



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

FROM: Jess Benson

DATE: May 3, 2011

Monthly Medicaid Forecast - April 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 April 22, 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.

	<i>Final</i> <i>FY2010</i>	<i>Estimated</i> <i>FY2011</i>	<i>Estimated</i> <i>FY2012</i>
Medicaid Funding			
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	106,599,657	106,363,275
Nursing Facility Quality Assurance Fund	2,300,000	33,708,458	29,000,000
Hospital Trust Fund	0	39,406,000	39,231,000
hawk-i Performance Bonus	0	6,760,901	8,489,062
Total Non-General Fund for Medicaid	\$ 186,246,703	\$ 461,102,123	\$ 183,083,337
General Fund Appropriation	\$ 590,459,096	\$ 393,683,227	\$ 393,683,227
Covering All Children	47,523	2,297,649	2,297,649
Total All General Fund Sources	\$ 590,506,619	\$ 395,980,876	\$ 395,980,876
Total Medicaid Funding	\$ 776,753,322	\$ 857,082,999	\$ 579,064,213
Total Estimated State Medicaid Need	\$ 943,785,050	\$ 1,032,036,706	\$ 1,144,064,213
Governor Recommended Targeted Savings	\$ 0	\$ 0	\$ 0
ARRA FMAP	-224,555,030	-182,953,707	0
Total Estimated Medicaid Need	\$ 719,230,020	\$ 849,082,999	\$ 1,144,064,213
Midpoint of Balance/(Under Funded)	\$ 57,523,302	\$ 8,000,000	\$ -565,000,000

ARRA - American Recovery and Reinvestment Act

FY 2011 Range. For FY 2011, the forecasting group agreed Medicaid will have a surplus of \$2.0 million to \$14.0 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 \$556.0 million to \$574.0 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.

CHIPRA Performance Bonus. The recently enacted federal budget cancels funding for the Children’s Health Insurance Reauthorization Act (CHIPRA) performance bonuses. States received bonuses for simplifying and enrolling children in their Medicaid and CHIP programs. It is estimated there will be sufficient funds available in the federal performance bonus account to award Iowa with \$6.8 million in FY 2011 and \$8.5 million in FY 2012, although the State may need reassess after the FY 2011 bonuses to see if the pool of funding available is sufficient to fund the State’s full allotment for FY 2012.

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 eight months of FY 2011, the Program has added 12,703 individuals for a total program enrollment of 385,259.

Medicaid Enrollment Increases/(Decreases) for FY 2011					
<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
April	850	168	81	329	1,428
Total FY 2011	<u>8,003</u>	<u>3,150</u>	<u>-558</u>	<u>2,108</u>	<u>12,703</u>
Grand Total	<u>220,229</u>	<u>62,066</u>	<u>29,747</u>	<u>73,217</u>	<u>385,259</u>