



Medicaid in NH

Presentation to the House Finance
Committee

1/10/2008

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"...to raise new ideas and improve policy debates through quality information and analysis on issues shaping New Hampshire's future."



Medicaid has been a focus area for the Center for 5 years.

- Driving the State Budget: New Hampshire Medicaid Trends 2004-2007 – December 2007.
- Fiscal Feast and Famine – January 2007.
- Granite Care: Some Questions and Answers – February 2005
- Projecting the Cost of Medicaid – February 2005.
- New Hampshire's Medicaid Program: Four Snapshots – November 2004.
- Medicaid Spending on Long-Term Care – September 2004.



Driving the State Budget: New Hampshire Medicaid Trends 2004-2007

- Demonstrate value of utilizing quarterly expenditure data (in this case provided by DHHS to the general court regarding major Medicaid budget line items.)
- Create a baseline against which future trends and analysis can be analyzed.
- Projections of the future based on the past are tricky
- But projections of the future based on the past are helpful.



Medicaid accounts for 71% of DHHS budget and is distributed throughout the DHHS budget

		----- FISCAL YEAR 2008 -----	----- FISCAL YEAR 2009-----
HB 0001	PAGE 354 06/22/07		
05 HEALTH AND SOCIAL SERVICES	(CONT.)		
01 DEPT OF HEALTH AND HUMAN SVCS	(CONT.)		
02 OFF OF MEDICAID & BUSINESS POL	(CONT.)		
01 OFF OF MEDICAID & BUSINESS POL	(CONT.)		
02 MEDICAID ADMINISTRATION	(CONT.)		
TOTAL		29,519,830	26,832,257
05 HEALTH AND SOCIAL SERVICES			
01 DEPT OF HEALTH AND HUMAN SVCS			
02 OFF OF MEDICAID & BUSINESS POL			
01 OFF OF MEDICAID & BUSINESS POL			
03 PROVIDER PAYMENTS			
41 AUDIT FUND SET ASIDE	D	165,834	177,546
90 PROVIDER PAYMENTS	← ———— I ** F ————	180,709,345	197,565,971
91 CHIP	D	13,783,018	15,025,032
92 DRUGS	F	71,123,313	79,672,855
93 MMA-D STATE PHASE DOWN CONTRIB		18,479,741	19,693,273
94 CATASTROPHIC AID		2,981,974	3,134,820
95 MEAD PROGRAM		1,717,545	1,789,682
96 OUTPATIENT HOSPITAL	← ————	64,421,090	66,400,296
97 NORTH COUNTRY DRF		600,000	600,000
98 MMA SUPPLEMENTAL ASSISTANCE	G	500,000	
99 SPECIALTY HOSPITALS-PEDIATRIC		2,400,000	4,000,000
*			
WITH FUNDS APPROPRIATED IN CLASS 90, THE COMMISSIONER SHALL MAKE A GOOD FAITH EFFORT TO PROVIDE AN INCREASE TO THE NH MEDICAID AMBULANCE MILEAGE RATE TO REFLECT THE CURRENT COST OF PROVIDING AMBULANCE SERVICES.			
**			
FUNDS IN CLASS 90 SHALL BE MADE AVAILABLE FOR THE IME AND DGME COMPONENTS OF MEDICAID PAYMENTS TO IN-STATE TEACHING HOSPITALS.			
TOTAL		356,881,860	388,059,475
ESTIMATED SOURCE OF FUNDS FOR			
PROVIDER PAYMENTS			
00 FEDERAL FUNDS		168,825,958	184,227,180
05 PRIVATE LOCAL FUNDS	I	250,000	250,000
09 AGENCY INCOME	I	4,351,200	
GENERAL FUND		183,454,702	203,582,295
TOTAL		356,881,860	388,059,475



DHHS Produces Reports That Match The Budget

NEW HAMPSHIRE DEPARTMENT OF HEALTH AND HUMAN SERVICES
OMB PROVIDER PAYMENTS ←
FOR THE FIRST TWELVE MONTHS OF STATE FISCAL YEARS 2004, 2005 AND 2006

