

Budget Brief

June 2012

Fiscal Year 2013: House and Senate Budget Comparison Brief

On May 25, 2012, the Senate approved its fiscal year (FY) 2013 budget after three days of debate. The Senate budget proposes \$12.61 billion in funding to support MassHealth and other health-related programs for low- and moderate-income residents, including \$15.2 million added during Senate budget debate. This total represents an increase of 5.8 percent over FY 2012 spending; when additional spending expected to occur in FY 2012 is taken into account the Senate increase is 4.1 percent, compared to the House increase of 4.5 percent. The budget now goes to a legislative Conference Committee that will reconcile the differences between the House and Senate FY 2013 budget proposals.

How the House and Senate FY 2013

Budget Proposals Compare

Like the House's FY 2013 budget, the Senate's spending plan relies on a set of savings strategies similar to those proposed by the Governor in January (see http://www.massbudget.org/reports/pdf/FY2013H2_BudgetBrief_v6.pdf) and both budgets

also include funding sufficient to cover expected enrollment growth in the Commonwealth Care program (the cost of this program will be lower than originally projected, due to plan procurement efforts that yielded a 5 percent decline in average per-enrollee costs). However, the Senate budget also includes an additional set of savings, as well as a variety of policy changes adopted during Senate budget debate. While the two budgets are broadly similar, there are a number of issues that the Conference Committee appointed to resolve the differences between the two budgets will need to address. The remainder of this Budget Brief outlines these differences and notes some of the key points of agreement between the two budgets. Following are two tables, one which includes only those line items where there are differences in the amounts proposed. Line items where both the House and the Senate included the same amounts are not included here. For a full set of all line items, see Appendix. The other table includes differences in the outside sections of the budget proposals.

MassHealth and Health Reform (Millions of Dollars)

		FY 2012 Current Appropriation*	FY 2013 Governor**	FY 2013 House**	FY 2013 Senate
MassHealth (Medicaid)	MassHealth	10,432.27	10,950.86	10,991.13	10,937.06
	MassHealth Administration	89.22	89.72	90.65	88.91
	Sub-Total	10,521.5	11,040.6	11,081.8	11,026.0
Commonwealth Care Trust Fund	General Fund Transfer***	745.01	737.12	741.28	740.77
	Tobacco Tax Transfer	120.00	192.90	120.00	120.00
	Sub-Total	865.0	930.0	861.3	860.8
Other Health Finance and Safety Net Funding	HHS Information Technology	81.76	100.48	86.93	93.68
	Div. of Health Care Finance & Other Initiatives	37.66	29.23	29.03	29.23
	Prescription Advantage	21.60	19.00	19.00	18.50
	Medical Assistance Trust	394.0	394.03	394.03	394.00
	Delivery Systems Initiatives Trust	0.00	186.91	186.91	186.90
	Health Insurance Technology Trust	0.50	0.00	0.00	0.00
	Sub-Total	535.50	729.60	715.90	722.30
Total Spending		11,922.05	12,700.24	12,658.95	12,609.08
State Budget Total****		33,949.52	35,230.40	35,196.60	35,171.43

*FY 2012 Current Appropriations include all enacted supplemental budgets through May, 2012.

**Governor and House totals adjusted to reflect distribution of \$1.0 million in funding related to collective bargaining agreements.

***General Fund Transfer for FY 2012 includes a \$728 million transfer from the General Fund, as well as \$17 million in FY 2011 revenues carried forward for use in FY 2012.

****This total includes all line item appropriations, operating transfers, and direct spending from statutorily designated taxes, as well as a reduction to account for municipal participation in the state's Group Insurance Commission, and an adjustment to account for tuition retained by state universities and colleges. These adjustments allow for more accurate year-to-year comparisons.

