# Medical Services Budget- House Bill 1012 Traditional and Expansion

House Appropriations – Human Resources Division, Chairman Nelson

**Caprice Knapp, PhD  Medical Services Director**

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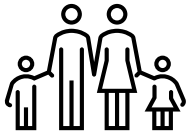
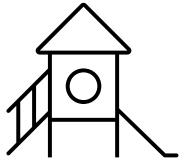
# DHS 2021-2025 KEY PRIORITIES



## Strong Stable Families

- Maintain family connections
- Improve stability and prevent crises
- Promote and support recovery and well-being



## Early Childhood Experiences

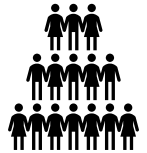
- Support workforce needs with improved access to childcare
- Help kids realize their potential with top quality early experiences
- Align programs for maximum return on investment

## Services Closer to Home

- Create pathways that help people access the right service at the right time
- Engage proactively with providers to expand access to services

## Efficiency Through Redesign

- Embrace process redesign to find efficiencies in our work
- Leverage technology to support greater efficiency, quality and customer service



## High-Performing Team

- Develop a One DHS Team culture
- Engage team with opportunities for learning and development
- Implement fiscal scorecard to drive efficiency and effectiveness

## Reinforce the Foundations of Well-being

Economic Health | Behavioral Health | Physical Health

# MEDICAL SERVICES DIVISION

## Our Values

**We help...**

our members receive safe, appropriate, quality care in a timely manner.

**We communicate...**

by listening, sharing information, and seeking feedback.

**We partner...**

with stakeholders, other state agencies, and tribes to achieve shared goals.

**We oversee...**

Medicaid to ensure integrity, efficiency, and stewardship of public resources.

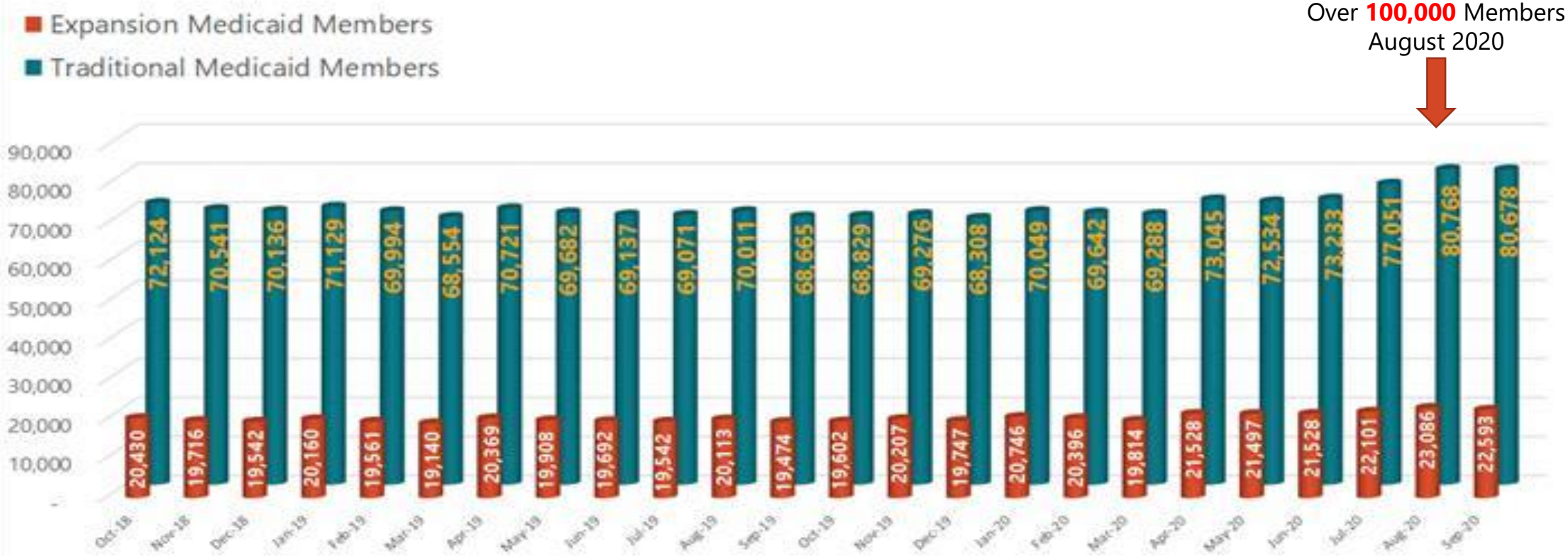
# MEDICAL SERVICES DIVISION

## Who We Serve

### Traditional and Expansion Medicaid Members

**24 Month Period**

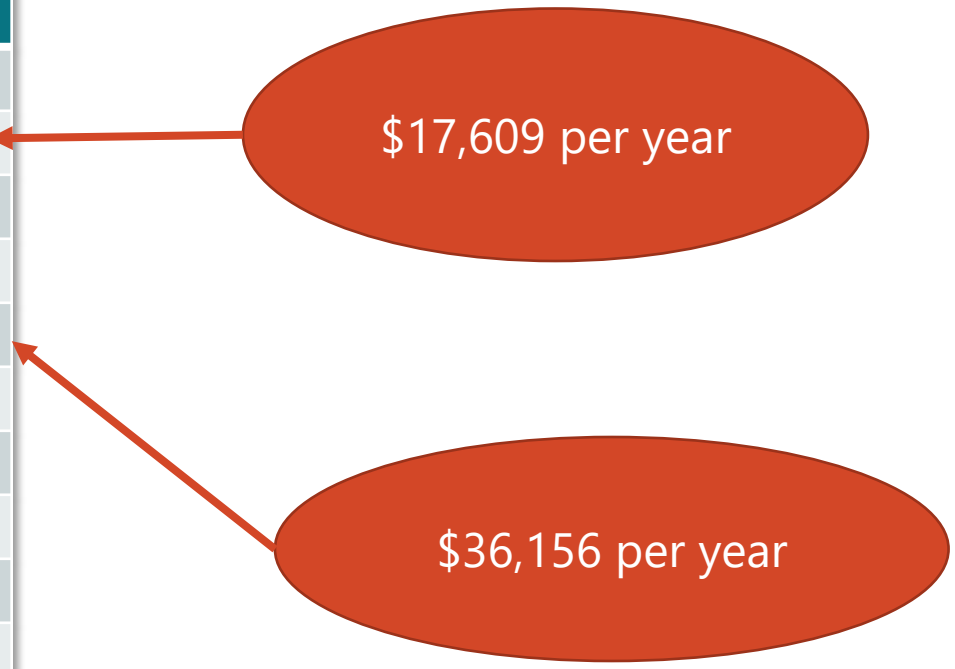
**October 2018 - September 2020**




*Note: Children's Health Insurance Program numbers prior to January 1, 2020 are included in the Traditional Medicaid Members count.*
*Effective January 1, 2020, Healthy Steps children transitioned to Traditional Medicaid and are included in the Traditional Medicaid Members count.*

