

Redesigning
THE MEDICAID PROGRAM



Medicaid Global Spending Cap
July 2011 Report



BACKGROUND

The Department of Health and Division of Budget are required to report on a monthly basis, under Chapter 59 of the Laws of 2011, Medicaid spending compared to projected State fund expenditures. The chart below depicts the monthly estimate for the \$15.3 billion cap and actual spending through July 2011.

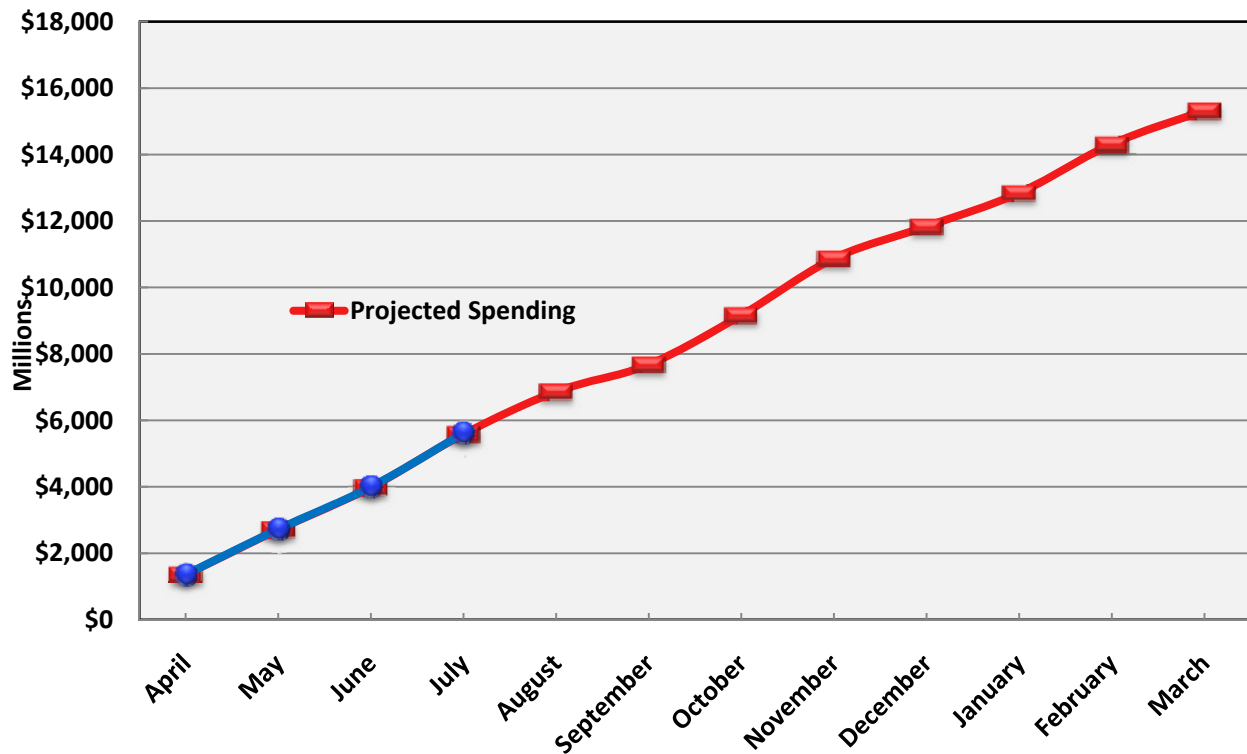
JULY 2011 RESULTS – FISCAL NOTES

Total Medicaid State fund expenditures under the global spending cap through July of SFY 2011-12 are \$35.2 million **above** projections (or 0.6%). Cumulative spending for the months April through July resulted in total expenditures of \$5.617 billion compared to the estimate of \$5.582 billion. It is important to note, however, that the Department continues to see growth in enrollment in the Medicaid program. Since April 2011, enrollment in the Medicaid program has grown by nearly 46,000 enrollees (or about 1%). This enrollment growth will drive additional spending which, if unabated, could place more pressure on the global cap.

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GLOBAL CAP SFY 2011-12 TOTAL MEDICAID STATE SPENDING JULY SFY 2011-12 STATISTICS



Category of Service	Medicaid Spending (Thousands)		
	Estimated	Actual	Variance
Inpatient	\$728,488	\$725,467	(\$3,021)
Outpatient/Emergency Room	\$133,546	\$114,519	(\$19,027)
Clinic	\$139,699	\$146,815	\$7,116
Nursing Homes	\$1,148,708	\$1,164,090	\$15,382
Other Long Term Care	\$668,092	\$661,812	(\$6,280)
Medicaid Managed Care	\$1,182,618	\$1,184,244	\$1,626
Family Health Plus	\$229,668	\$252,935	\$23,268
Non-Institutional / Other	\$1,469,788	\$1,484,403	\$14,615
Cash Audits	(\$118,841)	(\$117,338)	\$1,503
TOTAL *	\$5,581,766	\$5,616,947	\$35,181

