

JOINT FINANCE COMMITTEE HEARING
FISCAL YEAR 2019 BUDGET



STEPHEN M. GROFF
DIVISION DIRECTOR

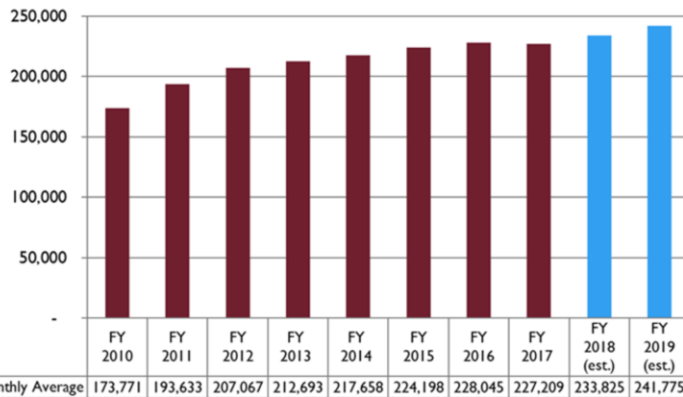
DIVISION OF MEDICAID AND MEDICAL ASSISTANCE
Department of Health and Social Services
FEBRUARY 21, 2018
Legislative Hall, Joint Finance Committee Hearing Room

Good Afternoon, Senator McDowell, Representative Smith, members of the Joint Finance Committee and members of the public. I am Steve Groff, Director of the Division of Medicaid and Medical Assistance (DMMA). With me today is Lisa Zimmerman, our Deputy Director and Alexis Bryan-Dorsey, our Chief of Administration.

Thank you for the opportunity to speak with you today and present our accomplishments and the Fiscal Year (FY) 2019 Governor's Recommended Budget (GRB).

DIVISION OVERVIEW

Medicaid Eligible Clients FY 10 - FY 19
Includes Affordable Care Act Growth in FY 15 - FY 19



The mission of DMMA is to: improve health outcomes by ensuring that the highest quality medical services are provided to the vulnerable populations of Delaware in the most cost effective manner.

We do this by providing health care coverage to over 230,000 Delawareans enrolled in Medicaid, the Children's Health Insurance Program and the Chronic Renal Disease Program. These services include:

- Preventive and Primary Care;
- Laboratory, Radiology, and Diagnostic Services;
- Inpatient and Outpatient Hospital Services;
- Prescriptions;
- Behavioral Health and Substance Use Disorder Treatment;
- Long Term Services and Support for Individuals with Disabilities; and
- Dental Services for Children.

Although the State economy has stabilized since the recession, we continue to see slight increases in enrollment. Costs are not only driven by enrollment but also by utilization and overall health of the population. That is why you will continue to hear us discuss the importance of delivery and payment reform to align spending with health promotion and health outcomes. Finally, the share of federal financial participation is a critical component of general fund budgetary requirements. We will receive a small increase in the Federal Medical Assistance Percentage (FMAP) in FY 2019, helping to contain growth in state spending. Additionally, the expansion of services under the Affordable Care Act has enabled the state to leverage more than \$150 million in federal funds, while providing medical coverage to more adults.

ACCOMPLISHMENTS

Improve Health Outcomes and Reduce Health Care Costs

- Implemented new managed care contracts with provisions to accelerate adoption of value based purchasing
- Collaborated with the Division of Public Health's Contraceptive Access Now (CAN) initiative
- Received CMS final approval of the Home and Community Based Services Transition Plan

Provide Better Access to Mental Healthcare and Addiction Rehabilitation

- Removed prior authorization requirements for Medication Assisted Treatment (MAT).
- Removed prior authorization requirements for access to Substance Use Disorder treatment services.



In the past year, DMMA has focused its priorities and activities on aiding the Governor's Action Plan to improve health outcomes and reduce health care costs for all Delawareans.

- Following the release of a Request for Qualifications last spring, DMMA executed contracts with two managed care organizations that include quality performance measures and value-based purchasing strategies. Seven key quality measures will focus on diabetes management, asthma management, cervical and breast cancer screening, obesity management, prenatal care and 30-day hospital readmission rates.
- DMMA has removed payment barriers to provision of long acting reversible contraceptives (LARCs) in the hospital and Federally Qualified Health Care (FQHC) settings. This will enable more women to have access to immediate postpartum services in the delivery room and same day services during routine clinic visits. This, in turn, will reduce the number of unintended pregnancies and improve birth outcomes.
- Finally approval of our Home and Community Based Services Transition Plan will enable individuals with disabilities to continue to receive services in the community with full federal financial participation.

DMMA also supports the Governor's Action Plan to provide better access to mental healthcare and addiction rehabilitation. During the past year DMMA has worked to improve access to treatment for Medicaid enrollees by removing prior authorization requirements for critical treatment services such as medication assisted treatment.

LOOKING AHEAD

Improve Health Outcomes and Reduce Health Care Costs

- Continue to expand value based purchasing strategies based on quality metrics, improved health outcomes, and shared risk.
- Enhance data quality and analytics to promote transparency around health care quality and cost.
- Engage in evaluation and planning to identify strategies for the future given budgetary constraints and potential federal policy shifts.
- Promote evidence-based approaches to address chronic conditions – specifically, implement the My Healthy Weight Initiative to address obesity.