# Medicaid Expansion Eligibility for Adults

| Family Size | Medicaid Expansion<br>138% of PL |
|---|---|
| | **Monthly** |
| **1** | $ 1,468 |
| **2** | $ 1,983 |
| **3** | $ 2,498 |
| **4** | $ 3,013 |
| **5** | $ 3,529 |
| **6** | $ 4,044 |
| **7** | $ 4,559 |
| **8** | $ 5,074 |
| **9** | $ 5,589 |
| **10** | $ 6,105 |
| **+1** | $ 516 |



# MEDICAL SERVICES DIVISION

## How We Pay

### Contracted Services 1915(b) Waiver

- States design an Alternative Benefit Plan that describes the services and must include Essential Health Benefits
- Medicaid Expansion **does not** cover:
  - Skilled Nursing Facility Services*
  - Dental Care Office Visits**
  - Routine Eye Care**
  - Any waivered services
  - Long Term Care services
  - Room and Board for Residential Treatment Services**

** Only covers up to 30 days and only covers a skilled level of care*
*** Only covered for 19- and 20-year-olds*

### Medicaid Expansion

**Managed Care Organization:**

- Risk Based Capitation paid on a per member, per month basis
- Current Vendor: Sanford Health Plan (SHP)
- Contract is currently being re-bid
  - Notice of Intent to Award will be issued approximately 5/21/2021
  - Contract Start will be approximately 1/1/2022

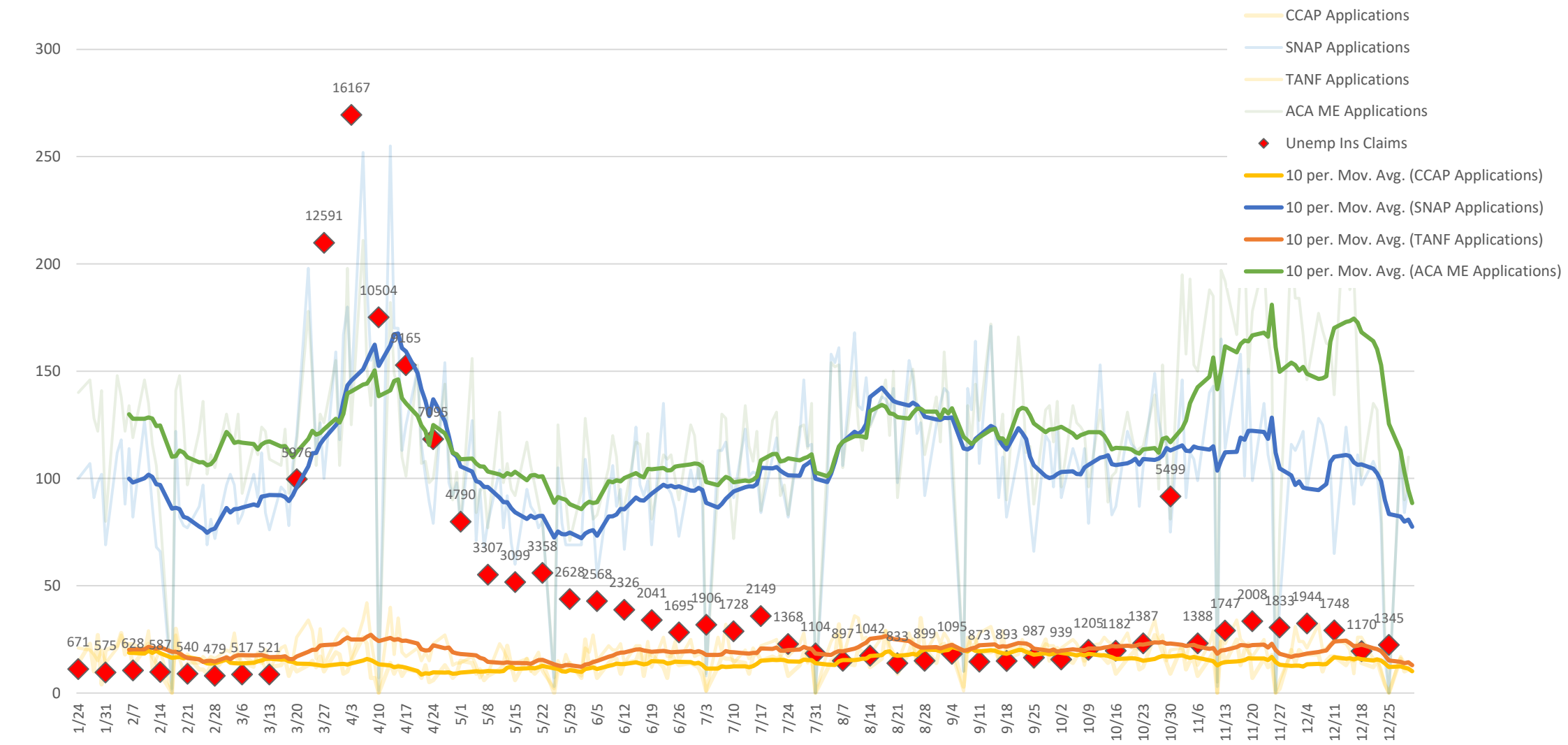
Medicaid Expansion:

