



# **FY 2014-2015 Medicaid Budget Update**

Presentation to JMOC Committee  
Susan Ackerman  
September 18, 2014

# Today's Topics

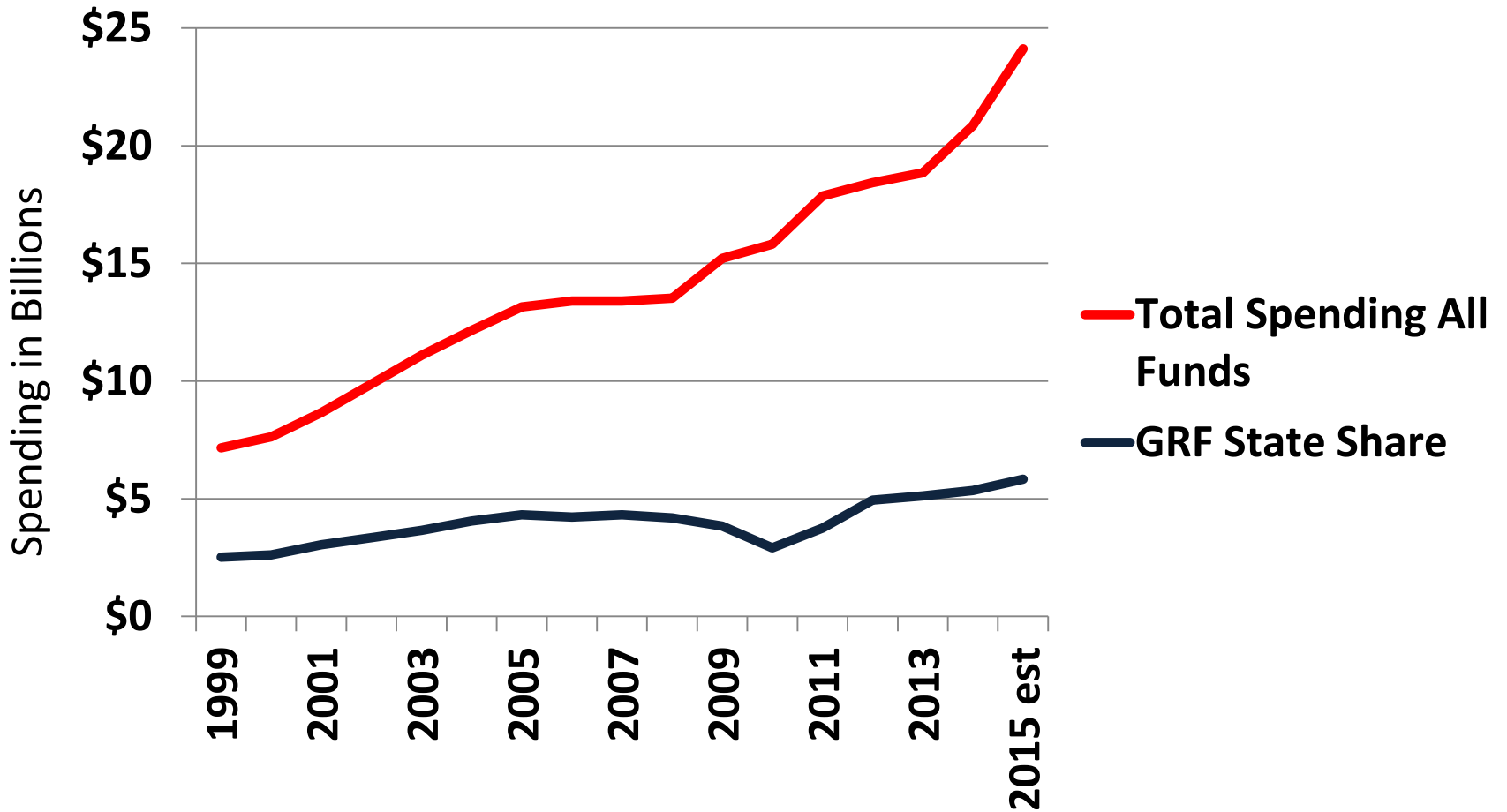
- Basis for estimates
- Recap of FY 2014
- Update on FY 2015
- Look at national projections
- What this means for Ohio in FY 2016-2017

