

April 2023 Medicaid Forecast update

State of Indiana
Family and Social Services Administration

Projections through SFY 2025

Updated data through January 2023

APRIL 19, 2023



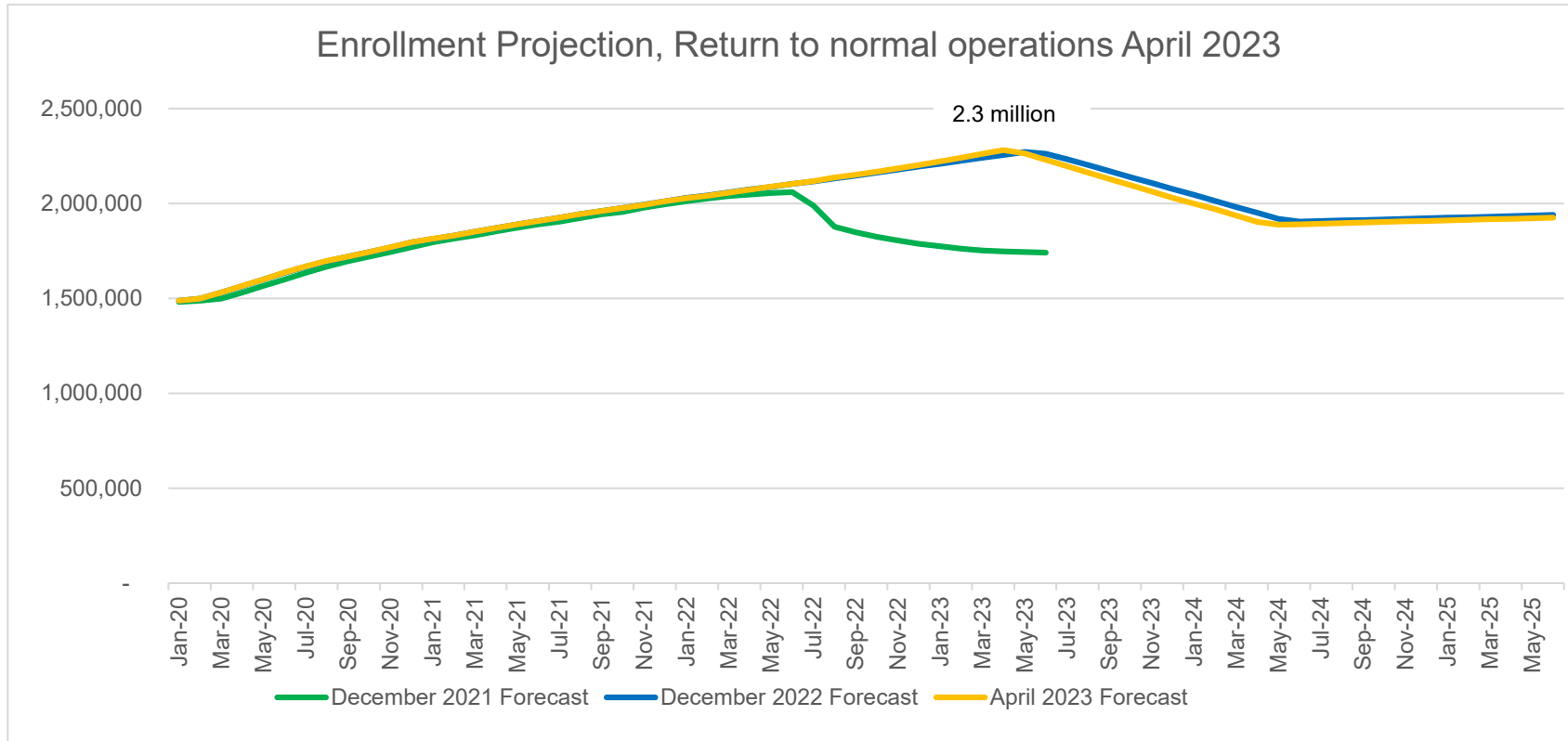
April 2023 Medicaid Assistance Forecast Update

