



Report on the Fiscal 2018
State Operating Budget (HB 150)
And the State Capital Budget (HB 151)
And Related Recommendations



By the Chairmen of the
Senate Budget and Taxation Committee and
House Appropriations Committee



Joint Chairmen's Report
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M00Q01
Medical Care Programs Administration
Department of Health and Mental Hygiene

Budget Amendments

M00Q01.03 Medical Care Provider Reimbursements

Add the following language:

All appropriations provided for program M00Q01.03 Medical Care Provider Reimbursements are to be used for the purposes herein appropriated, and there shall be no budgetary transfer to any other program or purpose.

Explanation: The language restricts Medicaid provider reimbursements to that purpose.

Add the following language to the general fund appropriation:

Further provided that \$375,000 of this appropriation made for the purpose of a managed care rate-setting study may not be used for that purpose and instead shall be expended only for provider reimbursements. Funding not used for this restricted purpose shall revert to the General Fund.

Explanation: The language restricts funding included in the fiscal 2018 budget for a managed care rate-setting study to be used only for provider reimbursements based on estimates of significant deficiencies in the budget for those reimbursements.

Add the following language to the general fund appropriation:

Further provided that \$750,000 of this appropriation made for provider reimbursements may not be made for that purpose and instead shall be expended only to implement an opioid risk reduction pilot program. The purpose of the program is to improve Medicaid patient safety and clinical outcomes for individuals being prescribed for long-term opioid therapy for chronic pain. In implementing the program, the State shall contract with a company for urine drug monitoring that uses clinically driven health services including complex claims review and medication management. As part of the same contract, the State shall require the successful vendor to contract with a Maryland nonprofit statewide physician organization for physician outreach and education services. It is the intent of the General Assembly that the Department of Health and Mental Hygiene apply for any waiver necessary to use federal matching funds as part of the pilot. However, if the department is unable to receive a waiver to implement the pilot program, the department should proceed using State funds only. Funding not used for this restricted purpose may not be transferred or otherwise expended and shall revert to the General Fund and/or be canceled.

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Explanation: The language restricts funding for an opioid risk reduction pilot program and establishes criteria for the program. The language expresses intent that the Department of Health and Mental Hygiene seek a federal waiver to obtain federal matching funds for the program but that if no such waiver is forthcoming, it proceeds with State funds.

Reduce appropriation for the purposes indicated:	<u>Funds</u>	<u>Positions</u>
1. Reduce general funds based on the availability of special funds from the Cigarette Restitution Fund.	1,350,000	GF
Total Reductions	1,350,000	0.00

<u>Effect</u>	<u>Allowance</u>	<u>Appropriation</u>	<u>Amount Reduction</u>	<u>Position Reduction</u>
General Fund	2,733,883,238	2,732,533,238	1,350,000	
Special Fund	937,957,977	937,957,977	0	
Federal Fund	5,796,260,110	5,796,260,110	0	
Total Funds	9,468,101,325	9,466,751,325	1,350,000	

Add the following language to the special fund appropriation:

, provided that authorization is hereby provided to process a special fund budget amendment up to \$1,350,000 from the Cigarette Restitution Fund to support Medicaid provider reimbursements.

Explanation: The language authorizes the transfer of \$1.4 million from the Cigarette Restitution Fund (CRF) to support Medicaid reimbursements. This transfer is related to a reduction of a like amount of special funds in support for nonpublic schools.

Committee Narrative

Connecting Individuals Transitioning from the Criminal Justice System to Health Care: The Department of Health and Mental Hygiene (DHMH) has been making various efforts to ensure that individuals transitioning from the criminal justice system connect to health care coverage. Since most of these individuals are likely Medicaid-eligible under current law, making these connections can offset potentially expensive subsequent medical interventions. The department's efforts include the extension of hospital presumptive eligibility to individuals transitioning from the criminal justice system and making enrollment changes. The committees are interested in monitoring the progress of DHMH and its partner, the Department of Public Safety and Correctional Services (DPSCS).

