



MESA FY2022 – FY2042

Long-Term Forecast of Medicaid Enrollment and Spending in Alaska

*Prepared for
The Alaska State Legislature
House Ways and Means Committee
March 3, 2022*



Medicaid Enrollment and Spending in Alaska

- ① Background & Modeling Approach
- ② Population & Enrollment
- ③ Reimbursement Rates for Services
- ④ Total & General Fund Spending
- ⑤ Impact of Chronic Conditions
- ⑥ Bending the Cost Curve

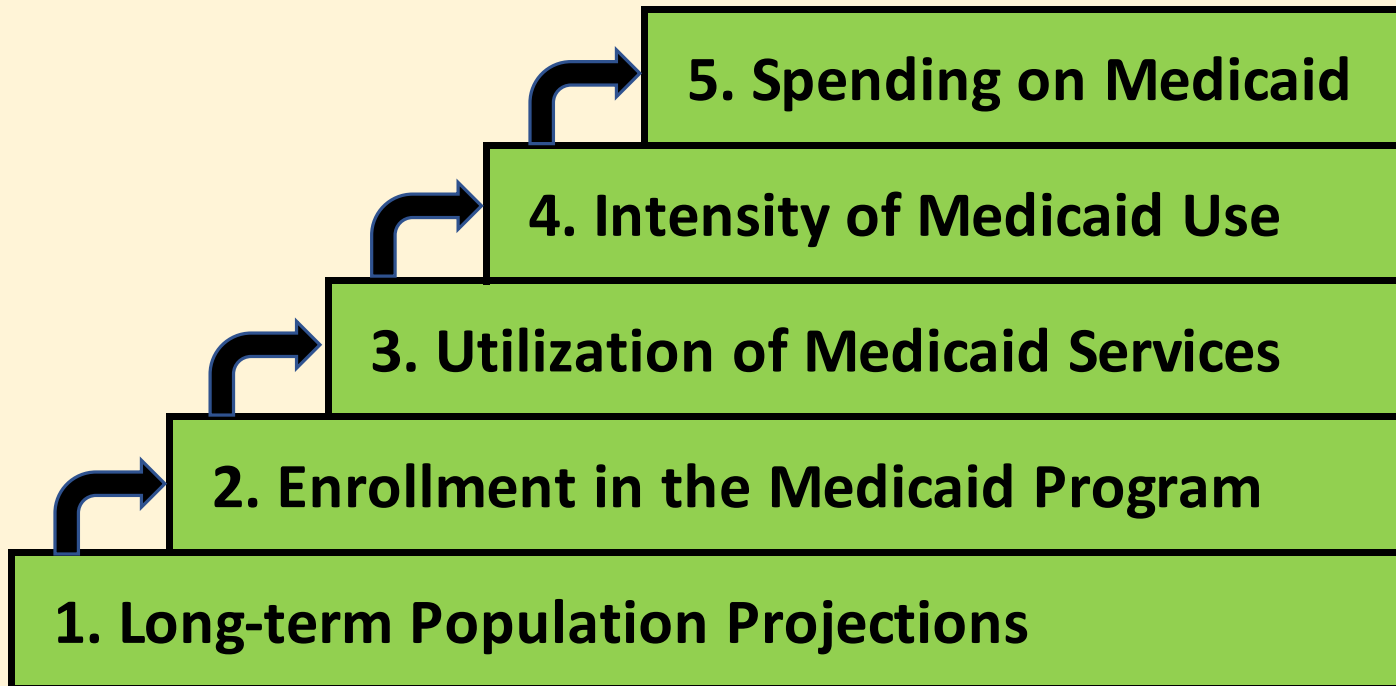


MESA: Background

- First forecast developed in 2005-2006
- 20-year projection updated annually
- Assumes current Medicaid structure remains in place
- Provides benchmark for future initiatives
- Provides insight into how future changes in specific factors will affect spending
 - Population & demographics
 - Medicaid enrollment rates
 - Utilization of Medicaid services
 - Intensity of use of Medicaid services
 - Cost of services provided by Medicaid

