Senate Bill 2012

Senate Appropriations – Human Resources Subcommittee
Senator Dever, Chairman

Medicaid | Krista Fremming, Interim Director, Medical Services | Feb. 6, 2023

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HHS Goal: Help ND become the healthiest state in the nation

We'll focus on three actions to accomplish this:

Invest in the FOUNDATIONS of well-being

- Economic Health
- Behavioral Health
- Physical Health

Ensure everyone has the opportunity to realize their POTENTIAL

- Strong, Stable Families
- Services Closer to Home
- Early Childhood Experiences
- Efficiency Through Redesign
- High-Performing Team

Give everyone the OPPORTUNITY to decide to:

- Be Healthy
- Be Active
- Find & Prevent Disease Early

Presentation roadmap

- ND Century Code chapters and major statutory responsibilities
- Purpose of the programs
- Who we serve
- Differences between fee-for-service Medicaid and Medicaid Expansion
- Improving the lives of North Dakotans:
  - 2021-2023 Accomplishments
  - Current and future challenges
- 2023-2025 budget and other resource requirements

ND Century Code Chapters

The primary NDCC chapters associated with Medicaid are listed here:

Chapter	Chapter Name
50-24.1	Medical Assistance for Needy Persons
50-24.6	Medical Assistance Drug Use Review and Authorization
50-29	Children's Health Insurance Program

Medicaid - a state/federal partnership

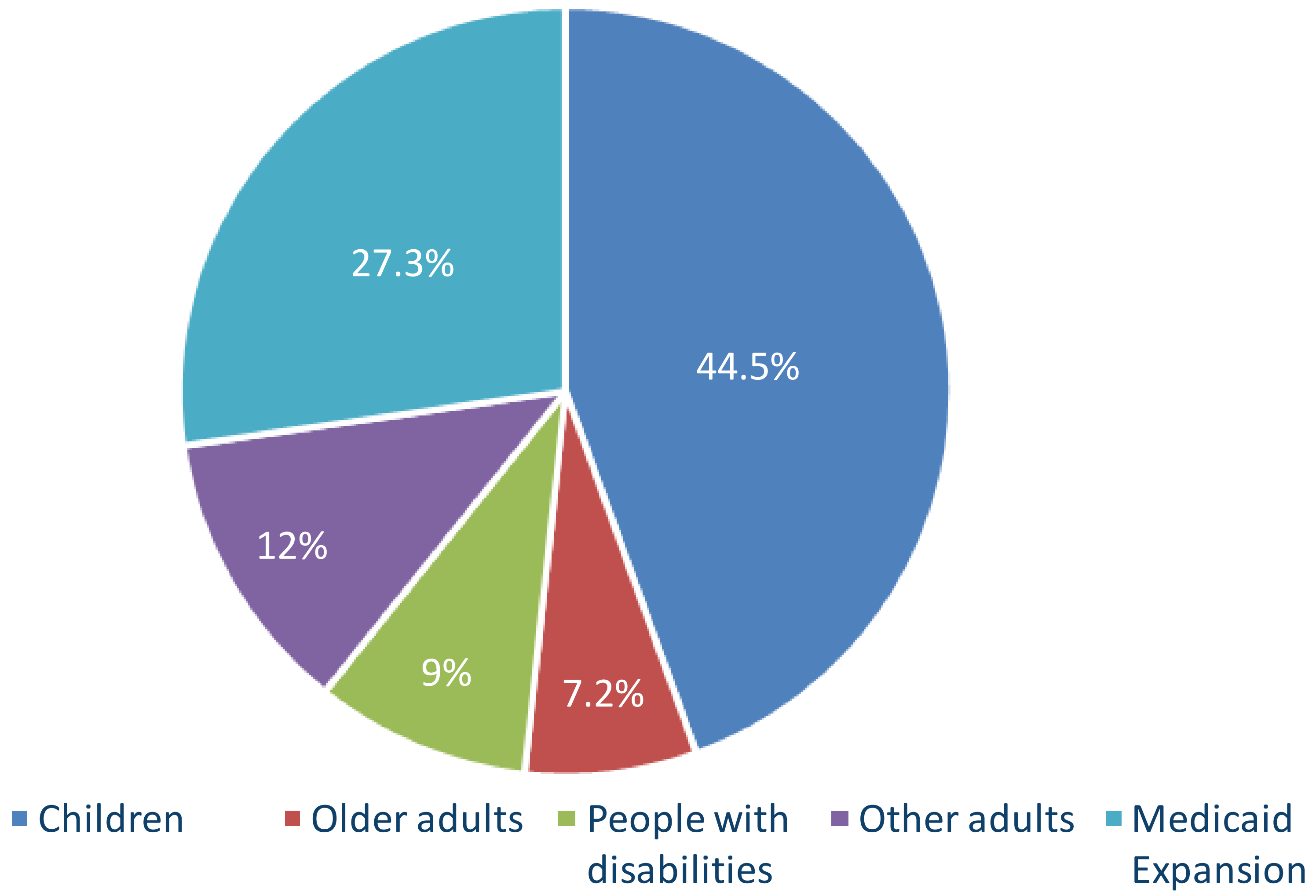
Medicaid programs are administered by states under a broad set of federal rules and regulations and are jointly financed by states and the federal government.

