

Social Services Estimating Conference
Medicaid Expenditures
August 28, 2015
Executive Summary

The Social Services Estimating Conference reconvened on August 28, 2015 to adopt a revised Medicaid expenditure projection for the period covering FY 2015-16 through FY 2018-19.

Final capitation rates were not published at the time of the August 4th Conference. In that forecast, the Managed Medical Assistance (MMA) expenditure estimate assumed a 0.4% capitation rate increase associated with higher hospital rates effective July 1, 2015. Additionally, the forecast included a capitation rate increase of 6.9% beginning September 1, 2015. The capitation rate increase had a budgetary impact of 6.4%, since 0.5% of the rate increase was attributed to the incorporation of payments related to Hepatitis C which were previously done through a separate kick payment to MMA plans. Overall, the rate increases resulted in a 0.4% budgetary impact for July-August 2015 and a 6.8% budgetary impact for September-June 2015. In subsequent years, the projected annual growth rate for MMA Program expenditures was 5%.

The forecast adopted on August 28, 2015 takes account of the final MMA capitation rate increase of 7.7%, which was approved by the Agency for Health Care Administration and applied starting September 1, 2015. The 0.4% capitation rate increase expected for July 1, 2015 through August 31, 2015 was not applicable to the final rate approvals. The budgetary impact of the final capitation rate increase is 7.2% due to the incorporation of Hepatitis C payments into the capitation rate. In subsequent years, the projected annual growth rate for MMA Program expenditures remains at 5%.

Additionally, the FMAP applied to Graduated Medical Education expenditures was updated to reflect the FMAP used in the Medicaid budget. While this change does not affect the estimate of total Medicaid expenditures, it does impact the estimates of Federal and State shares.

For FY 2015-16, program expenditures are estimated at \$23,527.8 million, virtually equal to the FY 2014-15 estimate; this level is higher than expected on August 4, 2015. Overall, the new forecast anticipates a surplus in General Revenue funds for the current year of \$4.7 million. For Fiscal Year 2016-17, program expenditures are expected to increase to \$24,860.8 million (5.7% above the revised fiscal year 2015-16 estimate). The General Revenue requirement for Fiscal Year 2016-17 is \$600.1 million above the FY 2016-17 base budget.

Expenditure Forecast (millions)	FY 2014-15 Forecast	FY 2015-16 Forecast	Comparison to Appropriation Base	FY 2016-17 Forecast	Comparison to Base Budget
General Revenue	\$5,142.9	\$5,863.7	\$4.7	\$6,411.2	(\$600.1)
Medical Care TF	12,954.1	803.7	.0	798.7	5.0
Refugee Assistance TF	39.4	312.9	(.0)	312.9	.0
Public Medical Assistance TF	583.7	466.0	(.3)	447.0	9.9
Other State Funds	476.4	13,017.2	1,085.4	13,988.4	(161.0)
Grants and Donations TF	3,237.1	57.6	(13.9)	68.9	(25.2)
Health Care Trust Fund	780.2	592.5	(.0)	591.5	1.0
Tobacco Settlement TF	306.7	2,414.2	(4.0)	2,242.3	8.6
Total	\$23,520.5	\$23,527.8	\$1,071.9	\$24,860.8	(\$761.9)