VARIANCE HIGHLIGHTS

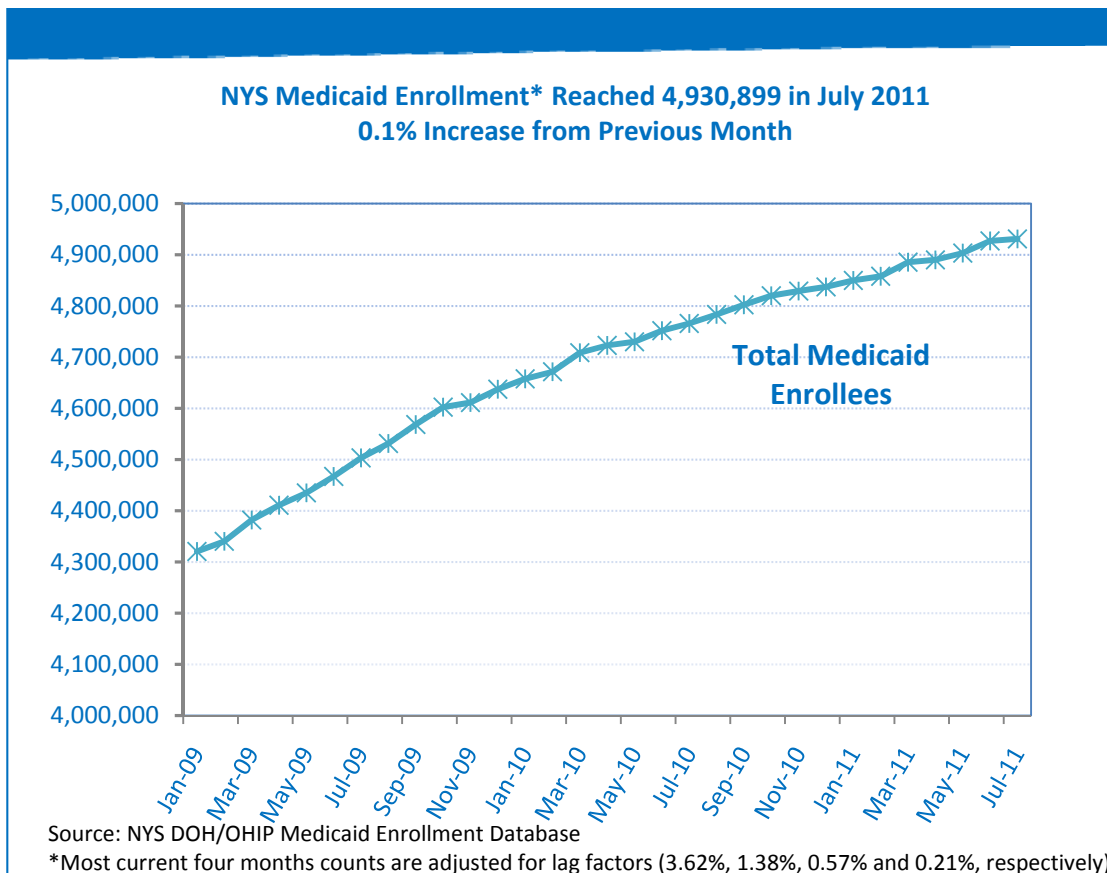
- ✓ **Lower Fee for Service Spending:** Through July, Medicaid spending in major fee-for-service categories was \$34.5 million below projections, this includes:
 - *Inpatient hospital spending was \$3.0 million under the target estimate. Year-to-year the Inpatient sector has experienced a decrease in the number of Medicaid claims billed (1.9%) consistent with migration of recipients to managed care and other settings, and a decrease in payments per claim (1.4%).*
 - *Outpatient Emergency Room spending was \$19.0 million below estimates, a result of lower than expected utilization trends. The Outpatient Emergency Room sector has seen a year-to-year decrease in claims, 2.2 percent, and a decrease in payments per claim, 7.6 percent. Outpatient Emergency Room has also experienced a year-to-year decrease in the number of individuals served, 8.8%.*
 - *Total expenditures for non-hospital clinics are \$7.1 million above target estimates, driven primarily by the increase in individuals served (2.5%).*
 - *Nursing Home spending is \$15.4 million above projections through July and reflects the implementation of rebasing rates and the Mitigation Plan. This level of spending is roughly on target with projections, with actual spending exceeding projections by just 1.3 percent.*
 - *Other Long Term Care services, which include Home Care, Personal Care, and the Assisted Living program are \$6.3 million less than projected. This variance is attributable to these categories with the exception of the Assisted Living Program, which is on track with projections. Specifically, Personal Care is experiencing lower than projected spending (\$9.1 million), primarily driven by a decline in utilization in New York City for Level 2 Personal Care services of 15.2 percent. Home Nursing is also lower than projected spending (\$4.6 million), reflecting declines in utilization of 3.6 percent. Home Health, however, is continuing to experience higher than projected spending (\$7.5 million), primarily driven by increases in utilization for home health aide services of 12.1 percent. This utilization increase is driven by a small number of large CHHAs in New York City.*
- *State fund expenditures for Non-Institutional services, such as Pharmacy, Dental, Transportation, Supplemental Medical Insurance etc., were \$28.6 million under projections. The variance is principally related to lower than forecasted Medicare rates and the timing of these payments, offset by Pharmacy spending which was \$9.9 million over the target estimate, primarily due to enrollment related increases.*
- ✓ **Higher Medicaid Managed Care Spending:** The Medicaid Managed Care program is over budget by \$1.6 million and continues to reflect higher than anticipated enrollment. Premium increases have yet to be processed and are not reflected in these expenditures.
- ✓ **Higher Family Health Plus Spending:** Increased spending of \$23.3 million also continues to reflect higher than anticipated enrollment. It should also be noted that current year premium increases have yet to be realized.
- ✓ **Medicaid Audit Offsets:** Through July, the spending offsets anticipated from Medicaid audit recoveries are consistent with projected levels.
- ✓ **Lower Federal Medical Assistance Payments:** Enhanced Federal share payment benefits are \$45.3 million below projections through July. A portion of this variance may be attributed to timing and to the receipt of the anticipated benefit through lower payments in other service categories.
- ✓ **Higher Local Medicaid Cap Costs:** Under the 2005 Local Medicaid Cap statute, the State is responsible for covering the local costs of Medicaid that exceed the annual cap. To date, Local Medicaid Cap expenditures exceed projections by \$37.2 million (\$10.6 million in over spending for July). These Local Medicaid Cap costs are related to both fee-for-service and managed care spending variances and may be timing related and, as such, may not be material in an annual spending context.
- ✓ **Lower Other State Agency Offset Transfers:** Medicaid spending by other State agencies is running \$48.7 million above projections through July. This spending is processed by the Department of Health and subsequently offset by transfers from the other agency budgets. This rate of overspending appears to be timing related and, as such, should not be material in the annual spending context.