SFY 2021 through SFY 2025 – PHE ending May 11, 2023

EXPENDITURES	FY 2021	<i>Growth</i>	FY 2022	<i>Growth</i>	FY 2023	<i>Growth</i>	FY 2024	<i>Growth</i>	FY 2025
Healthy Indiana Plan	\$6,048.9	(0.1%)	\$6,041.0	0.7%	\$6,082.8	(0.7%)	\$6,039.2	(1.3%)	\$5,962.6
Hoosier Care Connect	1,613.0	(2.1%)	1,579.6	(4.3%)	1,511.7	24.7%	1,884.4	(31.9%)	1,282.8
Hoosier Healthwise Pathways (MLTSS)	1,831.9	16.7%	2,138.4	1.3%	2,166.5	26.5%	2,739.9	(15.1%)	2,326.8
Fee for Service	1,963.2	1.4%	1,990.3	7.7%	2,143.6	8.3%	2,322.2	(14.7%)	1,980.3
Long Term Care Institutional Care	1,847.1	11.9%	2,066.7	11.6%	2,307.0	6.2%	2,450.3	(72.0%)	686.7
Long Term Care Community Care	1,506.2	15.9%	1,746.1	19.4%	2,084.8	8.3%	2,258.2	(32.7%)	1,520.2
Medicare Buy-In, Clawback	567.3	13.7%	645.1	10.6%	713.5	7.8%	769.2	8.5%	834.9
Rebates and Collections	(1,242.4)	10.3%	(1,369.8)	2.8%	(1,407.9)	9.5%	(1,542.1)	(7.6%)	(1,424.2)
Remove CHIP and MFP	(248.4)	(0.2%)	(248.0)	4.5%	(259.1)	35.6%	(351.4)	(17.3%)	(290.7)
Other Expenditures (DSH, UPL, etc.)	1,519.3	15.6%	1,756.6	3.0%	1,808.9	(8.1%)	1,662.9	1.6%	1,689.7
Medicaid Expenditures (State and Federal)	\$15,406.1	6.1%	\$16,345.9	4.9%	\$17,151.7	6.3%	\$18,232.8	2.6%	\$18,708.1
FUNDING	FY 2021	<i>Growth</i>	FY 2022	<i>Growth</i>	FY 2023	<i>Growth</i>	FY 2024	<i>Growth</i>	FY 2025
Federal Funds	\$11,644.8	7.9%	\$12,561.2	2.2%	\$12,842.0	0.0%	\$12,846.1	0.5%	\$12,906.2
IGTs	453.3	(11.4%)	401.5	(3.9%)	385.9	4.9%	404.9	4.2%	421.8
Provider Tax Receipts	191.2	6.9%	204.5	6.0%	216.8	0.1%	217.0	7.2%	232.6
HAF Funding	479.2	3.9%	497.8	52.6%	759.7	10.5%	839.7	4.9%	880.7
HIP Funding	522.5	0.4%	524.7	20.0%	629.7	(14.0%)	541.3	0.6%	544.6
QAF Transfer to SBA	(49.2)	(4.9%)	(46.7)	(3.2%)	(45.2)	(1.8%)	(44.4)	4.3%	(46.3)
Non-Medicaid Assistance Funds	\$13,241.9	6.8%	\$14,143.0	4.6%	\$14,788.9	0.1%	\$14,804.5	0.9%	\$14,939.7
Forecasted Medicaid GF Assistance Need	\$2,164.2	1.8%	\$2,203.0	7.3%	\$2,362.8	45.1%	\$3,428.3	9.9%	\$3,768.4
General Fund Medicaid Assistance Appropriation	\$2,618.6	(1.3%)	\$2,584.6	13.4%	\$2,931.9	16.9%	\$3,428.3 *	9.9%	\$3,768.4
Dedicated funding/ Carry forward	\$15.0								
Sub-total (Shortfall)/Surplus	\$469.4		\$381.6		\$569.1				

Enrollment projection

Compared to the December 2021 forecast update



Medicaid enrollment is projected to grow by almost 800,000, from 1.49 million as of January 2020 to 2.28 million projected as of April 2023.