MESA Modeling Approach

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

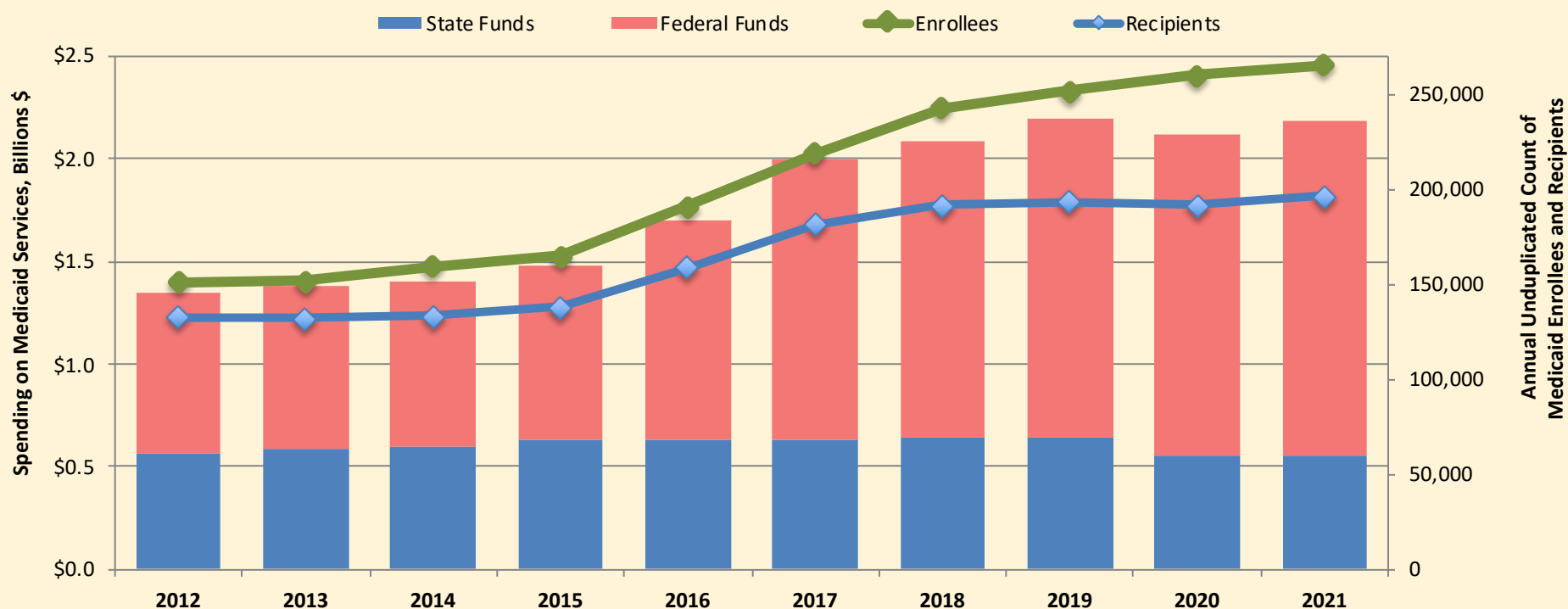


Substantial Growth Beginning in FY2016

Between FY2015 and FY2021...

- Medicaid Enrollment grew by 61% (Recipients grew by 42%)
- Federal spending grew by 95%
- GF spending **decreased** by nearly 12%.

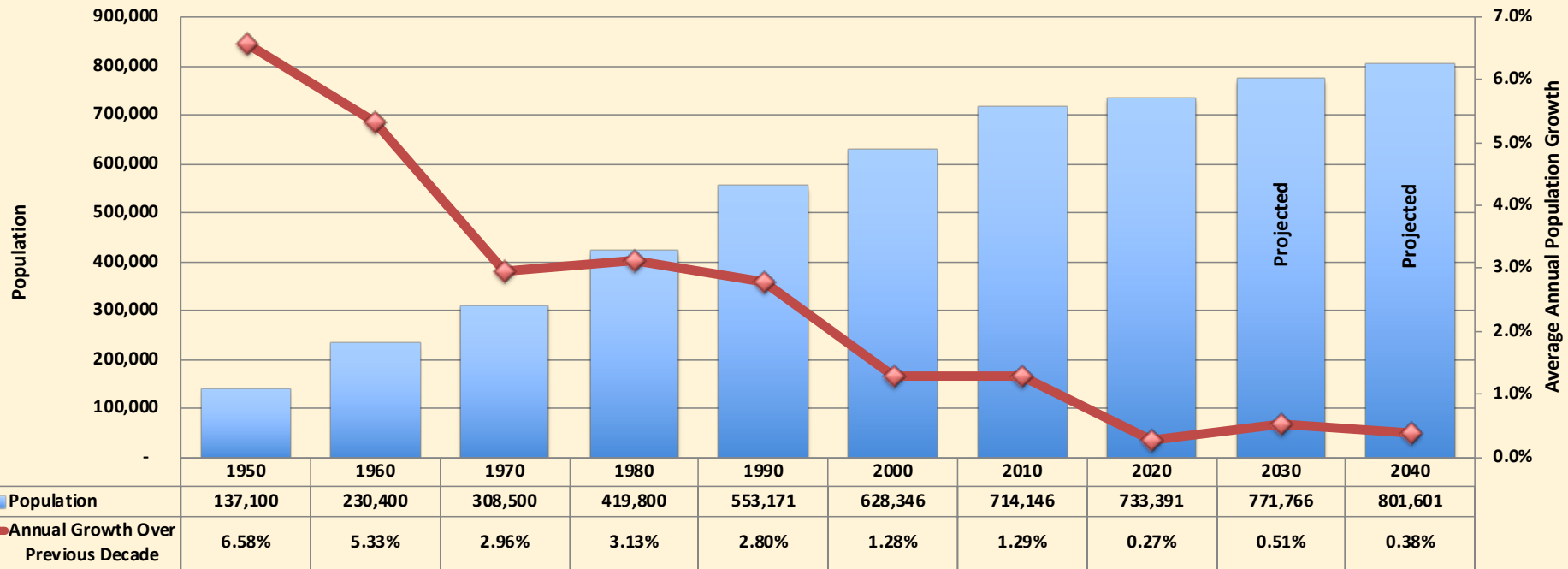
Spending on Medicaid Services, Enrollment in the Medicaid Program, and Recipients of Medicaid Services, By Date of Service, FY2012 – FY2021



