



Budget Brief: Medicaid Optional Services

SUMMARY

Medicaid Optional Services are designated by the federal Centers for Medicare and Medicaid Services (CMS) as not required for most Medicaid clients. These 38 services are eligible for the State’s federal matching funds. These include pharmacy, dental, medical supplies, ambulatory surgery, chiropractic, podiatry, physical therapy, vision care, substance abuse treatment, speech and hearing services. As noted above, some of these services may be mandatory for certain populations or in certain settings. It should also be noted that while the service, as a whole may be optional, once the State elects to offer that service to a specific group, it must make it available to all qualified eligibles. Alternatively, when the State decides to stop providing a particular service, it must submit a State Plan Amendment to CMS, notify clients ten days in advance, and provide a public notice at least one day before the change.

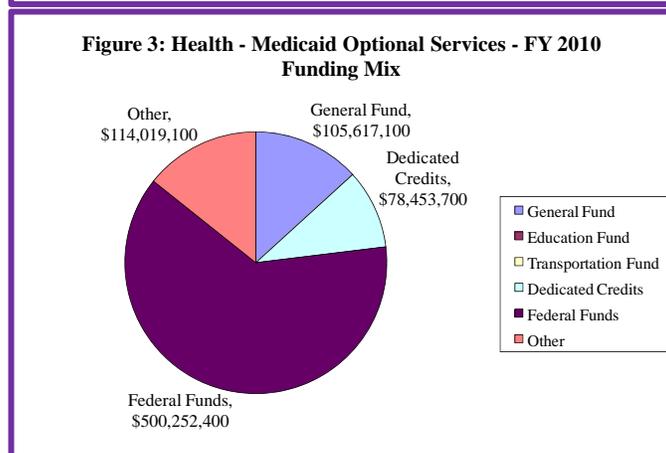
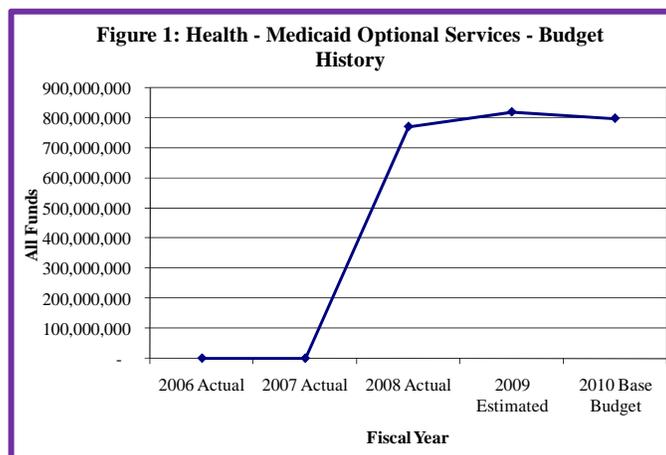
There are 13 optional services that Utah does not provide in its Medicaid program: home health occupational therapy; home health physical therapy; home health speech and language; eyeglasses; home health audiology; physical therapy; speech, hearing and language; occupational therapy; nurse anesthetist; chiropractor; PACE program for the elderly; respiratory care; and qualified Religious Nonmedical Health Care Institutions.

ISSUES AND RECOMMENDATIONS

This budget funds nine programs within the line item, including:

Pharmacy	\$156,756,300
Capitated Mental Health Services	\$155,126,400
Home and Community Based Waiver Services	\$141,401,700
Dental Services	\$ 33,911,100
Intermediate Care Facilities for the Mentally Retarded	\$ 33,468,500
Buy-In/Buy-Out	\$ 33,015,800
Vision Care	\$ 1,858,400
Other Optional Services	\$242,804,100

The Analyst recommends a base budget for the Medicaid Optional Services line item for FY 2010 in the amount of \$798,342,300. This budget level funds nine programs. The recommendation reflects adjustments to the General Fund, Federal Funds, Restricted Funds, Transfers, Dedicated Credits and Other Revenue for FY 2010. The beginning of funding and FTE’s in FY 2009 reflects the creation of this line item and Medicaid Mandatory Services from the previous Medical Assistance line item.



The funding level supports 1 vehicle. For more detailed information please visit the online Compendium of Budget Information for the 2009 General Session at http://le.utah.gov/lfa/reports/cobi2009/LI_LJA.htm.

Accountability Detail

The following paragraphs discuss recent appropriations and how they were used by the agency:

FY 2009

- **Medicaid Adult Dental Services:** The Legislature provided \$6,958,900 (\$2,000,000 from the Medicaid Restricted Account, one-time) to continue dental services for another year for about 40,000 Medicaid clients who are aged or have disabilities. The agency estimates that all funding for dental services will be spent by the end of FY 2009.

FY 2008

1. Medicaid Adult Dental Benefits sustained for another year with a one-time appropriation of \$6,958,900 (\$2,000,000 General Fund). The agency indicated that all funding for adult dental services was spent.
2. \$605,400 (\$174,000 one-time General Fund) for a Medicaid capitated adult vision program with intent language requiring a \$10 copay. The federal government rejected the \$10 copay proposal. This decision resulted in the Department being prevented from spending this money. The Department began paying for eyeglasses and lenses in May 2008 with the federally approved co-pay of \$3.00. There was still funding left at the end of FY 2008. Services were continued in FY 2009 until all funding was eliminated by the Special Session of the Legislature.

