

HEALTH MANAGEMENT ASSOCIATES  
**HMA Weekly Roundup**

Trends in State Health Policy

..... *March 16, 2016* .....



[RFP CALENDAR](#)

[DUAL ELIGIBLES  
CALENDAR](#)

[HMA NEWS](#)

**Edited by:**  
Greg Nersessian, CFA  
[Email](#)

Andrew Fairgrieve  
[Email](#)

Alona Nenko  
[Email](#)

Julia Scully  
[Email](#)

---

## THIS WEEK

---

- **IN FOCUS: COLORADO REPORTS ON ECONOMIC IMPACT OF ACA MEDICAID EXPANSION**
- UTAH SENATE BILL EXPANDS MEDICAID TO 16,000 RESIDENTS
- STATES, FEDERAL GOVERNMENT WORK TO CONTROL OPIOID ABUSE
- NEW YORK GOVERNOR, PROVIDERS SPAR OVER PROPOSED WAGE HIKE
- FLORIDA BUDGET HIGHLIGHTS INCLUDE EXPANDED WAIVER SLOTS
- COLORADO CONSIDERS PHYSICIAN RATE REDUCTIONS
- CIVITAS ACQUIRES FIVE ADULT DAY HEALTH CENTERS IN MARYLAND
- ENVISION TO ACQUIRE EMERGENCY PHYSICIANS MEDICAL GROUP

---

## IN FOCUS

---

### COLORADO REPORTS ON ECONOMIC IMPACT OF ACA MEDICAID EXPANSION

This week, our *In Focus* section reviews a report out of Colorado that describes the economic impact of the state's Medicaid expansion under the Affordable Care Act (the "Colorado Report"). Commissioned by the Colorado Health Foundation and prepared by the Colorado Futures Center at Colorado State University, "*Assessing the Economic and Budgetary Impact of Medicaid Expansion in Colorado: FY 2015-16 through FY 2034-35*," provides estimated impacts from the ACA Medicaid expansion through fiscal year (FY) 2034-35 on jobs, the state's economy, household earnings, and the state budget. Overall, the Colorado Report shows a positive impact on Colorado's economy as a result of expanding Medicaid.

#### [Colorado's Medicaid Expansion in Context](#)

Colorado's Department of Health Care Policy and Financing (HCPF) estimates that the ACA Medicaid expansion will cover approximately 400,000 additional Coloradans in FY 2017-18. In federal fiscal year (FFY) 2015, Colorado's total net

spending for Medicaid surpassed \$7.3 billion, with just under \$1.37 billion attributable to the ACA expansion population.<sup>1</sup>

As the federal share of funding for the newly eligible ACA expansion population decreases from 100 percent (in 2014-2016) to 90 percent (in 2020), Colorado will fully fund the state's funding share from the state's Hospital Provider Fee (HPF), as directed by SB 13-200. As a result, the ACA Medicaid expansion will have no impact on the state's general fund going forward.

### Colorado State Gross Domestic Product (GDP) Impact

The Colorado Report estimates that the state's economy, as measured by state GDP, is \$3.82 billion larger in FY 2015-2016 as a result of the ACA Medicaid expansion. This equates to a 1.14 percent increase in state GDP. Based on FFY 2015 expenditures, this means that the economic impact of the expansion (\$3.82 billion state GDP) was more than two-and-a-half times the actual Medicaid expenditures for expansion beneficiaries (\$1.37 billion).

This state GDP impact is projected to steadily increase over the next two decades. By FY 2034-35, the nominal increase in state GDP due to the expansion is projected to reach \$8.53 billion, or a 1.38 percent increase in state GDP.

### Colorado Employment Impact

The Colorado Report estimates that the state's economy supports more than 31,000 additional jobs in FY 2015-2016 due to the ACA Medicaid expansion. As of January 2016, the Colorado Department of Labor and Employment reported a total of 2,583,800 nonfarm payroll jobs<sup>2</sup> in the state. Based on this figure, the ACA Medicaid expansion increased employment by a little over 1 percent.

By FY 2034-35, the expansion is projected to add a cumulative total of more than 43,000 jobs, equal to a 1.35 percent increase in total employment.

### Colorado Average Household Earnings Impact

The Colorado Report estimates that average annual household earnings in Colorado are \$643 higher in FY 2015-2016 "due to the stimulative effect" of the ACA Medicaid expansion. This equates to around a 1 percent increase based on median household income of \$59,448 in 2014.<sup>3</sup>

By FY 2034-35, average annual household earnings are projected to be \$1,033 higher due to the ACA Medicaid expansion.

### Colorado General Fund Revenue Impact

The Colorado Report finds that the overall economic impact of the Medicaid expansion will result in increased general fund revenue from greater income, sales, and use taxes. As stated above, there will be no general fund expenditures for the ACA Medicaid expansion when full federal funding expires.

For FY 2015-2016, Colorado's general fund is estimated to be \$102.4 million higher due to the ACA Medicaid expansion's impact. This figure is projected to grow to \$248.3 million by FY 2034-35.

---

<sup>1</sup> CMS-64 Medicaid Expenditure Data, FFY 2015.

