

**MMPI Budget Bulletin**  
**The FY 2006 Massachusetts Medicaid Budget**  
**The House Ways and Means Proposal**

**Introduction**

The Massachusetts House Committee on Ways and Means (HWM) released its FY 2006 budget on April 13. Committee Chairman Robert A. Deleo called the budget “balanced, honest and fiscally responsible.” The HWM Budget is the basis for House floor debate and amendments as the House develops its proposed spending plan for the Commonwealth’s next fiscal year, beginning July 1, 2005. The proposed FY 2006 HWM Budget totals \$23.66 Billion, 1.9 percent higher than Governor Romney’s budget proposal (H1) of \$23.22 Billion.

The Medicaid portion of the budget accounts for just under 30 percent of the total in both the HWM and Governor’s proposals. While the total Medicaid budget is very similar in both proposals, there are some differences among the components. Following are highlights of the FY 2006 HWM budget that concern the Medicaid program, or MassHealth, with relevant comparisons to the Governor’s budget proposal. For a more complete analysis of the Governor’s proposal, please see MMPI’s February 7, 2005 Budget Bulletin at <http://www.massmedicaid.org/briefs.html>

**Table 1. General MassHealth Budgetary Highlights**

<b>Category of Comparisons</b>	<b>HWM Budget (\$ millions)</b>	<b>Governor’s Budget (\$ millions)</b>	<b>Percent Difference</b>
<b>MassHealth Line Item Budget Totals*</b>	<b>\$ 7,036.4</b>	<b>\$ 6,639.6</b>	<b>+6.0%</b>
<b>Total Projected MassHealth Spending**</b>	<b>\$ 7,300.0+</b>	<b>\$ 7,292.2</b>	<b>+0.6%</b>
<b>Projected MassHealth Enrollment Increase</b>	<b>1.3%</b>	<b>3 – 4%</b>	
<small>* FY 2006 Proposed Budget \$ in MassHealth Line Items Budget Totals are from budget documents.  ** Includes off-budget adjustments. FY 2006 total projected MassHealth spending are from budget narratives and other public documents. No detail available for HWM total projected MassHealth spending. The budget narrative includes the phrase “... the committee proposes a total of more than \$7.3 billion for MassHealth programs...”  All data in tables in this report are from information provided from Commonwealth of Massachusetts documents.</small>			

- The two budgets present very similar total projected expenses for MassHealth for FY 2006, though the HWM line items exceed those in the Governor’s budget by 6.0 percent or \$396.8 million. One source of the difference is that the Governor’s budget incorporates one-time savings of \$450 million from a shift in accounting method, which is not part of the HWM budget.<sup>1</sup>
- The HWM budget projects that MassHealth enrollment will increase 1.3 percent in FY 2006, compared to House 1 projected increases of 3 to 4 percent. Since the total spending

<sup>1</sup> Massachusetts Taxpayers Foundation, *State Budget 05-’06: The Clash Between Expectations and Reality*. April 2005.

projections are similar, this suggests the HWM budget attributes more of the spending increase to factors other than enrollment, such as utilization and inflation. Neither projection envisions enrolling most of the people who the Administration estimates to be eligible for MassHealth but are currently uninsured.

### Specific Line Item Highlights

- All of the HWM MassHealth line items representing program benefit expenditures exceed the Governor’s budget line items, by percentages ranging from 0.4 percent for MassHealth Standard to 12.2 percent for CommonHealth.
- A new account in the HWM budget, Inpatient Outlier Benefits Restoration (4000-1401), adds \$18.8 million to restore MassHealth benefits for patients who must remain in the hospital for more than twenty cumulative days.
- HWM adds \$9.2 million to MassHealth Essential (4000-1405) to provide benefits to elderly and disabled immigrants.<sup>2</sup>
- The Governor’s budget proposed \$1.5 million for a new Auditing and Utilization Review Account (4000-0301), to “support MassHealth auditing and program integrity.” The HWM budget does not include this appropriation.

