

# *Medicaid* **Medicaid Matters New York** *Matters*

## 2008-09 Health Budget Overview

### *Coverage, eligibility, and enrollment in public health programs*

There are a handful of items in the budget that would serve to streamline the process of enrolling and re-enrolling in the state's public health programs, as well as some changes in eligibility. Making the paperwork and requirements for getting and keeping public health coverage as simple as possible is essential to ensuring that all New Yorkers get the care they need and deserve.

The budget demonstrates the Governor's commitment to ensuring that all uninsured children get the care they need by **expanding Child Health Plus** eligibility to 400% of the Federal poverty level. This was included in last year's budget, but it was not implemented because the Federal government did not approve it. This year's expansion would not be contingent on Federal financial participation, and funding is provided to cover the Federal share.

This Child Health Plus proposal includes the establishment of sliding-scale premiums for the expansion population, as well as existing enrollees. The existing 'crowd-out' provisions would remain.

The Department of Health (DOH) would like to create a **state enrollment portal**, establishing one front door to all the public health programs. Implementation of the portal would happen over several years. Initially, the portal would be limited to special populations, such as prisoners and the self-employed, and a few areas around the state. This year's budget would allow DOH to begin this process by operating a hotline for the public to access information on the programs, and processing certain applications directly. Future actions would include a phone renewal process and electronic applications.

An increase of \$7.5 million in funding (on top of the current \$15 million) would be provided for **facilitated enrollment by community-based organizations**. This would mean that more people would get assistance enrolling in public programs in the settings they use everyday in their communities.

The executive budget includes **a series of actions that would affect eligibility for Medicaid and the other public programs**. They include:

- eliminating the asset test for those eligible for the Medicare Savings Program, contingent on Federal approval;
- aligning the Medicaid and Family Health Plus resource tests;
- eliminating drug and alcohol screening as a condition of eligibility;

- allowing DOH to verify income by accessing information from an applicant's personal income tax returns;
- aligning Medicaid eligibility levels for single adults and childless couples, and eliminating varying county-by-county standards;
- expanding Medicaid coverage for children formerly in foster care from age 18 to age 21; and,
- eliminating the need for reapplication for Medicaid or Family Health Plus when moving from one county to another.

The budget does not eliminate the finger-imaging requirement for single adults and childless couples. It was proposed by DOH, but the Office of the Medicaid Inspector General would not agree.

While the actions listed above actions may not seem significant, each one will have a direct impact in helping people get and keep the coverage they need.

The exemption for '**serious and persistent mental illness**' is being revised in a way that will limit the number of people who are eligible for this exemption from mandatory managed care. This could be troubling for consumers struggling with mental illness.

Additionally, the budget has updated the language that allows DOH to require that **dual-eligibles who are enrolled in a Medicare Advantage plan to also enroll in Medicaid managed care**. DOH has indicated that they are contemplating that change.

These actions around managed care deserve particular attention. Consumer input and careful monitoring on the part of consumer advocates will be essential in ensuring they have as little negative impact as possible.

### *Investment in primary and preventive care*

With a few minor exceptions, the Governor's budget does not provide any new funding in the area of health care. Money is being shifted in several areas to redirect funding toward more cost-efficient, high-quality care.

New York State has a disproportionately high rate of care delivered unnecessarily in costly inpatient, institutional settings. To incentivize delivery of care in community-based, outpatient settings, the budget would create a new Medicaid reimbursement methodology called **Ambulatory Patient Groups** (APGs). Ambulatory care providers would be reimbursed based on the intensity of the services provided, rather than at a fixed per-visit rate. APG rates would apply to services provided in hospital outpatient, hospital emergency, and ambulatory surgery settings, as well as diagnostic and treatment centers. This new methodology would only apply to people still in Medicaid fee-for-service.

With exceptions, the APG methodology would be phased in over four years.

**Medicaid reimbursement of physicians** would be increased to 75 percent of the Medicare rate, with a four-year phase-in, consistent with inpatient rate rebasing. Physicians would also receive enhanced fees for appointments scheduled on evenings and weekends, and for providing care in Health Professional Shortage Areas.

The budget proposes **Medicaid reimbursement for diabetes and asthma self-management education**, when ordered by a health care practitioner. This would be contingent on Federal financial participation.

In an attempt to fill holes in care across the state, both geographically and by medical specialty, the budget would create the **Doctors Across New York**. This program would provide financial incentives for practicing in underserved areas, such as loan repayment and grants for practice expenses. The program would also include funding for institutions that provide physician training in free-standing ambulatory care settings, including community health centers and private practices.

The budget would allow for reimbursement of **prenatal risk assessments**. It would also provide targeted case management for women whose pregnancies are determined to be high-risk.

Authorization would be provided for the Department of Health to study the feasibility and cost-effectiveness of a **universal childhood vaccine program**. This would potentially allow the provision of immunizations for all children up to age 19, with no charge to the recipient or provider.

### *Pharmacy and prescription drug coverage*

The executive budget proposes several changes in the area of pharmacy and prescription drug coverage, largely to generate cost-savings.

The budget would **carve out pharmacy services from Family Health Plus** managed care to allow the state to use its purchasing leverage to negotiate better prices.

The budget would create an **EPIC Drug Discount Program** for the uninsured. This would allow those who have no coverage of any kind, regardless of age, to get a 25-30% discount on prescription drugs, provided they meet the current eligibility requirements of the EPIC program.

**Pharmacy reimbursements** for brand-name drugs would be reduced from average wholesale price minus 14% to average wholesale price minus 17%. The dispensing fee for brand-name drugs on the preferred drug list (PDL) would increase from \$4.50 to \$5.50. Reimbursement for generic drugs would increase by \$1 to encourage the use of generics.

Medicaid **co-pays for brand-name drugs on the PDL** would decrease from \$3 to \$1. This change would not affect dual-eligibles who receive their prescriptions through Medicare Part D plans.

The budget would create a **specialty pharmacy program** within the Medicaid program. This would allow the state to purchase and delivery high-cost prescription drugs at lower rates. Specialty drugs would include, but not be limited to, chemotherapy, hydration therapy, and IV antibiotics.

The budget would make **changes to the preferred drug program and the clinical drug review program** to allow for Medicaid cost containment. One action in the preferred drug program that would be particularly troubling to people with mental illness is the **elimination of anti-depressants as automatically exempt from the Medicaid preferred drug list**. Physician prevail rules will remain in place for all drugs in the PDL.

The budget would authorize DOH to explore **bulk purchasing** of prescription drugs with other states.

A pilot program would be created to allow Medicaid to reimburse specially-trained pharmacists for providing **medication therapy management**. Pharmacists would provide one-on-one counseling to patients on the use of their prescription drugs.

For more information, please contact Lara Kassel, MMNY Advocacy Coordinator at [lkassel@rochestercdr.org](mailto:lkassel@rochestercdr.org) or 518-320-7100.