Projection notes

- Return to normal operations: April 2023
- Renewal processing for all members to occur over 12 months – from mid-May 2023 to mid-May 2024
- By May 2024, the forecast projects a net reduction of 400,000 members. This reflects continuous eligibility protections for all children and extended post-partum eligibility
- 100,000 additional aid group shifts

Enrollment by Population – Medicaid/CHIP

Population	Jan 2020 Pre-PHE	<i>Growth</i>	Apr 2023 high point	<i>Growth</i>	May 2024 low point	Net Growth 2020 - 2024
HIP						
Pregnant Women	17,386	45,357	62,743	(31,812)	30,931	13,545
All Other HIP	390,635	377,676	768,311	(176,156)	592,154	201,519
HCC	90,427	11,966	102,393	(2,871)	99,523	9,096
HHW						
Children/CHIP	598,216	287,774	885,990	(152,772)	733,217	135,001
Pregnant Women	3,528	19,516	23,046	(17,657)	5,389	1,861
LTSS	90,786	14,124	104,910	7,083	111,992	21,207
Other FFS	296,632	37,034	333,666	(18,696)	314,970	18,338
Total	1,487,610	793,448	2,281,058	(392,882)	1,888,177	400,567

April 2023 Medicaid Assistance Forecast

Average monthly enrollment projections – managed care – PHE ending May 11, 2023

Average Monthly Enrollment	FY 2021	<u>Growth</u>	FY 2022	<u>Growth</u>	FY 2023	<u>Growth</u>	FY 2024	<u>Growth</u>	FY 2025
Healthy Indiana Plan									
HIP State Plan Benefits Package	125,032	16.5%	145,627	22.1%	177,794	(14.8%)	151,435	(12.7%)	132,245
HIP Expansion	279,993	8.4%	303,480	3.9%	315,460	(4.2%)	302,153	(3.8%)	290,677
HIP Medically Frail	148,211	33.8%	198,351	20.2%	238,345	(20.3%)	189,993	(17.2%)	157,259
HIP Pregnant Females	38,368	55.8%	59,780	1.3%	60,562	(30.7%)	41,975	(26.5%)	30,834
HIP Bridge							3,646	119.4%	8,000
HIP Hospital Presumptive Eligibility	5,242	(40.6%)	3,111	(19.0%)	2,520	78.4%	4,495	34.8%	6,058
Total Healthy Indiana Plan	596,846	19.0%	710,348	11.9%	794,682	(12.7%)	693,699	(9.9%)	625,072
Hoosier Care Connect									
Adult	60,968	2.3%	62,351	0.3%	62,547	(1.8%)	61,436	(28.8%)	43,755
Child	22,500	6.3%	23,919	(0.7%)	23,754	(3.5%)	22,918	(0.8%)	22,732
Foster	12,888	15.5%	14,879	6.4%	15,834	2.1%	16,170	2.0%	16,493
Total Hoosier Care Connect	96,355	5.0%	101,150	1.0%	102,135	(1.6%)	100,524	(17.5%)	82,980
Hoosier Healthwise									
Adults	45	432.0%	239	173.9%	655	(42.6%)	376	(51.2%)	183
Children	598,156	15.4%	690,380	5.6%	729,123	(9.2%)	662,228	(6.1%)	621,912
Pregnant Females	8,482	93.6%	16,424	28.2%	21,063	(45.3%)	11,520	(53.4%)	5,372
CHIP	106,309	(5.3%)	100,629	27.9%	128,663	(4.5%)	122,898	(4.7%)	117,126
Total Hoosier Healthwise	712,991	13.3%	807,672	8.9%	879,504	(9.4%)	797,021	(6.6%)	744,593

