



# Medicaid Enrollment and Spending FY20

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## Analysis questions

- How has Medicaid spending grown over the last 10 years, and how does that compare to other states?
- How did actual Medicaid spending compare to projections for FY20?
- How could the economic impact of COVID-19 affect spending projections next year?

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## In Brief

Virginia's Medicaid spending has grown steadily since 2010, ranking near the median of other states.

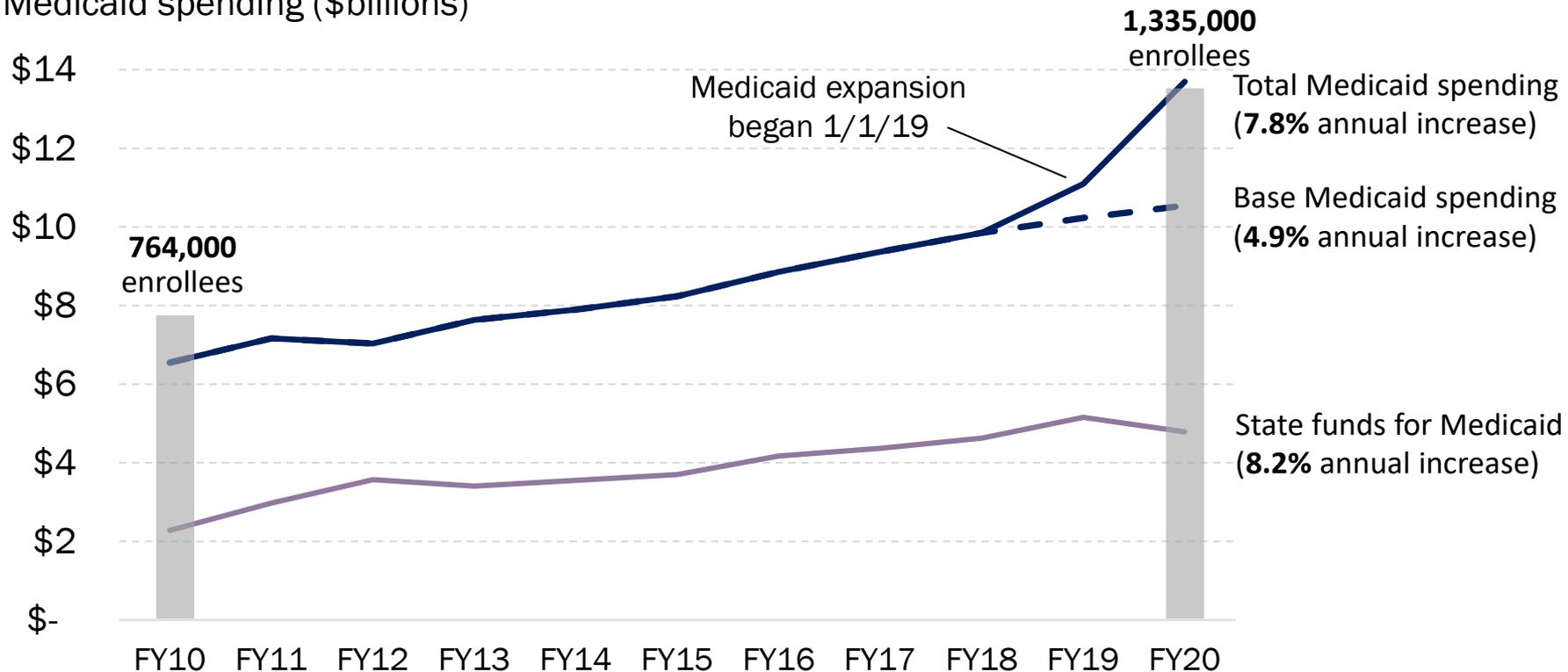
Virginia spent \$13.7 billion on Medicaid benefits in FY20, \$558 million less than projected.

