



ANALYSIS ALASKA MEDICAID TRENDS FY2010 & FY2011

**Prepared for the House Finance Committee
February 2010**

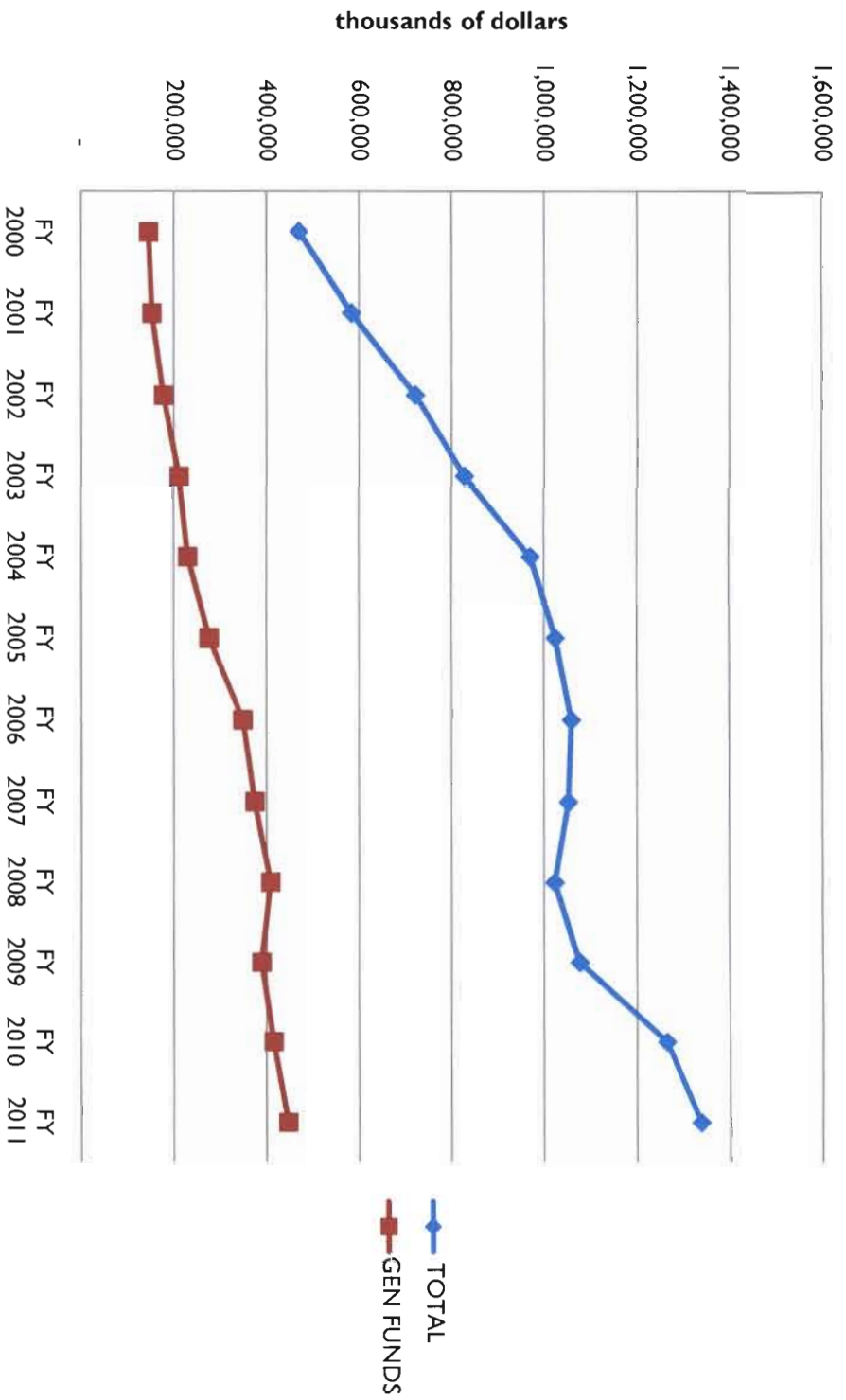
PURPOSE OF REVIEW

- Purpose of this analysis is to review the Medicaid program, determine what is contributing to the skyrocketing FY2010 Budget and assist the Finance committee in determining an appropriate level of spending for FY2010 and FY20100.
- DHSS has submitted an FY2010 Supplemental that totals \$88.4 Million (\$43.6 Million GF).
- DHSS has submitted an FY2011 Budget Amendment of \$95 Million(\$40.3 Million GF) in addition to original increment of \$71.6 Million (\$36.2 Million GF); Incremental increase now requested in FY2011 is \$166.6 Million (\$76.6 Million GF).

WHAT IS MEDICAID?

- Medicaid is an entitlement program created in 1965 by the federal government, but administered by the state to provide payment for medical services for low-income citizens. As a joint federal-state program, the federal and state governments share the cost of Medicaid.
- The federal matching rate for Medicaid, commonly known as FMAP (Federal Medicaid Authorized Percentage) is based on a national formula. Alaska's FMAP would have fallen to 50% in FY2011, but the Economic Stimulus bill (ARRA) increased the federal rate to 61.12%.

