



State of New Hampshire

DEPARTMENT OF HEALTH AND HUMAN SERVICES

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JEFFREY A. MEYERS
COMMISSIONER

April 19, 2017

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

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

REQUESTED ACTION

Requested Action 1: Pursuant to the provisions of Chapter 276:143, Laws of 2015, authorize the Department of Health and Human Services to transfer general funds in the amount of \$3,000,000, in the Department of Health and Human Services. The transfers and adjustments are summarized below and detailed in the attached worksheets, effective upon approval of the Fiscal Committee and the Governor and Executive Council through June 30, 2017.

From: Other Non-Salary and Benefit Account

Choices for Independence: Home Health Services
Elderly Medicaid Medical Payments to Providers

General Funds

\$1,000,000
\$2,000,000
\$3,000,000

To: Other Non-Salary and Benefit Account

Mid-Level Assisted Living
Home Support Services
Long Term Care Case Management
Office of Medicaid Business and Policy: Provider Payments

General Funds

\$400,000
\$1,100,000
\$150,000
\$1,350,000
\$3,000,000

Requested Action 2: Pursuant to RSA 14:30-a, VI, Additional Revenue, authorize the Department of Health and Human Services to accept and expend additional drug rebate revenue in the amount of \$5,244,464 and accept and expend the additional matching federal funds from the United States Department of Health and Human Services, Centers for Medicare and Medicaid Services, in the amount of \$5,249,708 effective upon approval of the Fiscal Committee and the Governor and Executive Council through June 30, 2017, and 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	Increase / (Decrease)	Revised Modified Budget
010-79480000-403978-000	Federal Funds	\$336,264,156	\$5,249,708	\$341,513,864
010-79480000-402201-005	Agency Income: Medicaid Enhancement - Local	\$133,023,046	\$0	\$133,023,046
010-79480000-407145-007	Agency Income Drug Rebates	\$15,847,880	\$5,244,464	\$21,092,344
010-79480000-406848-009	Agency Income MEAD	\$135,576	\$0	\$135,576
010-79480000	General Fund	\$165,401,969	\$0	\$165,401,969
	Total Revenue	\$650,672,626	\$10,494,172	\$661,166,798
041-500801	Audit Set Aside	\$416,597	\$5,244	\$421,841
101-500729	Medical Payments to Providers	\$650,247,676	\$10,488,928	\$660,736,604
102-500731	Contracts for Program Services	\$8,353	\$0	\$8,353
	Total Expense	\$650,672,626	\$10,494,172	\$661,166,798

EXPLANATION

Requested Action 1: The Department of Health and Human Services is requesting authorization to transfer funds between various class lines in order to address shortfalls with anticipated surpluses within the Department's authorized budget. Based upon review of year to date expenditures and caseload patterns, the Choices for Independence (CFI) accounts for mid-level and home support services require additional funds. Accounts where expected expenditures are tracking below budget (Choices for Independence Home Health and Elderly Medicaid Medical Payments to Providers), surplus funds are being used to transfer to cover the anticipated shortfall. The Medicaid Provider Payments account requires additional funds, due to budget assumptions that are not anticipated to be realized for the State fiscal year ending June 30, 2017. Surplus funds are being transferred to cover a portion of the anticipated shortfall.

Appendix A, to the letter, includes a summary table by division for transfers from accounts and to accounts.

Appendix B, to this letter, contains narratives by division and account describing why shortfalls and/or surpluses have or are expected to occur.

Appendix C, to this letter, contains the detailed accounting information to support the transfer.

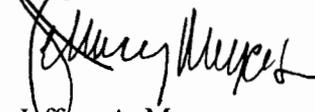
The following is the information specifically required when transfers are requested, in accordance with the Budget Officer's instructional memorandum dated April 17, 1985, to support the above requested actions:

- A. Justification:
See the attached Appendix B for justification of the availability of funds and required additional funds.
- 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.
See Appendix C for the source of funds for all accounts.
- 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?
Funds that are in excess of the budget would lapse if not transferred to cover shortfalls.
- H. Are personnel services involved?
No positions are being transferred as a result of this request.

Requested Action 2: The Department of Health and Human Services is requesting authorization to accept and expend additional drug rebate revenue and the additional matching federal funds from the United States Department of Health and Human Services, Centers for Medicare and Medicaid Services, in order to address the Medicaid Provider Payment shortfall. Based upon review of year to date expenditures, available revenues and caseload patterns, the Medicaid Provider Payments account requires additional funds, due to budget assumptions that are not anticipated to be realized for the State fiscal year ending June 30, 2017. This Requested Action provides for an additional \$5.2 million to address the Medicaid short-fall. This is in addition to the \$24 million that was transferred into the Medicaid account approved by Fiscal Committee on April 14, 2017, and by the Governor and Executive Council on April 19, 2017.

