

NC Department of Health and Human Services

Division of **Medical Assistance**



LEGISLATIVE OVERSIGHT COMMITTEE
MEDICAID BUDGET UPDATE
OCTOBER 16, 2012



Steve Owen, Chief Business Operating Officer

MEDICAID BUDGET UPDATE

- Cash Position of Medicaid – All Funds
- Enrollment, Utilization and Expenditure Trends
- CCNC Savings Status
- BC Waiver Implementation Status and Impact
- SFY 2013 Claims Expenditure Forecast Status

DMA CASH POSITION 10/12/12

- **Medicaid budgets an annual amount for all funds.**
- **This year the Division has converted this to weekly estimates based on history, planning implementation of reductions and enrollment projections.**

DMA CASH POSITION 10/12/12

- **\$9,300,000 Overall YTD State cash shortfall for all funds through October 12, 2012 (*Databook page 1*); the components are:**
 - *Claims and service expenditures \$20,300,000 cash shortfall*
 - *Administration and contracts \$3,800,000 cash shortfall*
 - *Program Integrity net recoveries \$17,400,000 cash surplus*
 - *Settlements, GAP Plan and other payments/receipts \$6,600,000 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 (*Databook page 2*)**
- **Through last week, DMA funds reflected a \$3.7M surplus. The Division is monitoring claims expenditures to determine whether the last 2 weeks claims are a forecasting distribution anomaly or a trend.**

Overall a .8%
variance for the
year through
10/12/12

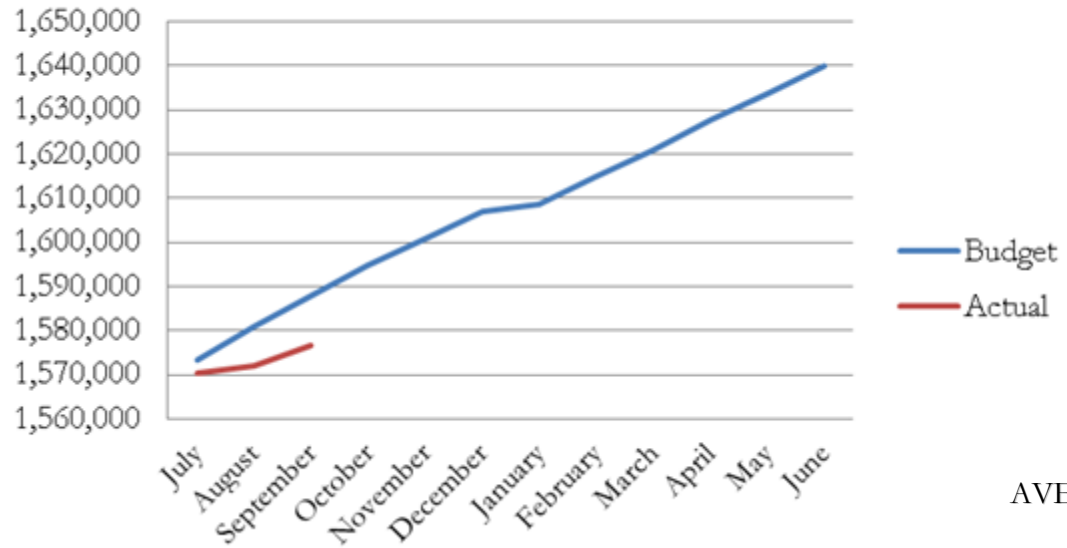
ENROLLMENT, UTILIZATION and EXPENDITURE TRENDS

- Overall enrollment averaging 7,668 less recipients per month than budgeted
- Enrollment mix reflects higher proportion of more expensive disabled population and less children than budgeted
- Creates positive volume variance (*Databook 3*)
- Expenditure variance not proportional to overall enrollment variance (*Databook page 4*)



ENROLLMENT, UTILIZATION and EXPENDITURE TRENDS

ENROLLMENT TRENDS



Significance of the variance in mix on spending:

