

MEDICAID MONITORING REPORT

A Report Prepared for the
Legislative Finance Committee

By
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MEDICAID MONITORING

As part of its 2017 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 (Medicaid expansion) funding or expenditures in its calculations or discussion.

MEDICAID FUNDING AND EXPENDITURES

The following table presents the status of the Medicaid appropriation since the last LFC meeting in December of 2016. 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 DPHHS budget status report submitted April 15, 2017. These estimates are based on actual expenditures and projected by DPHHS using their Medicaid projection model.

FY 2017 Medicaid Benefits & Claims Appropriations Compared to DPHHS Projected Expenditures							
Division/Fund	Legislative Appropriation Comparison				Executive Implementation Comparison		
	FY 2017 Current Appropriation	Estimated FY 2017 Expenditures ¹	Estimated Expenditures (Over) Under Appropriation	Balance as a Percent of Legis. Approp.	Changes in Appropriation Authority since 12/1/16 ²	Remaining Appropriation (Over) Under Exec. Budget	Balance as a Percent of Modified Budget
10 Developmental Services Division							
General Fund	\$73,608,665	\$69,309,645	\$4,299,020	5.8%	\$0	\$4,299,020	5.8%
State Special Revenue	6,032,582	6,032,582	0	0.0%	0	0	0.0%
Federal Funds	<u>196,668,826</u>	<u>182,537,514</u>	<u>14,131,312</u>	<u>7.2%</u>	<u>0</u>	<u>14,131,312</u>	<u>7.2%</u>
Subtotal	276,310,073	257,879,741	18,430,332	6.7%	0	18,430,332	6.7%
11 Health Resources Division							
General Fund	144,901,821	147,774,138	(2,872,317)	-2.0%	(5,000,000)	(7,872,317)	-5.4%
State Special Revenue	68,340,588	67,953,840	386,748	0.6%	0	386,748	0.6%
Federal Funds	<u>452,172,150</u>	<u>449,907,389</u>	<u>2,264,761</u>	<u>0.5%</u>	<u>0</u>	<u>2,264,761</u>	<u>0.5%</u>
Subtotal	665,414,559	665,635,367	(220,808)	0.0%	(5,000,000)	(5,220,808)	-0.8%
22 Senior and Long Term Care							
General Fund	65,494,998	62,953,916	2,541,082	3.9%	(3,485,000)	(943,918)	-1.4%
State Special Revenue	28,955,357	26,670,912	2,284,445	7.9%	0	2,284,445	7.9%
Federal Funds	<u>189,762,462</u>	<u>177,141,281</u>	<u>12,621,181</u>	<u>6.7%</u>	<u>(2,548,000)</u>	<u>10,073,181</u>	<u>5.3%</u>
Subtotal	284,212,817	266,766,109	17,446,708	6.1%	(6,033,000)	11,413,708	4.0%
33 Addictive and Mental Disorders							
General Fund	10,408,131	13,293,594	(2,885,463)	-27.7%	0	(2,885,463)	-27.7%
State Special Revenue	8,889,878	7,356,398	1,533,480	17.2%	0	1,533,480	17.2%
Federal Funds	<u>51,652,877</u>	<u>42,639,391</u>	<u>9,013,486</u>	<u>17.5%</u>	<u>(3,932,325)</u>	<u>5,081,161</u>	<u>9.8%</u>
Subtotal	70,950,886	63,289,383	7,661,503	10.8%	(3,932,325)	3,729,178	5.3%
Grant Total All Medicaid Services							
General Fund	294,413,615	293,331,293	1,082,322	0.4%	(8,485,000)	(7,402,678)	-2.5%
State Special Revenue	112,218,405	108,013,732	4,204,673	3.7%	-	4,204,673	3.7%
Federal Funds	<u>890,256,315</u>	<u>852,225,575</u>	<u>38,030,740</u>	<u>4.3%</u>	<u>(6,480,325)</u>	<u>31,550,415</u>	<u>3.5%</u>
Grant Total All Funds	\$1,296,888,335	\$1,253,570,600	\$43,317,735	3.3%	(\$14,965,325)	\$28,352,410	2.2%
¹ Estimated expenditures are based on the DPHHS April 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 since December 2016 LFC

