



Office of State Budget and Management
Balancing Needs - Improving Government



Update on Medicaid for Senate Appropriations Committee

*In Response to the Letter by Senate Co-Chairmen
Dated and Delivered June 25, 2014*

*Prepared by:
The Office of State Budget and Management
June 26, 2014*



Agenda

- Overview of OSBM and DHHS Roles in Budget Preparation and Medicaid
- Comparison of General Assembly Fiscal Research Division “Final Medicaid Budget Estimate” delivered on June 24, 2014 to The Governor’s Recommended Budget Adjustments released May 14, 2014



Role of OSBM in Budget Preparation

- OSBM is delegated certain authorities of the Governor to prepare and recommend the State's budget
- Governor is Director of the Budget (143C-2-1)
- Budget requests from State agencies in the executive branch (143C-3-3)



Role of OSBM in Budget Preparation

- Governor's budget recommendations and budget message (143C-3-5)
- In even-numbered fiscal years (short session budget requirements) the Governor may recommend changes in the enacted budget for the second year of the biennium.



Role of DHHS in Preparing the Medicaid Budget Estimates

- Management of Medicaid is the responsibility of DHHS, which oversees the Medicaid program.
(108A-54)
- DHHS prepares an annual estimate of Medicaid spending and revenues, referred to as the Medicaid “rebase.”
- The rebase is the estimate of funds needed to continue the program under existing law.



Role of DHHS in Preparing the Medicaid Budget Estimates

- Rebase changes are the difference between the new estimate of spending and revenues less existing budget enacted in law for spending and revenues to produce an incremental change.
- DHHS prepares the Medicaid forecast, which is provided to OSBM and Fiscal Research. Both use this information for developing budget recommendations.



2014-15 Medicaid Estimating

- Limitation of available data and reports due to unique circumstances
- Utilization of two new major IT systems at HHS:
 - NC FAST for enrollment
 - NC TRACKS for claims processing
- Significant enrollment increases due to ACA effective 1/1/2014 (including “Woodworking effect”)



2014-15 Medicaid Estimating

- OSBM has provided 50 documents to FRD regarding Medicaid since January 1, 2014
 - DHHS has provided over 200 during same time period
- OSBM and FRD have met 17 times regarding Medicaid since January 1, 2014



OSBM/FRD Meetings

Date	Topic	Participants
24-Jun	Medicaid Budget	OSBM, FRD, Legislative Staff
20-Jun	Medicaid Budget	OSBM, FRD, DHHS
17-Jun	Medicaid Budget	OSBM, FRD, DHHS, Legislative Staff
19-May	Review of Governor's Budget	OSBM, FRD
1-May	Medicaid Consensus Forecast	OSBM, FRD, DHHS
29-Apr	Medicaid Consensus Forecast	OSBM, FRD, DHHS
25-Apr	SFY 2015 Forecast	OSBM, FRD, DMA (conference call)
23-Apr	Budget model	OSBM, FRD, DMA
22-Apr	Medicaid estimates	OSBM, FRD, DHHS
16-Apr	SFY 2015 Forecast	OSBM, FRD, DHHS
8-Apr	Review of budget reduction options	OSBM, FRD, DHHS
26-Mar	Joint Legislative Oversight Committee	OSBM, FRD, Legislative Staff, House, Senate
21-Mar	Budget and forecast	FRD, DHHS
11-Feb	Joint Legislative Oversight Committee	OSBM, FRD, Legislative Staff, House, Senate
7-Feb	Budget and forecast	OSBM, FRD
13-Jan	ACA enrollment	OSBM, FRD
9-Jan	Medicaid Trends	OSBM, FRD



Material Sent from OSBM to FRD Regarding Medicaid

- (since January 1, 2014)

Date of Transmittal	File Title	Document Type
6/25/2014	RE Updated FRD Numbers	Outlook
6/25/2014	RE DHHS_ DMH Summary of Year End Balances	Outlook
6/25/2014	FW DHHS_ DMH Summary of Year End Balances	Outlook (w/ Excel attachments)
6/25/2014	Updated FRD Numbers	Outlook
6/24/2014	FW Year End - June Monthly Workbook Cash Flow Model	Outlook (w/ Excel attachment)
6/23/2014	RE Cash	Outlook
6/23/2014	RE Provider Survey	Outlook
6/23/2014	NCTracks Claim Impact 4-30-2014-1	PDF
6/23/2014	Medicaid - ALL HOSPITAL Systems_CLAIMs	Excel
6/23/2014	FW Updated Reported Estimated Hospital Medicaid Case AR	Outlook
6/23/2014	FW UNC and Vidant Medicaid Accounts Receivable	Outlook
6/23/2014	FW Medicaid - ALL HOSPITAL Systems _CLAIMs	Outlook (w/ Excel attachment)
6/23/2014	FW Information requested	Outlook (w/ Excel attachments)
6/23/2014	Copy of Copy of Summary 2014 UPL - UNC	Excel
6/23/2014	FW Checkwrite 06242014	Outlook
6/20/2014	Potential Application Backlog	Excel
6/20/2014	20140620 All Medicaid Applications Processed	PowerPoint
6/20/2014	All Medicaid Applications Processed	PowerPoint
6/20/2014	Medicaid Cash Update	Outlook (w/ Excel attachment)
6/20/2014	Medicaid Budget Crosswalk	Outlook
6/20/2014	Medicaid - ALL HOSPITAL Systems_CLAIMs	Excel
6/20/2014	Information and questions in advance of this afternoon's meeting	Outlook
6/20/2014	FW Medicaid - ALL HOSPITAL Systems _ CLAIMs	Outlook (w/ Excel attachment)
6/20/2014	FW: Potential Application Backlog	Outlook (w/ Excel attachment)
6/20/2014	Fund 1340 1810 1901	Outlook (w/ PDF attachment)
6/20/2014	Fwd: Documents	Outlook (w/ Excel and PowerPoint attachments)
6/20/2014	FRD to DMA Budget Compare	Outlook (w/ Word attachment)
6/19/2014	Woodwork Analysis	Outlook (w/ Excel attachments)
6/18/2014	Medicaid Rebase Detail	Outlook (w/ Word and Excel attachments)
6/17/2014	Savings Unachieved	Outlook
6/12/2014	OSBM ANALYSIS OF HOUSE BUDGET REGARDING DHHS REVERSIONS	Word
6/11/2014	Fiscal Impact	Outlook
6/2/2014	RE Tuesday Morning Presentation	Outlook
6/2/2014	RE Meeting Friday Afternoon	Outlook
6/2/2014	RE Fiscal Research Agenda 2014-06-03	Outlook
6/2/2014	FY2014-15 Budget Presentation House Appropriations	Outlook (w/ PowerPoint attachment)



Material Sent from OSBM to FRD Regarding Medicaid

- (since January 1, 2014)