05-01-02-01-05 6147-090

Total Expenditures by Category of Service	Claims Paid First Four Quarters SFY 2006				
	Total Expenditures	Total Recipients	Average Cost per Recipient	Service Count	Average Cost per Service
ADULT MEDICAL DAY CARE	\$ 714,881.55	156	\$ 4,582.57	25,254	\$ 28.31
ADVANCE REG NURSE PRACT	332,466.19	1,593	208.70	7,555	44.01
AMBULANCE SERVICE	1,562,846.48	5,995	260.69	25,725	60.75
AUDIOLOGY SERVICES	45,372.13	788	57.58	6,983	6.50
CERTIFIED MIDWIFE (NON-NURSE)	61,566.63	62	993.01	583	105.60
CHIROPRACTIC	60,321.05	863	69.90	3,184	18.95
CLINIC SERVICES	708,971.04	2,026	349.94	43,329	16.36
DENTAL SERVICE	15,194,283.61	40,713	373.20	285,783	53.17
DISABILITY DETERMIN SERVICE	(15.00)	1	(15.00)	-15	1.00
FAMILY PLANNING SERVICES	519,384.54	1,766	294.10	13,238	39.23
FURNISHED MED SUP OR DME	8,655,640.33	11,610	745.53	136,829	63.26
HEALTH MAINT ORG (HMO)	-	0	-	0	-
HOME HEALTH SERVICES	7,070,952.18	2,991	2,364.08	357,739	19.77
HOME&COMM BASED CARE - DI	3,271,061.14	220	14,868.46	2,013	1,624.97
I/P HOSPITAL SWING BEDS, ICF	4,012.90	2	2,006.45	78	51.45
I/P HOSPITAL SWING BEDS, SNF	211,455.71	66	3,203.87	2,984	70.86
INPATIENT HOSPITAL, GENERAL	49,794,232.43	14,964	3,327.60	2,381,530	20.91
INPATIENT HOSPITAL, MENTAL	1,512.00	1	1,512.00	48	31.50
INTERMED CARE FAC NURSE HOME	7,983.57	1	7,983.57	62	128.77
LABORATORY (PATHOLOGY)	1,049,390.02	18,322	57.27	119,765	8.76
MEDICAL SERVICES CLINIC	1,471,090.60	1,694	868.41	78,583	18.72
MENTAL HEALTH CENTER	41,130.00	64	642.66	2,723	15.10
OCCUPATIONAL THERAPY	235,356.29	371	634.38	5,175	45.48
OPTOMETRIC SERVICES EYEGGLASSES	1,587,115.65	22,280	71.23	68,880	23.04
OUTPATIENT HOSPITAL, MENTAL	1,806.51	4	451.63	102	17.71
PERSONAL CARE	1,361,648.40	62	21,962.07	2,880	472.79

