MEDICAID ELIGIBILITY AND ASSOCIATED COSTS

SOCIAL SERVICES APPROPRIATIONS SUBCOMMITTEE
STAFF: RUSSELL FRANDSEN

ISSUE BRIEF

SUMMARY

This issue brief provides a summary of General Fund costs to determine Medicaid eligibility before and after the consolidation of eligibility functions into the Department of Workforce Services starting in FY 2008. This brief is for informational purposes only and requires no Legislative action.

DISCUSSION AND ANALYSIS

Medicaid Eligibility Determination Costs

The costs to the State from the General Fund for determining Medicaid eligibility increased from $9.8 million in FY 2007 to $20.5 million in FY 2008. The Department of Workforce Services began doing all Medicaid eligibility determination functions in FY 2008. Prior to FY 2008 the Department of Health determined about 60% of the cases for Medicaid eligibility. The General Fund costs peaked in FY 2009 at $23.8 million and decreased annually to a total of $11.9 million in FY 2013. The General Fund costs have been adjusted to exclude the ongoing increases provided to all state employees for cost of living adjustments (COLAs) and benefit changes.

The General Fund cost per Medicaid client followed a similar pattern. The cost per client in FY 2007 prior to consolidation was $59.35. The cost per client went to $127.86 in FY 2008 and $132.66 in FY 2009. By FY 2013 the cost was at $46.43 per client.

The Department of Workforce Services explains its increase in General Fund costs following the consolidation beginning in FY 2008 with the following:

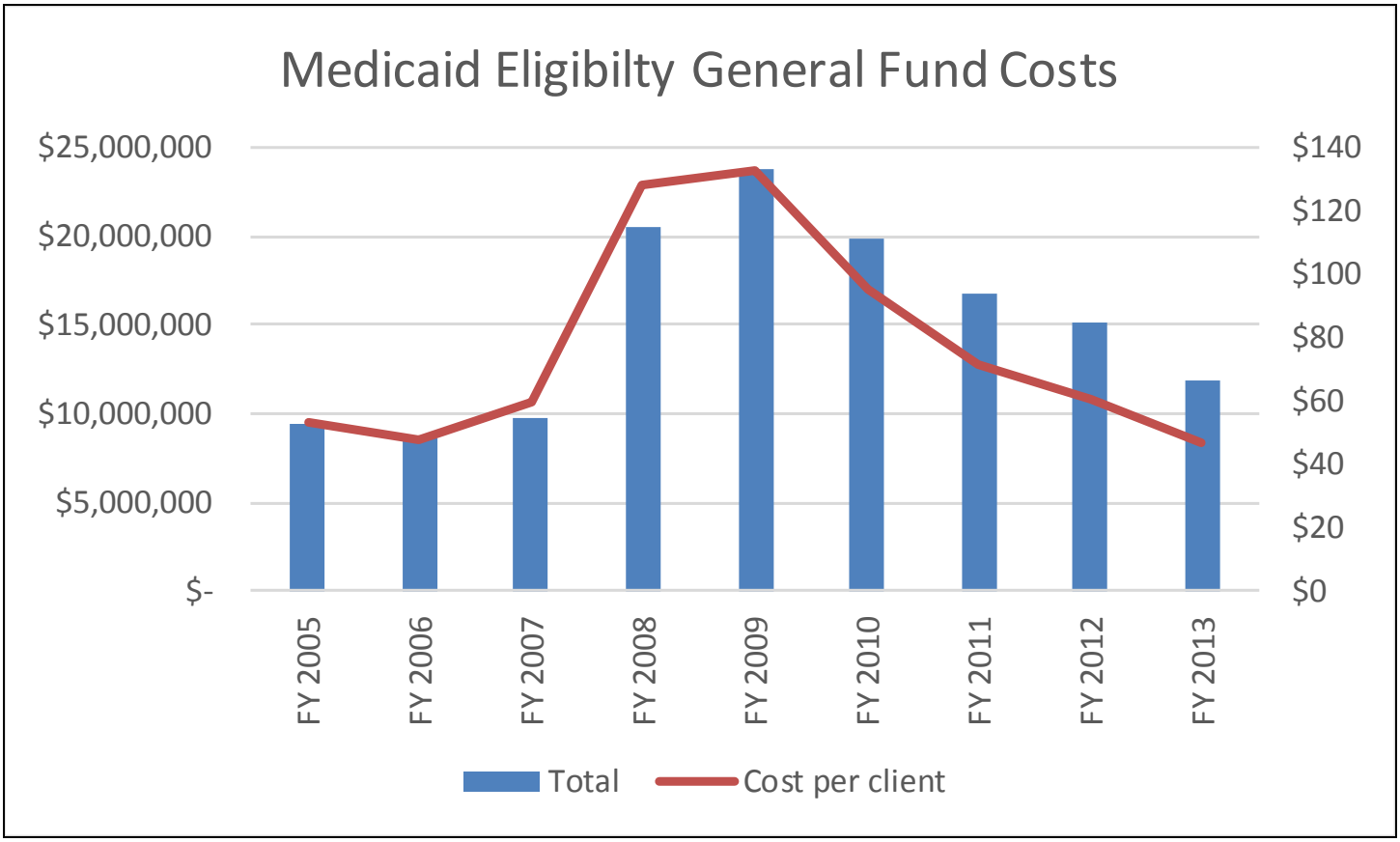
1. Increases associated with its new eligibility determination system (eREP);
2. Increase in training hours for staff;
3. Increase in Medicaid caseloads;
4. Higher than expected amounts of time spent on Medicaid cases as evidenced by the agency's random moment time sample system;
5. Salary increases to eliminate disparate in pay amongst similar workers ($146,000 ongoing General Fund beginning in FY 2008).

