

JOINT LEGISLATIVE OVERSIGHT COMMITTEE
ON MEDICAID AND NC HEALTH CHOICE

Medicaid and NC Health Choice Financial Update

Adam Levinson

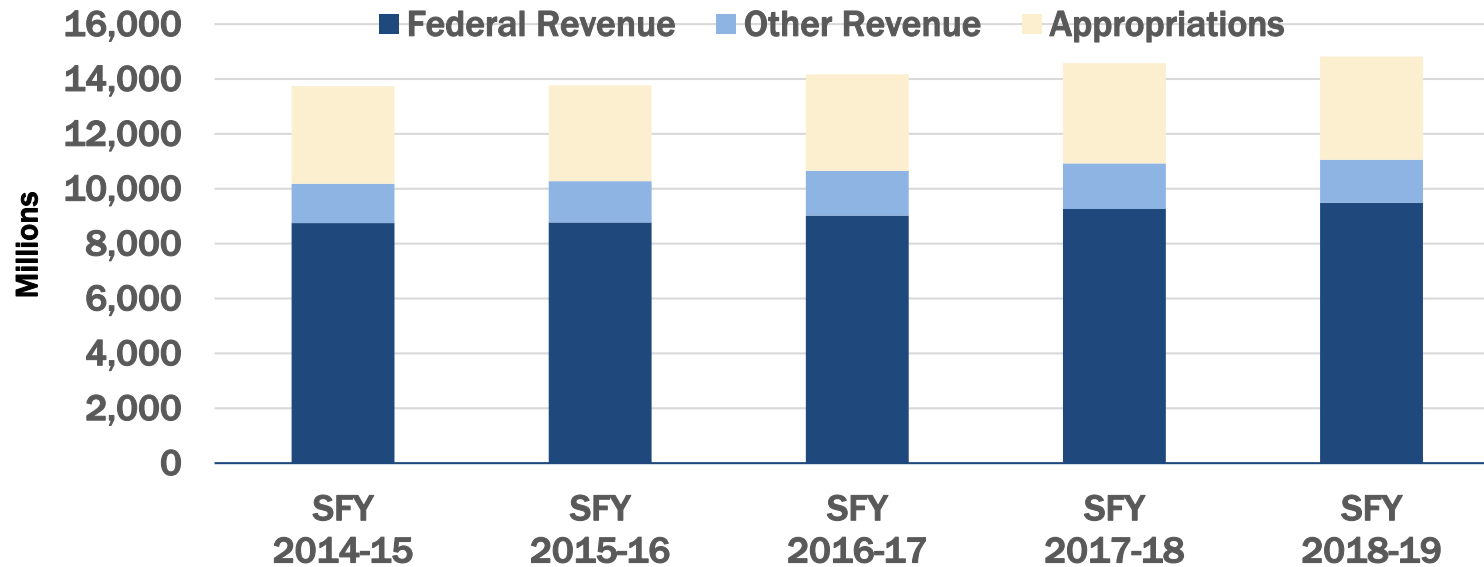
Department of Health and Human Services

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NC Medicaid Financial Update

- **Looking Back: Expenditures over Prior 5 State Fiscal Years**
- **Medicaid & Health Choice**
- **Current State Fiscal Year (State Fiscal Year 2019-20) Status**
- **Actual Spend v. Budget**
- **Factors Affecting Current Year Expenditures**
- **SFY 2019-20 Outlook/Risk**