<sup>2</sup> <https://www.colorado.gov/pacific/cdle/news/january-2016-colorado-employment-situation>

<sup>3</sup> <http://www.census.gov/quickfacts/table/PST045215/08>

**Timing of Full Report, Link to Executive Summary**

A full report on the economic impact of the Medicaid expansion in Colorado is scheduled for release later this spring. An overview and links to the executive summary and infographic are available at The Colorado Health Foundation website, here: <http://www.coloradohealth.org/yellow.aspx?id=8223>



## HMA MEDICAID ROUNDUP

### *Alabama*

**Medicaid Funding Disputes Could Cause Special Session If House Passes Senate-Approved Budget.** On March 10, 2016, *Montgomery Advertiser* reported that Governor Bentley and legislators are discussing the possibility of a special session to address funding for the state's Medicaid program. The Senate approved General Fund budget going to the House next week would include a \$15 million increase for Medicaid over last year, however the agency has stated that it needs \$100 million to maintain services and continue implementing the shift to their managed care model. Governor Bentley is hopeful that the Senate version of the budget will not pass the House as he stated that he would veto a budget without \$100 million for Medicaid. Although the legislature has historically prioritized Medicaid funding, recently Republicans suggested that the program is taking resources from other agencies, and legislators have implied they are willing to pass a budget with less than the \$100 million the Medicaid agency is asking for. If the Senate version passes, a special session to resolve Medicaid budget issues could be necessary. [Read More](#)

### *Arizona*

#### HMA Roundup - Don Novo ([Email Don](#))

**KidCare Bill Unlikely to Pass Senate.** On March 10, 2016, *azcentral.com* reported that HB 2309, which would restore the KidCare health insurance program, has not been assigned to a committee in the Senate. The bill must receive a hearing by next week to advance through the Legislature, but Senate President Andy Biggs, who stated he does not support the bill, has no plans to assign it before the deadline. [Read More](#)

**AHCCCS Releases New Hospital Payment Data.** The Arizona Health Care Cost Containment System (AHCCCS) released updated individual hospital AHCCCS payments for the twelve months ending September 30, 2012 through 2014. The inpatient and outpatient payments – excluding supplemental payments – trended as follows:

- 2011 - \$2,398,000,000
- 2012 - \$1,866,000,000
- 2013 - \$1,743,000,000
- 2014 - \$2,064,000,000

The increase in 2014 over 2013 reflects the partial impact of the restoration of the Prop. 204 program and the adult expansion to 133 percent of the federal poverty

level, which went into effect on January 1, 2014. The decrease from 2011 to 2012 reflects the partial impact of the May 1, 2011 freeze on enrollment in the medical spend down program and freeze on new enrollment in the childless adult program. [Read More](#)

## California

### HMA Roundup - Don Novo ([Email Don](#))

**California Begins Outreach Efforts to Enroll Undocumented Children in Medi-Cal.** On March 14, 2016, *Valley Public Radio* reported that with the expansion of Medi-Cal to include coverage to low-income, undocumented immigrant children, advocates are starting outreach efforts to get children enrolled. There are an estimated 170,000 children eligible. Those who enroll will have access to limited scope Medi-Cal until May, and will then be shifted automatically to full-service Medi-Cal. [Read More](#)

**Inland Empire Faces Physician Shortage.** On March 14, 2016, *The Sun* reported that according to studies done by the California Health Care Foundation, Inland Empire's (San Bernardino-Riverside region's) supply of physicians is far below state levels, at 120 per 100,000 residents. Meanwhile, the statewide average is 194 per 100,000. The shortage is expected to worsen as physicians retire at a faster rate than those replacing them. To tackle the shortage of residency positions in the region, the federal government will fund 32 resident positions out of the \$68 million Loma Linda University Health – San Bernardino. Meanwhile, Inland Empire Health Plan agreed to partially subsidize the salaries of new doctors coming into the area willing to take Medi-Cal and Medicare patients from the plan. [Read More](#)

**OAL Approves Providers Network Adequacy Regulations.** On March 9, 2016, *State of Reform* reported that the Office of Administrative Law (OAL) approved permanent regulations issued by California Insurance Commissioner Dave Jones establishing stronger requirements for health insurers to create and maintain adequate medical provider networks. The regulations require health insurers to offer sufficient numbers and types of health care providers and facilities. Regulations were in effect as of January 2015, but with the new approval, are now permanent. [Read More](#)

**California Regains Responsibility for Health Care at Second State Prison.** On March 10, 2016, *Bakersfieldnow.com* reported that California regained control of health care services of a second state prison from the federal government. The Correctional Training Facility houses 5,000 inmates. Officials will review inmates' care in about six months to see if conditions improved. In June, Folsom State Prison medical care was also returned. However, the inspector general has found that a third of the state's prisons are still providing inadequate care. [Read More](#)

## Colorado

**Lawmakers May Cut Medicaid Reimbursements to Primary Care Doctors by 23 Percent.** On March 14, 2016, *Colorado Public Radio* reported that lawmakers are considering slashing budgets to offset the \$191 million taxpayer reimbursement next year (under the voter-approved TABOR limit on state taxes) and address a \$373 million budget gap. This may include a 23 percent, or \$49 million, cut to

Medicaid rates to primary care doctors. Rural clinics and hospitals are also preparing for cuts. In rural counties, between 30 and 70 percent of residents are enrolled in Medicaid, so providers are preparing for a large hit. [Read More](#)

## Connecticut

**Connecticut Suspends Funding to Hospitals and Federally Qualified Health Centers.** On March 7, 2016, *New Haven Register* reported that Governor Malloy's administration will suspend payments to federally qualified health centers (FQHCs), after cutting funding for hospitals. Supplemental payments have been stalled until the administration addresses the budget deficit. A spokesman for Malloy's office stated that the FQHCs receive higher Medicaid reimbursement rates than other healthcare providers. [Read More](#)

