THE GOVERNOR'S FY2017 BUDGET PROPOSAL FOR MASSHEALTH (MEDICAID) AND HEALTH REFORM PROGRAMS

BUDGET BRIEF
MARCH 2016

SUMMARY

On January 27, 2016, Governor Charlie Baker filed his proposed budget for fiscal year (FY) 2017, which will begin July 1, 2016. The governor's FY2017 budget proposes $39.6 billion in spending, which represents a 3.5 percent increase over the FY2016 budget. Included within the governor's proposal is $17.0 billion designated for MassHealth and related health care coverage programs as summarized in the table below. In releasing his budget, Governor Baker stated that his proposal would reduce the state's long-term structural deficit from $1.8 billion in FY2016 to $635 million in FY2017.[1]

The Massachusetts Medicaid Policy Institute's (MMPI) analysis of the governor's budget proposal shows $16.4 billion in spending on MassHealth, $230.3 million in spending by the Health Connector, and $330.4 million in spending through the Health Safety Net (HSN) Trust Fund for health care services for the uninsured or underinsured. The analysis shows an increase of 3.9 percent in MassHealth programmatic spending compared to FY2016 levels. The following table provides a summary of major program areas and spending associated with MassHealth and other health reform activities.

1 Budget Message. Governor Charles D. Baker's Budget Recommendation for Fiscal Year 2017. 2016 Jan 27. Available at http://www.mass.gov/bb/h1/fy17h1/msg_17/hdefault.htm.

TABLE 1: MASSHEALTH AND HEALTH REFORM BUDGET SUMMARY

	FY2016 Estimated Spending	FY2017 Governor	Change	
EOHHS/MassHealth	**$16,275,703,886.00**	**$16,356,129,832.55**	**$80,425,946.55**	**0.5%**
• **MassHealth Programs**	$14,825,840,293.00	$15,409,253,832.55	$583,413,539.55	3.9%
• **Provider Supplemental Payments***	$1,001,097,177.00	$462,000,000.00	$(539,097,177.00)	-53.9%
• **Delivery System Transformation Initiative***	$186,906,667.00	$205,597,334.00	$18,690,667.00	10.0%
• **EOHHS/MassHealth Administration****	$261,859,749.00	$279,278,666.00	$17,418,917.00	6.7%
Health Connector	**$225,707,314.00**	**$230,280,337.00**	**$4,573,023.00**	**2.0%**
• **ConnectorCare**	$199,773,496.00	$190,792,527.00	$(8,980,969.00)	-4.5%
• **Health Connector Administration*****	$19,000,000.00	$24,500,000.00	$5,500,000.00	28.9%
• **Other Health Connector Spending**	$6,933,818.00	$14,987,810.00	$8,053,992.00	116.2%
Health Safety Net †	**$360,000,000.00**	**$330,400,000.00**	**$(29,600,000.00)**	**-8.2%**
• **Health Safety Net Program**	$349,000,000.00	$319,000,000.00	$(30,000,000.00)	-8.6%
• **Health Safety Net Administration**	$11,000,000.00	$11,400,000.00	$400,000.00	3.6%
Center for Health Information and Analysis	**$31,140,523.00**	**$28,453,693.00**	**$(2,686,830.00)**	**-8.6%**
Health Policy Commission ††	**$0.00**	**$8,479,800.00**	**$8,479,800.00**	**100.0%**
Other Health Reform Administration	**$9,215,757.00**	**$13,915,757.00**	**$4,700,000.00**	**51.0%**
• **HIT Trust Fund and Integrated Eligiblity System**	$8,153,272.00	$12,853,272.00	$4,700,000.00	57.6%
• **Health Care Access Bureau**	$1,062,485.00	$1,062,485.00	$0.00	0.0%
TOTAL	**$16,901,767,480.00**	**$16,967,659,419.55**	**$65,891,939.55**	**0.4%**

Expenditures are reported in gross amounts. Actual state fiscal impact is net of federal reimbursements on eligible Medicaid (Title XIX) and CHIP (Title XXI) expenditures.
The table does not include expenditures associated with certain other programs and services eligible for federal reimbursement under the MassHealth 1115 Demonstration Waiver including Designated State Health Programs (DSHP), payments to Department of Public Health- and Department of Mental Health-owned hospitals, and Institutions for Mental Disease. Note, however, that expenditures associated with the Children's Medical Security Program, a DSHP-eligible program, are included under MassHealth Program spending in this table.

