

Analyst: Williamson

# Division of Medicaid

## Historical Summary

OPERATING BUDGET	FY 2023 Total App	FY 2023 Actual	FY 2024 Approp	FY 2025 Request	FY 2025 Gov Rec
<b>BY PROGRAM</b>					
Medicaid Admin & Medical Mgmt	117,869,900	82,742,800	256,924,300	237,383,600	234,857,600
Coordinated Medicaid Plan	831,240,200	988,272,700	761,950,000	797,049,300	791,835,900
Enhanced Medicaid Plan	1,478,495,300	1,275,592,700	1,478,674,500	1,516,692,000	1,511,478,700
Basic Medicaid Plan	969,339,200	871,127,400	1,099,500,200	1,041,828,500	1,036,615,200
Expansion Medicaid Plan	1,065,829,000	1,063,034,300	1,086,611,800	1,123,526,800	1,123,526,800
<b>Total:</b>	<b>4,462,773,600</b>	<b>4,280,769,900</b>	<b>4,683,660,800</b>	<b>4,716,480,200</b>	<b>4,698,314,200</b>
<b>BY FUND CATEGORY</b>					
General	726,508,600	715,449,000	856,366,900	922,869,800	847,634,300
Dedicated	558,642,200	525,656,100	690,218,500	751,226,900	809,559,800
Federal	3,177,622,800	3,039,664,800	3,137,075,400	3,042,383,500	3,041,120,100
<b>Total:</b>	<b>4,462,773,600</b>	<b>4,280,769,900</b>	<b>4,683,660,800</b>	<b>4,716,480,200</b>	<b>4,698,314,200</b>
Percent Change:	0.0%	(4.1%)	9.4%	0.7%	0.3%
<b>BY OBJECT OF EXPENDITURE</b>					
Personnel Costs	19,128,100	19,124,200	20,276,100	26,786,000	23,760,000
Operating Expenditures	74,304,100	43,815,500	211,680,500	185,629,900	185,629,900
Trustee/Benefit	4,369,341,400	4,217,830,200	4,451,704,200	4,504,064,300	4,488,924,300
<b>Total:</b>	<b>4,462,773,600</b>	<b>4,280,769,900</b>	<b>4,683,660,800</b>	<b>4,716,480,200</b>	<b>4,698,314,200</b>
Full-Time Positions (FTP)	213.00	213.00	213.00	273.00	241.00

## Division Description

The Division of Medicaid is responsible for administering plans to finance and deliver health services for people at risk due to low income and other factors, such as youth, old age, pregnancy, or disability. Services are provided pursuant to state and federal Medicaid requirements. The division is organized into five budgeted programs.

**MEDICAID ADMINISTRATION and MEDICAL MANAGEMENT:** Includes expenditures for administration of a comprehensive program of medical coverage to eligible recipients in Idaho. Coverage is provided through traditional Medicaid (Title XIX), and the Children's Health Insurance Program (CHIP) (Title XXI). Administrative functions include managing provider payments, contracting with state agencies and universities for medical management, and conducting drug utilization reviews and individual assessments.

**COORDINATED MEDICAID PLAN:** Beneficiaries covered in this plan primarily consist of those who are age 65 and older. All individuals dually eligible for Medicaid and Medicare, regardless of age, may elect to receive coverage under this plan.

**ENHANCED MEDICAID PLAN:** Medicaid-eligible group primarily made up of children and adults (non-elderly) with disabilities, or other individuals with special health needs, such as foster children. Individuals included in this plan, may elect to remain in this plan after they turn 65 years old.

**BASIC MEDICAID PLAN:** Medicaid-eligible group primarily consisting of Pregnant Women and Children (PWC), Family Medicaid and Idaho's Children Health Insurance Program (CHIP). These populations are assumed to be in average health, with average levels of disease.

**EXPANSION MEDICAID PLAN:** Beneficiaries covered in this plan have an income level of 138% of the federal poverty limit (FPL) or less. These populations are assumed to be in average health, with average levels of disease. Coverage for this population group started on January 1, 2020.

