

Medicaid Estimates: An Overview with TANF & KidCare

January 12, 2011

Presented by:

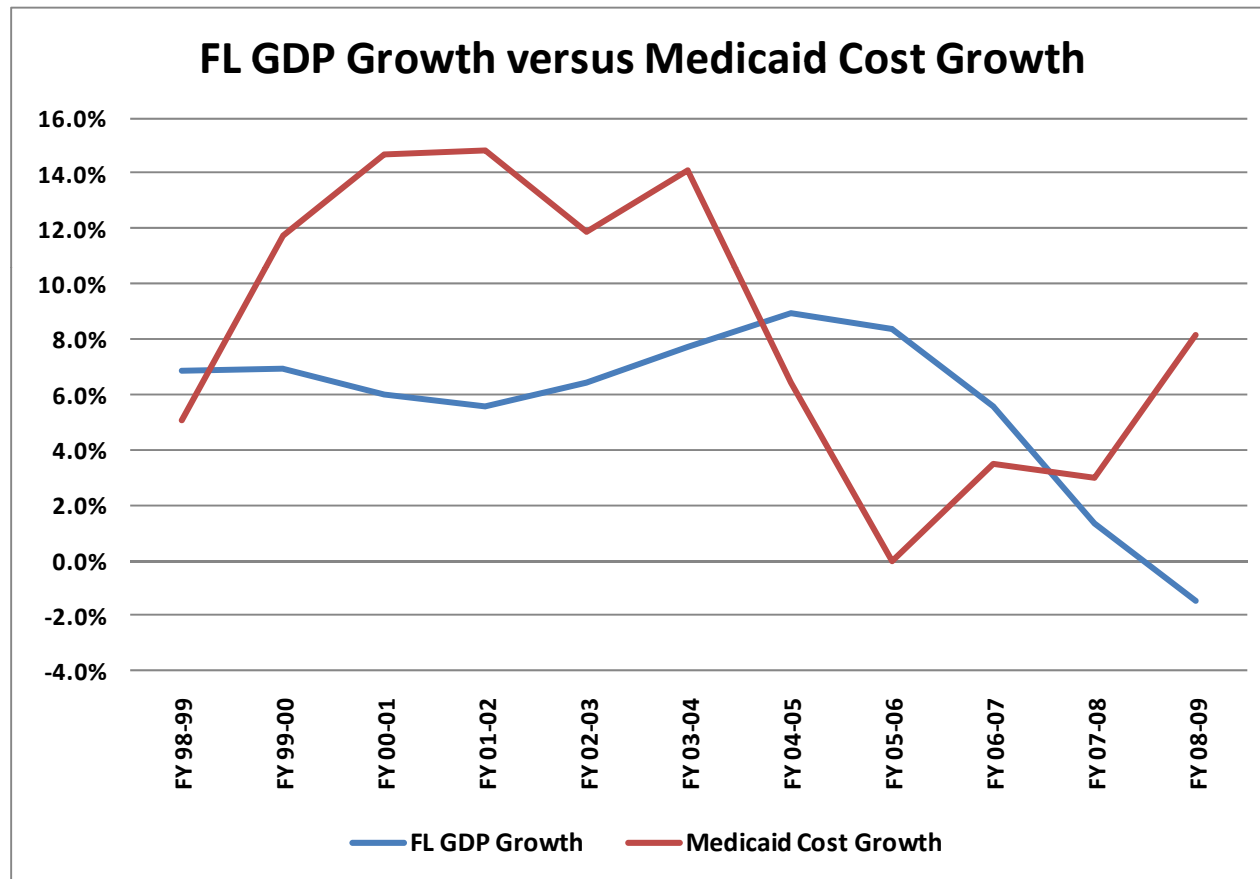


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Medicaid Program...

- Medicaid is a means-tested entitlement program that provides health care assistance to certain low-income and disabled persons. It is jointly funded by the federal government and the states.
- The federal government pays a share of each state's Medicaid costs; states must contribute the remaining portion in order to qualify for federal funds.
- Nationally, Medicaid costs (state and federal) represented 2.7% of GDP in 2009. In Florida, this percentage was about 2.4%. Medicaid spending is projected to increase faster than the economy as a whole.
- While much of Medicaid's historical expenditure growth on the national level has been due to expansions of eligibility criteria, the per enrollee costs for Medicaid have also increased significantly faster than per capita GDP.

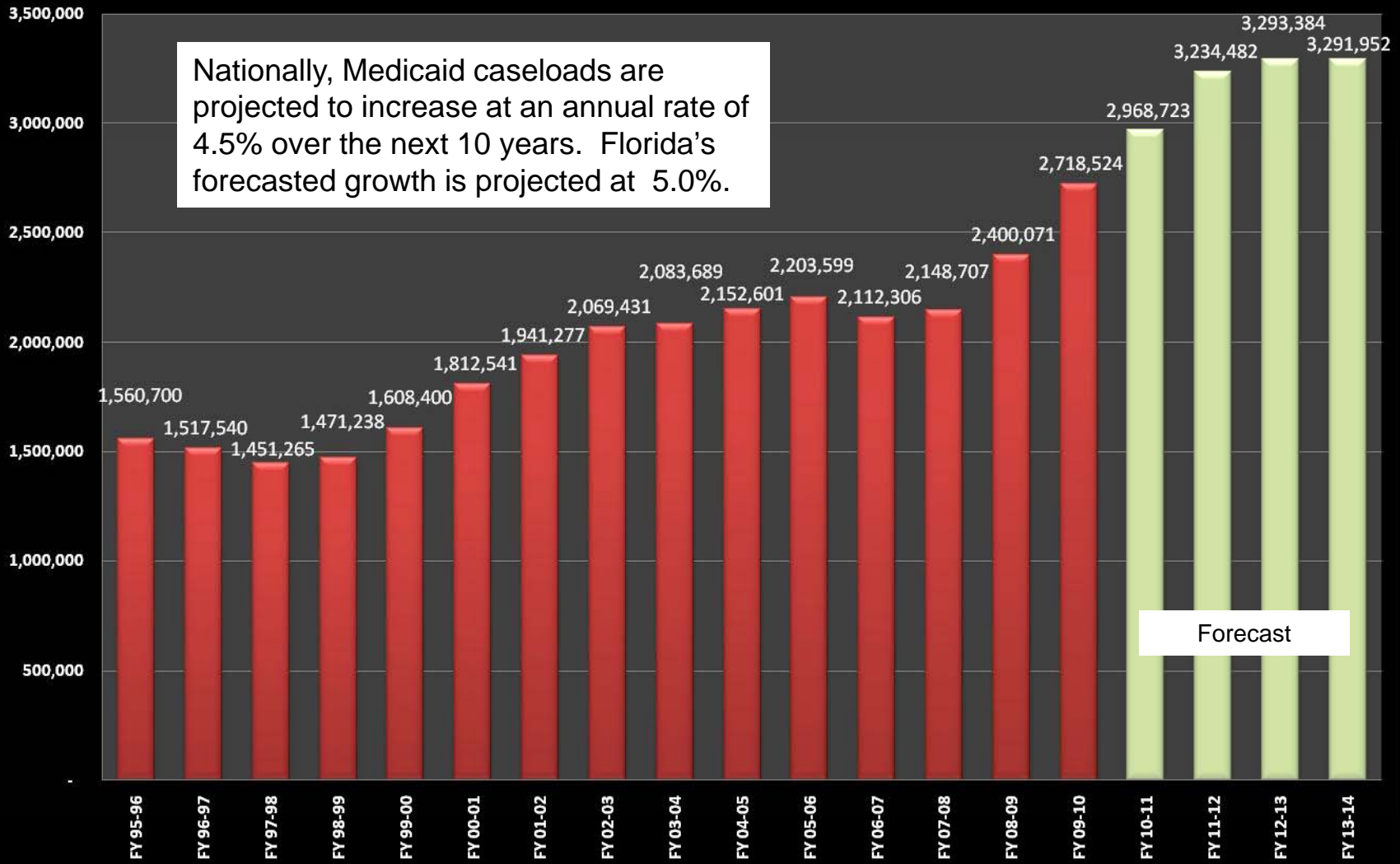
Countercyclical Pattern...



