

April 2019 Medicaid Forecast update

State of Indiana
Family and Social Services Administration

Projections through SFY 2021

Updated data through January 2019

APRIL 17, 2019



Medicaid forecast

Projection methodology

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



Prior period adjustments

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

Project **Approved** future program changes

April 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%	\$3,147.1	20.5%	\$3,792.9	23.5%	\$4,682.9	(3.5%)	\$4,519.2
Hoosier Care Connect	1,343.9	10.7%	1,487.4	(8.0%)	1,367.9	20.0%	1,642.1	(5.3%)	1,554.8
Hoosier Healthwise	1,716.3	3.8%	1,781.5	(8.2%)	1,636.3	12.1%	1,834.1	(5.3%)	1,736.1
Healthy Indiana Plan 1.0	(85.1)	(100%)	(0.0)	(100%)	0.0	0%	0.0	0.0%	0.0
Fee for Service	1,445.1	10.1%	1,591.6	11.3%	1,771.6	18.7%	2,103.2	6.1%	2,232.5
Long Term Care Institutional Care	1,810.2	(2.3%)	1,769.0	5.8%	1,871.4	4.3%	1,951.8	4.0%	2,029.8
Long Term Care Community Care	1,005.7	9.9%	1,105.5	12.4%	1,242.6	7.6%	1,336.8	5.7%	1,412.5
Medicare Buy-In, Clawback	469.5	(1.2%)	463.7	18.5%	549.5	4.1%	571.8	7.6%	615.4
Rebates and Collections	(807.0)	11.7%	(901.6)	23.9%	(1,117.2)	(0.7%)	(1,109.9)	12.9%	(1,252.7)
Remove CHIP, HIP 1.0, MFP	(187.3)	45.2%	(272.1)	(19.1%)	(220.0)	12.7%	(248.0)	(4.7%)	(236.4)
Other Expenditures (DSH, UPL, etc.)	1,693.5	(26.4%)	1,247.2	27.2%	1,586.8	2.7%	1,630.0	2.7%	1,674.2
Medicaid Expenditures (State and Federal)	\$11,485.9	(0.6%)	\$11,419.3	9.3%	\$12,481.8	15.3%	\$14,394.8	(0.8%)	\$14,285.5
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	7.8%	\$8,716.9	15.6%	\$10,079.2	(1.7%)	\$9,908.9
IGTs	641.9	(6.6%)	599.4	3.3%	619.3	(19.5%)	498.7	1.8%	507.9
Provider Tax Receipts	196.7	(4.0%)	188.8	8.4%	204.7	13.8%	233.0	(6.5%)	217.8
HAF Funding	422.3	(5.9%)	397.4	39.8%	555.5	30.8%	726.4	(9.5%)	657.1
HIP 2.0 Funding	151.3	71.1%	258.9	5.6%	273.2	45.8%	398.3	3.4%	411.8
QAF Transfer to SBA	(49.4)	(0.2%)	(49.3)	(2.1%)	(48.3)	5.2%	(50.8)	1.5%	(51.6)
Non-Medicaid Assistance Funds	\$9,518.4	(0.4%)	\$9,483.1	8.8%	\$10,321.5	15.1%	\$11,884.7	(2.0%)	\$11,651.8
IGT Base Shift							135.5	0.0%	135.5
Forecasted Medicaid GF Assistance Need	\$1,967.5	(1.6%)	\$1,936.3	11.6%	\$2,160.4	16.2%	\$2,510.1	4.9%	\$2,633.6
General Fund Medicaid Assistance Appropriation	\$2,117.0	(6.4%)	\$1,980.6	13.0%	\$2,238.5				
Dedicated funding			\$6.0		\$6.0				
Sub-total (Shortfall)/Surplus	\$149.5		\$50.3		\$84.1				
Carry forward of unexpended appropriations			\$127.7						

Medicaid forecast

Included items

- **Enhanced hospital reimbursement** as updated through August 1, 2018
- **Capitation payment updates:** Through CY 2019 amounts, 1.5% increase assumed thereafter
- **Health insurer fee**
 - SFY 2020 (for CY 2018): \$131.1 million, \$25.2 million GF (delayed from SFY 2019)
 - SFY 2021 (for CY 2020): \$136.7 million, \$27.2 million GF
- **CY 2015 MLR recoupment:** \$114.5 million, GF Impact - \$18.4 million reduction
- **HHW retroactive eligibility** settlement: \$38.3 million estimated cost, \$16.5 million GF
- **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 begins in 2019
 - Administrative costs – cost of approximately \$19 million per year, \$1.4 million GF

Medicaid forecast

Adjustments retained from the prior forecast

- **Hepatitis C**

- Projects treating **9,000** members in each of SFY 2020 and SFY 2021 (up from 1,200 in SFY 2018, an increase of 7,800)
- Cost approximately **\$48,000** per treated member, with 60% rebate received several months later
- Fiscal impact of \$261.9 million for SFY 2020 and \$147.7 million for SFY 2021 (GF impact - \$37.9 million for SFY 2020, \$24.6 million for SFY 2021)

- **IGTs:** Elimination of IGTs – move funding into Medicaid Assistance appropriation

