

STATE OF COLORADO FY 2010-11 BUDGET REQUEST CYCLE: DEPARTMENT OF HEALTH CARE POLICY AND FINANCING

Schedule 13 Change Request for FY 2010-11 Budget Request Cycle											
Decision Item FY 2010-11		Base Reduction Item FY 2010-11			Supplemental FY 2009-10			Budget Amendment FY 2010-11			
Request Title: Medicaid Program Reductions		Department: Health Care Policy and Financing			Dept. Approval by: John Bartholomew <i>JB</i>			Date: November 2, 2009 <i>10/20/09</i>			
Priority Number: BRI-6					OSPB Approval: <i>[Signature]</i>			Date: <i>11-2-09</i>			
	Fund	1 Prior-Year Actual FY 2008-09	2 Appropriation FY 2009-10	3 Supplemental Request FY 2009-10	4 Total Revised Request FY 2009-10	5 Base Request FY 2010-11	6 Decision/ Base Reduction FY 2010-11	7 November 1 Request FY 2010-11	8 Budget Amendment FY 2010-11	9 Total Revised Request FY 2010-11	10 Change from Base (Column 5) FY 2011-12
Total of All Line Items	Total	2,742,852,380	2,748,358,853	0	2,748,358,853	3,234,324,881	(35,234,040)	3,199,090,841	0	3,199,090,841	(36,222,439)
	FTE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	GF	1,006,479,429	844,164,559	0	844,164,559	1,244,337,314	(27,963,869)	1,216,373,445	0	1,216,373,445	(17,041,795)
	GFE	39,251,792	0	0	0	0	0	0	0	0	0
	CF	114,852,622	175,291,909	0	175,291,909	365,568,229	11,350,706	376,918,935	0	376,918,935	(1,062,996)
	CFE/RF	2,638,398	2,748,535	0	2,748,535	2,745,110	(214)	2,744,896	0	2,744,896	(279)
	FF	1,579,630,139	1,726,153,850	0	1,726,153,850	1,621,674,228	(18,620,663)	1,603,053,565	0	1,603,053,565	(18,117,369)
(2) Medical Services Premiums	Total	2,526,991,443	2,542,923,842	0	2,542,923,842	3,000,913,062	(31,111,229)	2,969,801,833	0	2,969,801,833	(30,842,996)
	FTE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	GF	919,709,958	1,037,363,033	0	1,037,363,033	1,140,610,858	(28,053,217)	1,112,557,641	0	1,112,557,641	(14,624,904)
	GFE	39,251,792	0	0	0	0	0	0	0	0	0
	CF	109,633,539	226,708,414	0	226,708,414	352,549,563	11,502,201	364,051,764	0	364,051,764	(790,848)
	CFE/RF	2,631,068	2,739,519	0	2,739,519	2,736,160	0	2,736,160	0	2,736,160	0
	FF	1,455,765,086	1,276,112,876	0	1,276,112,876	1,505,016,481	(14,560,213)	1,490,456,268	0	1,490,456,268	(15,427,244)
(2) Medical Services Premiums; Long Bill Group Total	Total	0	0	0	0	0	0	0	0	0	0
	FTE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	GF	0	(264,990,043)	0	(264,990,043)	0	1,645,687	1,645,687	0	1,645,687	0
	GFE	0	0	0	0	0	0	0	0	0	0
	CF	0	(57,900,191)	0	(57,900,191)	0	41,309	41,309	0	41,309	0
	CFE/RF	0	0	0	0	0	0	0	0	0	0
	FF	0	322,890,234	0	322,890,234	0	(1,686,996)	(1,686,996)	0	(1,686,996)	0

STATE OF COLORADO FY 2010-11 BUDGET REQUEST CYCLE: DEPARTMENT OF HEALTH CARE POLICY AND FINANCING

Schedule 13											
Change Request for FY 2010-11 Budget Request Cycle											
Decision Item FY 2010-11	<input type="checkbox"/>	Base Reduction Item FY 2010-11	<input checked="" type="checkbox"/>	Supplemental FY 2009-10	<input type="checkbox"/>	Budget Amendment FY 2010-11	<input type="checkbox"/>				
Request Title:	Medicaid Program Reductions										
Department:	Health Care Policy and Financing			Dept. Approval by:	John Bartholomew			Date:	November 2, 2009		
Priority Number:	BRI-6			OSPB Approval:				Date:			
	1	2	3	4	5	6	7	8	9	10	
	Prior-Year Actual	Supplemental Request	Total Revised Request	Base Request	Decision/ Base Reduction	November 1 Request	Budget Amendment	Total Revised Request	Change from Base		
Fund	FY 2008-09	FY 2009-10	FY 2009-10	FY 2009-10	FY 2010-11	FY 2010-11	FY 2010-11	FY 2010-11	FY 2010-11	FY 2011-12	
(3) Medicaid Mental Health Community Programs; (A) Mental Health Capitation Payments	Total	215,860,937	205,435,011	0	205,435,011	233,411,819	(4,122,811)	229,289,008	0	229,289,008	(5,379,443)
	FTE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	GF	86,769,471	94,262,892	0	94,262,892	103,726,456	(1,852,307)	101,874,149	0	101,874,149	(2,416,891)
	GFE	0	0	0	0	0	0	0	0	0	0
	CF	5,219,083	8,434,054	0	8,434,054	13,018,666	(208,575)	12,810,091	0	12,810,091	(272,148)
	CFE/RF	7,330	9,016	0	9,016	8,950	(214)	8,736	0	8,736	(279)
	FF	123,866,053	102,729,049	0	102,729,049	116,657,747	(2,061,715)	114,596,032	0	114,596,032	(2,690,125)
(3) Medicaid Mental Health Community Programs; Long Bill Group Total	Total	0	0	0	0	0	0	0	0	0	0
	FTE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	GF	0	(22,471,323)	0	(22,471,323)	0	295,968	295,968	0	295,968	0
	GFE	0	0	0	0	0	0	0	0	0	0
	CF	0	(1,950,368)	0	(1,950,368)	0	15,771	15,771	0	15,771	0
	CFE/RF	0	0	0	0	0	0	0	0	0	0
	FF	0	24,421,691	0	24,421,691	0	(311,739)	(311,739)	0	(311,739)	0
Non-Line Item Request:	None.										
Letternote Revised Text:	See Appendix A, Tables 4.1 - 4.3										
Cash or Federal Fund Name and COFRS Fund Number:	CF: Breast and Cervical Cancer Prevention and Treatment Fund 15D, Health Care Expansion Fund 18K; Hospital Provider Fee Cash Fund; Nursing Facility Cash Fund 22X. FF: Title XIX										
Reappropriated Funds Source, by Department and Line Item Name:	Transfer from the Department of Public Health and Environment, Prevention, Early Detection, and Treatment Fund										
Approval by OIT?	Yes: <input type="checkbox"/>	No: <input type="checkbox"/>	N/A: <input checked="" type="checkbox"/>								
Schedule 13s from Affected Departments:	None.										

