

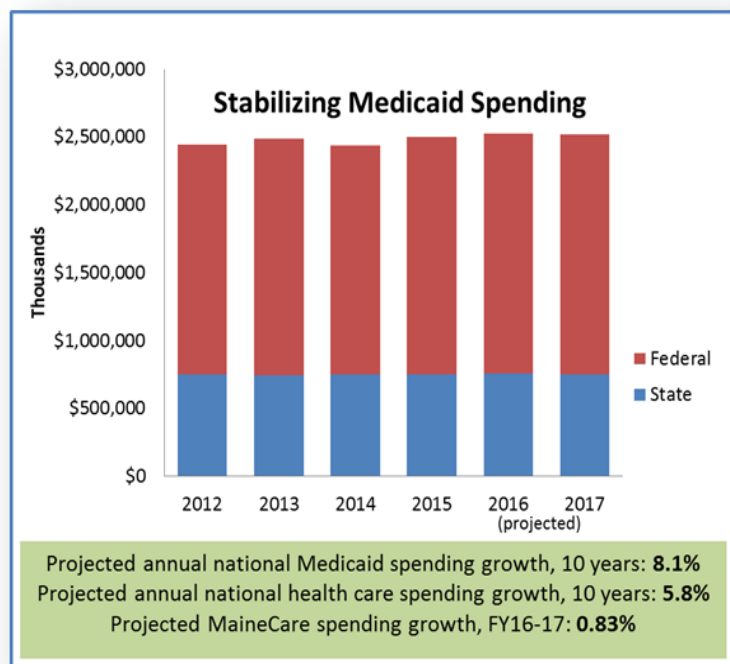
DHHS BUDGET INITIATIVES FOR FISCAL YEARS 2016-2017

Executive Summary

For too long, DHHS has been too busy bailing out the boat to chart a course for Maine's future. In the upcoming biennium, we are pleased to be in a position where the state's Medicaid budget is under control; program enrollment and expenditures are at a sustainable level; and the Department can redirect General Fund dollars to other key priorities, such as funding the wait lists for services for the elderly and disabled, continued support for Maine's nursing homes, and expanding access to primary care.

Medicaid Spending Stabilized:

- Spending and enrollment doubled from 2000 to 2011; spending grew by more than \$1 billion, increasing Maine's tax burden and taking state General Fund resources from other state priorities.
- Governor LePage has moved us from decades of financial crisis in Medicaid to financial stability.
- Hospital debt of \$750 million was paid and bills are now paid on time.
- Maine's Medicaid program is no longer staring at a sea of red ink.



Investing in Critical Priorities – Key FY 16/17 Budget Proposals:

- **\$46 million** to fund vital services for the elderly and disabled.
- **\$24 million** in additional funding for nursing homes.
- **\$28 million** to ensure quality access to Primary Care.
 - Replaces expiring federal funds with state funds to reimburse Primary Care Providers at 100% of Medicare rates and supports continuation of Health Homes.
- **\$14 million** to fund mental health services required under the Consent Decree.

WHERE WE'VE BEEN

Out-of-Control Medicaid Spending

Due to repeated expansions to able-bodied adults, Maine's Medicaid program more than doubled in size from 164,000 enrollees in 2000 to 355,000 in 2011. The cost doubled, as well, from \$1.2 billion in 2001 to \$2.4 billion in 2011. Maine ranked third in the nation for Medicaid enrollment, and welfare spending consumed more of the state budget in just one other state. Meanwhile, elderly and disabled Mainers faced long waitlists for essential services and inadequate nursing home funding.

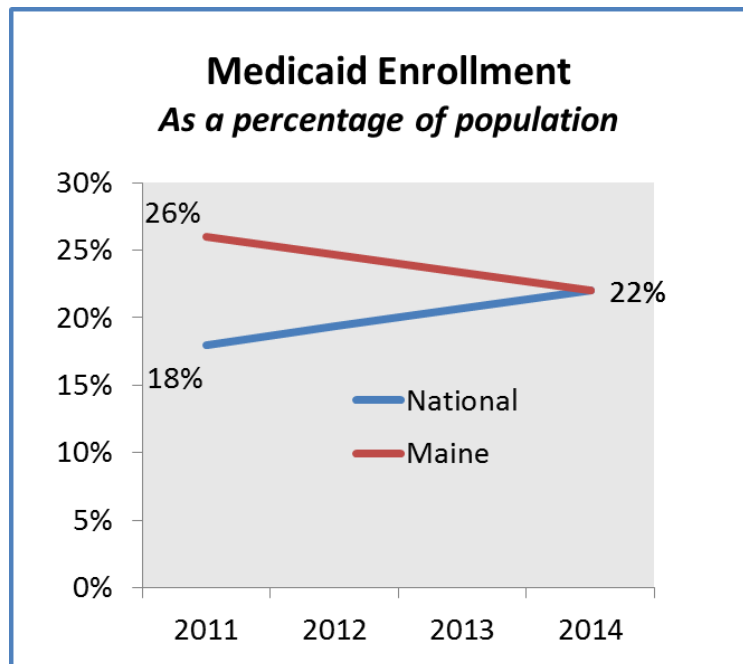
Massive Debts and Shortfalls

Prior to the LePage Administration, Maine covered its unsustainable welfare spending by leaving hospital bills unpaid, cutting reimbursement levels to providers, increasing taxes and neglecting other priorities such as roads and bridges, schools, natural resources, and economic development. In state fiscal year 2012, Maine faced a \$220 million Medicaid shortfall.