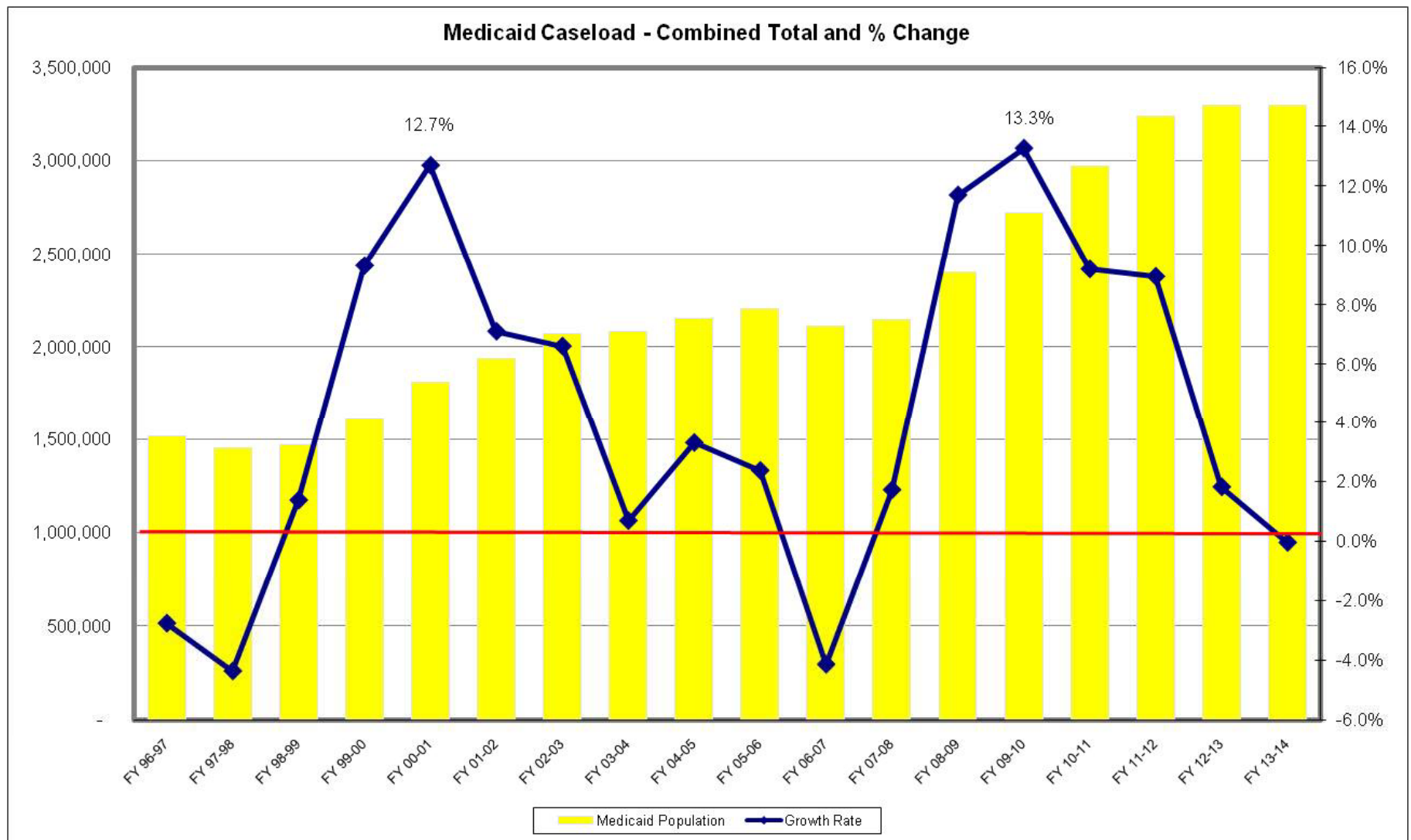
Medicaid growth accelerates in response to economic downturns and slows in times of economic strength, but generally grows faster than the economy.

Medicaid Caseload

Nationally, Medicaid caseloads are projected to increase at an annual rate of 4.5% over the next 10 years. Florida's forecasted growth is projected at 5.0%.



Recession Pattern to Growth

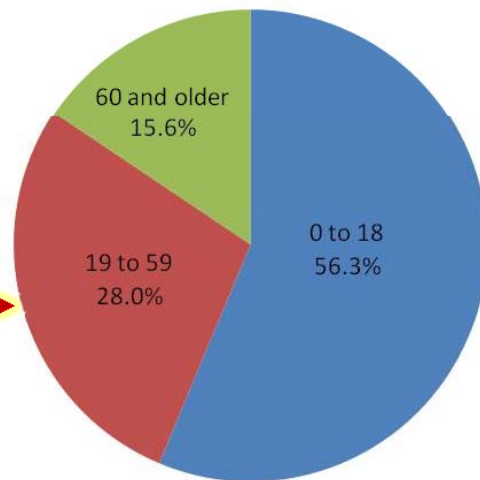


Medicaid Caseload as Share of State Population



Caseload Composition by Age...