Annual Medicaid Spending-FY2000 to FY2011



<u>MEDICAID SPENDING</u>	<u>TOTAL FUNDS</u>	<u>Percent Increase / -Decrease</u>
FY2000	\$ 470.7 Million	24.1%
FY2001	\$ 583.9 Million	23.7%
FY2002	\$ 722.1 Million	14.7%
FY2003	\$ 828.1 Million	17.3%
FY2004	\$ 971.5 Million	5.5%
FY2005	\$ 1,024.9 Million	3.4%
FY2006	\$ 1,059.9 Million	-.6%
FY2007	\$ 1,053.4 Million	-2.8%
FY2008	\$ 1,023.8 Million	5.2%
FY2009	\$ 1,077.5 Million	17.4%
FY2010*	\$ 1,264.8 Million	5.8%
FY2011**	\$ 1,338.6 Million	

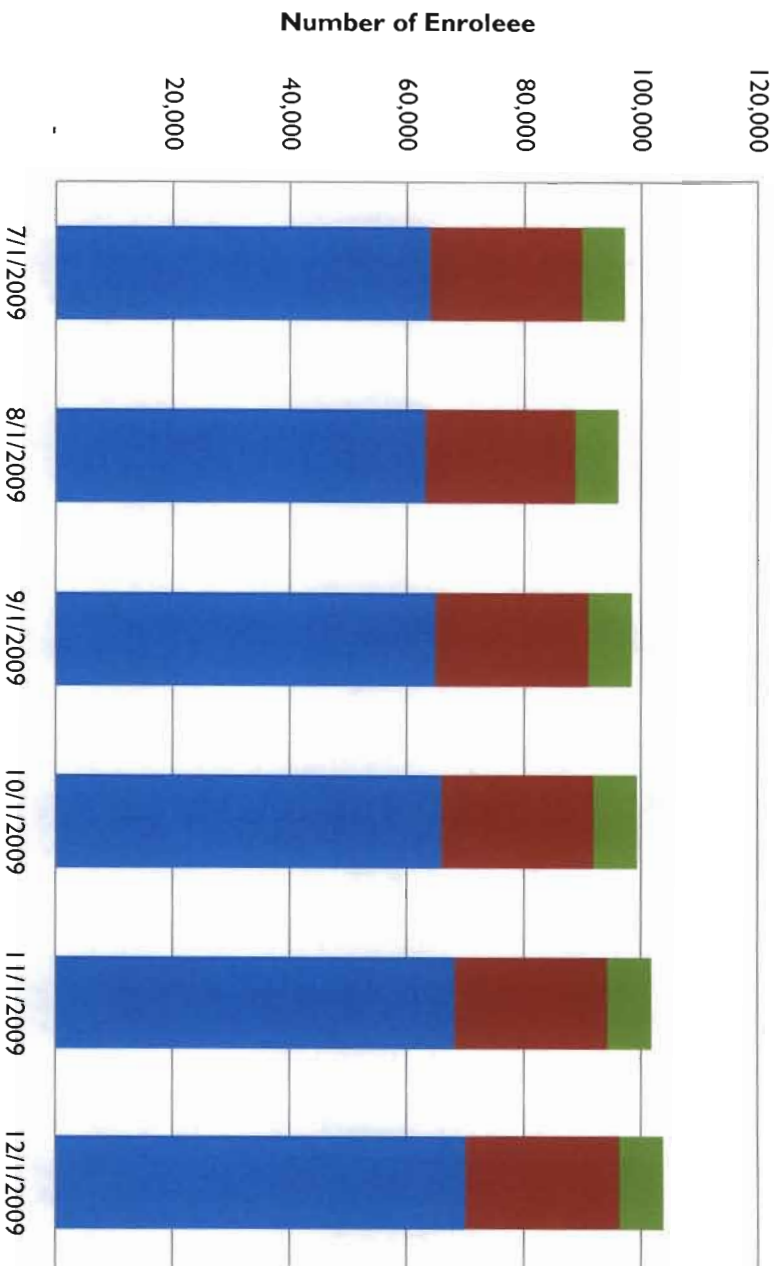
*Includes Proposed Supplemental

** Includes Proposed Budget Amendments

FACTORS IN MEDICAID GROWTH

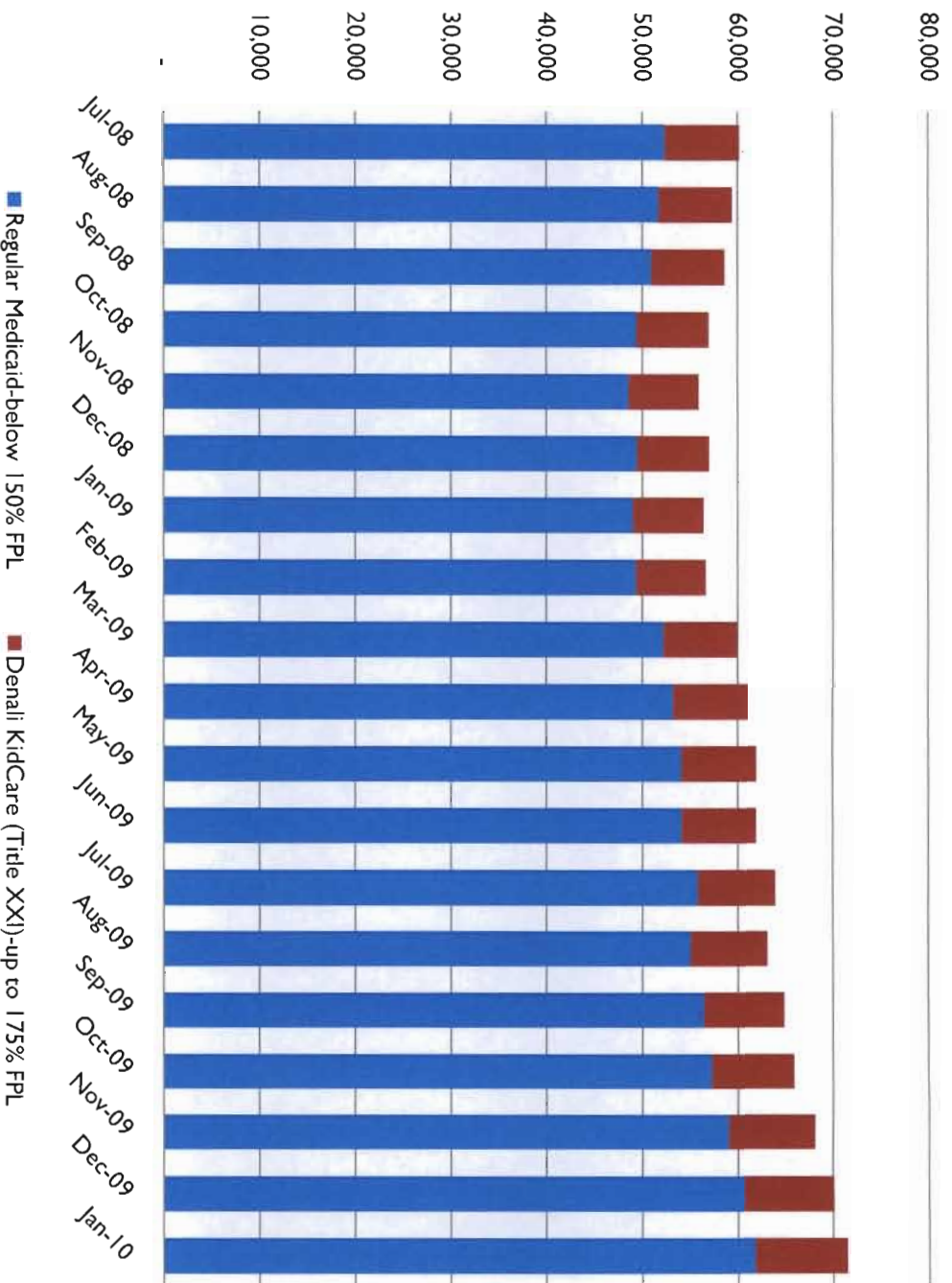
- There are three key components to growth in the Medicaid program: **Price, Population (as measured by Enrollment & Recipients), and Utilization.**
- **Price** changes are measured by looking at the change to Consumer Price Index (CPI). The change in the Anchorage CPI-U for 2009 is 1.2%; in the Anchorage CPI-Medical is 3.0%; and Federal Center for Medicare & Medicaid Services (CMS) long-range change in CPI-Medical is 3.3%.
- Usually Physician rate increases are within the normal CPI increase, however in March 2009 they increased by 15%. The FY2010 budget did not contain an increment to pay for this approximate \$17 million increase.