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Information Request	Authors	Due Date
Connecting individuals transitioning from the criminal justice system to health care	DHMH DPSCS	November 15, 2017

Efforts to Reduce Lead Poisoning and the Incidence of Asthma in Children Enrolled in Medicaid: The fiscal 2017 budget restricted funding until the Medical Care Programs Administration (Medicaid) submitted a report on ways to reduce lead poisoning in children enrolled in Medicaid. The subsequent report contained a number of recommendations including applying for a State plan amendment allowed under the Children's Health Insurance Program to cover lead abatement work as well as improvements to reduce the incidence of asthma. The committees are interested in the implementation of the report's recommendations and what Medicaid and its partners are able to accomplish if the State plan amendment is granted.

Information Request	Author	Due Date
Efforts to reduce lead poisoning and the incidence of asthma in children enrolled in Medicaid	Medicaid	November 15, 2017

Examination of the Integration of Behavioral and Somatic Health Services: A condition of its most recent HealthChoice waiver renewal approved by the Centers for Medicare and Medicaid Services (CMS) was the requirement that the Department of Health and Mental Hygiene (DHMH) examine its integration strategy with regard to behavioral and somatic health services and commit to an improved approach. DHMH has to commit to specifying an integration approach to CMS by January 1, 2018, and submit a concept design for integrated care by July 1, 2018, with a goal toward implementation by January 1, 2019. The committees request that DHMH submit a report summarizing the approach that it submits to CMS together with a preliminary timeline for the concept design submission.

Information Request	Author	Due Date
Examination of the integration of behavioral and somatic health services	DHMH	January 1, 2018

Hepatitis C Treatment: The emergence of breakthrough drug treatments for individuals with Hepatitis C offer the promise of high rates of cure with limited side effects. However, the cost of these therapies is significant. As a result, Medicaid has established certain criteria for

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individuals to be eligible for the new therapies including diagnosis with chronic Hepatitis C; having liver fibrosis corresponding to a Metavir score of 2 or more; that the prescriber self-attests to having experience in treating patients with Hepatitis C; and if of childbearing age or having a partner of childbearing age, utilizing two forms of contraception. Coverage for new therapies has generated significant controversy and litigation in other states, in some cases resulting in more liberal coverage criteria.

The committees are interested in obtaining more information about the criteria used by Medicaid and request a report reviewing:

- the clinical literature to assess what is the appropriate Metavir score to begin coverage of the new therapies;
- an estimate of the number of individuals annually that would be covered if the Metavir score criteria was lowered to 1 and 0;
- the associated annual cost for covering drug therapies at a Metavir score of 1 and 0, net of drug rebates;
- the savings associated with starting treatment at an earlier Metavir score of 1 or 0; and
- the cost implications for the Department of Public Safety and Correctional Services (DPSCS) if it chooses to likewise lower the Metavir score to 1 and 0 for individuals in the State correctional system.

Information Request	Authors	Due Date
Hepatitis C treatment	Medicaid DPSCS	October 1, 2017

Opiate Dependence Treatment Medications: Effective July 1, 2016, Medicaid designated suboxone film as “nonpreferred” on the Maryland Medicaid Preferred Drug List while adding Zubsolv tablets to that same list. Both drugs are used as opiate dependence treatments. In order to continue to receive suboxone film, prior authorization was required. Medicaid’s decision was prompted by concerns raised by the Department of Public Safety and Correctional Services (DPSCS) about the smuggling of suboxone film into State correctional facilities. The committees are interested in following up on the impact of this decision and request that Medicaid and DPSCS submit a report detailing:

- addiction and mortality rates due to opiates in State prisons;

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- data on the actual smuggling of opioids and opiate dependence treatment medications into prisons, specifically comparing fiscal 2016 and 2017 (i.e., immediately before and after the change in the Maryland Medicaid Preferred Drug List);
- the number of prior authorization requests received to continue prescribing suboxone film in fiscal 2017 and the number of those requests approved;
- an analysis of the utilization of opiate dependence treatment medications prescribed in fiscal 2016 and 2017 in order to determine any change in practice; and
- the relative change in pharmacy costs (on a total and per capita basis) for opiate dependence treatment medications by specific medication in fiscal 2016 and 2017.

