

Health Care Finance Overview

Nolan Langweil
Joint Fiscal Office

January 18, 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.

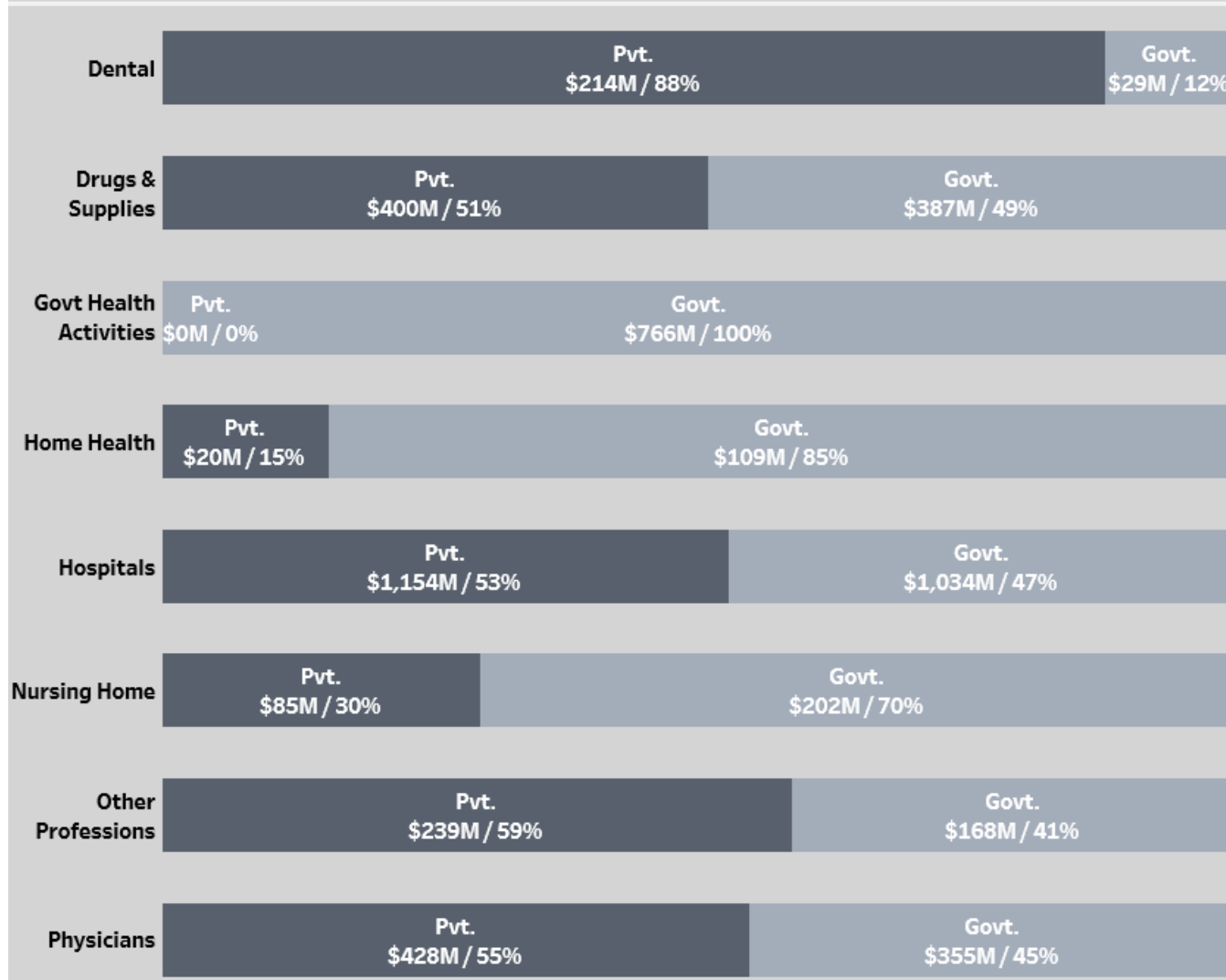
VERMONT

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.