CHANGE REQUEST for FY 2010-11 BUDGET REQUEST CYCLE

Department:	Health Care Policy and Financing
Priority Number:	BRI-6
Change Request Title:	Medicaid Program Reductions

SELECT ONE (click on box):

- Decision Item FY 2010-11
- Base Reduction Item FY 2010-11
- Supplemental Request FY 2009-10
- Budget Request Amendment FY 2010-11

SELECT ONE (click on box):

Supplemental or Budget Request Amendment Criterion:

- Not a Supplemental or Budget Request Amendment
- An emergency
- A technical error which has a substantial effect on the operation of the program
- New data resulting in substantial changes in funding needs
- Unforeseen contingency such as a significant workload change

Short Summary of Request:

In response to the state's current fiscal situation, the Department requests a reduction of \$35,234,040 total funds, \$27,963,869 General Fund in FY 2010-11, and a reduction of \$36,222,439 total funds, \$17,041,795 General Fund in FY 2011-12 in order to: reduce Medicaid physical health provider rates by 1%; reduce capitation rates paid to behavioral health organizations; reduce reimbursement to mid-level practitioners; impose restrictions on certain durable medical equipment; restrict nursing facility per diem growth to 0% in FY 2010-11; and, refinance a portion of Medical Services Premiums with an existing cash fund appropriation. Reductions would be effective July 1, 2010.

Background and Appropriation History:

Not applicable.

General Description of Request:

In response to the state's current fiscal situation, the Department requests a reduction of \$35,234,040 total funds, \$27,963,869 General Fund in FY 2010-11, and a reduction of \$36,222,439 total funds, \$17,041,795 General Fund in FY 2011-12 in order to: reduce Medicaid physical health provider rates by 1%; reduce capitation rates paid to behavioral health organizations; reduce reimbursement to mid-level practitioners; impose restrictions on certain durable medical equipment; restrict nursing facility per diem growth to 0% in FY 2010-11; and, refinance a portion of Medical Services Premiums with an existing cash fund appropriation. Reductions would be effective July 1, 2010.

Provider Rate Reductions:

As part of this request, the Department proposes to reduce rates paid to Medicaid physical health fee-for-service and managed care providers by 1% effective July 1, 2010. This reduction would affect all providers and services paid within the Department's Medical Services Premiums line item, with the following exceptions: prescription drugs; federally qualified health centers; rural health centers; and, prepaid inpatient health plan (PIHP) administration. Rates paid to managed care organizations, including PACE, would also include corresponding decreases, as the Department pays rates based on fee-for-service expenditure. However, any managed care rates which fall outside the current actuarially sound rate ranges may require additional actuarial certification. The proposed rate change to nursing facilities would require a statute change.

Due to cash accounting, savings estimates are calculated under the assumption that there will be a constant one month lag between the time the cuts are implemented and the time savings are achieved. This gap incorporates the approximate time between a claim is incurred and the time that the claim is paid by the Department.

The Department estimates that the proposed rate reductions will reduce expenditures by approximately \$22,337,320 total funds, \$9,337,445 General Fund, and \$532,169 cash funds in FY 2010-11.¹ The rate reductions annualize to savings of \$26,241,374 total

¹ Note that the Department's calculations in table A.1 includes the effect and annualization of the proposed FY 2009-10 rate cut, announced October 28, 2009, although those totals are not shown in this request. The Department intends to submit a separate Supplemental request to fully account for the FY 2009-10 at a later date.

funds and \$12,438,708 General Fund in FY 2011-12. The Department's calculations are shown in Appendix B, Tables A.1 and A.2.

Behavioral Health Organization Reduction

As part of this request, the Department proposes to reduce rates paid to behavioral health organizations by 2%. Currently, rates are paid at 2.5% below the midpoint of an actuarially-sound rate range developed during the rate-setting process. This reduction would place rates at approximately 95.55% of the midpoint of the rate range. The minimum level required to maintain an actuarially sound rate is 95% of the midpoint rate. The Department estimates that the proposed restrictions will reduce expenditure by \$4,122,811 total funds and \$1,556,339 General Fund in FY 2010-11. This proposal annualizes to a savings of \$5,379,443 total funds and \$2,416,891 General Fund in FY 2011-12. The Department's calculations are shown in Appendix B, Table B.

Reduction to Mid-Level Practitioner Reimbursement

As part of this request, the Department proposes to reduce rates paid to mid-level practitioners to 90% of the rate paid to physicians. Currently, the Department reimburses mid-level practitioners, including nurse practitioners, physician assistants, certified nurse midwives, and certified registered nurse anesthetists, at the same rate as physicians for the same services. This rate reduction would also impact risk-based physical health managed care organizations, and PACE.

The Department estimates that the proposed rate reductions will reduce expenditure by \$1,417,613 total funds, \$573,979 General Fund in FY 2010-11. This proposal annualizes to \$1,810,562 total funds, \$900,756 General Fund in FY 2011-12. The Department's calculations are shown in Appendix B, Table C.

Restrictions to Optional Durable Medical Equipment

As part of this request, the Department proposes to impose restrictions on certain optional durable medical equipment. In particular, the Department would impose a 210-unit limit

on incontinence products (down from the current limit of 240), and eliminate coverage for oral nutritional products for adults 21 years and older, although exceptions would be granted for individuals with innate errors of metabolism or malnourishment conditions. This rate reduction would also impact risk-based physical health managed care organizations, and PACE.

The Department estimates that the proposed rate reductions will reduce expenditure by \$2,333,095 total funds, \$944,651 General Fund in FY 2010-11. This proposal annualizes to \$2,791,060 total funds, \$1,285,440 General Fund in FY 2011-12. The Department's calculations are shown in Appendix B, Table E.

Reduction to Nursing Facility Per Diem General Fund Cap

As part of this request, the Department proposes to reduce the current limit on General Fund per diem growth in nursing facility rates from 5% to 0% in FY 2010-11. The Department's proposal assumes the limit is returned to the 5% level in FY 2011-12, and allowed to return to the 3% limit, in statute at 25.5-6-202 (9)(b)(I) and 25.5-6-202(9)(b.7), C.R.S. (2009), in FY 2012-13. A change to the General Fund limit would require a statute change. The Department estimates that the proposed rate reductions will reduce expenditure by \$12,215,048 General Fund in FY 2010-11. This proposal annualizes to zero in FY 2011-12. The Department's calculations are shown in Appendix B, Table F.1.

In addition to affecting nursing facility rates, a reduction to the General Fund cap will also create a reduction to rates for the Program for All-Inclusive Care for the Elderly (PACE). The nursing facility component of PACE rates is based solely on the General Fund funded components of the nursing facility rates. Therefore, a reduction the cap will cause a corresponding decrease to PACE rates. The Department estimates that the proposed rate reductions will reduce expenditure by \$3,023,201 total funds, \$1,336,407 General Fund in FY 2010-11. This proposal annualizes to zero in FY 2011-12. The Department's calculations are shown in Appendix B, Table F.2.