The Federal Medical Assistance Percentage (FMAP) rates are used in determining the amount of federal matching funds for state expenditures for assistance payments for certain social services, and state medical and medical insurance expenditures.

Who we serve

Medicaid members are our friends, family and neighbors. Medicaid provides health care coverage for low-income families, children, pregnant women, people with disabilities, older adults and other low-income adults.

Who is covered by ND Medicaid?



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Faces of Medicaid

Faces of Medicaid was born out of a need to help North Dakotans understand who the ND Medicaid program serves and its life-changing impact.

- Cuwe's Story
- Raya's Story
- Colin's Story
- Sandy's Story

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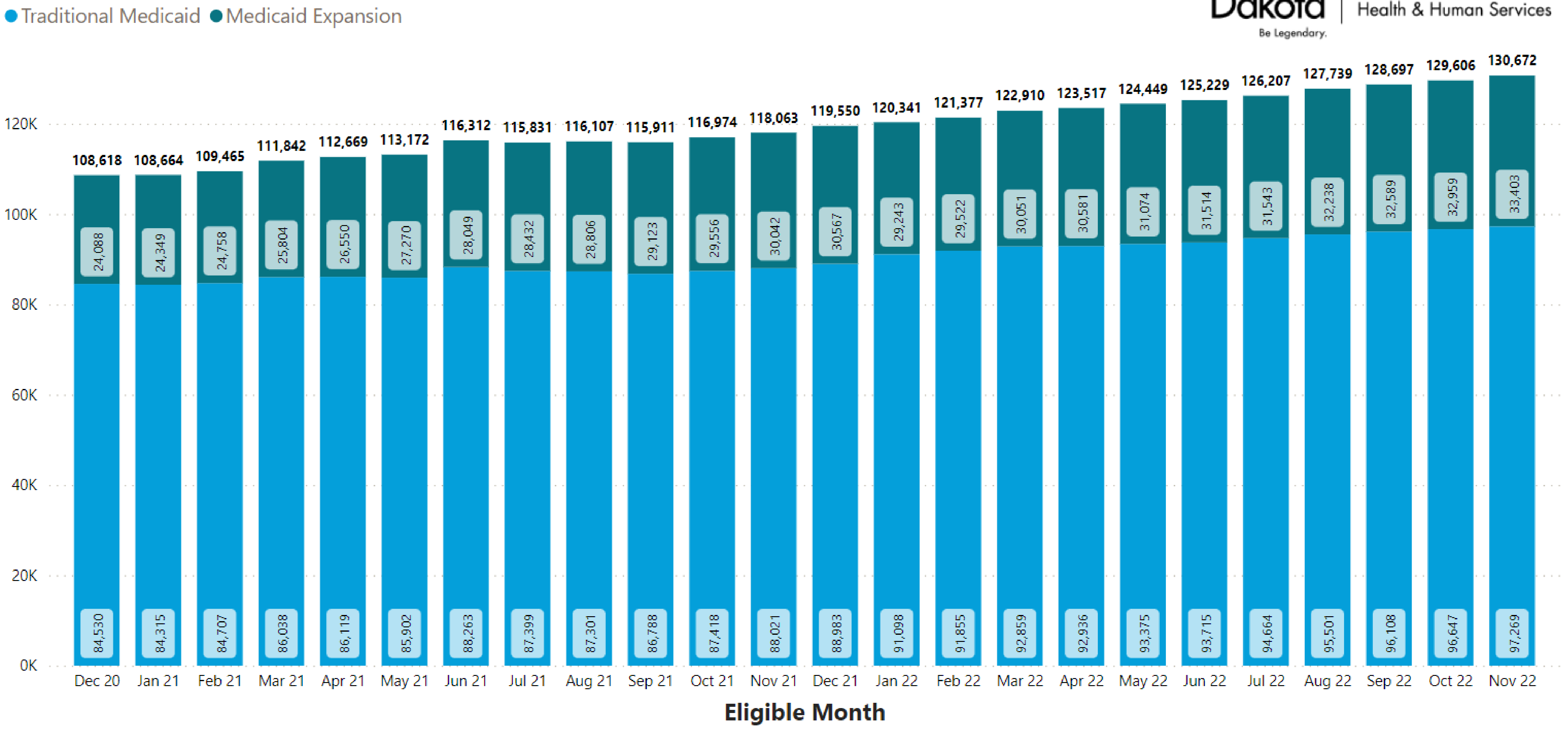
What services are covered?

