

# 2019 Citizen-Centric Report CNMI State Medicaid Agency (SMA) Office of the Governor

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**Address**  
Government Bldg. #1252  
Capitol Hill Rd.  
Caller Box 10007  
Saipan, MP 96950

**Office Hours**  
Monday thru Thursday  
7:30 am – 3:00 pm  
*Closed Fridays & Holidays*

**Contact Numbers**  
Eligibility: 670-664-4880/4882  
Claims/MMIS: 670-664-4883  
Claims/Accounting: 670-664-4884  
Fax: 670-664-4885  
*Rota Location: 670-532-9461/9462*

**Helen C. Sablan, Director**  
670-664-4890



Meet SMA's frontline team (Eligibility) - Always ready to serve you!

(L-R) Soledad, Rita, Franklin, Ruth & Rosita (sitting)

Add on: Lorenzo, Rota Location

Here we got the Accounting Team responsible for exhausting \$36m in just under 3 months! Major Accomplishment!

(L-R) Melissa, Kayleen, Bridget & Kimberly

**Mission:**

The mission of the CNMI Medicaid Program is to provide medical assistance to the people of the CNMI that cannot afford medical care and to assure that necessary medical care is available to all eligible low-income individuals.



## Overview of State Medicaid Agency

The CNMI Medicaid Program was implemented in 1979 and was created as Title XIX of the Social Security Act in 1965. Medicaid is a Federal/State program administered by the States and funded by both the Federal and States revenues, it is an entitlement program for individuals who meet the eligibility criteria. The Federal government establishes and monitors the requirement regarding funding, eligibility standards, quality and the scope of medical services. The Federal and State government share Medicaid costs. The CNMI Medicaid program has limited funding and is matched by the Federal government at 50%. *The lack of local funds from local sources will not result in lowering the amount, duration and scope or quality of care and services available under the CNMI Medicaid General Waiver and Operational Plan and the Social Security Act. \*Revision Pending in US Congress*

The CNMI Medicaid Program was implemented and structured as any other states. In 1989, the CNMI was granted a waiver making eligibility based only on income and resources, creating the Medical Assistance for the Needy Program (MAN). This caused a great impact in CNMI funding due to the cap that is imposed by the Federal government. Only the Territories are capped, unlike the States in which are open-ended.

*“The CNMI Medicaid program is not approaching the Medicaid Cliff. Today, the CNMI Medicaid program has fallen off the cliff and is currently in freefall.”* –Helen Sablan



**The Insular Areas Medicaid Cliff Hearing**  
SMA Director, Helen Sablan and CHCC CEO, Esther Muna, along with other US Territory Medicaid administrators served as witnesses on May 23, 2019 in Washington, DC. before the House Committee on Natural Resources to testify on the impacts when the Affordable Care Act (ACA) -*the major source of funding since 2010*- expires on December 31, 2019 if the 1108 funding of the Social Security Act is not lifted. The CNMI and other US Territories will eventually fall of the “cliff” which will result in about 15,000 Medicaid beneficiaries in the CNMI left without proper medical care.

### Hearing on the Strengthening Health Care in the U.S. Territories for Today and Into the Future

On June 20, 2019, SMA Director was invited to testify before the U.S. House of Representatives Committee on Energy and Commerce Committee to address the Medicaid Cliff once again. H.R. 3631- Territories Health Care Improvement Act was then introduced on July 9, 2019 by Rep. Soto, Darren (D-FL-9) which includes funding for the CNMI totaling \$360m over the course of 6 years. As of September 30, 2019, no further action was taken.

Public Health & Policy > Medicaid

### Territories Warn Congress of Medicaid Cliff

– Urge passage of bills to avert “catastrophic damage”

by Shannon Firth, Washington Correspondent,  
MedPage Today

The **Medicaid Management Information System (MMIS)** is an integrated group of procedures and computer processing operations (subsystems) developed at the general design level to meet principal objectives. For Title XIX purposes, “systems mechanization” and “mechanized claims processing and information retrieval systems” is identified in section 1903(a)(3) of the Act and defined in regulation at 42 CFR 433.111. The objectives of this system and its enhancements include the Title XIX program control and administrative costs; service to recipients, providers, and inquiries; operations of claims control and computer capabilities; and management reporting for planning and control. States may receive 90% federal financial participation (FFP) for design, development, or installation, and 75% FFP for operation of state mechanized claims processing and information retrieval systems approved by the secretary.