Date of Transmittal	File Title	Document Type
5/30/2014	RE Calculations and Assumptions in Senate Budget	Outlook
5/27/2014	Fwd: NC FAST "Woodwork" Projections	Outlook (w/ Excel attachment)
5/20/2014	Re DHHS Carryforward and Medicaid Shortfall	Outlook
5/19/2014	Medicaid Eligible	Outlook (w/ Excel attachments)
5/15/2014	Medicaid Rebase	Outlook (w/ Excel attachment)
5/15/2014	Backlog	Outlook (w/ Excel attachment)
5/14/2014	RE meeting tomorrow after session	Outlook
5/14/2014	Governor's Budget - Medicaid Backup	Outlook (w/ Excel attachments)
5/13/2014	Re Meeting on the Governor's Budget Items	Outlook
5/7/2014	RE Medicaid Shortfall Estimate for SFY 2013-14 and Rebase...	Outlook
5/1/2014	Medicaid - Estimated Applications Backlog	Outlook (w/ Excel attachment)
4/29/2014	Budget Analysis Revised	Outlook (w/ Excel attachment)
4/28/2014	RE SAS demo	Outlook
4/21/2014	FW (Budget analysis revised)	Outlook (w/ Excel attachment)
4/11/2014	RE Revised DRAFT LOC Agenda_20140410	Outlook
4/4/2014	RE meeting	Outlook
4/4/2014	RE DRAFT LOC Agenda_20140403	Outlook
3/31/2014	RE Meeting on Friday	Outlook
3/31/2014	Pitt Hospital UPL	Outlook
3/31/2014	2% options	Outlook (w/ Excel attachments)
3/27/2014	RE	Outlook
3/26/2014	Medicaid Budget Status Forecast FY 14 15 Presentation - OSBM	Outlook (w/ PowerPoint attachment)
3/12/2014	RE Gov Ops on 327	Outlook
3/5/2014	RE Call me when you get a chance	Outlook
2/28/2014	Re Todays meeting was a waste	Outlook
2/26/2014	RE Draft Agenda for March 11th HHS LOC Meeting	Outlook
2/17/2014	FW NCAnalytics Overview (OSBM FRD)	Outlook
2/11/2014	OSBMPresentation_Budget_HHS_Oversight_February2014	Outlook (w/ PowerPoint attachment)
2/9/2014	RE Meeting Tuesday	Outlook
2/7/2014	RE delay of Medicaid redetermination for MAGI recipients	Outlook
2/6/2014	FW Critical Items	Outlook
2/5/2014	RE MAGI 3 Month issue	Outlook
1/29/2014	Updated Enrollment Report EIS & NC FAST Combined	Outlook
1/16/2014	DMA Dec 2013 BD701	Outlook (w/ text file attachment)
1/9/2014	BD701	Outlook (w/ text file attachments)



Material Sent from DMA to FRD Regarding Medicaid - (since January 1, 2014)

Date of Transmittal	File Title	Document Type
6/23/2014	FRD Questions and DMA answers for potential backlog	Word doc
6/23/2014	Medicaid Eligibles History	Excel
6/23/2014	Potential Application Backlog	Excel
6/20/2014	CCNCCA enrollment July 2002 forward	Excel
6/20/2014	Total Medicaid Dental Expenditures SFY 1990 -2013	PowerPoint
6/19/2014	Medically Needy Expenditures by program SFY 2013 SFY 2014	Excel
6/13/2014	Monthly Medicaid Enrollees by PAC	Excel
6/12/2014	FRD PCS Follow up Question Responses	Word doc
6/12/2014	PCS Follow up Response Data part 2	Excel
6/12/2014	PCS Follow up Response Data	Excel
6/12/2014	PCS Follow up Response Data part 3	Excel
6/11/2014	Analysis from 2013 on changing Provider Recredentialing from 3 to 5 years	Excel
6/11/2014	Medical Assistance ADMIN County Match	Excel
6/10/2014	ABD by Category of Service	Excel
6/10/2014	Botox PDP claims SFY 2014	Excel
6/10/2014	Physician Drug Program Policy 1B-1 (BOTOX)	PDF
6/9/2014	MAABD, MAF, Medically Needy Optional Group for SFY 2013 SFY 2014	Excel
6/9/2014	SFY 2014 Flu expenditures	Excel
6/4/2014	PACE Program Limits and Budget	Word doc
6/4/2014	SFY 2013 ABD Annual Report Tables	Excel
6/4/2014	SFY 2013 ABD eligibility and expenditure tables	Excel
6/3/2014	Medicaid Amendment 1 Agreement Scope of Work HIE	PDF
6/3/2014	Medicaid Amendment 1 for contract 28149 Eastpointe	PDF
6/3/2014	Medicaid Amdt 1 for Contract 29542 Cardinal	PDF
6/3/2014	Medicaid Amdt 2 for Contract 28149 Eastpointe	PDF
6/3/2014	Medicaid Contract 28023 NCCCN	PDF
6/3/2014	Medicaid Contract 28149 Eastpointe	PDF
6/3/2014	Medicaid Contract (HIE)	PDF
6/3/2014	Medicaid Contract 29542 Cardinal	PDF
6/3/2014	Medicaid Contract Statement of Work (HIE)	PDF
6/3/2014	Medicaid RFQ 25833 NCCCN	PDF
6/3/2014	PACE Options	PDF
5/30/2014	CY 14 NC PACE UPLs Certification	PDF
5/29/2014	Aged, Blind, Disabled SFY 2013 Annual Report Tables Select Tables	Excel
5/27/2014	Physician NPI Count revised from October 2013	Excel
5/22/2014	DSS Eligibility Error Monitoring	Word doc
5/21/2014	Medical Assistance Aged Blind Disabled by Living Arrangement	Excel
5/19/2014	Claims Summary by Diagnosis TBI SFY 2011 SFY 2012 SFY 2013	Excel
5/14/2014	Consolidated PCS Assessment Status Report 2013 quarter 4	Word doc
5/14/2014	Consolidated PCS Assessment Status Report 2014 quarter 1 v 2	Word doc



Material Sent from DMA to FRD Regarding Medicaid - (since January 1, 2014)

Date of Transmittal	File Title	Document Type
5/14/2014	Post Transition CPCS Assessment Summary Report for Sept 13	Word doc
5/14/2014	Post Transition CPCS Assessment Summary Report for Sept 13	Word doc
5/7/2014	Fiscal Impact is Delink Special Assistance from Medicaid	Excel
5/6/2014	Personal Care Services data for FRD/DHHS Meeting	Excel
5/5/2014	MedSolutions Savings Estimate	Excel
4/30/2014	Optional Eligibility and expenditures	PDF
4/30/2014	REVISED Medicaid and NCHC Mandatory and Optional Eligibility Categories	PDF
4/25/2014	Medicaid Dental Claims	Excel
4/24/2014	Medicaid Eligibles by Gender Age and County	Excel
4/24/2014	Program Integrity Recoveries SFY 09-11	Excel
4/24/2014	Program Integrity Combined Collections SFY 2010-2014	Excel
4/24/2014	Program Integrity Management Report Final June 2012	PDF
4/24/2014	Program Integrity Management Report Final June 2013	PDF
4/17/2014	ECU and UNC UPL Providers	Word doc
4/9/2014	Med and NCHC Mandatory and Optional Eligibility Categories	PDF
1/14/2014	Rate Freeze SPAs Legislative Notification	Word doc
1/14/2014	SPA 13-019 Pregnant Women	PDF
1/14/2014	SPA 13-025 HIT	PDF
1/14/2014	SPA 13-018 Rehab	PDF
1/14/2014	SPA 13-012 Dental	PDF
1/14/2014	SPA 13-013 DME	PDF
1/14/2014	SPA 13-014 PRTF	PDF
1/14/2014	SPA 13-015 At Risk Case Management	PDF
1/14/2014	SPA 13-016 Targeted Case Management - MHSA	PDF
1/14/2014	SPA 13-017 Targeted Case Management - IDD	PDF
1/14/2014	SPA 13-021 Orthotics and Prosthetics	PDF
1/14/2014	SPA 13-022 Nurse Practitioner	PDF
1/14/2014	SPA 13-023 Physician Assistant	PDF
1/14/2014	SPA 13-024 Targeted Case Management - HIV	PDF
1/14/2014	SPA 13-026 Physician Drug Program	PDF
1/14/2014	SPA 13-028 Local Education Authority	PDF
1/14/2014	SPA 13-029 Labs	PDF
1/14/2014	SPA 13-030 Independent Practitioners	PDF
1/14/2014	SPA 13-031 Ambulance	PDF
1/14/2014	SPA 13-032 Long Term Care	PDF
1/14/2014	SPA 13-033 Physician	PDF
1/14/2014	SPA 13-034 Optical Supplies	PDF
1/14/2014	SPA 13-035 Licensed Non Physician	PDF
1/14/2014	SPA 13-036 Hearing Aid Services	PDF
1/14/2014	SPA 13-037 Ambulatory Surgical Centers	PDF
1/14/2014	SPA 13-039 Home Health and Private Duty Nursing	PDF
1/14/2014	SPA 13-027 Cert Reg Nurse Asst and Anesthesiologist Asst	PDF



