

Fiscal Highlights

Medicaid Forecast: Savings in FY 2015, Costs in FY 2016 - Russell T. Frandsen

The Medicaid consensus forecast team estimates surplus to the General Fund in FY 2015 of \$12.9 million one-time and an ongoing cost of \$3.4 million in FY 2016.

For the Children's Health Insurance Program, consensus forecast estimates General Fund surplus in FY 2015 of \$2.5 million and \$0.7 million in FY 2016. The savings are largely due to lower-than-forecasted enrollment associated with the mandatory changes in Medicaid and the Children's Health Insurance Program as part of federal health care reform. The primary General Fund cost drivers in Medicaid for FY 2016 include the following:

1. Accountable care organization contracts: \$3.9 million for a 2% projected increase starting in January 2016.
2. Autism increased federal requirements: \$3.0 million for a new federal regulation to provide autism spectrum disorder-related services when medically necessary for any Medicaid clients up to age 21 with autism spectrum disorder. Previously only clients qualifying as disabled qualified for these services or those served by the Utah pilot program for those ages 2 through 6.
3. Forced provider inflation: \$3.1 million in increases due to federal regulation or where the state has opted to not exercise more control. About 93% of the increase comes from outpatient hospital rates and pharmacy drug reimbursement. The state currently pays 100% of Medicare outpatient rates, and those rates are increasing 2.1% in 2015. Most of the drug cost increase comes from a new drug for Hepatitis C called Sovaldi which can cost up to \$160,000 for a treatment.

For more information, please refer to le.utah.gov/interim/2014/pdf/00005196.pdf.