Population: Past, Present, Future

- The rate of growth in Alaska's population has slowed considerably in recent decades
- Alaska Department of Labor projects slow growth to continue.

Alaska's Population and Annual Growth Rates from 1950–2040





Population Is Aging and Growth Has Slowed

- Senior population will experience relatively strong growth through the 20-year projection period.
- Population growth will be slowest for children
- Last population forecast was published in April 2020

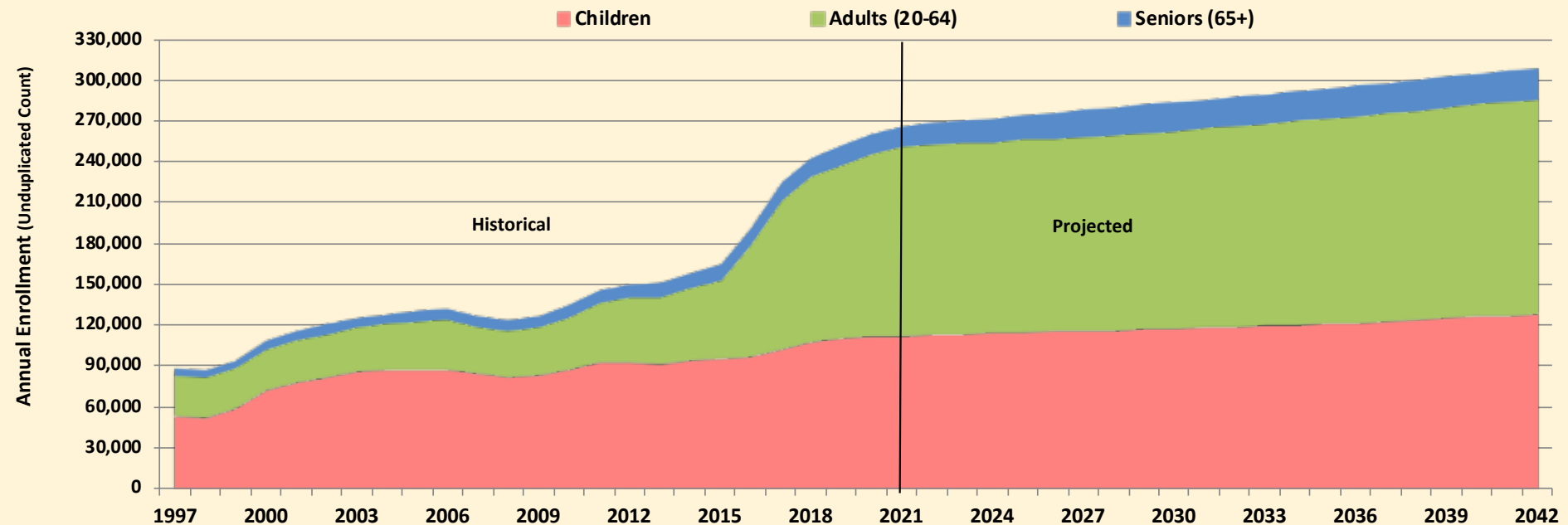
Alaska's Population by Age Cohort for Selected Years, 2022-2042

Age Group	2022	2027	2032	2037	2042	Avg. Annual Change
Children (0-19)	204,179	205,905	205,580	208,083	212,620	0.20%
Adults (20-64)	430,285	429,553	437,270	449,727	461,669	0.35%
Seniors (65+)	104,442	124,143	134,203	134,667	131,467	1.16%
Total Population	738,906	759,601	777,053	792,477	805,756	0.43%