- Hospital
- Nursing Facility
- Clinic
- Hospice and home health care
- Professional services (physician/NP/PA)
- Durable medical equipment and supplies
- Mental health and substance use disorder services
- Prescription drugs
- Ambulance and transportation
- Vision
- Dental

Medicaid Eligibles (previous 24 months)



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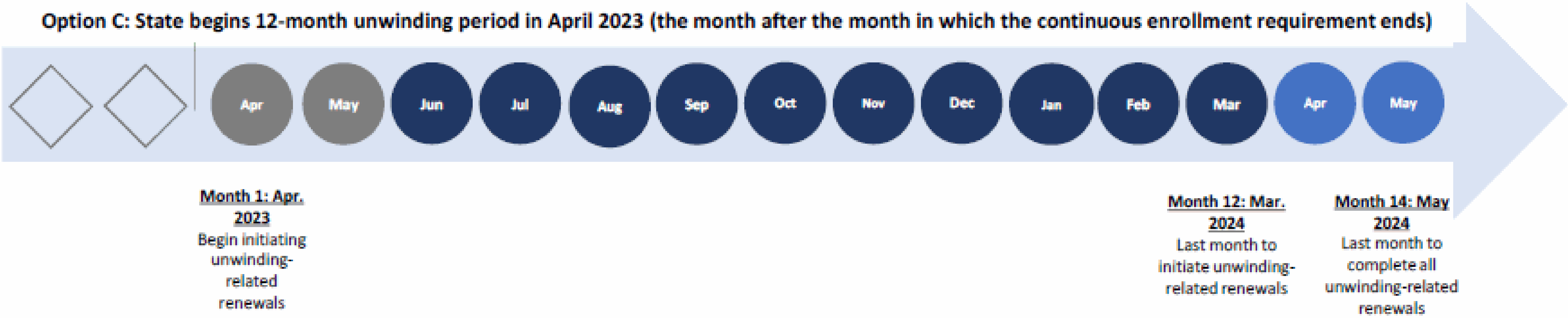
Medicaid Continuous Enrollment Unwinding



How we pay – differences between Traditional Medicaid and Medicaid Expansion

Traditional Medicaid (fee for service)	Medicaid Expansion
State pays providers directly for each covered service received by a Medicaid member.	State pays a monthly fee (called a premium or capitation payment) to the managed care organization (MCO).
Only pay for covered services received by members.	Monthly fee is paid to MCO regardless of member use of services.

21-23 Accomplishments

Design of value-based purchasing programs for Prospective Payment System (PPS) health systems and nursing facilities

Medicaid Expansion – new managed care organization (Blue Cross Blue Shield of ND); includes value-based payment program

Big steps towards modernization of the Medicaid Management Information System (MMIS)

Extension of postpartum Medicaid coverage for new mothers

Current and Future Challenges

- Medicaid continuous coverage requirement since March 2020; ends March 31, 2023.
- No state has ever had to redetermine eligibility for this many members in a single year.
- Federal government rulemaking will impact Medicaid – eligibility and managed care rule updates expected in 2023
- Finding ways to effectively control health care cost growth

Medicaid's Role in Maternal and Child Health

Medicaid Lever	ND Status
Eligibility and Enrollment	• Pregnant women: 162% FPL; CHIP: 175% FPL • Continuous eligibility for at least 12 months for both pregnant women and children
Education/outreach to members or providers	• Health Tracks Member and Provider Outreach Teams (Health Tracks = EPSDT = Early Periodic Screening Diagnostic and Treatment benefit) • Well-child visit reminders by mail
Covered benefits	Most optional benefits covered; 1915(c) and 1915(i) benefit plans for qualifying individuals
Models of care delivery	Targeted Case Management for High-Risk Pregnant Women
Performance measurement, performance improvement projects and quality improvement projects	• External quality review organization maternal/child focus study • Other issue-specific projects such as fluoride varnish application in medical settings

Medicaid's Role in Behavioral Health Care

Outpatient Services

- Initial level of care / diagnostic interview
- Individual and group counseling and psychotherapy
- Medication Assisted Therapy (MAT) including buprenorphine and methadone treatment.
- Includes Home and Community Based Services through the 1915(i) State Plan Amendment

Intensive Outpatient Services or Partial Hospitalization

- Typically delivered by SUD/MH specialty providers
- Support system including availability of emergency services around the clock

Residential or Inpatient Services

- Different levels of care ranging from low to high-intensity clinically managed residential care to medically monitored high-intensity inpatient services
- Goal is to prepare individual for outpatient treatment
- Provided in structured residential setting staffed 24 hrs per day and are clinically managed

Medically Managed Intensive Inpatient Services

- Primary medical and nursing care.
- Patients receive daily direct care from licensed physician in a hospital-based setting.
- Biomedical, emotional, behavioral, and/or cognitive conditions present