Medicaid Enrollment FY2010

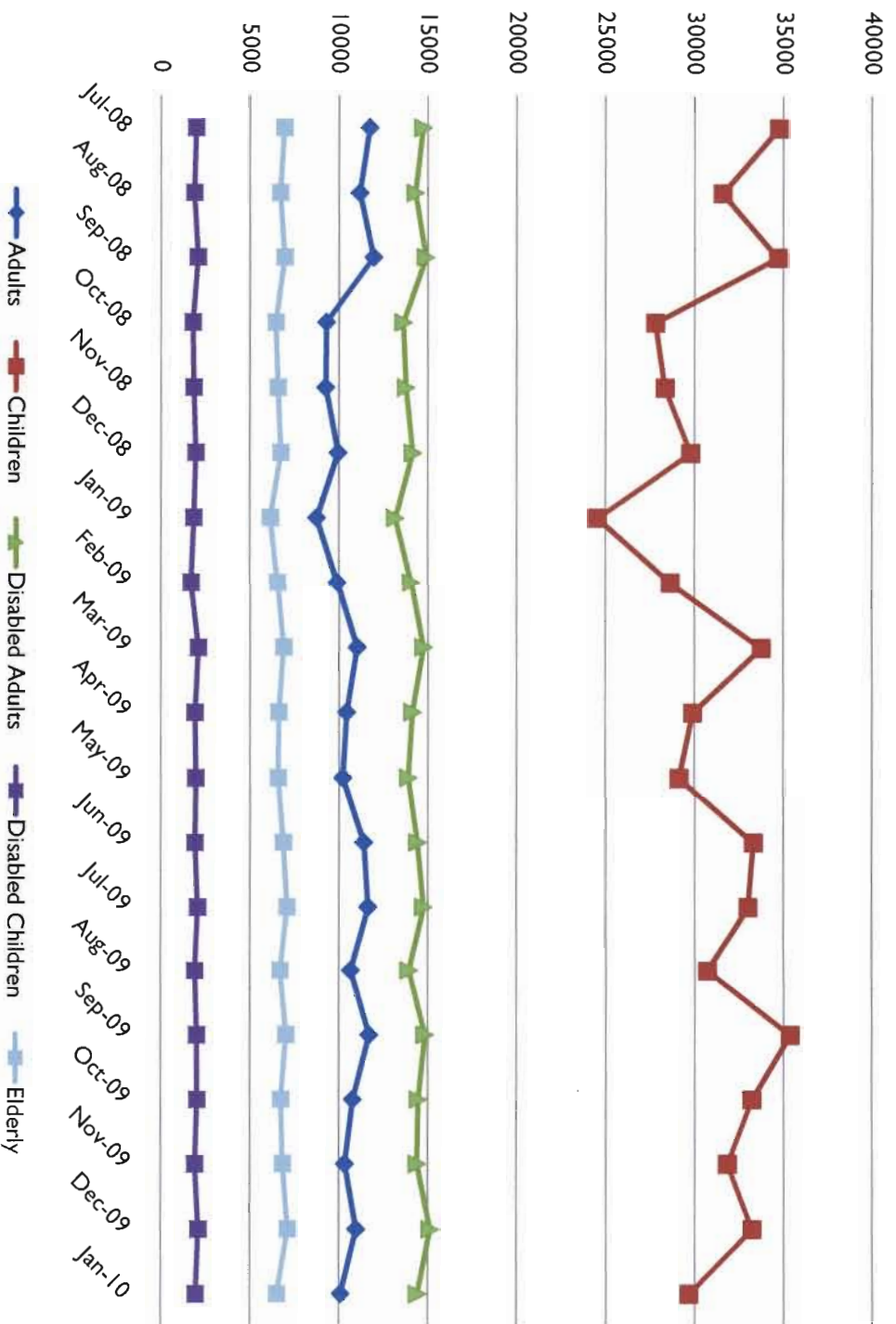


	7/1/2009	8/1/2009	9/1/2009	10/1/2009	11/1/2009	12/1/2009
Elderly	7,443	7,443	7,512	7,522	7,550	7,508
Adult	25,757	25,588	26,052	25,930	26,112	26,230
