

**Social Services Estimating Conference  
Medicaid Caseloads and Expenditures  
July 6, July 25, August 8, and August 11, 2016  
Executive Summary**

The Social Services Estimating Conference convened on July 6, 2016 to adopt revised Medicaid caseload projections, on July 25, 2016 to adopt a revised FMAP projection, and on August 8 and August 11, 2016 to update the expenditure projection for the period covering FY 2016-17 through FY 2019-20.

**Caseload Estimating Conference** – The Conference adopted a caseload projection for FY 2016-17 that was 122,227 (2.86%) lower than the one adopted in December 2015 and decreased the projection for FY 2017-18 by 58,886 (1.34%). The new projection for FY 2016-17 is 4,145,027. In the out-years, caseload is projected to be 4,350,384 in FY 2017-18; 4,551,370 in FY 2018-19; and 4,751,070 in FY 2019-20.

The caseload forecasting methodology was changed for this Conference to more closely reflect the current managed care environment of the Medicaid program. Caseload was projected separately for Statewide Medicaid Managed Care (SMMC) and Fee for Service (FFS) categories. The SMMC enrollment was forecasted by new enrollment categories that align with capitation rate cell groupings (e.g. TANF, SSI, HIV/AIDS, etc.) and by geographic Medicaid super-regions (see Figure 1). The FFS enrollment was forecasted statewide by enrollment categories that align with Medicaid eligibility groupings (e.g. Medically Needy, QMB/SLMB/QI, Family Planning, etc.). Note that while the names of some of the current FFS categories are unchanged from the previous methodology, the current groups are not directly comparable to the historical groups.

The new forecast anticipates a 4.4% increase in Medicaid caseload in FY 2016-17 over the prior fiscal year and a 5.0% increase in FY 2017-18. The table below summarizes the newly adopted forecast with the new underlying categories.

	<b>FY 2016-17</b>		<b>FY 2017-18</b>	
	<b>Total Medicaid Caseload</b>		<b>Total Medicaid Caseload</b>	
	<b>4,145,027</b>		<b>4,350,384</b>	

	SMMC		FFS	
	FY 2016-17	FY 2017-18	FY 2016-17	FY 2017-18
TANF	2,669,306	2,811,048	Other FFS	152,867
SSI	348,957	383,373	Relative Caregiver	18,756
SSI Dual	151,381	164,432	Child Only	26,840
Child Welfare	60,596	63,977	Families with Adults	27,956
HIV/AIDS	11,079	11,672	Unemployed Parents	3,963
HIV/AIDS Dual	4,914	5,231	Medically Needy	28,445
HIV/AIDS Specialty	3,821	3,873	QMB/SLMB/QI	417,687
HIV/AIDS Specialty Dual	809	809	XXI Children (6-18)	5,011
LTC	4,607	4,823	XXI Children (Under 1)	14
LTC Dual	44,681	47,523	General Assistance	11,169
LTC Comprehensive	1,935	2,058	Family Planning	67,554
LTC Comprehensive Dual	30,135	30,701		
CMSN	52,546	52,719		

**Expenditure Estimating Conference** – The new expenditure forecast takes account of the Medicaid caseload growth adopted in July 2016 and described above. Likely reductions that are scheduled to be taken to hospital disproportionate share (DSH) funding are not included because the federal Centers for Medicare & Medicaid Services (CMS) has not released guidance as to the amounts or methodology that will be used in calculating state reductions. The forecast adheres to federal waiver authority for the size of the Low Income Pool (LIP) for FY 2016-17, which is the final year of the LIP demonstration; the forecast for FY 2017-18 through FY 2019-20 does not include any LIP expenditures. The forecast assumes continuation of Intergovernmental Transfers (IGTs) from local taxing authorities based on appropriated levels for FY 2016-17. While the forecast in the out-years assumes continuation of IGTs for Statewide Issues (SWI) and DSH based on historical collections of this funding, the SSEC strongly cautions that IGTs for these purposes may be at risk beginning in FY 2016-17 and may result in lower Fee for Service and supplemental payments to providers (IGT collections for LIP, DSH, and SWIs have no impact on managed care plan capitation rates). Revisions to the long-term Medicaid expenditures forecast could also be required based on final approvals and guidance from CMS.

