



# MESA FY2020 – FY2040

## Long-Term Forecast of Medicaid Enrollment and Spending in Alaska

*Prepared for the Alaska Legislature  
February 18, 2020*



# MESA: Medicaid Enrollment and Spending in Alaska

- ① Background
- ② Modeling approach
- ③ Recent historical trends
- ④ FY2020-FY2040 projection
- ⑤ Chronic conditions & Medicaid



# MESA: Background

- First forecast developed in 2005
- 20-year projection updated annually
- Assumes current Medicaid structure remains in place
- Provides benchmark for future initiatives
- Provides insight into how individual factors affect spending
  - Population growth and demographic change
  - Changes in the rate of Medicaid enrollment
  - Changes in the rate of utilization of Medicaid services
  - Changes in the intensity of use of Medicaid services
  - Growth in healthcare price inflation

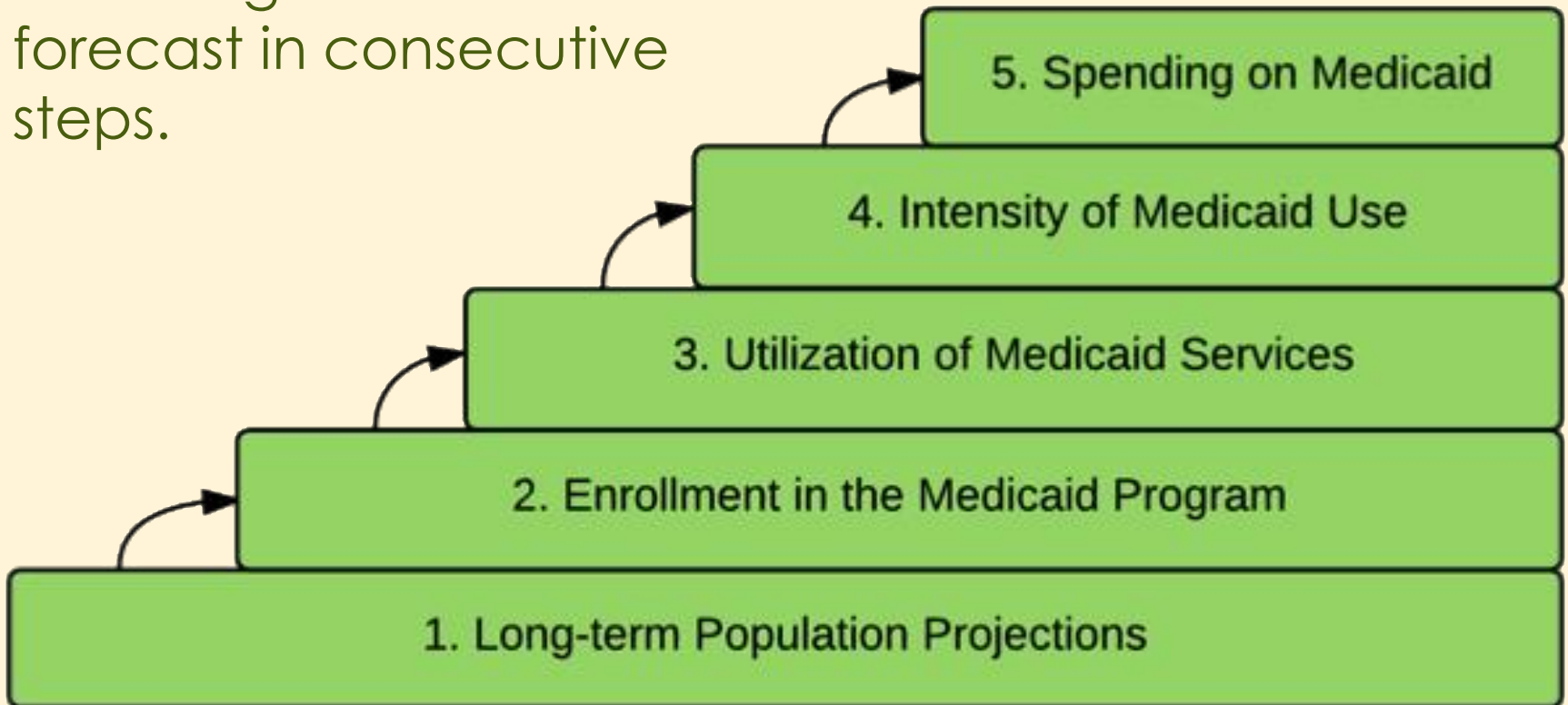


# Key Terms Used in Long-Term Forecast

- **Recipient**: A Medicaid enrollee who receives one or more Medicaid services during a fiscal year.
- **Utilization**: Annual unduplicated count of Medicaid recipients who received a specific type of Medicaid service during a fiscal year.
- **Intensity of Use**: *Amount* of the Medicaid service a recipient receives during a fiscal year.
- **Healthcare price inflation**: Measure of annual growth in the costs for healthcare services.
- **Date of Service**: Forecast is based on the date in which services were received.

# MESA Modeling Approach

MESA relies on published data and statistical modeling to “build” the forecast in consecutive steps.





# MESA: Medicaid Enrollment and Spending in Alaska

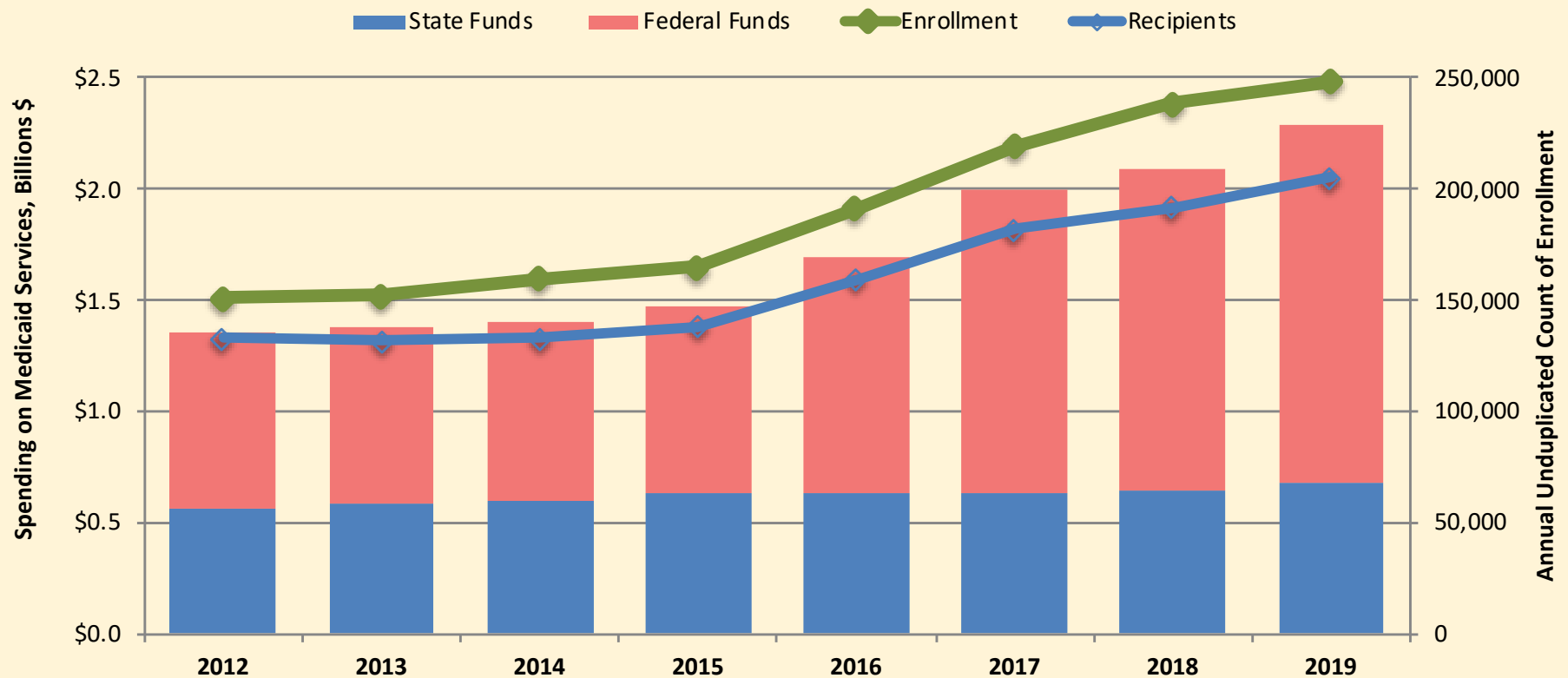
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# Substantial Growth Beginning in FY2016

Between FY2015 and FY2019...

