Medicaid Enrollment and Spending
FY20
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?
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

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

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

- 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)

-4% Total spending

8% Enrollment

-11% Cost per enrollee
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
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
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 24th to continue with the freeze on disenrollment and enhanced federal matching rate.
JLARC staff for this report

Stefanie Papps, Senior Legislative Analyst