* Provider Supplemental Payments and Delivery System Transformation Initiative: Amounts reflect operating budget transfers from the General Fund to the Medical Assistance Trust Fund (MATF) and Delivery System Transformation Initiative (DSTI) Incentive Fund to support provider supplemental payments and DSTI incentive payments. For details on sources and uses of MATF and DSTI Incentive Fund monies, see Appendix B.
** EOHHS/MassHealth Administration: Expenditures include a subset of line-items funding auditing, operations, and payment reform activities, as well as EOHHS-wide administrative line items. For a complete list of the administrative line-items included herein, see Appendix A.
*** Health Connector Administration: Expenditures reported in the table are net of federal grants, carrier revenue, miscellaneous revenue, and other reserves.
† Health Safety Net (HSN) spending reported reported on a Hospital Fiscal Year basis (October through September).
†† Health Policy Commission (HPC) administrative expenditures were funded from off-budget sources in FY2016. Beginning in FY2017, HPC administrative expenses will be funded through an appropriation that is fully assessed on the health care industry.

Source: Massachusetts Executive Office for Administration and Finance.

MASSHEALTH FY2017 BUDGET

MassHealth is the state's combined Medicaid and Children's Health Insurance Program. In FY2016, spending on MassHealth programs (excluding administrative expenses and provider supplemental payments) is estimated at $14.8 billion with average enrollment of 1.84 million people, or approximately 25 percent of the state's population.

Since 1997, Massachusetts has operated MassHealth under an 1115 Medicaid Demonstration Waiver with the federal government, which among other benefits, allows the state to enroll Medicaid enrollees into managed care as well as access federal funds to support health care delivery system transformation. A significant component of the current 1115 Waiver, the Safety Net Care Pool, which authorizes up to $1 billion in spending each year, is set to expire in June 2017. The Executive Office of Health and Human Services (EOHHS) is working to renegotiate the 1115 Waiver's terms and conditions to extend this critical funding for five years beginning in FY2018. Going forward, if approved, this funding will support implementation of delivery system investments aimed at improving care delivery and reducing the growth in health care spending.

As part of transitioning MassHealth toward more accountable and integrated delivery systems and as a means of further implementing cost containment strategies on the Commonwealth's largest program, the governor's FY2017 budget proposal includes a variety of MassHealth assumptions, programmatic changes, and savings initiatives that budget writers say will limit total spending on MassHealth to $15.4 billion, less than a 4 percent growth over FY2016 estimated spending. Key elements of the MassHealth budget are described below.

MassHealth Enrollment

The budget assumes an average enrollment in MassHealth of 1.89 million, up 3 percent from an average of 1.84 million in FY2016. This assumes that caseload growth will be consistent with historic enrollment trends prior to implementation of the Medicaid expansion authorized under the Affordable Care Act (ACA). Additionally, EOHHS anticipates completion of a year-long phased process to catch up on conducting regular eligibility renewals (sometimes referred to as "redeterminations"), which were temporarily halted in 2014 due to problems with the state's eligibility system.

Managed Care Program Changes

EOHHS is in the process of developing and implementing a broad strategic effort to move MassHealth members into accountable delivery systems that coordinate and integrate care for members. Models under consideration include a mix of traditional Medicaid managed care organization (MCO) and provider-led accountable care organization (ACO) models. As part of this transition, the governor's budget proposal includes a variety of initiatives that seek to encourage enrollment in managed care. MassHealth operates a number of managed care programs that target different populations and benefits as described in the sidebar "Understanding MassHealth Managed Care Options." The governor's budget proposal would make the following changes to those programs:

- **Primary Care Clinician Plan**

  The governor proposes to implement several changes to the Primary Care Clinician (PCC) Plan, effective January 1, 2017. The budget assumes implementation of utilization management interventions, such as prior authorization, for some PCC Plan services. Additionally the governor's proposal includes requiring MassHealth Members who need certain optional Medicaid benefits to access those benefits through one of MassHealth's MCOs. The services that will be delivered by MCOs and not through the PCC Plan have been preliminarily identified by EOHHS as vision care/eyeglasses, therapies (speech,

UNDERSTANDING MASSHEALTH MANAGED CARE OPTIONS

Currently, MassHealth members who are under 65, not permanently residing in an institution, and who don't have other coverage must enroll in managed care. These mandatory managed care eligible members have the choice of enrolling in either the Primary Care Clinician (PCC) Plan or one of six Medicaid Managed Care Organizations (MCOs).

The Primary Care Clinician (PCC) Plan is a primary care case management program administered by MassHealth. In the PCC Plan, members enroll with a PCC who provides most primary and preventive care and who is responsible for providing referrals for most specialty services. Members can access specialty services from any MassHealth provider, subject to PCC referral and other utilization management requirements. Members enrolled in the PCC Plan receive mental health and substance abuse services through a single behavioral health program contractor.