Provide Better Access to Mental Healthcare and Addiction Rehabilitation

- Collaborate with the Divisions of Public Health and Substance Abuse and Mental Health to support strategic plan to address the Opioid Epidemic.
- Expand coverage for alternative pain management therapies to reduce reliance on opioid medication.



Looking ahead, DMMA will continue to work on improving health outcomes, reducing health care costs, and providing better access to behavioral health and addiction services. Two areas of emphasis will be:

- Obesity – DMMA has joined a collaborative of other state Medicaid programs, private insurers, and employers to address obesity and related chronic disease impacts. My Healthy Weight will ensure that Medicaid enrollees have access to a core set of treatment services as well as community-based interventions to promote healthy lifestyle.
- Substance Use Disorder – DMMA is developing proposals to expand coverage for alternative pain management therapies to reduce reliance on opioid medication. We will be looking to recommendations from the Addiction Action Committee regarding evidence-based therapies that offer non-opioid alternatives to pain management.

FY 2019 GOVERNOR'S RECOMMENDED BUDGET

FY 2019 Governor's Recommended Budget (\$ in thousands)

	GF	ASF	NSF	Total
FTEs	78.0	1.2	108.4	187.6
Dollars (\$)	769,978.4	77,767.3	1,272,700.7	2,120,446.4



NOTE: Dollars may not add due to rounding

Our Division's FY 2019 Governor's Recommended Budget is:

- \$769,978.4 [Seven hundred sixty nine million, nine hundred seventy eight thousand dollars] in General Funds (GF);
- \$77,767.3 [Seventy seven million, seven hundred sixty seven thousand dollars] in Appropriated Specials Fund (ASF) spending authority; and
- \$1,272,700.7 [One billion, two hundred seventy two million, seven hundred thousand dollars] in Non-Appropriated Special Funds (NSF).

Highlights are discussed on the next slide.

FY 2019 GOVERNOR'S RECOMMENDED BUDGET

Medicaid:

- \$6 million base reduction reflecting revised financial projections.

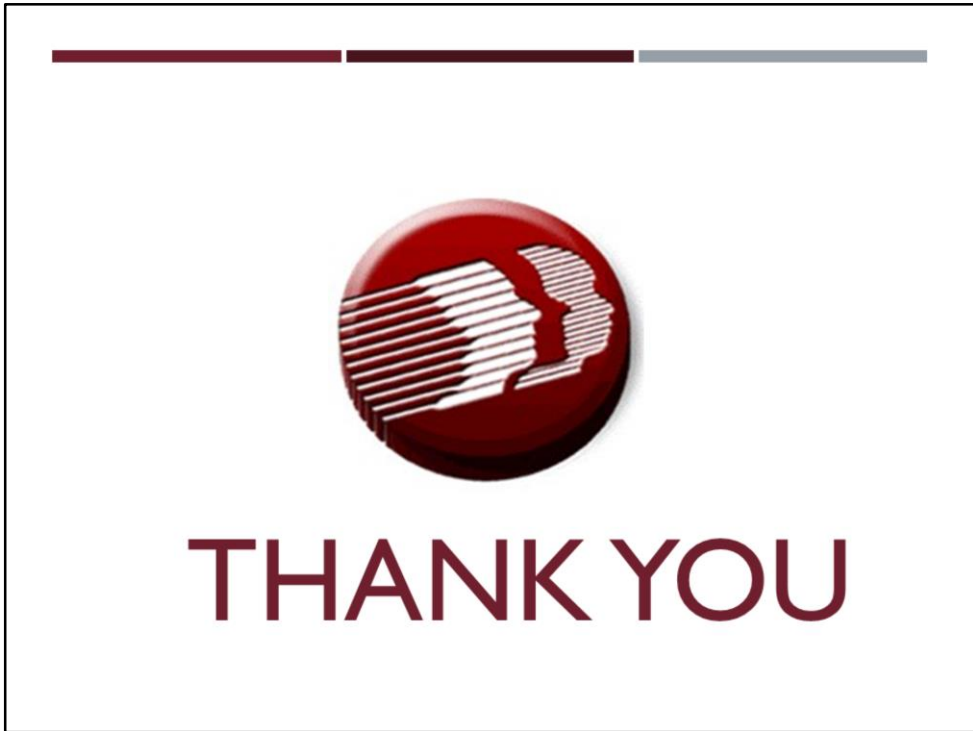
Delaware Prescription Assistance Program:

- \$2 million enhancement to restore the Delaware Prescription Assistance Program.



The FY 2019 GRB includes:

- \$6 million reduction to maintain FY 2018 service levels in the Medicaid program. Monitoring enrollment and spending is an ongoing responsibility of DMMA. Throughout the year we adjust projections to reflect the latest information. Adjustments made in December reflect reduced spending attributable to a number of factors including elimination of the Health Insurance Providers Fee, FMAP changes and higher than anticipated drug rebates.
- \$2 million enhancement to restore the Delaware Prescription Assistance Program. We are supportive of efforts to restore benefits to individuals who may have prescription needs that might otherwise go unmet. We look forward to working with the Governor's Office, Office of Management and Budget, and the General Assembly to explore options in light of recent federal changes to the Medicare Part D program.



Thank you for the opportunity to share with you the challenges and opportunities facing the Division of Medicaid and Medical Assistance. I look forward to your questions.