# Division of Medicaid

Analyst: Williamson

## Analysis of Funds

	FY 2023 Total App	FY 2023 Actual	FY 2023 Variance	FY 2024 Approp	FY 2025 Request	FY 2025 Gov Rec
Cooperative Welfare (General) 22003	726,508,600	715,449,000	(11,059,600) (1.5%)	856,366,900	922,869,800	847,634,300
Medicaid Management Information Systems Dedicated 21700	183,900	0	(183,900) (100.0%)	14,374,400	13,237,800	13,237,800
Hospital Assessment 21900	63,780,800	55,051,900	(8,728,900) (13.7%)	84,032,700	182,841,900	241,173,500
Cooperative Welfare (Dedicated) 22005	479,092,200	455,018,900	(24,073,300) (5.0%)	575,724,000	554,897,800	554,897,800
Idaho Millennium Income 49900	15,585,300	15,585,300	0 0.0%	16,087,400	249,400	250,700
Cooperative Welfare (Federal) 22002	3,177,622,800	3,039,664,800	(137,958,000) (4.3%)	3,137,075,400	3,042,383,500	3,041,120,100
<b>Total:</b>	<b>4,462,773,600</b>	<b>4,280,769,900</b>	<b>(182,003,700)</b> <b>(4.1%)</b>	<b>4,683,660,800</b>	<b>4,716,480,200</b>	<b>4,698,314,200</b>

# Division of Medicaid

## Comparative Summary

Analyst: Williamson

Decision Unit	Agency Request			Governor's Rec		
	FTP	General	Total	FTP	General	Total
<b>FY 2024 Original Appropriation</b>	<b>213.00</b>	<b>856,366,900</b>	<b>4,683,660,800</b>	<b>213.00</b>	<b>856,366,900</b>	<b>4,683,660,800</b>
1. Forecasted Onetime Recission	0.00	(92,807,600)	(277,954,700)	0.00	(92,807,600)	(277,954,700)
2. Children's Behavioral Health Staff	0.00	131,400	262,800	0.00	0	0
3. Electronic Records Incentive Program	0.00	(69,600)	(17,102,100)	0.00	(69,600)	(17,102,100)
4. Hospital Assessment Fund	0.00	0	0	0.00	0	0
<b>FY 2024 Total Appropriation</b>	<b>213.00</b>	<b>763,621,100</b>	<b>4,388,866,800</b>	<b>213.00</b>	<b>763,489,700</b>	<b>4,388,604,000</b>
Removal of Onetime Expenditures	0.00	(161,400)	(209,737,000)	0.00	(30,000)	(209,474,200)
Base Adjustments	0.00	92,807,600	277,954,700	0.00	92,807,600	277,954,700
<b>FY 2025 Base</b>	<b>213.00</b>	<b>856,267,300</b>	<b>4,457,084,500</b>	<b>213.00</b>	<b>856,267,300</b>	<b>4,457,084,500</b>
Personnel Benefit Costs	0.00	91,600	205,200	0.00	(41,500)	(105,400)
Statewide Cost Allocation	0.00	7,100	14,500	0.00	7,100	14,500
Change in Employee Compensation	0.00	81,000	184,200	0.00	210,100	546,000
Nondiscretionary Adjustments	0.00	58,331,400	38,094,300	0.00	58,331,400	38,094,300
<b>FY 2025 Program Maintenance</b>	<b>213.00</b>	<b>914,778,400</b>	<b>4,495,582,700</b>	<b>213.00</b>	<b>914,774,400</b>	<b>4,495,633,900</b>
1. New Staff Division Wide	60.00	2,915,300	6,013,700	28.00	1,536,800	3,199,300
2. Children's Behavioral Health Staff	0.00	131,400	262,800	0.00	0	0
6. Provider Rate Adjustments	0.00	545,500	66,818,200	0.00	545,500	66,818,200
9. Increased Hospital Assessment	0.00	0	0	0.00	(58,331,600)	0
10. ICF Rate Adjustment	0.00	2,737,800	8,418,000	0.00	2,737,800	8,418,000
16. MMIS Current Vendor Annual Increase	0.00	561,400	2,806,800	0.00	561,400	2,806,800
17. Mother Postpartum Coverage	0.00	0	0	0.00	0	0
20. Personal Care Services Case Mgmt	0.00	1,200,000	4,200,000	0.00	1,200,000	4,200,000
22. MMIS Procurement Year 2	0.00	0	132,378,000	0.00	0	132,378,000
47. Work Requirement Cost Share	0.00	0	0	0.00	250,000	500,000
48. Medicaid Claims Payments	0.00	0	0	0.00	(15,640,000)	(15,640,000)
<b>FY 2025 Total</b>	<b>273.00</b>	<b>922,869,800</b>	<b>4,716,480,200</b>	<b>241.00</b>	<b>847,634,300</b>	<b>4,698,314,200</b>
Change from Original Appropriation	60.00	66,502,900	32,819,400	28.00	(8,732,600)	14,653,400
% Change from Original Appropriation		7.8%	0.7%		(1.0%)	0.3%