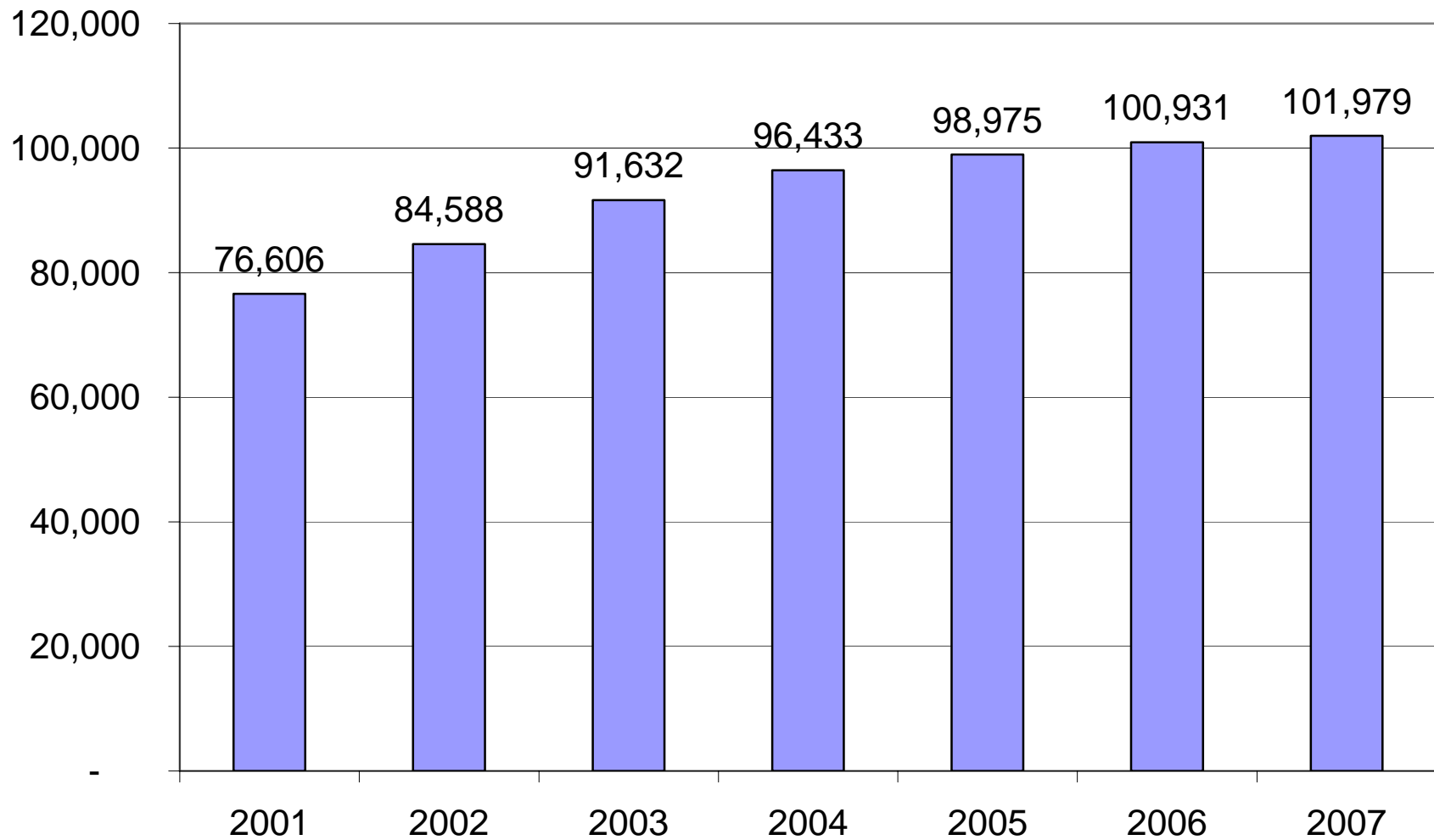


Can Use this Data

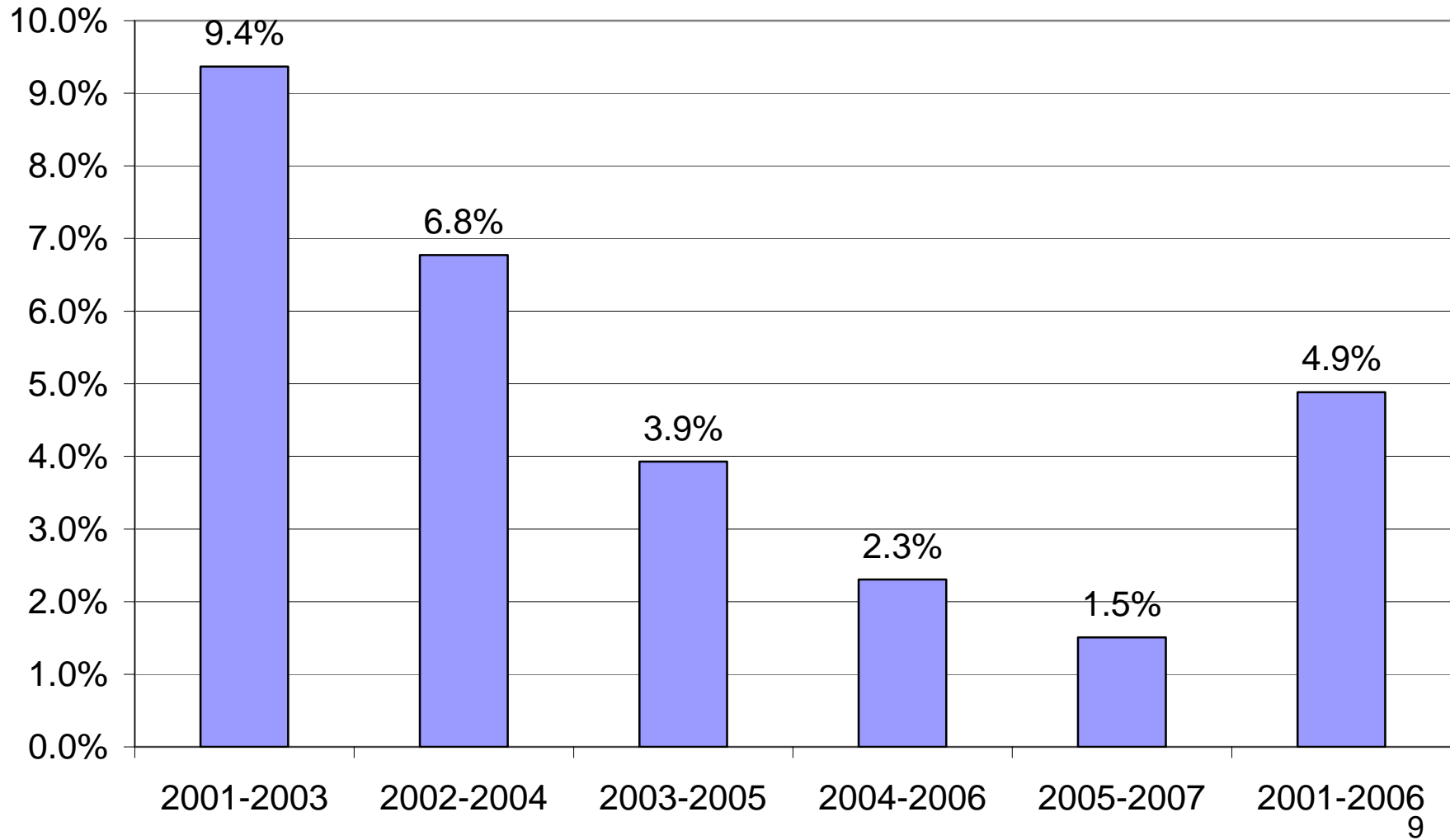
of People Using Services X Average Cost = Total Cost

Use Trends in # of people using services and average costs to give a baseline against which actual expenditures can be compared, and policy interventions analyzed.

