

**Health and Human Services Commission**

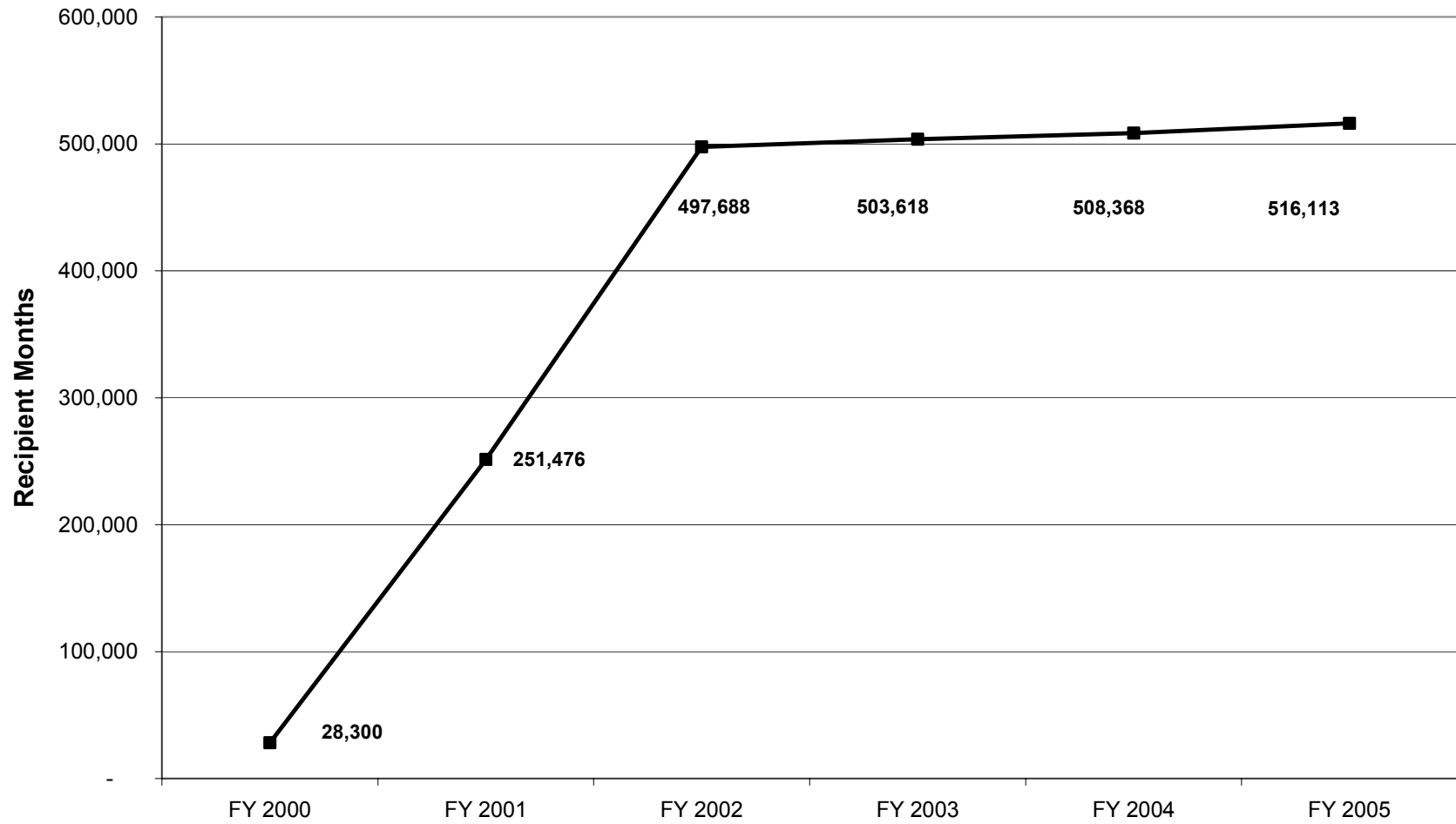
**BUDGET Building Blocks  
for the  
2004-05 Fiscal Biennium**



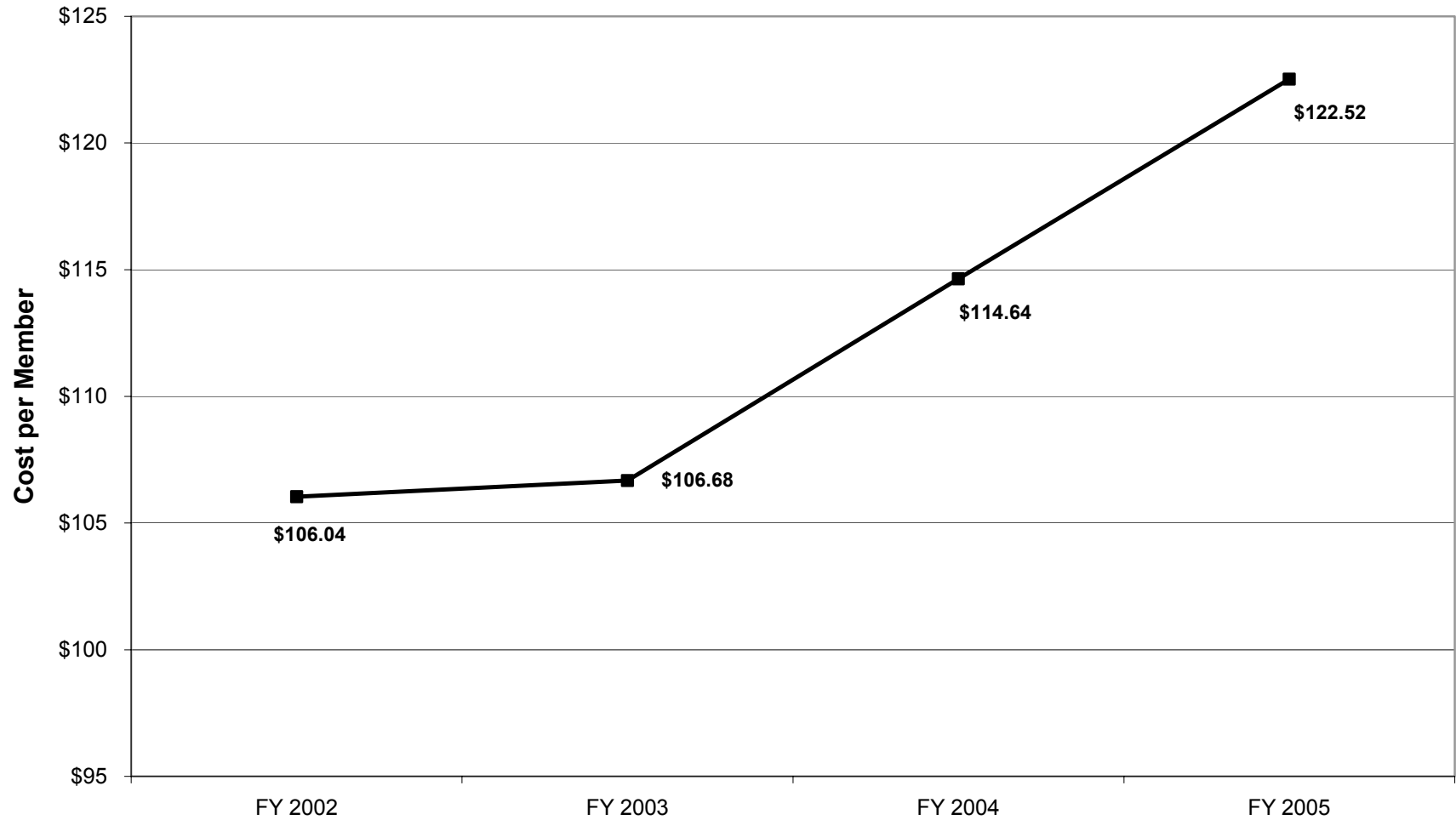
**Presented to the  
House Appropriations Committee  
Subcommittee on Health and Human Services**