Age of Eligibles for Medicaid Services
December 2009

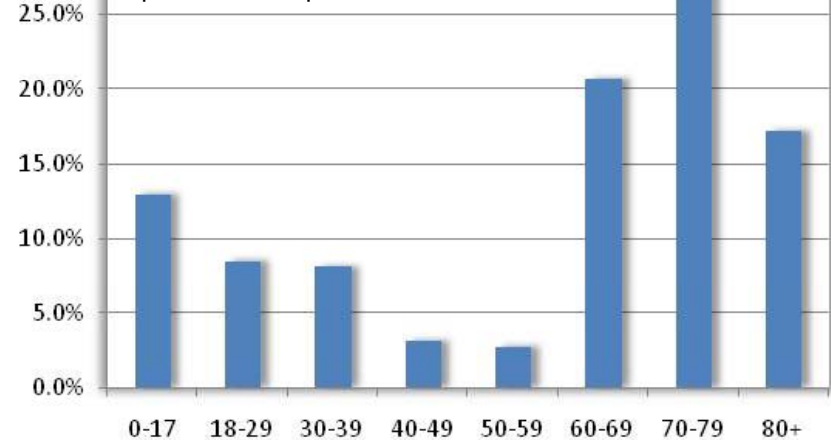


Aging Baby Boomers will exert additional pressure on Medicaid over time. Lower standard of living could become the norm for some, especially for those seniors living on fixed incomes for 20 or more years, and the estimated one-third of boomers with limited retirement assets (mainly single women).

Examples:

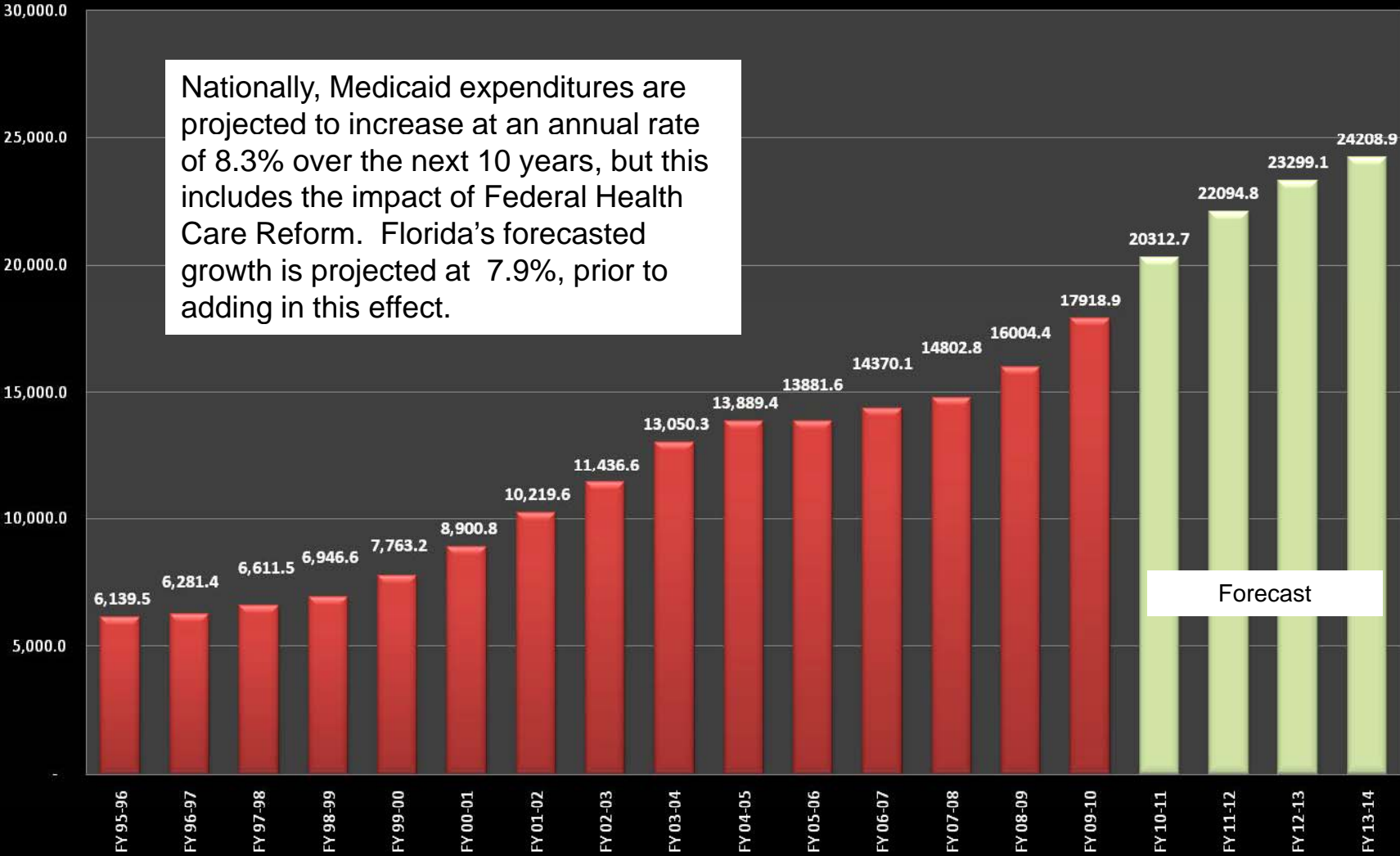
- * Disabled
- * Pregnant Women
- * TANF Recipients; Families with an Incapacitated Parent
- * Mothers Receiving Family Planning Svcs

Percent of Population Growth by Age Group
April 1, 2009 to April 1, 2030



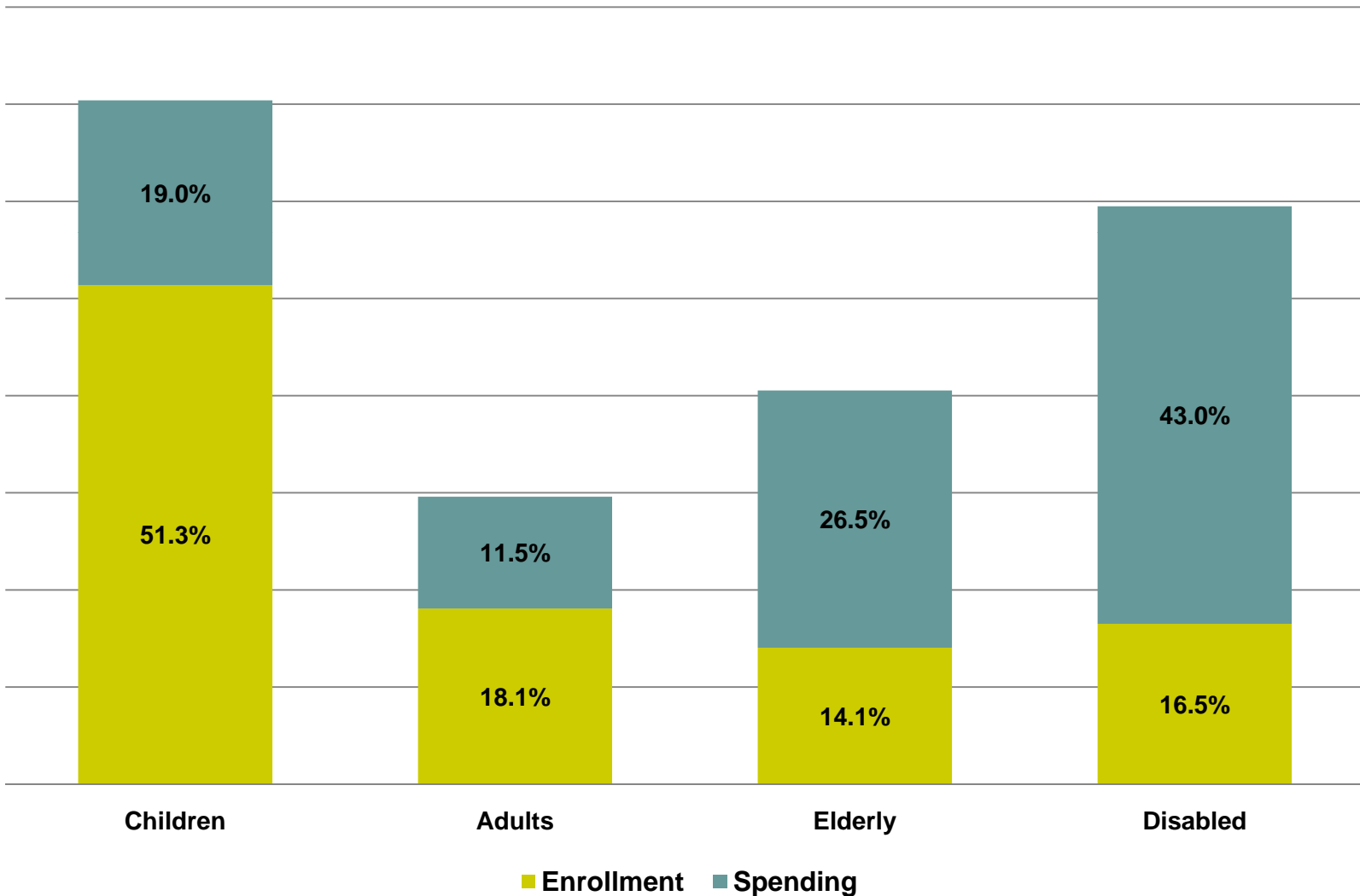
Medicaid Expenditures (\$ millions)

