

Health Care Finance Overview

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January 29, 2019



Context: Medicaid Coverage

NATIONWIDE

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

- Approx. 22% of Americans.

VERMONT

Approx. 198,000 (32%) of Vermonters receive some form of assistance through Medicaid (as of July 18).

- Primary source of coverage for approx. **163,000** Vermonters (approx. 26%)
- Partial or supplemental assistance for approx. **35,000** Vermonters (approx. 6%)
 - e.g. premium assistance, Rx assistance, etc.

Context: Medicaid Coverage

Covered Populations

Aged, Blind, Disabled

Working Disabled at or below 250% FPL

Parents or Caretaker Relatives under 138% FPL

Pregnant Women at or below 213% FPL

Children under 19 at or below 317% FPL. Including additional benefits.

Adults under 138% FPL

Limited Benefit Groups

VPharm:

Covers Part D cost sharing and excluded classes of meds, diabetic supplies and eye exams for Medicare Part D beneficiaries.

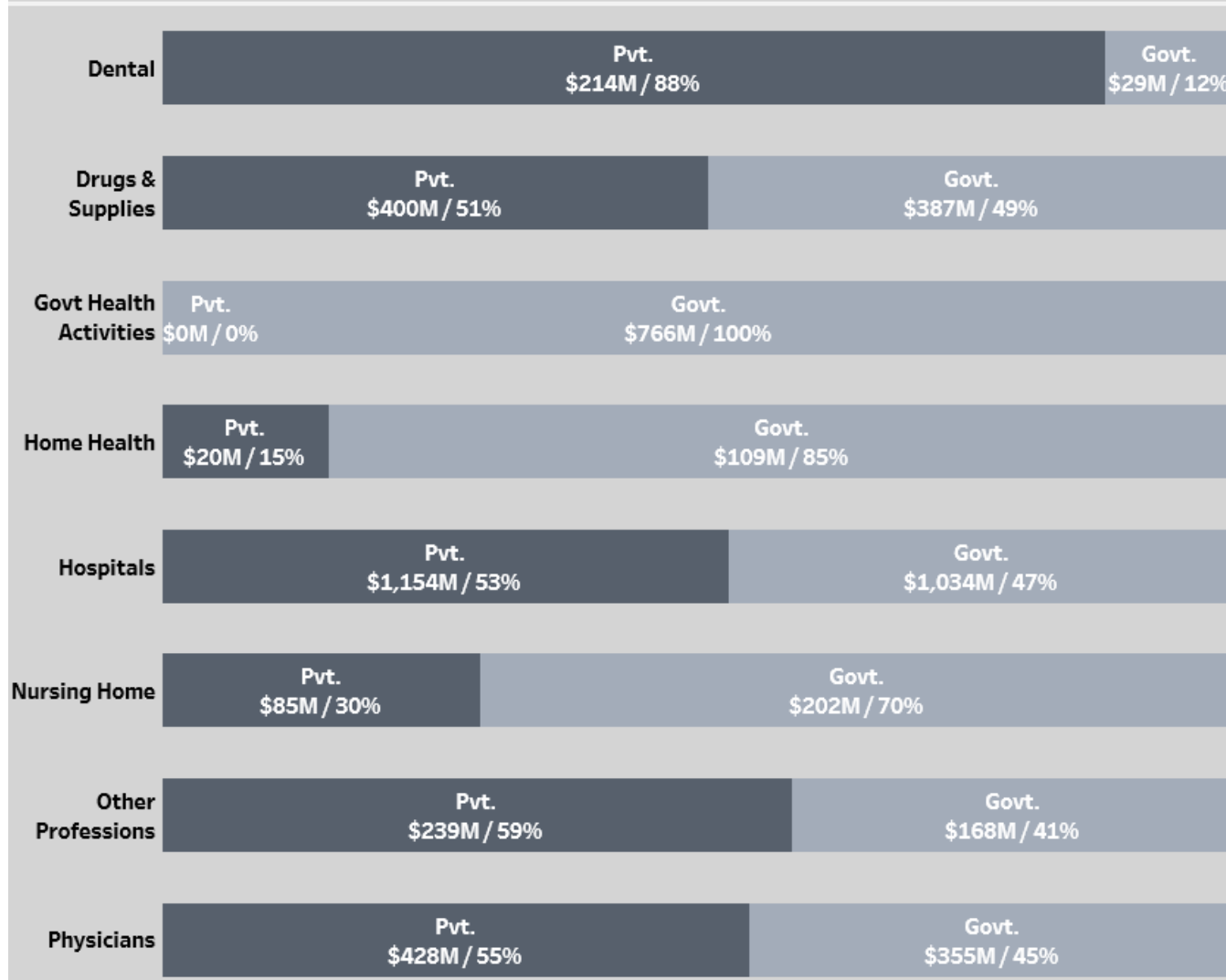
Healthy Vermonters:

Discount on Medications for anyone who has exhausted or has no prescription coverage.

