



MESA FY2025 – FY2045

Long-Term Forecast of Medicaid
Enrollment and Spending in Alaska

March 3, 2025



Long-Term Medicaid Forecast ('MESA')

- Requested by the Alaska Legislature in 2005
- First forecast completed in 2006
- 20-year projection updated annually
- Assumes current Medicaid structure remains in place
- Provides a baseline for analysis of proposed initiatives
- Provides insights into trends in AK population, Medicaid enrollment, utilization, reimbursement rates, and spending



Medicaid Enrollment and Spending in Alaska

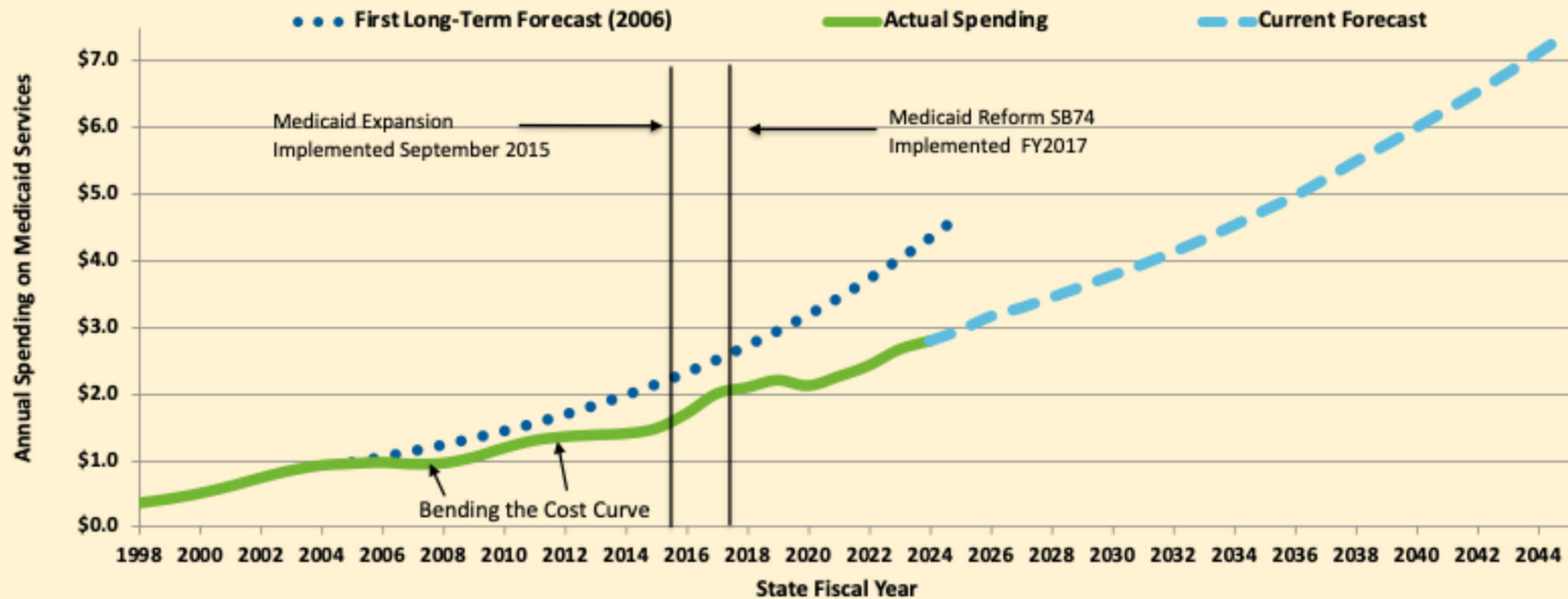
- ① **Bending the Medicaid cost curve**
- ② Recent trends & events
- ③ FY2025-FY2045 projection
- ④ Chronic conditions & Medicaid



Bending the Medicaid Cost Curve

- Cost containment efforts have worked.
- Spending has been much lower than was projected in 2006.
- However, growth in spending has ticked up over the past few years.

Actual and Projected Medicaid Spending

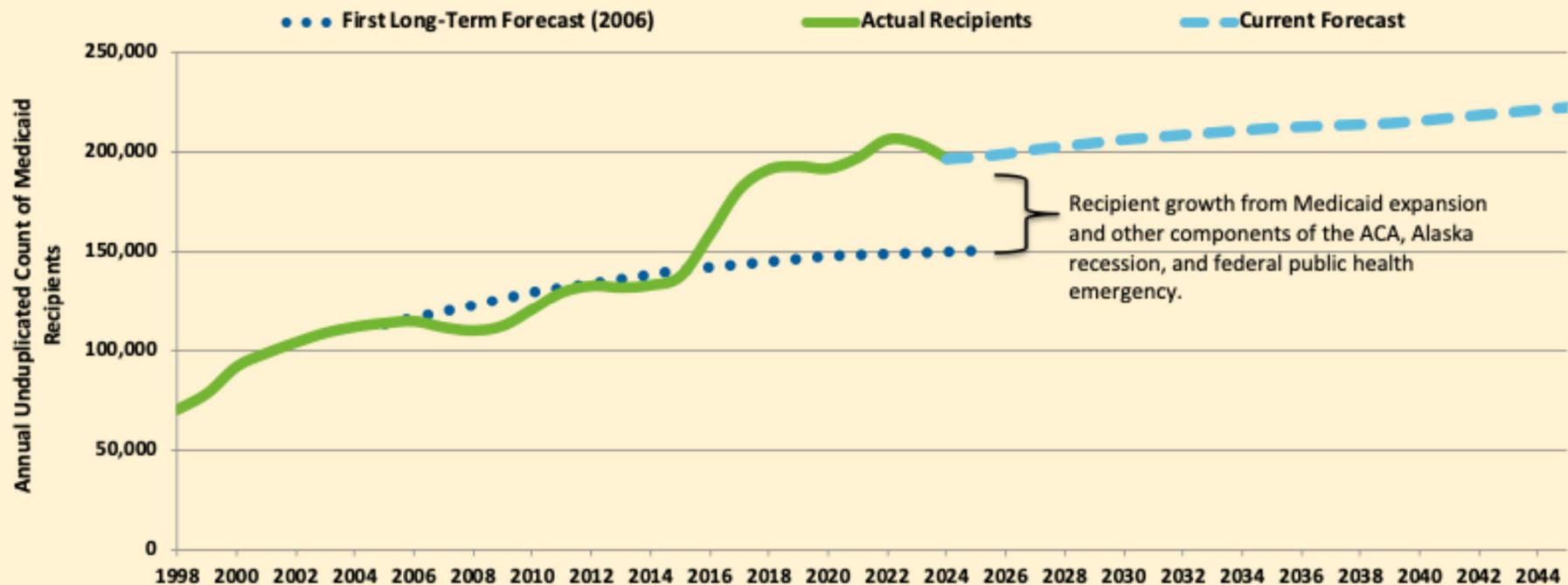




Many More Alaskans Receiving Medicaid Services

- Recipient counts closely tracked the 2006 projection until Medicaid expansion in FY2016.
- After rising sharply in FY2021 and FY2022, recipient counts were flat in FY2023 and dropped in FY2024.

