

NC Department of Health and Human Services

Division of **Medical Assistance**



***LEGISLATIVE OVERSIGHT COMMITTEE***  
***MEDICAID BUDGET UPDATE***

***December 11, 2012***



***Steve Owen, Chief Business Operating Officer***

## **MEDICAID BUDGET UPDATE**

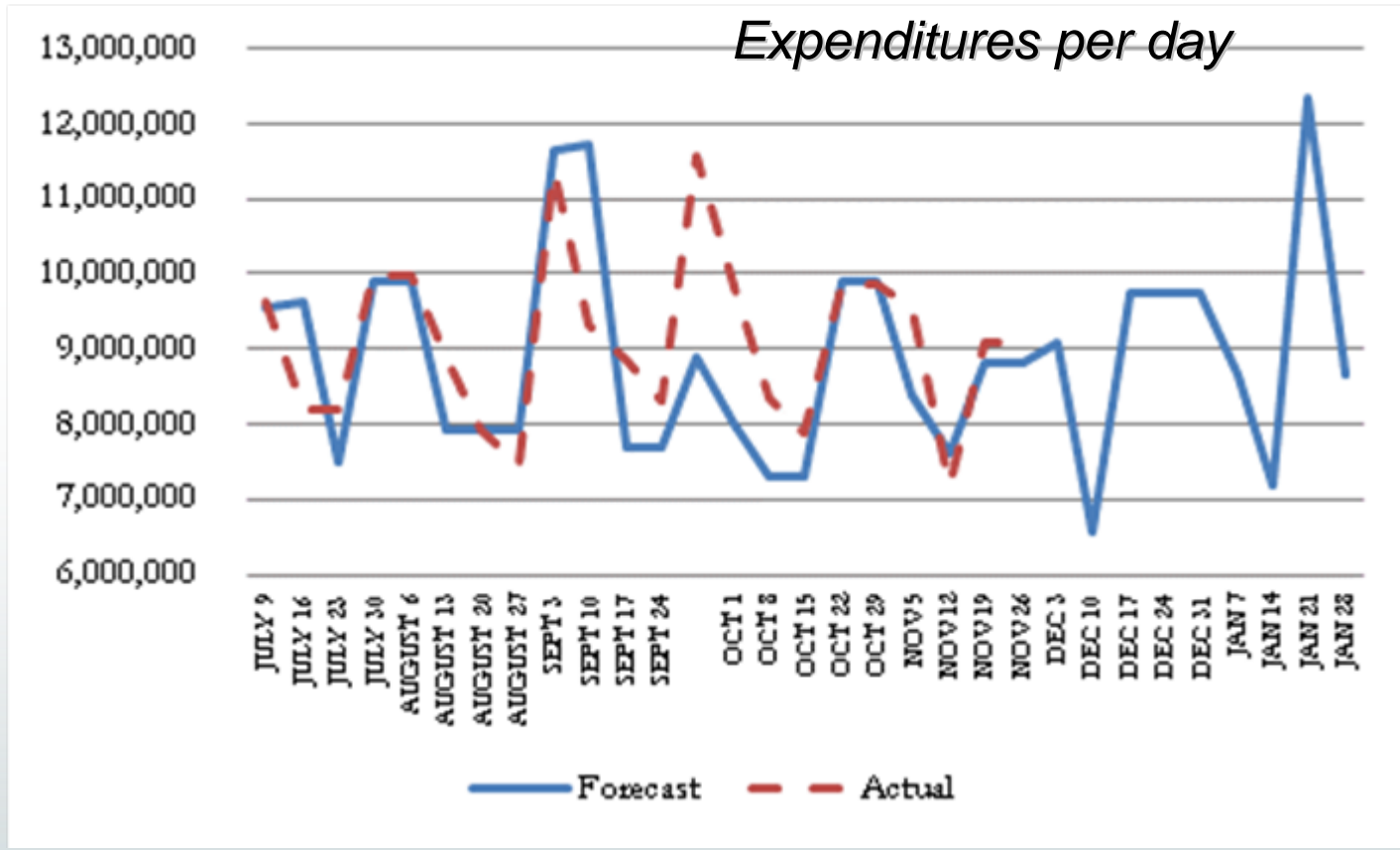
- Cash Position of Medicaid – All Funds
- Enrollment, Utilization and Expenditure Trends
- CCNC Savings Status
- Annual SFY 2013 Forecast