# The Budget Process:

## GRF Disbursement Estimates

- Legislation authorizes annual appropriations by line item
- Agencies develop monthly disbursement estimates by GRF line item. Estimates include:
  - Planned encumbrances & lapses
  - Spending against prior year encumbrances
  - May include appropriation changes such as transfers and Controlling Board actions
- These estimates become the basis for the monthly financial reports
  - OBM: <http://obm.ohio.gov/Budget/monthlyfinancial/>
  - LSC: <http://www.lsc.state.oh.us/fiscal/bfn/default.htm>

# Medicaid Spending Over Time



Source: Legislative Service Commission

# **Medicaid Budget:**

## **All Spending on Medicaid Matters**

- Medicaid budget includes GRF and non-GRF funds and spending across multiple agencies
- Most non-GRF Medicaid funds can be used interchangeably with GRF funds
- GRF spending has implications for the entire General Revenue Fund

# End of Year Analysis:

## FY 2014 Medicaid Spending (\$ in millions)

	Projection	Actual	Variance
GRF Services	\$14,211	\$13,375	\$(836)
GRF Administration	\$232	\$196	\$(36)
<b>GRF Total</b>	<b>\$14,442</b>	<b>\$13,571</b>	<b>\$(872)</b>
Non-GRF Services	\$6,312	\$6,709	\$396
Non-GRF Administration	\$836	\$580	\$(256)
<b>Non-GRF Total</b>	<b>\$7,148</b>	<b>\$7,289</b>	<b>\$141</b>
<b>Grand Total</b>	<b>\$21,590</b>	<b>\$20,859</b>	<b>\$(731)</b>
Total Services	\$20,523	\$20,083	\$(440)
Total Administration	\$1,067	\$776	\$(291)

Source: ODM All Agency Budget Variance Report for June 2014

# Variance Highlights (All Funds)

## Areas under estimate

- My Care - \$500.6M
- Health Homes - \$211.7M
- Managed Care/CFC - \$108.7M
- Inpatient Hospital - \$108.4M
- Agency Administration - \$291.5M
- All Other - \$166.2M

