



IDAHO

Department of
Health and Welfare

**Idaho Department
of Health & Welfare**

Budget Presentation

**Richard Armstrong
Director**

February 12, 2015



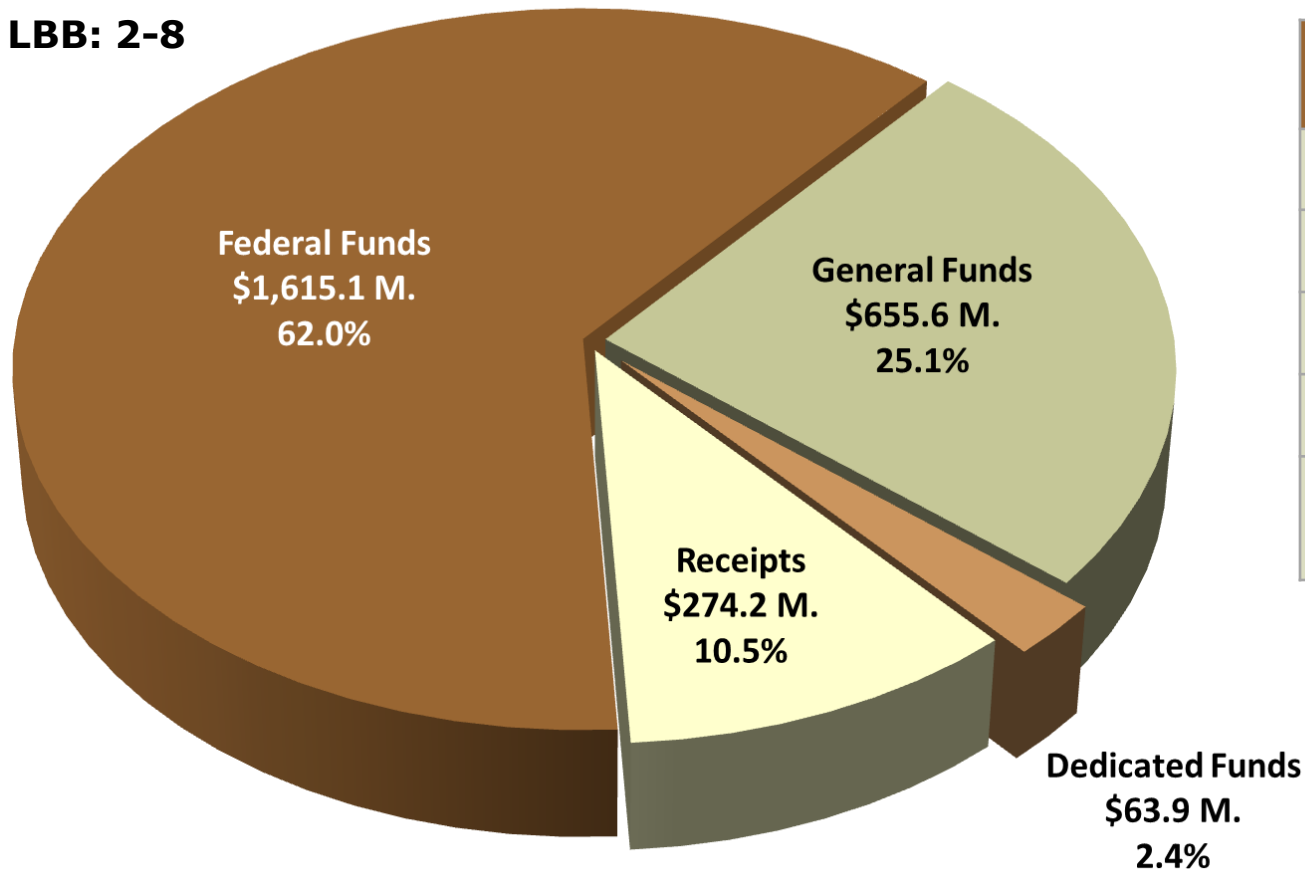
IDAHO DEPARTMENT OF
HEALTH & WELFARE

Today's Presentation

- 1. State Healthcare Innovation Plan (SHIP) to transform Idaho's healthcare system**
- 2. Budget Recommendations**
- 3. Employee CEC**
- 4. The unique and vital role DHW's eligibility system provides for Idaho's insurance exchange**
- 5. Economic recovery continues, but high workloads remain**

