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State of Indiana

Indiana Family and Social Services Administration

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The Monthly Medicaid Financial Report for March 2025 was released today.

Note to Readers

The forecasted monthly Medicaid expenditures, enrollment and funding are based on the December 2024 Medicaid forecast, which considered data through October 2024. Information on the latest forecast is available here.

State Fiscal Year 2025 began on July 1, 2024, and ends on June 30, 2025.

Results and Commentary

Enrollment

- As of March 2025, Medicaid enrollment across all programs and delivery systems totaled 1,971,840 individuals, which is 83,963 (4.1%) below the forecasted amount. Compared to the actual enrollment in March 2024 of 1,994,540, enrollment is down 22,700. Year-to-date average monthly enrollment is 103,205 (4.9%) below the average monthly enrollment year-to-date in March 2024. Average monthly enrollment year-to-date (YTD) for SFY 2024 through March was 2,110,240.

- With the launch of the managed Long-Term Services and Supports (mLTSS) program Indiana PathWays for Aging on July 1, enrollment of 116,785 individuals shifted from Medicaid fee-for-service and Hoosier Care Connect to the new PathWays managed care program. The current YTD average monthly enrollment for PathWays through March 2025 is 117,015.

Expenditures

- Medicaid expenditures YTD through March totaled $15.1B, which is $491.3M (3.2%) below the estimated amount in the December 2024 Medicaid forecast and $147.6M (1.0%) below expenditures YTD in March 2024.

- Managed care expenditures are based on capitated per-member-per-month (PMPM) payments to managed care entities (MCEs), as opposed to utilization experience or actual claims paid by MCEs. As a result, enrollment is the primary driver of managed care variances. Overall managed care

expenditures are $180.4M (1.6%) below the estimated amount in the December 2024 Medicaid forecast.

- SFY 2025 managed care expenditures YTD are $2.3B (27.2%) above expenditures YTD in March 2024, driven primarily by the transition of members and related expenditures from the fee-for-service delivery system to the new Indiana PathWays for Aging managed care program. However, lower than forecasted enrollment in the PathWays program is resulting in a $83.9M (2,7%) favorable variance in expenditures from the amount projected in the December 2024 Medicaid forecast.

- Favorable variance to forecast in SFY 2025 YTD for the Healthy Indiana Plan (HIP), is being driven by lower enrollment in the program YTD. The HIP program is predominately funded through an increased federal medical assistance percentage (FMAP), a portion of state cigarette tax revenue, and hospital assessment fees. As a result, these expenditures do not impact the State's general fund.

- Fee-for-service (FFS) expenditures reflect a favorable YTD variance to forecast of $58.7M. Primary drivers include positive variances being seen in Long-Term Institutional Care, Long-Term Community Care and State Plan service expenditures. Nursing Facility YTD expenditures total $420.3M, which is $0.2M below the amount in the December 2024 Medicaid forecast.

- Effective July 1, the prior Aged & Disabled (A&D) Waiver transitioned into two separate waivers: the Health & Wellness (H&W) Waiver for individuals under age 60 and the Indiana PathWays for Aging (PathWays) Waiver for individuals aged 60 and older. Home and Community-Based Services (HCBS) expenditures for services under the Aged & Disabled (A&D) waiver provided before but paid after the July 1, 2024, transition continue to outpace forecast. HCBS Waiver services overall have a favorable variance to forecast of $14.9M largely driven by the lower than forecasted expenditures under the H&W waiver.

- State Plan Services expenditures reflect a favorable variance to the forecast of $38.4M with the main drivers being lower than forecasted hospital services and certified community behavioral health clinic cost, offset in part by higher than forecasted expenditures in home health services.

- Manual expenditures include supplemental payments paid to providers throughout the year but have a minimal impact on the State's general funds as the state share of these costs are paid through Intergovernmental Transfers (IGTs) or assessment fees. Lower than forecasted provider supplemental payments for Disproportionate Share Hospital (DSH) payments are the primary drivers of the SFY 2025 YTD positive variance partial offset

by higher than forecasted expenditures in Nursing Facility and FQHC/RHA supplemental payments.

- A positive variance to forecast in the Other Expenditures category is primarily driven by pharmacy rebate collections being higher than forecasted, which provides an offset for the cost of drugs provided to Medicaid recipients.

- Children Health Insurance Plan (CHIP) and Money Follows the Person (MFP) expenditures are not paid through the Medicaid Assistance fund and therefore are removed from the total expenditures reported. CHIP current monthly expenditures are showing as a credit due to the timing of expenditures adjustments.

- Overall, decreased SFY 2025 YTD expenditures compared to prior year expenditures are mainly driven by lower FFS expenditures and higher pharmacy rebate collections while offset partially by increased Managed Care expenditures.

Funding

- General fund usage year-to-date through March 2025 totaled $3.5B, which represents approximately 23.3% of the overall funding for Medicaid Assistance expenditures while 67.7% comes from federal funds and 9.0% comes from Intergovernmental transfers and provider taxes.

- Through March 2025, the current SFY funding shortfall is estimated at $359.7M. This shortfall is expected to fluctuate throughout the year based on the timing of funding and expenditures, particularly as it pertains to non-federal and non-state funds such as IGTs and assessment fees. Month-to-month changes are to be interpreted within the full fiscal year forecast.