



New Hampshire Department of Health and Human Services DHHS Budget Presentation

April 20, 2015

Senate Finance Committee

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Agenda

- Objective
 - Budget overview as transition from House to Senate
- Overview of budget materials
- Discussion on key issues
 - Setting the Context for Budget Development
 - Review of SFY 16/17 Budget Request
 - Review of challenges and Initiatives
- Questions and answers
- Next Steps



Executive Summary

- The Department has and continues to face unprecedented challenges to fulfilling our core mission.
- These challenges and the demands on DHHS along with the realities of the external environment require a rethinking of how we do things.
- DHHS is responding with a dual agenda:
 - focus on achieving greater efficiency and effectiveness in core operations
 - while driving a set of transformative initiatives that define how we deal with the new realities.
- Central to our future is to focus on the whole person and improving the health of the population.
- Budget projections are challenging every year, but this year with the level of changes to our Medicaid business model will make the effort more challenging
 - Rate development for the Medicaid Care Management program is a work in progress
- Alignment between State Health Improvement Program and the Medicaid Care Management program that will drive improved health for all citizens
- We have prepared a budget book which has details and all presentations included
- Impact statements have also been developed and will be presented by the appropriate agency.



SFY 16/17 Budget Overview

Budget Summary



SFY 16/17 Budget

- Summary of request in \$'000's in General Funds
 - SFY 14 Actual \$533,512
 - SFY 15 Adjusted Authorized \$574,255
 - Carry Forward of \$39,648 for base of \$613,903
 - SFY 16 House Proposed \$604,877
 - Governor's budget \$649,215
 - SFY 17 House Proposed \$590,255
 - Governor's budget \$664,900
- The Department received additional funds, but we needed to cover 3 non-discretionary areas which then required significant reductions elsewhere. These included:
 - \$80M Medicaid Enhancement Tax
 - \$30M Additions from those deemed eligible using Modified Adjusted Gross Income (MAGI)
 - \$25M for Community Mental Health Agreement (CMHA)
- House eliminated all aspects of the NH Health Protection Program including service costs and operational costs to fully implement the requirements of SB 413
- See detailed spreadsheets attached.



SFY 16/17 Budget Progression from Agency to House

GENERAL FUNDS ONLY

Amounts in '000s

Budget pages House HB1

Agency Name	Actual SFY 14	Adjusted Authorized SFY 15	Carry Forward	Transfers Medicaid medical ** SFY15	Revised SFY15	Agency Total Request		Governor's Recommended		House Recommended		Changes over Prior Year			
						SFY 16	SFY17	SFY 16	SFY 17	SFY 16	SFY 17	Revised SFY 15 vs. House	% change	House SFY 16 vs. House 17	% change
625 42 Human Services (DCFY, SYSC) (1)	72,493	80,233			80,233	84,913	86,653	77,907	78,894	75,907	76,894	(4,326)	-5.4%	987	1.3%
635 45 Div Family Asst & Div Client Svs	39,713	48,651			48,651	50,275	51,454	46,187	46,749	46,187	45,773	(2,464)	-5.1%	(414)	-0.9%
639 47 Medicaid	113,051	49,740	39,648	82,221	171,609	310,346	305,044	206,231	206,485	200,056	182,523	28,447	16.6%	(17,533)	-8.8%
654 48 Elderly & Adult Svs	63,727	76,191		(29,037)	47,154	61,976	59,238	46,850	47,759	27,393	25,167	(19,761)	-41.9%	(2,226)	-8.1%
Community Based Care Services:															
660 49 BIP and Drug & Alcohol	4,147	6,142			6,142	16,350	12,821	7,292	9,366	5,291	5,366	(851)	-13.9%	75	1.4%
708 90 Public Health	13,457	17,786			17,786	19,175	19,344	15,773	15,958	15,719	15,957	(2,067)	-11.6%	238	1.5%
711 91 Glenclyff Home	6,174	7,139			7,139	8,052	8,165	7,262	7,427	7,262	7,427	123	1.7%	165	2.3%
721 92 Behavioral Health	41,755	73,024		(53,184)	19,840	31,504	33,471	21,818	25,285	20,317	23,785	477	2.4%	3,468	17.1%
732 93 Developmental Svs	117,951	148,853			148,853	156,932	167,455	143,619	149,498	132,619	130,133	(16,234)	-10.9%	(2,486)	-1.9%
740 94 NHH (2)	21,234	23,314			23,314	27,266	28,206	26,752	27,681	24,852	27,681	1,538	6.6%	2,829	11.4%
756 95 Commissioner (3)	39,810	43,182			43,182	54,703	54,917	49,524	49,798	49,274	49,549	6,092	14.1%	275	0.6%
TOTALS	533,512	574,255	39,648	-	613,903	821,492	826,768	649,215	664,900	604,877	590,255	(9,026)	-1.5%	(14,622)	-2.4%

