

# State Medicaid Funding and Policies

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Figure 1

# Medicaid Today

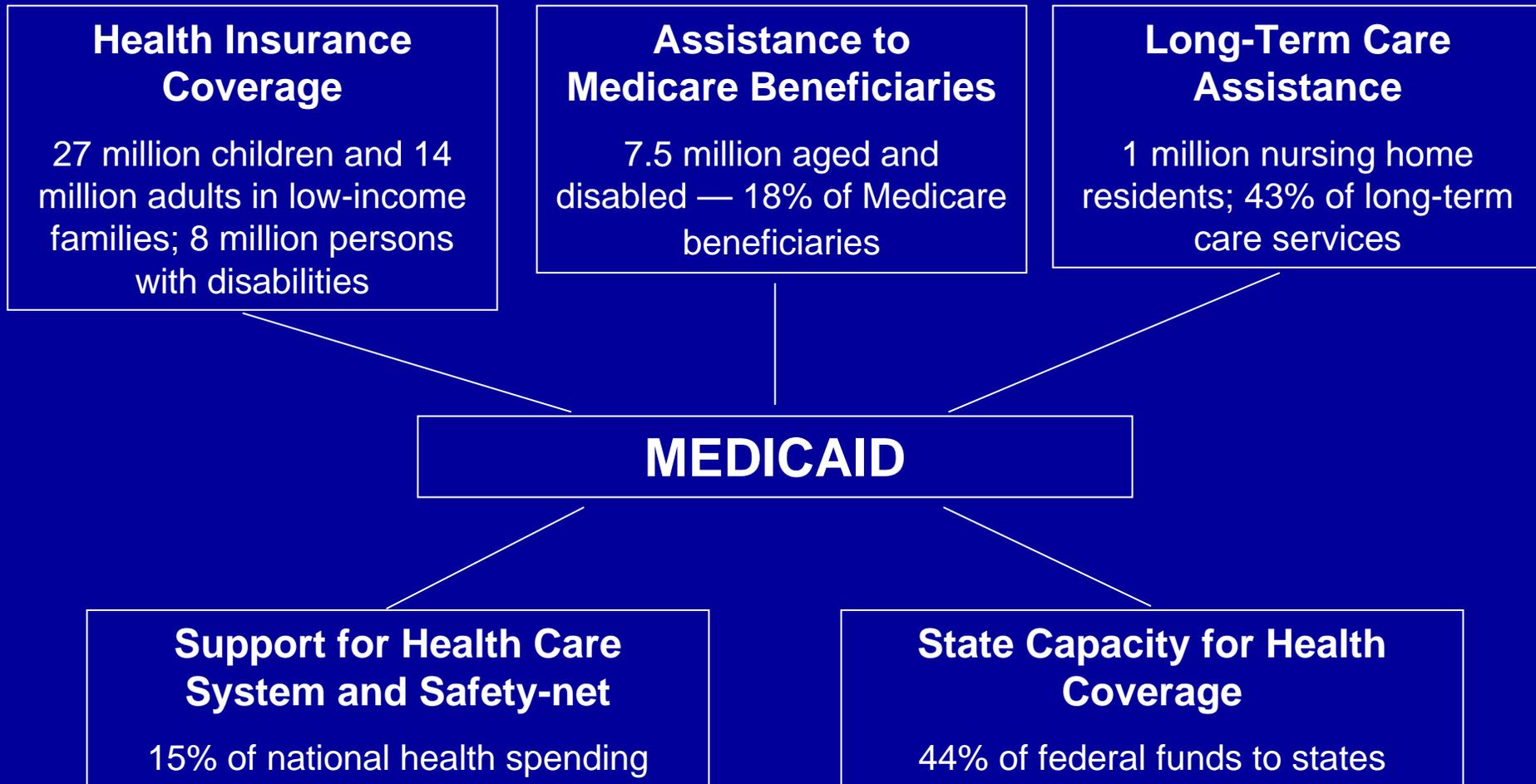
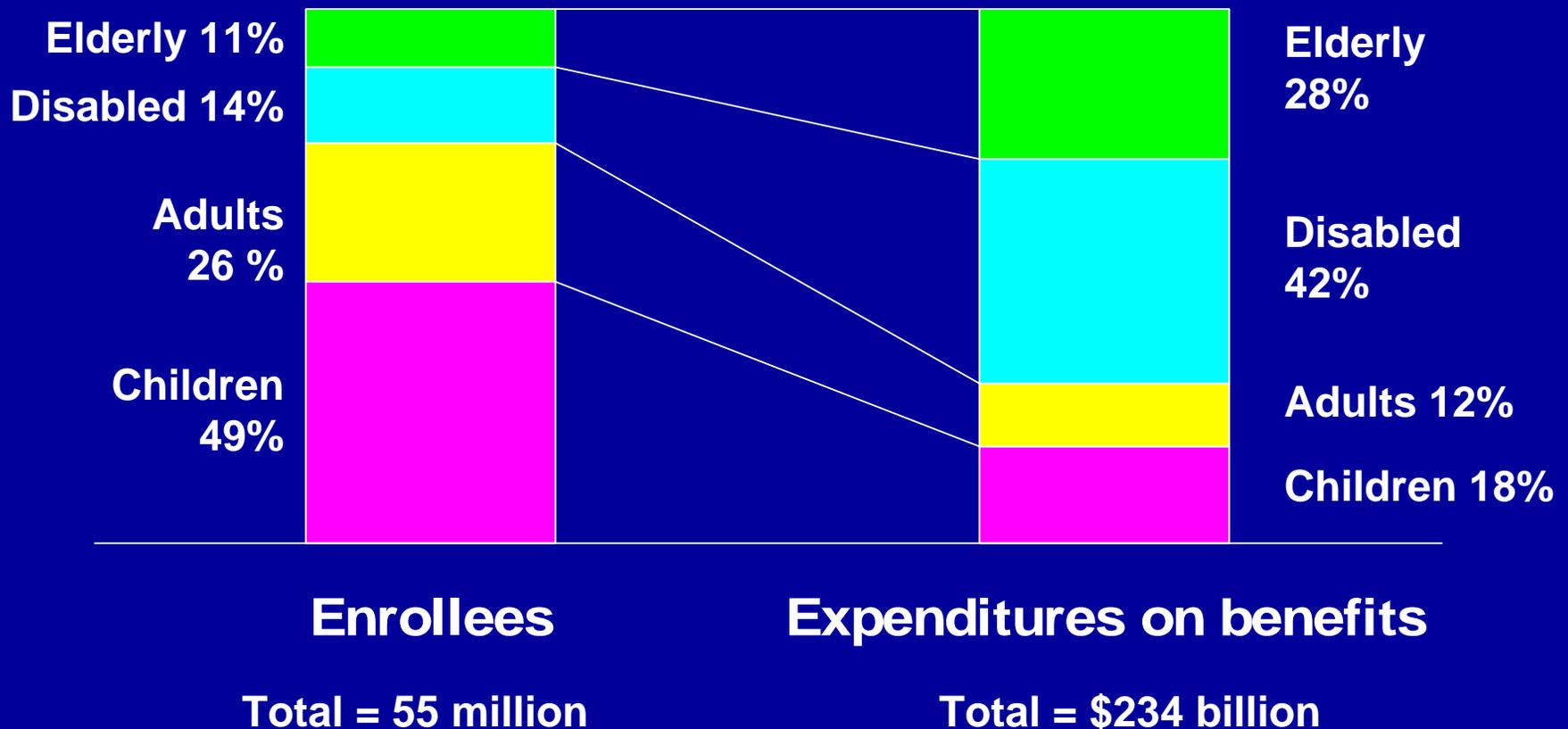