Material Sent from DHHS Central Administration to FRD Regarding Medicaid - (since January 1, 2014)

Date of Transmittal	File Title	Document Type
6/25/2014	Medicaid - ALL HOSPITAL System Claims	Excel
6/18/2014	Medicaid Apps Processed 061814	Power Point
6/18/2014	Medicaid - Year End - Jun Monthly Workbook Cash Flow Model 6-18	Excel
6/17/2014	FFM Applications by County and Disposition v2	Excel
6/17/2014	NCHC Enrollies	Excel
6/17/2014	Pending Medicaid Apps May 2013 vs May 2014 V3	Excel
6/16/2014	DHHS Comments on S744 3d edition and 7th edition 6-16-14 (FINAL)	Word
6/16/2014	2014-15 DHHS Gov Sen House Budget Comparison (FINAL)	Excel
6/13/2014	Mands NC Hospital Outreach 6/25/2014	PDF
6/11/2014	Medicaid Special Provisions	Word
6/6/2014	20140616 NC FAST Medicaid App Status	Power Point
6/6/2014	Medicaid - FNS-MA Apps Not Keyed in Systems_06-06-2014	Excel
6/4/2014	DHHS Comments on S744 v3 Money Report 6214	Excel
6/4/2014	DHHS Comments on S744 v3 Special Provisions	Word
6/3/2014	Attachment 1.pdf	PDF
6/3/2014	Attachment 2	Excel
6/2/2014	Hospital Results tracking 6-2-14	PDF
6/1/2014	CMS May Monthly	Excel
5/17/2014	Enrollment Report April 2014	Excel
5/16/2014	Claims_Summary_by_Diagnosis_TBI_SFY2011_SFY2012_SFY2013_Fed&State_rerun	Excel
5/14/2014	Fiscal Impact ParaGard	Excel
5/7/2014	MedSolutions_NCLeg_Request_2014_04_29	Excel
5/6/2014	NCTracks Status Update April 29 2014	PDF
5/1/2014	NCDF_Report_FINAL	PDF
4/29/2014	FRD PCS Info Request to DMA - April 29 2014	PDF
4/24/2014	PI Recoveries SFY 09-11	Excel
4/24/2014	PI Management Report June Final 2012	PDF
4/24/2014	PI Management Report June 2013 Final	PDF
4/17/2014	20140417 JLOC - III Budget Update - FINAL	PDF
4/17/2014	20140417 JLOC - IV Medicaid Data Analytics V NC Tracks Update - FINAL	PDF
4/17/2014	20140417 JLOC - VI NC FAST Update - FINAL	PDF
4/17/2014	20140417 JLOC - VII Purchase of Insurance - FINAL	PDF
4/17/2014	20140417 JLOC -XI Consolidation of Local DSS_DPH - FINAL	PDF
4/9/2014	04-09-2014 Letter to Chairmen	PDF
4/9/2014	04-09-2014 Weekly Update	PDF
4/9/2014	FINAL_FR2_PER_MTD_JUL13_FEB14YDFEB14 2014 0409	Excel
4/9/2014	FINAL_FR3_PER_MTD_JUL13_FEB14YDFEB14 2014 0409	Excel
4/9/2014	FINAL_FR4_PER_MTD_JUL13_FEB14YDFEB14 2014 0409	Excel
4/8/2014	March 2014 Unduplicated Recipients from remapped CSDW universe	Excel
4/8/2014	MAR2014 VER0224D_COS Account Remapping XTAB1_XTAB5 Rundate 2014 0408	Excel



Material Sent from DHHS Central Administration to FRD Regarding Medicaid - (since January 1, 2014)

Date of Transmittal	File Title	Document Type
4/3/2014	NC Medicaid Budgeting Forecasting Options and Budgetary Cost Estimates_v3	Word
4/2/2014	SL 2013-360 Sect.12H.12 Report	PDF
4/1/2014	SL 2013-360 Sect. 12A.5 Report	PDF
3/28/2014	03-28-2014 Letter to Chairmen	PDF
3/28/2014	03-28-2014 Weekly Update	PDF
3/26/2014	3-26-2014 LOC Follow up Ltr Chairmen	PDF
3/26/2014	DHHS_Budget Bill Savings 2014-3-27	PDF
3/26/2014	DHHS_NCHIE_2014-03-07	PDF
3/26/2014	20140327 Gov Ops Medicaid Reform	PDF
3/19/2014	03-20-2014 Letter to Chairmen	PDF
3/19/2014	03-20-2014 Weekly Update	PDF
3/17/2014	SL 2013 -360 Sect. 12H.6(a) Ltrs	PDF
3/17/2014	SL 2013 -360 Sect. 12H.6(a) Report	PDF
3/17/2014	20140317 DHHS Medicaid Reform Legislative Report FINAL	PDF
3/13/2014	03-13-2014 Weekly Letter to Chairmen	PDF
3/13/2014	3/13/2014 Weekly Update	PDF
3/11/2014	VI - LME MCO Consolidation Update - 2014 03 12	PDF
3/11/2014	V - IT Updates 2014-03 12	PDF
3/11/2014	VII - Medicaid Updates 2014 03 12	PDF
3/7/2014	Attached Form Letter	PDF
3/7/2014	DIR-04-2014 non-MAGI and legacy	PDF
3/5/2014	03-05-2014 Letter to Chairmen	PDF
3/5/2014	03-05-2014 Weekly Update	PDF
3/3/2014	SL 2013-360 Sect.12h.18 Shared Savings Report	PDF
3/3/2014	Executive Summaries FFY2013	Excel
3/1/2014	Copy of Medicaid Enrolls by County Age and Gender for Month of February 2014	Excel
2/28/2014	20140226 DHHS Medicaid Reform Presentations	PDF
2/28/2014	SL 2013-Sect.12F.4A(e) CCNC	PDF
2/27/2014	02-27-2014 Weekly Letter to Chairmen	PDF
2/27/2014	2/27/2014 Weekly Update	PDF
2/21/2014	02-21-2014 Weekly letter to Chairmen	PDF
2/21/2014	2/12/2014 Weekly letter to Chairmen	PDF
2/21/2014	02-21-2014 Week Update	PDF
2/11/2014	DHHS - IV Shared Savings Update - 2-11-14	PDF
2/11/2014	DHHS - V Property Construction - 2-11-14	PDF
2/11/2014	DHHS - VIII - Staffing 2-11-14	PDF
2/11/2014	DHHS - XI- DCDEE Update 2-11-14	PDF
2/11/2014	DHHS - IX - Status of Nonprofit Orgs 2-11-14	PDF
2/10/2014	Letter to Chairs re Jan LOC (Part IV)	PDF
2/7/2014	02-07-2014 Weekly Update	PDF
2/7/2014	02-07-2014 Letter to Chairmen	PDF



Material Sent from DHHS Central Administration to FRD Regarding Medicaid - (since January 1, 2014)