DHW SFY 2016 Recommendation by Funding Source

LBB: 2-8



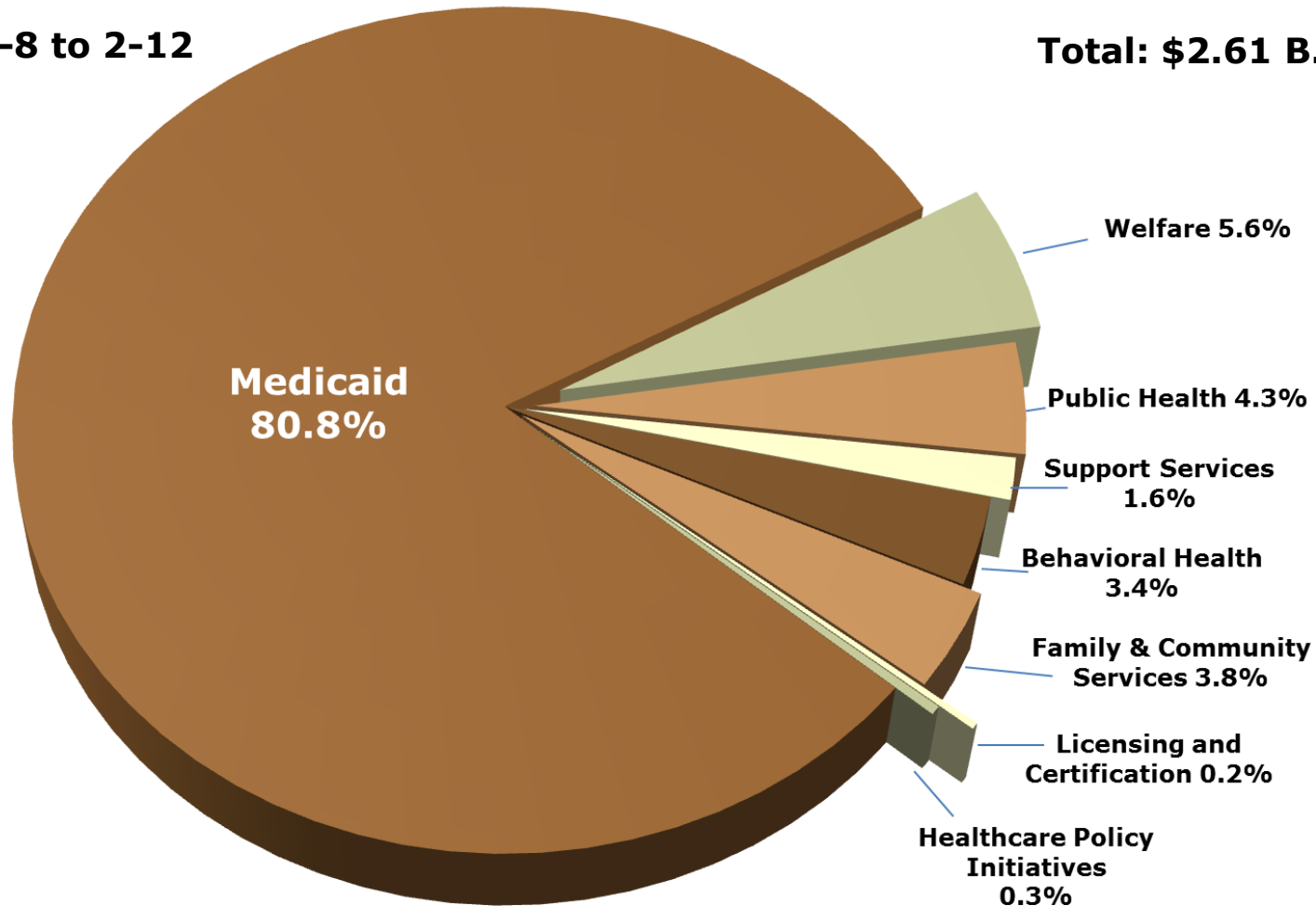
Total: \$2.61 B.

Increase from SFY 2015	
General	2.8%
Dedicated	-3.6%
Receipts	31.8%
Federal	-1.1%
Total	3.3%

DHW SFY 2016 Recommendation by Program

LBB: 2-8 to 2-12

Total: \$2.61 B.