The request further assumes that the Nursing Facility Cash Fund would be used to pay for any portion of the per diem which is unfunded due to an decrease to the General Fund limit, per 25.5-6-202(9)(b)(I), C.R.S. (2009). However, this would require an increase in provider fees; therefore, the Department will engage stakeholders to determine if an increase in the provider fee is appropriate before raising the provider fee. If the provider fee is raised, a statute change to 25.5-6-203(1)(a)(II), which limits the provider fee to \$7.50 per patient day, may be required.

Refinance Medical Services Premiums with Disease Management Funding

As part of this proposal, the Department proposes to use \$2,000,000 in cash funds, from the Prevention, Early Detection, and Treatment Fund to offset General Fund expenditure in the Medical Services Premiums line item. The Department’s base request for Medical Services Premiums includes this \$2,000,000, which typically funds the Department’s Disease Management programs. Due to the current fiscal situation, in FY 2008-09 and for FY 2009-10, the Department ceased its Disease Management programs, and used this funding to offset fee-for-service claims “that address cancer, heart disease, and lung disease or the risk factors associated with such diseases” as allowed in 24-22-117(2)(d)(IV.5), C.R.S. (2009). Under this request, the Department would continue to use this funding to offset General Fund in FY 2010-11. The Department anticipates that it will resume its disease management program in FY 2011-12. This request would reduce total funds and General Fund expenditure by \$2,000,000 in FY 2010-11.

Consequences if Not Funded:

Not applicable.

Calculations for Request:

Summary of Request FY 2010-11	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds
Total Request	(\$35,234,040)	(\$27,963,869)	\$11,350,706	(\$214)	(\$18,620,663)
(2) Medical Services Premiums	(\$31,111,229)	(\$28,053,217)	\$11,502,201	\$0	(\$14,560,213)
(2) Medical Services Premiums; Long Bill Group Total	\$0	\$1,645,687	\$41,309	\$0	(\$1,686,996)
(3) Medicaid Mental Health Community Programs; (A) Mental Health Capitation Payments	(\$4,122,811)	(\$1,852,307)	(\$208,575)	(\$214)	(\$2,061,715)
(3) Medicaid Mental Health Community Programs; Long Bill Group Total	\$0	\$295,968	\$15,771	\$0	(\$311,739)

Summary of Request FY 2011-12	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds
Total Request	(\$36,222,439)	(\$17,041,795)	(\$1,062,996)	(\$279)	(\$18,117,369)
(2) Medical Services Premiums	(\$30,842,996)	(\$14,624,904)	(\$790,848)	\$0	(\$15,427,244)
(3) Medicaid Mental Health Community Programs; (A) Mental Health Capitation Payments	(\$5,379,443)	(\$2,416,891)	(\$272,148)	(\$279)	(\$2,690,125)

Cash Funds Projections:

See Appendix A, table 4.1 through table 4.3 for the impact to affected cash funds.

Cash Fund Name	Cash Fund Number	FY 2008-09 Expenditures	FY 2008-09 End of Year Cash Balance	FY 2009-10 End of Year Cash Balance Estimate	FY 2010-11 End of Year Cash Balance Estimate	FY 2011-12 End of Year Cash Balance Estimate
Breast and Cervical Cancer Prevention and Treatment Fund	15D	\$2,175,829	\$10,291,636	\$8,956,589	\$8,487,913	\$8,019,237
Health Care Expansion Fund	18K	\$94,003,143	\$119,601,623	\$81,320,908	\$34,980,659	(\$22,674,568)
Medicaid Nursing Facility Cash Fund	22X	\$16,410,618	\$5,193,602	\$5,193,602	\$5,193,602	(\$9,023,209)
Hospital Provider Fee Cash Fund	-	-	-	-	-	-

Assumptions for Calculations:

Where applicable, assumptions are noted in the relevant locations in each table in the appendix, and in the narrative above. The Department has estimated projected expenditure and utilization based on historical information and assumptions about future changes in caseload or utilization. As actual experience with new programs is obtained, the Department would use the standard budget process to request adjustments to funding as appropriate.

Impact on Other Government Agencies:

Not applicable.

Cost Benefit Analysis:

Not applicable.

Implementation Schedule:

The Department would implement all reductions effective July 1, 2010.

Statutory and Federal Authority:

Except where noted below, the Executive Director has the authority to limit the amount, scope, and duration of services and can implement reductions and programmatic efficiencies via rule change, per 25.5-4-401 (1) (a), C.R.S. (2009).

25.5-4-401 (1) (a), C.R.S. (2009). Providers - payments - rules - repeal.

The state department shall establish rules for the payment of providers under this article and articles 5 and 6 of this title. Within the limits of available funds, such rules shall provide reasonable compensation to such providers, but no provider shall, by this section or any other provision of this article or article 5 or 6 of this title, be deemed to have any vested right to act as a provider under this article and articles 5 and 6 of this title or to receive any payment in addition to or different from that which is currently payable on behalf of a recipient at the time the medical benefits are provided by said provider.

25.5-6-202, C.R.S. (2009). Providers - nursing facility provider reimbursement - rules - repeal.

(9) (b) (I) Except for changes in the number of patient days, the general fund share of the aggregate statewide average of the per diem rate net of patient payment pursuant to subsections (1) to (4) of this section shall be limited to an annual increase of three percent. The state's share of the reimbursement rate components pursuant to subsections (1) to (4) of this section may be funded through the provider fee assessed pursuant to the provisions of section 25.5-6-203 and any associated federal funds. Any provider fee used as the state's share and all federal funds shall be excluded from the calculation of the general fund limitation on the annual increase. For the fiscal year commencing July 1, 2009, and for each fiscal year thereafter, the general fund share of the aggregate statewide average per diem rate net of patient payment pursuant to subsections (1) to (4) of this section shall be calculated using the rates that were effective on July 1 of that fiscal year.

24-22-117, C.R.S. (2009). Tobacco tax cash fund - accounts - creation - legislative declaration - repeal.

(2)(d)(IV.5) For fiscal year 2008-09, and each fiscal year thereafter until and including fiscal year 2012-13, after the allocation and transfer required by subparagraphs (II) and (III) of this paragraph (d), of the moneys in the prevention, early detection, and treatment fund, two million dollars shall be transferred to the department of health care policy and financing for medicaid disease management and treatment programs, authorized by section 25.5-5-316, C.R.S., that address cancer, heart disease, and lung disease or the risk factors associated with such diseases.

Performance Measures:

Not applicable.