**Table 2. Comparison of Selected MassHealth Accounts from FY 2006 House Ways and Means and Governor’s Budgets**

Acct. #	Description (* indicates new account for FY2006)	HWM Budget (\$millions)	Governor’s Budget (\$ millions)	Difference
4000-0301	Auditing & Utilization Review*	\$0.0	\$1.5	-100%
4000-0320	MassHealth Retained Revenues	\$291.0	\$291.0	0%
4000-0352	Enrollment Outreach Grants*	\$0.3	\$0.3	+0%
4000-0430	CommonHealth	\$84.4	\$75.2	+12.2%
4000-0500	Managed Care Plans	\$2,093.2	\$1,977.2	+ 5.9%
4000-0600	Senior Care Plans	\$1,926.5	\$1,784.0	+8.0%
4000-0620	Senior Care Options (SCO)	\$96.0	\$86.8	+10.6%
4000-0700	Indemnity/TPL	\$1,580.2	\$1,498.1	+5.5%
4000-0800	MassHealth Standard	\$391.5	\$389.9	+ .4%
4000-0870	MassHealth Basic	\$61.3	\$56.4	+8.8%
4000-1401	Restored Inpt. Outlier Benefits*	\$18.8	\$0.0	+100%
4000-1405	MassHealth Essential	\$128.6	\$119.4	+7.7%
4000-1420	Medicare Part D Contribution*	\$120.0	\$120.0	+0%

<sup>2</sup> House 1 recommendations for MassHealth Essential include a prior appropriation continued (PAC) of \$36.5 million in addition to the line item of \$119.4 million for total spending of \$155.9 million. The HWM Budget allocates funding for this account at the FY 2005 appropriation level of \$119.4 million and adds \$9.2 million for limited immigrant benefits for total spending of \$128.6 million. Unless the HWM Budget includes a PAC similar to House 1, this account has lower anticipated spending than in House 1. Both House 1 and HWM budgets stipulate October 1, 2005 as the first date monies can be spent from this line item. See Table 2 and “New Initiatives” section below for more information.

## **New Initiatives**

- House Ways and Means and House 1 both propose \$250,000 for MassHealth Enrollment Outreach grants (4000-0352).
- House Ways and Means and House 1 both propose \$120.0 M (4000-1420) to support federally mandated payments associated with Medicare Part D (the prescription drug benefit). This “clawback” payment will be offset by savings on drug coverage for MassHealth members also eligible for Medicare; the Administration projects a modest net saving.
- House Ways and Means and House 1 both propose moving MassHealth Essential from a current outside budget section to a line item (4000-1405). The HWM budget does not include an enrollment cap, though EOHHS/MassHealth is still authorized to stop enrollment activities if the appropriation is in danger of being overspent prior to June 30, 2006. Also, the HWM budget adds \$9.2 million here for medical treatment of elderly and disabled legal immigrants who otherwise qualify for MassHealth Essential, unless an immigrant’s sponsor has income greater than 200 percent of the federal poverty level. (See footnote 2 for issues regarding the total appropriation on this account.)

## **Outside Section**

- HWM budget Section 15 gives EOHHS the right to promulgate regulations allowing any dentist participating in the MassHealth program to limit the number of MassHealth Patients in his or her practice in accordance with standards or procedures established by EOHHS. There is a similar outside section in the Governor’s budget. This language may be included to encourage more dentists to participate in MassHealth. One recent estimate was that about 12 percent of Commonwealth dentists currently participate in MassHealth.<sup>3</sup>

Representatives have filed proposed amendments to the House budget, which are available at <http://www.mass.gov/legis/06budget/house/>, and debate is expected to begin in the House on April 25. The Senate budget will follow in May. MMPI will continue to provide updates on the relevant Medicaid provisions as the process continues.

## **Additional Resources for Budget Information**

Budget Proposals

Massachusetts Taxpayers Foundation

Health Care for All

Massachusetts Budget and Policy Center

Massachusetts Legal Services

[www.state.ma.us/legis/](http://www.state.ma.us/legis/)

[www.masstaxpayers.org](http://www.masstaxpayers.org)

[www.hcfama.org](http://www.hcfama.org)

[www.massbudget.org](http://www.massbudget.org)

[masslegalservices.org](http://masslegalservices.org)

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<sup>3</sup> Massachusetts Society for the Prevention of Cruelty to Children, *Oral Health and the Commonwealth’s Most Vulnerable Children: A State of Decay*. March 2004