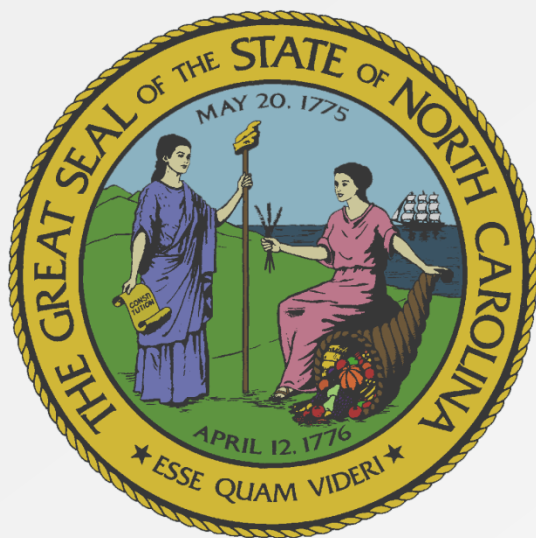




Office of State Budget and Management
Balancing Needs - Improving Government



MEDICAID

Budget Update:

Year to Date through February 2014

Prepared by:
The Office of State Budget and Management
Pam Kilpatrick, Assistant State Budget Officer
March 26, 2014



- Medicaid in Context of Total DHHS Budget
- Medicaid Expenditures and Revenues
- Current Outlook and What's Ahead



Medicaid in Context

Total DHHS State General Fund Budget

2013-14 Certified State General Funds	
Central Management and Support	\$73,786,129
Aging and Adult Services	54,142,341
Child Development and Early Education	254,314,609
Public Health	144,154,087
Social Services	174,608,432
Medical Assistance	3,461,950,119
Health Choice	67,949,160
Services to the Blind/Deaf/Hard of Hearing	8,178,618
Mental Health/Developmental Disabilities/Substance Abuse Services	699,535,602
Health Services Regulation	16,396,057
Vocational Rehabilitation	38,773,169
TOTAL	<u><u>\$4,993,788,323</u></u>

Medicaid accounts for 69.3% of the total



Department of Health and Human Services

	State Fiscal Year 2014-15		
		Year-to-Date February 28, 2014	Year-to-date Percent of Budget
<u>Department Total</u>	Certified Budget		
Total Requirements	\$ 18,381,623,666	\$ 11,737,942,876	64%
Receipts	\$ 13,387,835,343	\$ 8,453,922,007	63%
Appropriation	\$ 4,993,788,323	\$ 3,284,020,869	66%

In February 2013, 72% of state General Fund appropriations had been expended. Current year department-wide rate is lower.

Most of the variance is accounted for in Medicaid



Medicaid Budget

Medicaid

	State Fiscal Year 2013-14			
	Certified Budget	Year-to-Date Expenditures February 28, 2014	YTD Percent of Budget	Prior Year February Percent of Budget
Expenditure	13,071,194,944	8,350,355,271	63.9%	60.9%
Receipts	9,609,244,825	6,033,065,218	62.8%	57.3%
Appropriation	3,461,950,119	2,317,290,053	66.9%	71.4%

In comparison with the prior fiscal year, total spending and revenues are ahead of 2013 (hospital payments from receipts). State General Funds used are less than 2013 (Medicaid rebase)

How does this compare to where Medicaid spending should be?

Source: All expenditure data from NCAS, BD701 Report



Factors complicating our interpretation of the year to date numbers

Backlog in processing new Medicaid applications – federally facilitated marketplace applicants or “woodworking” (59,000) and other applicants (22,000)

Potential claims backlog (average 70% claim lines paid vs. unpaid)

Medicaid rebase added \$434M state funds in 2014. The budget was reduced by \$147M for savings to be achieved

Continued assessment of overall adequacy of state funds appropriated (\$3.517B spent in 2013, \$3.461B state funds appropriated for 2014)



Medicaid shortfall?

DHHS presentation (to follow) will outline department's best estimate for 2013-14 and methodologies to forecast (\$120M - \$140M shortfall)

To the extent there is a 2014 shortfall and depending on timing, this impacts 2014-15 budget development on a *non-recurring* basis by:

- (1) using funds that would otherwise revert (beginning 2015 availability) or
- (2) requiring a non-recurring appropriation for 2014-15

Recurring impact is extent to which the shortfall is driven by enrollment changes, consumption and mix of services or other factors that continue into 2015



Budget Planning

Continued updates from DHHS on Medicaid 2014 forecast and collaboration with department and legislative staff to validate information

Planning for a potential current year cash shortfall (timing, scope)

2015 budget development

- Full funding of the Medicaid rebase to extent it is understood at the time of budget development
- Consideration of achievable savings options
- Medicaid Reform
- Risk mitigation options



Conclusion and Thank You

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