Nationally, Medicaid expenditures are projected to increase at an annual rate of 8.3% over the next 10 years, but this includes the impact of Federal Health Care Reform. Florida's forecasted growth is projected at 7.9%, prior to adding in this effect.



Spending Needs Vary Across Groups

Florida Medicaid Enrollment vs. Spending, Federal Fiscal Year 2007

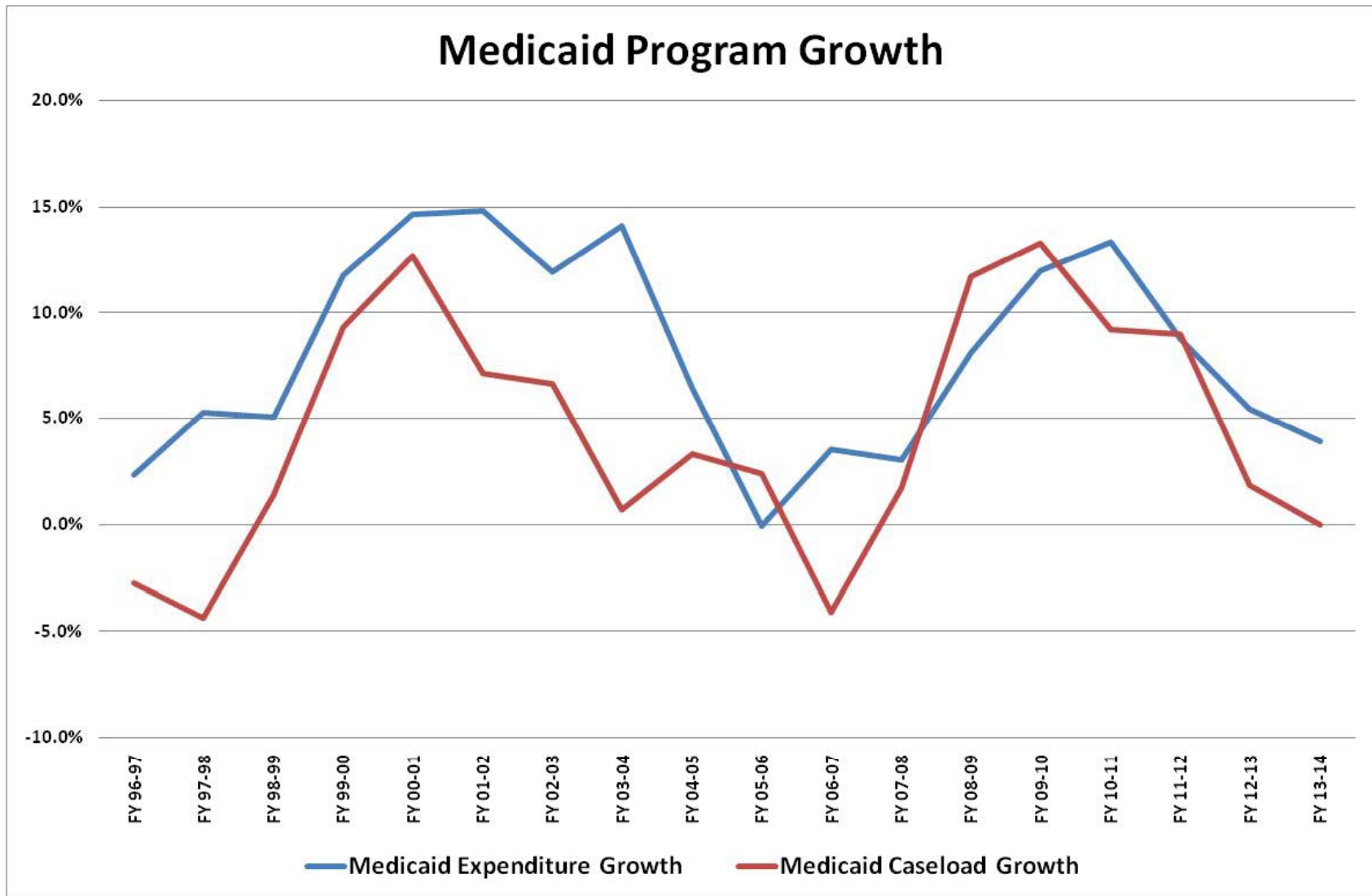


State Cost Comparison...