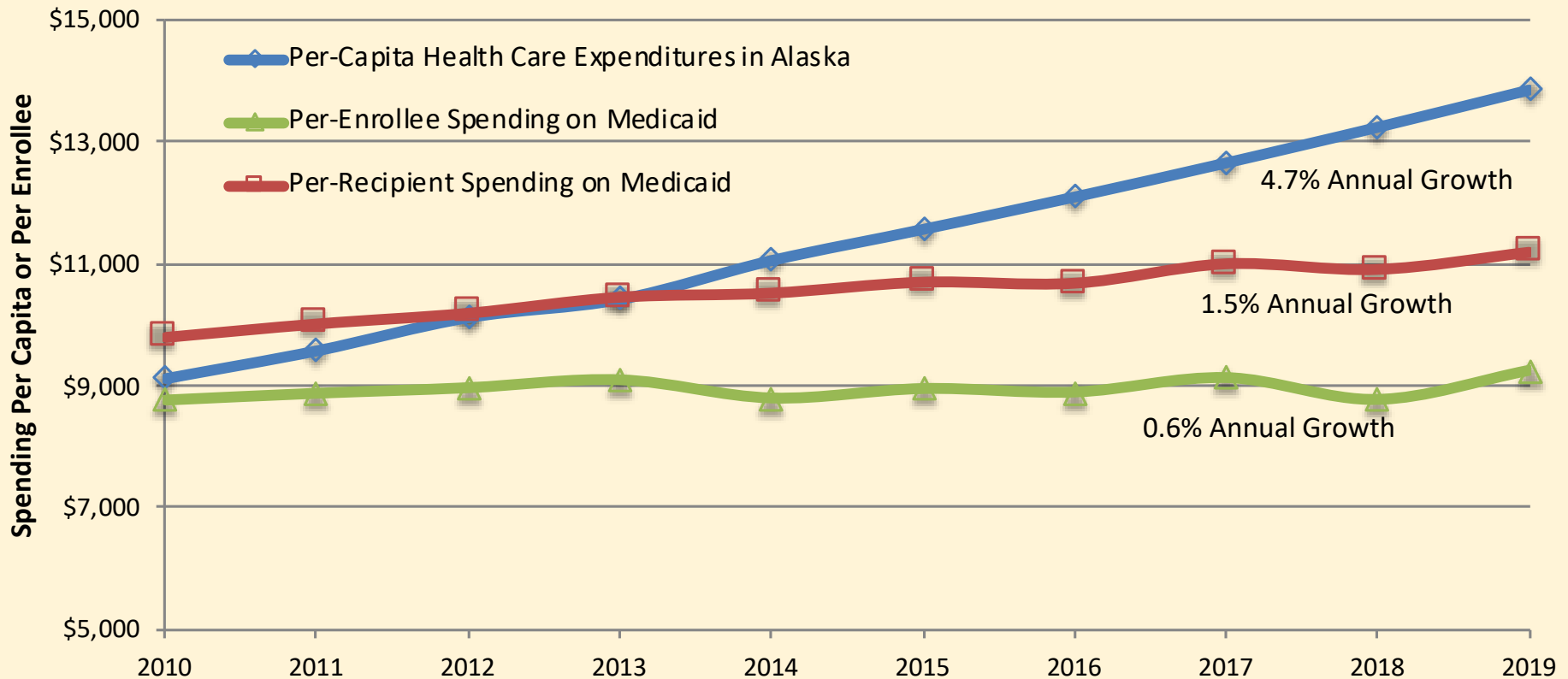
- Medicaid Enrollment grew by 51% (Recipients grew by 49%)
- Federal spending grew by 93%
- GF spending grew by 6%.





# Per-Enrollee/Recipient Spending Is Flat

Over this same period, per-capita healthcare spending in Alaska experienced rapid growth.

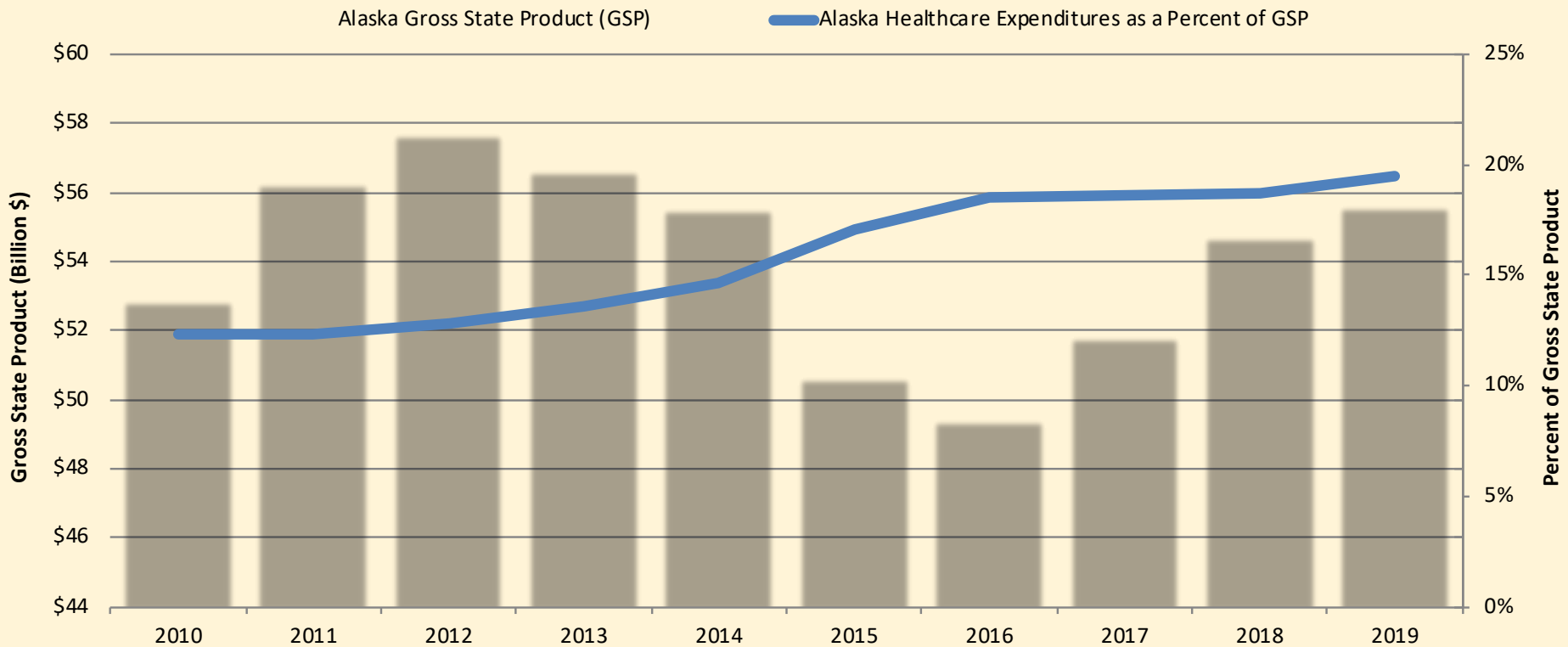






# Healthcare's Share of Economy Has Grown

Medicaid expansion coinciding with Alaska's recession has increased the relative importance of the healthcare sector

