Highlights of Medicaid Redesign Proposals

Partly a Work in Progress

Update in Preparation for 2005 Legislative Session

Lois Steinbeck
November 16, 2004

Summary of Redesign Components

- HIFA (Health Insurance Flexibility and Accountability) Waiver
- Legislation
- Management Practices
- Other Components
  - Each legislator will full receive report
  - Executive summary (see tab 6)
  - Full report on DPHHS website now – see "hot topics" http://www.dphhs.mt.gov/

HIFA Waiver – Basic Components

- Most up-to-date summary in mail out
  - Elements still be refined
- Basic premise – much like "refinancing"
  - Replace or offset 100% state funds with other sources – federal most especially
  - Mental Health Services Plan (MHSP)
    - Adults with a serious and disabling mental illness up to 160% of the federal poverty level (FPL)
    - 53-21-702(2), MCA
  - Montana Comprehensive Health Assoc. (MCHA) –
    - Insurance for persons who have been denied coverage by 2 carriers
    - Premium assistance to low-income (under 200% of FPL)
    - 33-22-1513, MCA

HIFA "Refinance"

- HIFA will use some of the state funds supporting MHSP and MCHA to draw down additional federal Medicaid funds
  - Both partially funded with tobacco settlement funds
    - Executive budget continues one-time diversion of $3.25 million annually from tobacco control and prevention to MHSP prescription drugs (SB 485 – 17-6-606, MCA)
    - MCHA allocated a part of tobacco settlement revenues (I-146 November 2002)
  - HIFA refinance - state funded programs may be "refinanced", but state savings must be reinvested in health care expansions

HIFA – Expanded Services

- HIFA Expansion
  - MHSP – add physical health benefit and "refinance" prescription costs for 2/3 of MHSP recipients without other health insurance
  - MCHA – expand premium assistance program or raise premium assistance (recently declined from 55% to 45%)
  - Add services for up to 300 children with serious emotional disturbance (SED) transitioning to adult services
  - Expand Children's Health Insurance Program (CHIP) type coverage with Medicaid funds rather than using federal CHIP grant
    - Number of additional children served – unknown

HIFA Expansion/Cost Neutrality

  - Assistance for low-income working adults transitioning off Medicaid
  - In 5 year life of waiver, partnership with employers for premium assistance
- Waiver must be cost neutral over 5 years
  - State will use savings of FAIM waiver(Families Achieving Independence in MT)
    - Basic Medicaid package
  - Other cost neutrality relies on "logic" that state could have made other groups eligible for full Medicaid, but chose to limit benefits thereby saving federal funds
  - Will be a per person per month growth cap on covered populations

Second Redesign Waiver

- Waiver of “deeming”
  - Disregard parental income and assets in determination of SED child eligibility for home and community based waiver services
    - Similar to waivers for developmentally disabled children and physically disabled children
    - Capped enrollment
  - Institute sliding fee scale co-pay for all waivers

Long-term Care Policies

- Federal requirement for states to look back 3 years to ascertain if assets transferred to become Medicaid eligible
  - Usually for nursing home service
  - Redesign recommendation - look back 5 years
- $ for $ waiver
  - Persons buy long-term care insurance allowed to offset $1 of assets for every $1 of paid care
- Health education
  - Long-term care and general public education

Other Redesign Recommendations

- Family planning waiver
  - Expand services to more low income persons
  - 90% federal match rate
  - Still reviewing feasibility
- Waiver to "sever" Indian Health Services (I.H.S) from MT Medicaid plan
  - When state Medicaid plan discontinues payment for service then I.H.S. can no longer receive Medicaid reimbursement for that service
  - Shifts costs from Medicaid to I.H.S. funds
  - I.H.S. Medicaid reimbursement is 100% federal
- Reimbursement principles

Redesign Legislation

- LC 0281 – Funding principles in law
- LC 0290 – Home and community based services waiver SED children transitioning to adult services
- LC 0292 – HIFA waiver authority
- LC 0293 – Medicaid waiver for SED children

Management Practices

- Develop transportation brokerage pilot
  - Coordinate travel for persons traveling to the same place on the same day
- Enhance third party collections
  - Private insurance, Medicare
  - Offset to Medicaid costs
- Develop a strategic plan for adult mental health services
- Medicaid eligibility field review
- Implement pharmacy cost containment
- Conclusion - questions?