



Senate Appropriations Committee

March 9, 2009

Budget Overview

Secretary Anne W. Murphy
Family and Social Services Administration

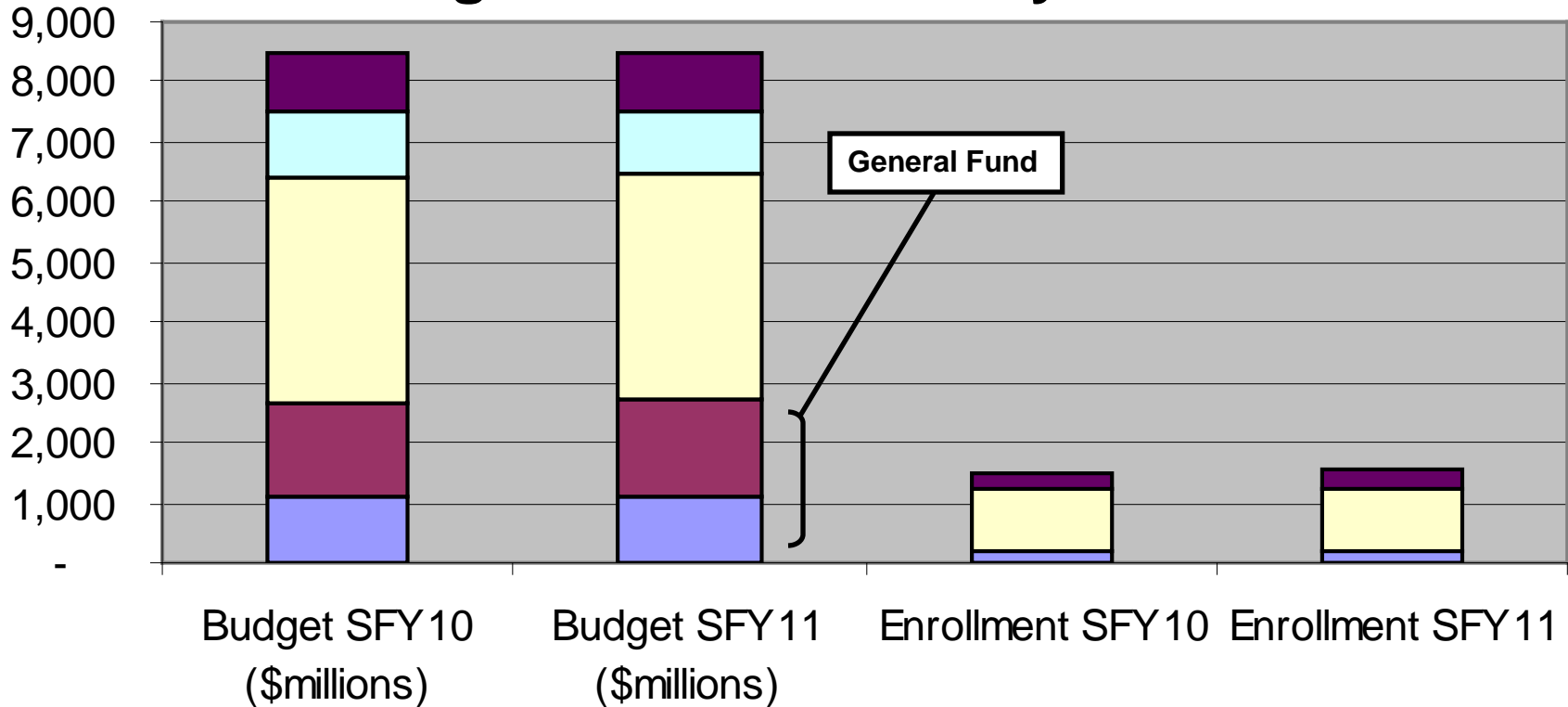


Family and Social Services Administration SFY10-11 Goals

- Expand health insurance availability
- Expand in-home and community care
- Reduce reliance on institutional care models
- Increase emphasis on employment vs. direct support payments
- Continue transforming service delivery models

FSSA Fiscal Impact

Meeting needs of 1 of every 5 Hoosiers



General Fund

- Non-Medicaid State Budgets
- Medicaid Assistance Federal
- Direct Federal Programs
- Medicaid Assistance General Fund
- Other Federal & Local Matches

FSSA: A Healthcare Financing Organization

SFY10 General and Dedicated Fund requests, excluding HIP and HB1001 impacts (\$ millions)

Family Resources \$155	Admin \$20
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\$278	Mental Health	Disabilities & Rehabilitation	\$173
Medicaid Admin \$112	Maternal & Child Health		Aging

2010 State Medicaid Assistance Appropriation \$1,585 Million

Family and Social Services Administration

SFY10 Operating Budget* (\$000)

SFY10 Recommendation		\$ 908,493
Less: HB1001 General Fund impacts		103,524
Medical Assistance to Wards	13,100	
Children's Psychiatric Treatment	20,424	
Marion Co. Health & Hospital	40,000	
Health Care for Indigent	<u>30,000</u>	
SFY10 and 11 Base		\$ <u>804,969</u>
SFY09 As Passed		\$ 857,465
Operating Savings		\$ <u>(52,496)</u>

*Includes both General and Dedicated Funds

Family and Social Services Administration

HB1001 Changes to SFY10

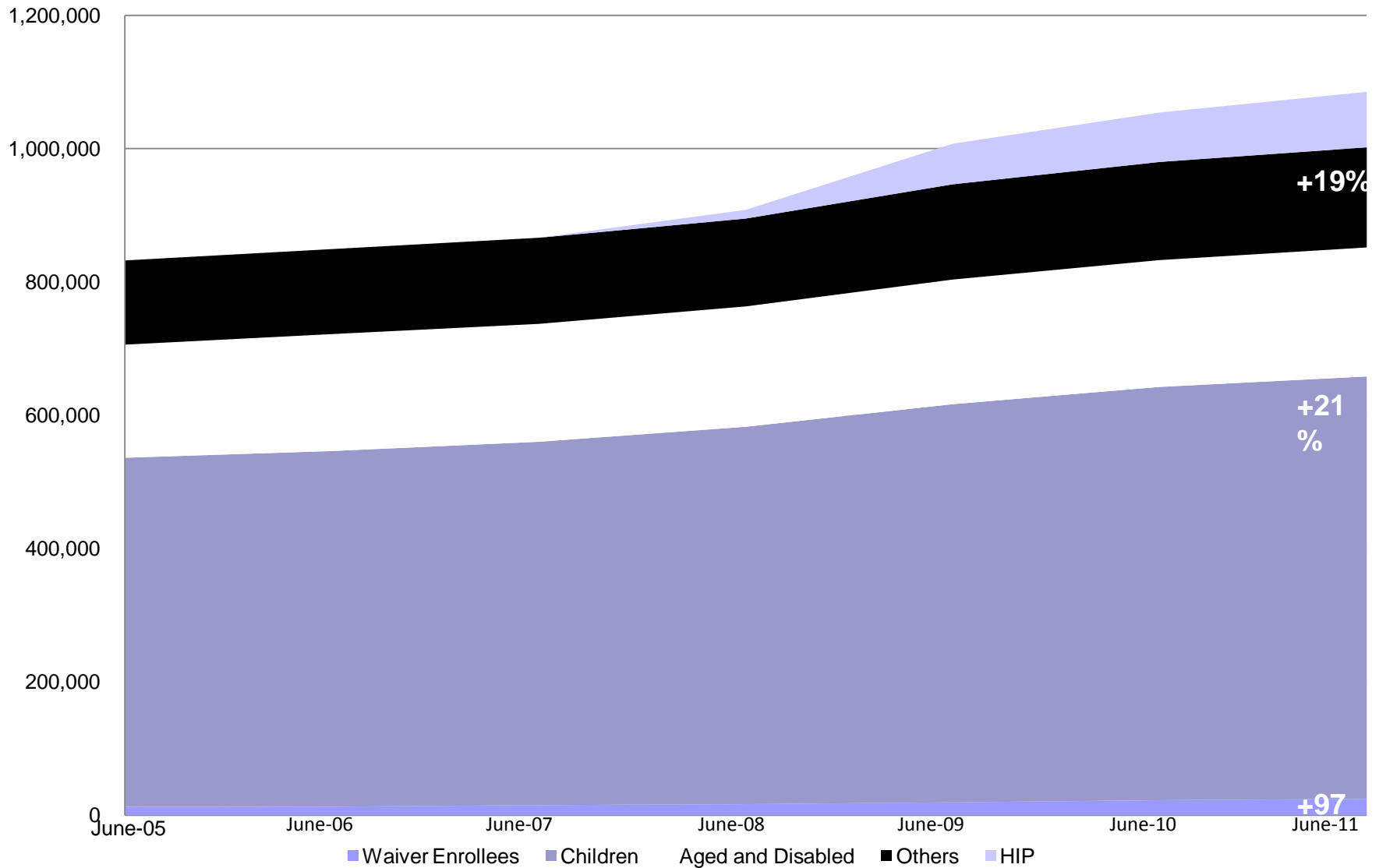
Operating Budget* (\$000)

SFY10 Governor's Recommendation		\$ 908,493
Plus: HB1001 General Fund changes		5,635
Centers for Independent Living	1,475	
C.H.O.I.C.E. In-Home Services	4,000	
DD Self-Advocacy	<u>160</u>	
SFY10 HB1001 recommendation		\$ 914,928

In addition, HB1001 called for transferring "stimulus" funding to the Medicaid contingency and reserve account, a violation of the conditions under which the enhanced FMAP may be claimed.

*Includes both General and Dedicated Funds

Medicaid Enrollment



Family and Social Services Administration

SFY10 and 11

Medicaid – Current Obligations (\$000)

	SFY10	SFY11
Governor's Recommendation	\$1,584,954	\$1,584,954
HB1001 Charges		
Prohibits Pharma Carve-out	20,000	40,000
Prohibits up to 5% hold back		
Impact of 53 rd Friday billings		35,000
Loss of increased FMAP due to Stimulus	65,000	100,000
Increased enrollment due to recession	111,000	91,500
Recommended Medicaid Assistance	\$1,780,954	\$1,851,454



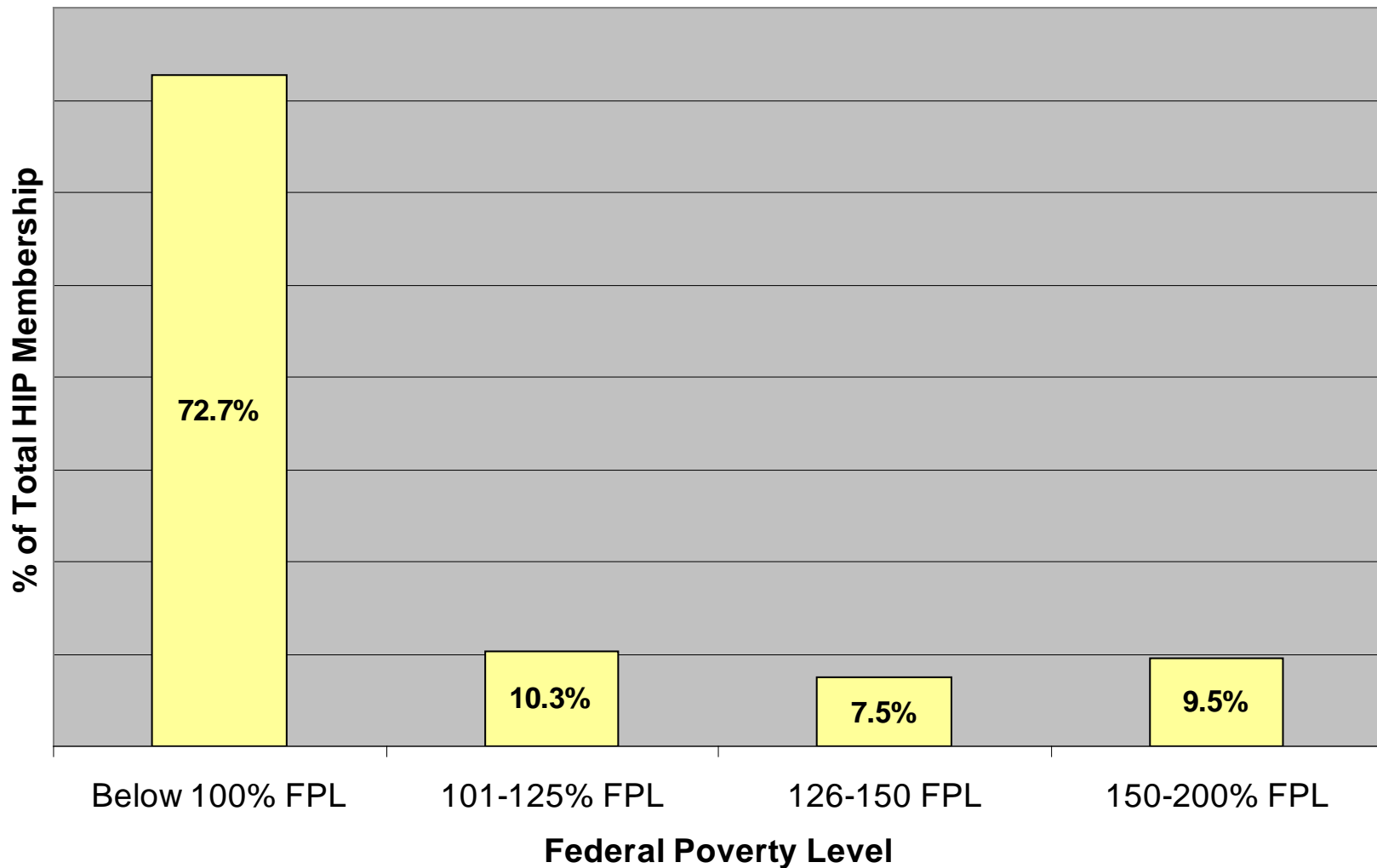
Office of Medicaid Policy and Planning

- Expand health insurance availability
 - Hoosier Healthwise – full risk-based managed care
 - Care Select program – aged, blind and disabled
 - Healthy Indiana Plan – adults 0-200% FPL
 - Pregnancy coverage expanded to 200% FPL
 - SCHIP coverage expanded to 250% FPL
 - Continuous eligibility – children 0-3 years of age
 - All provider groups received service rate increases

HIP Enrollment

- As of February 27, 2009– 139,965 Total Applicants
 - 46,374 Eligible
 - 4,744 Conditionally eligible (still awaiting payment).
 - 41,847 applicants are fully eligible to received HIP coverage.
 - 17,919 Pending
 - Awaiting additional information
 - 50,934 Denied
 - Existing insurance coverage (either access to health insurance, have had insurance within last 6 months, etc.)
- Closing of HIP to Childless Adults
 - Number of uninsured adults increasing with economic factors
 - Not typically eligible for federal funding
 - Current federal cap of 34,000 achieved by
 - Diverting DSH program
 - Other FSSA savings
 - **HIP will close to Childless Adults this week**