# Division of Medicaid

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Budget by Decision Unit	FTP	General	Dedicated	Federal	Total
<b>FY 2024 Original Appropriation</b>					
<p>The Legislature added funding for nondiscretionary adjustments in FY 2024 for increased medical pricing, increased utilization, and decreased Federal Medical Assistance Percentage (FMAP) rates. The Legislature also funded twelve enhancements for FY 2024, which included: funding that will move the Idaho Behavioral Health Plan to a prepaid inpatient health plan (PIHP) which includes inpatient services; funding for the waiver process for Ground Emergency Medical Transportation; funding from the Division of Mental Health Services to the Division of Medicaid to leverage available federal dollars to enhance the Homes with Adult Residential Treatment pilot project; funding for a Quality Improvement Organization contract; a federally required external quality review organization contractor and a separate contractor to support independent assessments, including analysis and evaluation of quality, timeliness, and access to health care services from a managed care plan; funding to address the fiscal impact of S1097, which set up the Medicaid Management Information Systems (MMIS) Dedicated Fund. This fund will be used to fund the state's portion of 10% of the total cost for the new procurement of the MMIS. Provider rate increase for six provider types, including: Certified Family Homes; supported employment; home-delivered meals; personal emergency response system; private duty nursing; and targeted service coordination, which includes the sub-providers of plan development, service coordination, service coordination paraprofessional, crisis assistance, and crisis assistance paraprofessional. Finally, the Legislature addressed the ongoing impacts of the change to the Upper Payment Limit (UPL), which reflects the amount the state expects to receive from the additional assessment paid by the hospitals.</p>					
	213.00	856,366,900	690,218,500	3,137,075,400	4,683,660,800

**1. Forecasted Onetime Recission** **Basic, Coordinated, and Expansion Plans**

The agency requests a onetime rescission to reduce Medicaid's FY 2024 Total Appropriation. The request submitted by Medicaid to reduce the FY 2024 appropriation included a placeholder amount of \$277,954,700 and was based on Medicaid expenditures as of October 2023. The need for flexibility with the requested amount is based on four primary reasons including: the delay of the Idaho Behavioral Health Plan procurement process; American Rescue Plan Act funding for the Home and Community Based Services; an unexpected match for the enhanced federal funding that was provided as part of the public health emergency; and for redeterminations of Medicaid eligibility following the end of the public health emergency. Due to the uncertainty of these drivers and the actual needs of Medicaid, the department will provide the Legislature and the Governor an updated forecast amount during the 2024 legislative session.

Agency Request	0.00	(92,807,600)	0	(185,147,100)	(277,954,700)
Governor's Recommendation	0.00	(92,807,600)	0	(185,147,100)	(277,954,700)

**2. Children's Behavioral Health Staff** **Medicaid Administration and Medical Mgmt**

The Division of Medicaid requests \$262,800 onetime for personnel costs related to the continued implementation and oversight of the Youth Empowerment Services (YES) program. YES was developed as a result of the Jeff D. class action lawsuit and the resulting settlement agreement. This request includes funding for three program specialists (full-time, benefit eligible, pay grade L, with an annual salary of \$62,400) that have been hired to support the work and services being implemented in the new Idaho Behavioral Health Plan contract as part of YES. The FTP and salary of the three positions are currently being covered by the agency's existing vacancies and salary savings. The request is for salary and benefit funding in FY 2024. The positions fall under a 50% split of funds with the state and federal government. The FTP authorization will continue to be covered by existing authority. See enhancement 2 for the ongoing portion of this request.

Agency Request	0.00	131,400	0	131,400	262,800
<i>Not recommended by the Governor, as the agency has withdrawn its request.</i>					
Governor's Recommendation	0.00	0	0	0	0

**3. Electronic Records Incentive Program** **Medicaid Administration and Medical Mgmt**

The Division of Medicaid requests an ongoing reduction of \$17,102,100 related to the Medicaid Promoting Interoperability Program. The program, which provided incentive payments to eligible providers who adopted an electronic health record system, ended on December 31, 2021, with final payments concluding in FY 2022. IDAPA 16.03.25 was archived during the 2023 legislative session, which removed the Medicaid Promoting Interoperability Program from state rules.

Agency Request	0.00	(69,600)	0	(17,032,500)	(17,102,100)
Governor's Recommendation	0.00	(69,600)	0	(17,032,500)	(17,102,100)

# Division of Medicaid

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Budget by Decision Unit	FTP	General	Dedicated	Federal	Total
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## 4. Hospital Assessment Fund

## Basic Medicaid Plan

The Division of Medicaid requests an appropriation adjustment to reduce \$80,000,000 from the Cooperative Welfare (Dedicated) Fund and increase the Hospital Assessment Fund by the same amount. This fund adjustment is related to the passage of S1350 of 2023 that added to Medicaid's ability to increase the assessment for hospitals. The funding was appropriated from an incorrect fund and this request will correct that. Pursuant to Section 67-3511(2), only the Legislature can approve adjustments between funds. If the request is not approved, then the associated costs will be covered by the General Fund. There is a corresponding FY 2025 base adjustment to provide this correction moving forward. Any other increases to the fund will be addressed in the enhancement portion of the budget.

