

STATE FISCAL YEAR 2020

MEDICAID BUDGET PROJECTION

HOUSE APPROPRIATIONS SUBCOMMITTEE

FEBRUARY 4, 2020



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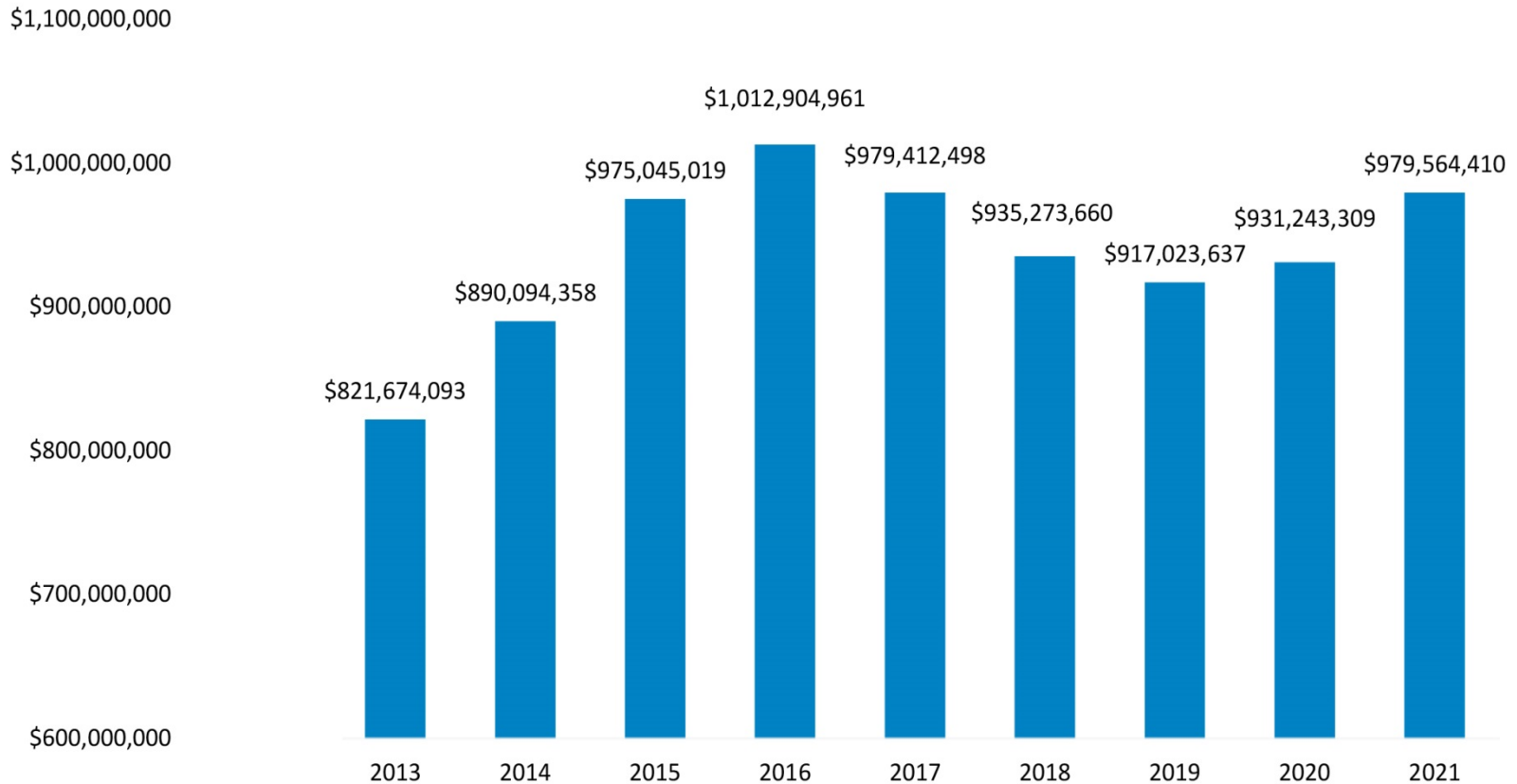
SFY21 Budget

The Division is on track for second consecutive balanced budget in SFY20, but budget will need to be actively and aggressively managed to position agency for balance in SFY21.