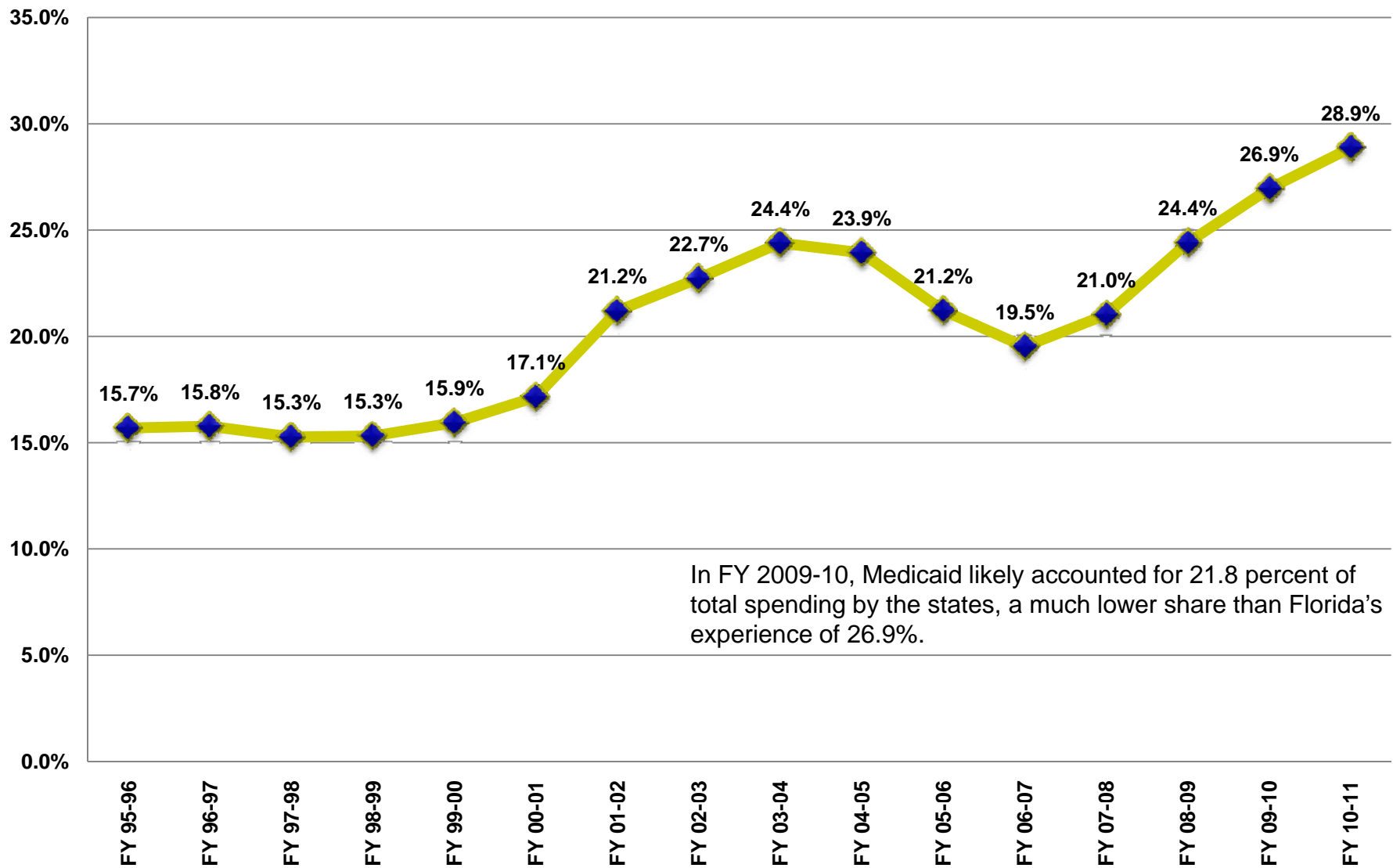
Federal Fiscal Year 2007 Medicaid Spending Per Enrollee

State	Children	Adults	Elderly	Disabled	Total
National Average	\$ 2,135	\$ 2,541	\$ 12,499	\$ 14,481	\$ 5,163
California	\$ 1,445	\$ 969	\$ 9,467	\$ 14,437	\$ 3,168
Florida	\$ 1,665	\$ 2,854	\$ 8,449	\$ 11,677	\$ 4,487
Georgia	\$ 2,000	\$ 3,773	\$ 7,254	\$ 9,065	\$ 3,892
Illinois	\$ 2,602	\$ 3,242	\$ 9,567	\$ 18,386	\$ 5,386
Michigan	\$ 1,622	\$ 3,036	\$ 16,762	\$ 11,521	\$ 4,660
New York	\$ 2,344	\$ 3,897	\$ 22,159	\$ 28,223	\$ 8,450
North Carolina	\$ 2,525	\$ 3,466	\$ 9,758	\$ 14,935	\$ 5,668
Ohio	\$ 1,672	\$ 2,844	\$ 18,087	\$ 15,674	\$ 5,781
Pennsylvania	\$ 2,656	\$ 3,414	\$ 20,702	\$ 12,266	\$ 7,159
Texas	\$ 2,400	\$ 3,185	\$ 8,437	\$ 13,572	\$ 4,555
Out of All 50 States...					
Florida Rank	45	32	45	39	42
Percent of National Average...					
Florida %	78.0%	112.3%	67.6%	80.6%	86.9%