Actual and Projected Medicaid Recipients

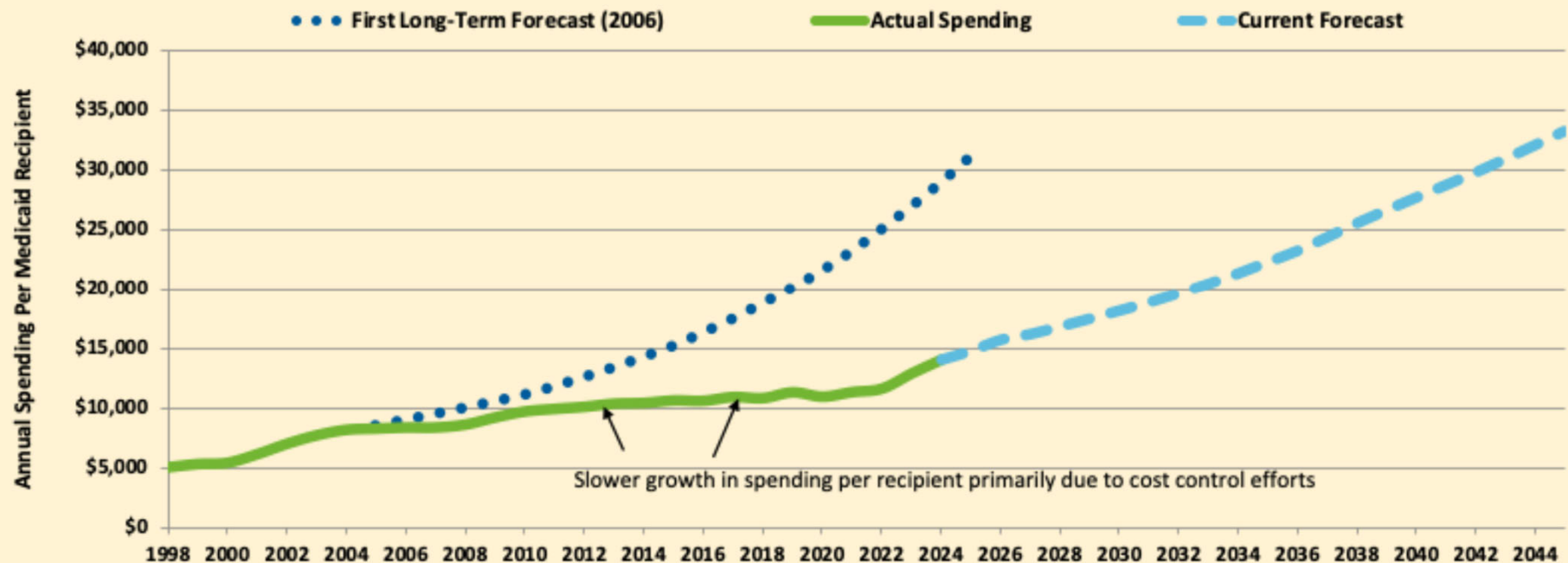




Spending Per Recipient Is No Longer Growing Slowly

- For nearly 20 years, cost containment initiatives by DOH succeeded in suppressing growth in spending.
- However, inflationary pressures on providers has led to relatively substantial increases in reimbursement rates since FY2022.

Actual and Projected Medicaid Spending per Recipient





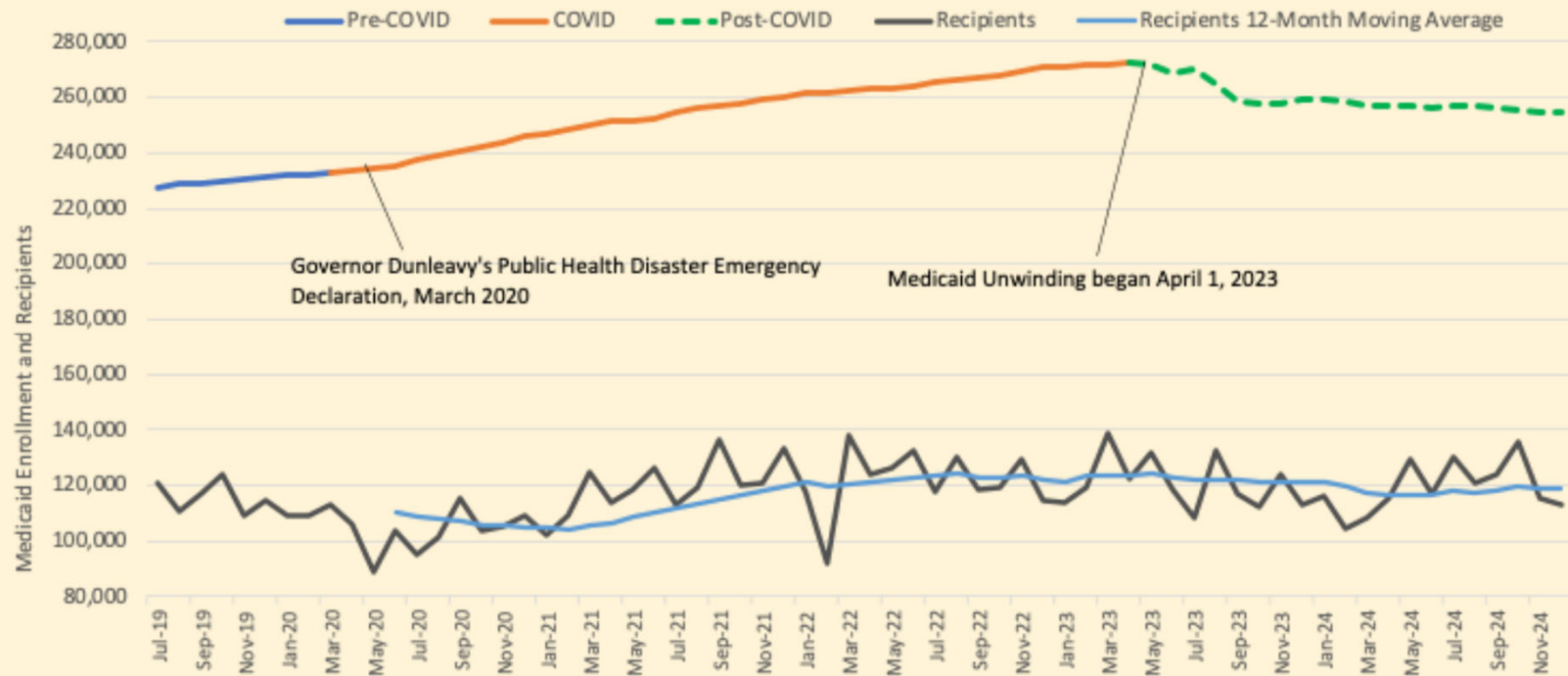
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Medicaid Enrollment and Recipients Before & After COVID

- Enrollment grew rapidly during COVID-19 pandemic, increasing by 40,000 between March 2020 and April 2023.
- Enrollment declined by 18,000 between April 2023 and December 2024.
- Recipient counts vary considerably month-to-month but have averaged about 120,000 per month over past three years.

