

Budget Brief – Medical Assistance

UTAH DEPARTMENT OF HEALTH

DOH BB 08-08

SUMMARY

Medical Assistance is a joint federal/state entitlement service that provides health care to selected low-income populations. The program is commonly referred to as Medicaid. The Administrative support that determines eligibility and processes the applications and payments for this program is primarily in the Health Care Financing line item.

ISSUES AND RECOMMENDATIONS

The Analyst recommends an ongoing FY 2008 base budget for Medical Assistance in the amount of \$1,526,593,500. The appropriation recommendation removes the FY 2007 one-time funding of \$19,596,400. This budget level listed in the base budget bill is allocated to:

Medicaid Base Program	\$1,348,977,300
Title XIX for Human Services	\$ 172,783,100
DOH Health Clinics	\$ 4,833,100

The funding level supports 73.5 FTE positions.

Key Issues: Base Budget Adjustments

The Executive Appropriations Committee recommended a General Fund increase be included in the base budget bill to cover three items historically funded in the Department of Health. These items are:

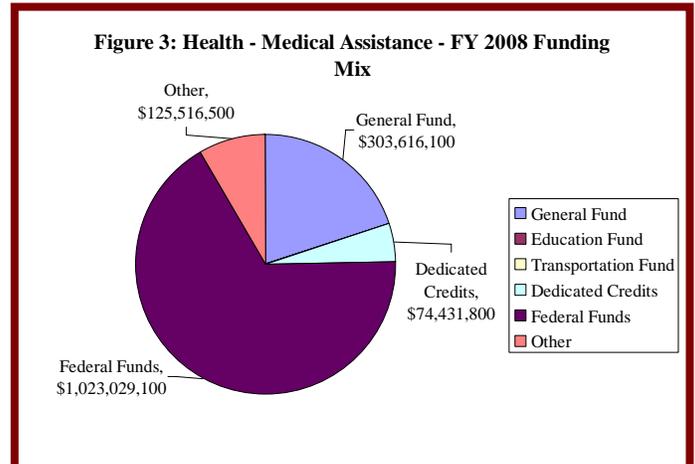
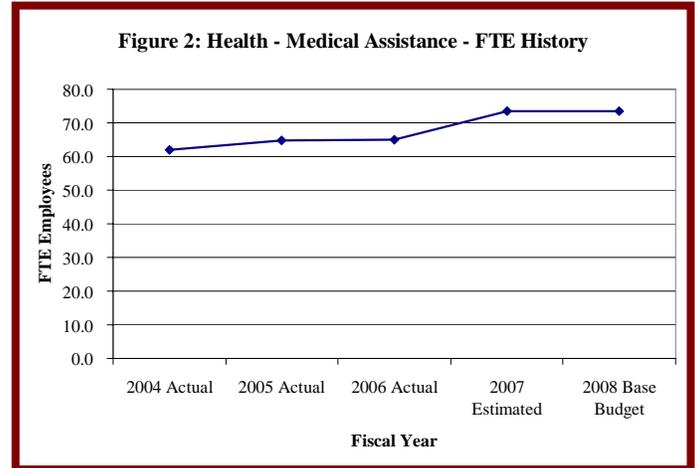
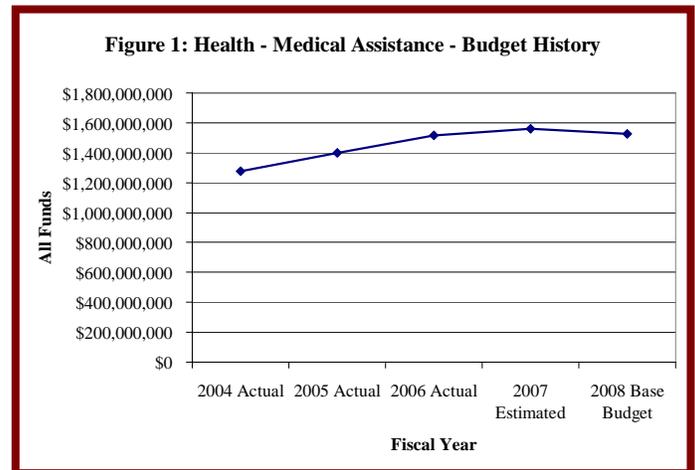
FMAP* Rate Change	(\$10,135,900)
Medicaid Caseload / Utilization	\$ 3,049,600
Medicaid Inflation	\$12,779,700

The Medicaid Caseload / Utilization and the Medicaid Inflation carry a federal match of close to 3:1. The FMAP* rate change is a General Fund reduction that replaces State General Fund with Federal Funds.

* - Federal Medical Assistance Percentage.