## DMA CASH POSITION 12/7/12

- **Based on the full year forecast in November, the claims variation identified is expected to reduce significantly through the year and end the year in a surplus**
- **\$52,300,000 Overall State cash shortfall for all funds through November 30, 2012 ; the components are:**
  - *Claims and service expenditures \$39,900,000 cash shortfall*
  - *Administration and contracts \$3,600,000 cash shortfall*
  - *Program Integrity net recoveries \$7,000,000 cash shortfall*
  - *Settlements, GAP Plan and other payments/receipts \$1,800,000 cash shortfall*
- **Claims expenditures represent 95% of state Medicaid costs, settlements and adjustments are 3% and administration/contracts represent 2% of state costs budgeted in SFY 2013**

**Overall a 1.7%  
variance for the  
year through  
11/30/12**

# CLAIMS EXPENDITURE TREND FORECAST

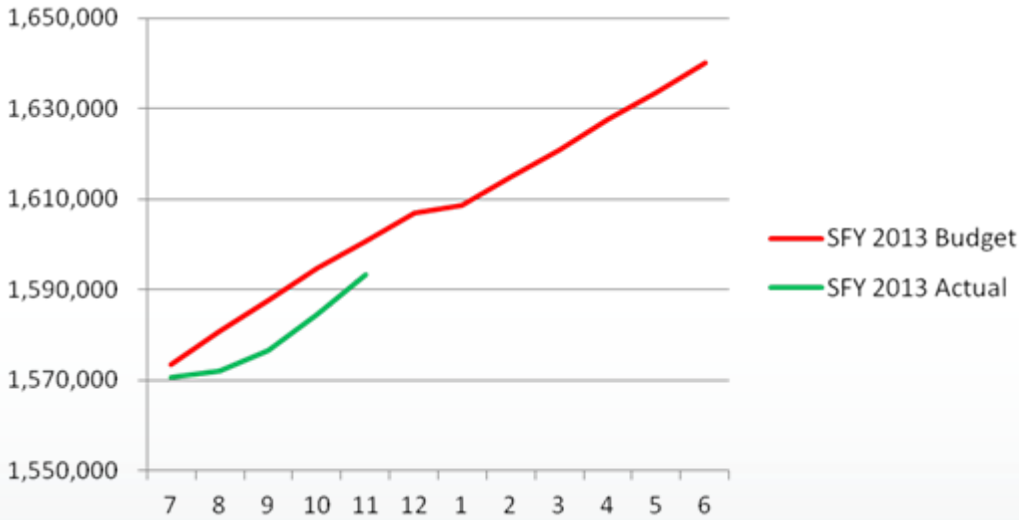


## ENROLLMENT, UTILIZATION and EXPENDITURE TRENDS

- Overall enrollment averaging 8,006 less recipients per month than budgeted (November)
- Enrollment mix reflects higher proportion of more expensive disabled population and less children than budgeted. In October the AFDC>21 population reflected a spike in enrollment
- Creates positive volume variance
- Expenditure variance not proportional to overall enrollment variance

# ENROLLMENT, UTILIZATION and EXPENDITURE TRENDS

## Eligible Trends



Significance of the variance in mix on spending:

<i>ABD</i>	<i>\$1,403</i>
<i>AFDC &gt;21</i>	<i>\$ 573</i>
<i>Children</i>	<i>\$ 222</i>
<i>Other</i>	<i>\$ 414</i>