April 2023 Medicaid Assistance Forecast

Average monthly enrollment projections – fee for service – PHE ending May 11, 2023

Average Monthly Enrollment	FY 2021	<i>Growth</i>	FY 2022	<i>Growth</i>	FY 2023	<i>Growth</i>	FY 2024	<i>Growth</i>	FY 2025
MLTSS									
Nursing Home									26,018
HCBS									31,570
Acute									74,272
Total MLTSS									131,859
Fee For Service									
Institutionalized	30,912	0.2%	30,962	3.2%	31,953	3.6%	33,116	(76.8%)	7,681
Waiver\State Plan HCBS	61,725	7.0%	66,028	7.7%	71,100	7.6%	76,520	(32.6%)	51,564
No Level of Care									
Hoosier Healthwise FFS	32,787	(14.4%)	28,081	10.2%	30,959	14.3%	35,389	7.6%	38,085
Dual	93,526	6.3%	99,401	5.4%	104,760	(4.7%)	99,832	(59.1%)	40,839
Non-Dual	38,302	(7.7%)	35,368	(6.9%)	32,945	2.3%	33,719	3.1%	34,759
Medicare Savings Program	67,315	(3.5%)	64,959	(0.4%)	64,719	9.0%	70,515	6.1%	74,807
Limited Benefit Populations	66,477	10.5%	73,452	26.0%	92,569	(11.4%)	82,058	(5.3%)	77,670
Total Fee For Service	391,045	1.8%	398,252	7.7%	429,004	0.5%	431,149	(24.5%)	325,405
OVERALL TOTAL	1,797,237	12.3%	2,017,421	9.3%	2,205,325	(8.3%)	2,022,393	(5.6%)	1,909,910

- Growth of almost 800,000 from January 2020 to peak at 2.28 million as of April 2023
- Projected net enrollment reduction of almost 400,000 after all members have completed redetermination
- The LTSS population is growing quickly, with more growth in community LTSS.

Comparison to the December 2022 Medicaid Forecast

Total expenditures (state and federal), in \$millions

	SFY 2023	SFY 2024	SFY 2025
December 2022 Forecast expenditures	\$17,526.9	\$18,865.7	\$19,087.2
Capitation rate and acuity updates	(305.0)	28.7	(173.6)
CY 2018 and CY 2019 MLR	(176.8)	0.0	0.0
Restarting eligibility one month earlier	(28.9)	(214.5)	(14.9)
Higher disenrollment assumption	(2.5)	(140.6)	(199.6)
LTSS	38.9	7.1	22.3
Updates to approved program changes	0.0	(93.8)	87.9
Nursing Facility Supplemental Payments	(66.6)	(111.5)	(153.2)
Stabilization Grant and reimbursement	81.3	(43.3)	
Update FFY 2025 FMAP to 65.16%			5.2
Other	84.4	(65.0)	46.8
<i>Total changes</i>	<i>(\$375.2)</i>	<i>(\$632.9)</i>	<i>(\$379.1)</i>
Current Forecast	\$17,151.7	\$18,232.8	\$18,708.1

Comparison to the December 2022 Medicaid Forecast

Appropriation need (state GF impact), in \$millions

	SFY 2023	SFY 2024	SFY 2025
December 2022 Forecast expenditures	\$2,375.2	\$3,518.8	\$3,725.4
Capitation rate updates	(28.5)	83.4	(37.6)
CY 2018 and CY 2019 MLR	(5.6)		
Restarting eligibility one month earlier	(2.6)	(22.3)	(0.1)
Higher disenrollment assumption	(0.2)	(13.8)	(20.3)
LTSS	11.0	2.4	7.7
Updates to approved program changes	0.0	(30.7)	38.5
FMAP changes due to CAA	26.2	(98.9)	
Update FFY 2025 FMAP to 65.16%			38.1
Other	(12.7)	(10.6)	16.7
<i>Total changes</i>	<i>(\$12.4)</i>	<i>(\$90.5)</i>	<i>\$43.0</i>
Current Forecast	\$2,362.8	\$3,428.3	\$3,768.4