MassHealth Managed Care Organizations — MassHealth contracts with six MCOs that provide comprehensive health coverage including physical and behavioral health services and pharmacy services to enrollees. Dental care and any long-term services and supports for which the member is eligible are paid for directly by MassHealth on a fee-for-service basis outside of the MCO.

Senior Care Options (SCO) is a comprehensive health plan that covers all Medicare and MassHealth covered services. Enrollment in this managed care program is voluntary, and once enrolled, a member may disenroll any month of the year. Enrollment is open to MassHealth Standard members who are ages 65 or older and meet other qualifying conditions.

One Care is a voluntary, comprehensive health plan available to individuals who are eligible for both MassHealth and Medicare and are between 21 and 64 years old. One Care enrollees have access to an interdisciplinary care team that coordinates all of an enrollee's physical, behavioral health, and long-term services and supports.

occupational, and physical), chiropractor services, hearing care, and orthotics. Under the governor's proposal, and pending any required federal approvals, MassHealth members will continue to receive the optional benefits if they choose to enroll in one of MassHealth's MCOs.

- **Managed Care Organization Enrollment Lock-in Policy**
  Beginning October 1, 2016, the governor's budget proposes to implement a 12-month lock-in policy for MassHealth MCO members after a 90-day transition period. This new lock-in policy will be implemented on a rolling basis according to an individual's MassHealth eligibility renewal date. Currently, MassHealth does not have a lock-in policy, and members who either choose or are assigned to an MCO may transfer to the PCC Plan or another available MCO in their geographic service area at any time for any reason. This proposal seeks to promote care coordination through one MCO for a 12-month period. MassHealth will develop policies to articulate special circumstances under which members will be able to switch plans within the 12-month lock-in period.
- **Senior Care Options and One Care Enrollment**
  The governor's budget proposes to implement passive enrollment (with the ability to opt-out) in the Senior Care Options (SCO) and One Care programs. To date, SCO has been a voluntary opt-in program with a projected average enrollment of approximately 42,000 in FY2016. One Care enrollment peaked with more than 18,000 enrollees in July 2014 when the last major round of passive enrollment occurred. Since then, enrollment in One Care has declined, and the program experienced a major decrease to less than 13,000 in September 2015 when one of three health plans ended its participation in the program.[2]
- **Managed Care Reimbursement**
  The governor's budget assumes relatively flat growth in managed care capitation rates for MCOs, the PCC Plan behavioral health program contractor, and SCO.

LONG-TERM SERVICES AND SUPPORTS

Long-term services and supports (LTSS) include a range of services that people with disabilities and chronic conditions use to meet their personal care and daily routine needs in order to promote independence, support their ability to participate in the community of their choice, and increase overall quality of life. LTSS spending includes institutional care (e.g., skilled nursing facilities) as well as home and community-based services. MassHealth is the largest payer of LTSS in Massachusetts, and LTSS accounts for nearly one-third of all MassHealth spending. In 2015, LTSS spending was $4.5 billion or 12 percent of the entire state budget.[3]

Community-based Long-term Services and Supports

The budget includes modest growth in community-based LTSS spending of $120 million. This figure assumes $59 million in savings off of current spending trends as described below.

- **Home Health**
  MassHealth spending on home health services grew by $170 million from FY2015 to FY2016, representing 41 percent growth in one year. As a result, EOHHS implemented a moratorium on new health home providers effective February 1, 2016, and referred 12 home health agencies to the Medicaid Fraud Unit within the Attorney General's Office for investigation because these providers were responsible for 85 percent of the growth in spending over the prior year. Additionally, EOHHS plans to implement prior authorization requirements and other program integrity efforts for home health services effective March 1, 2016. Other programmatic changes announced as part of the governor's budget proposal include the discontinuation of a policy that allows self-referral by clinicians affiliated with a home health agency.
- **Personal Care Attendant Services**
  The governor's budget provides for a 10 percent increase in personal care attendant (PCA) services spending. This figure assumes $20 million in savings off of current spending trends associated with improved PCA program efficiencies, program integrity efforts, and other program management efforts.
- **Independent Assessments**
  EOHHS announced it will move forward to implement independent (or "conflict-free") assessments and care planning for LTSS services. Independent, person-centered assessments will be conducted by a conflict-free party who is independent from the provider of a service. EOHHS is also investigating other options that could provide streamlined administrative and clinical processes, efficiencies, and better organization related to LTSS.

