



MEDICAID SPENDING STATEWIDE

SOCIAL SERVICES APPROPRIATIONS SUBCOMMITTEE
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ISSUE BRIEF

SUMMARY

This issue brief summarizes FY 2015 statewide spending on Medicaid of \$553,909,000 General Fund and \$7,212,000 Education Fund (\$2,438,200,800 total funds). Totals represent 25% of all General Fund spending statewide. Other entities provided \$190,213,500 or 25% of the matching funds used to draw down \$1,686,866,300 in federal funds in FY 2015. The data source for information in this brief comes primarily from the Department of Health’s annual report entitled “Utah Annual Report of Medicaid & CHIP.” This brief is for informational purposes only and requires no Legislative action.

DISCUSSION AND ANALYSIS

Five State government entities (Departments of Health, Human Services, and Workforce Services as well as the Office of Inspector General and the Attorney General’s Medicaid Fraud Control Unit) together with the University of Utah Hospitals and Clinics spent \$2,438,200,800 total funds in FY 2015 on Medicaid. The table below details the FY 2015 statewide spending on Medicaid by each agency:

Medicaid Spending by State Entity in FY 2015		
Entity	Money Spent	% of Total
Department of Health	\$ 1,809,712,300	74%
University of Utah Hospitals & Clinics	\$ 318,031,100	13%
Department of Human Services	\$ 259,078,400	11%
Department of Workforce Services	\$ 46,952,200	2%
Office of the Inspector General	\$ 2,507,100	0.1%
Attorney General	\$ 1,919,700	0.1%
Total	\$ 2,438,200,800	100%

Of the \$2,438,200,800 total funds spent on Medicaid in FY 2015, 5% or \$118,342,200 went for State administration. The other 95% or \$2,319,858,600 paid for medical services. The federal government provided 69% or \$1,686,866,300 of the total funding (includes federal offsets from other revenue sources) with the remaining \$751,334,500 or 31% from matching funds.

Of the \$751,334,500 in matching funds, the State General Fund provided \$553,909,000 or 74%, the Education Fund another \$7,212,000 or 1%, and other entities provided the remaining \$190,213,500. Generally these entities are seeding money because those entities are receiving the federal match. The table on the following page details the purposes and sources of the seed money, the matching provided other entities as well as the State’s General and Education Funds.

The \$553,909,000 General Fund spent on Medicaid represents 25% of all the \$2,207,897,800 General Fund spending statewide in FY 2015.

Offsets to Medicaid Expenditures

There are six general categories of offsets to Medicaid expenditures, which totaled \$344,193,600 in FY 2015. Most offsets result in the Medicaid program avoiding a payment, but in some cases the Medicaid program uses the money collected to offset the total expenditures. The list below includes a discussion on each offset:

MEDICAID SPENDING STATEWIDE

Matching Funds	Source	FY 2015	% State Funding	General Fund	Education Fund
Health Department - Medicaid	State	\$ 409,041,200	100%	\$ 409,041,200	
Human Services	State	\$ 88,720,600	99%	\$ 88,178,600	
Hospital Assessment	companies	\$ 47,277,300	0%	\$ -	
Pharmacy Rebates	companies	\$ 40,173,800	0%	\$ -	
Capitated Mental Health	counties	\$ 37,214,600	77%	\$ 28,780,000	
Inpatient Payment Seeds	U Hospital	\$ 26,690,900	0%	\$ -	
Nursing Home Assessment	companies	\$ 24,261,400	0%	\$ -	
School Districts	schools	\$ 13,735,700	52%	\$ -	\$7,142,600
Workforce Services	State	\$ 12,956,200	91%	\$ 11,810,200	
Physician Enhancement	U Hospital	\$ 10,970,100	0%	\$ -	
Overpayment Collections	companies	\$ 5,341,900	0%	\$ 5,341,900	
Disproportionate Share Hospital	companies	\$ 6,394,000	0%	\$ -	
Outpatient Hospital Upper Payment Limit	companies	\$ 6,112,000	0%	\$ -	
Nursing Facility Upper Payment Limit	companies	\$ 5,504,100	0%	\$ -	
Healthy U Health Plan	Healthy U	\$ 5,128,000	0%	\$ -	
Substance Abuse	counties	\$ 3,668,000	83%	\$ 3,056,700	
Family Health & Preparedness	State	\$ 3,192,500	100%	\$ 3,192,500	
Office of the Inspector General	State	\$ 1,140,600	100%	\$ 1,140,600	
Local Health Departments	counties	\$ 772,000	100%	\$ 772,000	
Early Intervention	State	\$ 572,300	100%	\$ 572,300	
Corrections	State	\$ 474,700	100%	\$ 474,700	
Medicaid Fraud Control Unit	State	\$ 388,200	100%	\$ 388,200	
CHIP Allocation	State	\$ 375,100	100%	\$ 375,100	
Attorney General	State	\$ 367,100	100%	\$ 367,100	
Health & Dental Clinics	State	\$ 293,700	0%	\$ -	
Center for Health Data	State	\$ 202,100	100%	\$ 202,100	
Disease Control and Prevention	State	\$ 183,300	100%	\$ 183,300	
Primary Care Network Fees	clients	\$ 100	0%	\$ -	
Other	misc.	\$ 183,000	56%	\$ 32,500	\$ 69,400
Total		\$ 751,334,500		\$ 553,909,000	\$7,212,000

1. **Third party liability** – Medicaid charged/collected \$172,319,400 from third parties (Medicare, private insurance, or parties causing medical injury to Medicaid clients). About 1/10 of Medicaid clients had another medical insurance.
2. **Pharmacy rebates** – the State collected \$136,205,400 in rebates from volume discounts which the program used to offset expenditures.
3. **Client contributions** – Medicaid clients contributed \$16,598,800 to participate in the Medicaid program. The list below includes a discussion of four categories in which client contributions take place:

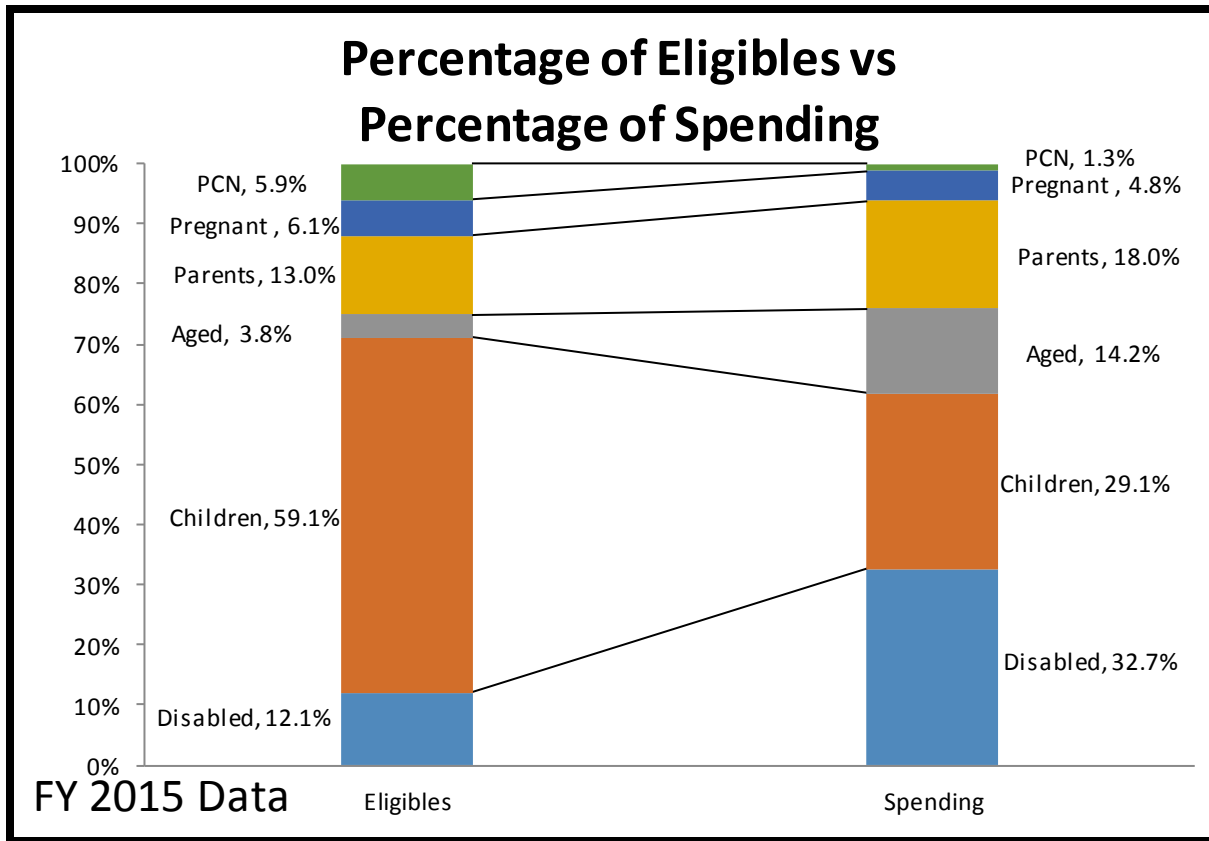
- a. Spenddown Income – clients spent down or paid \$9,724,200 of their income to participate in the Medicaid program. This spenddown allows the client to qualify for Medicaid by lowering their income via qualified medical expenses.
 - b. Probate – the State recovered \$3,885,500 from estates assigned to the State when an individual began receiving Medicaid benefits.
 - c. Co-payments – these are reduced from the reimbursement paid to providers and represented \$2,988,600 or 0.1% of all expenditures in FY 2015. Sixty-nine percent of the co-payments came from pharmacy co-payments.
 - d. Primary Care Network Premiums – clients paid annual premiums totaling \$500 to participate in this program.
4. **Office of Inspector General, Attorney General, and Department of Health Collections** – these three agencies recovered \$12,362,700 in overpayments to providers.
 5. **Recovery Audit Contracts** – these contractors received \$6,572,200 in overpayments to providers.
 6. **Support Payments** – the State received \$135,100 in court-ordered support payments for Medicaid clients.

What Roles Does Each State Agency Play in Medicaid?

1. **Department of Health** – as per federal regulation all Medicaid money flows through the Department of Health and flows out to others via memorandums of understanding/contracts. Primarily the Department oversees Medicaid expenditures and reimburses providers for medical services.
2. **Department of Human Services** – directly provides or contracts for Medicaid services to persons with disabilities, families in crisis, youth in the criminal justice system, and individuals who have mental health or substance abuse problems.
3. **Department of Workforce Services** – the Department determines the vast majority of eligibility for Medicaid clients.
4. **Office of Inspector General** – reviews accuracy of Medicaid billings.
5. **Attorney General’s Medicaid Fraud Control Unit** – this unit investigates and prosecutes provider fraud and abuse in Medicaid. Attorneys in the Department of Health provide additional legal support to Medicaid.

Below is a summary of eligibles vs expenditures in table and graphic form:

<u>Category</u>	<u>Eligibles</u>	<u>Spending</u>	<u>Spending/ Eligibles</u>	<u>Rank Most Expensive</u>
Disabled	12.1%	32.7%	2.7	2
Aged	3.8%	14.2%	3.7	1
Pregnant	6.1%	4.8%	0.8	4
Parents	13.0%	18.0%	1.4	3
Children	59.1%	29.1%	0.5	5
Primary Care Network (PCN)	5.9%	1.3%	0.2	6



If you take the percentage of total spending by each eligibility group divided by the percentage of total number of eligibles for each eligibility group, the following groups are the three most expensive: (1) aged, (2) disabled, and (3) parents.

