

# Health Care Finance:

## (Medicaid Primer)

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Joint Fiscal Office

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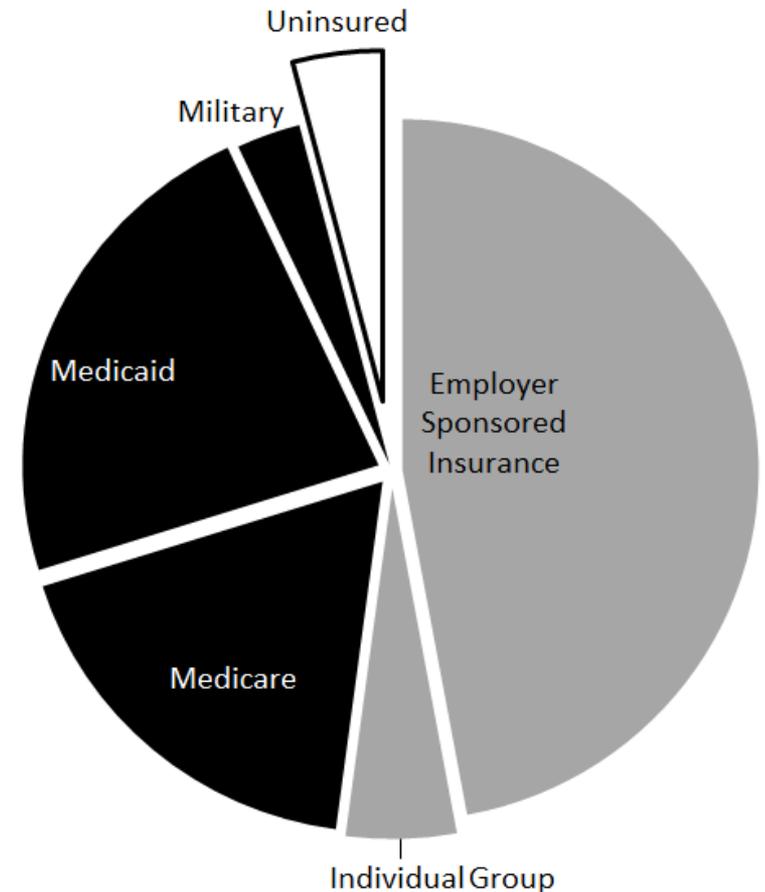


# Context: Insurance Coverage

- Private Insurance
  - Employer-based
  - Individual Market

- Government
  - Medicare
  - Medicaid
  - Military

- 54% of Vermonters have private insurance (2014)
  - Over 90% of private insurance was through employer
  - 5% were individual plans purchased through Vermont Health Connect
- Approx. 24% of Vermonters have Medicaid as their primary source of coverage.
- Another 8% of Vermonters receive some form of supplemental assistance through Medicaid



*Note: Public employees (such as state-employees, teachers and municipal workers) are considered as “private” insurance in this and other documents and not “public” insurance since they are purchased through private insurance companies and third-party administrators.*

**A quick note about  
Medicaid vs. Medicare**

**CAUTION**

**Medicaid &  
Medicare  
are not the same!**

## A quick note about Medicaid vs. Medicare

### Medicaid

- State-federal program
- Low-income
- Pregnant women
- Children under 19
- Blind or disabled
- Long term care

### Medicare

- Federal program
- All incomes
- 65 or older
- Of any age and have  
End Stage Renal  
Disease
- Under 65 with certain  
disabilities

