

State of Indiana, Family and Social Services Administration

April 2025 Medicaid Forecast Update

Projections through SFY 2027

Updated data through January 2025

April 15, 2025

Confidential



Scope of Budget Forecast

Items not reflected

- **The budget forecast reflects current state and federal laws and regulations, as well as current Indiana Medicaid policies**
- **This forecast does not include proposed regulatory or statutory changes, including but not limited to:**
 - Proposed state Medicaid policy changes (e.g. changes in coverage of ABA therapy)
 - Proposed state legislation, such as:
 - Potential changes to the hospital assessment fee (HAF) program
 - Potential introduction of a managed care assessment fee (MCAF)
 - Potential Healthy Indiana Plan (HIP) program redesign, including the introduction of work requirements
 - Potential limitation on prior authorization
- **If new regulations or policy changes affecting the Medicaid program are implemented at the state or federal level, they will be included in future forecast updates**

April 2025 Medicaid Assistance Forecast

Average monthly enrollment, projected with data through January 2025 – Managed Care

Average Monthly Enrollment	FY 2023	<i>Growth</i>	FY 2024	<i>Growth</i>	FY 2025	<i>Growth</i>	FY 2026	<i>Growth</i>	FY 2027
Healthy Indiana Plan									
HIP State Plan Benefits Package	177,544	(18.1%)	145,429	(16.0%)	122,228	(0.9%)	121,105	0.5%	121,710
HIP Expansion	313,954	5.7%	331,986	4.7%	347,676	0.7%	350,084	0.5%	351,835
HIP Expansion - Medically Frail	238,130	(14.0%)	204,739	(9.2%)	185,864	1.1%	188,002	0.5%	188,942
HIP Pregnant Women	59,668	(14.5%)	51,034	(21.6%)	40,013	(3.6%)	38,589	(0.5%)	38,396
HIP Hospital Presumptive Eligibility	2,527	74.9%	4,418	7.4%	4,746	0.5%	4,770	0.5%	4,793
Total Healthy Indiana Plan	791,823	(6.8%)	737,605	(5.0%)	700,526	0.3%	702,549	0.4%	705,676
Hoosier Care Connect									
Adult	62,115	(7.5%)	57,448	(31.2%)	39,544	0.6%	39,770	0.5%	39,969
Child	23,565	(6.2%)	22,102	1.4%	22,403	1.7%	22,781	1.0%	23,008
Foster	15,727	5.4%	16,579	10.4%	18,307	6.7%	19,542	3.4%	20,198
Total Hoosier Care Connect	101,407	(5.2%)	96,129	(16.5%)	80,253	2.3%	82,092	1.3%	83,175
Hoosier Healthwise									
Adults	847	1.3%	858	(73.8%)	225	(15.1%)	191	0.5%	192
Children	727,093	(11.5%)	643,544	(4.7%)	613,412	1.0%	619,538	1.0%	625,733
Pregnant Women	21,038	(8.7%)	19,204	(32.2%)	13,016	(5.9%)	12,250	(0.5%)	12,188
CHIP	128,638	3.9%	133,600	4.0%	138,987	1.6%	141,243	1.1%	142,854
Total Hoosier Healthwise	877,616	(9.2%)	797,206	(4.0%)	765,639	1.0%	773,221	1.0%	780,967
PathWays									
Nursing Home					22,416	4.8%	23,488	4.5%	24,543
HCBS					28,819	11.1%	32,004	(1.1%)	31,650
Acute					67,807	2.8%	69,700	3.4%	72,073
Total PathWays					119,043	5.2%	125,192	2.5%	128,266



April 2025 Medicaid Assistance Forecast

Average monthly enrollment, projected with data through January 2025 – FFS and Total