## Florida

### HMA Roundup – Elaine Peters ([Email Elaine](#))

**Senate Passes Health Care Transparency Bill.** On March 10, 2016, *New Jersey Herald* reported that the Florida Senate passed HB 1175, which requires the Agency for Health Care Administration to contract with a vendor to develop a website that shows cost and quality of care. The site will allow health problems or procedures to be searchable and list the price averages and ranges for each. An amendment was added to allow more vendors to bid, so the bill will return to the House before it goes to the governor. [Read More](#)

**Florida 2016 Legislative Session Concludes.** The Florida Legislature concluded the 60-day 2016 Legislative Session on Friday March 11, 2016. Lawmakers passed an \$82.3 billion dollar (\$30.3 billion general revenue) budget for FY 2016-17, while setting aside \$3 billion in reserves. The total budget is approximately 5 percent larger than the current year budget and makes investments in Florida's education system, health care, environment, corrections and court systems, while providing broad-based tax relief for Florida's families and businesses. Lawmakers passed 279 bills during the 2016 Legislative Session, many relating to health care. Below is a summary of the major Medicaid issues funded in the budget as well as other health care bills passed by the legislature.

### *FY 2016-17 Legislative Budget Highlights*

- **Medicaid Price Level and Workload Adjustment (\$1,075.4 million total, \$530.4 million GR).** Funding for an estimated 4.2 million Medicaid beneficiaries and price level adjustments. This includes an average managed care rate increase for Managed Medical Assistance (MMA) of 4.3 percent and Long Term Care (LTC) of 2.5 percent.
- **Florida KidCare Enrollment (\$8.1 million total).** Funding for the KidCare program estimated at 194,000 children.
- **Florida Medicaid Management and Information System (\$8.7 million).** Funding for the Medicaid Management Information System/Decision Support System/Fiscal Agent procurement project (to select a new fiscal agent by June 2018).

- **Medicaid Waiver Evaluation (\$800,000).** Funding to satisfy the federal CMS requirement for an independent evaluation of Medicaid waiver programs.
- **Nursing Home Prospective Payment System (\$500,000).** Funding to contract with a consultant to develop a plan to convert the current nursing home cost-based reimbursement system to a prospective payment process.
- **Data Analytics and Detection Services (\$2.9 million).** Funding to continue the Public Benefits Integrity Data Analytics and Information Sharing Initiative to detect and deter fraud, waste, and abuse in Medicaid and other public benefit programs within the state.
- **Florida KidCare Coverage for Lawfully Residing Children (\$28.8 million).** Funding to remove the 5-year waiting period for lawfully present children in Florida making those children immediately eligible for health care coverage through KidCare. This will serve an estimated 17,000 children.
- **Low Income Pool (LIP) (\$607.8 million).** Supplemental payments to qualifying hospitals based on their charity care cost multiplied by the percentage established for each of the four tiers in which the hospitals qualify.
- **Medicaid Physician Supplemental Payments (\$204 million).** Funding for a differential fee schedule for payments for services by doctors of medicine and osteopathy as well as other licensed health care practitioners under the supervision of the doctors employed by or under the contract with a medical school in Florida. This is a replacement for funds formerly provided through the LIP program.
- **Children's Specialty Hospital Reimbursement (\$6.5 million in state funds).** Funding for children's specialty hospitals for the purpose of drawing federal DSH matching funds to mitigate the loss of LIP funds.
- **Rate Adjustors for Hospital Inpatient Diagnosis Related Group (DRG) (\$173.5 million).** Funds reimbursement increases to specialty children's hospitals for neonatal and pediatric services based on the severity level of diagnosis.
- **Rural Inpatient Hospital Reimbursement Adjustment (\$2.4 million).** Funds reimbursement increase to sole community hospitals.
- **Medicaid School-Based Services (\$10.3 million).** Funding for school-based services to children under age 21 with specified disabilities provided by private schools or charter schools that are not participating in the school district's certified match program.
- **Homeless Mental Health Transitional Housing (\$10.3 million).** Funding for flexible services, including but not limited to temporary housing assistance, for persons with severe mental illness or substance abuse disorders.
- **Critical Pediatric NICU/PICU Rate Increase (\$7.7 million).** Funding to increase Medicaid reimbursement for Neonatal Intensive Care Unit (NICU)/Pediatric Intensive Care Unit (PICU) NICU and PICU services to medically fragile infants and children.

- **Private Duty Nursing Services Rate Increase (\$7.7 million).** Funding to increase reimbursement rates for Private Duty Nursing Services provided by LPNs.
- **Long Term Care (LTC) Waiver Waitlist (\$8.1 million).** Funding to serve approximately 502 elders on the Medicaid LTC Waiver waitlist who have been classified as a priority score of four or higher.
- **Program of All Inclusive Care for the Elderly (PACE) (\$10.7 million).** Funding to support the Program of All-inclusive Care for the Elderly (PACE) program by funding 200 additional slots in Palm Beach County, 134 slots in Miami-Dade County, and 60 slots in Pinellas County.
- **Intermediate Care Facilities for Developmentally Disabled Rate Increase (\$10.3 million).** Funding to increase reimbursement rates to ICF/DD providers by 4.1 percent.
- **Medicaid APD Provider Rate Increases (\$24.8 million).** Funding for rate increases for adult day training, personal supports, and residential habilitation service providers.
- **Medicaid APD iBudget Waiver Waitlist (\$38.9 million).** Funding to serve approximately 1,350 developmentally disabled individuals on the waitlist for services, including individuals diagnosed with Phelan McDermid Syndrome.
- **Brain and Spinal Cord Injury Waiver Waitlist (\$1.0 million).** Funding to serve an additional 25 individuals from the waitlist that are at the greatest risk for institutionalization or developing secondary complications requiring hospitalizations.