# Context: Medicaid Coverage

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## NATIONWIDE

**73 million** individuals nationwide in have coverage through Medicaid and CHIP (as of September 2016, Medicaid.gov).

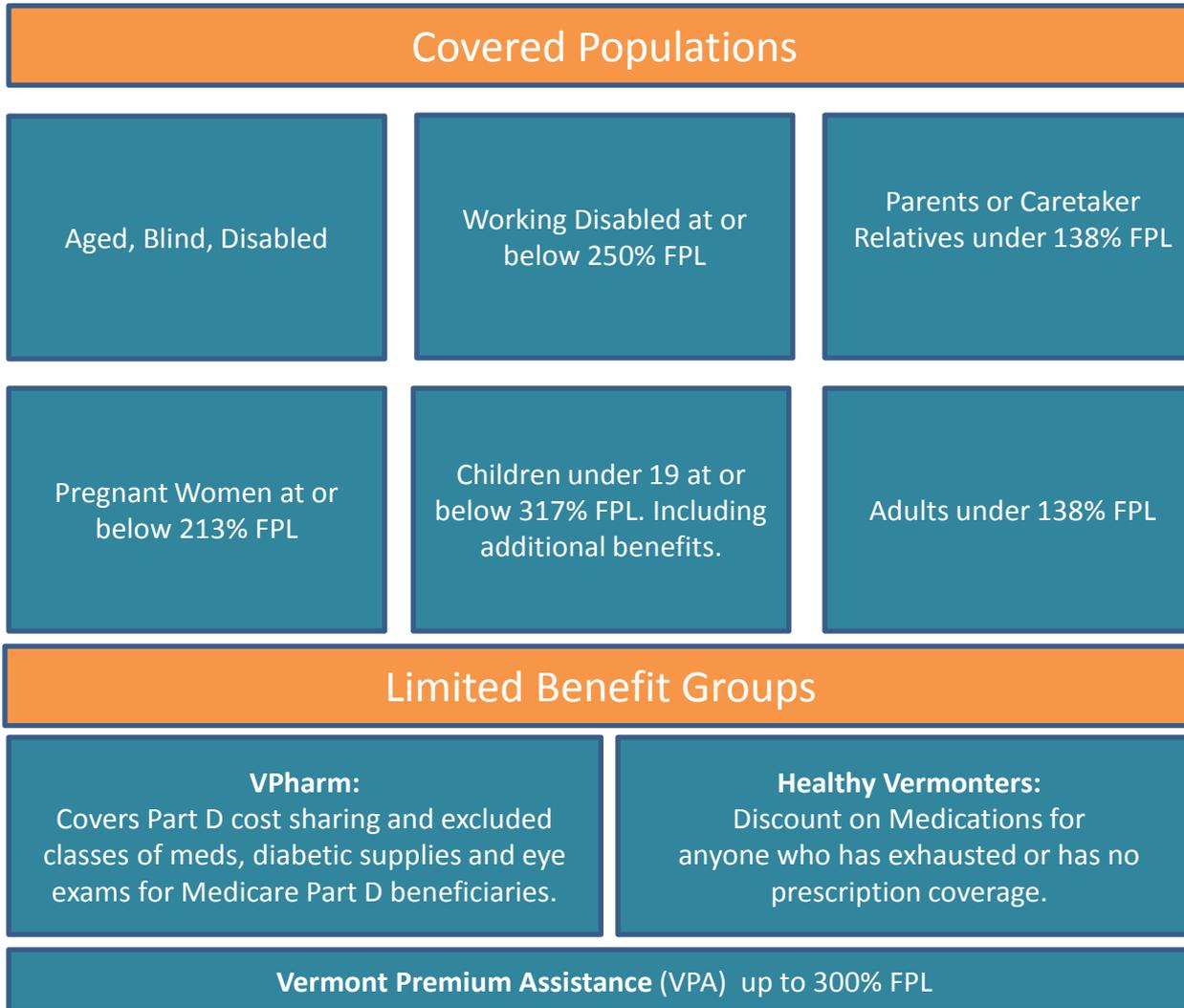
- Approx. 22% of Americans.

## VERMONT

**Approx. 203,000** Vermonters receive some form of assistance through Medicaid (as of 9/16).

- Primary source of coverage for approx. **151,000** Vermonters.
- Partial or supplemental assistance for approx. **52,000** Vermonters (e.g. premium assistance, Rx assistance, etc.)

# Covered Medicaid Populations



**2016**

**2016 Federal Poverty Levels (FPLs)**

**Monthly**

Household Size	100%	133%	138%	150%	200%	225%	250%	275%	300%	400%
1	\$990	\$1,317	\$1,366	\$1,485	\$1,980	\$2,228	\$2,475	\$2,723	\$2,970	\$3,960
2	\$1,335	\$1,776	\$1,842	\$2,003	\$2,670	\$3,004	\$3,338	\$3,671	\$4,005	\$5,340
3	\$1,680	\$2,234	\$2,318	\$2,520	\$3,360	\$3,780	\$4,200	\$4,620	\$5,040	\$6,720
4	\$2,025	\$2,693	\$2,795	\$3,038	\$4,050	\$4,556	\$5,063	\$5,569	\$6,075	\$8,100
5	\$2,370	\$3,152	\$3,271	\$3,555	\$4,740	\$5,333	\$5,925	\$6,518	\$7,110	\$9,480
6	\$2,715	\$3,611	\$3,747	\$4,073	\$5,430	\$6,109	\$6,788	\$7,466	\$8,145	\$10,860
7	\$3,061	\$4,071	\$4,224	\$4,591	\$6,122	\$6,887	\$7,652	\$8,417	\$9,183	\$12,243
8	\$3,408	\$4,532	\$4,702	\$5,111	\$6,815	\$7,667	\$8,519	\$9,371	\$10,223	\$13,630

**Annually**

Household Size	100%	133%	138%	150%	200%	225%	250%	275%	300%	400%
1	\$11,880	\$15,800	\$16,394	\$17,820	\$23,760	\$26,730	\$29,700	\$32,670	\$35,640	\$47,520
2	\$16,020	\$21,307	\$22,108	\$24,030	\$32,040	\$36,045	\$40,050	\$44,055	\$48,060	\$64,080
3	\$20,160	\$26,813	\$27,821	\$30,240	\$40,320	\$45,360	\$50,400	\$55,440	\$60,480	\$80,640
4	\$24,300	\$32,319	\$33,534	\$36,450	\$48,600	\$54,675	\$60,750	\$66,825	\$72,900	\$97,200
5	\$28,440	\$37,825	\$39,247	\$42,660	\$56,880	\$63,990	\$71,100	\$78,210	\$85,320	\$113,760
6	\$32,580	\$43,331	\$44,960	\$48,870	\$65,160	\$73,305	\$81,450	\$89,595	\$97,740	\$130,320
7	\$36,730	\$48,851	\$50,687	\$55,095	\$73,460	\$82,643	\$91,825	\$101,008	\$110,190	\$146,920
8	\$40,890	\$54,384	\$56,428	\$61,335	\$81,780	\$92,003	\$102,225	\$112,448	\$122,670	\$163,560

[www.federalregister.gov/articles/2016/01/25/2016-01450/annual-update-of-the-hhs-poverty-guidelines#t-1](http://www.federalregister.gov/articles/2016/01/25/2016-01450/annual-update-of-the-hhs-poverty-guidelines#t-1)