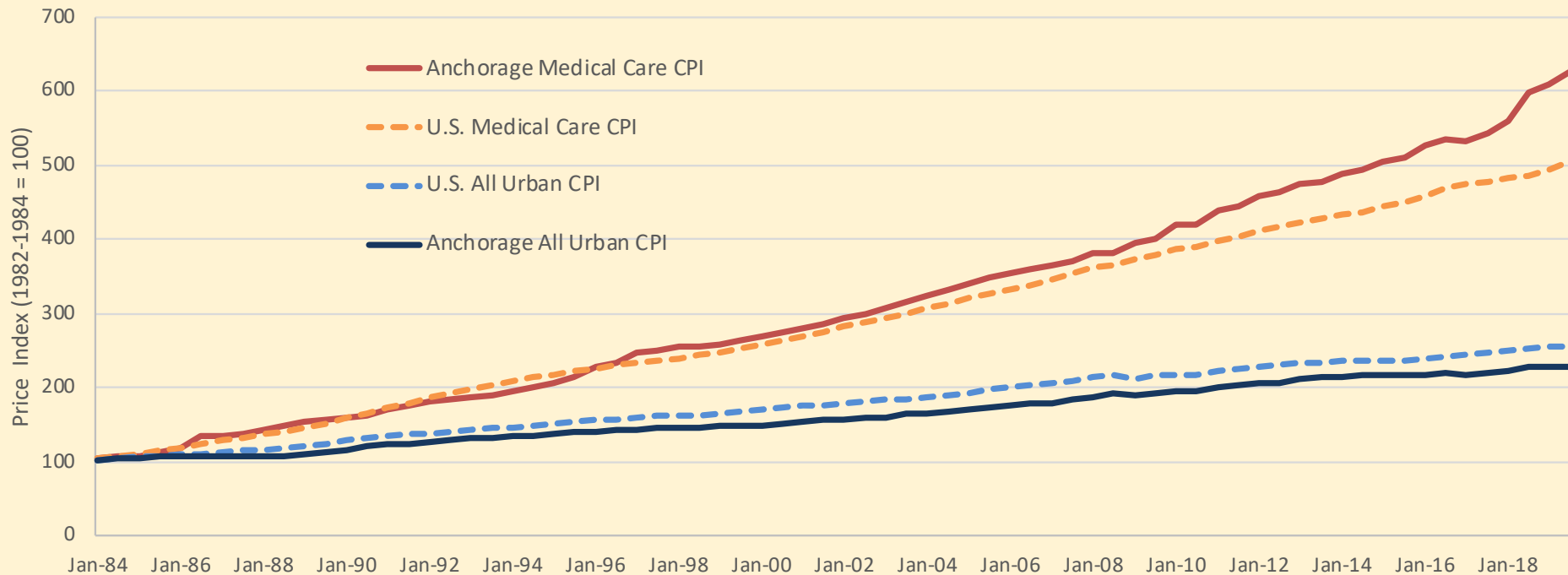




# Healthcare Costs Have Risen Fast

- Healthcare price inflation is rising faster in Alaska than in U.S. as a whole
- General price inflation is rising at roughly the same rate

## Comparison of Rates of Price Inflation in Alaska and the U.S.





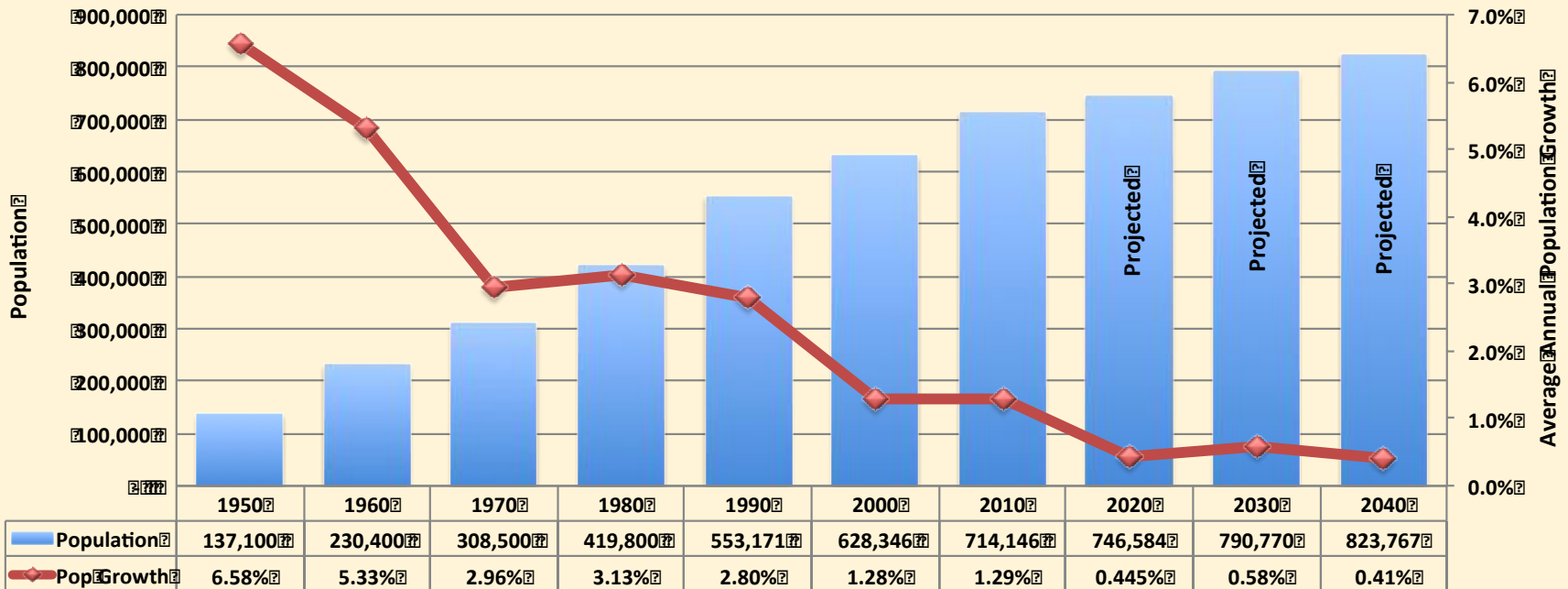
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# Population: Past, Present, Future

The rate of growth in Alaska's population has slowed considerably in recent decades, and slower growth is expected to continue.





# Alaska's Population Is Aging

Even while overall population growth will remain slow, the senior population will experience strong growth through the 20-year projection period.

