



# Medicaid Enrollment and Spending FY 2019

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## Study questions

- How did actual Medicaid spending compare to projections for FY19?
- Did Virginia realize expected reductions in general fund spending as a result of Medicaid expansion?
- What spending trends are projected for the next biennium?

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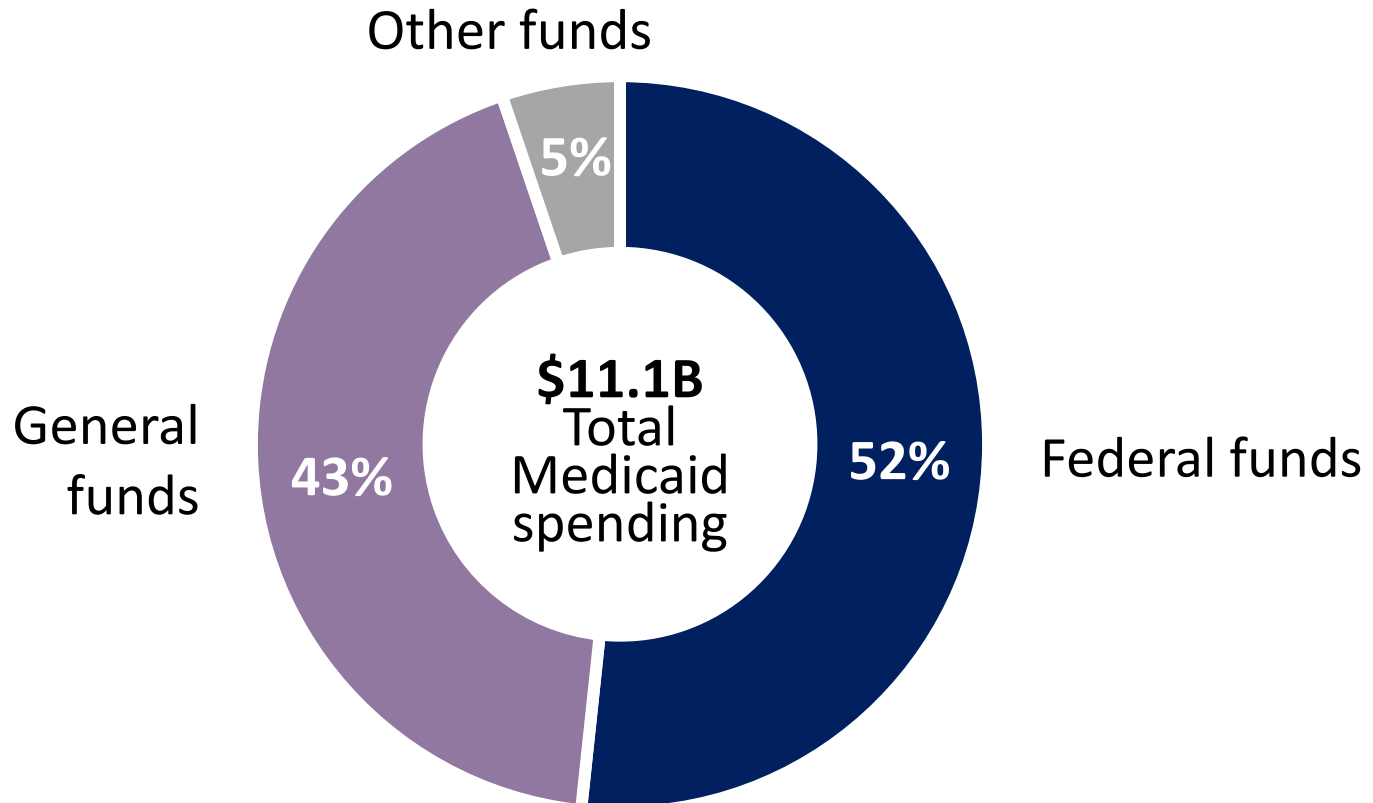
## In Brief

Spending on Medicaid expansion in FY19 was lower than projected, primarily due to lower than expected enrollment at the beginning of Medicaid expansion.

Medicaid expansion reduced general fund spending by about \$112 million in FY19, which was more than expected.

Spending growth in the base Medicaid program slowed during FY19 as a result of Medicaid expansion, with slow growth projected to continue through FY20 before increasing in the next biennium.

# Virginia spent about \$11.1 billion on Medicaid, \$4.8 billion was general funds (FY19)



NOTE: Other funds include the Virginia Health Care Fund, the supplemental rate assessment on hospitals, and the hospital coverage assessment for Medicaid expansion.