Types of Spending on Services

2016 Private vs Government
Resident Spend by Provider



Private = Commercial Insurance + OOP spending

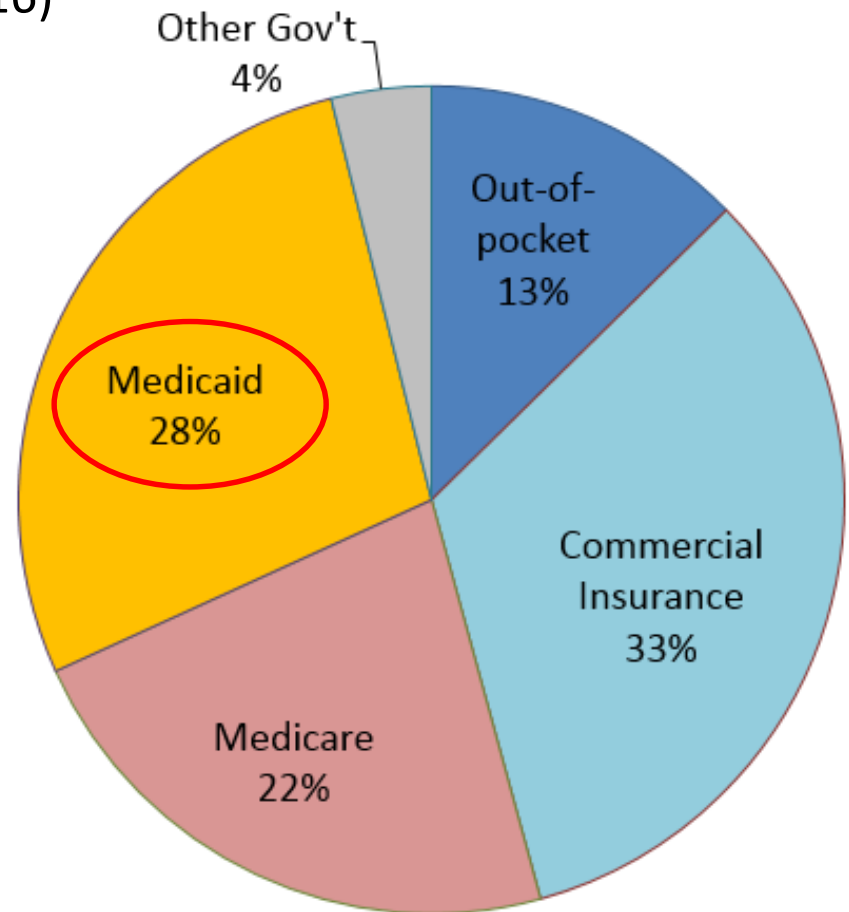
Government = Medicare, Medicaid, and other government-federal, state, and local spending.

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

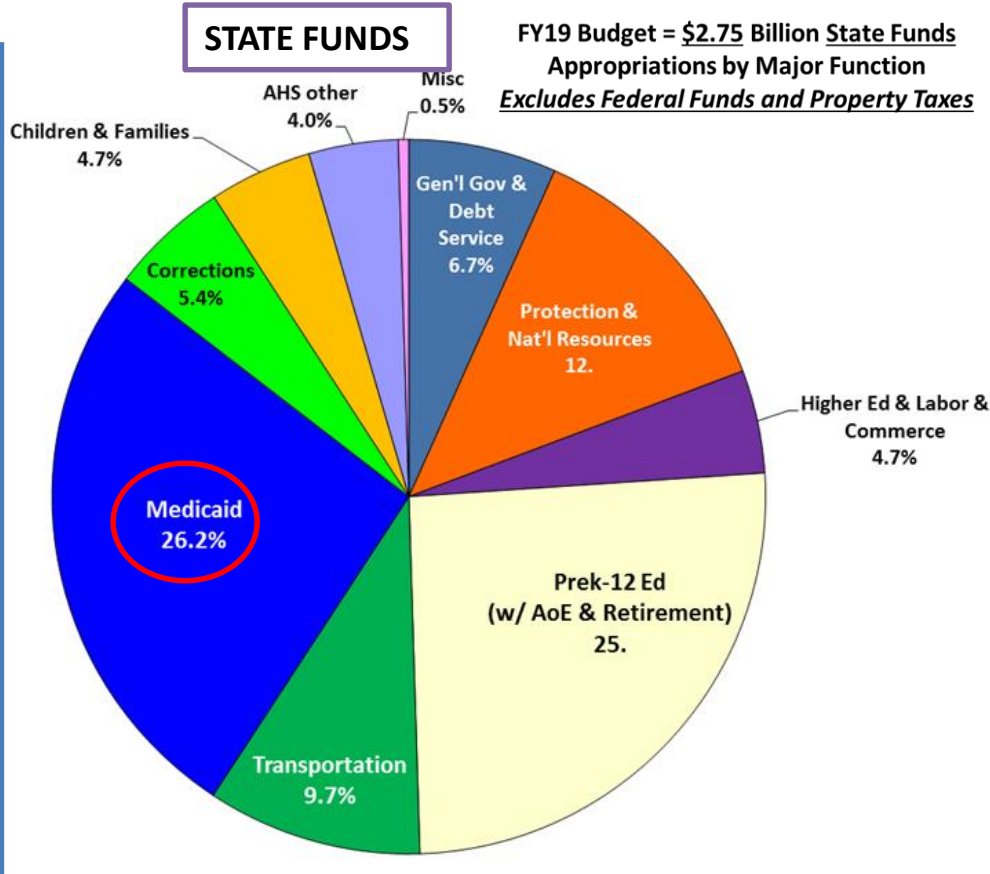
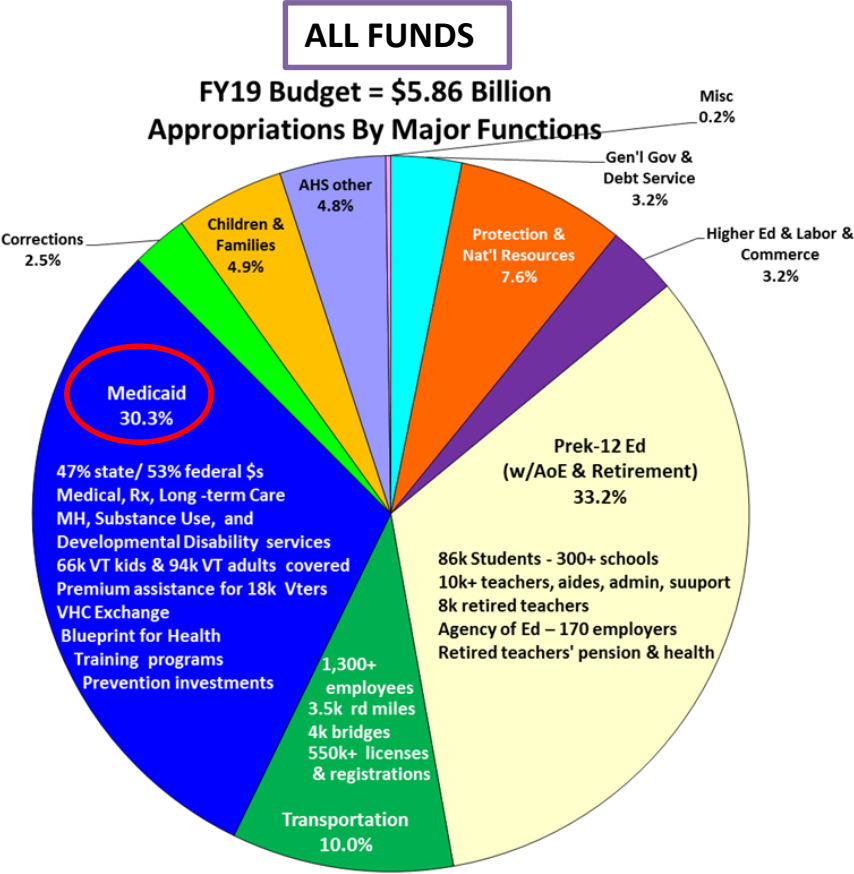
Context: Overall Health Spending