ABD *\$1,415*
Children *\$ 224*
Other *\$ 414*

AVERAGE ENROLLMENT

	<i>Budget</i>	<i>Actual</i>	<i>Variance</i>
ABD	383,307	384,587	1,281
Children	904,303	898,093	(6,210)
Other	<u>293,018</u>	<u>290,279</u>	(2,739)
AVERAGE TOTAL	<u>1,580,627</u>	<u>1,572,959</u>	(7,668)

ENROLLMENT, UTILIZATION and EXPENDITURE TRENDS

- | | |
|--------------------------------------|--|
| • Inpatient Hospital | • <i>11% decrease in recipients/1,000
and 7% decrease in average cost</i> |
| • Hospital Emergency Services | • <i>1% increase in recipients/1,000
and 4% increase in average cost</i> |
| • Dental Services | • <i>10% increase in recipients/1,000
and 17% decrease in average cost</i> |
| • PCS (In-home and ACH) | • <i>6% decrease in recipients/1,000
and 6% increase in average cost</i> |
| • Nursing Homes | • <i>4% decrease in recipients/1,000
and no change in average cost</i> |
| • Physician Services | • <i>3% increase in recipients/1,000
and 10% decrease in average cost</i> |
| • Drugs | • <i>2% decrease in recipients/1,000
and 3% increase in average cost</i> |

Compared to SFY 2012

CHANGES IN MEDICAID CONSUMPTION

	<i>2013</i>	<i>2012</i>	<i>2011</i>
Medical Admissions/1,000	128.1	129.2	136.2
Surgical Admissions/1,000	29.9	30.1	32.3
ER Visits/1,000	855.2	849.0	846.6
Births/1,000	63.3	63.8	67.2
ABD Nursing Home Days/1,000	24,315	24,412	27,907
ICF and CAP MR Days/1,000	1,237	1,362	1,142

- CCNC lowering utilization of inpatient hospital services
- Growth in emergency room utilization an opportunity
- Changing ABD population to more disabled where nursing home utilization lowest

- Number of births remaining stable, in an environment of growing enrollment reflects in lower births per 1,000 enrollees – reflects decreasing proportional Medicaid hospital costs for maternity services

CCNC SFY 2013 SAVINGS STATUS

- Components of determining status of CCNC savings
 - *Percentage of enrolled ABD population compared to target*
 - *Percentage of enrolled non-ABD population compared to target*
 - *PMPM comparative expenditures for ABD and non-ABD populations in network and out of network – only for those categories of service that CCNC care manages*
 - *Estimating cost trends for ABD population in first 6 months following assignment to a CCNC physician – initially drug, physician and hospital outpatient/lab & xray will rise*

Status report not an “exact science”, provides trends, relative range of results and areas for savings opportunity

CCNC SFY 2013 SAVINGS STATUS

Original Savings Target

- ABD Enrollment 5.1% less than the 75% target (\$67.7M)
(*Databook page 5*)
- 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)
- Savings \$7,510,106 less than budgeted through September 30, 2012

CCNC SFY 2013 SAVINGS STATUS

- CCNC achieved an estimated \$62,073,456 in savings in the first quarter of SFY 2013
- Based on ABD savings achieved the variance in enrollment accounts for only \$1,606,000 of the variance through 9/30/12
- Overall the initiatives and enrollment for the non-ABD population contribute approximately \$3,426,000 to a savings variance over target (*Databook page 7*)
- **The primary area of variance exists for the ABD population management, primarily hospital services and drugs, which account for \$8.3M of a CCNC savings variance (*Databook page 7*)**