Date of Transmittal	File Title	Document Type
1/31/2014	01-31-2014 Weekly Update	PDF
1/31/2014	SL 2013-85 LME MCO certifications	PDF
1/31/2014	SL 2013-85 Attachment	PDF
1/25/2014	NC Tracks Update	PDF
1/22/2014	01-22-2014 Letter to Chairmen	PDF
1/22/2014	Weekly Update	PDF
1/18/2014	SHO-13-003 Enrollment Strategies	PDF
1/18/2014	20131021 Acknowledgement Ltr for NC Eligibility	PDF
1/18/2014	Letter to extend cert periods - Jen Ryan	PDF
1/18/2014	NC Extension Approval	PDF
1/16/2014	Certification Status Jul 2013 thru Jun 2014	Excel
1/15/2014	01-15-2014 Letter to Chairmen	PDF
1/15/2014	01-15-2014 Weekly Update	PDF
1/14/2014	Atlas_ACOs_1-14-14	PDF
1/13/2014	DHHS Budget Update_1-14-14	PDF
1/13/2014	DHHS_ChildProtectiveServices_1-14-14	PDF
1/13/2014	DHHS-Managing-Emerg-Closures-2013-1-14	PDF
1/13/2014	JLOC 2014 01 Budget Update Handouts	PDF
1/7/2014	DMA SYF2013-14 Checkwrite Summary Report_SFY2013-14	Excel
1/1/2014	DMA - Health Choice - transfer to Medicaid - ACA	Word
12/31/2013	Alliance Reports	PDF
12/31/2013	NCEQR_Alliance AuditResults	PDF
12/31/2013	Cardinal Innovations Reports	PDF
12/31/2013	Centerpoint Reports	PDF
12/31/2013	CoastalCare Reports	PDF
12/31/2013	NCEQR_CardinalAuditResults	PDF
12/31/2013	NCEQR_CenterPointAuditResults	PDF
12/31/2013	NCEQR_CoastalCareAuditResults	PDF
12/31/2013	EastPointe Reports	PDF
12/31/2013	ECBH Reports	PDF
12/31/2013	MeckLINK Reports	PDF
12/31/2013	NCEQR_EastpointAuditResults	PDF
12/31/2013	NCEQR_ECBHAuditResults	PDF
12/31/2013	NCEQR_MeckLINKAuditResults	PDF
12/31/2013	NCEQR_PartnersAuditResults	PDF
12/31/2013	NCEQR_SandhillsAuditResults	PDF
12/31/2013	NCEQR_SmokyAuditResults	PDF
12/31/2013	Partners Reports	PDF
12/31/2013	Sandhills Reports	PDF
12/31/2013	Smoky Mountain Reports	PDF



Claims “Backlog” Issue



Final FRD Medicaid Budget Estimate

Final Medicaid Budget Estimate

Budget Shortfall:

- We do not have reliable claims/enrollment data; therefore we do not have a forecast. We have reviewed all of the information made available to us to provide estimates for both the current fiscal year and FY 14-15.
- We have used overall expenditure data to try and estimate what the current budget situation is.

State Appropriations	FY 13-14	FY 14-15
Best Case		
Estimated Backlog	(\$134 million)	
Medicaid Shortfall	(\$66 million)	(\$156 million)
HealthChoice Surplus	\$9.4 million	\$15 million
Best Case NET SHORTFALL	(\$57 million)	(\$141 million)
Worst Case		
Estimated Backlog	(\$160 million)	
Medicaid Shortfall	(\$117 million)	(\$239 million)
HealthChoice Surplus	\$9.4 million	\$15 million
Worst Case NET SHORTFALL	(\$108 million)	(\$224 million)

- **Claims and Applications “Backlog”:**
- This revised estimate is based on the provider survey data (emailed to us yesterday by OSBM and completed by the NC Hospital Association), and communication between fiscal staff and several large hospitals. Based on the data and our conversations, we realized our number for claims backlog was too low (see attached chart).
- We have reviewed OSBM and DHHS estimates for enrollment. We have major concerns about the enrollment numbers being used as the basis for their calculations (see attached graph). However, based on the most recent information provided we did lower our estimated enrollment backlog calculations.



NC Hospital Association Survey

NCTracks Survey
Based on Request April 2014
As of: April 30, 2014

Hospital or System	Institutional & Professional Claims		Overall Impact of Medicaid Outstanding Accounts Receivable	
	Billed Denied/Pended Cash Due	Billed Denied/Pended Accounts Receivable	Percentage increase/(decrease) in cash compared to last year	Percentage increase/(decrease) in AR dollars compared to last year
Novant System Note 1	\$4,000,000	\$26,972,556		58.40%
Cape Fear - Note 2		\$15,380,182		28.40%
Highsmith Rainey LTAC		\$13,323,974		
Bladen		\$2,062,256		18.00%
New Hanover		\$5,423,697		56.00%
Pender		\$347,529		52.00%
Lenoir	\$2,500,000			133.00%
FirstHealth	\$2,500,000	\$5,500,000		
Nash	\$1,897,472			
UNC System Note 3	\$57,035,812		-40.60%	7% IP & 81% OP
Carolinas Healthcare System - Note 4	\$61,834,218		-13.00%	
Catawba Valley	\$2,037,455	\$6,634,053	-129.00%	
Scotland Health	\$1,109,934		-27.19%	30.30%
Vidant Medical - Note 5		\$6,921,502		43.68%
Vidant Beaufort		\$391,854		132.97%
Vidant Bertie		\$15,365		13.63%
Vidant Chowan		\$195,934		47.17%
Vidant Duplin		\$918,809		133.40%
Vidant Edgecombe		\$380,348		111.00%
Vidant Outer Banks		\$259,886		80.44%
Vidant Pungo		(\$36,841)		-23.02%
Vidant Roanoke Chowan		\$419,448		82.12%
Maria Parham		\$565,341		-15.00%
Halifax		\$1,113,754	-42.00%	122.00%
Northern Hospital Surry	\$551,179	\$1,450,471		
Blowing Rock		\$267,226		
Sampson		\$535,000		42.00%
J Arthur Doshier		\$22,166		9.64%
Morehead	\$534,868			18.00%
WakeMed - Note 6		(\$6,526,359)		-17.38%
Randolph		\$7,200,000		50.00%
Mission System - Note 7		\$42,088,671		
Lake Norman		\$89,051		
Sandhills		\$214,906		
Davis Regional		\$377,211		
Southeastern		\$18,838,120		
Wayne		\$11,477,444		133.00%
CarolinaEast - Note 8				
Caromont Health - Note 9		\$28,312,183		57.70%
Albemarle - Note 10		\$4,081,265		
Granville		\$2,060,602	-6.58%	106.48%
Betsy Johnston/Harnett Health	\$1,000,000			
Onslow		\$384,478		35.20%
Park Ridge	\$2,340,956			
Duke System	\$4,000,000			
Our Community	\$817,000			
Total	\$142,158,894	\$197,662,082		



Updated FRD Claims Backlog Estimate

From: Steve Owen (Fiscal Research) [<mailto:Steve.Owen@ncleg.net>]

Sent: Tuesday, June 24, 2014 1:27 PM

To: Pope, Art; Kilpatrick, Pam; Gurley, Tony; Mark Trogdon (Fiscal Research, Director); Davis, Rod

Cc: Rudy Dimmling (rdimmling@alvarezandmarsal.com); rudydimmling@dhhs.nc.gov; Susan Jacobs (Fiscal Research); Alexander, John G

Subject: Updated FRD Numbers

Attached are several spreadsheets with updated calculations for the Medicaid SFY 2013-14 shortfall and SFY 2014-15 rebase based on information and data that we have received from OSBM/DHHS and obtained from conversations with providers. The updated estimates include a best and worst case for Medicaid and Health Choice.