Vermont Premium Assistance (VPA) up to 300% FPL

Types of Spending on Services

2016 Private vs Government
Resident Spend by Provider



Private = Commercial Insurance + OOP spending

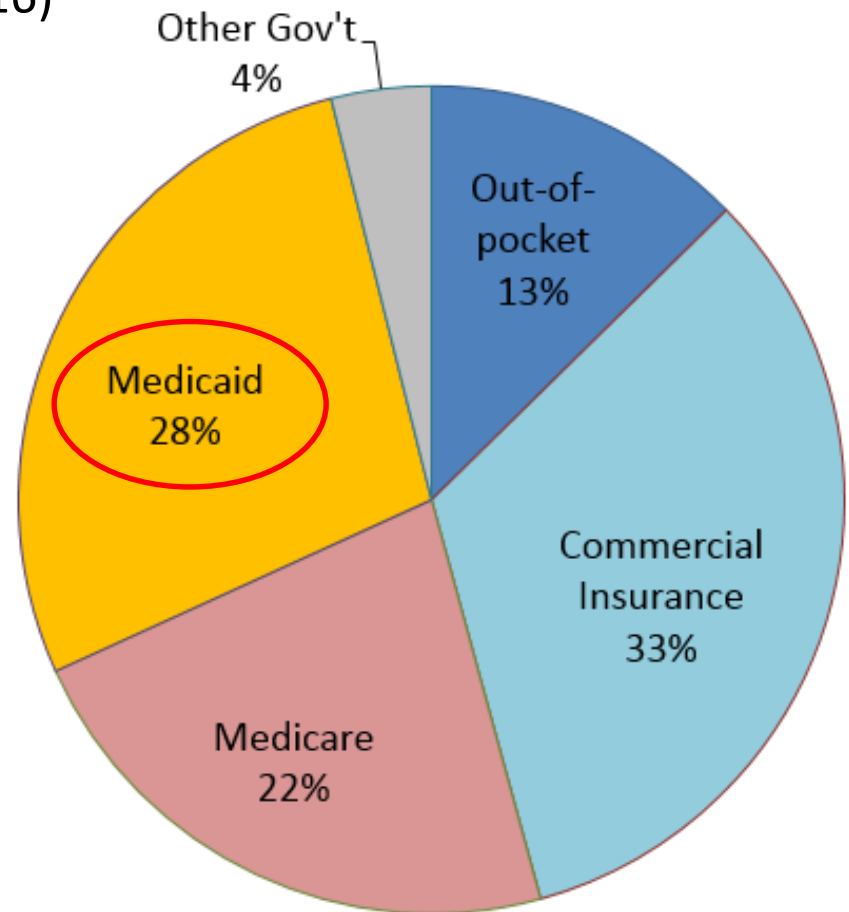
Government = Medicare, Medicaid, and other government-federal, state, and local spending.

Source: Green Mountain Care Board, Expenditure Analysis, Released 2018.

