



THE KAISER COMMISSION ON
Medicaid and the Uninsured

Medicaid in an Era of Change:

Findings from the Annual Kaiser 50-State Medicaid Budget Survey

Robin Rudowitz

Associate Director, Kaiser Commission on Medicaid and the Uninsured
The Henry J. Kaiser Family Foundation

Vern Smith

Managing Principal
Health Management Associates

Washington, DC

October 14, 2014

Figure 1

There are 4 key factors shaping Medicaid programs today.

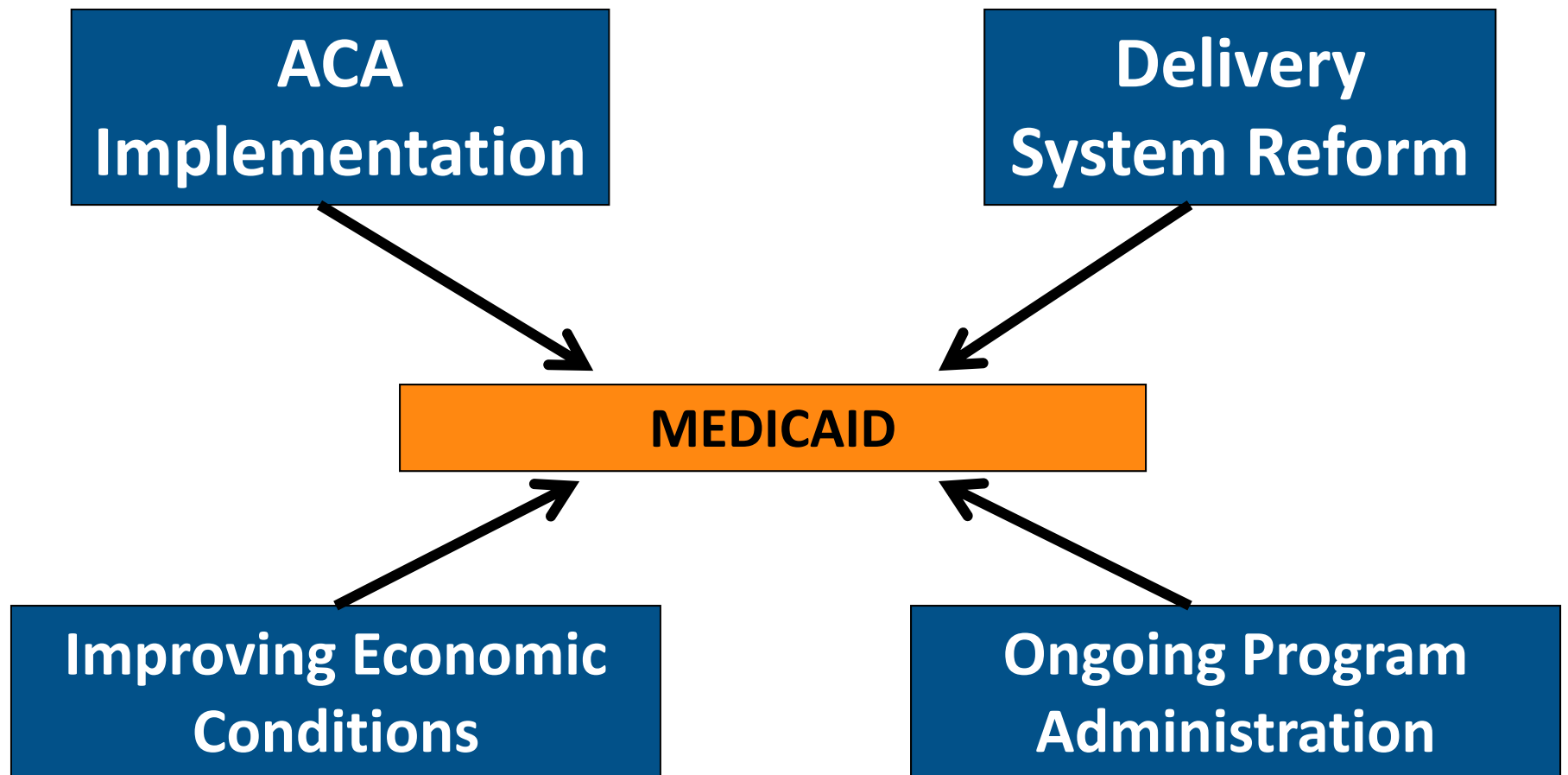


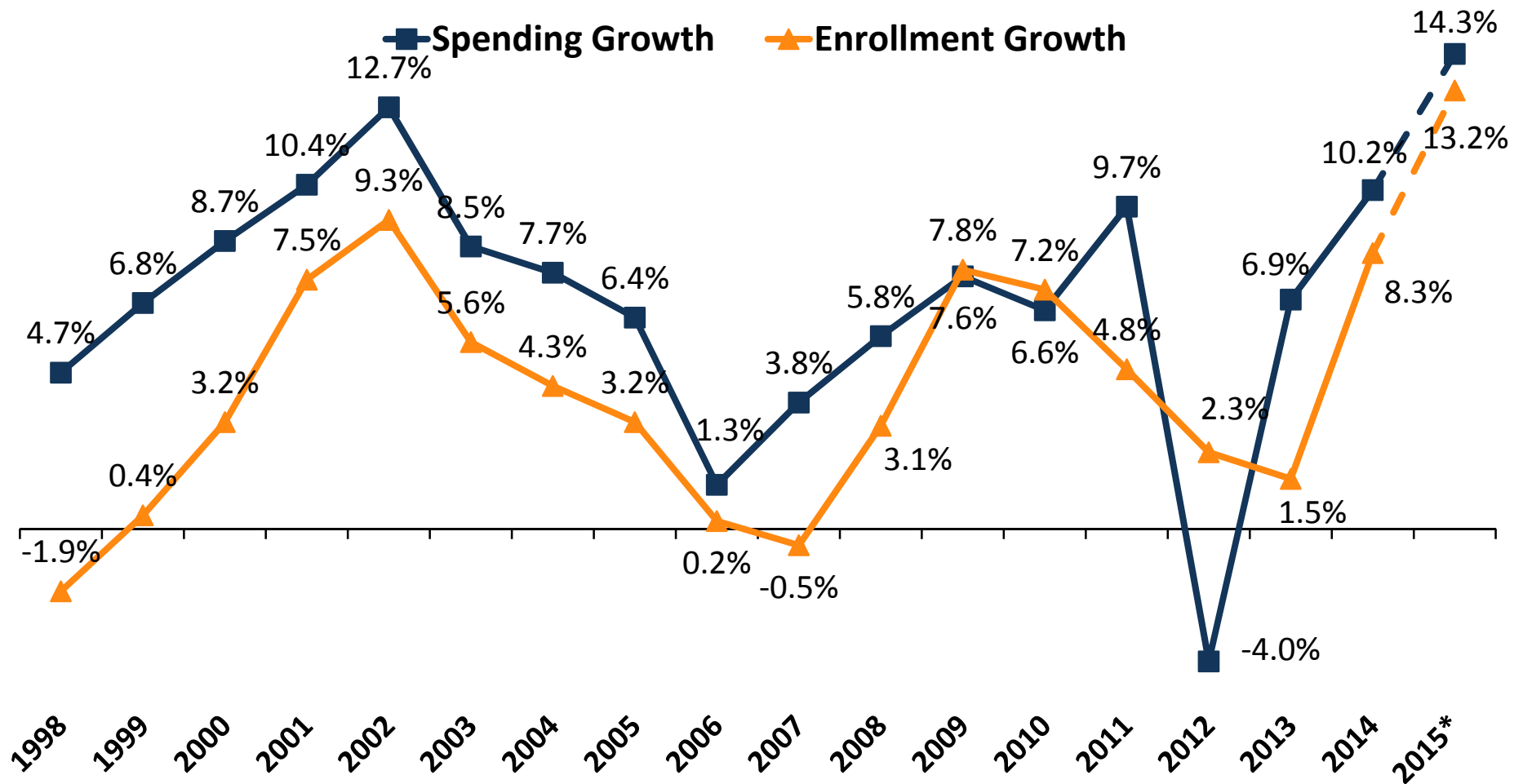
Figure 2

Today we are releasing 3 reports that draw on findings from our 14th annual survey of Medicaid Directors.

- 14th Annual Survey of Medicaid directors in all 50 states and DC
- Conducted in July and August 2014
- Study findings and other research used for 3 reports
 - ***Implementing the ACA: Medicaid Spending & Enrollment Growth for FYs 2014-2015*** provides an analysis of national trends in state Medicaid enrollment and spending;
 - ***Medicaid in an Era of Health & Delivery System Reform: Results from a 50-State Medicaid Budget Survey for State Fiscal Years 2014 and 2015***, jointly released with NAMD, provides a detailed look at the policy and program changes in Medicaid programs in all 50 states; and
 - ***Putting Medicaid in the Larger Budget Context: An In-Depth Look at Four States in FY 2014 and 2015*** uses four case studies to examine Medicaid programs in Michigan, Utah, Virginia and West Virginia.

Figure 3

Medicaid spending and enrollment are affected by changes in economic conditions and policy.



NOTE: Enrollment percentage changes from June to June of each year. Spending growth percentages in state fiscal year.

