

Issue Brief – Medicaid Caseload/Utilization Growth

SUMMARY

Medicaid is the nation's public health insurance program for low-income people. It was initially created to provide medical assistance to individuals and families receiving cash welfare. Over the years, Congress has incrementally expanded the scope of the program. Today, Medicaid is no longer a welfare program; rather, it is a health and long-term program for a broader population of low-income individuals. Caseload and utilization are two of the primary factors driving annual cost increases. This has been impacted by changes with the Federal Medicare program.

OBJECTIVE

The objective of the Utilization and the Caseload Growth building block is to provide adequate funding for the estimated caseload and increase in utilization for Medicaid services.

DISCUSSION AND ANALYSIS

The entire Medicaid program is optional. However, once a state chooses to have a Medicaid program, it is required to have a number of mandatory programs and it can elect to have many more optional programs, including waivers to create its own programs (within certain guidelines.) Medicaid is an entitlement program and therefore, all eligible people must be able to receive the services of any given program that is offered and the service provider must be reimbursed.

Medicaid caseload and utilization are two key factors that have a significant fiscal impact on both the federal and state governments.

Caseload

Caseload is the number of clients that enroll in the program. More people in Utah are eligible for Medicaid programs than actually enroll in any given program. This eligibility gap can have significant impact on future caseload growth. Factors affecting caseload are:

- Demographics – The state's growing population contributes to the overall number. Another element of demographics is the case mix shift between eligible groups and the different services that are used. Younger persons and children require the least services while the elderly and disabled require much more services. Though the aged and disabled account for less than one-third of the total clientele, they account for nearly 80 percent of the expenses.
- Eligibility criteria – Changes in eligibility can increase or decrease the caseload.

- Public Awareness - The more people who know about a program, potentially, more people will enroll in that program.

Current Economic Trends

Utah's good economy has had a positive impact on the current Medicaid caseload. As more people become employed and obtain health insurance, fewer people apply for and qualify for Medicaid. Employment trends tend to be cyclic, therefore it is anticipated that the downward trend will be reversed at some point in the future. When unemployment increases, the number of uninsured also increases.

Current Caseload Trend

The caseload for Medicaid services has been dropping since March 2006. Prior to FY 2005, Medicaid experienced double digit caseload growth. Increasing costs are primarily the result of a caseload shift to more expensive eligibility groups. The trend shows a small increase of about one percent in the number of disabled and elderly. (This is the group that has the highest utilization rate.) The overall total number of Medicaid patients may continue to decline, but the numbers are shifting toward groups that use services more often and use the services that are more expensive.

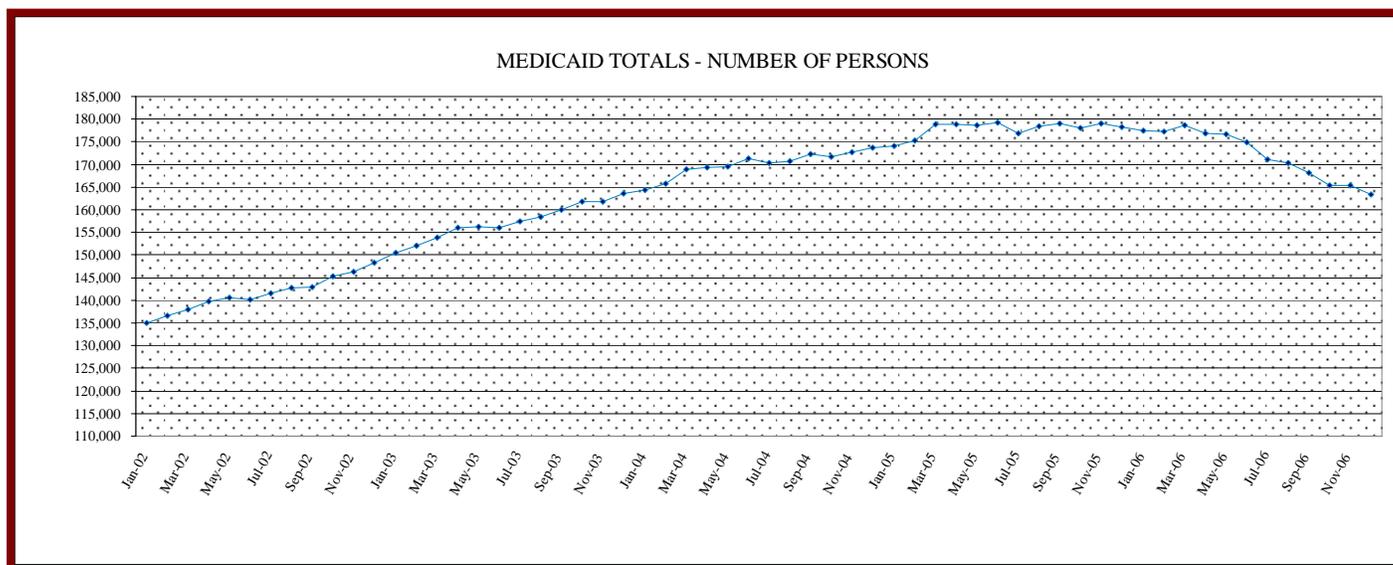
Caseload Growth Charted

The chart on the next page charts the Medicaid caseload from July 2001 through December 2006. Current overall trends are declining.

Issue Brief – Medicaid Caseload/Utilization Growth

HEALTH – MEDICAL ASSISTANCE

DOH IB 08-12



Utilization

The utilization growth is the increase in the actual intensity or amount of services the current Medicaid enrollees receive beyond the amount received by the enrollees of the prior year. This is where the real cost increases are generated between caseload and utilization. The impact of the caseload population mix is realized here.

Funding Detail

The Department's estimates for Medicaid caseload and utilization growth at this time support a request for a budget increase of \$3,049,600 General Fund which would be matched with \$7,561,400 Federal Funds and \$329,900 Other Funds.

The 2006 Legislature funded the caseload and utilization component of Medicaid for FY 2007 with an increase of \$14,000,000 ongoing General Fund.

Impact of Medicare Part D

The 2006 Legislature funded an estimated caseload and utilization increase with \$1,100,000 ongoing General Fund for FY 2007. Additionally, \$4,249,300 one-time General Fund was appropriated for FY 2006. Nonlapsing authority was granted for these funds. The increased caseload did not materialize during FY 2006 and all of the funds were carried over into FY 2007. The ongoing General Fund appropriated for FY 2007 was used in the

estimates for a potential supplemental appropriation for FY 2007 and in the projections for FY 2008. No supplemental appropriation is recommended for FY 2007. (This is in contrast to the General Fund FY 2006 caseload/utilization Supplemental appropriation of \$10,263,700.

LEGISLATIVE ACTION

Executive Appropriations included \$3,049,600 in the House Bill 1, (State Agency and Higher Education Base Budget Appropriations-2007 General Session) for Medicaid caseload and utilization growth.

Recommendation

The Analyst recommends no additional funds beyond those added to the base budget bill.

Supplemental Appropriation

No supplemental appropriation is recommended for this program item. The Analyst estimates that the funding appropriated for FY 2006 for the implementation of Medicare Part D and carried over into FY 2007 is sufficient to address the current year caseload and utilization funding needs.