Least restrictive ← → Most restrictive

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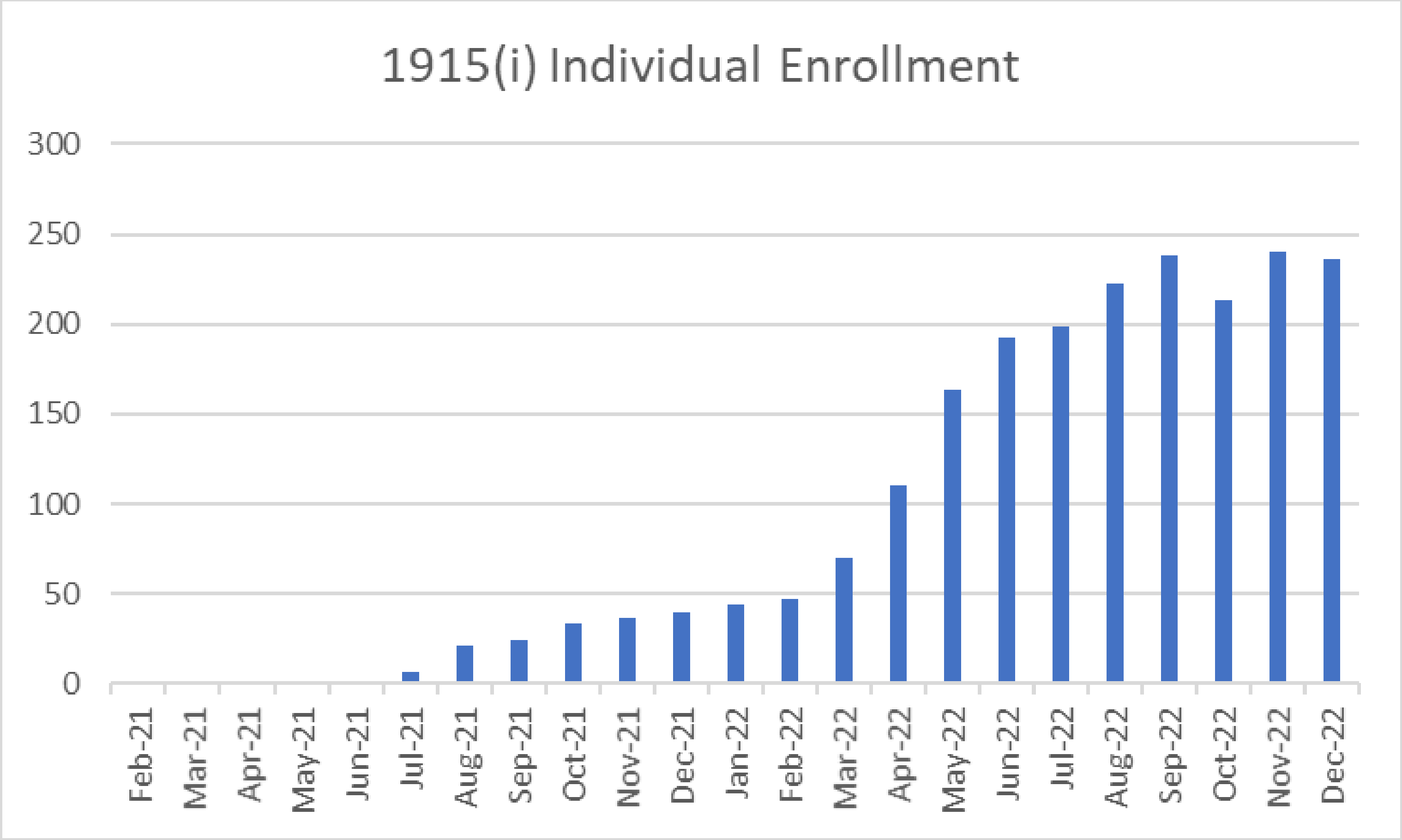
Medicaid's Role in Behavioral Health Care – 1915(i)



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Medicaid's Role in Behavioral Health Care – 1915(i)

Challenge	Response
Federal conflict of interest rules prevented 1915i providers from doing more than one type of 1915i service for members.	Presented data to CMS to show the impacts that the rule is having on access to care. CMS waived rules for all ND counties except Burleigh and Cass.
Non-medical transportation provider payment structure did not incentivize service provision in rural areas.	Submitted a state plan amendment to change the rate from a per trip rate to per unit rate.
Providers need an upfront infusion of resources to get started.	Using ARPA 9817 funds, 12 grants have been provided to new or expanding providers.

Value-Based Purchasing – Progress and Next Steps

- What is value-based purchasing?
- Progress on model development for Prospective Payment System (PPS) health systems:
  - Puts a portion of hospital payments at risk for performance on a set of quality measures.
  - If PPS systems fail to hit the targets, up to 4% of Medicaid revenue for a subset of services and population would be returned to the state. Systems are given a second opportunity to earn back funds back through exceptional performance on measures.
  - To support systems in being successful, the Department is working to provide regular access to data analytics that highlight gaps in care and performance on measures.

Value-Based Payments – Progress and Next Steps

2023

- Measurement Year 1
- Initial Measures: Pay for Reporting

2024

- Measurement Year 2
- Pay for Reporting Baseline

2025

- Measurement Year 3
- Initial Measures: Pay for Performance
- Expanded Measures: Pay for Reporting

2026

- Initial Measures: Pay for Performance
- Expanded Measures: Pay for Performance

Medical Services Full-Time Equivalents (FTE)

Medical Services		
21-23 Authorized FTE Base	**23-25 Executive Budget FTE**	**# vacancies 12-31-22 (from base)**
90.50	93.50	13.0

North Dakota Medicaid ranks among the states with the lowest state Medicaid program administration costs. South Dakota is lowest, followed by Wyoming, Delaware, Montana and North Dakota.*

*Medicaid and CHIP Payment and Access Commission – December 2022 – Medicaid Spending by State, Category and Source of Funds: https://www.macpac.gov/publication/medicaid-spending-by-state-category-and-source-of-funds

