

DHHS Budget Initiative – Hospital Outpatient Rate Reduction

Total Hospital Spending – State Fiscal Year 2012

State	Federal	Total
\$194,291,142	\$356,718,354	<u>\$551,009,496</u>

Total Projected Hospital Spending – State Fiscal Year 2013

State	Federal	Total
\$207,289,845	\$379,285,891	<u>\$586,575,736</u>

Outpatient Spending

The implementation of Ambulatory Payment Classifications (APC) for Acute Care outpatient services was implemented on July 1, 2012. These changes allowed the Department to eliminate Prospective Interim Payments (PIPs) for these hospitals and reimburse them on a real-time basis, thus reducing the incurrence of debt to acute care hospitals to be settled at a future point in time.

Year	State	Federal	Total	% of total SFY spending
<i>SFY12 Actual</i>	\$47,904,639	\$82,625,717	\$130,530,356	24 percent
<i>SFY13 Projected</i>	\$61,581,229	\$103,735,766	\$165,316,995	28 percent

Initiative

This initiative reduces cost in the Medicaid budget through a 10% reduction in Hospital Outpatient Reimbursements (Section 45, MaineCare Benefits Manual).

Savings:

Year	State	Federal	Total
<i>SFY 13</i>	\$1,225,000	\$1,996,750	\$3,221,750
<i>SFY 14</i>	\$4,900,000	\$7,930,584	\$12,830,584
<i>SFY 15</i>	\$4,900,000	\$7,843,823	\$12,743,823

*Savings are based on based on SFY '12 actual, not SFY '13 projected

Impact

- Management of the 10% reduction will vary by hospital administration, and impact to individual Medicaid members cannot be accurately assessed by the Department.