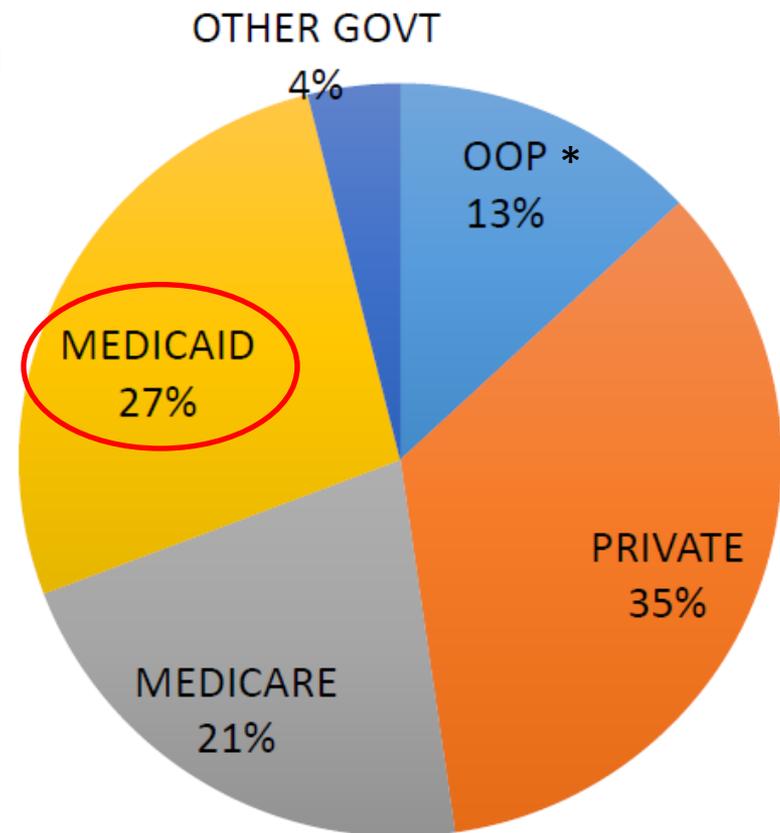
*Note: 2017 VHC subsidies based on the 2016 FPL chart*

# Context: Overall Health Spending

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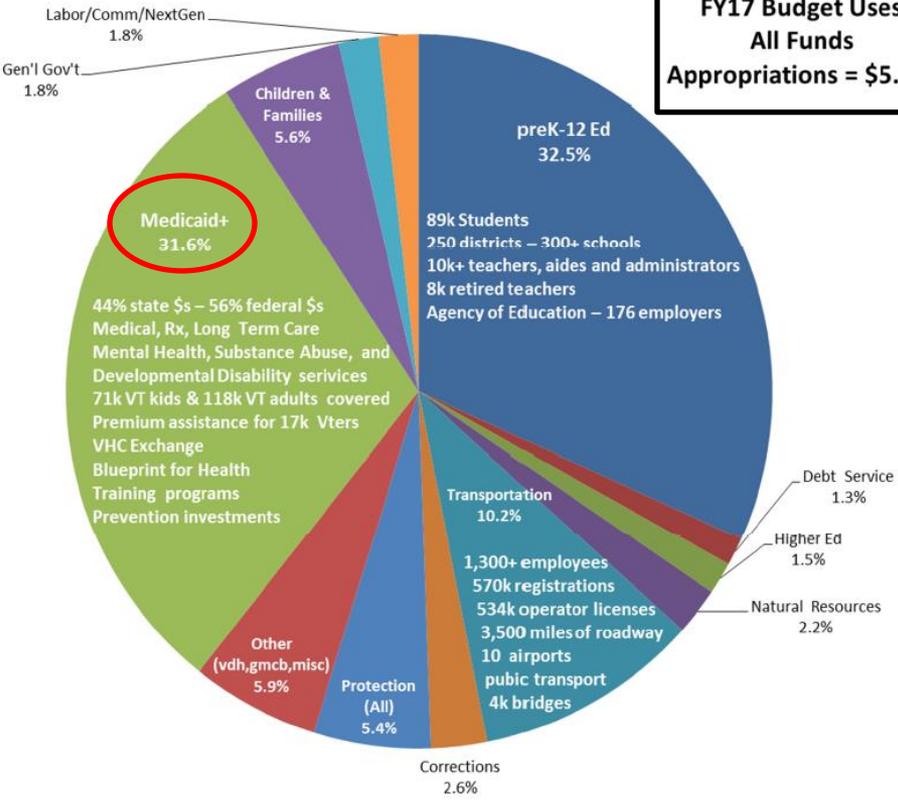
TOTAL HEALTH CARE SPENDING  
IN VERMONT = **\$5.5 Billion** (2014)