Overview of budget changes (in millions)

Description		2021 - 2023 Budget Base		Increase/ (Decrease)		2023 - 2025 Executive Budget
511x Salaries - Regular	$	11,287,660	$	2,200,626	$	13,488,286
513x Salaries Temp		482,639		861,944		1,344,583
516x Salaries Benefits		5,237,066		1,350,072		6,587,138
Total Salaries & Benefits	$	17,007,365	$	4,412,642	$	21,420,007
52x Travel		47,413		47,411		94,824
54x Postage & Printing		102,218		60,671		162,889
55x Equipment under $5,000		2,100		-		2,100
58x Rent/Leases - Bldg/Equip		12,036		-		12,036
61x Professional Development		77,192		-		77,192
62x Fees - Operating & Professional		57,160,352		16,890,414		74,050,766
53x Supplies		10,334		-		10,334
60x IT Expenses		3,997		-		3,997
71x Grants, Benefits, & Claims		1,511,767,760		362,528,325		1,874,296,085
Total Operating	$	1,569,204,030	$	379,526,821	$	1,948,730,851
Total	$	1,586,211,395	$	383,939,463	$	1,970,150,858

Overview of budget changes (in millions)

Description	2021 - 2023 Budget Base	Increase/ (Decrease)	2023 - 2025 Executive Budget
General Fund	$ 390,333,440	$ 104,825,433	$ 495,158,873
Federal Funds	1,104,070,486	311,547,367	1,415,617,853
Other Funds	91,807,469	(32,433,337)	59,374,132
Total Funds	$ 1,586,211,395	$ 383,939,463	$ 1,970,150,858

Walkthrough – Medical

	2021-2023 Legislatively Approved Budget	Funding Shift One-Time Funding	Cost to Continue	Underfunding	FMAP	Total Changes	To Governor	Inflation (4/3)	Increase CHIP eligibilty to 210%	Increase FPL for Medically Needy (includes Clawback)	Executive Changes	To Chamber 1
Inpatient Hospital	179,766,425		45,885,646			45,885,646	225,652,071		-		-	225,652,071
Outpatient Hospital	109,157,626		15,351,174			15,351,174	124,508,800		-		-	124,508,800
Professional Services	111,446,608		19,346,895			19,346,895	130,793,503		-		-	130,793,503
Drugs	80,257,098		4,641,207			4,641,207	84,898,305		-		-	84,898,305
Indian Health Services	51,413,696		7,169,668			7,169,668	58,583,364		-		-	58,583,364
1915i State Plan Services	27,004,195		(11,843,807)			(11,843,807)	15,160,388		-		-	15,160,388
PRTF Services	34,657,042		(11,005,338)			(11,005,338)	23,651,704		-		-	23,651,704
Dental Services	28,653,048		6,374,380			6,374,380	35,027,428		-		-	35,027,428
Premiums	37,729,555		17,005,298			17,005,298	54,734,853		-		-	54,734,853
Other Services	192,503,419		(40,022,573)	(24,130,288)		(64,152,861)	128,350,558		4,267,312	10,500,000	14,767,312	143,117,870
Expansion Medicaid	650,966,710		291,583,569			291,583,569	942,550,279		-		-	942,550,279
Provider Inflation								34,483,317			34,483,317	34,483,317
Total	1,503,555,422		344,486,119	(24,130,288)		320,355,830	1,823,911,253	34,483,317	4,267,312	10,500,000	49,250,629	1,873,161,881
General Fund	338,028,690	31,500,000	39,637,782	(10,052,678)	6,097,851	67,182,955	405,211,645	15,654,634	1,389,270	6,300,000	23,343,904	428,555,549

Traditional Medicaid Total	$930,611,603
Medicaid Expansion Total	$942,550,279
Grand Total	$1,873,161,881

One-Time Funding - Medical

21-23 Biennium

- None

23-25 Biennium

- $4.5 million - Vendor contracts for audits related to nursing facilities and hospitals.

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Included in Executive Budget Request

Increase eligibility for the Children's Health Insurance Program (CHIP) to 210% of the federal poverty level (FPL).

- Currently CHIP eligibility in ND is 175% FPL.
- Increasing eligibility to 210% FPL would enable about 670 more children to qualify.
- Budget Impact:

Total	General	Federal
$4,267,312	$1,389,270	$2,878,042

Included in Executive Budget Request

Increase FPL for traditional medically needy group (aged, blind, disabled) to 90% FPL.

- Currently this group is eligible at 83% FPL.
- Individuals in the 'medically needy' group must spend down their income in order to qualify for Medicaid coverage.
- This change would enable individuals to retain more of their income for personal use.
- Budget Impact:

Total	General	Federal
$10,500,000	$6,300,000	$4,200,000

Included in Executive Budget Request

Create a provider strike team to offer targeted support and technical assistance to Medicaid providers who employ direct care workers.

- These professionals will provide time-limited customized advice and guidance on billing systems, staffing practices, and service delivery models with the intention of helping them develop more sustainable business models and help address persistent and critical workforce shortages by ultimately growing their businesses.
- Budget Impact:

Total	General	Federal
$344,964	$59,614	$285,350

Included in Executive Budget Request

Vendor contracts for audits related to nursing facilities and hospitals.