http://www.nd.gov/dhs/medicaidexpansion/


**FMAP 6.2%**

**Maintenance of Effort**

# ECONOMIC ASSISTANCE APPLICATIONS DURING 2020



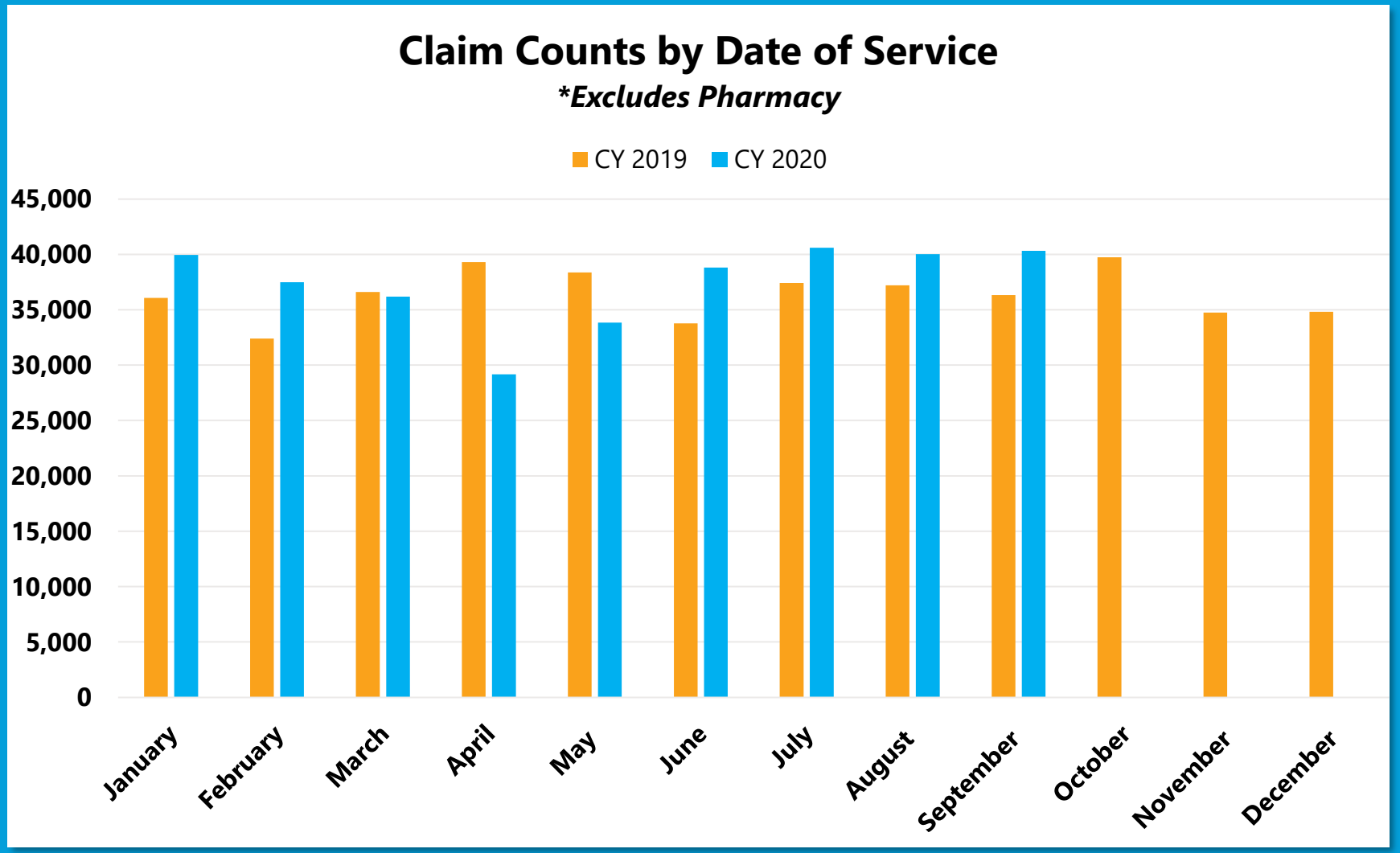
# COVID-19: **FMAP 6.2% IMPACT**

## Average General Fund Expenditures

| | DD | LTC | Traditional | Expansion |
|---|---|---|---|---|
| **August 2019 - March 2020** | $13,315,738.78 | $15,054,484.62 | $11,719,483.00 | $2,775,323.00 |
| **April 2020 - September 2020** | $10,541,758.98 | $12,856,855.67 | $10,801,010.83 | $3,285,486.83 |
| | | | | |
| **Difference of Average** | -$2,773,979.80 | -$2,197,628.95 | -$918,472.17 | $510,163.83 |
| | | | | |
| **Total Average Difference** | **-$5,379,917.09** | Average General Fund Expenditures for Months April 2020 – September 2020 were less than months August 2019 - March 2020 | | |

# COVID-19: **MEDICAID EXPANSION UTILIZATION**

## Utilization Comparison 2019 v. 2020




** For September 2020 data, the CY2020 data is provided through 09/30/2020 (3rd Quarter 2020), as claims are still being submitted for the remainder of 2020 and utilization data based on claims is incomplete due to claims run-out.

# EXECUTIVE REQUEST 2021-2023

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# OVERVIEW OF BUDGET

| Description | 2013-2015 Appropriation | 2015-2017 Appropriation | 2017-2019 Appropriation | 2019-2021 Appropriation | Changes | 2021-2023 Executive Budget |
|---|---|---|---|---|---|---|
| Salary and Wages | 9,361,167 | 11,006,399 | 9,217,240 | 17,623,821 | 839,862 | 18,471,683 |
| Operating | 39,355,085 | 44,241,160 | 53,320,237 | 48,290,789 | 8,712,126 | 57,002,915 |
| Grants | | | | | | |
| Medical Grants | 806,717,552 | 1,215,896,867 | 1,303,690,959 | 1,352,417,879 | 49,551,425 | 1,401,969,304 |
| **Total** | **855,433,804** | **1,271,144,426** | **1,366,228,436** | **1,418,332,489** | **59,111,413** | **1,477,443,902** |
| | | | | | | |
| General Fund | 289,891,636 | 313,547,595 | 284,162,440 | 342,465,788 | 42,758,835 | 385,224,623 |
| Federal Funds | 514,107,184 | 914,467,704 | 962,268,730 | 977,292,683 | 30,619,126 | 1,007,911,809 |
| Other Funds | 51,434,984 | 43,129,127 | 119,797,266 | 98,574,018 | (14,266,548) | 84,307,470 |
| **Total** | **855,433,804** | **1,271,144,426** | **1,366,228,436** | **1,418,332,489** | **59,111,413** | **1,477,443,902** |
| | | | | | | |
| **Full Time Equivalent (FTE)** | **59.50** | **59.50** | **48.00** | **86.50** | **12.00** | **98.50** |