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

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



Context: State Budget



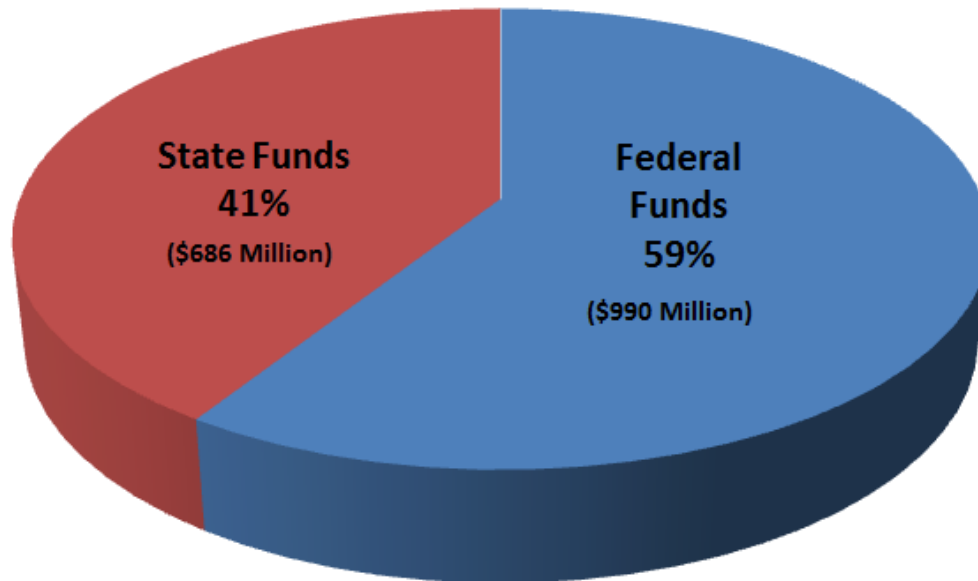
Medicaid accounts for :