#### *2016 Passed Healthcare Legislation Highlights*

- **Balance Billing (HB 221).** Provides protections for insured consumers from unfair surprise medical bills. The bill also mandates insurance coverage of therapies and applied behavior analysis services for individuals with Down syndrome.
- **Medicaid Dental Care (HB 819).** Requires a comprehensive study of Medicaid managed care dental services by December 1, 2016; authorizes the Legislature to use the report's findings to determine the structure of dental services; if the Legislature doesn't act by July 1, 2017, the Agency is required to contract with at least two licensed dental managed care providers through a competitive procurement process to provide dental benefits to both children and adults beginning March 1, 2019. *(The bill was presented to the Governor on 03/09/16 and he has until 03/24/16 to act on this bill)*
- **Lawfully Residing Children (HB 5101).** Expands Florida KidCare coverage to lawfully-residing immigrant children by removing the five-year ban for lawfully-residing immigrant children. The measure is estimated to cover an additional 17,000 children.
- **Long-term Managed Care Prioritization (HB 1335).** Establishes a process to prioritize individuals for enrollment in the Medicaid LTC Program. *(The bill was presented to the Governor on 03/11/16 and he has until 03/26/16 to act on this bill)*

- **Health-Cost Transparency (HB 1175).** Requires the Agency for Health Care Administration to contract with a vendor by October 1, 2016 for a website that will show cost and quality of health care in the state.
- **Mental Health and Substance Abuse (SB 12).** Creates a “no wrong door” policy for people seeking help for mental illness or substance abuse or both by having local entities coordinate rather than operating as a “fragmented” system. The bill also directs the Agency for Health Care Administration and the Department of Children and Families to develop a plan to increase federal Medicaid funding for behavioral health care.
- **Multi-State Nurse Licenses (HB 1061).** Allows Florida to enter into a “nurse licensure compact” with more than two dozen other states that allows nurses to receive multi-state licenses to practice in any of the states that are part of the compact. *(The bill was presented to the Governor on 03/11/16 and he has until 03/26/16 to act on this bill)*
- **Drug Prescription by ARNPs & PAs (HB 423).** Expands prescribing privileges for advanced registered nurse practitioners and physician assistants.
- **Telehealth (HB 7087).** Creates the Telehealth Advisory Council that would review surveys and research findings and submit recommendations about increasing the use of telehealth to the Governor and legislative leaders by October 31, 2017.

## Georgia

### HMA Roundup – Kathy Ryland ([Email Kathy](#))

**Georgia Board of Community Health Meeting.** On March 10, 2016, the Georgia Board of Community Health held its meeting.

- The board unanimously approved the Comprehensive Supports Waiver Program Renewal (COMP), Independent Care Waiver Program (ICWP) renewal, and the rules and regulations for the Private Home Care Providers Rule Change.
- The protest of the Georgia Families CMO procurement is in the last phase of the administrative appeal process, with a final administrative decision in April.
- GMCF/Alliant was named the winner of the MMURS procurement. DCH received five proposals for the Enterprise Data Solution procurement.
- 90 to 95 percent of DCH’s budget recommendations were included in the Governor’s Budget. [Read More](#)

## Maine

**Drug Overdose Deaths Rise 31 Percent in 2015.** On March 7, 2016, *Portland Press Herald* reported that drug overdose deaths rose 31 percent to 272 in 2015. Of the 272 deaths, 107 deaths were from heroin and a total of 157 deaths were from heroin, fentanyl, acetyl fentanyl, or some combination. In 2014, 57 people

died from heroin overdoses. According to data released Monday by the Maine Department of Health and Human Services, about 15,500 state residents received opioid addiction treatment in 2015. However, experts say treatment options are sparse and were further decreased when two treatment centers, Mercy Recovery Center in Westbrook and Spectrum Health Systems in Sanford, closed. Maine's low reimbursement rates and the defeat of the ACA Medicaid expansion have made it financially difficult for treatment centers to offer broad access to patients. [Read More](#)

## New Jersey

### HMA Roundup - Karen Brodsky ([Email Karen](#))

**Division of Developmental Disabilities (DDD) Releases Supports Program Policies & Procedures Manual.** On March 14, 2016 the DDD released its final version (3.0) of the [Supports Program Policies & Procedures Manual](#), effective immediately for anyone enrolled in the Supports Program. This manual replaces the Standards for Supported Employment Services and Standards for Adult Day Programs manuals from 2007 and the Self-Directed Services (SDS) Policies & Procedures manual from 2014. Providers can begin to apply these standards for anyone who is not currently on the Community Care Waiver (CCW). The policies and procedures outlined in Section 8.3.2, Hiring a Self-Directed Employee (SDE, "Self-Hires"), are in draft form as DDD awaits a final award of the Department of Human Services Fiscal Intermediary (FI) contract, and to allow time to work with stakeholders and the FI prior to full implementation.

**Camden Coalition Funded to Build a "Hot-Spotting" National Center.** Recent funding totaling \$8.7 million from AARP, Atlantic Philanthropies and the Robert Wood Johnson Foundation will enable the Camden Coalition of Healthcare Providers to launch a virtual collaboration with hospitals, doctors and community organizations and the first professional conference dedicated to healthcare hot-spotting. [NJ Spotlight](#) reported on the latest opportunity on March 15, 2016.

