

Ref#	Ongoing State Funds	One-time State Funds	Total Funds ¹	Base Funding/ Fund Balance	Budget Reduction Options ² - An In-Depth Budget Review of the Utah Department of Health	Requires Other Changes?
A	\$(2,000,000)	\$ (1,000,000)	\$ (6,500,000)	\$1,125,532,500	DOH - Efficiency Targets for Medicaid Accountable Care Organizations - Legislative Auditors: "We recommend that the Department of Health set efficiency targets that lead to a more cost-effective program that is achievable and sustainable. The Department of Health should evaluate whether a competitive procurement will help them achieve that goal." The savings estimate assumes a January 1, 2019 start date and that the department pays a rate no higher than the second lowest plan and that future savings would be similar to what actual savings would have been between 2014 and 2016. Health: "Any future procurement will have to take all requirements into consideration in order to draw Medicaid federal funds. In addition, a plan may have [higher] cost because the plan has higher risk, not greater inefficiency. Finally, recommendations A and B seem to overlap and may result in double counting potential savings."	Maybe
B	\$(2,400,000)	\$ (1,200,000)	\$ (8,000,000)	\$1,125,532,500	DOH - Benchmark Medicaid Accountable Care Organizations to Lower Cost Providers - Legislative Auditors: "We calculated the optimal savings possible if each ACO could achieve the risk-adjusted rates of the current lowest cost provider in each year. Milliman modeled that \$74.6 million could have been saved from 2014-2016 if each plan had achieved the most efficient price, or on average \$25 million per year. It is important to note that the historical savings analysis does not directly translate to future savings potential, therefore of the \$25 million in historical savings, Milliman believes that \$4 to \$8 million of annual savings can be realized in the future. \$8 million of annual savings is 0.8 percent of the total ACO budget. DOH, in conjunction with the Office of the Inspector General (OIG), should use this analysis as one method to devise future cost-savings policies." This reduction assumes that \$8 million in annual savings can be achieved starting on January 1, 2019. Health: "The Department is working with Milliman to conduct a an updated efficiency analysis. The Department intends to use this analysis to inform rates, to work on improvements with individual plans, and to share best practices among the plans to improve overall performance. Any actions resulting from this effort must be in compliance with 42 CFR 438. These efforts are aimed at reducing the rate of year over year increases necessary to maintain a managed care services delivery system. Recommendations A and B seem to overlap and may result in double counting potential savings."	Maybe

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C	\$ (3,300,000)	\$ (1,650,000)	\$ (11,000,000)	\$1,125,532,500	DOH - Improve Accountable Care Organization Overpayment Recovery Rates - Legislative Auditors: "We spoke with CMS staff who suggested an ACO overpayment recovery rate of at least between 1 to 10 percent. Accordingly, for this analysis, we chose 1 percent as our analysis target, which was the most conservative rate based on CMS's estimated range...We recommend that the Office of the Inspector General establish annual recovery targets for Medicaid expenditures, including for Accountable Care Organizations." The \$10 million reduction assumes that accountable care organizations could obtain 1 percent in overpayment recoveries beginning on January 1, 2019. Health: "The CMS audit report was not specific to Utah ACOs nor did its data request cover all four ACOs. The CMS report did not take into consideration all ACO collections or offsets for provider overpayments. The Department agrees that improvements in ACO collections should be made and is working with the ACOs to get an accurate report of recoveries from each ACO."	No
D	\$ (800,000)	\$ (400,000)	\$ (2,700,000)	\$1,125,532,500	DOH - Improve Medicaid Undecided Client Plan Assignment - Legislative Auditors: "We recommend that the Department of Health use the results of the efficiency evaluations to determine how to best distribute the recipients who do not have a predetermined ACO to join." DOH Response: "We concur with this recommendation. The Department will develop a plan to use the results of the efficiency evaluation in conjunction with information on ACO quality performance measures to develop a new plan for enrolling Medicaid members that are not assigned to a selected or predetermined plan. The plan will be implemented for the 2019 open enrollment." The savings would come from unassigned clients now being directed to lower cost plans. The savings assumption takes the 18% unassigned rate of clients from 2014 and multiplies by 88% of the consensus estimate for Medicaid clients on ACOs in FY 2018 times an average duration of nine months on Medicaid times the average of PMPM savings if members had been served by the two lowest cost plans at 2016 rates. Health: "There are multiple considerations that impact plan selection. If the member has other family on Medicaid, we typically enroll them where the rest of their family is enrolled. If the member has been previously enrolled, we typically re-enroll them in the plan they previously had." Health: "This cut only focuses on costs and does not take into account the other two goals of the ACOs: maintain quality of care and improve health outcomes."	Maybe
4	\$ (8,500,000)	\$ (4,250,000)	\$ (28,200,000)	\$4,502,130,000		
		\$ (12,750,000)	-5.3%	\$ 239,622,700	Grand Total - State Funds for Accountable Care Organizations Program	
(1) Where there are numbers in both ongoing and one-time state funds columns, the total funds represents ongoing funds.						
(2) DOH = Department of Health						