Children	63,929	63,089	64,851	65,877	68,101	70,064

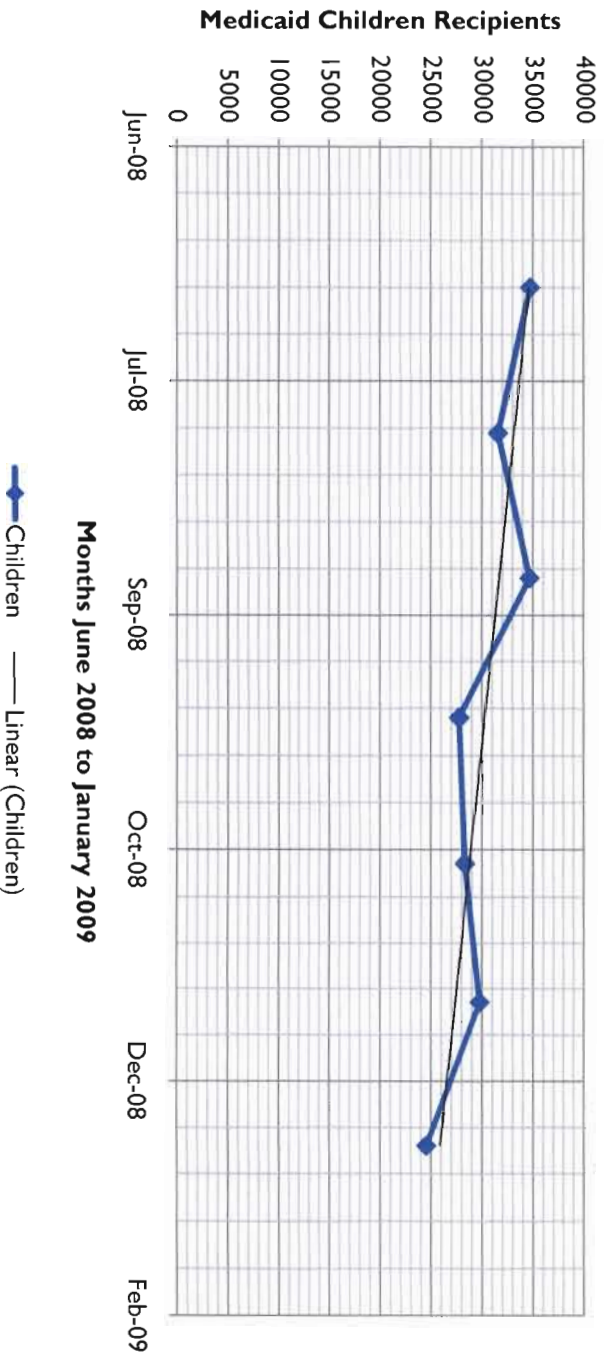
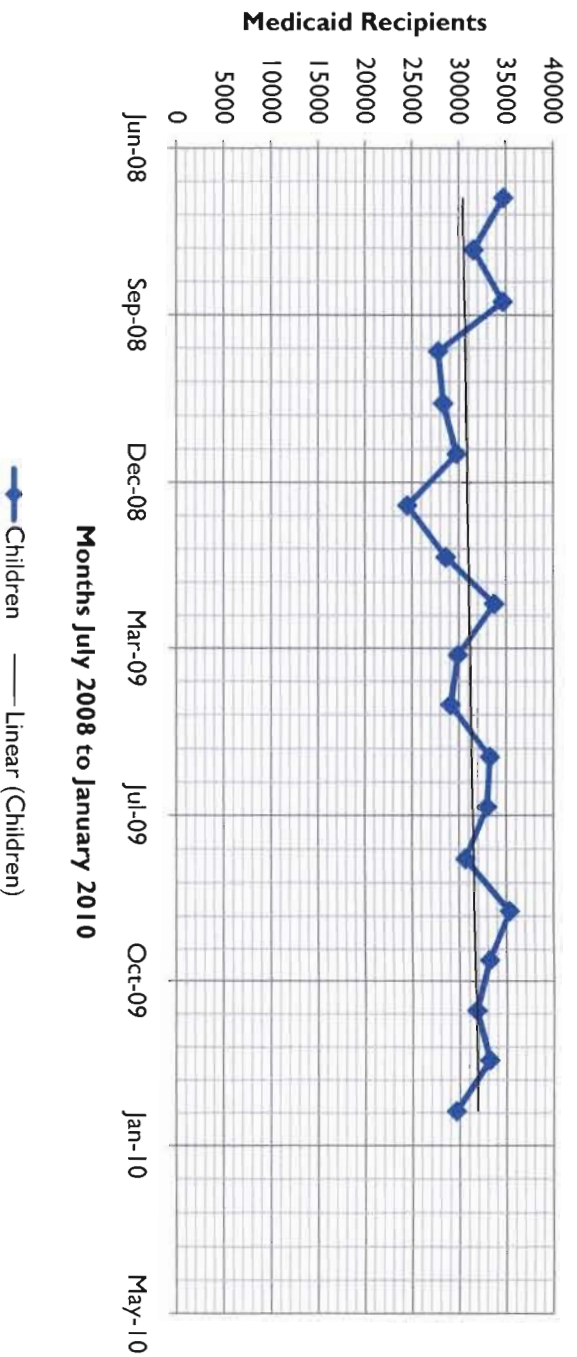
Medicaid Children Monthly Enrollment