1. Does not include additional HB 2 reductions of \$3.5 M in General Funds per year from SYSC
 2. Does not include additional HB 2 reductions of \$1 M in General Funds per year from NHH (nurse positions)
 3. Does not include additional HB 2 reductions of \$1 M in General Funds per year for DO consolidations
- ** Medicaid medical related expenses were previously reported and budgeted in separate agencies and are now combined in Agency 47



Reconciliation from Agency Budget to Governor's Recommended

Amounts in '000s

GENERAL FUNDS

	SFY16	SFY17
DHHS TOTAL AGENCY REQUEST	821,492	826,768
Reductions		
Child Develop-Transfer of \$1.8M in TANF funds to cover the rate increases	(\$1,800)	(\$1,800)
Child Protection-Eliminate rate increases	(\$1,804)	(\$1,905)
SYSC-Changes to Personnel Assumptions	(\$1,691)	(\$1,849)
Various Reductions Administrative Accounts	(\$262)	(\$339)
Implment fee to non-tanf clients for Admin on Child Support checks		\$439
ADD funding for Domestic Violence		\$100
Total 042 Human Services	(\$5,557)	(\$5,354)
Operations APD increase in Federal Funds	(\$2,000)	(\$2,000)
Various Reductions Administrative Accounts	(\$1,021)	(\$862)
Changes to Caseload assumptions	(\$227)	(\$491)
Total 045 DFA and Client Services	(\$3,248)	(\$3,353)
State Phase down Rebased caseload growth with updated enrollment projections.	(\$1,500)	(\$1,500)
CHIP enhanced FMAP at 88% (assumes reauthorization)	(\$8,335)	(\$10,248)
Various Reductions Administrative Accounts	(\$2,345)	(\$2,470)
MET revision	(\$4,500)	(\$8,500)
Change 6.5% case load for SFY15 and then drop SFY16 and 17 by -1.4% AND remove cost per client increases	(\$13,677)	(\$29,029)
Change 6.5% case load for SFY15 to 5.5% based upon actual growth seen in last 6 months	(\$3,145)	(\$3,615)
Decrease Admin Load to MCOs by approx 2% in SFY16 and 1% in SFY17	(\$9,653)	(\$11,902)
Step 1 Mandatory no opt-out	(\$19,050)	(\$23,231)
Flat fund dental and Part A&B	(\$136)	(\$821)
Eliminate error in budgeting for LTC in OMBP & BEAS	(\$7,067)	(\$7,420)
BCCP savings - change eligibility and shift to Federal Exchange	(\$1,500)	(\$1,500)
Pregnant Women savings - change eligibility and shift to Federal Exchange	(\$1,700)	(\$1,700)
Eliminate Change Item for SUD benefit	(\$8,669)	(\$9,193)
Eliminate change item Reducing delay in payment to MCO 2 months to 1 month	(\$20,000)	
Eliminate change budget for chiro	(\$338)	(\$338)
ADD substance use disorder benefit to Medicaid		\$3,307
Savings from PDL (preferred drug list)	(\$12,500)	(\$12,500)
Lost revenue from drug rebates from change in PDL	\$10,000	\$10,000
ADD NHHPP 6 months state share		\$12,000
Total 047 Medicaid	(\$104,115)	(\$98,660)