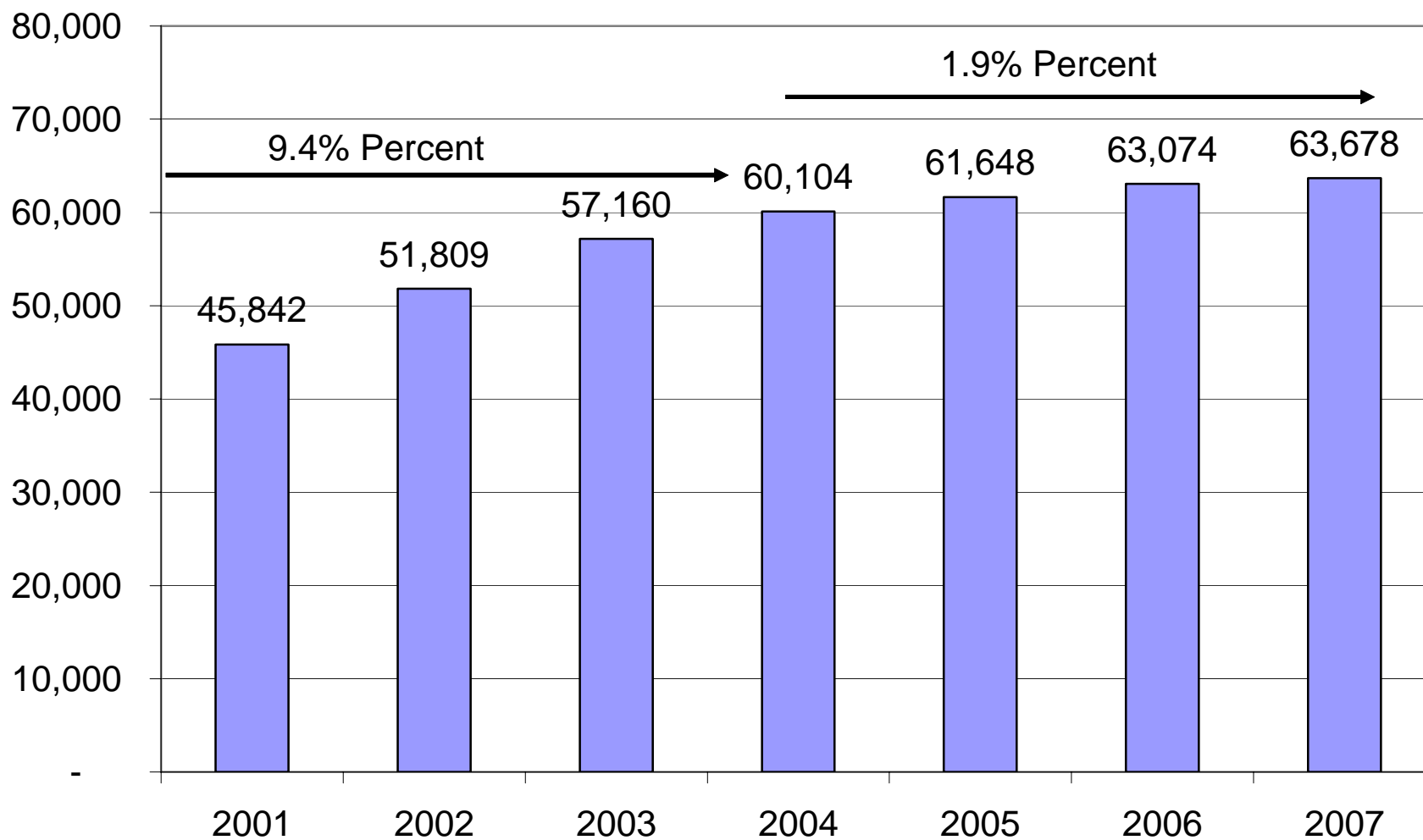
Total Medicaid Enrollment
(Point in Time Estimate in July of Each Year)



Three Year Rolling Average Compound Growth in Medicaid Enrollment



Children Medicaid Enrollment 2001-2007
(Point in Time: July of Each Year)



What Do We Know About Enrollment?

- Growth in Enrollment has slowed to levels equal to general population growth.
- Economic challenges for New Hampshire?
- Unemployment rate tracks well with Medicaid enrollment (six months later!)
- What does that mean? If recession occurs, Medicaid enrollment will go up.



Recipients of Services by Major Budget Line

Average Expenditure Per Recipient					Annual Compound Growth Rate
Major Budget Item	2004	2005	2006	2007	2004-2007
OMBP Provider Payments	\$1,364	\$1,480	\$1,550	\$1,664	6.8%
BEAS Provider Payments	\$2,179	\$2,286	\$2,729	\$2,799	8.7%
Healthy Kids Silver	\$1,188	\$1,246	\$1,359	\$1,646	11.5%
OMBP Outpatient	\$914	\$877	\$841	\$891	-0.8%
BEAS Outpatient	\$520	\$490	\$529	\$549	1.8%
Community Mental Health Centers	\$5,022	\$4,725	\$4,711	\$4,817	-1.4%
Nursing Homes	\$27,030	\$27,044	\$28,086	\$29,400	2.8%
Mid-Level Care	\$5,116	\$5,443	\$7,478	\$10,214	25.9%
Home and Community Based Care	\$9,164	\$9,080	\$9,938	\$10,458	4.5%
Developmental Services Provider Payments	\$27,390	\$27,383	\$27,311	\$27,855	0.6%

Average Expenditure Per Recipient

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Are these trends good predictors of the future?

- Yes and No.
- Policy efforts change trends
 - Schaller Anderson and Care Management
 - Developmental Services Wait-List Reduction
 - Fee Increases for critical providers
 - Historic fee decreases (outpatient services) not repeated
- But by how much and when?
 - To what degree have each of these been implemented?
- At the very least, using trends to create a projection provide a baseline against which actual experience can be compared.



