

State of Indiana
Family and Social Services Administration

Budget Committee Forecast Presentation

SFY 2014 through SFY 2017

Data through September, 2014

Presented by

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December 18, 2014

Medicaid Forecast – New Programs

Healthy Indiana Plan 2.0 – projected effective January 1, 2015

- Covered populations
 - New adult group (under 138% FPL) at the enhanced federal match (100% through CY 2016, 95% in CY 2017)
 - HIP 1.0 at the enhanced federal match rate
 - HHW adults (age 19 and over) at regular match rate
- Projected fiscal impact
 - No impact to the Medicaid Assistance appropriation
 - SFY 2015 and SFY 2016 costs funded by Indiana check-up fund
 - SFY 2017 and later funded by hospital assessment fee and cigarette tax
 - Costs
 - State share for new adult group, starting January 2017
 - Physician reimbursement increase for Medicaid, to 75% Medicare

Medicaid Forecast – New Programs

Hoosier Care Connect – projected effective April 1, 2015

- Managed care for aged, blind, and disabled (ABD) enrollees
 - Excludes Medicare eligible
 - Excludes long term care recipients (institutionalized or on waiver)
- Projected fiscal impact
 - First year catch-up (timing)
 - Savings of 3% to 5% are projected for subsequent years

Other managed care changes

- Health insurer fee to be paid for the first time SFY 2015
- Carve-ins – HIP 2.0 and HCC
 - Pharmacy
 - Dental

Medicaid Forecast – Other Changes

- Hospital Assessment Fee (HAF) program, effective August 1, 2014
 - Factors reduced to rebalance to updated Medicare values
 - 15% to 20% reduction in gross hospital reimbursement
- Cost savings initiative assumed to continue through SFY 2017
 - Currently scheduled to expire June 30, 2015
 - Include 3% reduction to hospital services, home health services and nursing home, a 1% reduction to ICF/ID, and maintaining the maximum pharmacy dispensing fee at \$3.90.
- 1634 transition
 - Spend down enrollees transitioned
 - Additional shifts from non-disabled to disabled status
 - Auto-enrollment of unenrolled SSI recipients

Medicaid Forecast – Other Changes

- Eligible but unenrolled – healthy adults and children
 - 2014 actual estimate not realized
 - Future potential enrollment impact with HIP 2.0
- Long term care planning
 - Projected demand growth from demographics
 - Rebalancing to community solutions

December 2014 Medicaid Assistance Forecast

| EXPENDITURES | FY 2014 | <u>Growth</u> | FY 2015 | <u>Growth</u> | FY 2016 | <u>Growth</u> | FY 2017 |
|---|------------------|----------------------|-------------------|----------------------|-------------------|----------------------|-------------------|
| Fee for Service | \$3,341.8 | (0.3%) | \$3,332.8 | (42.4%) | \$1,921.1 | 1.5% | \$1,949.4 |
| Capitation Payments and PCCM Fees | 1,648.0 | 4.0% | 1,714.3 | 53.9% | 2,637.6 | 3.2% | 2,721.8 |
| HIP 1.0 | 247.4 | (0.5%) | 246.2 | (100.0%) | 0.0 | 0.0% | 0.0 |
| HIP 2.0 | 0.0 | 0.0% | 1,320.2 | 119.4% | 2,897.1 | 3.3% | 2,992.2 |
| Long Term Care Institutional Care | 1,580.4 | 11.0% | 1,753.9 | 2.1% | 1,790.3 | 4.6% | 1,872.4 |
| Long Term Care Community Care | 744.9 | 12.9% | 840.9 | 7.2% | 901.1 | 6.3% | 957.5 |
| Medicare Buy-In, Clawback | 329.5 | 8.3% | 356.7 | 4.6% | 373.1 | 5.9% | 395.3 |
| Medicaid Rehabilitation Option | 234.3 | 25.3% | 293.7 | 15.5% | 339.3 | 4.9% | 356.0 |
| Rebates and Collections | (556.5) | 3.8% | (577.4) | 34.0% | (773.9) | 18.3% | (915.4) |
| Remove CHIP, HIP 1.0, MFP, CA-PRTF | (230.5) | (2.4%) | (224.9) | (32.5%) | (151.8) | 3.6% | (157.2) |
| Other Expenditures (DSH, UPL, etc.) | 1,128.5 | 31.2% | 1,480.8 | (4.1%) | 1,419.4 | 5.5% | 1,497.3 |
| Medicaid Expenditures (State and Federal) | \$8,467.8 | 24.4% | \$10,537.2 | 7.7% | \$11,353.4 | 2.8% | \$11,669.2 |
| FUNDING | FY 2014 | <u>Growth</u> | FY 2015 | <u>Growth</u> | FY 2016 | <u>Growth</u> | FY 2017 |
| Federal Funds | 5,667.3 | 28.7% | 7,291.8 | 11.6% | 8,139.1 | 1.7% | 8,275.6 |
| IGTs | 515.8 | 19.2% | 614.8 | 3.3% | 635.3 | (1.5%) | 626.1 |
| Provider Tax Receipts | 179.4 | 2.3% | 183.4 | 0.8% | 184.8 | 1.6% | 187.9 |
| HAF Funding | 519.8 | (16.8%) | 432.3 | (13.4%) | 374.2 | 9.6% | 410.2 |
| HIP 2.0 and Physician Increase Funding | 0.0 | 0.0% | 68.1 | (16.0%) | 57.3 | 105.7% | 117.8 |
| QAF Transfer to SBA | (47.2) | 2.3% | (48.3) | 0.6% | (48.6) | 1.5% | (49.4) |
| Non-Medicaid Assistance Funds | \$6,835.1 | 25.0% | \$8,542.1 | 9.4% | \$9,342.1 | 2.4% | \$9,568.1 |
| Forecasted Medicaid GF Assistance Need | \$1,632.7 | 22.2% | \$1,995.2 | 0.8% | \$2,011.3 | 4.5% | \$2,101.1 |
| General Fund Medicaid Assistance Appropriation | \$1,815.4 | 10.7% | \$2,008.8 | | | | |
| Sub-total (Shortfall)/Surplus | \$182.6 | | \$13.6 | | | | |