Nursing Home-Reverse the change request.	(\$6,800)	(\$7,350)
Nursing Home-remove rate increases and revised caseload assumptions to .5% in SFY17 only	(\$1,008)	(\$2,826)
CFI SFY16: removed rate increases and revised caseload to 2.5% growth	(\$251)	(\$1,228)
Social Services-Reduction of inflation	(\$280)	(\$99)
Eliminate Change item to fund uncollectible county receivable	(\$6,075)	
Various Reductions Administrative Accounts	(\$72)	(\$94)
ADD funding for Crotched Mountain	\$250	\$250
Total 048 Elderly and Adult	(\$14,236)	(\$11,347)
Remove Change item-Fully Fund Gov Commission	(\$10,671)	(\$7,054)
ADD Funding to Governor's Commission	\$2,000	\$4,000
Total 049 Drug & Alcohol	(\$8,671)	(\$3,054)
TI HIV Care Boston EMA	(\$475)	(\$475)
Eliminate change item for Immunization registry	(\$300)	(\$300)
Eliminate change item for Nurse Investigator and Hepatitis Surveillance Coord.	(\$191)	(\$192)
Eliminate change item for Tobacco Quitline	(\$400)	(\$400)
Various Reductions Administrative Accounts	(\$178)	(\$128)
Reduce funding in CHC contracts	(\$1,000)	(\$1,000)
Reduce funding in Family Planning contracts	(\$100)	(\$100)
Reduction in Loan Repayment Program (2014 level)	(\$169)	(\$169)
Reduced to 2015 contract levels	(\$14)	(\$14)
Total 090 Public Health	(\$2,827)	(\$2,778)
Various Reductions Administrative Accounts	(\$378)	(\$309)
Equipment & Maintenance Accounts	(\$345)	(\$350)
Total 091 Glencliff	(\$723)	(\$659)
Remove Non CMHA change items	(\$4,816)	(\$2,326)
Eliminate APTRP in Maint budget	(\$675)	(\$675)
Eliminate residential beds in Maint Bud	(\$310)	(\$310)
Remove Non CMHA medicaid change items	(\$2,825)	(\$3,800)
Various Reductions Administrative Accounts	(\$6)	(\$7)
Remove 50% funding for emergency svcs	(\$750)	(\$750)
Total 092 Behavioral Health	(\$9,382)	(\$7,868)



Remove inflation, revise caseload assumptions, change staggered starts, use SFY14 actual cost/case				
		(\$12,461)		(\$17,430)
Reduce Family Support Funding		(\$617)		(\$223)
Various Reductions Administrative Accounts		(\$100)		(\$157)
Total 093 Developmental Services			(\$13,178)	(\$17,810)
Various Reductions Administrative Accounts		(\$331)		(\$287)
Total 094 NHH			(\$331)	(\$287)
Adjustments to OIS contracts		(\$1,212)		(\$1,225)
Reduce OIS to DoIT		(\$2,620)		(\$2,414)
Various Reductions Administrative Accounts		(\$380)		(\$384)
Total 095			(\$4,212)	(\$4,023)
Personnel Sal&Ben unfund and abolished positions			(\$5,000)	(\$5,500)
Replace 19 positions vacant to fund 9Temp conversion positions for NHHPP			(\$611)	(\$637)
Misc adjustments			(\$186)	(\$538)
TOTAL ADJUSTMENTS		(\$166,480)	(\$172,277)	(\$155,193)
Revised DHHS Budget			\$649,215	\$664,900
Governor's Recommended Budget			649,215	664,900



Department of Health and Human Services						
Detail House Reductions						
GENERAL FUNDS ONLY, dollars in '000s						
4/17/2015						
		SFY 14	SFY15	SFY 16	SFY 17	Total Reductions
Adjusted Authorized per budget book			574,255			
Medicaid Balance Forward			39,648			
Net SFY 15 Adjusted						
Agency Phase (Maint & Change)		533,512	613,903	821,492	826,768	
Governor Reductions				(172,277)	(161,868)	(334,145)
Governor Budget				649,215	664,900	
House Reductions						
Drug and Alcohol	Remove Gov Comm Drug & Alcohol			(2,000)	(4,000)	(6,000)
	Remove SUD for existing medicaid				(3,300)	(3,300)
SUBTOTAL Drug & Alcohol						(9,300)
Human Services	Remove 50% funding for Emergency Shelters			(2,000)	(2,000)	(4,000)
SUBTOTAL HUMAN SERVICES						(4,000)
NHHPP	Remove NHHPP services				(12,000)	(12,000)
	Remove NHHPP staffing				(850)	(850)
	Remove NHHPP contracts in agency 45 - maximus				(1,775)	(1,775)
	Remove HIPP contract for NHHPP clients			(1,600)	(800)	(2,400)
SUBTOTAL NHHPP						(17,025)
Medicaid	Change Caseload Assumptions Medicaid (-1.4 to -2 SFY15 and to -2.5% in SFY17)			(1,950)	(5,187)	(7,137)
	More aggressive savings from MCO PDL (this doubles the governor's savings)			(2,500)	(2,500)	(5,000)
	Restores BCCP				800	800
	Restores Preg. Women				800	800
SUBTOTAL MEDICAID						(10,537)