One-Time Funding

The 2006 Legislature shifted \$19,149,600 ongoing General Fund to the Department of Human Services to offset a Federal Fund reduction due to a change in the definition of Targeted Case Management. These funds will need to be replaced or savings found within the Subcommittee in order to keep the program at current levels or steps must be taken to reduce caseload, services or provider rates.



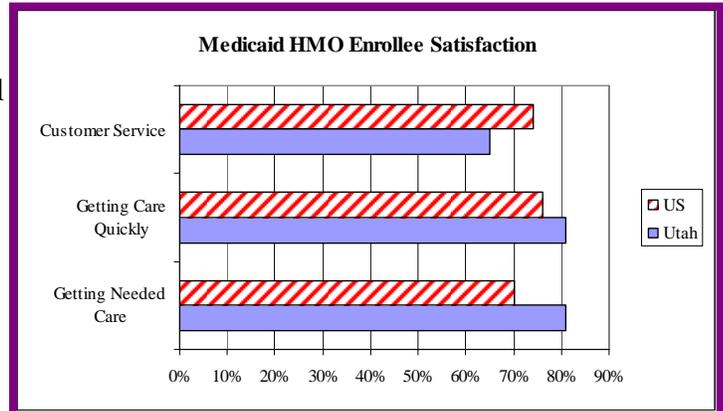
ACCOUNTABILITY DETAIL

Currently, the overall Medicaid population is flat. It has been declining the last nine months. The aged, blind and disable population is growing at a rate of approximately 1 percent per year. Enrollment, utilization, inflation, the State economy and new program requirements all have an impact on the amount of money that the State will need to spend on medical services.

The Medical Assistance Program provides the funding for direct medical services to qualified Utah citizens. The performance measures listed in the Compendium of Budgetary Procedures identifies the percent of consumer assessment measures met or exceeded for selected large-scale providers. The factors listed below identify several of the factors in those assessments.

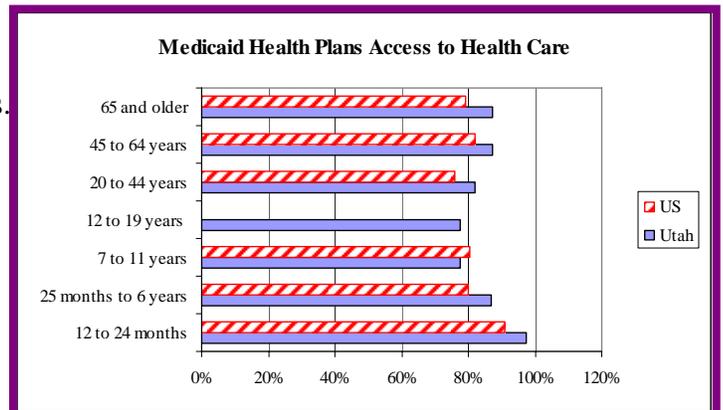
Enrollee Satisfaction

According to surveys, enrollees in Utah’s Medicaid HMOs, satisfaction is usually a little higher than national averages. The chart to the right demonstrates the satisfaction rates of Medicaid enrollees compared to national averages.



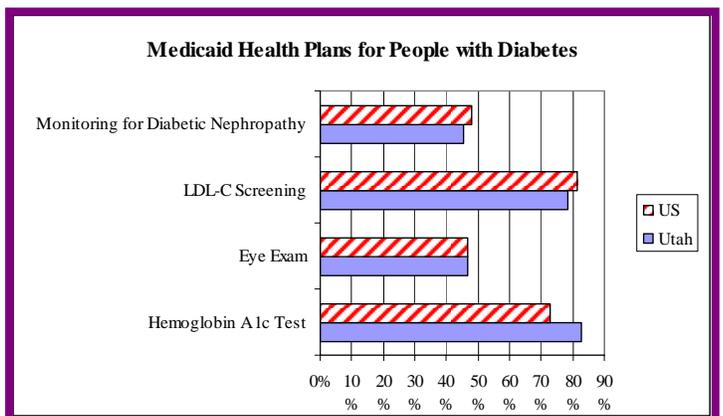
Access to Health Care

The graph to the right shows how well enrollees are able to access health care in the Medicaid program. In most cases, access for Utahns is greater than national averages. This is an issue often discussed as we address provider rates. These are averages for all Medicaid services. Some services have more availability and access than others.



Care for People with Diabetes

The graph to the right shows the ability to receive care for those people who have diabetes who are Medicaid recipients. Generally, Utah is close to the national average. This disease is becoming more widespread throughout the population and leads to a host of other ailments that require treatment and sometimes surgery, which consequently increases costs to state and federal governments.