- **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

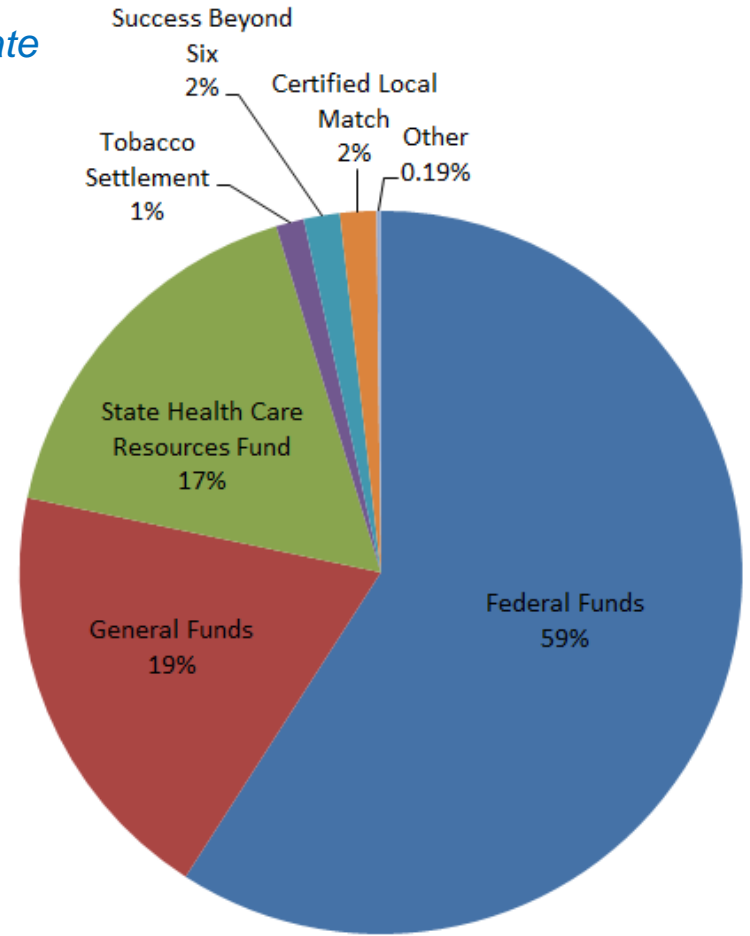
Medicaid Financing

SFY'18 = \$1.68 billion

**MEDICAID
ALL FUNDS**

All funds: Federal + State

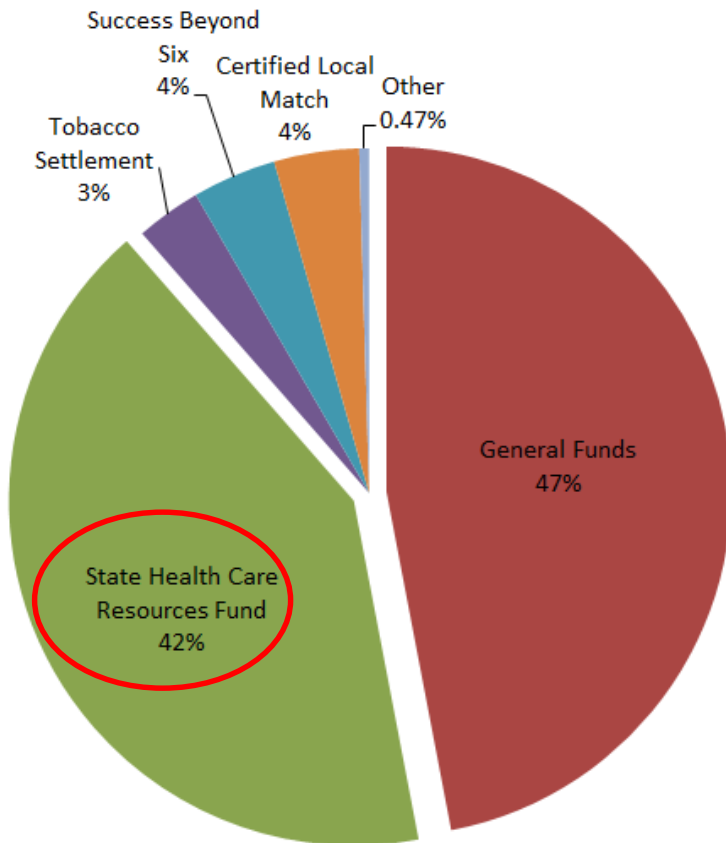
Federal Funds	990,494,629	
State Funds	685,807,701	
General Funds	322,252,357	
State Health Care Resources Fund	285,073,161	
Tobacco Settlement	20,969,651	
Success Beyond Six	26,985,240	
Certified Local Match	27,307,277	
Other	3,220,015	
Insurance Regulatory & Supervision	883,847	
HIT Fund	2,336,168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