**Medicaid Program Reductions
Appendix A**

**Table 1.1
Summary of Request
FY 2010-11**

FY 2010-11	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds
Total Request	(\$35,234,040)	(\$27,963,869)	\$11,350,706	(\$214)	(\$18,620,663)
(2) Medical Services Premiums	(\$31,111,229)	(\$28,053,217)	\$11,502,201	\$0	(\$14,560,213)
(2) Medical Services Premiums; Long Bill Group Total	\$0	\$1,645,687	\$41,309	\$0	(\$1,686,996)
(3) Medicaid Mental Health Community Programs; (A) Mental Health Capitation Payments	(\$4,122,811)	(\$1,852,307)	(\$208,575)	(\$214)	(\$2,061,715)
(3) Medicaid Mental Health Community Programs; Long Bill Group Total	\$0	\$295,968	\$15,771	\$0	(\$311,739)

**Table 1.2
Summary of Request
FY 2011-12**

FY 2011-12	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds
Total Request	(\$36,222,439)	(\$17,041,795)	(\$1,062,996)	(\$279)	(\$18,117,369)
(2) Medical Services Premiums	(\$30,842,996)	(\$14,624,904)	(\$790,848)	\$0	(\$15,427,244)
(2) Medical Services Premiums; Long Bill Group Total	\$0	\$0	\$0	\$0	\$0
(3) Medicaid Mental Health Community Programs; (A) Mental Health Capitation Payments	(\$5,379,443)	(\$2,416,891)	(\$272,148)	(\$279)	(\$2,690,125)
(3) Medicaid Mental Health Community Programs; Long Bill Group Total	\$0	\$0	\$0	\$0	\$0

**Medicaid Program Reductions
Appendix A**

**Table 2.1
Impact by Component: Base Fund Split
FY 2010-11**

FY 2009-10	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	Source
Total Request	(\$35,234,040)	(\$29,905,524)	\$11,293,626	(\$214)	(\$16,621,928)	
(2) Medical Services Premiums	(\$31,111,229)	(\$28,053,217)	\$11,502,201	\$0	(\$14,560,213)	
Provider Rate Cuts	(\$22,337,320)	(\$10,599,157)	(\$564,905)	\$0	(\$11,173,258)	Table A
Reduction to Mid-Level Practitioner Reimbursement	(\$1,417,613)	(\$652,890)	(\$55,916)	\$0	(\$708,807)	Table C
Restrictions to Optional Durable Medical Equipment	(\$2,333,095)	(\$1,074,521)	(\$92,026)	\$0	(\$1,166,548)	Table D
Reduction to Nursing Facility Per Diem General Fund Cap	\$0	(\$12,215,048)	\$12,215,048	\$0	\$0	Table E.1
Reduction to Nursing Facility Per Diem General Fund Cap - PACE Impact	(\$3,023,201)	(\$1,511,601)	\$0	\$0	(\$1,511,600)	Table E.2
Refinance Medical Services Premiums with Disease Management Funding	(\$2,000,000)	(\$2,000,000)	\$0	\$0	\$0	Narrative
(3) Medicaid Mental Health Community Programs; (A) Mental Health Capitation Payments	(\$4,122,811)	(\$1,852,307)	(\$208,575)	(\$214)	(\$2,061,715)	
Reduce Mental Health Capitation Program Rates	(\$4,122,811)	(\$1,852,307)	(\$208,575)	(\$214)	(\$2,061,715)	Table B

**Table 2.2
Impact by Component: Base Fund Split
FY 2011-12**

FY 2009-10	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	Source
Total Request	(\$36,222,439)	(\$17,041,795)	(\$1,062,996)	(\$279)	(\$18,117,369)	
(2) Medical Services Premiums	(\$30,842,996)	(\$14,624,904)	(\$790,848)	\$0	(\$15,427,244)	
Provider Rate Cuts	(\$26,241,374)	(\$12,438,708)	(\$676,233)	\$0	(\$13,126,433)	Table A
Reduction to Mid-Level Practitioner Reimbursement	(\$1,810,562)	(\$900,756)	(\$4,525)	\$0	(\$905,281)	Table C
Restrictions to Optional Durable Medical Equipment	(\$2,791,060)	(\$1,285,440)	(\$110,090)	\$0	(\$1,395,530)	Table D
Reduction to Nursing Facility Per Diem General Fund Cap	\$0	\$0	\$0	\$0	\$0	Table E.1
Reduction to Nursing Facility Per Diem General Fund Cap - PACE Impact	\$0	\$0	\$0	\$0	\$0	Table E.2
Refinance Medical Services Premiums with Disease Management Funding	\$0	\$0	\$0	\$0	\$0	Narrative
(3) Medicaid Mental Health Community Programs; (A) Mental Health Capitation Payments	(\$5,379,443)	(\$2,416,891)	(\$272,148)	(\$279)	(\$2,690,125)	
Reduce Mental Health Capitation Program Rates	(\$5,379,443)	(\$2,416,891)	(\$272,148)	(\$279)	(\$2,690,125)	Table B

**Medicaid Program Reductions
Appendix A**

**Table 3.1
Impact by Component: American Recovery and Reinvestment Act Adjustment
FY 2010-11**

FY 2009-10	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	Source
Total Request	\$0	\$1,941,655	\$57,080	\$0	(\$1,998,735)	
(2) Medical Services Premiums	\$0	\$1,645,687	\$41,309	\$0	(\$1,686,996)	
Provider Rate Cuts	\$0	\$1,261,712	\$32,736	\$0	(\$1,294,448)	Table A
Reduction to Mid-Level Practitioner Reimbursement	\$0	\$78,911	\$3,240	\$0	(\$82,151)	Table C
Restrictions to Optional Durable Medical Equipment	\$0	\$129,870	\$5,333	\$0	(\$135,203)	Table D
Reduction to Nursing Facility Per Diem General Fund Cap	\$0	\$0	\$0	\$0	\$0	Table E.1
Reduction to Nursing Facility Per Diem General Fund Cap - PACE Impact	\$0	\$175,194	\$0	\$0	(\$175,194)	Table E.2
Refinance Medical Services Premiums with Disease Management Funding	\$0	\$0	\$0	\$0	\$0	Narrative
(3) Medicaid Mental Health Community Programs; (A) Mental Health Capitation Payments	\$0	\$295,968	\$15,771	\$0	(\$311,739)	
Reduce Mental Health Capitation Program Rates	\$0	\$295,968	\$15,771	\$0	(\$311,739)	Table B

**Medicaid Program Reductions
Appendix A**

Table 4.1 Cash Fund Splits FY 2010-11								
FY 2010-11	Total Funds	General Fund	Breast and Cervical Cancer Prevention and Treatment Fund	Health Care Expansion Fund	Hospital Provider Fee Cash Fund	Nursing Facility Cash Fund	Reappropriated Funds	Federal Funds
Total Request	(\$35,234,040)	(\$29,905,524)	(\$22,018)	(\$432,249)	(\$467,156)	\$12,215,048	(\$214)	(\$16,621,928)
(2) Medical Services Premiums	(\$31,111,229)	(\$28,053,217)	(\$21,517)	(\$287,248)	(\$404,083)	\$12,215,048	\$0	(\$14,560,213)
(3) Medicaid Mental Health Community Programs	(\$4,122,811)	(\$1,852,307)	(\$501)	(\$145,001)	(\$63,073)	\$0	(\$214)	(\$2,061,715)

Notes:

- General Fund and cash fund sources are shown at the base FMAP level (50%).
- Health Care Expansion Fund is assumed to be transferred into the General Fund.