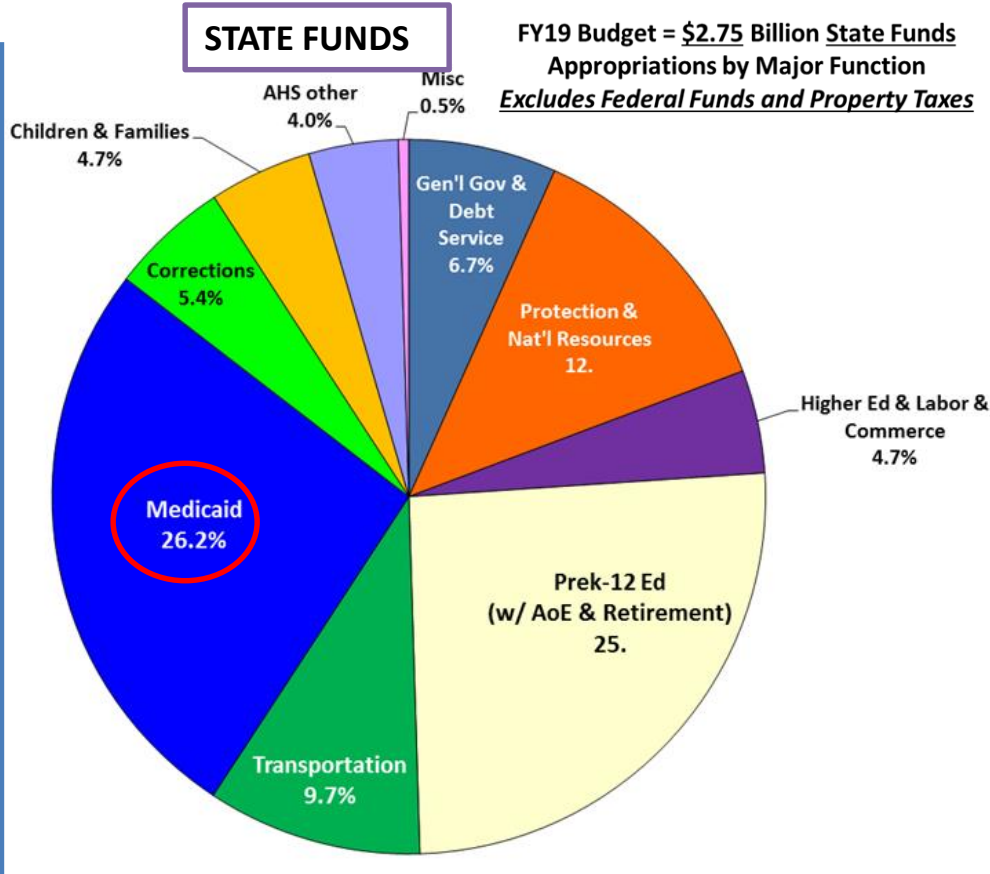
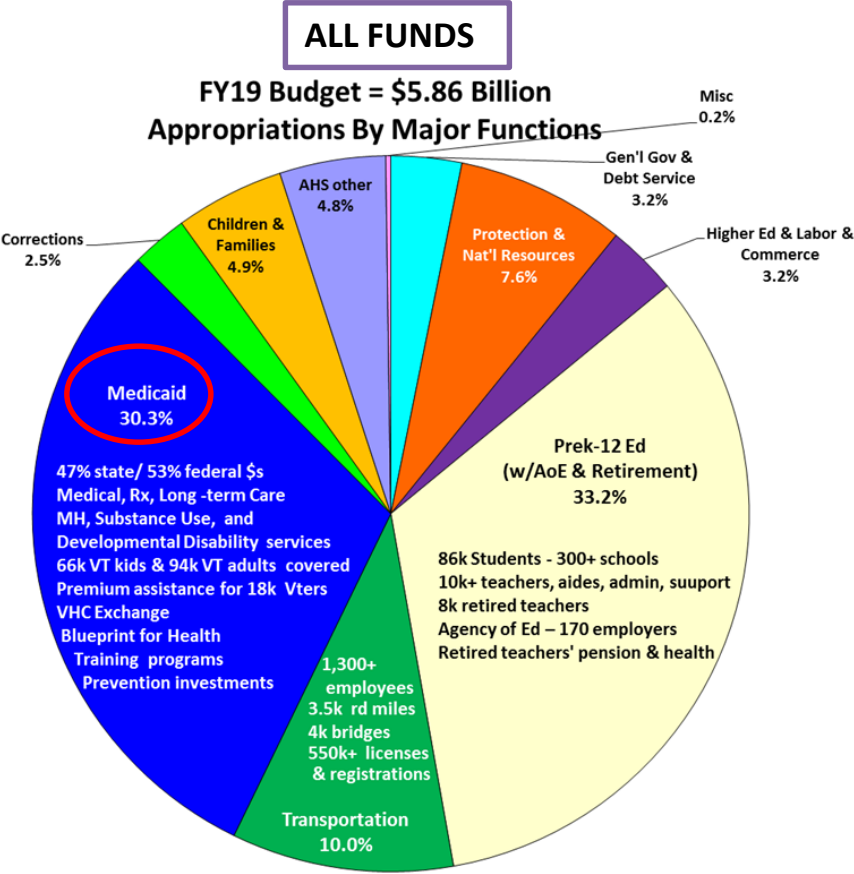
Context: Overall Health Spending

TOTAL HEALTH CARE SPENDING
IN VERMONT = **\$5.96 Billion** (2016)