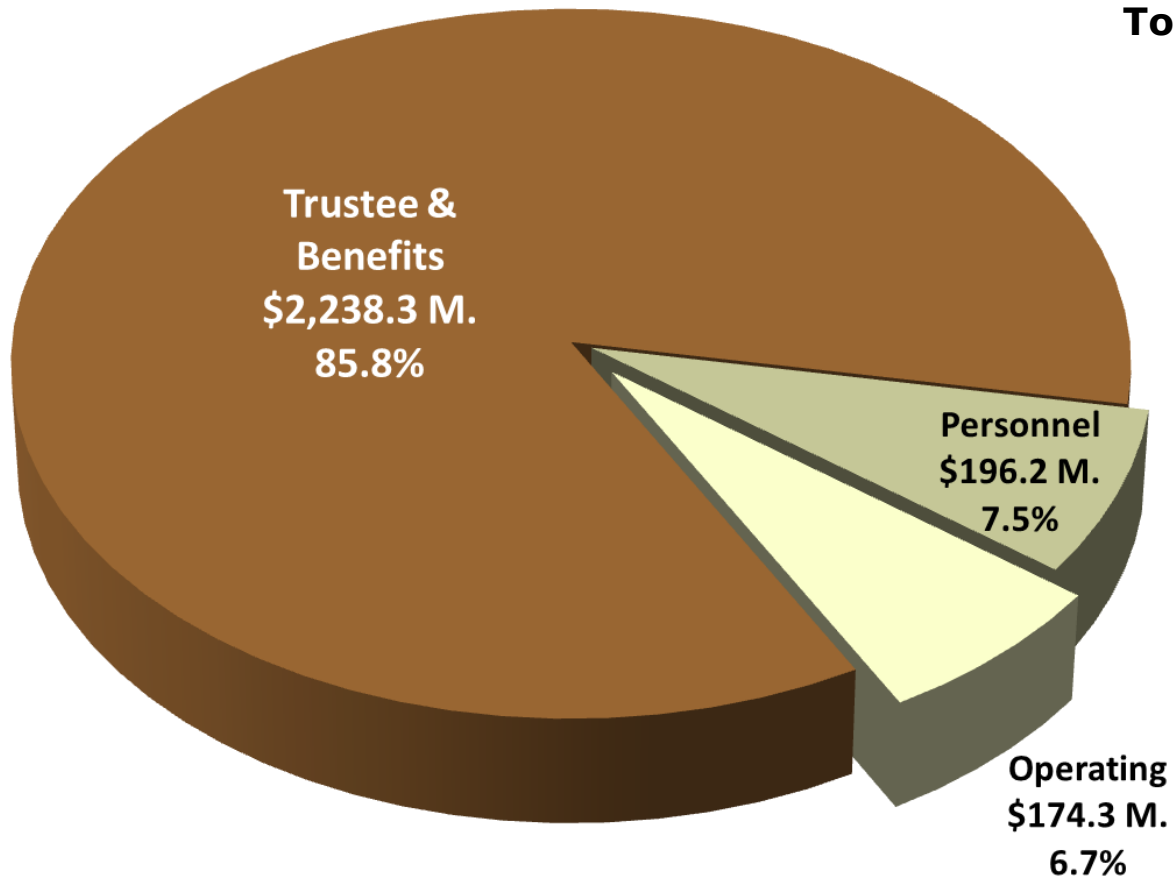




DHW SFY 2016 Recommendation by Object

FTP: 2,870

Total: \$2.61 B.



The Evolution of Idaho's Healthcare System

Since 2007, key pieces of legislation and executive orders began a progression towards high quality, patient-centered medical care.

2007-2010

Gov. Otter forms Medical Home Collaborative to develop Patient Centered Medical Home (PCMH) model.

2011

Legislature directs Medicaid to transition to managed care solutions; improve patient care coordination.

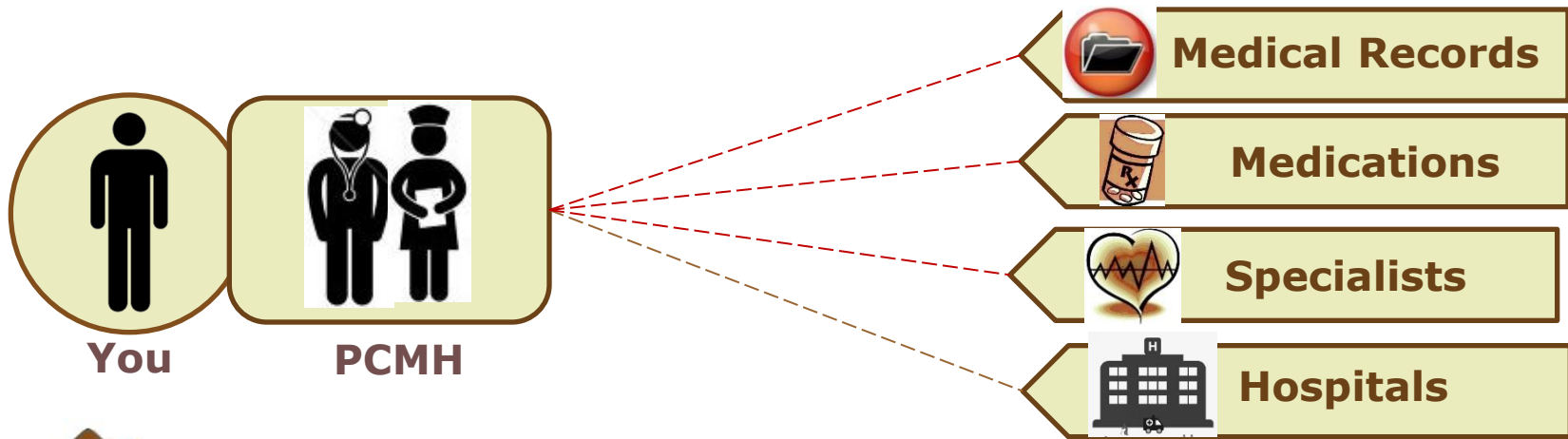
2012-2013

Idaho Healthcare Coalition plans reform; State pilots PCMH model. Idaho opts for state insurance exchange to improve healthcare coverage.

Idaho SHIP

- State receives \$39.6 M. grant to reform healthcare system.
- SHIP relies on PCMH as foundation.
- Model holds patient and healthcare delivery system accountable for improved outcomes.

SHIP: Patient Centered Medical Homes (PCMH)



Why PCMH?



People with Chronic Conditions Account for:

National Healthcare Dollars



Medicare Spending



- Adults with primary care physician have 33% lower costs of care
- Less duplication or unnecessary tests
- Less likely to delay care or seek ER care
- Fewer hospital admissions
- More appropriate use of prescriptions

Health Home Impacts on Medicaid Hospital Care

Medicaid Pilot Jan. – June 2014

- **3,740 Medicaid adults with chronic illnesses assigned to health homes**
- **Pilot reduced average monthly member costs by over 20%**
- **Preliminary estimate of return on investment : 10/1**

Adult Health Home Impact on Hospital Care				
2014 vs. 2013 (Jan. to June)				
Admits/1,000 Members	-25.8%		Readmissions	-41%
Patient Days/1,000 Admits	-21.1%		ER/1,000 Members	-23.7%
Avg. Length of Stay	6.3%*		ER Net Payment	-2.6%
Net Pay/Admit	33.1%*			

**Increases were expected due to avoiding unnecessary short stays and less complex procedures being removed.*

SFY 2016 SHIP Recommendation

FTP	General Funds	Federal Funds	Total
8 FTP, including 7 limited service positions	\$ 0	\$8,855,100	\$8,855,100