Agency Request	0.00	0	0	0	0
<i>Recommended by the Governor.</i>					
Governor's Recommendation	0.00	0	0	0	0

FY 2024 Total Appropriation					
Agency Request	213.00	763,621,100	690,218,500	2,935,027,200	4,388,866,800
Governor's Recommendation	213.00	763,489,700	690,218,500	2,934,895,800	4,388,604,000

## Removal of Onetime Expenditures

This decision unit removes onetime appropriations and onetime supplementals.

Agency Request	0.00	(161,400)	(30,212,400)	(179,363,200)	(209,737,000)
<i>Recommended by the Governor, with the removal of \$262,800 as the agency has withdrawn its request in supplemental request 2.</i>					
Governor's Recommendation	0.00	(30,000)	(30,212,400)	(179,231,800)	(209,474,200)

## Base Adjustments

This decision unit restores the ongoing funding removed in supplemental request 1, restoring the base before further adjustments are made. The base adjustments also include the correction to the Hospital Assessment Fund in supplemental request 4.

Agency Request	0.00	92,807,600	0	185,147,100	277,954,700
Governor's Recommendation	0.00	92,807,600	0	185,147,100	277,954,700

FY 2025 Base					
Agency Request	213.00	856,267,300	660,006,100	2,940,811,100	4,457,084,500
Governor's Recommendation	213.00	856,267,300	660,006,100	2,940,811,100	4,457,084,500

## Personnel Benefit Costs

Employer-paid benefits include a 5% increase for health insurance bringing the total annual budgeted amount to \$14,450 for full-time employees and \$11,560 for part-time employees. Variable benefits include the continuation of rate holidays for unemployment insurance and sick leave; adjustments to workers' compensation that vary by agency; for PERSI, a 0.78 percentage point rate increase for regular employees; and adjustments related to maximum earnings subject to social security taxes.

Agency Request	0.00	91,600	0	113,600	205,200
<i>The Governor recommends \$13,000 for full-time positions and \$10,400 for part-time positions eligible for health insurance. This recommendation is a reduction of \$1,450 per full-time position and \$1,160 per eligible part-time position from the requested amount. Variable benefits include a decrease for the basic life insurance rate of 0.022% from 0.693% to 0.671% of salary.</i>					
Governor's Recommendation	0.00	(41,500)	(200)	(63,700)	(105,400)

## Statewide Cost Allocation

This request includes adjustments to recover the cost of services provided by other agencies in accordance with federal and state guidelines on cost allocation. Risk management costs will increase by \$14,500.

Agency Request	0.00	7,100	0	7,400	14,500
Governor's Recommendation	0.00	7,100	0	7,400	14,500

# Division of Medicaid

Analyst: Williamson

Budget by Decision Unit	FTP	General	Dedicated	Federal	Total
<b>Change in Employee Compensation</b>					
For calculation purposes, agencies were directed to include the cost of a 1% salary increase for permanent and temporary employees.					
Agency Request	0.00	81,000	0	103,200	184,200
<i>The Governor recommends a 3% increase in employee compensation distributed on merit. Additionally, the Governor recommends a salary schedule shift for the primary salary schedule. The Governor does not recommend a compensation increase for group and temporary positions.</i>					
Governor's Recommendation	0.00	210,100	1,500	334,400	546,000

## Nondiscretionary Adjustments

The Division of Medicaid requests \$38,094,300 for the following nondiscretionary adjustments, as authorized by Section 56-254 and 56-255, Idaho Code. The department estimates that \$30,097,700 is related specifically to the change in the Federal Medical Assistance Percentage (FMAP) rate that shifts this amount from federal funds to the General Fund. FMAP changes are related to per capita personal income and how well Idaho compares to other states. The FMAP rate will be reduced from 69.72% for the first quarter of FY 2025 to 67.59% for the last three quarters of FY 2025; this change indicates that Idaho's per capita personal income has done better than most other states over the past three years. The FMAP rate change and other cost factors are included within the following adjustments:

**COST-BASED PRICING:** Increase of \$5,399,500 from the General Fund and \$17,529,300 in federal funds. Medicaid reimburses certain entities such as hospitals, nursing facilities, home health, and prescription drug companies for the cost of providing goods or services. Other providers are often paid based on the established Medicaid-approved rate. Cost-surveys are conducted frequently to ensure that the reimbursement amount is accurate.