SOURCE: *Medicaid Enrollment June 2013 Data Snapshot*, KCMU, January 2014. Spending Data from KCMU Analysis of CMS Form 64 Data for Historic Medicaid Growth Rates. FY 2014 and 2015 data based on KCMU survey of Medicaid officials in 50 states and DC conducted by Health Management Associates, October 2014.

More than half of states are implementing the Medicaid expansion while debate continues in other states.

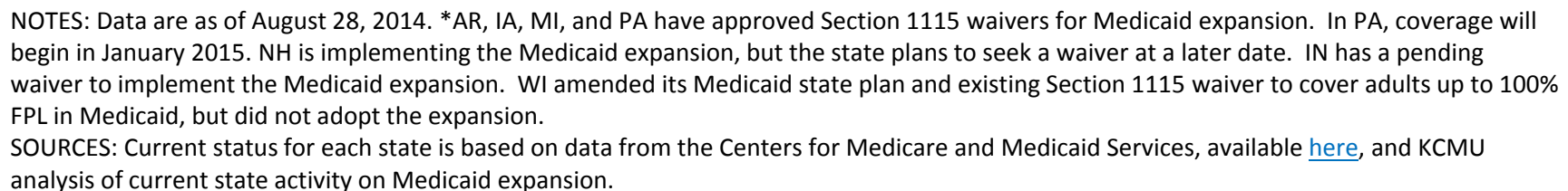
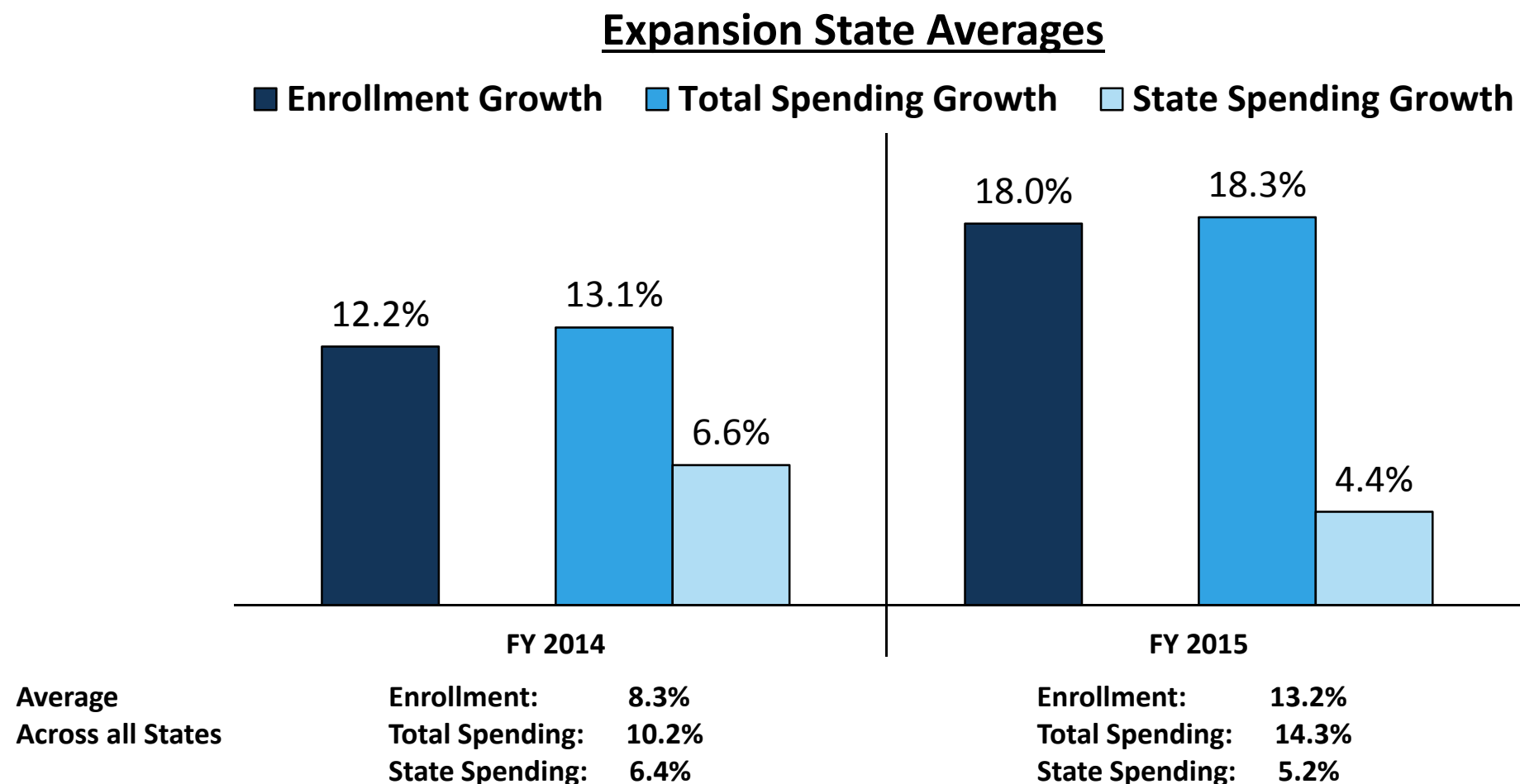