Expenditures Grow Faster Than Caseloads



Historical Medicaid Expenditures as Share of Total State Budget



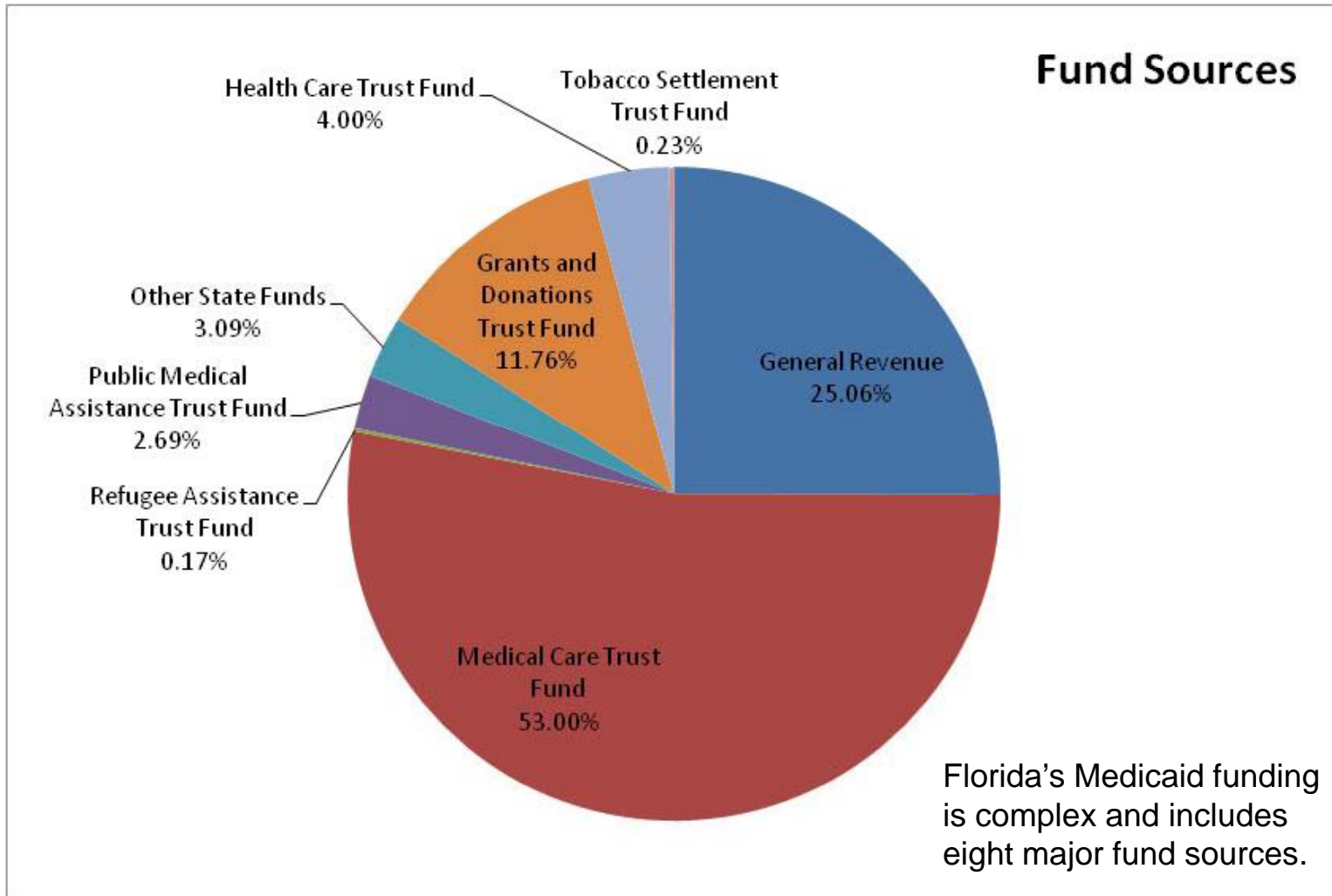
Decomposing the FY 2011-12 Estimate

	(\$ millions)		TOTAL	GR
FY 2010-11 Appropriation Base			18,518.6	3,441.1
FY 2011-12 Estimate			22,094.9	5,536.8
Difference			(3,576.3)	(2,095.7)

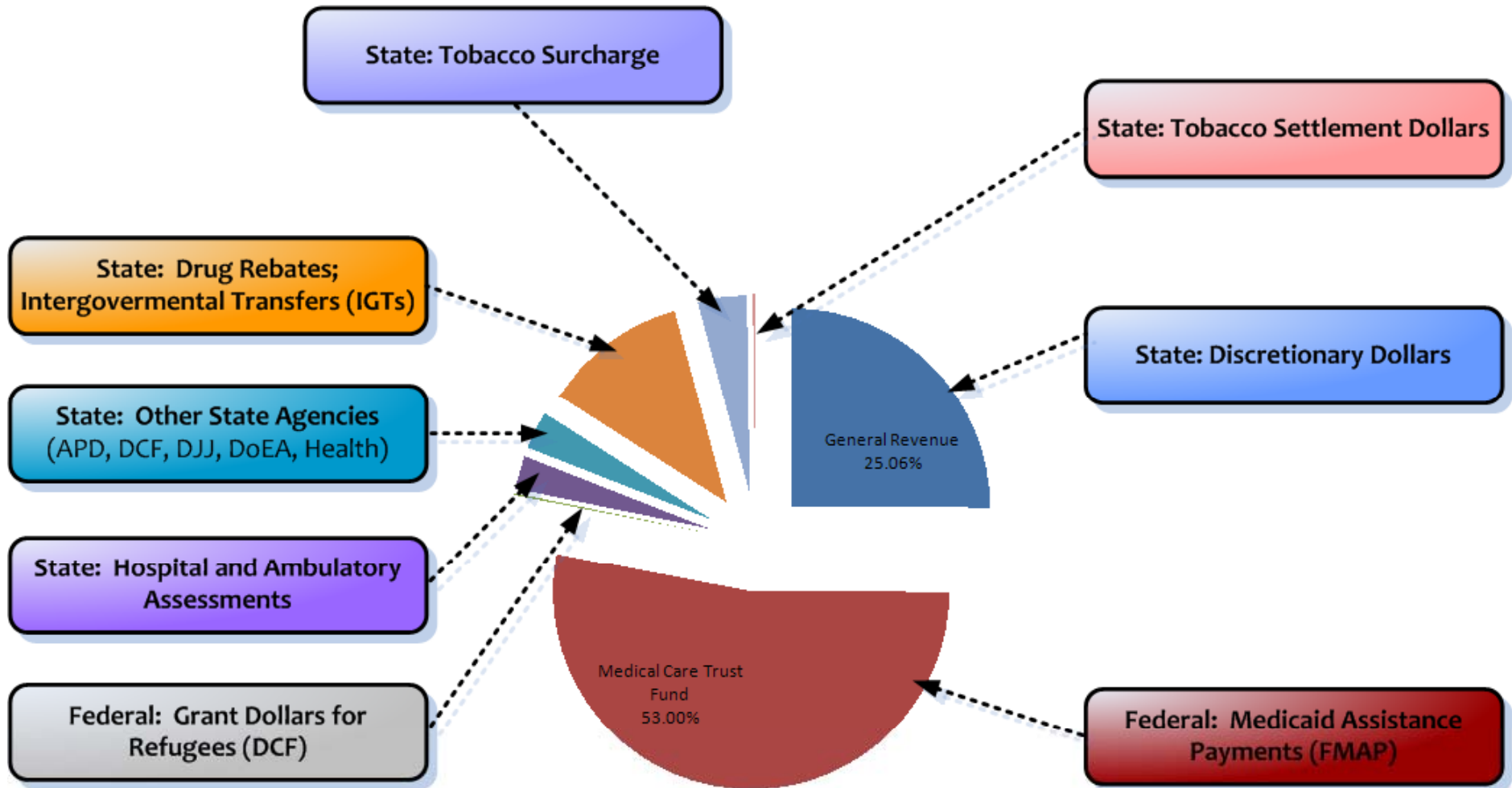
<u>Of the Total...</u>	TOTAL	% of Total Estimate	GR	% of Total Estimate
Medically Needy	\$1,448,157,776	6.6%	\$605,705,261	10.9%
MEDS AD	\$982,917,425	4.4%	\$420,441,615	7.6%

<u>Type of Change...</u>	TOTAL	% of Total Change	GR	% of Total Change
Caseload	\$1,270,678,240	35.5%	\$241,857,698	11.5%
Price Level	\$605,047,808	16.9%	\$187,699,076	9.0%
Utilization	\$1,700,678,052	47.6%	\$307,557,820	14.7%
FMAP Change	\$0	0.0%	\$1,358,658,617	64.8%
Total	\$ 3,576,404,100	100%	\$ 2,095,773,211	100%

All Sources for FY 2011-12...