- **SHIP grant is for \$39.6 M. in federal funds over four years**
- **Administered by the Healthcare Policy Initiative program**
- **SFY 2016 = \$8.9 M.:**
 - ✓ **7 new, limited service FTP; 1 permanent FTP**
 - ✓ **Targeting 55 primary care practices to PCMH**
 - ✓ **Connect Electronic Health Records to Idaho Health Data Exchange**
 - ✓ **Develop Regional Collaboratives with Health Districts to support local, coordinated care**

Jeff D Plaintiff Attorney Fees

LBB	FTP	General	Federal	Total
2-51 #2	0	\$615,000	\$0	\$615,000

- **Three plaintiff attorneys**
- **Final stages of settlement agreement; nine months of planning and four years to implement when it is approved**
- **Fees are subject to negotiation**

Medicaid: Hepatitis C Drugs

LBB	FTP	General	Federal	Total
2-42 #3	0	\$1,885,000	\$4,615,000	\$6,500,000

- **Can actually cure specific types of hepatitis-c infections.**
- **Costs at least \$100,000 per patient for a treatment that includes Solvaldi; most patients cost more.**
- **Requires prior-authorization.**
- **Medicaid is required to pay for FDA approved drugs when they are medically necessary.**
- **Similar drug treatments coming on market may replace this high-priced treatment in the future.**

Access to Recovery Grant IV

LBB	FTP	General	Federal	Total
2-80 #5	2	\$0	\$796,700	\$796,700

- **Awarded October 2014; \$7.87 million over three years**
- **Targeted for veterans in the criminal justice system, families involved with child protection and homeless population**
- **Expected to serve over 3,400 Idahoans with substance use disorders**

Second Community Crisis Center

LBB	FTP	General	Federal	Total
2-52 #1	0	\$1,520,000	\$200,000	\$1,720,000

- **The Behavioral Health Crisis Center of East Idaho opened Dec. 12**
- **Crisis centers provide a safe, voluntary, effective and efficient alternative to ERs and jails**
- **Hospitals, counties, cities and the state should all realize savings**
- **Contract with Bonneville County requires county/partners to develop a plan to cover 50% of operating expenses within two years**

Food Stamp Multi-day Issuance

LBB	FTP	General	Federal	Total
2-87 #2	3	\$39,500	\$628,800	\$668,300

- **Changes Food Stamp distribution from 1 day to 10 days**
- **Includes \$589,400 in one-time programming costs funded by high-performance bonus**
- **2016 recommendation is for six months**
- **Total annualization for SFY 2017 = \$211,400 (50% state/50% federal funds)**

Health Facility Surveyors

LBB	FTP	General	Federal	Total
2-97 #3	4	\$72,500	\$274,700	\$347,200

- **Current backlog of 11 facilities awaiting initial licensing, 275 overdue surveys, 135 complaints requiring investigation**
- **3,166 surveys due during 2015, along with complaint investigations/follow-up**
- **Takes 6 to 9 months to train and certify surveyors**

Community Hospitalization Rate Increase

LBB	FTP	General	Federal	Total
2-62 #4	0	\$279,000	\$0	\$279,000

- **10 private psych hospitals**
- **Treat patients committed to the state until space is available at a state hospital**
- **Hospitals seeking rate increase; agreed to short-term contract extension for interim**

Adoption Caseload Growth

LBB	FTP	General	Federal	Total
2-16 #5	0	\$456,200	\$776,700	\$1,232,900

- **Adoptions are the best, permanent solution for foster children who cannot safely reunite with their families**
- **Subsidies are extremely important to pay for special needs of children who have suffered abuse and neglect**
- **Costs are increasing because:**
 1. **Successful adoptions are increasing, with more children in adoption situation**
 2. **Federal funding support has declined**

Laboratory Staff Pay Increase for Retention

LBB	FTP	General	Federal	Total
2-70 #6	0	\$111,200	\$39,700	\$150,900

- **19% turnover; pay is the primary reason**
- **Idaho lab workers average 23% less than surrounding states and private sector**
- **Majority of increase for mid-level scientists**