## Alaska's Population by Age Cohort for Selected Years, 2020-2040

<b>Age Group</b>	<b>2020</b>	<b>2025</b>	<b>2030</b>	<b>2035</b>	<b>2040</b>	<b>Avg. Annual Change</b>
<b>Children (0-19)</b>	209,481	213,170	213,413	216,375	220,453	0.26%
<b>Adults (20-64)</b>	439,271	435,870	440,950	453,319	468,359	0.32%
<b>Seniors (65+)</b>	97,828	121,354	136,414	138,671	134,957	1.62%
<b>Total Population</b>	<b>746,580</b>	<b>770,394</b>	<b>790,777</b>	<b>808,365</b>	<b>823,769</b>	<b>0.49%</b>



# ACA No longer Impacting Enrollment Growth

- Growth in enrollment will slow over the projection period.
- Enrollment of seniors will outpace children and younger adults.
- Nevertheless, seniors will remain less than 10% of enrollees
- Medicaid now covers more adults than children
- In FY2000, median age of Medicaid enrollee was 14
  - Today it's 23
  - By FY2040, it will be 25

## Medicaid Enrollment Growth Past & Future

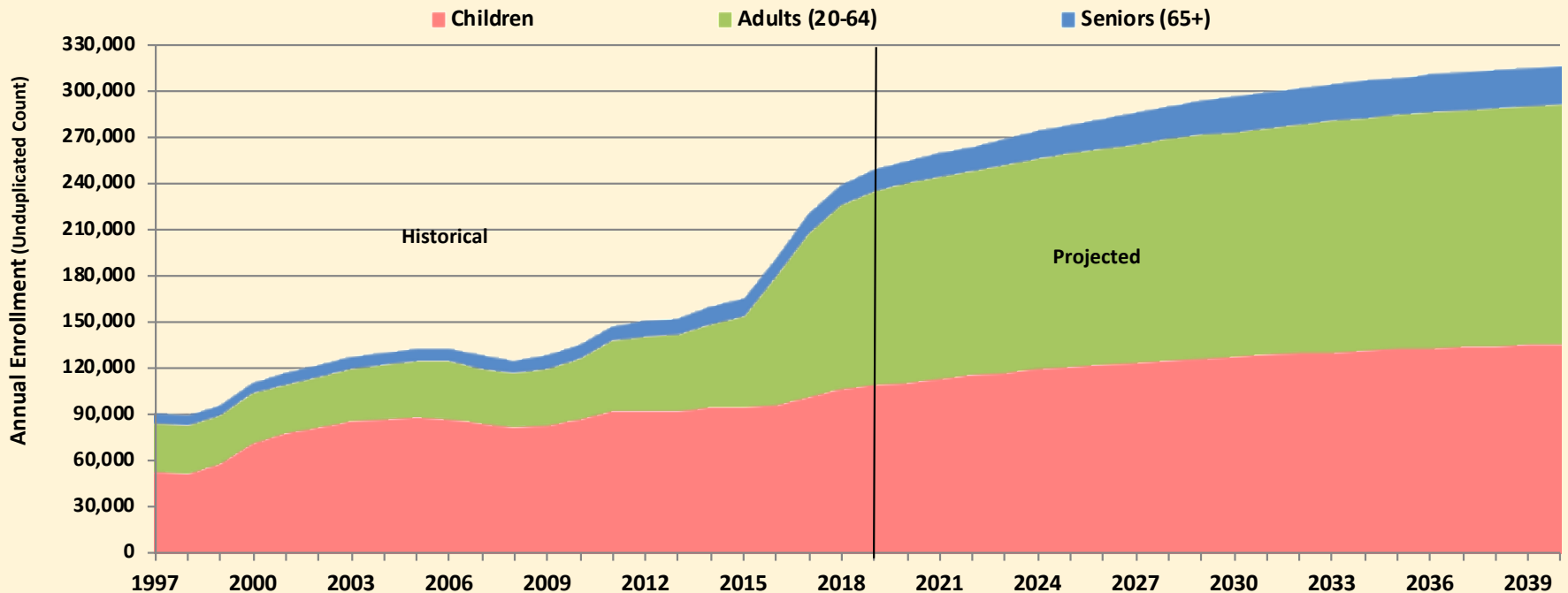
Age Cohort	Children (0-19)	Working Age (20-64)	Seniors (65+)	All Ages
<b>FY2015-2020</b>	3.2%	16.8%	4.7%	9.0%
<b>FY2020-2040</b>	1.0%	1.0%	2.9%	1.1%



# Medicaid Enrollment – the Long View

- In 1999, there were fewer than 100,000 enrollees.
- Today, there are about 250,000.
- By 2040, there will be more than 300,000.

## Annual Unduplicated Count of Medicaid Enrollment

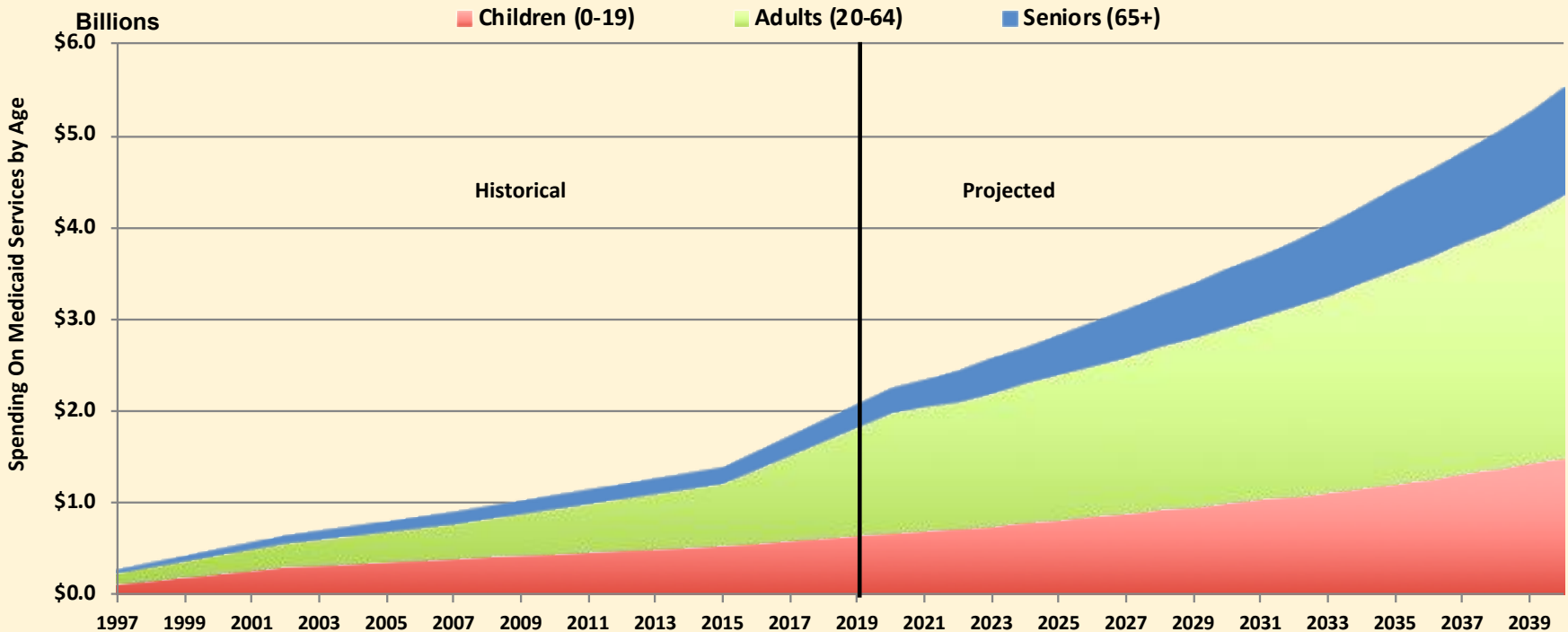




# Spending to Slow, But Keep Growing

Between FY2020 and FY2040, we project spending on Medicaid services will increase on average by 4.6% per year.