Provider Rates

The mandatory inflationary increases have been added to the base budget bill. This increases the provider rates for the mandatory services by approximately 2.5 percent. An issue brief has been prepared for more detailed

information regarding this issue. Some providers have not had a rate increase for more than a decade. Provider rates are often raised as an issue to limited access to medical or dental services. The charts above do not seem to indicate a significant problem at the present time.

BUDGET DETAIL

Budget Recommendation

The Analyst recommends an ongoing base budget funding in the amount of \$1,526,593,500 for the Medical Assistance line item. Of this amount \$303,616,100 is from the General Fund, \$1,023,029,100 is from Federal Funds, \$74,431,800 is from Dedicated Credits, \$11,254,300 is from the General Fund Restricted – Nursing Care Facilities Account, and \$114,262,200 from Transfers. The recommendation covers the budgets for the Medicaid Base Program, Title XIX for Human Services, and the Department of Health (DOH) Health Clinics.

Intent Language

No intent language has been requested and none is recommended for this line item.

LEGISLATIVE ACTION

The Executive Appropriations Committee requests that the Subcommittee adopt base budgets for each agency under the Subcommittee's purview, fund Subcommittee priorities, first by reallocating revenue among programs, and provide a prioritized list of desired items for funding. Adoption of this base budget as listed in this document enables the programs to continue for the next fiscal year at relatively the same level as the current fiscal year.

- The Analyst recommends that the Health and Human Services Appropriations Subcommittee approve an ongoing base budget for FY 2008 for the Medical Assistance line item in the amount of \$1,526,593,500 with funding as listed in the Budget Detail Table.

BUDGET DETAIL TABLE

Health - Medical Assistance						
	FY 2006	FY 2007		FY 2007		FY 2008*
Sources of Finance	Actual	Appropriated	Changes	Revised	Changes	Base Budget
General Fund	282,776,500	297,922,700	0	297,922,700	5,693,400	303,616,100
General Fund, One-time	18,582,100	19,596,400	0	19,596,400	(19,596,400)	0
Federal Funds	1,027,531,200	1,062,353,800	(19,364,600)	1,042,989,200	(19,960,100)	1,023,029,100
Dedicated Credits Revenue	72,430,700	89,897,000	(22,512,900)	67,384,100	7,047,700	74,431,800
GFR - Nursing Care Facilities Account	10,107,500	11,254,300	0	11,254,300	0	11,254,300
Transfers - Human Services	109,499,300	61,612,200	50,140,700	111,752,900	(518,400)	111,234,500
Transfers - Other Agencies	536,500	42,068,300	(41,530,100)	538,200	0	538,200
Transfers - Within Agency	2,441,100	2,500,200	(10,700)	2,489,500	0	2,489,500
Beginning Nonlapsing	620,900	620,900	4,459,000	5,079,900	(4,459,000)	620,900
Closing Nonlapsing	(5,079,900)	(620,900)	0	(620,900)	0	(620,900)
Lapsing Balance	(1,355,100)	0	0	0	0	0
Total	\$1,518,090,800	\$1,587,204,900	(\$28,818,600)	\$1,558,386,300	(\$31,792,800)	\$1,526,593,500
Programs						
Medicaid Base Program	1,341,000,600	1,377,123,700	3,634,900	1,380,758,600	(31,781,300)	1,348,977,300
Title XIX for Human Services	172,783,100	205,341,700	(32,558,600)	172,783,100	0	172,783,100
DOH Health Clinics	4,307,100	4,739,500	105,100	4,844,600	(11,500)	4,833,100
Total	\$1,518,090,800	\$1,587,204,900	(\$28,818,600)	\$1,558,386,300	(\$31,792,800)	\$1,526,593,500
Categories of Expenditure						
Personal Services	3,869,800	4,069,500	353,800	4,423,300	(10,100)	4,413,200
In-State Travel	34,800	21,300	13,500	34,800	0	34,800
Out of State Travel	2,700	5,100	(2,400)	2,700	0	2,700
Current Expense	11,477,200	1,036,100	20,547,200	21,583,300	(100)	21,583,200
DP Current Expense	18,200	24,300	(5,900)	18,400	0	18,400
DP Capital Outlay	2,300	0	0	0	0	0
Other Charges/Pass Thru	1,502,685,800	1,582,048,600	(49,724,800)	1,532,323,800	(31,782,600)	1,500,541,200
Total	\$1,518,090,800	\$1,587,204,900	(\$28,818,600)	\$1,558,386,300	(\$31,792,800)	\$1,526,593,500
Other Data						
Budgeted FTE	65.0	65.0	8.5	73.5	0.0	73.5

*Does not include amounts in excess of subcommittee's state fund allocation that may be recommended by the Fiscal Analyst.