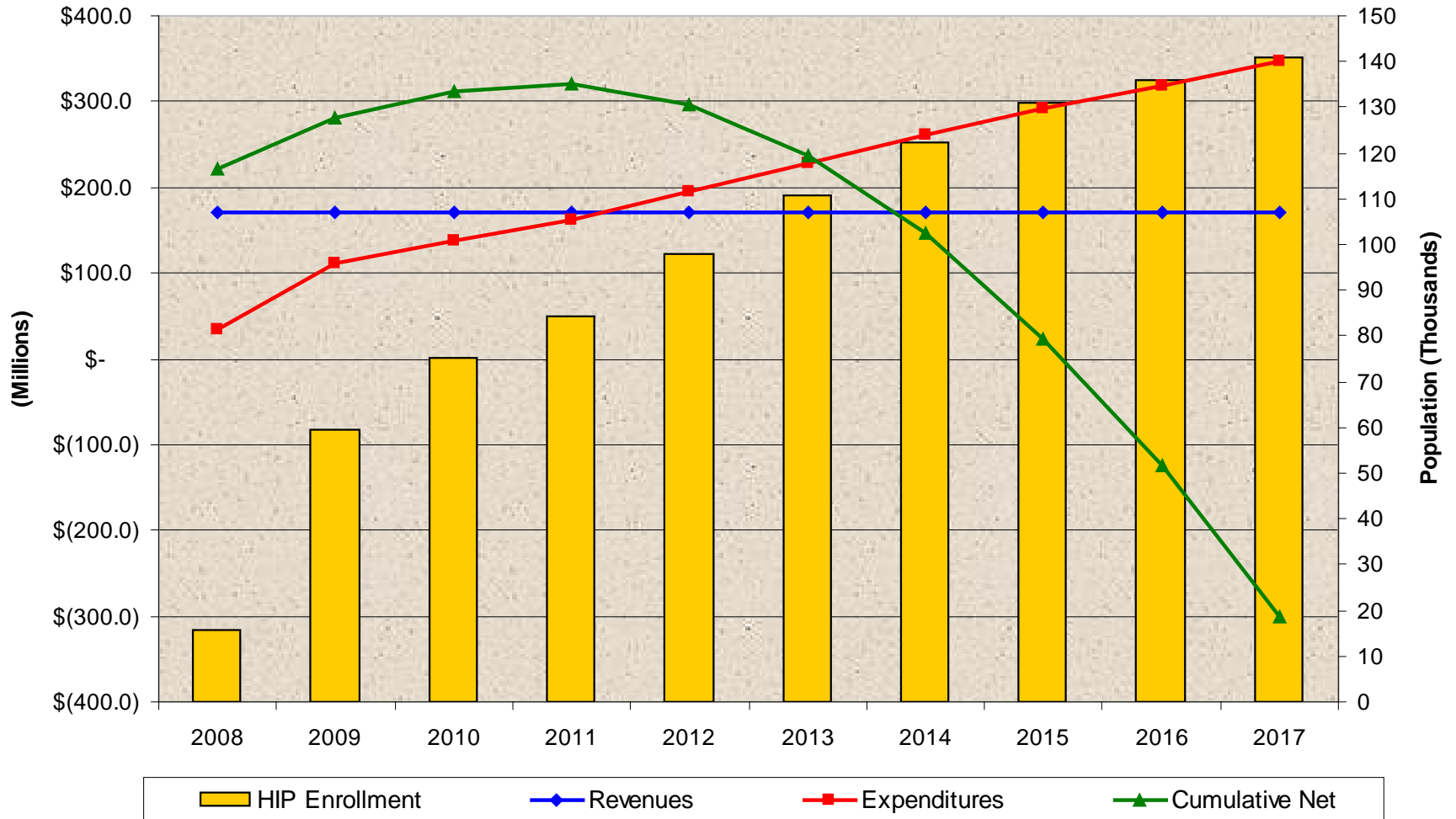
HIP Enrollment by Poverty Level



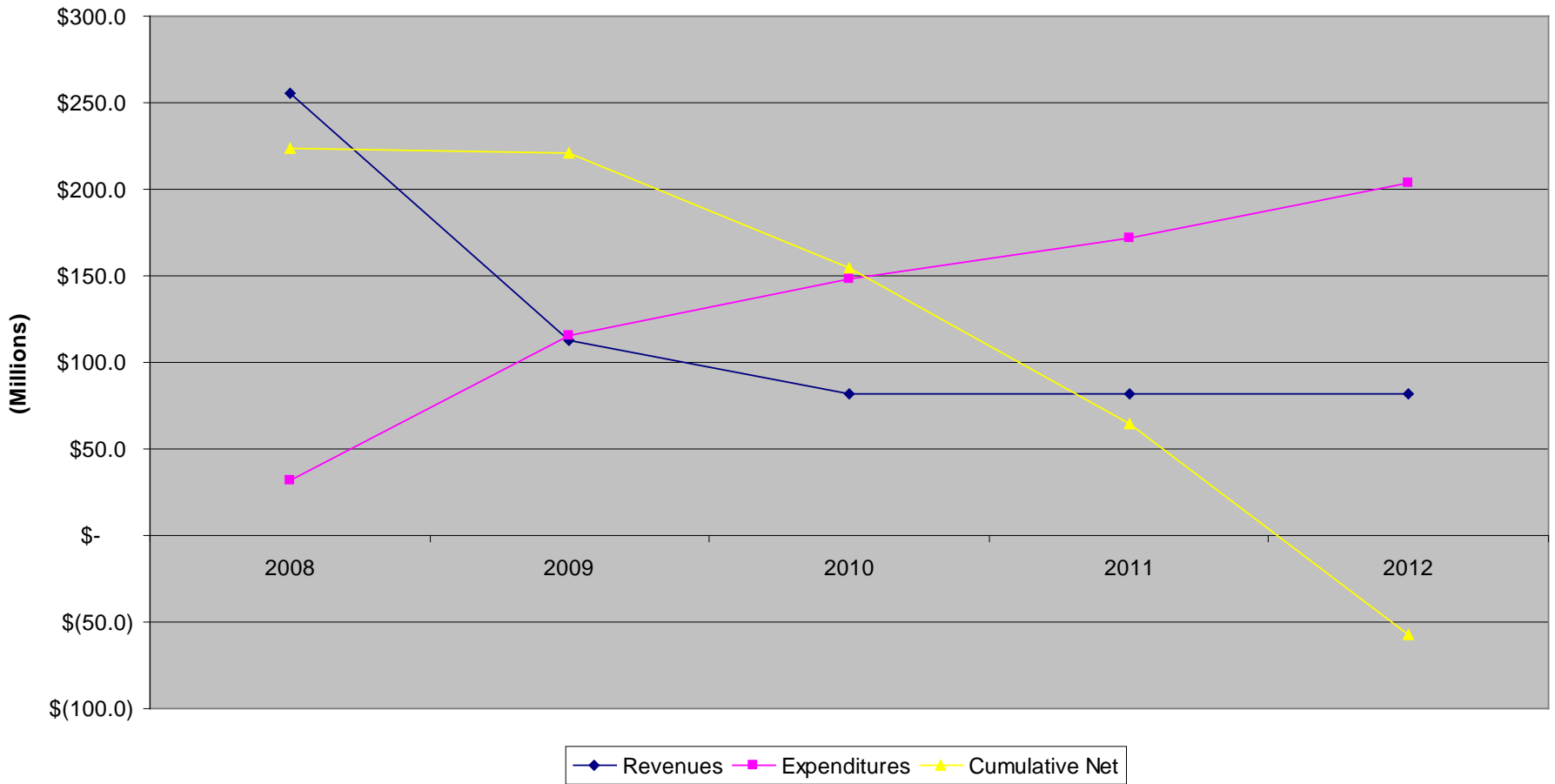
House Budget Bill Will Force HIP to Close in 2009

- HB 1001 removes \$73M from HIP funding:
 - \$50M for Disproportionate Share Hospitals (DSH) to replace \$50M of diverted federal funding
 - \$23M for state employee retirement benefits
- Cigarette tax reserves are a *critical* part of the HIP financing plan
 - Revenues for HIP will meet expenditures by 2011.
 - Cumulative revenues from 2008-2010 fund the program through 2013.

State of Indiana Office of Medicaid Policy and Planning
Healthy Indiana Plan
Revenue and Expenditure Forecast
(Beginning Balance of \$85,000,000 in Year 1)



State of Indiana
Office of Medicaid Policy and Planning
Healthy Indiana Plan
Revenue and Expenditure Forecast - HB 1001 Funding



CLOSE NOW or CUT LATER

■ OPTION ONE: Close Now

- The number of people eligible for HIP is currently over 45,000. HIP would be forced to close today in order to maintain benefits for the current enrollees.
- Holding enrollment at 45,000 would allow the program to be maintained until 2020.

■ OPTION TWO: Cut Later

- The reserve funding could be used to fund another 45,000 Hoosiers, but this funding will run out in two years.
- Therefore, by 2012, we would have to cut 45,000 individuals off of HIP.

Hospitals Receive Largest Share of HIP Premiums

- Hospital Association agreed to divert \$50M in DSH in 2007 and supported the Indiana Check-Up Plan legislation that permitted this.
- In 2008, Indiana hospitals received 45% of HIP premiums.
- In 2008, the hospitals gave up \$25M in DSH, but received over \$34M in paid claims.
- Hospitals that employ physicians received more.
- HIP enrollment grew to 45,000 in 2008 and the hospitals received \$34M. Therefore in 2009 hospitals should receive much more than the \$50M of diverted DSH.

HB1001 & HB 1726- Adding Chiropractic Services to HIP Plan

- There are no requests from current HIP members to have this included in the benefits package.
- Chiropractors can provide services to HIP members if they contract with the HIP plans.
- Would cost state \$1 million annually.
- Adding this benefit eliminates HIP coverage for at least 625 Hoosiers per year.

Pharmacy Carve-Out - HB1001

- HB1001 currently prohibits pharmacy carve-out
 - OMPP would like to expand current pharmacy program for Care Select to:
 - Process all outpatient pharmacy claims for Hoosier Healthwise
 - Manage pharmaceutical services for drugs dispensed by all enrolled pharmacy providers
- Why implement?
 - Administrative efficiencies currently experienced in Care Select
 - Prescribing, dispensing, claims submission, program analytics, and prior authorization
 - Significant cost savings- FFS Pharmacy Program
 - State is eligible for rebates which are not available to the MCOs
 - Savings are 10x greater than MCOs can negotiate direct with manufacturers
 - 35% of every dollar spent on pharmaceuticals is collected by the FFS program
 - Estimated annual state only rebate-related savings= \$30 M
 - An additional \$10M is expected through the application of FFS program pharmacy benefit management tools for expanded membership

Pharmacy Carve Out- Other States

Category	Number of States
Full Rx Carve Out (All Pharmaceuticals Removed from Capitation Rates)	13
Partial Rx Carve Out (A Portion of Pharmaceuticals Removed from Capitation Rates)	9
Future Plan for Full Rx Carve Out	5
TOTAL	27

Sources: NASMD and State Medicaid Pharmacy Directors

HB1572 Medicaid Managed Care

- Hoosier Healthwise Program encourages members to seek the most appropriate treatment setting. Language of 1572 may encourage the use of emergency room for non-emergency services.
- Would lead to the over utilization of the emergency room and allow providers to perform unnecessary procedures, increasing costs for services not needed.
 - Current ER utilization for Hoosier Healthwise (HHW) costs the State \$50 million annually.
 - The ER provision of HB 1572 would increase utilization by 15%.
 - The state share of this 15% is an additional **\$2.625 million annually.**



Division of Mental Health and Addiction

- Expand community and in-home care
 - Partnering in developing permanent supportive housing
- Reduce reliance on institutional care models
 - 77% reduction in hospital wait list (from 6/06)
 - Community alternatives to psychiatric residential treatment facility placements
- Transform service delivery models
 - Performance based contracts
 - Standardized assessment and treatment planning
 - Consumer services reviews – quality and outcomes

Child & Youth Case Review Outcome Categories

Status of Child/Family in Individual Cases

		Unfavorable Status	Favorable Status	
Acceptability of Service System Performance in Individual Cases	Acceptable System Performance	Outcome 2: Poor status for child/family, ongoing services minimally acceptable but limited in reach or efficacy. 5% (5 cases)	Outcome 1: Good status for child/family, ongoing services acceptable. 63% (66 cases)	68%
	Unacceptable System Performance	Outcome 4: Poor status for child/family, ongoing services unacceptable. 5% (5 cases)	Outcome 3: Good status for child/family, ongoing services mixed or unacceptable. 27% (28 cases)	32%
		10%	90%	