# BUDGET SAVINGS ITEMS

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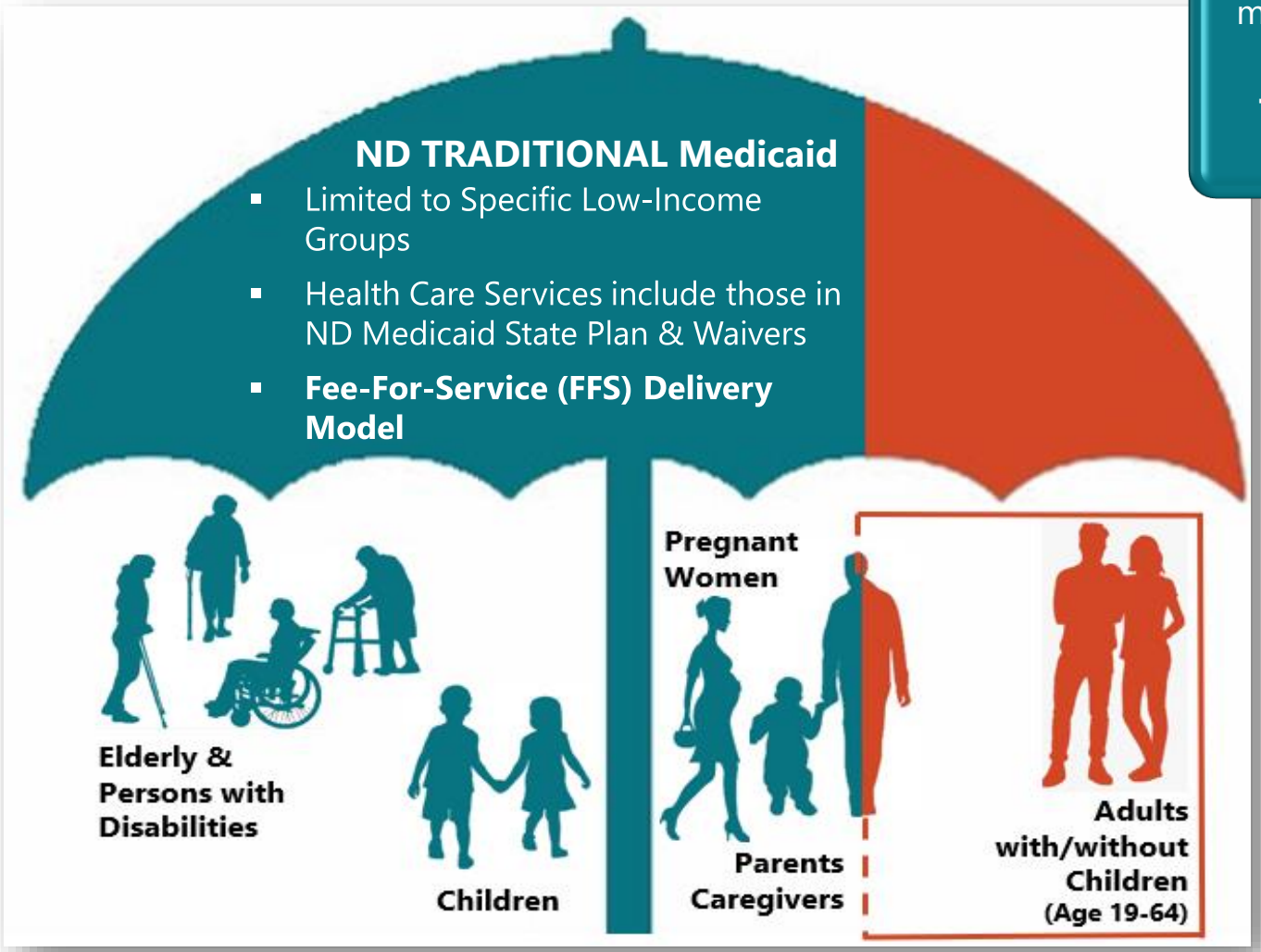
# NORTH DAKOTA MEDICAID




The 2013 ND Legislative Assembly (HB 1362) directed DHS to expand medical assistance as authorized by the federal Patient Protection and Affordable Care Act.

**This included implementing the expansion by bidding through private carriers or utilizing the health insurance exchange**

**ND Medicaid Expansion**

Limited to individuals age 19-64 with income below 138% of the Federal Poverty Level (FPL)

Health Care Services include those in ND Alternative Benefit Plan

Managed Care (MC) Delivery Model

# NORTH DAKOTA LEGISLATION TO DATE

Since the initial implementation, each subsequent session of the ND Legislative Assembly has reauthorized ND Medicaid Expansion as administered and managed through a **Private Carrier**.

The 2019 ND Legislative Assembly (SB 2012) did make the following updates to the ND Medicaid Expansion Program:

- Directed the Department to continue the utilization of a private carrier for the administration and management **except for pharmacy services**, effective January 1, 2020.
- Directed the Managed Care Organization (MCO), while under contract with the Department, to
  - **Develop and implement a uniform provider reimbursement methodology**
  - **Add 1915(i) Behavioral Health Services through the MCO**

# Medicaid Expansion: Transition from Managed Care to DHS Administration

## Issue: Rates

# Medicaid Expansion Reimbursement Comparison Per Capita Costs Per State

| | Expansion Group - TOTAL Spending | Expansion TOTAL Group Enrollment | Expansion TOTAL Per Capita Amount | Rank |
|---|---|---|---|---|
| North Dakota | $297,650,200 | 21,100 | $14,107 | 1 |
| Alaska | $412,994,600 | 45,300 | $9,117 | 2 |
| Delaware | $569,892,300 | 63,100 | $9,032 | 3 |
| New Hampshire | $510,384,900 | 57,400 | $8,892 | 4 |
| Maryland | $2,699,785,000 | 313,600 | $8,609 | 5 |
| Minnesota | $1,808,509,000 | 210,300 | $8,600 | 6 |
| Connecticut | $2,051,390,800 | 256,200 | $8,007 | 7 |
| Indiana | $3,492,894,100 | 449,500 | $7,771 | 8 |
| Illinois | $5,434,013,700 | 752,000 | $7,226 | 9 |
| Montana | $690,420,200 | 98,600 | $7,002 | 10 |

**North Dakota** is **54% higher** than **Alaska**

**Note**
Enrollment from the Medicaid Budget and Expenditure System (MBES) is reported for each month. In an effort to take into account that some beneficiaries are enrolled for only part of the year, maximum monthly enrollment for each state is used to estimate total enrollment over the period.

**Source**
Kaiser Family Foundation analysis of Medicaid enrollment data collected from the Centers for Medicare and Medicaid Services (CMS) Medicaid Budget and Expenditure System (MBES)