HB 1 Appropriations for 2008 Compared to 2007 Actual Expenditures

Major Budget Item	2007 Actual Expenditures	HB 1 Appropriations for 2008	2007 Actuals - HB 1 Appropriation for 2008
Office of Medicaid Business and Policy			
OMBP Provider Payments	\$187,475,886	\$180,709,345	(\$6,766,541)
Healthy Kids Silver	\$11,944,155	\$13,783,018	\$1,838,863
OMBP Outpatient	\$65,436,731	\$64,421,090	(\$1,015,641)
Bureau of Elderly and Adult Services			
BEAS Provider Payments	\$22,321,503	\$24,270,094	\$1,948,591
BEAS Outpatient	\$2,673,374	\$2,927,618	\$254,244
Nursing Homes	\$184,339,109	\$188,700,412	\$4,361,303
Mid-Level Care	\$3,646,460	\$6,053,319	\$2,406,859
Home and Community Based Care	\$34,146,415	\$23,615,863	\$4,191,252
Bureau of Behavioral Health			
Community Mental Health Centers	\$81,405,751	\$91,599,364	\$10,193,613
Bureau of Developmental Services			
Developmental Services Provider Payments	\$159,974,107	\$179,520,514	\$19,546,407
Total	\$753,363,490	\$775,600,637	\$36,958,951



Center Projections

Major Budget Item	2007 Actual Expenditures	Annual Change in Recipients	Annual Change in Expenditures Per Recipient	Center's Projection of Expenditures	
				2008	2009
Office of Medicaid Business and Policy					
OMBP Provider Payments	\$187,475,886	2%	7%	\$204,730,650	\$223,573,494
Healthy Kids Silver	\$11,944,155	9%	11%	\$14,380,960	\$17,314,915
OMBP Outpatient	\$65,436,731	6%	-1%	\$68,921,750	\$72,592,373
Bureau of Elderly and Adult Services					
BEAS Provider Payments	\$22,321,503	1%	9%	\$24,417,985	\$26,711,372
BEAS Outpatient	\$2,673,374	7%	2%	\$2,901,877	\$3,149,911
Nursing Homes	\$184,339,109	-1%	3%	\$187,077,663	\$189,856,902
Mid-Level Care	\$3,646,460	15%	26%	\$5,125,054	\$7,203,199
Home and Community Based Care	\$34,146,415	7%	5%	\$38,093,116	\$42,495,983
Bureau of Behavioral Health					
Community Mental Health Centers	\$81,405,751	5%	2%	\$86,807,340	\$92,567,347
Bureau of Developmental Services					
Developmental Services Provider Payments	\$159,974,107	5%	1%	\$168,929,413	\$178,386,035
Total	\$753,363,490			\$801,385,808	\$853,851,531



Projections of Expenditures Compared to 08-09 Budget

Major Budget Item	Center's Projection of Expenditures		HB 1: State's Operating Budget for 2008-2009		Estimated Surplus/(Deficit)		
	2008	2009	2008	2009	2008	2009	Biennium
Office of Medicaid Business and Policy							
OMBP Provider Payments	\$204,730,650	\$223,573,494	\$180,709,345	\$197,565,971	(\$24,021,305)	(\$26,007,523.06)	(\$50,028,827.56)
Healthy Kids Silver	\$14,380,960	\$17,314,915	\$13,783,018	\$15,025,032	(\$597,942)	(\$2,289,883.08)	(\$2,887,825.54)
OMBP Outpatient	\$68,921,750	\$72,592,373	\$64,421,090	\$66,400,296	(\$4,500,660)	(\$6,192,077.32)	(\$10,692,736.98)
Bureau of Elderly and Adult Services							
BEAS Provider Payments	\$24,417,985	\$26,711,372	\$24,270,094	\$25,134,370	(\$147,891)	(\$1,577,002.26)	(\$1,724,893.16)
BEAS Outpatient	\$2,901,877	\$3,149,911	\$2,927,618	\$3,016,032	\$25,741	(\$133,878.85)	(\$108,137.81)
Nursing Homes	\$187,077,663	\$189,856,902	\$188,700,412	\$184,387,825	\$1,622,749	(\$5,469,077.04)	(\$3,846,328.25)
Mid-Level Care	\$5,125,054	\$7,203,199	\$6,053,319	\$7,651,024	\$928,265	\$447,825.33	\$1,376,090.38
Home and Community Based Care	\$38,093,116	\$42,495,983	\$38,337,667	\$42,315,809	\$244,551	(\$180,173.63)	\$64,377.61
Bureau of Behavioral Health							
Community Mental Health Centers	\$86,807,340	\$92,567,347	\$91,599,364	\$96,888,025	\$4,792,024	\$4,320,678.49	\$9,112,702.17
Bureau of Developmental Services							
Developmental Services Provider Payments	\$168,929,413	\$178,386,035	\$179,520,514	\$191,388,950	\$10,591,101	\$13,002,914.84	\$23,594,015.62
Total	\$801,385,808	\$853,851,531	\$790,322,441	\$829,773,334	(\$11,063,367)	(\$24,078,197)	(\$35,141,564)