Table 4.2 Cash Fund Splits FY 2011-12								
FY 2011-12	Total Funds	General Fund	Breast and Cervical Cancer Prevention and Treatment Fund	Health Care Expansion Fund	Hospital Provider Fee Cash Fund	Nursing Facility Cash Fund	Reappropriated Funds	Federal Funds
Total Request	(\$36,222,439)	(\$17,041,795)	(\$26,421)	(\$507,088)	(\$529,487)	\$0	\$0	(\$18,117,369)
(2) Medical Services Premiums	(\$30,842,996)	(\$14,624,904)	(\$25,768)	(\$317,891)	(\$447,189)	\$0	\$0	(\$15,427,244)
(3) Medicaid Mental Health Community Programs	(\$5,379,443)	(\$2,416,891)	(\$653)	(\$189,197)	(\$82,298)	\$0	\$0	(\$2,690,125)

Notes:

- General Fund and cash fund sources are shown at the base FMAP level (50%).
- Health Care Expansion Fund is assumed to be transferred into the General Fund.

**Medicaid Program Reductions
Appendix A**

Table 4.3 Cash Fund Splits: American Recovery and Reinvestment Act Adjustment FY 2010-11								
FY 2010-11	Total Funds	General Fund	Breast and Cervical Cancer Prevention and Treatment Fund	Health Care Expansion Fund	Hospital Provider Fee Cash Fund	Nursing Facility Cash Fund	Reappropriated Funds	Federal Funds
Total Request	\$0	\$1,941,655	\$0	\$28,154	\$28,926	\$0	\$0	(\$1,998,735)
(2) Medical Services Premiums	\$0	\$1,645,687	\$0	\$17,164	\$24,145	\$0	\$0	(\$1,686,996)
(3) Medicaid Mental Health Community Programs	\$0	\$295,968	\$0	\$10,990	\$4,781	\$0	\$0	(\$311,739)

Notes:

- General Fund and cash fund sources have been adjusted to account for the enhanced federal financial participation received as part of the American Recovery and Reinvestment Act of 2009 (ARRA). The federal medical assistance percentage (FMAP) for

Table 4.4 Cash Fund Splits: American Recovery and Reinvestment Act Adjustment FY 2011-12								
FY 2011-12	Total Funds	General Fund	Breast and Cervical Cancer Prevention and Treatment Fund	Health Care Expansion Fund	Hospital Provider Fee Cash Fund	Nursing Facility Cash Fund	Reappropriated Funds	Federal Funds
Total Request	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
(2) Medical Services Premiums	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
(3) Medicaid Mental Health Community Programs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

Notes:

- General Fund and cash fund sources have been adjusted to account for the enhanced federal financial participation received as part of the American Recovery and Reinvestment Act of 2009 (ARRA). The weighted federal medical assistance percentage

**Base Reduction Item - 6: Medicaid Program Reductions
Appendix B**

Table A.1							
FY 2010-11 Provider Rate Reductions							
Service Category	FY 2010-11 Estimate (1), (2),(3)	FY 2010-11 Appropriation Available for Rate Cut ^{(4),(5)}	Cut Level	FY 2010-11 Total Funds Reduction	FY 2010-11 Estimated GF Reduction	FY 2010-11 Estimated CF/RF Reduction	FY 2010-11 Estimated FF Reduction
ACUTE CARE							
Physician Services & EPSDT	\$278,037,276	\$253,568,024	1.00%	(\$2,535,680)	(\$1,167,823)	(\$100,017)	(\$1,267,840)
Emergency Transportation	\$5,890,013	\$5,399,179	1.00%	(\$53,992)	(\$24,866)	(\$2,130)	(\$26,996)
Non-emergency Medical Transportation	\$10,372,432	\$9,508,062	1.00%	(\$95,081)	(\$43,791)	(\$3,750)	(\$47,540)
Dental Services	\$91,269,119	\$83,663,359	1.00%	(\$836,634)	(\$385,317)	(\$33,000)	(\$418,317)
Family Planning	\$381,309	\$349,533	0.00%	\$0	\$0	\$0	\$0
Health Maintenance Organizations	\$154,361,170	\$141,497,740	0.80%	(\$1,126,817)	(\$518,963)	(\$44,446)	(\$563,408)
Inpatient Hospitals	\$425,659,916	\$390,188,256	1.00%	(\$3,901,883)	(\$1,797,037)	(\$153,905)	(\$1,950,941)
Outpatient Hospitals	\$183,718,734	\$168,408,839	1.00%	(\$1,684,088)	(\$775,617)	(\$66,427)	(\$842,044)
Lab & X-Ray	\$33,947,377	\$31,118,429	1.00%	(\$311,184)	(\$143,318)	(\$12,274)	(\$155,592)
Durable Medical Equipment	\$91,932,111	\$82,132,432	1.00%	(\$821,324)	(\$378,266)	(\$32,396)	(\$410,662)
Prescription Drugs	\$281,448,592	\$257,994,542	0.00%	\$0	\$0	\$0	\$0
Drug Rebate	(\$110,593,933)	(\$101,377,772)	0.00%	\$0	\$0	\$0	\$0
Rural Health Centers	\$8,983,665	\$8,235,026	0.00%	\$0	\$0	\$0	\$0
Federally Qualified Health Centers	\$88,034,942	\$80,698,697	0.00%	\$0	\$0	\$0	\$0
Co-Insurance (Title XVIII-Medicare)	\$33,542,180	\$30,746,998	1.00%	(\$307,470)	(\$141,607)	(\$12,128)	(\$153,735)
Breast and Cervical Cancer Treatment Program	\$8,421,596	\$7,719,797	0.80%	(\$61,477)	\$0	(\$21,517)	(\$39,960)
Prepaid Inpatient Health Plan Services	\$43,039,643	\$39,453,006	0.80%	(\$314,184)	(\$144,699)	(\$12,393)	(\$157,092)
Other Medical Services	\$56,546	\$51,834	0.00%	\$0	\$0	\$0	\$0
Home Health	\$175,871,543	\$161,215,581	1.00%	(\$1,612,156)	(\$742,488)	(\$63,590)	(\$806,078)
Presumptive Eligibility	\$0	\$0	0.80%	\$0	\$0	\$0	\$0
Subtotal of Acute Care	\$1,804,374,230	\$1,650,571,562		(\$13,661,969)	(\$6,263,791)	(\$557,973)	(\$6,840,205)
COMMUNITY BASED LONG TERM CARE		\$0					
HCBS - Elderly, Blind, and Disabled	\$197,344,065	\$180,898,727	1.00%	(\$1,808,987)	(\$899,972)	(\$4,521)	(\$904,494)
HCBS - Mental Illness	\$25,672,898	\$23,533,490	1.00%	(\$235,335)	(\$117,080)	(\$588)	(\$117,667)
HCBS - Disabled Children	\$1,954,282	\$1,791,425	1.00%	(\$17,914)	(\$8,912)	(\$45)	(\$8,957)
HCBS - Persons Living with AIDS	\$662,813	\$607,578	1.00%	(\$6,076)	(\$3,023)	(\$15)	(\$3,038)
HCBS - Consumer Directed Attendant Support	\$4,613,716	\$4,229,239	1.00%	(\$42,292)	(\$21,040)	(\$106)	(\$21,146)
HCBS - Brain Injury	\$13,450,128	\$12,329,284	1.00%	(\$123,293)	(\$61,339)	(\$308)	(\$61,646)
HCBS - Children with Autism	\$1,446,892	\$1,326,318	1.00%	(\$13,263)	(\$6,598)	(\$33)	(\$6,632)
HCBS - Pediatric Hospice	\$32,777	\$30,046	1.00%	(\$300)	(\$149)	(\$1)	(\$150)
Private Duty Nursing	\$23,875,418	\$21,885,800	1.00%	(\$218,858)	(\$108,882)	(\$547)	(\$109,429)
Hospice	\$44,724,975	\$30,748,420	1.00%	(\$307,484)	(\$152,974)	(\$768)	(\$153,742)
Subtotal of Community Based Long Term Care	\$313,777,964	\$277,380,327		(\$2,773,803)	(\$1,379,970)	(\$6,932)	(\$1,386,901)
LONG TERM CARE and INSURANCE		\$0					
Class I Nursing Facilities	\$558,617,741	\$498,472,139	1.00%	(\$4,984,721)	(\$2,492,360)	\$0	(\$2,492,361)
Class II Nursing Facilities	\$2,322,371	\$2,128,840	1.00%	(\$21,288)	(\$10,644)	\$0	(\$10,644)
Program for All-Inclusive Care for the Elderly	\$86,293,376	\$79,102,261	0.84%	(\$664,459)	(\$332,230)	\$0	(\$332,229)
Subtotal Long Term Care	\$647,233,488	\$579,703,240		(\$5,670,469)	(\$2,835,235)	\$0	(\$2,835,234)
Supplemental Medicare Insurance Benefit	\$104,272,632	\$95,583,246	0.00%	\$0	\$0	\$0	\$0
Health Insurance Buy-In Program	\$1,368,657	\$1,254,602	0.00%	\$0	\$0	\$0	\$0
Subtotal Insurance	\$105,641,289	\$96,837,848		\$0	\$0	\$0	\$0
Subtotal of Long Term Care and Insurance	\$752,874,777	\$676,541,089		(\$5,670,469)	(\$2,835,235)	\$0	(\$2,835,234)
SERVICE MANAGEMENT		\$0					
Single Entry Points	\$25,208,602	\$23,107,885	1.00%	(\$231,079)	(\$120,161)	\$0	(\$110,918)
Disease Management	\$4,000,000	\$3,666,667	0.00%	\$0	\$0	\$0	\$0
Prepaid Inpatient Health Plan Administration	\$18,356,837	\$16,827,101	0.00%	\$0	\$0	\$0	\$0
Subtotal Service Management	\$47,565,439	\$43,601,652		(\$231,079)	(\$120,161)	\$0	(\$110,918)
Total	\$2,918,592,410	\$2,648,094,630		(\$22,337,320)	(\$10,599,157)	(\$564,905)	(\$11,173,258)