## Total Spending on Medicaid Claims by Age Cohort, FY2020-FY2040



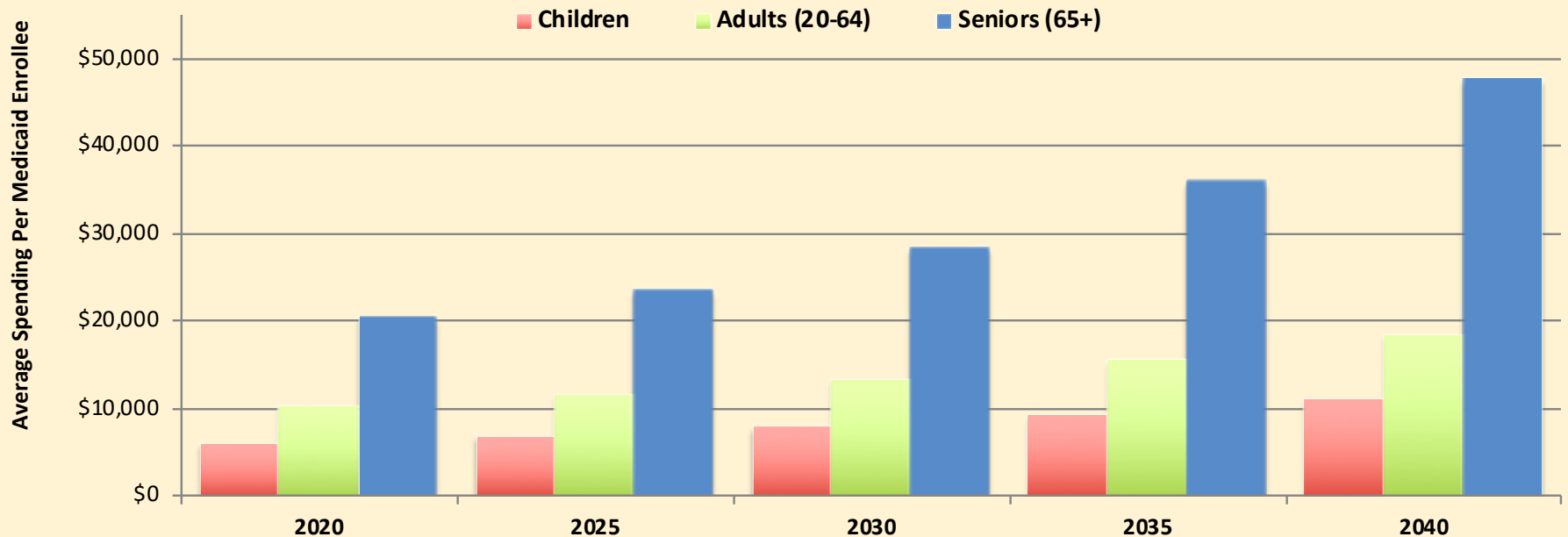




# Healthcare Spending Increases with Age

On a per-enrollee basis, spending on Medicaid services for children will continue to be much lower than for adults.

## Average per Enrollee Spending on Medicaid Services by Age Cohort





# Growth in Medicaid Spending Will Slow

- Federal & GF spending will grow at about the same rate.
- Savings from rebasing offset by decrease in expansion FMAP<sup>+</sup>
- Assumes no future changes to FMAPs

## Projected State and Federal Spending on Medicaid Services, FY2020 - FY2040 (Millions \$)

<b>Fund Source</b>	<b>2020</b>	<b>2025</b>	<b>2030</b>	<b>2035</b>	<b>2040</b>	<b>Annual Growth</b>
<b>State and Other Match Funds</b>	\$677	\$853	\$1,070	\$1,335	\$1,663	4.60%
<b>Federal</b>	\$1,581	\$1,978	\$2,471	\$3,078	\$3,842	4.54%
<b>Total Spending*</b>	<b>\$2,258</b>	<b>\$2,831</b>	<b>\$3,541</b>	<b>\$4,413</b>	<b>\$5,505</b>	<b>4.56%</b>

+ Federal Medical Assistance Percentage

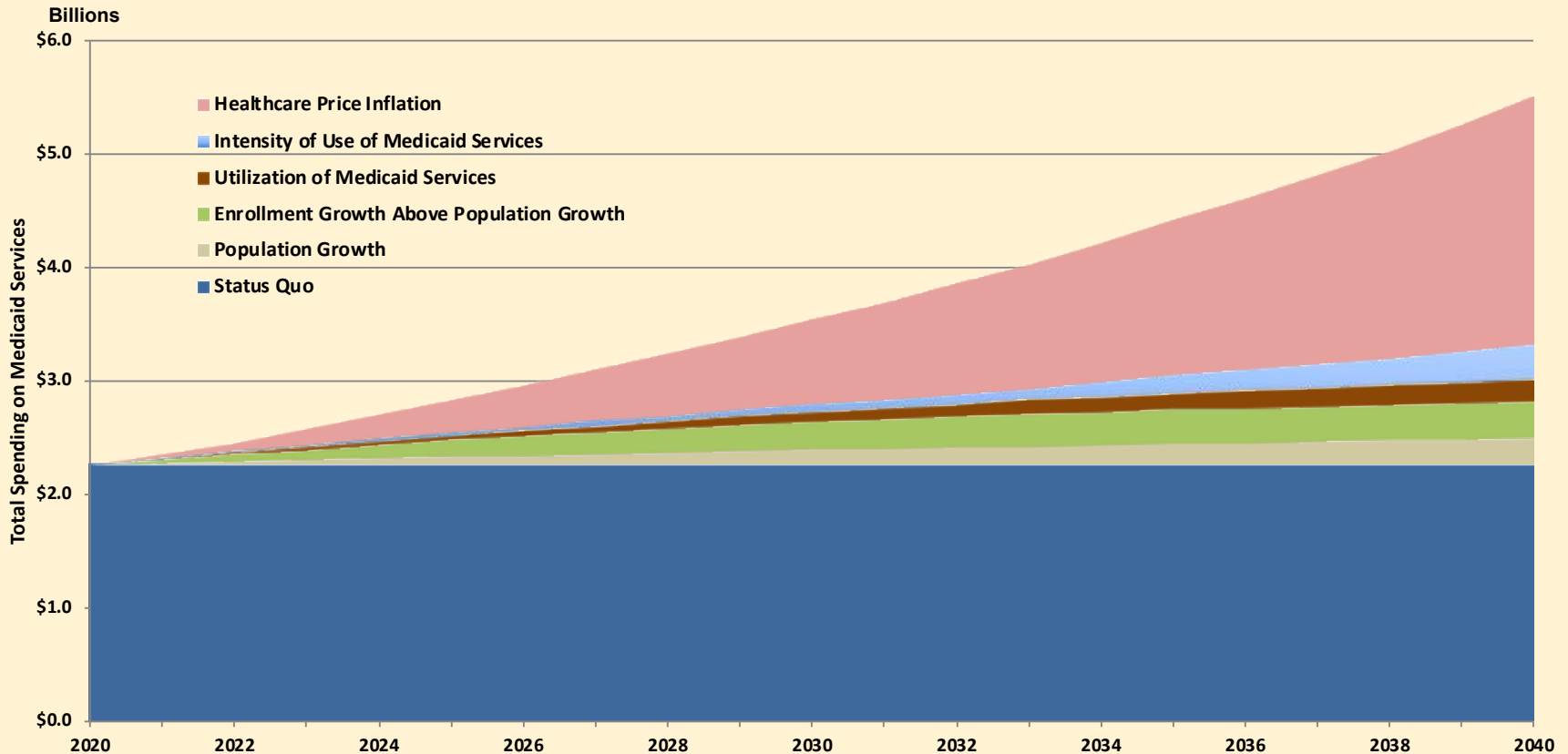
\* Due to rounding, some totals may not precisely match the sum of components shown in table.



