

Division of Medicaid

1-10-2023 Senate Budget Hearing

2023	Total	Federal	State	Ending Cash Balance
Initial Budget	7,203,565,926	5,797,984,336	1,405,581,590	495,498,284
1/10/23 Update	6,985,548,542	5,775,515,594	1,210,032,948	652,945,386
<i>Difference</i>	<i>(218,017,384)</i>	<i>(22,468,742)</i>	<i>(195,548,642)</i>	<i>157,447,102</i>
2024	Total	Federal	State	Ending Cash Balance
Initial Budget	6,956,015,132	5,324,990,907	1,631,024,225	183,762,933
1/10/23 Update	6,468,672,426	5,229,532,964	1,239,139,462	403,710,875
<i>Difference</i>	<i>(487,342,706)</i>	<i>(95,457,943)</i>	<i>(391,884,763)</i>	<i>219,947,942</i>

Budget projections will be updated again in March.

Budget Notes
<p>The enhanced FMAP will be phased out by the end of CY2023:</p> <ul style="list-style-type: none"> +6.2 percentage points January-March +5.0 percentage points April-June +2.5 percentage points July-September +1.5 percentage points October-December <p>Eligibility redeterminations must begin by April 2023 and be completed within one year.</p> <p>Enrollment has risen to record highs while the continuous enrollment condition has been effect. There were 882,849 Medicaid and CHIP enrollees in December 2022, an increase of 23.1% since March 2020.</p> <p>At the current rate of spending, the cash surplus will be depleted during FY2026.</p> <p>Medicaid will continue to include a Risk Corridor in capitation rates in FY2024.</p> <p>Managed Care procurement is still in protest. This could delay implementation of new contracts until FY2025.</p> <p>Implementation of the new managed care contracts will coincide with implementation of a single Pharmacy Benefit Administrator.</p> <p>The new MMIS went live October 1, 2022. Provider education workshops continue to be held. Claims payment percentages have steadily increased since go-live.</p> <p>Requests for approval of ambulance enhanced payments have been sent to CMS. Payments and provider tax collections will begin once approvals are received.</p> <p>Graduate Medical Education utilization and costs continue to increase. There is an expected \$2M increase in FY2024 due to utilization and FMAP changes, and an expected \$2.2M increase due to a policy change. These cost changes are state share only.</p> <p>A request for approval of an Emergency 1135 Waiver for hospital payments has been submitted to the Committee Chairmen. The current estimate is \$70M. DOM is looking into options for increased hospital payments, but options are limited due to federal regulations and current hospital payment levels.</p>

Hospitals receive approximately \$750M annually in add-on payments through Medicaid program. The total benefit of those add-on payments is reduced by assessments which finance the state share of the add-on payments and some Medicaid medical services. As FMAP decreases, the net benefit also decreases.

Hospital Provider Assessments					
Fiscal Year	Bed Assessment	Hospital - MHAP	Hospital - DSH	Total by FY	Blended FMAP*
2019	\$ 102,903,125	\$ 126,853,752	\$ 54,248,975	\$ 284,005,852	0.7621
2020	\$ 89,253,125	\$ 106,995,369	\$ 41,532,644	\$ 237,781,138	0.7993
2021	\$ 74,881,250	\$ 86,523,908	\$ 37,337,581	\$ 198,742,739	0.8377
2022	\$ 74,037,500	\$ 88,647,162	\$ 36,876,864	\$ 199,561,526	0.8437
2023	\$ 75,068,750	\$ 91,482,964	\$ 39,295,684	\$ 205,847,398	0.8387
2024	\$ 90,068,750	\$ 122,393,203	\$ 60,662,884	\$ 273,124,837	0.7857

** All three assessments are dependent in some way on the FMAP in effect on the date of payment. The FMAP for 2024 is estimated; the final will be posted in the Federal Register later this spring.*