- **Medicaid** accounts for **28%** of TOTAL overall statewide health spending



Context: State Budget



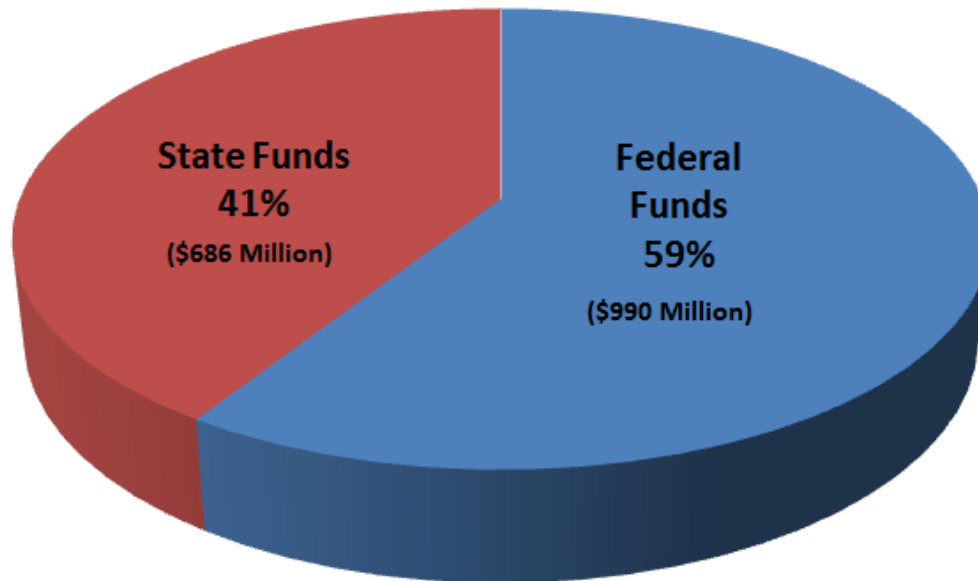
Medicaid accounts for :

- **30.3%** of the total budget (all funds)
- **26.2%** of state funds appropriation

Note: This slide uses FY19 as passed. The rest of the presentation uses FY18 actuals.

Medicaid Financing

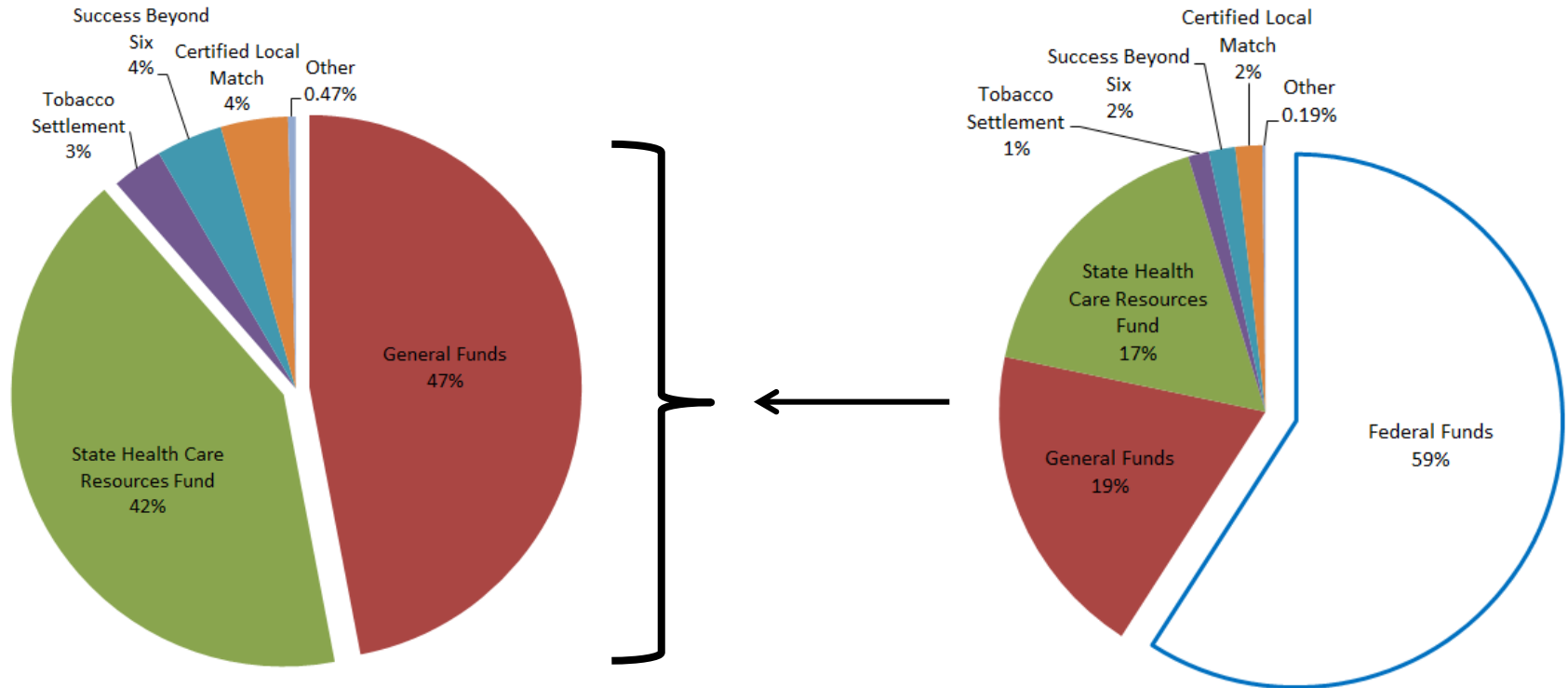
- **FY 2018:** Medicaid spending was \$1.68 billion.














