

December 2019 Medicaid Forecast update

State of Indiana
Family and Social Services Administration

Projections through SFY 2021

Updated data through September 2019

DECEMBER 20, 2019



Medicaid forecast

Projection methodology

Update **Enrollment and Expenditure** experience through **September 2019**



Prior period adjustments



Project **Enrollment growth and Cost Trend** (baseline)



Project **Approved** future program changes

December 2019 Medicaid Assistance Forecast

SFY 2017 through SFY 2021

EXPENDITURES	FY 2017	<i>Growth</i>	FY 2018	<i>Growth</i>	FY 2019	<i>Growth</i>	FY 2020	<i>Growth</i>	FY 2021
Healthy Indiana Plan	\$3,081.2	2.1%	\$3,147.0	22.5%	\$3,854.1	13.8%	\$4,385.6	(7.3%)	\$4,067.6
Hoosier Care Connect	1,343.9	10.7%	1,487.4	(9.3%)	1,349.4	17.2%	1,581.8	(4.9%)	1,504.5
Hoosier Healthwise	1,716.6	3.8%	1,781.5	(10.7%)	1,591.6	16.4%	1,853.1	(16.3%)	1,551.1
Healthy Indiana Plan 1.0	(85.1)								
Fee for Service	1,445.5	10.1%	1,591.6	10.5%	1,759.4	9.1%	1,918.8	5.1%	2,016.5
Long Term Care Institutional Care	1,810.6	(2.3%)	1,768.9	8.3%	1,914.9	5.9%	2,027.9	4.7%	2,122.6
Long Term Care Community Care	1,005.7	9.9%	1,105.5	11.2%	1,229.3	10.9%	1,363.9	7.9%	1,472.2
Medicare Buy-In, Clawback	469.5	(1.2%)	463.7	19.5%	554.1	3.4%	572.6	8.4%	621.0
Rebates and Collections	(807.0)	11.7%	(901.6)	16.6%	(1,050.9)	1.9%	(1,070.9)	0.3%	(1,073.6)
Remove CHIP, HIP 1.0, MFP, Admin	(187.4)	25.9%	(236.0)	(10.8%)	(210.6)	9.5%	(230.6)	(6.0%)	(216.7)
Other Expenditures (DSH, UPL, etc.)	1,692.6	(28.4%)	1,211.4	16.3%	1,408.6	25.5%	1,768.1	(5.9%)	1,663.7
Medicaid Expenditures (State and Federal)	\$11,485.9	(0.6%)	\$11,419.3	8.6%	\$12,399.8	14.3%	\$14,170.3	(3.1%)	\$13,728.9
FUNDING	FY 2017	<i>Growth</i>	FY 2018	<i>Growth</i>	FY 2019	<i>Growth</i>	FY 2020	<i>Growth</i>	FY 2021
Federal Funds	\$8,155.6	(0.8%)	\$8,087.9	5.4%	\$8,523.4	16.0%	\$9,889.2	(4.1%)	\$9,478.9
IGTs	641.9	(6.6%)	599.4	5.4%	631.6	(20.5%)	502.3	1.6%	510.6
Provider Tax Receipts	196.7	(4.0%)	188.8	(3.6%)	182.0	39.9%	254.7	(14.5%)	217.9
HAF Funding	422.3	(5.9%)	397.4	37.0%	544.2	33.3%	725.2	(25.2%)	542.3
HIP 2.0 Funding	151.3	71.1%	258.9	30.6%	338.1	10.5%	373.6	2.2%	381.8
QAF Transfer to SBA	(49.4)	(0.2%)	(49.3)	(2.0%)	(48.3)	10.1%	(53.2)	(3.1%)	(51.6)
Non-Medicaid Assistance Funds	\$9,518.4	(0.4%)	\$9,483.1	7.3%	\$10,170.9	15.0%	\$11,691.8	(5.2%)	\$11,079.9
IGT Base Shift							135.5	0.0%	135.5
Forecasted Medicaid GF Assistance Need	\$1,967.5	(1.6%)	\$1,936.3	15.1%	\$2,228.8	11.2%	\$2,478.4	6.9%	\$2,649.1
General Fund Medicaid Assistance Appropriation	\$2,117.0	(6.4%)	\$1,980.6	13.0%	\$2,238.5	11.0%	\$2,485.1	5.4%	\$2,618.6
Dedicated funding/ Carry forward			\$6.0		\$6.0		\$25.0		\$15.0
Sub-total (Shortfall)/Surplus	\$149.5		\$50.3		\$15.7		\$31.7		(\$15.5)
Carry forward of unexpended appropriations			\$127.7						