**March 3, 2003**

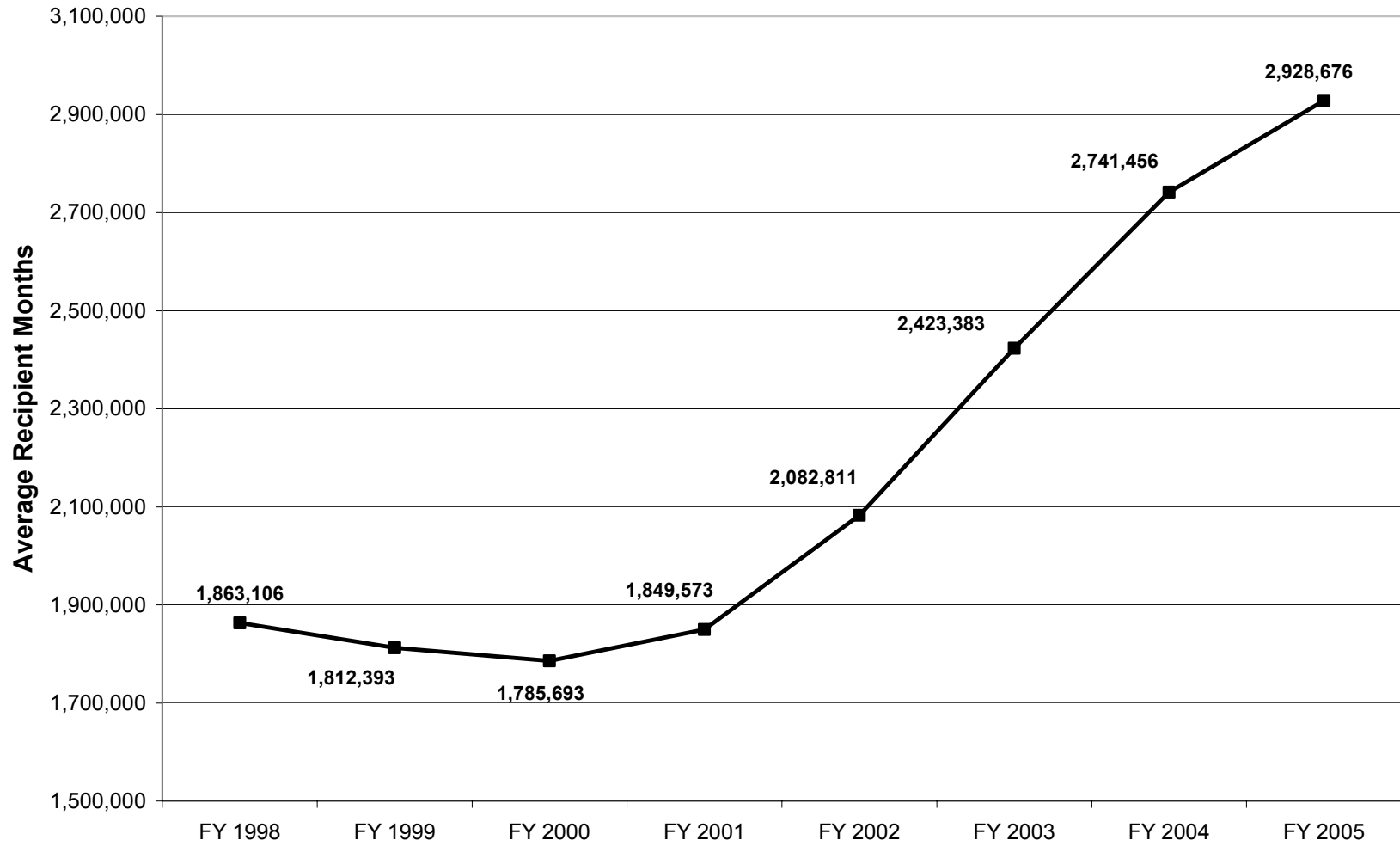
## Average Monthly CHIP Caseload



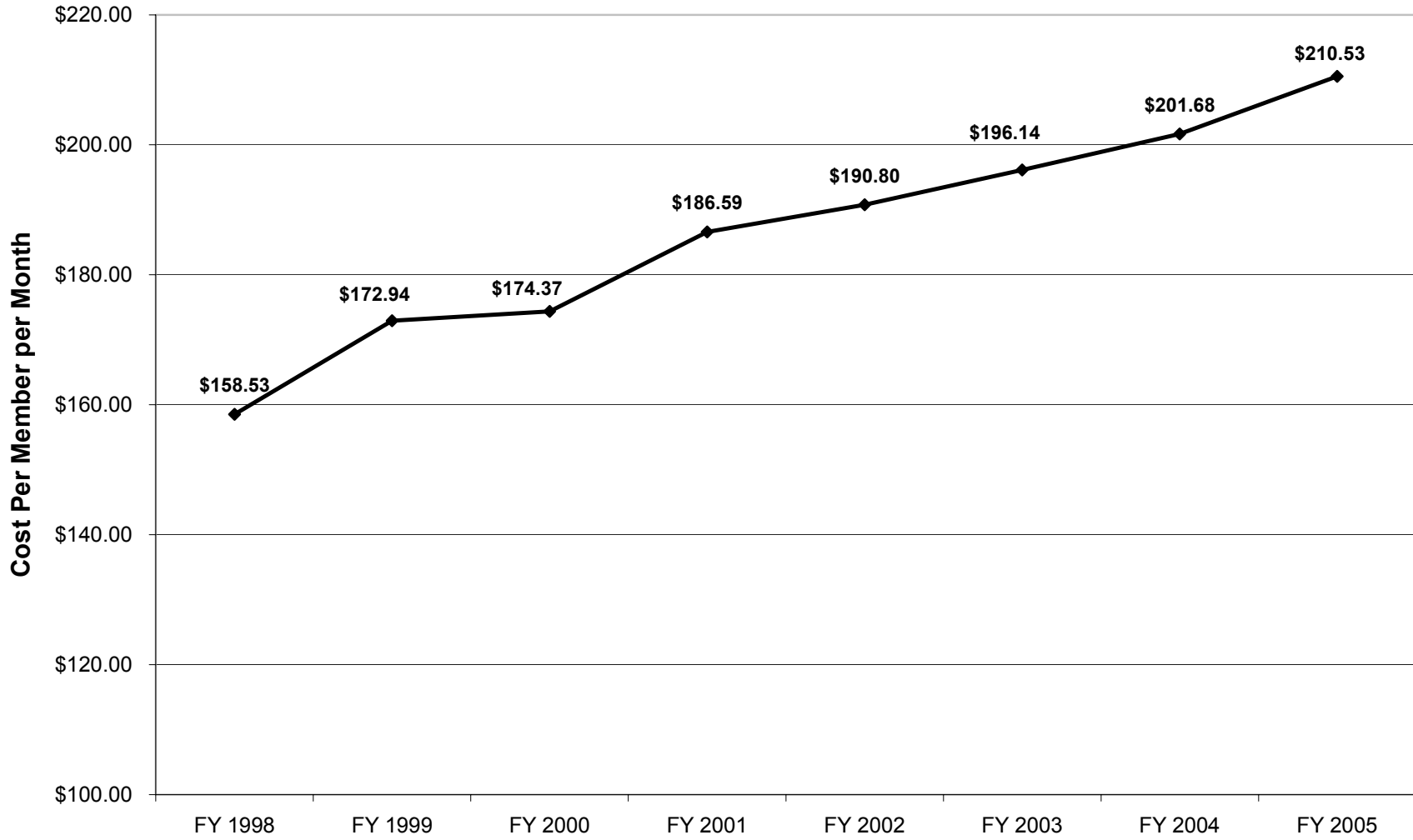
## Average CHIP Benefit Cost per Member FY 2002 - 05



