MassHealth Savings Initiatives and Payment Alignment FY16 Report Detail

FY 16 Projected Savings, in $ Millions	Gross	Net
Redeterminations (CMS requirement - FY15 annualized)	300	133
New redeterminations in FY16	100	43

This effort is required to meet federal requirements to annually redetermine member eligibility. As a result of the problems with the Connector Authority's web site, MassHealth suspended annual eligibility redeterminations, which had the effect of inflating enrollment. Now that we have working systems in place, we are on track to complete redeterminations for all MassHealth members by the end of calendar year 2015. Accelerated redeterminations instituted during FY15 will generate approximately $300 million in savings. As we continue to right-size MassHealth's overall caseload, redeterminations initiated in FY16 will generate an additional $100 million in FY16 savings.

Maximize periodic data matching	2.0	1.0

Another issue connected with the Connector web site problems was an interruption in data matching with sources such as the Department of Revenue. We are resuming regular data matching in order to check eligibility status.

Premium Assistance	22.9	11.5

MassHealth is identifying and pursuing opportunities to provide premium assistance rather than full direct coverage to members with access to employer sponsored insurance. Due to systems limitations, new members who may have been eligible for premium assistance were not identified since problems with the Connector website began. This initiative will identify members who can be appropriately and cost-effectively covered under premium assistance.

FY 16 Projected Savings, in $ Millions	Gross	Net
Shift timing of a portion of Delivery System Transformation Initiative (DSTI) payments in FY16	115.1	45.2
Shift timing of FY16 Pediatric Hospital Supplemental Payments	7.4	3.7
Shift timing of FY16 Supplemental Payment to Tufts Medical Center	1.5	0.75
Shift timing of FY16 Supplemental Payment to Boston Medical Center	52.0	26.0
Realign the end of year payment schedule for fee-for-service, capitation, Long Term Care Services and Supports, and Medicare payments	830.9	377.9

These payment realignment strategies continue a policy initiated in previous fiscal years to defer certain payments into the following fiscal year. With the exception of DSTI and the supplemental payments, providers and plans received these payments in early July rather than in June.

FY 16 Projected Savings, in $ Millions	Gross	Net
SCO rates (updated actuarial estimates for CY15 - annualized)	23.0	11.5

Rates offered to Senior Care Organization (SCO) plans are based on an actuarial analysis that is updated annually. The actuarial ranges for SCO rates for CY15 were lower than CY14. Consequently, certain SCO rates were reduced.

Eliminate certain chronic hospital administrative days	1.0	0.5

Chronic disease and rehabilitation hospitals will no longer be paid for days that certain members stay in the hospital when he or she is clinically ready for discharge but awaiting placement in another facility. MassHealth will work with these hospitals to reduce the burden of this change.

Generate additional supplemental pharmacy rebates from drug manufacturers	16.3	8.1

Additional supplemental rebate agreements (SRAs) will be solicited from brand name drug manufacturers. The largest anticipated revenue for FY16 will be derived from an SRA for hepatitis C virus drugs.

“Short fill” of initial prescription of select drugs (e.g.14 day Rx for Opioid)	1.5	0.8

To prevent waste and abuse of prescription drugs, MassHealth will require short-term prescriptions (e.g., 14 days) for certain drugs, including opioids, as part of a broader strategy to confront the opiate addiction crisis. A similar policy implemented by Blue Cross Blue Shield of Massachusetts cut claims for short-acting opioids such as Vicodin and Percocet by 25 percent.

FY 16 Projected Savings, in $ Millions	Gross	Net
Mass Behavioral Health Partnership (MBHP): Restructure PCC Plan Care Management Program (Administrative Incentive Payment – excludes Fee For Services rates to providers)	6.5	3.3

MBPH administers the Integrated Care Management Program (ICMP) to provide Primary Care Clinician (PCC) plan members with case management, as well as clinical supports to both providers and members with a focus on complex, chronic, and co-morbid conditions. Restructuring and enhancing this program will produce significant cost savings and reduce or eliminate certain ICMP engagement fees.

Eliminate inappropriate Managed Care Organization (MCO) Wrap Services	10.0	5.0

For members enrolled in MCOs, certain services are not included in the MCO capitation payments, but are instead paid directly to the provider via “wrap-around”, or “wrap” coverage. These payments are made on a fee-for-service basis. MassHealth has determined that the edits in the claims processing system can be fine-tuned to better ensure that services correctly covered by the MCOs are not incorrectly paid through the wrap coverage. These changes are consistent with recommendations of a recent report by the State Auditor’s Office on this issue.

Strengthen controls on MassHealth Limited spending	4.2	2.1

MassHealth Limited provides emergency health services to persons with certain types of immigration status that, under federal law, precludes eligibility for other MassHealth programs. The codes that are payable as “emergency services” are being updated to conform with federal parameters. In addition, MassHealth will update billing codes and strengthen program integrity to prevent inappropriate fee-for-service payments for non-emergency services for MassHealth Limited members. Starting in FY16, unless a service is on a list of always-covered diagnoses, providers will need to certify that their services are emergency services.

FY 16 Projected Savings, in $ Millions	Gross	Net
Defer DSTI increase	16.5	8.3

A planned increase in DSTI payments will be delayed to the second program year when a portion of the payments will be at risk based on performance outcomes.

Defer provider rate increases	51.7	25.9

Hold fee for service provider rates at FY15 levels wherever possible.

FY 16 Projected Savings, in $ Millions	Gross	Net
Maximize federal revenues	45.3	22.7

These savings include initiatives carried over from the February updates to the FY15 budget, such as enhanced federal matching rates for IT costs and for eligibility and enrollment activities, and increased revenue from recoveries for members with other insurance. Also included are new initiatives to begin claiming federal revenue retroactive to the start of the quarter when a State Plan Amendment was approved, and to work with the EOHHS Federal Claiming unit to ensure that the Commonwealth is claiming all available Federal Financial Participation (FFP) under the Home and Community Based Waivers.