

6 mac



STATE OF NEW HAMPSHIRE
 DEPARTMENT OF HEALTH AND HUMAN SERVICES
 OFFICE OF FINANCE

Jeffrey A. Meyers
 Commissioner

129 PLEASANT STREET, CONCORD, NH 03301-3857
 603-271-9546 1-800-852-3345 Ext. 9546
 TDD Access: 1-800-735-2964
 www.dhhs.nh.gov

Kerrin A. Rounds
 Chief Financial Officer

September 21, 2018

The Honorable Neal M. Kurk, Chairman
 Fiscal Committee of the General Court

His Excellency, Governor Christopher T. Sununu
 and the Honorable Council
 State House
 Concord, New Hampshire 03301

[Signature]
 Approved by Fiscal Committee 10/19/18
 Date

REQUESTED ACTION

#1 – Pursuant to RSA 14:30-a, VI, Additional Revenues authorize the Department of Health and Human Services to accept and expend additional agency income drug rebate revenue in the amount of \$786,449 effective upon approval by the Fiscal Committee and Governor and Council through June 30, 2019, and further authorize the allocation of these funds in the account below. 100% Other Funds (Drug Rebate Revenue).

05-95-47-470010-7948, HEALTH AND SOCIAL SERVICES, HEALTH AND HUMAN SVCS DEPT OF HHS: OFF. OF MEDICAID & BUS. POLICY, MEDICAID CARE MANAGEMENT

CLASS OBJ	CLASS TITLE	Current Modified Budget	Increase (Decrease) Amount	Revised Modified Budget
000-403978	Federal Funds	\$387,157,950		\$387,157,950
005-402201	Agency Income: Medicaid Enhancement - Local	\$160,458,667		\$160,458,667
007-407145	Agency Income Drug Rebates	\$9,188,824	\$786,449	\$9,975,273
009-406848	Agency Income MEAD	\$112,338		\$112,338
	General Fund	\$200,960,912		\$200,960,912
	Total Revenue	\$757,878,691	\$786,449	\$758,665,140
041-500801	Audit Set Aside	\$358,150	\$0	\$358,150
101-500729	Medical Payments to Providers	\$757,520,541	\$786,449	\$758,306,990
	Total Expense	\$757,878,691	\$786,449	\$758,665,140

#2 – Pursuant to the provisions of RSA 9:16-a, Transfers Authorized authorize the Department of Health and Human Services, Office of Medicaid Services to transfer Agency Income in the amount of \$786,449 effective upon approval by the Fiscal Committee and Governor and Council through June 30, 2019, and further authorize the allocation of these funds in the accounts below. 100% General Funds

05-95-47-470010-7948, HEALTH AND SOCIAL SERVICES, HEALTH AND HUMAN SVCS DEPT OF HHS: OFF. OF MEDICAID & BUS. POLICY, MEDICAID CARE MANAGEMENT

CLASS OBJ	CLASS TITLE	Current Modified Budget	Increase (Decrease) Amount	Revised Modified Budget
000-403978	Federal Funds	\$387,157,950		\$387,157,950
005-402201	Agency Income: Medicaid Enhancement - Local	\$160,458,667		\$160,458,667
007-407145	Agency Income Drug Rebates	\$9,975,273		\$9,975,273
009-406848	Agency Income MEAD	\$112,338		\$112,338
	General Fund	\$200,960,912	(\$786,449)	\$200,174,463
	Total Revenue	\$758,665,140	(\$786,449)	\$757,878,691
041-500801	Audit Set Aside	\$358,150		\$358,150
101-500729	Medical Payments to Providers	\$758,306,990	(\$786,449)	\$757,520,541
	Total Expense	\$758,665,140	(\$786,449)	\$757,878,691

05-95-95-954010-5952, HEALTH AND SOCIAL SERVICES, HEALTH AND HUMAN SVCS DEPT, HHS: COMMISSIONER'S OFFICE, OFFICE OF INFORMATION SERVICES, OFFICE OF INFORMATION SERVICES

Class Object	Class Title	Current Modified Budget	Increase (Decrease) Amount	Revised Modified Budget
000-408159	Federal Funds	\$49,725,495		\$49,725,495
	General Funds	\$30,229,300	\$786,449	\$31,015,749
	Total Revenue	\$79,954,795	\$786,449	\$80,741,244
010-500100	Personal Services Perm Classified	\$3,368,145	\$0	\$3,368,145
012-500128	Personal Services Perm Unclassified	\$1,280,612	\$0	\$1,280,612
018-500106	Overtime	\$100,000	\$0	\$100,000
020-500200	Current Expense	\$297,462	\$0	\$297,462
026-500251	Organizational Dues	\$30,000	\$0	\$30,000
027-502799	Transfers to DoIT	\$47,859,304	\$0	\$47,859,304
039-500180	Telecommunication	\$50,000	\$0	\$50,000
050-501577	Personal Services Temporary	\$61,621	\$0	\$61,621
060-500631	Benefits	\$2,235,715	\$0	\$2,235,715
102-500731	Contracts for Program Services	\$24,671,936	\$786,449	\$25,458,385
	Total Expense	\$79,954,795	\$786,449	\$80,741,244

#3 – Contingent upon approval of Requested Action #2 and pursuant to RSA 14:30-a, VI, Additional Revenues authorize the Department of Health and Human Services, to accept and expend additional federal funds from the United States Department of Health and Human Services, Centers for Medicare and Medicaid Services in the amount of \$2,359,346 effective upon approval by the Fiscal Committee and Governor and Council through June 30, 2019, and further authorize the allocation of these funds in the accounts below. 100% Federal Funds.