Funding Differences	House	Senate	Senate minus House
MassHealth Programs			
MassHealth Managed Care (4000-0500)	\$4,164,475,376 <ul style="list-style-type: none"> Earmarks \$23million for Infrastructure & Capacity Building (ICB) grants to hospitals and community health centers (earmark is in 4000-0700, with authorization to transfer funds to 4000-0500). 	\$4,166,475,376 <ul style="list-style-type: none"> Earmarks \$20 million for ICB grants to hospitals and \$3 million for grants to “critical access community hospitals.” Earmarks \$2 million for ICB grants to community health centers. 	\$2,000,000
MassHealth Senior Care (4000-0600)	\$2,763,630,662	\$2,756,130,662 <ul style="list-style-type: none"> Prohibits nursing homes from reassigning beds during a patient’s temporary absence; lowers minimum rate paid for held beds to \$30 per day (savings: \$4.5 million). Assumes \$3 million in savings from expansion of a public health Academic Detailing program to improve prescribing practices (see 4510-0716). 	(\$7,500,000)
Supplemental Nursing Home Rates (4000-0640)	\$318,500,000 <ul style="list-style-type: none"> Higher funding; includes earmark of \$2.8 million for a Pay-for-Performance program at nursing homes. 	\$288,500,000 <ul style="list-style-type: none"> Lower appropriation amount, with authorization for a transfer of up to \$30 million of any surplus remaining at the end of FY 2012 to this line item for rate payments (\$27.2 million) and for a Pay-for-Performance program (\$2.8 million) (funds would only be available if there is a surplus). 	(\$30,000,000)
MassHealth Fee-for-Service (4000-0700)	\$1,954,480,126 <ul style="list-style-type: none"> Requires higher pediatric rate for certain severely ill children (cost: \$11.8 million). Prohibits limits on hospital appeals of case-mix adjustments. <p>[language is in 4000-0300]</p>	\$1,933,680,126 <ul style="list-style-type: none"> Funds certain dental services for adults (composite fillings for front teeth) at a cost of \$6.1 million. Assumes (but does not require) a cut in coverage for Day Habilitation services from six to five hours per day starting 10/1/12 (savings: \$15 million). 	(\$20,800,000)
MassHealth Basic (4000-0870)	\$179,909,689	\$178,759,689	(\$1,150,000)
MassHealth Essential (4000-1405)	\$505,998,456	\$504,848,457 <ul style="list-style-type: none"> Assumes total savings of \$2.3 million from expansion of hospice coverage required by section 84. 	(\$1,150,000)
MassHealth HIV Plan (4000-1400)	\$18,744,723	\$19,744,723	\$1,000,000
MassHealth Operations (4000-1602)	\$1,000,000	\$2,000,000	\$1,000,000
New line item to address timeliness and efficiency of enrollment process			
Health Care System Reform (4000-1604)	\$750,000	\$3,125,000	\$2,375,000
New line item to fund integrated care models and other reform activities			
MassHealth Administration			
EOHHS Administration (4000-0300)	\$87,912,643 <ul style="list-style-type: none"> Earmarks \$2.4 million for Hale Hospital. <p>Funding for MassHealth administration</p>	\$86,171,094 <ul style="list-style-type: none"> Requires state to recognize telehealth remote patient monitoring provided by home health agencies as a reimbursable service. 	(\$1,741,549)

Funding Differences	House	Senate	Senate minus House
Information Technology			
Information Technology Services (4000-1700) Funds IT costs at HHS agencies, including MassHealth	\$86,931,475	\$93,676,495	\$6,745,020
Commonwealth Care Trust Fund			
Operating Transfer (1595-5819) Funding supports the Commonwealth Care program	\$741,278,955 <ul style="list-style-type: none"> Assumes wellness and smoking cessation costs of \$3 million. 	\$740,772,286 <ul style="list-style-type: none"> Funds dental coverage in Commonwealth Care plans for people with incomes under 100% FPL to same extent as MassHealth at added cost of \$1.2 million for certain dental services (composite fillings for front teeth). Assumes wellness and smoking cessation costs of \$1.5 million. 	(\$506,669)
Transfer amount in both House and Senate versions reflect lower projected spending than assumed in Governor's proposal, reflecting Connector's negotiation of lower than previously anticipated Commonwealth Care rates.			

