

# **Joint Legislative Program Evaluation Oversight Committee**

## **Overview of FY 2017-19 Base Budgets**

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Fiscal Research Division**

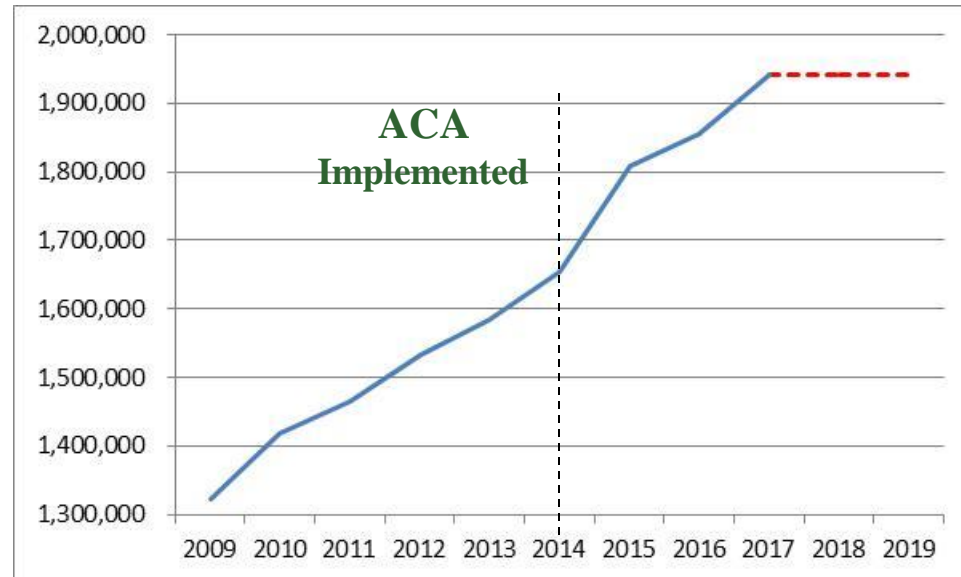
**March 9, 2017**



**FISCAL RESEARCH DIVISION**  
A Staff Agency of the North Carolina General Assembly

# *Medicaid Base Budget*

- The base budget assumes spending, receipts and appropriations based on the last authorized budget but adjusted to remove non-recurring items, annualize partial year items and other adjustments.
- Therefore there is no rebasing or assumption that enrollment for instance will change from the approved budget.