BUILDING BLOCK REQUESTS FROM THE DEPARTMENT OF HEALTH

- This building block request seeks an ongoing General Fund appropriation of \$2,000,000 for dental services for Traditional Medicaid adults. Health lists this request as priority 6 of their 8 building blocks.

BUDGET DETAIL

The budget listed in the table below details the budget allocations in the base budget bill. The base budget includes the following changes:

1. \$(560,800) ongoing General Fund and \$(2,973,500) total funds reduction by 1.7% for what we pay for most prescription drugs in the Medicaid program.
2. \$(500,000) ongoing General Fund and \$(1,720,600) total funds reduction through implementing a requirement for a prior authorization for using brand name drugs instead of generics for those drugs on the preferred drug list.
3. \$(150,000) ongoing General Fund and \$(525,200) total funds reduction in spending on Medicaid coverage for graduates of the State's foster care system, ages 18 to 21. This coverage began in FY 2007.
4. \$(1,250,000) ongoing General Fund and \$(4,301,400) total funds reduction by accepting no new applicants to the State's Primary Care Network.
5. \$(288,800) ongoing General Fund and \$(993,800) total funds reduction in presumptive eligibility for pregnant women. Currently, Medicaid assumes pregnant women who apply for Medicaid is eligible and provides services until final eligibility determination is made.

\$10M Transfer

With the creation of 2 new line items in Medicaid for FY 2009, no prior experience existed to know what costs would be in each line item. The Department estimates a need to transfer \$10,000,000 General Fund from the

Medicaid Optional Services line item to the Medicaid Mandatory Services line item. The Department requests this change for FY 2009 and FY 2010.

Health - Medicaid Optional Services						
Sources of Finance	FY 2008 Actual	FY 2009 Appropriated	Changes	FY 2009 Revised	Changes	FY 2010* Base Budget
General Fund	99,127,800	110,287,800	(2,749,600)	107,538,200	(1,921,100)	105,617,100
General Fund, One-time	2,388,000	1,357,400	2,193,600	3,551,000	(3,551,000)	0
Federal Funds	501,746,100	523,326,300	(9,409,400)	513,916,900	(13,664,500)	500,252,400
Dedicated Credits Revenue	78,012,600	70,991,400	7,462,300	78,453,700	0	78,453,700
GFR - Medicaid Restricted	0	2,000,000	0	2,000,000	(2,000,000)	0
GFR - Nursing Care Facilities Account	1,454,300	1,454,300	0	1,454,300	0	1,454,300
Transfers	39,047,200	0	56,133,700	56,133,700	0	56,133,700
Transfers - Human Services	55,964,600	64,435,700	(8,004,600)	56,431,100	0	56,431,100
Transfers - Intergovernmental	0	31,571,100	(31,571,100)	0	0	0
Transfers - Other Agencies	0	524,100	(524,100)	0	0	0
Transfers - Within Agency	0	3,156,000	(3,156,000)	0	0	0
Transfers - Workforce Services	0	378,900	(378,900)	0	0	0
Lapsing Balance	(6,681,500)	0	0	0	0	0
Total	\$771,059,100	\$809,483,000	\$9,995,900	\$819,478,900	(\$21,136,600)	\$798,342,300
Programs						
Buy-In/Buy-Out	30,636,100	33,015,800	(1,615,700)	31,400,100	1,615,700	33,015,800
Capitated Mental Health Services	155,795,300	154,128,900	2,272,000	156,400,900	(1,274,500)	155,126,400
Dental Services	26,777,300	35,911,100	(8,517,900)	27,393,200	6,517,900	33,911,100
Home and Community Based Waiver Services	145,787,300	139,410,700	6,376,600	145,787,300	(4,385,600)	141,401,700
Intermediate Care Facilities for the Mentally Retarded	29,991,500	33,468,500	(2,967,100)	30,501,400	2,967,100	33,468,500
Other Optional Services	228,707,400	249,779,900	16,238,700	266,018,600	(23,214,500)	242,804,100
Pharmacy	151,771,800	161,909,700	(3,148,800)	158,760,900	(2,004,600)	156,756,300
Vision Care	1,592,400	1,858,400	1,358,100	3,216,500	(1,358,100)	1,858,400
Total	\$771,059,100	\$809,483,000	\$9,995,900	\$819,478,900	(\$21,136,600)	\$798,342,300
Categories of Expenditure						
Other Charges/Pass Thru	771,059,100	809,483,000	9,995,900	819,478,900	(21,136,600)	798,342,300
Total	\$771,059,100	\$809,483,000	\$9,995,900	\$819,478,900	(\$21,136,600)	\$798,342,300
Other Data						
Vehicles	1.0	0.0	1.0	1.0	0.0	1.0

*Does not include amounts in excess of subcommittee's state fund allocation that may be recommended by the Fiscal Analyst.

LEGISLATIVE ACTION

1. The Analyst recommends a FY 2010 base budget for Medicaid Mandatory Services of \$798,342,300.
2. The Analyst recommends that \$10,000,000 General Fund be approved for transfer from the Medicaid Optional Services line item to the Medicaid Mandatory Services line item for FY 2009 and FY 2010.