- **Medicaid** accounts for **27%** of TOTAL overall statewide health spending

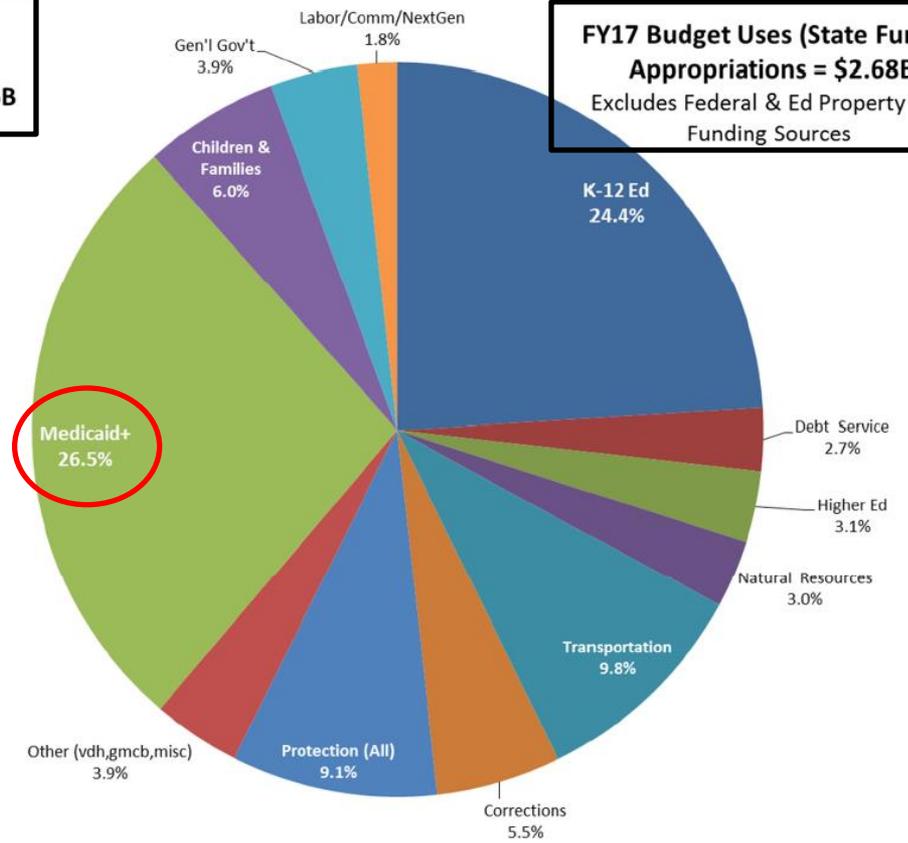


# Context: Overall State Budget

**FY17 Budget Uses All Funds**  
**Appropriations = \$5.76B**



**FY17 Budget Uses (State Funds)**  
**Appropriations = \$2.68B**  
 Excludes Federal & Ed Property Tax  
 Funding Sources



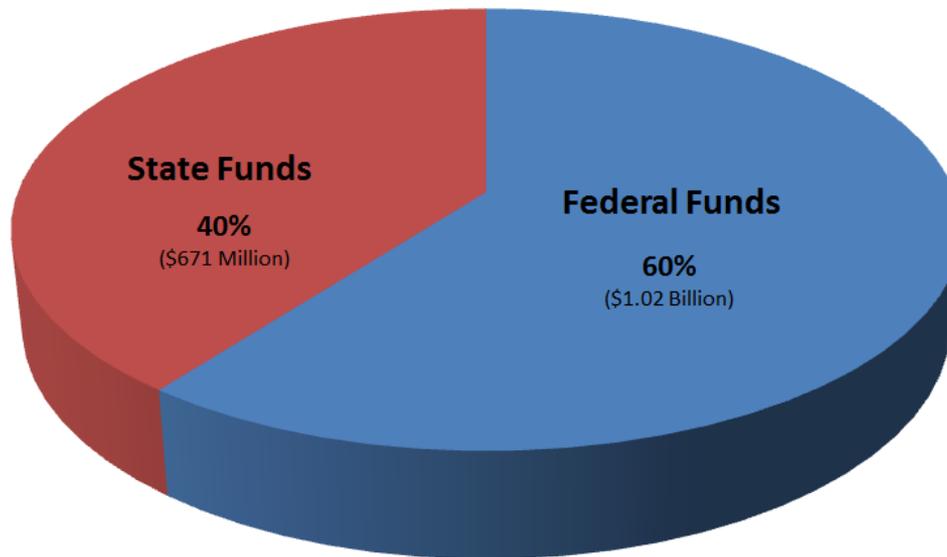
- Medicaid accounts for :
- **31.6%** of the total budget (all funds)
  - **26.5%** of state funds appropriation

Note: This slide uses FY17 as passed. The rest of the presentation uses FY16 actuals.

# Medicaid Financing

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- **SFY 2016:** Medicaid spending was \$1.69 billion.



- State funding comes from a combination of general funds, cigarette and tobacco taxes, provider taxes, certified funds and other sources

