



State of New Hampshire

DEPARTMENT OF HEALTH AND HUMAN SERVICES

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JEFFREY A. MEYERS
COMMISSIONER

June 11, 2019

The Honorable Lou D'Allessandro
State House
107 North Main Street
Concord, New Hampshire 03301

The Honorable Mary Jane Wallner
Legislative Office Building, Room 210
107 North Main Street
Concord, New Hampshire 03301

Re: Medicaid Rate Increases, Section 392, House Bill 2

Dear Senator D'Allessandro and Representative Wallner:

In connection with the anticipated committee of conference on the State Fiscal Year 2020-21 budget, I wish to express the Department's concern over the methodology used for raising Medicaid rates as currently reflected in Section 392 of the Senate version of House Bill 2. The current methodology would cause redundant rate increases for some Medicaid services provided for elsewhere in the budget or in legislation already enacted this session and would more generally result in the inequitable allocation of rate increases across all Medicaid providers.

Section 392 provides for a flat rate increase for every Medicaid rate of 3.1% in SFY 2020 and an additional 3.1% in SFY 2021 for a cumulative increase of over 6% from current rates. Other than capping the rate increase for developmental disability services increased by 2.5% in the Department's budget, the Section 392 rate increases do not take into consideration multiple additional rate increases already reflected in the budget or provided for in other legislation.

Specifically, Section 400 of the Senate passed version of HB 2 appropriates monies that will effectively raise rates for designated receiving facility services by 100%. Section 398 of the Senate-passed version of HB 2 also includes \$5 million for the biennium for increases for inpatient and outpatient mental health and substance misuse disorder treatment rates. Both the House and Senate versions of House Bill 1, as passed this year, carry forward an 8% rate increase in the mental health fee schedule that the Department raised in SFY 2019.

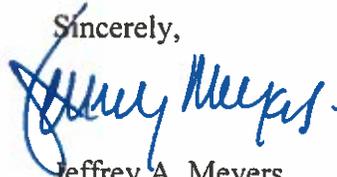
Moreover, the state's acute care hospitals will receive approximately \$13 million in rate increases in SFY 2020 under the terms of last year's legal settlement for distribution of Medicaid Enhancement Tax receipts. Section 392 does not take into account any of these rate increases, despite the fact that many providers of Medicaid services have not seen any or only minimal rate increases in years.

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The Department believes there is a better process to allocate Medicaid rate increases. The Department should be authorized to develop a plan for the allocation of the monies appropriated in the budget for Medicaid rate increases based on rate history and other information, including input from providers, and then present the plan at a public hearing. After reviewing and making adjustments, as needed, based on the public hearing, the plan would be submitted to the Fiscal Committee of the General Court for review and approval. This alternative process would allow for a more equitable allocation of rate increases in order to address the most pressing needs. It would also ensure legislative approval of the final plan.

The Department looks forward to working with the committee of conference on the budget.

Sincerely,



Jeffrey A. Meyers
Commissioner