benefits

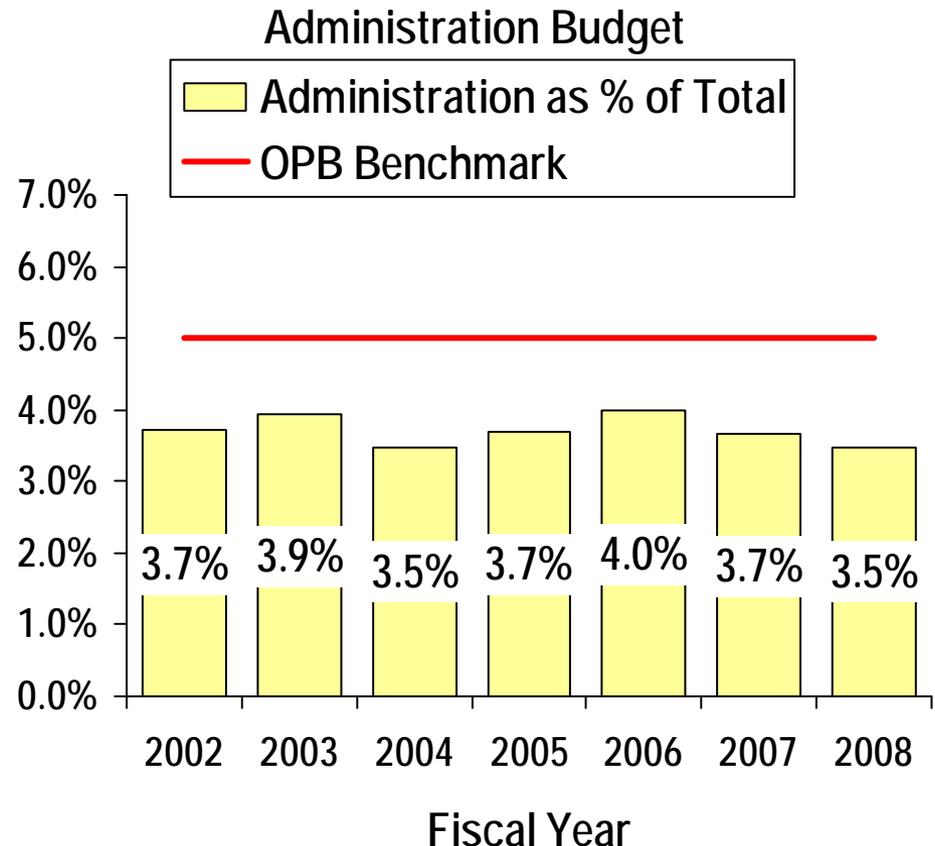


*Includes general state funds, Nursing Home Provider Fees and CMO Quality Assessment Fees

DCH Administration

DCH

- DCH* has 465 budgeted FTE's providing administration of an **\$11 billion budget** and healthcare coverage for **2.3 million members** or 26% of the state's population
- FY 2007 Administration as Percent of Total Budget: 3.7% (compare to OPB Benchmark of 5%)
- Per AON and Mercer, average administrative expenses for large insurers 10–12%