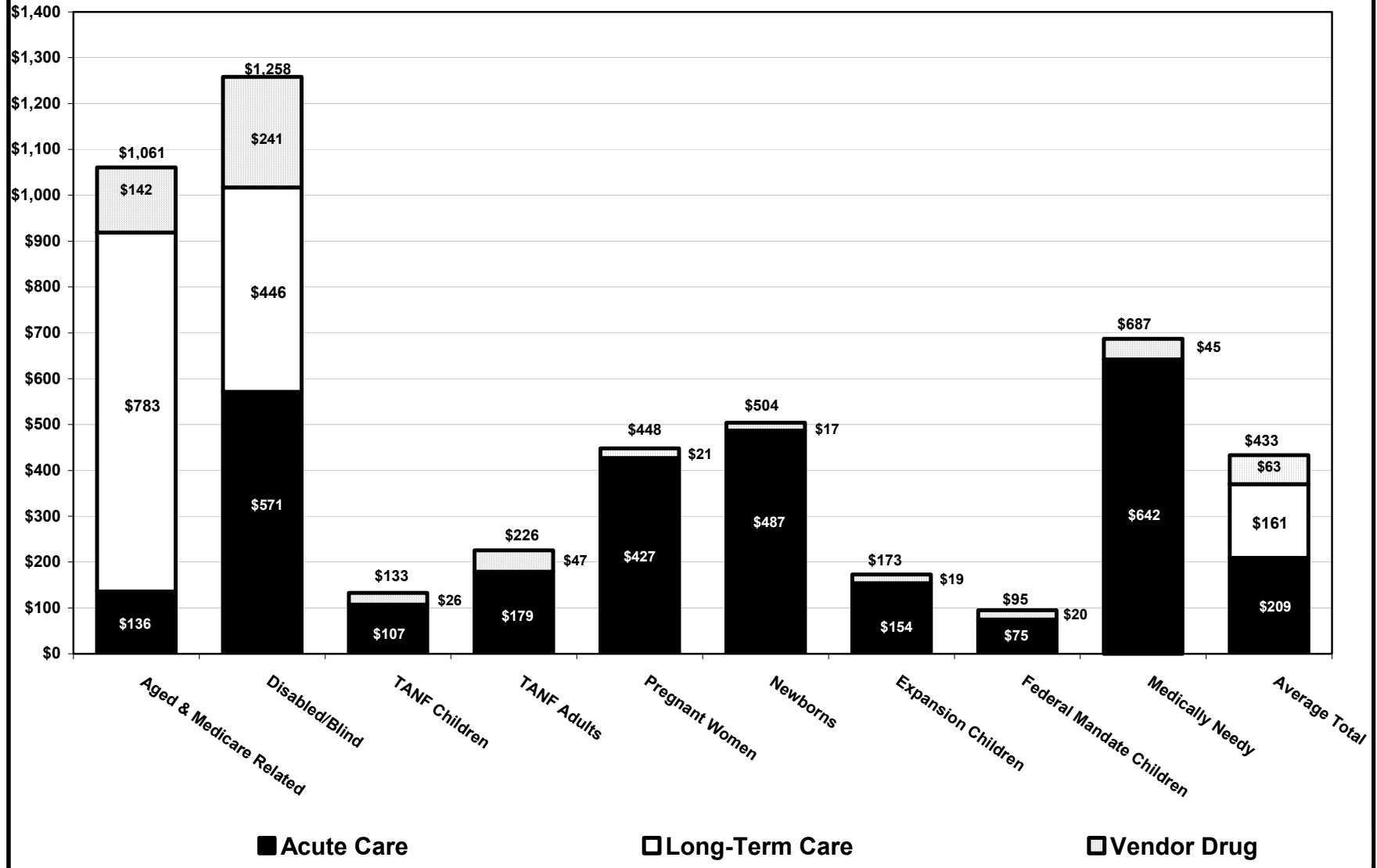
## Average Monthly Medicaid Caseload



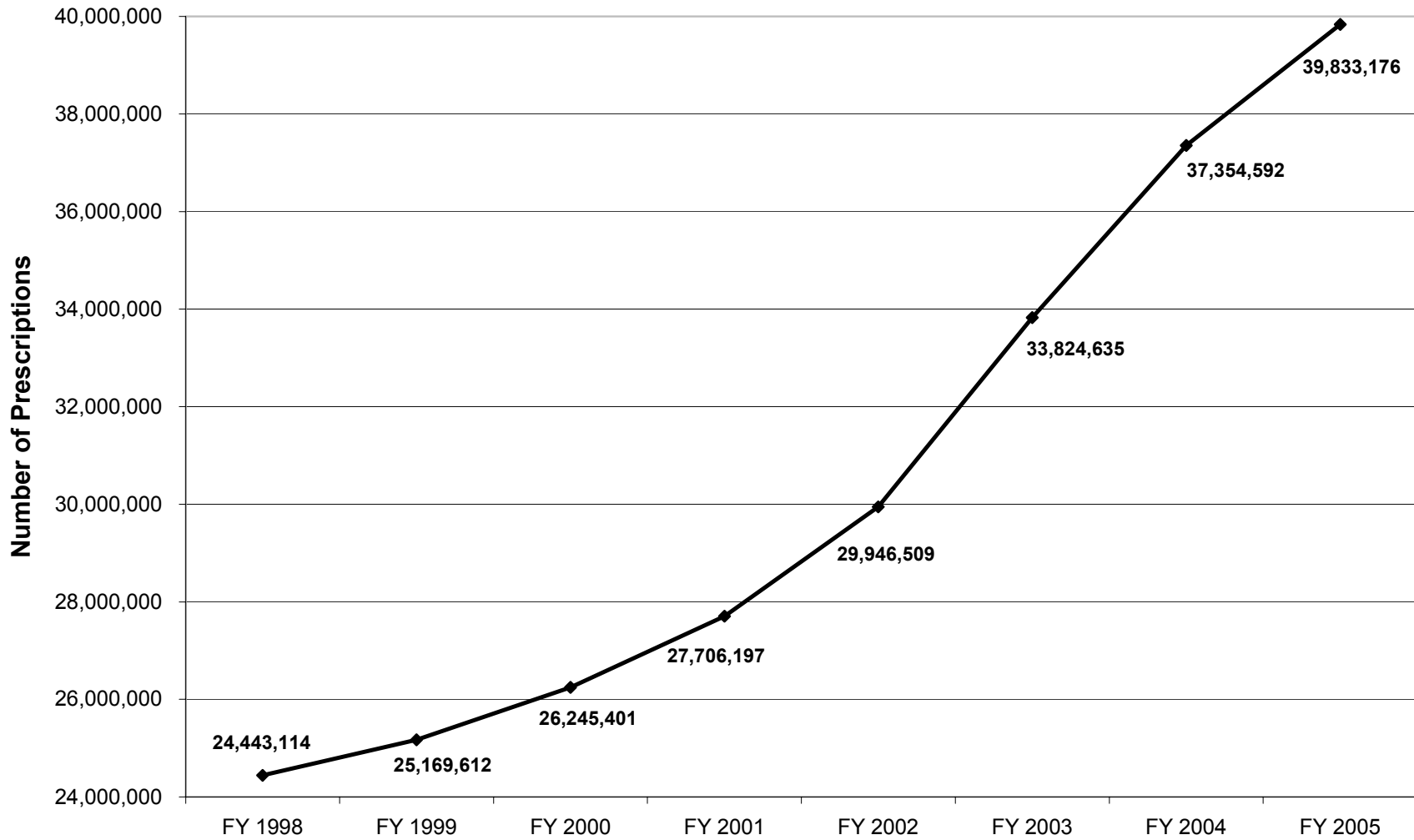