Lower spending driven by reduced use of non-emergency medical services

Enrollment is higher than expected because of the pandemic.

# Medicaid spending continues to increase with enrollment growth

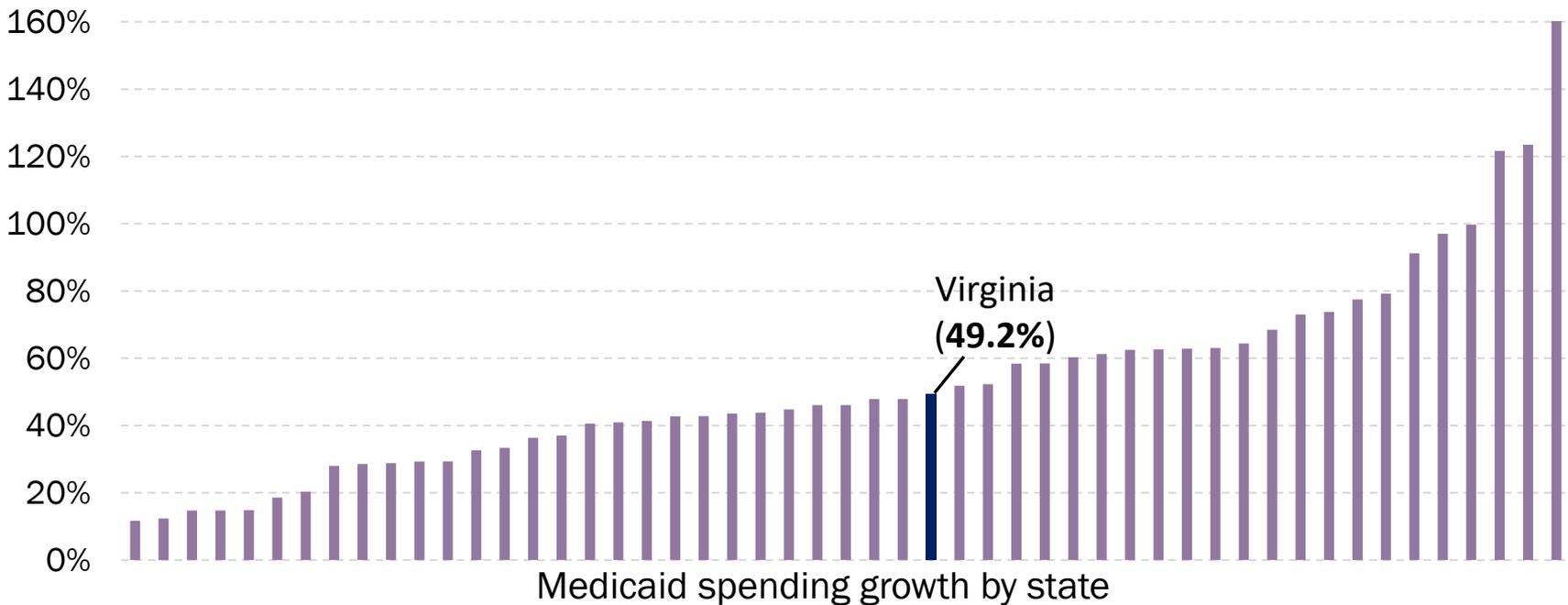
Medicaid spending (\$billions)



NOTE: Spending is not adjusted for inflation.