Behavioral Health	Reduces BBH Medicaid Low Utilizer from \$4000 to \$2000				(125)	(125)	(250)
	BBH - Reduce admin support				(1,500)	(1,500)	(3,000)
SUBTOTAL BEHAVIORAL HEALTH							(3,250)
Elderly and Adult Services	Eliminate all funding for servicelink				(1,358)	(1,358)	(2,716)
	Removes 50% funding for Elderly Social Services (meals, transportation, home health, etc)				(5,211)	(5,361)	(10,572)
	Remove add'l funding to Crotched Mountain				(250)	(250)	(500)
	Increase county cap (thereby reducing GF)				(3,200)	(3,200)	(6,400)
	Divert 25% NFQA from MQIP payments to fund LTC				(9,439)	(9,533)	(18,972)
	Nursing and CFI rates: HB2 to require surplus from SFY14 and future years to be rolled into rates						-
	Step 2 Savings Elderly					(2,890)	(2,890)
SUBTOTAL ELDERLY							(42,050)
Developmental Disabilities	BDS - remove all WL funds and merge waiver and non waiver services from all BDS accounts with an overall reduction of \$14m				(11,000)	(15,000)	(26,000)
	Step 2 Savings DD, ABD, I HS, Early Intervention					(4,365)	(4,365)
SUBTOTAL DEVELOPMENTAL							(30,365)
Public Health	Reduce CHC funding (this eliminates all increases previously given)				(1,000)	(1,000)	(2,000)
	Family Planning: No dollar impact, but HB2 removes reference that contract funds will be distributed equitably to providers						-
	Eliminate add'l fee proposal for Food Protection and replace with GF				945	999	1,944
SUBTOTAL PUBLIC HEALTH							(56)
Glenclyff	GH no changes						-
NHH	1 year delay opening 10 bed crisis unit at NHH				(1,900)		(1,900)
SUBTOTAL INSTITUTIONS							(1,900)
Misc	IT contract reduction				(250)	(250)	(500)
Total House Reductions from Gov Budget					(44,338)	(74,645)	(118,983)
House Budget HB1					604,877	590,255	
HB 2 Reductions	SYSC				(3,443)	(3,497)	
	DO consolidation				(1,000)	(1,000)	
	NHH nurse positions				(1,000)	(1,000)	
House Budget HB1 & HB2					599,434	584,758	



Setting the Context

Staffing Update

Key Challenges

Strategic Initiatives



Overview of Key Challenges

- Continue full implementation of Medicaid Care Management program to achieve our goals
- Increasingly complex populations that challenge where care can be best provided
- Demographics and impacts on long-term care system financing
- A mental health system that is strained and driving additional costs at all levels of government
 - Daily waiting list for admission into the New Hampshire Hospital
- An epidemic of drug and opioid use is challenging every level of government and communities
- Cybersecurity threatens all of State government and DHHS is no exception
- Accelerating need for changes to key information systems
 - Federal requirements
 - Changes to State programs
- Payment structures are not aligned with desired client and provider behaviors
 - Many provider networks are financially fragile and fragmented
- Department's workforce is aging and risk loss of significant program and operational knowledge

DHHS has a number of strategic initiatives to respond to each of these challenges



Key Challenges



Key Issues Impacting Budget Staffing

- Staffing update
 - 1/1/14: 2,897 authorized, 309 vacant, 10.6% vacant
 - 3/31/15: 2,981 authorized, 347 vacant, 11.7% vacant
 - 68 positions were added to address NH Health Protection Program eligibility
 - 93 of 2,981 authorized positions are Unclassified and of those, 18 are vacant
 - Since July 2011, DHHS has abolished 468 positions
 - Budget out of house eliminates funding for 160 additional positions, plus eliminates positions currently integral to NH HPP eligibility

Authorized	%	Organization
296	9.9%	Public Health, Drug and Alcohol
799	26.8%	Institutions: New Hampshire Hospital and Glenclyff Home
504	16.9%	Client Services and Family Assistance
841	28.3%	Human Services (DCYF, DCSS, HHS, OMHRA, BEAS/APS)
382	12.8%	Program Integrity, operations support, information and administrative services
159	5.3%	Medicaid enterprise



Key Issues

Caseloads

Caseload Assumptions

- Analysis by Ross Gittell reflects a caseload reduction in Medicaid of 1.4% per year.
- Budget projections from House increase that to 2% in SFY 16 and 2.5% in SFY 17 which, if do not materialize will cause shortfalls

MAGI

- We continue to monitor the impacts of the MAGI change.
- The caseloads and the mix have stabilized and in some cases, we are seeing a slight decline.
- We will be reviewing the estimates included in the budget to reflect changes.
- We have completed an analysis of our interactions with CMS and of their projections.