- HHS does not have internal capacity or expertise to adequately audit nursing facilities and hospitals. This is a best practice of state Medicaid programs that ND should implement.
- Budget Impact:

Total	General	Federal
$4,500,000	$2,250,000	$2,250,000

Request for Addition to SB2012

Funding for vendor contracts.

- Since HHS built this budget, several vendor contracts have increased in price, mainly due to inflation. In addition, Medical Services has contracts that are out of extensions and when those are procured, the total cost of the contract will increase.
- Budget Impact:

Total	General	Federal
$3,050,352	$1,273,656	$1,776,696

Summary of Medicaid Items Included in Executive Budget Request

	General	Federal	Total
Increase CHIP FPL to 210%	$1,389,270	$2,878,042	$4,267,312
Increase FPL for traditional medically needy group (aged, blind, disabled) to 90% FPL	$6,300,000	$4,200,000	$10,500,000
Provider strike team to offer targeted support and technical assistance to Medicaid providers	$59,614	$285,350	$344,964
Vendor contracts for audits related to nursing facilities and hospitals	$2,250,000	$2,250,000	$4,500,000
TOTAL	**$9,998,884**	**$9,613,392**	**$19,612,276**

Summary of Additional Medicaid Budget Items Being Requested (not in Exec. Budget Request)

	General	Federal	Total
Vendor contract enhancements	$1,273,656	$1,776,696	**$3,050,352**

Legislative Bills and their potential budget impact

- HB 1029 – requires the Department to establish a community health worker certification program and for Medicaid coverage/reimbursement of services.
- HB 1261 – requires the Department to apply for an 1115 waiver to the Centers for Medicare and Medicaid Services, to fund residential and inpatient behavioral health care provided in institutions for mental diseases (IMD).
- HB 1396 - requires the Department to establish rules and a process for presumptive eligibility for Medicaid.
- SB 2071 – increases the federal poverty limit for pregnant women who qualify for Medicaid to 185%.
- SB 2181 - requires Medicaid coverage for lawfully present, otherwise eligible pregnant women.
- SB 2265 - requires the Department to establish at least one dual special needs plan for dually eligible Medicaid/Medicare members.

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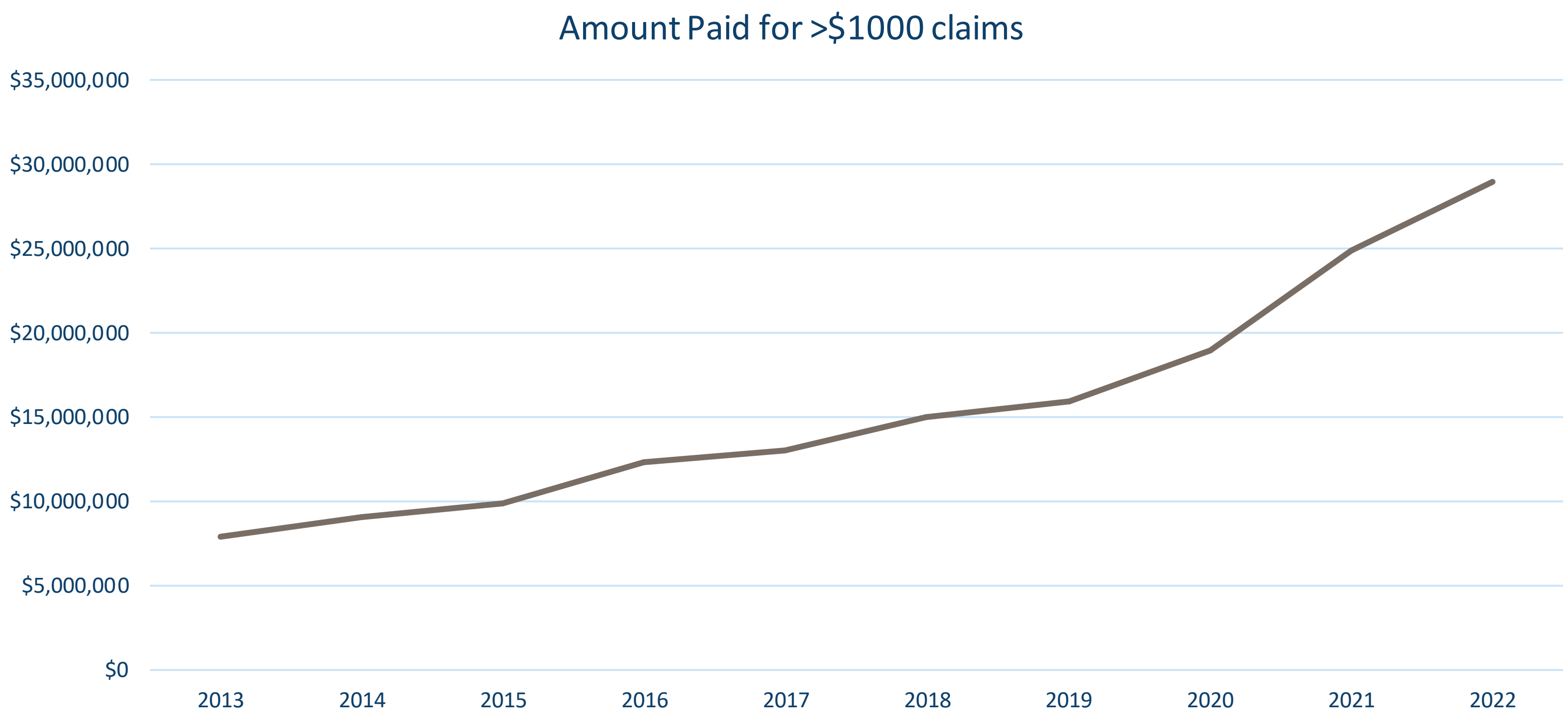
Current and Future Challenges - Drugs

