Medicaid

Who? What? How?
So many decisions, so little time....
Sign up for Medicaid?

- Yes or no
- Optional program started in 1965
- Since late 1970s all states now participate
I’m in...now what?

- Decisions to be made
  - Populations
  - Services
  - Funding
  - Administration

- Don’t worry, the federal government already made several decisions for all states
Populations

• Mandatory population qualifications
  – Low income AND
  – Child, parent, 65+, or have a disability

• Optional populations

• How does Utah compare to the rest of the nation?
Populations

Medicaid Program Expansions

Federally Mandated Expansions (Required)

- States must cover low-income pregnant women (COBRA 1985).
- States must cover eligible children under age six (COBRA 1987).
- Begin phase-in requirement to children through age 18 (COBRA 1990).
- Completed phase-in requirement to children through age 18 (COBRA 1990).
- Required payments from States for Medicare drug coverage of Medicaid-eligible clients.

State-initiated Expansions (Optional)

- 1966: Utah opts into the Medicaid program.
- 1970: Hegan providing medical assistance to individuals not eligible for Medicaid or Medicare with county funds (Utah Medical Assistance Program).
- 1980: State takes over the funding from the counties for the Utah Medical Assistance Program.
- 1990: Begin operating State-run dental clinics.
- 2000: Primary Care Network replaces the Utah Medical Assistance Program.
- 2019: Raised income eligibility for (1) aged, blind, disabled and (2) spenddowns
- 2021: New coverage of foster care graduates up to age 21.
244,700 on Medicaid in June 2011

- Family-Mostly Adults: 41%
- Children: 36%
- Disabled: 15%
- Pregnant Women: 3%
- Aged: 5%

Populations
Services

• Two questions to answer
  1. What services to provide?
  2. How to provide those services?
Services

• Mandatory (14 services that must be provided)

• Optional (38 services a state can choose to provide)
  – Utah covers 27 of the 38
Services

Mandatory Services

1. Inpatient hospital
2. Outpatient hospital
3. Physician's services
4. Nurse midwife services
5. Pediatric and family nurse practitioner services
6. Federally qualified health center
7. Laboratories and x-ray services
8. Rural health clinic services
9. Prenatal care
10. Family planning services
11. Skilled nursing facility services for persons over age 21
12. Home health care services for persons over 21 who are eligible for skilled nursing services
13. Early and periodic screening, diagnosis, and treatment for persons under age 21
14. Vaccines for children
Services

Optional Services Utah Provides

1. Ambulance services
2. Clinic services, including services in Public Health and Mental Health Clinics and in Freestanding Ambulatory Surgery Centers
3. Critical access hospital services
4. Dental services for pregnant women over 20
5. Diagnostic, screening and preventive services
6. Emergency hospital services in non-Medicare participating facilities
7. Dentures
8. Hearing Aids
9. Hospice
10. Inpatient psychiatric care for under age 21
11. Institutions for Mental Disease for age 65 and older
12. Intermediate Care Facility services for Developmentally Disabled
13. Medical equipment and supplies
14. Medical and remedial care by other licensed practitioners (e.g. – psychologists)
Optional Services Utah Provides (continued)

15. Non-emergency medical transportation services
16. Nursing facility services for under age 21
17. Occupational therapy (excluding home health)
18. Physical therapy
19. Optometrist services
20. Personal care services

21. Podiatrist services
22. Prescription drugs
23. Primary care case management
24. Private duty nursing services
25. Prosthetic and orthotic devices
26. Respiratory care for ventilator dependent beneficiaries
27. Targeted case management
Optional services Utah does not provide:

1. Adult dental services (excluding pregnant)
2. Home health occupational therapy
3. Home health speech and language
4. Eyeglasses
5. Home health audiology
6. Speech, hearing and language
7. Nurse anesthetist
8. Chiropractor
9. Program of All-Inclusive Care for the Elderly
10. Respiratory care
11. Qualified Religious Nonmedical Health Care Institutions
• How to deliver medical services?
  – Fee-for-service (any willing provider)
    • Current plan to be the main system for rural Utah
  – Managed health care contracts
    • Select Access – fee-for-service payment with $0.70 monthly access fee per member
    • Molina – 100% risk contract, capitated payment
    • Healthy U - non-risk Prepaid Ambulatory Health Plan
    • Health Choice – Accountable Care Organization with 100% risk contract, capitated payment
Funding – How to pay for it?