# Medicaid spending was less than projected, especially for Medicaid expansion

FY19 (\$ millions)

Medicaid spending	Forecasted	Actual	Difference
Medicaid expansion	\$1,094	\$867	-\$227 (-21%)
Base Medicaid	10,544	10,228	-316 (-3%)
<b>Total Medicaid</b>	<b>11,637</b>	<b>11,094</b>	<b>-543 (-5%)</b>

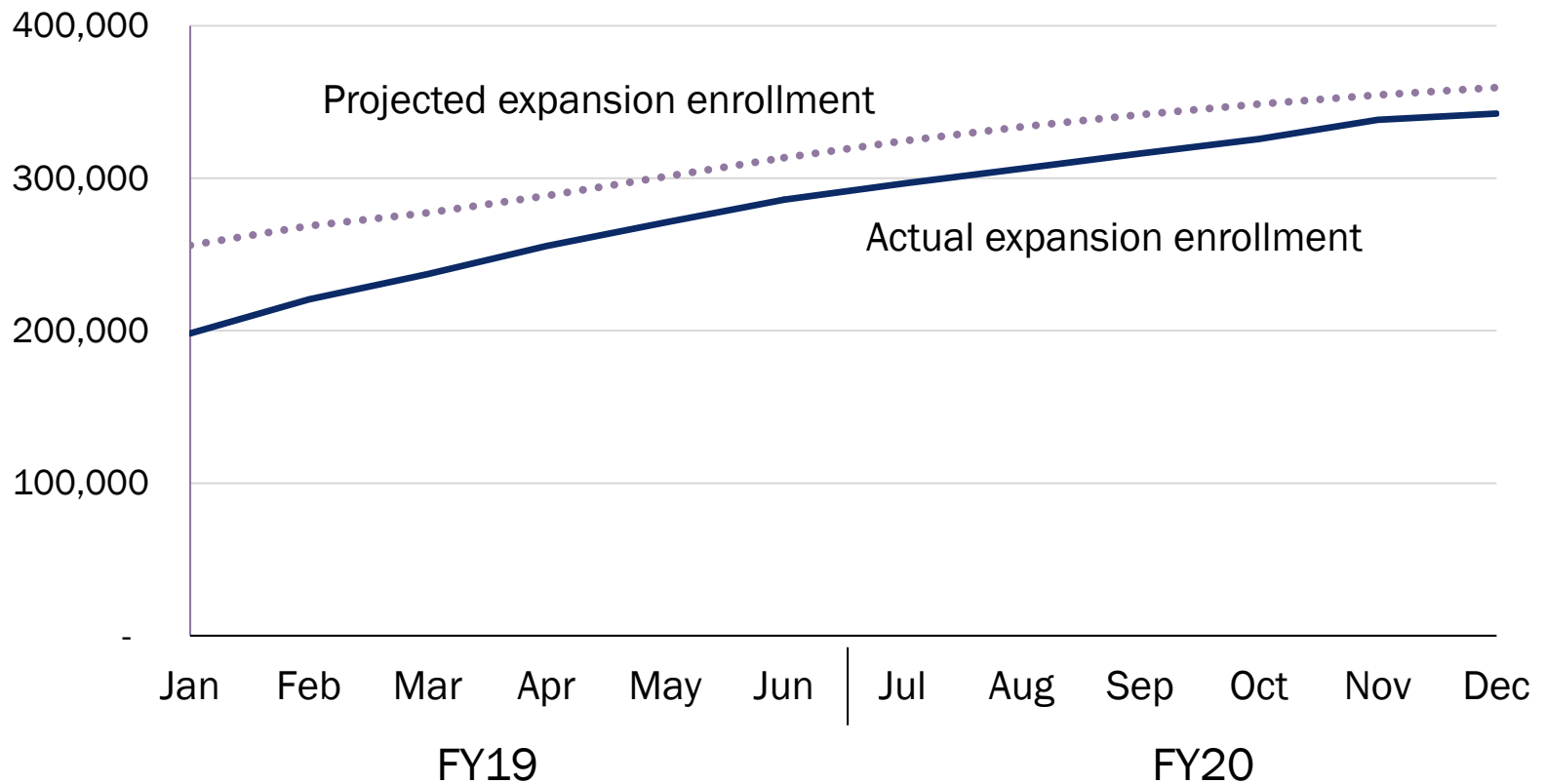
NOTE: Numbers may not add because of rounding. FY19 only included six months of Medicaid expansion.

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## Lower than projected enrollment accounted for lower than expected expansion spending

- Medicaid expansion enrollment was 14 percent lower than projected during the first six months of Medicaid expansion
  - This accounted for an estimated \$140 million (62 percent) of the spending difference
  - Spending per enrollee was within 1 percent of projections
- Remaining difference was largely due to payment lag for supplemental hospital rates

# Medicaid expansion enrollment started slower than expected but is catching up to projections



# General fund spending reduced by an estimated \$112 million due to Medicaid expansion

FY19 (\$ millions)

General fund category	Reduction in approved budget	Estimated actual spending reduction
Hospital indigent care	-47.5	-47.5
Governor's Access Plan	-17.9	-24.3
Medicaid parents	-	-15.7
Community services boards	-11.1	-11.1
Medicaid pregnant women	-10.4	-3.4
Correctional health care	-10.3	-8.9
Other Medicaid groups	-4.1	-1.0
<b>Total</b>	<b>-101.3</b>	<b>-111.9</b>

NOTE: CSBs reported collecting about \$10.4 million in new Medicaid expansion revenue in FY19. DBHDS distributed \$7 million in special funds to CSBs in addition to new expansion revenue as authorized in the 2019 Appropriation Act.