# Medicaid Base Budget

Account Title	Actual 2015-16	Certified 2016-17	Authorized 2016-17	Incr/Decr 2017-18	Total 2017-18	Incr/Decr 2018-19	Total 2018-19
PERSONAL SERVICES	\$ 27,484,611	\$ 34,984,672	\$ 34,874,936	\$ 125,260	\$ 35,000,196	\$ 125,260	\$ 35,000,196
PURCHASED SERVICES	\$ 124,373,153	\$ 114,952,838	\$ 114,973,712	\$ 343,490	\$ 115,317,202	\$ 343,660	\$ 115,317,372
SUPPLIES	\$ 92,855	\$ 214,331	\$ 196,975	\$ -	\$ 196,975	\$ -	\$ 196,975
PROPERTY, PLANT & EQUIPMENT	\$ 254,479	\$ 284,843	\$ 234,459	\$ -	\$ 234,459	\$ -	\$ 234,459
OTHER EXPENSES AND ADJUSTMENTS	\$ 2,065,461	\$ 913,989	\$ 1,020,989	\$ -	\$ 1,020,989	\$ -	\$ 1,020,989
AID AND PUBLIC ASSISTANCE	\$ 13,283,476,363	\$ 13,918,105,533	\$ 13,900,423,226	\$ 12,307,212	\$ 13,912,730,438	\$ 12,307,212	\$ 13,912,730,438
RESERVES	\$ -	\$ 340,673	\$ 155,519	\$ (105,249)	\$ 50,270	\$ (105,249)	\$ 50,270
INTRA-GOVERNMENTAL TRANSFERS	\$ 333,367,256	\$ 201,937,407	\$ 189,148,168	\$ 7,482	\$ 189,155,650	\$ 7,482	\$ 189,155,650
Total Requirements	\$ 13,771,114,177	\$ 14,271,734,286	\$ 14,241,027,984	\$ 12,678,195	\$ 14,253,706,179	\$ 12,678,365	\$ 14,253,706,349
GRANTS	\$ 315,860,639	\$ 369,757,571	\$ 362,826,007	\$ -	\$ 362,826,007	\$ -	\$ 362,826,007
INVESTMENT INCOME	\$ 669,896	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
SALES, SERVICES & RENTALS	\$ 13,934	\$ 14,317	\$ 14,317	\$ -	\$ 14,317	\$ -	\$ 14,317
FEES, LICENSE & FINES	\$ 745,682,820	\$ 772,597,345	\$ 771,797,345	\$ -	\$ 771,797,345	\$ -	\$ 771,797,345
MISCELLANEOUS	\$ (191,657,613)	\$ (215,740,678)	\$ (196,929,578)	\$ (17,236,985)	\$ (214,166,563)	\$ (17,236,985)	\$ (214,166,563)
INTRAGOVERNMENTAL TRANSACTION	\$ 636,454,374	\$ 497,102,575	\$ 480,645,011	\$ -	\$ 480,645,011	\$ -	\$ 480,645,011
INTRAGOVERNMENTAL TRANSACTION(Federal Funds)	\$ 8,771,307,311	\$ 9,246,824,359	\$ 9,221,725,415	\$ (53,931,408)	\$ 9,167,794,007	\$ (53,931,323)	\$ 9,167,794,092
Total Receipts	\$ 10,278,331,361	\$ 10,670,555,489	\$ 10,640,078,517	\$ (71,168,393)	\$ 10,568,910,124	\$ (71,168,308)	\$ 10,568,910,209
<b>Net Appropriation</b>	<b>\$ 3,492,782,816</b>	<b>\$ 3,601,178,797</b>	<b>\$ 3,600,949,467</b>	<b>\$ 83,846,588</b>	<b>\$ 3,684,796,055</b>	<b>\$ 83,846,673</b>	<b>\$ 3,684,796,140</b>

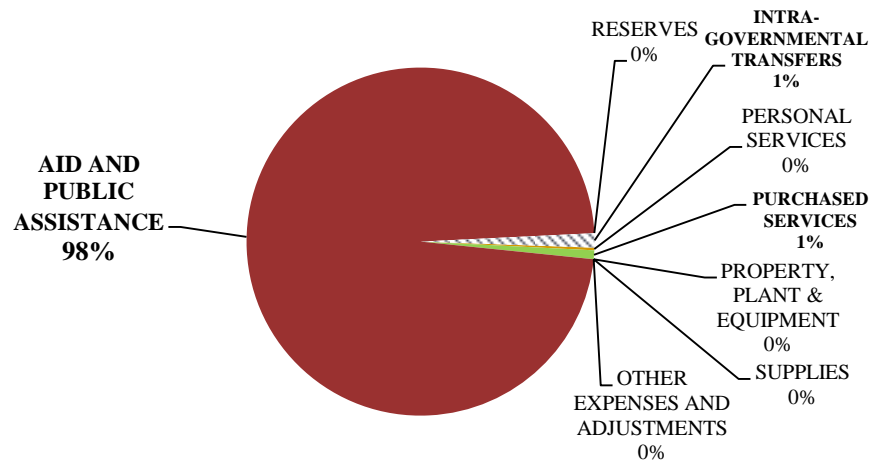
The primary factors that adjusted the approved budget in FY 2016-17 are the removal of the non-recurring ACA and salary items, the annualization of the program expansions that began after June 30, 2016 and retirement changes already enacted.

