

## Health and Human Services

## GENERAL FUND

## Recommended Continuation Budget

FY 11-12  
\$3,314,539,538FY 12-13  
\$3,314,539,538

## Legislative Changes

## ( 6.0) Division of Medical Assistance

* 39 Medicaid Provider Assessments	(\$60,183,120)	R	(\$62,798,614)	R
Levies an assessment of up to 5.5%, consistent with Federal Regulations, on willing Medicaid healthcare providers. Currently, the list of providers includes: Hospitals, Critical Access Behavioral Health Agencies (CABHA), and Community Alternative Programs for Mentally Retarded (CAP/MR). A portion of the assessment will be retained by the State. The current 5.5% assessment on Nursing Homes is not affected.				
* 40 Adjust Assessment on Nursing Facilities to 6%	(\$7,926,122)	R	(\$10,568,163)	R
Adjusts the assessment rate on Nursing Facilities upward to 6.0%, as allowed by Federal regulations, effective October 1, 2011, by adjusting the appropriate totals accordingly.				
41 Implement Pregnancy Home Model	(\$528,960)	R	(\$3,457,596)	R
Budgets savings to be achieved from the March 2011 implementation of a collaborative effort between Community Care of North Carolina Networks and Local Health Departments to improve the quality of perinatal care and ensure that high-risk pregnant women receive the care and case management required. The improved birth outcomes, especially preventing premature births, will reduce state expenditures incurred by the Division of Medical Assistance.				
* 42 Health Homes for Chronically Ill	(\$16,146,384)	NR	(\$24,739,541)	NR
Budgets revenue from the increased federal matching rate for the Health Homes for Chronically Ill Program. The Division of Medical Assistance is taking advantage of the two-year Federal program to enhance comprehensive care management for Medicaid recipients with co-occurring illnesses, including a chronic health condition and severe and persistent mental health condition. The Federal matching rate for this program, during the two-years, is 90%, versus the current rate of approximately 65%.				

Gov - Governor's Budget Recommendation  
Health and Human Services

\* Requires Federal Notice/Approval

## Conference Report on the Continuation, Capital and Expansion Budgets

FY 2011-12

FY 2012-13

**43 Strengthen and Restructure Program Integrity**

(\$19,200,000)

R

(\$28,000,000)

R

Budgets the anticipated savings from the Division of Medical Assistance efforts to reduce, if not eliminate, fraud and abuse in the Medicaid program by restructuring and modernizing current policies and efforts. Through policy and staffing changes and technology improvements, state administrative costs will be reduced, over payments avoided and recovery-of-funds improved.

-30.00

-40.00

**44 Generic Substitution for Off-Patent Drugs**

(\$7,000,000)

R

Budgets anticipated savings in FY 2012-13. In the next 12 months several brand-name drugs are scheduled to go off patent, leading to generic drug substitution savings in FY 2012-13.

**\* 45 Modify Pharmacy Services**

(\$10,845,441)

R

(\$14,436,600)

R

Budgets savings to be realized by the Division of Medical Assistance through several actions, including: 1) Better management of drug rebates, 2) Ensuring Medicare Part D correctly reimburses Medicaid, 3) Elimination of automatic refills, and 4) For flexibility to modify dispensing fees.

**\* 46 Modify Generic Prescription Dispensing Rates**

(\$15,000,000)

R

(\$24,000,000)

R

Revises generic drug dispensing rates to increase the rate of generic drugs within the Medicaid Program.

**47 Behavioral Health Medicaid 1915 b/c Waiver**

(\$10,537,931)

R

(\$52,551,082)

R

Expands the capitated behavioral health program to additional Local Management Entities (LMEs). (S.L 2011-102; S.B. 316)

**48 DHHS Savings Through Community Care of North Carolina (CCNC)**

(\$90,000,000)

R

(\$90,000,000)

R

Budgets savings to be achieved by DHHS, in conjunction with CCNC Networks and North Carolina Community Care, Inc., through the cooperation of Medicaid health care providers. To the extent these savings are not achieved, DHHS is to undertake whatever actions necessary to affect the savings, including: 1) Reducing provider rates, and 2) Eliminating or reducing the level or duration of optional Medicaid services.

**\* 49 Modify Optional and Mandatory Services**

(\$16,508,903)

R

(\$22,072,343)

R

Budgets savings to be achieved by the Division of Medical Assistance through adjustments to mandatory and optional Medicaid services. These changes include the following services: Optical, Durable Medical Equipment, Specialized Therapies, Home Health, Dental, and a variety of other services. In the event, these savings are not fully achieved, the elimination of optional service requirements may be required.

## Conference Report on the Continuation, Capital and Expansion Budgets

FY 2011-12

FY 2012-13

\* **50 Eliminate Inflationary Increases** (\$62,853,775) R (\$130,874,505) R  
 Eliminates automatic inflation increases for Medicaid providers. The Division of Medical Assistance is not to authorize any inflationary increases to Medicaid provider rates during the 2011-13 biennium, except as provided for in Section 10.43.

\* **51 Adjust Provider Rates** (\$46,420,718) R (\$46,458,260) R  
 Gov Reduces Medicaid provider reimbursement rates. The Division of Medical Assistance is to reduce Medicaid provider rates by 2%, except as provided for in Section 10.37.

\* **52 Medicaid Rebase** \$109,693,468 R  
 Gov Rebases the Medicaid budget to adjust for changes in the number of Medicaid recipients, utilization or consumption of services, mix of services being consumed, inflation for cost-settled providers, and changes to the Federal Medical Assistance Percentage (FMAP).

**Total Legislative Changes**

(\$340,004,970) R (\$382,523,695) R

(\$16,146,384) NR (\$24,739,541) NR

**Total Position Changes**

-30.00 -40.00

**Revised Budget**

\$2,958,388,184 \$2,907,276,302