

July 16, 2009
Emergency Board Meeting
Report on Medicaid for Fiscal Year 2009

Sec. 93 of Act 4 of 2009 (Budget Adjustment Bill) amended 32 V.S.A. § 305a(c). This amendment requires a year end report on Medicaid and Medicaid related expenditures and caseload. In January the Emergency Board is required to adopt specific caseload and expenditure for Medicaid and Medicaid-related programs. Action is not required at the July meeting of the board unless the Board determines a new forecast is needed as result of the year-end report. Staff does not recommend a new forecast as the year-end expenditure information does not at this time indicate a significant change to the FY10 budget. In addition in January, more information should be available regarding federal health care reform initiatives.

Title 32: Taxation and Finance
§ 305a. Official state revenue estimate

(c) The January estimates shall include estimated caseloads and estimated per member per month expenditures for the current and next succeeding fiscal years for each Medicaid enrollment group as defined by the agency and the joint fiscal office for state health care assistance programs or premium assistance programs supported by the state health care resources and Global Commitment funds, for VermontRx, and for the programs under the Choices for Care Medicaid Section 1115 waiver. For VPharm, the January estimates shall include estimated caseloads and estimated per-member per-month expenditures for the current and next succeeding fiscal years by income category. The January estimates shall include the expenditures for the current and next succeeding fiscal years for the Medicare Part D phased-down state contribution payment and for the disproportionate share hospital payments. In July, the administration and the joint fiscal office shall make a report to the emergency board on the most recently ended fiscal year for all Medicaid and Medicaid related programs including caseload and expenditure information for each Medicaid eligibility group. Based on this report, the emergency board may adopt revised estimates for the current and next succeeding fiscal year.

This report contains the following:

Year End Summaries:

- Summary of Enrollment
- Summary of Total Expenditures
- Global Commitment Fund Summary
- Catamount and State Health Care Resources Fund Summaries
- Catamount Fund Detail
- State Health Care Resources Detail

Key Issues

The data in this report reflects current estimates to date. There may be changes as the financial close out for fiscal year is completed and finalized. If necessary, significant changes will be included in a subsequent revised report.

Enrollment: Actual FY09 enrollment ended up higher than anticipated in most eligibility categories. Enrollment for both adults and children overall was 5% higher than expected. The largest increase was in Catamount where enrollment was 11% higher than expected and the FY10 estimate was adjusted upward significantly. All other FY10 enrollments are the January 2009 Emergency Board figures. New enrollment estimates for federal FY10 will be made in September and new state FY10 and FY11 estimates will be made in January 2010.

Expenditures: Despite the higher than expected enrollment, expenditures for FY09 came in slightly below expectations. During the budget process for FY10, a reduction of \$11 million was included, recognizing in FY10 the fact that FY09 expenditure was coming in lower than expected. This adjustment was in addition to the other FY10 savings measures (2% rate reductions etc.) included in the budget. It will be clearer in several months, whether the FY10 expenditure estimate will require significant adjustment, as there may be a time lag between higher enrollment and the potential upward impact on expenditures. The FY10 budget includes an assumption of federal match on Catamount enrollees between 200%-300% FPL in October.

Global Commitment Fund: As a result of the lower than expected expenditures, the Global Commitment Fund (GCF) has an estimated FY09 ending balance of \$16 million. Under the GC waiver the state draws federal funds by payment of set actuarially determined rates to the managed care organization (MCO). As a result of the higher FY09 enrollment there was insufficient funding to make all of the FY09 MCO payments. Some of the FY10 budget will be directed to making up the FY09 payments. This FY09 shortfall will result in a finding in the audited financial statements. Even with this, the current GCF fund projection for FY10 based on the as passed budget indicates a FY10 balance of \$14.3 million. Funds in the GCF are blended state and federal dollars, the state portion of any GCF balance can be estimated based on the federal match rate. Under ARRA the enhanced FMAP means the state share of the fund balance would be roughly 30% or \$4.3 million.

Catamount Fund: The FY09 Catamount Fund balance is estimated to be \$7 million. This is estimated to drop to \$4 million based on the as passed FY10 budget.

State Health Care Resources Fund: The FY09 balance is estimated to be in deficit \$1.4 million or (1%). At the current as passed budget level this grows to a deficit of \$3.7 million (2.5%) in FY10. The deficit will need to be addressed in the budget adjustment. The FY10 cigarette tax estimate will be updated on July 16 and several other revenue categories will also need to be updated to reflect FY09 experience.

Over July and August, the actuary will be analyzing the most recent expenditure information. The Agency of Human Services will be setting the Global Commitment actuarial rates for federal fiscal year 2010 in September. This analysis will further inform any revisions that may be required for the FY10 estimates and developing the initial FY11 estimates in January.