- Original projection: \$979M
 - Final year of managed care health insurer fee
 - Decreased federal match for ~75,000 CHIP/Quasi-CHIP members
- FFY21 FMAP dampens request slightly, but offset by medical trends and Medicare reimbursement hikes
- JLBC recommendation: \$929M | EBR: \$931M
- Value opportunities in medical services and administration are available to get DOM to EBR number in 2021; but could require legislative support

State Support Funding

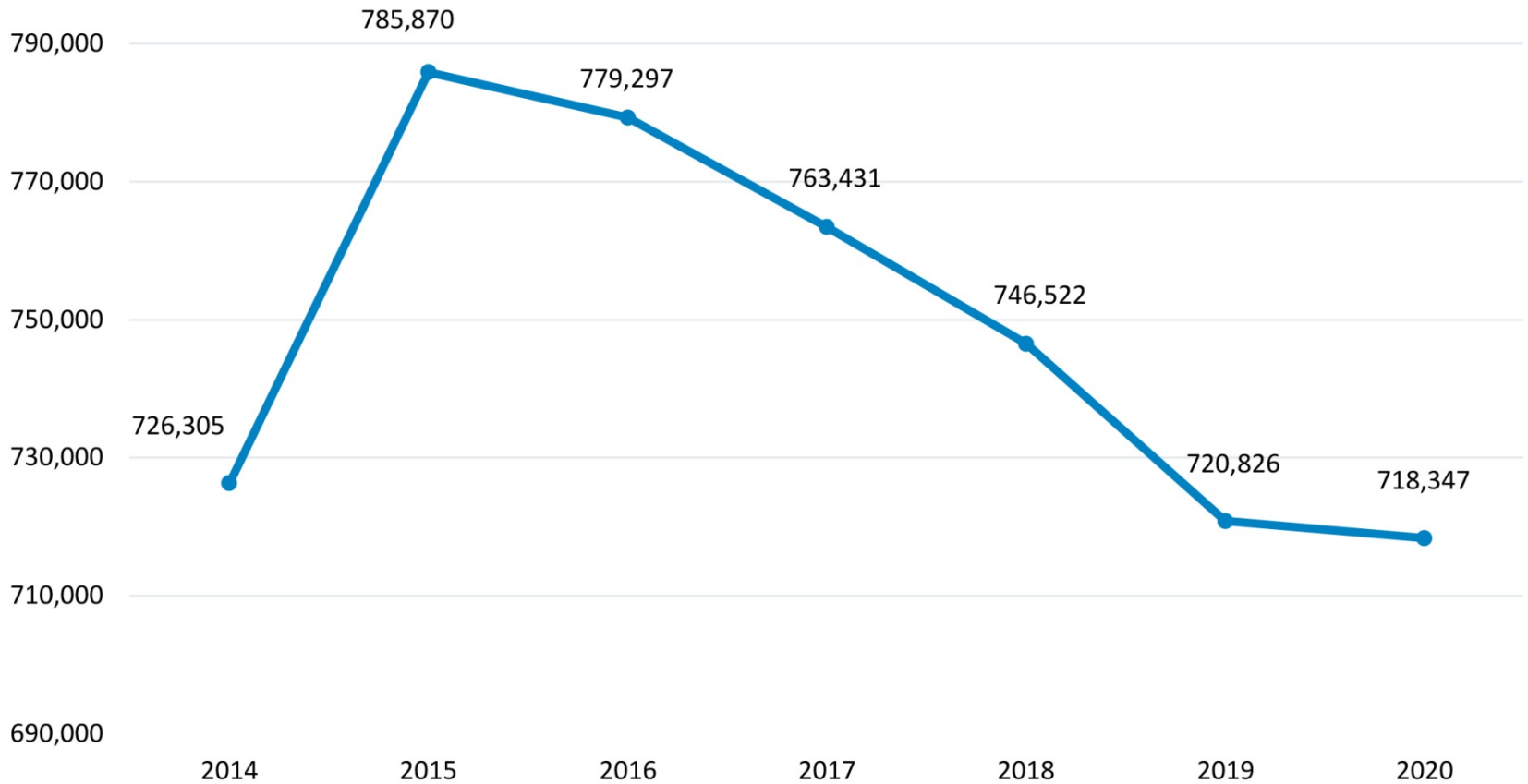
STATE FISCAL YEARS 2013-2021



Total state support funding, including deficit appropriations, by state fiscal year (2021 amount reflects budget projection).