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

Medicaid Financing

SFY'18 = \$1.68 billion



MEDICAID STATE FUNDS ONLY

Federal Funds	990,494,629	
State Funds	685,807,701	
General Funds	322,252,357	
State Health Care Resources Fund	285,073,161	
Tobacco Settlement	20,969,651	
Success Beyond Six	26,985,240	
Certified Local Match	27,307,277	
Other	3,220,015	
Insurance Regulatory & Supervision	883,847	
HIT Fund	2,336,168	
TOTAL	1,676,302,330	

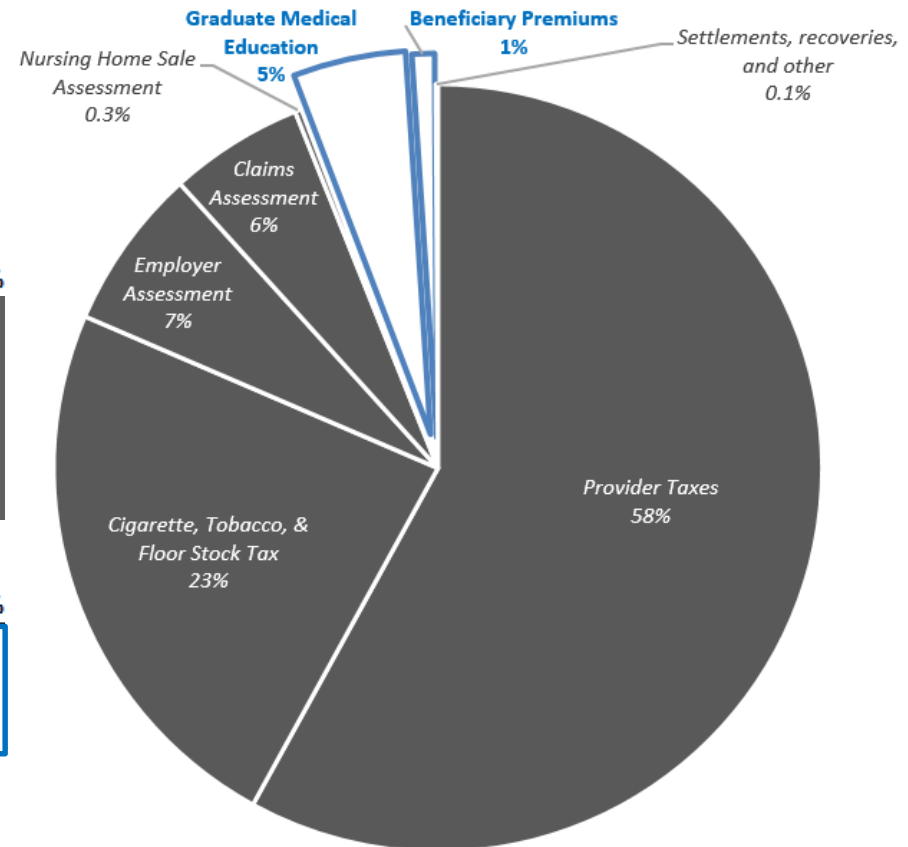
MEDICAID ALL FUNDS

All funds:
Federal + State

SHCRF & Budget Adjustment 2019

BAA proposes to transfer most of the SHCRF to the General Fund

State Health Care Resources Fund		
<i>Estimated Revenues FY 2019</i>		
	291,891,297	
Transfer to GF - BAA	274,991,829	94%
Provider Taxes	169,291,829	94%
Cigarette, Tobacco, & Floor Stock Tax	68,500,000	
Employer Assessment	19,900,000	
Claims Assessment	16,500,000	
Nursing Home Sale Assessment	\$800,000	
Remain in SHCRF	16,899,468	6%
Graduate Medical Education	13,863,000	6%
Beneficiary Premiums	2,760,000	
Settlements, recoveries, and other	276,468	