PROGRAM ENROLLMENT						
	FY08 Actual	FY09 Budget	FY09 Actual Est	FY10 Jan '09 Ebrd		
Adults						
Aged, Blind, or Disabled (ABD)/Medically Needy	11,797	12,037	12,988	12,400		
Dual Eligibles	14,185	14,453	14,996	14,681		
General	9,255	9,291	10,259	9,333		
VHAP	24,771	27,592	28,426	30,023		
VHAP ESI	276	956	818	1,215		
Catamount	1,730	5,738	6,393	9,277*		
ESIA	132	493	481	630		
Subtotal Adults	62,146	70,560	74,361	77,559		
Children						
Blind or Disabled (BD)/Medically Needy	3,487	3,570	3,712	3,660		
General	50,664	51,071	53,729	51,037		
Underinsured	1,138	1,156	1,237	1,170		
SCHIP (Uninsured)	3,278	3,398	3,488	3,559		
Subtotal Children	58,567	59,195	62,166	59,426		
Pharmacy Only Programs						
	12,737	12,626	12,452	12,498		
Choices for Care**						
Nursing Home, Home & Community Based, ERC	3,973	4,841	3,981	4,938		
Total Direct Services	137,422	147,222	152,960	154,421		

* Catamount adjusted after Jan. 2009 Ebrd

** CFC enrollment excludes moderate needs group as this is counted in other adult categories - FY09 actual MNG 1,186

Summary of Total Expenditures

	FY08 Actual	FY09 Budgeted	FY09 Actual Est.	FY10 Budget As Passed
GC - Non Capitated Administration	5,764,748	6,141,398	6,141,398	6,448,868
Global Commitment Waiver				
GC - Administration	70,078,963	82,488,152	78,099,550	81,222,624
GC - Program	688,768,873	793,558,393	781,670,385	851,862,859
GC - Investments (CNOM)	50,961,849	56,141,746	56,141,746	56,509,033
GC - Certified (non-cash program & cnom)	23,989,739	28,827,744	28,152,203	28,984,660
	833,799,424	961,016,035	944,063,884	1,018,579,176
Choices For Care Waiver (LTC)	187,514,424	197,371,460	195,582,581	200,625,442
Pharmacy - State Only	7,055,010	5,381,043	6,534,312	5,082,724
Catamount - State Only >200% -Administration	1,270,333	1,312,912	905,626	242,689
Catamount - State Only >200% -Program	3,981,434	9,531,360	8,682,015	3,318,828
Buy In	26,819,204	29,511,528	26,657,177	31,724,893
DSH	49,003,898	35,648,781	35,648,781	37,448,781
Clawback	20,339,254	20,841,112	20,779,093	23,113,134
SCHIP	6,193,009	6,949,969	7,231,315	7,596,049
Total	1,141,740,738	1,273,705,596	1,252,226,162	1,334,180,584

Global Commitment - Cash Balance Sheet - FY08 to FY10 (As Passed)

	<u>FY08 Actual</u>	<u>FY09 Budget</u>	<u>FY09 Actual Est.(4)</u>	<u>FY10 As Passed</u>
Cash Carryforward from Prior Year	38,913,512	42,285,798	42,285,798	16,033,479
Revenues - Cash Capitated Payments				
Prior Year Payments	n/a	21,379,986	21,379,986	25,972,014
<u>Current Year Payments</u>	<u>813,181,969</u>	<u>868,522,507</u>	<u>868,279,374</u>	<u>961,925,383</u>
Total Cash Revenues	813,181,969	889,902,493	889,659,360	987,897,397
Expenses - Cash Capitated				
Administration	70,078,963	82,488,152	78,099,550	81,222,624
Program	688,768,873	793,558,393	781,670,385	851,862,859
<u>Investment</u>	<u>50,961,849</u>	<u>56,141,746</u>	<u>56,141,746</u>	<u>56,509,033</u>
Total Cash Expenses	809,809,684	932,188,291	915,911,680	989,594,516
End-of-Year Cash Balance	42,285,798	0	16,033,479	14,336,361
Non-capitated administrative expenses	1 5,764,748	6,141,398	6,141,398	6,448,468
Non-cash expenses	2 23,989,739	28,827,744	28,152,203	28,984,660
Non-cash revenues	3 32,448,537	31,170,027	31,170,027	29,529,608

Notes:

- 1 Non-capitated expenses are cash expenses but are paid outside of capitation pmt and do not affect fund balance.
- 2 Non-cash expenses include 3 certified programs in which non-federal expenses are not State cash expenses.
- 3 Non-cash revenues include 4 certified programs in which non-federal revenues are not State cash revenues.
- 4 FY09 expenses are **ESTIMATED ONLY** - actual expenses may be different based on final closeout.