Annual Enrollment

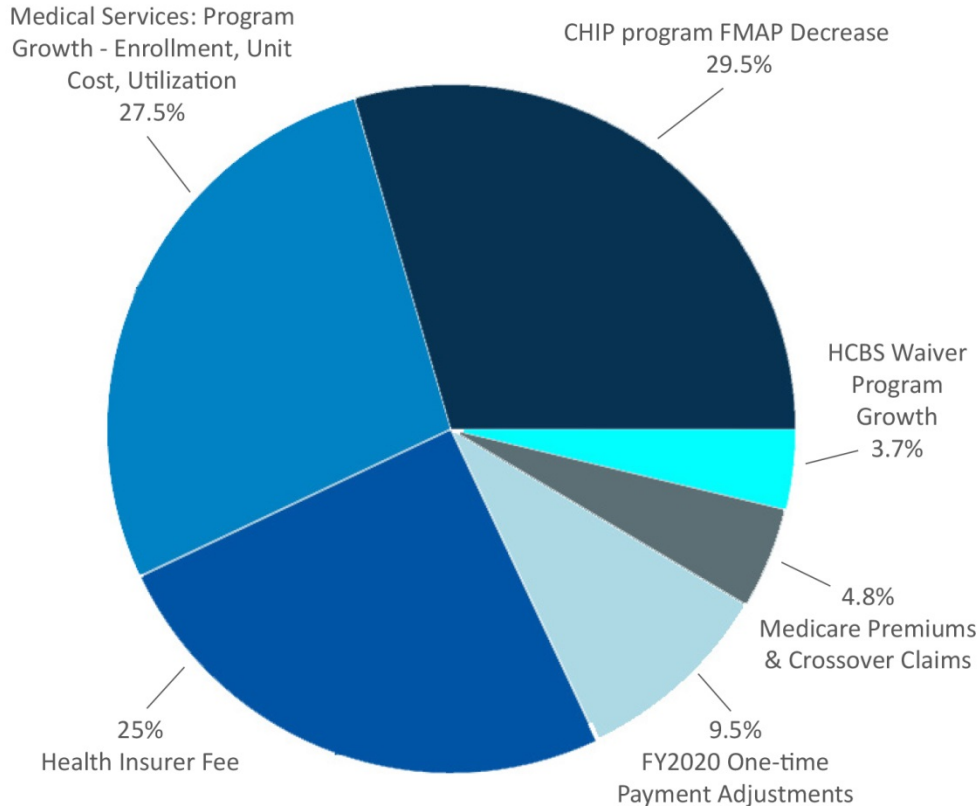
STATE FISCAL YEARS 2014-2020



The average annual enrollment, including Medicaid and the Children's Health Insurance Program (CHIP), for the previous six state fiscal years and the first six months of state fiscal year 2020.

Cost Factors

KEY IMPACTS ON FY 2021 PROJECTION



> In FY 2021, the federal funding rate for CHIP will decrease from 95.39% to 84.10%.

FY 2020 Appropriation:

> General Funds	\$868,013,306
> Health Care Expendable Funds	\$63,230,003
FY 2020 Direct State Appropriated Funds	\$931,243,309

FY 2021 Impacts on State Fund Projection:

> CHIP program FMAP Decrease and Program Growth	\$15,960,227
> Medical Services: Program Growth - Enrollment, Unit Cost, Utilization *	\$14,873,275
> Health Insurer Fee -MSCAN and CHIP	\$13,497,224
> FY 2020 One-time Payment Adjustments	\$5,113,338
> Medicare Premiums & Crossover Claims	\$2,598,175
> HCBS Waiver Program Growth - Enrollment, Utilization, Unit Cost	\$2,012,326
> Administrative Services - reduction in IT infrastructure expenditures	(\$1,572,369)
> 100% State Funded Grant - no funding requested in FY 2021	(\$4,161,095)

Additional Direct State Funds Projection **\$48,321,101**

FY 2021 Direct State Funds Projection **\$979,564,410**

* Includes \$1 million in state funding for increases in Graduate Medical Education payments.