A summary of the key changes are reflected below:

	5/29/14 Original	6/17/14 Old Revised	6/24/14 Best Case	6/24/14 Worst Case
Application Backlog	\$250M	\$286M	\$179M	\$222M
Claims Backlog	\$157M	\$ 26M	\$212M	\$241M
SFY 2013-14 Net Shortfall	(\$94M)	(\$60M)	(\$57M)	(\$ 108M)
SFY 2014-15 Rebase	(\$192M)	(\$170M)	(\$ 141M)	(\$ 224M)

utilized the pending applications data from DHHS and integrated other assumptions based on actual or historical data utilized NCHA survey, augmented by conversation and data from 3 large systems, adjusted based on data, actual spending and assumptions regarding overlap with application backlog

used actual expenditures through May 2014, updated with backlog calculations and annualized spending and achieved reduction items based on SFY 2013-14 spending adjusted to annualize 2014 budget reductions, woodwork based on original projections, transfer of children from Health Choice, 1.1% enrollment growth, 4.2% utilization growth, change in enrollment mix to more expensive recipients, and an improved FMAP. The worst case estimate also includes the impact of presumptive eligibility and provider "churn" or increased utilization in response to rate reductions.



FRD Claims Backlog Estimate

CLAIMS BACKLOG						
	NCHA Original Data **		FRD Adjusted		FRD Adjusted for Volume	
	Denied/Pended Cash Due	Billed Denied Pended	Adjusted Cash Due	Adjusted Pending	Adjusted Cash Due	Adjusted Pending
Novant	4,000,000	26,372,556	2,698,337	4,548,815	2,389,152	4,027,597
Cape fear		15,380,182	-	2,593,807	-	2,296,600
Highsmith Rainey LTAC		13,323,974	-	2,247,036	-	1,989,563
Bladen		2,062,256	-	347,791	-	307,940
New Hanover		5,423,697	-	914,685	-	809,877
Pender		347,529	-	58,609	-	51,894
Lenior	2,500,000		1,686,461	-	1,493,220	-
First Health	2,500,000	5,500,000	1,686,461	927,553	1,493,220	821,271
Nash	1,897,472		1,280,005	-	1,133,337	-
UNC	57,035,812		4,343,891	-	3,846,153	-
Carolinas Healthcare	61,834,218		41,712,387	-	36,932,841	-
Catawba	2,037,455	6,634,053	1,374,435	1,118,807	1,216,948	990,610
Scotland Health	1,109,934		748,744	-	662,950	-
Vidant Medical		6,921,502	-	1,167,284	-	1,033,533
Vidant Beaufort		391,854	-	66,085	-	58,512
Vidant Bertie		15,365	-	2,591	-	2,294
Vidant Chowan		195,934	-	33,043	-	29,257
Vidant Duplin		918,809	-	154,954	-	137,198
Vidant Edgecombe		380,348	-	64,144	-	56,794
Vidant Outer Banks		259,886	-	43,829	-	38,807
Vidant Pungo		(36,841)	-	(36,841)	-	(32,620)
Vidant Roanoke Chowan		419,448	-	70,738	-	62,633
Maria Parham		565,341	-	95,343	-	84,418
Halifax		1,113,754	-	187,830	-	166,308
Northern Hospital of Surry	551,179	1,450,471	371,817	244,616	329,213	216,587
Blowing Rock		267,226	-	45,067	-	39,903
Sampson		535,000	-	90,226	-	79,687
J Arthur Doshier		22,166	-	3,738	-	3,310
Morehead	534,868		360,814	-	319,470	-
WakeMed		(6,526,359)	-	(6,526,359)	-	(5,778,547)
Randolph		7,200,000	-	1,214,252	-	1,075,119
Mission		42,088,671	-	7,098,088	-	6,284,766
Lake Norman		89,051	-	15,018	-	13,297
Sandhills		214,906	-	36,243	-	32,090
Davis Regional		377,211	-	63,615	-	56,326
Southeastern		18,838,120	-	3,176,975	-	2,812,946
Wayne		11,477,444	-	1,935,626	-	1,713,835
CarolinaEast			-	-	-	-
Caromont Health		28,312,183	-	-	-	-
Albemarle		4,081,265	-	-	-	-
Granville		2,060,602	-	347,512	-	307,693
Betsy Johnston	1,000,000		674,584	-	597,288	-
Onslow		384,478	-	64,841	-	57,411
Park Ridge	2,340,956		1,579,172	-	1,398,225	-
Duke System	4,000,000		2,698,337	-	2,389,152	-
Our Community	817,000	-	551,135	-	487,984	-
TOTAL	142,158,894	197,662,082	61,766,578	22,415,560	54,689,157	19,847,111
	Medicaid Rates	Billed Charges				
			Paymnt Rate	25.0%		
TOTAL				84,182,138	74,336,268	212,960,769
				Application Crossover		10%
** Does not include all provider groups						



FRD Claims Backlog Estimate

CLAIMS BACKLOG

	NCHA Original Data **		FRD Adjusted		FRD Adjusted for Volume	
	Denied/Pended	Billed Denied	Adjusted	Adjusted	Adjusted	Adjusted
	Cash Due	Pended	Cash Due	Pending	Cash Due	Pending
Carolinas Healthcare	61,834,218		41,712,387	-	36,932,843	-
TOTAL	142,158,894	197,662,082	61,766,578	22,415,560	54,689,157	19,847,111
	Medicaid Rates	Billed Charges				
			Payment Rate	25.0%		
TOTAL				84,182,138		74,536,268
						212,960,766
				Application Crossover		10%

**** Does not include all provider groups**



Recommended Revision for FRD Claims Backlog Estimate

CLAIMS BACKLOG

	NCHA Original Data **		FRD Adjusted		FRD Adjusted for Volume		
	Denied/Pended	Billed Denied	Adjusted	Adjusted	Adjusted	Adjusted	
	Cash Due	Pended	Cash Due	Pending	Cash Due	Pending	
Carolinas Healthcare	61,834,218		10,428,097	-	9,233,211	-	CORRECTED AMOUNT
TOTAL	142,158,894	197,662,082	61,766,578	22,415,560	28,184,411	19,847,111	
	Medicaid Rates	Billed Charges					
			Payment Rate	25.0%			



Recommended Revision for FRD Claims Backlog Estimate

From: Gombar, Greg [<mailto:Greg.Gombar@carolinashealthcare.org>]

Sent: Tuesday, June 24, 2014 9:10 PM

To: Gurley, Tony

Cc: McConnell, Martha Ann

Subject: NC Medicaid AR Hos Comparison

Tony,

Per our discussion, below is the information we sent Steve Owen. This is total due so would include both the state and federal share of Medicaid. I will send you the professional service summary in a separate email.