# Medicaid Base Budget

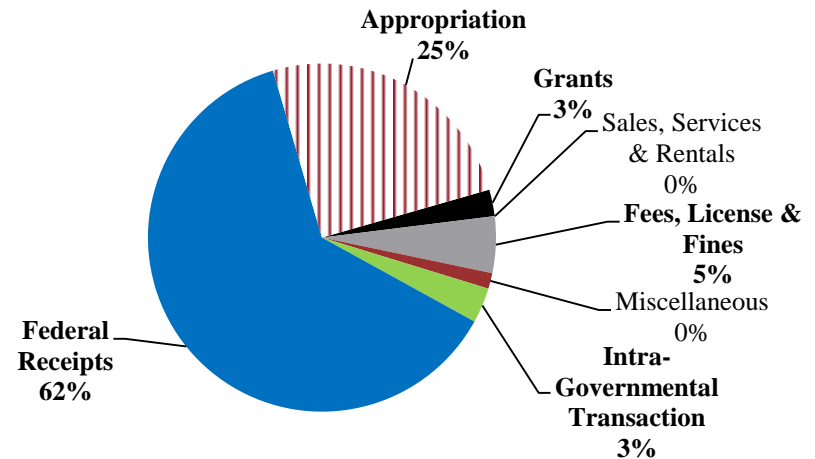
	<b>Total</b>	<b>Total</b>
<b>NR Items removed</b>	<b>FY 2017-18</b>	<b>FY 2018-19</b>
LME/MCO Intergovernmental Transfers	\$ 17,236,985	\$ 17,236,985
Enhanced SCHIP Match Rate	\$ 54,333,825	\$ 54,333,825
FY 2016-17 rebase	\$ 8,056,927	\$ 8,056,927
FY 2016-17 salary and benefits	\$ (105,249)	\$ (105,249)
 <b>Parital Year Funding Annualized</b>		
CAP DA additional Slots	\$ 1,500,000	\$ 1,500,000
Innovations Waiver additional slots	\$ 2,595,840	\$ 2,595,840
 <b>Other Changes</b>		
Retirement increase	\$ 58,302	\$ 58,302
Transfer DOJ Positions	\$ 166,416	\$ 166,416
Lease agreement escalation	\$ 3,542	\$ 3,627
 <b>Total</b>	<b>\$ 83,846,588</b>	<b>\$ 83,846,673</b>