BEHAVIORAL HEALTH MCO IMPLEMENTATION

- **Savings in SFY 2013**
**Budget net of rebase
and final approved
budget**

\$50,220,610

- **LME's Delayed**

Sandhills from Oct to Dec
Mecklenburg from Jan to Feb
Guilford from Jan to Apr

- **Current Savings**
Estimated for SFY 2013

\$47,531,122

UPDATED MEDICAID CLAIMS FORECAST

	<i>SFY 2013 Approved Budget</i>	<i>First Quarter Performance</i>	<i>Other Impacts</i>	<i>Total Known Impacts</i>
Rebase **	\$ 354,638,214	\$ (14,671,112)		\$ (14,671,112)
CCNC Savings	(59,000,000)			
CCNC Savings in Rebase	<u>(90,241,142)</u>			
CCNC Savings	(149,241,142)	7,510,106		7,510,106
BC Waiver Savings	1,700,000			
BC Waiver Savings in Rebase	<u>(51,920,610)</u>			
BC Waiver Savings	(50,220,610)		2,689,488	2,689,488
Fee Schedules	(1,976,636)			-
Pharmacy	(1,391,906)			-
Revised Dispensing Fees	(5,279,601)			-
CHIPRA Bonus	(14,000,000)		2,567,768	2,567,768
CCNC Home Health	(4,455,457)			-
PCS	<u>(6,000,000)</u>	-	-	-
TOTAL	<u>\$ 122,072,862</u>	<u>\$ (7,161,006)</u>	<u>\$ 5,257,256</u>	<u>\$ (1,903,750)</u>

** The rebase has been adjusted for CCNC Savings and BC Waiver Savings included

This chart reflects only claims funds; Administration, Contracts, Settlements, DSH, PI Recoveries and Adjustments are not included

QUESTIONS?

DATABOOK



MEDICAID CASHFLOW

DMA APPROPRIATIONS COMPARED TO TOTAL FORECASTED

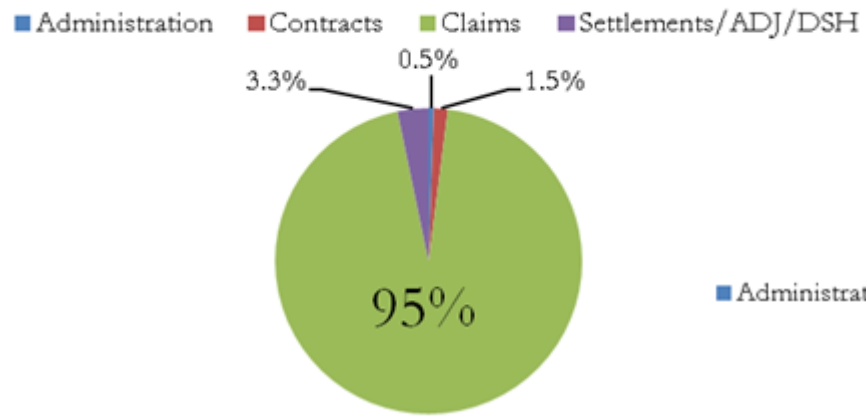
WEEK BEGINNING →	OCT 8	OCT 15
YTD Appropriation Variance		
Claims (Checkwrite)	(26,127,740)	} State Dollars for all Medicaid Funds
Claims (Non Checkwrite)	1,864,488	
Administration	(5,160,372)	
Contracts	1,332,889	
Settlements	622,521	
Hospital Plan	(3,088,187)	
Misc Receipts (PI, Settlements, Chipra)	17,473,654	
Rebates	3,919,141	
Assessments	(6,800,779)	
Transfers	(108,012)	
Other Receipts & Paybacks	6,756,434	
YTD Appropriation Variance		
Surplus/(Shortfall) 14445	<u>(9,315,964)</u>	

CHECKWRITE SUMMARY

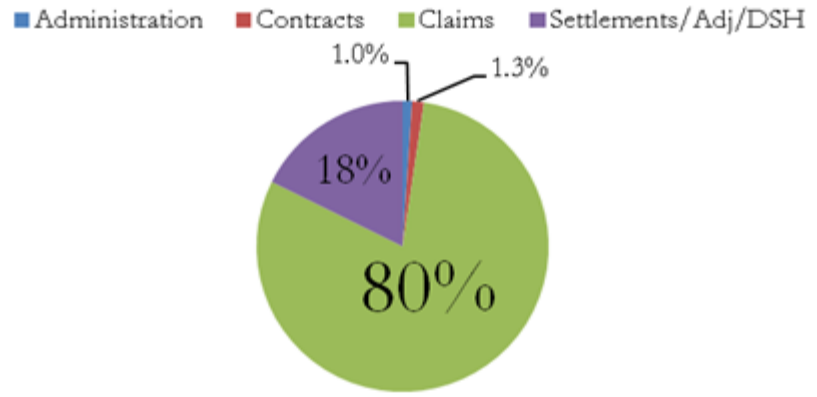
Forecast SFY 2013	\$162,704,290	\$148,718,174	} Total Requirements for HP Claims Payments Only
Actual SFY 2013	<u>(\$200,293,709)</u>	<u>(\$169,837,601)</u>	
Variance (Over)/Under	<u>(\$37,589,419)</u>	<u>(\$21,119,427)</u>	
Percent Variance	23.1%	14.2%	
YTD Cumulative Variance (Over)/Unde	(\$77,267,057)	(\$98,386,484)	
Percent of Total Expenditures	2.67%	3.40%	
Actual SFY 2012	221,865,516	190,359,701	
YTD Cumulative Variance (Over)/Unde	\$110,609,641	\$131,131,742	
Percent of Total Expenditures	3.55%	4.20%	