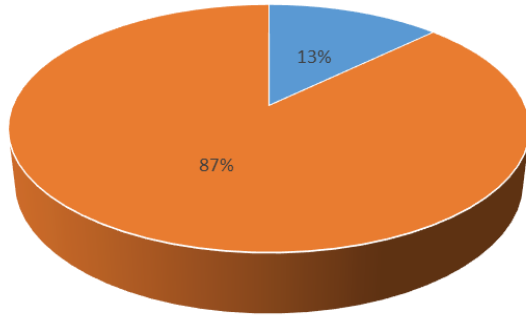
<https://www.medicaid.gov/medicaid/data-and-systems/mmis/index.html>

The collaboration efforts between SMA’s MMIS, University of Hawaii Telecommunications and Social Informatics Research Program (UHTASI) and Brilljent Teams accomplished multiple tasks in Fiscal Year 2019. From October 22-24, 2018, UHTASI and Brilljent Teams visited the agency to conduct assessments such as: data landscapes to further confirm the information needs, data format and functional requirements of the envisioned Medicaid Data Warehouse/Decision Support System (DW/DSS). During the onsite visit, the Brilljent Team was able to visit key stakeholders within the CNMI ecosystem, understand the culture and document current and to-be environments. Based upon assessments competed with other states, the following challenges/gaps were identified: limited skilled staff and training capacity, lack of data standards, governance and definition in end to end business processes, no defined security/privacy standards and limited technology. (Full Report available upon request)



# 3. Finances

## Cost Sharing of Expenditures



■ CNMI Local Dollars ■ Federal Dollars

## Funding Resources for Fiscal Year 2019

- 1108 Funding (XIX-ADM & XIX-MAP)
- Children's Health Insurance Program (CHIP)\*
- Prescription Drug Program (EAP)\*
- Affordable Care Act (ACA)\*
- Disaster Relief Act (DRA)\*
- Medicaid Management Information System (MMIS)\*
- Health Information Technology (HIT)\*
- Local Appropriations\*

Note: (\*) Temporary Funding Source. Amounts change annually.

## FY 19 Budget vs. Expenses

Program	Total Grant Award	Federal Medical Assistance Percentages (FMAP)	Local Matching Rate	Total Expended	Local Share	Federal Share	Unspent Federal Grants	Note	Total Local Expended	Local Appropriation	Exceeded Local Appropriation by:
XIX-ADM (Administration)**	316,000	50%	50%	546,637	273,318	273,318	42,682				
HIT-IMP (Administration)	383,969	90%	10%	126,944	12,694	114,250	269,719				
MMIS (Administration)	337,567	90%	10%	123,463	12,346	111,117	48,772				
		100%	0%	177,678	-	177,678	-		298,359.08	177,724.00	120,635.08
XIX-MAP	5,726,500	55%	45%	10,131,376	4,559,119	5,572,257	154,243				
	*444,444	100%	0%	444,444	-	444,444	-				
EAP	178,659	55%	45%	324,835	146,176	178,659	-				
ACA INC	4,271,101	55%	45%	5,034,998	2,265,749	2,769,249	1,501,852				
DRA	36,000,000	100%	0%	36,000,000	-	36,000,000	-				
ACA 1323	2,560,212	55%	45%	-	-	-	2,560,212	Roll Over to FY 20			
CHIP	8,843,125	91.5%	8.5%	3,570,354	303,480	3,266,874	5,576,251	Roll Over to FY 20			
	*2,352,941	100%	0%	2,352,941	-	2,352,941	-		7,274,523.94	4,640,200.00	2,634,323.94
<b>Totals:</b>	<b>61,414,518</b>			<b>58,833,669</b>	<b>7,572,883</b>	<b>51,260,786</b>	<b>10,153,732</b>				
							<b>(8,136,463)</b>	Total Roll Over			
							\$ 2,017,268.42				

\* 200k Waiver amounts each fiscal year allows for 100% FMAP. Computed as 200,000 divided by local Matching rate.

\*\*Administration Expended & Unspent Values are not final and do not include liquidation period and/or encumbered expenses.

Thanks to the Disaster Relief Act of 2019, the agency was able to reduce outstanding debts by 72% (est. \$13m – excluding recurring monthly obligations). At no cost to the CNMI.

Because of the DRA Funding, Optional Services weren't cut!

In just 3 months' time, SMA Accounting Department fully exhausted \$36m at 100% Federal Dollars!