IN Child/Youth Combined Data 07-08

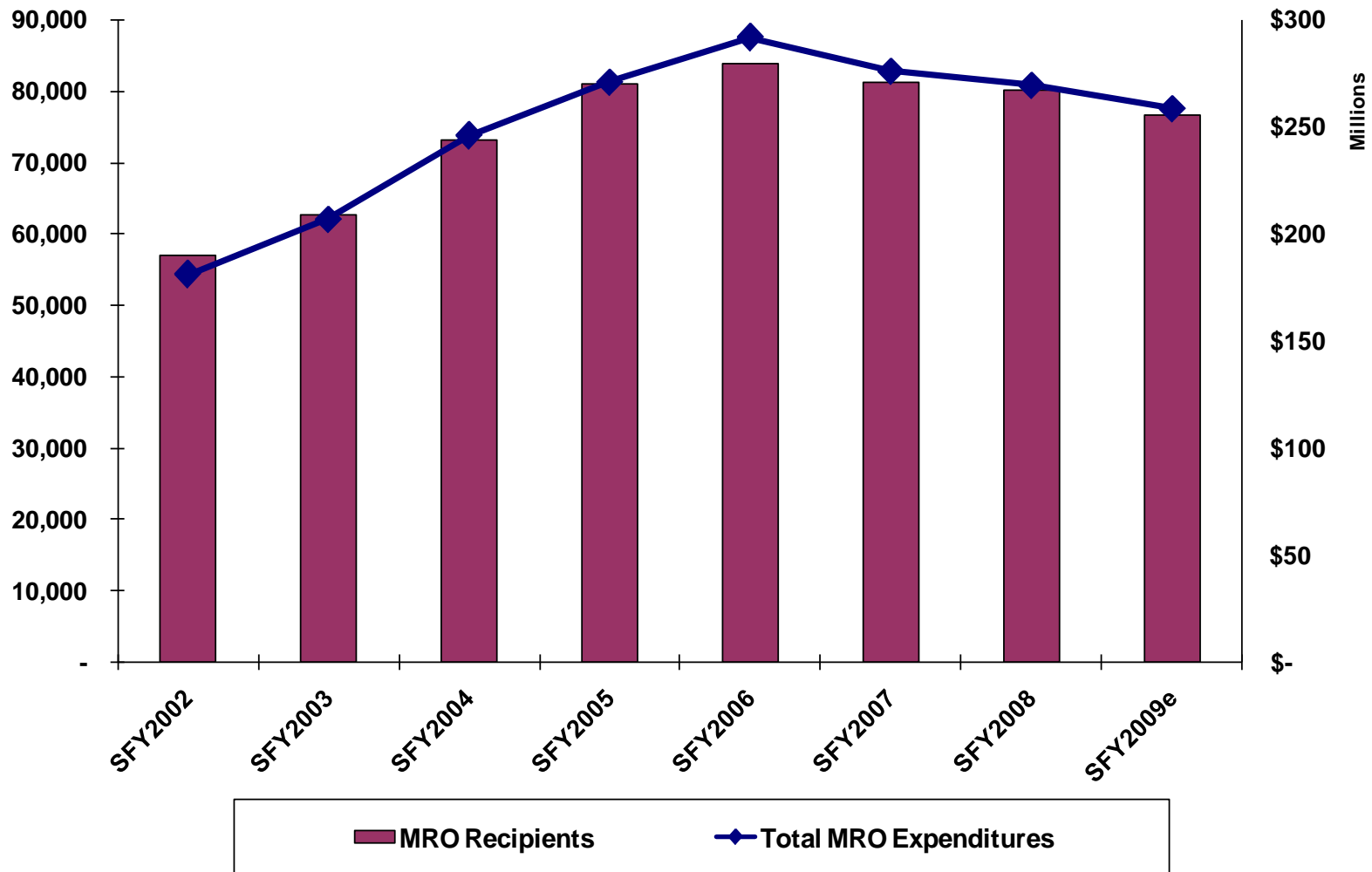
Adult Case Review Outcome Categories

Status of the Participant in Individual Cases

		Unfavorable Status	Favorable Status	
Acceptability of Service System Performance in Individual Cases	Acceptable System Performance	Outcome 2: Poor status for the participant, ongoing services minimally acceptable but limited in reach or efficacy. 3% (4 cases)	Outcome 1: Good status for the participant, ongoing services acceptable. 75% (97 cases)	78%
	Unacceptable System Performance	Outcome 4: Poor status for the participant, ongoing services unacceptable. 10% (13 cases)	Outcome 3: Good status for the participant, ongoing services mixed or unacceptable. 12% (15 cases)	22%
		13%	87%	

IN Adult Combined Data 7/08

DMHA – Medicaid Rehab Option

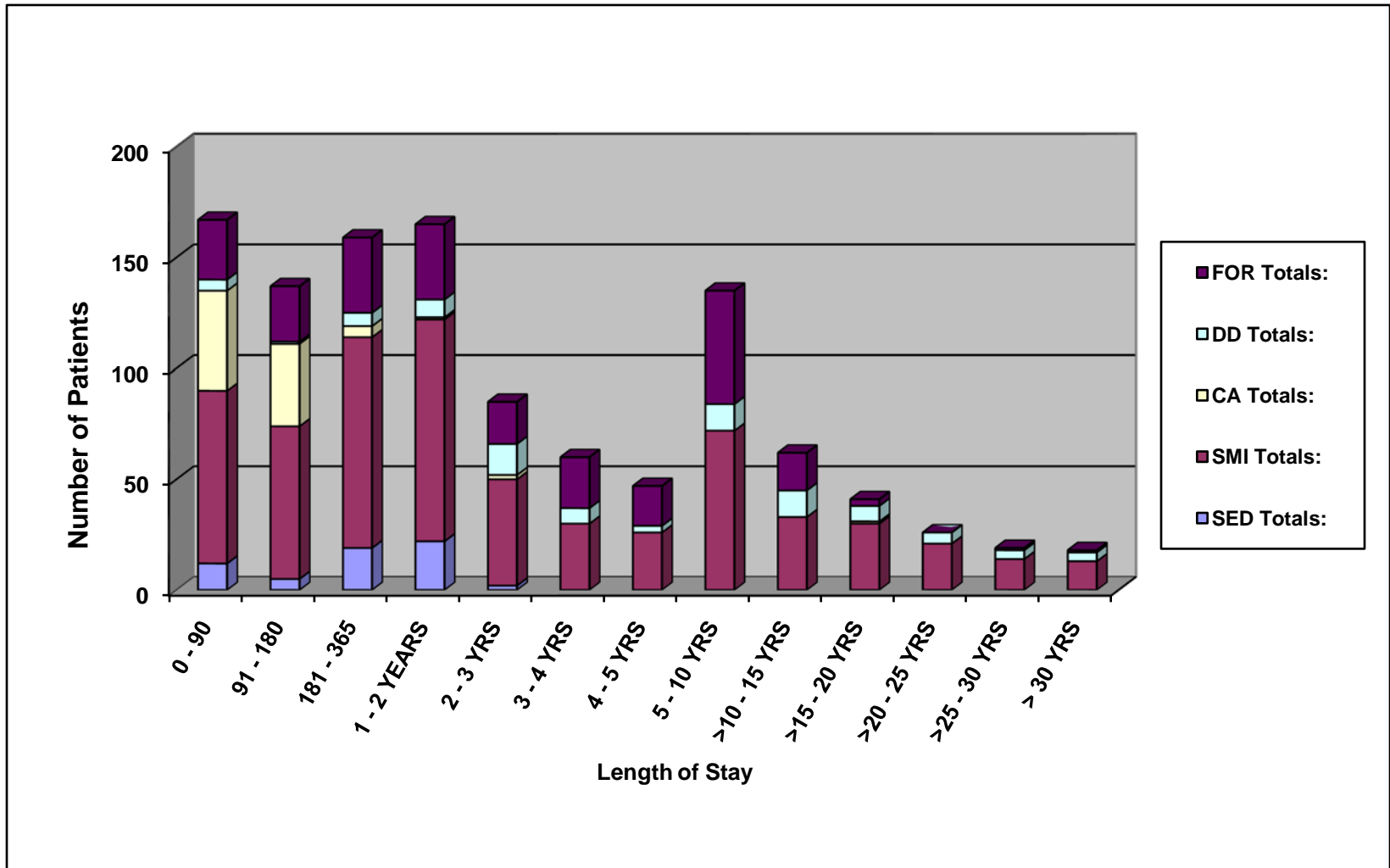


Source: MedInsight

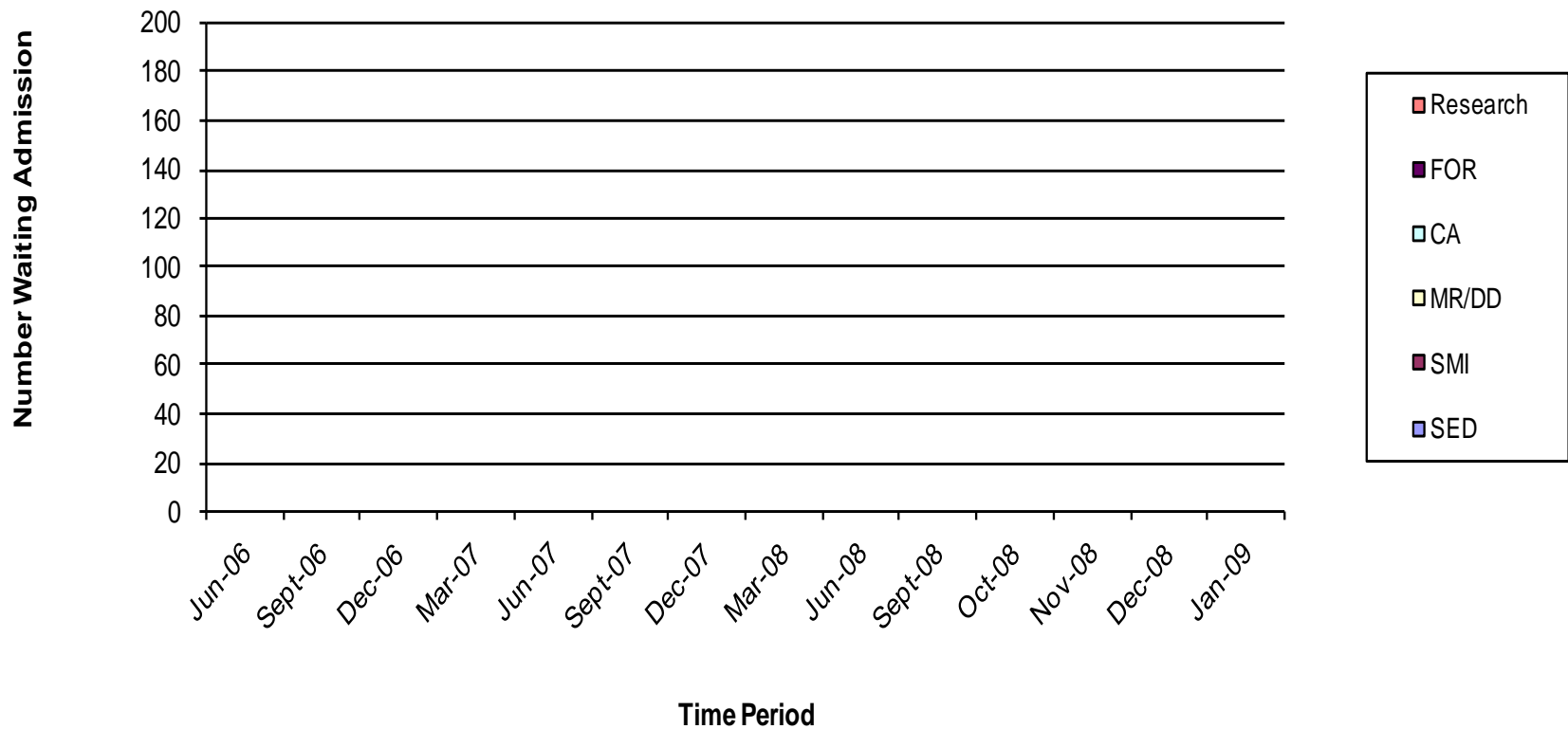
3/9/2009

DMHA – State Hospitals

Current Patients Length of Stay



DMHA – State Hospitals Waiting for Admission

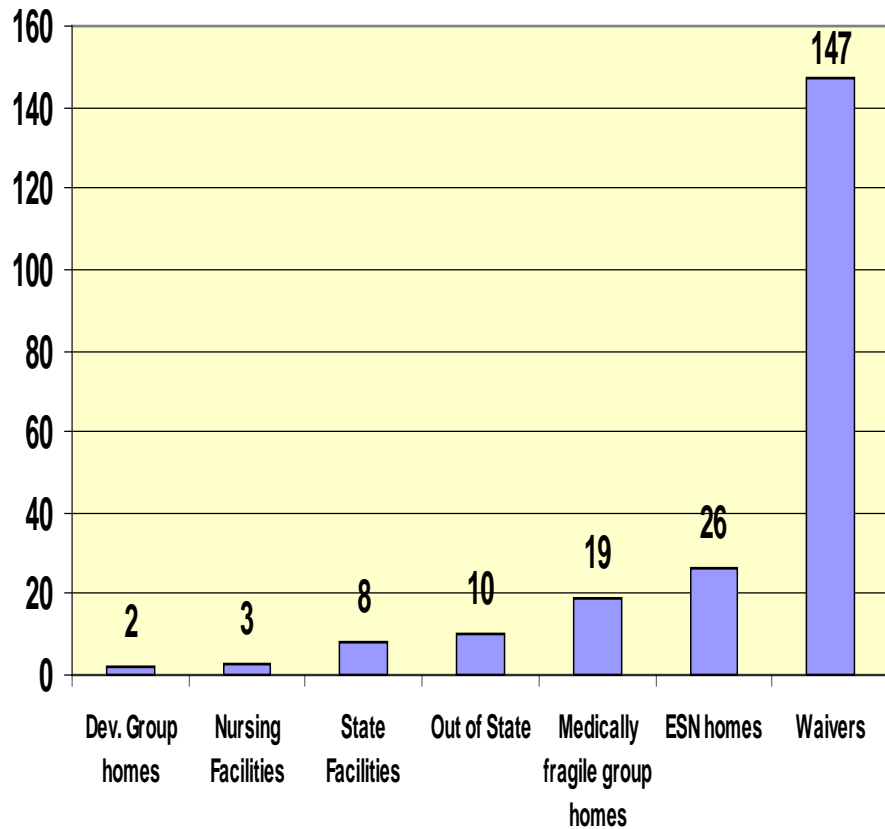


Division of Disabilities and Rehabilitative Services

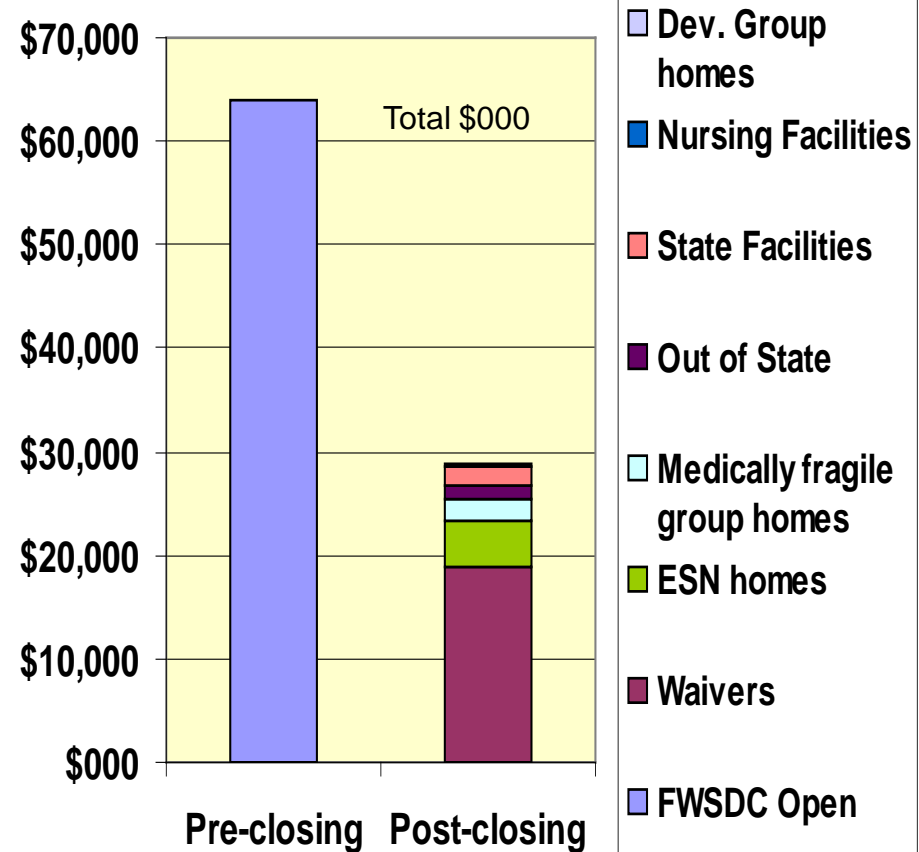
- Expand community and in-home care
 - Targeting waiver wait list consumers resumed (1,600+ into service)
 - Expanded priorities for immediate waiver availability
 - ICLB recipients from State \$\$ to waivers -> more into waivers
- Reduce reliance on institutional care models
 - Closed Muscatatuck and Fort Wayne development centers
 - Facilitated closure of Silvercrest Children's development center
- Emphasis on Employment, not direct service
 - Results-based funding focusing on achieving results
 - Partnerships promoting programs to wider audiences
- Transform service delivery models
 - Crisis management and outreach (DOJ action settled)
 - Outcome-based, person-centered plans and reimbursement
 - Targeted case management consolidation
 - Quality surveys focused on outcome achievements, not inputs