# Medicaid Expansion Reimbursement Comparison

## Provider Reimbursement % of Medicaid

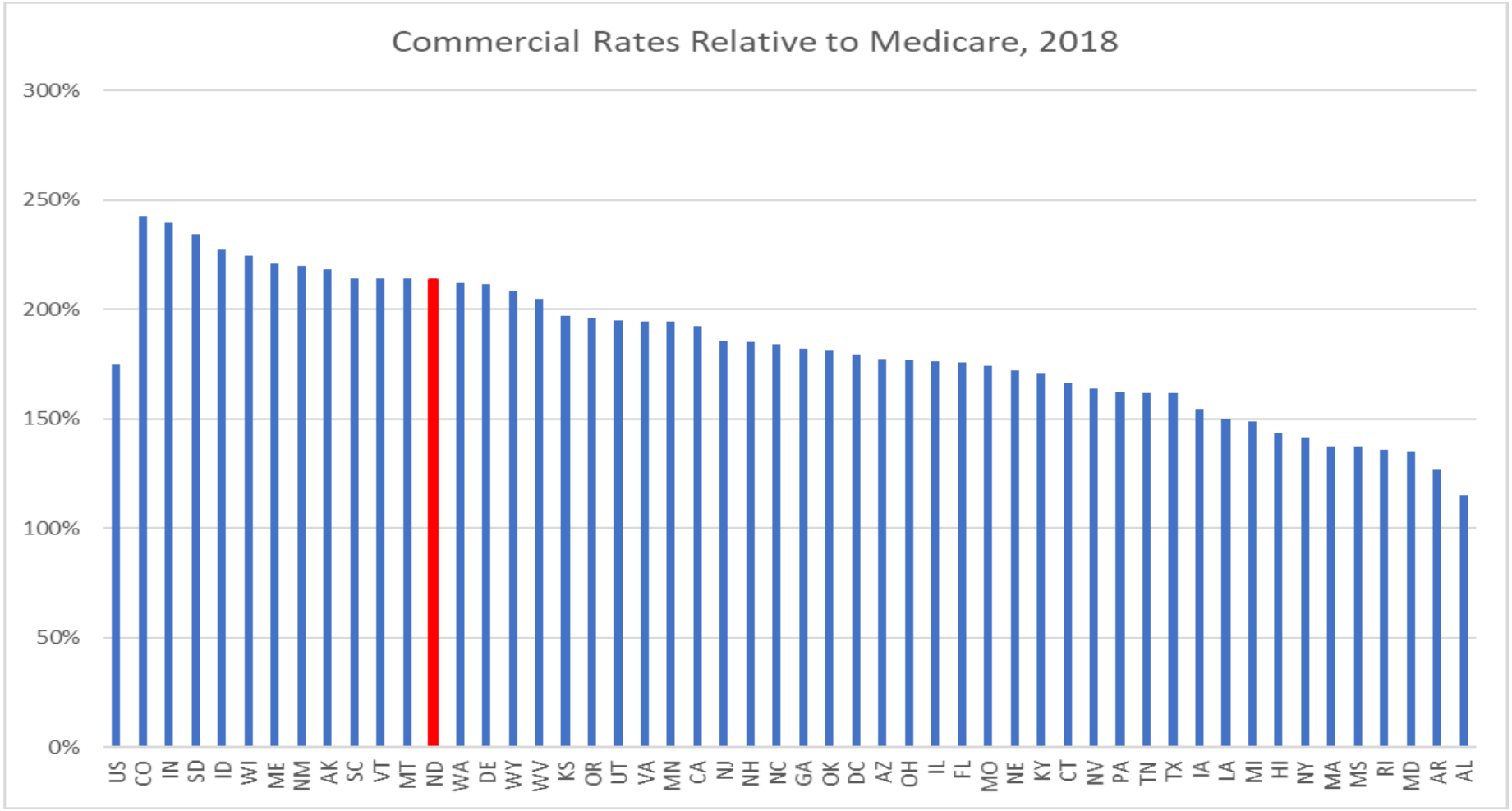
## Actual % of Medicaid*

| Type of Service | CY17 | CY18 | CY19 |
|---|---|---|---|
| Inpatient | 158.7% | 165.8% | 151.7% |
| Outpatient | 209.8% | 208.0% | 204.2% |
| Professional | 168.2% | 168.2% | 165.4% |
| **Total** | **175.0%** | **177.8%** | **170.3%** |

***Excludes pharmacy expenditures and FQHC/RHC/IHS expenditures**

# Medicaid Expansion Reimbursement Comparison

## Commercial Insurance Payment Rates




- **Commercial payments** for hospital services in ND are **214%** of the Medicare rate.
- **ND's commercial-to-Medicare** rate ratio for hospital payments is the **12th highest** in the U.S.

*Source: North Dakota Insurance Department, "North Dakota 66th Legislative Assembly Interim Health Care Study," August 12, 2020*

# Medicaid Expansion Reimbursement Comparison

## Medicaid FFS Physician Services

**NORTH DAKOTA'S FFS MEDICAID PHYSICIAN FEE INDEX COMPARED TO NEIGHBORING OR SIMILAR STATES**

| STATE | ALL MD SERVICES | PRIMARY CARE SERVICES | OTHER SERVICES (EXCLUDING OB-GYN) |
|---|---|---|---|
| **North Dakota** | **1.35** | **1.52** | **1.15** |
| Minnesota | 1.04 | 1.19 | 0.92 |
| Montana | 1.56 | 1.65 | 1.36 |
| South Dakota | 1.10 | 1.06 | 1.34 |
| Wyoming | 1.38 | 1.44 | 1.27 |

Source: Kaiser Family Foundation State Health Facts, based on Stephen Zuckerman, Laura Skopec, and Marni Epstein, "Medicaid Physician Fees After the ACA Primary Care Fee Bump," Urban Institute, March 2017.

# Medicaid Expansion: Transition from Managed Care to DHS Administration

## Issue: Administration

# Comparison Medicaid Expansion Financial Arrangement

## Why do State Medicaid Programs use MCOs?

1. Managed Care Organization Takes on the Risk versus the State
2. Budget Predictability
3. Budget Savings
4. Improved Outcomes

## Risk & Predictability

- As in any risk-based model the more people in the risk pool the more likely the managed care organization can spread the risk across health and less health individuals
- The larger the risk pool, the more predictable and stable premiums will be.
- Premiums also rely on the average health care costs of the enrollees
- Adverse selection occurs when the insurer attracts individuals when they have greater health care needs
- In **North Dakota**, the
  - **risk pool** is the **smallest** in the **entire country** using managed care
  - **premiums** have **not** been **predictable** or **stable**
  - **churn rate** indicates that **adverse selection** is probably occurring

# Medicaid Expansion Comparison: under 100K People Delivery of Care Model

## Medicaid Expansion Population

### No MCOs

- Maine 19,812
- Alaska 51,144
- Vermont 55,431
- Montana 98,741

### 1 MCO

- North Dakota 20,369

**Only State with 1 MCO**

### 2 MCOs

- New Hampshire 53,424
- Delaware 62,534 **2 MCOs serve traditional and expansion ~199K*
- Rhode Island 66,641 **2 MCOs serve traditional and expansion ~250K*

Source: Medicaid Enrollment Report Updated 2/2020
https://www.medicaid.gov/medicaid/national-medicaid-chip-program-information/medicaid-chip-enrollment-data/medicaid-enrollment-data-collected-through-mbes/index.html
https://www.kff.org/medicaid/stateindicator/totalmedicaidmcos/?currentTimeframe=0&sortModel=%7B%22colId%22:%22Location%22,%22sort%22:%22asc%22%7D

# Comparison Medicaid Expansion 2019 Churn Numbers

## Medicaid Expansion 2019 Churn

| Month | Expansion SHP Members | Expansion SHP Members Non-Expansion Eligibility | Expansion SHP Members Any Medicaid Eligibility | Percent Remaining in Expansion SHP | Percent Remaining with Any Medicaid Eligibility |
|---|---|---|---|---|---|
| Jan 2019 | 20,719 | | 20,719 | 100.0% | 100.0% |
| Feb 2019 | 19,441 | 270 | 19,711 | 93.8% | 95.1% |
| Mar 2019 | 18,399 | 436 | 18,835 | 88.8% | 90.9% |
| Apr 2019 | 17,515 | 624 | 18,139 | 84.5% | 87.5% |
| May 2019 | 16,594 | 812 | 17,406 | 80.1% | 84.0% |
| Jun 2019 | 15,551 | 1,002 | 16,553 | 75.1% | 79.9% |
| Jul 2019 | 14,672 | 1,155 | 15,827 | 70.8% | 76.4% |
| Aug 2019 | 13,873 | 1,295 | 15,168 | 67.0% | 73.2% |
| Sep 2019 | 13,117 | 1,372 | 14,489 | 63.3% | 69.9% |
| Oct 2019 | 12,523 | 1,463 | 13,986 | 60.4% | 67.5% |
| Nov 2019 | 11,937 | 1,532 | 13,469 | 57.6% | 65.0% |
| Dec 2019 | 11,491 | 1,579 | 13,070 | 55.5% | 63.1% |