Medicaid Enrollment – the Long View

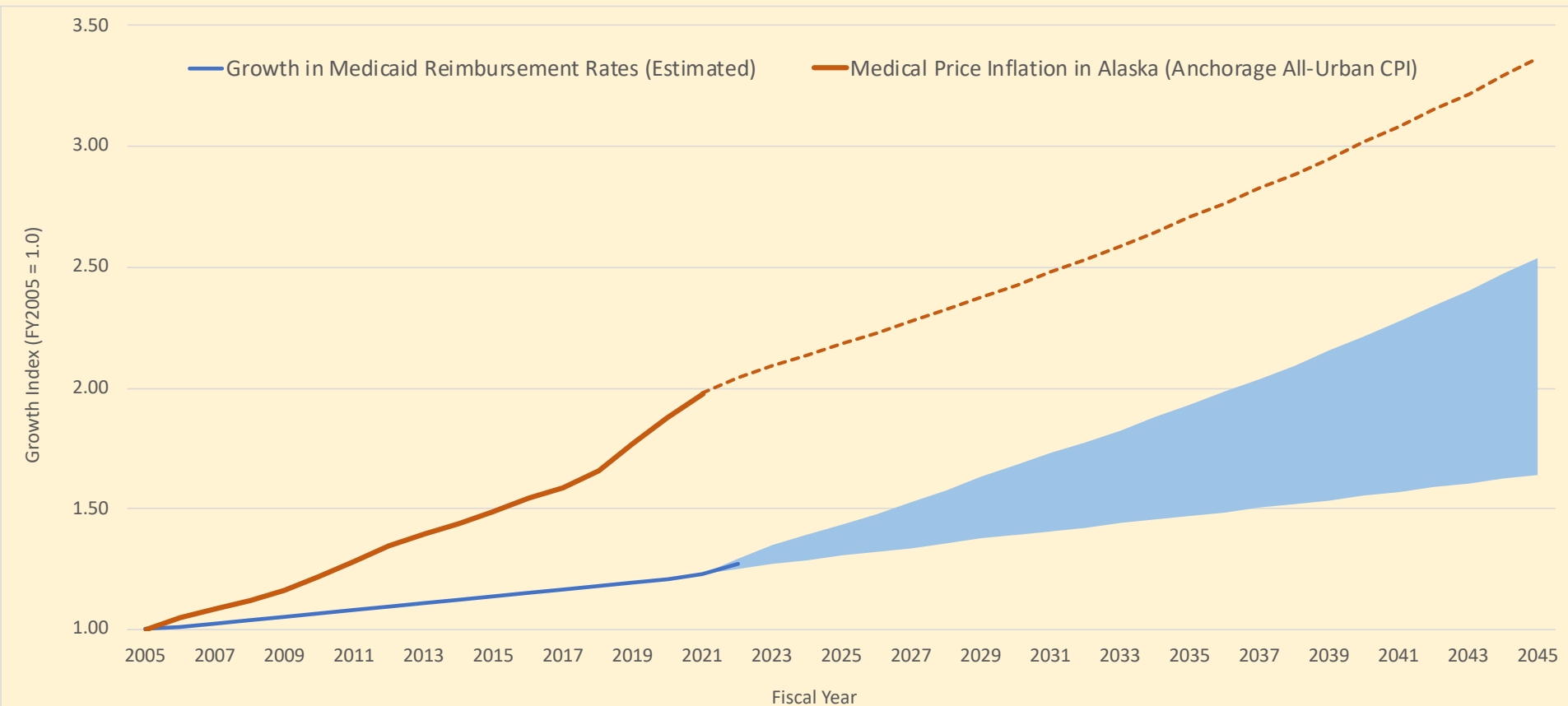
- In 1999, there were fewer than 100,000 enrollees.
- Today, there are about 267,000.
- By 2042, there will be more than 300,000.