Looking Back: Medicaid Expenditures

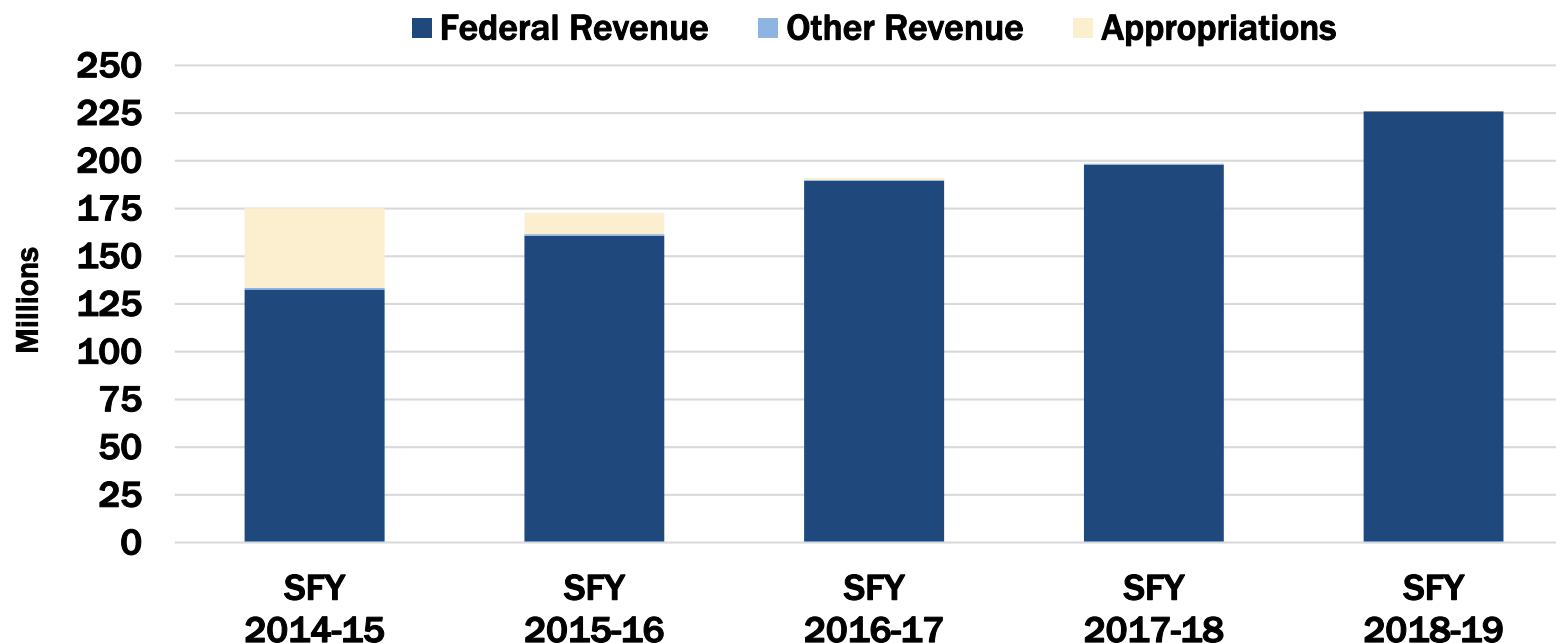


\$ millions	SFY 2014-15	SFY 2015-16	SFY 2016-17	SFY 2017-18	SFY 2018-19
Federal Revenue	8,752	8,771	9,022	9,264	9,485
Other Revenue	1,435	1,507	1,634	1,660	1,576
Appropriations	\$3,558	\$3,493	\$3,515	\$3,654	\$3,759
Total Expenditures	\$13,744	\$13,771	\$14,171	\$14,579	\$ 14,819

Growth in total expenditures, appropriations has been relatively flat

Looking Back: Health Choice Expenditures

Over the past five State fiscal years, scheduled temporary increases in the federal match rate have decreased the amount of appropriations expended on Health Choice.