- Eliminate \$29.5 million HCI IGT
- Eliminate \$13.1 million MAW IGT
- Eliminate \$92.9 million residential services IGT
- General Fund impact of \$135.5 million

Reconciliation to December 2018 Medicaid forecast

Appropriation need (state share)

	SFY 2019	SFY 2020	SFY 2021
December 2018 forecast appropriation need	\$2,200.6	\$2,457.6	\$2,580.7
LTSS growth, mainly enrollment	2.6	19.2	26.9
Part D clawback	22.1	15.5	16.9
CY 2018 health insurer fee, payment timing	(25.2)	25.2	
CY 2018/19 capitation updates, timing	(16.0)	16.0	
Pharmacy rebates	(21.9)	(5.5)	7.4
Program and policy changes (next slide)		(2.3)	0.7
Other	(1.8)	(15.6)	(1.0)
Total changes	(\$40.2)	\$52.5	\$52.9
April 2019 forecast appropriation need	\$2,160.4	\$2,510.1	\$2,633.6

Additional items

With appropriation need (state share)

	SFY 2020	SFY 2021
April 2019 forecast prior to additions	\$2,512.4	\$2,632.9
DME methodology change	0.1	0.1
VFC Administration fee	0.0	0.0
End HIP enhanced MRO reimbursement	(4.8)	(5.2)
HIP Bridge	0.9	3.5
A&D waiver slots increase	0.0	0.0
A&D waiver level of service tool	0.3	0.0
Transportation reimbursement increase	1.2	2.3
Total changes	(\$2.3)	\$0.7
Forecasted appropriation need after incorporating changes	\$2,510.1	\$2,633.6

April 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
Healthy Indiana Plan									
HIP State Plan Benefits Package	109,307	(4.8%)	104,113	(24.3%)	78,773	(2.8%)	76,600	(0.2%)	76,481
HIP Expansion	226,939	0.4%	227,799	(6.7%)	212,608	(3.2%)	205,731	(2.7%)	200,195
HIP Medically Frail	45,937	27.9%	58,738	27.5%	74,918	15.4%	86,485	7.2%	92,741
HIP Pregnant Females	10,254	13.4%	11,629	62.4%	18,880	1.7%	19,200	(0.5%)	19,104
HIP Link	56	(45.1%)	31						
HIP Hospital Presumptive Eligibility	12,209	(9.9%)	10,995	24.5%	13,693	3.1%	14,111	0.5%	14,181
Total Healthy Indiana Plan	404,702	2.1%	413,304	(3.5%)	398,871	0.8%	402,127	0.1%	402,702
Hoosier Care Connect									
Adult	66,004	(8%)	60,816	(0.4%)	60,586	(0.7%)	60,184	0.0%	60,184
Child	25,131	(8%)	23,166	(4.8%)	22,058	(1.1%)	21,814	0.0%	21,814
Foster	3,258	77%	5,760	41.2%	8,134	16.5%	9,475	15.0%	10,897
Total Hoosier Care Connect	94,394	(5%)	89,742	1.2%	90,777	0.8%	91,473	1.6%	92,895
Hoosier Healthwise									
Adults	505	(73.1%)	136	(67.4%)	44	(31.5%)	30	1.0%	31
Children	499,426	5.2%	525,505	(6.6%)	490,591	(0.5%)	488,053	0.5%	490,493
Pregnant Females	18,111	(4.1%)	17,360	(75.6%)	4,235	(12.5%)	3,707	(0.5%)	3,688
CHIP	92,735	15.2%	106,816	1.3%	108,224	0.7%	108,962	0.5%	109,507
Total Hoosier Healthwise	610,776	6.4%	649,818	(7.2%)	603,094	(0.4%)	600,752	0.5%	603,719

April 2019 Medicaid Assistance Forecast

Average monthly enrollment projection – fee for service

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>Fee For Service</i>									
Institutionalized	33,759	0.4%	33,891	0.2%	33,943	0.6%	34,130	0.5%	34,296
Waiver\State Plan HCBS	41,717	9.5%	45,682	10.8%	50,595	9.0%	55,169	6.6%	58,826
No Level of Care									
Hoosier Healthwise FFS	46,742	(78.5%)	10,033	298.3%	39,964	7.4%	42,922	0.3%	43,065
Dual	79,999	1.2%	80,947	0.9%	81,659	1.9%	83,173	2.3%	85,063
Non-Dual	38,627	(4.3%)	36,967	1.0%	37,338	4.6%	39,041	3.9%	40,550
Medicare Savings Program	62,564	7.0%	66,916	5.7%	70,697	4.3%	73,738	3.0%	75,917
Limited Benefit Populations	44,258	10.8%	49,018	4.2%	51,074	4.3%	53,251	5.0%	55,913
<i>Total Fee For Service</i>	347,666	(7.0%)	323,454	12.9%	365,269	4.4%	381,424	3.2%	393,630
<i>OVERALL TOTAL</i>	1,457,538	1.3%	1,476,318	(1.2%)	1,458,012	1.2%	1,475,777	1.2%	1,492,945

Medicaid forecast

Limitations

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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

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