April 2023 Forecast – Approved Program Changes

Projected Cost included in the Base Forecast on an Appropriation Basis

Approved Program Changes	SFY 2023	SFY 2024	SFY 2025
HIP Equalization	0.0	10.2	36.7
MLTSS	0.0	0.0	83.4
Additional births (SEA 2)	0.0	4.5	8.5
EMS Reimbursement	0.0	2.6	8.5
DME Phase II	0.0	1.4	3.6
Prenatal screening	0.1	0.4	2.6
Former foster youth	0.4	0.9	1.2
Vaccine funding	0.0	0.0	2.1
Donated breast milk	0.0	1.1	1.1
LARC carve-out for FQHCs/RHCs	0.0	0.0	0.2
Continuous eligibility expansion to age 18	0.0	3.7	5.7
Total Approved Program Changes	\$0.5	\$24.7	\$153.7

HIP Equalization - Scenarios

	Baseline	90 Percent of Medicare
Percent of Medicare - Behavioral Health (non-ABA)	83.3%	90.0%
Percent of Medicare - Remaining Physician Services	83.3%	90.0%
Ongoing Full Annual Cost		
State and Federal	\$ 0.0	\$ 191.3
Appropriation Basis	47.6	94.6
SFY 2024 Paid Basis		
State and Federal	\$ 29.8	\$ 66.2
Appropriation Basis	\$ 10.2	\$ 22.6
SFY 2025 Paid Basis		
State and Federal	\$ 106.2	\$ 200.7
Appropriation Basis	\$ 36.7	\$ 69.2

Summary of Provider Investment Funding

From Governor's Budget, in \$millions

Values in millions	SFY2022	Total Fiscal		State Share GF		
Recommended	Base Expenditures	SFY2024	SFY2025	SFY2024	SFY2025	Effective Date
Rate Matrix						
Home Health	\$ 279.1	\$ 68.5	\$ 94.6	\$ 23.1	\$ 30.2	7/1/2023
Dental	\$ 258.9	\$ 2.5	\$ 49.0	\$ 0.9	\$ 8.0	7/1/2023
NEMT	\$ 56.0	\$ 4.5	\$ 16.5	\$ 1.5	\$ 2.9	7/1/2023
DA waivers	\$ 726.6	\$ 179.8	\$ 216.9	\$ 60.6	\$ 70.7	7/1/2023
DDRS waivers	\$ 977.1	\$ 157.5	\$ 171.8	\$ 54.2	\$ 59.1	7/1/2023
DMHA waivers	\$ 13.5	\$ 1.5	\$ 1.6	\$ 0.5	\$ 0.5	7/1/2023
Rate indexing		\$ 0.0	\$ 41.7	\$ 0.0	\$ 12.1	7/1/2024
Zero out current trend		(\$ 62.2)	(\$ 75.0)	(\$ 19.4)	(\$ 22.2)	7/1/2023
Total Provider Investments	\$ 2,311.1	\$ 352.0	\$ 517.1	\$ 121.4	\$ 161.2	

Results of Rate Methodology Work

Updated to reflect final rate methodology work and utilization growth, in \$millions