Average Monthly Enrollment	FY 2023	<i>Growth</i>	FY 2024	<i>Growth</i>	FY 2025	<i>Growth</i>	FY 2026	<i>Growth</i>	FY 2027
Fee For Service									
Institutionalized	31,574	(0.3%)	31,471	(72.7%)	8,586	(5.2%)	8,136	0.3%	8,161
Waiver\State Plan HCBS No Level of Care	71,246	8.9%	77,591	(38.0%)	48,127	3.2%	49,665	1.8%	50,581
Hoosier Healthwise FFS	29,314	45.0%	42,509	(18.8%)	34,504	(1.8%)	33,883	0.7%	34,122
Dual	105,283	(10.9%)	93,804	(62.1%)	35,589	(2.2%)	34,804	0.5%	34,978
Non-Dual	33,567	(3.2%)	32,487	(14.6%)	27,729	2.5%	28,415	3.1%	29,282
Medicare Savings Program	64,300	5.7%	67,987	12.4%	76,449	3.5%	79,140	3.0%	81,514
Limited Benefit Populations, HIP ESO	94,010	21.6%	114,343	12.6%	128,701	12.9%	145,337	15.0%	167,137
Total Fee For Service	429,294	7.2%	460,193	(21.8%)	359,686	5.5%	379,379	7.0%	405,775
OVERALL TOTAL	2,200,140	(5.0%)	2,091,133	(3.2%)	2,025,147	1.8%	2,062,434	2.0%	2,103,859

Key enrollment projection assumptions:

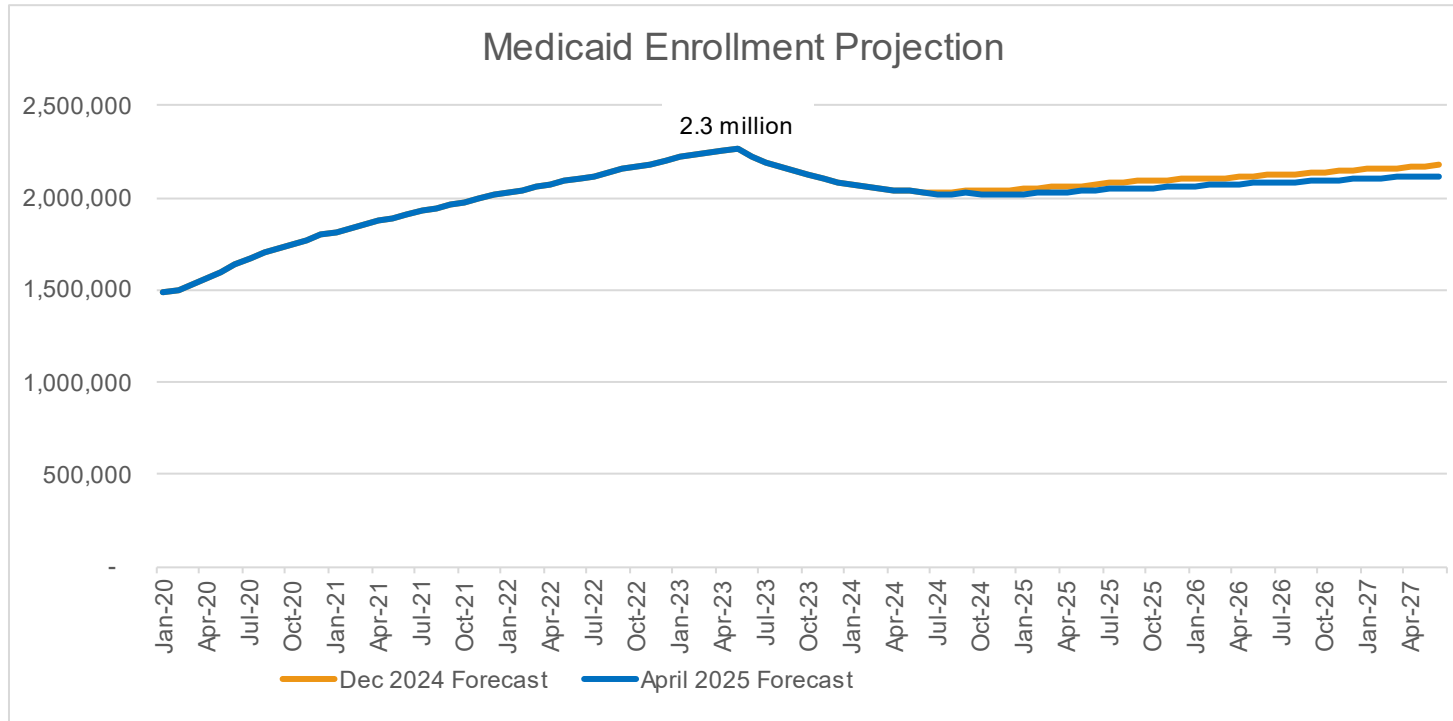
- Actual data through January 2025, with adjustments for completion
- Baseline growth of approximately 3,300 per month for the overall program, with annual growth rates varying by population: 0.5% for HIP, 1.0% to 2.0% for children, 0.5% to 3% for the aged (depending on dual/non-dual and setting).
- Actual waiver enrollment through January 2025 is currently reflected, along with a planned catch-up on waitlist invitations and no slot growth for H&W and PathWays from SFY 2025 through SFY 2027
- The forecast reflects higher (15%) annual trend for the Limited Benefit/HIP ESO population – enrollment trends have been very high for past few years, but have slowed in recent months. Previous forecast reflected a 20% annual trend, which has been reduced, but high trends still anticipated.