Medicaid Financing

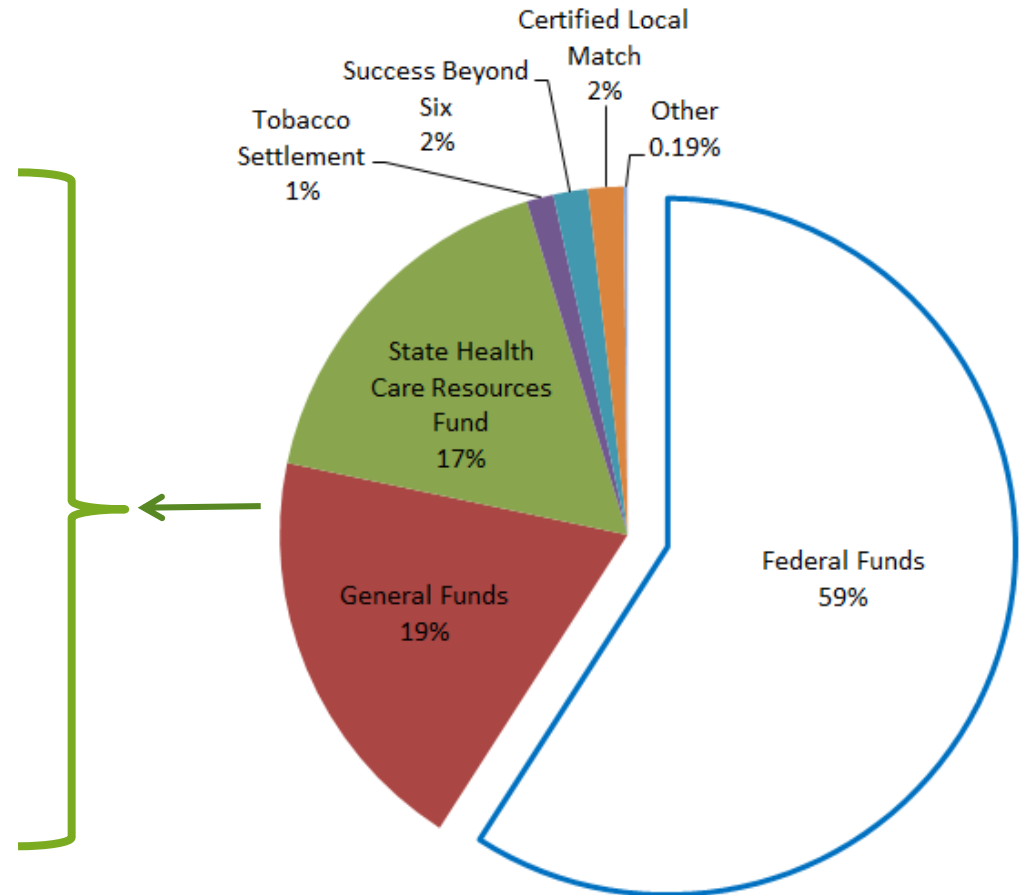
SFY'18 = \$1.68 billion

MEDICAID STATE FUNDS ONLY



MEDICAID ALL FUNDS

All funds: Federal + State



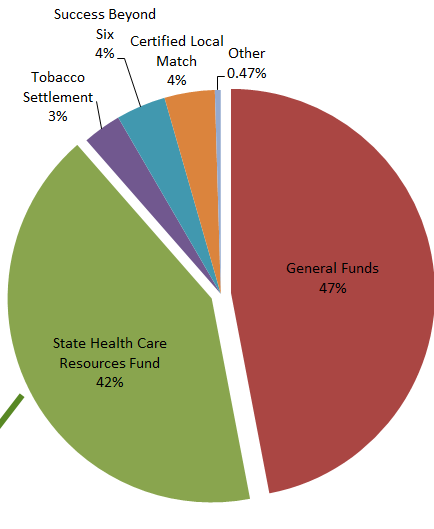
- State Health Care Resources fund accounts for 42% of state funds used to fund the Medicaid program.

State Health Care Resources Fund

The SHCRF is:

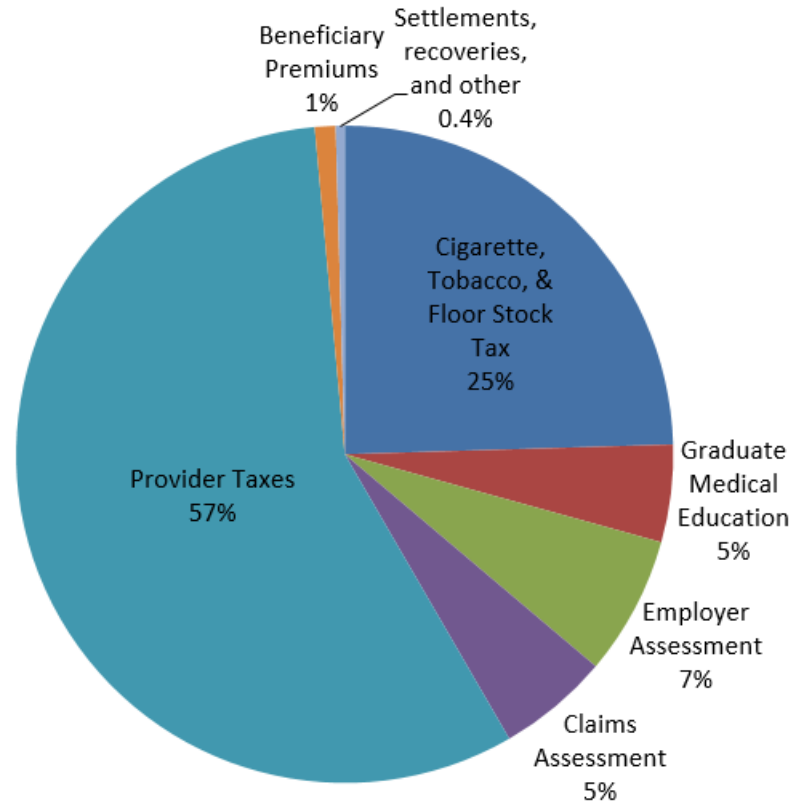
- 17% of TOTAL Medicaid funding
- 42% of STATE SHARE of Medicaid funding

Note: See previous slide



State Health Care Resources Fund

SFY'18	\$	%
Cigarette, Tobacco, & Floor Stock Tax	71,072,229	25%
Graduate Medical Education	13,884,750	5%
Employer Assessment	19,843,461	7%
Claims Assessment	15,912,905	5%
Provider Taxes	164,867,654	57%
Beneficiary Premiums	2,954,875	1%
Settlements, recoveries, and other	1,273,945	0%
TOTAL	285,073,161	