# Medicaid Expansion: Transition from Managed Care to DHS Administration

## Other Issues

# Proposed Solution
# Health Homes

**Transition from managed care to managed fee-for-service**

- requires a more robust management program than current PCCM program

**DHS brought in presenters from**

- Alabama (Medical Homes to ACO)
- South Dakota (Health Homes Model)
- Connecticut (ASO model) in early 2020

**South Dakota avoided $7.3 million in costs using Health Homes in 5 years**

**Feedback from North Dakota Medicaid Stakeholders**

- Noted that **Health Homes** was the preferred model
- Subsequent meeting with outpatient stakeholders

**2021-2023 Executive Request**

- Authorizes DHS to plan for **Health Homes** and seek CMS approval
- Enhanced payment will offset some of the reduction in rates.

# Proposed Solution
# Health Homes

## Medicaid Health Homes

- Established by the Affordable Care Act
- Created an optional Medicaid State Plan benefit for states to establish Health Homes to coordinate care for Medicaid members with chronic conditions
- For the first 2 years of the program, the state receives an **enhanced federal match (90%)** for the health home-specific services.
- Section 1945 of the SSA: https://www.ssa.gov/OP_Home/ssact/title19/1945.htm

# Prior Testimony
# Critical Access Hospital Impact

**Prior testimony implied that DHS has not considered the impact on critical access hospitals.**
Handout shows the Medicaid percentage of payer mix for all hospitals. Average Medicaid is 8% of payer mix across all hospitals. According to enrollment data, about 20% of that is expansion enrollees.

| HOSPITAL NAME | TOWN | HOSPITAL TYPE | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| ST ALEXIUS MEDICAL CENTER | BISMARCK | SHORT TERM | | 4% | 4% | 5% | 4% | 3% | 1% | 7% | 7% | 6% |
| TRINITY HOSPITALS/ST JOES | MINOT | SHORT TERM | | 0% | 0% | 0% | 3% | 4% | 11% | 11% | 13% | 13% |
| SANFORD MEDICAL CENTER - FARGO | FARGO | SHORT TERM | | 6% | 4% | 3% | 4% | 7% | 9% | 8% | 8% | 8% |
| SANFORD BISMARCK | BISMARCK | SHORT TERM | | 7% | 7% | 7% | 5% | 8% | 7% | 7% | 8% | 6% |
| ALTRU HEALTH SYSTEM - ALTRU HOSPTIAL | GRAND FORKS | SHORT TERM | | 10% | 10% | 10% | 12% | 8% | 9% | 9% | 8% | |
| INNOVIS HEALTH | FARGO | SHORT TERM | | 5% | 5% | 5% | 6% | 7% | 7% | 8% | 6% | 6% |
| TIOGA MEDICAL CENTER | TIOGA | CRITICAL ACCESS HOSPITALS | | 0% | 0% | 0% | 1% | 1% | 1% | 1% | 1% | 1% |
| MOUNTRAIL COUNTY MEDICAL CENTER | STANLEY | CRITICAL ACCESS HOSPITALS | | 0% | 0% | 1% | 2% | 2% | 2% | 3% | 3% | 2% |
| MCKENZIE COUNTY HEALTHCARE SYSTEM | WATFORD CITY | CRITICAL ACCESS HOSPITALS | | 1% | 1% | 1% | 3% | 4% | 6% | 5% | 4% | 4% |
| GARRISON MEMORIAL HOSPITAL | GARRISON | CRITICAL ACCESS HOSPITALS | | 19% | 20% | 17% | 26% | 25% | 25% | 23% | 22% | 24% |
| TURTLE LAKE COMMUNITY HOSPITAL | TURTLE LAKE | CRITICAL ACCESS HOSPITALS | | 9% | 23% | 25% | 28% | 30% | 34% | 30% | 11% | 26% |
| KENMARE COMMUNITY HOSPITAL | KENMARE | CRITICAL ACCESS HOSPITALS | | 0% | 0% | 0% | 25% | 33% | 26% | 25% | 19% | 17% |
| COOPERSTOWN MEDICAL CENTER | COOPERSTOWN | CRITICAL ACCESS HOSPITALS | | 1% | 1% | 3% | 9% | 0% | 4% | 3% | 6% | 6% |
| ST ANDREWS HEALTH CENTER | BOTTINEAU | CRITICAL ACCESS HOSPITALS | | 12% | 13% | 14% | 18% | 16% | 14% | 14% | 17% | 13% |
| NELSON COUNTY HEALTH SYSTEMS-HO | MCVILLE | CRITICAL ACCESS HOSPITALS | | 1% | 1% | 1% | 1% | 1% | 0% | 1% | 1% | 3% |
| SANFORD MAYVILLE | MAYVILLE | CRITICAL ACCESS HOSPITALS | | 1% | 1% | 3% | 1% | 2% | 3% | 3% | 3% | 3% |
| DAKAKAWEA MEDICAL CENTER | HAZEN | CRITICAL ACCESS HOSPITALS | | 5% | 2% | 2% | 4% | 3% | 1% | 5% | 6% | 5% |
| LISBON AREA HEALTH SERVICES | LISBON | CRITICAL ACCESS HOSPITALS | | 6% | 8% | 11% | 9% | 11% | 10% | 4% | 7% | 8% |
| NORTHWOOD DE | | | | | | | | | | | | 5% |
| SOUTHWEST HEAL | | | | | | | | | | | | 1% |
| JACOBSON MEMO | | | | | | | | | | | | 19% |
| OAKES COMMUNI | | | | | | | | | | | | 9% |
| PRESENTATION M | | | | | | | | | | | | 20% |
| CARRINTON HEAL | | | | | | | | | | | | 6% |
| PEMBINA COUNTY MEMORIAL HOSPITAL | CAVALIER | CRITICAL ACCESS HOSPITALS | | 2% | 1% | 1% | 4% | 4% | 2% | 14% | 2% | 1% |
| UNITY MEDICAL CENTER | GRAFTON | CRITICAL ACCESS HOSPITALS | | 4% | 4% | 3% | 3% | 3% | 6% | 5% | 4% | 5% |
| WISHEK COMMUNITY HOSPITAL | WISHEK | CRITICAL ACCESS HOSPITALS | | 3% | 3% | 2% | 1% | 1% | 2% | 2% | 2% | 2% |
| ASHLEY MEDICAL CENTER | ASHLEY | CRITICAL ACCESS HOSPITALS | | 33% | 11% | 11% | 1% | 1% | 1% | 2% | 2% | 2% |
| CAVALIER COUNTY MEMORIAL HOSPITAL | LANGDON | CRITICAL ACCESS HOSPITALS | | 1% | 8% | 2% | 3% | 3% | 1% | 8% | 1% | 4% |
| MERCY HOSPITAL OF VALLEY CITY | VALLEY CITY | CRITICAL ACCESS HOSPITALS | | 2% | 4% | 3% | 4% | 6% | 7% | 4% | 1% | 9% |
| ST LUKES HOSPITAL | CROSBY | CRITICAL ACCESS HOSPITALS | | 5% | 1% | 1% | 1% | 0% | 2% | 1% | 4% | 3% |
| FIRST CARE HEALTH CENTER | PARK RIVER | CRITICAL ACCESS HOSPITALS | | 3% | 3% | 2% | 2% | 4% | 3% | 3% | 3% | 3% |
| ST ALOISIUS MEDICAL CENTER | PARVEY | CRITICAL ACCESS HOSPITALS | | 0% | 0% | 0% | 4% | 3% | 5% | 5% | 4% | 4% |
| LINTON HOSPITAL | LINTON | CRITICAL ACCESS HOSPITALS | | 0% | 2% | 1% | 1% | 3% | 2% | 3% | 4% | 2% |
| SANFORD HILLSBORO | HILLBORO | CRITICAL ACCESS HOSPITALS | | 28% | 27% | 31% | 43% | 3% | 2% | 2% | 3% | 4% |
| WEST RIVER REGIONAL MEDICAL CENTER | HETTINGER | CRITICAL ACCESS HOSPITALS | | 28% | 1% | 2% | 1% | 3% | 1% | 3% | 3% | |
| TOWNER COUNTY MEDICAL CENTER | CANDO | CRITICAL ACCESS HOSPITALS | | 1% | 1% | 1% | 1% | 2% | 3% | 3% | 3% | 2% |
| HEART OF AMERICA MEDICAL CENTER | RUGBY | CRITICAL ACCESS HOSPITALS | | 1% | 21% | 26% | 21% | 2% | 25% | 30% | 3% | 14% |
| MERCY HOSPITAL OF VALLEY CITY | DEVILS LAKE | CRITICAL ACCESS HOSPITALS | | 12% | 16% | 15% | 20% | 23% | 26% | 10% | 14% | 34% |
| MERCY MEDICAL CENTER | WILLISTON | CRITICAL ACCESS HOSPITALS | | 4% | 3% | 4% | 5% | 4% | 6% | 6% | 3% | 6% |
| JAMESTOWN REGIONAL MEDICAL CENTER | JAMESTOWN | CRITICAL ACCESS HOSPITALS | | 9% | 9% | 8% | 9% | 10% | 13% | 13% | 7% | 10% |
| ST JOSEPHS HOSPITAL AND HEATLH CENTER | DICKINSON | CRITICAL ACCESS HOSPITALS | | 5% | 6% | 5% | 5% | 8% | 8% | 7% | 2% | 8% |