## Average Monthly Medicaid Blended Cost



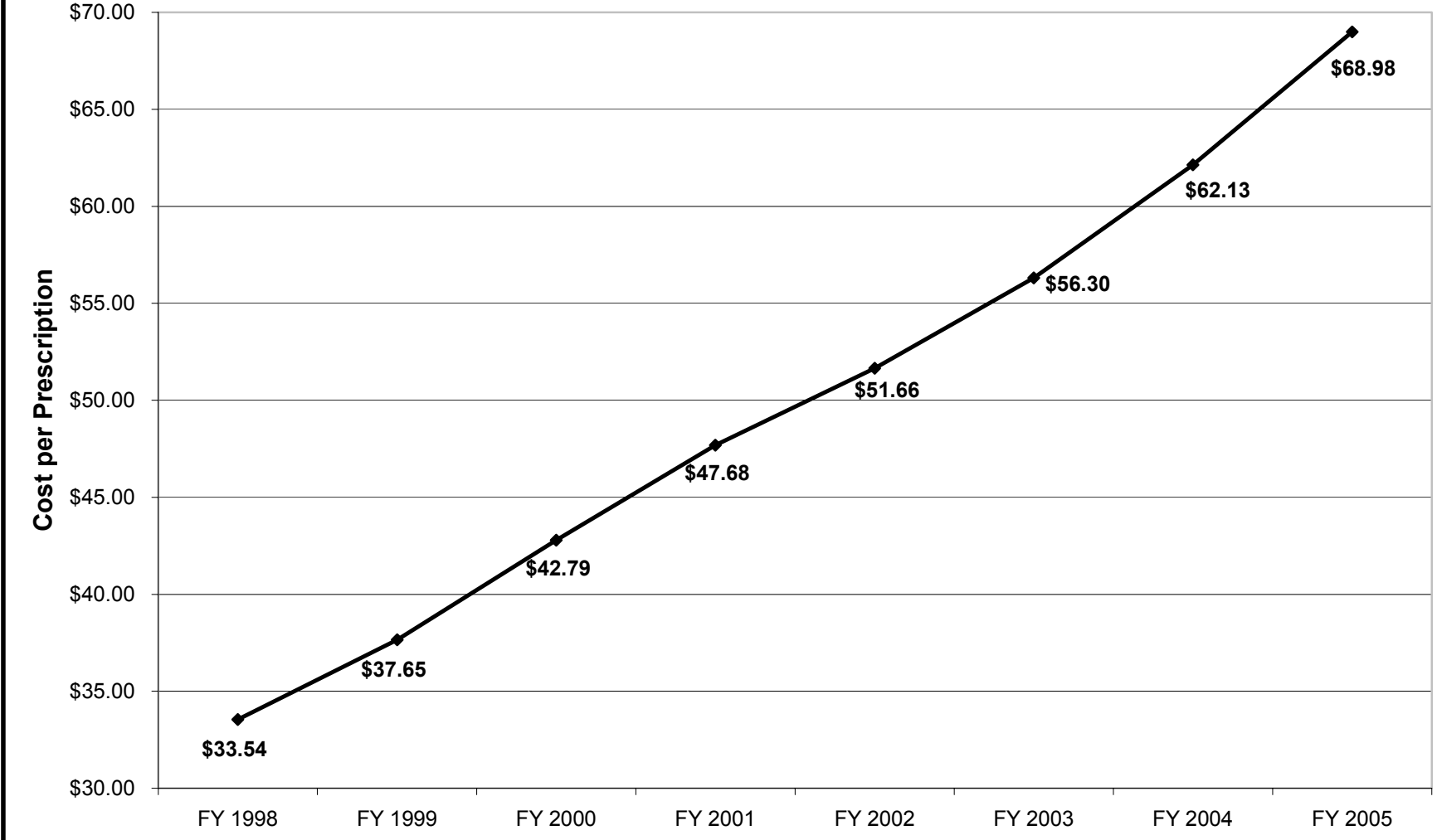
Estimated Monthly Costs by Risk Group FY 2002