SHCRF & Budget Adjustment 2019

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

State Health Care Resources Fund

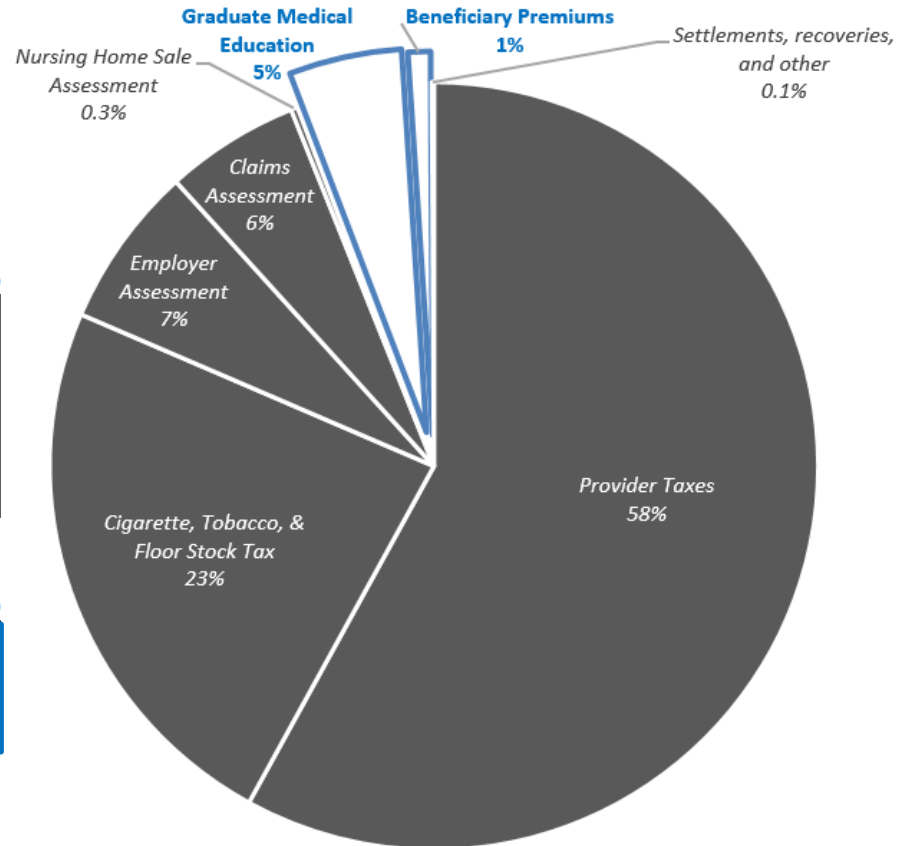
Estimated Revenues FY 2019 291,891,297

Transfer to GF - BAA 274,991,829 94%

Provider Taxes	169,291,829
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
Beneficiary Premiums	2,760,000
Settlements, recoveries, and other	276,468