The Department of Workforce Services did not receive any increased appropriations, beside the money the Health was previously receiving, for its increased costs. The Department of Workforce Services indicates that it did the following to cover the increased costs:

1. Efficiencies and attrition in other programs;
2. Used non-departmental expenses to count towards the federal Temporary Assistance to Needy Families maintenance of effort requirement, thus freeing up General Fund.

The table and chart below details the costs to the State in General Fund for Medicaid eligibility costs from FY 2005 through FY 2013.

Medicaid Eligibilty General Fund Costs (adjusted for COLAs and benefit changes)	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
Workforce Services	$ 3,852,900	$ 3,813,100	$ 5,557,100	$ 19,772,600	$23,472,500	$19,783,600	$16,806,700	$14,528,700	$11,641,500
Health	$ 5,510,100	$ 4,728,600	$ 4,209,300	$ 685,500	$ 299,100	$ 102,800	$ (70,600)	$ 602,500	$ 291,100
Total	$ 9,363,000	$ 8,541,700	$ 9,766,400	$ 20,458,100	$23,771,600	$19,886,400	$16,736,100	$15,131,200	$11,932,600
Average Caseload	174,706	177,620	164,553	160,006	179,188	208,279	232,853	250,350	257,005
Cost per client	$53.59	$48.09	$59.35	$127.86	$132.66	$95.48	$71.87	$60.44	$46.43
Error Rates	7.7%	14.9%	20.0%	26.7%	15.0%	20.0%	11.7%	3.3%	3.3%
FTEs	324	337	373	497	521	457	367	301	261



Children's Health Insurance Program (CHIP) Eligibility Determination Costs

The costs to the State from the General Fund for determining CHIP eligibility increased from $0.4 million in FY 2007 to $2.8 million in FY 2008. The Department of Workforce Services began performing all CHIP eligibility determination functions in FY 2008. Prior to FY 2008 the Department of Health determined 100% of the cases for CHIP eligibility. The General Fund costs have ranged from $1.1 million in FY 2009 to $3.3 million in FY 2011 since FY 2008. The General Fund costs have been adjusted to exclude the ongoing increases provided to all state employees for cost of living adjustments (COLAs) and benefit changes.