Catamount Fund

	FY08 Actual	FY09 Budgeted	FY09 Actual Est	FY10 As Passed
Beg. Balance	4,644,780	9,775,790	9,775,790	7,262,768
Total Revenue	19,242,568	19,632,338	20,167,480	20,803,925
Total Expenses	14,111,558	22,962,470	22,680,502	23,794,579
End. Balance	<u>9,775,790</u>	<u>6,445,658</u>	<u>7,262,768</u>	<u>4,272,114</u>

State Healthcare Resources Fund

	FY08 Actual	FY09 Budgeted	FY09 Actual Est	FY10 As Passed
Beg. Balance	8,766,595	(582,703)	(582,703)	(1,431,682)
Total Revenue	138,976,113	147,923,606	146,829,336	154,665,093
Total Expenses	148,325,411	147,340,903	147,678,315	156,955,519
End. Balance	<u>(582,703)</u>	<u>0</u>	<u>(1,431,682)</u>	<u>(3,722,108)</u>

State Health Care Resources Fund

July 10, 2009

	FY08 Actual	FY09 Budgeted	FY09 Actual Est.	FY10 As Passed
Total Cig & Tob taxes		60,600,000	60,398,032	60,100,000
Floor Stock Tax		350,000	348,118	-
Tobacco products tax		3,450,000	3,398,280	5,200,000
<i>100% Cig tax per Kavet 7/19/07</i>		64,400,000	64,144,430	65,300,000
State Health Care Resources Fund				
Beg. Balance	8,766,595	(582,703)	(582,703)	(1,431,682)
	<u>8,766,595</u>	<u>(582,703)</u>	<u>(582,703)</u>	<u>(1,431,682)</u>
Revenue				
Cig Tax @ 84.5% ('07 was 91.1%)	47,350,202	51,207,000	51,036,337	50,784,500
Tobacco Products Tax - 100%	3,180,785	3,450,000	3,398,280	5,200,000
Prov Tax - Hospital	62,563,216	67,385,142	67,299,073	75,245,699
Prov Tax - NH	14,559,205	13,816,171	13,004,774	13,816,171
Prov Tax - HH	4,426,736	4,459,597	3,864,347	4,459,597
Prov Tax - ICF-MR	61,104	61,666	62,059	61,666
Pharmacy \$0.10/script	603,986	800,000	835,186	800,000
Bene Prems - VHAP (mgd care)	2,005,226	2,431,929	1,883,041	2,127,112
Bene Prems - Dr. D (medicaid)	189,559	288,494	170,189	232,422
Bene Prems - SCHIP	291,108	430,836	442,231	484,800
Bene Prems - VPH1	1,259,642	1,327,495	1,391,274	1,443,525
Bene Prems - VPH2	614,967	626,376	680,716	incl above
Bene Prems - VPH3	1,306,084	1,638,899	1,512,963	9,600
Bene Prems -VHAP Rx	704	-	230	-
Bene Prems -Vscript	4,935	-	434	-
Bene Prems -Vscript Exp	11,385	-	2,340	-
Premium Fees - future	99,762	-	45,900	-
Abandoned Property	(4,091)	-	1,287	-
Recoveries	204,092	-	1,251,168	-
Interest Income	247,506	-	(52,493)	-
Total Fund Revenue	138,976,113	147,923,606	146,829,336	154,665,093
Total Available	147,742,708	147,340,904	146,246,633	153,233,411
Expenditures				
AHS GC appropriation	148,325,411	147,340,904	147,678,315	156,955,519
	<u>148,325,411</u>	<u>147,340,904</u>	<u>147,678,315</u>	<u>156,955,519</u>
End. Balance	(582,703)	-	(1,431,682)	(3,722,108)

Notes

- 1) Official Federal share of premiums will change upon preparation of the QE0609 CMS-64 report due on 7/30/09
- 2) FY09 AHS expended \$147,678,315, which is the SFY09 BAA appropriated amount of \$148,261,016 less the SFY08 starting deficit of -\$582,702.
- 3) The BAA amount did not include appropriate offsets for increased Federal "payback" due to ARRA.
- 4) Final #s not yet available, but preliminary #s show provider tax shortfalls in the Nursing Home and Home Health assessment lines as compared to the projections used in developing the BAA # at the time.
- 5) FY10 will be updated to reflect cigarette tax forecast update to be provided July 16.