## New York

### HMA Roundup - Denise Soffel ([Email Denise](#))

**Governor Cuomo's Wage Hike Can Prove Difficult for Health Care Providers.** On March 15, 2016, *Politico* reported that with Governor Cuomo's minimum wage hike to \$15 per hour, health care providers are finding it increasingly difficult to find staff when retail stores and fast food restaurants are offering higher hourly wages. Raising wages is an arduous task for providers that rely primarily on state funding. Those who care for the aged, sick, and disabled must provide for medical, hygienic, and emotional needs of patients. Given the choice between this type of work and other, less demanding work that pays better, workers often choose the latter. As a result, vacancy rates are at an all-time high and rising. [Read More](#)

**Budget Negotiations.** The New York State legislature introduced budget bills this week. These one-house bills stake out each chamber's priorities, and form the basis for negotiations with the Governor. Budget conference committees have also begun. The budget must be approved by the end of March for the new fiscal year beginning April 1.

- Both houses of the legislature propose increasing capital funding for health care providers, including hospitals. The Governor's budget included \$195 million in capital funding for hospitals to facilitate health system restructuring. The Assembly included \$200 million for health facilities plus \$25 million for community-based organizations; the Senate included \$200 million in total, with 25 percent reserved for community groups.
- Both houses reject the Governor's proposal to extend the Medicaid global cap through 2017-18 and continue the Health Commissioner's so-called superpowers, which grant the Commissioner the authority to make unilateral decisions about funding cuts should spending exceed the global cap.
- Both houses reject the Governor's proposal to remove transportation costs from Medicaid managed long term care premiums and institute a State broker.
- The Senate's budget keeps Cuomo's proposal to shift the growth of New York City's Medicaid program back to the city government, which will have a \$180 million impact in the coming fiscal year and will increase in future years. The Assembly rejects this proposal.
- Both houses reject nearly all of the proposed Medicaid pharmacy cuts.
- Both houses would continue the carve-out of Medicaid managed care for school-based health centers (SBHCs) through July 1, 2017. They would make the carve-out permanent for behavioral health and reproductive services provided by SBHCs.
- The Assembly would extend eligibility for the Essential Plan, New York's Basic Health Program, to immigrants known as PRUCOLS (permanent residents under color of law). The plan would offer state subsidized health insurance to more than 5,000 immigrants who have legal status under President Barack Obama's Deferred Action for Childhood Arrivals program (DACA).
- The Senate proposes 10 pilot projects that would allow private equity investment in hospitals. Private-equity investment in hospitals was left out the Governor's executive budget despite being included in his spending plans each of the previous three years. The Senate also creates a study of public-private partnerships for public hospitals.
- Governor Cuomo has proposed an increase in the minimum wage, gradually increasing it to \$15 per hour. The Assembly supports an increase in the minimum wage, and has included a \$200 million reserve fund to help health care providers afford the increase.
- Following the collapse of Health Republic Insurance of New York, hospitals and other health care providers had requested that the state create a guarantee fund that would levy a one-time assessment on health insurers. Neither the Assembly nor the Senate created such a fund, although the Senate has indicated that it would require the Governor to identify funds to reimburse providers for losses associated with the demise of Health Republic.

The Senate budget bill can be found [here](#); the Assembly budget bill can be found [here](#).

**Declines in Medicaid Enrollment.** Enrollment in New York State's Medicaid program, which has been increasing since the implementation of the Affordable Care Act, has declined in recent months. Enrollment peaked in November 2015 at 6,343,388. As of January, total enrollment had dropped by over 136,000. The decreases are limited to New York City, and to individuals enrolled in Medicaid managed care plans. Plans report a loss of as much as 5 percent. A report in [Crain's HealthPulse](#) speculates that changes in the renewal process may be contributing to the decline. Renewals used to be conducted by the local social service districts, but with the establishment of the New York State of Health exchange, renewals are now being processed centrally, and must be done by telephone or on-line. Medicaid churn had been a significant problem in New York State, and the expectation was that automating the renewal process would contribute to reductions in churning.

**EmblemHealth Rating Declines.** In a recent [press release](#), *A.M. Best* reported that it has placed under review with negative implications the financial strength ratings of B+ (Good) and the issuer credit ratings of "bbb-" of several EmblemHealth subsidiaries, including Health Insurance Plan of Greater New York (HIP), HIP Insurance Company of New York, and Group Health Incorporated (GHI). The under review status reflects a material decline in capital at HIP at year-end 2015, which was attributable to continued underwriting losses and an unrealized capital loss. These two items drove the level of absolute capital to decline by slightly more than 25 percent from year-end 2014. The ratings will remain under review while A.M. Best has further discussions with the company's management team related to the 2015 losses, capital plan and forecasts for 2016.

**Kaleida Health Announces New Partnerships.** Kaleida Health is expanding, as Lake Shore Health Care Center and Brooks Memorial Hospital have announced their intention to affiliate with Kaleida Health. Brooks Memorial Hospital will terminate its affiliation agreement with UPMC Hamot in Erie, Pennsylvania and enter into a partnership with Kaleida Health. TLC Health Network, the parent of Lake Shore Health Care Center, is negotiating an affiliation with Kaleida Health as well. In order to help reposition the hospitals, Brooks Memorial and TLC Health Network have secured \$57 million through New York State's Essential Healthcare Provider Support Program. This program is designed to help financially distressed New York State healthcare entities with debt retirement, capital projects, turnaround, and transformation initiatives. Brooks Memorial Hospital and TLC Health Network have been hit particularly hard with declining and aging populations, a changing payor mix, difficulty in recruiting physicians, aging facilities and significant capital challenges. Because of these challenges, they have suffered financial losses over the past five years with admission and surgical discharges declining each year as well. The two Southern Tier hospitals and Kaleida Health will now work together to develop a full vision, plan and strategy for the Southern Tier. See more [here](#).