Annual Unduplicated Count of Medicaid Enrollment



Growth in Medicaid Reimbursement Rates

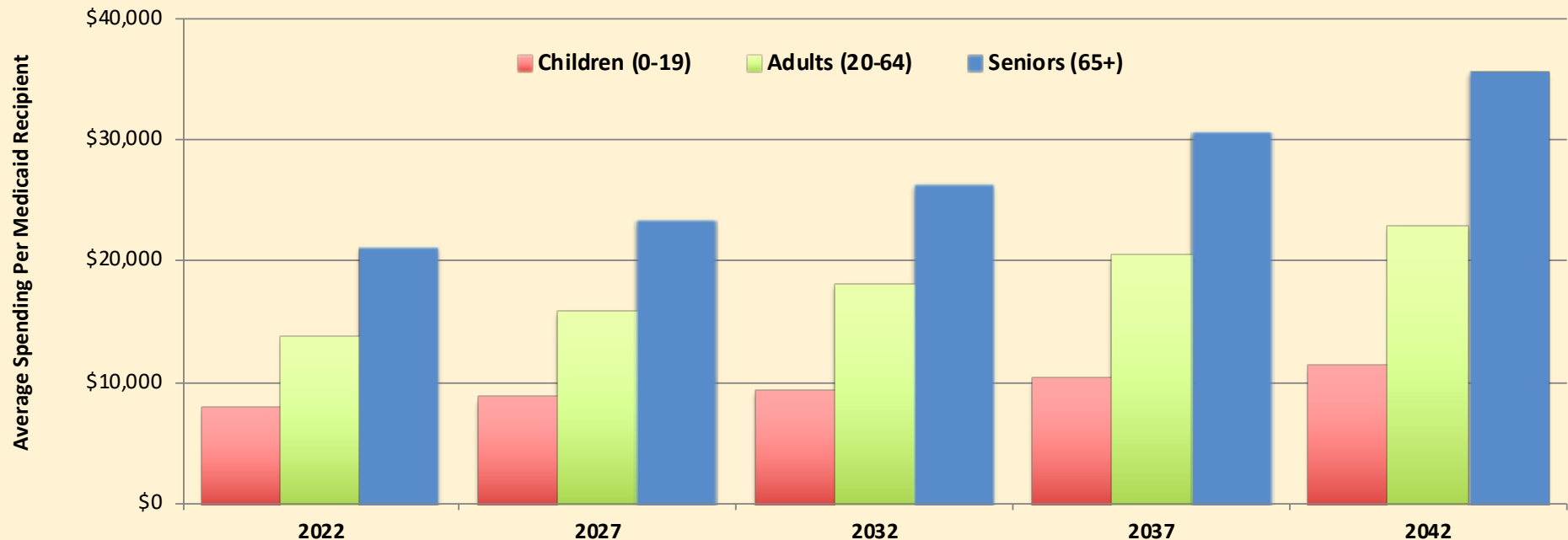
Medicaid reimbursement rates will continue to grow at a *slower rate* than overall healthcare price inflation



Healthcare Spending Increases with Age

Spending per-recipient on Medicaid services will continue to be much greater for seniors than for children or adults under 65.

Average Spending Per Recipient on Medicaid Services by Age Cohort





GF Spending Will Grow Faster than Federal

- Difference in growth rates is due to *anticipated* ending of FFP enhancement that is part of the federal public health emergency, which is subject to change
- Assumes no other future changes to FMAPs

Projected State and Federal Spending on Medicaid Services, FY2022 - FY2042 (Millions \$)

Fund Source	2022	2027	2032	2037	2042	Annual Growth
State GF and Other Matching Funds	\$595.3	\$802.3	\$972.5	\$1,156.7	\$1,351.7	4.2%
Federal	\$1,742	\$2,067	\$2,437	\$2,854	\$3,327	3.3%
Total Spending*	\$2,337	\$2,870	\$3,409	\$4,010	\$4,679	3.5%

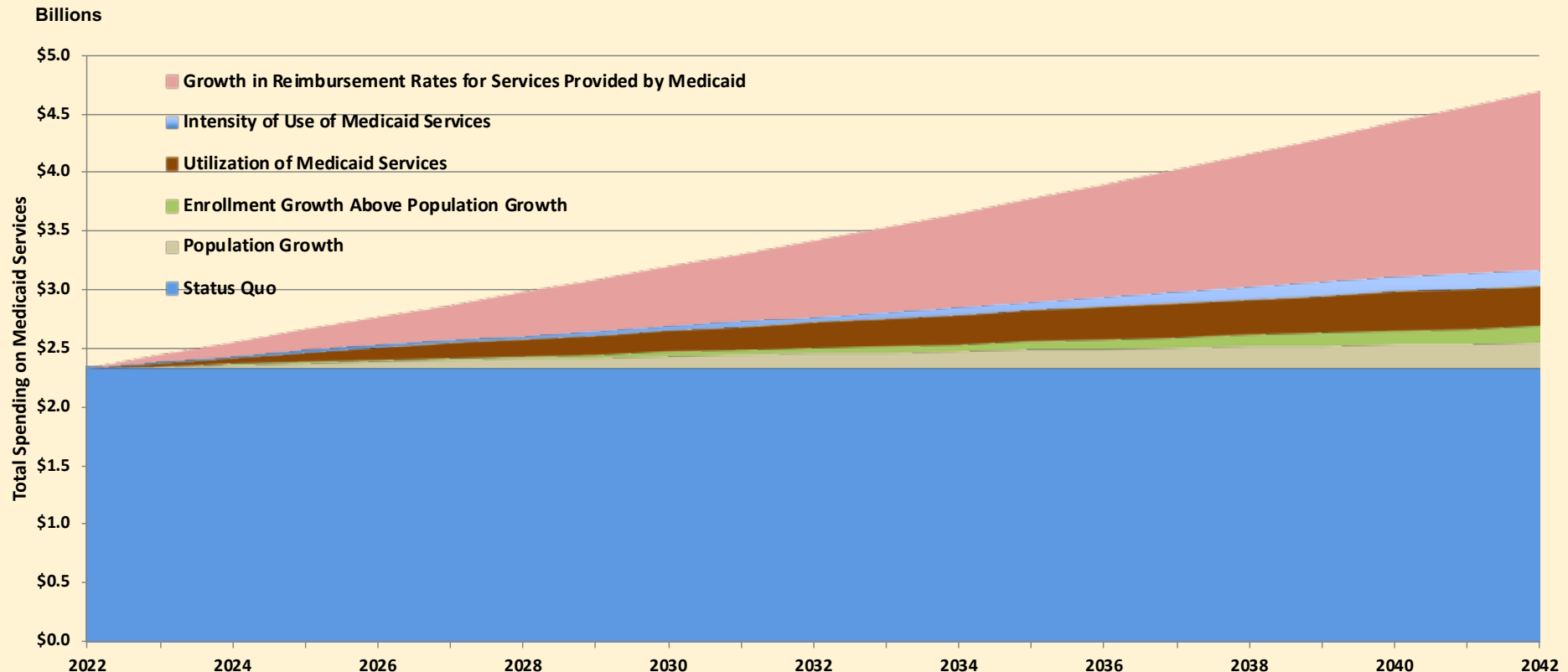
* Due to rounding, some totals may not precisely match the sum of components shown in table.