Due to Local Matching requirements, SMA closes the year out with a deficit in expenditures annually due to the shortage of local funding. Assuming exhaustion of the federal grants, SMA's deficit to the CNMI Government could amount to over \$11.6m – less than half the Local Budget Appropriation for Fiscal Year 2019.

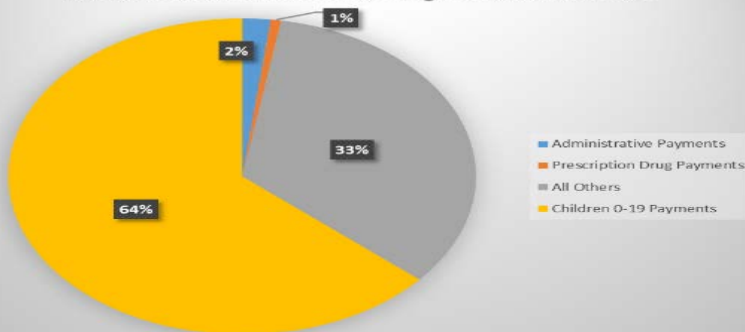
SMA ended FY 18 with about \$18m in unpaid debt compared to FY 19 with just a little over \$5m.

# 4. Future Outlook

## How Fiscal Year 2020's Funding Looks Like

Section 1302 of the Continuing Appropriations Act, 2020, and Health Extenders Act of 2019 (P.L. 116-59) was signed by President Trump which provides a Temporary Increase In FMAP For Territories equal to 100% effective October 1, 2019 thru November 21, 2019. Although it may seem beneficial to both the beneficiaries and the CNMI Government, it is an unfavorable approach with the financial situation SMA is currently facing. Without the amendment to the Sec. 1108 of the Social Security Act which caps the CNMI at \$6.7 million dollars for FY 20, it is anticipated to be exhausted before the end of the first quarter (December 31, 2019), leaving the agency with only enough money to guarantee paid services for children ages 19 and below (CHIP Funding). Consequently, the impacts will be detrimental not only to the beneficiaries but the CNMI Government as well. Over time, beneficiaries' well-being will deteriorate which will potentially result in an increase in medical referral cases, hence, additional debt to the CNMI Government incurred by the Medical Referral Services. At this point in time, we can only hope for the most favorable outcome when the continuing resolution is replaced with a regular spending bill to include the proposed \$360 million dollar budget over the course of 6 years for the CNMI in the H.R.3631 - Territories Health Care Improvement Act introduced on July 9, 2019 by Rep. Soto, Darren (D-FL-9). (<https://www.congress.gov/bill/116th-congress/house-bill/3631/text>).

Current Available Federal Funding Allocation for FY 20



### Program Funds Ending

- ACA 1323 Funding expires 12/31/19
- HIT Admin. Funding expires 9/30/20

## Next Steps for the Medicaid Management Information System

**FY2020:** CNMI Medicaid will continue the planning activities within the same project management framework with the University of Hawaii (UH), Technical Assistance Partner.

**Planning Activities and Timeline:** CNMI Medicaid was awarded a 9-month extension planning period. CNMI Medicaid's approach moving forward will be to start collecting Medicaid eligibility files, 837 I/P/D, and NCPDP D.0, records electronically.

The initial planning activities helped CNMI Medicaid identify the policy and procedural levers required to mandate electronic data collection from providers, identify considerations for the means of data collection, storage, and security.

Table 1.0 FY2020 Project Timeline

Planning Activities	Q1			Q2			Q3		
	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June
<b>Project Administration</b>									
Execute Agreement with UH (TAP)	■								■
<b>UH (Technical Assistance Partner)</b>									
Analysis of Business Needs and Priorities		■	■						
Small Scale Test 1-3 Providers		■	■	■					
Technical Requirement Alternatives					■	■	■		
High-Level Cost Estimates					■	■	■		
Draft and Review of IAPD Document							■	■	
Submission and Approval of IAPD to CMS									

Together with the UHTASI Team, SMA plans to meet with MedicaSoft, "a healthcare information technology company headquartered in Arlington, Virginia specializing in the delivery of an innovative data platform combined with an all-embracing healthcare analytics solution" and the Delaware Health Information Network in Dover, Delaware -"the *first* operational statewide health information exchange in the nation." With the expertise of these companies, the information obtained will be beneficial in the implementation of an MMIS system.