	<i>Average Enrollment</i>		
	<i>Budget</i>	<i>Actual</i>	<i>Variance</i>
ABD	383,840	385,249	1,409
AFDC>21	134,660	136,246	1,586
Children	910,781	900,824	(9,957)
Other	158,142	157,098	(1,044)

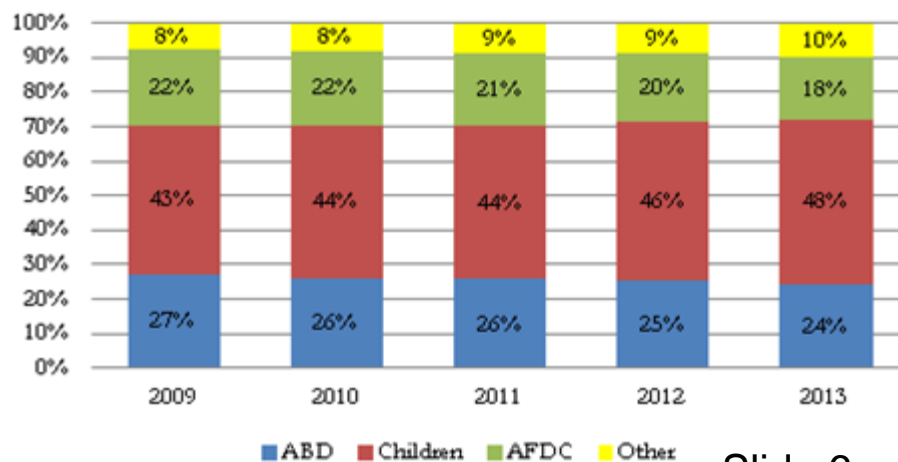
# MEDICAID ENROLLMENT TRENDS

## *MEDICAID ENROLLMENT TRENDS*

	<i>ABD</i>	<i>Children</i>	<i>AFDC</i>	<i>Other</i>
2009	359,734	561,565	290,528	99,726
2010	365,038	619,957	301,216	114,157
2011	373,191	642,940	303,644	125,552
2012	381,391	698,728	300,123	130,572
2013	388,836	760,206	288,482	155,959

Enrollment represents  
the number of  
recipients at year end,  
for SFY 2013  
Enrollment at  
11/30/012

## Trends in Enrollment



# BREAKING DOWN MEDICAID EXPENDITURES

- Aid Category Groupings
    - Aged, Blind, Disabled – ABD
    - Children
    - Other – MPW, Aliens, AFDC >21, B&C, Duals
  - Service Groupings
    - a) Foundation
    - b) Medical
    - c) Long Term/Residential
    - d) Behavioral
    - e) Financing
- a) Physician, Drugs, Dental and Transportation
  - b) Hospital Services, Diagnostic and Treatment
  - c) Nursing Home and PCS
  - d) ICF-MR, Psychiatric Hospital, Professionals and CAP programs
  - e) Part B, D and HMO premiums



# THE CHANGING FACE OF MEDICAID

## TRENDS IN PMPM CLAIMS EXPENDITURES

	<i>SFY 2013</i>									
	<i>SFY 2010</i>	<i>SFY 2011</i>	<i>SFY 2012</i>	<i>July</i>	<i>August</i>	<i>September</i>	<i>October</i>	<i>November</i>		
Foundation	\$ 168.77	\$ 165.62	\$ 168.13	\$ 166.22	\$ 174.94	\$ 162.01	\$ 163.42	\$ 160.27		
Medical	\$ 143.43	\$ 136.30	\$ 132.27	\$ 129.58	\$ 131.64	\$ 127.14	\$ 127.44	\$ 124.82		
Long Term/Residential	\$ 121.44	\$ 110.66	\$ 106.86	\$ 103.25	\$ 103.26	\$ 102.86	\$ 103.94	\$ 104.59		
Behavioral	\$ 139.00	\$ 124.85	\$ 128.31	\$ 131.70	\$ 145.32	\$ 133.47	\$ 133.06	\$ 134.61		
Financing	\$ 23.04	\$ 24.16	\$ 22.73	\$ 21.57	\$ 21.55	\$ 21.62	\$ 21.76	\$ 22.19		
TOTAL	\$ 595.68	\$ 561.59	\$ 558.30	\$ 552.33	\$ 576.71	\$ 547.10	\$ 549.63	\$ 546.49		