Price Inflation Will Drive Spending Growth

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

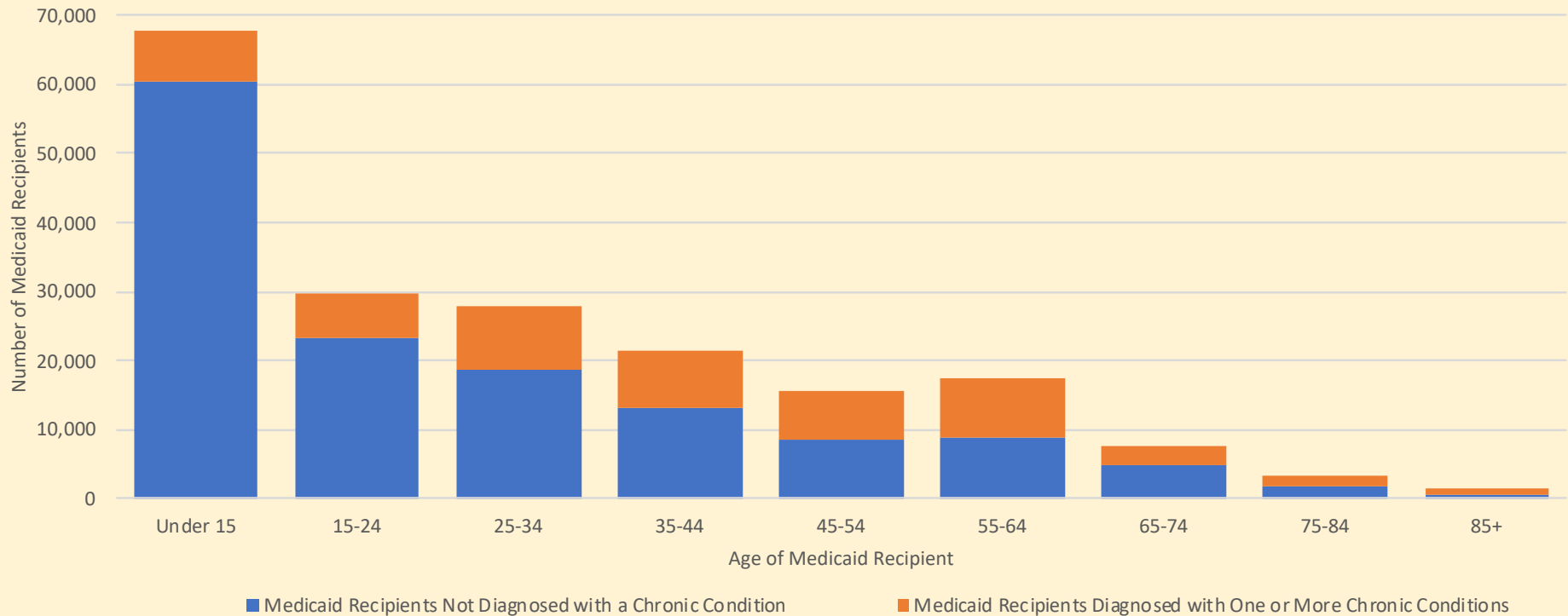
Projected Spending on Medicaid Services by Component of Growth



Chronic Conditions and Age, FY2020

- Most Medicaid recipients do not have a diagnosed chronic condition
- Prevalence of a diagnosed chronic condition increases with age

Medicaid Recipients by Age and Diagnosis of One or More Chronic Conditions, FY2020

