

Report to the  
Executive Appropriations Committee and  
the Health and Human Services  
Interim Committee

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Health Coverage Improvement Program  
(UCA 26-18-411)

October 2018



**Statutory Requirement**

As first required by House Bill 437 (2016), the Utah Department of Health (Department) submits this response to comply with the following statutory requirement in UCA 26-18-411:

- (8) Before September 30 of each year, the department shall report to the Health and Human Services Interim Committee and to the Executive Appropriations Committee:
  - (a) the number of individuals who enrolled in Medicaid under Subsection (6);
  - (b) the state cost of providing Medicaid to individuals enrolled under Subsection (6); and
  - (c) recommendations for adjusting the income eligibility ceiling under Subsection (7), and other eligibility criteria under Subsection (6), for the upcoming fiscal year.

**Number of Individuals Enrolled in this Medicaid Program**

Enrollment in the Health Coverage Improvement Program, also known as Targeted Adult Medicaid (TAM), began in November 2017 and continued to grow through State Fiscal Year 2018. Figure 1 and Table 1 details the monthly enrollment grouped by the referral source. The average monthly enrollment was 1,555 members and the June 2018 enrollment was 2,724 members.

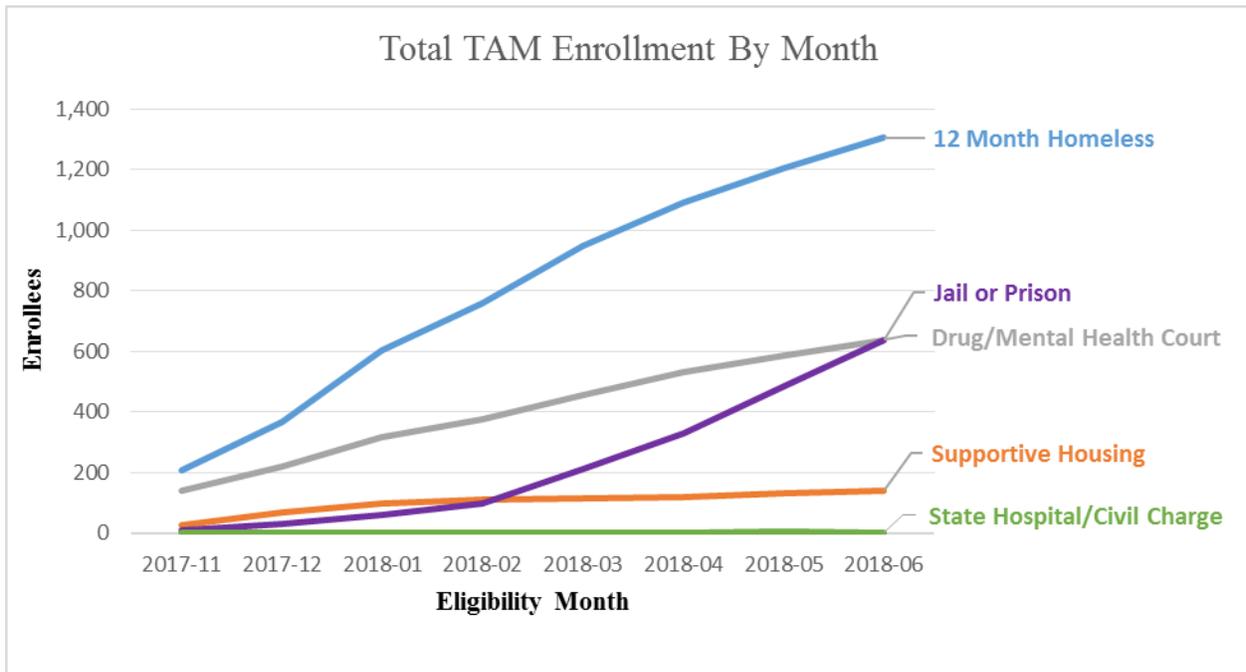


Figure 1

TAM Category	2017-11	2017-12	2018-01	2018-02	2018-03	2018-04	2018-05	2018-06
12 Month Homeless	208	367	604	758	950	1,091	1,206	1,306
Supportive Housing	25	70	96	109	115	119	132	142
Drug/Mental Health Court	140	220	317	374	454	533	588	637
Jail or Prison	11	30	62	96	212	330	485	637
State Hospital/Civil Charge	1	3	1	1	1	3	5	2
<b>Total</b>	<b>385</b>	<b>690</b>	<b>1,080</b>	<b>1,338</b>	<b>1,732</b>	<b>2,076</b>	<b>2,416</b>	<b>2,724</b>

Table 1

## Cost of Providing Medicaid to Enrollees

### Services

State Fiscal Year 2018 service costs for the Health Coverage Improvement Program equaled \$17,495,011 total funds. Federal funds contributed \$12,309,653 to the service cost, and the remainder of \$5,185,809 was shared cost between the State and hospitals in accordance with 26-36b-204. Table 2 details the expenditures by service type. The state net cost of services is \$2,802,800, shown in Table 3.