(1) Does not include any supplemental payment expenditure to either hospitals or nursing facilities

(2) Base is estimated in DI-1, and service category totals are estimated using FY 2008-09 expenditure patterns.

(3) This amount has been reduced for the Department's December 2009 reductions, and required annualizations.

(4) This amount has been reduced for other reductions in this proposal. If additional reductions are required, the figures in this calculation will change.

(5) Estimated implementation date: July 1, 2010 Only 11 months of savings are assumed in FY 2010-11 to account for cash accounting.

**Base Reduction Item - 6: Medicaid Program Reductions
Appendix B**

Table A.2 FY 2011-12 Provider Rate Reductions (Annualizations)							
Service Category	FY 2010-11 Total Fund Reduction	Effective Months in FY 2010-11	Estimat ed Trend ⁽¹⁾	FY 2011-12 Total Funds Reduction	FY 2011-12 Estimated GF Reduction	FY 2011-12 Estimated CF/RF Reduction	FY 2011-12 Estimated FF Reduction
ACUTE CARE							
Physician Services & EPSDT	(\$2,535,680)	11.00	9.78%	(\$3,036,592)	(\$1,398,521)	(\$119,775)	(\$1,518,296)
Emergency Transportation	(\$53,992)	11.00	9.78%	(\$64,658)	(\$29,778)	(\$2,551)	(\$32,329)
Non-emergency Medical Transportation	(\$95,081)	11.00	9.78%	(\$113,863)	(\$52,441)	(\$4,491)	(\$56,931)
Dental Services	(\$836,634)	11.00	9.78%	(\$1,001,907)	(\$461,434)	(\$39,519)	(\$500,954)
Family Planning	\$0	11.00	9.78%	\$0	\$0	\$0	\$0
Health Maintenance Organizations	(\$1,126,817)	11.00	9.78%	(\$1,349,414)	(\$621,482)	(\$53,226)	(\$674,706)
Inpatient Hospitals	(\$3,901,883)	11.00	9.78%	(\$4,672,682)	(\$2,152,033)	(\$184,308)	(\$2,336,341)
Outpatient Hospitals	(\$1,684,088)	11.00	9.78%	(\$2,016,772)	(\$928,837)	(\$79,549)	(\$1,008,386)
Lab & X-Ray	(\$311,184)	11.00	9.78%	(\$372,657)	(\$171,630)	(\$14,699)	(\$186,328)
Durable Medical Equipment	(\$821,324)	11.00	9.78%	(\$983,573)	(\$452,991)	(\$38,796)	(\$491,786)
Prescription Drugs	\$0	11.00	9.78%	\$0	\$0	\$0	\$0
Drug Rebate	\$0	11.00	9.78%	\$0	\$0	\$0	\$0
Rural Health Centers	\$0	11.00	9.78%	\$0	\$0	\$0	\$0
Federally Qualified Health Centers	\$0	11.00	9.78%	\$0	\$0	\$0	\$0
Co-Insurance (Title XVIII-Medicare)	(\$307,470)	11.00	9.78%	(\$368,209)	(\$169,580)	(\$14,524)	(\$184,105)
Breast and Cervical Cancer Treatment Program	(\$61,477)	11.00	9.78%	(\$73,621)	\$1	(\$25,768)	(\$47,854)
Prepaid Inpatient Health Plan Services	(\$314,184)	11.00	9.78%	(\$376,249)	(\$173,283)	(\$14,841)	(\$188,125)
Other Medical Services	\$0	11.00	9.78%	\$0	\$0	\$0	\$0
Home Health	(\$1,612,156)	11.00	9.78%	(\$1,930,630)	(\$889,163)	(\$76,152)	(\$965,315)
Presumptive Eligibility	\$0	11.00	9.78%	\$0	\$0	\$0	\$0
Subtotal of Acute Care	(\$13,661,969)	11.00	9.78%	(\$16,360,827)	(\$7,501,172)	(\$668,199)	(\$8,191,456)
COMMUNITY BASED LONG TERM CARE							
HCBS - Elderly, Blind, and Disabled	(\$1,808,987)	11.00	6.25%	(\$2,096,781)	(\$1,043,150)	(\$5,240)	(\$1,048,391)
HCBS - Mental Illness	(\$235,335)	11.00	6.25%	(\$272,775)	(\$135,706)	(\$682)	(\$136,387)
HCBS - Disabled Children	(\$17,914)	11.00	6.25%	(\$20,764)	(\$10,330)	(\$52)	(\$10,382)
HCBS - Persons Living with AIDS	(\$6,076)	11.00	6.25%	(\$7,042)	(\$3,504)	(\$17)	(\$3,521)
HCBS - Consumer Directed Attendant Support	(\$42,292)	11.00	6.25%	(\$49,021)	(\$24,388)	(\$123)	(\$24,510)
HCBS - Brain Injury	(\$123,293)	11.00	6.25%	(\$142,908)	(\$71,097)	(\$357)	(\$71,454)
HCBS - Children with Autism	(\$13,263)	11.00	6.25%	(\$15,373)	(\$7,648)	(\$38)	(\$7,687)
HCBS - Pediatric Hospice	(\$300)	11.00	6.25%	(\$348)	(\$173)	(\$1)	(\$174)
Private Duty Nursing	(\$218,858)	11.00	6.25%	(\$253,676)	(\$126,204)	(\$634)	(\$126,838)
Hospice	(\$307,484)	11.00	6.25%	(\$356,402)	(\$177,311)	(\$890)	(\$178,201)
Subtotal of Community Based Long Term Care	(\$2,773,803)	11.00	6.25%	(\$3,215,090)	(\$1,599,511)	(\$8,034)	(\$1,607,545)
