

THE MONTANA HELP ACT, MEDICAID EXPANSION UPDATE

A Report Prepared for the
Legislative Finance Committee

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December 6, 2016

INTRODUCTION

The Health and Economic Livelihood Partnership (HELP) Act of the 2015 Montana Legislature expands Medicaid in Montana, as allowed by the Patient Protection and Affordable Care Act (ACA). Specifically, this will provide Medicaid coverage for adults ages 19-64, with incomes less than 138% of the federal poverty rate for Montana. The implementation of this Act will significantly impact the budget of the State of Montana. Currently, the expansion population is covered 100% by federal funds (less an adjustment made for continuous eligibility), with a phased-in reduction beginning in January 1, 2017 to an eventual final federal matching rate of 90% (90% federal, 10% state) in 2020 and beyond. The purpose of this report is to provide an up-to-date synopsis of the Medicaid expansion and the financial implications.

Federal Match Rate		
Calendar Year	Federal Share	State Share
2016	100.0%	0.0%
2017	95.0%	5.0%
2018	94.0%	6.0%
2019	93.0%	7.0%
2020+	90.0%	10.0%

EXPANSION IMPLEMENTATION STATUS

Current Enrollment

As of November 15, 2016, DPHHS was reporting a total of 61,233 individuals covered by the Medicaid expansion. Prior reports to this committee separated out “newly enrolled” individuals, not including those who had been receiving Medicaid services previously. DPHHS is now reporting a single total enrollment number.

Third Party Administrator

Blue Cross and Blue Shield of Montana (BCBS) is the authorized TPA for the Medicaid expansion in Montana. The contract requires payment to the TPA weekly for the services covered, and monthly for the administrative fee set on a “per member per month” (PMPM) basis. The rate for this was \$26.39 PMPM in FY 2016, and contractually reduces to \$25.39 in FY 2017.

DPHHS has indicated they may be eligible for a 65% federal match rate on TPA expenses. However, as reflected in the table in the expenditures section on the following page summarizing FY 2017 expenditures, the current federal reimbursement being received is 50%.

MONTANA HELP ACT OVERSIGHT COMMITTEE

The most recent meeting of the Oversight Committee was held November 22, 2016. During that meeting, several references were made to questions asked by the LFC during the September LFC presentation. As a result, the Oversight Committee heard information regarding further research into the impact of the HELP Act on veterans, and continued discussion of the workforce development component of the HELP Act, referred to as HELP-Link.

FINANCIAL UPDATE

Expenditures for Medicaid benefits experience a lag due to the fact that providers have up to a year to submit a billable claim. So the expenditures reported below for almost five months of FY 2017 do not reflect what will be actual expenditures for that time period. However, a review of these numbers does provide some insight into the federal match rate being received, as mentioned above for the TPA, and some correlation to where we were five months into the rollout of the program.

Expenditures

Expenditures through May of 2016 (five months since the program began) totaled \$89.4 million. Data presented here is one week short of the five month mark, and totals \$115.3 million, or 129.0% of the previous five month total.

Fiscal Year 2017 Montana HELP Act Expenditures			
11/25/2016			
	General Fund	Federal Funds	Total
Benefits & Claims			
Health Resources Division	\$5,304	\$99,096,781	\$99,102,085
Senior & Long-Term Care	0	1,482,290	1,482,290
Addictive & Mental Disorders	<u>0</u>	<u>10,212,862</u>	<u>10,212,862</u>
	5,304	110,791,933	110,797,237
Administration			
Personal Services	157,128	312,649	469,778
Operating Expenses	<u>916,962</u>	<u>2,331,524</u>	<u>3,248,486</u>
	1,074,090	2,644,173	3,718,263
Third Party Administrator	412,888	412,888	825,775
TOTAL	\$1,492,282	\$113,848,994	\$115,341,276

Premium Income

DPHHS reported to the Oversight Committee that a total of \$3.0 million (or 88.5% of the total billed) has been collected as of October 31, 2016. Outstanding bills total \$0.4 million (11.5% of the total billed).

OTHER DEPARTMENT INTERACTIONS

Department of Labor and Industry (DLI) HELP-Link

DLI received an appropriation to provide workforce training and development specific to the participants in the Medicaid expansion. Reports provided by DLI indicated participation rates as follows:

March 10:	198 active participants
June 2:	426 active participants
June 30:	487 currently enrolled (565 total participants)
Nov 3:	682 current participants (1,104 total participants)

The attached report from DLI was provided to the HELP Act Oversight Committee in November, and provides more detail regarding this program.

As previously reported, DLI was provided a biennial appropriation of \$1.8 million of state special revenue in HB 2 to provide workforce development training in association with the HELP Act. Through the end of FY 2016 DLI expended \$604,164. In FY 2017 DLI has expended \$474,347 (through November 25). This includes \$185,821 in personal services, \$84,748 in operating expenses, and \$203,778 in grants.

Department of Revenue (DOR)

The HELP Act provided DOR with a biennial appropriation of \$393,213 of general fund which includes 0.5 full-time equivalent (FTE) in FY 2016 and 1.0 FTE in FY 2017. This appropriation was specifically made for the administration of the "taxpayer integrity fee," which effectively creates an asset test for HELP Act participants. DOR has made no expenditures as of November 25, 2016.

SUMMARY

The HELP Act has been fully implemented, and Medicaid services are being delivered and paid for via 100% federal funds at this time. This 100% match will be reduced to 95% as of January 1, 2017. General fund is also being utilized to provide matching funds for administrative costs associated both with the TPA and the expansion population being managed through the traditional Medicaid system, in addition to an adjustment to benefits and claims as a result of utilizing continuous eligibility for individuals in the expansion. This adjustment results in approximately a 0.9% general fund expenditure. Savings to the general fund have been achieved through the transition of individuals previously on Medicaid at the traditional Federal Medical Assistance Percentages (FMAP) to the expansion population where they are receiving the enhanced FMAP.