



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

FROM: Jess Benson

DATE: January 11, 2011

Monthly Medicaid Forecast - December 2010

Forecasting Group. Staff members from the Department of Human Services (DHS), Department of Management, and the Fiscal Services Division of the LSA met on January 7, 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.

Medicaid Balance Sheet			
	<i>Final FY2010</i>	<i>Estimated FY2011</i>	<i>Estimated 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 Federal Recovery & Reinvestment Fund 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	39,080,435	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	106,916,532
Nursing Facility Quality Assurance Fund	2,300,000	34,311,825	29,000,000
Hospital Trust Fund	0	39,406,000	39,231,000
Children's Health Insurance Performance Bonus	0	6,760,901	8,489,062
Total Non-General Fund for Medicaid	\$ 186,246,703	\$ 460,806,499	\$ 183,636,594
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	\$ 856,787,375	\$ 579,617,470
Total Estimated State Medicaid Need	\$ 943,785,050	\$ 1,034,908,338	\$ 1,150,617,470
ARRA FMAP	-224,555,030	-99,912,848	0
ARRA Six-month Extension (Including Clawback)	0	-88,208,115	0
Total Estimated Medicaid Need	\$ 719,230,020	\$ 846,787,375	\$ 1,150,617,470
Midpoint of Balance/(Under Funded)	\$ 57,523,302	\$ 10,000,000	\$ -571,000,000

ARRA - American Recovery and Reinvestment Act

FY 2011 Range. For FY 2011, the forecasting group agreed Medicaid will have a surplus of \$25.0 million to a supplemental need of \$5.0 million, with a midpoint of a \$10.0 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. The major shift in the range from last month is mainly due to a \$6.8 million Children’s Health Insurance Program performance bonus and a slower growth in enrollment.

FY 2012 Range. For FY 2012, the forecasting group agreed Medicaid will have a need of \$534.0 million to \$608.0 million, with a midpoint of a \$571.0 million need. 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 and increased Medicare related costs of \$14.1 million.

Phase-Out FMAP Extension Enacted. The United States Congress approved, and the President signed, legislation to extend the ARRA FMAP by six months, through the end of FY 2011. The extension reduces the enhanced FMAP rate from 6.2% to 3.1% for the period of January through March of 2011, with another reduction to 1.2% for the period of April through June of 2011. The FMAP extension is estimated to save the Medicaid budget \$88.9 million over the second half of FY 2011. However, this is \$35.0 million less than the amount that would have been saved if the full extension been approved. Iowa assumed the full savings when calculating the FY 2011 budget.

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 six months of FY 2011, the Program has added 6,735 individuals for a total program enrollment of 378,778.

Medicaid Enrollment Increases/(Decreases) for FY 2011					
FY 2011	Children	Adults	Aged	Disabled	Total
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
Total	4,545	1,686	-423	927	6,735

Medicaid Optional Services. Due to new maintenance of effort requirements in the federal Patient Protection and Affordable Care Act, one of the few place States can look to cut Medicaid costs is by reducing or eliminating optional services. The following chart is a list of all Medicaid optional service categories for FY 2011. The majority of optional service expenditures can be attributed to five categories including 24/7 Care Facilities; Home and Community-Based Services Waivers; Mental Health and Substance Abuse; Prescription Drugs; and Home Health Services. If the General Assembly is interested in reducing services they may want to consider working to identify services within the optional service categories and change the scope, amount, or duration of those services.

Iowa Medicaid Optional Service Expenditures - FY 2011 Estimate

PROVIDER CATEGORY	RECIPIENTS	TOTAL	FEDERAL	STATE	COUNTY
INTERMEDIATE CARE FACILITY	24,893	\$ 503,203,453	\$ 351,286,330	\$ 151,917,123	\$ -
WAIVER	25,025	396,556,428	276,836,043	35,419,470	84,300,916
PHARMACY	139,291	149,054,555	104,054,985	44,999,570	-
COMMUNITY BASED ICF/MR	1,377	128,672,128	89,826,013	3,883,922	34,962,193
ICF/MR STATE	535	125,685,708	87,741,193	23,395,486	14,549,029
HOME HEALTH AGENCY	20,260	86,215,443	60,187,001	26,028,442	-
MENT HLTH SUBSTANCE ABUSE PLN	143,574	78,048,364	54,485,563	23,562,801	-
HABILITATION SERVICES	4,470	51,894,139	36,227,298	1,780,420	13,886,420
HOSPICE	7,934	33,809,887	23,602,682	10,207,205	-
MEDICAL SUPPLIES	39,135	32,172,664	22,459,737	9,712,927	-
DENTIST	62,624	30,477,100	21,276,063	9,201,036	-
MED ENHANCEMENT PRG CASE MANG	9,166	26,226,367	18,308,627	3,806,344	4,111,396
FEDERAL QUAL HEALTH CENTER	19,462	10,603,667	7,402,420	3,201,247	-
MENTAL HOSPITAL	101	6,642,045	4,636,811	2,005,233	-
RURAL HEALTH CLINIC	21,410	6,595,551	4,604,354	1,991,197	-
CLINIC	768	4,810,794	3,358,416	1,452,379	-
OPTOMETRIST	50,381	4,575,046	3,193,839	1,381,206	-
AMBULANCE	18,455	3,828,227	2,672,485	1,155,742	-
PSYCH MEDICAL INST CHILDREN	40	3,692,053	2,577,422	1,114,631	-
NURSING FACILITY - MENTAL ILL	78	3,632,471	2,535,828	954,079	142,564
CHIROPRACTOR	20,638	3,362,243	2,347,182	1,015,061	-
PACE (ELDERLY CARE PROGRAM)	86	2,887,833	2,015,996	871,837	-
PODIATRIST	20,222	2,461,581	1,718,430	743,151	-
REMEDIAL SERVICES	1,074	1,929,644	1,347,084	582,559	-
COMMUNITY MH	9,549	1,867,461	1,303,674	563,786	-
AMBULATORY SURGICAL CENTER	4,510	1,849,020	1,290,801	558,219	-
AUDIOLOGIST	4,077	1,701,968	1,188,144	513,824	-
PHYSICAL THERAPIST	3,863	1,303,389	909,896	393,493	-
REHAB AGENCY	1,615	930,007	649,238	280,769	-
MATERNAL HEALTH CENTER	5,253	698,766	487,808	210,957	-
OPTICIAN	10,902	616,230	430,190	186,040	-
PSYCHOLOGIST	2,468	514,848	359,415	155,433	-
HEARING AID DEALER	1,069	439,733	306,978	132,755	-
CLINICAL SOCIAL WORKER	767	337,173	235,381	101,793	-
LOCAL EDUCATION AGENCY	21	127,063	88,703	-	38,360
INSTITUTIONAL - GENERAL	1	85,672	59,808	25,864	-
ORTHOPEDIC SHOE DEALER	442	78,252	54,627	23,624	-
INDIAN HEALTH SERVICES	31	32,494	32,494	-	-
OCCUPATIONAL THERAPIST	97	29,950	20,908	9,042	-
SCREENING CENTER	401	14,760	10,304	4,456	-
BEHAVIORAL HEALTH	23	6,870	4,796	2,074	-
AREA EDUCATION AGENCY	1	37	26	-	11
		\$ 1,707,671,084	\$ 1,192,134,993	\$ 363,545,197	\$ 151,990,889

*Estimates Provided by DHS