SFY2014 and 2015 Appropriation Summary

| | SFY 2014 | SFY 2015 |
|---|-----------|-----------|
| Appropriation | \$1,815.4 | \$2,008.8 |
| Less state share expenditures | \$1,632.7 | \$1,995.2 |
| Surplus | \$182.6 | \$13.6 |
| Reconciliation of state share expenditure growth from SFY 2014 to SFY 2015 | | |
| Nursing facility and ICF/ID rate increases for SFY 2014 paid in SFY 2015 | | 22.6 |
| Higher drug spending, including new therapies (less Rx rebates) | | 35.8 |
| Increased hospital expenditures due to disabled growth | | 66.5 |
| January 2014 rate reduction expirations (excluding nursing home) | | 9.7 |
| 100% State collections in SFY 2014 (one time) | | 19.7 |
| Other One-Time Expenditures | | 29.5 |
| Hoosier Care Connect claims payout | | 37.8 |
| <u>Program expenditure growth</u> | | |
| Nursing homes and other long term care facilities | | 33.5 |
| Home and Community Based service (HCBS) waiver | | |
| Division of Aging | | 24.2 |
| DDRS | | 32.1 |
| Normal growth | | 50.9 |

Values illustrated in state share in millions.

Long Term Trend Assumptions

Cost trends include both Utilization and Intensity

| | Forecast | Historical | | Forecast | Historical |
|------------------------------------|----------|------------|---|------------|------------|
| Baseline Enrollment Growth | | | | | |
| Low Income Adults | 1.0% | 1.1% | Mental Health Rehabilitation | 1.0% | 4.6% |
| Children and CHIP | 1.0% | 1.9% | PRTF Services | 1.0% | |
| Pregnant Women | 0.0% | (2.3%) | Long Term Care & Waiver Services | | |
| Aged | 2.0% | 3.4% | Hospice | 3.0% | 3.7% |
| Disabled | 3.0% | 6.7% | Nursing Facility | 3.0% | 3.7% |
| Non-Long Term Care Services | | | | | |
| Hospital Services | | | ICF/ID | 3.0% | (0.5%) |
| Inpatient Hospital | 0.5% | | HCBS Waiver Services | 1.0% | 1.5% |
| Outpatient Hospital | 2.0% | | Other Expenditures | | |
| Rehabilitation Facility | 1.0% | | Medicare Buy-In/ Part D Clawback | Actual/CMS | |
| Non-Hospital Services | | | Pharmacy Rebates | 53% of Rx | |
| Physician Services | 1.5% | 3.0% | CHIP II and MedWorks Premiums | 0.0% | |
| Lab and Radiology Services | 1.5% | 3.0% | Nursing Facility Quality Assessment Fee | 1.5% | |
| Other Practitioner Services | 1.5% | 3.0% | ICF/ID Assessment Fee | 0.0% | |
| Clinic Services | 1.5% | 3.0% | Other Payments | 0.0% | |
| DME/Prosthetics | 1.5% | 0.5% | Capitation Payments and PCCM Fees | | |
| Medical Supplies | 1.5% | 0.5% | Capitation Payments | 1.5% | |
| Transportation | 1.5% | 0.5% | Kick Payments | 1.5% | |
| Other Non-Hospital | 1.5% | | PCCM Fees | 0.0% | |
| Pharmacy | 3.5% | 6.8% | Healthy Indiana Plan | | |
| Dental Services | 1.5% | 3.7% | HIP Capitation Payments | 1.5% | |
| Home Health Services | 3.0% | 11.0% | HIP POWER Accounts | 0.0% | |
| First Steps | 1.0% | | | | |
| Inpatient Psychiatric Services | 1.5% | | | | |
| Other Mental Health Services | 1.5% | | | | |

¹Historical trends generally reference the time period from SFY 2010 through SFY 2014.