Figure 2

# Medicaid Enrollees and Expenditures by Enrollment Group, 2003



SOURCE: Urban Institute and Kaiser Commission on Medicaid and the Uninsured estimates based on 2003 MSIS data.

Figure 3

# 4 Percent of Medicaid Population Accounted for 48% of Expenditures in 2001

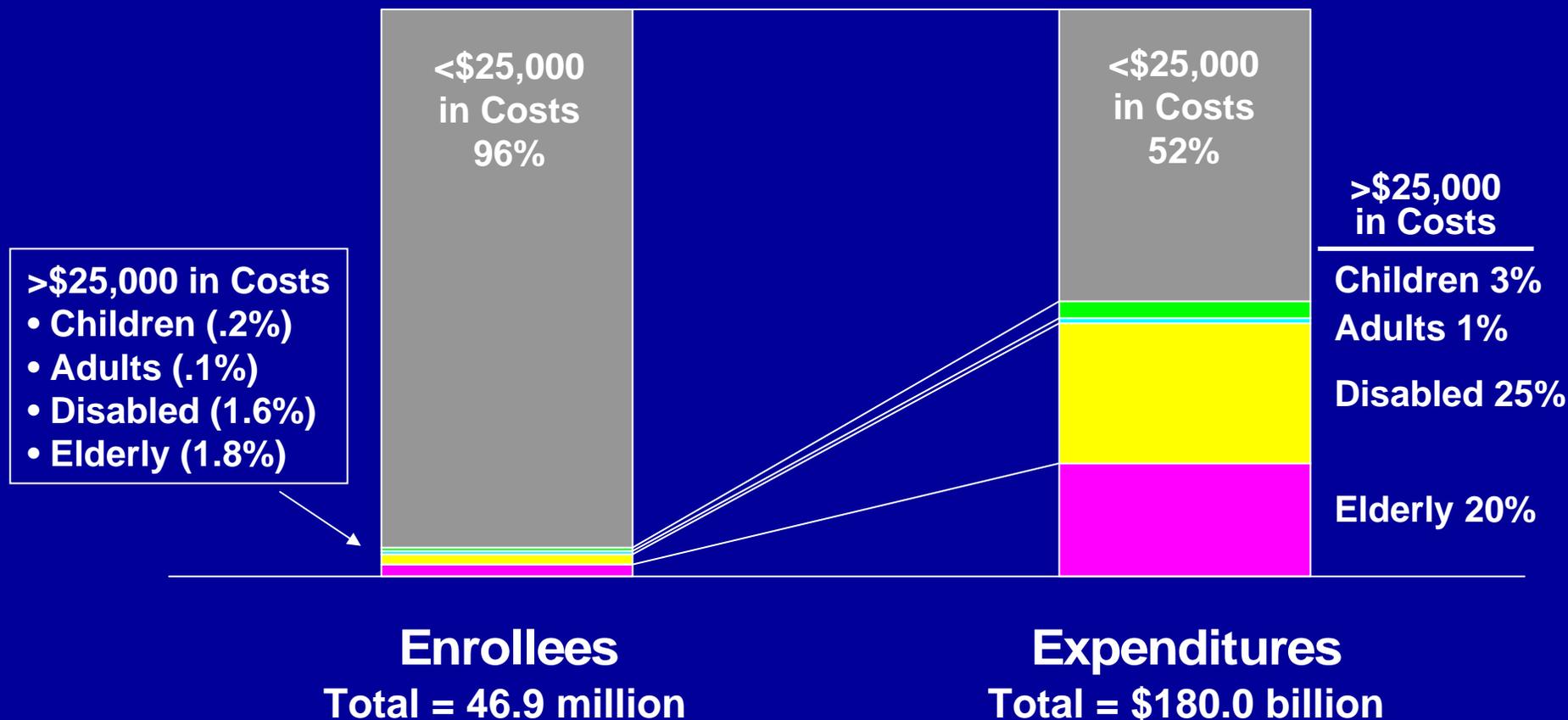
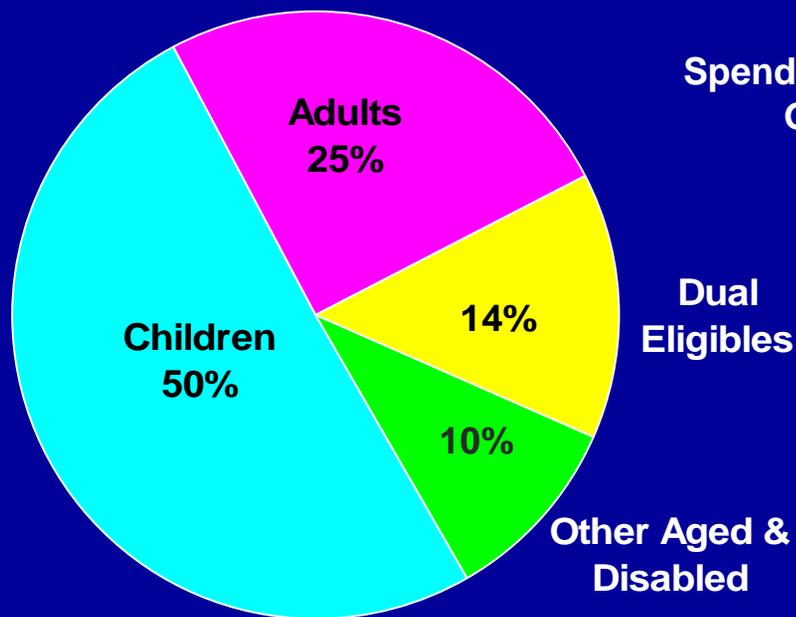