In the January 2016 forecast, the September 1, 2015 Managed Medical Assistance (MMA) capitation rate increase, which was 7.7% overall, was applied at a granular level to each Medicaid eligibility category, with projected annual growth rates of 4.3% applied in subsequent years. In the current expenditures forecast, an overall rate increase of 7.5% was applied at a granular level beginning September 2016. This figure was provided in the August 10, 2016 draft report prepared by Milliman, Inc., “State of Florida Agency for Health Care Administration DRAFT September 2016 – September 2017 Capitation Rate Development, Statewide Medicaid Managed Care Managed Medical Assistance Program.” The overall 7.5% rate increase is comprised of two components, a 3.7% net increase from Rate Year 2015-16 to Rate Year 2016-17, excluding program changes, and an additional 3.8% reflecting several program changes: Revenue Code 0636 Payment Change, Hepatitis C Prior Authorization Change, FQHC/RHC Encounter rate Adjustment, Maternity Kick Payment Adjustment, Elimination of Kick Payment for Hepatitis C Medications for HIV/AIDS Rate Cells, and LTC Services for MMA Members Under Age 18. Several of the program changes are expected to be budget neutral to the State of Florida because they were funded through a process outside of capitation rate development in prior years or are expected to increase revenue from drug rebates. The overall budgetary impact of the rate increase is expected to be 4.6%. These draft rates will be finalized in September 2016 based on feedback from the managed care plans and inclusion of three additional program changes: IMD Adjustment, MMA Enrollment of Lawfully Residing Children, and Behavioral Health Reform Waiver Services Pilot Program in Regions 5 and 7. It is expected that differences between the draft and final rates will be small.

In the out-years, the MMA capitation rate increase is projected to be 4.2% in October 2017, 4.9% in October 2018, and 5.2% in October 2019.

In the January 2016 Conference, a 2.5% annual growth rate was assumed for Long-Term Care (LTC) Program expenditures across all years. In the current forecast, a rate increase of 1% was applied beginning September 2016. This figure was provided in the August 10, 2016 draft report prepared by Milliman, Inc., “State of Florida Agency for Health Care Administration September 2016 – September 2017 DRAFT Capitation Rate Development for Statewide Medicaid Managed Care Long Term Care Program.” The draft rates will be finalized in September 2016 based on feedback from the plans. It is expected that differences between the draft and final rates will be small.

In the out-years, the LTC capitation rate increase is projected to be 1.5% in October of each year.

Express Enrollment, which was introduced in January 2016, was taken into account in the new forecast. Previously, Medicaid participants received care under the FFS Program until they selected a managed care

plan and were enrolled in the MMA Program. Under Express Enrollment, most Medicaid participants are now enrolled in the MMA program on the first day of eligibility. This has reduced “churn” between the FFS and MMA populations.

For FY 2016-17, program expenditures are expected to increase to \$25,895.5 million (8.9% above the FY 2015-16 estimate); this level is higher than the appropriated level. The increase in the estimate since the last Conference is primarily driven by higher than expected utilization and unit cost in Community Mental Health Services and Hospital Inpatient Services and by higher drug costs. Overall, the new forecast anticipates a surplus in General Revenue funds for the current year of \$144.1 million. A budget amendment is expected at the next Legislative Budget Commission meeting to spend available dollars in state trust funds to defray the increased cost of the higher estimate.

For FY 2017-18, program expenditures are expected to increase to \$26,436.0 million (1.4% above the revised fiscal year 2016-17 estimate). The General Revenue requirement for Fiscal Year 2017-18 is \$270.6 million above the FY 2017-18 base budget.

<b>Expenditure Forecast (millions)</b>	<b>FY 2016-17 Forecast</b>	<b>Surplus/Deficit</b>	<b>FY 2017-18 Forecast</b>	<b>Comparison to Base Budget</b>
General Revenue	\$6,341.2	\$144.1	\$6,740.5	(\$270.6)
Medical Care Trust Fund	14,488.5	(45.8)	14,864.3	(447.1)
Refugee Assistance Trust Fund	115.7	(33.8)	124.1	(42.2)
Public Medical Assistance Trust Fund	632.4	0.0	720.3	(87.9)
Other State Funds	495.7	(2.2)	477.6	0.5
Grants and Donations Trust Fund	2,647.9	(200.2)	2,422.3	25.4
Health Care Trust Fund	908.2	0.0	821.0	87.3
Tobacco Settlement Trust Fund	266.0	0.0	266.0	0.0
<b>Total</b>	<b>\$25,895.5</b>	<b>(\$137.9)</b>	<b>\$26,436.0</b>	<b>(\$734.7)</b>

**Federal Medical Assistance Percentage** – Based on new population and personal income data for the nation and for Florida, the Conference made modifications to the expected Federal Medical Assistance Percentage levels used for state budgeting purposes. Additionally, the Conference elected to move to the State FY real time FMAP blend methodology, which aligns the FFY (October-September) FMAP to the State Budget Year (July-June);  $.25*(FMAP \text{ from Q4 of the prior FFY}) + .75*(FMAP \text{ from Q1-Q3 of the current FFY})$ . The new estimated FMAP for FY 2016-17 is 60.99%. The estimated percentage for FY 2017-18 is 61.24%.