## Annual Number of Medicaid Prescriptions



# Average Medicaid Prescription Cost





# **HHSC Approach to Developing Budget Building Blocks for the 2004-05 Fiscal Biennium**

The “Building Blocks” submission, prepared in response to Legislative Budget Board instruction, is structured to provide key decision-making information at various levels of funding. Separate building blocks are presented for: (1) the Children’s Health Insurance Program (CHIP); and (2) Medicaid (acute care) and other HHSC programs. CHIP building blocks are arrayed among two tiers beginning with the Initial General Revenue allocation. Medicaid/other HHSC building blocks are distributed among five tiers, also beginning with the Initial General Revenue allocation. Four fundamental questions are answered at each tier:

- (1) Which eligible populations are served?
- (2) What services would be available?
- (3) How many eligible clients would receive services?
- (4) What is the cost of delivering the services to these clients?

## Cost-Saving Options

Implementing new cost-saving initiatives, continuing existing cost-containment measures, and modifying certain state laws and policies would significantly further efforts to contain the scope and cost of health care programs.

The cost and caseload estimates presented here reflect the impact of the cost-saving options identified below:

### Contain Costs

- Reduce administrative and service delivery costs
- Limit coverage of optional services
- Strengthen utilization controls
  - Implement a Preferred Drug List (PDL)
  - Increase CHIP cost-sharing and co-payment levels
  - Establish a comprehensive disease management program (savings not estimated)
- Maintain FY 2002 and FY 2003 cost-containment initiatives (Rider 33)
  - Competitive bidding and pricing for eyeglasses
  - Competitive bidding and pricing for medical equipment and supplies
  - Hospital cost savings
  - Vendor drug savings through changes to the reimbursement formula, sliding-scale co-payments, increased utilization review, and 34-day supply on prescriptions

## **Manage Caseloads**

- Prioritize mandatory populations
- Limit eligibility period not to exceed six months
- Conduct eligibility interview at initial certification
- Verify assets
- Establish a 90-day waiting period for enrollment in CHIP (Tier 2)

**CHIP and Maintenance of Effort (MOE)  
Medicaid Clients**

**The portion of the HHSC budget attributable to CHIP and maintenance of effort (MOE) Medicaid clients is presented in the two tiers described below. Each tier contains multiple building blocks.**

**Tier 1**

**State Share: \$396.0 Million**  
**Federal Funds: \$704.9 Million**

CHIP clients up to 150 percent of FPL, maintenance of effort Medicaid clients, and services that can be financed with this funding level are included in this tier.

**Tier 2**

**State Share: \$611.4 Million**  
**Federal Funds: \$1,009.7 Million**

This tier would continue to fund services for all populations covered under amended policies.

# Tier 1

CHIP clients up to 150 percent of FPL, maintenance of effort Medicaid clients, and services that can be financed with this funding level are included in this tier.

## \$396.0 Million State Share

### Building Blocks

- CHIP at or below 150 percent of FPL \$229.8 million state share
- CHIP general revenue-funded programs at or below 150 percent of FPL \$ 50.2 million state share
- Medicaid Maintenance of Effort \$116.0 million state share

### Includes

### Client Populations

CHIP	<u>Caseload</u>	
	<u>FY 2004</u>	<u>FY 2005</u>
• CHIP children at or below 150 percent of FPL	281,732	250,709
• Children at or below 150 percent of FPL who are eligible for CHIP general revenue-funded programs including:		
- Legal Immigrants	9,326	8,584
- Children of School Employees	5,799	4,883
- State Kids' Insurance Program (SKIP)		

Note: Funds transferred to Employees Retirement System to pay premium costs for CHIP-eligible children of state employees.

<b>Medicaid Maintenance of Effort</b>	<b><u>Caseload</u></b>	
	<b><u>FY 2004</u></b>	<b><u>FY 2005</u></b>
- Pregnant Women under age 19 above 133 percent through 185 percent of FPL	2,056	2,138
- Infants above 133 percent through 185 percent of FPL	34,465	35,762
- Medically Needy children at or below 24 percent of FPL	1,921	2,269

### **Summary of Clients Served**

Total Medicaid	38,442	40,169
Total CHIP	296,857	264,176

### **Services**

- Inpatient and outpatient hospital and physician services for Medicaid and CHIP
- Drugs for Medicaid and CHIP

### **Provider Reimbursement**

- CHIP provider rates at 100 percent of the FY 2003 reimbursement level
- Medicaid provider rates at 67 percent of the FY 2003 provider reimbursement level

## **Savings Due to Cost Containment Initiatives**

- PDL with prior authorization \$1.4 million GR biennial
- Increase cost-sharing requirements for CHIP to \$14 per month \$2.3 million GR biennial



## Tier 2

This tier would continue to fund services for all populations covered under amended policies.

