MDH ATTENDEES: Laura Herrera Scott, MD, MPH, Secretary
Ryan Moran, DrPH, MHSA, Deputy Secretary, Health Care Financing and Medicaid Director
Amalie Brandenburg, MDH Chief Financial Officer

Available For Questions: Jennifer McIlvaine, Director Finance - Medicaid
Tricia Roddy, Deputy Medicaid Director

Maryland Department of Health (MDH) Medical Care Programs Administration
Fiscal Year 2025 Operating Budget
Response to Department of Legislative Services Analysis

House Appropriations Committee
Health and Social Services Subcommittee
Delegate Emily Shetty
February 21, 2024

Senate Budget and Taxation Committee
Health and Human Services Subcommittee
Senator Cory McCray
February 22, 2024

The Department thanks the Governor, the Department of Budget and Management (DBM), and the Budget Committees for their support. We thank the Department of Legislative Services for its insightful budget analysis and for its recommendations to concur with the Governor's allowance.

MDH should discuss the reasons for delayed presentment of the MetaStar annual report on MCOs' calendar 2022 HEDIS performance from August to December. Additionally, MDH should comment on Maryland MCOs' individual calendar 2022 performance compared to the national HEDIS mean on measures selected for analysis by the department, including how each MCO's performance compared to prior years (p. 9).

MDH changed the national HEDIS benchmark used in the report in alignment with the Population Health Improvement Program benchmarks. Previously, MDH would have used the prior year's national benchmarks (i.e., the 2021 national benchmark data) to compare to the 2022 HealthChoice

MCO HEDIS performance results. Beginning with measurement year 2022, MDH now compares the current measurement year's national HEDIS benchmarks to the current HealthChoice performance year results. Because the current year national benchmarks from HEDIS are not released until October, the reporting schedule has been modified to accommodate this change.

Overall, the HealthChoice MCOs' performance on HEDIS measures did decline during the pandemic. There are many factors that contribute to this decline, including individuals delaying care and providers at capacity to meet the surge in demand created by the pandemic. With the end of the pandemic, MDH is working with MCOs through its multi-pronged strategy for quality in the HealthChoice program to improve care.

MDH should discuss what is required under the corrective action for Priority Partners' provisional accreditation, including whether the department is conducting additional monitoring and evaluation (p. 9).

MDH has been meeting regularly with PPMCO to check progress on coming into compliance with the standards after Priority Partners (PPMCO) received a Provisional accreditation result during their 2023 audit cycle. As of January 2024, PPMCO appears to be on track to be in compliance with the standards by the deadline of June 11, 2024, when data must be submitted to NCQA to be reviewed and assessed prior to an onsite resurvey. The onsite resurvey is scheduled for July 2024. The Provisional status expires in December 2024. Results of the re-survey in July 2024 are expected to be available no later than September 2024.

The two areas that did not reach minimum compliance were network management and credentialing. Network management involves ensuring that an MCO maintains an adequate network of providers to serve members, as well as providing a directory of provider information and coordination of care within its network. Credentialing includes standards regarding the verification of provider credentials and the ongoing monitoring and revalidating of providers. A detailed corrective action plan was shared with the Department to address the specific concerns highlighted in these two areas.

MDH should comment on how calendar 2022 PHIP performance measures compare to the factors used in determining NCQA accreditation status and discuss how it will evaluate PHIP measures and overall effectiveness in promoting improved health care outcomes among MCOs (p. 14).

NCQA Accreditation considers the results of the HEDIS measures as well as whether an MCO has the organizational structure and systems to achieve high performing quality results.

The Department has a multi-pronged strategy for promoting and ensuring quality in the HealthChoice program—Performance Health Improvement Program (PHIP) is one of those strategies. The Department has a comprehensive HealthChoice Monitoring Policy that examines an MCO's network adequacy, performance on all HEDIS measures, systems performance review,

and how well the MCO's providers are addressing required Early Diagnosis and Screening and Treatment services. MDH's monitoring policy evaluates an MCO's performance across multiple years, as well.

PHIP is intended to highlight those measures important to the Department's priorities on population health. The MCOs are rewarded with incentive funds outside of the actuarial certified rates. The Department is actively working on the AHEAD application to the Center for Medicare and Medicaid Innovation (CMMI). Additionally, the AHEAD application specifies key quality measures that must be included in these programs. The Department understands the importance of aligned quality measures across programs to ensure providers maximize efforts and implement these important strategies. As such, MDH anticipates aligning certain measures across both AHEAD and PHIP. The Department will work on aligning these measures for the CY 2025 HealthChoice contract.

DLS recommends two technical corrections:

- **to strike the language making $216,845 in federal funds under the Office of Enterprise Technology contingent on enactment of the BRFA; and**
- **to amend contingent language reducing $216,845 in general funds under the Office of Enterprise Technology to refer to the Health Information Exchange Fund and to make the reduction contingent on legislation authorizing the transfer of special fund balance.**

MDH should comment on the timing and method for adding $216,845 in special funds to the Office of Enterprise Technology to recognize the fund balance transfer (p. 26).

The Department concurs with the two recommended actions and is working with the Department of Budget and Management on the correction to appropriate the special funds.