This Year, It's Different

DHHS has spent the past four years stabilizing welfare spending, instituting sophisticated MaineCare budget forecasting, and re-prioritizing our resources to get back to our core mission of helping the neediest and most vulnerable Mainers.

We are proud to report that DHHS now faces a minimal structural budget gap for Fiscal Years 2016-2017, allowing us to invest in key healthcare and social service priorities rather than managing to a crisis and rushing to fund a shortfall. This also supports the State's ability to evaluate and manage other critical priorities elsewhere in state government.



Source: DHHS, CMS and U.S Census data

WHERE WE'RE GOING

The primary mission of DHHS is to care for Maine's most vulnerable citizens. This budget contains several bold initiatives to turn that promise into a reality. To date, DHHS has reduced the number of individuals on waitlists for home and community based services by more than 1,000 individuals. In this budget, we provide funding to provide these critical services for those who need them. Last summer, we received temporary funding to increase nursing facility reimbursement to help address the dire financial situation, with several facilities on the brink of closure. With this budget, DHHS is prioritizing the permanent funding of more than \$25 million to ensure Maine's elderly citizens have the care they need and deserve.

Funding Maine's Waitlists

This budget provides funding to assist thousands of Mainers who are on waitlists for home and community based services through Medicaid waivers section 18, 19, 20, and 21. This initiative will provide funding for all those individuals on the waitlists who need these services.

Funding Maine's Waitlists for Disabled and Elderly:

FY16: \$20.14 million FY17: \$26.32 million

Increased Nursing Home Funding

This budget prioritizes the elderly and helps to support nursing homes by providing ongoing funding to increase their Medicaid reimbursement rates and establishing a special grant program for rural nursing homes.

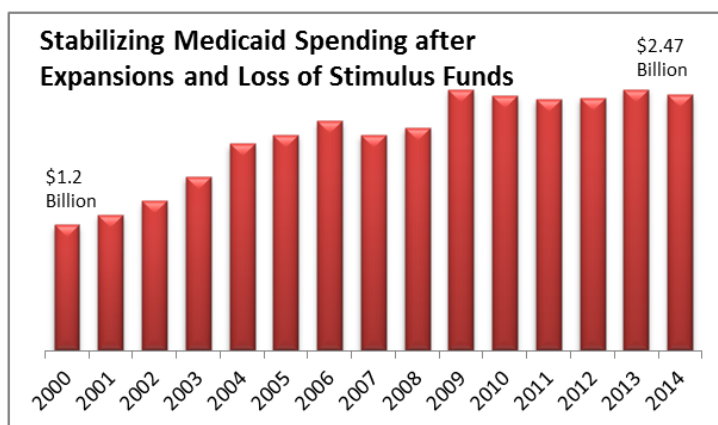
Additional Nursing Home Funding:

FY16: \$9.74 million

FY17: \$12.27 million

Remote Access Facility Grant:

FY17: \$2.21 million



Increased Access to Primary Care and Preventive Services

While many states are slashing primary care provider rates (PCP) and preventive services in order to fund Medicaid expansions to larger populations, Maine is taking the opposite tack in this budget. In order to reduce the cost of health care and improve outcomes, we use state funds to make up for a loss in federal funding under the Affordable Care Act to maintain 100 percent reimbursement at Medicare rates for PCPs and to continue support for Health Homes, which integrate care for heavy utilizers of Medicaid services.

Funding Health Homes:

FY16: \$5.64 million

FY17: \$7.84 million

Maintaining PCP Reimbursement:

FY16: \$7.45 million

FY17: \$7.41 million

Funding Services Under the Consent Decree

This budget fully funds services required under the Consent Decree for mental health services. It also provides additional funding for the Bridging Rental Assistance Program (BRAP) to help former mental health patients live independently.

Funding for Consent Decree Services:	FY16: \$5.80 million	FY17: \$5.80 million
Additional BRAP funding:	FY16: \$1.23 million	FY17: \$1.23 million

Riverview Psychiatric Recovery Center

The LePage Administration is committed to continuing with the critical improvements necessary for the transformation of Riverview Psychiatric Recovery Center into a center of excellence for the treatment and care of Maine’s most psychiatrically challenged citizens. Progress is well underway, and the Governor’s budget proposal reflects many of these changes to make the hospital safer and more effective in the delivery of evidence based treatment options. Among other initiatives, the hospital will be adding 12 new acuity specialists, expanding its psychology program through the addition of post-doctoral fellows in psychology, and maintaining its strong historical ties with Dartmouth University’s Medical School.