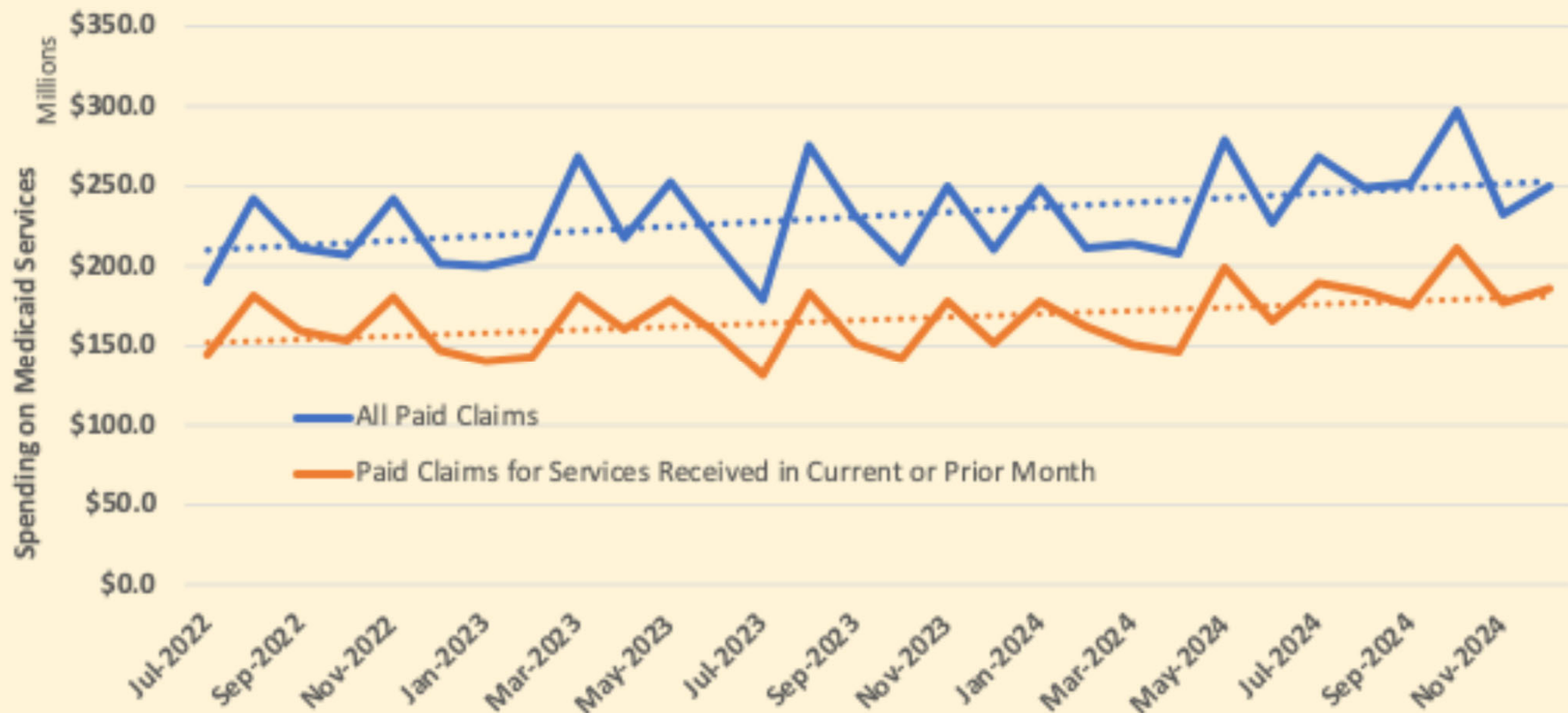




Medicaid Spending Has Not Dropped

Total spending on Medicaid claims varies month-to-month but continues to grow.

Total Monthly Spending on Medicaid Services, July 2022 – December 2024

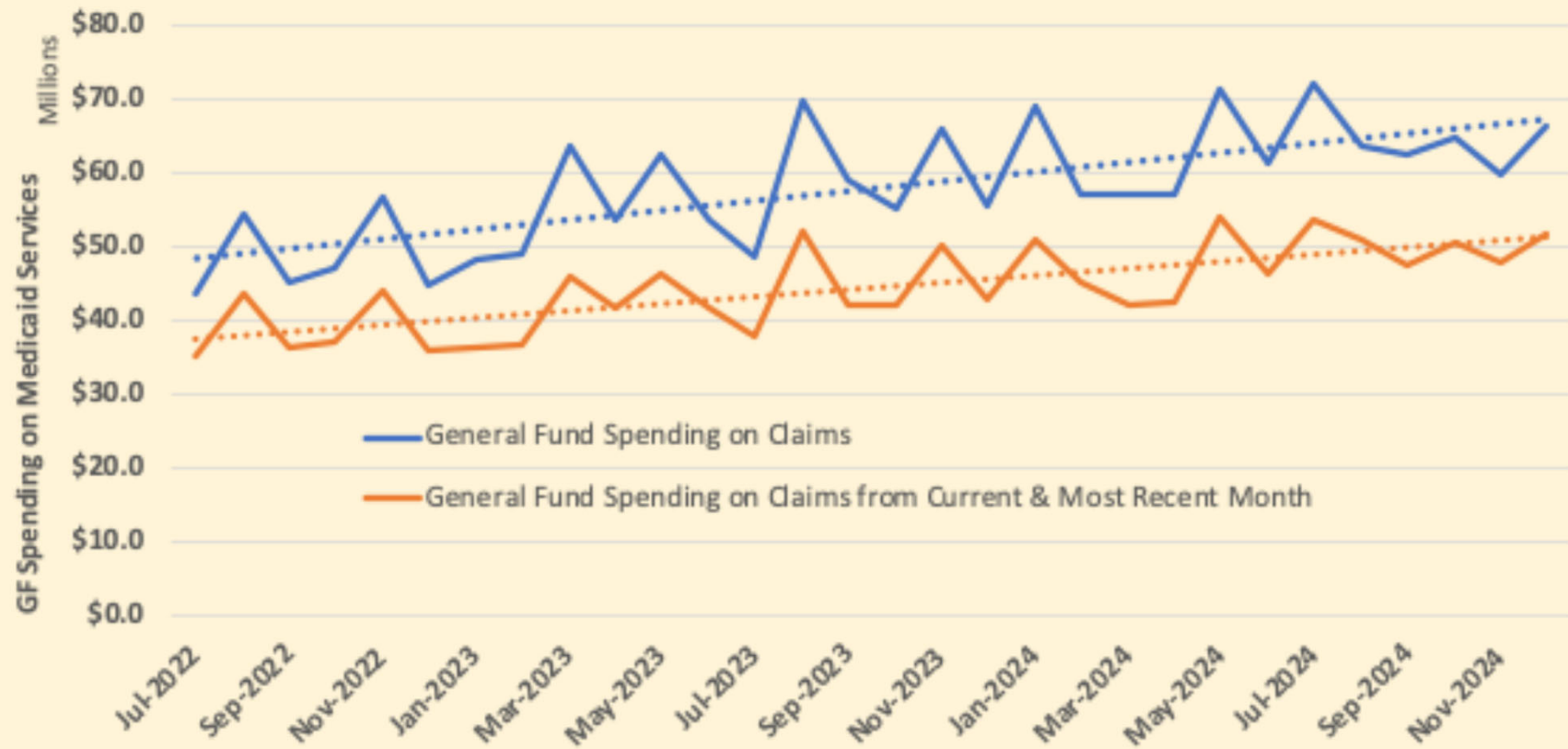




GF Spending Has Also Continued to Grow

General Fund spending on Medicaid claims varies month-to-month but continues to grow.

General Fund Spending on Medicaid Claims, July 2022 – December 2024*



* By date of payment



Recipients Per Month Remains Flat

Medicaid unwinding has not impacted the number of recipients with paid claims each month.