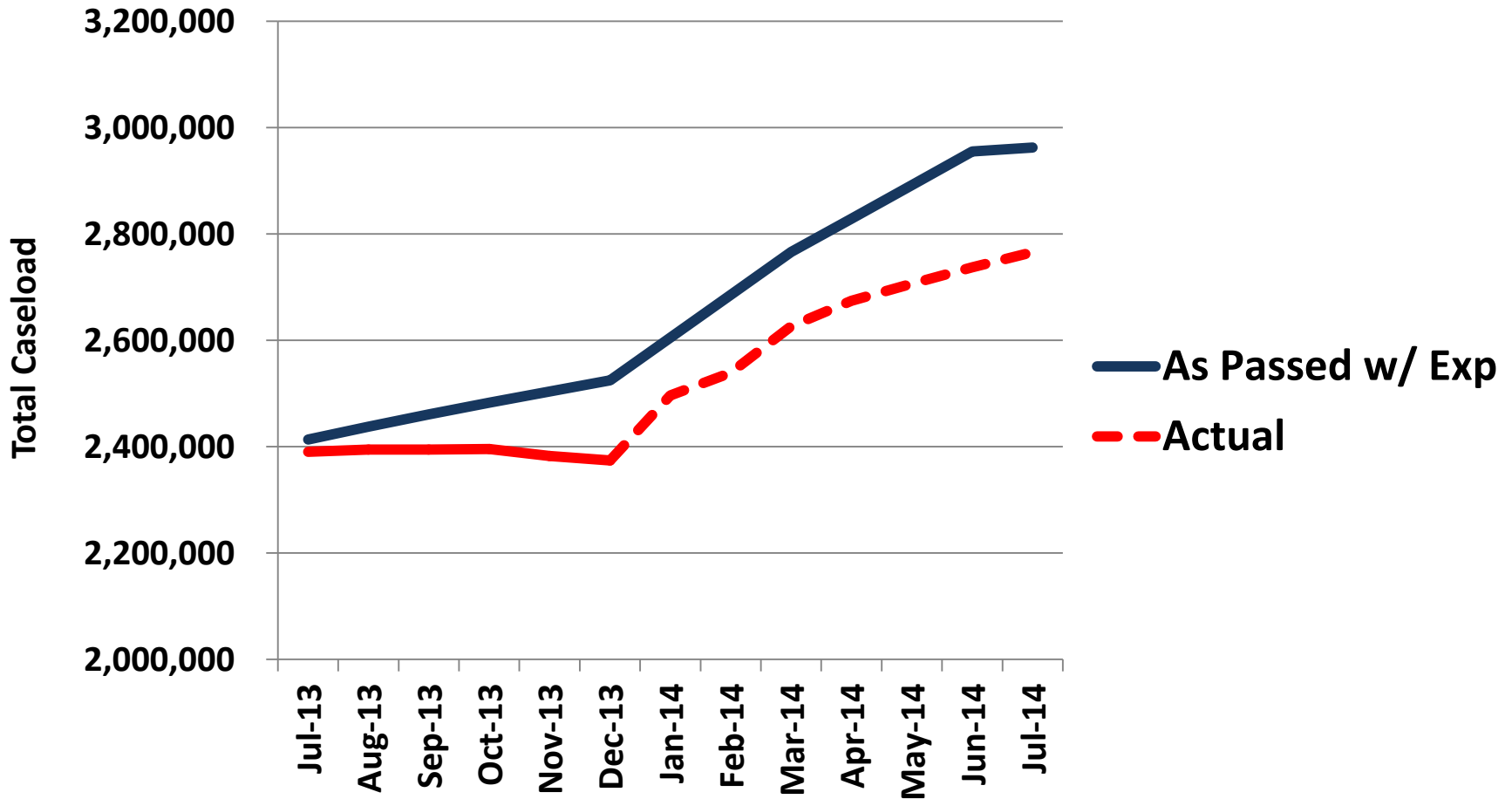
## Areas over estimate

- Group VIII - \$512.0M
- ACA Physician Rate Increase - \$238.2M
- Nursing Facilities - \$140.1M
- Behavioral Health - \$55.5M