Enrollment Projection

Compared to the December 2024 Forecast Update

Projection Notes



- Enrollment levels are projected to be lower for SFY 2025 through SFY 2027 compared to previous forecast, based on emerging experience through January 2025
 - SFY 2025: 1.0% lower
 - SFY 2026: 1.8% lower
 - SFY 2027: 2.1% lower
- Important to monitor impacts of renewal processing changes and economic factors as enrollment experience continues to emerge

January 2025 enrollment levels were **1.4%** lower than what was projected in December 2024 Forecast (2,019,177 vs. 2,047,172)



April 2025 Medicaid Assistance Forecast Update

Data through January 2025

EXPENDITURES, in \$millions	FY 2023	<i>Growth</i>	FY 2024	<i>Growth</i>	FY 2025	<i>Growth</i>	FY 2026	<i>Growth</i>	FY 2027
Healthy Indiana Plan	\$6,310.7	(6.8%)	\$5,882.3	0.0%	\$5,882.7	17.2%	\$6,893.4	8.5%	\$7,479.6
Hoosier Care Connect	1,505.0	14.7%	1,725.6	(11.2%)	1,532.0	(8.3%)	1,404.7	20.1%	1,687.6
Hoosier Healthwise	2,206.1	24.6%	2,749.5	8.1%	2,972.7	(2.8%)	2,890.7	6.9%	3,089.6
Pathways (MLTSS)					4,146.2	17.4%	4,866.1	5.0%	5,110.5
Fee for Service - non-LTSS	2,200.3	13.9%	2,505.6	(11.1%)	2,228.7	11.9%	2,494.0	11.4%	2,779.2
Fee for Service LTSS - Institutional	2,413.5	8.8%	2,625.9	(63.7%)	952.4	(17.6%)	785.2	4.1%	817.5
Fee for Service LTSS - Community	2,146.6	66.4%	3,572.8	(34.4%)	2,343.7	0.9%	2,364.0	1.7%	2,403.8
Medicare Buy-In, Clawback	774.3	3.4%	800.9	4.8%	839.7	7.7%	904.5	4.7%	947.0
Rebates and Collections	(1,396.1)	2.9%	(1,436.2)	23.2%	(1,768.8)	(7.0%)	(1,645.2)	6.2%	(1,746.5)
Remove CHIP and MFP	(320.7)	31.2%	(420.7)	3.2%	(434.2)	1.1%	(438.8)	7.8%	(472.9)
Other Expenditures (DSH, UPL, etc.)	2,060.0	(32.6%)	1,387.6	27.2%	1,764.7	(18.9%)	1,430.4	35.5%	1,937.8
Medicaid Expenditures (State and Federal)	\$17,899.8	8.3%	\$19,393.3	5.5%	\$20,460.0	7.3%	\$21,949.0	9.5%	\$24,033.3
FUNDING, in \$millions	FY 2023	<i>Growth</i>	FY 2024	<i>Growth</i>	FY 2025	<i>Growth</i>	FY 2026	<i>Growth</i>	FY 2027
