

Global Cap: Successful, Yet Painful for Providers

Medicaid redesign activities including the global cap held the increase in state Medicaid spending to \$600 million during the 2011-12 state fiscal year, and put the state on pace to realize \$34 billion in state and federal savings by 2015. At the same time, Medicaid enrollment increased by 154,000. This information, along with a full review of the first year results of the global cap, was the focus of a [DOH presentation](#) earlier this week.

Utilization and rates accounted for what spending growth there was: increases in managed care premiums, fee-for-service pharmacy costs and various rate changes accounted for \$363 million, while growth in utilization and enrollment was valued at \$433 million. Recoupments of outstanding accounts receivable from providers and MRT-related savings offset some of the spending to maintain expenditures one percent (\$63 million) below the \$15.9 billion projected spending.

Medicaid Director Jason Helgeson made it clear that he did not expect that there would be funds available for provider rate increases or inflation adjustments other than to meet federal actuarial soundness requirements for managed care premiums. The state also hopes to make permanent the two percent across-the-board Medicaid cut (or alternate mechanisms such as assessment increases) enacted in last year's budget. Better management of the dual eligible population, control of long term care spending as well as voluntary repayment of \$500 million that providers owe the state were listed among the keys to staying below the cap. The slides from the presentation are available [here](#).

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