Figure 5

Expansion states report higher enrollment and total spending tied to the ACA, but lower rates of state spending.



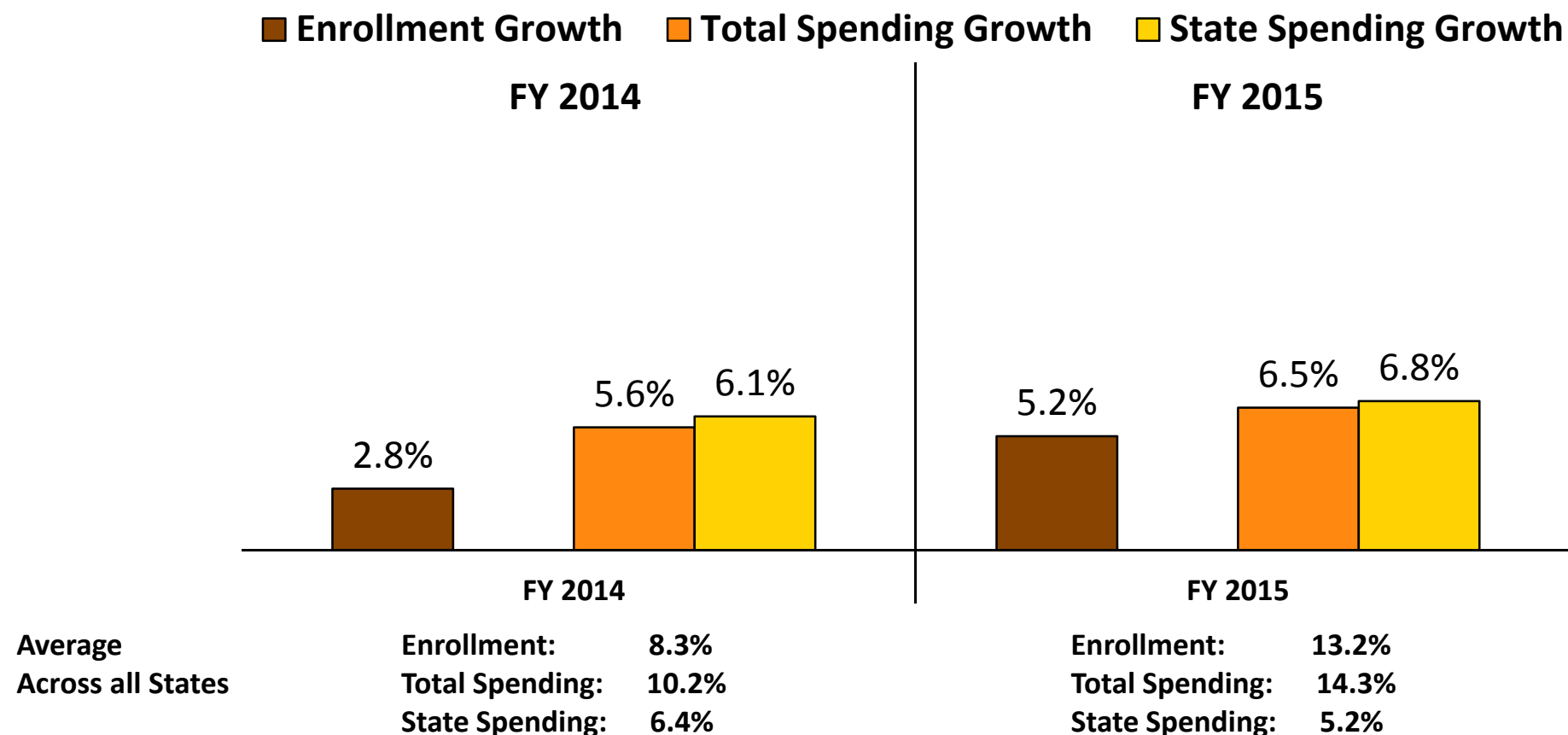
NOTE: : Data for graph shows annual growth only for states implementing the ACA Medicaid Expansion in FY 2014 and FY 2015. For FY 2014, includes 26 states. For FY 2015 includes 28 states (two additional states are NH and PA).