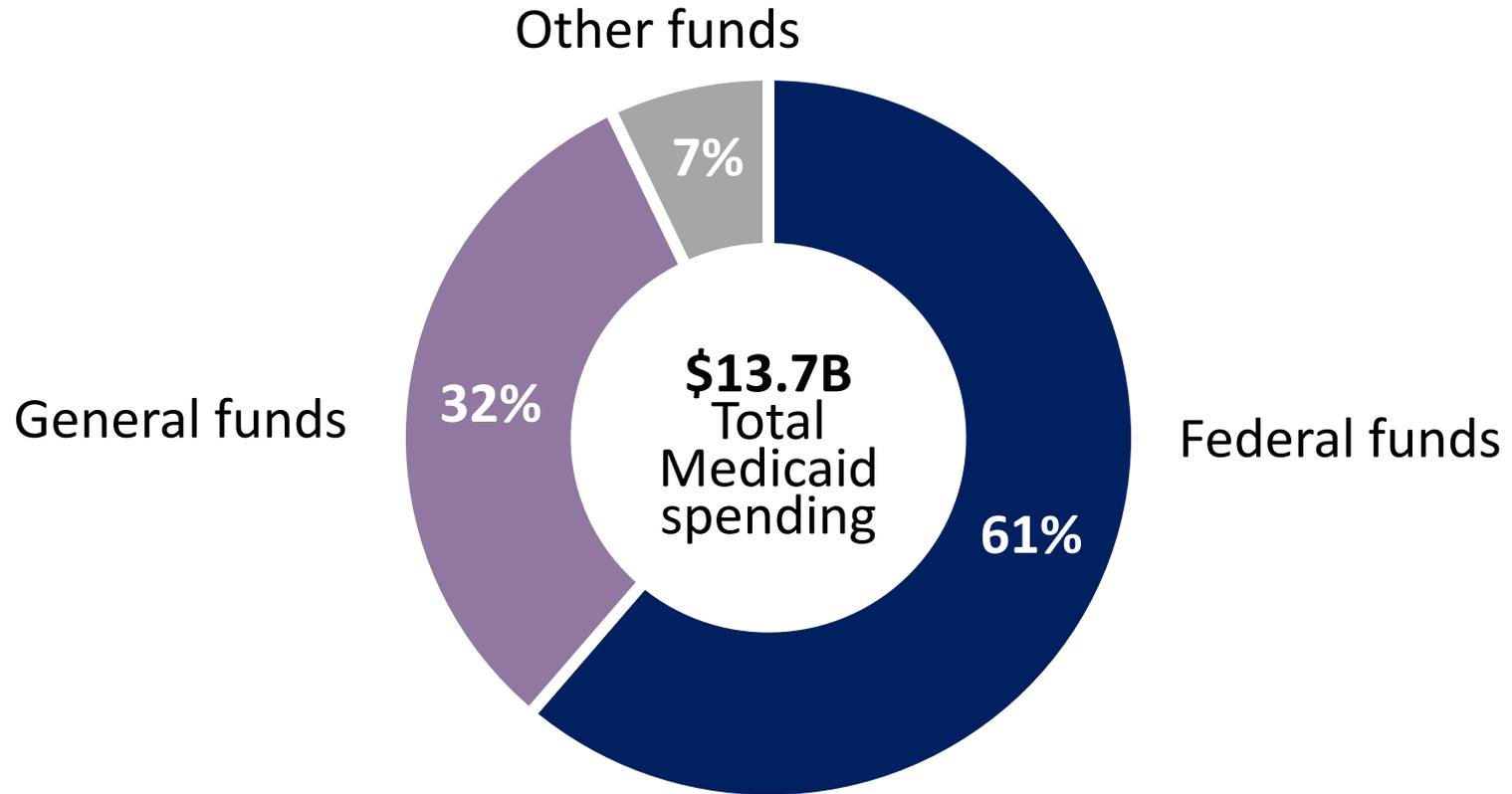
# Growth in Virginia Medicaid spending compared to other states

Percentage increase in Medicaid spending  
(FY10–FY18)



NOTE: Data is as of federal fiscal year 2018, prior to Virginia expanding its Medicaid program. Data is on a federal fiscal year basis.