### **\$611.4 Million State Share**

#### **Building Blocks**

- CHIP children above 150 percent through 185 percent of FPL \$ 96.2 million state share
- CHIP children above 185 percent through 200 percent of FPL \$ 25.9 million state share
- CHIP state share programs above 150 percent through 185 percent of FPL \$ 33.2 million state share
- CHIP state share programs above 185 percent through 200 percent of FPL \$26.6 million state share
- CHIP rate increases \$ 6.9 million state share
- Medicaid rate increases \$26.6 million state share

**Includes**

		<u>Caseload</u>		
<b>Client Populations</b>		<u>FY 2004</u>	<u>FY 2005</u>	
<b>CHIP</b>				
-	CHIP children at or below 150 percent of FPL	281,732	250,709	
-	Children at or below 150 percent of FPL who are eligible for CHIP general revenue-funded programs	15,125	13,467	
-	<b><i>Children above 150 percent through 200 percent of FPL who are eligible for CHIP or CHIP general revenue-funded programs</i></b>	<b><i>91,911</i></b>	<b><i>81,513</i></b>	
 <b>Medicaid Maintenance of Effort</b>				
-	Pregnant Women under age 19 above 133 percent through 185 percent of FPL	2,056	2,138	
-	Infants above 133 percent through 185 percent of FPL	34,465	35,762	
-	Medically Needy children at or below 24 percent of FPL	1,921	2,269	
 <b>Summary of Clients Served</b>				
	Total Medicaid	No Change from Tier 1	38,442	40,169
	CHIP	Tier 1	296,857	264,176
		<b><u>Tier 2 Addition</u></b>	<b><u>91,911</u></b>	<b><u>81,513</u></b>
	Total CHIP		<b><u>388,768</u></b>	<b><u>345,689</u></b>

## Services

- Inpatient and outpatient hospital and physician services for Medicaid and CHIP
- Drugs for Medicaid and CHIP

## Provider Reimbursement

- CHIP provider rates at the FY 2003 reimbursement level ***adjusted for inflation***
- Medicaid provider rates at FY 2003 reimbursement levels ***adjusted for inflation with an additional two percent for physicians, professional services, and outpatient hospitals***

## Savings Due to Cost Containment Initiatives

- |   |                            |
|---|----------------------------|
| • PDL with prior authorization                      | \$ 1.9 million GR biennial |
| • 90-day waiting period for CHIP enrollment         | \$42.4 million GR biennial |
| • Increase cost-sharing for CHIP to federal maximum | \$61.6 million GR biennial |

# **Medicaid Acute Care and Other HHSC Programs**

The portion of the HHSC budget attributable to Medicaid and programs other than CHIP is presented in the five tiers described below. Each tier contains multiple building blocks.

### **Tier 1 Initial General Revenue**

**GR: \$5.2 Billion**

**FF: \$8.2 Billion**

This tier covers **federally-mandated** clients and services and only includes optional services that are a lower cost alternative to federally-mandated services.

### **Tier 2**

**GR: \$ 6.7 Billion**

**FF: \$10.4 Billion**

This tier includes options for restoring provider rates up to the FY 2003 reimbursement level.

### **Tier 3**

**GR: \$ 7.7 Billion**

**FF: \$11.9 Billion**

This tier would continue current services under amended policies for priority populations and services that are not funded in Tier 1.

### **Tier 4**

**GR: \$ 8.3 Billion**

**FF: \$12.8 Billion**

This tier would continue to fund services for all populations currently covered under amended policies.

### **Tier 5**

**GR: \$ 8.4 Billion**

**FF: \$13.0 Billion**

This tier selects key exceptional items from the previously submitted Legislative Appropriations Request.

# Tier 1

This tier covers **federally-mandated** clients and services and only includes optional services that are a lower cost alternative to federally-mandated services.

## \$5.2 Billion General Revenue

### Building Blocks

## Includes

<b>Client Populations</b>	<b><u>Caseload</u></b>	
	<b><u>FY 2004</u></b>	<b><u>FY 2005</u></b>
• Pregnant Women at or below 133 percent of the federal poverty level (FPL)	90,824	94,457
• Children ages 0-5 at or below 133 percent of FPL	647,711	676,580
• Children ages 6-18 at or below 100 percent of FPL	987,931	1,031,423
• Adults with children at or below the TANF income limit (about 17 percent of FPL) including those eligible for transitional coverage	134,638	145,479
• Aged, Blind and Disabled clients at or below 100 percent of SSI (SSI is about 73 percent of FPL)	500,310	509,638

## Summary of Clients Served

Adults	646,208	667,795
Children	<u>1,715,205</u>	<u>1,789,783</u>
Total Clients	2,361,413	2,457,578

## **Services**

### **Medicaid**

- Inpatient and outpatient hospital and physician services for eligible clients to the extent required by federal law, or to provide a lower cost alternative to a required service (e.g., ambulatory surgery centers)
- Drugs for pregnant women
- Drugs for children
- Drugs for Aged, Blind and Disabled clients at or below 100 percent of SSI who are in nursing homes
- Services provided by Federally-Qualified Health Centers (FQHCs)
- Part A/B Medicare payments
- Medicare co-insurance and deductibles for clients above SSI through 100 percent of FPL
- Emergency services per federal mandates

### **Other**

- HIPAA compliance

### **Provider Reimbursement**

- Provider rates at 67 percent of the FY 2003 reimbursement level



## Savings Due to Cost Containment Initiatives

- PDL with prior authorization \$64.7 million GR biennial
- Vision care \$ .08 million GR biennial
- Competitive pricing for medical supplies \$ .64 million GR biennial
- Hospital cost savings \$45.0 million GR biennial
- Vendor Drug \$53.5 million GR biennial

## Tier 2

This tier includes options for restoring provider rates up to the FY 2003 reimbursement level.

### \$6.7 Billion General Revenue

#### Building Blocks

- Medicaid provider rates at approximately 80 percent of FY 2003 reimbursement level \$ 608.6 million GR biennial
- Medicaid provider rates at approximately 90 percent of FY 2003 reimbursement level \$1,076.8 million GR biennial
- Medicaid provider rates at 100 percent of FY 2003 reimbursement level \$1,538.4 million GR biennial

#### Includes

##### Client Populations

	<u>Caseload</u>	
	<u>FY 2004</u>	<u>FY 2005</u>
• Pregnant Women at or below 133 percent of FPL	90,824	94,457
• Children ages 0-5 at or below 133 percent of FPL	647,711	676,580
• Children ages 6-18 at or below 100 percent of FPL	987,931	1,031,423
• Adults with children at or below the TANF income limit (about 17 percent of FPL) including those eligible for transitional coverage	134,638	145,479
• Aged, Blind and Disabled clients at or below 100 percent of SSI (SSI is about 73 percent of FPL.)	500,310	509,638

## Summary of Clients Served

		<u>Caseload</u>	
		<u>FY 2004</u>	<u>FY 2005</u>
Adults	No change from Tier 1	646,208	667,795
Children	<u>No change from Tier 1</u>	<u>1,715,205</u>	<u>1,789,783</u>
Total Clients	No change from Tier 1	2,361,413	2,457,578