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ENROLLMENT

Medicaid overall enrollment reached 4,930,899 enrollees at the end of July 2011 (when adjusted for retroactive eligibility lag factor, 3.62%), or 0.1 percent increase (4,000 enrollees) from June and 0.9 percent increase (46,000 enrollees) since the start of MRT (April 1, 2011).

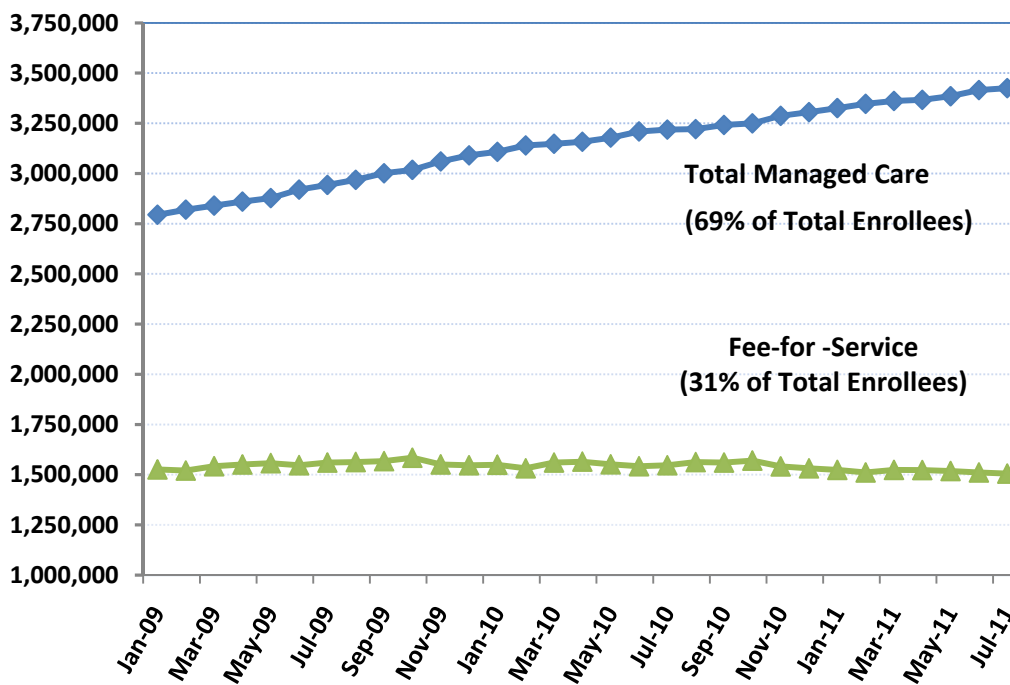


Managed care overall enrollment in July (FHP and Managed LTC included) rose to 3,425,297 enrollees, an increase of 0.3 percent from the previous month and an increase of 64,000 enrollees since the start of MRT (April 1, 2011). The managed care enrollment accounted for 69 percent of total Medicaid enrollment, which is an increase of 0.7 percentage points from the start of MRT.

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**NYS Managed Care Enrollment* Reached 3,425,297
in July 2011
0.2% Increase from Previous Month**



Source: NYS DOH/OHIP Medicaid Enrollment Database

*Includes FHP, Managed LTC, Partial, Medicaid Advantage, Medicaid Advantage Plus and SNP