FWSDC Closure Revisited

FWSDC Transition Placements

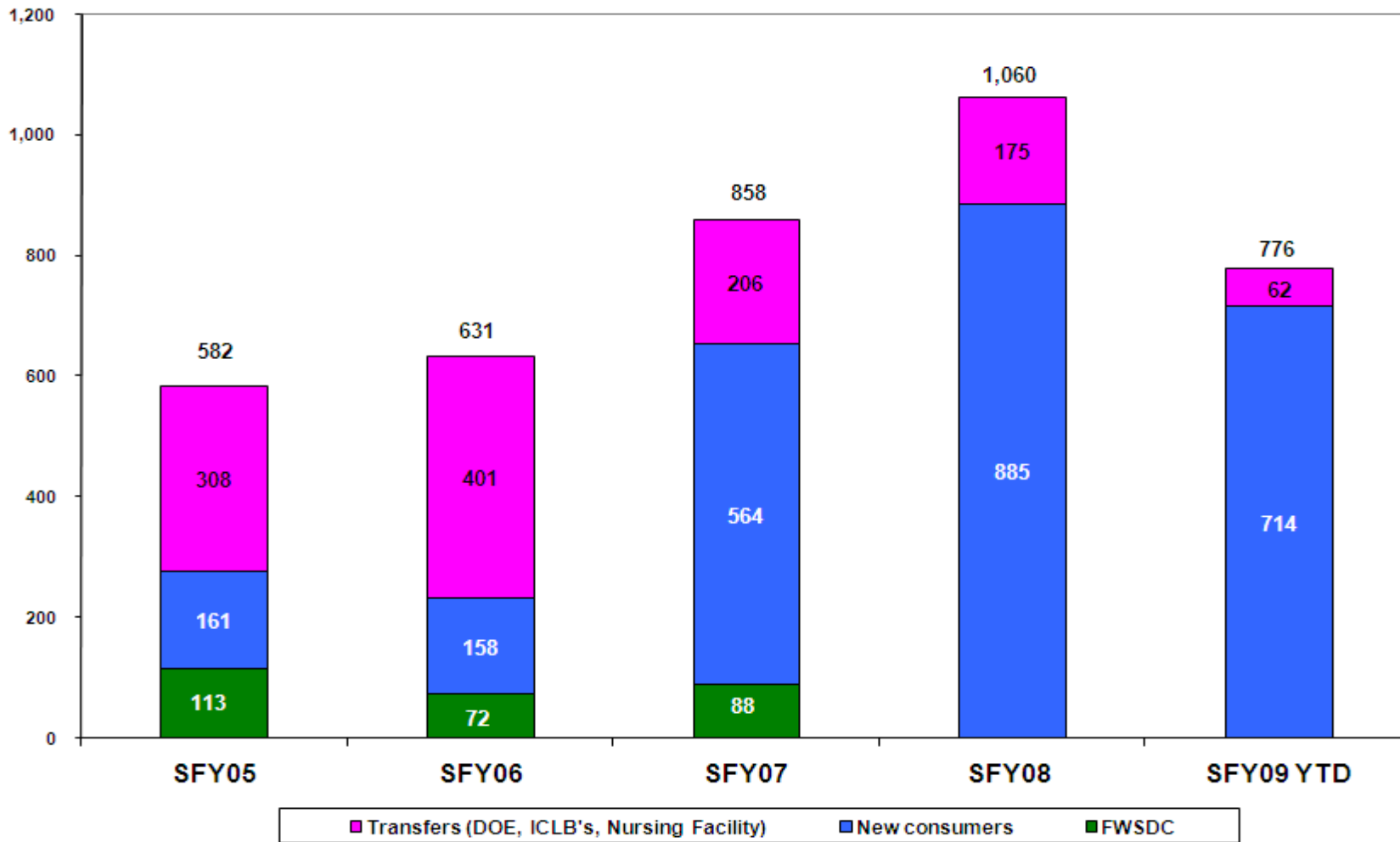


Total Service Costs



DDRS: New Consumers in Waiver Services

(SFY05 – SFY09 to February)

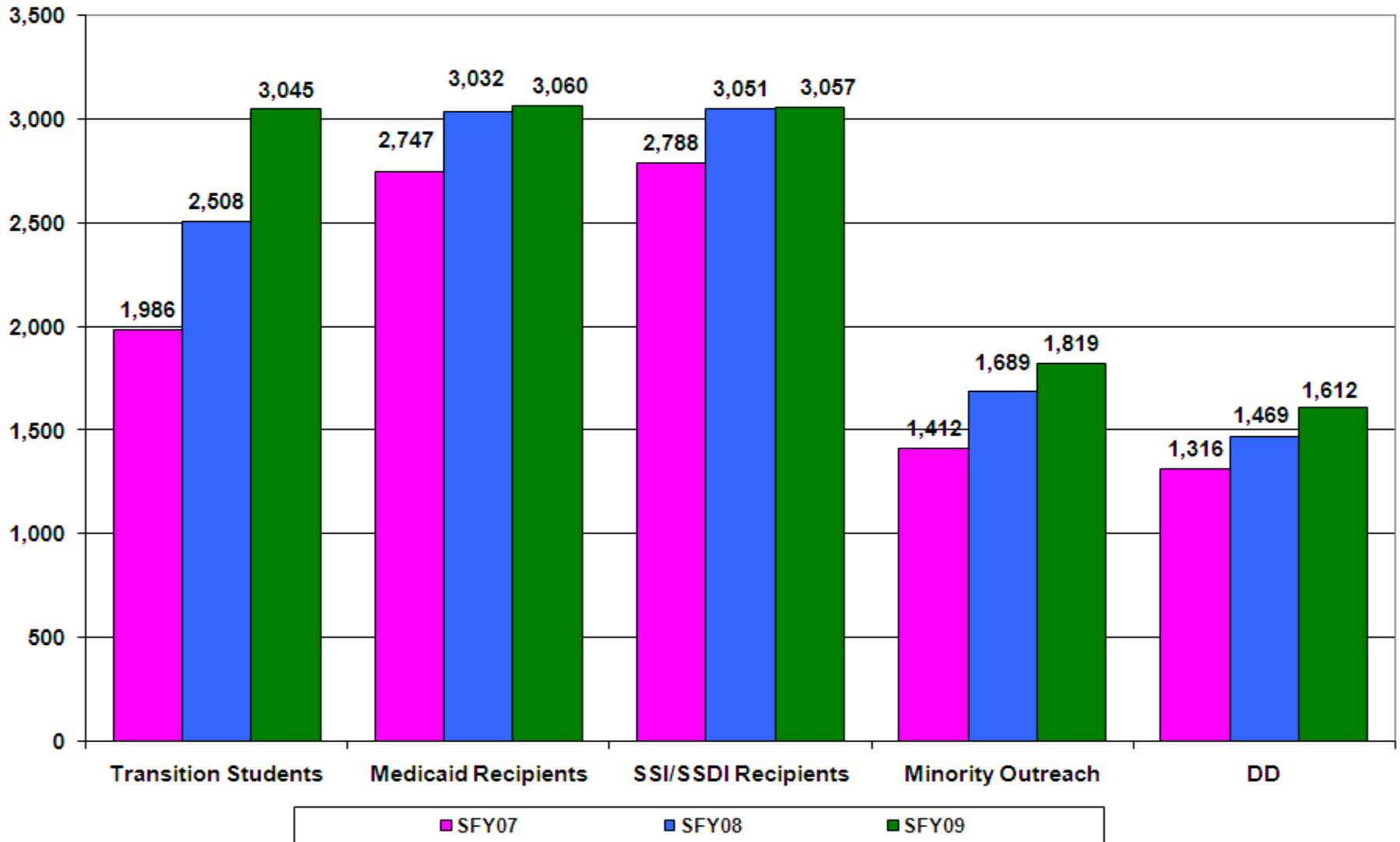


Source: INsite

3/9/2009

VR Applicants by Outreach-

Through February, 2009



HB1236: Autism regional resource centers funding

- Requires the Division of Disability and Rehabilitative Services (DDRS) to establish and operate three regional autism resource centers in Indiana.
- While DDRS understands the value of these resource center, no funding is provided for these centers. The center would therefore cost DDRS approximately **\$1.9 million per year** (LSA fiscal).
- Establishment of these three centers would push DDRS in to a budget deficit and would inhibit removal of clients from the waiver wait list. There are currently over 18,000 clients on the wait list, many who have been waiting 8 to 10 years for services.

Division of Aging

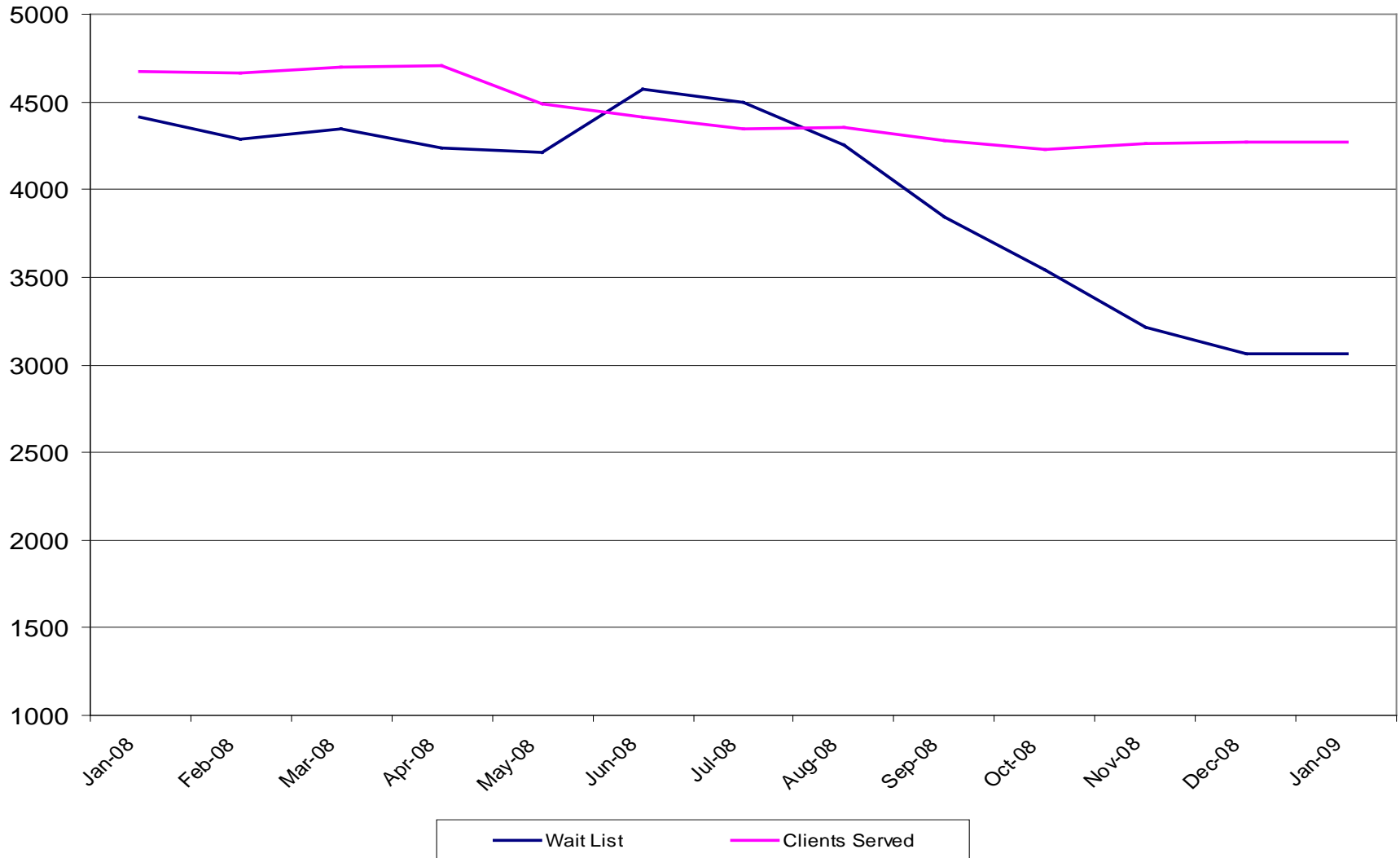
- Expand community and in-home care
 - OPTIONS: promoting community alternatives
 - Aged & Disabled waiver wait list eliminated
 - C.H.O.I.C.E. wait list reduced