LONG TERM CARE and INSURANCE							
Class I Nursing Facilities	(\$4,984,721)	11.00	2.66%	(\$5,582,254)	(\$2,791,127)	\$0	(\$2,791,127)
Class II Nursing Facilities	(\$21,288)	11.00	1.61%	(\$23,598)	(\$11,799)	\$0	(\$11,799)
Program for All-Inclusive Care for the Elderly	(\$664,459)	11.00	9.65%	(\$794,814)	(\$397,408)	\$0	(\$397,406)
Subtotal Long Term Care	(\$5,670,469)			(\$6,400,666)	(\$3,200,334)	\$0	(\$3,200,332)
Supplemental Medicare Insurance Benefit	\$0	11.00	5.47%	\$0	\$0	\$0	\$0
Health Insurance Buy-In Program	\$0	11.00	3.98%	\$0	\$0	\$0	\$0
Subtotal Insurance	\$0			\$0	\$0	\$0	\$0
Subtotal of Long Term Care and Insurance	(\$5,670,469)			(\$6,400,666)	(\$3,200,334)	\$0	(\$3,200,332)
SERVICE MANAGEMENT							
Single Entry Points	(\$231,079)	11.00	5.04%	(\$264,791)	(\$137,691)	\$0	(\$127,100)
Disease Management	\$0	11.00	0.00%	\$0	\$0	\$0	\$0
Prepaid Inpatient Health Plan Administration	\$0	11.00	9.02%	\$0	\$0	\$0	\$0
Subtotal Service Management	(\$231,079)			(\$264,791)	(\$137,691)	\$0	(\$127,100)
Total	(\$22,337,320)			(\$26,241,374)	(\$12,438,708)	(\$676,233)	(\$13,126,433)

(1) Trend is based on average estimated percent increase from FY 2008-09 to FY 2010-11. Aggregate trends for Acute Care and Community Based Long Term Care are used. Trends for PACE, Disease Management, and PIHP Admin are based on different figures due to programmatic changes

**Base Reduction Item - 6: Medicaid Program Reductions
Appendix B**

Table B.1 Reduce Behavioral Health Organization Capitation Rates				
		FY 2010-11	FY 2011-12	
A	Estimated BHO Incurred Cost	\$258,807,959	\$271,569,044	FY 2010-11: DI-2, Exhibit EE FY 2011-12: Table B.2.E
B	Proposed Reduction to Capitation Rates	-2.00%	-2.00%	See narrative; this figure reflects a reduction to approximately 95.55% of the median actuarially sound rate
C	Estimated Reduction to Expenditure in Fiscal Year	(\$5,176,159)	(\$5,431,381)	Row A * Row B
D	Estimated Percentage of Claims Paid in the Fiscal Year	79.65%	79.65%	DI-2, Exhibit EE.
E	Savings from Current Year	(\$4,122,811)	(\$4,326,095)	Row C * Row D
F	Savings from Prior Year	\$0	(\$1,053,348)	FY 2011-12: Row C - Row E, FY 2010-11
G	Total Estimated Savings	(\$4,122,811)	(\$5,379,443)	Row E + Row F

Table B.2 Estimated FY 2011-12 Incurred Cost				
		FY 2011-12		
A	Estimated FY 2011-12 Per Capita	\$467.80		DI-2, Exhibit DD
B	Estimated FY 2011-12 Caseload	587,272		DI-2, Exhibit CC
C	Estimated FY 2011-12 Expenditure	\$274,728,421		Row A * Row B
D	Adjustment to Estimated Incurred Cost	98.85%		DI-2, Exhibit EE
E	Estimated FY 2011-12 Incurred Cost	\$271,569,044		Row C * Row D

**Base Reduction Item - 6: Medicaid Program Reductions
Appendix B**

Table C Reduction to Mid-Level Practitioner Reimbursement				
		FY 2010-11	FY 2011-12	
A	FY 2008-09 Reimbursement for Evaluation and Management (E&M) Codes for All Practitioners	\$113,170,399	-	Based on MMIS claims data
B	FY 2008-09 Reimbursement for Evaluation and Management (E&M) Codes for Mid-Level Practitioners	\$11,281,458	\$15,464,314	FY 2010-11: FY 2008-09 value, based on MMIS claims data FY 2011-12: Row D
C	Estimated Trend	17.08%	17.08%	Average annual growth rate between FY 2005-06 and FY 2008-09
D	Estimated E&M Expenditure for Mid-Level Practitioners	\$15,464,314	\$18,105,619	FY 2010-11: Row B * (1 + Row C) ² FY 2011-12: Row B * (1 + Row C)
E	Reduction to Mid-Level Practitioner Rates	-10.00%	-10.00%	Mid-Level Practitioners will be paid at 90% of the rate for a physician performing the same service.
F	Estimated Full Year Reduction to Expenditure	(\$1,546,431)	(\$1,810,562)	Row D * Row E
G	Savings Adjustment for Implementation Date	91.67%	100%	Estimated implementation date: July 1, 2010. Only 11 months of savings are assumed in FY 2010-11 to account for cash accounting.
H	Total Estimated Savings	(\$1,417,613)	(\$1,810,562)	Row F * Row G