Medicaid Recipients With Paid Claims, July 2022 – December 2024

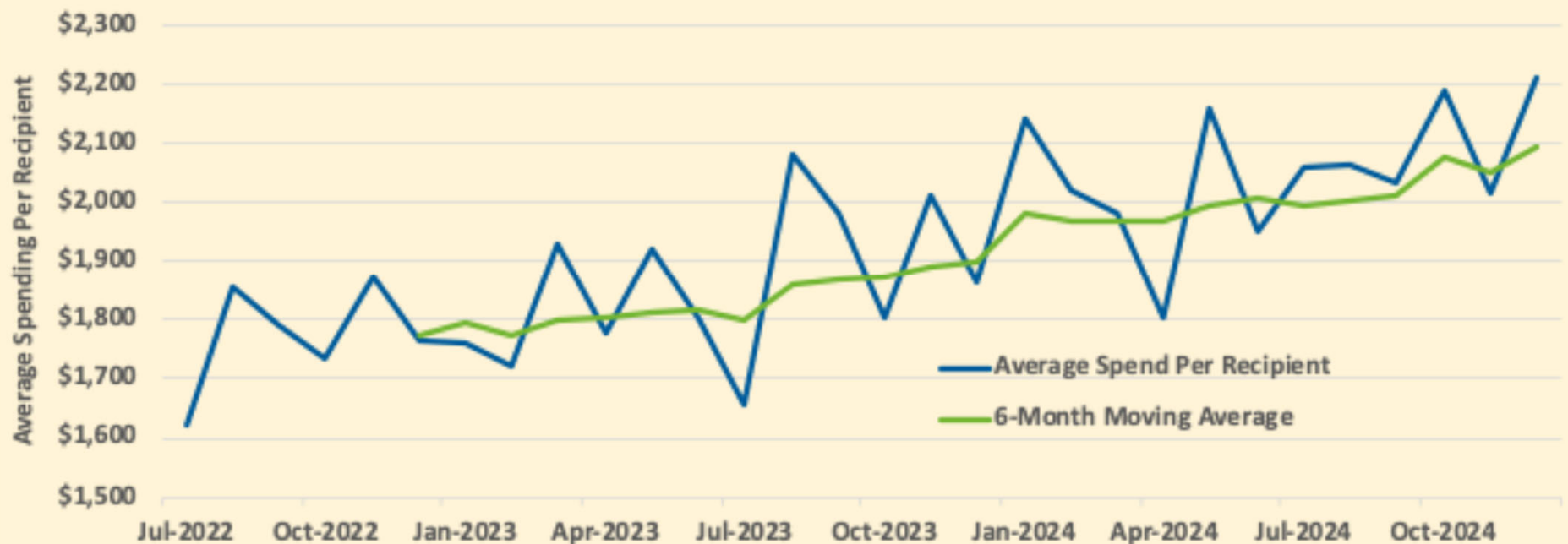




Spending Per Recipient Has Grown Rapidly

Between December 2022 and December 2024, average spending per recipient increased by 18%, which equates to 8.7% per year.

Monthly Spending Per Recipient on Medicaid Services, July 2022 – December 2024

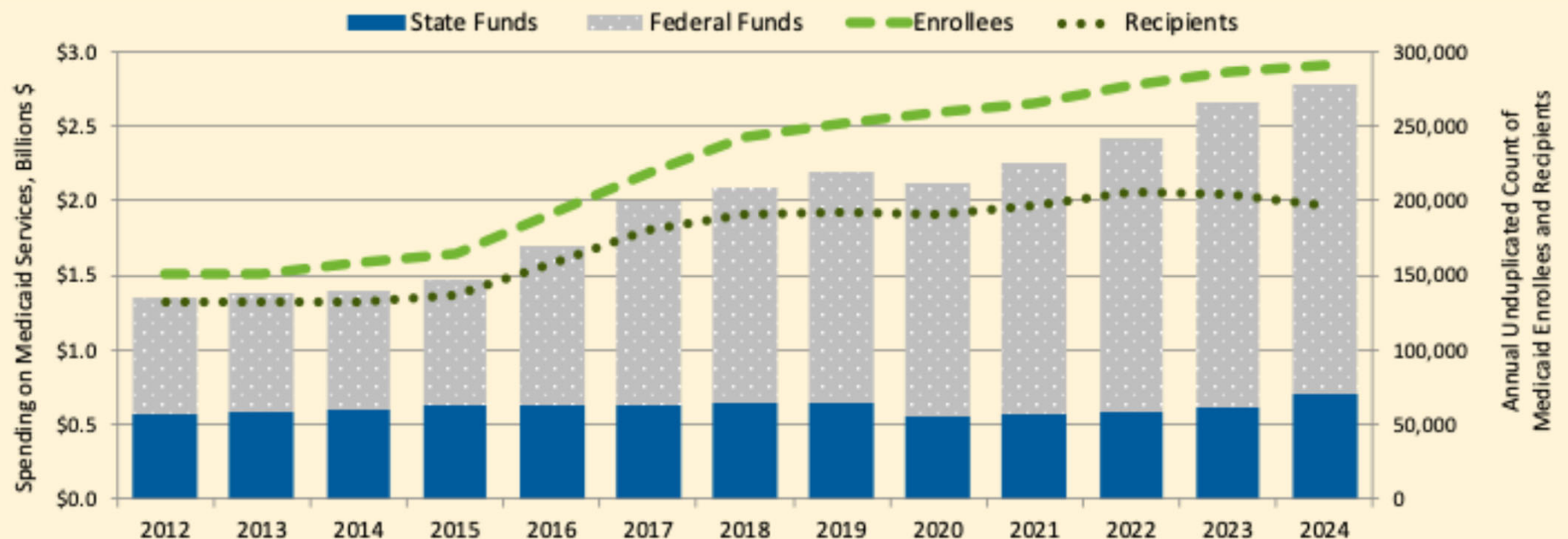




Medicaid Spending, Enrollment, and Recipients

- Enrollment growth primarily due to expansion and continuous enrollment.
- Enrollment and recipient counts have diverged.
- FFP has covered most of the increased spending through FY2024.

Annual Medicaid Spending, Enrollment, and Recipients, FY2012 – FY2024*



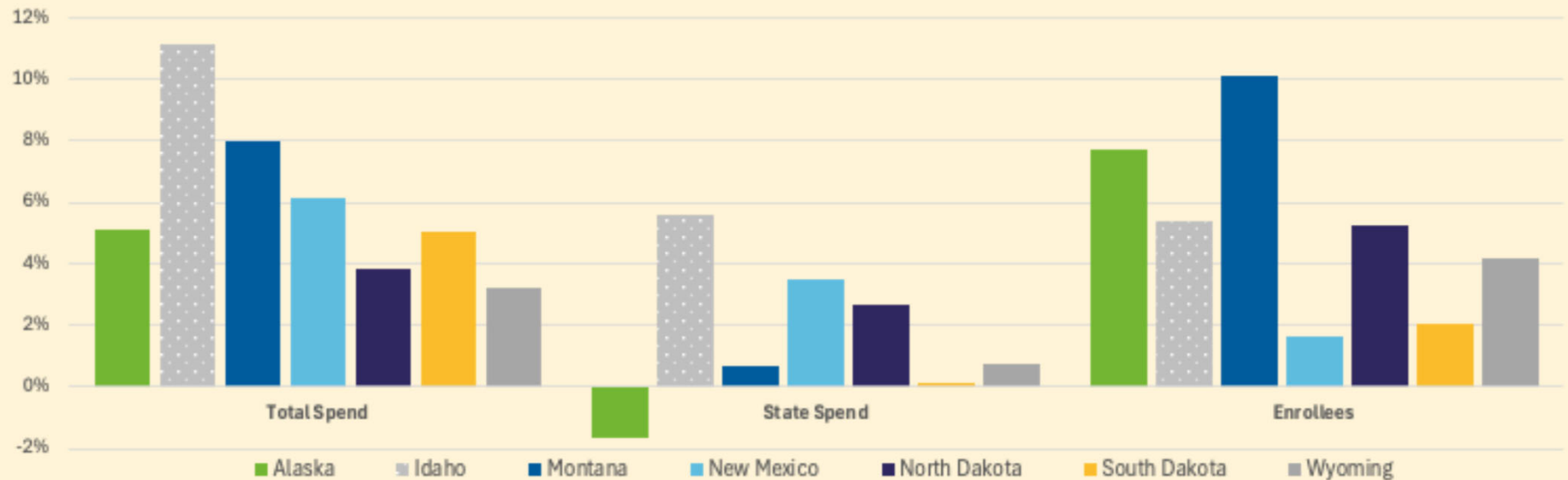
* Based on date of service; enrollment and recipients measured as annual unduplicated count