Figure 4

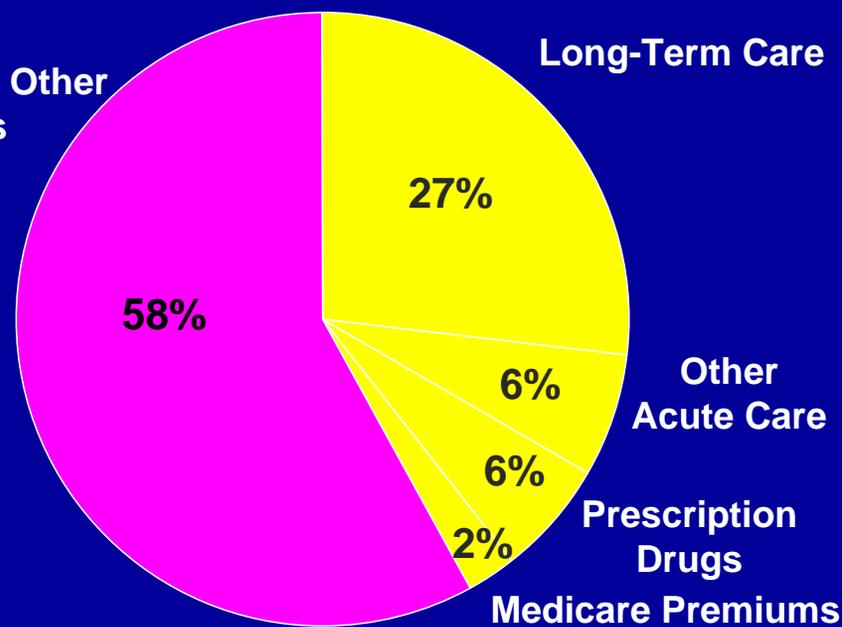
# Medicaid Dual Eligibles: Enrollment and Spending, 2003