## Services

### Medicaid

- Inpatient and outpatient hospital and physician services for eligible clients to the extent required by federal law, or to provide a lower cost alternative to a required service (e.g., ambulatory surgery centers)
- Drugs for pregnant women
- Drugs for children
- Drugs for Aged, Blind and Disabled clients at or below 100 percent of SSI who are in nursing homes
- Services provided by Federally-Qualified Health Centers (FQHCs)
- Part A/B Medicare payments
- Medicare co-insurance and deductibles for clients above SSI through 100 percent of FPL
- Emergency services per federal mandates

## Other

- HIPAA compliance

## Provider Reimbursement

- Provider rates at **100 percent** of FY 2003 reimbursement level

## Savings Due to Cost Containment Initiatives

- |  |                            |
|--|----------------------------|
| • PDL with prior authorization             | \$64.7 million GR biennial |
| • Vision care                              | \$ .08 million GR biennial |
| • Competitive pricing for medical supplies | \$ .64 million GR biennial |
| • Hospital cost savings                    | \$45.0 million GR biennial |
| • Vendor Drug                              | \$53.5 million GR biennial |

## Tier 3

This tier would continue current services under amended policies for priority populations and services that are not funded in Tier 1.

### **\$7.7 Billion General Revenue**

#### **Building Blocks**

- Breast and cervical cancer services \$ 2.5 million GR biennial
- Drugs for Community-Based Alternatives (CBAs) and Community Living Assistance and Support Services (CLASS) under 100 percent SSI \$ 72.1 million GR biennial
- Drugs for Aged, Blind and Disabled clients (below 100) percent of SSI but not on a waiver or in a nursing home \$724.4 million GR biennial
- Drugs for all Aged, Blind and Disabled clients above 100 percent through 200 percent of SSI \$158.3 million GR biennial

## Includes

Client Populations	<u>Caseload</u>	
	<u>FY 2004</u>	<u>FY 2005</u>
• Pregnant Women at or below 133 percent of FPL	90,824	94,457
• Children ages 0-5 at or below 133 percent of FPL	647,711	676,580
• Children ages 6-18 at or below 100 percent of FPL	987,931	1,031,423
• Adults with children at or below the TANF income limit (about 17 percent of FPL) including those eligible for transitional coverage	134,638	145,579
• Aged, Blind and Disabled clients at or below 100 percent of SSI (SSI is about 73 percent of FPL.)	500,310	509,638
• <b><i>Aged, Blind and Disabled clients above 100 percent through 200 percent of SSI</i></b>	<b>33,658</b>	<b>33,887</b>
• <b><i>Clients eligible for Breast and Cervical Cancer Program (BCCP) services</i></b>	<b>366*</b>	<b>366*</b>

## Summary of Clients Served

Adults	Tier 2	646,208	667,795
	Tier 3 Addition	<b><u>33,658</u></b>	<b><u>33,887</u></b>
Total Adults	Tier 3 Total	<b>679,866</b>	<b>701,682</b>
Children	<u>No change from Tier 2</u>	<u>1,715,205</u>	<u>1,789,783</u>
Total Clients	Tier 3 Total	2,395,071	2,491,465

Note: "Summary of Clients Served" does not include Breast and Cervical Cancer Clients because these individuals are not eligible for the full range of Medicaid services.

## Services

### Medicaid

- Inpatient and outpatient hospital and physician services for eligible clients to extent required by federal law, or provide lower cost alternative to required minimum (e.g., ambulatory surgery centers)
- Drugs for pregnant women
- Drugs for children
- Drugs for Aged, Blind and Disabled clients at or below 100 percent of SSI who are in nursing homes
- Services provided by FQHCs
- Part A/B Medicare payments
- Medicare co-insurance and deductibles for clients above SSI through 100 percent of FPL
- Emergency services per federal mandates
- ***Breast and cervical cancer services***
- ***Drugs for all Aged, Blind and Disabled clients at or below 200 percent of SSI***
- ***Drugs for adults with children at or below TANF income limit (three prescription limit)***

### Other

- HIPAA compliance
- ***Guardianship Alliance***
- ***211 Information and Referral Network***

- ***Family-Based Alternatives***
- ***Permanency Planning***
- ***Community Resource Coordination Groups (CRCGs)***
- ***Texas Integrated Funding Initiative (TIFI)***
- ***The Children's Bureau***

**Provider Reimbursement**

- Provider rates at 100 percent of FY 2003 reimbursement level

**Savings Due to Cost Containment Initiatives**

- |  |                             |
|--|-----------------------------|
| • PDL with prior authorization             | \$146.3 million GR biennial |
| • Three prescription savings               | \$ 41.1 million GR biennial |
| • Vision care                              | \$ .2 million GR biennial   |
| • Competitive pricing for medical supplies | \$ 1.6 million GR biennial  |
| • Hospital cost savings                    | \$ 45.0 million GR biennial |
| • Vendor Drug                              | \$120.4 million GR biennial |



# Tier 4

This tier would continue to fund services for all populations currently covered under amended policies.

## \$8.3 Billion General Revenue

### Building Blocks

- Medically Needy adults above 17 percent through 24 percent of FPL \$ 63.4 million GR biennial
- Pregnant Women 19 years and older above 133 percent through 185 percent of FPL \$ 90.0 million GR biennial
- Aged, Blind and Disabled clients above 200 percent through 300 percent of SSI \$ 40.7 million GR biennial
- Eyeglasses and hearing aids \$ 9.2 million GR biennial
- Podiatrists, chiropractics and counselors/psychologists \$ 9.5 million GR biennial
- Graduate Medical Education (GME) payments, SHARS, TB clinics \$ 44.8 million GR biennial
- Unlimited prescriptions for TANF adults who are in managed care waiver \$ 41.1 million GR biennial
- Adjust FY 2003 reimbursement levels for inflation \$229.0 million GR biennial

## Includes

Client Populations	<u>Caseload</u>	
	<u>FY 2004</u>	<u>FY 2005</u>
• Pregnant Women at or below 133 percent of FPL	90,824	94,457
• Children ages 0-5 at or below 133 percent of FPL	647,711	676,580
• Children ages 6-18 at or below 100 percent of FPL	987,931	1,031,423
• Adults with children at or below the TANF income limit (about 17 percent of FPL) including those eligible for transitional coverage	134,638	145,579
• Aged, Blind and Disabled clients at or below 200 percent of SSI (SSI is about 73 percent of FPL.)	500,310	509,638
• Clients eligible for Breast and Cervical Cancer Program (BCCP) services	366	366
• <b><i>Medically needy adults above 17 percent through 24 percent of FPL</i></b>	<b>8,472</b>	<b>9,959</b>
• <b><i>Pregnant Women 19 years and older above 133 percent through 185 percent of FPL</i></b>	<b>16,547</b>	<b>17,209</b>
• <b><i>Aged, Blind and Disabled clients above 200 percent through 300 percent of SSI</i></b>	<b>8,641</b>	<b>8,702</b>