Comparison to Other States

- We compared growth in Medicaid spending in Alaska to spending growth in six comparison states.
- Each state experienced growth in Medicaid spending between FY2016 and FY2023, but only Alaska experienced a decrease in General Fund spending.
- Alaska (along with Montana, North Dakota, and Wyoming) also experienced a decrease in average spending per enrollee between FY2016 and FY2023.

Average Annual Growth in Medicaid Spending Between FY2016 and FY2023

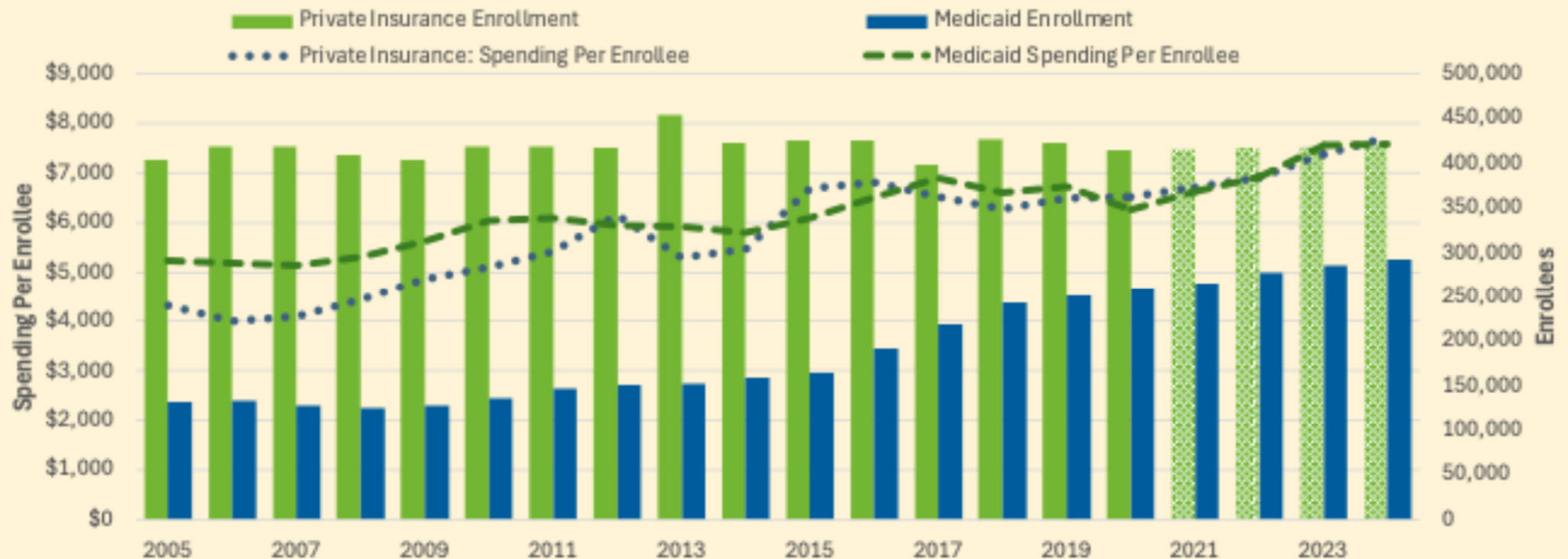




Comparison to Private Insurance in Alaska

- Enrollment in private insurance has been flat.
- Cost per enrollee has risen faster for private insurance.

Annual Enrollment and Per-Enrollee Spending for Medicaid and Private Insurance in Alaska, FY2005 – FY2024* (private insurance estimated for FY2021 – FY2024)



* Source for private insurance data: <https://www.cms.gov/data-research/statistics-trends-and-reports/national-health-expenditure-data/state-residence>; To make an equivalent comparison, long-term care services were removed from Medicaid spending.



Medicaid Enrollment and Spending in Alaska

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Alaska's Population Is Aging & Shrinking

- Expected to decline slightly over next 20 years
- Driven by a drop in the number of children
- Slight growth in the adult 20–64 population
- Modest growth in the senior population
- Trends impact more than just Medicaid

Alaska's Population by Age Cohort for Selected Years, 2025-2045

Age Group	2024	2029	2034	2039	2044	Avg. Annual Change
Children (0-19)	194,004	186,583	179,781	175,505	173,243	-0.56%
Adults (20-64)	425,636	423,674	428,171	431,913	430,720	0.06%
Seniors (65+)	118,725	132,501	134,849	131,592	127,886	0.37%
Total Population	738,365	742,758	742,801	739,010	731,849	-0.04%



Medicaid Reimbursement Rates & Medical Price Inflation

- Before FY2021, medical price inflation in Alaska outpaced Medicaid reimbursement rates by about 3.6 percentage points per year.
- From FY2021 through FY2023, Medicaid reimbursement rates grew faster than medical price inflation.
- Between FY2017 and FY2024, Medicaid reimbursement rates increased by 27% and medical price inflation increased by 44%.





Faster Forecasted Growth in Spending

- Last year's forecast was for average annual growth of 4.4%.
- Unwinding has had little impact on Medicaid spending.
- Increasing Medicaid reimbursement rates are likely “permanent”.
- Continued shift toward IHS FFP rate.

Projected State and Federal Spending on Medicaid Services, FY2025 - FY2045 (Millions \$)

Fund Source	2015	2025	2030	2035	2040	2045	Annual Growth*
State General Funds	\$681.1	\$710.1	\$909.4	\$1,153.7	\$1,438.4	\$1,700.5	4.5%
Federal	\$900.7	\$2,234.6	\$2,859.5	\$3,591.3	\$4,551.9	\$5,714.1	4.8%
Total Spending*	\$1,581.8	\$2,944.7	\$3,768.9	\$4,745.0	\$5,990.2	\$7,414.5	4.7%

