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STATE OF NEW HAMPSHIRE
DEPARTMENT OF HEALTH AND HUMAN SERVICES
DIVISION OF MEDICAID SERVICES

Jeffrey A. Meyers
Commissioner

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April 11, 2019

The Honorable Mary Jane Wallner, Chairman
Fiscal Committee of the General Court
State House
Concord, NH 03301

[Signature]
Approved by Fiscal Committee Date:

His Excellency, Governor Christopher T. Sununu
and the Honorable Council
State House
Concord, NH 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 \$1,500,000 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 MANAGENT

CLASS OBJ	CLASS TITLE	Current Modified Budget	Increase (Decrease) Amount	Revised Modified Budget
000-403978	Federal Funds	\$395,039,835		\$395,039,835
005-402201	Agency Income: Medicaid Enhancement - Local	\$160,458,667		\$160,458,667
007-407145	Agency Income Drug Rebates	\$9,975,273	\$1,500,000	\$11,475,273
009-406848	Agency Income MEAD	\$112,338		\$112,338
	General Fund	\$197,295,077		\$197,295,077
	Total Revenue	\$762,881,191	\$1,500,000	\$764,381,191
041-500801	Audit Set Aside	\$360,650		\$360,650
101-500729	Medical Payments to Providers	\$762,520,541	\$1,500,000	\$764,020,541
	Total Expense	\$762,881,191	\$1,500,000	\$764,381,191

#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 \$1,500,000 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 MANAGENT

CLASS OBJ	CLASS TITLE	Current Modified Budget	Increase (Decrease) Amount	Revised Modified Budget
000-403978	Federal Funds	\$395,039,835		\$395,039,835
005-402201	Agency Income: Medicaid Enhancement - Local	\$160,458,667		\$160,458,667
007-407145	Agency Income Drug Rebates	\$11,475,273		\$11,475,273
009-406848	Agency Income MEAD	\$112,338.00		\$112,338
	General Fund	\$197,295,077	(\$1,500,000)	\$195,795,077
	Total Revenue	\$764,381,191	(\$1,500,000)	\$762,881,191
041-500801	Audit Set Aside	\$360,650		\$360,650.00
101-500729	Medical Payments to Providers	\$764,020,541	(\$1,500,000)	\$762,520,541
	Total Expense	\$764,381,191	(\$1,500,000)	\$762,881,191

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 OBJ	CLASS TITLE	Current Modified Budget	Increase (Decrease) Amount	Revised Modified Budget
	General Funds	\$42,407,676	\$1,500,000	\$43,907,676
	Total Revenue	\$42,407,676	\$1,500,000	\$43,907,676
503-500892	State Phase Down	\$42,407,676	\$1,500,000	\$43,907,676
	Total Expense	\$42,407,676	\$1,500,000	\$43,907,676

EXPLANATION

The Department is requesting to (i) accept additional agency income drug rebate revenue in the Medicaid program, (ii) transfer general funds from Medicaid Care Management to the State Phase Down account. 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 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 2019, 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 2019 budget.

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;
- B. Does this transfer involve continuing programs or one-time projects?

This transfer involves a continuing program.

- 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 51.8% federal funds, 25.9% general funds and 22.3% other funds;
047-7939 is 100% 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,



Jeffrey A. Meyers
Commissioner