Medicaid Funding Sources

PROJECTED SOURCES OF FY 2021 FUNDING

FY 2021 Funding Sources

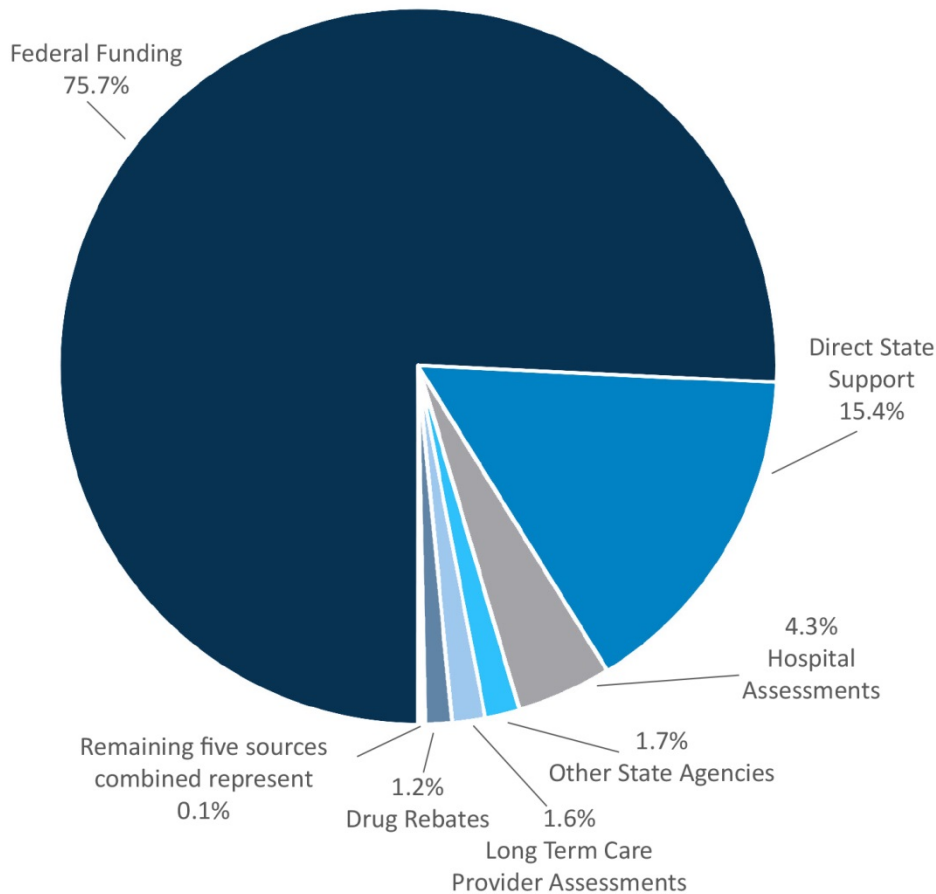
> Federal Funding	\$4,813,781,793
> Direct State Support	\$979,564,410
> Hospital Assessments	\$273,798,534
> Other State Agencies - State Portion	\$97,908,454
> Long-Term Care Facility Provider Assessments	\$94,275,897
> Drug Rebates*	\$75,207,000
> MAPS - UMMC	\$8,457,171
> Provider Refund of Overpayment*	\$4,580,790
> Long-Term Care Facility UPL IGTs	\$3,772,359
> Physician UPL IGTs	\$2,500,000
> Interest, Misc. Collections	\$1,858,200

Total **\$6,355,704,608**

* Reported as reduction in medical expenditures instead of revenue.

> Federal	\$4,813,781,739
> State Share	\$1,462,135,025
> Total Spending	\$6,355,704,608

> Direct State Support	\$979,564,410
> Other State Support	\$99,516,654
> Provider Assessments	\$383,053,961
	\$1,462,135,025



Non-Federal Share

The state burden, or non-federal share of Medicaid for SFY 2020, is funded through a variety of sources.

		Description Enrollment Case Manager	Non-Federal Share \$
Direct State Support	General Funds	<ul style="list-style-type: none"> Primary source of state funding 	<ul style="list-style-type: none"> \$868.0 million
	State Support Special	<ul style="list-style-type: none"> Health care expendable fund / covers medical services share Previously relied on for deficit appropriations 	<ul style="list-style-type: none"> \$63.2 million
Other Special Funds	Provider Assessments	<ul style="list-style-type: none"> Funds ~\$763M in hospital payments for DSH and MHAP DSH (\$53.5M), MHAP (\$127M), Hospital Tax (\$100.9M), LTC Tax (\$94.2M) 	<ul style="list-style-type: none"> \$375.6 million
	GNS NF IGTs	<ul style="list-style-type: none"> Available to government non-state facilities through IGT Paid in advance of the UPL distribution 	<ul style="list-style-type: none"> \$3.58 million
	UMMC IGTs	<ul style="list-style-type: none"> FFS Physician UPL program (\$2.4M) MCO Medicaid Access to Physician Services (\$8.3M) 	<ul style="list-style-type: none"> \$10.7 million
	Other Agency IGTs	<ul style="list-style-type: none"> State match transfers invoiced for claims from other state agencies Depts. of Rehab Services, Mental Health, Health, and Corrections 	<ul style="list-style-type: none"> \$98.9 million
	UMMC MAPS	<ul style="list-style-type: none"> Various refunds and interest 	<ul style="list-style-type: none"> \$8.4 million

Some Final Points

- Many Mississippi Medicaid provider reimbursements are strong compared to other state Medicaid programs
 - (e.g., Dental Services 142% of Peer States' Rates, Medicaid-to-Medicare Ratio for Physician Fee Schedule Top 10 in country, outpatient hospital rates close to Medicare UPL max, high pharmacist dispensing fees, nursing home per diems)
- Several provider payments increase annually because of increases in Medicare payment rates or increases in provider's costs
- Overall tax burden for hospitals has decreased in last couple of years
- "Medicaid waivers" take a long time for CMS to approve and must satisfy budget neutrality requirements
- Additional financing gimmicks could have difficulty under fiscally-focused federal leadership
- New high-dollar drugs are huge challenge to program sustainability
- Fraud referrals are up
- Most big reforms require changes to computer systems; not always fast

QUESTIONS?