25% Reduction in Trends Needed to Meet Existing Budget

Major Budget Item	2007 Actuals	Annual Change in Recipients	Annual Change in Expenditures Per Recipient	HB 1: State's Operating Budget for 2008-2009 Binneium		Center's Projection of Expenditures		Estimated Surplus/(Deficit)
				2008	2009	2008	2009	Biennium Combined
Office of Medicaid Business and Policy								
OMBP Provider Payments	\$187,475,886	2%	5%	\$180,709,345	\$197,565,971	\$200,416,959	\$214,251,327	(\$36,392,969.42)
Healthy Kids Silver	\$11,944,155	7%	9%	\$13,783,018	\$15,025,032	\$13,771,759	\$15,879,010	(\$842,718.59)
OMBP Outpatient	\$65,436,731	5%	-1%	\$64,421,090	\$66,400,296	\$68,050,495	\$70,768,662	(\$7,997,770.67)
Bureau of Elderly and Adult Services								
BEAS Provider Payments	\$22,321,503	1%	7%	\$24,270,094	\$25,134,370	\$23,893,865	\$25,576,985	(\$66,385.72)
BEAS Outpatient	\$2,673,374	5%	1%	\$2,927,618	\$3,016,032	\$2,844,751	\$3,027,115	\$71,784.18
Nursing Homes	\$184,339,109	-1%	2%	\$188,700,412	\$184,387,825	\$186,393,025	\$188,469,825	(\$1,774,612.93)
Mid-Level Care	\$3,646,460	11%	19%	\$6,053,319	\$7,651,024	\$4,755,406	\$6,201,598	\$2,747,339.21
Home and Community Based Care	\$34,146,415	5%	3%	\$38,337,667	\$42,315,809	\$37,106,441	\$40,323,060	\$3,223,975.78
Bureau of Behavioral Health								
Community Mental Health Centers	\$81,405,751	3%	2%	\$91,599,364	\$96,888,025	\$85,863,972	\$90,566,349	\$12,057,068.31
Bureau of Developmental Services								
Developmental Services Provider Payments	\$159,974,107	4%	0%	\$179,520,514	\$191,388,950	\$166,690,587	\$173,689,056	\$30,529,820.96
Total	\$753,363,490			\$790,322,441	\$829,773,334	\$789,787,257	\$828,752,987	\$1,555,531

In this example, average trends in recipients and expenditures are reduced by Twenty five percent to meet the existing appropriation levels.

What does all this mean?

- Crystal balls are easily broken
- Will trends move as history suggests?
 - Will changes in NH's economy result in an increase in the rate of growth of enrollment?
 - Will the developmental services system be able to expand services to newly eligible?
 - Will nursing home service recipients continue to decline at 1% per year?
 - Will outpatient services continue to grow at historic rates, or even greater?
- Regardless of the answers to the questions → likely will be a deficit in the major Medicaid line items without
 - Some areas having a surplus (e.g. DD services)
 - Increased revenues historically used to cover deficits (e.g. Medicaid recoveries, DSH)
 - Program changes implemented now which significantly reduce the cost of services
 - Changes in who is eligible for services