# Medicaid Base Budget

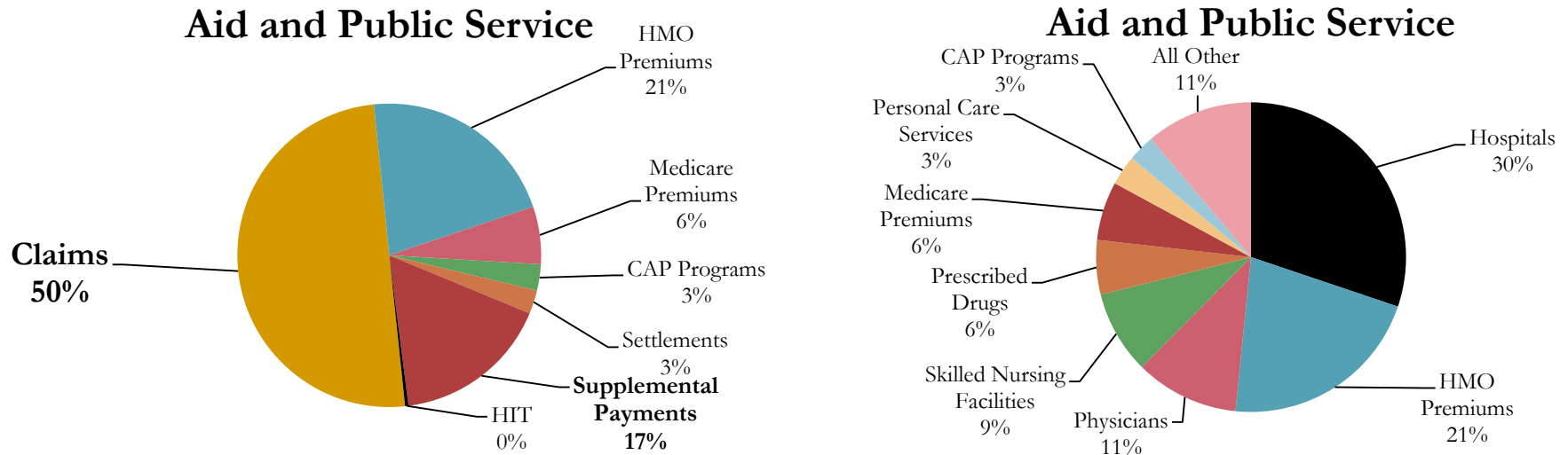
## FY 2017-18 EXPENDITURES



## FY 2017-18 FUNDING SOURCES



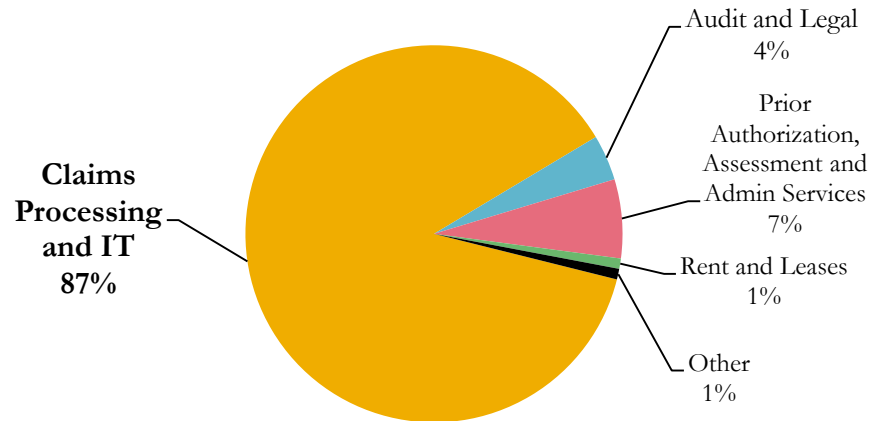
# *Medicaid Base Budget - Expenditures*



- Aid and Public Service represents 98% of the spending for Medicaid.
- The chart on the left breaks that spending down by functions and the chart on the right by programs.

# *Medicaid Base Budget - Expenditures*

## Purchased Services



- Another large area of Medicaid spending is in intergovernmental transfers and transactions – these requirements reflect the transfer of state spending from other Divisions or Departments so that a federal share can be claims or receipts for State share of items like supplemental payments.

# *Medicaid Base Budget*

- FY 2015-16 Significant Actions
  - Non recurring SCHIP enhanced match rates
  - LME/MCO IGT for the state share of the risk reserve payments
  - Conversion of pharmacy payments based on average acquisition costs
  - Discontinuing the GME add-on to the claims payments
  - Increased funding for traumatic brain injury
  - Reinstate cost settlement for Vidant Medical Center for outpatient
- FY 2016-17 Significant Actions
  - Expand support for Alzheimer's patients
  - Expansion of innovation waiver slots
  - CAP-C nursing rates



# *Medicaid Base Budget*

- FY 2015-16 Significant Provisions
  - Reinstate Medicaid annual report
  - Provider recredentialing every 5 years instead of every 3 years
  - Allow immunizing pharmacies to bill Medicaid
  - Standardize cost settlement for all State operated dental schools
  - Mobile dental provider credentialing requirement
  - Increase private duty nursing rates
- FY 2016-17 Significant Provisions
  - RFP to recover overpayments
  - Clarify DHHS authority to manage Medicaid
  - Rates paid to FQHC's
  - Innovations Waiver waitlist study
  - Performance audit of county health departments and eligibility determination timeliness

# *Medicaid Base Budget*

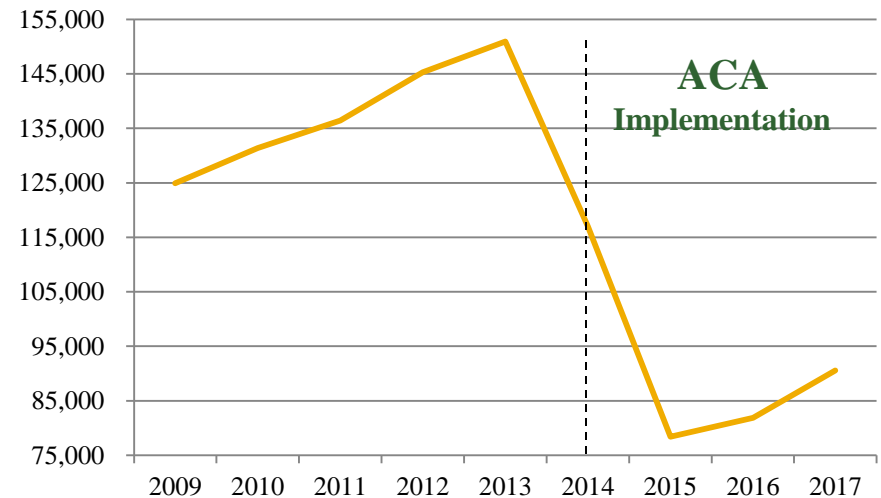
- 2017 - Major Budget Issues Potentially Requiring Legislative Action

