



N.C. Department of Health
and Human Services

Division of Medical Assistance

Medicaid Forecast SFY 2013/2014

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March 26, 2014



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Executive Summary

- Enrolled Medicaid participants in North Carolina have grown 22% over the past five years.
- Claims have also grown significantly over the same period due to an increase in enrollment and services. DMA has continued to manage the growth while total Administrative personnel has remained flat over the same period.
- Based on current estimate we are projecting a budget shortfall ranging from \$120 to \$140 million in state dollars for SFY 2013-14, which represent approximately 3% of total budget.
- We are currently working with OSBM on the 2015 budget rebase.



General Assembly budget signed by Gov. McCrory added \$392 million in appropriations to the Medicaid budget, a commitment to responsible budgeting.



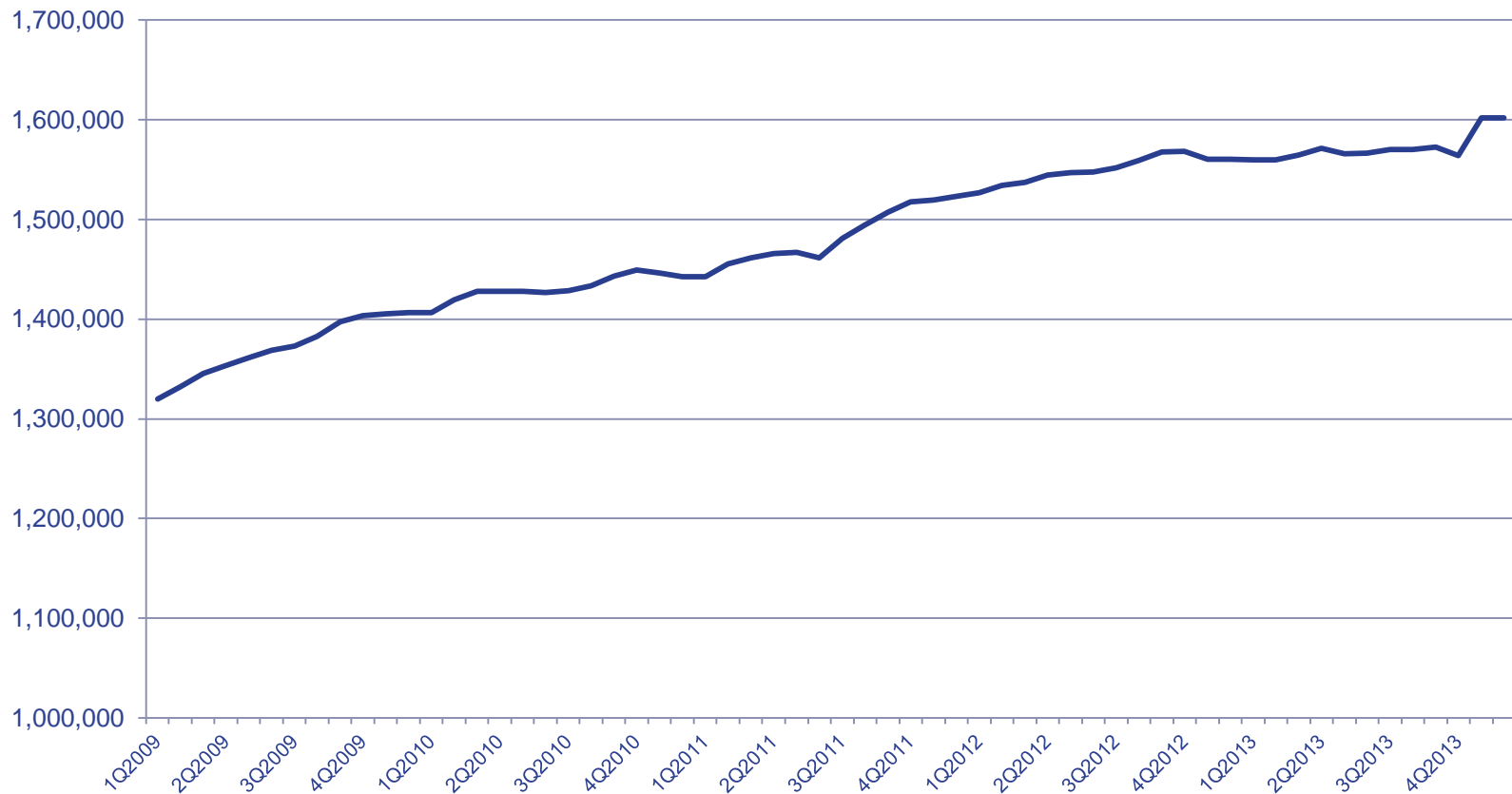
Comparison with Prior Year

Medicaid	February-13		February-14		Comparison
	<u>Actual</u>	<u>Percent of</u>	<u>Actual</u>	<u>Percent of</u>	<u>2013 vs. 2014</u>
	<u>Year-to-Date</u>	<u>Budget</u>	<u>Year-to-Date</u>	<u>Budget</u>	<u>Actuals</u>
Total Requirements	\$ 8,133,021,711	62%	\$ 8,350,355,271	64%	\$ 217,333,560
Receipts	5,708,278,059	57%	6,033,065,219	63%	324,787,160
Appropriation	2,424,743,653	78%	2,317,290,052	67%	(107,453,601)



Enrollment Trends

- The number of eligible enrollees has increase by approximately 290,000 over the last five calendar years





Historical Spend Patterns

- The top 10 paid claim account codes are shown below for the past three fiscal years including SFY 2013-14 forecast

Category of Service	SFY11	SFY12	SFY13	SFY11	SFY12	SFY13
Nursing Facilities	\$ 1,210,025,856	\$ 1,213,298,677	\$ 1,193,083,081	13.3%	13.0%	12.5%
Drugs	1,137,850,316	1,217,315,028	1,228,520,702	12.5%	13.0%	12.9%
Physician	1,108,685,144	1,168,726,725	1,180,336,097	12.2%	12.5%	12.4%
Hospital Inpatient General	1,051,354,472	1,020,201,016	983,186,235	11.6%	10.9%	10.3%
HMO/MCO	254,327,294	442,283,720	1,519,255,139	2.8%	4.7%	15.9%
Pract/Non Phys	736,853,527	733,373,759	452,173,339	8.1%	7.8%	4.7%
Hospital Outpatient General	449,244,682	483,111,376	499,801,439	4.9%	5.2%	5.2%