- Reduce reliance on institutional care models
 - “Money Follows Person” grant

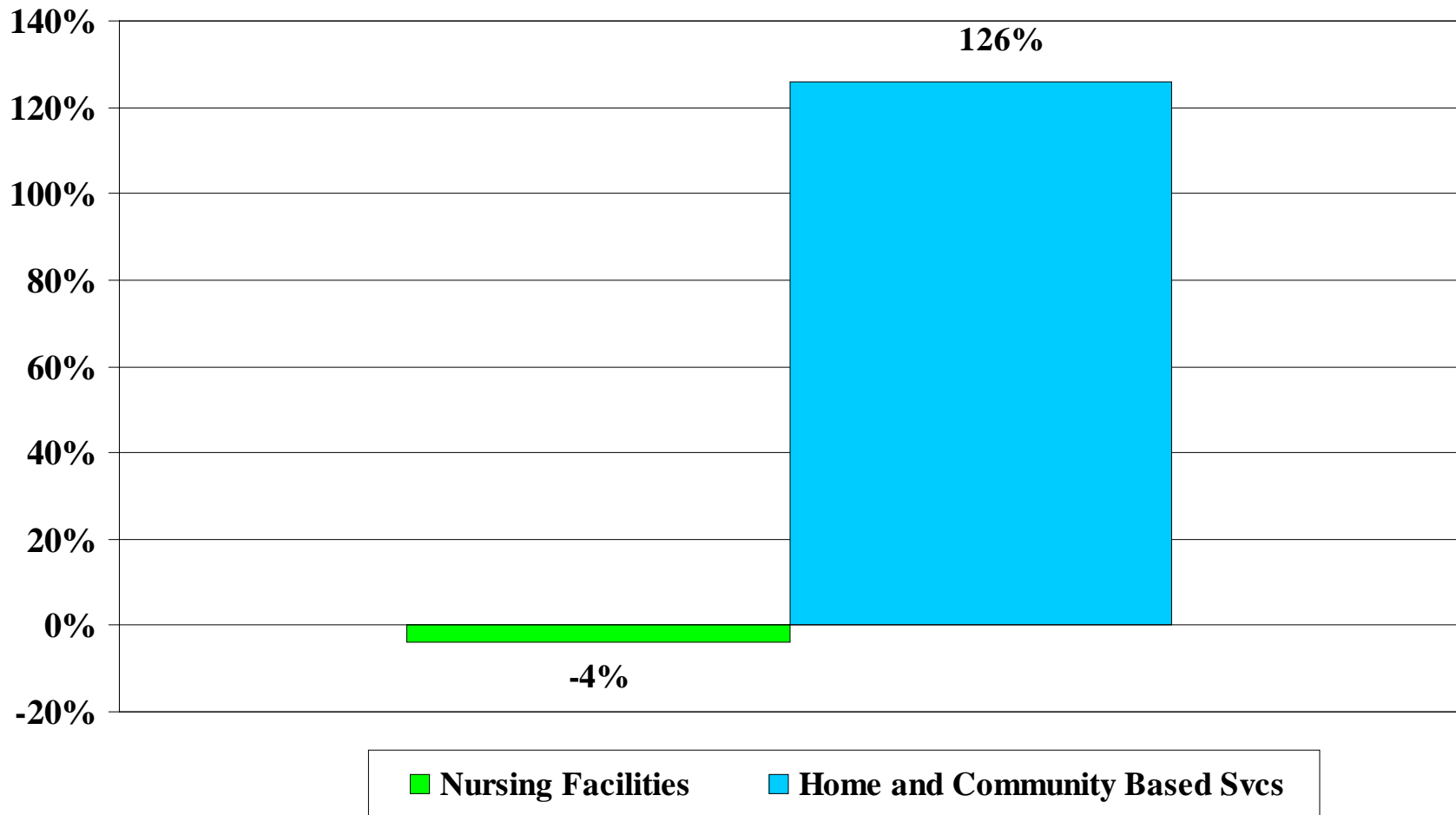
- Transform service delivery models
 - 1st Priority: Aged & Disabled waiver, not State \$\$ (“Medicaid Fail First”)

CHOICE

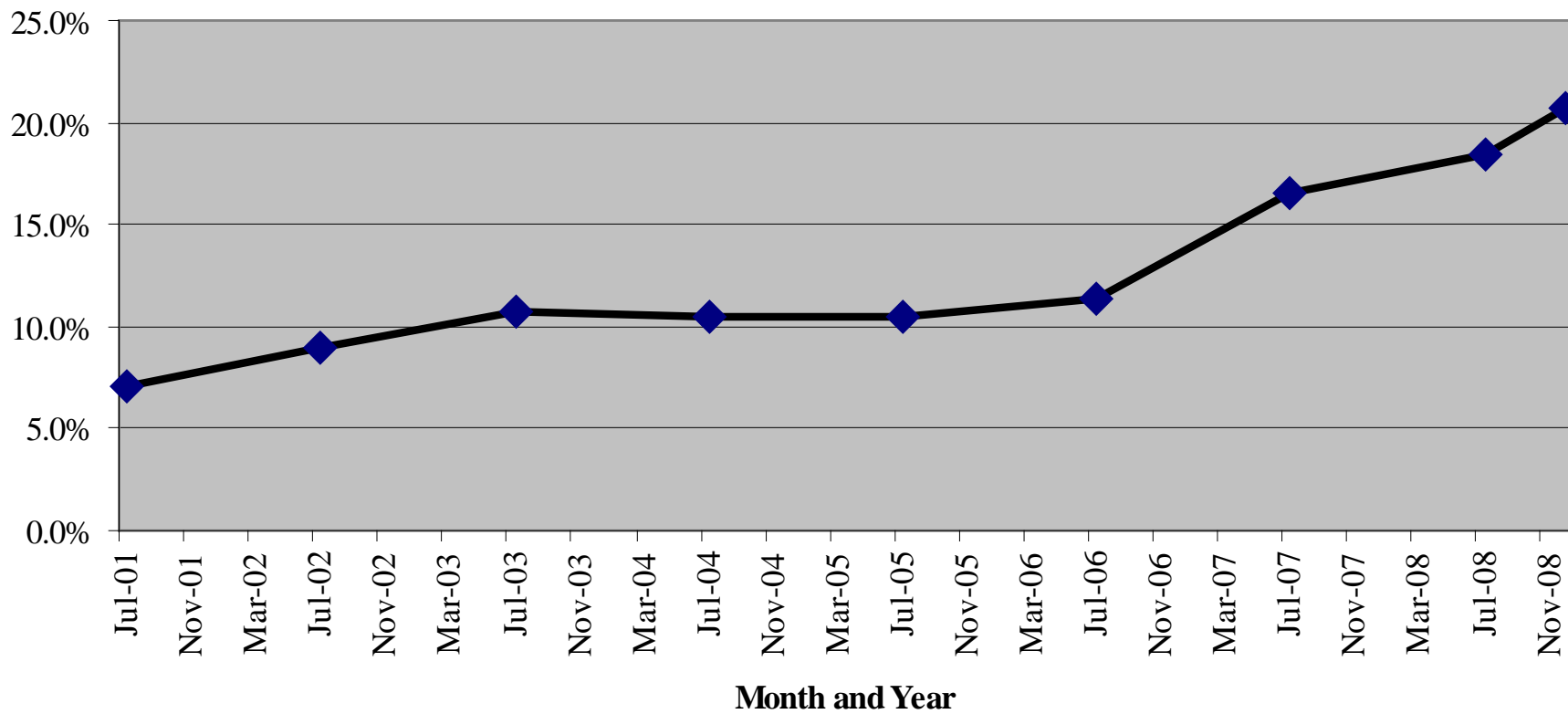
Client Wait List vs. Clients Served



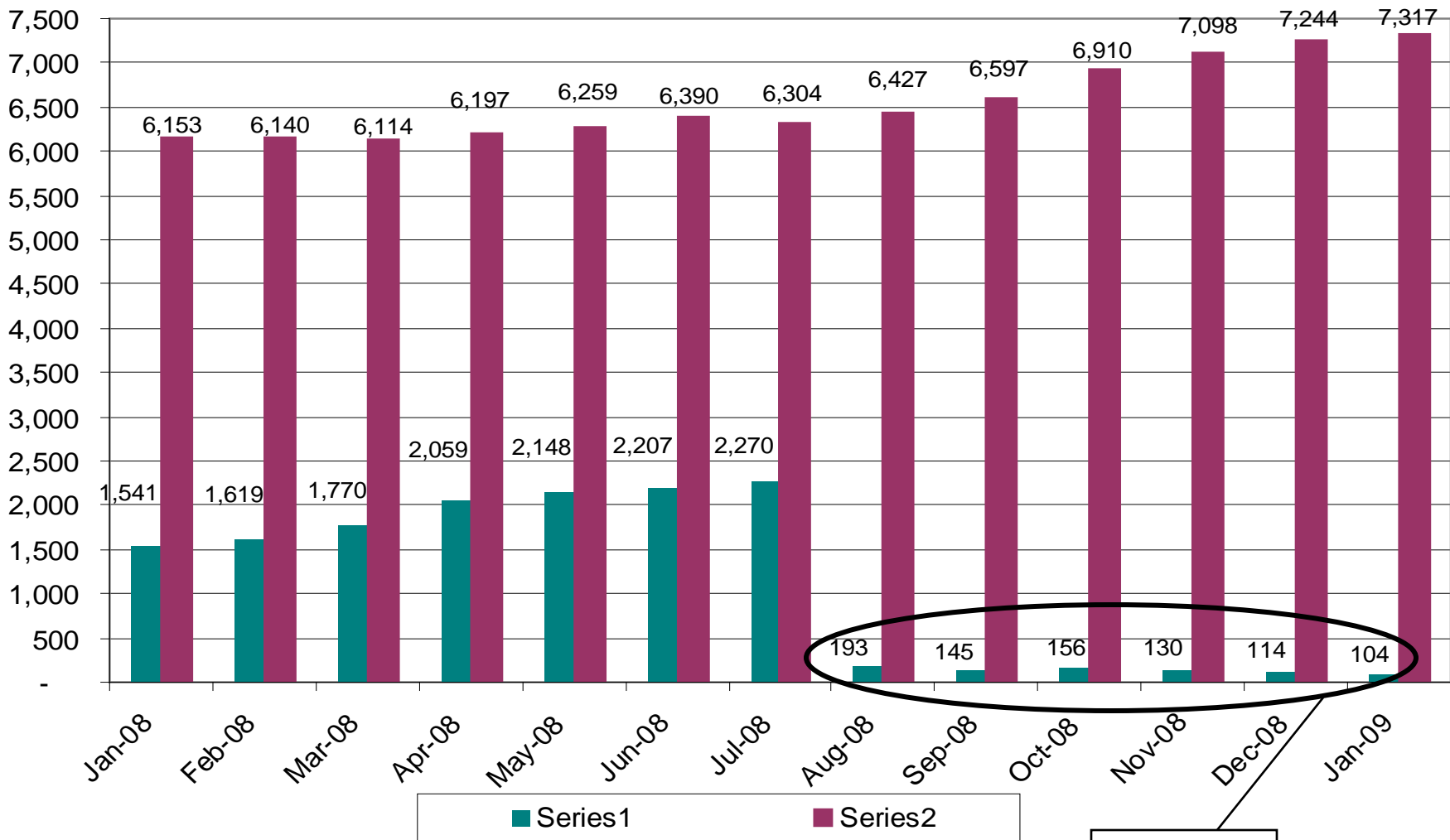
Growth in Long Term Care Medicaid Clients Since January 2005



Percent of Medicaid Long Term Care Enrollees Receiving Home and Community Based Services Division of Aging

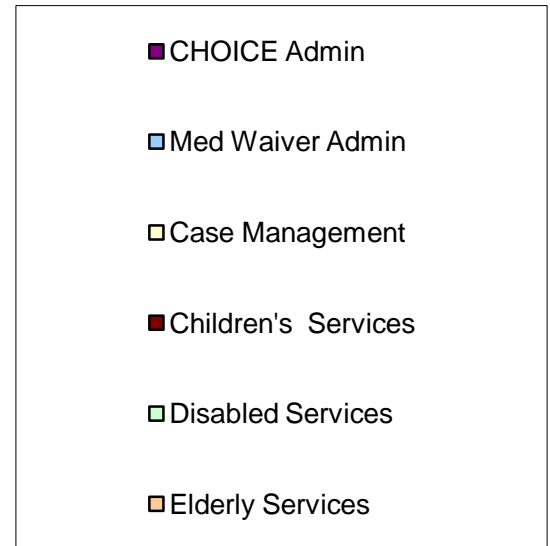
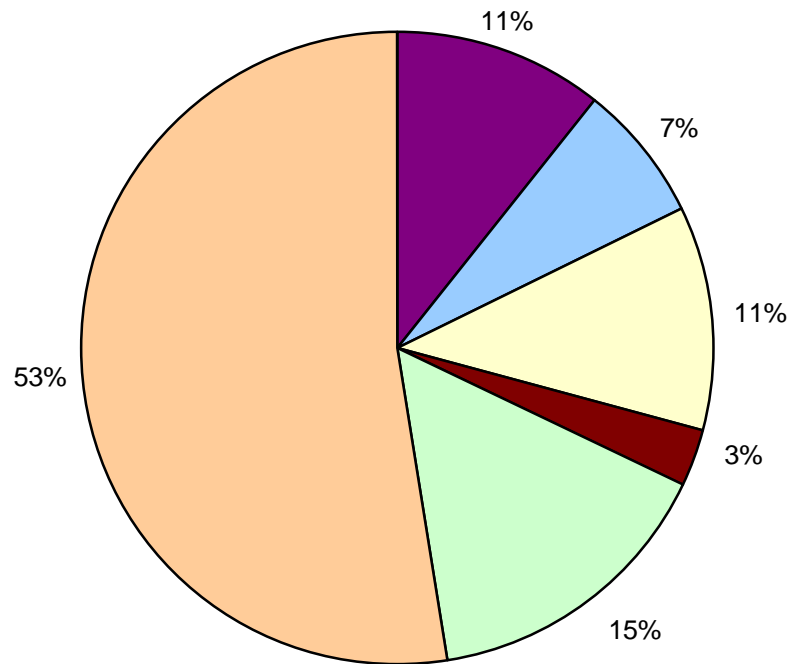