Nursing Home Rates

The governor's budget proposal includes a $30 million rate increase for nursing facilities. Pending federal approval, the increase will be supported by an increase in the current assessment on nursing facilities from $220 million to $235 million.

HOSPITAL PAYMENTS

Hospital Assessment

The governor's budget proposes to increase an existing assessment on acute hospitals by $250 million. The total annual assessment levied on acute hospitals would increase from $165 million to $415 million. The existing $165 million assessment currently funds expenditures from the HSN Trust Fund. (See section below on "Health Safety Net Trust Fund".) The additional $250 million assessment would be deposited into a newly created "MassHealth Delivery System Reform Trust Fund" intended for Medicaid payments to support delivery system reform efforts authorized under a new 1115 Waiver effective July 1, 2017. This delivery system reform funding would be a main component of a new waiver agreement to replace the current Safety Net Care Pool agreement, worth $1 billion annually and set to expire in June 2017. These funds would provide the required state share and would be matched by the federal government

2 See One Care enrollment report available at http://www.mass.gov/eohhs/docs/masshealth/onecare/enrollment-reports/enrollment-report-december2015.pdf.

3 For more information, see MassHealth Matters II: Long-Term Services & Supports: Opportunities for MassHealth, available at http://bluecrossfoundation.org/publication/masshealth-matters-ii-long-term-services-supports-ltss-opportunities-masshealth.

for a total annual amount of $500 million—$250 million for delivery system reform initiatives and $250 million for rate increases to hospitals (making hospitals as a class "whole" on the increased assessment). Hospitals that participate in MassHealth's new accountable care models would also have the opportunity to receive delivery system reform funding under the new proposed waiver.

The FY2017 budget proposes to implement the increased hospital assessment on October 1, 2016, which would result in proceeds of $187.5 million (representing nine months of the annual increase in the assessment). Also effective October 1, 2016, MassHealth will increase hospital rates by $187.5 million during state FY2017. Section 40 of the governor's FY2017 budget proposal would also transfer $73.5 million from the trust fund to the General Fund to help fill a budget gap in the MassHealth budget.

Delivery System Transformation Initiative

Under the state's current 1115 Waiver, Massachusetts operates an annual performance-based incentive program called the Delivery System Transformation Initiative (DSTI) to support and reward seven safety-net hospitals. The governor's FY2017 budget proposal increases state appropriations for DSTI funding from $189.1 million to $205.6 million, a difference of $18.9 million. The 10 percent increase maximizes spending as authorized under the current 1115 Waiver agreement. (See Appendix B, Table B4, for a table of sources and uses from the DSTI Fund.)

Infrastructure and Capacity Building Grants

The budget authorizes up to $20 million in Infrastructure and Capacity Building grants to hospitals and community health centers.

OTHER BUDGET INITIATIVES

Adult Denture Benefits

Section 33 of the governor's budget has the effect of maintaining the same level of adult dental benefits in FY2017 as was in effect in FY2016.

Hutchinson Settlement

The budget includes an increase of $22 million in funding for community support services for persons with acquired brain injury who were residing in long-term care facilities in accordance with the *Hutchinson v. Patrick* final settlement agreement.

MassHealth Estate Recovery

Section 11 of the budget would expand MassHealth's ability to recover benefits from the property of deceased members over age 55 and deceased members of any age who received long-term care services. It redefines "estate" to include any property interest the MassHealth member had immediately prior to death and authorizes estate recovery for MassHealth payments to Medicare for the cost of drug coverage for members with both MassHealth and Medicare.

Pharmacy Rebates

EOHHS anticipates savings associated with changes in pharmacy pricing and rebates for certain brand name and specialty pharmacy drugs.

Maximizing Premium Assistance

MassHealth will implement new mechanisms to identify and leverage other private insurance that may be available to MassHealth members. Currently MassHealth conducts investigations to identify available employer-sponsored insurance. During FY2017, MassHealth plans to extend this to include student coverage available through universities and colleges. As with current MassHealth premium assistance programs, MassHealth will determine if purchasing the other coverage is more cost effective to the state than providing the coverage directly. MassHealth will provide wrap-around coverage for any benefits the person is entitled to under MassHealth that are not covered through the private insurance.

Non-Emergency Transportation

EOHHS anticipates savings associated with enhanced oversight to ensure efficiency and medical necessity (e.g. prior authorization for long-distance travel) for non-emergency transportation for certain MassHealth populations.