NC Medicaid A/R	May 2013	May 2014	% Increase/ Decrease
CMC-Main	\$ 16,354,122.41	\$ 28,854,109.63	76%
CMC-Randolph	\$ 856,216.69	\$ 3,356,327.53	292%
CMC-Mercy	\$ 1,147,931.47	\$ 3,521,352.85	207%
CMC-Pineville	\$ 1,378,749.33	\$ 2,251,169.71	63%
Carolinas Rehabilitation	\$ 888,949.48	\$ 2,232,106.10	151%
CMC-University	\$ 1,687,463.60	\$ 3,480,164.02	106%
CMC-Lincoln	\$ 1,799,028.95	\$ 3,463,276.79	93%
CMC-NorthEast	\$ 2,915,558.33	\$ 4,079,851.40	40%
CMC-Union*	\$ 1,359,233.27	\$ 15,293,516.58	1025%
Cleveland Regional	\$ 2,248,543.66	\$ 5,412,046.62	141%
Kings Mountain	\$ 532,070.79	\$ 650,050.97	22%
CHS-Morganton	\$ 767,532.11	\$ 1,173,118.50	53%
CHS-Valdese	\$ 799,842.48	\$ 680,539.12	-15%
Total	\$ 32,735,242.57	\$ 74,447,629.82	127%

\$41,712,387 difference

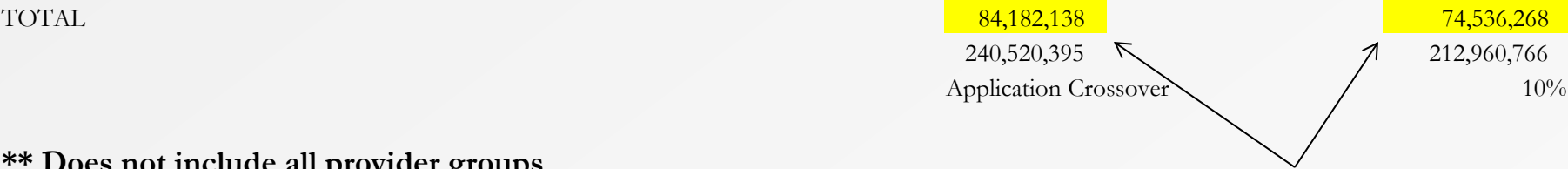


Recommended Revision for FRD Claims Backlog Estimate

CLAIMS BACKLOG

	NCHA Original Data **		FRD Adjusted		FRD Adjusted for Volume	
	Denied/Pended	Billed Denied	Adjusted	Adjusted	Adjusted	Adjusted
	Cash Due	Pended	Cash Due	Pending	Cash Due	Pending
TOTAL	142,158,894	197,662,082	61,766,578	22,415,560	54,689,157	19,847,111
	Medicaid Rates	Billed Charges				

Paymnt Rate 25.0%



**** Does not include all provider groups**

Amounts are whole dollars,
not state share.



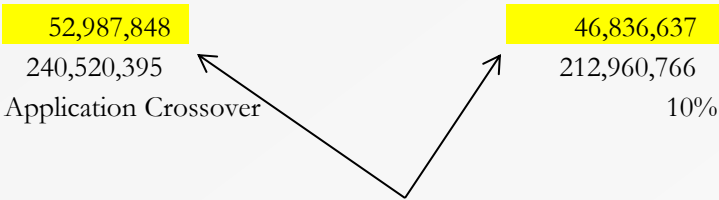
Recommended Revision for FRD Claims Backlog Estimate

CLAIMS BACKLOG

	NCHA Original Data **		FRD Adjusted		FRD Adjusted for Volume	
	Denied/Pended Cash Due	Billed Denied Pended	Adjusted Cash Due	Adjusted Pending	Adjusted Cash Due	Adjusted Pending
TOTAL	142,158,894	197,662,082	30,482,287	22,415,560	26,989,526	19,847,111
	Medicaid Rates	Billed Charges				

Paymnt Rate 25.0%

TOTAL



**** Does not include all provider groups**

Amounts are whole dollars,
not state share.



Recommended Revision for FRD Claims Backlog Estimate

From: Hugh Tilson <htilson@ncha.org>

Subject: Hospitals Medicaid Receivables

Date: June 25, 2014 12:46:34 PM EDT

To: Steve Owen <steve.owen@dhhs.nc.gov>

Cc: "Sarah Riser (Rep. Justin Burr)" <sarah.riser@ncleg.net>, Kristi Huff <KristiH@nchcfa.org>, brandon.greife@ncleg.net, Nelson Dollar <Nelson.Dollar@ncleg.net>, Ralph.Hise@ncleg.net, Cody Hand <chand@ncha.org>, Amelia Bryant <abryant@ncha.org>

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Steve:

Thanks for providing us with the information and analysis you're doing related to hospital accounts receivable for Medicaid, including the estimated effects of NC Tracks payment issues.

We have followed up with many hospitals and believe that the numbers included in our April analysis are the upper limit of the amount hospitals are owed due to NC Tracks and Medicaid payment issues. Our best analysis leads us to believe that the amounts owed to hospitals are less than those contained in the the April analysis.

We do not understand the portion of the analysis related to volume adjustments. Our April analysis and subsequent conversations lead us to believe that the numbers remain consistent over time and that a volume adjustment inappropriately inflates the amounts owed to hospitals. As we said above, it appears that the amounts owed are consistent or below the April levels.

In addition, we need to be very clear that the dollars in our analysis are total, state and federal. We think the numbers you've received from conversations with hospitals are as well. From the hospital perspective, that's the amount they're owed. We believe that the amount the State owes to hospitals the state share of that amount -- approximately one-third of the total amounts identified in our April analysis and that you've received from hospitals.



Recommended Revision for FRD Claims Backlog Estimate

From: Steve Owen (Fiscal Research) [<mailto:Steve.Owen@ncleg.net>]

Sent: Tuesday, June 24, 2014 1:27 PM

To: Pope, Art; Kilpatrick, Pam; Gurley, Tony; Mark Trogon (Fiscal Research, Director); Davis, Rod

Cc: Rudy Dimmling (rdimmling@alvarezandmarsal.com); rudydimmling@dhhs.nc.gov; Susan Jacobs (Fiscal Research); Alexander, John G

Subject: Updated FRD Numbers

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Attached are several spreadsheets with updated calculations for the Medicaid SFY 2013-14 shortfall and SFY 2014-15 rebase based on information and data that we have received from OSBM/DHHS and obtained from conversations with providers. The updated estimates include a best and worst case for Medicaid and Health Choice.

A summary of the key changes are reflected below:

	5/29/14 Original	6/17/14 Old Revised	6/24/14 Best Case	6/24/14 Worst Case
Application Backlog	\$250M	\$286M	\$179M	\$222M
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Revised claims backlog			\$47M	\$53M
SFY 2013-14 Net Shortfall	(\$94M)	(\$60M)	(\$57M)	(\$ 108M)
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utilized the pending applications data from DHHS and integrated other assumptions based on actual or historical data utilized NCHA survey, augmented by conversation and data from 3 large systems, adjusted based on data, actual spending and assumptions regarding overlap with application backlog

used actual expenditures through May 2014, updated with backlog calculations and annualized spending and achieved reduction items based on SFY 2013-14 spending adjusted to annualize 2014 budget reductions, woodwork based on original projections, transfer of children from Health Choice, 1.1% enrollment growth, 4.2% utilization growth, change in enrollment mix to more expensive recipients, and an improved FMAP. The worst case estimate also includes the impact of presumptive eligibility and provider "churn" or increased utilization in response to rate reductions.



DHHS NC TRACKS Unpaid Claims Data

All Hospitals & Affiliated Physicians

- Maximum Estimated Liability: **\$54,456,704**
X .34
- Estimated State Share: **\$18,515,279**

Source – NC TRACKS Unpaid Claims Summary Report

Unpaid claims 7/1/13 thru 6/10/14

CSDW Load MARS SAS1/SAS2 for NC TRACKS Checkwrite through 6/10



DHHS NC TRACKS Unpaid Claims Data

All Other Providers

- Maximum Estimated Liability: **\$64,829,670**
X .34
- Estimated State Share: **\$22,042,087**

Source – NC TRACKS Unpaid Claims Summary Report

Unpaid claims 7/1/13 thru 6/10/14

CSDW Load MARS SAS1/SAS2 for NC TRACKS Checkwrite through 6/10



DHHS NC TRACKS Unpaid Claims Data

All Providers

- Maximum Estimated Liability: **\$119,286,374**
X .34
- Estimated State Share: **\$40,557,367**

Source – NC TRACKS Unpaid Claims Summary Report

Unpaid claims 7/1/13 thru 6/10/14

CSDW Load MARS SAS1/SAS2 for NC TRACKS Checkwrite through 6/10



Applications “Backlog” Issue



Applications Backlog Issue

- DHHS provided the Fiscal Research Division with data and worksheets, including a “Comparison of Medicaid Enrollment Data Between 2013 and 2014.”