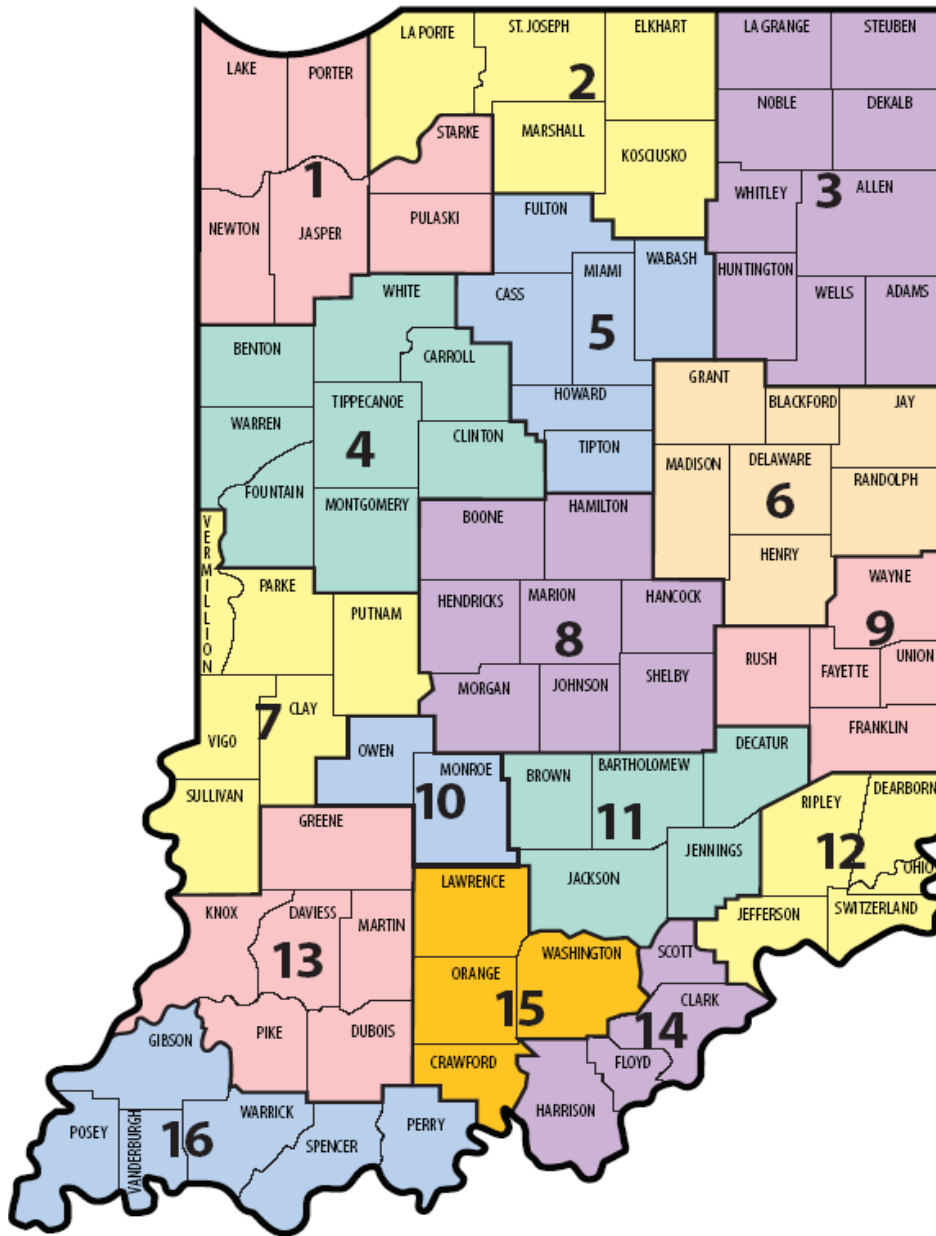
Aged & Disabled & Traumatic Brain Injury Waivers Client Wait List vs. Clients Served



TBI waitlist

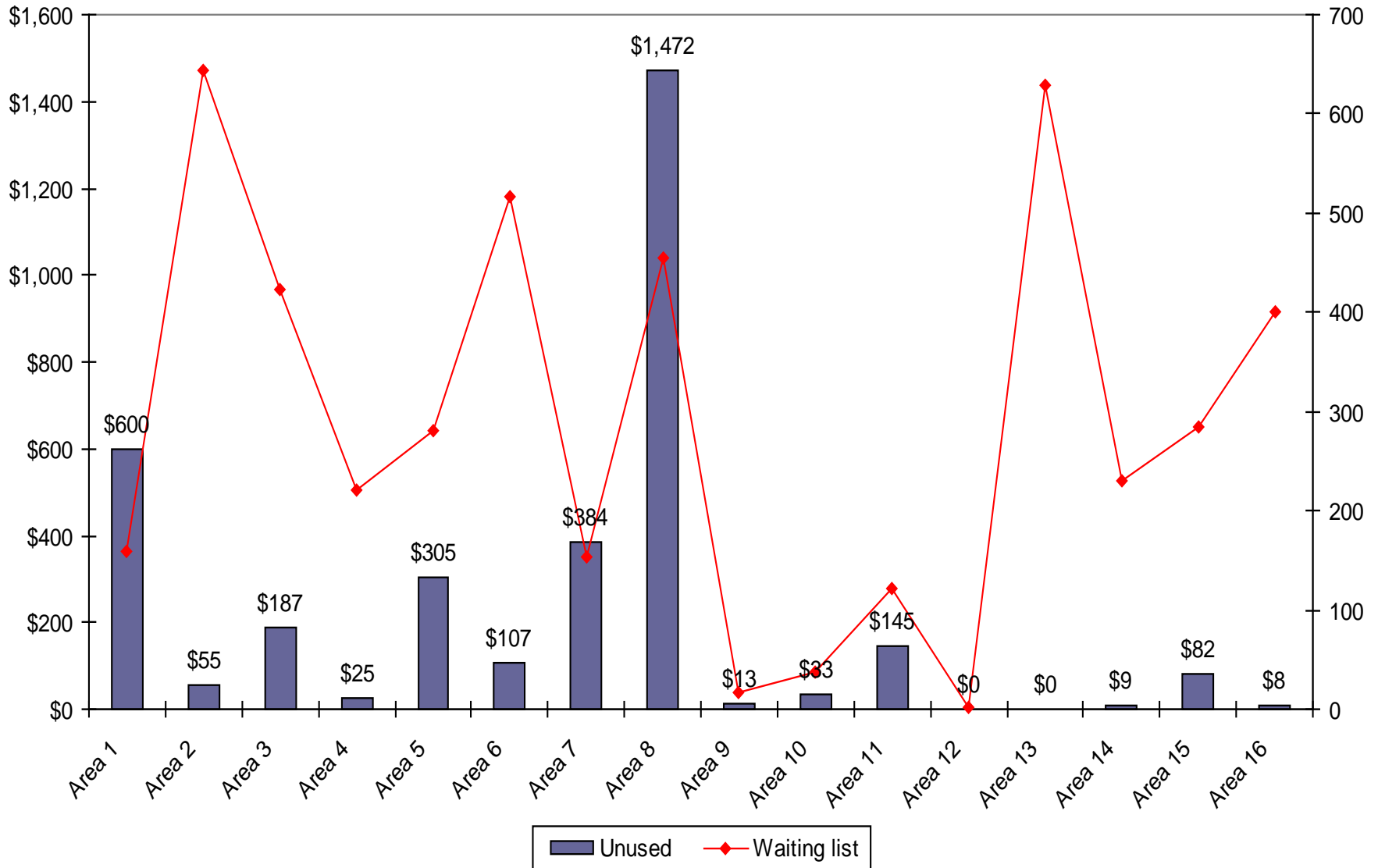
**CHOICE Expenditures by Category
As of January 31, 2009**





Area Agency on Aging (AAA's)

FY08 Unspent AAA Allocations and CHOICE Waitlist



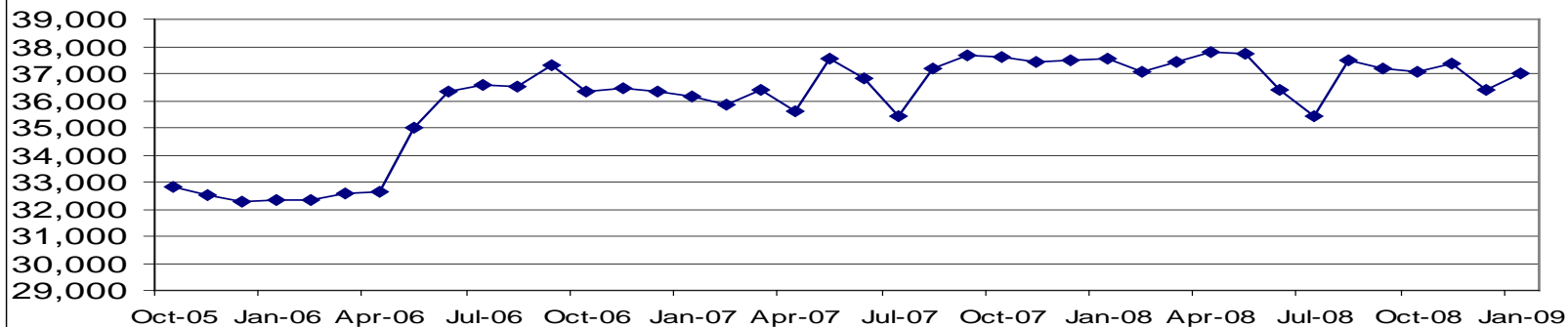
Division of Family Resources

- Expand community and in-home care
 - Child Care & Development Fund recipients +13%
- Emphasis on employment, not direct service
 - IMPACT work participation rates improving
- Transform service delivery models
 - Disaster assistance
 - Eligibility