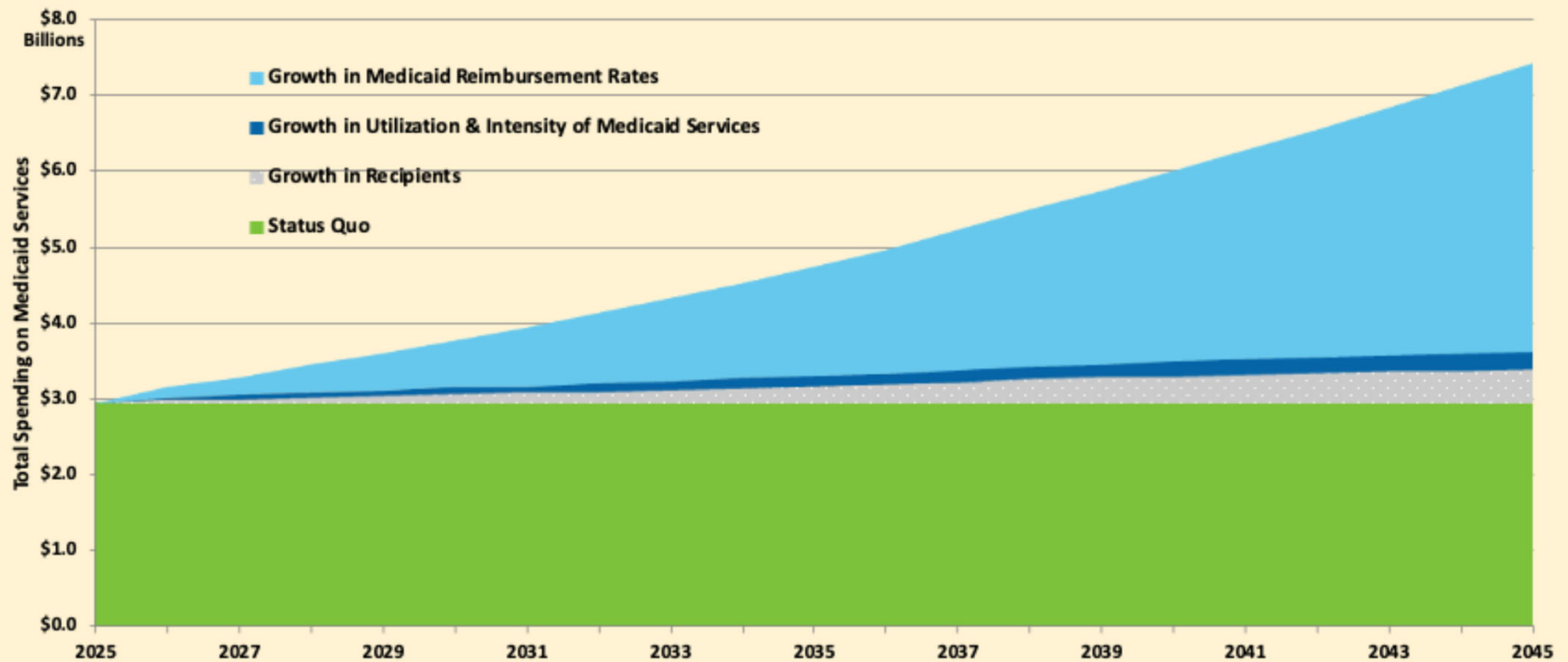
* Due to rounding, some totals may not precisely match the sum of components shown in table.



Growth in Reimbursement Rates Will Drive Spending Growth

Growth in recipients, utilization, and intensity of Medicaid services will have relatively modest impacts on spending growth.

Projected Spending on Medicaid Services by Component of Growth

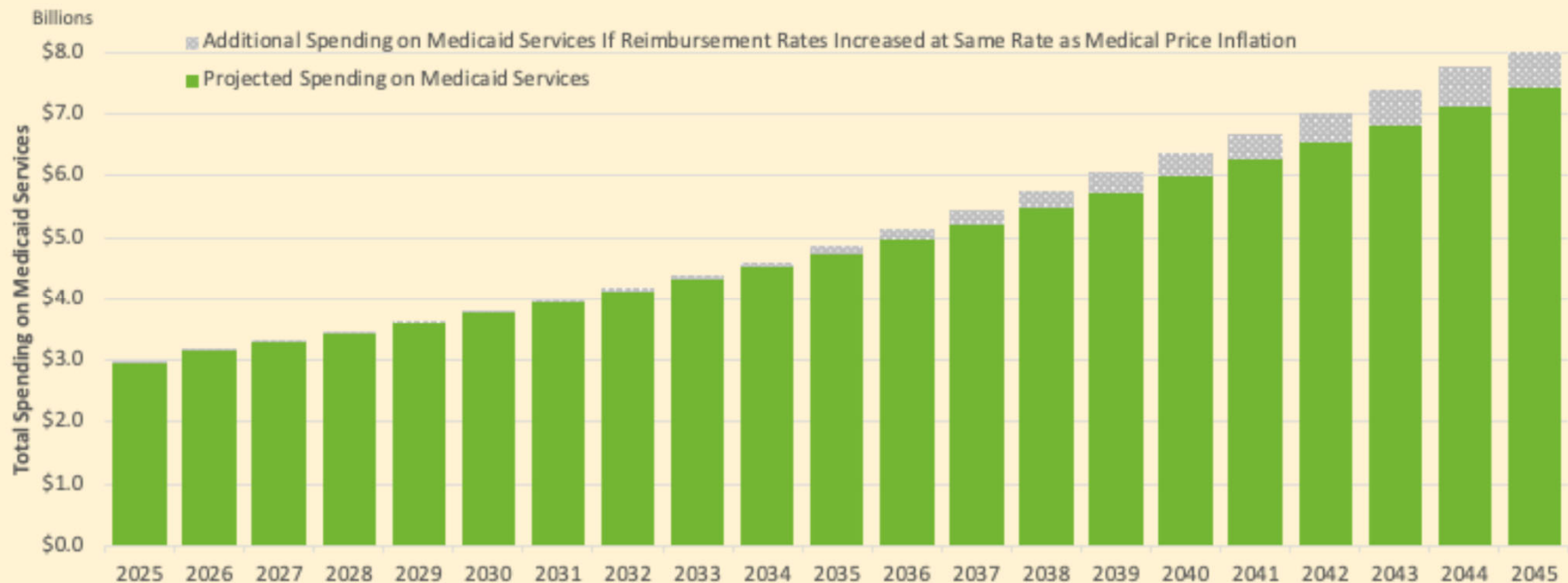




Impact of Allowing Reimbursement Rates to Grow at Same Rate as Medical Price Inflation

Allowing Medicaid reimbursement rates to grow at the same rate as medical price inflation would add nearly \$800 million to Medicaid by FY2045.

Projected Spending on Medicaid Through (green) and Additional Impact if Reimbursement Rates Increased at the Same Rate as Medical Price Inflation (grey)





Medicaid Enrollment and Spending in Alaska

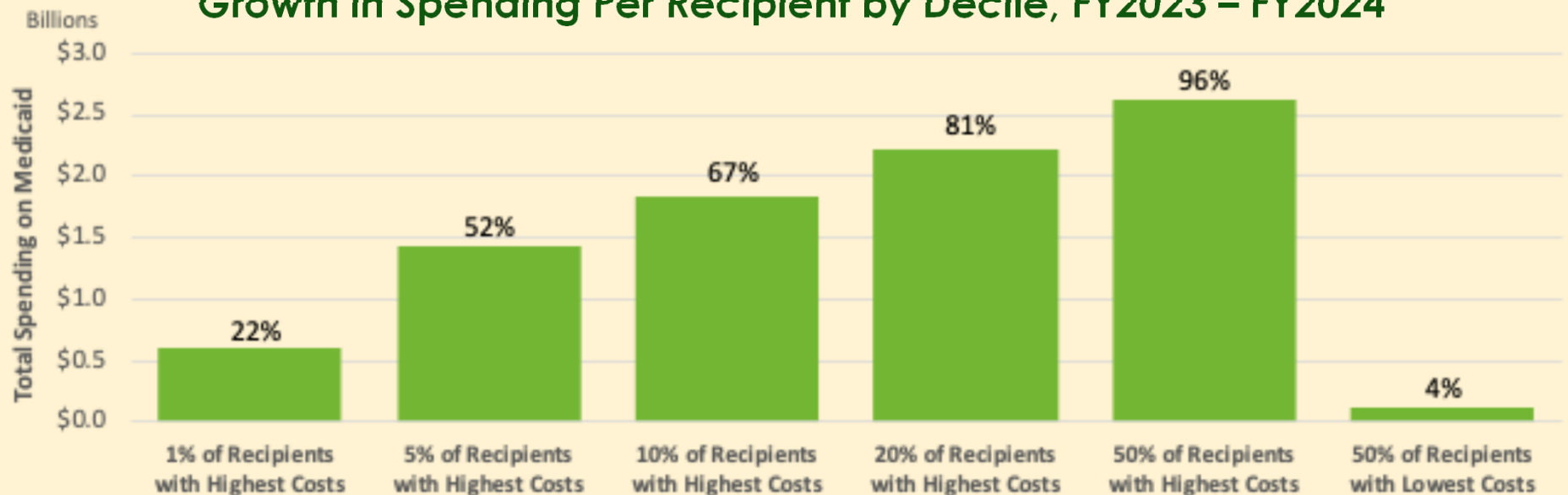
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Medicaid Spending Is Driven by A Relatively Small Proportion of Recipients