Applications Backlog Issue

Comparison of Medicaid Enrollment Data Between 2013 and 2014

	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13
Total Medicaid Enrollment	1,569,293	1,570,742	1,575,269	1,583,383	1,592,050	1,593,384	1,580,198	1,581,484	1,582,046	1,581,666	1,586,920	1,594,013
Net Change in Medicaid Enrollment During Month		1,449	4,527	8,114	8,667	1,334	(13,186)	1,286	562	(380)	5,254	7,093
Pending Applications as of the End of Month	61,882	63,205	64,222	60,875	58,720	56,373	65,330	63,377	62,823	61,351	58,030	58,110
	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14
Total Medicaid Enrollment	1,627,452	1,630,390	1,638,021	1,648,258	1,661,090	1,664,989	1,725,087	1,739,046	1,703,813	1,671,161	1,713,473	1,730,860
Net Change in Medicaid Enrollment During Month	33,439	2,938	7,631	10,237	12,832	3,899	60,098	13,959	(35,233)	(32,652)	42,312	17,387
Pending Applications as of the End of Month	60,708	62,881	63,110	71,792	89,212	110,105	167,385	170,194	185,500	182,767	168,888	
	July	August	September	October	November	December	January	February	March	April	May	June
Increase / (Decrease) in Monthly Enrollment from 2013 to 2014	58,159	59,648	62,752	64,875	69,040	71,605	144,889	157,562	121,767	89,495	126,553	136,847
Increase / (Decrease) in Pending Apps from 2013 to 2014	(1,174)	(324)	(1,112)	10,917	30,492	53,732	102,055	106,817	122,677	121,416	110,858	



Applications Backlog Issue

- FRD, OSBM and DHHS share concerns on the enrollment data but agree that the “Pending Applications” as of the beginning of June, 2014 was 166,698.
- The Fiscal Research Division added 13,122 for “Exchange Not Transferred” applications for a beginning total number of **180,110**.



Applications Backlog Issue

- Based on the most recent data from the Federal CMS as of June 25, 2014, the corrected number of “Exchange Not Transferred” applications is 1,900, so the correct beginning number for a total of pending applications is **168, 598**.
- OSBM and DHHS have not verified the Fiscal Research Divisions methodology, but notes it “did lower our [FRD] estimated enrollment backlog calculations.”



Applications Backlog Issue

- Current information does not allow the identification of the “woodworking effect” from enrollment other than from the Federal Exchange, which as of this date is only 3,073 approved applications. There is no evidence or trend that the “woodworking effect” will come close to the 69,683 new enrollees for FY 13-14 funded at \$49.6 Million or will exceed 72,426 new enrollees for FY 14-15 funded at \$114.1 Million as reported in the 2013 Annotated Conference Report on the Continuation, Expansion, and Capital Budgets, Item 69 at page G 14.



Applications Backlog Issue

- Overall, based on Fiscal Research Division's analysis and the overall growth of Medicaid enrollment of all types, OSBM and DHHS has seen no evidence or trend that enrollment, including pending applications, would exceed the overall Medicaid Rebase of \$557 Million, (which is in addition to the "woodworking effect" funding) as reported in the 2013 Annotated Conference Report on the Continuation, Expansion, and Capital Budgets., Item 66, at page G14.



Governor's Recommended Budget Medicaid Proposal



Governor's Recommended Budget

DHHS and Governor's Recommended Budget began with the enacted budget

Medicaid Certified Budget (State Funds)

	2012-13	2013-14	NET CHANGE	2014-15	NET CHANGE
Beginning Base Budget	2,907,276,302	3,069,576,810	162,300,508	3,083,576,810	14,000,000
Net Legislative Adjustments	<u>194,172,266</u>	<u>392,373,309</u>	<u>198,201,043</u>	<u>524,542,281</u>	<u>132,168,972</u>
Enacted Appropriation*	3,101,448,568	3,461,950,119	360,501,551	3,608,119,091	146,168,972
* Includes Medicaid "Rebase" Funding		434,000,000		557,000,000	123,000,000



Governor's Recommended Budget

Budget as enacted

OSBM
psk, April 2014
RECONCILES TO MONEY REPORT/ SESSION LAW

	Medicaid Program Total Enacted Budget		
	2013-14	2014-15	Difference
Beginning Base Budget 2013-14 and 2014-15	3,069,576,810	3,083,576,810	14,000,000
<i>Increases</i>			
Rebase	434,000,000	557,000,000	123,000,000
Cost Settlements	18,000,000	18,000,000	-
Contracts	11,000,000	11,000,000	-
Woodworking from ACA (72,426 new clients)	49,684,791	114,119,120	64,434,329
Health Choice Children to Medicaid (51,000)	22,080,000	46,080,000	24,000,000
MMIS Manual Workarounds	4,828,664	-	(4,828,664)
CCNC Study	100,000	-	(100,000)
Total Increases	539,693,455	746,199,120	206,505,665
<i>Decreases</i>			
Health Homes	(3,757,682)	0	3,757,682
Hospital Provider Assessment	(52,000,000)	(52,000,000)	-
Medicaid Copays	(3,308,100)	(4,962,150)	(1,654,050)
Contract Reductions	-	(2,016,771)	(2,016,771)
Hospital O/P to 70% of Cost	(23,122,268)	(48,002,826)	(24,880,558)
Drug Adjustments	(14,616,627)	(30,185,714)	(15,569,087)
Shared Savings	(26,924,941)	(44,710,352)	(17,785,411)
Rehab Services Limit	(2,748,350)	(5,651,495)	(2,903,145)
Physician Office Visit Limit	(3,676,525)	(7,560,122)	(3,883,597)
Rate Freeze on Services w/ Automatic Increases	(17,165,653)	(26,567,409)	(9,401,756)
Total Decreases	(147,320,146)	(221,656,839)	(74,336,693)
Net Change in Enacted General Fund Appropriations	392,373,309	524,542,281	132,168,972
Total Enacted General Fund Appropriations	3,461,950,119	3,608,119,091	146,168,972



Governor's Recommended Budget

Estimates for SFY 2013-14

An evaluation of actual and projected expenditures for the current fiscal year was the starting point for the recommended budget estimate. SFY 2013-14 serves as the baseline for estimating SFY 2014-15 requirements.

- Original assessment used March 31, 2014 actual and estimated fourth quarter **expenditures and revenues** to project the June 30, 2014 total spending
- Forecast indicated Medicaid expenditures would be a total of \$215M or a net of \$205 **under budget in total spending** (state share of \$70M).
- Underspensing was cautiously assumed to be due to complications in provider reimbursements and delays in enrolling eligible beneficiaries in the Medicaid program. The difference between budgeted spending and projected June 30, 2014 spending was referred to as "**backlog**."
- Unspent funds remaining at June 30, 2014 were recommended to be retained in the Medicaid program and used **to fund the potential backlog** as it cleared in SFY 2014-15.
- Recommended budget did not differentiate between claims processing and enrollment backlogs



Update since the initial submission

The NC Medicaid Program made the final NC TRACKS checkwrite to health care providers on Tuesday, June 24, 2014, coming in \$204M (approximately \$71M state share) under budget. Final unexpended balances and state cash remaining at June 30 will be dependent upon remaining non-checkwrite payments and collection of receipts through June 30.