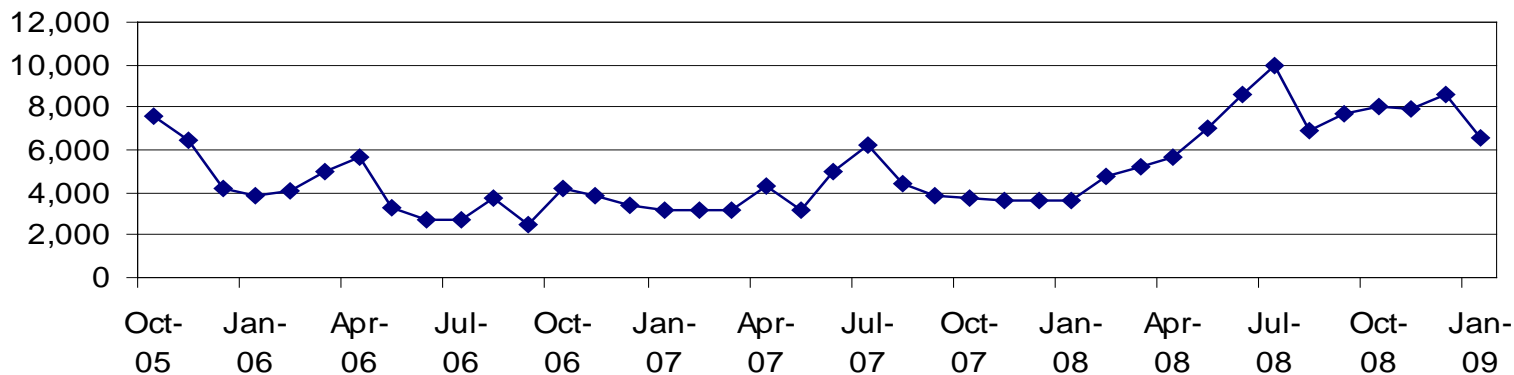


**DIVISION OF FAMILY RESOURCES
 AUTHORIZED CHILDREN
 CHILD CARE AND DEVELOPMENT FUND**

**Authorized Children
 FFY 06 - FFY 09**

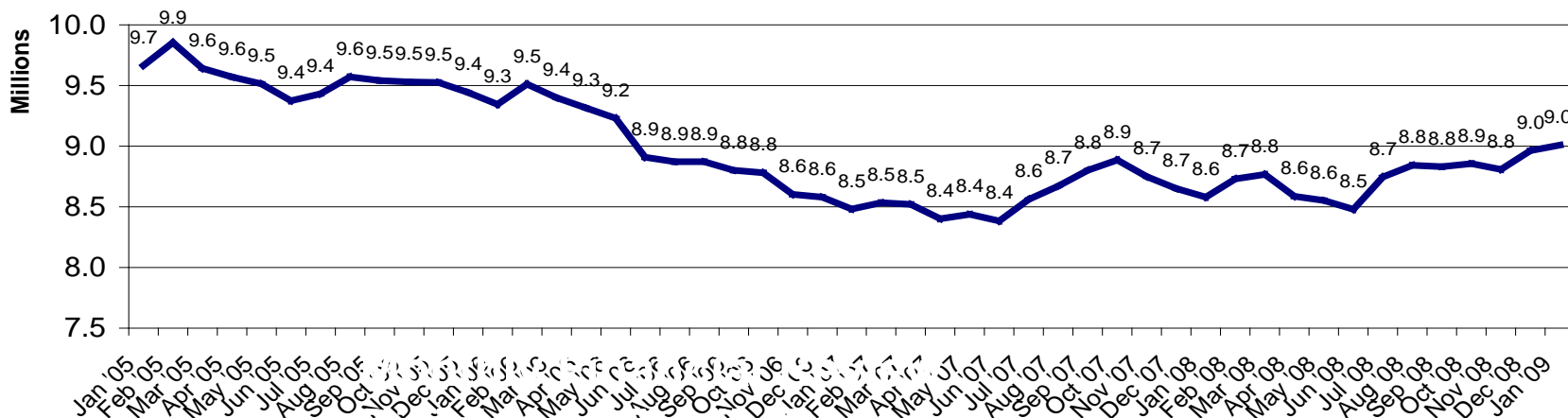


**Monthly Wait List
 FFY 06- FFY 09**

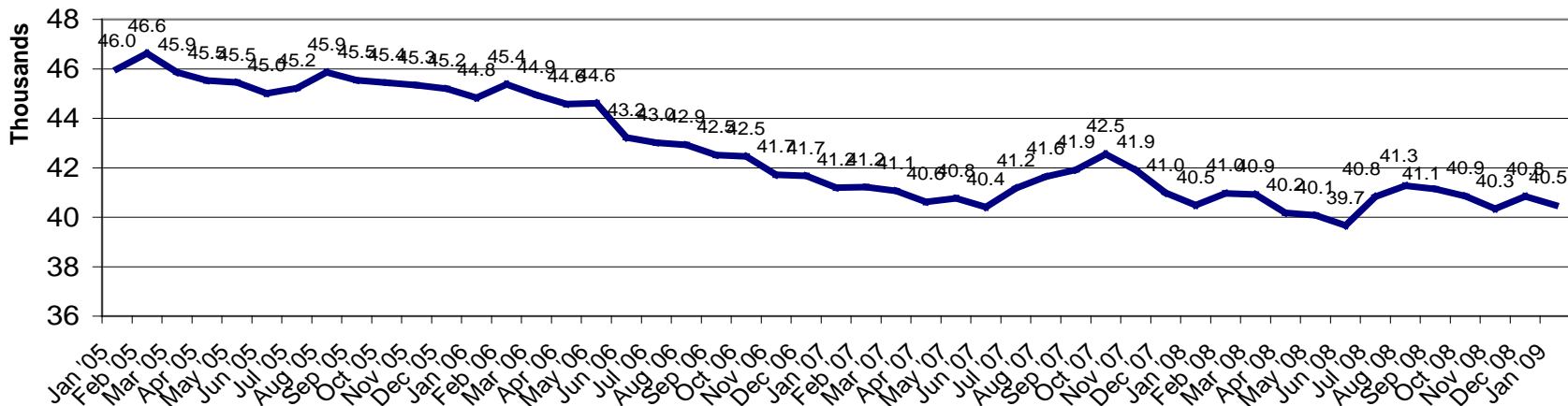




Total TANF Cash Assistance



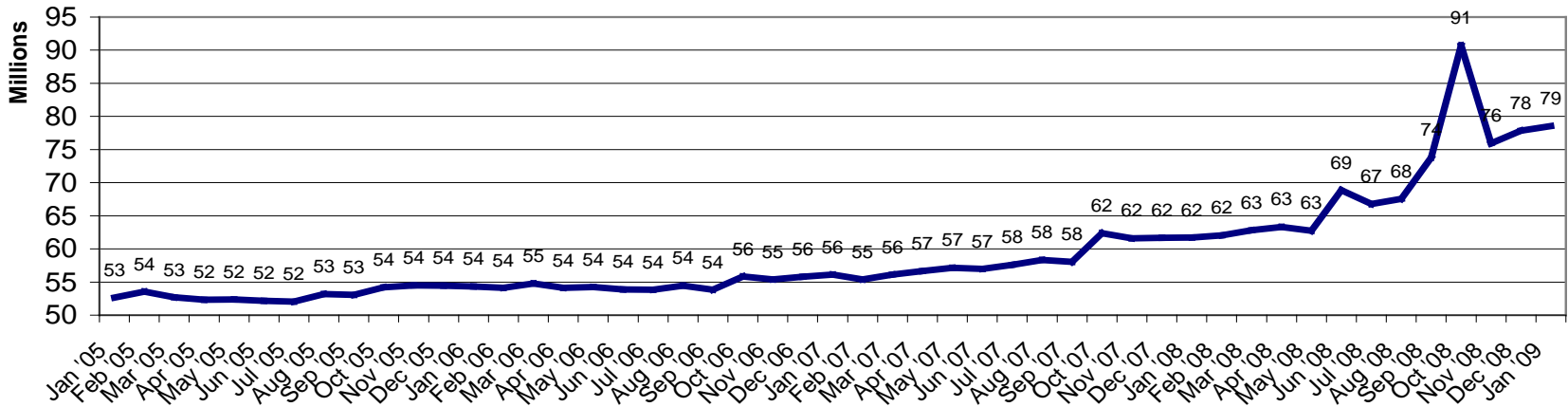
Total TANF Caseload



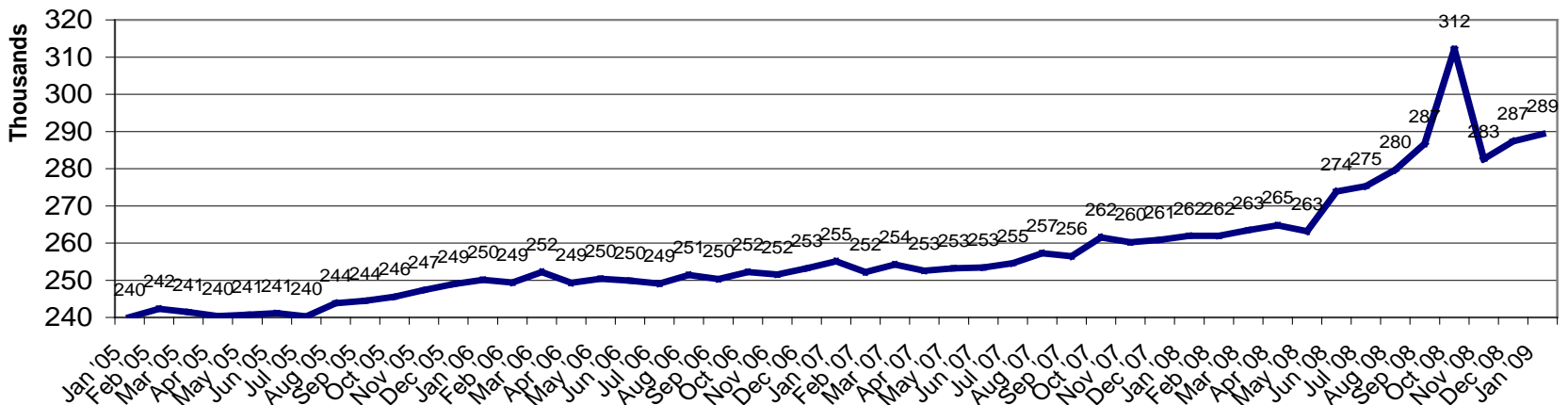
Source: Data Warehouse



Food Stamps Issued



Food Stamp Households

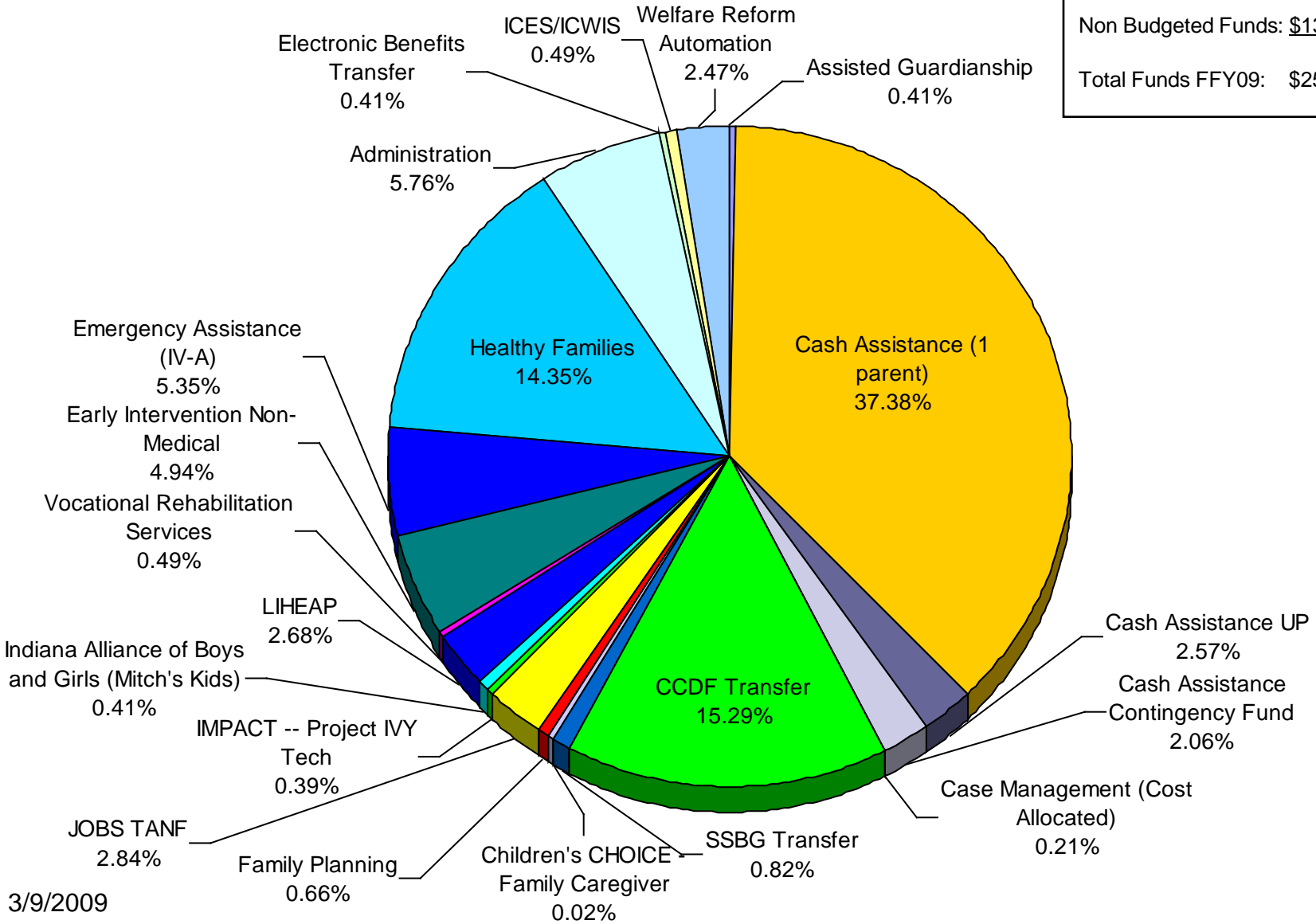




DIVISION OF FAMILY RESOURCES

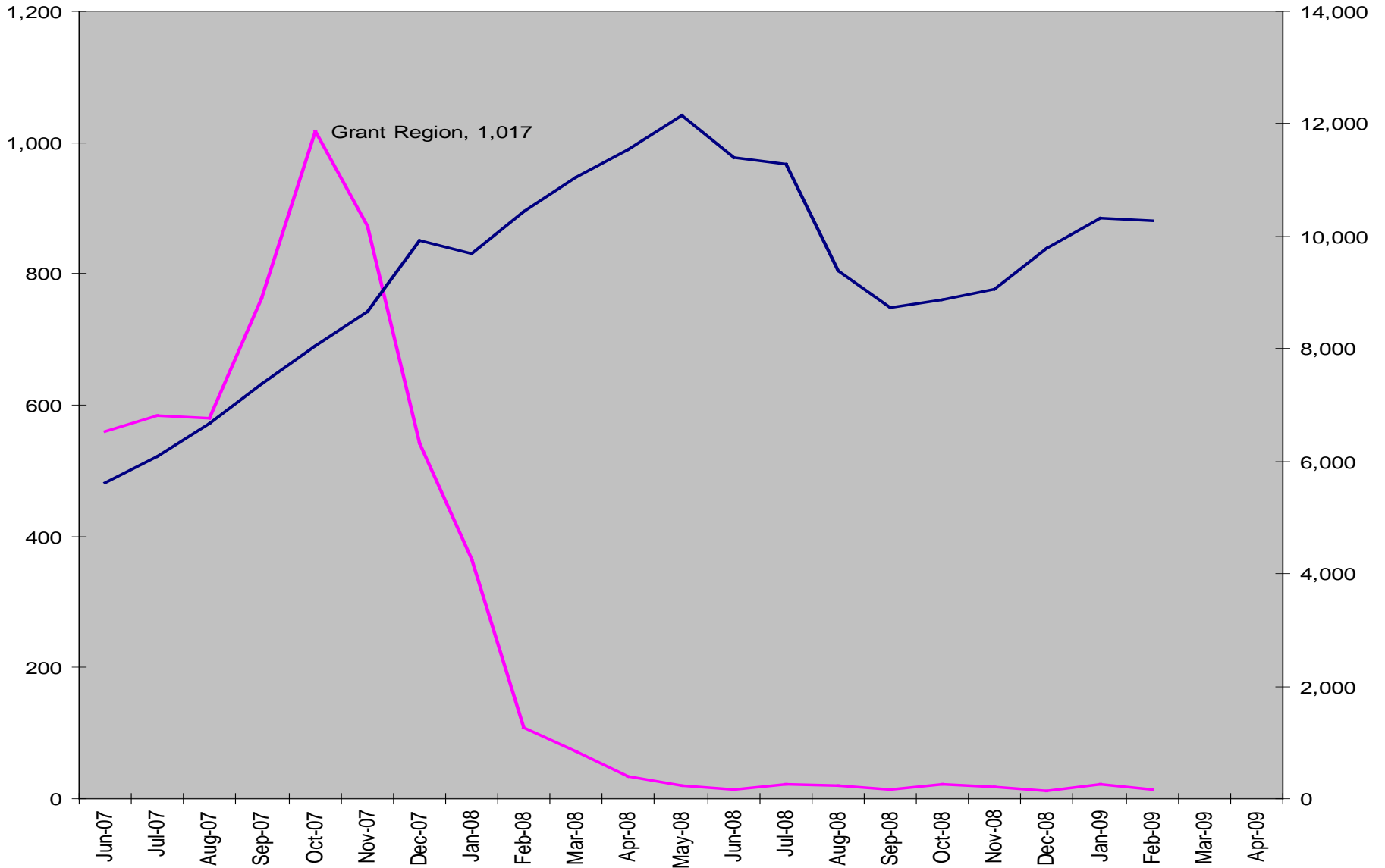
TANF Federal Proposed Budgeted Amounts FFY 09

Proposed Budget:	\$238,001,519
Non Budgeted Funds:	<u>\$13,055,871</u>
Total Funds FFY09:	\$251,057,390



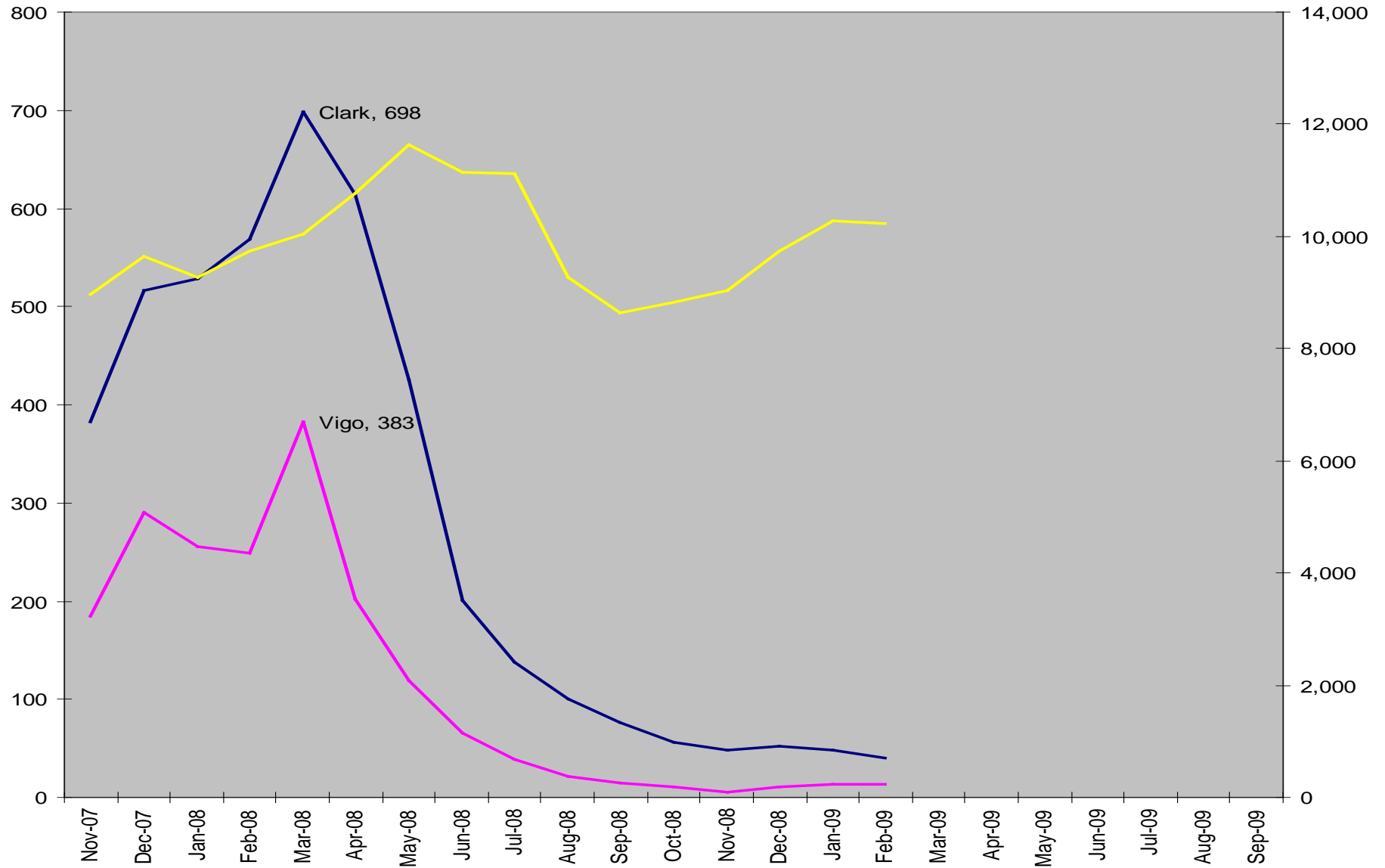
Grant Region - TANF IMPACT Recipients Awaiting Services