HOW WE’LL GET THERE

Paying for the critical reforms described above requires the innovative measures and sensible spending proposals outlined below. We have identified areas where bringing Maine toward the national mainstream for program eligibility can free up resources to provide Maine’s most vulnerable citizens with the services they need.

Reducing Reimbursement for Non-Emergency ED Visits

As part of a larger effort to reduce health care costs, this budget would reimburse providers for non-emergent Emergency Department visits at a rate equal to that of primary care visits. This encourages providers to focus on primary care while bringing parity to Medicaid reimbursement.

ED Reimbursement Reform:	FY16: (\$1.16 million)	FY17: (\$1.53 million)
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Further Reforming Maine’s Welfare System

In an effort to curb massive *post-recession* growth in General Assistance (GA) spending, this budget reforms GA payments to municipalities to provide a larger, 90 percent match up front and a smaller, 10 percent match once the municipality reaches 40 percent of its six-year GA spending average. This eliminates a perverse incentive among cities to pay out more in welfare benefits and institutes a new incentive to contain welfare spending. Savings realized from this reform will be directed to fund the Section 21 waitlist for developmentally disabled individuals. The budget also includes the elimination of TANF and General Assistance benefits for non-citizens.

Reforming General Assistance:	FY16: (\$5.43 million)	FY17: (\$5.43 million)
Eliminating Welfare for Non-Citizens	FY16: (\$1.76 million)	FY17: (\$2.35 million)

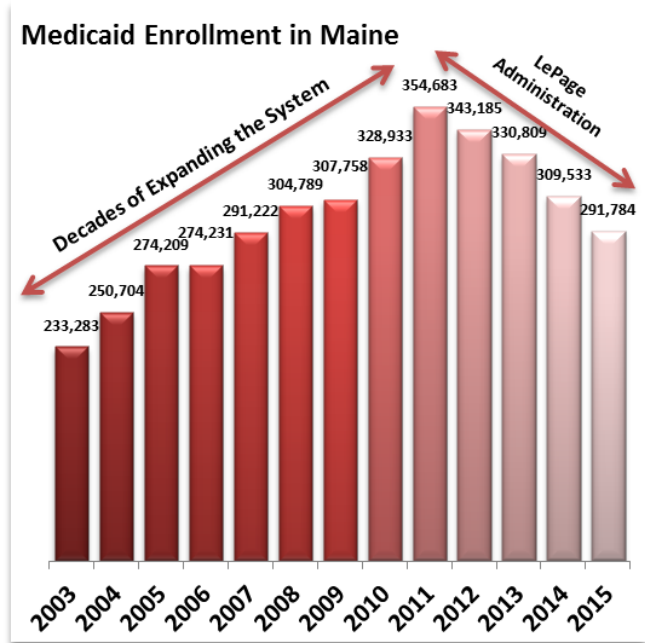
Parity for Physician Reimbursement

This budget brings parity to Medicaid’s system of reimbursing physicians by eliminating “separate facility” fees paid to hospital-compensated physicians. All doctors will be reimbursed the same amount by Medicaid, whether they work in a hospital or in a family practice.

Eliminating Separate Facility Fee:	FY16: (\$4.37 million)	FY17: (\$4.35 million)
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Aligning MSP/DEL Eligibility to Federal Standards

In order to fully fund nursing homes and improve care to Maine’s elderly; this budget proposes to align Medicare Savings Plan and the Drugs for the Elderly program eligibility with federal standards. Currently, Maine is one of only *two states* to pay higher than the federal minimum. Aligning this benefit with nationwide norms will pay for our entire nursing home initiative, plus all waitlists outside of Section 21.



Re-aligning MSP/DEL from Outlier Status to Federal Norms:	FY16: (\$21.89 million)	FY17: (\$26.14 million)
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Reduced Reimbursement for Home Care Sections 28 and 65

In order to fully fund home care services for disabled Mainers, moving them off of waitlists, this budget proposes to reduce provider reimbursement for Section 65 medication management, day treatment, home and community treatment, and community wrap around under Section 28.

Sec. 65 Med Management	FY16: (\$3.21 million)	FY17: (\$3.19 million)
Sec. 65 & 28 Day, Home and Wrap Around	FY16: (\$5.4 million)	FY17: (\$5.36 million)

Transfer from Fund for a Healthy Maine

The budget repurposes funds from the Fund for a Healthy Maine (FHM) to support initiatives, such as primary care reimbursement rates and Health Homes that are designed to improve health outcomes.

Transfer from FHM	FY16: (\$10 million)	FY17: (\$10 million)
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