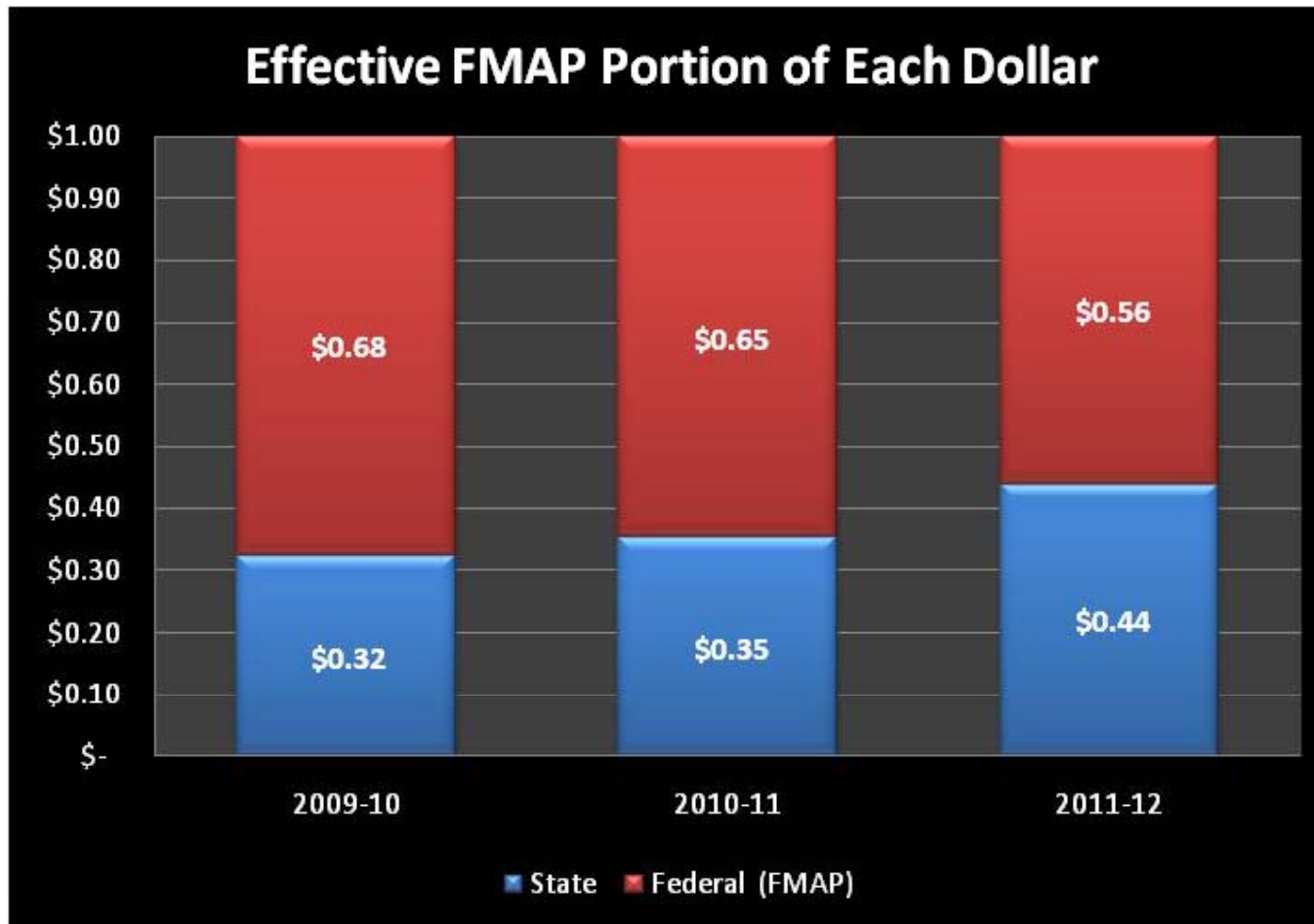
Funding Source Detail...



Federal Medical Assistance Percentage

- The federal government's share of a state's expenditures for most Medicaid services is called the federal medical assistance percentage (FMAP). The remainder is referred to as the nonfederal share, or state share.
- Generally determined annually, the FMAP is designed so that the federal government pays a larger portion of Medicaid costs in states with lower per capita incomes than the national average. The key metrics are Florida personal income and population compared to the nation as a whole.
- For Federal Fiscal Year 2011, regular FMAPs—that is, excluding the impact of a temporary increase—range from 50.00% to 74.73%.
- As a result of the American Recovery and Reinvestment Act and its extension, states received a temporary FMAP increase from October 1, 2008 through June 30, 2011.

Shares...



Under ARRA, all states received a temporary increase (through June 30, 2011) in their FMAP as well as additional amounts for the states facing the highest unemployment rates.

Grants & Donations Trust Fund

	2010-11	2011-12	Difference	% Increase
Estimated Expenditures to Maintain Share:	\$2,214.0	\$2,598.4	\$384.4	
Revenue Sources:				
IGTs for LIP, DSH, Buybacks, Exemptions	\$1,444.2	\$1,801.2	\$357.0	24.7%
Drug Rebates	\$750.7	\$778.2	\$27.4	3.7%
Overpayments, Fraud and Recoupment	\$19.1	\$19.0		
	\$0.0	\$0.0	\$0.0	