Grant Region Rest of the State



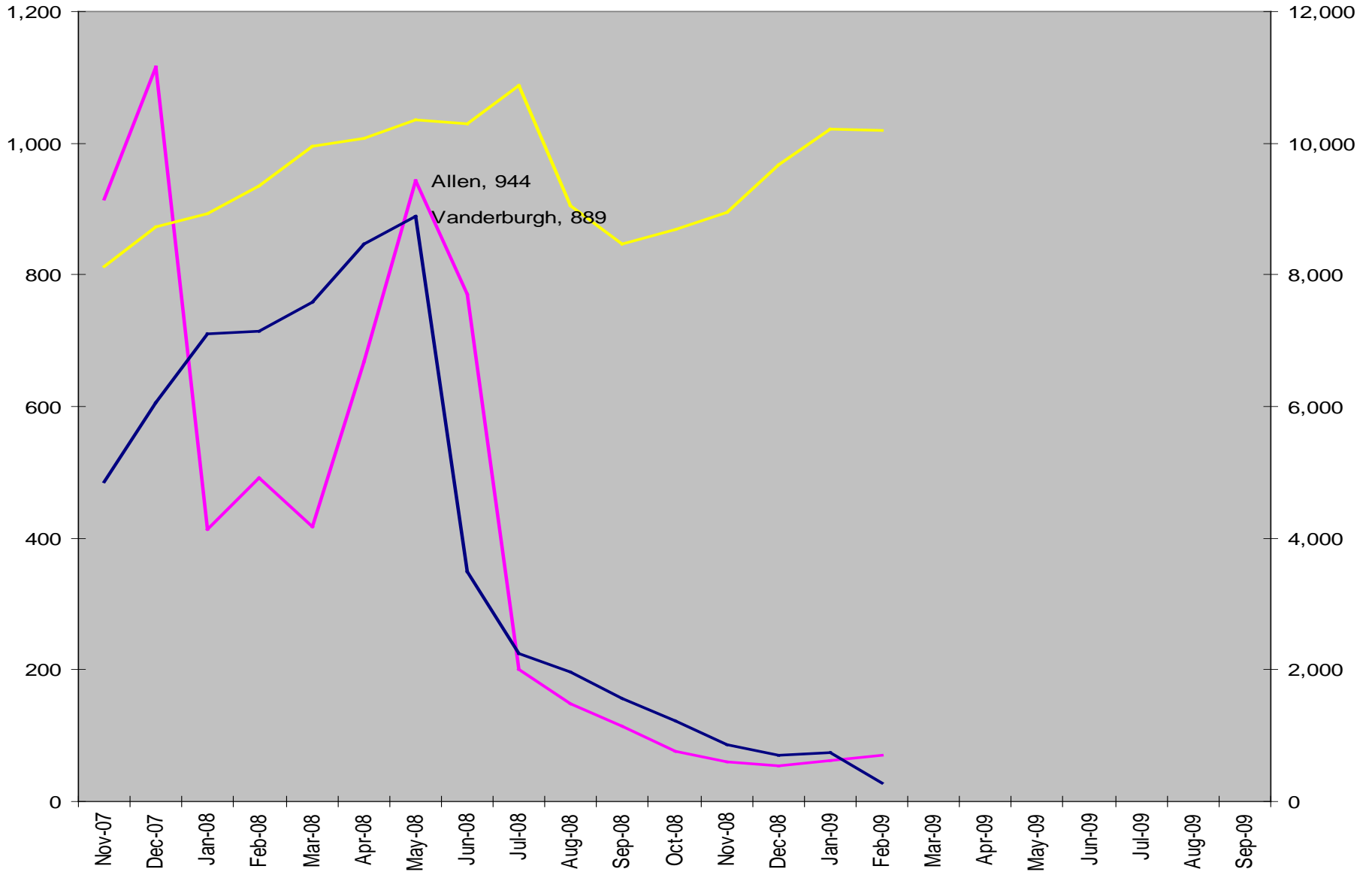
Vigo & Clark - TANF IMPACT Recipients Awaiting Services

Vigo Clark Rest of the State

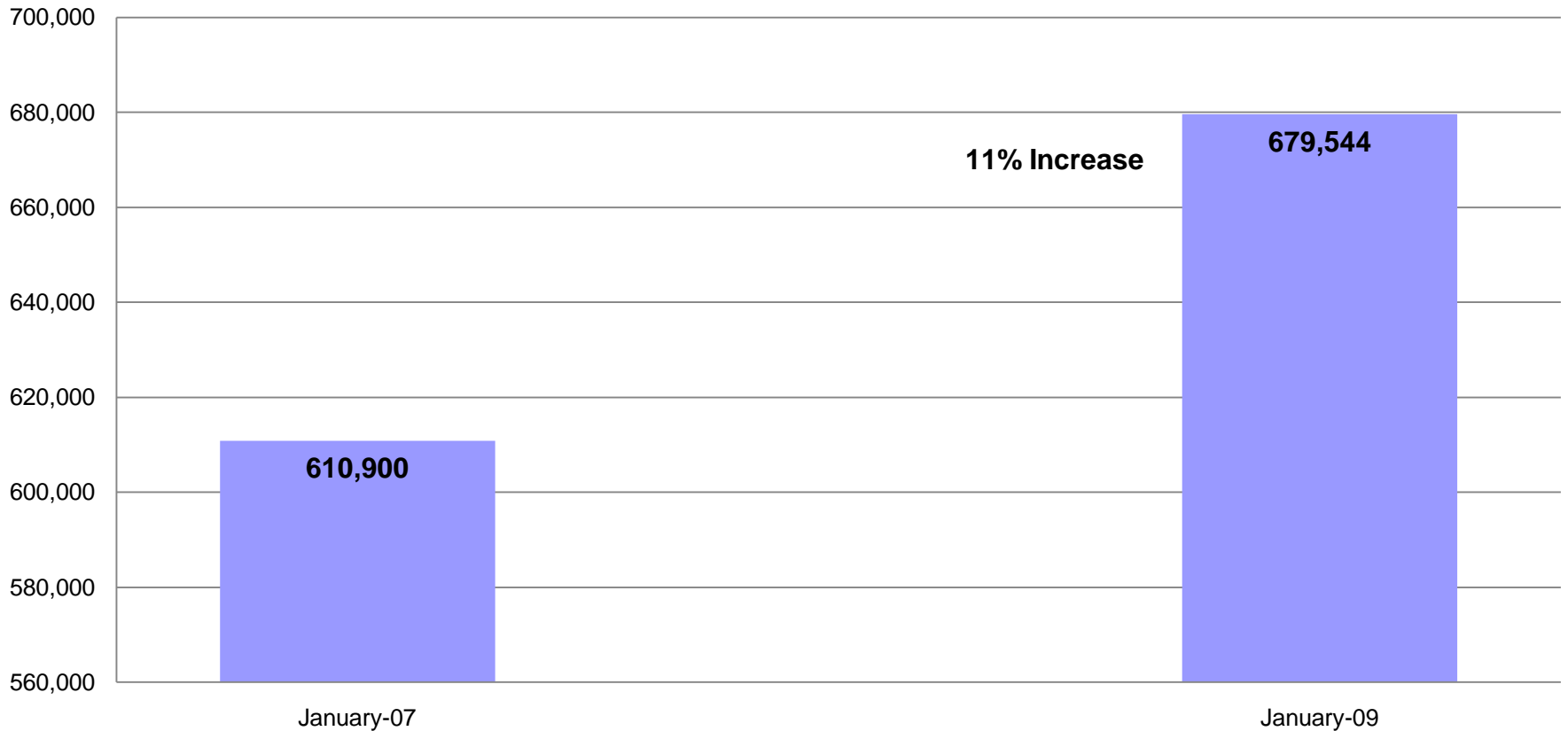


Allen & Vanderburgh - TANF IMPACT Recipients Awaiting Service

Allen Vanderburgh Rest of the State



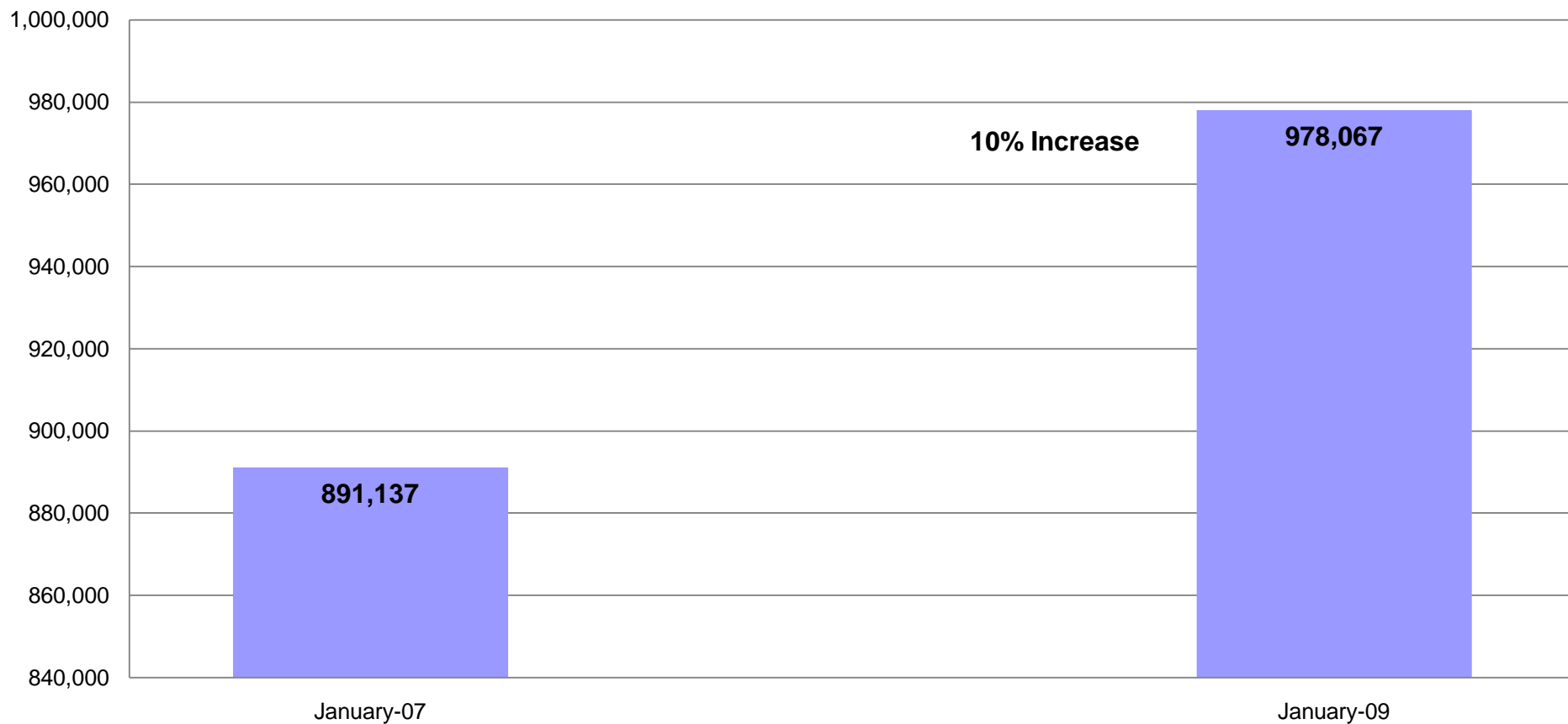
Food Stamps Recipients December 2007 - January 2008



Data Source: Indiana Client Eligibility System

3/9/2009

Medicaid Recipients December 2007 - January 2008



Data Source: Indiana Client Eligibility System

3/9/2009

HB1195 & HB1691

HB1195 – Requirements for certain FSSA contractors

- Requires the State to hire 97 additional employees costing **\$3.1 million** (salaries, benefits, workspace).
- Requires the State to implement a new document tracking system that would send out a receipt when documents are received. State receives approximately 35,000 documents a week and to implement the new system and hire staff to manage it would cost the State **\$8.6 million**.
- Requires 24-hour access for health care facilities to the eligibility determination system. To redesign the system and hire 24/7 staff the State would spend over **\$11.6 million**.
- **TOTAL: \$23.3 million** (State dollars/annually)

HB 1691 – Use of contractor for eligibility determinations

- Requires FSSA to go before the Select Joint Commission on Medicaid Oversight before proceeding with modernization in any additional counties.
- The infrequency of the Commission's meeting schedule could cause substantial and costly delays in further implementation.

STIMULUS- INFRASTRUCTURE REPAIR

Indiana Medicaid Management Information System

- 71,000 system users (providers, MCOs, vendors and state users)
- Supporting 980,000 Medicaid Members
- Processing nearly 5,000,000 claim payments monthly
- MMIS was implemented in 1995, will be nearly 20 years old when completed if the replacement starts now
- MMIS is an thick-client old desktop application using LBMS case tool
 - 75% of the system functions are running on LBMS (obsolete technology)
 - LBMS vendor went out of business – no support for any issues
- Not aligned with CMS-defined Medicaid Information Technology Architecture (MITA) standards
 - MITA is a national framework to improve Medicaid healthcare management systems.

STIMULUS- INFRASTRUCTURE REPAIR

Indiana Client Eligibility System (ICES)

- Integrated Eligibility Determination/Re-determination System:
 - Food stamps, Medicaid, TANF, HIP, IMPACT, CHIP, Wards, Foster Care and Refugee Assistance
- Implemented in 1992
- 16 years of active and inactive cases:
 - 4.3M Active and Inactive client information in system
- 100+ interfaces with other systems across 30 agencies
 - Medicaid, EBT, Childcare, etc.
- Contains 900 COBOL Computer Programs with eligibility logic coded in them/120 Databases/291 Reports