* Not included attached agencies

Overview

Requested Administrative Support

#70.3 – 3 Positions to Ensure accurate Medicaid Member Eligibility*

#70.4 – 8 Contract Management Positions

#70.5 – 2 State Health Benefit Plan Auditors*

#70.6 – 2 Legal Services Positions

Total: 15 new FTE's Requested

#71.1/71.2 – Health Advisory Board Funding*

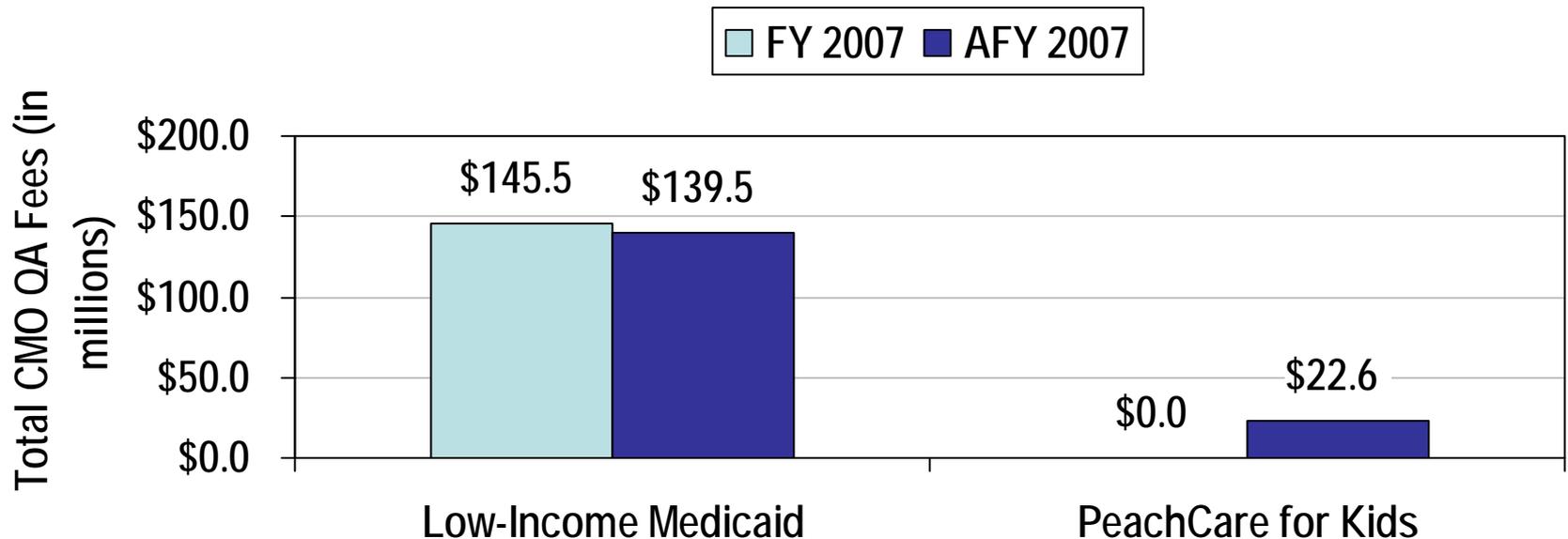
Total New State Funds in AFY 2007: \$148,662

*Funded by Transfers

CMO Quality Assessment Fees

Reflect projected quality assessment fees for the Low-Income Medicaid and PeachCare for Kids programs.

(#72.1, #72.2)



Disproportionate Share Hospitals (#72.3)

- DSH – historically funded with Intergovernmental Transfers (IGTs)
- Private providers cannot contribute IGTs like public providers can
- Prior to FY 2006 – public providers contributed extra IGTs to fund the private providers
- CMS required state to end this practice in FY 2006
- General Assembly appropriated \$14 million in AFY 2006
- AFY 2007 – Governor recommending \$10 million

Nursing Home Provider Fee Increase (#75.1)

AFY 2007 Nursing Home Provider Fees and Use

- Provider fees proposed to increase from \$9.15 to \$13.11 per day from February 11, 2007 through June 30, 2007
- Fees used to implement two-part rate change for Medicaid rates:
 - From February 11, 2007 through March 31, 2007:
 - Cost of Provider Fee Increase
 - Increased inflation from 0% to 4.5% applied to FY 2005 cost reports
 - From April 1, 2007 through June 30, 2007:
 - Cost of Provider Fee Increase
 - Inflation adjusted to 4.0% applied to FY 2005 cost reports
 - 1% Add-On for meeting Quality Incentives
- Generates \$10.8 million in new state funds – brings total for NH Provider Fees up to \$110.1 million

AFY 2007 Budget Summary

Fund Type	FY 2007 Current Budget	AFY 2007 Governor's Recommendation	Difference
Total Funds	\$10,977,722,783	\$11,336,856,941	\$359,134,158
State and Tobacco Funds	\$2,379,182,299	\$2,652,525,094	\$273,342,795
Federal and Other Funds	\$8,598,540,484	\$8,684,331,847	\$85,791,363

AFY 2007 – 12.0% Increase in State Funds Budget

Medicaid (LIM/ABD):	\$207.4 m	– Addresses loss of PY surplus and FY 2008 Medicaid growth
Administration:	\$ 28.4 m	– Realigns state funds and addresses loss of PY surplus
Indigent Care Trust Fund:	\$ 26.6 m	– Adjusts CMO QA Fees and adds funding for private DSH hospitals
Nursing Home Provider Fee:	\$ 10.8 m	– Reflects rate increase funded by nursing home provider fees
Health Care Access & Improvement:	\$ 28.2 k	– Supports Health Care Improvement Advisory Board
Attached Agencies:	\$ 39.6 k	
Total New State Funds:	\$273.3 m	

Follow Up Information

Growth in Medicaid Benefits compared to State Revenue Growth



Medicaid Benefits Appropriations by Fund Source

