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

Jeffrey A. Meyers
Commissioner

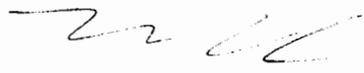
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Kerrin A. Rounds
Chief Financial Officer

March 28, 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


Approved by Fiscal Committee 4/2/18
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 \$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 account 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 / OBJECT	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	\$18,000,000	\$3,500,000	\$21,500,000
009-406848	Agency Income MEAD	\$149,200		\$149,200
	General Fund	\$178,258,196		\$178,258,196
	Total Revenue	\$709,897,544	\$3,500,000	\$713,397,544
041-500801	Audit Set Aside	\$350,457		\$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 Services 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. 100% General Funds.

**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 / OBJECT	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		\$21,500,000
009-406848	Agency Income MEAD	\$149,200		\$149,200
	General Fund	\$178,258,196	(\$3,500,000)	\$174,758,196
	Total Revenue	\$713,397,544	(\$3,500,000)	\$709,897,544
041-500801	Audit Set Aside	\$350,457		\$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 AND SOCIAL SERVICES, HEALTH AND HUMAN SVCS DEPT OF HHS: MEDICAID & BUS POLICY OFC, OFF. OF MEDICAID & BUS. POLICY STATE PHASE DOWN

Class/ Object	Class Title	Current Authorized Budget	This Request	Adjusted Budget
010-79390000	General Funds	\$41,407,676	\$2,500,000	\$43,907,676
	Total Revenue	\$41,407,676	\$2,500,000	\$43,907,676
503-500892	State Phase Down	\$41,407,676	\$2,500,000	\$43,907,676
	Total Expense	\$41,407,676	\$2,500,000	\$43,907,676

**05-95-47-470010-3413 HEALTH AND SOCIAL SERVICES, HEALTH AND HUMAN SVCS DEPT OF
 HHS: MEDICAID & BUS POLICY OFC, OFF. OF MEDICAID & BUS. POLICY, CFI & NURSING HOME SVS**

CLASS /OBJECT	CLASS TITLE	Current Authorized Budget	This Request	Adjusted Budget
000-404362	Federal Funds - Nursing Homes	\$208,653,733		\$208,653,733
005-403011	Local Nursing	\$112,572,999		\$112,572,999
005-403399	County Proshare	\$28,390,969		\$28,390,969
007-402241	Agency MQIP	\$45,897,057		\$45,897,057
	General Fund	\$21,679,351	\$750,000	\$22,429,351
	Total Revenue	\$417,194,107	\$750,000	\$417,944,107
040-500800	Indirect Costs	\$128,395		\$128,395
041-500801	Audit Set Aside	\$211,277		\$211,277
101-500729	Medical Payments to Providers	\$8,653,469		\$8,653,469
504-500893	Nursing Home Payments	\$195,874,668		\$195,874,668
505-500894	Mid Level Care Svs	\$10,709,035		\$10,709,035
506-500895	Home Support Waiver Svs	\$40,967,988	\$750,000	\$41,717,988
509-500897	Other Nursing Svs	\$4,457,161		\$4,457,161
514-500356	Proshare	\$56,781,937		\$56,781,937
516-500358	Medicaid Quality Incentive	\$91,890,389		\$91,890,389
529-500370	Home Health Care Waiver Svs	\$7,419,788		\$7,419,788
073-509074	Contracts - Grants not Federal	\$100,000		\$100,000
	Total Expense	\$417,194,107	\$750,000	\$417,944,107

**05-95-092-920510-3384 HEALTH AND SOCIAL SERVICES, HEALTH AND HUMAN SVCS DEPT HHS:
 BEHAVIORAL HEALTH DIV, BUREAU OF DRUG & ALCOHOL SVCS, CLINICAL SERVICES**

Class/Object	Class Title	Current Authorized Budget	This Request	Adjusted Budget
000-404600	Federal Funds	\$12,789,613	\$0	\$12,789,613
003-407315	Revolving Fund	(\$146,523)	\$0	(\$146,523)
007-403412	Agency Income	\$69,641	\$0	\$69,641
009-407360	Agency Income	\$3,692,572	\$0	\$3,692,572
	General Fund	\$3,269,672	\$250,000	\$3,519,672
	Total Revenue	\$19,674,975	\$250,000	\$19,924,975
010-500100	Personal Services-Perm Classified	\$337,479	\$0	\$337,479
020-500200	Current Expenses	\$7,449	\$0	\$7,449
026-500251	Organizational Dues	\$12,000	\$0	\$12,000
030-500321	Equipment	\$501	\$0	\$501
039-500188	Telecommunications	\$23	\$0	\$23
040-500800	Indirect Costs	\$125,000	\$0	\$125,000
041-500801	Audit Fund Set Aside	\$6,889	\$0	\$6,889
042-500620	Additional Fringe Benefits	\$30,563	\$0	\$30,563
050-500109	Personal Service-Temp	\$1	\$0	\$1
060-500602	Benefits	\$193,201	\$0	\$193,201
070-500704	In State Travel Reimbursement	\$2,500	\$0	\$2,500
080-500713	Out of State Travel	\$2,500	\$0	\$2,500
102-500734	Contracts for Program Services	\$15,264,297	\$250,000	\$15,514,297
	Total Expense	\$15,982,403	\$250,000	\$16,232,403

* Agency Income \$3,692,572 is related to a prior accounting unit for the former Multiple Offender Program carried from prior years.