Values in millions	SFY2022	Total Fiscal		State Share GF		Effective
Recommended	Base Expenditures	SFY2024	SFY2025	SFY2024	SFY2025	Date
Rate Matrix						
Home Health	\$ 279.1	\$ 79.3	\$ 101.1	\$ 26.6	\$ 34.5	7/1/2023
Dental	\$ 258.9	\$ 3.2	\$ 44.1	\$ 1.1	\$ 11.8	7/1/2023
NEMT	\$ 56.0	\$ 4.3	\$ 13.8	\$ 1.4	\$ 3.3	7/1/2023
DA waivers	\$ 726.6	\$ 469.6	\$ 576.1	\$ 157.4	\$ 200.1	7/1/2023
DDRS waivers	\$ 977.1	\$ 218.0	\$ 239.2	\$ 73.0	\$ 83.1	7/1/2023
DMHA waivers	\$ 13.5	\$ 1.5	\$ 1.6	\$ 0.5	\$ 0.6	7/1/2023
Rate indexing		\$ 0.0	\$ 69.2	\$ 0.0	\$ 21.2	7/1/2024
Zero out current trend		(\$ 21.4)	(\$ 51.0)	(\$ 5.9)	(\$ 14.8)	7/1/2023
Total Provider Investments	\$ 2,311.1	\$ 754.4	\$ 994.0	\$ 254.1	\$ 339.8	
Investment Funding Increase		\$ 402.4	\$ 476.8	\$ 132.7	\$ 178.5	

Rate matrix is located at <https://www.in.gov/fssa/files/Rate-Review-Medicaid-Matrix.pdf>

CHIP

Funding projections

- Increasing cost for SFY 2024 and SFY 2025 due to phase out of the enhanced FMAP
- Lower appropriation need during SFY 2021 – SFY 2023 due to enhanced FMAP and lower CHIP enrollment during the PHE

State of Indiana
Family and Social Services Administration
Analysis of CHIP State Funding
(Values illustrated in Millions)

	SFY 2021	SFY 2022	SFY 2023	SFY 2024	SFY 2025
Projected CHIP expenditures	\$245.5	\$240.7	\$246.1	\$337.7	\$276.9
Applicable FMAP	83.30%	80.67%	80.20%	76.64%	75.69%
State share	\$41.0	\$46.5	\$48.7	\$78.9	\$67.3
Projected HAF Funding (Cap)	<u>\$6.9</u>	<u>\$6.7</u>	<u>\$7.6</u>	<u>\$14.5</u>	<u>\$12.2</u>
Projected appropriation need	\$34.1	\$39.9	\$41.1	\$64.4	\$55.2
Appropriation - CHIP Assistance	\$44.4	\$46.2	\$51.1		
Surplus / (Shortfall)	\$10.2	\$6.3	\$10.0		

Medicaid forecast

Limitations

The information contained in this correspondence has been prepared solely for the business use of FSSA and their advisors. The forecast and other information included in this report has been developed to assist with planning and budget development, and may not be appropriate for any other purpose.

These results are expected to be made publicly available. Milliman makes no representation or warranties regarding the contents of this correspondence to third parties. Likewise, third parties are instructed to place no reliance upon this correspondence prepared for FSSA by Milliman that would result in the creation of any duty or liability under any theory of law by Milliman or its employees to third parties.

In performing this analysis, we relied on data and other information provided by FSSA and its vendors. The values in this correspondence are dependent upon this reliance. We have not audited or verified this data and other information. If the underlying data or information is inaccurate or incomplete, the results of our analysis may likewise be inaccurate or incomplete.

Milliman has developed certain models to estimate the values included in this analysis. We reviewed the models, including their inputs, calculations, and outputs, for consistency, reasonableness, and appropriateness to the intended purpose. The models rely on data and other information provided by FSSA and its vendors. We have not audited or verified this data and other information. If the underlying data or information is inaccurate or incomplete, the results of our analysis may likewise be inaccurate or incomplete.

Differences between our projections and actual amounts depend on the extent to which future experience conforms to the assumptions made for this analysis. It is certain that actual experience will not conform exactly to the assumptions used in this analysis. Actual amounts will differ from projected amounts to the extent that actual experience deviates from expected experience.

Guidelines issue by the American Academy of Actuaries require actuaries to include their professional qualifications in all actuarial communications. We are members of the American Academy of Actuaries, and meet the qualification standards for performing the analyses in this report.

The services provided for this project were performed under the contract between Milliman and FSSA approved January 4, 2022.



Thank you

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