Enrollment Forecast - SFY 2014 – SFY 2017

Average Monthly Enrollment - Adults and Children

| Average Monthly Enrollment | FY 2014 | <i>Growth</i> | FY 2015 | <i>Growth</i> | FY 2016 | <i>Growth</i> | FY 2017 |
|---------------------------------------|----------------|----------------|----------------|---------------|------------------|---------------|------------------|
| HOOSIER HEALTHWISE | | | | | | | |
| Adults | 117,470 | (33.9%) | 77,655 | (65.7%) | 26,661 | (8.3%) | 24,441 |
| Children | 553,183 | (0.5%) | 550,459 | 1.0% | 555,947 | 1.0% | 561,507 |
| Mothers | 27,242 | (7.9%) | 25,096 | (41.9%) | 14,577 | 5.8% | 15,422 |
| CHIP | 80,472 | (5.6%) | 75,925 | 1.4% | 76,961 | 1.0% | 77,731 |
| Total Hoosier Healthwise | 778,366 | (6.3%) | 729,135 | (7.5%) | 674,147 | 0.7% | 679,100 |
| Healthy Indiana Plan 1.0 | | | | | | | |
| Non-Caretakers | 13,951 | 20.0% | 16,743 | | | | |
| Caretakers | 23,950 | (48.9%) | 12,246 | | | | |
| ESP | 790 | | | | | | |
| Total Healthy Indiana Plan 1.0 | 38,690 | (25.1%) | 28,989 | | | | |
| Healthy Indiana Plan 2.0 | | | | | | | |
| HIP State Plan Benefit Package | | | 40,295 | 128.7% | 92,142 | 3.7% | 95,544 |
| HIP Expansion | | | 66,581 | 312.6% | 274,694 | 15.5% | 317,220 |
| HIP Pregnant | | | 2,111 | 501.7% | 12,699 | (5.7%) | 11,972 |
| HIP Medically Frail | | | 6,436 | 278.4% | 24,351 | 12.1% | 27,289 |
| HIP Link | | | 5,313 | 900.0% | 53,125 | 60.8% | 85,425 |
| HIP Hospital Presumptive Eligibility | | | 55 | 101.5% | 112 | 1.0% | 113 |
| Total Healthy Indiana Plan 2.0 | | | 120,790 | 278.4% | 457,122 | 17.6% | 537,563 |
| LIMITED BENEFIT POPULATIONS | 25,592 | (26.4%) | 18,842 | (76.6%) | 4,410 | 0.9% | 4,449 |
| Subtotal Adults and Children | 842,648 | 6.5% | 897,756 | 26.5% | 1,135,679 | 7.5% | 1,221,112 |

Enrollment Forecast - SFY 2014 – SFY 2017

Average Monthly Enrollment - Aged, Blind, and Disabled, and Total

| Average Monthly Enrollment | FY 2014 | <i>Growth</i> | FY 2015 | <i>Growth</i> | FY 2016 | <i>Growth</i> | FY 2017 |
|---|------------------|---------------|------------------|---------------|------------------|---------------|------------------|
| AGED, BLIND AND DISABLED | | | | | | | |
| Institutionalized | 34,729 | 2.2% | 35,490 | 0.9% | 35,799 | 1.1% | 36,175 |
| Waiver\State Plan HCBS | 27,672 | 27.4% | 35,253 | 11.3% | 39,227 | 6.8% | 41,877 |
| No Level of Care | | | | | | | |
| Dual | 109,176 | (24.9%) | 81,983 | 2.1% | 83,715 | 2.4% | 85,763 |
| Care Select | 33,611 | (22.9%) | 25,917 | | | | |
| Hoosier Care Connect | | | 25,421 | 392.6% | 125,233 | 2.6% | 128,456 |
| Other Non-Dual | 76,400 | 14.9% | 87,784 | (79.6%) | 17,874 | 2.6% | 18,334 |
| Medicare Savings Program | 22,955 | 110.2% | 48,243 | 1.1% | 48,789 | 1.0% | 49,277 |
| Subtotal Aged, Blind, and Disabled | 304,544 | 11.7% | 340,091 | 3.1% | 350,637 | 2.6% | 359,882 |
| OVERALL TOTAL | 1,147,191 | 7.9% | 1,237,847 | 20.1% | 1,486,316 | 6.4% | 1,580,994 |

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