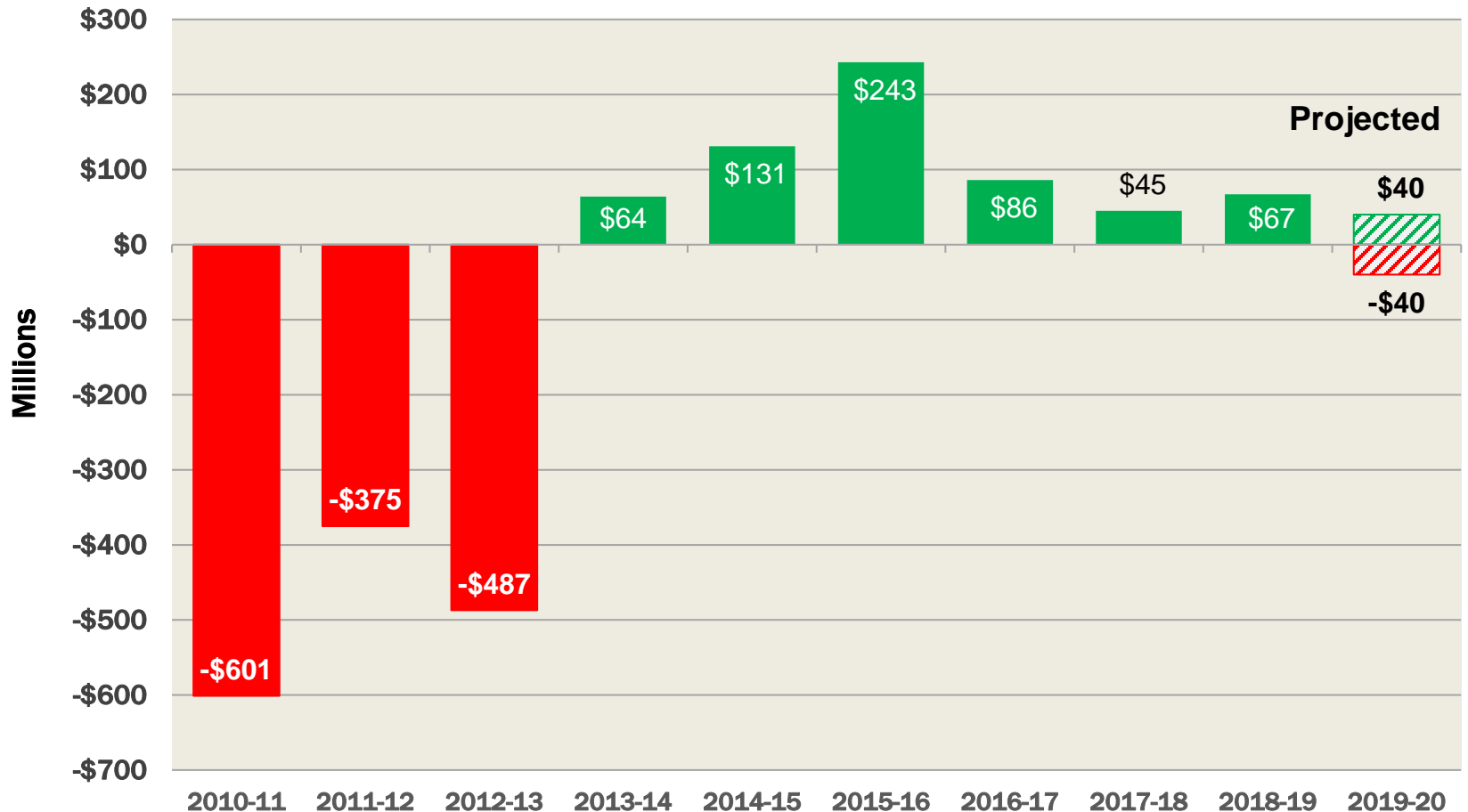


Federal match scheduled to return to 88% in SFY 2019-20, 77% in 2020-21

Source: <https://www.kff.org/other/state-indicator/enhanced-federal-matching-rate-chip/?currentTimeframe=1&sortModel=%7B%22colId%22:%22Location%22,%22sort%22:%22asc%22%7D>

NC Medicaid Fiscal Trend

NC Medicaid Fiscal Year-End Financial Position (Appropriations)



NC Medicaid SFY 2019-20: Actuals vs. Budget

Through December 2019, appropriations expenditure for Medicaid & Health Choice was **\$23 million or 1.1% less than budgeted (based on the continuation budget)** for this point in the year.

\$ millions	SFY 2019-20 Budget YTD	SFY 2019-20 Actuals YTD	Difference	
			\$	%
Expenditures	\$7,205	\$7,576	\$371	5.2%
Federal Revenues	\$4,645	\$4,877	\$233	5.0%
Other Revenues	\$498	\$660	\$162	32.4%
State Appropriations	\$2,062	\$2,039	(\$23)	-1.1%

NC Medicaid expects to be “on budget” with no reversion to the State

NC Medicaid SFY 2019-20: Actuals vs. Budget

Factors affecting expenditures:

- **Provider rate increases: Physician, Dental, Optical, Non-Emergency Medical Transport (NEMT)**
- **Local Management Entity/Managed Care Organization (LME/MCO; behavioral health care) rate increases**
- **Skilled Nursing Facilities (SNF), Program of All-inclusive Care for the Elderly (PACE), Medicare (dual-eligible) rate increases**
- **Decreased Federal Medical Assistance Percentage (FMAP) for Medicaid, and decreased Enhanced FMAP (EFMAP) for Health Choice**

NC Medicaid SFY 2019-20: Budget Outlook

- NC Medicaid anticipates **delivering the full program and staying within budget in SFY 2019-20.**
- **Risk:** If actual expenditures exceed the forecasted level by just **1%**, NC Medicaid could be over budget by **~\$40 million** in appropriations.