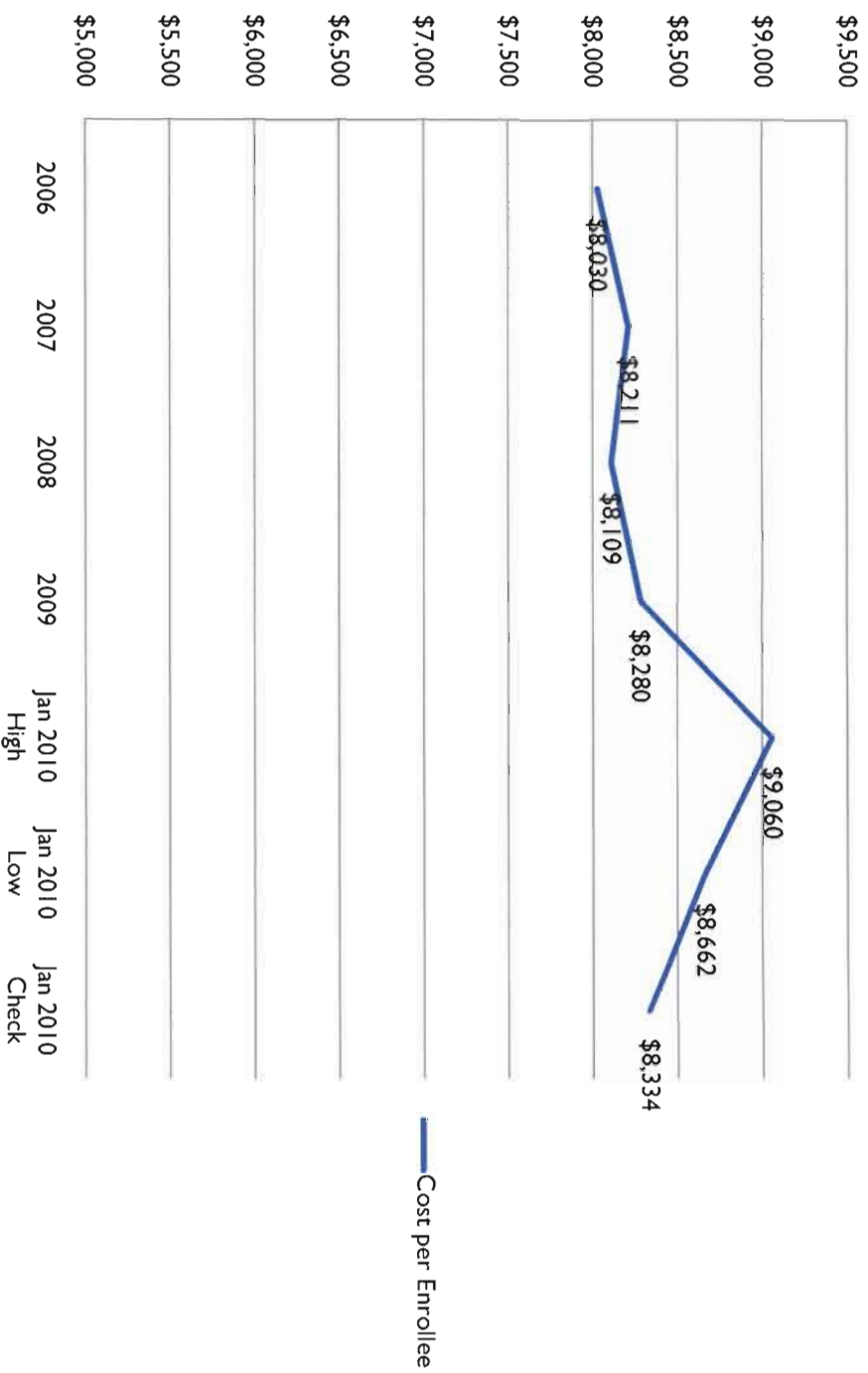
MEDICAID RECIPIENTS TOTAL



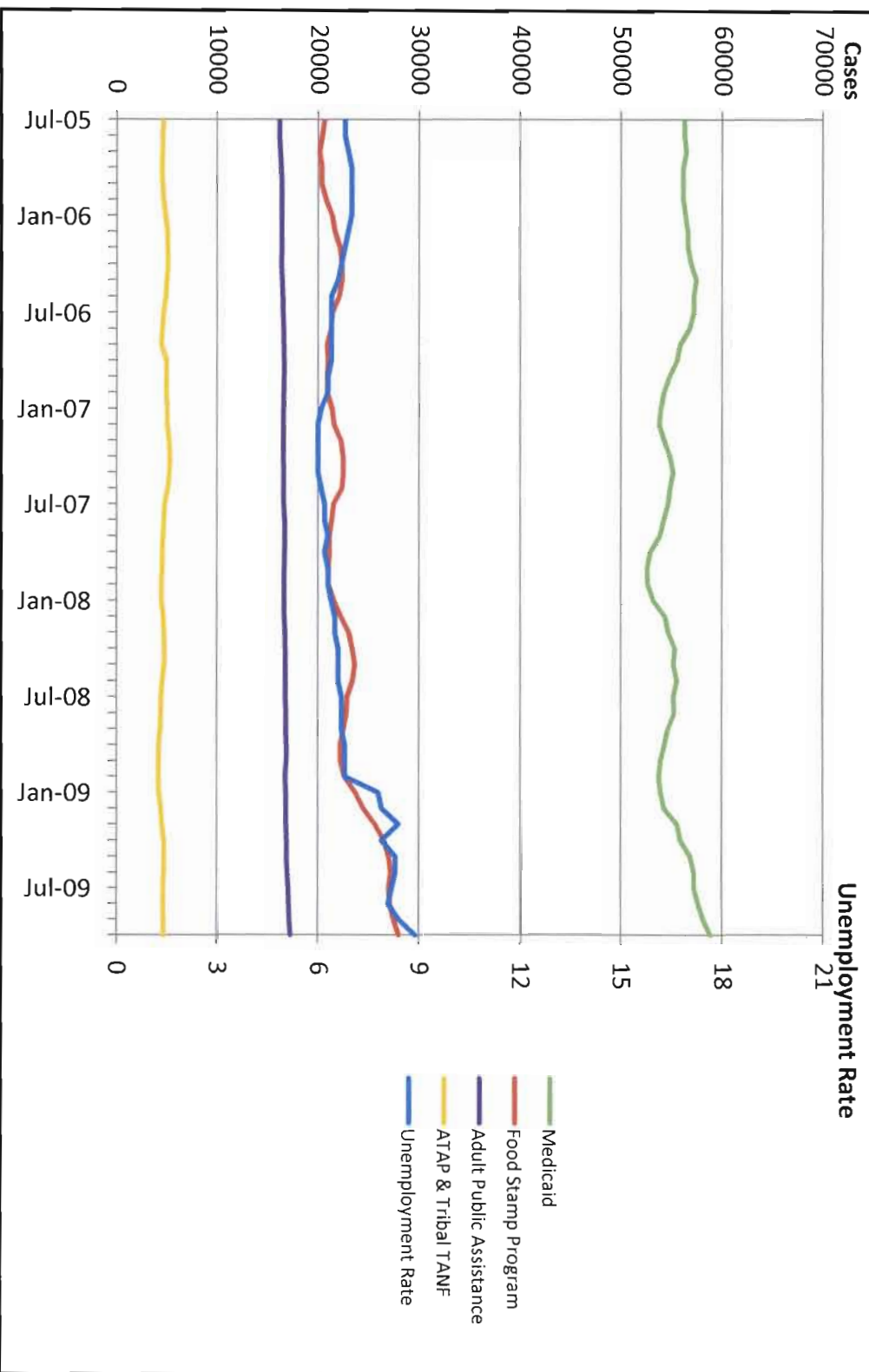