County Seeded Funds

The table below compares the money seeded by county mental health provider compared to the State funds provided and 20% required county match.

Mental Health - County(s) or Contracted Providers - FY 2015								
Provider Group	Money Seeded for Services	Money Seeded for Admin Fee	% Admin Charged	Total Seeded	State Pass-thru Provided ¹	20% County Match	Total Match & Pass-thru	Seeding (Over)/Under Match
Salt Lake County	\$ 15,149,797	\$ 551,446	3.6%	\$ 15,701,200	11,587,200	\$ 2,317,400	\$ 13,904,600	\$ (1,796,600)
Wasatch (Utah & Wasatch)	\$ 6,365,723	\$ 248,011	3.9%	\$ 6,613,700	6,224,100	\$ 1,244,800	\$ 7,468,900	\$ 855,200
Weber County	\$ 3,267,820	\$ 128,517	3.9%	\$ 3,396,300	2,733,800	\$ 546,800	\$ 3,280,600	\$ (115,700)
Davis County	\$ 2,643,975	\$ 114,528	4.3%	\$ 2,758,500	3,439,800	\$ 688,000	\$ 4,127,800	\$ 1,369,300
Bear River	\$ 2,042,959	\$ 85,840	4.2%	\$ 2,128,800	1,949,300	\$ 389,900	\$ 2,339,200	\$ 210,400
Southwest	\$ 1,980,984	\$ 84,028	4.2%	\$ 2,065,000	2,532,800	\$ 506,600	\$ 3,039,400	\$ 974,400
Northeastern/Uintah Basin	\$ 1,600,301	\$ 57,373	3.6%	\$ 1,657,700	867,900	\$ 173,600	\$ 1,041,500	\$ (616,200)
Central Utah	\$ 1,064,360	\$ 51,807	4.9%	\$ 1,116,200	1,211,100	\$ 242,200	\$ 1,453,300	\$ 337,100
Tooele County	\$ 914,136	\$ 46,188	5.1%	\$ 960,300	675,300	\$ 135,100	\$ 810,400	\$ (149,900)
Four Corners	\$ 585,843	\$ 48,093	8.2%	\$ 633,900	647,900	\$ 129,600	\$ 777,500	\$ 143,600
Summit County	\$ 165,844	\$ 16,552	10.0%	\$ 182,400	449,100	\$ 89,800	\$ 538,900	\$ 356,500
San Juan County	\$ 429	\$ 33	7.7%	\$ 500	222,200	\$ 44,400	\$ 266,600	\$ 266,100
FY 2015 TOTAL	\$ 35,782,200	\$ 1,432,400	4.0%	\$ 37,214,500	\$ 32,540,500	\$ 6,508,200	\$ 39,048,700	\$ 1,834,200

(1) Explanation from the Department of Human Services: "Updated with FY 2015 allocations to Local Authorities which required a 20% county match. Additional funds available for Medicaid Match (but not necessarily used for that purpose) such as DORA, Children's Outplacement, and Amended Amounts were allocated to the Local Authorities. These additional funds are not included above since there was no county match requirement associated with them."

Sources

The financial information for this brief originates primarily from the Department of Health's annual report entitled "*Utah Annual Report of Medicaid & CHIP.*" This report is available online at [https://medicaid.utah.gov/Documents/pdfs/annual%20reports/medicaid%20annual%20reports/MedicaidAnnualReport 2015.pdf](https://medicaid.utah.gov/Documents/pdfs/annual%20reports/medicaid%20annual%20reports/MedicaidAnnualReport%202015.pdf).

What is Different From Last Year?

The following is different from last year's Issue Brief of the same title and available at <http://le.utah.gov/interim/2015/pdf/00002866.pdf>:

- The "ORS Collections" category of Medicaid expenditure offsets was previously presented as all client spenddowns as it is listed in the column "Spenddown and Other Collections" in table 3 of the annual Medicaid report. This year this "ORS Collections" category is broken down into more categories based on additional information provided by the Department of Human Services.