**Average estimated expansion payer mix for CAHs is 1.58% and 1.3% for PPS**

# Prior Testimony
## ND Medicaid Demonstrated Results in Pharmacy Management

**Prior testimony implied that DHS does not have demonstrated results in management**

- In 2019, both CHIP and expansion Pharmacy was moved to DHS administration.

**Estimated total pharmacy savings is $17.26 million**

# Prior Testimony
# ND Medicaid Demonstrated Results in Pharmacy Management

## Administrative Costs

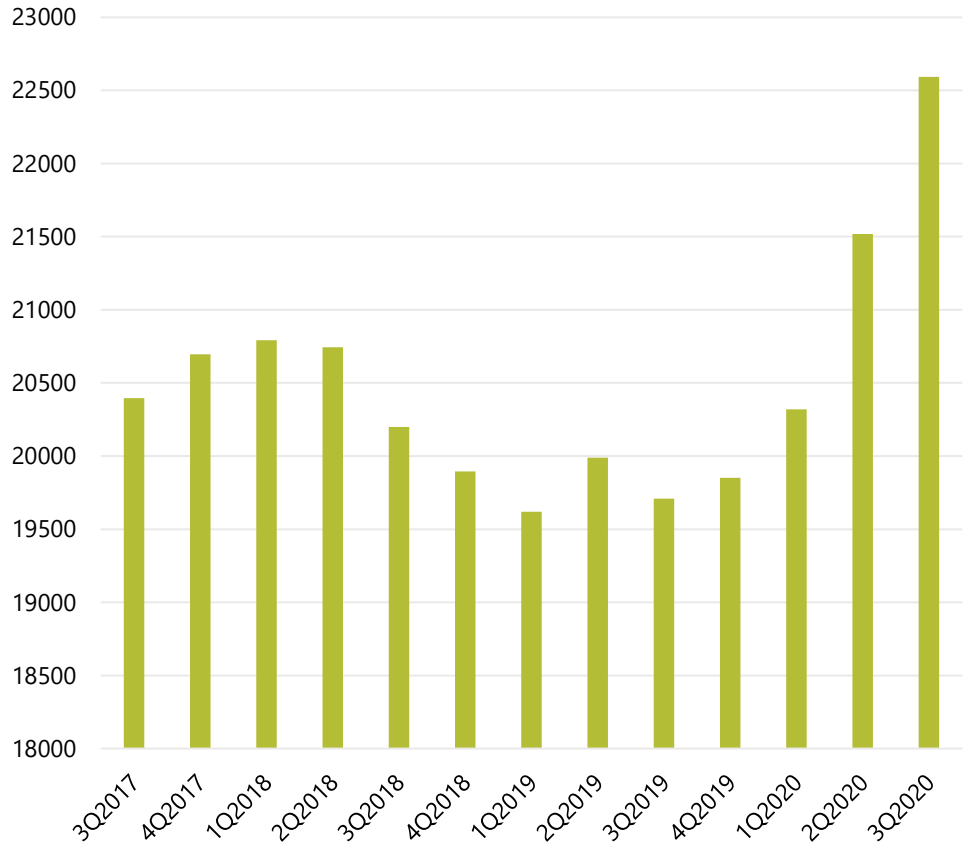
- As discussed during the 2019 session, DHS estimated $3.991 million in net administrative savings
  - Avoidance of paying $4.554 million to Sanford Health Plan for administrative costs (admin, profit, and the Health Insurance Provider Fee (CY 2020 plus first six months of CY 2021))
  - Incurring additional $562,347 in administrative costs by bringing the pharmacy claims in-house
    - Health Insurance Provider Fee will now not exist in 2021, so that removes $550,000 of expected admin savings

