



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

FROM: Jess Benson

DATE: February 7, 2011

Monthly Medicaid Forecast - January 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 January 28, 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 FY 2010</i>	<i>Estimated FY 2011</i>	<i>Estimated FY 2012</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	106,916,532	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
Total Non-General Fund for Medicaid	\$ 186,246,703	\$ 462,022,365	\$ 182,766,462
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	\$ 858,003,241	\$ 578,747,338
Total Estimated State Medicaid Need	\$ 943,785,050	\$ 1,034,908,338	\$ 1,143,747,338
Governor Recommended Targeted Savings	\$ 0	\$ 0	\$ 0
ARRA FMAP	-224,555,030	-99,912,848	0
ARRA Six-month Extension	0	-88,208,115	0
Total Estimated Medicaid Need	\$ 719,230,020	\$ 846,787,375	\$ 1,143,747,338
Midpoint of Balance/(Under Funded)	\$ 57,523,302	\$ 11,215,866	\$ -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 \$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 \$530.0 million to \$600.0 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 a \$8.5 million Children’s Health Insurance Program performance bonus.

Phase-Out FMAP Extension Enacted. The 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 seven months of FY 2011, the Program has added 9,974 individuals for a total program enrollment of 382,530.

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
Total FY 2011	<u>6,550</u>	<u>2,587</u>	<u>-464</u>	<u>1,301</u>	<u>9,974</u>
Grand Total	<u>218,776</u>	<u>61,503</u>	<u>29,841</u>	<u>72,410</u>	<u>382,530</u>