*How will repeal of ACA impact the 23 percentage point enhancement in SCHIP federal match?*



# *NC Health Choice Base Budget*

- The base budget assumes spending, receipts and appropriations based on the last authorized budget but adjusted to remove non-recurring items, annualize partial year items and other adjustments.
- Therefore there is no rebasing or assumption that enrollment for instance will change from the approved budget.

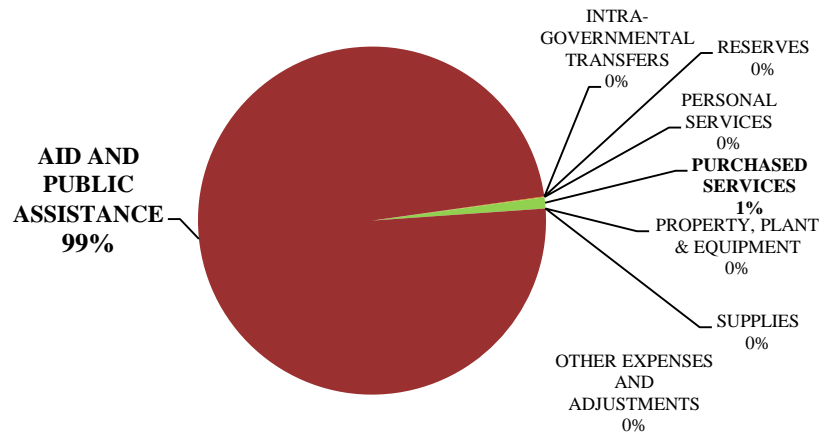


# ***NC Health Choice Base Budget***

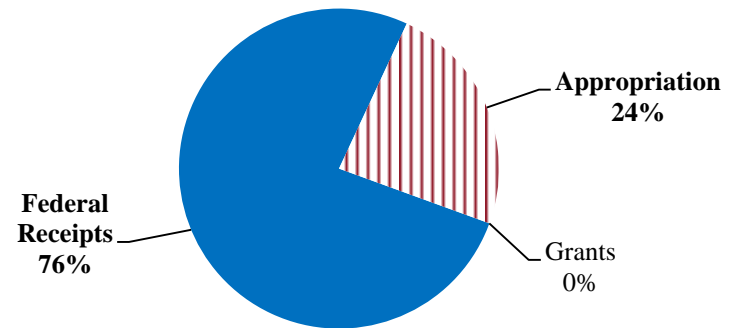
Account Title	Actual 2015-16	Certified 2016-17	Authorized 2016-17	Incr/Decr 2017-18	Total 2017-18	Incr/Decr 2018-19	Total 2018-19
PERSONAL SERVICES	\$ 47,728	\$ 232,661	\$ 156,113	\$ 891	\$ 157,004	\$ 891	\$ 157,004
PURCHASED SERVICES	\$ 1,727,641	\$ 3,804,556	\$ 1,895,500	\$ -	\$ 1,895,500	\$ -	\$ 1,895,500
SUPPLIES	\$ -	\$ 5,000	\$ -	\$ -	\$ -	\$ -	\$ -
PROPERTY, PLANT & EQUIPMENT	\$ -	\$ 5,000	\$ -	\$ -	\$ -	\$ -	\$ -
OTHER EXPENSES AND ADJUSTMENTS	\$ -	\$ 1,000	\$ -	\$ -	\$ -	\$ -	\$ -
AID AND PUBLIC ASSISTANCE	\$ 170,981,749	\$ 180,665,385	\$ 182,046,051	\$ -	\$ 182,046,051	\$ -	\$ 182,046,051
RESERVES	\$ -	\$ 46,241	\$ 930	\$ (930)	\$ -	\$ (930)	\$ -
INTRA-GOVERNMENTAL TRANSFERS	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Requirements	\$ 172,757,118	\$ 184,759,843	\$ 184,098,594	\$ (39)	\$ 184,098,555	\$ (39)	\$ 184,098,555
GRANTS	\$ -	\$ -	\$ (8,092)	\$ -	\$ (8,092)	\$ -	\$ (8,092)
INVESTMENT INCOME	\$ 2,523	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
SALES, SERVICES & RENTALS	\$ 9,605	\$ 250,000	\$ -	\$ -	\$ -	\$ -	\$ -
FEES, LICENSE & FINES	\$ 6,933	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
MISCELLANEOUS	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
INTRAGOVERNMENTAL TRANSACTION	\$ 802,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
INTRAGOVERNMENTAL TRANSACTION(Federal Funds)	\$ 160,793,660	\$ 183,413,395	\$ 183,055,549	\$ (42,395,838)	\$ 140,659,711	\$ (42,395,838)	\$ 140,659,711
Total Receipts	\$ 161,614,720	\$ 183,663,395	\$ 183,047,457	\$ (42,395,838)	\$ 140,651,619	\$ (42,395,838)	\$ 140,651,619
<b>Net Appropriation</b>	<b>\$ 11,142,398</b>	<b>\$ 1,096,448</b>	<b>\$ 1,051,137</b>	<b>\$ 42,395,799</b>	<b>\$ 43,446,936</b>	<b>\$ 42,395,799</b>	<b>\$ 43,446,936</b>