## North Carolina

**Report Finds 673 Rural Hospitals Vulnerable or At Risk for Closure; 16 Vulnerable in North Carolina.** On March 16, 2016, *North Carolina Health News* reported that according to the iVantage Health Analytics' national report released in February, 673 of 2,078 rural hospitals are "vulnerable or at risk for closure." Two-thirds of the 673 are critical access hospitals, small hospitals with fewer than 25 beds serving communities more than 35 miles from the next nearest hospital. In North Carolina, of the 51 rural hospitals, 20 are critical access, and of those, 16 are vulnerable. If these 16 hospitals were to shut down, 3,436 health care jobs would be lost and the potential loss to the state's economy would be \$9.6 billion over 10 years. [Read More](#)

## Pennsylvania

### HMA Roundup - Julie George ([Email Julie](#))

**Community HealthChoices Bidders Conference Held.** The Request for Proposal for Community HealthChoices, Pennsylvania's new initiative that will use managed care organizations to coordinate physical health care and long-term services and supports (LTSS), was released on March 1, 2016. The Pre-Proposal Conference for this procurement was held on March 16, 2016. The following potential bidders were represented:

- United
- Gateway Health
- WellCare
- Aetna
- UPMC
- Geisinger
- Molina
- Health Partners
- AmeriHealth Caritas
- Magellan
- Atelier Health
- Accenda Health

**DHS Secretary Gives Budget Update, Highlights Accomplishments and Room for Improvement.** Department of Human Services (DHS) Secretary Ted Dallas held a briefing on March 10<sup>th</sup> to discuss the current DHS budget situation. Secretary Dallas stated the overall DHS budget is \$36 billion, with \$12 billion coming from state funds and is around 40 percent of the entire state budget. He added that his budget included increases of \$980 million with \$820 million attributable to factors beyond the Department's control such as the growing senior citizen population and changing demographics. Changes at the federal level, including the payment adjustment for Medicaid, have also affected the DHS budget costing it more money. He estimated that the Senate budget for FY 2015-16 relied on \$250 million in one-time revenues that would not be available in FY 2016-17. Also, approximately \$160 million in budget increases will fund initiatives designed to help control the cost of providing services and to make investments now that will lower costs in the future. Secretary Dallas remarked that after taking out the \$160 million in new initiatives and the \$250 million in one-time revenues from last year, what's left of the DHS budget increase is around \$580 million, a 4.5 percent growth rate which is lower than the expected annual growth in health care costs of 6.6 percent. The Department distributed a [DHS By the Numbers](#) sheet with some of the more global numbers for the Department. [Read More](#)

## South Carolina

**DHHS Provision to Limit Providers Offering Rehabilitative Behavioral Health Services.** On March 9, 2016, *The Post and Courier* reported that after overspending \$60 million last fiscal year on behavioral health services for low-income patients, the Department of Health and Human Services will limit which providers can offer Rehabilitative Behavioral Services. After April 1, only three types of providers will be able to offer the services: a qualified, licensed practitioner of the healing arts; a provider pursuing an independent license during a documented supervised period of clinical practice; or an employee of a governmental agency acting within an exemption under the applicable South Carolina practice act. The excessive costs from last fiscal year were a result of fraudulent claims filed by Medicaid providers. Claims included billing for eight hours of therapy when patients were seen for only one hour, failing to indicate why patients qualified for treatment, and billing for services that were not provided at all. [Read More](#)

## Utah

**Senate Passes Medicaid Expansion Bill for 16,000 Residents.** On March 8, 2016, *The Salt Lake Tribune* reported that the state Senate approved a compromise bill expanding Medicaid to 16,000 residents. HB 437 only targets the chronically homeless, the mentally ill, and those recently released from prison and will guarantee them Medicaid coverage for at least 12 months as they work to obtain jobs. Previous proposals that would extend Medicaid to 125,000 or more residents were killed. The current bill has been criticized by Democrats for being too small. The bill now moves to Governor Herbert for approval. [Read More](#)

## Washington

### HMA Roundup - Ian Randall ([Email Ian](#))

**Health Care Authority (HCA) to make changes to Medicaid enrollment policies.** The Washington State HCA announced that, effective April 1, 2016, enrollees will be retroactively assigned to a managed care plan as of the first day of the month that the member enrolls, instead of the month following the member's enrollment. Providers have expressed concern with this proposed policy and how it would impact prior authorization and notification requirements and subsequent reimbursement. The HCA is offering a Webinar on March 17 from 2:30 - 3:00 PM PT to provide more information about this change. [Read More](#)

**Governor Inslee vetoes 27 bills to pressure House and Senate to finalize budget deal.** After the House and Senate failed to agree on a budget, Governor Jay Inslee vetoed 27 bills to put pressure on legislators to reach an agreement. The House is seeking to tap the Budget Stabilization Fund for \$467 million to pay for costs related to wildfires as well as new services for the homeless and school construction. The Senate budget includes funding to increase staffing at Western State Hospital, a state-run inpatient psychiatric hospital, but does not tap the Budget Stabilization Fun. [Read More](#)

**Senate budget proposal would not move Medicaid program from Managed Care to Fee-For-Service.** The new Senate Budget proposal would reform rate setting for the Categorically Needy Blind Disabled and Community Options Program Entry System (COPES) Medicaid program instead of moving it from managed care to fee-for-service. This change would reduce anticipated savings from \$25.5 million to \$12.8 million through 2017. [Read More](#)

## National

**States Continue To Work To Restrict Prescriptions of Opioids Due To Rising Death Tolls.** On March 11, 2016, *The New York Times* reported that states are increasingly working to limit opioid prescriptions due to rising death tolls. There are currently about 375 proposals in state legislatures that would regulate several aspects of prescribing painkillers, and every state aside from Missouri now has a prescription monitoring program to stop pill mills. Last week, Massachusetts lawmakers passed a bill that would restrict the number of opioids that a doctor can prescribe after surgery or injury to a seven-day supply. Lawmakers in Vermont and Maine are also considering restrictions, and state governors across the country will meet this summer to develop a broad approach to reduce the use of painkillers. [Read More](#)