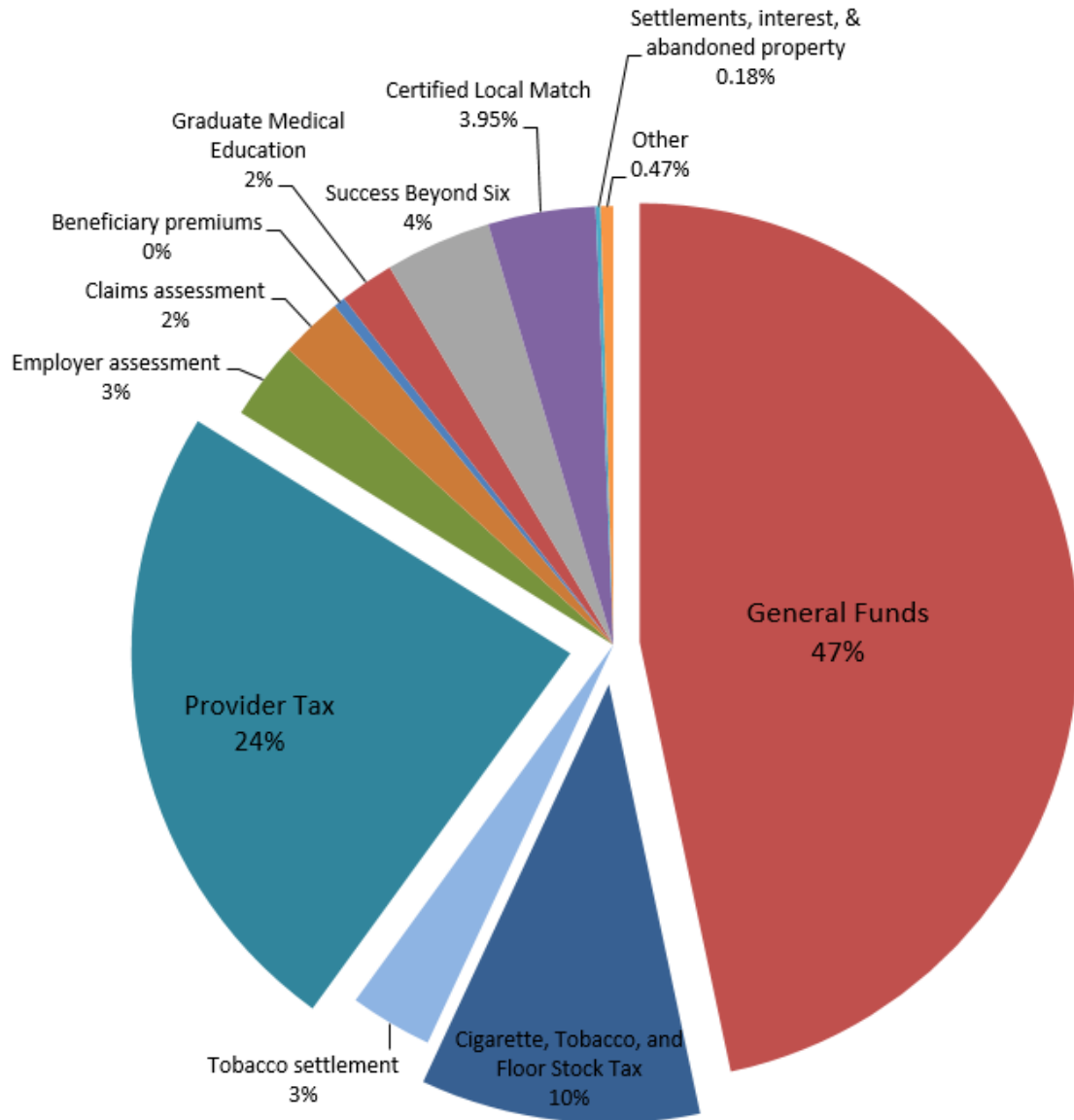


Numbers do not match "ups & downs". This does not include carryforward and other adjustments. Meant to be illustrative only.

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
- 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% or 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)

	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%

Impact of FY'19 to '20 FMAP changes

- Base FMAP = Approx. \$1.1 million
- E-FMAP (childless “new adults”) = Nominal
- CHIP = Approx. \$500K

FMAP History

(with Enhancements)

State Fiscal Year
(as used in state budget)

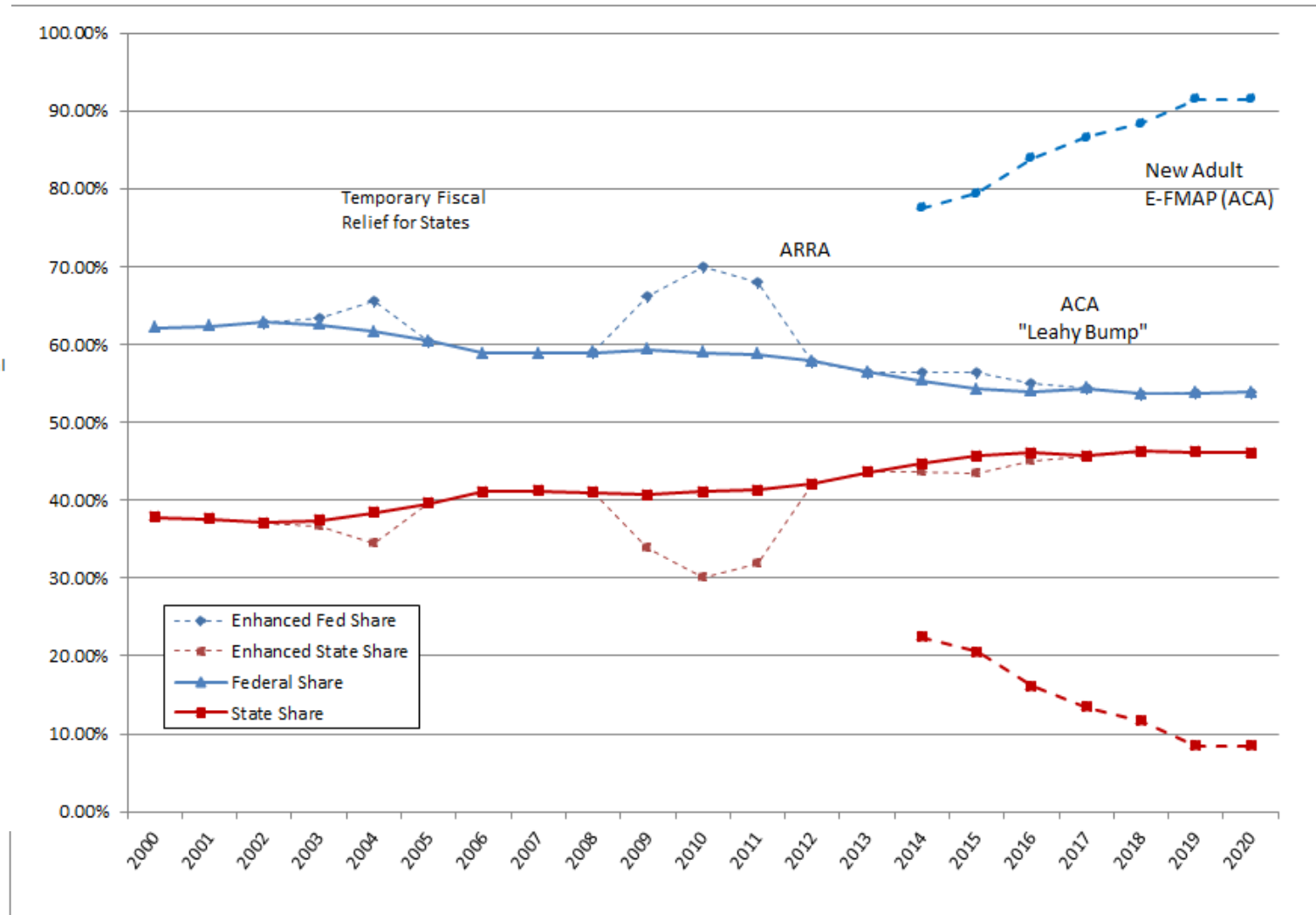
Year	State Share
1991	37.83%
1992	38.48%
1993	39.75%
1994	40.37%
1995	39.50%
1996	39.14%
1997	39.00%
1998	38.10%
1999	37.98%
2000	37.83%
2001	37.64%
2002	37.11%
2003	36.57%
2004	34.48%
2005	39.58%
2006	41.11%
2007	41.18%
2008	41.00%
2009	33.90%
2010	30.04%
2011	31.93%
2012	42.14%
2013	43.58%
2014	43.56%
2015	43.51%
2016	44.97%
2017	45.68%
2018	46.28%
2019	46.21%
2020	46.13%