# ***NC Health Choice Base Budget***

## **FY 2017-18 EXPENDITURES**



## **FY 2017-18 FUNDING SOURCES**



- Match rate, including 23 extra percentage points increases service rate to 100%

# ***NC Health Choice Base Budget***

- 2017 - Major Budget Issues Potentially Requiring Legislative Action

***How will repeal of ACA impact the 23 percentage point enhancement in SCHIP federal match?***



# *Health Benefits Base Budget*

- The Division of Health Benefits (DHB) was established by S.L. 2015-245 to oversee the transformed Medicaid and Health Choice programs.
- 25 positions included in the FY 2016-17 budget to support the operation of DHB through planning and approval phases.
- DHB will become the single state agency recognized by CMS.
- DMA will exist for 12 months following the Waiver approval by CMS.

# *Health Benefits Base Budget*

Account Title	Actual 2015-16	Certified 2016-17	Authorized 2016-17	Incr/Decr 2017-18	Total 2017-18	Incr/Decr 2018-19	Total 2018-19
PERSONAL SERVICES	\$ 493,290	\$ 4,153,554	\$ 4,153,554	\$ 15,527	\$ 4,169,081	\$ 15,527	\$ 4,169,081
PURCHASED SERVICES	\$ 1,210,107	\$ 5,426,501	\$ 5,426,501	\$ -	\$ 5,426,501	\$ -	\$ 5,426,501
SUPPLIES	\$ 4,912	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
PROPERTY, PLANT & EQUIPMENT	\$ 78,306	\$ 76,000	\$ 76,000	\$ -	\$ 76,000	\$ -	\$ 76,000
OTHER EXPENSES AND ADJUSTMENTS	\$ 880	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
AID AND PUBLIC ASSISTANCE	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
RESERVES	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
INTRA-GOVERNMENTAL TRANSFERS	\$ 5,211,045	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Requirements	\$ 6,998,540	\$ 9,656,055	\$ 9,656,055	\$ 15,527	\$ 9,671,582	\$ 15,527	\$ 9,671,582
GRANTS	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
INVESTMENT INCOME	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
SALES, SERVICES & RENTALS	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
FEES, LICENSE & FINES	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
MISCELLANEOUS	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
INTRAGOVERNMENTAL TRANSACTION	\$ 4,093,888	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
INTRAGOVERNMENTAL TRANSACTION(Federal Funds)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Receipts	\$ 4,093,888	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Appropriation	\$ 2,904,652	\$ 9,656,055	\$ 9,656,055	\$ 15,527	\$ 9,671,582	\$ 15,527	\$ 9,671,582

- Potential for future federal receipts



# QUESTIONS

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