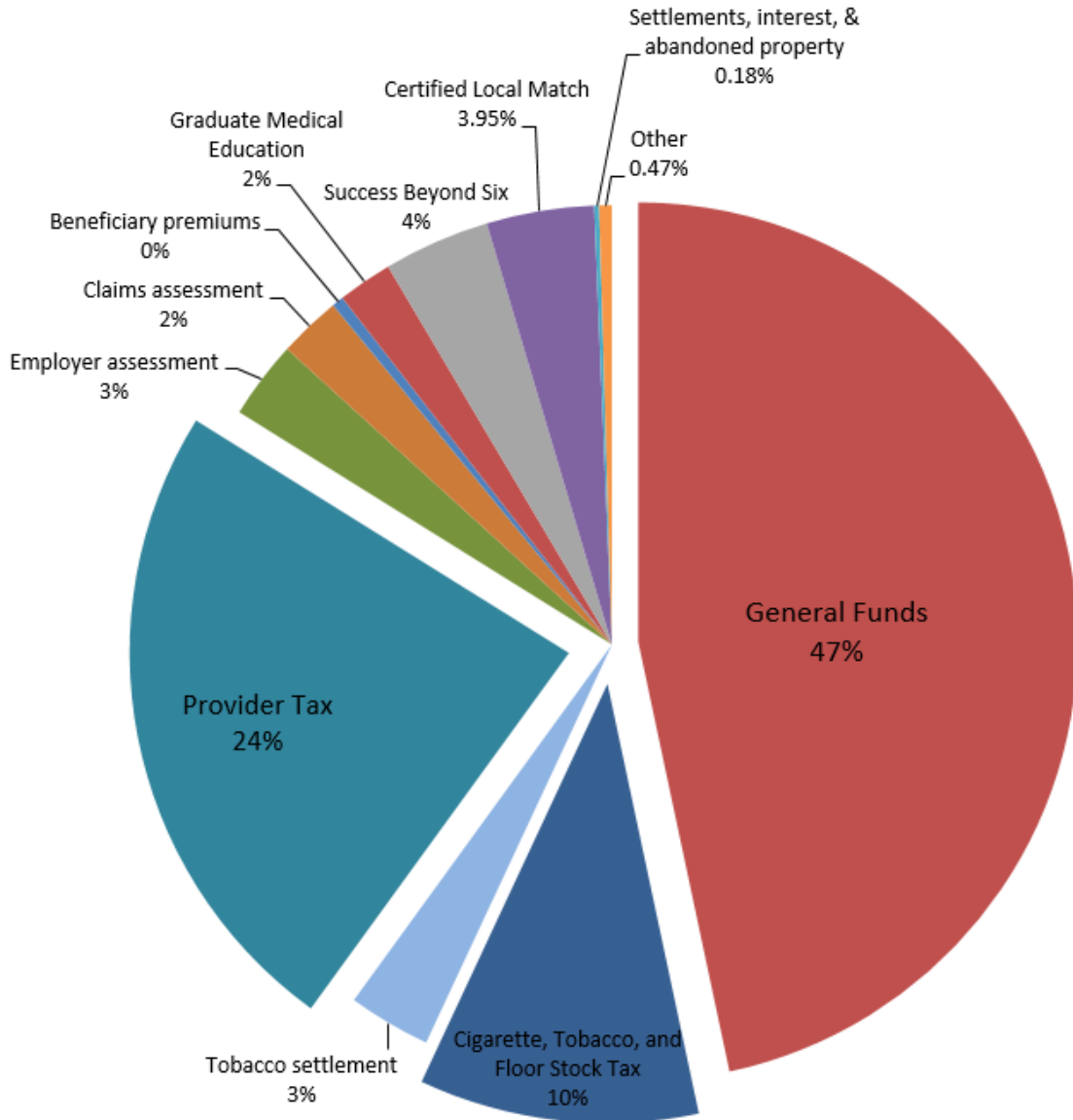


Numbers do not match "ups & downs". This does not include carryforward and other adjustments. Meant to be illustrative only.