### Key Factors in Variances:

- Timing of implementation of new programs
- Lower caseloads than estimated

# Actual Medicaid Enrollment Trails the Estimate



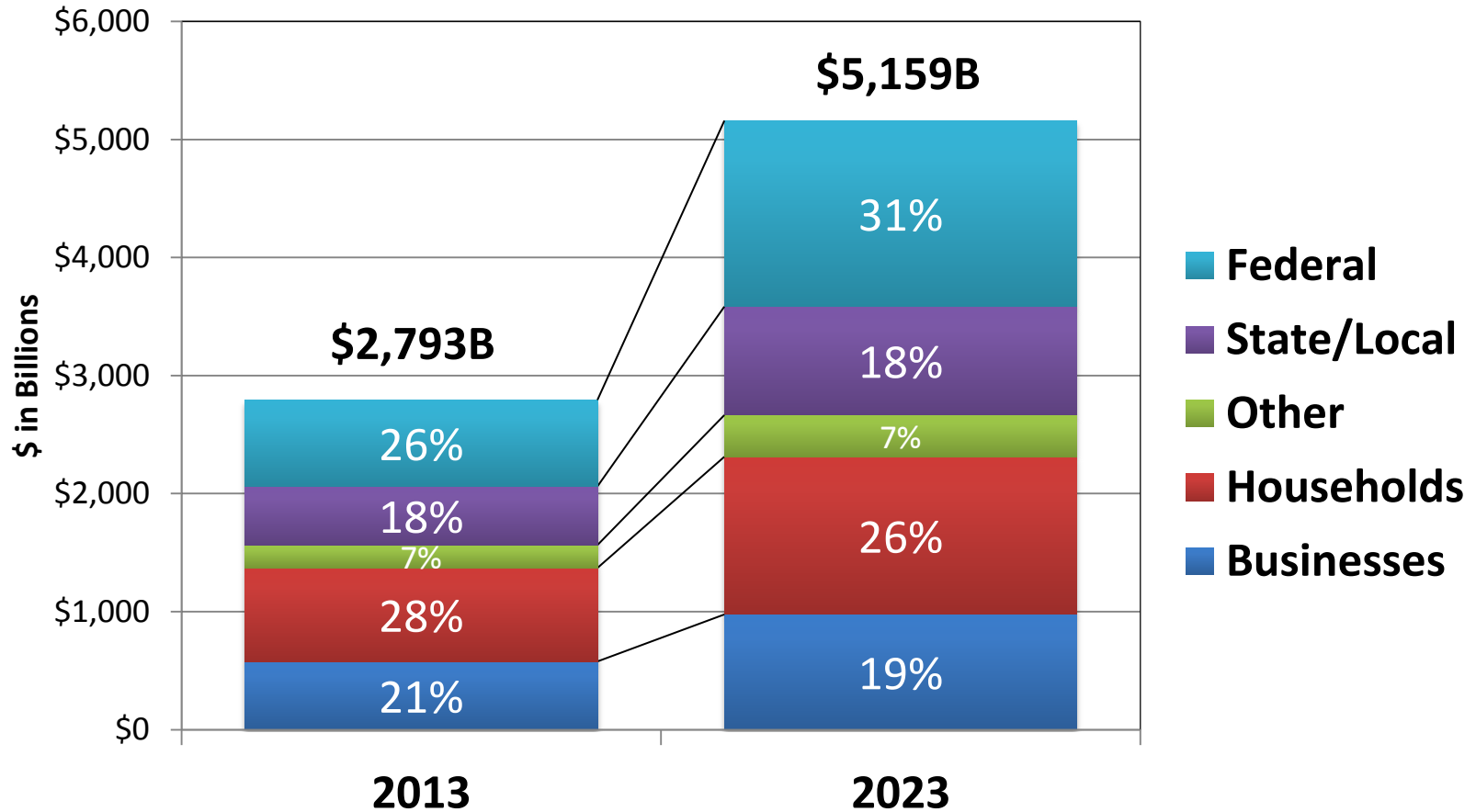
Sources: ODM Forecast Book, Budget As Passed; Mercer Expansion Forecast; ODM Monthly Caseload Report



# Updated Assumptions for FY 2015

- Caseload forecast adjusted downward
  - “Woodwork” enrollment, especially for dual eligibles
- Medicaid GRF disbursements reduced by \$845.6M
  - GRF federal revenues reduced by \$559.0M
- CB Increases will be incorporated in estimates
  - Group VIII (\$1,999.5M)
  - Ohio Benefits contract (\$108.7M)

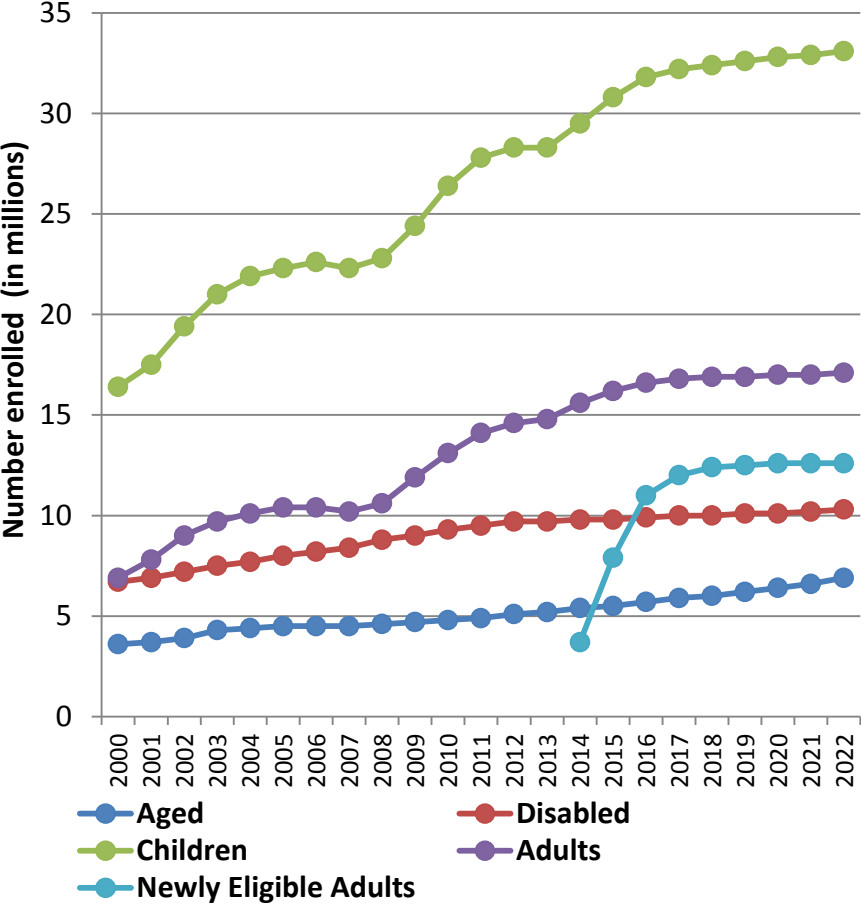
# Trends in National Health Expenditures: Distribution & Spending by Payer