Service Type	Total Funds	Federal Funds	Non-Federal Share
Behavioral Health	\$1,007,934	\$708,175	\$299,760
Emergency Room	\$1,300,557	\$913,771	\$386,786
Inpatient Hospital	\$5,263,232	\$3,697,947	\$1,565,285
Lab and/or Radiology	\$1,394,724	\$983,478	\$411,246
MAT <sup>1</sup>	\$321,785	\$226,086	\$95,699
Non-MAT Pharmacy <sup>1</sup>	\$1,742,328	\$1,229,334	\$512,994
Other Services	\$1,560,458	\$1,105,000	\$455,458
Outpatient Hospital	\$525,507	\$369,221	\$156,286
Residential Service	\$4,378,937	\$3,076,641	\$1,302,296
<b>Services Subtotal</b>	<b>\$17,495,462</b>	<b>\$12,309,653</b>	<b>\$5,185,809</b>

Table 2

Description	Amount
Non-Federal Share	\$5,185,809
Collections <sup>2</sup>	(\$89,809)
Hospital Share <sup>3</sup>	(\$2,293,200)
<b>Services Net State Cost</b>	<b>\$2,802,800</b>

Table 3

### Administration

2018 administration costs for the Health Coverage Improvement Program equaled \$1,241,837 (Total Funds). Federal funds contributed \$918,177, and the remainder of \$323,659 was the State's cost (Table 4).

Administration Cost <sup>4</sup>	Total Funds	Federal Funds	State Funds
Department of Workforce Services	\$1,138,930	\$859,597	\$279,333
Department of Health	\$102,906	\$58,580	\$44,326
<b>Administration Total</b>	<b>\$1,241,837</b>	<b>\$918,177</b>	<b>\$323,659</b>

Table 4

<sup>1</sup> Pharmacy expenditures shown here are net of rebates. Rebates are allocated to the Health Coverage Improvement Program based on the program's share of Medicaid's pharmacy expenditures.

<sup>2</sup> Includes collections from the Utah Office of Inspector General of Medicaid Services, the Utah Office of Recovery Services, and the Office of the Utah Attorney General's Medicaid Fraud Control Unit. Collections are allocated to the Health Coverage Improvement Program based on the program's share of Medicaid's total expenditures.

<sup>3</sup> Received through intergovernmental transfer and private hospital assessment with authority from 26-36b-204.

<sup>4</sup> Administrative costs for the two Medicaid expansion programs, 26-18-411(6) and 26-18-411(3), are not separately tracked. The amount shown here attributed to 26-18-411(6) is allocated based on share of service expenditures.

## Total

The grand total state cost of the Health Coverage Improvement Program for FY 2018 was \$3,126,459 (Table 5).

Category	State Cost
Services	\$2,802,800
Administration	\$323,659
<b>Grand Total</b>	<b>\$3,126,459</b>

Table 5

## Recommendations for Adjusting Eligibility Criteria

House Bill 437 (2016) not only directed the Department to expand income levels for parents and create the TAM program, it also directed the Department to request federal authority to provide residential services for substance use treatment. However, no funding was provided for these services. On November 8, 2017, the federal government approved a waiver that authorized Utah Medicaid to begin paying for these services. As shown in Table 2, “Residential Service” represents a significant share of the TAM program’s expenditures.

For FY 2018, the graduated uptake of TAM allowed the Department to provide residential services within its appropriated budget. For FY 2019, enrollment continues to grow; however, estimates show that the Department will likely be able to fund projected enrollment and residential services within its appropriated budget. However, for FY 2020 and beyond, the State will need to decide if a separate appropriation for residential treatment is appropriate, if increased funding is appropriate to keep TAM open, or if enrollment in the program should close.

If no additional funding is made available for the TAM program in FY 2020, then program eligibility will have to be reduced. Income eligibility for TAM cannot be reduced because the program is already at 0 percent of the federal poverty level. In order to keep expenditures within currently appropriated levels, the Department would recommend closing the TAM program to new enrollment. Depending on the severity of the projected budget shortfall for this program for FY 2020, enrollment could be closed for just those involved in the justice system (known as Group 2) or enrollment may need to be closed for both Group 2 and the chronically homeless (known as Group 1).

The funding required for this program would change if Proposition 3 passes. Full Medicaid expansion required under the proposition would provide a 90 percent federal match for expenditures on this population rather than the current 70 percent match. In addition, the Department believes many individuals that currently seek Medicaid coverage through TAM would instead enroll directly in the full Medicaid expansion and therefore would reduce the demands on the TAM budget. However, due to TAM’s 12-month continuous eligibility and dental care for those receiving substance use treatment, the Department believes there would be benefit to TAM members of continuing to operate a limited TAM program within full Medicaid expansion.