State Funds

(High level view regardless of special fund)

SFY'18 = \$686 million



- Provider taxes and Cigarette, Tobacco, and Floor Stock Taxes account for 34% of total state funds used to fund Medicaid

Federal Medical Assistance Percentage (FMAP)

- FMAP is the share of state Medicaid benefit costs paid by the federal government
- States also received “enhanced FMAPs” for expansion populations under the ACA and for the *Children’s Health Insurance Program (CHIP)*

	FFY 2019		FFY 2020		% Δ
	State	Federal	State	Federal	
Base FMAP	46.11%	53.89%	46.14%	53.86%	-0.03%
Enhanced FMAP (ACA)	8.52%	91.48%	8.50%	91.50%	0.02%
CHIP	9.35%	90.65%	17.92%	82.08%	-8.57%

FMAP Comparison: Selected States FFY 2020

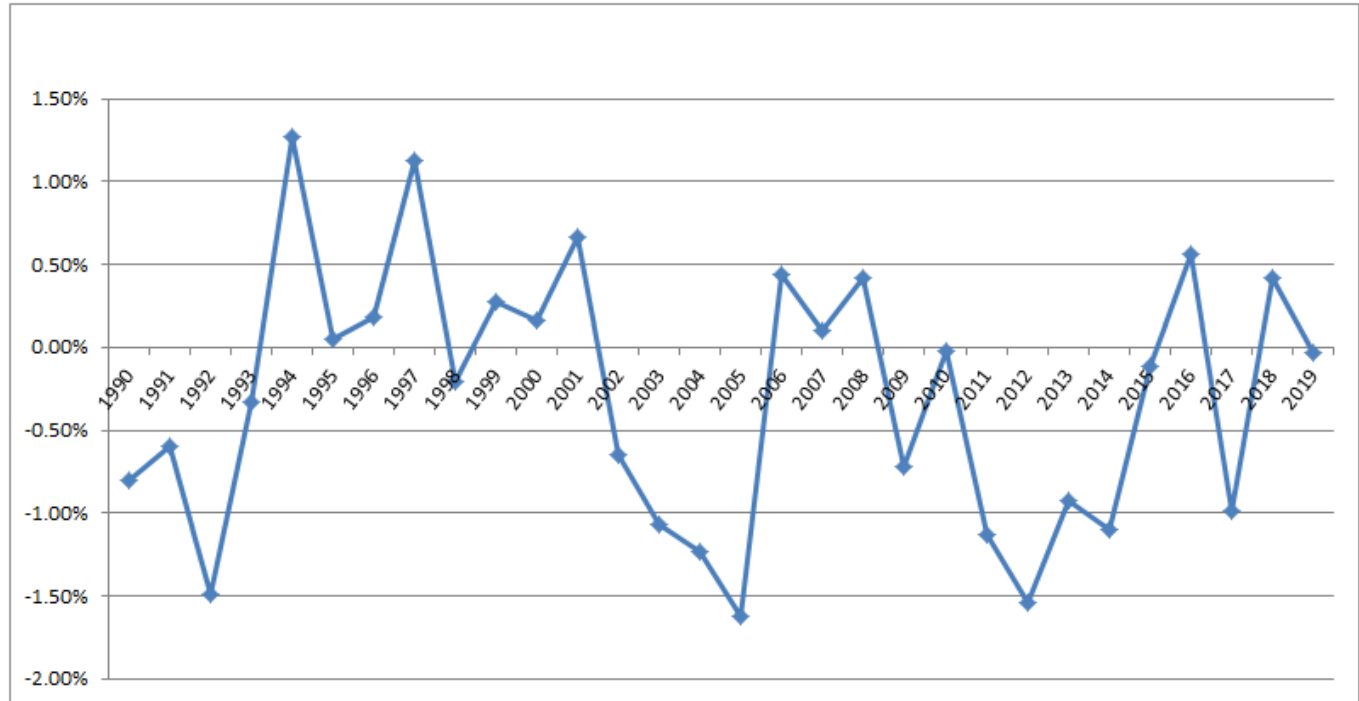
<i>COMPARISON OF FMAPs - Selected States (FFY 2020)</i>			
<u>New England States</u>	<u>Highest FMAP</u>	<u>Lowest FMAP (50% FMAP)</u>	
CT, NH, MA = 50%	Mississippi (76.98%) ↑	Alaska	New Hampshire
RI = 52.95% ↑	West Virginia (74.94%) ↑	California	New Jersey
Maine = 63.80% ↓	New Mexico (72.71%) ↑	Colorado	New York
Vermont = 53.86% ↓	Alabama (71.97%) ↑	Connecticut	Virginia
		Maryland	Washington
		Massachusetts	Wyoming
		Minnesota	
↑ = Increased from previous year ↓ = Decreased from previous year			