**MANDATORY PRICING:** Increase of \$10,429,200 from the General Fund and \$20,938,100 from federal funds. Mandatory pricing relates to a Medicaid requirement to pay for services at a federally designated rate; this includes Federally Qualified Health Centers (FQHC), Rural Health Clinics (RHC), Indian Health Clinics (IHC), and Medicare rates per Section 56-265, Idaho Code.

**CASELOAD:** Increase of \$29,336,700 from the General Fund and \$86,587,200 in federal funds. Caseload is the number of estimated newly eligible Idahoans. Traditional Medicaid caseload decreased, due to the end of the Public Health Emergency (PHE), from 297,852 in FY 2023 to 285,326 in FY 2024, but the agency reports that the Medicaid population has already started to increase again and the agency anticipates that caseload will increase in FY 2025.

**UTILIZATION:** Increase of \$13,166,000 from the General Fund and a decrease of \$211,274,700 in federal funds. Utilization is the estimated change for the use of services provided in Medicaid. Utilization is reviewed through prior-authorization, concurrent and retrospective reviews, and pharmacy preferred drug list and rebate programs.

**DEDICATED RECEIPTS, REBATES, and SETTLEMENTS:** Medicaid requests an increase of \$59,173,800 in dedicated funds for pharmaceutical rebates, reimbursements, settlements, and other receipts. Medicaid indicated that they are starting to exhaust their dedicated fund "cushion" which is appropriated to account for unforeseen reimbursements at the end of the year. Medicaid also requests an increase of \$6,809,200 from the Hospital Assessment Fund for costs related to the Upper Payment Limit (UPL) as allowed for in Section 56-1404, Idaho Code.

Agency Request	0.00	58,331,400	65,983,000	(86,220,100)	38,094,300
Governor's Recommendation	0.00	58,331,400	65,983,000	(86,220,100)	38,094,300

<b>FY 2025 Program Maintenance</b>					
Agency Request	213.00	914,778,400	725,989,100	2,854,815,200	4,495,582,700
Governor's Recommendation	213.00	914,774,400	725,990,400	2,854,869,100	4,495,633,900

# Division of Medicaid

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Budget by Decision Unit	FTP	General	Dedicated	Federal	Total
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**1. New Staff Division Wide**

**Medicaid Administration and Medical Mgmt**

The agency requests \$5,857,700 ongoing, \$156,000 onetime, and 60.00 new FTP to increase the number of staff in the Division of Medicaid. Additional staff will address cost containment and make program compliance improvements through enhanced contract and vendor oversight, increased documentation and supporting policies, case load management, quality control, identifying less costly utilization options, and general support. The Office of Performance Evaluation (OPE) reports issued in 2022 and 2023 stated that Idaho's Medicaid program does not have adequate staffing levels to successfully administer day-to-day operations. The agency is requesting funding and FTP for 60 permanent, full-time, benefitted positions as well as funding for two positions already on staff that have been previously funded with temporary salary savings. This request includes \$156,000 onetime for operating expenses associated with onboarding and equipping the new positions. The positions in this request include:

19 positions dedicated to contract and vendor oversight. Responsibilities of these staff will include federal oversight compliance, cost containment opportunities, timely resolution of provider and participant concerns.

16 positions dedicated to policy support. These staff will support the work related to waivers and federal reporting, updating provider manuals and contracts, and researching and drafting new initiatives and cost containment measures. These staff will also work as tribal liaisons.

Ten positions dedicated to developmental disability services (DDS). These positions will help manage caseloads at sustainable levels. Quality assurance staff will oversee care delivery. Care management staff will review and authorize service plans and assist with coordinating services. Program manager and program supervisor positions will support utilization management work that is currently not a fully staffed function within DDS.

Four positions dedicated to quality management and population health. Quality efforts include required quality measure reporting, Healthy Connections Value Care (HCVC), and the development of the Medicaid quality strategy. This request includes data and research analyst positions to support HCVC.

Four positions dedicated to utilization management. The positions added to utilization management will support Medicaid in identifying areas to promote lower, less costly levels of care when appropriate. The positions will also support current prior authorization review with clinicians and oversee the participant-facing customer care team. Funding will also help support the existing medical director position.

Four positions dedicated to a centralized provider relations team. These positions include a program manager to oversee the team, two staff to support provider relations, and a policy analyst to support and liaison with the policy team and address provider inquiries, complaints, and requests.

Two positions dedicated to long-term care. These positions are in response to the growth in the aging and physically disabled population in Idaho. The nurse reviewer positions will help to achieve attainable caseloads and meet participant needs through timely, annual, in-person assessments.