Language Differences	House	Senate
MassHealth Eligibility and Benefits	<ul style="list-style-type: none"> Section 76 authorizes EOHHS & the Connector to limit MassHealth and Commonwealth Care dental coverage for adults. Currently preventive services and extractions are covered but not required by statute. Section 145 requires HHS to identify other programs that could share data to facilitate renewal of children and their parents into MassHealth. Section 74 authorizes the administration to restructure MassHealth benefits for enrollees. 	<ul style="list-style-type: none"> Section 137 requires preventive services, extractions, and also composite fillings for front teeth to be covered for adults on MassHealth and poverty level adults in Commonwealth Care, and requires new coding and a report on emergency room dental services. Section 84 requires coverage of hospice services in MassHealth Basic and Essential (for net savings as discussed above). Requires the state to pursue efforts to automatically renew children and families in MassHealth by using data from other public programs with eligibility criteria similar to MassHealth, to use pre-populated renewal forms in all programs by 2014, to study the feasibility of continuous eligibility for children, and to investigate and report on other programs with data MassHealth could use to automatically renew children and families.
MassHealth Managed Care Selection	<ul style="list-style-type: none"> For individuals not choosing a managed care plan on their own, Section 143 requires automatic assignment into each of the Managed Care Organizations and the MassHealth Primary Care Clinician Plan on an equal basis until the report required by a 2010 study commission is filed (c. 131, § 178 St. 2010). 	<ul style="list-style-type: none"> Extends reporting deadline for 2010 study commission to Oct. 1, 2012.
Other MassHealth Studies	<ul style="list-style-type: none"> Section 197 requires report on total MassHealth spending on immigrants 	<ul style="list-style-type: none"> Section 140 requires MassHealth to report on savings strategies it will pursue in FY 2013 and any changes to the savings plan Authorizes the Inspector General to use Health Safety Net Trust Fund dollars for a review of the MassHealth program.

Long-Term Care

- Section 83A amends MassHealth general laws to require notice to consumers concerning the costs and benefits of the Senior Care Options (SCO), Program for All-Inclusive Care for the Elderly (PACE) and other community-based programs. A similar requirement was included in an FY 2012 supplemental budget.
- Creates a Long-Term Services and Supports Advisory Committee to advise the legislature, MassHealth and other state agencies on ways to improve health and control costs through community-based long-term care services.
- Current MassHealth regulations allow nursing home residents to exempt assets from MassHealth estate recovery if they purchase long-term care (LTC) insurance which meets state standards. Senate includes language extending the protection to those who used up some of their LTC insurance paying for community based services before entering the nursing home.

Changes to Health Insurance Connector & Commonwealth Care Program Statute

- Amends state law to create an ongoing wellness incentive program for small employers (similar to the program included in the final FY 2012 and proposed House FY 2013 budgets).
 - Authorizes Connector to procure health insurance on behalf of other state agencies (including MassHealth).
 - Amends state law to require the Commonwealth Care program to provide enhanced smoking cessation services.
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Aside from the differences outlined above, the House and Senate propose to fund other MassHealth and health reform programs at virtually identical levels, and the two budgets share a number of provisions:

- Language maintaining FY 2012 rates for a medical respite program for the homeless at McInnis house, at a cost of \$3 million (House language is in 4000-0300; Senate language is in 4000-0500); not included in House 2.
- Authorizations for funds from the administrative line item to be spent for the Office of Health Equity; not included in House 2.
- A requirement that HHS contract for a study of MassHealth children with complex care needs, including an analysis of how their needs can best be served in keeping with goals of medical home model (no appropriation); not included in House 2.
- Transfer of \$186.9 million from the General Fund to a new Delivery System Transformation Initiatives Trust Fund that will provide incentive payments to providers to improve health delivery and payment systems. Funding for such payments is also included in a pending FY 2012 supplemental budget.