# Medicaid Financing

SFY'16 = \$1.695 billion

## TOTAL Medicaid Funding Sources

*All funds: Federal + State*

**Federal Funds** 1,024,340,615

**State Funds** 671,219,329

General Funds 301,198,469

State Health Care Resources Fund 282,647,700

Tobacco Settlement 29,579,458

Success Beyond Six 21,663,688

Certified Local Match 33,022,148

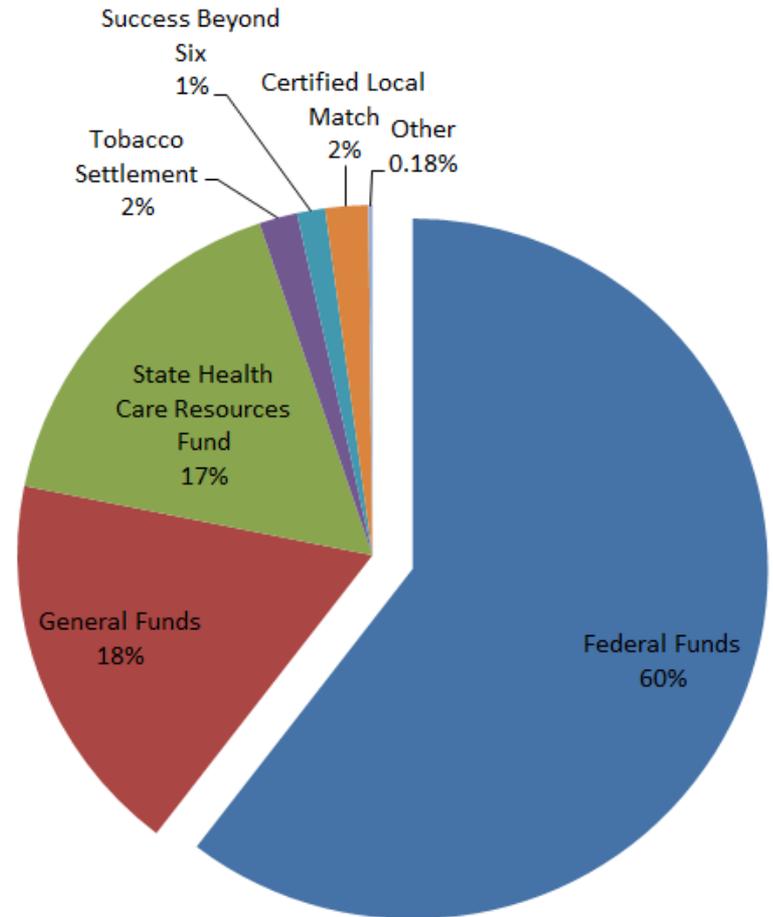
Other 3,107,866

*Insurance Regulatory & Supervision* 883,847