## Medicaid Enrollment



**Total = 51 Million**

## Medicaid Spending



**Total = \$232.8 Billion  
(42% on Duals)**

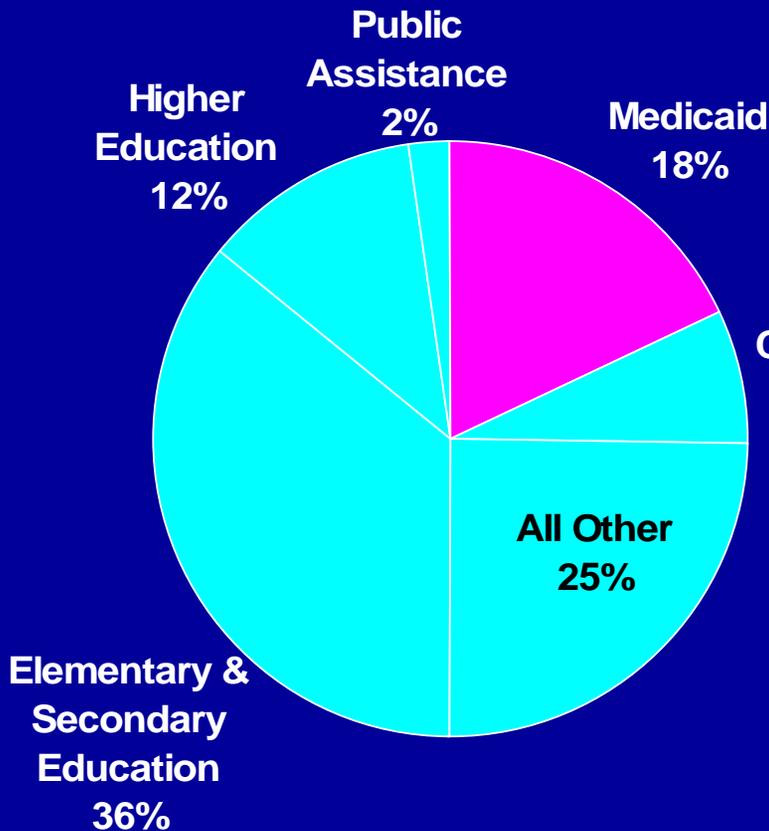
KAISER COMMISSION ON  
Medicaid and the Uninsured

SOURCE: KCMU estimates based on CMS data and Urban Institute analysis of data from MSIS.

Figure 5

# Medicaid Spending In the States, 2005

## State General Fund Spending \$536 billion



## Federal Funds to States by Program \$371 Billion

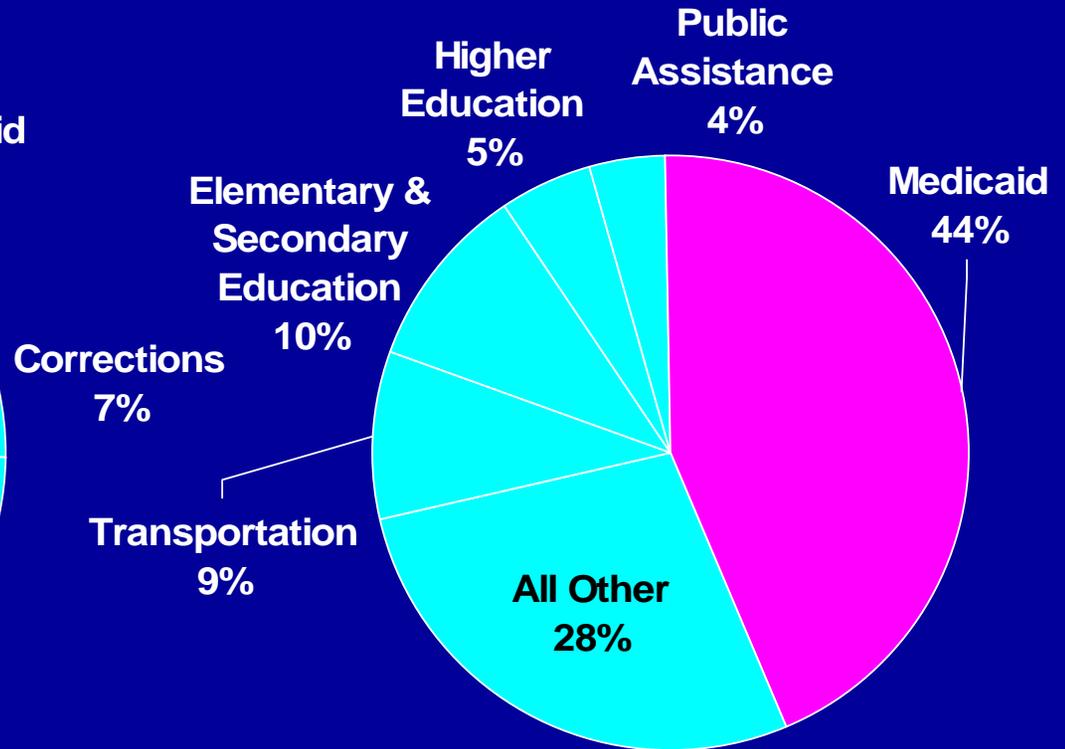
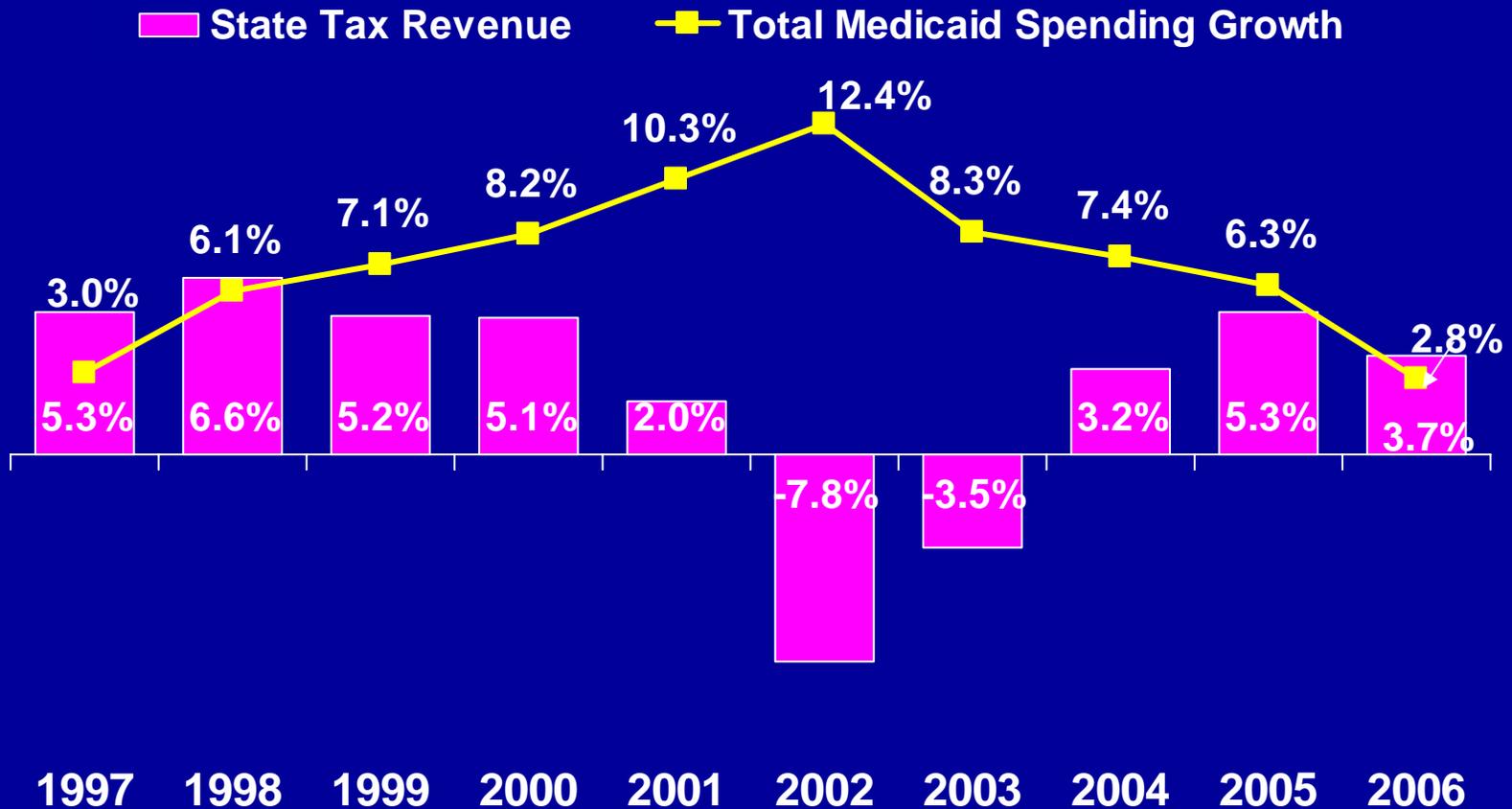