Medicaid forecast

Highlights

- **Hepatitis C expenditures** are emerging lower than projected
- **Enhanced hospital reimbursement** as updated through August 1, 2019

Type of HAF Factor	July 2017 to July 2018	August 2018 to July 2019	August 2019 and later
Inpatient DRG	2.7	3.1	2.7
Outpatient	2.7	3.0	2.9

- **Capitation payments:** Currently paying at initial CY 2018 rates
 - SFY 2020: Payment of final 2018 and initial 2019 rates, also CY 2015 MLR remittance
 - SFY 2021: Payment of final 2019 and initial 2020 rates
 - Updates to CY 2018 rates include the CY 2018 health insurer fee and HHW retroactive eligibility settlement
- **3% cost savings** reductions for hospitals and nursing homes through SFY 2021
 - General Fund impact – savings approximately \$30 million per year
- **Community engagement** for HIP – voluntary

Reconciliation to April 2019 Medicaid forecast

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

	SFY 2020	SFY 2021
April 2019 forecast expenditures	\$14,394.8	\$14,285.5
HAF factor change effective August 1, 2019	(51.7)	(505.8)
Hepatitis C utilization	(201.5)	(114.6)
POWER reconciliation and update	(146.7)	(37.7)
Nursing home expenditures – faster growth	76.0	90.4
Home health expenditure – slower growth	(38.1)	(37.0)
Division of Aging HCBS rate update	18.5	44.4
Payment timing (from SFY 2019)	89.2	0.0
Other	29.8	3.7
<i>Total changes</i>	<i>(\$224.5)</i>	<i>(\$556.5)</i>
December 2019 forecast expenditures	\$14,170.3	\$13,728.9

Reconciliation to April 2019 Medicaid forecast

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

	SFY 2020	SFY 2021
April 2019 forecast appropriation need	\$2,510.1	\$2,633.6
HAF factor change effective August 1, 2019	0.0	0.0
Hepatitis C utilization	(31.3)	(20.1)
POWER reconciliation and update	(21.9)	(6.0)
Nursing home expenditures – faster growth	26.0	30.9
Home health expenditure – slower growth	(13.0)	(12.7)
Division of Aging HCBS rate update	6.3	15.2
Payment timing (from SFY 2019)	(1.9)	0.0
Other	4.2	8.2
<i>Total changes</i>	<i>(\$31.6)</i>	<i>\$15.4</i>
December 2019 forecast appropriation need	\$2,478.4	\$2,649.1

Additional items

With appropriation need, if any (state share)

	SFY 2020	SFY 2021
December 2019 forecast prior to additions	\$2,478.4	\$2,649.1
Enhanced Graduate Medical Education (GME) payments	0.0	0.0
Adult Mental Health and Habilitation program	0.8	1.6
Aged and Disabled waiver participant-directed services	0.0	0.1
CIHW and FSW updates	<u>0.4</u>	<u>1.5</u>
<i>Total changes</i>	\$1.2	\$3.1
Forecasted appropriation need after incorporating changes	\$2,479.6	\$2,652.2

Note: Final amendments to the CY 2016 capitation rates have been disallowed by CMS due to technical timing concerns, but are projected to ultimately be resolved in the State's favor. This involves an estimated \$54 million in federal share for CY 2016, and \$6 million in federal share for final amendments to CY 2017, should CMS raise the same concerns.

