

MEDICAID MONITORING REPORT

A Report Prepared for the
Legislative Finance Committee

By
LFD Staff

December 6, 2016

MEDICAID MONITORING

As part of its interim work plan, the Legislative Finance Committee (LFC) chose to monitor the Medicaid program administered by the Department of Public Health and Human Services (DPHHS) via a report at each committee meeting. This report covers Medicaid benefits only, which is a subset of total Department of Health and Human Services expenditures.

This report does not include HELP Act (SB 405) funding or expenditures in its calculations or discussion as the HELP Act is summarized by a separate report from the LFD.

FY 2017 MEDICAID FUNDING AND EXPENDITURES

The following table illustrates the current status of the Medicaid appropriation for FY 2017. The legislative appropriations include HB 2 authorizations, including the continuation of biennial appropriations not used in FY 2016.

The FY 2017 final estimated expenditures are taken from the department's budget status report submitted November 15, 2016. These estimates are based on actual expenditures and projected by DPHHS using their Medicaid projection model.

DPHHS is currently projecting surplus general fund authority of \$14.3 million for total Medicaid benefits.

FY 2017 Medicaid Benefits & Claims Appropriations Compared to DPHHS Projected Expenditures							
Division / Fund	Legislative Appropriation Comparison				Executive Implementation Comparison		
	FY 2017 Legislative Appropriation	Estimated FY 2017 Expenditures ¹	Estimated Expenditures (Over) Under Appropriation	Balance as a Percent of Legis. Approp.	Changes in Appropriation Authority ²	Remaining Appropriation (Over) Under Exec. Budget	Balance as a Percent of Exec. Budget
10 Developmental Services Division							
General Fund	\$73,608,665	\$70,080,655	\$3,528,010	4.8%	\$0	\$3,528,010	4.8%
State Special	6,032,523	6,032,523	0	0.0%	59	59	0.0%
Federal	<u>196,668,826</u>	<u>183,366,270</u>	<u>13,302,556</u>	<u>6.8%</u>	<u>0</u>	<u>13,302,556</u>	<u>6.8%</u>
Subtotal	276,310,014	259,479,448	16,830,566	6.1%	59	16,830,625	6.1%
11 Health Resources Division							
General Fund	149,901,821	142,684,244	7,217,577	4.8%	0	7,217,577	4.8%
State Special	71,691,977	67,305,004	4,386,973	6.1%	(3,351,389)	1,035,584	1.4%
Federal	<u>452,172,150</u>	<u>437,876,586</u>	<u>14,295,564</u>	<u>3.2%</u>	<u>0</u>	<u>14,295,564</u>	<u>3.2%</u>
Subtotal	673,765,948	647,865,834	25,900,114	3.8%	0	22,548,725	3.3%
22 Senior and Long Term Care							
General Fund	68,979,998	62,385,990	6,594,008	9.6%	(0)	6,594,008	9.6%
State Special	28,955,357	26,670,912	2,284,445	7.9%	0	2,284,445	7.9%
Federal	<u>192,310,462</u>	<u>175,527,695</u>	<u>16,782,767</u>	<u>8.7%</u>	<u>(0)</u>	<u>16,782,767</u>	<u>8.7%</u>
Subtotal	290,245,817	264,584,597	25,661,220	8.8%	(0)	25,661,220	8.8%
33 Addictive and Mental Disorders							
General Fund	5,526,766	13,463,024	(7,936,258)	-143.6%	4,881,365	(3,054,893)	-55.3%
State Special	8,257,639	8,306,064	(48,425)	-0.6%	632,239	583,814	7.1%
Federal	<u>52,659,240</u>	<u>43,441,544</u>	<u>9,217,696</u>	<u>17.5%</u>	<u>2,925,962</u>	<u>12,143,658</u>	<u>23.1%</u>
Subtotal	66,443,645	65,210,632	1,233,013	1.9%	8,439,566	9,672,579	14.6%
Grand Total All Medicaid Services							
General Fund	298,017,250	288,613,913	9,403,337	3.2%	4,881,365	14,284,702	4.8%
State Special	114,937,496	108,314,503	6,622,993	5.8%	(2,719,091)	3,903,902	3.4%
Federal	<u>893,810,678</u>	<u>840,212,095</u>	<u>53,598,583</u>	<u>6.0%</u>	<u>2,925,962</u>	<u>56,524,545</u>	<u>6.3%</u>
Grand Total All Funds	\$1,306,765,424	\$1,237,140,511	\$69,624,913	5.3%	\$5,088,236	\$74,713,149	5.7%

1 Estimated expenditures are based on the DPHHS November 15, 2016 budget status report (BSR).

2 Changes in appropriation authority can include: reorganizations, transfers of authority among Medicaid programs, transfers of authority to other DPHHS programs, reallocations of authority between program functions within a division and additions due to budget amendments.