**Base Reduction Item - 6: Medicaid Program Reductions
Appendix B**

Table D.1 Summary of Durable Medical Equipment Reductions				
		FY 2010-11	FY 2011-12	
A	Limitations on Incontinence Products	(\$637,311)	(\$762,409)	Table D.2.J
B	Limitations on Oral Nutrition	(\$1,695,784)	(\$2,028,651)	Table D.3.L
C	Total DME Reductions	(\$2,333,095)	(\$2,791,060)	Row A + Row B

Table D.2 Limitation on Incontinence Products				
		FY 2010-11	FY 2011-12	
A	FY 2008-09 Expenditure on Incontinence Products	\$10,021,457	-	Based on FY 2008-09 MMIS claims data
B	Total Units in FY 2008-09	13,674,186	-	Based on FY 2008-09 MMIS claims data
C	Estimated Number of Clients Above Proposed Limit	6,593	-	Based on FY 2008-09 MMIS claims data (Limit of 210 units per client per month)
D	Estimated Number of Units above Proposed Limit	791,992	-	Based on FY 2008-09 MMIS claims data
E	Average Cost Per Unit	\$0.73	-	Based on FY 2008-09 MMIS claims data
F	Estimated Savings (in FY 2008-09 Dollars)	(\$578,154)	-	Row D * Row E * -1
G	Estimated Trend for Durable Medical Equipment	9.66%	-	Average expenditure growth in Durable Medical Equipment between FY 2005-06 and FY 2008-09
H	Estimated Full Year Savings	(\$695,248)	(\$762,409)	FY 2010-11: Row F * (1 + Row G) ² FY 2011-12: Row H * (1 + Row G)
I	Savings Adjustment for Implementation Date	91.67%	100%	Estimated implementation date: July 1, 2010. Only 11 months of savings are assumed in FY 2010-11 to account for cash accounting.
J	Total Estimated Savings	(\$637,311)	(\$762,409)	Row H * Row I

**Base Reduction Item - 6: Medicaid Program Reductions
Appendix B**

Table D.3 Limitation on Oral Nutrition				
		FY 2010-11	FY 2011-12	
A	FY 2008-09 Expenditure for Oral Nutrition	\$6,441,332	-	Based on FY 2008-09 MMIS claims data
B	FY 2008-09 Clients using Oral Nutrition	3,522	-	Based on FY 2008-09 MMIS claims data
C	FY 2008-09 Expenditure for Oral Nutrition for Clients Age 21 and Older	\$1,922,973	-	Based on FY 2008-09 MMIS claims data
D	FY 2008-09 Clients Age 21 and Older using Oral Nutrition	1,895	-	Based on FY 2008-09 MMIS claims data
E	Average Expenditure Per Adult Client	\$1,014.76	-	Row C / Row D
F	Estimated Number of Clients Meeting Exemption Requirements	379	-	Exemptions for clients with metabolic conditions and malnourishment, estimated at 20% of the total number of clients receiving services, based on a review of client diagnoses.
G	Estimated Number of Affected Clients	1,516	-	Row D - Row F
H	Estimated Savings (in FY 2008-09 Dollars)	(\$1,538,376)	-	Row E * Row G * -1
I	Estimated Trend for Durable Medical Equipment	9.66%	-	Average expenditure growth in Durable Medical Equipment between FY 2005-06 and FY 2008-09
J	Estimated Full Year Savings	(\$1,849,946)	(\$2,028,651)	FY 2010-11: Row H * (1 + Row I) ² FY 2011-12: Row J * (1 + Row I)
K	Savings Adjustment for Implementation Date	91.67%	100%	Estimated implementation date: July 1, 2010. Only 11 months of savings are assumed in FY 2010-11 to account for cash accounting.
L	Total Estimated Savings	(\$1,695,784)	(\$2,028,651)	Row H * Row I

**Base Reduction Item - 6: Medicaid Program Reductions
Appendix B**

Table E.1 Reduce Nursing Facilities General Fund Cap			
		FY 2010-11	
A	Estimated Maximum General Fund Per Diem Under Current Law	\$75.91	DI-1, Exhibit H, Page EH-9, Row K
B	Estimated Maximum Per Diem at New Cap	\$72.29	DI-1, Exhibit H, Page EH-9, Row K (FY 2009-10 General Fund value)
C	Incremental Reduction to Cap	(\$3.62)	Row B - Row A
D	Estimated Patient Days	3,376,689	DI-1, Exhibit H, Page EH-9, Row E
E	Estimated Decrease to General Fund Nursing Facilities Expenditure	(\$12,215,048)	Row C * Row D
F	Estimated Effective Per Diem Adjusted for ARRA at Current Cap	\$67.11	DI-1, Exhibit H, Page EH-9, Row R
G	Estimated Effective Per Diem Adjusted for ARRA at Adjusted Cap	\$63.91	(Row B * 2 * (1-55.975%)) Estimates the state share of the per diem after ARRA
H	Incremental Reduction to Cap	(\$3.20)	Row G - Row F
I	Estimated Adjusted Decrease to General Fund Nursing Facilities Expenditure⁽¹⁾	(\$10,803,795)	Row H * Row D
J	Estimated Incremental Impact of ARRA	\$1,411,253	Row I - Row J

(1) This figure is the estimated actual decrease to General Fund. The negative of this row is the estimated impact to the Nursing Facility Cash Fund.

Table E.2 Estimated PACE Impact of Reducing Nursing Facilities General Fund Cap			
		FY 2010-11	
A	Estimated FY 2010-11 General Fund Nursing Facilities Expenditure	\$226,608,012	DI-1, Exhibit H, Page EH-9, Row V
B	Estimated FY 2010-11 General Fund Nursing Facilities Expenditure After Decrease	\$215,804,217	Row A + Table E.1.I
C	Estimated Percentage Decrease to General Fund Nursing Facilities Expenditure	-4.77%	(Row B / Row A) - 1
D	Estimated FY 2010-11 PACE Expenditure	\$86,675,162	DI-1, Exhibit H, Page EH-1
E	Estimated Proportion of PACE Rate due to Nursing Facility Fee-for-Service Claims	73.16%	Assumed, based on the relative percentage of nursing facility expenditure to total expenditure included in the PACE rate development.
F	Estimated Reduction to PACE Expenditure	(\$3,023,201)	Row C * Row D * Row E