The majority of changes to Medicaid benefits and claims authority were accounted for by a reduction of \$5.0 million general fund to the 2017 HB 2 appropriation for Medicaid benefits and claims in HB 3 by the 2017 Legislature and by four program transfers. Three of these transfers moved Medicaid authority from the Senior and Long Term Care (SLTC) division. A total of \$6.0 million in Medicaid benefits and claims authority was transferred out of SLTC, including \$3.5 million general fund. This authority was shifted from Community First Choice (CFC) Medicaid benefits to the Child and Family Services division to fund foster care, guardianship, and adoption caseload. The fourth program transfer moved \$3.9 million in federal authority from the Addictive and Mental Disorders Division to the Human and Community Services division to fund TANF and childcare benefits.

MAJOR SERVICE CATEGORIES

Data in the following chart is taken from the DPHHS budget status report which runs through the end of March. Data in the previous chart runs through the end of April. DPHHS made significant changes to the budget in April which are not reflected in the following chart. As a result, the current appropriation amount is significantly higher than the previous chart for the legislative appropriation.

Medicaid Budget and Expenditures by Major Service Category					
Service Category	FY 2016 Ending Expenses	FY 2017 Current Budget	FY 2017 Expenditure Estimates	FY 2017 Estimate as a % of FY 2017 Budget	FY 17 Projected Balance
Inpatient Hospital	\$98,992,422	\$106,287,967	\$104,053,949	97.9%	\$2,234,018
Outpatient Hospital	55,973,947	59,497,896	56,332,767	94.7%	3,165,129
Critical Access Hospital	52,182,449	57,717,499	56,297,441	97.5%	1,420,058
Physician & Psychiatrists	67,216,027	73,856,940	70,203,015	95.1%	3,653,925
Drugs	106,767,539	114,244,104	108,397,395	94.9%	5,846,709
Drug Rebates	(68,080,561)	(69,441,542)	(67,423,121)	97.1%	(2,018,421)
Dental & Denturists	38,242,335	42,793,006	43,335,048	101.3%	(542,041)
Other Practitioners	23,296,211	27,000,173	25,792,738	95.5%	1,207,436
Other Hospital and Clinical Services	28,330,311	33,358,034	29,978,616	89.9%	3,379,418
Other Managed Care Services	12,336,155	13,842,995	13,283,343	96.0%	559,652
Durable Medical Equipment	14,631,876	16,860,155	16,192,956	96.0%	667,199
Other Acute Services	4,005,964	4,325,636	3,838,705	88.7%	486,930
Nursing Homes & Swing Beds	149,157,530	152,934,867	150,586,397	98.5%	2,348,470
Nursing Home IGT	12,527,238	20,150,700	14,150,700	70.2%	6,000,000
Other SLTC Home Based Services	9,219,874	12,283,708	10,635,053	86.6%	1,648,655
Personal Care	41,038,444	54,413,242	44,060,783	81.0%	10,352,459
SLTC HCBS Waiver	43,821,546	47,573,996	46,038,872	96.8%	1,535,124
Adult Mental Health and Chem Dep	49,657,677	53,111,390	52,583,076	99.0%	528,314
HIFA Waiver	18,931,831	20,086,029	7,199,440	35.8%	12,886,589
Children's Mental Health	96,397,615	104,205,277	94,679,541	90.9%	9,525,736
School Based Services - 100% Fed funds	36,041,612	45,832,297	38,136,935	83.2%	7,695,362
Indian Health Services - 100% Fed funds	55,186,298	61,443,713	73,173,222	119.1%	(11,729,509)
Disability Services Waiver / Autism / Targeted	111,784,498	124,532,471	123,703,723	99.3%	828,748
MDC & ICF Facilities - 100% Fed funds	11,512,162	10,469,477	11,994,478	114.6%	(1,525,001)
Medicare Buy-In	33,275,829	36,777,308	40,403,429	109.9%	(3,626,121)
Hospital Utilization Fees / DSH	66,755,614	67,304,818	66,154,236	98.3%	1,150,582
Part-D Clawback	17,974,324	19,092,578	19,787,865	103.6%	(695,287)
Total	\$1,187,176,766	\$1,310,554,735	\$1,253,570,600	95.7%	\$56,984,135