- For every $1 spent on Medicaid services...
  - $0.70 federal ($1.4B in FY 2011)
  - $0.30 state
    - 68% or $389M from General and Education Fund
    - 32% or $179M from assessments & seeding

- Limited cost sharing
  - Ranges from $0 for some populations to $500 annual maximum

- How much money will I give for Utah’s Medicaid program?
<table>
<thead>
<tr>
<th>Matching Funds</th>
<th>Source</th>
<th>FY 2011</th>
<th>% State Funding</th>
<th>General Fund</th>
<th>Education Fund</th>
<th>% of All Matching</th>
</tr>
</thead>
<tbody>
<tr>
<td>Health Department - Medicaid</td>
<td>State</td>
<td>$ 272,990,700</td>
<td>100%</td>
<td>$ 272,990,700</td>
<td></td>
<td>48%</td>
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<tr>
<td>Pharmacy Rebates</td>
<td>companies</td>
<td>$ 76,331,700</td>
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<td>$ -</td>
<td></td>
<td>13%</td>
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<tr>
<td>Human Services</td>
<td>State</td>
<td>$ 59,695,700</td>
<td>98%</td>
<td>$ 58,710,700</td>
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<td>11%</td>
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<tr>
<td>Hospital Assessment</td>
<td>companies</td>
<td>$ 32,443,900</td>
<td>0%</td>
<td>$ -</td>
<td></td>
<td>6%</td>
</tr>
<tr>
<td>Capitated Mental Health</td>
<td>counties</td>
<td>$ 23,648,700</td>
<td>82%</td>
<td>$ 19,432,700</td>
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<td>4%</td>
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<tr>
<td>Workforce Services</td>
<td>State</td>
<td>$ 20,678,100</td>
<td>100%</td>
<td>$ 20,678,100</td>
<td></td>
<td>4%</td>
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<tr>
<td>Nursing Home Assessment</td>
<td>companies</td>
<td>$ 19,441,000</td>
<td>0%</td>
<td>$ -</td>
<td></td>
<td>3%</td>
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<tr>
<td>School Districts</td>
<td>schools</td>
<td>$ 13,762,300</td>
<td>52%</td>
<td>$ -</td>
<td>$ 7,156,400</td>
<td>2%</td>
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<tr>
<td>Inpatient Payment Seeds</td>
<td>U Hospital</td>
<td>$ 12,503,700</td>
<td>0%</td>
<td>$ -</td>
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<td>2%</td>
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<tr>
<td>Disproportionate Share Hospital</td>
<td>companies</td>
<td>$ 7,015,600</td>
<td>0%</td>
<td>$ -</td>
<td></td>
<td>1%</td>
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<tr>
<td>Physician Enhancement</td>
<td>U Hospital</td>
<td>$ 6,276,200</td>
<td>0%</td>
<td>$ -</td>
<td></td>
<td>1%</td>
</tr>
<tr>
<td>Health &amp; Dental Clinics</td>
<td>State</td>
<td>$ 4,031,900</td>
<td>0%</td>
<td>$ -</td>
<td></td>
<td>1%</td>
</tr>
<tr>
<td>Reimbursed Medical Billing</td>
<td>State</td>
<td>$ 3,801,900</td>
<td>0%</td>
<td>$ -</td>
<td></td>
<td>1%</td>
</tr>
<tr>
<td>Family Health &amp; Preparedness</td>
<td>State</td>
<td>$ 3,541,800</td>
<td>100%</td>
<td>$ 3,541,800</td>
<td></td>
<td>1%</td>
</tr>
<tr>
<td>Healthy U Health Plan</td>
<td>Healthy U</td>
<td>$ 2,956,300</td>
<td>0%</td>
<td>$ -</td>
<td></td>
<td>1%</td>
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<tr>
<td>Substance Abuse</td>
<td>counties</td>
<td>$ 2,175,800</td>
<td>83%</td>
<td>$ 1,813,200</td>
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<td>0%</td>
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<tr>
<td>Other Restricted Revenue</td>
<td>State</td>
<td>$ 1,847,600</td>
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<td>$ 1,847,600</td>
<td></td>
<td>0%</td>
</tr>
<tr>
<td>Disease Control and Prevention</td>
<td>State</td>
<td>$ 1,436,800</td>
<td>100%</td>
<td>$ 1,436,800</td>
<td></td>
<td>0%</td>
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<tr>
<td>CHIP Allocation</td>
<td>State</td>
<td>$ 1,248,700</td>
<td>20%</td>
<td>$ 251,100</td>
<td></td>
<td>0%</td>
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<tr>
<td>Primary Care Network Fees</td>
<td>clients</td>
<td>$ 582,400</td>
<td>0%</td>
<td>$ -</td>
<td></td>
<td>0%</td>
</tr>
<tr>
<td>Child Health Eval. and Care</td>
<td>counties</td>
<td>$ 546,300</td>
<td>28%</td>
<td>$ 153,000</td>
<td></td>
<td>0%</td>
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<tr>
<td>Local Health Departments</td>
<td>counties</td>
<td>$ 533,700</td>
<td>28%</td>
<td>$ 149,400</td>
<td></td>
<td>0%</td>
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<tr>
<td>Medicaid Fraud Control Unit</td>
<td>State</td>
<td>$ 402,100</td>
<td>100%</td>
<td>$ 402,100</td>
<td></td>
<td>0%</td>
</tr>
<tr>
<td>Early Intervention</td>
<td>State</td>
<td>$ 344,500</td>
<td>100%</td>
<td>$ 344,500</td>
<td></td>
<td>0%</td>
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<tr>
<td>Center for Health Data</td>
<td>State</td>
<td>$ 180,000</td>
<td>100%</td>
<td>$ 180,000</td>
<td></td>
<td>0%</td>
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<tr>
<td>Other</td>
<td>misc.</td>
<td>$ 97,600</td>
<td>0%</td>
<td>$ -</td>
<td></td>
<td>0%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>$ 568,515,000</strong></td>
<td></td>
<td><strong>$ 381,931,700</strong></td>
<td><strong>$ 7,156,400</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>
Administration