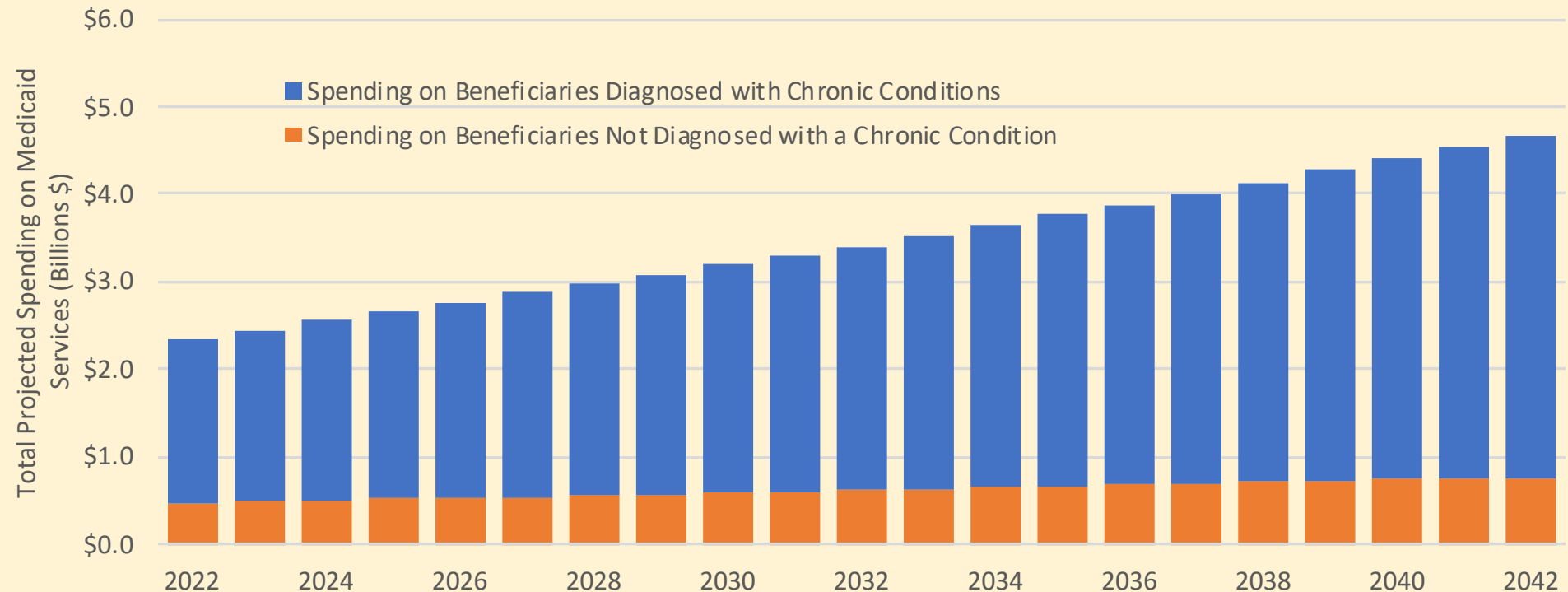




Chronic Conditions Drive Medicaid Spending

Today 80% of Medicaid spending is on beneficiaries diagnosed with one or more chronic conditions; This will grow to 84% by 2042

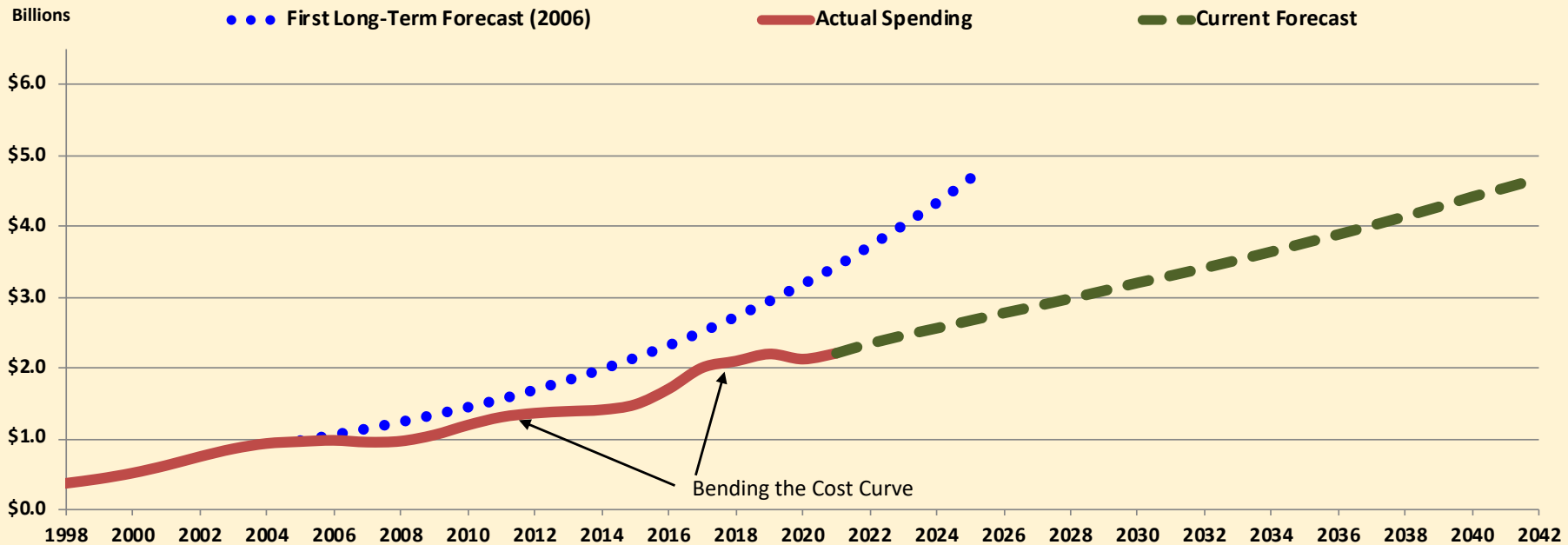
Projected Spending on Medicaid Services, FY2022 – FY2042