One position dedicated to Medicaid administration support within the administrator's office to respond in a timely way to stakeholder issues, develop communications, and address ongoing development of staff and stakeholder education.

Agency Request	60.00	2,915,300	0	3,098,400	6,013,700
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*The Governor recommends the department's adjusted request for 28.00 FTP, \$3,043,300 ongoing for personnel costs, and \$156,000 ongoing for operating expenditures. The division-wide staffing plan requests funding for a total of 30 positions; however, two of those positions are currently on staff. Positions include an administrative assistant, two program managers, two program supervisors, a bureau chief, a research analyst principal, a business analyst, a public health physician, two deputy division administrators, two registered nurse seniors, four Medicaid program policy analysts, and 13 program specialists.*

Governor's Recommendation	28.00	1,536,800	0	1,662,500	3,199,300
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# Division of Medicaid

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Budget by Decision Unit	FTP	General	Dedicated	Federal	Total
<b>2. Children's Behavioral Health Staff</b>					<b>Medicaid Administration and Medical Mgmt</b>
<p>The Division of Medicaid requests \$262,800 ongoing for personnel costs related to the continued implementation and oversight of the Youth Empowerment Services (YES) program. YES was developed as a result of the Jeff D. class action lawsuit and the resulting settlement agreement. This request includes funding for three program specialists (full-time, benefit eligible, pay grade L, with an annual salary of \$62,400) that have been hired to support the work and services being implemented in the new Idaho Behavioral Health Plan contract as part of YES. The FTP and salary of the three positions are currently being covered by the agency's existing vacancies and salary savings. The request is for salary and benefit funding going forward. The positions fall under a 50% split of funds with the state and federal government. The FTP authorization will continue to be covered by existing authority. See supplemental item 2 for the FY 2024 portion of this request.</p>					
Agency Request	0.00	131,400	0	131,400	262,800
<i>Not recommended by the Governor, as the agency has withdrawn its request.</i>					
Governor's Recommendation	0.00	0	0	0	0

**6. Provider Rate Adjustments** **Basic, Coordinated, and Enhanced Plans**

The agency request \$66,818,200 ongoing across the Coordinated, Enhanced, and Basic Plans. This request includes two components. Part one is to implement reimbursement rate adjustments to children's developmental disability services providers, adult developmental disability service providers, and aged and disabled service providers. This request is reflective of the results from Idaho Medicaid's annual provider rate review process, where all provider rates are reviewed on a regular schedule. Part two of this request is a change in supplemental payment methodology which will address the General Fund need as part of these rate increases while providing more money to skilled nursing facilities through a supplemental payment using federal funds.

**Part One: Reimbursement Rate Increases**

- Children's developmental disability (DD) agency: \$9,695,000 (25% increase)
- Children's DD independent crisis intervention: \$11,100 (12% increase)
- Children's DD independent therapeutic consultation: \$771,000 (12% increase)

- Adult developmental disability (DD) day health: \$862,900 (19% increase)
- Adult DD interpretation services: \$14,000 (22% increase)
- Adult DD skilled nursing and direct care: \$63,600 total funds (17% increase)

- Aged and disabled (A&D) day health: \$96,100 (115% increase)
- A&D interpretation Services: \$2,500 (22% increase)
- A&D skilled nursing and direct care: \$21,142,400 (17% increase)
- A&D Residential assisted living facility providers: \$8,930,000 (7% increase)
- A&D PCS Alternative Family Home: \$229,500 (57% increase)

**Part Two: Change in Supplemental Payment Methodology**

The change in supplemental payment methodology comprises the remaining \$25,000,000 of this request, consisting of a decrease of \$12,000,000 ongoing from the General Fund, an increase of \$12,000,000 ongoing from dedicated funds, and an increase of \$25,000,000 ongoing from federal funds. This process will provide skilled nursing facilities an additional \$25,000,000 and will also assess them an additional \$12,000,000. The increased assessment to the skilled nursing facilities will allow the division to cover costs of other programs without impacting the General Fund.

Agency Request	0.00	545,500	12,000,000	54,272,700	66,818,200
Governor's Recommendation	0.00	545,500	12,000,000	54,272,700	66,818,200



# Division of Medicaid

Analyst: Williamson

Budget by Decision Unit	FTP	General	Dedicated	Federal	Total
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## 9. Increased Hospital Assessment

### Basic, Coordinated, and Enhanced Plans

The agency requests a decrease of \$58,331,600 from the General Fund and the corresponding increase from dedicated funds. This ongoing, net zero transfer from General Fund to dedicated funds will allow for an increased Medicaid hospital assessment pursuant to Section 56-1404, Idaho Code. The additional assessment amount provided by the hospitals will be used to support the burden on the General Fund, resulting from a reduced federal match starting October 2024. The reduced federal match resulted from a change in the state's Federal Medical Assistance Percentage (FMAP) as part of the annual update. Federal match is based on per capita income for the state and as the state's per capita income rises in comparison to other states, the federal match decreases.

