



**LEGISLATIVE
SERVICES AGENCY**

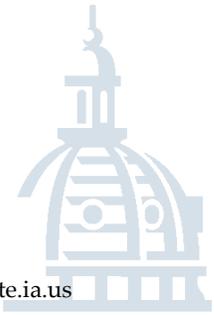
Serving the Iowa Legislature

Glen Dickinson, Director

Jess R. Benson
Legislative Analyst 2
State Capitol
Des Moines, IA 50319

Phone: 515.281.4611

E-mail: jess.benson@legis.state.ia.us



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

FROM: Jess Benson

DATE: June 25, 2012

Monthly Medicaid Forecast – June 2012

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 June 22, 2012, to discuss estimated Medical Assistance (Medicaid) expenditures for FY 2012 and FY 2013. The forecasting group meets monthly to discuss estimated expenditures and agree on a range for the current and upcoming fiscal years.

	<i>Final FY2011</i>	<i>Estimated FY2012</i>	<i>Estimated FY2013</i>
Medicaid Funding			
Carryforward from Previous Year	\$ 57,523,302	\$ 27,700,401	\$ 6,000,000
Veterans Home Transfer	0	2,447,911	3,299,883
Behavioral Health Account Carryforward	2,082,504	1,790,859	1,000,000
MH Risk Pool Carryforward	0	0	4,736,918
Senior Living Trust Fund	40,437,372	0	0
Transfer from Decat Waiver Waiting List	1,925,000	0	0
Cash Reserve Fund	178,693,397	0	0
Health Care Transformation Account	0	1,956,245	6,872,920
Health Care Trust Fund	106,599,657	105,725,232	106,046,400
Nursing Facility Quality Assurance Fund	32,458,722	26,500,000	26,500,000
Hospital Trust Fund	31,036,672	36,957,766	33,898,400
hawk-i Performance Bonus	6,760,901	10,517,268	7,860,256
Total Non-General Fund for Medicaid	\$ 457,517,526	\$ 213,595,682	\$ 196,214,777
General Fund Appropriation	\$ 393,683,227	\$ 903,493,421	\$ 914,993,421
Covering All Children	2,297,649	0	0
Total All General Fund Sources	\$ 395,980,876	\$ 903,493,421	\$ 914,993,421
Total Medicaid Funding	\$ 853,498,402	\$ 1,117,089,103	\$ 1,111,208,198
Total Estimated State Medicaid Need	\$ 1,011,653,932	\$ 1,111,089,103	\$ 1,184,931,716
ARRA FMAP	-187,141,196	0	0
Behavioral Health Carryforward	1,285,265	0	0
Home Health 2% Increase	0	0	761,348
HCBS Waiver 2% Increase	0	0	2,177,890
Elderly Waiver Cap Increase to \$1,400	0	0	2,137,244
Balancing Incentive Program	0	0	-17,800,000
Total Estimated Medicaid Need	\$ 825,798,001	\$ 1,111,089,103	\$ 1,172,208,198
Midpoint of Balance/(Under Funded)	\$ 27,700,401	\$ 6,000,000	\$ -61,000,000
ARRA - American Recovery and Reinvestment Act		HCBS - Home and Community-Based Services	
FMAP - Federal Medical Assistance Percentage			

FY 2012 Range. For FY 2012, the group agreed Medicaid will have a surplus of \$1.0 million to \$11.0 million, with a midpoint of a \$6.0 million surplus. The range includes SF 2071 (FY 2012 Supplemental Appropriations Act), that reduces the General Fund Medicaid appropriation by \$6.5 million for FY 2012 and HJR 2008 that eliminates the Medicaid physician site-of-service rule. The surplus estimate increased from the last forecast because of two factors:

- The site-of-service rule nullification will not be retroactive as originally thought, saving the State \$1.0 million.
- The Hospital Upper Payment Limit payment that was part of the hospital provider assessment will be \$3.5 million less in FY 2012 due to a timing issue with approval of the State Plan Amendment by the Center for Medicare and Medicaid Services (CMS). The payment will now be made in FY 2013.

FY 2013 Range. For FY 2013, the group agreed Medicaid will have a need of \$41.0 million to \$81.0 million, with a midpoint need of \$61.0 million. The range includes the following savings and expenditures as enacted in HF 649 (FY 2012 Health and Human Services Appropriations Act) and SF 2336 (FY 2013 Health and Human Services Appropriations Act):

- An increase of \$36.4 million to reflect the declining FMAP rate.
- An increase of \$5.0 million to reduce the waiting list for all HCBS waivers.
- An increase of \$4.2 million to reflect a transfer of funds to the IowaCare Program.
- A savings of \$1.6 million due to increased recoveries from insurance companies.
- A savings of \$4.9 million due to the implementation of a new health home model for individuals with multiple chronic conditions. The State will receive an enhanced 90.0% federal match rate for eight quarters as part of the federal Affordable Care Act.
- A savings of \$85,000 by aligning prescription drug reimbursements by physicians with drugs dispensed by a pharmacy.
- A savings of \$97,500 due to a Medicare Part B disallowance.
- A savings of \$780,000 due to additional estate recovery from the Iowa Public Employees' Retirement System.
- A savings of \$253,500 due to changes in payment policy for hospitals when a patient is readmitted within seven days for the same or similar diagnosis.
- A savings of \$1.0 million due to applying Medicaid edits on claims paid to Medicare.
- An increase of \$1.3 million to reflect forgiving disputed billings between the counties and the State for the Medicaid Program.
- A savings of \$17.8 million due to implementing the Balancing Incentive Program. The Program receives an enhanced 90.0% federal match rate. The goal of the Program is to shift care from institutional-based settings to home and community-based settings.
- A savings of \$209,000 to for office supplies and equipment, technology, printing, and marketing.
- An increase of \$761,000 for a 2.0% provider rate increase for Home Health Providers.
- An increase of \$2.2 million for a 2.0% increase for Home and Community-Based Services (HCBS) waiver providers. The increase is effective January 1, 2013.
- An increase of \$2.1 million to increase the elderly waiver cap from \$1,117 per month to \$1,400 per month.
- An increase of \$250,000 to provide lodging for IowaCare patients receiving treatment over multiple days at the University of Iowa Hospitals and Clinics.

Enrollment Increase. Medicaid continues to grow, but at a slower pace than the past several 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 FY 2011, the Program added 13,735 individuals, including 8,704 children. In the first eleven months of FY 2012, the Program added 11,164 individuals for a total program enrollment of 397,500.

Medicaid Enrollment Increases/(Decreases) for FY 2012					
<u>FY 2012</u>	<u>Children</u>	<u>Adults</u>	<u>Aged</u>	<u>Disabled</u>	<u>Total</u>
July	271	93	34	288	686
August	1,377	733	123	445	2,678
September	376	-113	48	129	440
October	2,218	653	143	405	3,419
November	-825	-820	15	98	-1,532
December	551	-121	74	158	662
January	477	448	0	253	1,178
February	1,149	768	2	378	2,297
March	96	531	-19	146	754
April	2,069	-1,999	60	474	604
May	67	-149	7	53	-22
Total FY 2012	<u>7,826</u>	<u>24</u>	<u>487</u>	<u>2,827</u>	<u>11,164</u>
Grand Total	<u>228,756</u>	<u>62,224</u>	<u>30,164</u>	<u>76,356</u>	<u>397,500</u>