MDH should provide an update on the timing and method for adding $8 million in special funds from the Maternal and Child Health Population Health Improvement Fund and corresponding federal matching funds to the fiscal 2025 allowance (p. 28).

The Department continues to work with the Department of Budget and Management regarding this funding.

MDH should discuss the timing and method for allocating $8 million in the proposed fiscal 2025 budget to cover health equity incentives. In addition, MDH should provide an update on the methodology selected for determining MCO incentive payments to promote health equity, including the timing of implementation and when regulations will be finalized establishing the payment structure for the program. The department should also clarify whether calendar 2024 contract agreements with MCOs include a health equity incentive structure (p. 30).

Regarding methodology for the health equity index, MCOs will receive a proportion of available funding based on the number of members residing in jurisdictions with the highest levels of need based on social determinants of health data, including food insecurity, neighborhood safety, housing, and transportation. This methodology aims to provide additional resources to MCOs with especially vulnerable populations.

MDH is currently updating its HealthChoice regulations, including 10.67.02; 10.67.04; 10.67.06; and 10.67.08. This includes repealing and replacing the legacy rural access initiative and replacing it with the new health equity initiative. Regulations are currently in the 30 day comment period and are expected to be finalized 05/27/2024.

The 2024 MCO contract also includes both the Health Equity methodology and amounts that will be paid out. Payments will be disbursed twice a year in July and December. The Department continues to work with the Department of Budget and Management regarding funding for the incentives.

DLS determined the report and additional loop enrollment information to be in compliance with the language and recommends the release of the third increment of $125,000 in general funds and will process a letter to this effect if no objections are raised by the subcommittees (p. 35).

The Department thanks DLS for its review and recommended release of funds.

MDH should discuss whether it will continue updating the enrollment change summaries and administrative data required by CMS on its website following the end of the unwinding process and comment on the ability to add monthly new enrollment and returning enrollment or churn data to the published summaries. DLS recommends adopting committee narrative requesting the continued submission of quarterly reports with Medicaid and MCHP enrollment data, as MDH transitions from the unwinding process (p. 35).

MDH is required to submit monthly reports to CMS through the end of its Unwinding period, which is currently slated to end on April 30, 2024. CMS has indicated that certain reporting metrics will be made permanent and that guidance is forthcoming. We will be partnering with CMS on any additional reporting requirements that may be needed. MDH will continue to share monthly enrollment data and reports in other forums, such as its Medicaid Advisory Committee. MDH also looks forward to working with DLS to review enrollment information on a go forward basis.

MDH will work with Hilltop to add monthly new enrollment and returning enrollment data to future data summaries.

MDH should provide an update on the termination dates for these federally approved and State-level flexibilities and policy changes implemented during the unwinding period. In addition, MDH should discuss whether it is pursuing extensions or incorporating any flexibilities into ongoing Medicaid and MCHP redetermination procedures (p. 36).

MDH intends to continue its federally approved and state-level flexibilities through the end of its Unwinding period, which is currently slated to end on April 30, 2024. The flexibility of renewing individuals for Medicaid based on Supplemental Nutrition Assistance Program (SNAP) eligibility will become permanent with an effective date of May 1, 2024 through 1115 waiver and state plan amendment authority. This will meet legislative mandate to establish Express Lane Eligibility for Medicaid renewals by allowing Medicaid to renew their eligibility for SNAP participants using gross income as determined by SNAP without conducting a separate income determination.

MDH will continue to monitor any additional guidance from CMS, as well as the process throughout the remaining period of Unwinding to determine if any other flexibilities will be required to remain in place.

DLS identified potential cost savings, as noted earlier, totaling $29.2 million in general funds across fiscal 2024 and 2025; however, even with these potential savings, there would be remaining general fund deficits of $97.5 million in fiscal 2024 and $138.3 million in fiscal 2025. MDH should comment on how it plans to backfill projected general fund shortfalls in fiscal 2024 and 2025 (p. 38).

The Department thanks DLS for identifying the budget issue involving premiums paid on behalf of individuals dually eligible for Medicare and Medicaid. A formula error resulted in incorrect utilization data feeding into the FY 24 and FY 25 projections for this service only. This item is one among numerous monitored by the Department that has the potential to drive the Medicaid budget into surplus or deficit. The Maryland Department of Health, alongside the Department of Budget and Management are monitoring Medicaid's budget and will work together on budget solutions, if they are needed.

The department should discuss how it will spend salary and fringe benefit savings resulting from having more vacancies than necessary to meet budgeted turnover (p. 40).

MCPA administrative programs have a projected budget deficit in state merit payroll due to support for COLA, increment, Annual Salary Review (ASR), and deferred compensation match items that have not yet been brought into the current year budget. Until those budget amendments are processed the Department is unable to confirm potential surplus from vacancy savings.

Any eventual state merit vacancy savings from MCPA programs will be used to address budget deficits in other items, within MCPA and across the Department. Realignment decisions will be made at fiscal year closeout.

It should be noted that the fiscal 2025 allowance does not include general funds for this purpose [school-based behavioral health services] within MCPA, and failure to adopt the BRFA provision would result in a general fund shortfall if MDH pursues federal approval to reimburse behavioral health services in schools as currently planned (p. 41).

