

**Joint Legislative Commission on Governmental Operations**  
**Medicaid Questions to be addressed by DHHS Deputy Secretary Watson**  
**October 27, 2011**

1. Identify each item in the HB 200 Conference Report that requires federal approval prior to implementation.
  - a. For each item, indicate if a state plan amendments (SPA) has been prepared and the date submitted to the federal Centers for Medicare and Medicaid Services (CMS).
  - b. If a SPA has not yet been submitted, provide the anticipated submission date
  - c. What is the impact of the delay on the budgeted reduction target?
2. What are the other Medicaid liabilities, including paybacks, contracts, etc., that were not included in the FY 2011-12 certified budget?
  - a. Describe each liability and the estimated FY2011-12 fiscal impact.
3. Has the Department prepared the waiver required by Sec. 55.1 of Session Law 2011-398 (SB 781)?
  - a. Has the waiver been submitted to CMS?
  - b. If not, what is the reason for the delay?
  - c. If yes, is CMS approval anticipated in time for OAH to have final decision-making authority on or before January 1, 2012?
4. Item 50 on Page G7 of the Conference Report budgets \$90 million in savings to be realized by increasing CCNC enrollment. If the \$90 million target cannot be achieved, Sec. 10.47 directs the Secretary to undertake whatever actions are necessary to affect the savings, including provider rate reductions and elimination or reduction of optional services.
  - a. How much of the \$90 million savings was realized in the first quarter of FY 2011-12?
  - b. What is the Department's projection of the total savings to be realized by December 30, 2012?

- c. Has the Department determined which provider rates shall be reduced and which optional services shall be reduced or eliminated effective January 1, 2012?
  
- 5. S.L. 2011-145 directs the Department to adjust Medicaid pharmacy dispensing fees so as to achieve \$15 million in general fund savings from the increased use of generic prescriptions. If the \$15 million target cannot be achieved, Section 10.48 requires the Department to reduce prescription drug rates.
  - a. Has the Department revised the dispensing rates?
  - b. Does the Department expect to realize at least \$15 million savings from the dispensing rate revisions?
  - c. If not, has the Department calculated the amount of the pharmacy rate reduction needed to achieve \$15 million target?
  
- 6. Did the Department eliminate the inflationary increases as mandated by S.L. 2011-145?
  - a. Other than allowed exceptions, were inflationary increases eliminated for all providers?
    - i. If not, which providers were excluded and why?
  - b. Will the \$62.8 million inflation savings target be realized for FY11-12?
  
- 7. S.L. 2011-145 budgets \$60,183,120 in FY11-12 savings to be realized by levying a 5.5 percent assessment on hospitals, CABHAs, and CAP/MR providers. An additional \$7.9 million is budgeted in savings to be achieved by increasing the nursing facility assessment from 5.5 percent to 6.0 percent.
  - a. Were assessments levied on all providers as set forth in the bill?
    - i. If not, which providers were excluded and why?
  - b. Does the Department expect to achieve the \$68 million reduction target for the current fiscal year?
  
- 8. The Department's plan for expanding the behavioral health 1915 b/c waiver is budgeted to achieve savings of \$10.5 million in the current year and \$52.5 million in FY12-13

- a. Is the waiver expansion plan presented to the Joint House and Senate HHS Appropriations Subcommittee in April 2011 on schedule?
    - i. If not, what is the impact on the \$10.5 million savings target budgeted for the current fiscal year?
- 9. Has the Department reduced the Medicaid provider reimbursement rates as required in the budget?
  - a. Were any providers, except as provided in Sec. 10.31, excluded from the 2% rate reduction?
    - i. If so, why?
  - b. Will the \$46 million savings target be achieved?
- 10. Has the Department adjusted the Medicaid optional and mandatory services as set forth in S.L. 2011-145?
  - a. Will the \$16.5 million savings target be achieved?
- 11. What is the projected Medicaid shortfall for the current fiscal year?