# Inflation Will Drive Spending Growth

Population, enrollment, utilization, and intensity of use will have a relatively low impact on spending growth.

## Spending on Medicaid Services by Component of Growth

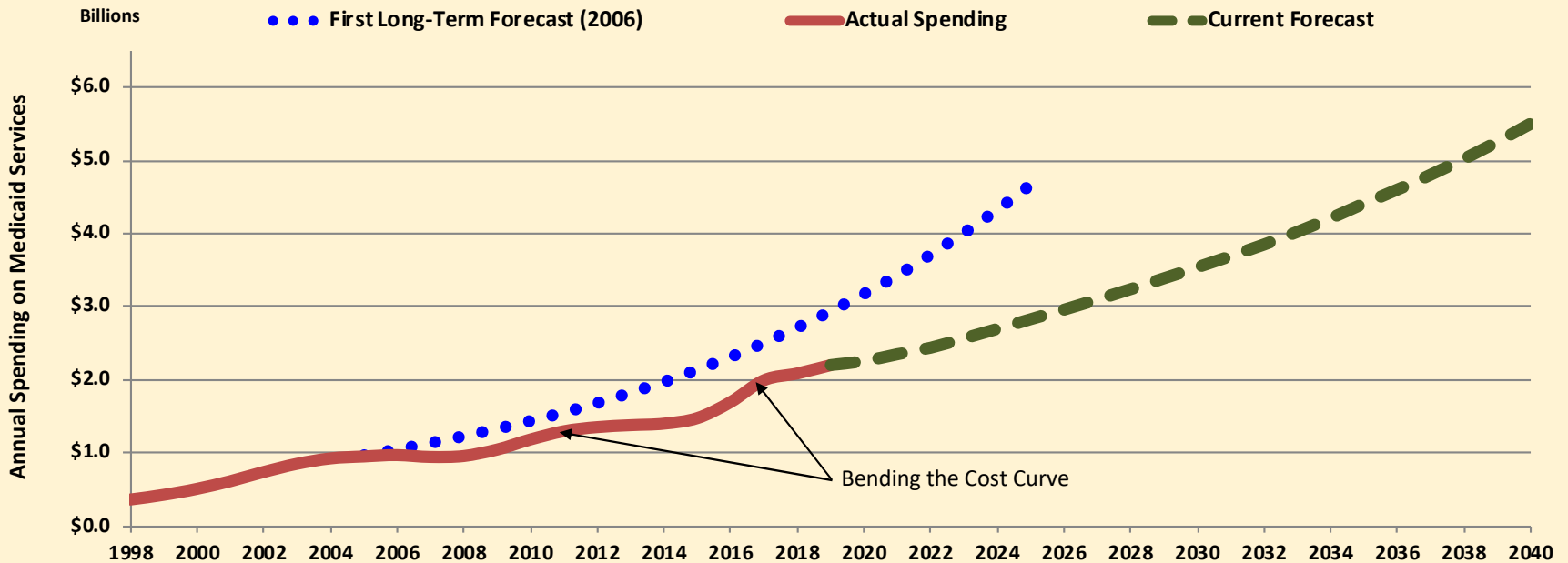




# Bending the Cost Curve

- Cost containment efforts have worked.
- Actual spending on Medicaid has been much lower than was projected in 2006.

## Comparing Projected Spending from Current Forecast and First Long-Term Medicaid Forecast

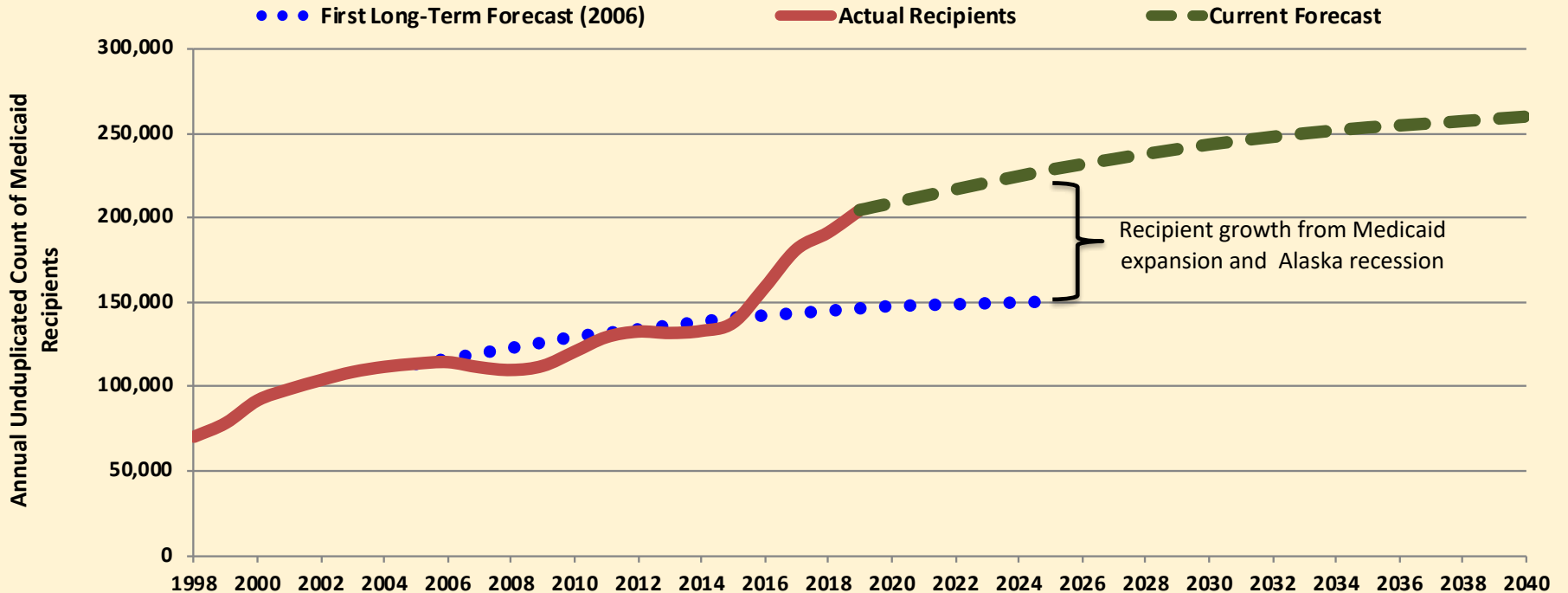




# Many More Alaskans Receiving Medicaid Services

More recipients than expected in 2006 due to features of the ACA, most notably Medicaid expansion, and the Alaska recession.