#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 \$750,750 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% Federal Funds.

**05-95-47-470010-3413 HEALTH AND SOCIAL SERVICES, HEALTH AND HUMAN SVCS DEPT OF
 HHS: MEDICAID & BUS POLICY OFC, OFF. OF MEDICAID & BUS. POLICY, CFI & NURSING HOME SVS**

CLASS /OBJECT	CLASS TITLE	Current Authorized Budget	This Request	Adjusted Budget
000-404362	Federal Funds - Nursing Homes	\$208,653,733	\$750,750	\$209,404,483
005-403011	Local Nursing	\$112,572,999		\$112,572,999
005-403399	County Proshare	\$28,390,969		\$28,390,969
007-402241	Agency MQIP	\$45,897,057		\$45,897,057
	General Fund	\$22,429,351		\$22,429,351
	Total Revenue	\$417,944,107	\$750,750	\$418,694,857
040-500800	Indirect Costs	\$128,395		\$128,395
041-500801	Audit Set Aside	\$211,277	\$750	\$212,027
101-500729	Medical Payments to Providers	\$8,653,469		\$8,653,469
504-500893	Nursing Home Payments	\$195,874,668		\$195,874,668
505-500894	Mid Level Care Svs	\$10,709,035		\$10,709,035
506-500895	Home Support Waiver Svs	\$41,717,988	\$750,000	\$42,467,988
509-500897	Other Nursing Svs	\$4,457,161		\$4,457,161
514-500356	Proshare	\$56,781,937		\$56,781,937
516-500358	Medicaid Quality Incentive	\$91,890,389		\$91,890,389
529-500370	Home Health Care Waiver Svs	\$7,419,788		\$7,419,788
073-509074	Contracts - Grants not Federal	\$100,000		\$100,000
	Total Expense	\$417,944,107	\$750,750	\$418,694,857

EXPLANATION

The Department is requesting to (i) accept additional agency income drug rebate revenue in the Medicaid program, (ii) transfer general funds from Medicaid to the State Phase Down account; Choices for Independence / Nursing Home Services account and the Bureau of Drug and Alcohol Services, Clinic Services and (iii) accept federal funds into the Office of Medicaid Services to match the transferred general fund in the Choices for Independence / Nursing Home Services account.

The Department seeks to utilize additional drug rebate revenue not budgeted to address program shortfalls. 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 general funds to address a shortfall in the State Phase Down Account 79390000. Funds are needed due to a larger than budgeted increase in enrollment and Part-D premium rate, which is set by the Centers for Medicare and Medicaid Services. When budgeting for SFY 2018, the Office of Medicaid Services had used the budgeted amount for SFY 2017 as its base. However, during SFY 2017, the Office of Medicaid Services had received a Supplemental Appropriation for State Phase Down Contribution due to increases in premiums and enrollment. This Supplemental Appropriation amount was not included in the base calculation for the SFY 2018 budget.

The Department requests to transfer general funds and accept matching federal funds for the Choice for Independence and Nursing Homes. Class 506 Home Support Waiver Services are individually pre-authorized by the Department to meet identified pre-approved clinical needs and are available on a statewide basis. Home Support services are provided in private homes by approved agencies. There has been an estimated 20% growth in clients compared to budgeted projections resulting in a projected deficit. Expense elevation is most notable in Personal Care and Case Management.

The Department requests to transfer general funds for contract payments for opioid treatment services. As the State continues to respond to the opioid crisis, demand for services has increased. Treatment providers have been billing at a higher rate than anticipated. Additional contract funding will allow services to continue to be provided without creating contract shortfalls. In March, Hope for New Hampshire Recovery closed two of its five peer recovery support centers. \$250,000 of this transfer will be used to support services in the City of Concord and the City of Claremont.

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 surplus drug rebates to resolve projected general fund deficits in the State Phasedown Contribution account; Choice for Independence (CFI) and Nursing Homes class lines and for contract payments for opioid treatment services.
- B. Does this transfer involve continuing programs or one-time projects?
This transfer involves 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.
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 funds, 25.5% general funds and 23.7% other funds;
047-7939 is 100% general funds;
047-3413 is 50% federal funds; 50% general funds;
092-3384 is 80% federal; 20% general funds
- F. Will there be any effect on revenue if this transfer is not approved?
Yes as there would be a surplus in drug rebate agency income.
- G. Are funds expected to lapse if this transfer is not approved?
The drug rebates agency income in excess of budget would lapse if not transferred to cover the short-falls.
- 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