# Virginia spent \$13.7 billion on Medicaid (FY20), \$4.3 billion in general funds



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 for base Medicaid and Medicaid expansion

FY20 (\$ millions)

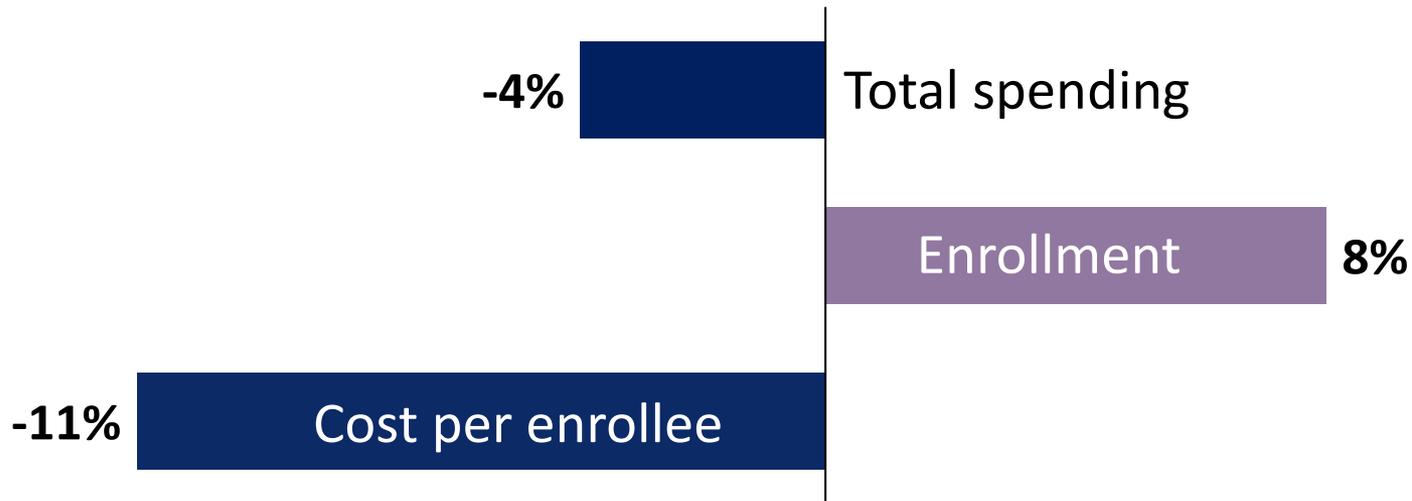
Medicaid spending	Forecasted	Actual	Difference
Medicaid expansion	\$3,395	\$3,157	-\$238 (-7%)
Base Medicaid	10,859	10,540	-319 (-3%)
<b>Total Medicaid</b>	<b>14,254</b>	<b>13,697</b>	<b>-558 (-4%)</b>

- General fund spending was \$35 million less than projected (out of the total of \$558 million in less-than-expected spending)

NOTE: Numbers may not add because of rounding.

# Spending was lower than expected despite enrollment exceeding expectations

Variance from forecast (FY20)



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## Enrollment increased due to federal pandemic relief act and economic conditions

- To access federal pandemic relief, Virginia did not disenroll Medicaid enrollees if their eligibility changed
  - Receiving temporary higher federal match required stopping disenrollment
  - Resulted in a net increase in enrollees
- DMAS estimates that applications have increased during the pandemic but cannot distinguish new applications from renewals

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## Medicaid enrollees used fewer services than anticipated

- Children and non-disabled adults—who are less expensive—accounted for large portion of increased enrollment
- Use of non-emergency services was lower than expected
  - Hospital stays, habilitation, dental and physician services had the largest reductions

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# COVID-19 impacts likely to continue and will affect Medicaid forecast

- Updated forecast to be released November 1, 2020
  - Preliminary forecast on October 15
- COVID-19 is likely to impact the forecast
  - Increased enrollment due to federal rules
  - Cost per enrollee growing slower than expected

NOTE: Federal Public Health Emergency needs to be extended by October 24<sup>th</sup> to continue with the freeze on disenrollment and enhanced federal matching rate.

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## JLARC staff for this report

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