## Comparing Projected Recipients from Current Forecast and First Long-Term Medicaid Forecast

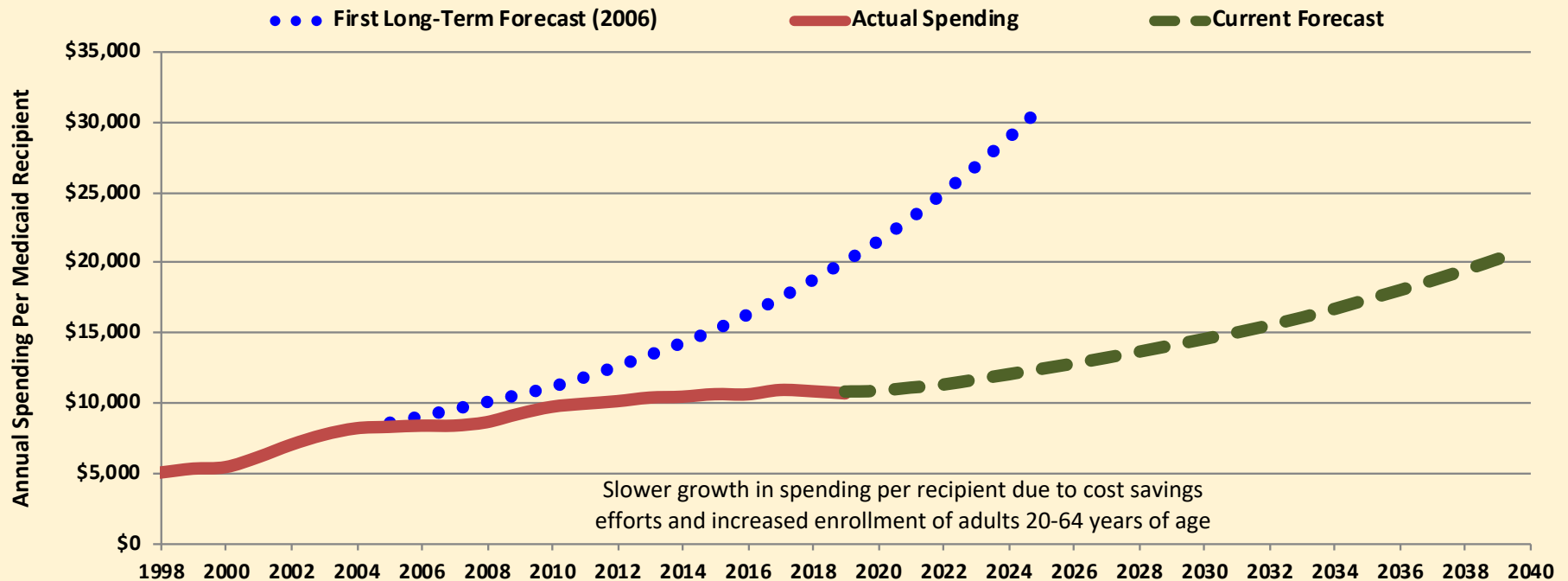




# More Recipients & Lower Spending Means...

- Spending per recipient is about \$9,000 lower today than projected in 2006.
- Cost containment initiative by DHSS will likely continue to suppress growth in spending.

## Comparing Projected Spending per Recipient from Current Forecast and First Long-Term Medicaid Forecast





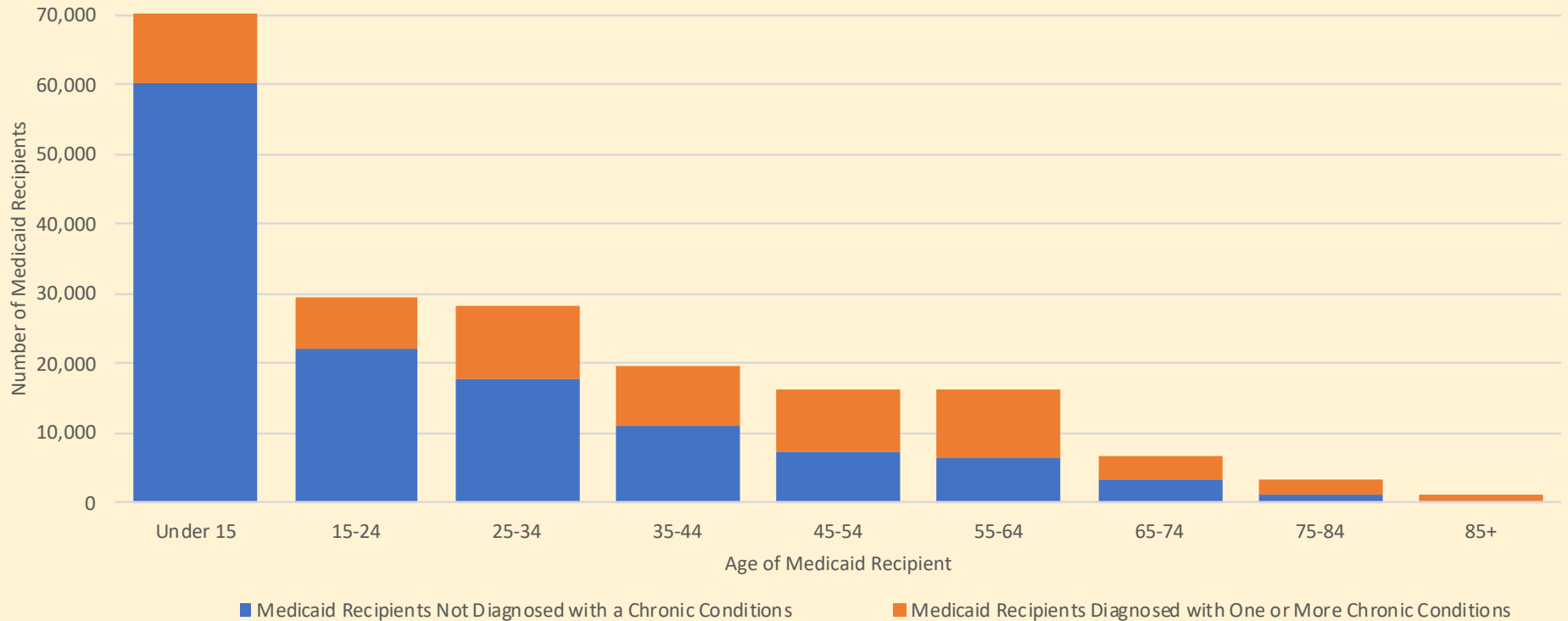
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# Chronic Conditions and Age, FY2018