## Pharmacy Claims Costs

- As discussed during the 2019 session, DHS estimated $2.1 million in pharmacy claim cost savings from additional utilization management efficiencies
  - Faster changes in coverage criteria
  - Management of non-Preferred Drug List (PDL) medications
  - More robust, Medicaid population centered claims processing system
  - Closer management and control of state claims system within MMIS

# Prior Testimony
# ND Medicaid Demonstrated Results in Pharmacy Management

## Average Number of Recipients by Quarter




**COVID resulted in increasing number of eligibles for Medicaid Expansion**

- Pre-COVID **average of 20,166**
- Post-COVID
  - 2Q20 = **21,518**
  - 3Q20 = **22,593**

# Prior Testimony
# ND Medicaid Demonstrated Results in Pharmacy Management

## RX Claims- Net Costs By Quarter

| Quarter | Spend | Per Member Per Month |
|---|---|---|
| **3Q 2019** | $3,030,829.88 | $51.26 |
| **4Q 2019** | $2,934,056.57 | $49.27 |
| **1Q 2020** | $2,419,967.44 | $39.70 |
| **2Q 2020** | $2,591,717.60 | $40.15 |
| **3Q 2020** | $2,794,276.77 | $41.23 |

## RX Claims Savings

- Rx Average PMPM 4Q17 – 4Q19
  - $48.16
- Rx average quarterly spend 4Q17 – 4Q19
  - $2.91 million
- Rx Average PMPM 1Q20 – 3Q20
  - $40.36
- Rx average quarterly spend 1Q20 – 3Q20
  - $2.6 million

# Prior Testimony
# ND Medicaid Demonstrated Results in Pharmacy Management

## Summary – Claims Savings

**PMPM dropped 16%**

- Average of $48.16 (4Q17 – 4Q19)
- Average of $40.36 (1Q20 – 3Q20)

**$1.509 million savings (1Q20 – 3Q20)**

- If PMPM would not have changed from $48.16 average, net spend would have projected to be $9.315 million
- Net spend since carve out has been $7.806 million

**With 3 quarters left, we are on track for total savings of $3.018 million**

- Which is above the 2019 legislative testimony estimate of $2.1 million in claims savings

# Prior Testimony ND Medicaid Demonstrated Results in Pharmacy Management

## Savings From RX Carve Out- IHS

- **IHS claims are now 100% FMAP**
  - Prior to carve out, claims simply part of the rate
- **$3.6 million saved (1Q20 – 3Q20)**
  - Currently trending at $1.2 million per quarter
  - $3.8 million projected for next three quarters for total of $7.4 million in savings
- **Expansion contract included contractor being responsible for ensuring Medicaid Expansion was the payer of last resort**
- With DHS paying Rx claims, we have now included Expansion population in our processes for finding other coverage
- **A minimum of 190 recipients have been found to have Medicare coverage**
  - Premium ranges from roughly $900 to $1400 per month for different expansion recipients
  - 190 recipients X $1052 per month = $200,000 per month
- **$2.2 million in premium savings (Feb 2020 through Jan 2020)**
  - $1.2 million expected for next six months to total $3.4 million

# Prior Testimony
# ND Medicaid Demonstrated Results in Pharmacy Management

## RX Carve Out Savings

| | Realized Savings | Expected Total Savings |
|---|---|---|
| Claims | $ 1,509,000 | $ 3,018,000 |
| IHS | $ 3,600,000 | $ 7,400,000 |
| Premiums | $ 2,200,000 | $ 3,400,000 |
| Administration | $ 2,641,000 | $ 3,441,000 |
| **Total** | **$ 9,950,000** | **$ 17,259,000** |

**Expected Total Savings**

- Claims = $3.018 million (> $2.1 million projected in 2019 session)
- IHS = $7.4 million **(*New savings)**
- Premiums = $3.4 million **(*New savings)**
- Admin = $3.441 million (< $3.991 million projected in 2019 session due to HIPF going away in 2021)

**Total = $17.259 million (> $6.091 projected in 2019 session)**

**Prior Testimony**
**ND Medicaid Demonstrated Results in CHIP Management**

## CHIP Savings (1Q20-3Q20)

- Expected CHIP cost = $6,706,332
  - Average 2377.77 kids per month x Average $313.38 premium per month
- Actual CHIP cost = $1,932,582
  - Actual Provider Payments = $2,872,734
  - Drug rebates = $940,152
- Savings = $4,773,750
- % reduction = 71.18%

# Prior Testimony Federal Funds

During revenue downturns, 100% state-funded programs and **traditional Medicaid providers are disproportionately targeted for savings** versus expansion providers due to the funding split. Again, this creates a **non-equitable** Medicaid system.

| 100% General Fund | 50%/50% | 90%/10% |
|---|---|---|
| Autism Voucher<br>Basic Care | Developmental Disabilities,<br>HCBS,<br>Nursing Homes,<br>Dental, Vision<br>Pediatrics | Expansion |

**Developmental Disability providers** and **Nursing Homes** have put in the hard work to have **more equitable reimbursement**, reducing the financial burden on the State

# MEDICAL SERVICES
## Medicaid Expansion Transition

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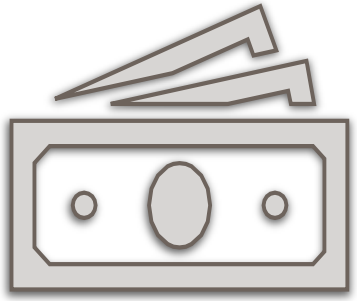
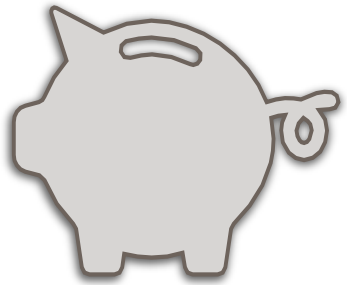
## From MCO Administration to DHS Administration

**SAVINGS**



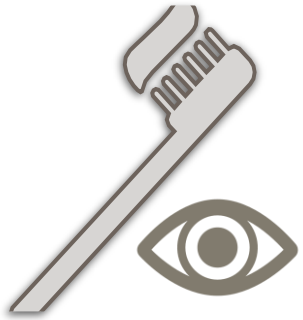
### Transition from MCO to In-House Traditional (Grants)

$(11,017,190.00)



### MCO Administrative PMPM Savings

$(1,573,182.00)



### Addition of Dental and Vision Coverage

$1,169,714.00

### DHS Administrative Expenses

| | |
|---|---|
| Staff Costs | $568,234.00 |
| Contracts | $ 79,520.00 |
| Other (Notices) | $ 23,332.00 |

**$(10,749,572.00) Amendment**

# FUNDING REQUEST
# 2021-2023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# OVERVIEW OF BUDGET CHANGES
# TOTAL FUNDS (IN MILLIONS)

# OVERVIEW OF BUDGET CHANGES GENERAL FUND (IN MILLIONS)

# *Thank you!*

## North Dakota Medicaid

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