Cash Management

In order to address MassHealth deficiencies in prior years, program administrators have delayed payments to providers and health plans—effectively pushing spending from one fiscal year to the next—for example, June capitation payments for some programs are pushed into July. This creates savings the first fiscal year in which it is done, as fewer payments are made than budgeted. The governor's budget proposal does not include funds to reverse these historic payment policies; however, no additional payments are scheduled to be delayed to meet budget constraints.

OTHER FY2017 HEALTH CARE SPENDING

Agencies outside of EOHHS play important roles in financing health care in the Commonwealth. Some are funded through direct appropriations, while others have established revenue streams that support their operations.

Health Safety Net Trust Fund

The HSN Trust Fund maintains a health care safety net by reimbursing hospitals and community health centers for a portion of the cost of reimbursable health services provided to low-income, uninsured or underinsured residents of the Commonwealth. Currently, full reimbursement for care is provided for people with incomes below 200 percent of the federal poverty level (FPL), and partial reimbursement is provided for people with incomes between 200 and 400 percent FPL. EOHHS has proposed regulations to reduce eligibility for full reimbursement to those with incomes below 150 percent FPL and for partial reimbursement to those with incomes between 150 and 300 percent FPL. These reductions in eligibility are being proposed as part of a policy to align to income eligibility among HSN, MassHealth, and ConnectorCare programs. In addition, consistent with existing MassHealth policy, the Baker administrations seeks to reduce retroactive coverage for HSN from six months to 10 days.

EOHHS estimates that reimbursable expenses from the HSN will decline by a total of $60 million in hospital fiscal year (HFY) 2017. This decline is estimated from both the eligibility changes described above (repre-

senting roughly $20 million in reduced HSN reimbursable expenses) and from operational improvements in the eligibility system to ensure full implementation of existing policy limiting HSN enrollment to 90 days for those persons who are in the process of enrolling in ConnectorCare (representing roughly $40 million in reduced HSN reimbursable expenses). ConnectorCare members will remain eligible for dental services through the HSN after the 90 days of full HSN runs out.

Consistent with prior years, total reimbursable expenses from the HSN in HFY2017 are expected to exceed available revenues. This "shortfall" is absorbed by hospitals and is estimated by the administration to be $60 million in HFY2017 as compared to an estimated $88.6 million shortfall in HFY2016. Whereas in prior years, the HSN relied on a transfer of $30 million from the Commonwealth Care Trust Fund, the governor's FY2017 proposal eliminates the transfer.

Center for Health Information and Analysis

The Center for Information and Analysis (CHIA), which monitors and reports on the health care finance system in Massachusetts and operates the state's All-Payer Claims Database, is financed through an assessment on hospitals and payers. CHIA was created by Chapter 224 of the Acts of 2012. The governor's budget proposes to fund CHIA at $28.4 million, $3 million less that in FY2016. The reduction is the result of lower estimates of access fee collections associated with third-party access to the state's All-Payer Claims Database.

Health Policy Commission

The Health Policy Commission (HPC), another independent agency created by Chapter 224, performs a range of responsibilities relating to health care finance and delivery system reform, including monitoring market consolidation, collecting data on registered provider organizations who take on risk-based contracts, developing standards for voluntary certification of ACOs and Patient-Centered Medical Homes, and implementing a grant program for community hospital transformation.[4] In prior years, the HPC was financed off-budget through one-time revenues established in Chapter 224. As authorized in Chapter 224, funding for HPC operations will be funded through industry assessments going forward. The governor's FY2017 budget proposes to fund HPC at $8.5 million, an amount that is consistent with FY2016 spending.[5]

Other Health Reform Administrative Spending

Other funding was included in the governor's budget for a $12.8 million operating budget transfer to the Health Information Technology Trust Fund to support the health information exchange and for operating costs for the integrated eligibility system which supports eligibility determinations for both MassHealth and the Health Connector. Another $1.1 million was included for the Division of Insurance Health Care Access Bureau.

Commonwealth Care Trust Fund Projected Surplus

Massachusetts General Law directs a variety of revenues into the Commonwealth Care Trust Fund (CCTF) including cigarette tax revenue, individual tax penalties, and employer medical assistance payments. These revenues are used to support CCTF expenditures, including the ConnectorCare program. With the implementation of the ACA which shifted to MassHealth a large portion of the members previously receiving subsidized coverage through the Health Connector as well as the availability of federal tax subsidies for income-eligible individuals receiving health coverage through the Health Connector, the state's spending obligations from the CCTF have decreased—resulting in a projected surplus of revenues in the fund. Section 26 of the governor's budget proposal allows a transfer of up to $110 million from the CCTF to the state's General Fund to support spending on other programs; however, the Executive Office for Administration and Finance only estimates that there will be a surplus in the fund of approximately $86.7 million. (See Appendix B, Table B1: Commonwealth Care Trust Fund.)

