



TO: Members of the Iowa Senate and  
Members of the Iowa House of Representatives

FROM: Jess Benson

DATE: March 31, 2011

### Monthly Medicaid Forecast - March 2011

**Forecasting Group.** Staff members from the Department of Human Services (DHS), the Department of Management (DOM), and the Fiscal Services Division of the LSA met on March 25, 2011, to discuss estimated Medical Assistance (Medicaid) expenditures for FY 2011 and FY 2012. The forecasting group meets monthly to discuss estimated expenditures and agree on a range for the current and upcoming fiscal years.

<b>Medicaid Balance Sheet</b>			
	<i>Final FY 2010</i>	<i>Estimated FY 2011</i>	<i>Estimated FY 2012</i>
<b>Medicaid Funding</b>			
Carryforward from Previous Year	\$ 36,587,215	\$ 57,523,302	\$ 0
Veterans Transfer to Hospital Rebase	1,833,333	0	0
Other Transfers	-3,774,367	0	0
ARRA Funds to MHIs	25,874,211	0	0
Property Tax Relief Transfer	3,271,911	0	0
Behavioral Health Account Carryforward	2,136,721	2,082,504	0
Senior Living Trust Fund	17,366,939	40,296,301	0
Transfer from Decat Waiver Waiting List	0	1,925,000	0
Cash Reserve Fund	0	172,800,000	0
Health Care Trust Fund	100,650,740	106,916,532	106,046,400
Nursing Facility Quality Assurance Fund	2,300,000	34,311,825	29,000,000
Hospital Trust Fund	0	39,406,000	39,231,000
hawk-i Performance Bonus	0	6,760,901	8,489,062
<b>Total Non-General Fund for Medicaid</b>	<b>\$ 186,246,703</b>	<b>\$ 462,022,365</b>	<b>\$ 182,766,462</b>
General Fund Appropriation	\$ 590,459,096	\$ 393,683,227	\$ 393,683,227
Covering All Children	47,523	2,297,649	2,297,649
<b>Total All General Fund Sources</b>	<b>\$ 590,506,619</b>	<b>\$ 395,980,876</b>	<b>\$ 395,980,876</b>
<b>Total Medicaid Funding</b>	<b>\$ 776,753,322</b>	<b>\$ 858,003,241</b>	<b>\$ 578,747,338</b>
<b>Total Estimated State Medicaid Need</b>	<b>\$ 943,785,050</b>	<b>\$ 1,033,719,099</b>	<b>\$ 1,143,747,338</b>
Governor Recommended Targeted Savings	\$ 0	\$ 0	\$ 0
ARRA FMAP	-224,555,030	-183,715,858	0
<b>Total Estimated Medicaid Need</b>	<b>\$ 719,230,020</b>	<b>\$ 850,003,241</b>	<b>\$ 1,143,747,338</b>
<b>Midpoint of Balance/(Under Funded)</b>	<b>\$ 57,523,302</b>	<b>\$ 8,000,000</b>	<b>\$ -565,000,000</b>
ARRA - American Recovery and Reinvestment Act			

**FY 2011 Range.** For FY 2011, the forecasting group agreed Medicaid will have a surplus of \$18.0 million to a supplemental need of \$2.0 million, with a midpoint of an \$8.0 million surplus. The range includes the 6.2% FMAP increase, including tier two of the FMAP unemployment increase through the first six months of FY 2011 and the phased out FMAP extension estimated at \$86.4 million, approved by Congress and signed by the President. In addition, the range takes into account a reduction of \$18.8 million for a lower State contribution for the Medicare Part D clawback payment to the federal government.

**FY 2012 Range.** For FY 2012, the forecasting group agreed Medicaid will have a need of \$535.0 million to \$595.0 million, with a midpoint need of \$565.0 million. The range assumes the elimination of all one-time funding sources including the Cash Reserve Fund, Senior Living Trust Fund, and ARRA funds. The range also assumes the statutory rebase of nursing facilities of \$13.7 million, increased Medicare related costs of \$14.1 million, and an \$8.5 million Children’s Health Insurance Program performance bonus.

**Enrollment Increase.** Medicaid continues to grow, but at a slower pace than the previous two years. In FY 2009, the Program added a total of 31,794 individuals, including 25,935 children. In FY 2010, the Program added an additional 27,164, including 19,286 children. In the first seven months of FY 2011, the Program has added 9,974 individuals for a total program enrollment of 382,530.

<b>Medicaid Enrollment Increases/(Decreases) for FY 2011</b>					
<u>FY 2011</u>	<u>Children</u>	<u>Adults</u>	<u>Aged</u>	<u>Disabled</u>	<u>Total</u>
July	149	279	-106	117	439
August	1,471	1,034	68	337	2,910
September	-182	-414	-39	15	-620
October	1,345	319	19	414	2,097
November	1,280	322	-221	15	1,396
December	482	146	-144	29	513
January	2,005	901	-41	374	3,239
February	580	226	-211	308	903
March	23	169	36	170	398
Total FY 2011	<u>7,153</u>	<u>2,982</u>	<u>-639</u>	<u>1,779</u>	<u>11,275</u>
Grand Total	<u>219,379</u>	<u>61,898</u>	<u>29,666</u>	<u>72,888</u>	<u>383,831</u>