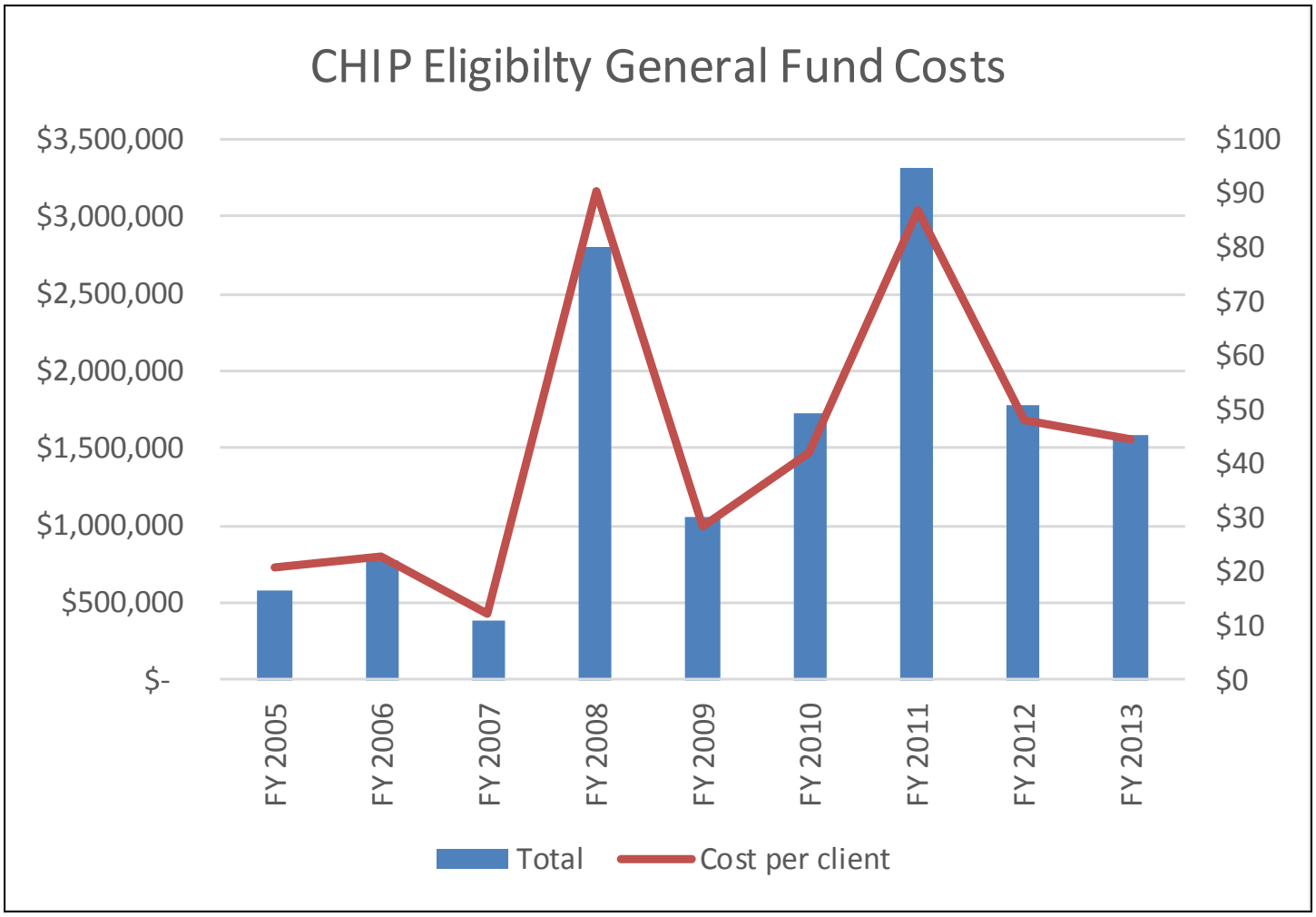
The Department of Workforce Services explains its increase in General Fund costs following its assumption of eligibility determinations for CHIP with the following:

1. Increases associated with its new eligibility determination system (eREP);
2. Increase in training hours for staff;
3. Increase in caseloads and continuous open enrollment since FY 2008;
4. Higher than expected amounts of time spent on CHIP cases as evidenced by the agency's random moment time sample system;

5. Salary increases to eliminate disparate in pay amongst similar workers ($6,000 ongoing General Fund beginning in FY 2008).

The Department of Health explains its increase in costs since FY 2008 with the following:

1. Increase in caseloads and continuous open enrollment since FY 2008
2. Media outreach costs in FY 2008

The table and chart below details the costs to the State in General Fund for CHIP eligibility costs from FY 2005 through FY 2013.

CHIP Eligibilty General Fund Costs (adjusted for COLAs and benefit changes)	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
Workforce Services	$ 51,200	$61,200	$62,600	$1,848,100	$144,100	$542,700	$2,384,400	$822,000	$594,000
Health	$ 522,600	$714,700	$326,000	$950,300	$911,200	$1,178,500	$932,300	$965,200	$986,700
Total	$ 573,800	$ 775,900	$ 388,600	$ 2,798,400	$ 1,055,300	$ 1,721,200	$ 3,316,700	$ 1,787,200	$ 1,580,700
Average Caseload	27,674	33,646	31,252	30,977	37,177	41,057	38,198	37,372	35,446
Cost per client	$20.73	$23.06	$12.43	$90.34	$28.39	$41.92	$86.83	$47.82	$44.59
Error Rates	40.0%	17.0%	5.0%	16.7%	30.0%	38.2%	23.6%	20.0%	6.7%
FTEs	9	9	15	60	59	59	58	40	47