**ACA Co-ops Saw Deep Financial Losses in 2015, But Some Of Those Remaining Hope for Profit in 2016.** On March 11, 2016, *The New York Times* reported that ACA co-ops suffered significant losses last year and that 2016 will be a critical year for the 11 that are still standing. While these nonprofit alternatives to traditional insurers were meant to boost competition, many struggled to build a customer base and to remain financially stable with high start-up costs, causing 12 to shut down in 2015. However, some note that enrollment is growing better than expected and the co-ops are learning more about their patient population, which seems to be getting younger and healthier. Maryland's Evergreen Health Cooperative did the best of the remaining co-ops in 2015, with losses of \$10.8 million, compared to a \$90.8 million for one Illinois co-op. Evergreen is expected to turn a profit in 2016. [Read More](#)

**HHS Awarded \$94 Million To Health Centers To Help Tackle Prescription Drug Abuse.** *CQ Roll Call* reported that the Health and Human Services Department announced that it will award \$94 million to health centers to battle the prescription drug abuse and heroin epidemic. The funding will be administered by the Health Resources and Services Administration and will be provided to 271 health centers nationwide. The money is meant to improve access to medication-assisted treatment, provide training and educational materials for doctors making prescribing decisions, and allow for an increased number of patients to be screened and tested.

**CDC Releases New Guidelines on Prescribing Opioid Drugs.** On March 15, 2016, *The New York Times* reported that the Centers for Disease Control and Prevention released new guidelines aimed at reshaping how doctors prescribe painkillers. In 2014, there were 19,000 deaths linked to opioid drugs. The new recommendations will urge doctors to suggest physical therapy, exercise, and over-the-counter pain medication before prescribing painkillers, like OxyContin and Vicodin, for chronic pain. If prescribing opioids, doctors are urged to give the lowest effective dose possible. For short-term pain, CDC recommends limiting opioids to three days of treatment. Doctors are not required to follow these recommendations. [Read More](#)



## INDUSTRY NEWS

---

### **Seattle's Group Health Cooperative Will Become Part of Kaiser Permanente.**

On March 14, 2016, *California Healthline* reported that Seattle's Group Health Cooperative members have agreed to become part of Kaiser Permanente as part of a \$1.8 billion deal. State insurance regulators must review the deal for it to be finalized. [Read More](#)

### **Civitas Solutions Acquires Five Adult Day Health Centers in Maryland.**

On March 15, 2016, Civitas Solutions announced that it has acquired five Adult Day Health centers in Maryland, two of which are in Baltimore. The acquisitions represent the company's expansion into the state of Maryland. Civitas first entered the ADH market in 2014 with its acquisition of Mass Adult Day Health Alliance. It currently operates 11 centers in Massachusetts with two additional centers under construction, set to open in the fourth quarter of 2016. [Read More](#)

### **Envision to Acquire Emergency Physicians Medical Group.**

On March 16, 2016, *Crain's Detroit Business* reported that Michigan-based Emergency Physicians Medical Group (EPMG) has agreed to be acquired by Envision Healthcare Holdings Inc. for a reported sum of \$120 million. EPMG employs more than 500 physicians and other providers, staffing facilities in Michigan, Illinois, Indiana, Ohio, and Iowa. EPMG also operates community paramedicine programs and provides telemedicine services in urgent care and post-acute care operations. The deal is expected to close by mid-April. [Read More](#)

## RFP CALENDAR

Date	State/Program	Event	Beneficiaries
March 29, 2016	Minnesota SNBC	Proposals Due	45,600
April 1, 2016	Iowa	Implementation	550,000
April 1, 2016	Washington (SW - Fully Integrated)	Implementation	100,000
April 22, 2016	Minnesota SNBC	Contract Awards	45,600
April 29, 2016	Missouri (Statewide)	RFP Released	700,000
May 1, 2016	Massachusetts MassHealth ACO - Pilot	RFA Released	TBD
May 2, 2016	Pennsylvania MLTSS/Duals	Proposals Due	420,000
May 11, 2016	Indiana	Cost Proposals Due	900,000
May, 2016	Oklahoma ABD	DRAFT RFP Released	177,000
TBD Spring/Summer 2016	Virginia MLTSS	RFP Released	130,000
June 1, 2016	Massachusetts MassHealth ACO - Full-Scale	RFA Released	TBD
June, 2016	Indiana	Contract Awards	900,000
July 1, 2016	Missouri (Statewide)	Proposals Due	700,000
July 1, 2016	West Virginia	Implementation	450,000
July 1, 2016	Minnesota SNBC	Implementation (Northern Counties)	45,600
July, 2016	Georgia	Implementation	1,300,000
August, 2016	Oklahoma ABD	RFP Released	177,000
September 1, 2016	Texas STAR Kids	Implementation	200,000
October 1, 2016	Missouri (Statewide)	Contract Awards	700,000
October, 2016	Oklahoma ABD	Proposals Due	177,000
November 1, 2016	Arizona ALTCS (E/PD)	RFP Released	30,000
January 1, 2017	Pennsylvania HealthChoices	Implementation	1,700,000
January 1, 2017	Nebraska	Implementation	239,000
January 1, 2017	Pennsylvania MLTSS/Duals	Implementation (SW Region)	100,000
January 1, 2017	Minnesota SNBC	Implementation (Remaining Counties)	45,600
January 1, 2017	Massachusetts MassHealth ACO - Pilot	Implementation	TBD
January 18, 2017	Arizona ALTCS (E/PD)	Proposals Due	30,000
March 1, 2017	Virginia MLTSS	Implementation	130,000
March 7, 2017	Arizona ALTCS (E/PD)	Contract Awards	30,000
May 1, 2017	Missouri (Statewide)	Implementation	700,000
June 1, 2017	Massachusetts MassHealth ACO - Full-Scale	RFA Released	TBD
October 1, 2017	Arizona ALTCS (E/PD)	Implementation	30,000
TBD 2017/2018	Oklahoma ABD	Implementation	177,000
January 1, 2018	Pennsylvania MLTSS/Duals	Implementation (SE Region)	145,000
January 1, 2019	Pennsylvania MLTSS/Duals	Implementation (Remaining Regions)	175,000

