

2009 MEDICAID BUDGET HOLDBACKS FREQUENTLY ASKED QUESTIONS

Question	Answer
Why is Medicaid doing budget holdbacks?	Severe economic conditions have forced Governor Otter to direct all state agencies to hold back four percent of their 2009 general fund budgets.
How much money is Medicaid holding back?	Medicaid is holding back \$10.4 million in state general funds. The federal government would supplement those funds with an additional \$25.5 million. This means the total amount being held back is \$35.9 million.
How did Medicaid decide what to hold back?	<p>There are only four primary ways for a Medicaid program to reduce spending:</p> <ol style="list-style-type: none"> 1) Pricing reductions 2) Benefit reductions 3) Eligibility reductions 4) Administrative reductions and improved services management <p>While we are reducing pricing, benefits, and administrative services, Idaho Medicaid does not plan to make any changes to its eligibility policies at this time.</p>
Who's affected by the holdbacks?	The holdbacks will primarily affect services that significantly increase the amount of money Medicaid spends. These include hospitals, long-term care, mental health, and developmental disability services. State contractors and state employees are also affected.

Mental Health Reductions	
Question	Answer
What mental health benefits are being reduced?	Psychosocial rehabilitation and partial care services.
What psychosocial rehabilitation services are being reduced?	<p>Psychosocial rehabilitation services are being reduced from 20 hours a week to 10 hours a week.</p> <p>As a result of Medicaid mental health reform activities, this reduction was already in proposed rules going to the 2009 legislative session. Medicaid is implementing these changes sooner than expected to meet the Governor's holdback requirement.</p>
How many psychosocial rehabilitation participants will this change affect?	Approximately 230 children and 160 adults will be affected, for a total of 390 participants.
How much money will this reduction save Medicaid?	Based primarily on reductions of adult health services, it is estimated that this will save approximately \$200 thousand in state general funds and \$675 thousand in federal funds, for a total of \$875 thousand.
What partial care services are being reduced?	<p>Partial care services are being reduced from 36 hours a week to 12 hours a week.</p> <p>As a result of Medicaid mental health reform activities, this reduction was already in proposed rules going to the 2009 legislative session. Medicaid is implementing these changes sooner than expected to meet the Governor's holdback requirement.</p>
How many partial care participants will this change affect?	Approximately 950 children and 480 adults will be affected, for a total of 1,430 participants.
How much money will this save Medicaid?	It is estimated that this will save approximately \$2.6 million in state general funds and 6.1 million in federal funds, for a total of \$8.7 million.
What other options are available?	If appropriate, participants have access to other mental health clinic services. Adult waiver participants can qualify for adult day care services. Children who need supervision but not therapy services, might qualify for the Idaho Child Care Program or other child care services.

Developmental Disability Services

Question	Answer
What developmental disability service areas are being reduced?	There will be changes to affiliated agency rate methodologies and reductions to developmental disability services that are provided by developmental disability agencies.
What changes are being made to the affiliated agency rate methodologies?	Beginning February 1, 2009, residential habilitation agencies must submit claims using 15 minute/units for reimbursement, instead of the daily rate.
How much money will this save Medicaid?	This will save approximately \$300 thousand in state general funds and \$800 thousand in federal funds, for a total of \$1.1 million.
What changes are being made to developmental disability services?	Developmental disability services provided by developmental disability agencies are being reduced from 30 hours to 22 hours a week. This is a 1.6 hour reduction in daily services.
How many developmental disability participants will this change affect?	This change will affect approximately 1,500 children and 620 adults, for a total of 2,120 participants.
How much money will this save Medicaid?	It is estimated that this will save approximately \$.8 million in state general funds and \$1.8 million in federal funds for a total of \$2.6 million.
What other options are available?	<ul style="list-style-type: none"> • Families who have children aged 21 and younger with significant disabilities and need for services above the benefit limits may complete an EPSDT (Early, Periodic, Screening, Diagnosis, and Treatment) application for consideration by the Department for the needed services. Information about the EPSDT is available on the Medicaid Web site at www.modernizemedicaid.idaho.gov. • Other options for adult participants include adult day care or additional hours of supportive living, if appropriate. • Child care services may be an appropriate resource when children need supervision and not therapy. These services are not a Medicaid benefit and need to be paid by families.

Pharmacy Services	
Question	Answer
What changes are being made to pharmacy services?	All atypical antipsychotic drugs are now considered preferred. This class of drugs has been added to the preferred drug list and Idaho Medicaid is adding all drugs in this class to the supplemental rebate program.
How much money will this save Medicaid?	When fully implemented, it is estimated that this will save approximately \$.7 million in state general funds and \$1.5 million in federal funds for a total of \$2.2 million.
When will this change begin?	Idaho Medicaid will collect supplemental rebates for this drug class beginning in the fourth quarter of 2008 or the first quarter of 2009.

Durable Medical Equipment Supplies and Services	
Question	Answer
What changes are being made to supply services?	Idaho Medicaid is reducing its fee schedule for incontinence supplies by approximately 17 percent.
How much money will this save Medicaid?	It is estimated that this will save approximately \$120 thousand in state general funds and \$270 thousand in federal funds, for a total of \$390 thousand.
When will this change begin?	The rates for Medicaid's incontinence supplies have been changed beginning December 1, 2008.

Hospital Reductions	
Question	Answer
What changes are being made to hospital services?	Idaho Medicaid is reducing ambulatory surgical center (ASC) reimbursements and making changes to interim rate reimbursements.
Why are ambulatory surgical center rates being reduced?	<p>Because hospitals have higher costs than non-hospital ambulatory surgery centers due to operating an acute care hospital environment, reimbursement for hospital based ambulatory surgical centers was increased in 2007.</p> <p>Based on experience and data collected since the increase, the 2007 rates have been reevaluated.</p>
When will the new rates begin?	On December 1, 2008, the department decreased the amount of reimbursement for hospital based ASC services to reflect more current estimates of their operating costs.
How much money will this save Medicaid?	It is estimated that this will save approximately \$1.8 million in state general funds and \$4.2 million in federal funds, for a total of \$6 million.
What interim rate reimbursement changes are being made?	Idaho Medicaid is reducing the state's hospital reimbursement amount, which will increase the upper payment limit difference. Because of the unique ability of the upper payment limit tool, net payments to hospitals will only be reduced by the amount the provider tax or local governments contribute.
How much money will this save Medicaid?	Estimated annual savings is \$12.7 million in state general funds.
When will this change begin?	At the end of each year, hospitals submit an accounting of their costs. Upper payment limit amounts will be calculated and made after the hospitals have submitted these reports.

Transportation Reductions

Question	Answer
What transportation reductions are being made?	Non-emergent transportation services are being removed from the Medicaid Basic Plan but will remain as a benefit in the Enhanced Plan.
How much money will this save Medicaid?	This will save approximately \$291 thousand state general funds \$663 thousand in federal funds for a total of \$954 thousand.
What other options are available?	Medicaid will implement hardship criteria that will allow prior-authorization of non-emergent medical transportation for children up to 21 years of age and pregnant women.

Administrative Cost Reductions

Question	Answer
What administrative cost reductions are being made?	Medicaid is reducing three contracts and making personnel and operating cost reductions.
How much money will this save Medicaid?	These reductions will save Medicaid \$278 thousand.
What types of personnel and operating costs are being reduced?	All department staff are required to take a three day furlough, reduce travel expenses, delay purchasing equipment. The department is also not filling temporary positions.
How much money will this save Medicaid?	These reductions will save Medicaid approximately \$209 thousand.