



MassHealth FY 2011 H.2 Budget Summary



The MassHealth budget reflects the Governor's on-going commitment to health care access for all the Commonwealth's residents. Providing access to comprehensive, quality care through the MassHealth program both protects the health of our most vulnerable residents and protects them financially, as well. The FY2011 House 2 (H.2) budget preserves member eligibility to maintain the Commonwealth's historic commitment to health care reform, while responsibly managing growth within the program.

The following table summarizes the variances and growth in MassHealth spending from FY 2010 to FY 2011.

FY10 Estimated Spending	FY11 Total	% growth from FY10 Est Spending	Enrollment Growth	% growth from FY10 after Adjusting for Enrollment
\$ 9,237,363,687	9,838,263,308	6.5%	271,000,000	3.6%

SUMMARY

MassHealth Overall Spending

- MassHealth program spending for FY2011 is projected at \$9.838 billion, which is \$601 million (or 6.5%) above the FY10 projected spending of \$9.237 billion.
- The FY2011 budget projection assumes coverage of 1,257,000 MassHealth members in FY2011, a 3% increase from FY10 projected caseload.
- The MassHealth budget maintains eligibility and prioritizes service delivery to our members. No services were completely eliminated.

MassHealth Caseload

- MassHealth enrollment is projected to grow at 3.6% in FY10 and 3% in FY2011. The FY2011 MassHealth budget projections anticipate a 37,000 caseload increase between FY10 and FY2011, from an average of 1,220,000 members in FY10 to 1,257,000 members in FY2011.

- The FY2011 MassHealth budget reflects a leveling off of MassHealth enrollment as the Commonwealth achieves near universal coverage. The budget assumes the lowest caseload increase for MassHealth since the implementation of health care reform.
- Since health care reform, the percentage of individuals with health insurance coverage in the Commonwealth has risen to 97.3% from 93.6% in 2006. Massachusetts now has the highest rate of insurance in the country.

MASHEALTH FUNDING INCREASES

- Enrollment increase: \$271 million to cover anticipated enrollment growth.
- Utilization increase: \$247.7 million to cover an anticipated increase in utilization of MassHealth services.
- The Children's Behavioral Health Initiative (Rosie D v. Romney lawsuit) is funded at \$107 million in FY2011. The FY2011 funding level is an increase of over \$42 million from the estimated FY10 spending. FY2011 funding will continue to support Intensive Care Coordination, Family Support and Training, In Home Behavioral Therapy, Therapeutic Mentors, In Home Therapy, Mobil Crisis, Behavioral Health Screenings, Child and Adolescent Needs and Strengths, and CANS. More detail is provided in the CBHI fact sheet.

Managing FY2011

To respond to fiscal challenges, the MassHealth budget includes a number of savings initiatives and reductions that are required to keep spending to a manageable level of growth. The budget keeps MassHealth costs affordable for the state and members by maintaining appropriate discipline on rates, co-pays, and services as described below:

- Co-pay increase on generic drugs: \$8 million. (See pharmacy fact sheet for further information.)
- Restructuring of the adult dental program: \$56.3 million. (See adult dental fact sheet for further information) Dental

coverage for children and individuals with intellectual disabilities with active cases with the Department of Developmental Services (DDS) is preserved.

- Program Integrity: \$10 million. MassHealth will undertake numerous efforts to combat fraud and waste to ensure that the funds available are spent wisely and appropriately on the most vulnerable residents of the Commonwealth. While this is by no means a new initiative, MassHealth plans to save an additional \$10 million by increasing the number of reviews to providers for duplication of payments for same services/same individual, restructuring transportation reimbursement to prevent misuse of the service and expanding financial audits.
- Hospital Outlier Payment: \$36M. These are special payments to acute hospitals to recognize the costs of cases that involve patient stays beyond 20 days.
 - Acute hospitals receive a hospital-specific Standard Payment Amount Per Discharge (SPAD) to cover the cost of the first 20 days of a patient's admission. The outlier payments are a per-diem calculated at 75% of the Transfer Per Diem which is based on the SPAD payment.
 - Outlier payments for children under 21 will continue.
 - The average MassHealth Length of Stay (LOS) is 4.55 days; therefore, the coverage for 20 days is adequate to cover the majority of adult hospital stays. Outlier claims account for only 3% of all hospital claims; therefore, the coverage for 20 days is adequate to cover the majority of adult hospital stays
- MassHealth will delay until FY12 the estimated \$15.5 million in pay-for-performance (P4P) for Managed Care Organizations (MCOs) that meet predetermined success thresholds.
- The estimated \$75 million in P4P for hospitals will be paid in FY12 once the 2010 hospital data has been collected and analyzed. This change does not affect payment amounts but allows more time to collect and analyze performance data
- MCO Pharmacy Carve-out: \$42 million. (See the Pharmacy Fact sheet for more detail.)
- Restructuring of long term care services or rates: \$15 million.