

BROWN & WEINRAUB, PLLC

2015-16 EXECUTIVE BUDGET HIGHLIGHTS HEALTH & MENTAL HYGIENE

We have distributed detailed matrices of what is contained in the Governor's SFY 15-16 Budget Health and Mental Hygiene Legislation. The following provides highlights of what is contained in those bills – and what was mentioned in Budget documents (but not necessarily linked to specific legislative language).

Capital Funds for Healthcare Restructuring

- Vital Access Provider program
 - for Rural/Isolated Areas: Would create new VAP allocation (\$290M) for essential community providers offering services in a defined and isolated geographic region. Eligible providers include hospitals, D&TCs, NHs, ambulatory surgery centers and clinics.
 - VAP funding for Behavioral Health providers is carried over (\$50M)
 - VAP funding for Article 28 providers remains funded at \$902M
- \$700M for transformation of Brooklyn's health care delivery system (no competitive bid required)
- \$300M for transformation of Oneida county's health care delivery system (no competitive bid required)
- \$400M for hospitals to support debt retirement and capital projects or non-capital projects that facilitate health care transformation
- authorization for up to five pilots for private business corporations (not publicly traded) to own or operate hospitals, in affiliation with an academic medical center (i.e., "private equity" proposal)

Certificate of Need Reform

- Elimination of the certificate of need review for construction, regardless of cost, except to the extent that the project involves changes in capacity, types of services provided, and major medical equipment, facility replacement, or geographic location of services. Review for primary care facilities, such as diagnostic and treatment centers and extension clinics, is also eliminated;
- Proposals to regulate emerging models of ambulatory care including: a new licensure category of "limited services clinics" (i.e., "minute clinics") under New York's Public Health Law §2801-a; a definition of and accreditation requirement for "urgent care" providers; and new registration, patient safety, and reporting requirements for office-based surgery;

Block Granting of Public Health Programs

- Consolidates 41 public health appropriations into five funding pools aimed at providing flexibility to finance emerging health needs. A 15% cut is taken from each pool to achieve State savings.

Value Based Reimbursement

- Would allow the Commissioner of Health to authorize Article 44 MCOs to contract for value based payments and for the Department to utilize methodologies for reimbursement that are value-based. This authority to use VBP would **not be** limited to DSRIP PPSs or subsets of PPS providers, and would allow the continuation of VBP beyond the 5-yr DSRIP period. The provisions would allow for the extension of VBP to all Article 44 MCOs and any provider receiving Medicaid payment. While the provision allows for regulations, it also allows for implementation without regulations. Regulations would address risk levels, reinsurance pools, MCO reserves, among other things.

State Health Information Network of New York

- Includes \$45M to continue the initiative that connects the Regional Health Information Organizations across New York to the State's health information network – the Statewide Health Information Network of New York (SHIN-NY).

Medicaid and Medicaid Reform

- Would codify the Medicaid Global Cap (capping the expenses of the Medicaid program on an annual basis pursuant to a formula) which heretofore had been renewed annually.
- Would authorize up to \$5M in grants for criminal justice health homes (to coordinate services between health homes and the criminal justice system).

Basic Health Plan

- Would amend Basic Health Plan language to allow for coverage of non-citizens in a valid nonimmigrant status

Health Benefit Exchange Tax

- Would authorize the Superintendent of the Department of Financial Services to institute a HCRA assessment on domestic accident and health insurers (individual, small group, large group markets) for the Exchange direct and indirect operating expenses. Assessments shall be pro rata, in proportion to gross direct premiums exclusive of federal tax credits and returned premiums. Payments would be subject to DOH audit (up to 6 years back). Medicare, Medicaid, CHP, Basic Health Plan plans excluded.

Population Health Improvement Programs

- \$13.5M is included to continue with the establishment of entities throughout the State to serve as “neutral conveners” of stakeholders to identify health challenges within each region and to implement recommended solutions.

Roswell Park Cancer Institute

- \$87.1 million in State assistance is included to finance research and medical efforts at the Institute.

Pharmacy

- The Governor reintroduced many Medicaid pharmacy provision that were not accepted in last year’s budget proposal (e.g., eliminating prescriber prevails, requiring supplementary rebates, etc.), and this year he added a proposal that would impact would 340b pharmacy reimbursement.

COLA for Human Services Agencies

- Fully funds last year’s 2% COLA for direct care and support staff for a wide range of human services agencies, effective January 1, 2015, and an additional 2% for those workers plus clinical staff effective on April 1, 2015.

Behavioral Health and Substance Abuse

- Despite rumors leading up to the release of the budget, there is no specific language proposing merger of OMH and OASAS.

OMH

- A total of \$ 51.5 M for community mental health reinvestment. These funds fully annualize last year’s \$44 million in Community reinvestment dollars, plus an additional 7.5 M (15M phase in).
- \$68 M in BIP funding is to improve community, employment, transition to managed care, expansion of health home capacity; 250 HCBS waiver slots; community residences; and PROS outpatient programs.
- Enhanced services to reduce recidivism and potential violence in the community for “at risk” persons with mental illnesses in prison, OMH facilities and more aggressive community services, including Assertive Community Treatment - ACT teams and supported housing)..
- \$20 M for supported housing to address the settlements in the adult home (400 individuals) and nursing home litigation (100 indiv.), and 1,200 additional congregate care beds primarily associated with the NY/NY III program to reduce homelessness.

OASAS

- A total of \$7.8M is available to combat the opiate epidemic in communities across the State heroin addictions, including new funding of \$5 million. These funds will continue to support treatment and prevention programs, residential service opportunities, and public awareness and education activities.
- Expand Community Services. **Funding** for 80 new congregate care beds associated with the NY/NY III program, and additional community services funded from a planned 5 percent reduction in OASAS-operated inpatient Addiction Treatment Center capacity.

OPWDD

- \$177 Million in BIP funding to improve services to developmentally disabled persons by engaging providers, advocates, and community leaders to develop systematic improvements to delivery systems.
- \$120 Million for 3500 new residential, day programs, employment, case management, and respite service opportunities for 159 individuals with developmental disabilities.
- \$42 M to transition individuals to less restrictive community-based setting from developmental centers, consistent with the Olmstead Cabinet (149 individuals) and intermediate care facilities (100 individuals).
- In the Governor's budget address, he indicated he would be allocating \$850 million in Settlement Funds to address discrepancies in past OPWDD Federal Medicaid billings. (We have not found language yet in the bills on this point.)

We have provided matrices that provide details on the Appropriation and Article VII bills. These documents represent our *initial* review of the documents made public by the Division of Budget on January 21st. As briefings occur with the Governor's staff and the Budget Division in the near future, we will update this analysis if needed.