Temporary fiscal relief to states

ARRA

Affordable Care Act (ACA) "Leahy Bump"

MAP - State Fiscal Years 2000 - 2020 with Enhancements



☐ = Years where state received enhancements to FMAP

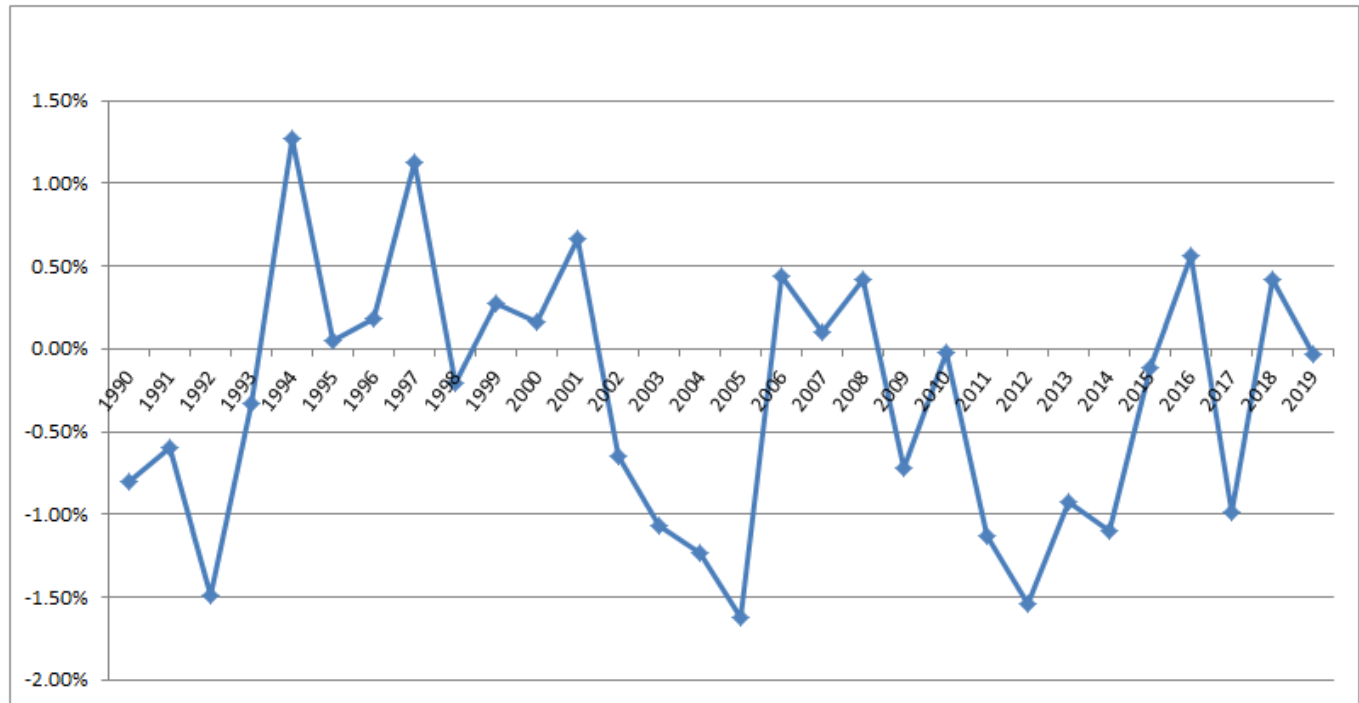
ARRA = American Recovery & Reinvestment Act
ACA = Affordable Care Act

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



= Years where FMAP decreased from previous year

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			