MEDICAID MACRO TRENDS IN SFY 2013

MEDICAID STATE APPROPRIATIONS

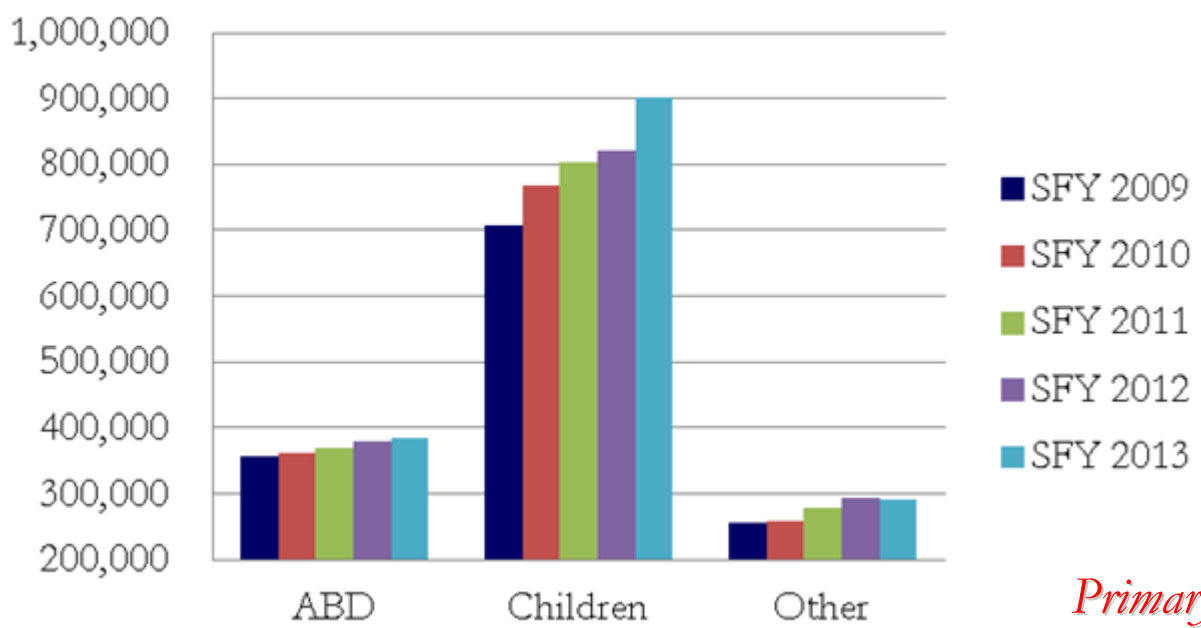


MEDICAID TOTAL REQUIREMENTS

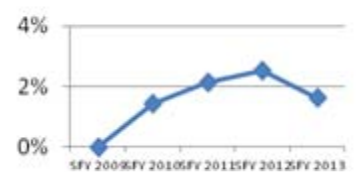


MEDICAID MACRO TRENDS IN SFY 2013

MEDICAID ENROLLMENT TRENDS