December 2019 Medicaid Assistance Forecast

Average monthly enrollment projection – managed care

Average Monthly Enrollment	FY 2017	<i>Growth</i>	FY 2018	<i>Growth</i>	FY 2019	<i>Growth</i>	FY 2020	<i>Growth</i>	FY 2021
<i>Healthy Indiana Plan</i>									
HIP State Plan Benefits Package	109,310	(4.7%)	104,129	(24.3%)	78,815	0.0%	78,850	0.6%	79,310
HIP Expansion	226,929	0.4%	227,819	(7.3%)	211,244	(6.7%)	197,091	(3.0%)	191,132
HIP Medically Frail	45,930	27.9%	58,741	30.6%	76,707	24.4%	95,402	8.9%	103,881
HIP Pregnant Females	10,254	13.4%	11,629	59.6%	18,555	2.1%	18,952	0.0%	18,953
HIP Link	56	(45.1%)	31						
HIP Hospital Presumptive Eligibility	12,210	(10.0%)	10,992	21.9%	13,403	2.3%	13,706	1.1%	13,857
<i>Total Healthy Indiana Plan</i>	404,688	2.1%	413,342	(3.5%)	398,724	1.3%	404,000	0.8%	407,134
<i>Hoosier Care Connect</i>									
Adult	65,979	(8%)	60,787	(0.5%)	60,489	(1.7%)	59,488	(0.5%)	59,180
Child	25,129	(8%)	23,164	(5.1%)	21,989	(2.8%)	21,375	(0.5%)	21,267
Foster	3,258	77%	5,760	40.9%	8,116	15.2%	9,348	5.2%	9,836
<i>Total Hoosier Care Connect</i>	94,366	(5%)	89,711	1.0%	90,594	(0.4%)	90,212	0.1%	90,283
<i>Hoosier Healthwise</i>									
Adults	503	(73.3%)	134	(62.5%)	50	(29.7%)	35	(3.3%)	34
Children	499,190	5.2%	525,300	(6.5%)	491,328	(0.5%)	488,753	0.5%	491,425
Pregnant Females	18,107	(4.3%)	17,333	(75.6%)	4,224	(17.0%)	3,508	(0.7%)	3,485
CHIP	92,875	15.2%	106,974	1.4%	108,485	(0.1%)	108,395	0.5%	108,983
<i>Total Hoosier Healthwise</i>	610,676	6.4%	649,741	(7.0%)	604,088	(0.6%)	600,691	0.5%	603,927

December 2019 Medicaid Assistance Forecast

Average monthly enrollment projection – fee for service

Average Monthly Enrollment	FY 2017	<u>Growth</u>	FY 2018	<u>Growth</u>	FY 2019	<u>Growth</u>	FY 2020	<u>Growth</u>	FY 2021
<i>Fee For Service</i>									
Institutionalized	33,733	0.6%	33,946	1.1%	34,329	2.6%	35,223	0.5%	35,407
Waiver\State Plan HCBS	41,713	9.5%	45,682	10.7%	50,567	9.1%	55,180	6.8%	58,926
No Level of Care									
Hoosier Healthwise FFS	46,677	(78.5%)	10,028	286.4%	38,747	14.9%	44,532	0.3%	44,678
Dual	79,978	1.1%	80,889	(0.2%)	80,698	0.5%	81,093	1.0%	81,896
Non-Dual	38,654	(4.4%)	36,968	(0.5%)	36,777	2.1%	37,536	0.6%	37,745
Medicare Savings Program	62,592	6.9%	66,933	5.0%	70,288	3.3%	72,598	2.5%	74,384
Limited Benefit Populations	44,251	10.8%	49,016	4.8%	51,370	7.0%	54,963	5.1%	57,777
<i>Total Fee For Service</i>	347,597	(6.9%)	323,462	12.2%	362,777	5.1%	381,125	2.5%	390,813
<i>OVERALL TOTAL</i>	1,457,327	1.3%	1,476,256	(1.4%)	1,456,183	1.4%	1,476,029	1.1%	1,492,156

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.

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 December 5, 2018.



Thank you

Presenter Name

Rob.Damler@milliman.com