Health Connector

The Health Connector administers the ConnectorCare subsidized program and operates as the state-based health insurance marketplace created by the ACA. The Health Connector also administers the risk adjustment program for the small group and non-group insurance markets required under the ACA. Health Connector administrative expenses are financed through an assessment on health plans who sell coverage through the Health Connector dedicated revenues from the CCTF. In FY2017, the Health Connector estimates an average enrollment of 153,000 per month and $190.8 million in spending, which includes an estimated $10 million in savings associated with reconciliation of cost-sharing reductions with ConnectorCare carriers for the first time.

4 The Foundation has developed a tool that monitors developments based on Chapter 224, which is available at http://bluecrossfoundation.org/publication/chapter-224-tracking-tool.

5 Per Chapter 224, HPC shall charge hospitals and ambulatory surgical centers not less than 33 percent of their estimated expenses, and shall surcharge payors not less than 33 percent of their estimated expenses (Ch. 224, Ch. 6D, Sec. 6 of the Acts of 2012). HPC will propose regulations and hold a public hearing approximately in June 2016, to determine the percentage assessed to each group, but the governor's budget assumes no state funded contribution.

The authors would like to thank staff from the Executive Office for Administration and Finance, the Office of Medicaid, and the Health Connector for providing a budget briefing, materials to support this analysis, and review of this document.

APPENDIX A

Appendix A details on-budget funding for administrative and MassHealth program accounts.

TABLE A1: EOHHS AND MASSHEALTH ADMINISTRATION

		FY2016 Estimated Spending	FY2017 Governor	Change	
Total EOHHS/MassHealth Administration		**$261,859,749**	**$279,278,666**	**$17,418,917**	**6.7%**
4000-0300	**EOHHS and MassHealth Administration***	$85,974,577	$99,715,735	$13,741,158	16.0%
4000-0301	**MassHealth Auditing and Utilization Reviews**	$3,878,472	$0	($3,878,472)	-100.0%
4000-0321	**EOHHS Contingency Contracts (Retained Revenue)**	$50,000,000	$60,000,000	$10,000,000	20.0%
4000-1602	**MassHealth Operations**	$2,225,498	$0	($2,225,498)	-100.0%
4000-1604	**Health Care System Reform**	$946,601	$0	($946,601)	-100.0%
4000-1700	**Health and Human Services IT****	$118,734,601	$119,562,931	$828,330	0.7%
4000-0014	**Edward M. Kennedy Community Health Center**	$100,000	$0	($100,000)	-100.0%

* Includes personnel and administrative expenditures to support the Office of the EOHHS Secretary and the Office of Medicaid.
** Supports EOHHS-wide IT costs.

Source: Massachusetts Executive Office for Administration and Finance.

TABLE A2: MASSHEALTH PROGRAM ACCOUNTS

		FY2016 Estimated Spending	FY2017 Maintenance	FY2017 Savings Initiatives	FY2017 Expansion Initiatives	FY2017 Governor	Change from FY2016	
MassHealth Program Accounts		**$14,825,840,293**	**$15,865,653,833**	**$(489,000,000)**	**$32,600,000**	**$15,409,253,833**	**$583,413,540**	**3.9%**
4000-0320	**MassHealth Recoveries (Retained Revenue)**	$225,000,000	$225,000,000	$0	$0	$225,000,000	$0	0.0%
4000-0430	**MassHealth CommonHealth**	$147,070,492	$155,037,096	$0	$0	$155,037,096	$7,966,604	5.4%
4000-0500	**MassHealth Managed Care**	$5,347,416,595	$5,691,523,203	$(195,000,000)	$0	$5,496,523,203	$149,106,608	2.8%
4000-0600	**MassHealth Senior Care**	$3,355,681,037	$3,609,166,093	$(93,050,000)	$0	$3,516,116,093	$160,435,056	4.8%
4000-0640	**MassHealth Nursing Home Supplemental Rates**	$302,900,000	$302,900,000	$0	$30,000,000	$332,900,000	$30,000,000	9.9%
4000-0700	**MassHealth Fee-for-Service Coverage**	$2,539,586,015	$2,570,618,433	$(147,380,000)	$2,600,000	$2,425,838,433	$(113,747,582)	-4.5%
4000-0875	**MassHealth Breast and Cervical Cancer Treatment**	$6,011,459	$6,191,803	$0	$0	$6,191,803	$180,344	3.0%
4000-0880	**MassHealth Family Assistance**	$267,145,932	$333,308,169	$0	$0	$333,308,169	$66,162,237	24.8%
4000-0885	**Small Business Employee Premium Assistance**	$46,271,876	$34,042,020	$0	$0	$34,042,020	$(12,229,856)	-26.4%
4000-0940	**ACA Expansion Populations**	$1,957,441,133	$2,208,980,368	$(53,570,000)	$0	$2,155,410,368	$197,969,235	10.1%
4000-0950	**Children's Behavioral Health Initiative**	$221,682,737	$240,077,183	$0	$0	$240,077,183	$18,394,446	8.3%
4000-0990	**Children's Medical Security Plan**	$16,176,955	$17,471,111	$0	$0	$17,471,111	$1,294,156	8.0%
4000-1400	**MassHealth HIV Plan**	$25,369,419	$27,374,419	$0	$0	$27,374,419	$2,005,000	7.9%
4000-1420	**Medicare Part D Phased Down Contribution**	$318,674,643	$372,317,542	$0	$0	$372,317,542	$53,642,899	16.8%
4000-1425	**Hutchinson Settlement**	$49,412,000	$71,646,393	$0	$0	$71,646,393	$22,234,393	45.0%