## DUAL ELIGIBLE FINANCIAL ALIGNMENT DEMONSTRATION IMPLEMENTATION STATUS

Below is a summary table of the progression of states toward implementing dual eligible financial alignment demonstration.

State	Model	Opt-in Enrollment Date	Passive Enrollment Date	Duals Eligible For Demo	Demo Enrollment (Feb. 2016)	Percent of Eligible Enrolled	Health Plans
California	Capitated	4/1/2014	5/1/2014 7/1/2014 1/1/2015	431,000	126,100	29.3%	CalOptima; Care 1st Partner Plan, LLC; Community Health Group Partner; Health Net; Health Plan of San Mateo; Inland Empire Health Plan; LA Care; Molina; Santa Clara Family Health Plan; Anthem (CareMore)
Illinois	Capitated	4/1/2014	6/1/2014	148,000	48,143	32.5%	Aetna; Centene; Blue Cross Blue Shield of IL; Cigna-Health Spring; Humana; Meridian Health Plan; Molina
Massachusetts	Capitated	10/1/2013	1/1/2014	94,000	12,524	13.3%	Commonwealth Care Alliance; Network Health
Michigan	Capitated	3/1/2015	5/1/2015	105,000	34,162	32.5%	AmeriHealth Michigan; Coventry (Aetna); Fidelis SecureCare; Meridian Health Plan; HAP Midwest Health Plan; Molina Healthcare; Upper Peninsula Health Plan
New York	Capitated	1/1/2015 (Phase 2 Delayed)	4/1/2015 (Phase 2 Delayed)	124,000	5,801	4.7%	There are 17 FIDA plans selected to serve the demonstration. A full list is available on the MRT FIDA website.
Ohio	Capitated	5/1/2014	1/1/2015	95,000	62,155	65.4%	Aetna; CareSource; Centene; Molina; UnitedHealth
Rhode Island*	Capitated	12/1/2015	2/1/2016	30,000			Neighborhood INTEGRITY
South Carolina	Capitated	2/1/2015	4/1/2016	53,600	1,824	3.4%	Absolute Total Care (Centene); Advicare; Molina Healthcare of South Carolina; Select Health of South Carolina (AmeriHealth)
Texas	Capitated	3/1/2015	4/1/2015	168,000	48,010	28.6%	Anthem (Amerigroup), Cigna-HealthSpring, Molina, Superior (Centene), United
Virginia	Capitated	3/1/2014	5/1/2014	70,500	27,259	38.7%	Humana; Anthem (HealthKeepers); VA Premier Health
<b>Total Capitated</b>	<b>10 States</b>			<b>1,319,100</b>	<b>365,978</b>	<b>27.7%</b>	

Note: Enrollment figures in the above chart are based on state enrollment reporting, where available, and on CMS monthly reporting otherwise.

---

## HMA NEWS

---

### **New this week on the HMA Information Services website:**

- **Kansas** Medicaid managed care enrollment is flat, per 2015 data
- Updated Medicaid managed care plan financials for **Ohio, Pennsylvania, Missouri**, and more
- Public documents such as the **Texas** upcoming MCO reprourement announcement, **Virginia** Medicaid enrollment broker education services RFP, responses, and scoring, and more.
- Plus an upcoming webinar, *“Targeting Readmissions: A Collaborative Strategy for Hospitals, Health Plans and Local Communities”*

If you would like to subscribe to this online service, which describes the Medicaid programs in 50 states and DC, please contact Carl Mercurio at [cmercurio@healthmanagement.com](mailto:cmercurio@healthmanagement.com) or 212-575-5929.

*Health Management Associates (HMA) is an independent health care research and consulting firm, specializing in the fields of health system restructuring, health care program development, health economics and finance, program evaluation, and data analysis. HMA is widely regarded as a leader in providing technical and analytical services to health care purchasers, payers, and providers, with a special concentration on those who address the needs of the medically indigent and underserved. Founded in 1985, Health Management Associates has offices in Atlanta, Georgia; Austin, Texas; Boston, Massachusetts; Chicago, Illinois; Columbus, Ohio; Denver, Colorado; Harrisburg, Pennsylvania; Indianapolis, Indiana; Lansing, Michigan; New York, New York; Olympia and Seattle, Washington; Portland, Oregon; Sacramento, San Francisco, and Southern California; Tallahassee, Florida; and Washington, DC.*

<http://healthmanagement.com/about-us/>

*Among other services, HMA provides generalized information, analysis, and business consultation services to investment professionals; however, HMA is not a registered broker-dealer or investment adviser firm. HMA does not provide advice as to the value of securities or the advisability of investing in, purchasing, or selling particular securities. Research and analysis prepared by HMA on behalf of any particular client is independent of and not influenced by the interests of other clients.*