SOURCE: KCMU survey of Medicaid officials in 50 states and DC conducted by Health Management Associates, October 2014.

Figure 6

Non expansion states report more consistent growth rates across enrollment, total spending and state spending.

Non-Expansion State Averages



NOTE: Data for graph shows annual growth only for states not implementing the ACA Medicaid Expansion in FY 2014 and FY 2015. For FY 2014, includes 25 states. For FY 2015 includes 23 states (two fewer states are NH and PA).

SOURCE: KCMU survey of Medicaid officials in 50 states and DC conducted by Health Management Associates, October 2014.

Figure 7

Medicaid in an Era of Health & Delivery System Reform captures a range of state policy changes.

- Eligibility and Enrollment
- Delivery System Reforms
 - Use of Managed Care
 - Other Delivery System and Payment Reforms
 - Balancing Institutional and Community Based Long-term Care
- Provider Rates and Taxes
- Benefits Changes
- Premiums and Cost-sharing
- Prescription Drug Utilization and Cost Control Initiatives
- Program Integrity Initiatives
- Medicaid Administration and Priorities

SOURCE: KCMU survey of Medicaid officials in 50 states and DC conducted by Health Management Associates, October 2014.

Figure 8

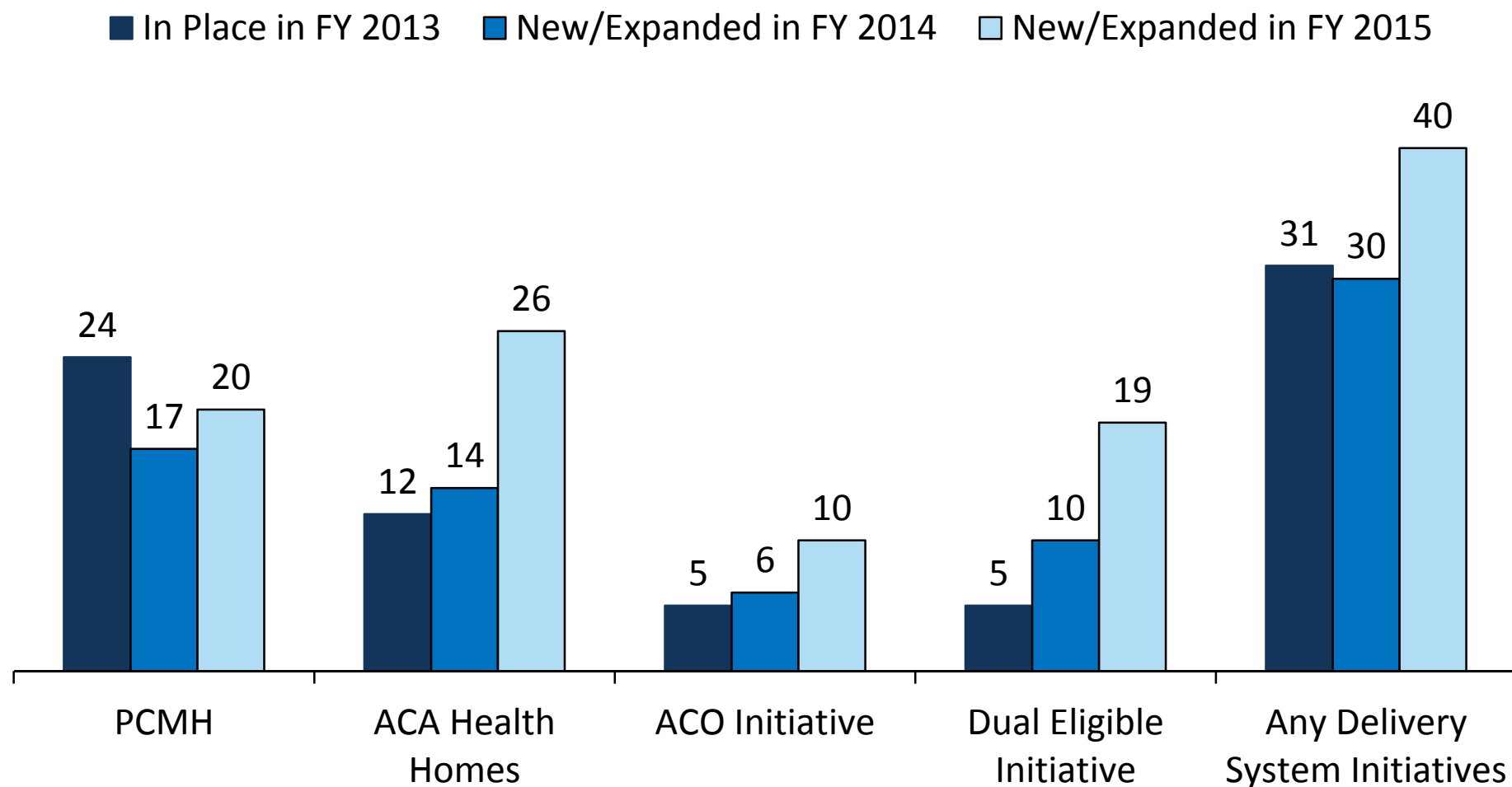
Implementing the ACA was the most significant eligibility issue for states in FY 2014 and FY 2015.