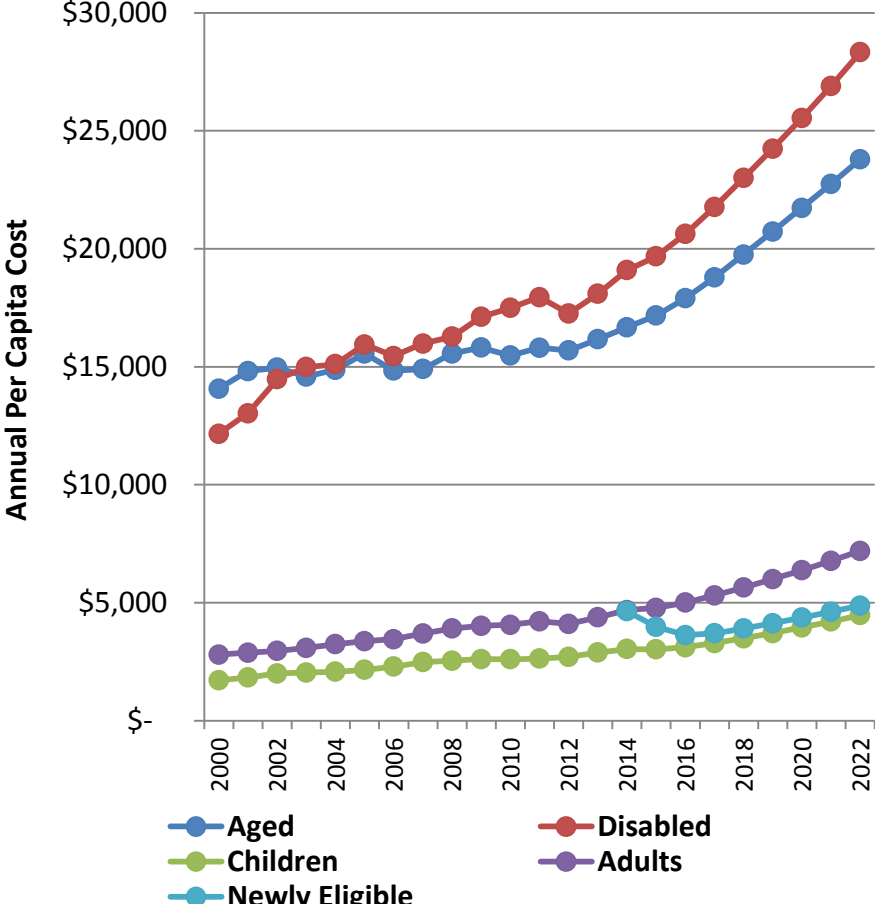
Source: CMS Office of the Actuary, National Health Expenditure Projections 2013-2023 (July 2014)

# National Estimates: 2013 Medicaid Report

### Enrollment by Category



### Annual Per Capita Spending by Category



Data Source: CMS Office of the Actuary, 2013 Actuarial Report on the Financial Outlook for Medicaid (April 2014)

# What Does This Mean for FY 16-17

- Healthcare costs and caseloads will continue to grow
- Still early in implementation of new initiatives
- The success of transformative initiatives to improve value and health outcomes is essential for long term program stability