Budget Changes

Changes in Program 11, Health Resources Division (HRD), were limited to state special funds. This included a \$3.9 million dollar decrease in hospital services offset slightly a \$0.4 million increase to acute services & pharmacy which were processed as a correction to the budget in June 2015. These changes were made to both FY 2016 & FY 2017 at the time, and were presented to the LFC in September 2015.

Also occurring in HRD in both fiscal years was an intergovernmental transfer of \$0.5 million from the university system to partially fund a primary care residency program known as the Graduate Medical Education program.

A majority of the changes made in Program 33, Addictive and Mental Disorders, was the result of switching administration appropriations to benefits & claims, including \$3.9 million of general fund authority. Another change was made to reduce operating expenses, increasing the benefits & claims appropriation by \$0.1 million general fund.

MAJOR SERVICE CATEGORIES

Data in the following chart are taken from the DPHHS budget status report. As a result, the initial appropriation amount does not equal that in the previous chart for the legislative appropriation. DPHHS has included most of their budget modifications in the initial budget, and include only the addition of the university system transfer as a current modification.

Medicaid Budget and Expenditures by Major Service Category						
Service Category	FY 2016 Ending Expenses	FY 2017 Initial Budget	FY 2017 Final Budget	FY 2017 Expenditure Estimates	FY 2017 Estimate as a % of FY 2017 Budget	FY 2017 Budget Balance
Inpatient Hospital	\$98,992,422	\$106,287,967	\$106,287,967	\$100,174,861	94.2%	\$6,113,106
Outpatient Hospital	55,973,947	59,497,896	59,497,896	56,075,901	94.2%	3,421,995
Critical Access Hospital	52,182,449	57,717,499	57,717,499	54,397,902	94.2%	3,319,597
Physician & Psychiatrists	67,216,027	73,856,940	73,856,940	69,609,090	94.2%	4,247,850
Drugs	106,767,539	114,244,104	114,244,104	107,673,404	94.2%	6,570,700
Drug Rebates	(68,080,561)	(69,441,542)	(69,441,542)	(65,447,642)	94.2%	(3,993,900)
Dental & Denturists	38,242,335	42,793,006	42,793,006	40,331,785	94.2%	2,461,221
Other Practitioners	23,296,211	27,000,173	27,000,173	25,447,270	94.2%	1,552,903
Other Hospital and Clinical Services	28,330,311	32,838,668	33,358,034	30,949,966	92.8%	2,408,068
Other Managed Care Services	12,336,155	13,842,995	13,842,995	13,046,821	94.2%	796,174
Durable Medical Equipment	14,631,876	16,860,155	16,860,155	15,890,451	94.2%	969,704
Other Acute Services	4,005,964	4,325,636	4,325,636	4,076,848	94.2%	248,788
Nursing Homes & Swing Beds	149,157,530	152,934,867	152,934,867	151,235,265	98.9%	1,699,602
Nursing Home IGT	12,527,238	20,150,700	20,150,700	14,150,700	70.2%	6,000,000
Other SLTC Home Based Services	9,219,874	13,878,708	13,878,708	10,647,972	76.7%	3,230,736
Personal Care	41,038,444	54,413,242	54,413,242	41,746,728	76.7%	12,666,514
SLTC HCBS Waiver	43,821,546	47,573,996	47,573,996	45,509,629	95.7%	2,064,367
Adult Mental Health and Chem Dep	49,657,677	53,111,390	53,111,390	52,403,638	98.7%	707,752
HIFA Waiver	18,931,831	20,086,029	20,086,029	9,300,128	46.3%	10,785,901
Children's Mental Health	96,397,615	103,042,116	103,042,116	98,408,357	95.5%	4,633,759
School Based Services - 100% Fed funds	36,041,612	45,832,297	45,832,297	37,121,512	81.0%	8,710,785
Indian Health Services - 100% Fed funds	55,186,298	61,443,713	61,443,713	66,250,575	107.8%	(4,806,862)
Disability Services Waiver	111,784,498	124,532,471	124,532,471	122,209,551	98.1%	2,322,920
MDC & ICF Facilities - 100% Fed funds	11,512,162	10,469,477	10,469,477	11,994,478	114.6%	(1,525,001)
Medicare Buy-In	33,275,829	36,777,308	36,777,308	35,272,379	95.9%	1,504,929
Hospital Utilization Fees / DSH	66,755,614	67,304,818	67,304,818	70,668,465	105.0%	(3,363,647)
Part-D Clawback	17,974,324	19,092,578	19,092,578	17,994,477	94.2%	1,098,101
Total	\$1,187,176,767	\$1,310,467,207	\$1,310,986,573	\$1,237,140,511	94.4%	\$73,846,062
Change from Initial Budget			\$519,366			