**05-95-95-954010-5952, HEALTH AND SOCIAL SERVICES, HEALTH AND HUMAN SVCS DEPT, HHS:
 COMMISSIONER'S OFFICE, OFFICE OF INFORMATION SERVICES, OFFICE OF INFORMATION SERVICES**

Class Object	Class Title	Current Modified Budget	Increase (Decrease Amount)	Revised Modified Budget
000-408159	Federal Funds	\$49,725,495	\$2,359,346	\$52,084,841
	General Funds	\$31,015,749		\$31,015,749
	Total Revenue	\$80,741,244	\$2,359,346	\$83,100,590
010-500100	Personal Services Perm Classified	\$3,368,145	\$0	\$3,368,145
012-500128	Personal Services Perm Unclassified	\$1,280,612	\$0	\$1,280,612
018-500106	Overtime	\$100,000	\$0	\$100,000
020-500200	Current Expense	\$297,462	\$0	\$297,000
026-500251	Organizational Dues	\$30,000	\$0	\$30,000
027-502799	Transfers to DoIT	\$47,859,304	\$0	\$47,859,304
039-500180	Telecommunication	\$50,000	\$0	\$50,000
050-501577	Personal Services Temporary	\$61,621	\$0	\$61,621
060-500631	Benefits	\$2,235,715	\$0	\$2,235,715
102-500731	Contracts for Program Services	\$25,458,385	\$2,359,346	\$27,817,731
	Total Expense	\$80,741,244	\$2,359,346	\$83,100,590

EXPLANATION

The Department is requesting to (i) accept additional agency income drug rebate revenue in the Medicaid program; (ii) transfer general funds to the Office of Information Systems; and (iii) accept additional matching Federal Funds.

The transfer of the general funds from the Medicaid Care Management accounting unit , 05-95-47-470010-79480000, to the Office of Information Services accounting unit 05-95-59520000 in order to cover Class 102 Contracts for Program Services due to a projected deficit in federally mandated Medicaid Management Information System contracts. This fiscal request will fund the deficit due to insufficient appropriation for the Cognosante Contract, Amendment #14 that is scheduled for submission to the Governor and Executive Council in October 2018. In addition, another fiscal request is planned for submission later in State Fiscal Year 2019 to cover the remaining projected deficit due to insufficient appropriation for the current Conduent State Healthcare contract Amendment #15 and the planned Amendment #16. Funding for amendment #15 and# 16 is still being evaluated. The Department seeks to utilize additional drug rebate revenue not budgeted to address program short-falls. Drug rebates are generated from the Regular Drug Rebates and the Supplemental Drug Rebates. (1) Regular Drug Rebates are received based on a Federal per unit rebate amount. (2) Supplemental Rebates are received as an "add-on" rebate based on a Preferred Drug List (PDL). As part of the Managed Care Organizations contract high costing drugs for Hepatitis C, Hemophilia, and individual drugs Carbaglu and Ravicti were

carved out of MCO plans. New Hampshire is now able to bill these drugs for Supplemental Rebates which has generated higher than budgeted drug rebate revenues.

The following is the information specifically required when transfers are requested, in accordance with the Budget Officer's instructional memorandum dated April 17, 1985, to support the above requested actions:


- A. Justification: As noted above, this accept and expend request is utilizing available funds.
- B. Does this transfer involve continuing programs or one-time projects?
This transfer is for continuing programs.
- C. Is this transfer required to maintain existing program levels or will it increase the program level?
This transfer is required to maintain existing program levels.
- D. Cite any requirements which make this program mandatory.
Social Security Act: 1903(a) and 42 Code of Federal Regulations (CFR) 433.111.
- E. Identify the source of funds on all accounts listed on this transfer.
047-7948 is 52% federal funds, 48% general funds;
095-5952 is 58% federal funds, 42% general funds.
- F. Will there be any effect on revenue if this transfer is not approved?
No.
- G. Are funds expected to lapse if this transfer is not approved?
Yes, the funds will lapse at the end of SFY 2019.
- H. Are personnel services involved?
No positions are being transferred as a result of this request.

Geographic area served: Statewide

Respectfully submitted,


Kerrin A. Rounds
Chief Financial Officer

Approved by:


Jeffrey A. Meyers
Commissioner