Information Request	Authors	Due Date
Opiate dependence treatment medications	Medicaid DPSCS	October 1, 2017

Collaborative Care Revisited: The 2016 Joint Chairmen’s Report asked the Department of Health and Mental Hygiene (DHMH) to report on collaborative care initiatives. These initiatives involve an evidence-based approach to integrating somatic and behavioral health services in primary care settings. The report identified collaborative care as the evidence-based practice with the strongest demonstrated results in integrating mental health and substance use treatment with primary care and recommended the development of a limited pilot program. However, no funding was included in the fiscal 2018 budget. The committees are interested in DHMH re-examining the collaborative care model as part of its charge from the Centers for Medicare and Medicare Services in the recent HealthChoice waiver renewal to better integrate the delivery of somatic and behavioral health services. The committees also request that DHMH develop the framework for a pilot collaborative care model, including any required waiver submission, with a view for implementation in the fiscal 2019 budget. DHMH is requested to report back with a summary of its activities to develop a pilot program.

Information Request	Author	Due Date
Collaborative care revisited	DHMH	October 1, 2017

Nursing Facilities Discharge Planning and Assistance in Obtaining Financial Eligibility for Medicaid Reimbursement: The committees are concerned about the quality of discharge planning and assistance in obtaining financial eligibility for Medicaid reimbursement. In particular, the committees are concerned about whether current industry practices discriminate against Medicaid long-term care as a payer. The Committees request that the Medical Care Programs Administration (Medicaid) convene a workgroup that includes relevant offices within

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the Department of Health and Mental Hygiene including the Office of Health Care Quality, the State Long-Term Care Ombudsman in the Maryland Department of Aging, the Department of Human Resources, and other interested parties to report back to them on:

- current standards for, and industry practices in, discharge planning;
- how the State oversees the effectiveness of discharge planning, and in particular the medical appropriateness of a discharge and the appropriateness of the physical setting to which a person is discharged to, including how many patients are discharged to temporary settings and unlicensed facilities (other than family care);
- whether discharge planning should be done only by licensed social workers or other comparable licensed medical or human services professionals;
- whether a legal basis exists for a nursing facility to represent that it has no “long-term care beds” given that most publically-available nursing facility beds are dually-certified for Medicare and Medicaid beneficiaries;
- strengthening the role of the State and the local long-term care ombudsman programs, funded through the Maryland Department of Aging, in discharge planning and in particular establishing an expanded and pro-active role for ombudsmen when an individual in a nursing facility has received an involuntary discharge notice from a facility;
- subsequent readmissions to nursing facilities or hospitals within 30 days of discharge from a nursing facility when that individual has been in a nursing facility for a Medicare-funded stay of over 50 days;
- assessing the effectiveness of application processing employees that are jointly funded by the State and some nursing facilities and whether this results in a higher Medicaid application completion and approval rate;
- the time provided by facilities for an individual to address financial obligations prior to being discharged for financial reasons, how those financial obligations are determined (prospectively or retroactively), and whether the time provided is appropriate based on other commercial standards.
- the extent to which facilities require individuals served in a nursing facility, as a condition of service, to sign pre-dispute arbitration agreements and whether the State should adopt regulations prohibiting those agreements consistent with federal regulations;

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- the adequacy of current civil penalties that can be levied in the event a facility is found to be in breach of appropriate standards of care;
- the adequacy of the current Nursing Facility Resident's Bill of Rights and whether these rights need to be updated and strengthened;
- in the event of the appointment of an independent monitor to ensure compliance with required corrective actions, the process by which an independent monitor is sought and identified, and the standards used to ensure that there are no conflicts of interest for that independent monitor; and
- any other information the department considers appropriate in improving the quality of care in the state's nursing facilities.