Figure 6

# State Tax Revenue and Total Medicaid Spending Growth, 1997-2006



NOTE: State Tax Revenue data is adjusted for inflation and legislative changes.

Preliminary estimate for 2006.

SOURCE: KCMU Analysis of CMS Form 64 Data for Historic Medicaid Growth Rates and KCMU / HMA Survey for 2006 Medicaid Growth Estimates; Analysis by the Rockefeller Institute of Government for State Tax Revenue. **K A I S E R C O M M I S S I O N O N Medicaid and the Uninsured**

# Factors Affecting Medicaid Spending Growth in FY 2006

- Total Medicaid spending growth hit near record lows (2.8%)
  - Enrollment: Low rate of growth in persons served
  - Part D: Medicaid drug costs for dual Medicare-Medicaid enrollees shifted to Medicare in January 2006
  - Cost containment strategies: Cumulative impact of policies adopted in recent years
- State share of Medicaid spending growth was higher than total Medicaid spending growth (6.8%)
  - States still are counting Medicare “clawback” payments as state Medicaid spending
  - Almost 3 out of 4 states experienced a reduced FMAP in 1 or both years for FY 2006 and FY 2007

Figure 8

# Percent Change in U.S. Medicaid Enrollment, FY 1998- FY 2006

Annual growth rate:

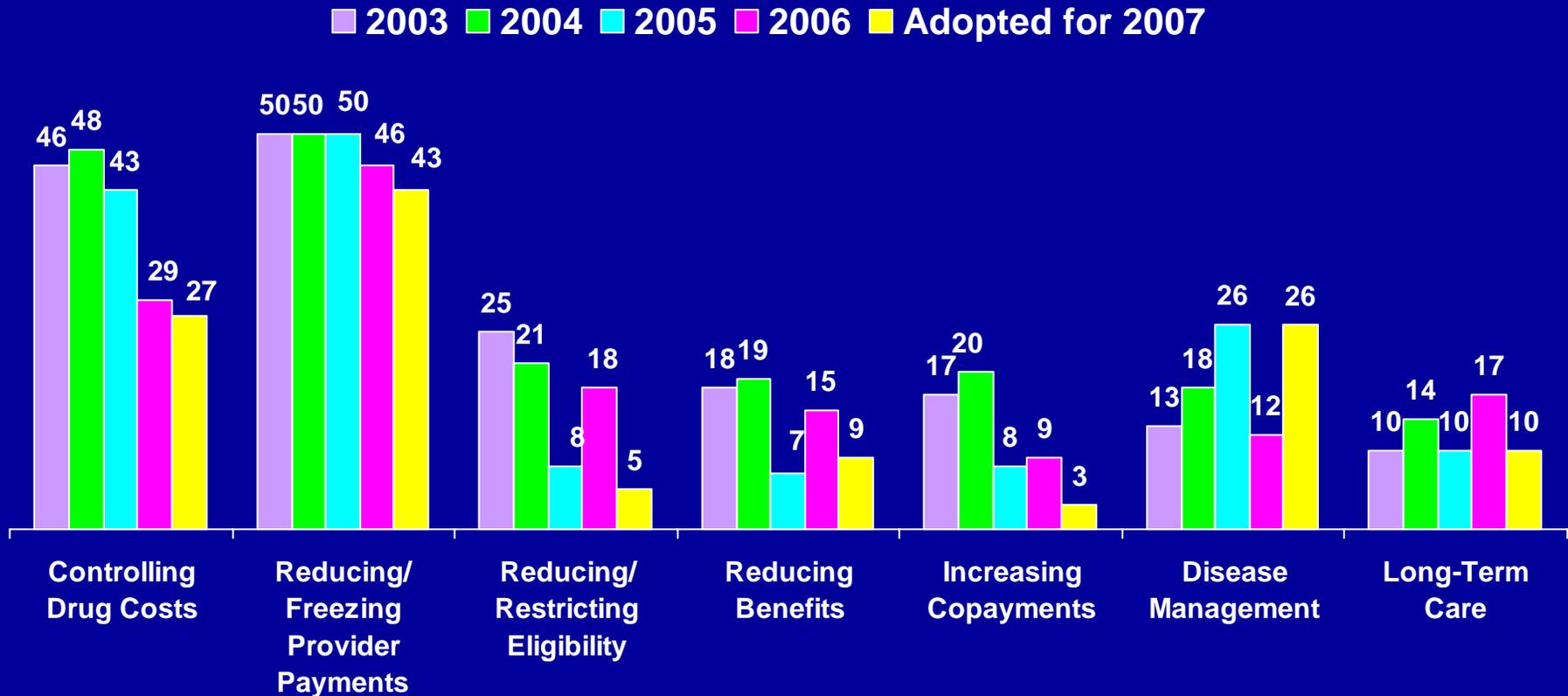


NOTE: Percentage changes from June to June of each year.

SOURCE: For 1998-2005: Eileen Ellis, Vernon Smith, David Rousseau and Karyn Schwartz, *Medicaid Enrollment in 50 States: June 2006 Update—Preliminary Data*, Kaiser Commission on Medicaid and the Uninsured, June 2006. For 2006: Data provided to HMA by state officials for the Kaiser commission on Medicaid and the Uninsured, 2006.

Figure 9

# States Undertaking New Medicaid Cost Containment Strategies FY 2003 – FY 2007



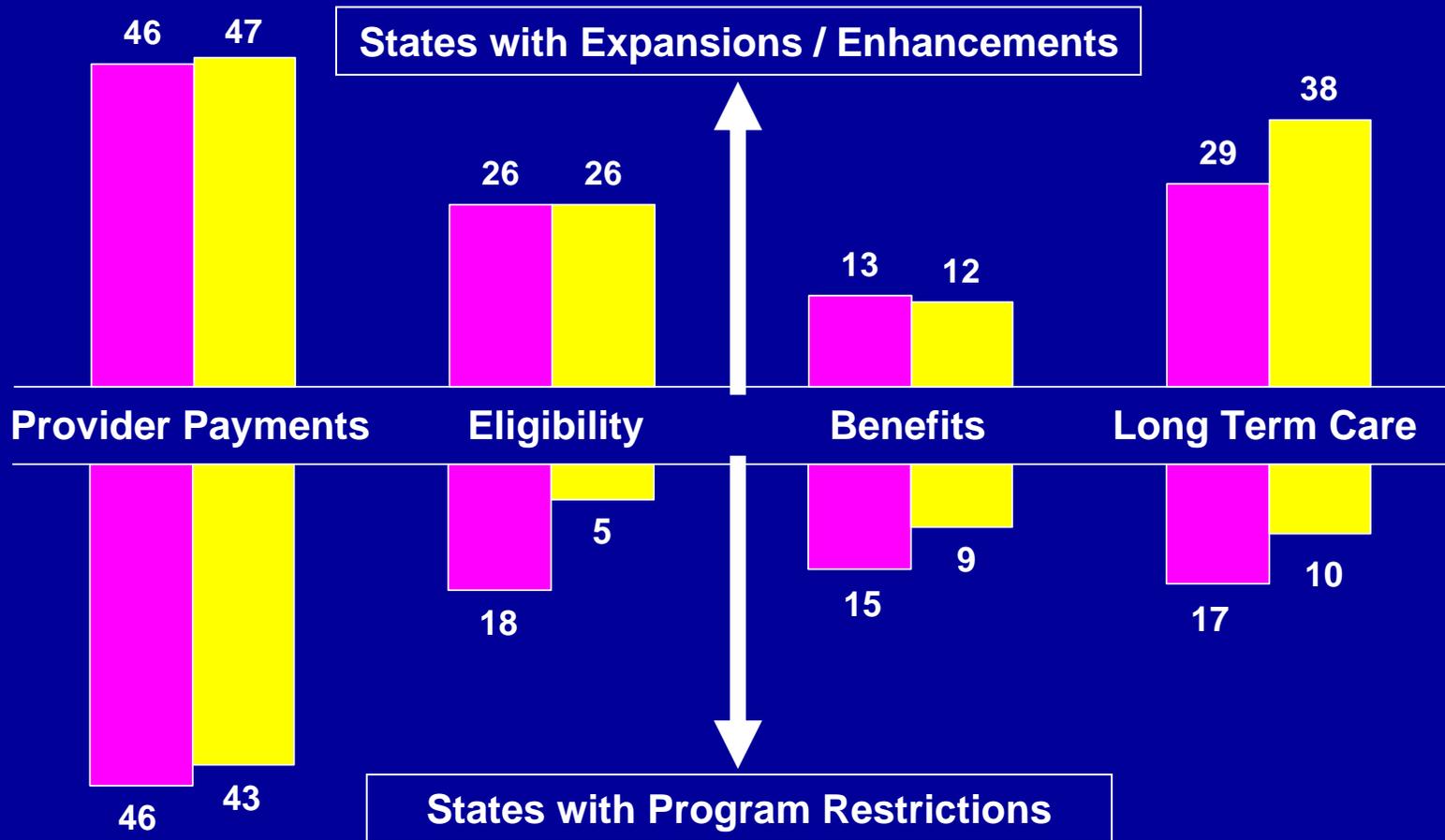
NOTE: Past survey results indicate not all adopted actions are implemented.