Bending the Cost Curve

- Cost containment efforts work
- Spending has been much lower than was projected in 2006
- Projected spending growth is lower than earlier forecasts

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

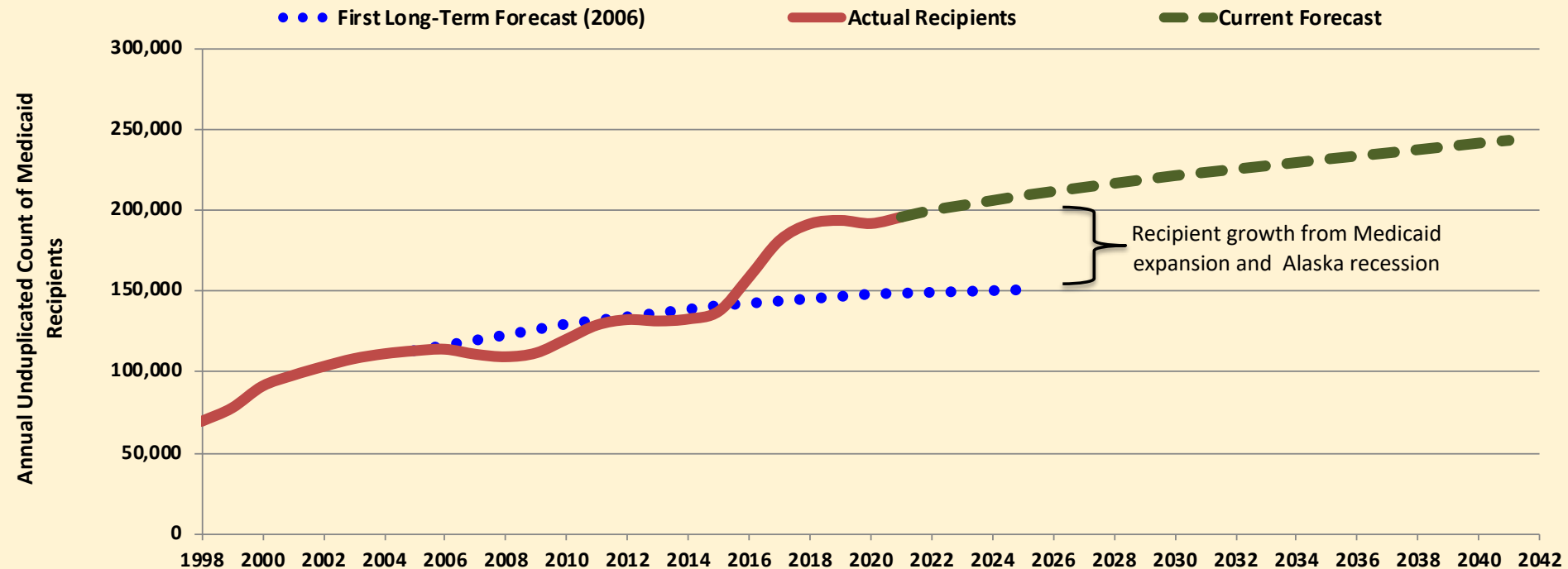




Many More Alaskans Receiving Medicaid Services

- Actual recipients counts closely tracked the 2006 projection until Medicaid expansion in FY2016
- Recipient counts likely also impacted by Alaska recession

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



More Recipients & Lower Spending Means...

- Spending per recipient is much 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