Federal Funds	\$13,416.5	0.6%	\$13,497.9	3.7%	\$13,999.6	8.1%	\$15,130.2	9.7%	\$16,602.9
IGTs	422.6	2.5%	433.1	4.0%	450.3	21.8%	548.5	5.8%	580.1
Provider Tax Receipts	181.7	(8.4%)	166.5	52.4%	253.7	(25.6%)	188.8	3.3%	195.1
HAF Funding	676.6	7.9%	729.8	24.0%	904.7	(20.7%)	717.7	21.3%	870.8
HIP Funding	566.1	(13.3%)	490.9	(2.9%)	476.7	19.8%	570.9	8.3%	618.3
QAF Transfer to SBA	(41.8)	(2.0%)	(40.9)	3.0%	(42.2)	3.0%	(43.4)	3.0%	(44.7)
Non-Medicaid Assistance Funds	\$15,221.7	0.4%	\$15,277.2	5.0%	\$16,042.8	6.7%	\$17,112.5	10.0%	\$18,822.5
Forecasted Medicaid GF Assistance Need	\$2,678.1	53.7%	\$4,116.1	7.3%	\$4,417.2	9.5%	\$4,836.5	7.7%	\$5,210.8
General Fund Medicaid Assistance Appropriation	\$2,931.9	26.9%	\$3,721.5	12.8%	\$4,196.6				
Sub-total (Shortfall)/Surplus	\$253.8		(\$394.6)		(\$220.6)				
Augmentation/(Reversion) amount	(\$525.0)		\$255.2						
Balance After Augmentation/(Reversion)	(\$271.2)		(\$139.4)						

Note: Forecasted amounts do not reflect future federal and state policy changes



Comparison to the December 2024 Medicaid Forecast

Appropriation Need, in \$millions	SFY 2025 (actual & estimated)	SFY 2026 (estimated)	SFY 2027 (estimated)
December 2024 Forecast appropriation need	\$ 4,429.3	\$ 4,846.9	\$ 5,182.4
1. Managed Care Enrollment Changes	(44.2)	(31.7)	(28.0)
2. Updated FFS Expenditures	(2.1)	32.6	59.5
3. Reflect Higher Rx Rebate Collection	(9.5)	(5.7)	(6.0)
4. PathWays Year 1 Risk Corridor (Estimated)	0.0	51.2	51.2
5. CY 2024/2025 H-Program Risk Corridors (Estimated)	0.0	38.8	35.8
6. CY 2023 Risk Corridor Payment Timing Change	37.1	(37.1)	0.0
7. Updated Estimates for Future Cap Rate Changes	0.0	(8.2)	(10.5)
8. Nursing Facility Cost Per Diem - Updated Projections	0.0	(4.1)	(6.8)
9. FQHC - Updated Projections & FMAP Application	(3.6)	(55.0)	(57.6)
10. FFY 2027 FMAP Changes	0.0	0.0	(13.7)
11. PRTF/MFP IGT Changes	6.3	5.9	6.0
12. Other	3.9	2.9	(1.5)
<i>Total changes</i>	<i>(12.1)</i>	<i>(10.4)</i>	<i>28.4</i>
Current Forecast appropriation need	\$ 4,417.2	\$ 4,836.5	\$ 5,210.8