SOURCE: KCMU survey of Medicaid officials in 50 states and DC conducted by Health Management Associates, September and December 2003, October 2004, October 2005, October 2006

Figure 10

# State Policy Actions Implemented in FY 2006 and Adopted for FY 2007

■ Implemented FY 2006    
 ■ Adopted FY 2007



States with Expansions / Enhancements

States with Program Restrictions

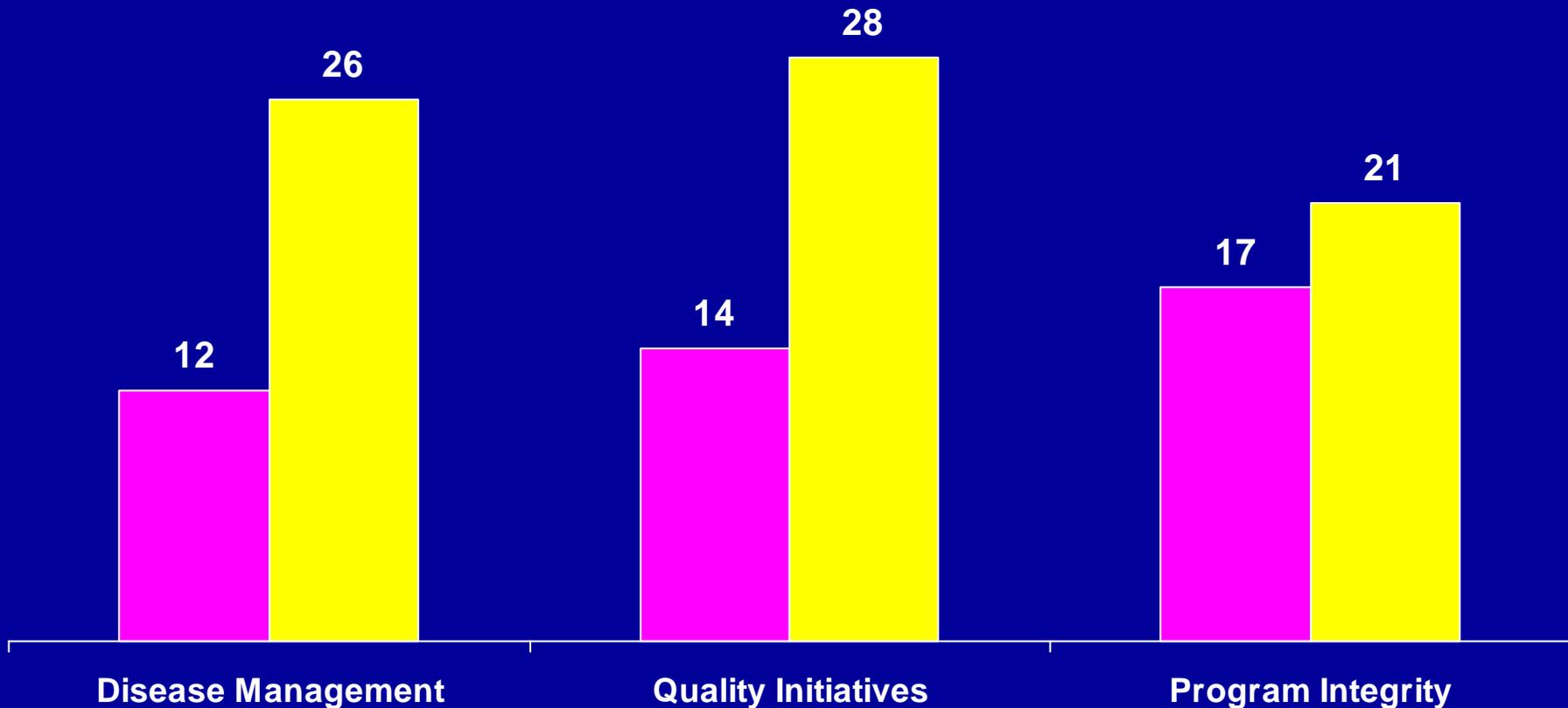
NOTE: Past survey results indicate not all adopted actions are implemented.

SOURCE: KCMU survey of Medicaid officials in 50 states and DC conducted by Health Management Associates, October 2006.