Supplemental payments (also known as upper payment limit or UPL) represent the difference between what Medicaid paid and what Medicare would have paid for the same service. The state share for supplemental payments is supplied by an assessment on hospitals authorized under Section 56-1404, Idaho Code. With the passage of S1350 of 2022, Medicaid is allowed to assess hospitals an additional amount beyond what is needed to draw down federal funds to support the supplemental payment; this additional amount may be used to support Medicaid General Fund need. In order to implement this additional amount, a policy bill will need to be passed by the Legislature authorizing this additional assessment. If enacted as requested, the impact would be as follows:

- \$20,289,500 shift from the General Fund to dedicated funds in the Coordinated Medicaid Plan
- \$19,259,300 shift from the General Fund to dedicated funds in the Enhanced Medicaid Plan
- \$18,782,800 shift from the General Fund to dedicated funds in the Basic Medicaid Plan

Analyst Note: In accordance with Section 10 of House Bill 369 of 2023, the numerical amount of this request has not been included, as it is contingent on the passage of legislation. Should the policy change occur, the fiscal impact will be incorporated into the Division of Medicaid's FY 2025 appropriation, most likely through a trailer appropriation bill.

Agency Request	0.00	0	0	0	0
<i>The Governor recommends an ongoing decrease of \$58,331,600 from the General Fund and an increase of \$58,331,600 from dedicated funds as requested by the agency. This decision unit is contingent upon the passage of legislation.</i>					
Governor's Recommendation	0.00	(58,331,600)	58,331,600	0	0

## 10. ICF Rate Adjustment

### Coordinated and Enhanced Plans

The agency requests \$8,418,000 to provide rate increases to residential providers licensed as Intermediate Care Facilities for Individuals with Intellectual Disabilities (ICFs/IID). These providers support Medicaid participants with IID's in a residential/institutional care setting. These specialized programs promote independence and self-determination with around-the-clock care and is the most comprehensive benefit offered by Medicaid. As of June 2023, there are 40 ICFs/IID in the state with two additional facilities re-opening during FY 2024. With the exception of one ICF/IID operated by the state, these facilities are private businesses. The agency reports that in 2019, Idaho had 64 ICFs/IID; but more than 20 have closed in recent years due to workforce changes and competing industries, and that reimbursement rates have not kept up with these changes.

This request includes an appropriation amount sufficient to provide an extraordinary rate increase of \$1,253,500 (170% increase) and base reimbursement rate increase of \$7,164,500 (29% increase). The extraordinary rate is an add-on payment above the daily reimbursement for caring for participants with more complex health needs. Providers must request this rate when they take on participants with these needs. The extraordinary rate has been frozen at \$11.13/hour since 2011. The proposed funding would bring this rate up to \$30.00/hour.

Agency Request	0.00	2,737,800	0	5,680,200	8,418,000
Governor's Recommendation	0.00	2,737,800	0	5,680,200	8,418,000

# Division of Medicaid

Analyst: Williamson

Budget by Decision Unit	FTP	General	Dedicated	Federal	Total
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**16. MMIS Current Vendor Annual Increase**

**Medicaid Administration and Medical Mgmt**

The Division of Medicaid requests \$2,806,800 ongoing for contract expenses for operations and maintenance of the current Medicaid Management Information System (MMIS). The contract is a 75/25 split between federal and state match. The base year contract pricing is \$26,033,500 for contracts procured through 2025. Contract increases have occurred annually since 2019 but have not been consistently included in the annual budget request, only requested as needed when the existing appropriation was not sufficient to cover the annual increase.

Agency Request	0.00	561,400	0	2,245,400	2,806,800
<i>Governor's Recommendation</i>	<i>0.00</i>	<i>561,400</i>	<i>0</i>	<i>2,245,400</i>	<i>2,806,800</i>

**17. Mother Postpartum Coverage**

**Basic and Expansion Plans**

The agency requests \$55,000,000 ongoing funds to provide 12 months of postpartum coverage for eligible women. Of the total, \$5,500,000 is requested from the General Fund and \$49,500,000 is requested from federal funds. This is a fund transfer from the Basic Plan to the Expansion Plan, for a net zero budget impact.