## Summary of Clients Served

		<u>Caseload</u>	
		<u>FY 2004</u>	<u>FY 2005</u>
Adults	Tier 3	679,866	701,682
	Tier 4 addition	<b><u>33,660</u></b>	<b><u>35,870</u></b>
Total Adults	Tier 4 total	713,526	737,552
Children	<u>No change from Tier 3</u>	<u>1,715,205</u>	<u>1,789,783</u>
Total Clients	Tier 4 Total	2,428,731	2,527,335

## Services

### Medicaid

- Inpatient and outpatient hospital and physician services for eligible clients to extent required by federal law, or provide lower cost alternative to required minimum (e.g., ambulatory surgery centers)
- Drugs for pregnant women
- Drugs for children
- Drugs for Aged, Blind and Disabled clients at or below 200 percent of SSI
- Services provided by FQHCs
- Part A/B Medicare payments
- Medicare co-insurance and deductibles for clients above SSI through 100 percent of FPL
- Emergency services per federal mandates
- Breast and cervical cancer services
- Drugs for adults with children at or below TANF income limit (three prescription limit for those not in managed care waivers)

- ***Drugs for all Aged, Blind and Disabled clients above 200 percent SSI through 300 percent SSI***
- ***Eyeglasses and hearing aids for Medicaid adults***
- ***Podiatrists, chiropractics and counselors/psychologists***
- ***Graduate Medical Education (GME) payments***
- ***School Health Related Services (SHARS)***
- ***TB clinics***
- ***Unlimited prescriptions for adults with children at or below TANF income limit who are in managed care waivers (removes three prescription limit)***

#### **Other**

- HIPAA compliance
- Guardianship Alliance
- 211 Information and Referral Network
- Family-based Alternatives
- Permanency Planning
- Community Resource Coordination Groups (CRCGs)
- Texas Integrated Funding Initiative (TIFI)
- The Children's Bureau

## Provider Reimbursement

- Medicaid provider rates at 100 percent of FY 2003 reimbursement level ***adjusted for inflation***

## Savings Due to Cost Containment Initiatives

- |  |                             |
|--|-----------------------------|
| • PDL with prior authorization             | \$150.8 million GR biennial |
| • Vision Care                              | \$ .8 million GR biennial   |
| • Competitive pricing for medical supplies | \$ 6.4 million GR biennial  |
| • Hospital cost savings                    | \$ 45.0 million GR biennial |
| • Vendor Drug                              | \$128.7 million GR biennial |

# Tier 5

This tier selects key exceptional items from the previously submitted Legislative Appropriations Request.

## \$8.4 Billion General Revenue

### Building Blocks

- Promoting independence \$ 5.1 million GR biennial
- Complete HHSAS \$ 5.4 million GR biennial
- Complete 211 implementation \$12.8 million GR biennial
- Increase rates by two percent \$95.0 million GR biennial

### Includes

<b>Client Populations</b>	<b><u>Caseload</u></b>	
	<b><u>FY 2004</u></b>	<b><u>FY 2005</u></b>
• Pregnant Women at or below 133 percent of FPL	90,824	94,457
• Children ages 0-5 at or below 133 percent of FPL	647,711	676,580
• Children ages 6-18 at or below 100 percent of FPL	987,931	1,031,423
• Adults with children at or below the TANF income limit (about 17 percent of FPL) including those eligible for transitional coverage	134,638	145,579

	<u>FY 2004</u>	<u>FY 2005</u>
• Aged, Blind and Disabled clients at or below 200 percent of SSI (SSI is about 73 percent of FPL.)	500,310	509,638
• Clients eligible for Breast and Cervical Cancer Program (BCCP) services	366	366
• Medically needy adults above 17 percent through 24 percent of FPL	8,472	9,959
• Pregnant Women 19-years and older above 133 percent through 185 percent of FPL	16,547	17,209
• Aged, Blind and Disabled clients above 200 percent through 300 percent of SSI	8,641	8,702

### Summary of Clients Served

Adults	Tier 5 (no change from Tier 4)	713,526	737,552
Children	<u>Tier 5 (no change from Tier 4)</u>	<u>1,715,205</u>	<u>1,789,783</u>
Total Clients	Tier 5 (no change from Tier 4)	2,428,731	2,527,335

### Services

#### Medicaid

- Inpatient and outpatient hospital and physician services for eligible clients to extent required by federal law, or provide lower cost alternative to required minimum (e.g., ambulatory surgery centers)
- Drugs for pregnant women
- Drugs for children
- Drugs for Aged, Blind and Disabled clients at or below 300 percent of SSI

- Drugs for adults with children at or below TANF income limit (three prescription limit for those not in managed care waivers)
- Services provided by FQHCs
- Part A/B Medicare payments
- Medicare co-insurance and deductibles for clients between SSI and 100 percent of FPL
- Emergency services per federal mandates
- Breast and cervical cancer services
- Eyeglasses and hearing aids for Medicaid adults
- Podiatrists, Chiropractics and Counselors/Psychologists
- Graduate Medical Education (GME) payments
- School Health Related Services (SHARS)
- TB clinics
- Unlimited prescriptions for adults with children at or below TANF income limit who are in managed care waivers (removes three prescription limit)

### **Other**

- HIPAA compliance
- Guardianship Alliance
- 211 Information and Referral Network
- Family-based Alternatives



- Permanency Planning
- Community Resource Coordination Groups (CRCGs)
- Texas Integrated Funding Initiative (TIFI)
- The Children's Bureau
- ***Provide housing, transportation, and other support services for individuals who are leaving institutions or who are at risk of institutionalization (Promoting Independence initiative)***
- ***Complete implementation of Health and Human Services Administrative System (HHSAS)***
- ***Complete statewide implementation of 211 Information and Referral System***

## **Provider Reimbursement**

- FY 2003 reimbursement levels adjusted for inflation with an additional two percent for physician, professional service, and outpatient hospitals

## **Savings Due to Cost Containment Initiatives**

- |  |                             |
|--|-----------------------------|
| • PDL with prior authorization             | \$150.8 million GR biennial |
| • Vision care                              | \$ .8 million GR biennial   |
| • Competitive pricing for medical supplies | \$ 6.4 million GR biennial  |
| • Hospital cost savings                    | \$ 45.0 million GR biennial |
| • Vendor Drug                              | \$128.7 million GR biennial |