

DOH FY 2017-18 Executive Budget and Global Cap Update

OVERVIEW

On February 7th, the New York State Department of Health hosted a webinar to review financial trends and projections for the New York State Medicaid program, in relation to the Medicaid-specific provisions of Governor Cuomo’s Executive Budget for fiscal year (FY) 2017-2018. The full presentation is available [here](#). Below find a list of important highlights from the presentation.

HIGHLIGHTS

- State Medicaid spending for FY 2017-18 is projected to increase \$962 million to \$19.5 billion from FY 2016-17. This growth comes from the following categories:
 - 3.5% (\$329 million) increase in Mainstream Managed Care rates;
 - 3% (\$155 million) increase in Long Term Managed Care rates;
 - \$88 million in Fee for Service rate increases;
 - \$211 million increase in Minimum Wage Adjustments for health workers; and
 - \$340 million for annualization of prior year growth and new growth.
- FY 2017-18 growth is partially offset by \$161 million in MRT and one-time savings, including additional pharmacy rebates.
- The largest driver of Medicaid spending has been the cost of pharmaceuticals which, according to DOH, grew approximately \$1 billion in the most recent year. Governor Cuomo’s Budget contains several proposals to control the rising cost of prescription drugs; DOH projects that the State’s FY 2017-18 pharmacy initiatives will result in \$93 million in savings.
- The State is expected to stay on-track within the \$18.3 billion Global Medicaid Spending Cap (excluding the Essential Plan), with a variance of less than 0.2% as of October, 2016.
- Additionally, the State projects \$382 million in savings from the Medicaid Redesign Team (MRT) Phase VII Recommendations for FY 2017-18. A breakdown is provided in the chart below.

State Share Dollars in Millions – Investments/(Savings)	
Federal Actions/Pressures on the Global Cap	\$32
Managed Care Savings Initiatives	(\$61)
Pharmacy Savings Initiatives	(\$93)
Long Term Care Savings Initiatives	(\$83)
Transportation Initiatives	(\$25)
Other Savings	(\$152)

- While no investments are planned for FY 2017-18, the State plans to invest \$245 million in FY 2018-19, with the following allocations: \$5 million to transition individuals with intellectual/developmental disabilities (I/DD) into managed care and \$240 million to increase funding for Value Based Payment (VBP) implementation.
- New York State Medicaid enrollment flattened in 2016 for the first time since the passage of the Affordable Care Act in 2010. Over 50,000 individuals transitioned from Medicaid to the Essential Plan from April to October 2016.