

Fiscal Highlights

Medicaid Used 25% of Available General Fund in FY 2015 - Russell T. Frandsen

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

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:

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:
 - 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.
 - Probate - the State recovered \$3,885,500 from estates assigned to the State when an individual began receiving Medicaid benefits.
 - 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.
 - 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.

For more information, please see the issue brief entitled "Medicaid Spending Statewide" available at <http://le.utah.gov/interim/2016/pdf/00002349.pdf>.