• Who will administer Medicaid?
  – Federal requirement to have one designated state agency (the buck stops there)

<table>
<thead>
<tr>
<th>FY 2011 Admin. ($ millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>State Agency</td>
</tr>
<tr>
<td>Health</td>
</tr>
<tr>
<td>Workforce Services</td>
</tr>
<tr>
<td>Human Services</td>
</tr>
<tr>
<td>Attorney General</td>
</tr>
<tr>
<td>Total Funds</td>
</tr>
</tbody>
</table>

• Functions (in-house vs contracted)
Administration

• Federal-state partnership
  – Rules
  – Waivers
  – Disallowances
Where does the money go in Medicaid?

Percentage of Eligibles vs Percentage of Spending

- PCN, 6.7%
- Pregnant, 6.4%
- Parents, 13.5%
- Aged, 4.2%
- Children, 57.3%
- Disabled, 11.8%
- Pregnant, 4.3%
- Parents, 9.3%
- Aged, 22.8%
- Children, 23.8%
- Disabled, 38.1%

FY 2011 Data
Where does the money go in Medicaid?

FY 2011 Medicaid, % Clients vs. % Expenditures

- Clients: 11.4%, 19.6%, 65.0%
- Expenditures: 10%, 15%, 25%, 25%, 25%, 3.0%

Legislative Fiscal Analyst (LFA)
Where does the money go in Medicaid?

<table>
<thead>
<tr>
<th>Specific Service</th>
<th>FY 2011 Exp.</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inpatient Hospital-General</td>
<td>$ 265,794,555</td>
<td>14%</td>
</tr>
<tr>
<td>Inpatient Hospital-Seeding</td>
<td>$ 198,214,363</td>
<td>11%</td>
</tr>
<tr>
<td>Molina Health Care</td>
<td>$ 161,741,798</td>
<td>9%</td>
</tr>
<tr>
<td>DHS Home/Comm. Based Services</td>
<td>$ 154,214,187</td>
<td>8%</td>
</tr>
<tr>
<td>Pharmacy</td>
<td>$ 154,152,350</td>
<td>8%</td>
</tr>
<tr>
<td>Capitated Mental Health Clinics</td>
<td>$ 104,844,716</td>
<td>6%</td>
</tr>
<tr>
<td>Outpatient Hospital</td>
<td>$ 102,438,847</td>
<td>5%</td>
</tr>
<tr>
<td>Physician Services</td>
<td>$ 91,824,301</td>
<td>5%</td>
</tr>
<tr>
<td>Nursing Facility III</td>
<td>$ 84,308,059</td>
<td>5%</td>
</tr>
<tr>
<td>Healthy Utah</td>
<td>$ 68,828,725</td>
<td>4%</td>
</tr>
<tr>
<td>Nursing Facility II</td>
<td>$ 49,787,822</td>
<td>3%</td>
</tr>
<tr>
<td>Dental/Orthodontia</td>
<td>$ 35,646,820</td>
<td>2%</td>
</tr>
<tr>
<td>Community IMR</td>
<td>$ 32,288,002</td>
<td>2%</td>
</tr>
<tr>
<td>Skills Development</td>
<td>$ 25,337,340</td>
<td>1%</td>
</tr>
<tr>
<td>All Medicaid Service Expenditures</td>
<td>$ 1,868,872,700</td>
<td>84%</td>
</tr>
</tbody>
</table>
What does the future hold?

• “As the federal government becomes more serious about deficit reduction and entitlement reform the dissonance between Medicaid as an open-ended, individual entitlement and the funding sources available to support it (both state and federal) will become/should become one of the major policy issues in the coming months.” Joy Wilson, Health Policy Director and Senior Federal Affairs Counsel with the National Conference of State Legislatures (June 6, 2012 personal correspondence)

• Federal health care reform