- According to a recent JAMA Research Letter (JAMA. 2022;327(21):2145-2147. doi:10.1001/jama.2022.5542)
  - Median launch prices for drugs in 2008
    - $2,115 / year
    - Range $928 - $17,866
  - Median launch prices for drugs in 2021
    - $180,007 / year
    - Range $20,236 - $409,732

Current and Future Challenges - Drugs

- The spend from hyper-cost drugs continues to climb



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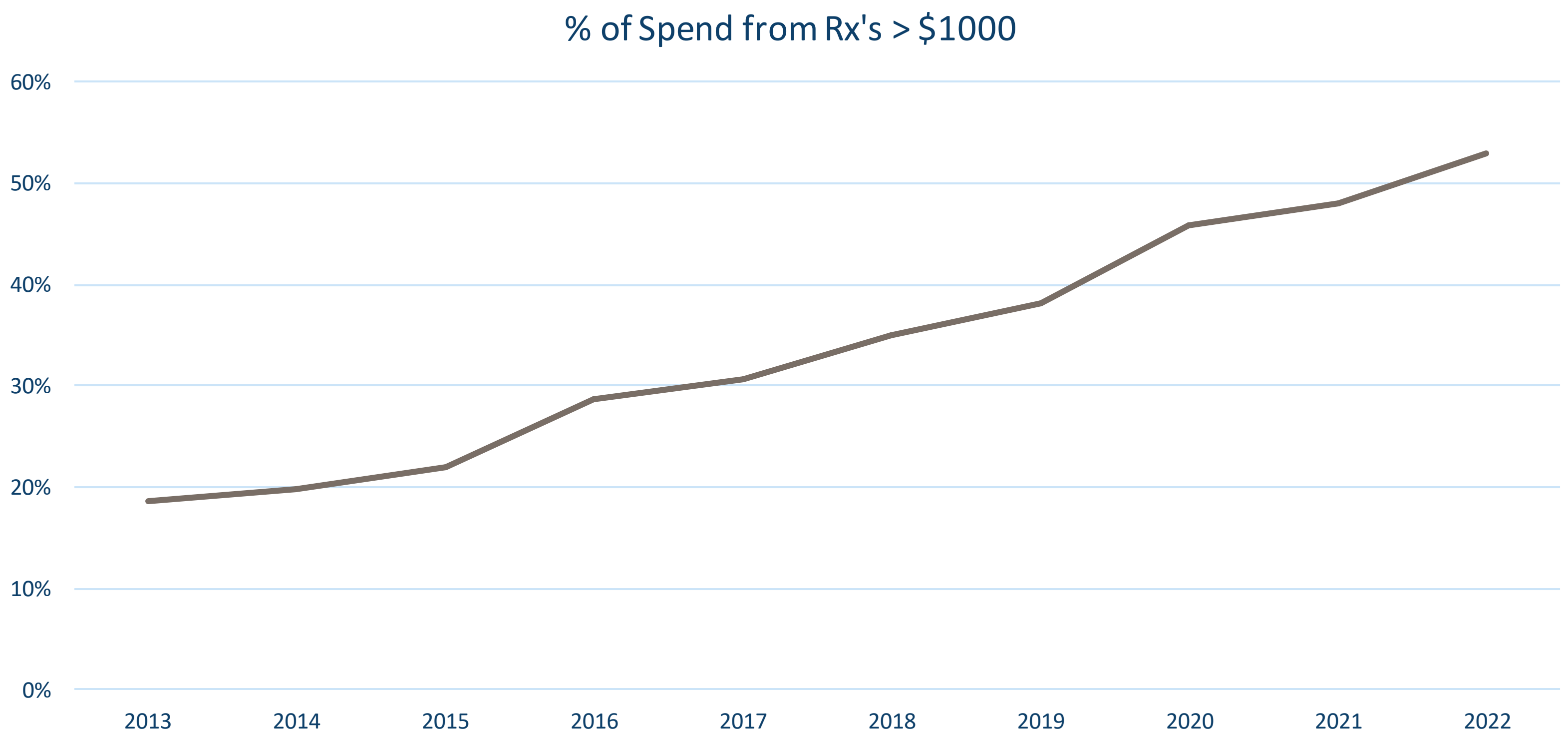