Respectfully submitted,



Jeffrey A. Meyers
Commissioner

Attachments:

- Appendix A Summary of Transfers
- Appendix B Narratives
- Appendix C Detail Accounting Spreadsheets

	A	B	C	D	E	F	G
1	APPENDIX A						
2							
3	All Accounts	Account	General Funds Only			Net	Account
4		From	From	To	Net	FF/Oth	To
5	Bureau of Elderly & Adult Services	Various Accounts	(\$3,000,000)	\$1,650,000	(\$1,350,000)	(\$1,351,350)	Various
6	Office of Medicaid Busines & Policy	010 047 79480000	\$0	\$1,350,000	\$1,350,000	\$1,351,350	
7	Total Department of Health and Human Services		(\$3,000,000)	\$3,000,000	\$0	\$0	
8							
9				Net Federal Funds		\$0	\$0
10				Net Other Funds		\$0	\$0
11						\$0	\$0

	A	B	C
1			
2			
3			
4	From: (Various Accounts):	Account	Amount
5	Bureau of Elderly & Adult Services	Various	(\$3,000,000)
6	Office of Medicaid Business & Policy	010 047 79480000	\$0
7	Total Department of Health and Human Services		(\$3,000,000)
8			
9	To: (Various Accounts):	Account	Amount
10	Bureau of Elderly & Adult Services	Various	\$1,650,000
11	Office of Medicaid Business & Policy	010 047 79480000	\$1,350,000
12	Total Department of Health and Human Services		\$3,000,000

BUREAU OF ELDERLY & ADULT SERVICES
05-95-048-481510-59420000 Nursing Services – County Participation

Funding in this organization represents costs associated with providing long term care services for the elderly and adults with disabilities. These services include: Nursing Homes, Mid-level Care, Home Support Waiver Services and Home Health Care Waiver Services. Funds are needed as follows:

- Class 505 (Mid-Level Care Expenses): While actual client counts are averaging about 8% below budget projections, the actual costs per client have been averaging about 16% higher than budgeted per capita costs, resulting in a projected deficit.
- Class 506 (Elderly Adult Support Services - Home Support Waiver Services): There has been a 1.75% client increase compared to budgeted projections combined with the increase in costs per client averaging 3.75% higher than budgeted per capita costs, resulting in a projected deficit.
- Class 506 (Elderly Adult Support Services - Case Management): While actual client counts are averaging about 8.5% below budget projections, the actual costs per client have been averaging about 15% higher than per capita costs, resulting in a projected deficit.

Funds to satisfy the above projected deficits are available in Class 529 (Home Health Services). Costs per client in this category have been averaging about 22.7% below the budgeted per capita costs, resulting in projected available funds.

This transfer accepts the Class 041 (Audit set-aside) federal funds required (0.1% of estimated federal revenue) to pay for financial and compliance audit.

Source of Funds: Class 041 (Audit Set-Aside) 100% Federal Funds; Class 505 (Mid-Level Care Expenses) 50% Federal Funds / 50% General; Class 506 (Elderly Adult Support Services) 50% Federal Funds / 50% General; Class 529 (Home Health Services) 50% Federal Funds / 50% General

05-95-048-481500-61730000
Nursing Services

Funding in this organization represents Medicaid Provider payments associated with providing care for the elderly and adults with disabilities. Funds are available in Class 101 (Medical Payments to Providers). Due to the implementation of Care Management, these costs are now paid from a single Department wide Medicaid account. This transfer request is to move the surplus funds to cover the deficits in the Nursing Services in accounting unit 5942 and in the Medicaid Provider Payment accounting unit 7948.

This transfer moves the Class 041 (Audit Set-Aside) federal funds required (0.1% of estimated federal revenue) to pay for financial and compliance audit.

Source of Funds: Class 041 (Audit Set-aside) 100% Federal Funds; Class 101 (Medical Payments to Provider) 50% Federal Funds / 50% General Funds

05-95-047-470010-79480000

Medicaid Care Management

Funding in this account represents costs associated with Medicaid Care Management capitation payments and Fee-For-Service provider payments for clients enrolled in New Hampshire's Medicaid program.

As of the end of February, the Medicaid deficit is estimated at approximately \$50 million and this transfer moves funds to help off-set some of this shortfall. The Medicaid budget in SFY 2017 continues to be strained by the caseload assumptions made in the current budget, as well as actuarially required increases to the managed care capitated per member per month rates that were not budgeted. Specifically, the current budget projects an additional decrease in Medicaid caseloads in SFY17 at another 2%, in addition to the 2% expected from SFY 2016. It does not appear that caseloads will decrease enough to cover the cumulative impact of the SFY 2016 and SFY 2017 reduction. The rates for the managed care program as determined by the actuary have increased slightly again for SFY 2017. The composite average per member per month rate has increased since 2015 from \$331.00 to \$349.00. The MCO rates that were approved by the Governor and Executive Council in June 2016 will be in effect for SFY 2017. Rates are determined on an annual (fiscal year) basis.

Funds are available in the Nursing Services accounting unit 6173 Class 101 (Medical Payments to Providers). Due to the implementation of Care Management, these costs are now paid from the Department wide Medicaid account.

Source of Funds: Class 041 (Audit Set-Aside) 100% Federal Funds; Class 101 (Medical Payments to Providers) 50% Federal Funds; 50% General Funds