Medicaid Children Monthly Recipients



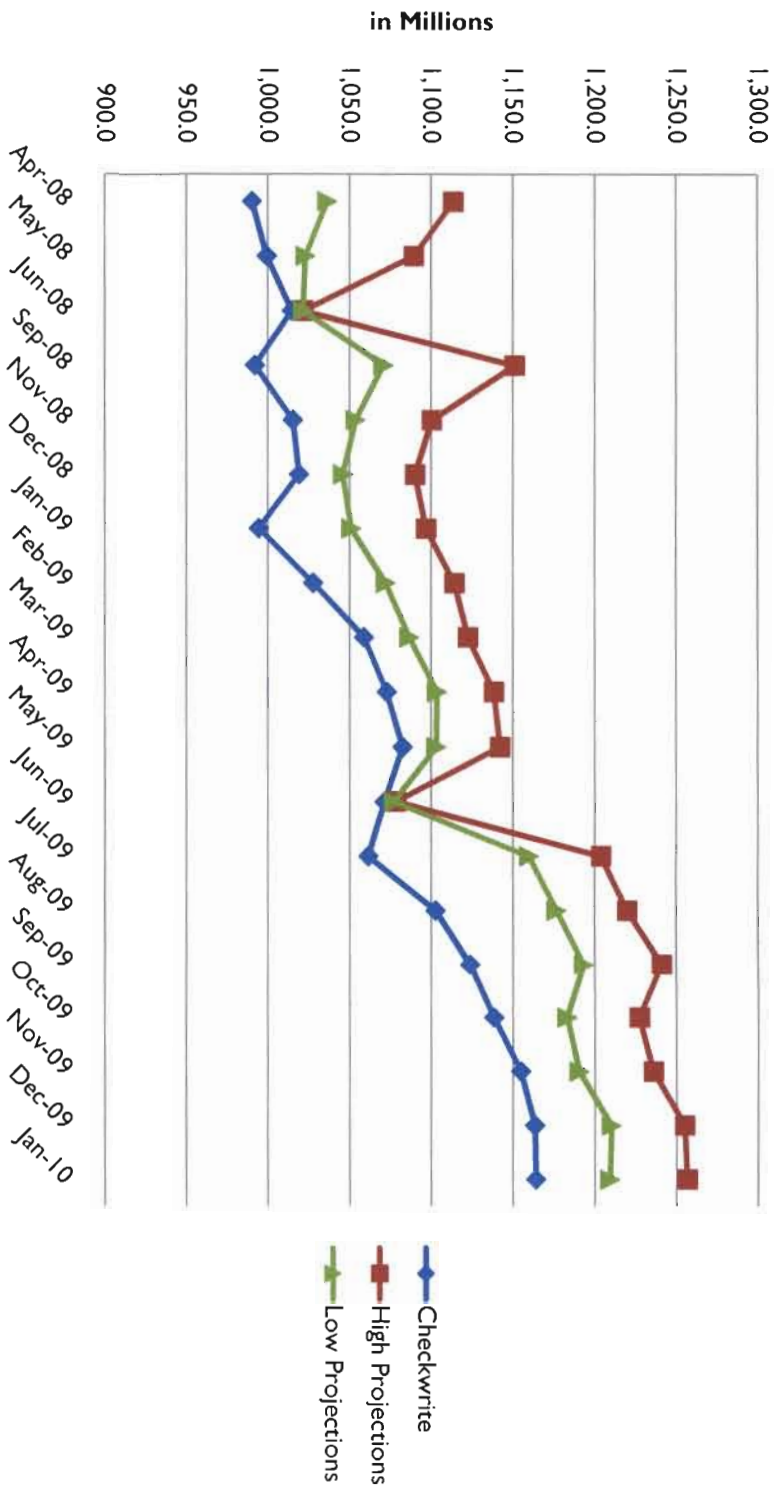