**Most Medicaid recipients do *not* have a diagnosed chronic condition**



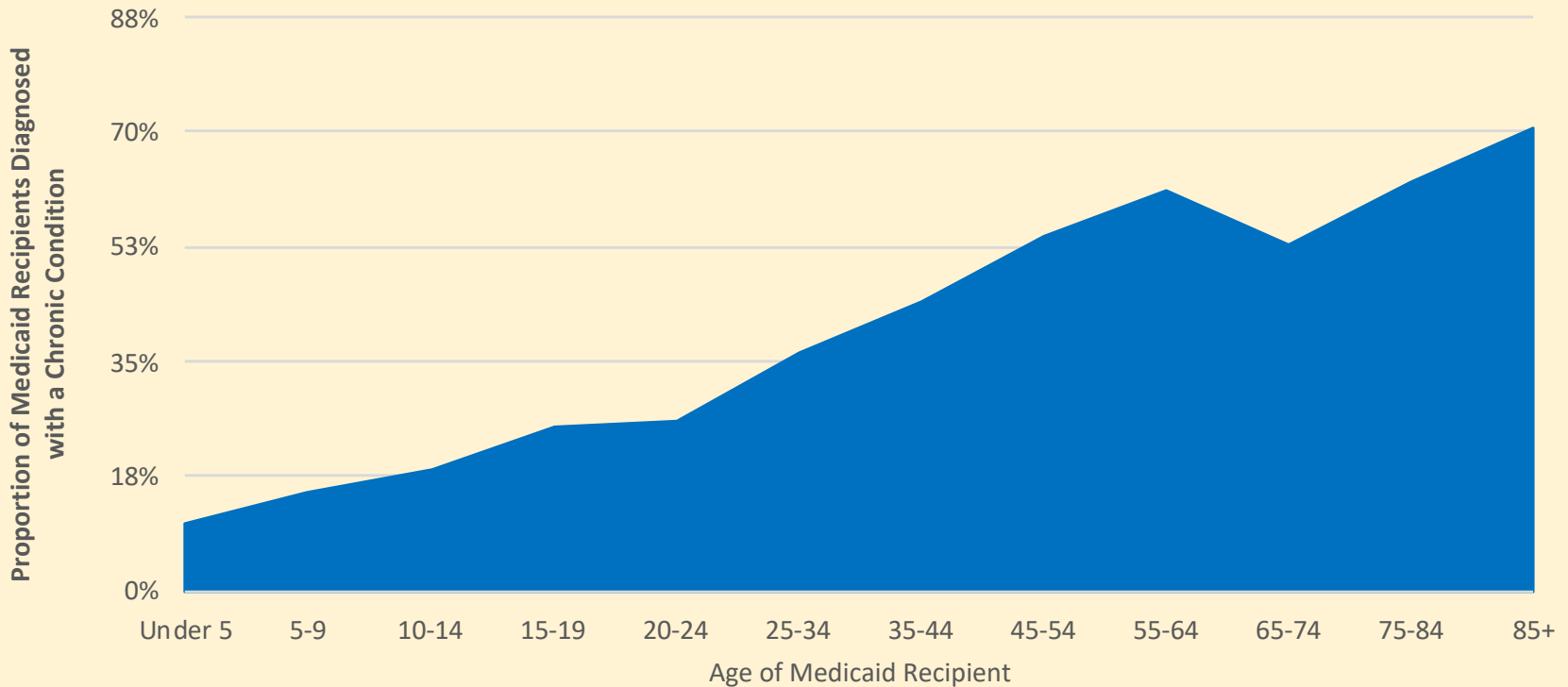




# Impact of Age on Chronic Conditions

- Prevalence of chronic condition is positively related to age
- Many Medicaid recipients have multiple chronic conditions

## Prevalence of Chronic Condition Diagnosis





# Chronic Conditions Drive Spending, FY2018

a.	b.	c.	d.	e.
Age of Recipient	Average Spending Per Medicaid Recipient			Incremental Cost of Chronic Condition (d – c)
	All Recipients	Without a Diagnoses for a Chronic Condition	One or More Chronic Condition Diagnoses	
Under 5	\$7,656	\$5,510	\$26,000	\$20,490
05-09	\$5,065	\$2,765	\$17,932	\$15,167
10-14	\$6,939	\$2,688	\$25,311	\$22,623
15-19	\$10,023	\$3,247	\$30,550	\$27,302
20-24	\$9,178	\$4,310	\$22,907	\$18,597
25-34	\$11,284	\$4,395	\$23,256	\$18,861
35-44	\$12,281	\$3,604	\$23,226	\$19,622
45-54	\$15,403	\$3,525	\$25,191	\$21,666
55-64	\$17,677	\$3,590	\$26,778	\$23,188
65-74	\$14,915	\$3,101	\$25,376	\$22,275
75-84	\$26,357	\$7,828	\$37,759	\$29,931
85+	\$48,105	\$20,100	\$60,632	\$40,532
<b>All Recipients</b>	<b>\$10,951</b>	<b>\$3,891</b>	<b>\$25,699</b>	<b>\$21,635</b>

Source: Medicaid claim-level data from MMIS; Data queried by date of service



# Incremental Cost of Chronic Conditions, FY2018

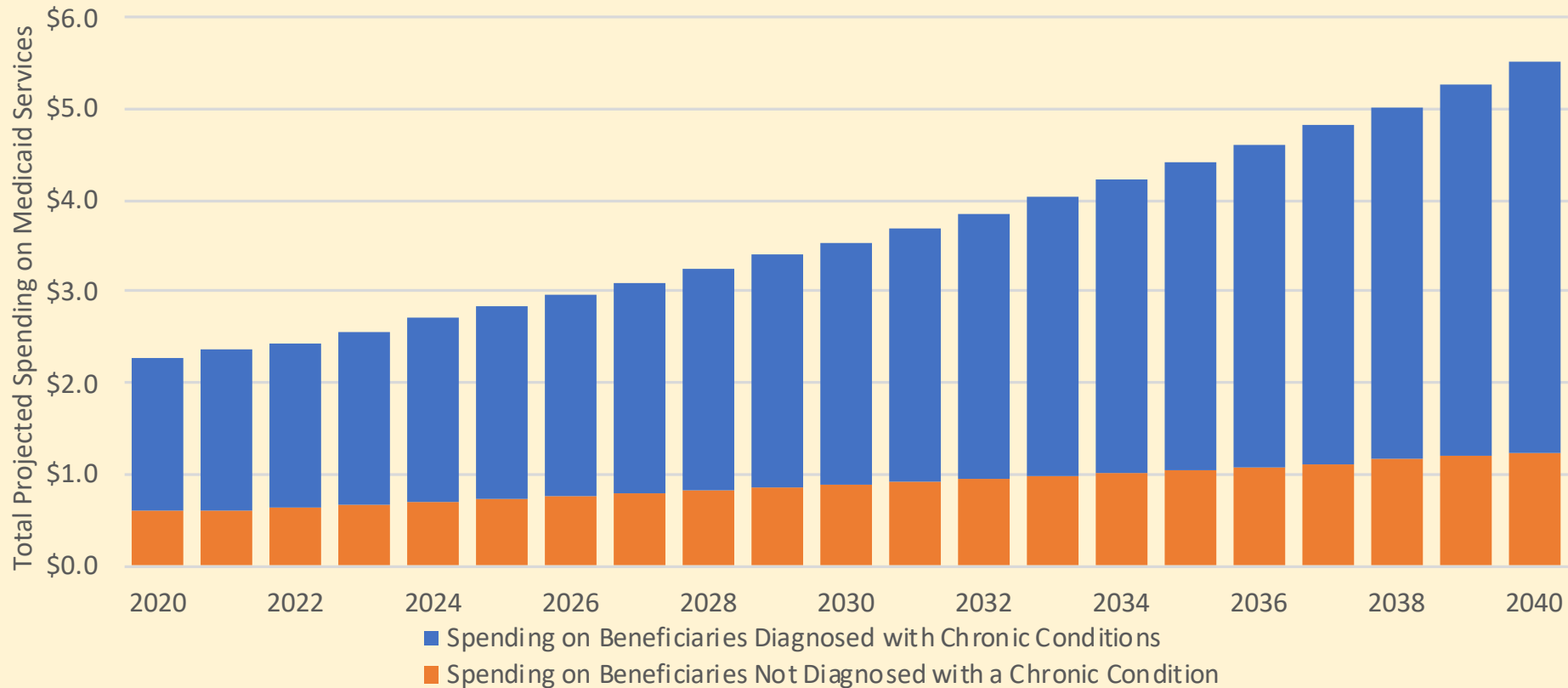
a.	e.	f.	g.
Age of Recipient	Incremental Cost of Chronic Conditions Per Recipient	Recipients with One or More Diagnosed Chronic Conditions	Total Incremental Cost of Chronic Conditions (e * f)
Under 5	\$20,490	2,696	\$55,239,805
05-09	\$15,167	3,538	\$53,659,227
10-14	\$22,623	3,910	\$88,457,294
15-19	\$27,302	4,409	\$120,376,024
20-24	\$18,597	3,084	\$57,353,246
25-34	\$18,861	10,167	\$191,758,106
35-44	\$19,622	8,646	\$169,651,690
45-54	\$21,666	8,768	\$189,968,451
55-64	\$23,188	9,913	\$229,865,085
65-74	\$22,275	3,614	\$80,502,220
75-84	\$29,931	1,997	\$59,772,106
85+	\$40,532	930	\$37,695,156
<b>All Recipients</b>	<b>\$21,635</b>	<b>61,672</b>	<b>\$1,334,298,408</b>

Source: Medicaid claim-level data from MMIS; Data queried by date of service



# Cost Impact of Chronic Conditions Will Grow

**Today 73% of Medicaid spending is on beneficiaries diagnosed with one or more chronic conditions; This will grow to 78% by 2040**





# Alaska Long-Term Medicaid Forecast

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