*Agriculture Mosquito Control* 56,276

*HIT Fund* 2,167,743

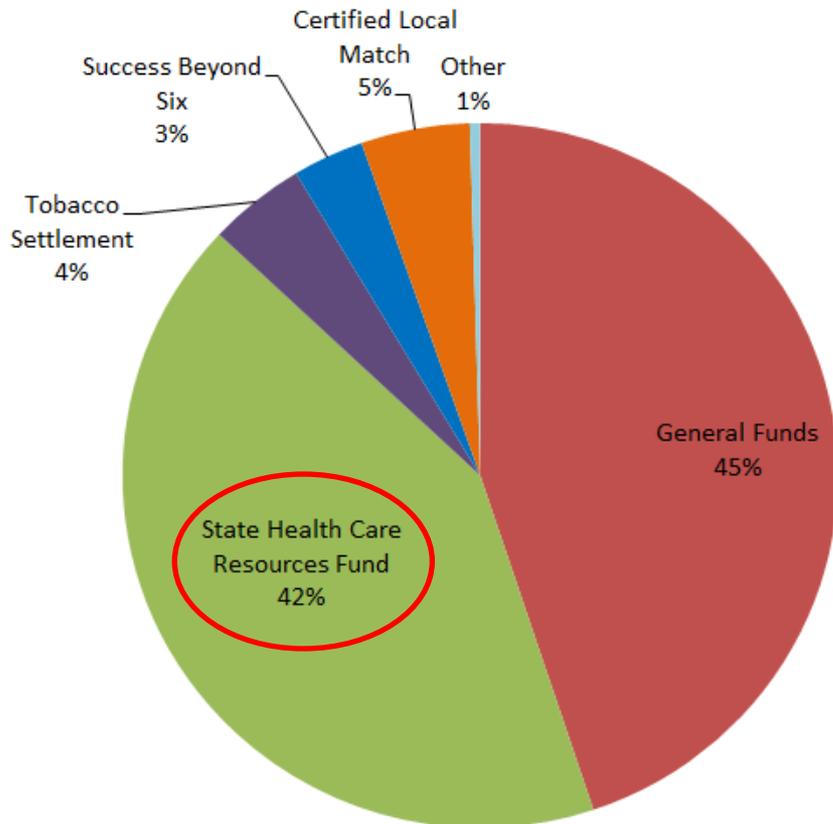
**TOTAL** 1,695,559,944



# Medicaid Financing

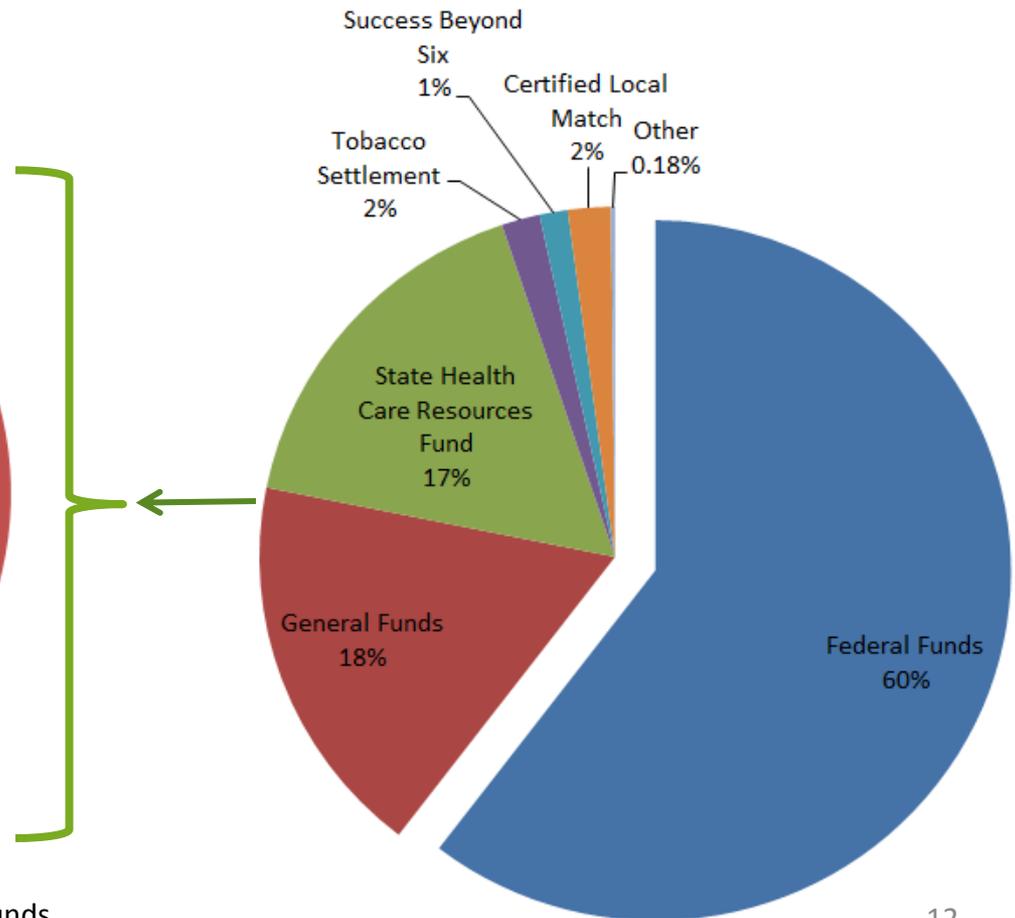
SFY'16 = \$1.695 billion

## State Funds Only



## TOTAL Medicaid Funding Sources

All funds: Federal + State

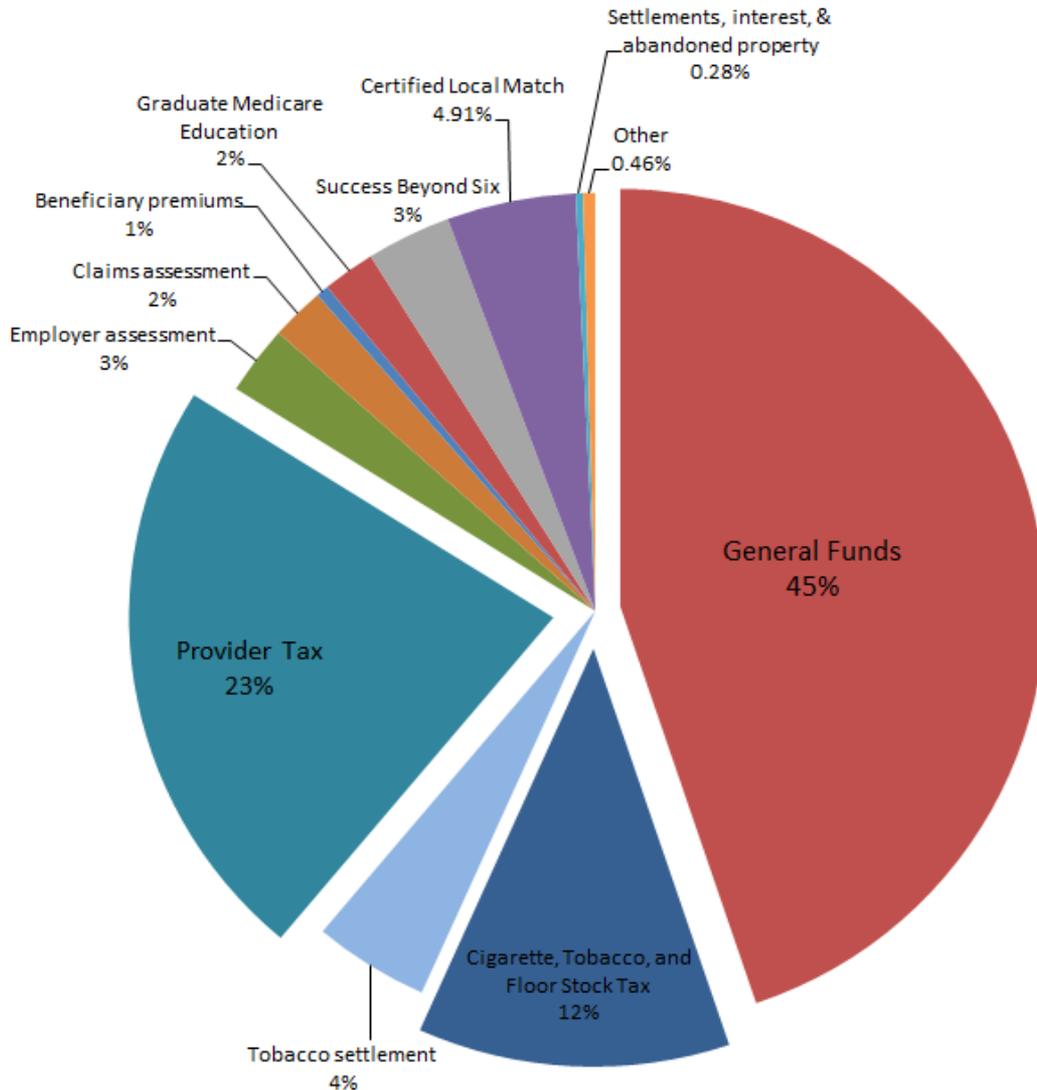


- State Health Care Resources fund accounts for 42% of state funds used to fund the Medicaid program.