Cost per Medicaid Enrollee



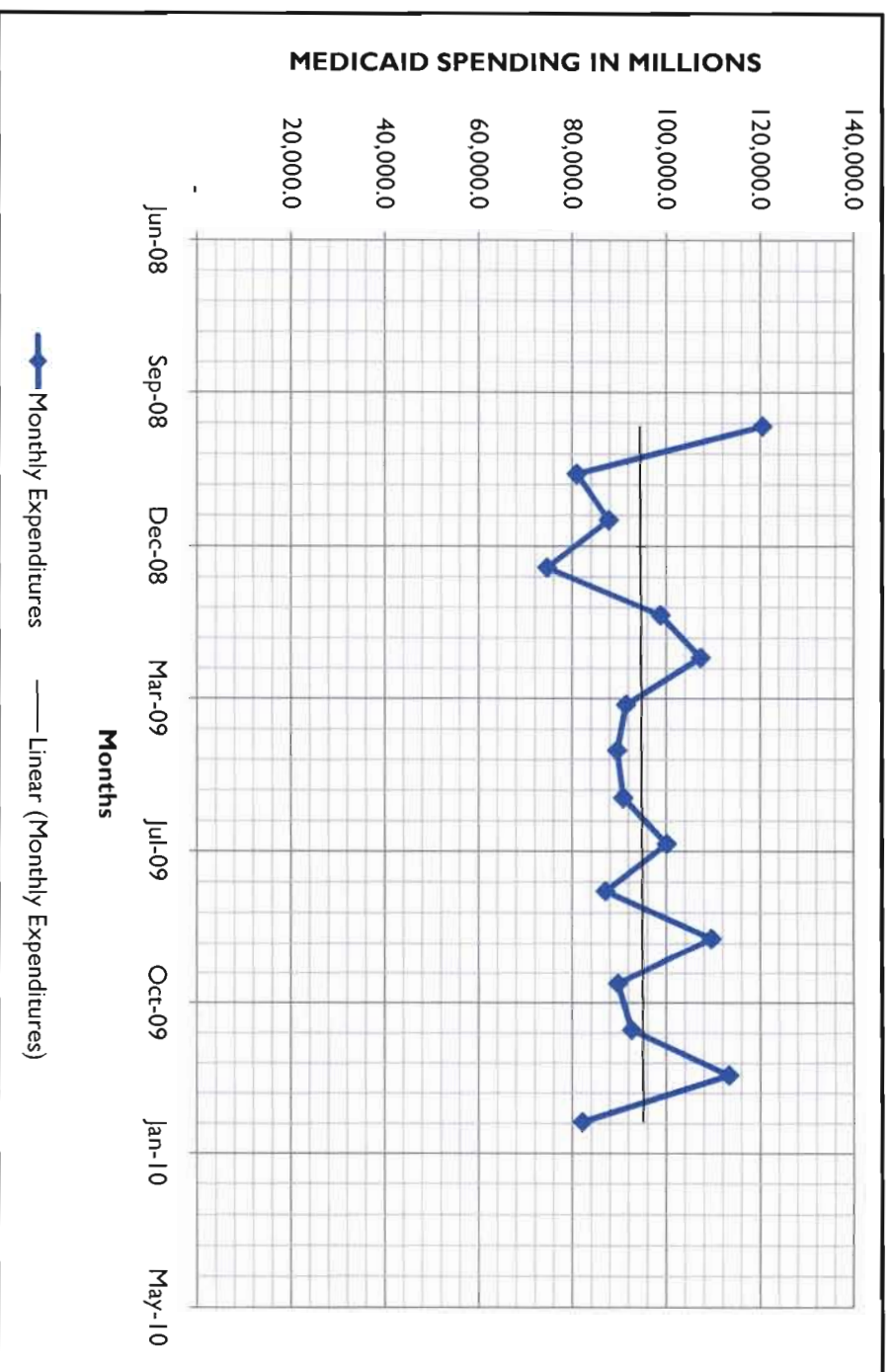
Alaska Public Assistance Caseload Trends