Source: Massachusetts Executive Office for Administration and Finance.

APPENDIX B

Appendix B provides details on sources and uses of funding allocated through off budget trust funds.

TABLE B1: COMMONWEALTH CARE TRUST FUND

	FY2016 Estimated	FY2017
Sources	**$338,585,055**	**$319,990,131**
• **Cigarette Tax Revenue**	$135,662,791	$133,966,005
• **Individual Tax Penalties**	$22,038,476	$21,694,470
• **Employer Medical Assistance Payments**	$157,629,656	$157,629,656
• **Fund Balance from Prior Year**	$23,254,132	$6,700,000
Uses	**$338,585,055**	**$319,990,131**
• **ConnectorCare Subsidies (Non-AWSS)***	$165,529,224	$171,784,112
• **ConnectorCare Subsidies (AWSS)***	$34,244,272	$29,008,415
• **ConnectorCare Cost-Sharing Reduction Reconciliation**	$0	$(10,000,000)
• **Connector Admin (Net of fed grants, carrier revenue, misc, reserves)**	$19,000,000	$24,500,000
• **Connector Programmatic Support**	$4,201,667	$13,659,648
• **State Mandated Benefits**	$1,024,874	$1,321,585
• **Small Business Wellness Subsidy**	$202,612	$0
• **9010 Insurer Fee**	$1,504,665	$6,577
• **CICRF**	$2,947,736	$2,947,736
• **Health Safety Trust Fund Transfer**	$30,000,000	$0
• **General Fund Transfer (up to $110 million)**	$79,930,005	$86,762,058

* AWSS = aliens with special status.

Source: Massachusetts Executive Office for Administration and Finance.

TABLE B2: HEALTH SAFETY NET TRUST FUND

	FY2016 Estimated	FY2017
Sources	**$360,000,000**	**$330,400,000**
• **Assessments on Acute Hospitals and Ambulatory Surgical Centers**	$165,000,000	$165,200,000
• **Assessment on Insurers**	$165,000,000	$165,200,000
• **Commonwealth Care Trust Fund Transfer**	$30,000,000	$0
Uses	**$360,000,000**	**$330,400,000**
• **Health Safety Net Hospital Payments**	$275,700,000	$238,000,000
• **Health Safety Net CHC payments and Demonstration Programs**	$73,300,000	$81,000,000
• **Health Safety Net Claims Operations**	$10,000,000	$10,400,000
• **Inspector General Health Safety Net Audit Unit**	$1,000,000	$1,000,000

Note: Figures reported in Hospital Fiscal Year (October through September).

Source: Massachusetts Executive Office for Administration and Finance.

