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Indiana Family and Social Services Administration

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The Monthly Medicaid Financial Report for November 2024 was released today.

Note to Readers

The forecasted monthly Medicaid expenditures, enrollment and funding are based on the December 2023 Medicaid forecast, which considered data through September 2023. Information on the latest forecast is available [here](#). Starting with the December financial reports the forecast amounts will be updated based on the December 2024 forecast.

State Fiscal Year 2025 began on July 1, 2024, and ends on June 30, 2025.

Results and Commentary

Enrollment

- As of November 2024, Medicaid enrollment across all programs and delivery systems totaled 1,964,339 individuals, which is 102,355 (5.5%) above the forecasted amount. Compared to the actual enrollment in November 2023 of 2,038,407, enrollment is down 74,068. Year-to-date average monthly enrollment is 152,123 (7.1%) below the average monthly enrollment year-to-date in November 2023. Average monthly enrollment year-to-date (YTD) for SFY 2024 through November was 2,145,517.
- With the launch of the managed Long-Term Services and Supports (mLTSS) program Indiana PathWays for Aging on July 1, enrollment of 116,785 individuals shifted from Medicaid fee-for-service and Hoosier Care Connect to the new PathWays managed care program. Current YTD average monthly enrollment for PathWays through November 2024 is 116,981.

Expenditures

- Medicaid expenditures YTD through November 2024 totaled \$7.8B, which is \$171.2M (2.1%) below the estimated amount in the December 2023 Medicaid forecast and \$41.7M (0.5%) below expenditures YTD in November 2023.
- Managed care expenditures are based on capitated per-member-per-month (PMPM) payments to managed care entities (MCEs), as opposed to utilization experience or actual claims paid by MCEs. As a result, enrollment is the



primary driver of managed care variances. Overall managed care expenditures are \$207.6M (3.7%) below the estimated amount in the December 2023 Medicaid forecast.

- SFY 2025 managed care expenditures YTD are \$1.1B (26.1%) above expenditures YTD in November 2023, driven primarily by the transition of members and related expenditures from the fee-for-service delivery system to the new Indiana PathWays for Aging managed care program. However, lower than forecasted enrollment in the PathWays program is resulting in a \$414.4M (20%) favorable variance in expenditures from the amount projected in the December 2023 Medicaid forecast.
- Unfavorable variance to forecast in SFY 2025 YTD is seen in the Healthy Indiana Plan (HIP) and Hoosier Healthwise (HHW) programs due to higher than forecasted enrollment. The timing of performance payments for managed care entities is the primary driver of the variance to forecast seen in the Hoosier Care Connect program. The HIP program is predominately funded through an increased federal medical assistance percentage (FMAP), a portion of state cigarette tax revenue, and hospital assessment fees. As a result, these expenditures do not impact the State's general fund.
- Fee-for-service (FFS) expenditures reflect an unfavorable YTD variance to forecast of \$261.5M. Variances in Long-Term Institutional Care and Long-Term Community Care expenditures are in part driven by claims run out for expenditures for individuals that transitioned to the Indiana PathWays for Aging managed care program on July 1, 2024. Nursing Facility YTD expenditures total \$292.1M, which is \$160.6M above the estimated amount in the December 2023 Medicaid forecast. In addition to claims runout, this variance is attributable to higher than forecasted Nursing Facility reimbursement rates. Hospice expenditures are currently outpacing forecast amounts by \$40.8M, which is also contributing to the overall variance. Higher FFS hospice expenditures are due to fewer than expected hospice recipients transitioning to the PathWays program and are offset by PathWays savings.
- Effective July 1, the prior Aged & Disabled (A&D) Waiver transitioned into two separate waivers: the Health & Wellness (H&W) Waiver for individuals under age 60 and the Indiana PathWays for Aging (PathWays) Waiver for individuals aged 60 and older. Home and Community-Based Services (HCBS) expenditures for services under the Aged & Disabled (A&D) waiver provided before but paid after the July 1, 2024, transition continue to outpace forecast. The overall variance in HCBS expenditures is partially being offset with the lower than forecasted expenditures under the Health and Wellness waiver.
- State Plan Services expenditures reflect an unfavorable variance to forecast of \$1.3M with the main drivers being higher than forecasted hospital and

home health costs, offset in part by lower than forecasted expenditures in physician services.

- Manual expenditure includes supplemental payments paid to providers throughout the year but has a minimal impact on the State's general funds as the state share of this cost is paid through Intergovernmental Transfers (IGTs) or assessment fees. Higher than forecast provider supplemental payments for Disproportionate Share Hospital (DSH) payments are the primary drivers of the SFY 2025 YTD negative variance.
- A positive variance to forecast in the Other Expenditures category is primarily driven by pharmacy rebate collections being higher than forecasted, which provides an offset for the cost of drugs provided to Medicaid recipients.
- Children Health Insurance Plan (CHIP) and Money Follows the Person (MFP) expenditures are not paid through the Medicaid Assistance fund and therefore are removed from the total expenditures reported. CHIP current monthly expenditures are showing as a credit due to the timing of expenditures adjustments.
- Overall, increased SFY 2025 YTD expenditures compared to prior year expenditures are mainly driven by increased Managed Care expenditures and home and community-based services (HCBS) expenditures.

Funding

- General fund usage year-to-date through November 2024 totaled \$2.0B, which represents approximately 25.2% of the overall funding for Medicaid Assistance expenditures while 68.1% comes from federal funds.
- Through November 2024, the current SFY funding shortfall is estimated at \$216.6M. This variance is primarily driven by lower than anticipated assessment fee transfers during the first five months of the State fiscal year. This shortfall is expected to fluctuate throughout the year based on the timing of funding and expenditures, particularly as it pertains to non-federal and non-state funds such as IGTs and assessment fees. Month-to-month changes are to be interpreted within the full fiscal year forecast.