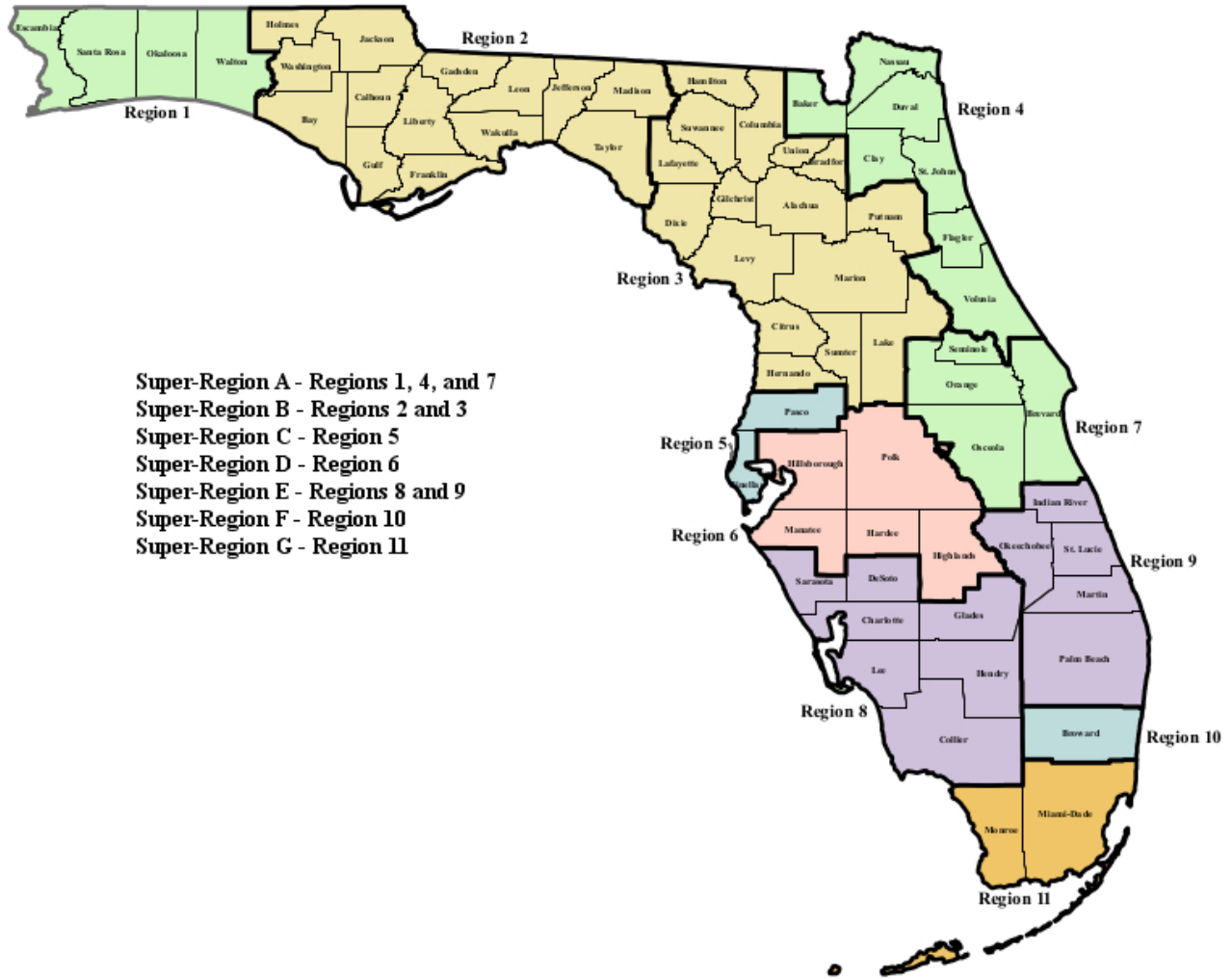


Figure 1 – Medicaid Super-Regions