In developing its response and recommendations, Medicaid and the workgroup should identify the need for any statutory changes, including recommendations for the 2018 session.

Information Request	Author	Due Date
Nursing facilities discharge planning and assistance in obtaining financial eligibility for Medicaid reimbursement initial report	Medicaid	November 1, 2017
Nursing facilities discharge planning and assistance in obtaining financial eligibility for Medicaid reimbursement final report	Medicaid	October 1, 2018

Budget Amendments

M00Q01.10 Medicaid Behavioral Health Provider Reimbursements

Add the following language:

All appropriations provided for program M00Q01.10 Medicaid Behavioral Health Provider Reimbursements are to be used for the purposes herein appropriated, and there shall be no budgetary transfer to any other program or purpose.

Explanation: This language restricts Medicaid behavioral health provider reimbursements to that purpose.

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Committee Narrative

Review of the Substance Use Disorder Treatment Rates: The Governor's Heroin and Opioid Emergency Task Force recommended that the Department of Health and Mental Hygiene (DHMH) review all of the Medicaid rates for substance use disorder services and then continue to review those rates every three years. The budget committees are concerned about the follow through on this recommendation and request a report from DHMH on the adequacy of the rates for substance use disorder treatment services within the Medicaid program. This report is due on November 1, 2017.

Information Request	Author	Due Date
Report on the adequacy of substance use disorder Medicaid treatment rates	DHMH	November 1, 2017

Fiscal 2017 Deficiency

M00Q01.03 Medical Care Provider Reimbursements

Add the following language to the general fund appropriation:

. provided that \$375,000 of this appropriation made for the purpose of a managed care rate-setting study shall be limited to a review of potential improvements of the current rate-setting system used in Maryland and a review of innovations from other states in managed care payment systems similar to that in Maryland. The review should include potential recommendations. Any recommendations should serve to strengthen the current system but not at the cost of diminution of quality or access to care. The review may not include any consideration of the implementation of a competitive bidding process. Further provided that the Medical Care Programs Administration shall submit a summary of the study and any recommendations to the budget committees by November 15, 2017. Funding not used for this restricted purpose shall revert to the General Fund.

Explanation: The fiscal 2018 budget includes a fiscal 2017 deficiency of \$750,000 (\$375,000 in both general and federal funds) for a review of the managed care rate-setting process. The language restricts the funding to a review of potential improvements that can be made within the current managed care framework, adds a reporting requirement, and precludes any consideration of implementing a competitive bidding process as numerous past studies have concluded that such a process would not be beneficial.

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Information Request	Author	Due Date
Review of managed care rate-setting process	Medical Care Programs Administration	November 15, 2017

Reduce appropriation for the purposes indicated:	<u>Funds</u>	<u>Positions</u>
1. Delete special fund support derived from the Uncompensated Care Fund. Under current law, the Uncompensated Care Fund cannot be used to support Medicaid expenditures.	10,000,000	SF
 Total Reductions	 10,000,000	 0.00

<u>Effect</u>	<u>Allowance</u>	<u>Appropriation</u>	<u>Amount Reduction</u>	<u>Position Reduction</u>
General Fund	82,061,705	82,061,705	0	
Special Fund	37,900,000	27,900,000	10,000,000	
Federal Fund	681,538,295	681,538,295	0	
Total Funds	801,500,000	791,500,000	10,000,000	

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Health Regulatory Commissions
Department of Health and Mental Hygiene

Budget Amendments

M00R01.03 Maryland Community Health Resources Commission

Amend the following language on the special fund appropriation:

, provided that this appropriation shall be reduced by ~~\$3,750,000~~ \$3,000,000 contingent upon the enactment of legislation reducing the required appropriation for the Maryland Community Health Resources Commission.

Explanation: This language makes a technical amendment to conform with actions taken in the Budget Reconciliation and Financing Act of 2017.