- Under the ACA all states were required to streamline and simplify eligibility and enrollment processes
- Beyond ACA requirements, the states were implementing a number of other changes:
 - Eligibility Expansions (31 states in FY 2014 and 9 states in FY 2015) including implementation of the Medicaid expansion
- A limited number of states (AR, IN, LA, ME) made eligibility restrictions in FY 2014; no states reported restrictions in FY 2015
- Many states (24 states in FY 2014, 5 states in FY 2015) made changes to existing Medicaid eligibility pathways due to the availability of new coverage options

SOURCE: KCMU survey of Medicaid officials in 50 states and DC conducted by Health Management Associates, October 2014.

Figure 9

States are implementing an array of delivery system reforms to coordinate care and control costs.

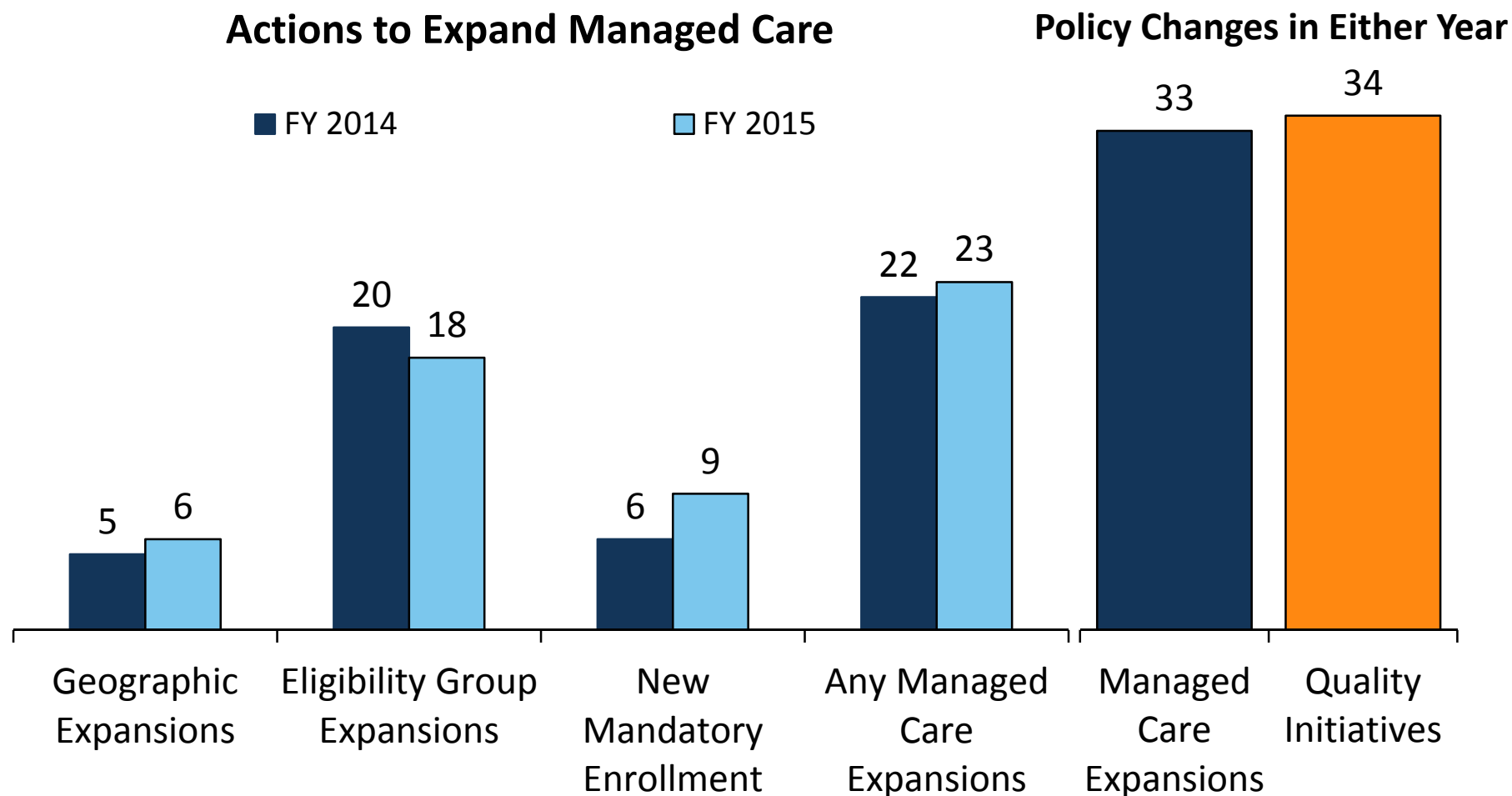


NOTE: Expansions of existing initiatives include rollouts of existing initiatives to new areas or groups and significant increases in enrollment or providers. Dual Eligible Initiatives include both those through the CMS financial alignment demonstration and those outside of the CMS financial alignment demonstration.

SOURCE: KCMU survey of Medicaid officials in 50 states and DC conducted by Health Management Associates, October 2014.

Figure 10

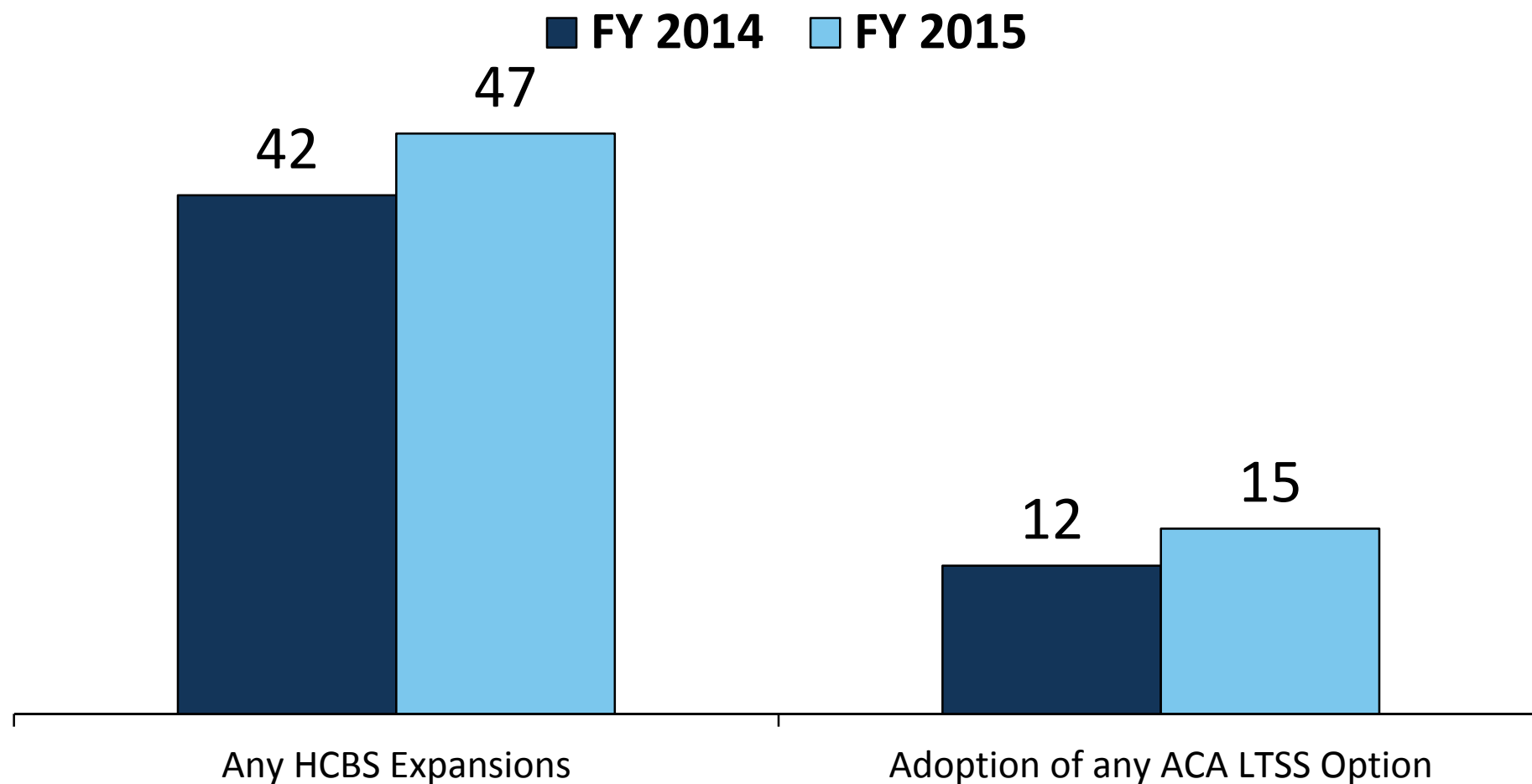
In FY 2014 and FY 2015, states continued to expand and improve managed care.