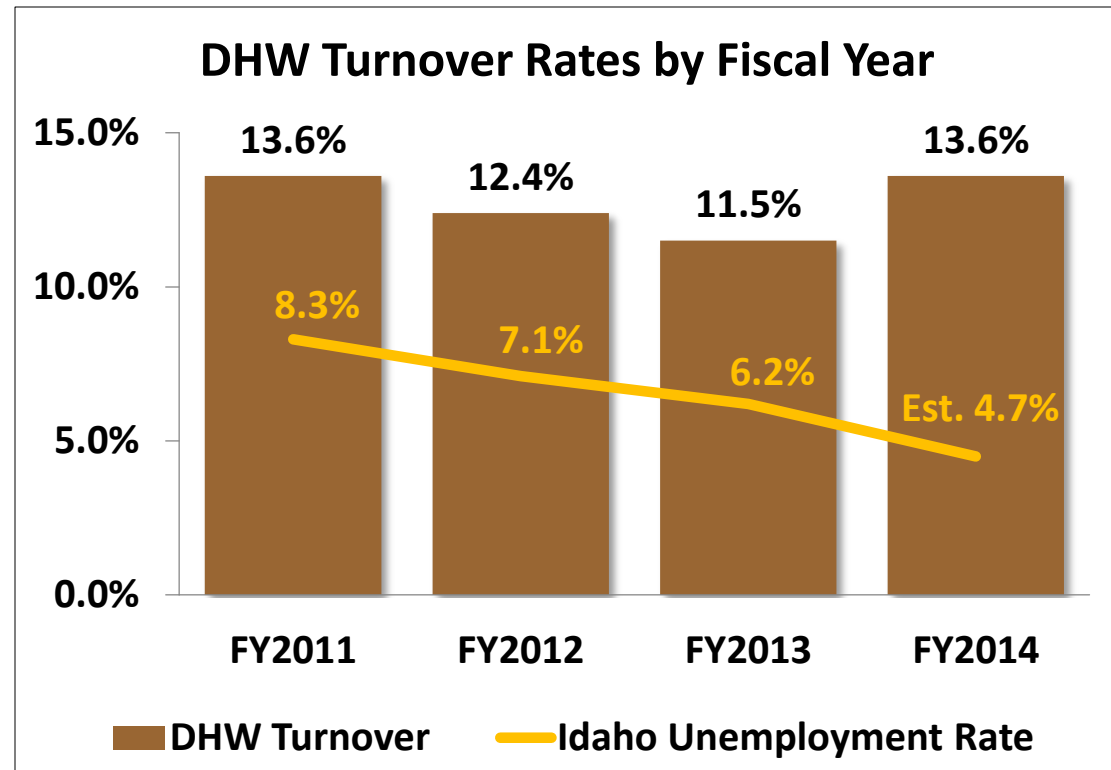
Cover TRICARE Immunizations

LBB	FTP	General	Federal	Total
2-70 #8	0	\$596,000	\$0	\$596,000

- **Federal insurer refuses to pay its share of Idaho's vaccine assessment**
- **Impacts military families**
- **A number of states are involved in similar negotiations**

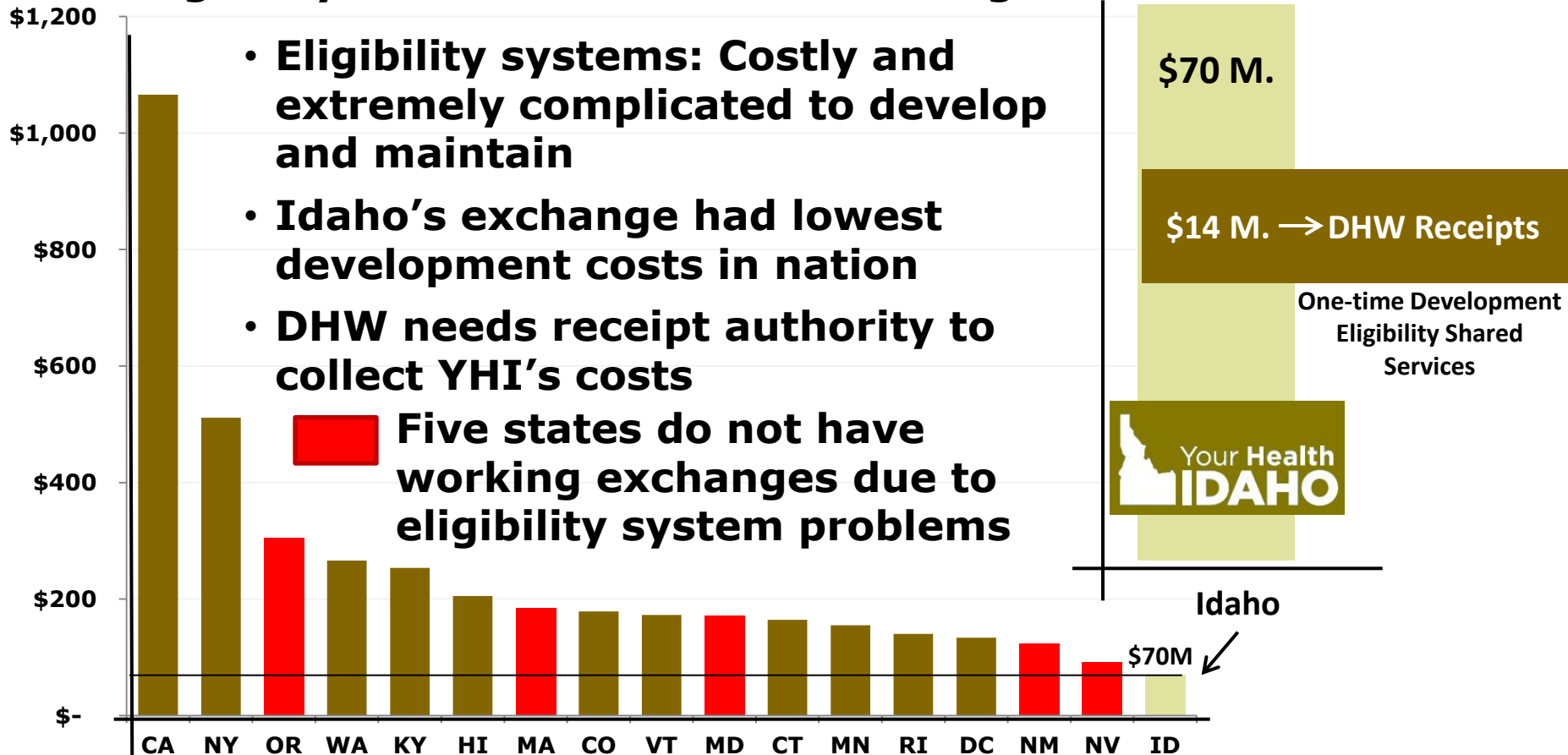
Low Pay is Driving Workforce Turnover

- **SFY 2014 DHW voluntary turnover rate: 13.6%**
- **Pay identified as the main or contributing factor: 54%**
- **Avg. pay increase in the private sector: 38%**
- **30% of turnover had < 2 years of service**
- **Recovering economy = Increased job opportunities and higher compensation that state agencies must compete against**



Idaho Shares Eligibility Services with Exchange

Eligibility Service Costs for 17 Exchanges



*Oregon has reverted to the federal exchange; Massachusetts, Maryland, New Mexico and Nevada do not have working state exchanges due to eligibility system issues.