Current and Future Challenges - Drugs

- 30 drugs make up 47% of the Medicaid drug budget
  - Stelara, Trikafta, Dupixent, Orkambi, Humira, Vraylar, Invega, Uptravi, Lynparza, Taltz, Mavyret, Abilify, Skyrizi, Kalydeco, Haegarda, Koselugo, Suboxone, Sapropterin, Ingrezza, Sofosbuvir-Velpatasvir, Enspryng, Biktarvy, fluoxetine, guanfacine, albuterol, sertraline, methylphenidate, gabapentin, levothyroxine, trazodone

Current and Future Challenges - Drugs

- 6 drug classes account for 93% of increase in spend since 2019
  - Immunomodulators (e.g. Stelara and Taltz)
  - Oncology
  - Cystic Fibrosis (Trikafta)
  - Antipsychotics (Vraylar and injectable Invega and Abilify)
  - Eczema (Dupixent)
  - HIV
- Our increasing drug spend isn’t due to increased number of members – it is from increased use of hyper-cost drugs

Current and Future Challenges - Drugs

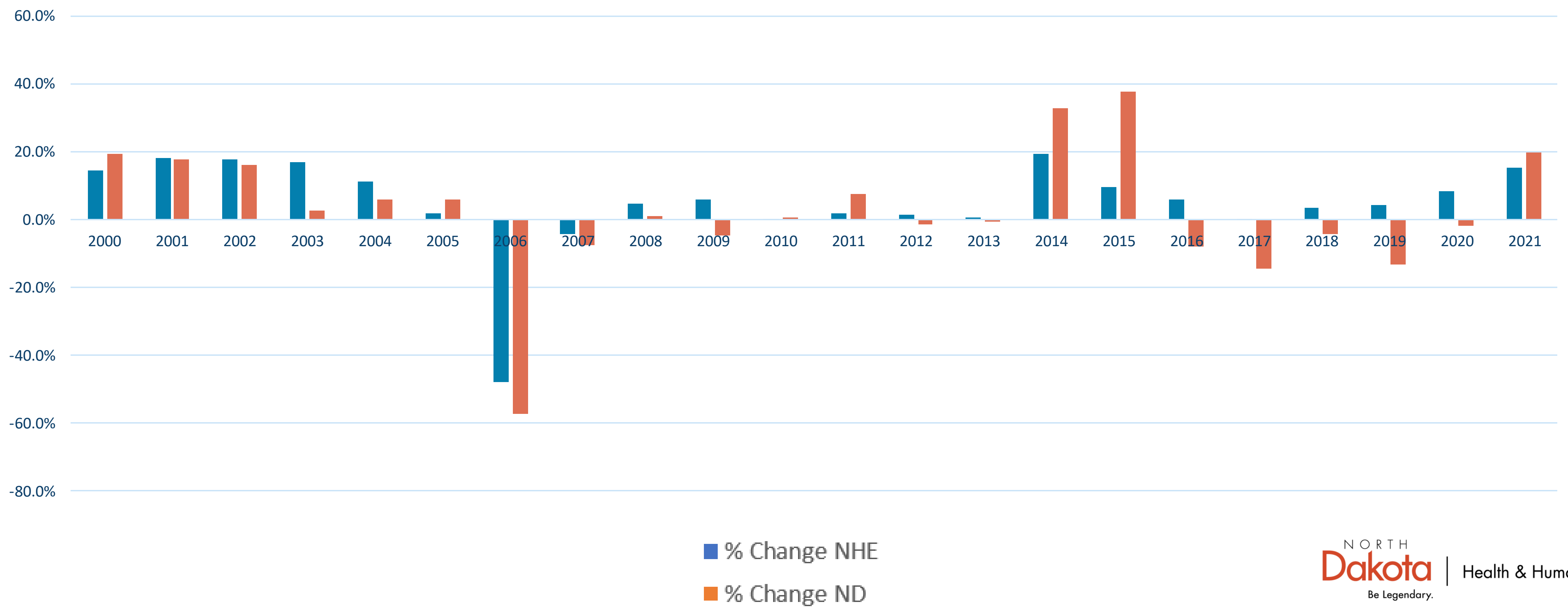
- Pre-rebate spend comparison
- Immunomodulator (e.g. Taltz, Cosentyx, Stelara), Cystic Fibrosis (Trikafta), and Eczema (Dupixent) classes (2020 vs. 2021)
  - 42% increase in paid claims (1775 to 2525)
  - 52% increase in spend ($11.5 to $17.5 million)
- For contrast, antidepressants and statins
  - 4% increase in paid claims (82,350 to 85,607)
  - 11% increase in spend ($1.8 to $2 million)

Current and Future Challenges - Drugs

Year	Pre-Rebate Spend	Post-Rebate Spend
2016	$ 74,296,444	$32,220,654
2017	$ 74,487,829	$27,535,758
2018	$ 74,007,012	$26,373,737
2019	$ 72,734,267	$23,246,652
2020	$ 79,808,200	$22,499,237
2021	$ 100,172,140	$27,393,737
2022	$ 84,551,619 (Projected $114 M)	$24,139,237 (Projected $32.5 M)

Current and Future Challenges - Drugs

- Comparison to National Health Expenditure Medicaid Rx Growth



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