NC Checkwrite Summary Report for SFY 2013-14

Certified Budget Allocated for Medicaid Checkwrites for SFY 2013-14	\$ 10,180,229,012
Actual Checkwrite total expenditures	<u>9,976,179,856</u>
Balance Under/(Over) Budget	\$ 204,049,156

*Preliminary Report dated June 24, 2014, Subject to Final Accounting,
Source DHHS*



Update since the initial submission – DHHS estimated cash at 6/30/2014

In addition to cash from unspent program expenditures, the program will carry forward all cash remaining at June 30 that is from the federal share of repayments and rebate collections. Final accounting will be available at June 30, July 25, 2014 DHHS estimate as follows:

Breakdown of June 30 Cash Balance by components (Updated as of June 25)

-	
June 30 Ending Cash Balance before Drug Rebate Federal Payback Carryforward *	57,347,237
Federal Payback of June 23 - June 30 Drug Rebates at base FMAP -- to be paid in July	39,014,882
Federal Payback of Enhanced Share Drug Rebates -- to be paid in July	13,000,000
Undispositioned Receipts Carryforward -- assumed 100% Federal	13,761,674
Total Ending June 30 Cash Balance	<u>\$ 123,123,793</u>

Source: NC DHHS, Estimate 6/25/2014

Current year one time impacts to cash (reducing cash): are changes in accounting for federal shares of drug rebates/refunds (\$64,131,731), and 100% state funded hardship payments totaling \$15,658,005, where the federal share (\$10,177,703) will be received next SFY.



Actual Cash on Hand, 6/25/2014 (updates daily)

```
AK04                                CASH MANAGEMENT CONTROL SYSTEM                                06/25/14

BUDGET CODE 14445 DHHS-MED ASSIST-GEN  DISBURSING ACCOUNT NUMBER= 0 000 019 A
                                                                    2 000 299 B
                                CURRENT BALANCES                                0 000 000 C

APPROPRIATIONS:                                ALLOTMENTS:

ORIGINAL APPROPRIATION    3,461,950,119.00    GROSS ALLOTMENT    3,471,055,482.00
TOTAL TRANSFERS            5,477,892.00    NET ALLOTMENT      3,408,110,423.08
TOTAL PREV YEAR TRNSFRS      .00    YR TO DATE RECP    662,244,989.42
TOTAL C&E TRANSFERS          .00    YR TO DATE EXPN    3,945,281,158.56
ADJUSTED APPROPRIATION    3,467,428,011.00    CUR BALANCE (#1)    125,074,253.94
APPROPRIATION BALANCE      59,317,587.92    PREV BALANCE (#2)      .00
                                                                    MONTH END MAY      1,532,951.79
```



Estimates for State Fiscal Year Ending June 30, 2015

- For the State Fiscal Year Ending June 30, 2015, no adjustment was made to administrative overhead because state staffing and operational costs are not subject to the rebase budget process.

For the funds related to claims administration, CCNC claims and drug rebates several different growth factors were reviewed ranging from the increase in expenditures for North Carolina over the past five years, increase in budget between SFY 2013-2014 and SFY 2014-2015, and the increase in expenditures for SFY 2014-2015 based on information for non-Medicaid expansion states from CMS. These percentages were applied to the baseline information from SFY 2014 to determine a baseline for SFY 2015.

Additional adjustments in the base for SFY 2014 were made to the claims fund as follows on the next slide:



Estimates for State Fiscal Year Ending June 30, 2015

- Incorporate a full year of the ACA Woodwork based on an estimated enrollment of 26,694 (enacted budget assumed and funded enrollment of 72,426)
- Annualize Health Choice initial transfer of 51,000 beneficiaries for SFY 2014 (as assumed and funded in enacted budget)
- Annualize Health Choice transfer of additional 20,000 beneficiaries for SFY 2014 (to fund the actual transfer of 71,000 children)
- Increase amount for transfer of additional 20,000 beneficiaries for SFY 2015
- Annualize budgeted savings for SFY 2014 for Medicaid copayments
- Annualize budgeted savings for SFY 2014 for hospital outpatient at 70% of cost
- Annualize budgeted savings for SFY 2014 for cost savings through drug adjustments
- Annualize budgeted savings for SFY 2014 for shared savings
- Annualize budgeted savings for SFY 2014 for rehab services limitation
- Annualize budgeted savings for SFY 2014 for physician office limitation



Estimates for State Fiscal Year Ending June 30, 2015

- Based on information available as of the end of March 2014, no adjustment is recommended to the State General Fund rebase of \$557 million already enacted for SFY 2014-2015 (an increase of \$146 million over the current year Medicaid State funded rebase).

A nonrecurring statewide Medicaid reserve of \$50 million is recommended to account uncertainty in estimating and to accommodate growth in the Medicaid program.

Conclusion

The Governor's recommended budget agreed with the General Assembly's 2013 enacted budget as a reasonable funding level and recommended additional funding of \$50M via a Medicaid Risk Reserve to mitigate risk, in addition to \$100M unappropriated on the "bottom line."



Conclusion

Conclusion by Art Pope, State Budget Director

The good news is that for the first time in three years the state does not have an end of the year Medicaid shortfall that required a supplemental appropriation for additional funding.

The good news is that DHHS will have approximately \$70 million in cash and reversions to carry forward from FY 13-14 to FY 14-15 to pay the state share of a "backlog" from claims and enrollments from FY 13-14, which will be processed and due and payable in FY 14-15.

The unfortunate news is that due to the increased, but delayed, enrollment from the Affordable Care Act, including the "woodworking" affect, as well as the utilization of new computer systems, NCFAS and NCTRAKS, all parties agree that there is not reliable data to do a formal forecast.

OSBM respectfully declines to agree to the "Final Medicaid Budget Estimate" prepared by the General Assembly Fiscal Research Division, because it is based on a "claims backlog" analysis that appears to include a major mathematical error, confusing "whole dollars" with state dollars. Furthermore it is based on misapplication of data from a survey of providers, as confirmed by providers.

OSBM is unable to respond to the question in regard to "a backlog increase of \$151,000,000" due to a lack of detail as to what is being referred to, and being unable to identify this figure in information previously provided by the Fiscal Research Division.

In regard to a "\$215,000,000 figure" OSBM does of course endorse the Governor's Recommended Budget released May 14th, 2014 for the reasons previously stated, including it being based upon the methodology and funding levels by the Appropriations Act of 2013, Senate Bill 402 (2013), 2013 Session Laws, Chp. 360, and the accompanying Joint Conference Committee Report on the Continuation, Expansion and Capital Budgets dated July 21, 2013, which this Senate enacted just eleven months ago.

Governor McCrory's Recommended Budget does include a \$50 Million Medicaid Risk Reserve and \$100 Million unappropriated for Fiscal Year 14-15, in the event actual the Medicaid expenditures and receipts are different than the budget. This would fund a potential Medicaid shortfall of approximately \$450 Million in "whole dollars." Governor McCrory has stated his willingness to discuss increasing the \$50 Million Risk Reserve, especially since the Senate left zero dollars unappropriated for Fiscal Year 2014-15.

If the Senate agrees to revisions and corrections to the Fiscal Research Division's "Final Medicaid Budget Estimates," then the Senate, House and Governor may not be very far apart in their position as to the amount of funding adjustments needed for Medicaid in SB 744, the Appropriations Act of 2014.

On behalf of the Governor, OSBM looks forward to continuing to work with both the Senate and House to enact a balanced budget that meets the needs and priorities of the citizens of North Carolina, without imposing unnecessary hardships.