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Jim Reardon, Commissioner

MEMORANDUM

TO: Representative Ancel, Chair House Committee on Ways and Means
FROM: Jim Reardon, Commissioner of Finance & Management
DATE: February 10, 2014
RE: Testimony



After my testimony on Thursday there are a few things that I want to clarify. Regarding the 2% rate increase proposed in the Governor's FY 2015 Budget and the annualization of the 3% rate increase adopted by the Legislature that started in November of Fiscal 2014.

In the FY 2015 budget, the Governor is recommending a 2% Medicaid rate increase starting on January 1st. This is budgeted at \$4.3M General Fund (GF) for 6 months of FY 2015. Annualized this equates to about \$8.5M GF.

The Governor's Recommended FY 2015 budget also includes the annualization of the FY 2014 3% Medicaid Rate increase (which started in November of 2013). The annualization of the FY 2014 3% rate increase in the FY 2015 budget is \$4.1M GF.

The claims assessment will generate an estimated \$14M of revenue in FY 2015. This will help cover: 1) the cost of the exchange in FY 2015- \$5.3M; 2) The annualization of the FY 2014 3% Medicaid rate increase - \$4.1M; 3) The proposed 2% rate increase for 6 Months – \$4.2M.

Additionally, Representative Sharpe requested some information on the General fund contribution to Medicaid. In the FY 2014 as Passed budget the General fund Contribution to Global Commitment was \$157.6M. In FY 2015 Governor's Recommended budget the General Fund Contribution to Global Commitment is \$189.3M; a difference of \$31.7M.

Please let me know if you have any additional questions.