Appendix

Line Item	Name	FY 2012 Current Appropriation*	FY 2012 Estimated Spending**	FY 2013 Governor H.2***	FY 2013 House***	FY 2013 Senate	Cat. ****
1599-2004	Health Care Cost Containment Reserve	1,900,000	1,900,000	-	-	-	F
1599-2009	Hale Hospital Reserve	2,400,000	2,400,000	-	-	-	F
4000-0265	Primary Care Workforce	1,000,000	1,000,000	-	-	-	F
4000-0300	HHS and MassHealth Administration	86,484,473	86,484,473	86,981,146	87,912,643	86,171,094	A
4000-0301	MassHealth Auditing and Utilization Reviews	1,736,425	1,736,425	1,739,619	1,736,313	1,740,023	A
4000-0309	MassHealth Field Auditing Taskforce	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	A
4000-0320	MassHealth Recoveries Retained Revenue	225,000,000	225,000,000	225,000,000	225,000,000	225,000,000	M
4000-0430	MassHealth CommonHealth Plan	130,439,637	76,332,519	73,165,558	73,165,557	73,165,558	M
4000-0500	MassHealth Managed Care	3,879,010,669	3,980,487,347	4,164,475,376	4,164,475,376	4,166,475,376	M
4000-0600	MassHealth Senior Care	2,550,602,264	2,566,654,470	2,763,630,662	2,763,630,662	2,756,130,662	M
4000-0640	MassHealth Nursing Home Supplemental Rates	318,300,000	318,692,354	288,500,000	318,500,000	288,500,000	M
4000-0700	MassHealth Fee-for-Service	2,029,206,633	1,809,829,381	1,939,680,126	1,954,480,126	1,933,680,126	M
4000-0870	MassHealth Basic Coverage	157,016,626	170,608,370	179,909,689	179,909,689	178,759,689	M
4000-0875	MassHealth Breast and Cervical Cancer Treatment	4,770,999	4,734,599	5,248,099	5,248,099	5,248,099	M
4000-0880	MassHealth Family Assistance Plan	218,925,814	209,233,330	213,894,591	213,894,591	213,894,591	M
4000-0890	MassHealth Premium Asst and Insur Partnership	58,181,956	30,987,873	30,481,392	30,481,392	30,481,392	M
4000-0895	Healthy Start Program	13,800,000	13,818,028	15,850,244	15,850,244	15,850,244	M
4000-0950	Children's Behavioral Health Initiative	214,743,708	214,743,708	221,705,516	221,549,097	221,705,516	M
4000-0990	Children's Medical Security Plan	12,600,000	14,150,718	13,298,695	13,298,695	13,298,695	M
4000-1400	MassHealth HIV Plan	18,541,135	17,940,665	19,744,723	18,744,723	19,744,723	M
4000-1405	MassHealth Essential	389,757,408	493,458,055	505,998,457	505,998,456	504,848,457	M
4000-1420	Medicare Part D Phased Down Contribution	211,370,985	285,913,498	285,153,027	285,153,027	285,153,027	M
4000-1602	MassHealth Operations (NEW)	-	-	2,000,000	1,000,000	2,000,000	M
4000-1604	Health Care System Reform (NEW)	-	-	3,125,000	750,000	3,125,000	M
4000-1700	HHS Services Information Technology Costs	81,762,075	81,762,075	100,475,637	86,931,475	93,676,495	IT
4100-0060	Division of Health Care Finance and Policy	21,157,507	21,157,507	22,029,517	21,828,750	22,029,517	F
4100-0061	All Payer Claims Database	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	F
4100-0360	Health Care Quality and Cost Council Ret Rev	100,000	100,000	100,000	100,000	100,000	F
4100-0062	Health Safety Net Claims Migration (NEW)	6,000,000	6,000,000	-	-	-	F
4100-0082	Health Safety Net Claims Migration (NEW)	-	-	2,000,000	2,000,000	2,000,000	F
7006-0029	Health Care Access Bureau Assessment	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000	F
9110-1455	Prescription Advantage	21,602,546	21,602,546	19,000,869	19,000,869	18,500,869	Ph
1595-1067	Delivery Systems Transformation Initiatives Trust (NEW)	-	186,907,667	186,907,667	186,907,667	186,907,667	T
1595-1068	Medical Assistance Trust Fund (operating transfer)	394,025,000	394,025,000	394,025,000	394,025,000	394,025,000	T
1595-1069	Health Insurance Technology Trust Fund	500,000	500,000	-	-	-	T
1595-5819	Commonwealth Care Trust Fund (operating transfer)	745,011,822	745,011,822	737,122,286	741,278,955	740,772,286	T
	Commonwealth Care Trust Fund (cigarette tax transfer)	120,000,000	120,000,000	192,900,000	120,000,000	120,000,000	T

* FY 2012 Current Appropriation reflects funding in the General Appropriation Act, as well as supplemental funding provided during the fiscal year, through May, 2012. It also includes FY 2011 revenue made available in FY 2012 for the Commonwealth Care Trust Fund and Nursing Home Supplemental Rates.

** Estimated FY 2012 spending reflects current spending estimates for MassHealth programs and supplemental spending expected during the year.

***House 2 and House budget totals reflect distribution of \$1.0 million in funding related to collective bargaining agreements.

**** "Cat." refers to the category in the chart on page 1 of this brief. M=MassHealth; A=Administration; F=Finance; Ph=Prescription Advantage; T=Trust; IT=Information Technology