FY08-FY10 Medicaid Projections



FY2010 Monthly Medicaid Spending



FY2010 Medicaid Supplemental Alternatives

DHSS MEDICAID Supplemental Request	Supp GF	Supp Fed	Supp Total
Behavioral Health Medicaid	4,166.8	4,378.3	8,545.1
Health Care Services Medicaid	33,296.6	37,319.9	70,616.5
Senior & Disability Serv Medicaid	6,152.4	3,056.8	9,209.2
TOTAL	43,615.8	44,755.0	88,370.8

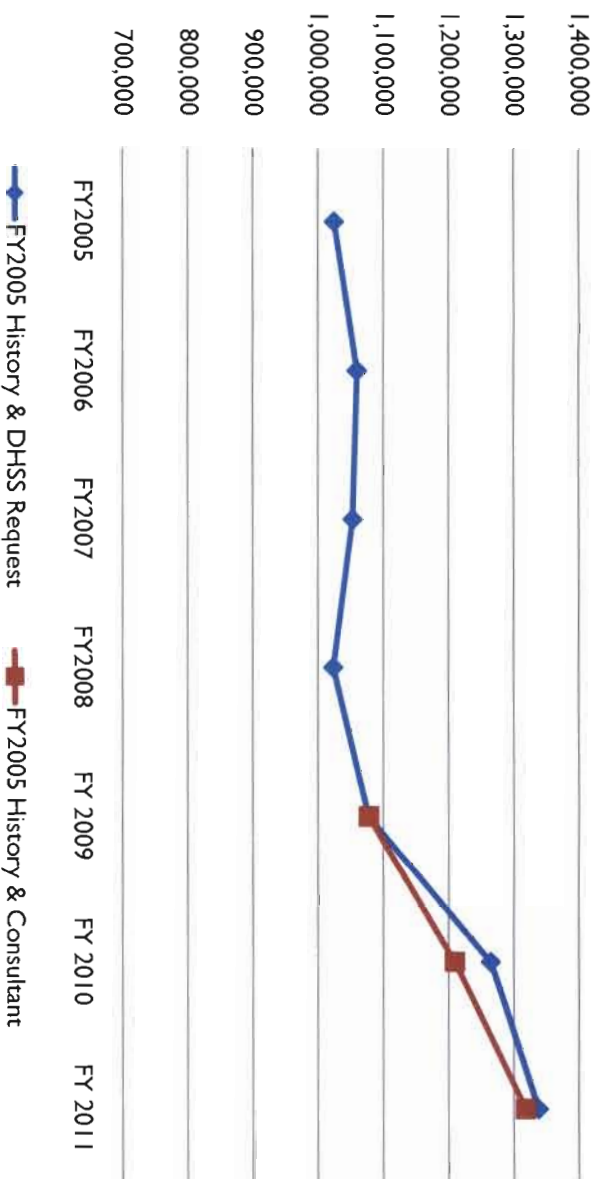
MEDICAID LOW+2% FORECAST	Low+2% Gen Fund	Low + 2% Fed	Low +2% Total
Behavioral Health Medicaid	2,954.5	3,102.2	6,056.7
Health Care Services Medicaid	28,842.6	32,303.7	61,146.3
Senior & Disability Serv Medicaid	4,580.3	2,290.2	6,870.5
	36,377.4	37,696.1	74,073.5

FY2011 Medicaid Budget Amendments

DHSS GOV Budget Amendment					
Medicaid Component	Gen Fund	Federal	Other	Total	
Behavioral Health Medicaid	3,870.9	6,622.3		10,493.2	
Children's Services Medicaid				-	
Health Care Services Medicaid	30,387.1	35,091.2	3,475.0	65,478.3	
Senior & Disability Serv Medicaid	6,133.4	12,658.6		18,792.0	
Adult Preventive Dental	-	285.6		285.6	
	40,391.4	54,657.7	3,475.0	95,049.1	

Consultant Budget Amendment					
Medicaid Component	Gen Fund	Federal	Other	TOTAL	
Behavioral Health Medicaid	1,638.6	3,253.9	(617.5)	4,275.0	
Children's Services Medicaid	0.0	0.0		0.0	
Health Care Services Medicaid	30,537.9	38,332.7	1,720.3	70,590.9	
Senior & Disability Serv Medicaid	2,900.1	358.3		3,258.4	
Adult Preventive Dental	0.0	0.0		0.0	
	35,076.6	41,944.9	113.1	78,124.3	

FY2011 Medicaid Budget: DHSS & Consultant Comparison



MEDICAID EXPENDITURES	FY2005 To FY2011 DHSS	FY2009 to FY2011 Consultant	Rate of Growth DHSS	Rate of Growth Consultant
FY2005	1,024.9			
FY2006	1,059.9			
FY2007	1,053.4			
FY2008	1,023.8			
FY2009	1,077.5	1,077.5		
FY2010	1,264.8	1,209.3	17%	12%
FY2011	1,338.6	1,318.2	6%	9%