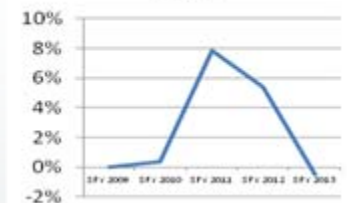
ABD



Children

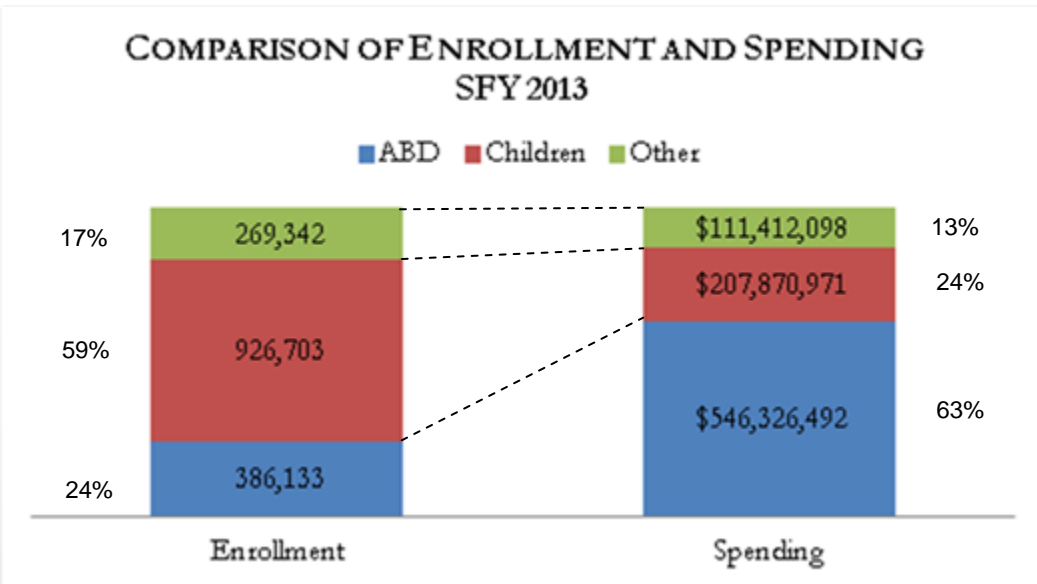


Other



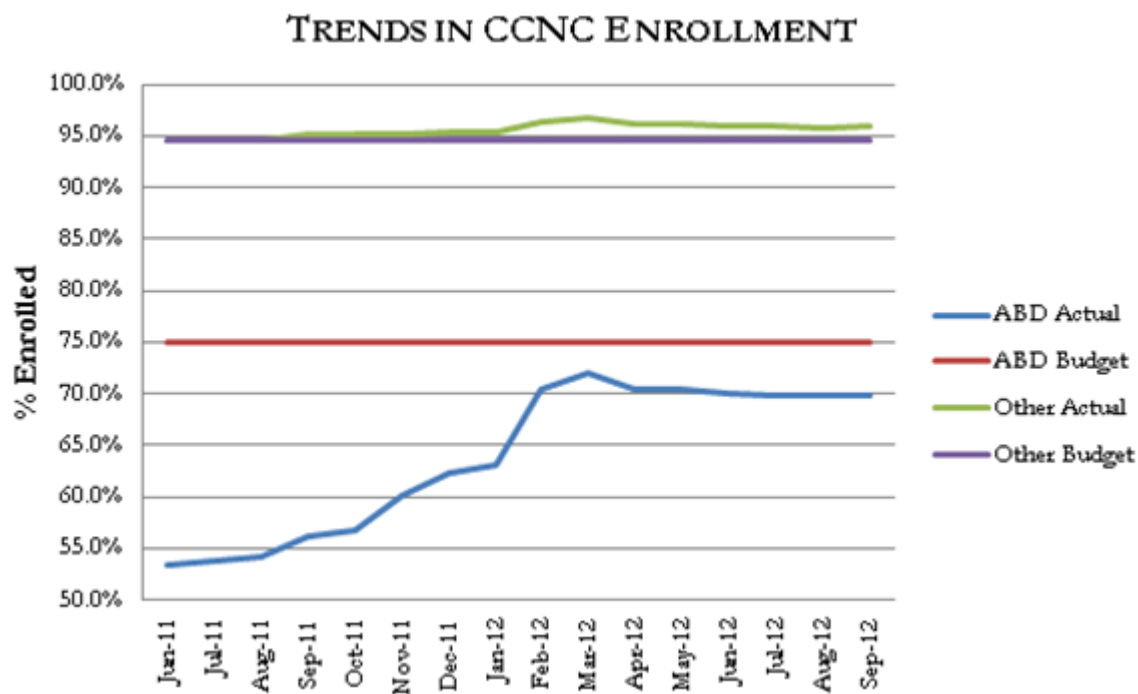
Primary area of growth in ABD focused in the Disabled population

