

Issue Brief – Medicaid Caseload – Utilization Growth

DEPARTMENT OF HEALTH

DOH-09-15

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 in the program. The Department originally requested \$2,090,300 ongoing General Fund (\$6,961,000 Total Fund), but has since indicated that they will not need any additional appropriation. The Executive Appropriations Committee is likely to remove the money from the base budget.

OBJECTIVE

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

DISCUSSION AND ANALYSIS

The Executive Appropriations Committee included \$1,045,200 General Fund (\$3,048,500 Total Funds) in the base budget. The Department has indicated that it no longer estimates a need for these increases. The Executive Appropriations Committee is likely to remove this appropriation from the base budget.

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 the Medicaid budget.

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:

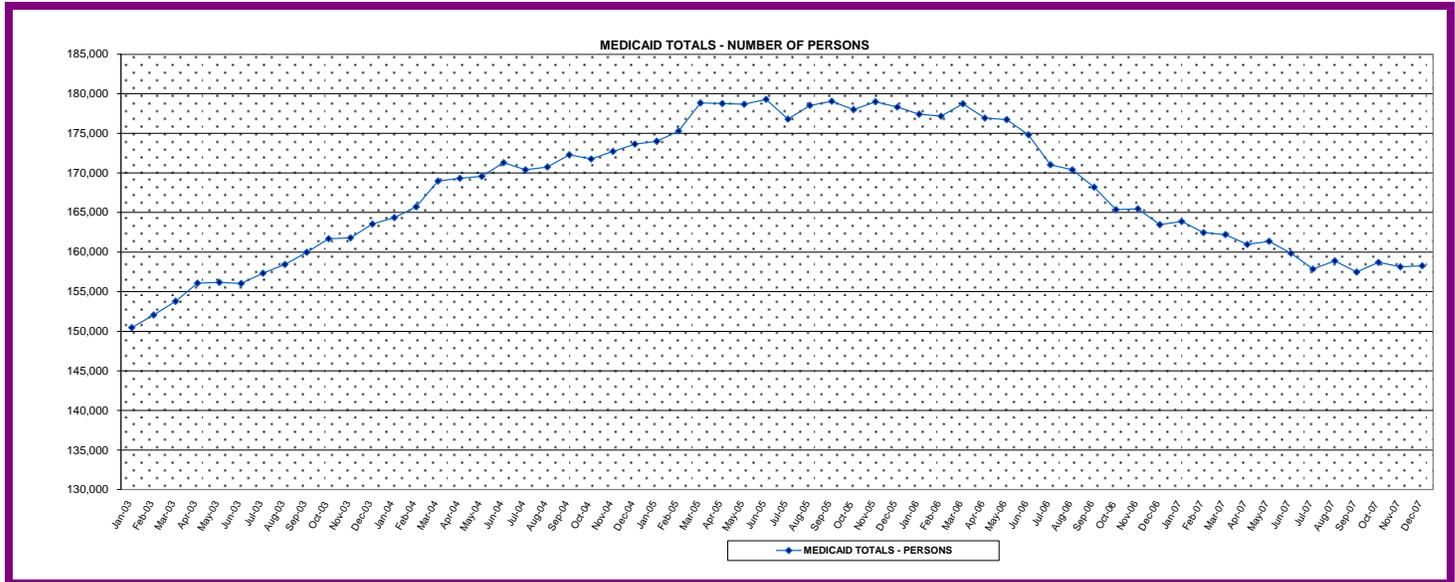
- Economy - Utah's good economy has had a positive impact on the current Medicaid caseload. As more people become employed and obtain health insurance, fewer people apply for and qualify for Medicaid. Employment trends tend to be cyclic, therefore it is anticipated that the downward trend will be reversed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

The caseload for Medicaid services has been dropping or remaining level since March 2006. From November 2006 to 2007 total Medicaid enrollment declined over 4 percent from 165,500 to 158,100. Prior to FY 2005, Medicaid experienced double digit caseload growth. The overall total number of Medicaid patients may continue to decline, but the numbers may shift 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 January 2003 through December 2007. Current overall trends are remaining level.



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. The impact of the caseload population mix is realized here.

For FY 2009 the Department has indicated that they do not anticipate any funding needed for either utilization or caseload increases.