Currently, Idaho Medicaid provides 60 days of postpartum coverage, consistent with existing federal requirements. After the 60 days of postpartum coverage, women must reapply for Medicaid coverage. If eligible, they are enrolled as a Medicaid Expansion participant. The agency reports that 96% of women enrolled in Idaho Medicaid return as an Expansion member within 3 months after their postpartum coverage ends. The request to extend postpartum coverage to a full 12 months is to ensure that women do not have a gap in coverage during the postpartum period when they may need services to support their health and the health of their child.

Agency Request	0.00	0	0	0	0
<i>Recommended by the Governor.</i>					
<i>Governor's Recommendation</i>	<i>0.00</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>

**20. Personal Care Services Case Mgmt**

**Basic, Coordinated, and Enhanced Plans**

The agency requests \$4,200,000 ongoing funds to reinstate the personal care services (PCS) case management service that was eliminated in 2011 due to Medicaid program cuts enacted in Idaho. Of the total, \$1,200,000 is requested from the General Fund and \$3,000,000 is requested from federal funds. PCS case management supports individuals receiving personal care services and aged and disabled (A&D) waiver services to navigate their community supportive services. Currently, these Medicaid participants do not have access to assistance to coordinate their care and access community resources until they are deemed in crisis. The request to offer case management support may reduce emergency situations and reduce institutional care. The populations receiving PCS and A&D waiver services are the only Medicaid populations currently lacking a case management option.

Agency Request	0.00	1,200,000	0	3,000,000	4,200,000
<i>Governor's Recommendation</i>	<i>0.00</i>	<i>1,200,000</i>	<i>0</i>	<i>3,000,000</i>	<i>4,200,000</i>

# Division of Medicaid

Analyst: Williamson

Budget by Decision Unit	FTP	General	Dedicated	Federal	Total
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**22. MMIS Procurement Year 2** **Medicaid Administration and Medical Mgmt**

The Division of Medicaid requests additional funding to continue the process of replacing Idaho's Medicaid Management Information System (MMIS). The MMIS supports payments of claims to providers around the state for services delivered to Medicaid participants and supports state and federal reporting requirements on the use of funds. The system also houses participant and provider data to allow for the analysis and identification of trends. It supports the Medicaid provider enrollment function to allow more communities to access Medicaid payments. Finally, the MMIS supports the program's pharmacy benefit program. The MMIS currently manages approximately 50,000 provider records, 400,000 member records, and processes over 120,000 claims weekly. The process of replacing the system, which began at the end of FY 2023, is expected to take five years to fully design, develop, test, and implement the modernized MMIS, with a current projected end year of FY 2028.

Analyst Note: The 2023 Legislature approved funding for the entirety of the General Fund request for the five-year process, and each year the department will request the federal and dedicated funds needed for that year. The MMIS dedicated fund contains the full state match amount, no additional request will be made of the General Fund for this procurement project.

Agency Request	0.00	0	13,237,800	119,140,200	132,378,000
Governor's Recommendation	0.00	0	13,237,800	119,140,200	132,378,000

**47. Work Requirement Cost Share** **Medicaid Administration and Medical Mgmt**

Agency Request	0.00	0	0	0	0
<i>The Governor recommends \$500,000 onetime for consultant support to update and resubmit a waiver to implement work requirements for qualifying adults as a condition of eligibility for Medicaid benefits.</i>					
Governor's Recommendation	0.00	250,000	0	250,000	500,000

**48. Medicaid Claims Payments** **Basic, Coordinated, and Enhanced Plans**

Analyst Note: Pursuant to Section 9 of H355 of 2023, "funds not already an ongoing appropriation in fiscal year 2024 shall be presented in the Legislative Budget Book as a request for new onetime appropriation in the Idaho Millennium Fund Program and not in the respective agency budgets."

Agency Request	0.00	0	0	0	0
<i>The Governor recommends using the Millennium Income Fund to pay Medicaid claims.</i>					
Governor's Recommendation	0.00	(15,640,000)	0	0	(15,640,000)

<b>FY 2025 Total</b>					
Agency Request	273.00	922,869,800	751,226,900	3,042,383,500	4,716,480,200
Governor's Recommendation	241.00	847,634,300	809,559,800	3,041,120,100	4,698,314,200

Agency Request					
Change from Original App	60.00	66,502,900	61,008,400	(94,691,900)	32,819,400
% Change from Original App	28.2%	7.8%	8.8%	(3.0%)	0.7%
Governor's Recommendation					
Change from Original App	28.00	(8,732,600)	119,341,300	(95,955,300)	14,653,400
% Change from Original App	13.1%	(1.0%)	17.3%	(3.1%)	0.3%