- The 1% of recipients with highest costs account for 22% of Medicaid spending.
- The 10% of recipients with highest costs account for 67% of Medicaid spending.
- The 50% of recipients with lowest costs account for only 4% of Medicaid spending

Growth in Spending Per Recipient by Decile, FY2023 – FY2024

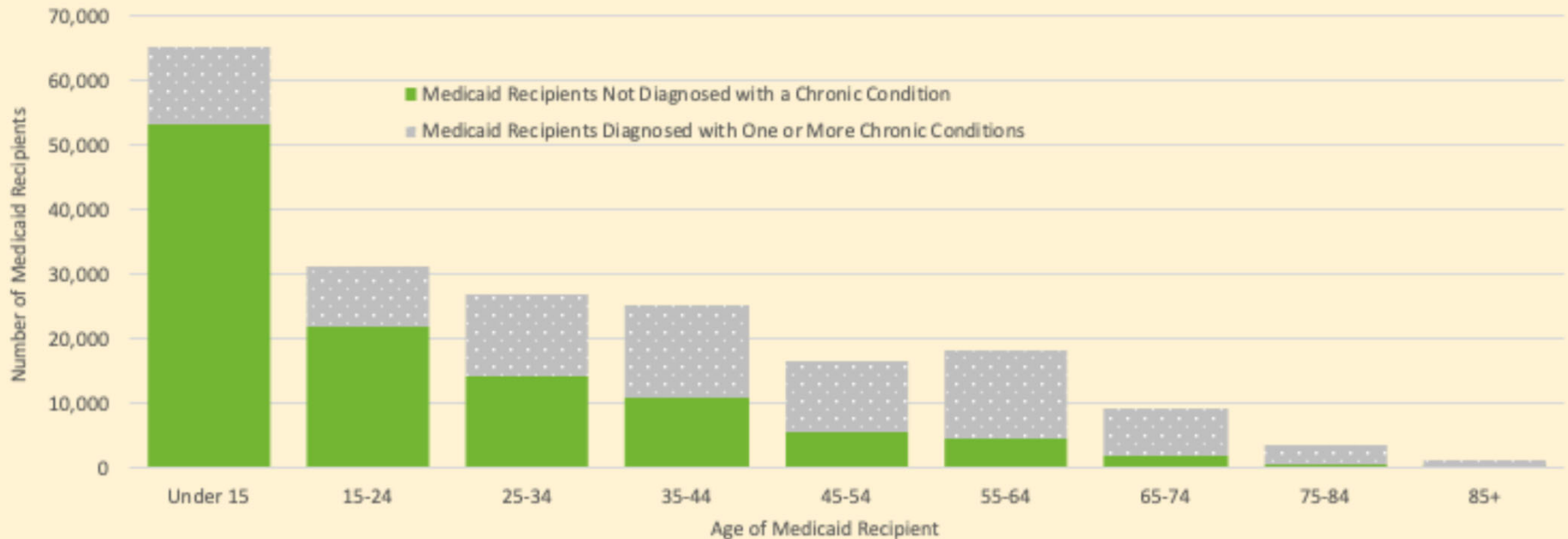




Chronic Conditions and Age, FY2024

- Analyzed FY2024 claims data to identify recipients diagnosed with any of 64 different chronic conditions.
- Defined a recipient as having a specific chronic condition if he or she received two diagnoses for the condition during FY2024.
- The number of recipients diagnosed with one or more chronic conditions has remained stable since FY2019.

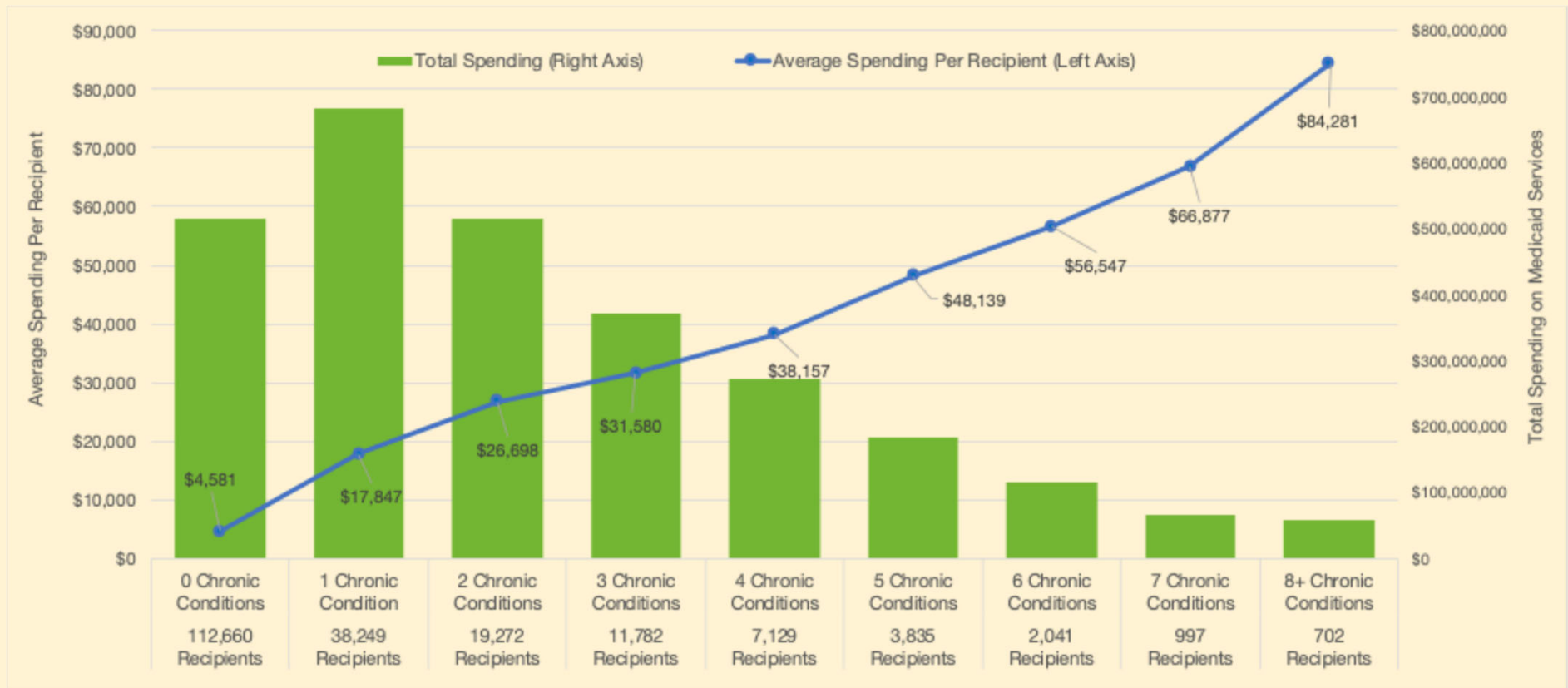
Medicaid Recipients by Age and Diagnosis of One or More Chronic Conditions, FY2024





Chronic Conditions Drive Medicaid Spending

Utilization and spending on Medicaid services is directly related to the number of chronic condition diagnoses an individual receives.

