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

Jeffrey A. Meyers
Commissioner

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Kerrin A. Rounds
Chief Financial Officer

May 22, 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

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 \$3,500,000 effective upon approval by the Fiscal Committee and Governor and Council through June 30, 2018, and further authorize the allocation of these funds in the accounts below. 100% Other Funds (Drug Rebate Revenue).

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

CLASS / OBJ	CLASS TITLE	Current Authorized Budget	This Request	Adjusted Budget
000-403978	Federal Funds	\$360,656,644		\$360,656,644
005-402201	Agency Income: Medicaid Enhancement - Local	\$152,833,504		\$152,833,504
007-407145	Agency Income Drug Rebates	\$21,500,000	\$3,500,000	\$25,000,000
009-406848	Agency Income MEAD	\$149,200		\$149,200
	General Fund	\$174,758,196		\$174,758,196
	Total Revenue	\$709,897,544	\$3,500,000	\$713,397,544
041-500801	Audit Set Aside	\$350,457	\$0	\$350,457
101-500729	Medical Payments to Providers	\$709,547,087	\$3,500,000	\$713,047,087
	Total Expense	\$709,897,544	\$3,500,000	\$713,397,544

#2 - Pursuant to the provisions of RSA 9:16-a, Transfers Authorized, authorize the Department of Health and Human Services, Office of Medicaid Business and Policy to transfer general funds in the amount of \$3,500,000 effective upon approval by the Fiscal Committee and Governor and Council through June 30, 2018, and further authorize the allocation of these funds in the accounts below.

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

CLASS / OBJ	CLASS TITLE	Current Authorized Budget	This Request	Adjusted Budget
000-403978	Federal Funds	\$360,656,644		\$360,656,644
005-402201	Agency Income: Medicaid Enhancement - Local	\$152,833,504		\$152,833,504
007-407145	Agency Income Drug Rebates	\$25,000,000		\$25,000,000
009-406848	Agency Income MEAD	\$149,200		\$149,200
	General Fund	\$174,758,196	(\$3,500,000)	\$171,258,196
	Total Revenue	\$713,397,544	(\$3,500,000)	\$709,897,544
041-500801	Audit Set Aside	\$350,457	\$0	\$350,457
101-500729	Medical Payments to Providers	\$713,047,087	(\$3,500,000)	\$709,547,087
	Total Expense	\$713,397,544	(\$3,500,000)	\$709,897,544

05-95-47-470010-7939 HEALTH & SOCIAL SERVICES, HEALTH & HUMAN SVCS DEPT OF HHS: MEDICAID & BUS POLICY OFC, OFF. OF MEDICAID & BUS. POLICY STATE PHASE DOWN

CLASS / OBJ	CLASS TITLE	Current Authorized Budget	This Request	Adjusted Budget
	General Funds	\$43,907,676	\$3,500,000	\$47,407,676
	Total Revenue	\$43,907,676	\$3,500,000	\$47,407,676
503-500892	State Phase Down	\$43,907,676	\$3,500,000	\$47,407,676
	Total Expense	\$43,907,676	\$3,500,000	\$47,407,676

EXPLANATION

The Department is requesting to (i) accept additional agency income drug rebate revenue in the Medicaid program and (ii) transfer general funds from Medicaid to the State Phase Down account.

The Department seeks to utilize additional agency income drug rebate revenue to lapse at year end to meet the Department's lapse target amount. 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 Department requests to transfer the general funds from 79480000 Medicaid Care Management as the account contains a budget footnote *F. This appropriation shall not lapse until June 30, 2019.* The general funds are requested to be transferred to the State Phase Down 79390000 accounting unit where the general funds will lapse at state fiscal year end.

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:

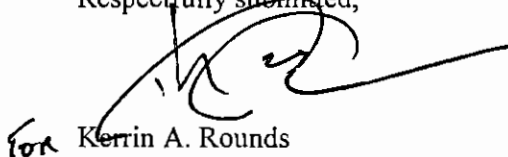
- A. Justification: As noted above, this accept and expend request is utilizing available agency income drug rebate revenue to help satisfy the Department's state fiscal year end lapse target.
- B. Does this transfer involve continuing programs or one-time projects?
This transfer involves the acceptance of additional agency income drug rebate and transferring the general funds surplus from 79480000 Medicaid Care Management, a non-lapsing account to the 79390000 State Phase Down which is a lapsing 100% general funded account.
- C. Is this transfer required to maintain existing program levels or will it increase the program level?
This transfer is required to lapse surplus general funds at state fiscal year end.
- D. Cite any requirements which make this program mandatory.
The programs of the Department are mandated by various state and federal laws.
- E. Identify the source of funds on all accounts listed on this transfer.
047-7948 is 50.8% federal, 24.6% general and 24.6% other funds;
047-7939 is 100% general funds
- F. Will there be any effect on revenue if this transfer is not approved?
Yes, the surplus funds currently reside in a non-lapsing account. If this transfer is not approved, the surplus general funds would be carried forward into state fiscal year 2019 and would not lapse.
- G. Are funds expected to lapse if this transfer is not approved?
If this transfer is not approved, the surplus general funds would be carried forward into state fiscal year 2019 and would not lapse.

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H. Are personnel services involved?
No positions are being transferred as a result of this request.

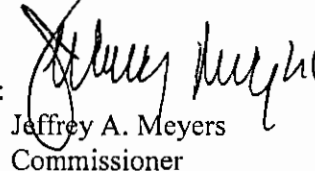
Geographic area served: Statewide

Respectfully submitted,



for Kerrin A. Rounds
Chief Financial Officer

Approved by:


Jeffrey A. Meyers
Commissioner