Figure 11

# Other Policy Actions Implemented in FY 2006 and Adopted for FY 2007

■ 2006 ■ Adopted for 2007



SOURCE: KCMU survey of Medicaid officials in 50 states and DC conducted by Health Management Associates, October 2006

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# DRA Overview

- Major legislation signed in February 2006
  - CBO: \$26.1 billion net federal Medicaid savings over next 10 years
  - Much of the savings depends on state taking up new options
- New requirements
  - Citizenship documentation
  - Asset transfer limits for long term care
- New Options
  - Benefits
  - Cost Sharing and Premiums
  - Long term care

Figure 13

# Impact of the DRA Citizenship Documentation Requirements

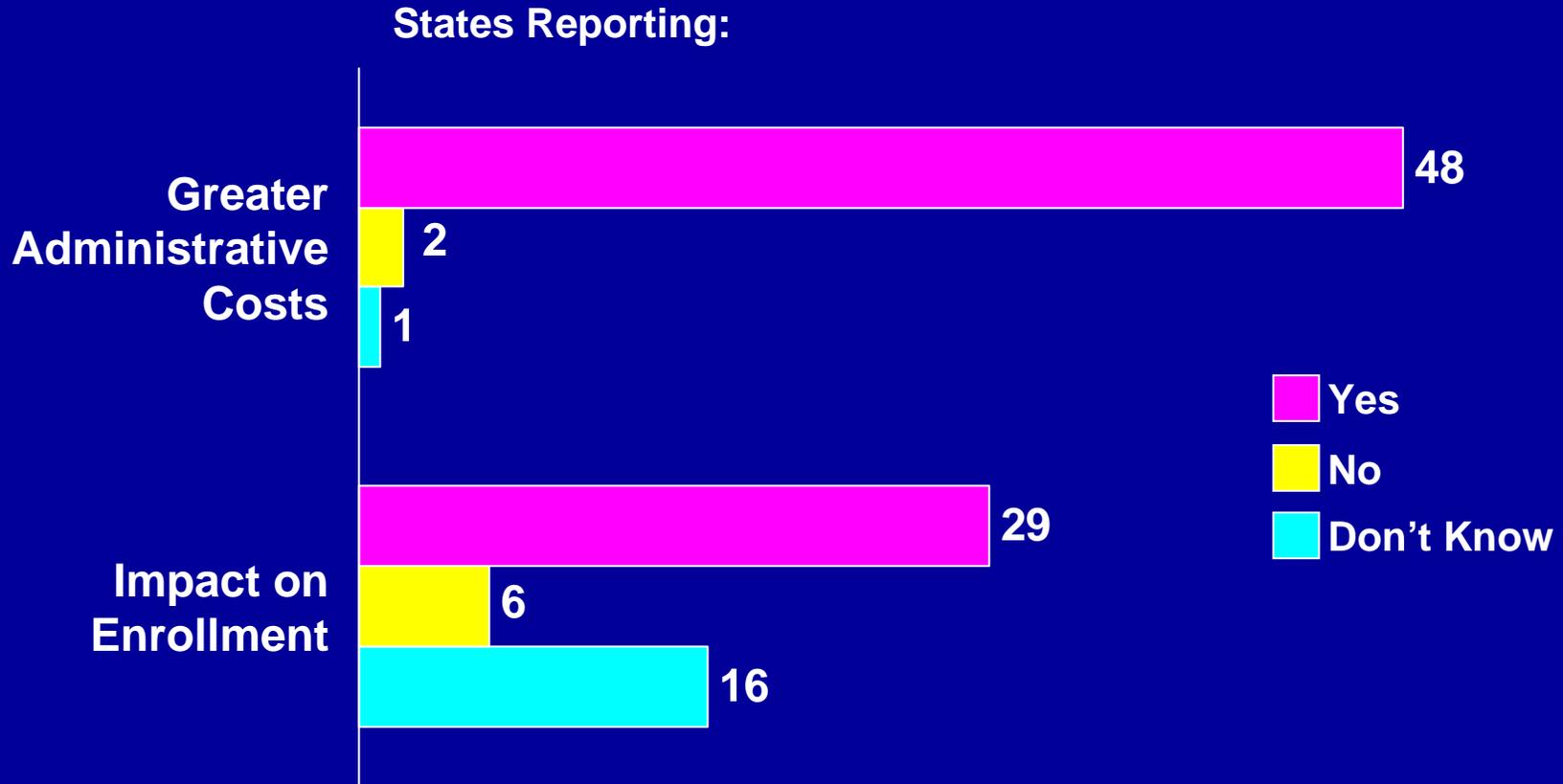


Figure 14

# States Taking Up DRA Options for FY 2007

DRA Options	# of States
<b>New Options</b>	
Benefits	4
Cost Sharing	1
Make Copayments Enforceable	2
<b>New LTC Options</b>	
LTC Partnership Program	22
Self-Directed Personal Assistance Services	16
HCBS Alternatives to Residential Treatment Facilities for Children	5
HCBS State Option	0
Medicaid Buy-In for Disabled Children	3
<b>Grants and Demonstration Programs</b>	
Medicaid Transformation Grants: 27 states awarded grants, \$103M	
Money Follows the Person: 17 states awarded grants, \$.9B > 5 yrs	
Health Opportunity Accounts	3

# Medicaid Outlook for 2007 and Beyond

- Improved state revenues and low Medicaid spending growth provides some relief after years of fiscal stress
  - States are looking at more positive options than in recent years
- On-going Medicaid pressures expected to persist
  - Increasing health care costs
  - Increasing uninsured / declines in employer coverage
  - Increasing aged and disabled
  - Tension in federal / state financing for Medicaid
- Some states are discussing near-universal health coverage
  - Medicaid is a base on which states build coverage expansions
  - A primary focus is children
- Federal policies can have implications for state reform efforts
  - Citizen documentation requirements
  - SCHIP reauthorization