Key Issues Impacting Budget Operations Costs

NH Health Protection Program

- How to proceed with the operations of the HIPP and Bridge to Premium Assistance and the development of the Premium Assistance Program when all operations costs have been eliminated?
 - \$ for biennium
 - Exclusive of systems costs to implement the program

Cannabis Program

- Requirement to stand up the Therapeutic Use of Cannabis program but do not have an appropriation in SFY 15 and beyond. Program is to be self-funded, but licensing staff, systems and other operation costs will require offsets elsewhere in budget.



Key Issues

Care Management

Current Implementation

- Revising rates for the period beginning 7/1/2015, a work in progress.
- Change in the administration of the Preferred Drug List from DHHS to the MCOs

Step 2

- A three phased approach
 - Mandate all populations
 - Requires 1915b waiver
 - Choices for Independence
 - Requires 1915c waiver
 - Long-term care, nursing services
 - Long-term care the DD, ABD and IHS waivers
 - Both will require waiver
- Developing rate and payment models



Key Issues

Mental Illness and Complex Populations

Mental Health and SUD

- Each day, there is a waiting list into the NHH.
- The proposed budget delays by one year, the opening of the nearly completed 10-bed crisis unit.
- HB 2 requires the elimination of several nurses and supervisors which will reduce bed capacity and worsen the problem in the mental health system
- All substance use disorder services effectively eliminated including Governor's Commission on Alcohol
- Further impact from services available through the NH HPP
- Operational issues with pharmacy services from the MCOs to the Community Mental Health Centers

Complex Populations

- Lakeview program brought to light several critical issues including staffing, roles and gap in community based settings for those with DD, co-morbid psychiatric challenges, severe aggressive behaviors, and brain injuries.
- Closure of NHH neuropsych unit in November 2009 triggered rise in admissions to Lakeview
- Many challenges to developing long term alternative home and community based settings.
- Department is taking short, intermediate and long term actions
- Staffing increases for and evaluation of licensing unit in progress



Key Issues Innovations

Transformation Waiver

- DHHS is negotiating with CMS on the terms and funding under the 1115 waiver.
- Targeting final decision before June 30, 2015.
- Target areas are on the integration of mental health, substance abuse and primary care via use of innovative pilots and infrastructure development.
- Exploring potential to have certain expenses associated with the CMHA to be matched.

State Innovation Model and State Health Improvement Plan

- State Health Improvement Plan targets 10 areas which drive health care costs and outlines goals and strategies to reduce cost and improve health of population.
- State Innovation Model: received \$1.9 M in funding to plan for a redesign and reengineering of service delivery that drive greater integration

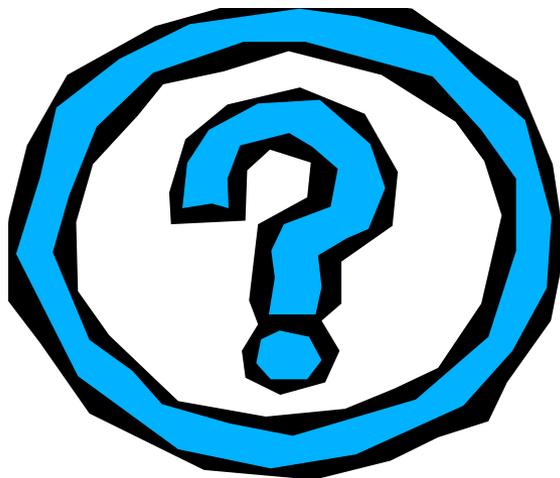


Summary of Key Initiatives

- Fully implement a managed care model for Medicaid
 - Implementation of Premium Assistance Program
 - Implementation of next phases of Substance Use Disorder benefit
 - Implementation of Step 2 Care Management in three phases
 - Mandate all populations into the program by 9/1/2015
 - Integrate the Choices for Independence waiver services by 1/1/2016
 - Integrate the long-term supports and services focused on the nursing home services by 1/1/2016
 - Integrate the long-term supports and services for those with intellectual and developmental disabilities by TBD
- Strengthen the Mental Health System
 - Continue to strengthen the mental health system infrastructure
 - Implementation of the Community Mental Health Agreement
 - 1115 Transformation Waiver
 - Re-engineering the New Hampshire Hospital admissions area and creating 10 crisis beds
- Redesign of the Organization
 - Centralize Client Services
 - Centralize long-term care eligibility-clinical and financial
- Systems
 - Certification of the Medicaid Management Information System
 - Implementation of ICD-10
 - Continued improvements to New Heights system
 - Increased focus on information security
- Improving the health of the population
 - Integration of the State Health Improvement Plan with Care Management and across all populations
 - Awarded grant to plan for regional health cooperatives to assess and improve health at the local level



Thank You



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