Comparison to the December 2024 Medicaid Forecast

Total Expenditures, in \$millions	SFY 2025 (actual & estimated)	SFY 2026 (estimated)	SFY 2027 (estimated)
December 2024 Forecast expenditures	\$ 20,642.4	\$ 21,947.8	\$ 23,086.9
1. Managed Care Enrollment Changes	(151.7)	(187.6)	(190.6)
2. Updated FFS Expenditures	(5.7)	92.9	124.9
3. Reflect Higher Rx Rebate Collection	(67.3)	(40.6)	(41.9)
4. PathWays Year 1 Risk Corridor (Estimated)	0.0	145.2	145.2
5. CY 2024/2025 H-Program Risk Corridors (Estimated)	0.0	280.3	261.3
6. CY 2023 Risk Corridor Payment Timing Change	121.8	(121.8)	0.0
7. Updated Estimates for Future Cap Rate Changes	0.0	168.8	460.5
8. Nursing Facility Cost Per Diem - Updated Projections	0.0	(11.7)	(19.4)
9. Nursing Facility UPL - Updated Projections	0.0	85.6	116.5
10. DSH Payments - Updated Projections	(106.5)	(368.5)	52.2
11. FQHC - Updated Projections & FMAP Application	50.4	(24.4)	(12.5)
12. Other	(23.4)	(17.0)	50.2
<i>Total changes</i>	<i>(182.4)</i>	<i>1.2</i>	<i>946.4</i>
Current Forecast expenditures	\$ 20,460.0	\$ 21,949.0	\$ 24,033.3



Areas With Highest Likelihood of Underestimation

Cautions and top areas to watch

- **Risk corridor payments**
 - Uncertainty regarding amount of final payments, particularly for PathWays program
 - Payment amounts will be depend on whether MCEs are able to curb recent high program cost trends and fix payment issues in PathWays
- **Economic uncertainty**
 - A recession or other economic downturn – potentially influenced by recently introduced tariffs – could lead to higher Medicaid enrollment levels and increased costs
- **Sustained high cost and utilization trends in targeted areas**
 - Attendant care, ABA, pharmacy, and home health services have experienced high cost and utilization trends in recent years
- **Uncertain costs of new program and policy changes**
 - New programs such as the CCBHC program are associated with uncertain costs that should be monitored
- **Higher-than-expected Medicare fee schedule increases**
 - Since Indiana Medicaid’s physician and ancillary fee schedules are tied to the Medicare fee schedule, future year increases in the Medicare fee schedule will impact Indiana Medicaid expenditures

CHIP

Funding Projections

- Increasing cost due to enrollment growth, PMPM growth, and phase out of the enhanced FMAP
- Reflects status quo ABA utilization management
- FMAPs through FFY 2026 are final and FFY 2027 are preliminary, as provided by FFIS
- Added a one-time adjustment for SFY 2024 HAF in SFY 2025

State of Indiana Family and Social Services Administration Analysis of CHIP State Funding, in \$millions					
	SFY 2023	SFY 2024	SFY 2025	SFY 2026	SFY 2027
Projected CHIP expenditures	\$ 305.2	\$ 388.8	\$ 407.3	\$ 423.5	\$ 448.3
Applicable FMAP	80.12%	76.56%	75.56%	75.35%	75.38%
State share	60.7	91.1	99.6	104.4	110.4
Projected HAF Funding	7.9	4.7	14.8	15.5	15.6
SFY 2024 HAF Funding Adjustment			<u>9.3</u>		
Projected appropriation need	\$ 52.8	\$ 86.4	\$ 75.4	\$ 88.9	\$ 94.7
Appropriation - CHIP Assistance	51.1	67.6	64.6		
Surplus / (Shortfall)	(\$ 1.7)	(\$ 18.8)	(\$ 10.8)		



Thank you