YHI Shared Services

	FTP	SFY 2015	SFY 2016	Total
Development Costs		\$9,230,000	\$4,970,000	\$14,200,000
Ongoing Operations	15	\$2,500,200		

- **No state general funds are involved; all activities are cost-allocated to YHI**
- **Shared eligibility minimized state risk and maximized functionality by using proven technology**
- **Share services includes rules engine, online application, case management system, connectivity to Federal Data Hub, integrated noticing system**

Shared Services Impact on YHI Performance

- **Transition from federal marketplace was delayed six weeks, from Oct. 1 to Nov. 15.**
- **Despite this delay, DHW has authorized tax credits for 94,861 people.**
- **Shortened enrollment timeframe caused consumer bottlenecks and call center wait times, but problems were addressed and remedied.**
- **Idaho was the only state to successfully transition from federal marketplace to state based exchange in 2014.**





Shared Services Data Mining

- Since open enrollment, almost **17,000** people requested health coverage assistance, but earned less than **100%** of poverty and were not eligible for Medicaid or a tax credit, remaining uninsured.
- Food Stamp data identifies an additional **36,000** adults with incomes below **100%** of poverty who are not receiving Medicaid or a tax credit.

0 -100% Federal Poverty Level

100% - 400% Federal Poverty Level

Gap Adults

- No tax credits
- Not Medicaid eligible

17,000 Applied

36,000 Food Stamp Data

53,000 Identified <100% FPL

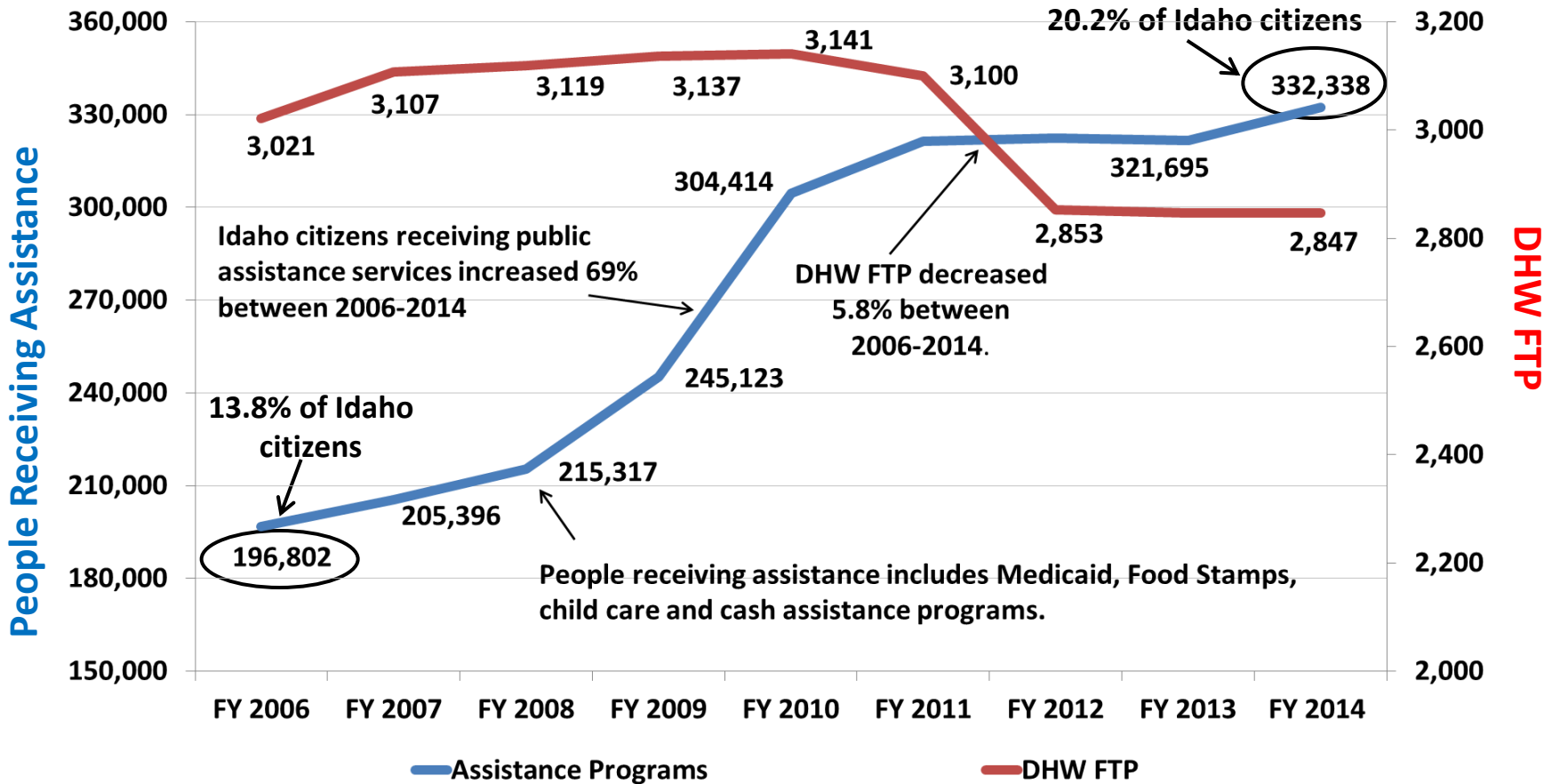
**Private Insurance/Exchange
Eligible for Tax Credits**