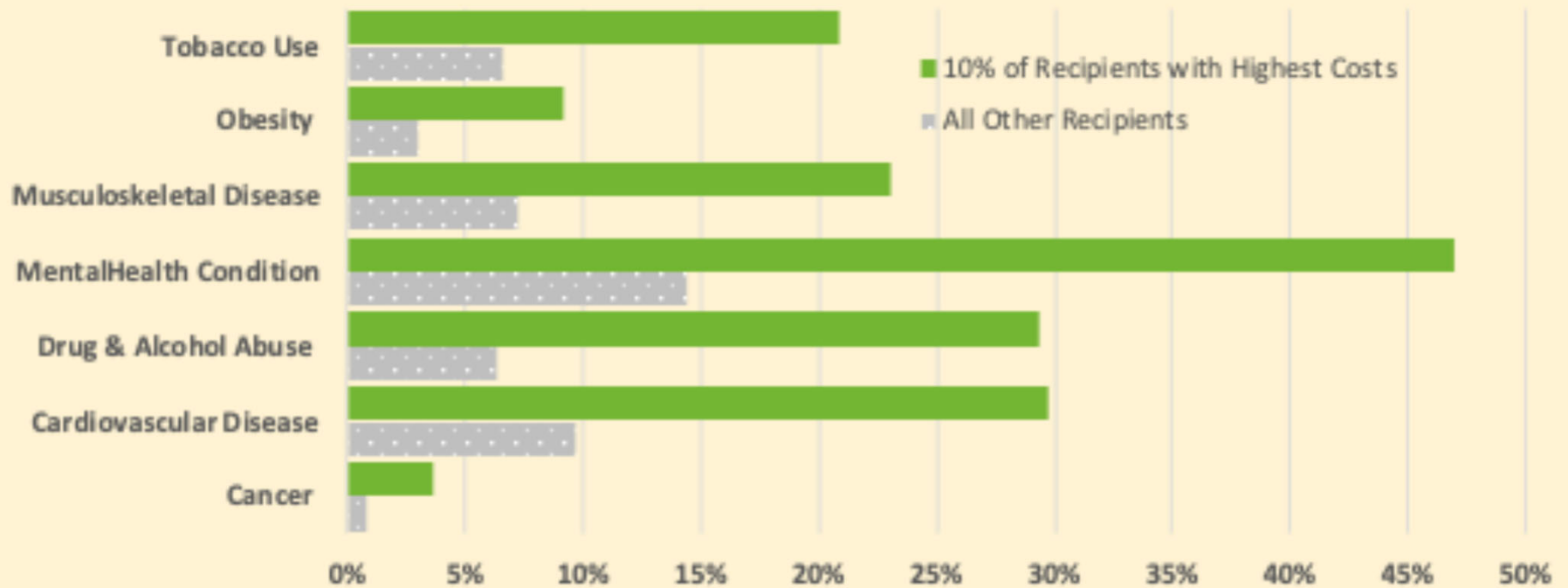




High-Cost Recipients & Chronic Conditions

The 10% of Medicaid recipients with highest costs are much more likely to have one or more diagnosed chronic conditions.

Proportion of Recipients Diagnosed with Certain Chronic Conditions, FY2024

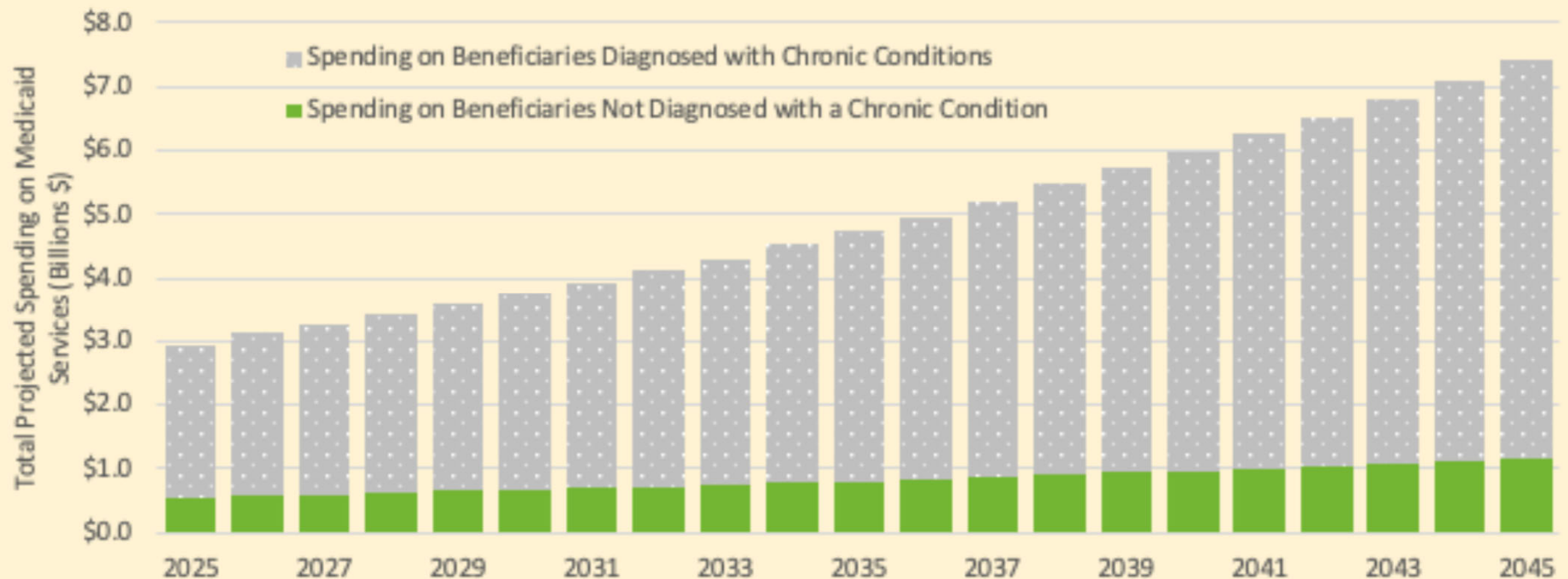




Chronic Conditions Drive Growth in Medicaid Spending

Today, 81% of Medicaid spending is on services for recipients diagnosed with one or more chronic conditions. This will increase to 84% by FY2045.

Projected Spending on Medicaid Services Through FY2045





Alaska Long-Term Medicaid Forecast

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Medical Price Inflation vs. Medicaid Reimbursement Rates

- Medical care component of the **Consumer Price Index (MCPI)** includes only those parts of healthcare goods, services, and health insurance premiums paid for by consumers “out of pocket.”
- **Medicaid Reimbursement Rates** are the amounts paid to providers by the Medicaid program for covered medical and related services based on fee schedules, which are reviewed annually, biennially, or triennially, and are periodically updated based on these reviews.