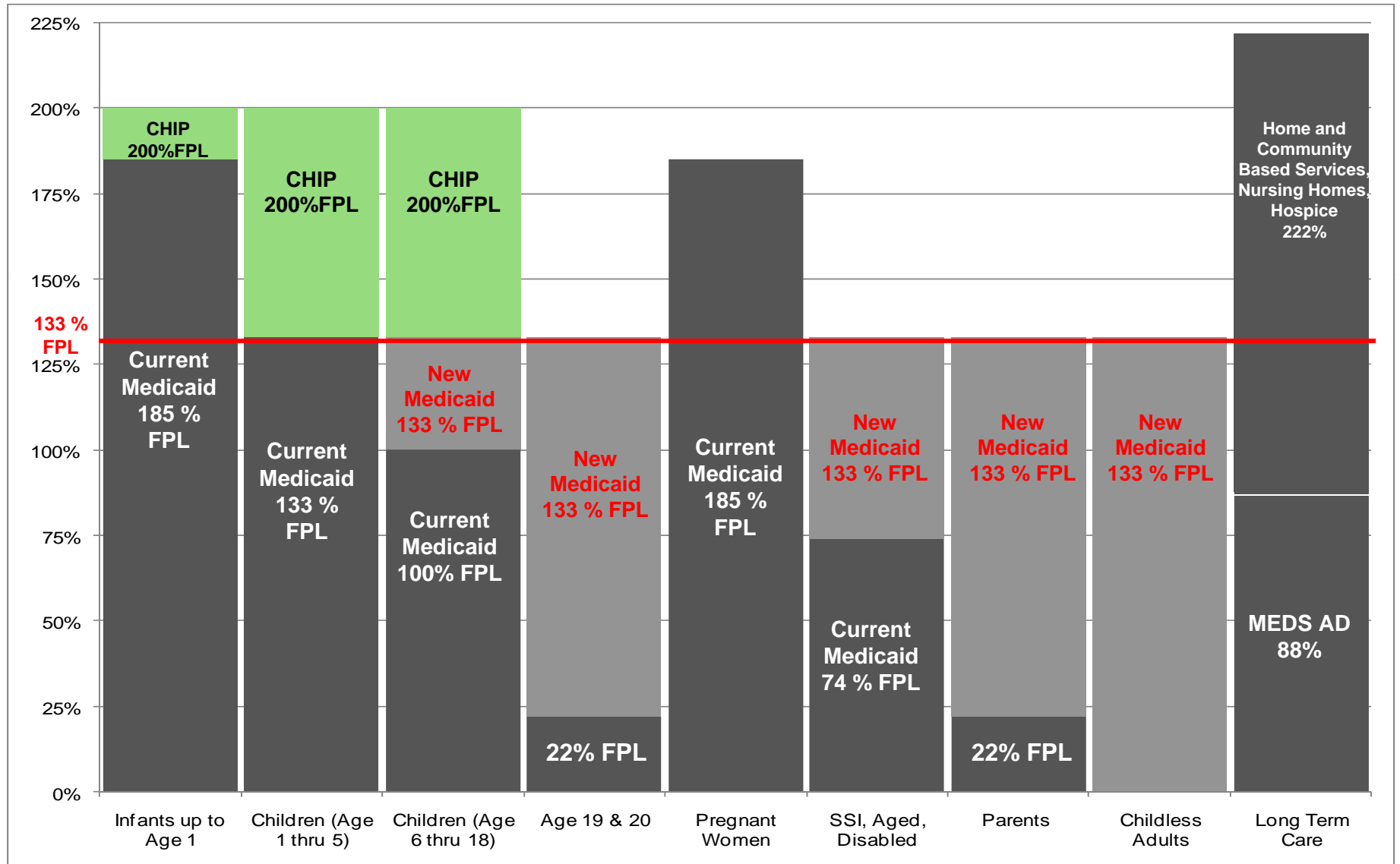
- 1) The Medicaid Program will effectively need an additional \$357 million in IGTs to make the Grants & Donations portion of the new 2011-12 estimate funded. If this is not possible, policy makers will have to make decisions regarding rate adjustments which are currently supported by IGTs or backfilling the hole with General Revenue or other similar strategies.
- 2) Because it is based on (and intertwined with) the current Medicaid structure, the IGT component will be one of the more challenging financial pieces to address under Medicaid Reform.

Stimulus Adjustment

- The Legislature originally budgeted General Revenue dollars for FY 2010-11 with the understanding that the enhanced FMAP would be removed on December 31, 2010.
- Congress subsequently extended the enhanced rate on a declining basis through June 30, 2011. This means that fewer General Revenue dollars are needed than originally anticipated.
- The Long-Range Financial Outlook assumed that the \$606.2 million benefit would be available to fund the Medicaid Program in 2011-12 by offsetting the need for additional General Revenue.
- The revised estimate increases the need this year, effectively reducing the projected benefit next year to \$437.2 million (\$387.1 million attributable to AHCA and \$50.1 million attributable to other agencies). This is a loss to the available funds for FY 2011-12 of \$169.0 million, requiring replacement by General Revenue.

Current and Future Medicaid / CHIP Eligibility Levels

(Graphic Prepared by the Agency for Health Care Administration)



Federal Health Care Reform – Preliminary Cost

		<i>Total: Impact of Enrollment and FMAP Changes to Title XIX and Title XXI</i>	<i>Total: Impact of Increased Rates for Primary Care Practitioners</i>	<i>Grand Total All Elements</i>
SFY 2013-2014	State Cost	\$158,879,693	\$0	\$158,879,693
	Total Cost	\$1,674,253,547	\$519,188,723	\$2,193,442,270
	Enrollment	431,381	n/a	431,381
SFY 2014-2015	State Cost	\$509,498,895	\$209,399,938	\$718,898,833
	Total Cost	\$5,462,729,535	\$1,114,644,276	\$6,577,373,811
	Enrollment	1,401,985	n/a	1,401,985
SFY 2015-2016	State Cost	\$627,310,272	\$426,559,810	\$1,053,870,082
	Total Cost	\$7,999,513,146	\$1,208,844,864	\$9,208,358,010
	Enrollment	2,049,055	n/a	2,049,055
SFY 2016-2017	State Cost	\$789,272,387	\$434,247,793	\$1,223,520,180
	Total Cost	\$8,420,587,344	\$1,224,594,921	\$9,645,182,265
	Enrollment	2,156,899	n/a	2,156,899
SFY 2017-2018	State Cost	\$987,670,312	\$441,957,526	\$1,429,627,838
	Total Cost	\$8,418,454,530	\$1,212,437,860	\$9,630,892,390
	Enrollment	2,156,899	n/a	2,156,899
SFY 2018-2019	State Cost	\$1,054,293,927	\$444,625,186	\$1,498,919,113
	Total Cost	\$8,416,211,946	\$1,210,496,389	\$9,626,708,335
	Enrollment	2,156,899	n/a	2,156,899

Graphic prepared by the Agency for Health Care Administration.

TANF

- The caseload forecast was only marginally changed from the current estimate. For the families with an adult and families with an unemployed parent groups, the forecasts assumes falling caseloads beginning in FY 2012-13 as the economy improves.

	Relative Caregiver	Child only Cases	Families with adult	Unemployed Parent	Total Caseloads
FY 2009-10	18,448	18,083	17,883	3,000	57,395
FY 2010-11	18,882	18,146	18,146	2,832	57,973
FY 2011-12	18,882	18,146	18,237	2,785	57,998
FY 2012-13	18,882	18,145	17,092	2,309	56,410
FY 2013-14	18,882	18,145	15,012	1,811	53,830

- With regard to expenditures, the new forecast for the current year is higher than the forecast adopted last August by \$0.6 million (\$23.1 million less than the appropriation). Total expenditures for assistance payments are now estimated to be \$188.0 million this fiscal year. For FY 2011-12, expenditures will be essentially flat at an estimated \$187.6 million (-0.2%), a reduction of \$23.5 million from the current year appropriation of \$211.1 million.

KidCare

- Caseload projections under the new forecast are slightly lower than the estimates adopted last July. Upward revisions in the Children’s Medical Services caseload projections were more than offset by downward revisions to Healthy Kids and Medikids caseloads.

KIDCARE ENROLLMENT PROJECTIONS – November, 2010

	<u>FY09-10</u>	<u>FY10-11</u>	<u>FY11-12</u>	<u>FY12-13</u>	<u>FY13-14</u>
HEALTHY KIDS – Title XXI	189,113	205,667	222,325	238,034	251,264
HEALTHY KIDS – non-Title XXI	18,611	19,581	19,974	20,538	21,114
MEDIKIDS	28,728	34,937	40,384	43,977	46,212
CMS	22,672	23,386	24,750	26,250	27,750
TOTAL	259,124	283,571	307,433	328,799	346,340

- For the current fiscal year the program is projected to end the year with a General Revenue surplus of \$5.1 million. For FY 2011-12, the projected expenditures for General Revenue are \$12.7 million greater than the current year appropriation, but this revised amount is \$9.9 million less than expected in July.