TAMOUNT BALANCE SHEET

July 10, 2009

	Actuals 2008		Estimated Actuals 2009 (not final)		Budgeted 2010*	
	< 200% FPL	> 200% FPL	< 200% FPL	> 200% FPL & expansion pop.	< 200% FPL	> 200% FPL & expansion pop.
TOTAL PROGRAM EXPENDITURES						
Catamount Health	\$ 3,593,323	\$ 3,845,009	\$ 21,965,786	\$ 8,327,448	\$ 30,315,950	\$ 11,776,319
Employer Sponsored Insurance Assistance	\$ 121,883	\$ 136,425	\$ 720,889	\$ 354,567	\$ 1,061,694	\$ 427,831
Total Direct Program Costs	\$ 3,715,206	\$ 3,981,434	\$ 22,686,675	\$ 8,682,015	\$ 31,377,644	\$ 12,204,150
ADDITIONAL EXPENDITURES						
DVHA Administrative Costs					\$ 1,018,149	\$ 351,627
JCF Administrative Costs Pre					\$ 505,809	\$ 547,980
Total Direct Program Costs	\$ 1,688,833	\$ 1,270,333	\$ 1,278,217	\$ 905,626	\$ 1,523,958	\$ 899,587
Total Gross Program Spending - Direct and Admin	\$ 5,404,039	\$ 5,251,767	\$ 23,964,892	\$ 9,587,641	\$ 32,901,602	\$ 13,103,737
Catamount Fund Need - Direct & Admin (with Federal Match)	\$ 2,215,116	\$ 5,251,767	\$ 8,191,200	\$ 9,587,641	\$ 13,519,268	\$ 5,384,326

	< 200% FPL	> 200% FPL	Total
mmunications Program	\$ 4,000,000	\$ 4,000,000	\$ 8,000,000
JT Dept. of Labor Admin Costs Assoc. With Employer Assess.	\$ 258,466	\$ 258,466	\$ 516,932
Marketing and Outreach	\$ 1,316,167	\$ 1,316,167	\$ 2,632,334
Blueprint	\$ 1,846,713	\$ 1,846,713	\$ 3,693,426
Total	\$ 1,316,167	\$ 6,105,179	\$ 7,421,346
Catamount Fund Need - Additional Expenditures	\$ 539,497	\$ 6,105,179	\$ 6,644,676
Tatamount Fund Need - Total All Expenditures	\$ 2,754,612	\$ 11,356,946	\$ 14,111,558

	< 200% FPL	> 200% FPL	Total
Tatamount Health Premiums	\$ 399,085	\$ 1,028,066	\$ 1,427,151
Employer Sponsored Insurance Assistance Premiums	\$ 30,864	\$ 67,134	\$ 97,998
Total Premiums	\$ 429,949	\$ 1,095,200	\$ 1,525,149
ESS: Federal Participation	\$ (253,713)	\$ (253,713)	\$ (507,426)
Total Net Premiums	\$ 176,236	\$ 1,095,200	\$ 1,271,436
Cigarette Tax		\$ 8,686,425	\$ 8,686,425
Floor Stock		\$ 29,329	\$ 29,329
Interest		\$ 333,887	\$ 333,887
Employer Assessment		\$ 5,421,491	\$ 5,421,491
Reserve Account Funding (GF Transfer)		\$ 3,500,000	\$ 3,500,000
Total Other Revenue		\$ 17,971,132	\$ 17,971,132
Tatamount Fund Revenues		\$ 19,242,568	\$ 19,242,568
Tatamount Fund Balance - Revenues Less Expenses		\$ 5,131,010	\$ 5,131,010
FY 09 Catamount Fund Carryforward		\$ 4,644,780	\$ 4,644,780
Und Balance		\$ 9,775,790	\$ 9,775,790

	< 200% FPL	> 200% FPL & expansion pop.	Total
Tatamount Health Premiums	\$ 4,559,808	\$ 5,049,718	\$ 9,609,526
Employer Sponsored Insurance Assistance Premiums	\$ 300,889	\$ 383,655	\$ 684,544
Total Premiums	\$ 4,860,697	\$ 5,433,373	\$ 10,294,070
ESS: Federal Participation	\$ (3,400,544)	\$ (2,526,619)	\$ (5,927,163)
Total Net Premiums	\$ 1,460,153	\$ 2,906,754	\$ 4,366,907
Cigarette Tax		\$ 9,315,500	\$ 9,315,500
Floor Stock		\$ 7,124,207	\$ 7,124,207
Interest		\$ 16,439,707	\$ 16,439,707
Employer Assessment		\$ 20,805,614	\$ 20,805,614
Reserve Account Funding (GF Transfer)		\$ (2,987,964)	\$ (2,987,964)
Total Other Revenue		\$ 7,262,769	\$ 7,262,769
Tatamount Fund Revenues		\$ 4,274,804	\$ 4,274,804

Notes (SFY 10)
 Estimated 2009 as of July 6, 2009. As such carryforward for SFY 09 will not tie to 2010 as budgeted (which was based on earlier projections).
 Budgeted SFY 10 numbers don't tie perfectly to what was budgeted in Big Bill as passed.
 Assumes October premium increases. There are new indications that premiums will not increase until January at the earliest, which should provide some additional savings.
 FY10 will be updated to reflect cigarette tax forecast update to be provided July 16.