**84,000 Idaho citizens
were eligible for tax credit**

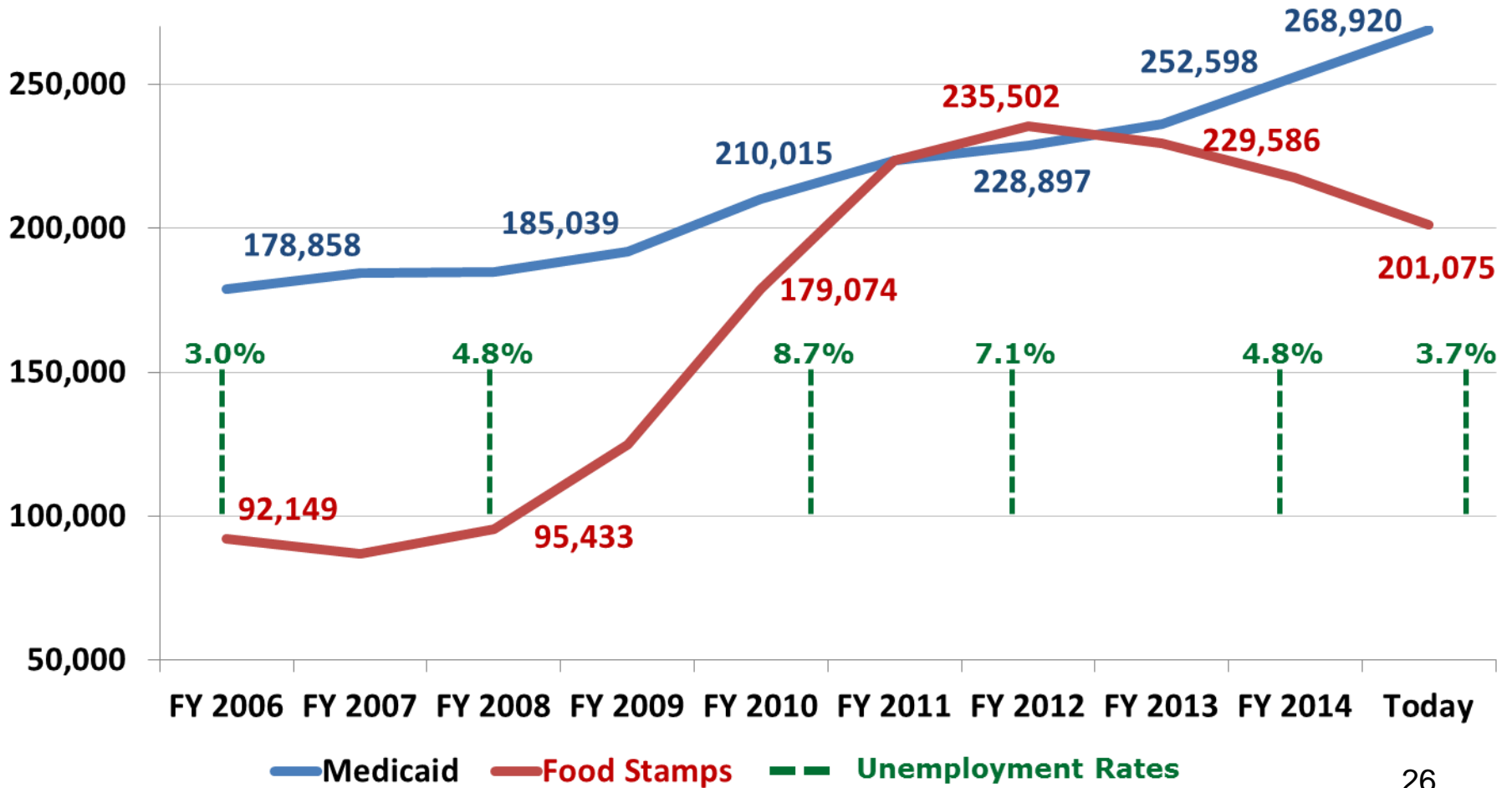
Income < \$11,670 / one adult

Income between \$11,670 and \$46,680 receives tax credit

High Demands for Assistance Continues

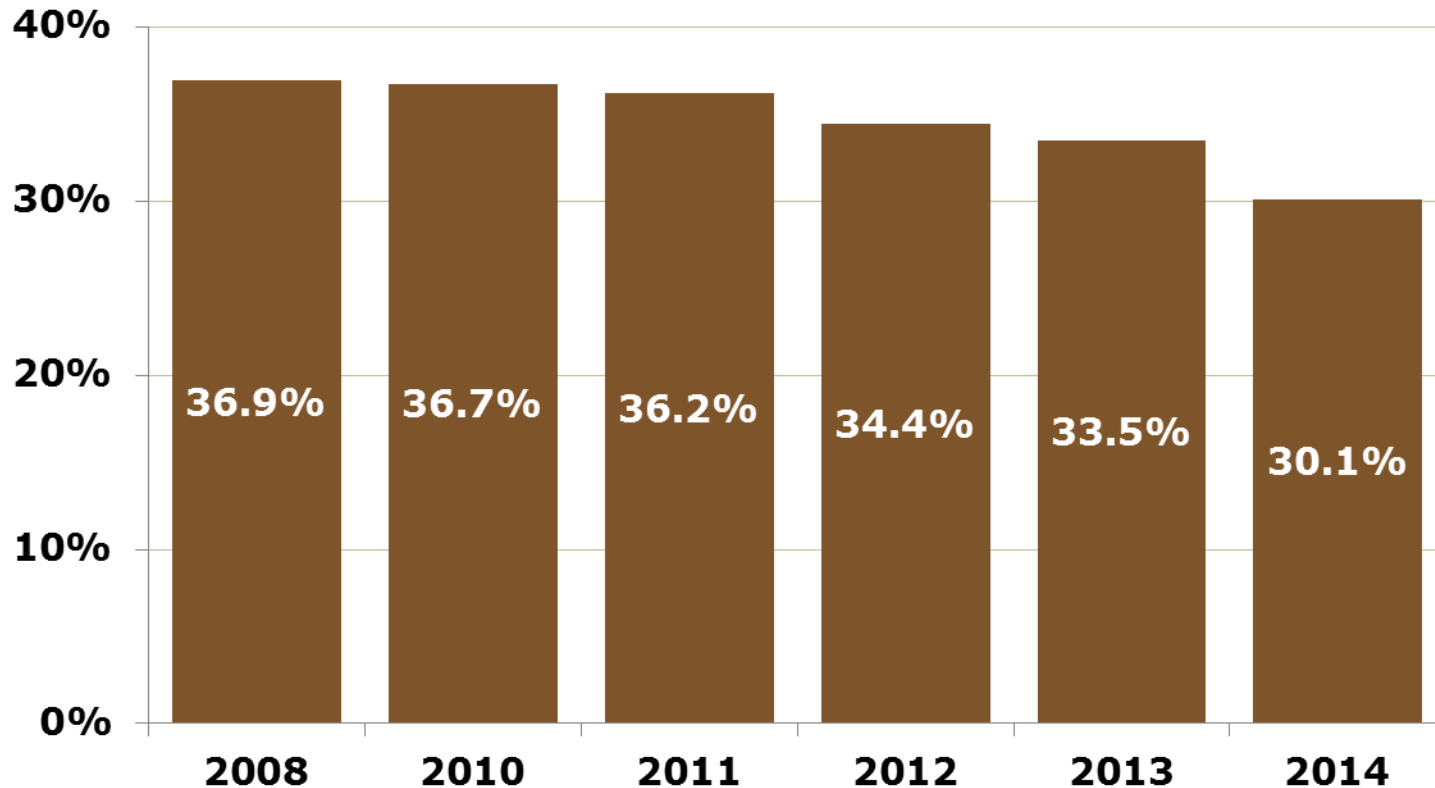


Unemployment Rate Impacts Public Assistance



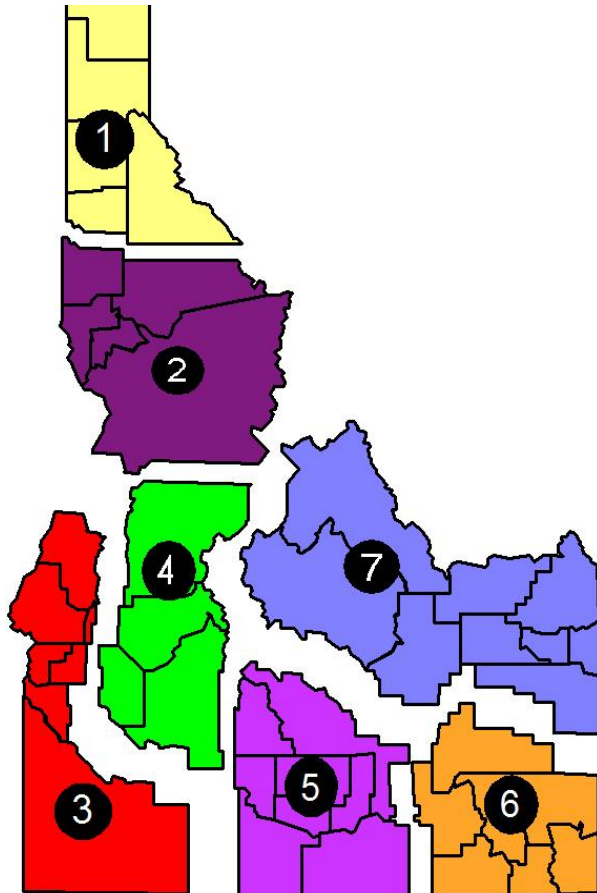
Low Wages Impact Self-Sufficiency

Percent of Idaho Jobs Paying Self-Sufficiency Wages for Family of 4
Subsistence wage = \$20.30/hr.



Source: Idaho Department of Labor

Public Assistance by Region 2014



Percent Receiving Assistance	
Region	Percent
1	20.4%
2	15.9%
3	28.0%
4	15.7%
5	22.5%
6	22.2%
7	21.6%
State Avg.	20.6%



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