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## FY19 base Medicaid spending was lower than projected, only increased by 1.8% from FY18

- Base Medicaid spending growth slowed as individuals became eligible for Medicaid expansion
  - Enrollment in base Medicaid decreased by about 112,000 following Medicaid expansion
  - First full year of Medicaid expansion in FY20 is projected to contribute to another year of slow growth in base Medicaid
- Spending was below projections for several reasons
  - Lower than projected spending per enrollee
  - Lower than projected aged, blind, or disabled enrollment
  - Higher pharmacy rebates (which offset spending)

NOTE: Percentage increase over FY18 is calculated net of the supplemental hospital rate increase.

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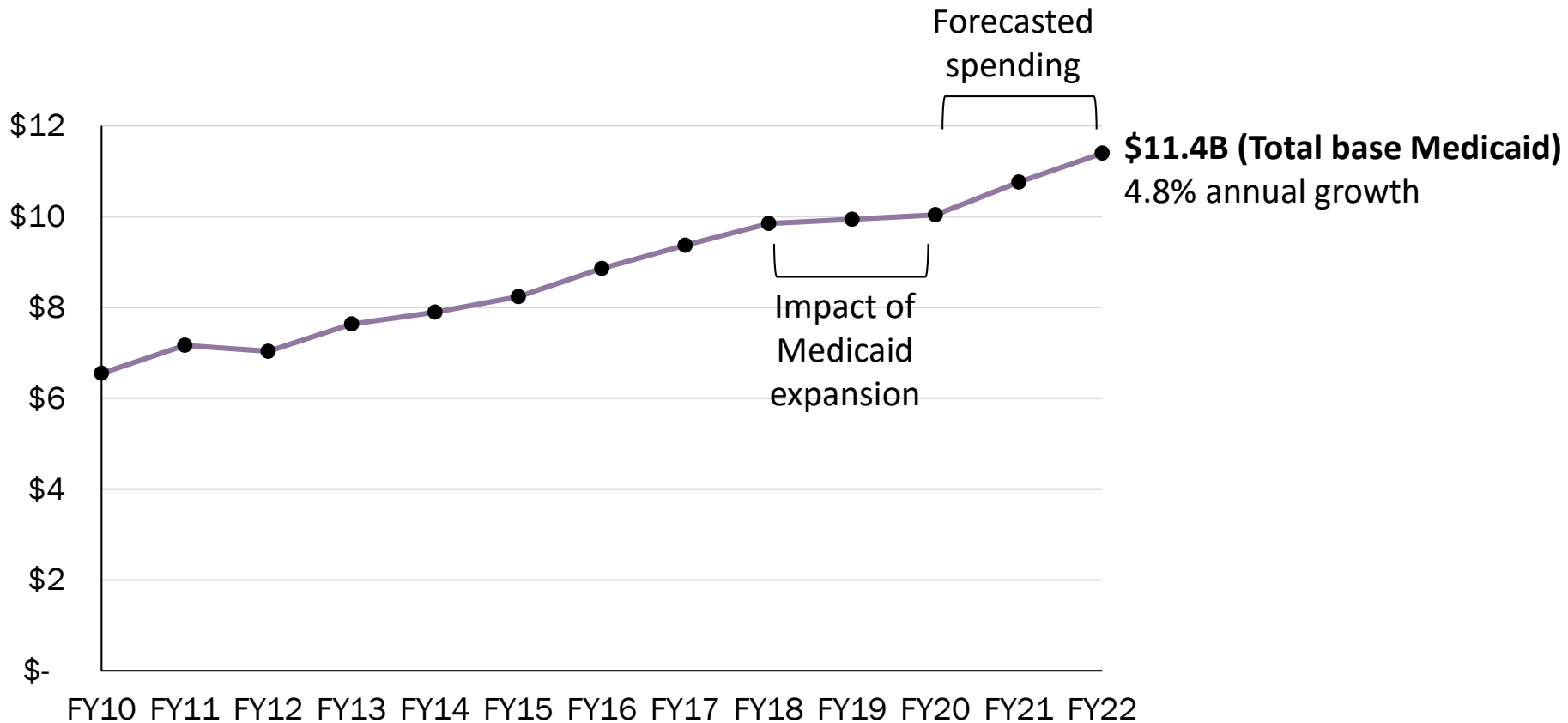
## Base Medicaid spending projected to outpace historical trends in the next biennium

- Spending on base Medicaid program over the last 10 years increased 4.8 percent on average each year
- FY21–22 annual projected growth rate of 6.6 percent is higher than historical growth
  - Increasing rates for CCC+ program to catch up for initial rates that were too low
  - MCO incentives and ACA taxes weren't paid in FY20, resulting in one-time increases in FY21
- Budget impact will be less in FY21 (\$174 million), than in FY22 (\$501 million)

CCC+ = Commonwealth Coordinated Care Plus

ACA = Patient Protection and Affordable Care Act

# Medicaid expansion temporarily slowed growth in base Medicaid spending



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