MDH acknowledges the need for budget authority in order to implement its plans for behavioral health services to be reimbursed by Medicaid for school-based psychologists and social workers. The BRFA creates a new allowable use for funding appropriated for the Consortium on Coordinated Community Supports (Consortium) that would support this work. Specifically, the BRFA provision allows funds to be used for school based behavioral health services, the funds may also be used to reimburse Medicaid for school-based behavioral health services provided through Medicaid.

The Department supports this BRFA provision as it clearly aligns with the Consortium's existing statute to maximize public funding via Medicaid. Leveraging Medicaid will help make strategic investments to fortify the behavioral health continuum of care for children and adolescents, including investing in primary behavioral health and early intervention services.

If this BRFA provision is not approved, the Department of Health will work with DBM to assess the feasibility of implementation in FY25.

MDH should clarify the following related to development of a new administrative claiming program:

- **the process for implementing the program, including tasks to be completed by MDH, the Maryland State Department of Education, and LEAs;**
- **required federal approvals and State regulatory or legislative changes;**
- **the estimated total cost to the State and projected federal fund claiming; and**
- **the anticipated timeline for each step of the development process and implementation (p. 42).**

MDH's plan for behavioral health services to be reimbursed by Medicaid for school-based providers has two phases. For Phase I, MDH anticipates reimbursement for services by school psychologists and school social workers on a fee-for- service basis. If the BRFA is approved, this work would be slated to begin in the first quarter of calendar year 2025. To implement Phase I, MDH would need to pursue amendments to current regulations and seek approval from CMS for a state plan amendment.

The second phase of implementation will focus on reimbursement of administrative costs as permitted under federal guidance, Implementation of this phase will be complex and require extensive planning and technical assistance. MDH is partnering closely with the Consortium for Community Supports to secure technical assistance to support the development of time studies, cost report templates and methodology necessary in order to receive federal financial participation (FFP) with LEAs to receive reimbursement for administrative costs related to Medicaid-covered school-based behavioral health services. A larger secondary contract will be necessary in order to collect cost reports using the template developed and data through time studies from LEAs.

Through this planning process to implement a new administrative claiming program, MDH will be developing anticipated cost projections and will provide updates to the committees. The support of the technical assistance will outline detailed plans and tasks to be completed by MDH, MSDE, and LEAs and is not anticipated to launch or be operational until calendar year 2026 or fiscal year 2027. To implement Phase II, MDH would need to pursue amendments to current regulations and seek approval from CMS for a state plan amendment.

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Health Care Financing and Medicaid Budget Overview

Laura Herrera Scott, MD, MPH
Secretary

Ryan Moran, DrPH, MHSA
Deputy Secretary, Health Care Financing and Medicaid Director

Historic Year of Medicaid Unwinding

With end of public health emergency, Medicaid renewals resumed in April 2023 after continuous eligibility of participants

- 1,415,631 participants in February 2020 up to 1,773,143 participants in February 2023
- 12 month Unwinding period - April 2023 through April 2024
- Current Enrollment as of January 2024: **1,682,994**

Maryland currently has **15+ waivers and/or state flexibilities to support coverage retention**. Top five in country for use of these flexibilities, including:

- Using SNAP income data to automatically renew participants;
- Automatically renewing participants at 100 percent of FPL or below;
- Allowing MCOs to provide renewal assistance.

As of January 2024, **1.21 million redeterminations** conducted (nearly 68% of the anticipated total).

- 70% of participants with coverage extended - 9th best nationally
- 9% transferred to marketplace for Qualified Health Plan coverage
- 11th best nationally for procedural termination rate

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Budget Highlights: Key Investments in Rebuilding State Government

FY25 Governor's allowance includes 63.1 approved new positions, including 27.1 positions net new merit PINs for FY25.

PINs will support work across all areas of Medicaid, including:

- **Office of Long Term Services & Supports:** Program of All-Inclusive Care for Elderly expansion, Community Support and Home and Community Based Waiver Services programs.
- **Office of Finance:** Accounting and financial operations staff to support findings in most recent audit and expanding complexities of financial reporting requirements.
- Other Investments in **pharmacy services, innovation, research, and development t**o implement new policies and programs, **legal and compliance operations**, and **medical benefits.**

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Budget Highlights: Key Investments

- The Governor's FY25 allowance provides a **3% cost of living adjustment for providers**, including behavioral health, developmental disabilities, and long term support services providers
- Significant statewide investment to improve **access to housing** for vulnerable Marylanders through expansion of the Assistance in Community Integration Services pilot
- MDH in partnership with the Consortium for Coordinated Community Supports is committed to **expanding the behavioral health continuum of care and reimbursement of school-based services** by implementing reimbursement for school-based psychologists and social workers and adopting processes to support administrative claiming.
- Expanded benefits in FY24 - Trans Health Equity, Collaborative Care integration of behavioral health into primary care and community violence prevention services laying foundation for Center for Gun Violence Prevention

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Overview of DLS Budget Responses

- Questions and Answers from Committee Members

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