# State Funds

(High level view regardless of special fund)

**SFY'16 = \$671 million**



- Provider taxes and Cigarette, Tobacco, and Floor Stock Taxes account for 35% of total state funds used to fund Medicaid

# Federal Medical Assistance Percentage (FMAP)

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- FMAP is the share of state Medicaid benefit costs paid by the federal government
- FMAP is calculated based on a 3 year average of state per capita personal income compared to national average
- No state can receive less than 50% of more than 83%
- States also received “enhanced FMAPs” for expansion populations under the ACA and for the *Children’s Health Insurance Program (CHIP)*

# Federal Medical Assistance Percentage (FMAP)

	2017		2018		% Δ
	State	Federal	State	Federal	
<b>Base FMAP</b>	45.68%	54.32%	46.28%	53.72%	-0.60%
<b>Enhanced FMAP (ACA)</b>	13.43%	86.57%	11.63%	88.37%	1.80%
<b>CHIP</b>	8.98%	91.02%	9.40%	90.60%	-0.42%

## Impact of FY'17 to '18 FMAP changes

- Base FMAP = - \$9.7 million
- E-FMAP (childless “new adults”) = \$5.85 million

# FMAP History (with Enhancements)

State Fiscal Year  
(as used in state budget)

Year	State Share
1991	37.83%
1992	38.48%
1993	39.75%
1994	40.37%
1995	39.50%
1996	39.14%
1997	39.00%
1998	38.10%
1999	37.98%
2000	37.83%
2001	37.64%
2002	37.11%
2003	36.57%
2004	34.48%
2005	39.58%
2006	41.11%
2007	41.18%
2008	41.00%
2009	33.90%
2010	30.04%
2011	31.93%
2012	42.14%
2013	43.58%
2014	43.56%
2015	43.51%
2016	44.97%
2017	45.68%
2018	46.28%

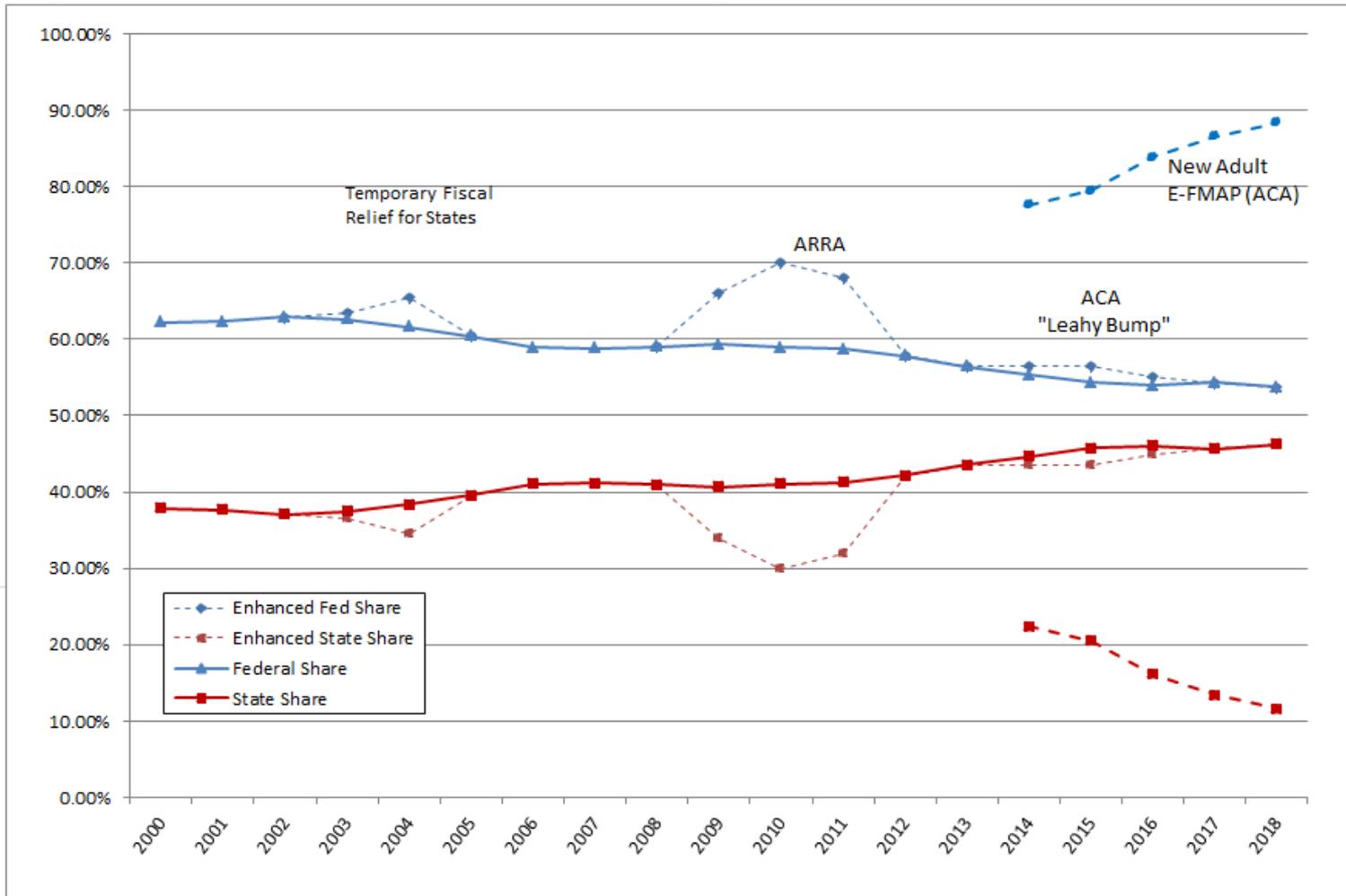
Temporary fiscal relief to states

ARRA

Affordable Care Act (ACA)  
"Leahy Bump"