## CCNC CARE MANAGEMENT IMPACT ON MEDICAID EXPENDITURES

Milliman report from December 15, 2011 actuarially determined care management reduced expenditures:

	<i>ABD</i>	<i>Children</i>	<i>Other Adults</i>	<i>Total</i>	<i>Average Members</i>
SFY 2007	\$ (96,000,000)	\$ 177,000,000	\$ 22,000,000	\$ 103,000,000	983,356
SFY 2008	\$ (43,000,000)	\$ 202,000,000	\$ 45,000,000	\$ 204,000,000	1,083,636
SFY 2009	\$ (24,000,000)	\$ 261,000,000	\$ 58,000,000	\$ 295,000,000	1,176,778
SFY 2010	\$ 47,000,000	\$ 238,000,000	\$ 97,000,000	\$ 382,000,000	1,253,292

*Annual  
savings in total  
requirements,  
net of PMPM  
paid for care  
management*

Additional savings included in the SFY 2013 budget:

*\$149,200,000 in state dollars - \$426,300,000 in total requirements*

*ABD care management savings lag enrollment in CCNC because it takes  
time for initiatives to impact the costs of downstream care*

## CCNC SFY 2013 SAVINGS STATUS

*Original State  
Savings Target*

- ABD Enrollment (*4.6% less than the 75% target*  
*.4 % improvement in November*) (\$67.7M)
- Non-ABD Enrollment (*1.3% more than target*) (\$18.0M)
- Savings based on more than enrollment:
  - *Enhanced Plan* (\$13.8M)
  - *High Cost/High Risk* (\$ 6.9M)
  - *Chronic Pain* (\$16.2M)
  - *Mental Health Drugs & Pharmacy Utilization* (\$16.0M)
  - *Emergency Physicians* (\$ 2.3M)
  - *Enhanced management of Adult Care Home residents* (\$ 8.3M)

## CCNC SFY 2013 SAVINGS STATUS

- **Savings \$2.8M less than budgeted for the 5 months ending November 30, 2012, a \$2.1M improvement from the year to date variance in October**
- *The primary area of variance continues to exist in the ABD population management, focused in hospital emergency services and drugs, which account for a \$3.2M in CCNC savings variance*

*CCNC and DMA have formed a collaborative task force to review emergency service expenditures to understand trends and determine initiatives to impact spending*

# UPDATED MEDICAID CLAIMS FORECAST

## VARIABLES

- SAS forecast of enrollment based on data through 11/30/12
- Current PMPM expenditures foundation for base forecast
- Base forecast modified for impact of budgeted program and service changes that have not fully impacted base period spending – *INCLUDING THE IMPACT OF DELAYS IN MCO IMPLEMENTATION*
- Factors incorporated for the impact of consumption, federal mandates and costs for the balance of the year
- All known factors impacting claims and utilization have been reflected in the annual forecast

*Annual claims are forecasted to be \$5M under appropriations for SFY 2013 or a .17% variance*

# OVERALL MEDICAID FORECAST SFY 2013

*ANNUAL FORECAST BASED ON  
NOVEMBER INFORMATION REFLECTS  
TOTAL MEDICAID SPENDING FOR ALL  
FUNDS AT APPROXIMATELY \$12M  
OVER APPROPRIATIONS*

## SUMMARY

- Reporting and monitoring enhanced to expedite variance and trend identification
- DMA and CCNC collaborating to enhance savings from care management
- Annual forecasts for all Medicaid expenditures are slightly over budget

**QUESTIONS?**