MEDICAID MACRO TRENDS IN SFY 2013



Enrollment and Mix of Enrollment equally important in forecasting Medicaid Expenditures

CCNC ENROLLMENT TRENDS



- *Reinstituted auto assignment process week beginning 10/15/12*
- *Rehired temporary staff for recipient follow up by 10/5/12*
- *Non-ABD enrollment in CCNC averaged 1.3% over target*
- *ABD enrollment in CCNC has averaged 5.1% under target*

CCNC EXPENDITURE TRENDS

	TARGETED SAVINGS				ACTUAL YTD	
	July	August	September	Total	SAVINGS	Variance
Hospital Inpatient	\$ (1,615,355)	\$ (1,724,367)	\$ (1,833,869)	\$ (5,173,591)	\$ (3,458,717)	\$ 1,714,875
Hospital Outpatient	(570,508)	(609,009)	(647,682)	(1,827,199)	(344,538)	1,482,661
Hospital Emergency	(727,431)	(780,112)	(833,006)	(2,340,549)	605,543	2,946,092
Non Physician Medical	(109,651)	(117,051)	(124,484)	(351,186)	(3,496,452)	(3,145,266)
Outpatient Diagnostics and Treatment	(337,880)	(360,682)	(383,586)	(1,082,148)	(128,128)	954,019
Supplies	(304,783)	(325,352)	(346,013)	(976,148)	(259,016)	717,132
Hospice	(26,780)	(28,587)	(30,402)	(85,768)	(39,320)	46,449
Physician	(1,503,742)	(1,619,035)	(1,734,751)	(4,857,528)	(5,301,755)	(444,227)
Drugs	(3,820,285)	(4,107,317)	(4,395,438)	(12,323,041)	(10,144,746)	2,178,294
Case Management	(68,272)	(72,879)	(77,507)	(218,658)	841,420	1,060,078
	<u>(68,272)</u>	<u>(72,879)</u>	<u>(77,507)</u>	<u>(218,658)</u>	<u>841,420</u>	<u>1,060,078</u>
 TOTAL UNDER (OVER) TARGET	 \$ (9,084,687)	 \$ (9,744,391)	 \$ (10,406,738)	 \$ (29,235,816)	 \$ (21,725,709)	 \$ 7,510,106

Analysis presents expenditures compared to the targeted savings for the 3 months ending 9/30/12

CCNC EXPENDITURE TRENDS – *ANOTHER VIEW*

	<i>Targeted Savings</i>	
	<i>ABD</i>	<i>Other PAC</i>
ABD	\$ (13,415,537)	\$ -
Enhanced Plan	(2,729,491)	
Other PAC		(3,564,236)
High Cost/High Risk	(688,564)	(668,865)
Chronic Pain	(1,629,130)	(1,582,523)
Mental Health Drugs	(1,068,610)	(1,038,038)
Pharmacy Utilization	(541,199)	(525,716)
Emergency Physicians	(236,128)	(229,373)
Adult Care Homes	<u>(1,318,406)</u>	<u>-</u>
 TOTAL	 \$ (21,627,066)	 \$ (7,608,750)
 Actual Savings	 <u>\$ (10,690,801)</u>	 <u>\$ (11,034,908)</u>
 Variance Under (Over) Savings Target	 <u>\$ 10,936,264</u>	 <u>\$ (3,426,158)</u>

*Based on current
PMPM spending,
the variance in
ABD enrollment
accounts for
\$1,606,000 of the
ABD variance*