☐ = Years where state received enhancements to FMAP

FMAP - State Fiscal Years 2000 - 2018 with Enhancements



ARRA = American Recovery & Reinvestment Act

ACA = Affordable Care Act

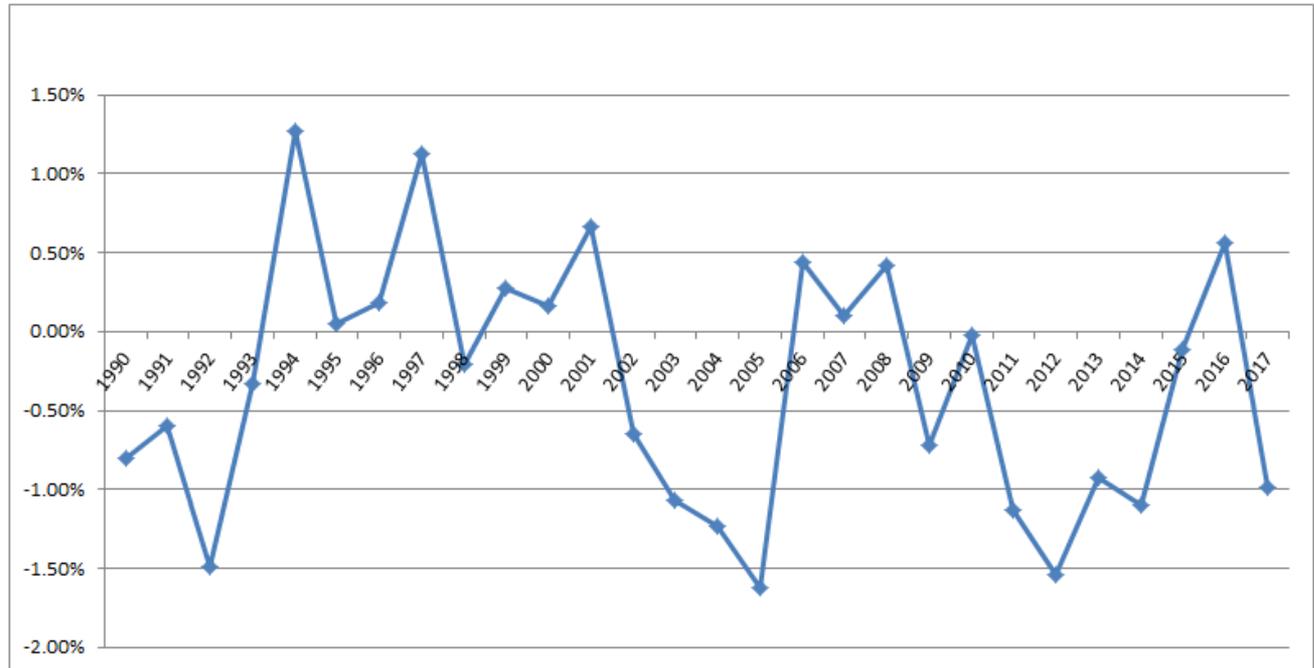
# FMAP History: Ups & Downs

## VERMONT

### FMAP (based on Federal Fiscal Year)

Year	Federal Share	State Share	Difference
1990	62.77%	37.23%	
1991	61.97%	38.03%	-0.80%
1992	61.37%	38.63%	-0.60%
1993	59.88%	40.12%	-1.49%
1994	59.55%	40.45%	-0.33%
1995	60.82%	39.18%	1.27%
1996	60.87%	39.13%	0.05%
1997	61.05%	38.95%	0.18%
1998	62.18%	37.82%	1.13%
1999	61.97%	38.03%	-0.21%
2000	62.24%	37.76%	0.27%
2001	62.40%	37.60%	0.16%
2002	63.06%	36.94%	0.66%
2003	62.41%	37.59%	-0.65%
2004	61.34%	38.66%	-1.07%
2005	60.11%	39.89%	-1.23%
2006	58.49%	41.51%	-1.62%
2007	58.93%	41.07%	0.44%
2008	59.03%	40.97%	0.10%
2009	59.45%	40.55%	0.42%
2010	58.73%	41.27%	-0.72%
2011	58.71%	41.29%	-0.02%
2012	57.58%	42.42%	-1.13%
2013	56.04%	43.96%	-1.54%
2014	55.11%	44.89%	-0.93%
2015	54.01%	45.99%	-1.10%
2016	53.90%	46.10%	-0.11%
2017	54.46%	45.54%	0.56%
2018	53.47%	46.53%	-0.99%

FMAP Percentage Change Federal Fiscal Years 1991-2018



█ = Years where FMAP decreased from previous year

# FMAP Comparison: Selected States FFY 2018

## COMPARISON OF FMAPs - Selected States (FFY 2018)

### New England States

CT, NH, MA = 50%

RI = 51.45% ↑

*Vermont* = 53.47% ↓

Maine = 64.34% ↓

↑ = Increased from previous year

↓ = Decreased from previous year

### Highest FMAP

Mississippi (74.17%) ↑

New Mexico (72.16%) ↑

South Carolina (71.58) ↑

Alabama (71.44%) ↑

### Lowest FMAP (50% FMAP)

Alaska

California

Colorado ↓

Connecticut

Maryland

Massachusetts

Minnesota

New Hampshire

New Jersey

New York

North Dakota

Virginia

Washington

Wyoming