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%
2019	53.89%	46.11%	0.42%
2020	53.86%	46.14%	-0.03%

FMAP History: Ups & Downs



Impact of FY'19 to '20 FMAP changes

- Base FMAP = An approx. \$1.1 million reduction
- E-FMAP (childless "new adults") = Nominal
- CHIP = An approx. \$500K reduction

(Grey shaded cells in table) = Years where FMAP decreased from previous year

Global Commitment

- Most of the Medicaid program is administered through what is known as “**Global Commitment**” which is an 1115 waiver granted by the Center for Medicare & Medicaid Services (CMS).
- Global Commitment began October 2005
 - Latest renewal – *1/1/17 to 12/31/2021*
- “Designed to use a multi-disciplinary approach including the basic principles of public health , the fundamentals of effective administration of Medicaid managed care delivery system, public-private partnership, and program flexibility.”*
- The terms and conditions of the agreement lay out how the program is administered and what is covered.

Global Commitment

'1115 Waivers'

- 1115 is the section of the Federal Social Security Act that allows the federal government to “waive” many, but not all, of the laws governing Medicaid, including eligible people and services.
- 1115 waiver authority is intended to encourage state innovation in the Medicaid program
- States identify ways to save Medicaid funds and permitted to use the savings for identified priorities/goals.
- 1115 waivers must be budget neutral

Global Commitment

A quick note about “Investments”

- GC also gives Vermont the expenditure authority (within limits) to invest in some program/services not typically eligible for federal financial participation.
- These funds are referred to as “investments”.
- The state currently invests about \$147 million in total funds under this authority.
 - Under the most recent agreement, many of these investments are to be reduced or phased out by CY 2021.
- Without this waiver, these investments would require new general fund appropriation (no federal match) or elimination.

2018*Note: 2019 VHC subsidies based on the 2018 FPL chart***2018 Federal Poverty Levels (FPLs)****Monthly**

Household Size	100%	133%	138%	150%	200%	225%	250%	275%	300%	400%
1	\$1,012	\$1,346	\$1,396	\$1,518	\$2,023	\$2,276	\$2,529	\$2,782	\$3,035	\$4,047
2	\$1,372	\$1,824	\$1,893	\$2,058	\$2,743	\$3,086	\$3,429	\$3,772	\$4,115	\$5,487
3	\$1,732	\$2,303	\$2,390	\$2,598	\$3,463	\$3,896	\$4,329	\$4,762	\$5,195	\$6,927
4	\$2,092	\$2,782	\$2,887	\$3,138	\$4,183	\$4,706	\$5,229	\$5,752	\$6,275	\$8,367
5	\$2,452	\$3,261	\$3,383	\$3,678	\$4,903	\$5,516	\$6,129	\$6,742	\$7,355	\$9,807
6	\$2,812	\$3,740	\$3,880	\$4,218	\$5,623	\$6,326	\$7,029	\$7,732	\$8,435	\$11,247

Annually

Household Size	100%	133%	138%	150%	200%	225%	250%	275%	300%	400%
1	\$12,140	\$16,146	\$16,753	\$18,210	\$24,280	\$27,315	\$30,350	\$33,385	\$36,420	\$48,560
2	\$16,460	\$21,892	\$22,715	\$24,690	\$32,920	\$37,035	\$41,150	\$45,265	\$49,380	\$65,840
3	\$20,780	\$27,637	\$28,676	\$31,170	\$41,560	\$46,755	\$51,950	\$57,145	\$62,340	\$83,120
4	\$25,100	\$33,383	\$34,638	\$37,650	\$50,200	\$56,475	\$62,750	\$69,025	\$75,300	\$100,400
5	\$29,420	\$39,129	\$40,600	\$44,130	\$58,840	\$66,195	\$73,550	\$80,905	\$88,260	\$117,680
6	\$33,740	\$44,874	\$46,561	\$50,610	\$67,480	\$75,915	\$84,350	\$92,785	\$101,220	\$134,960

<https://www.gpo.gov/fdsys/pkg/FR-2018-01-18/pdf/2018-00814.pdf>