TABLE B3: MEDICAL ASSISTANCE TRUST FUND

	FY2015	FY2016 Estimated	FY2017
Sources	**$116,000,000**	**$1,312,247,177**	**$632,000,000**
• **General Fund Appropriation (1595-1068)**	$72,000,000	$462,000,000	$462,000,000
• **General Fund Supplemental Appropriation**		$539,147,177	$0
(Sub-Total: General Fund Appropriations)	*$72,000,000*	*$1,001,147,177*	*$462,000,000*
• **Cambridge Public Health Commission Transfer**	$44,000,000	$311,100,000	$170,000,000
Uses	**$116,000,000**	**$1,312,247,177**	**$632,000,000**
2014 Date-of-Service Payments	**$0**	**$217,147,177**	**$0**
• **State Plan—Upper Payment Limit—Hospital (UMMHC)**	$0	$186,047,177	$0
• **State Plan—Upper Payment Limit (CHA)**	$0	$31,100,000	$0
2015 Date-of-Service Payments	**$116,000,000**	**$515,100,000**	**$0**
• **Public Service Hospital Payment (BMC)**	$0	$52,000,000	$0
• **Public Service Hospital Payment (CHA)**	$88,000,000	$0	$0
• **Public Hospital Transformation & Incentive Initiative (CHA)**	$0	$220,000,000	$0
• **State Plan—Upper Payment Limit—Providers (UMMHC)**	$28,000,000	$0	$0
• **State Plan—Upper Payment Limit—Hospital (UMMHC)**	$0	$212,000,000	$0
• **State Plan—Upper Payment Limit (CHA)**	$0	$31,100,000	$0
2016 Date-of-Service Payments	**$0**	**$580,000,000**	**$52,000,000**
• **Public Service Hospital Payment (BMC)**	$0	$0	$52,000,000
• **Public Service Hospital Payment (CHA)**	$0	$88,000,000	$0
• **Public Hospital Transformation & Incentive Initiative (CHA)**	$0	$220,000,000	$0
• **State Plan—Upper Payment Limit—Providers (UMMHC)**	$0	$28,000,000	$0
• **State Plan—Upper Payment Limit—Hospital (UMMHC)**	$0	$212,000,000	$0
• **State Plan—Upper Payment Limit (CHA)**	$0	$32,000,000	$0
2017 Date-of-Service Payments	**$0**	**$0**	**$580,000,000**
• **Public Service Hospital Payment (BMC)**	$0	$0	$0
• **Public Service Hospital Payment (CHA)**	$0	$0	$88,000,000
• **Public Hospital Transformation & Incentive Initiative (CHA)**	$0	$0	$220,000,000
• **State Plan—Upper Payment Limit—Providers (UMMHC)**	$0	$0	$28,000,000
• **State Plan—Upper Payment Limit—Hospital (UMMHC)**	$0	$0	$212,000,000
• **State Plan—Upper Payment Limit (CHA)**	$0	$0	$32,000,000

Source: Massachusetts Executive Office of Health and Human Services.

TABLE B4: DELIVERY SYSTEM TRANSFORMATION INCENTIVE FUND

	FY2015	FY2016 Estimated	FY2017
Sources	**$127,384,418**	**$211,568,273**	**$230,266,667**
• **General Fund Appropriation (1595-1067)**	$116,171,085	$189,141,606	$205,597,334
• **Cambridge Public Health Commission Transfer**	$11,213,333	$22,426,667	$24,669,333
Uses	**$127,384,419**	**$209,333,333**	**$230,266,667**
2014 Date-of-Service Payments	**$127,384,419**	**$0**	**$0**
• **Boston Medical Center (BMC)**	$74,494,419	$0	$0
• **Cambridge Health Alliance (CHA)**	$22,426,667	$0	$0
• **Holyoke Medical Center**	$4,076,667	$0	$0
• **Lawrence General Hospital**	$7,216,667	$0	$0
• **Mercy Medical Center**	$7,606,667	$0	$0
• **Signature Healthcare Brockton Hospital**	$8,356,667	$0	$0
• **Steward Carney Hospital**	$3,206,667	$0	$0
2015 Date-of-Service Payments	**$0**	**$209,333,333**	**$0**
• **Boston Medical Center (BMC)**	$0	$103,553,333	$0
• **Cambridge Health Alliance (CHA)**	$0	$44,853,333	$0
• **Holyoke Medical Center**	$0	$8,153,333	$0
• **Lawrence General Hospital**	$0	$14,433,333	$0
• **Mercy Medical Center**	$0	$15,213,333	$0
• **Signature Healthcare Brockton Hospital**	$0	$16,713,333	$0
• **Steward Carney Hospital**	$0	$6,413,333	$0
2016 Date-of-Service Payments	**$0**	**$0**	**$230,266,667**
• **Boston Medical Center (BMC)**	$0	$0	$113,908,667
• **Cambridge Health Alliance (CHA)**	$0	$0	$49,338,667
• **Holyoke Medical Center**	$0	$0	$8,968,667
• **Lawrence General Hospital**	$0	$0	$15,876,667
• **Mercy Medical Center**	$0	$0	$16,734,667
• **Signature Healthcare Brockton Hospital**	$0	$0	$18,384,667
• **Steward Carney Hospital**	$0	$0	$7,054,667

Source: Massachusetts Executive Office of Health and Human Services.