CAP MR	516,852,018	486,503,365	246,754,242	5.7%	5.2%	2.6%
Dental	356,943,886	361,065,657	340,218,919	3.9%	3.9%	3.6%
All other	2,261,283,413	2,223,167,199	1,903,638,794	24.9%	23.8%	19.9%
Totals	\$ 9,083,420,608	\$ 9,349,046,522	\$ 9,546,967,988			



Forecast Methodology

Historic trends and year to date actuals are used to forecast FY14 year end and next year's budget request

Actual Fiscal Results

Enrollment and services information is used to anticipate future demands

Enrollment & Service Data

Other initiatives estimated and layered in the forecast and budget

Initiatives

Financial Forecast

FY14 forecast and next year's budget request are primarily based on these three key inputs (actuals, enrollment, and initiatives)



Prior Year Actuals vs. Current Year Projection

- DMA finished SFY 2012-13 budget deficit of \$484 million primarily due to lower than projected receipts.
- DMA currently projects to finish SFY 2013-14 with a budget deficit of \$120 to \$140 million representing an approximate 3% variance to the authorized budget.

	<u>SFY 2010-11</u> <u>Actuals</u>	<u>SFY 2011-12</u> <u>Actual</u>	<u>SFY 2012-13</u> <u>Actual</u>	<u>SFY 2013-14</u> <u>Projection</u>
Total Requirements	\$ 13,210,715,562	\$ 14,241,450,471	\$ 12,643,008,323	\$ 13,800,000,000
Total Receipts	10,682,246,696	11,214,489,593	9,125,314,086	10,200,000,000
Appropriation	<u>2,528,468,865</u>	<u>3,026,960,879</u>	<u>3,517,694,237</u>	<u>3,600,000,000</u>



Improved Financial Management Practices

- Weekly analysis of check write with comparison to forecast and budget
- Tracking of drug rebates from invoice submission to receipt
- More emphasis on expenditures and receipts related to settlements and program integrity
- Have increased the skillset of personnel within the financial organization
- Currently assessing financial controls, practices, and procedures
- Reviewing alternative forecasting tools



Other Issues and Next Steps

- Forecast estimates will continue to be refined
- Remediation of claims data is ongoing
- Key vacancies continue to add to operational challenges
- Continue to improve relationships with key agency partners (Office of State Budget and Management and Fiscal Research Division)
- In the process of designing and implementing an improved forecast and budget process