SOURCE: KCMU survey of Medicaid officials in 50 states and DC conducted by Health Management Associates, October 2014.

Figure 11

States are focused on rebalancing the delivery of LTSS to serve more people in the community.

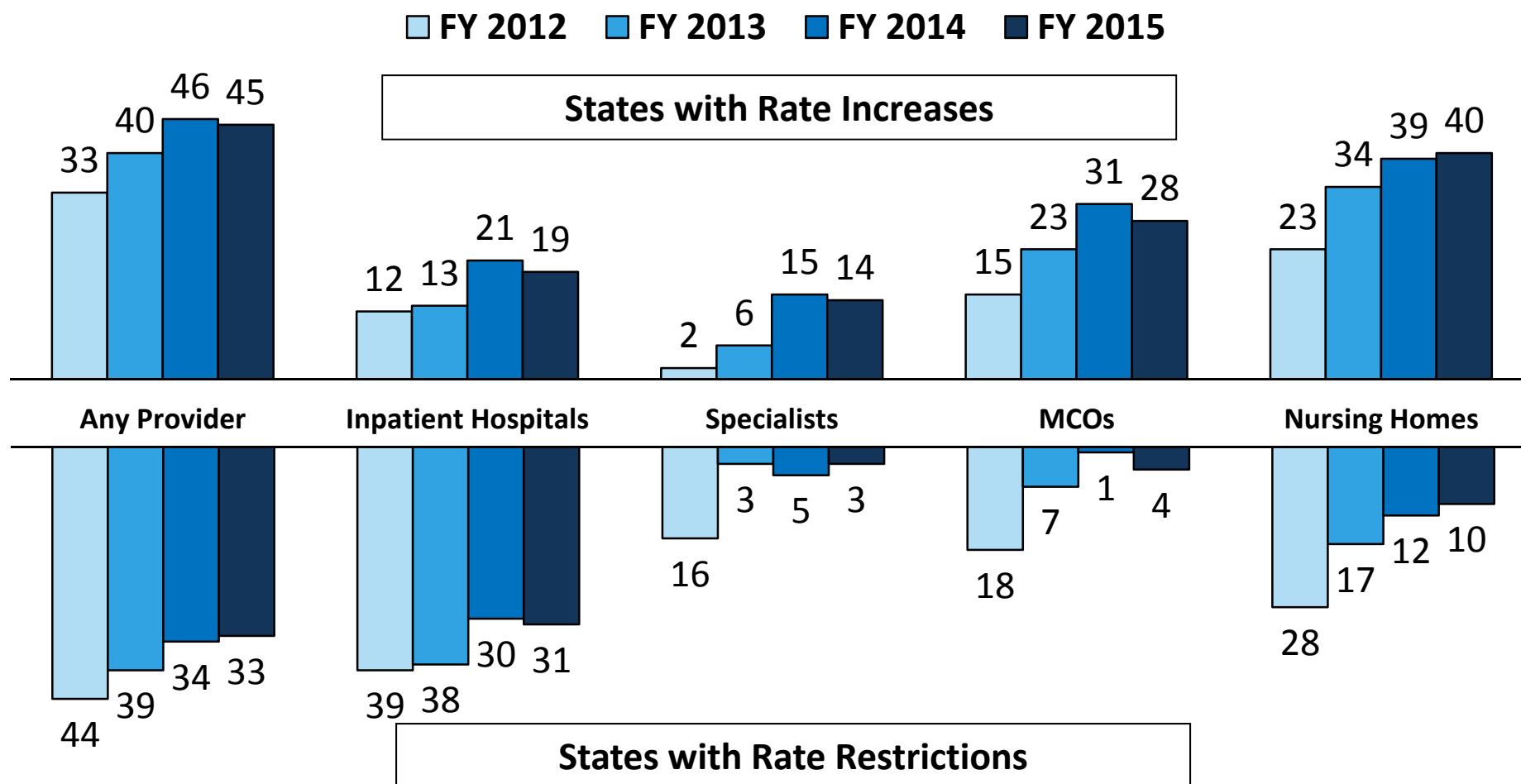


NOTES: Any HCBS Expansions includes serving more people in community settings by: new or expansions of 1915c waivers or 1915i state plan options, building balancing incentives into MLTSS contracts, PACE expansions, and/or closing/downsizing state institutions and implementing/tightening certificate of need programs. Adoption of any ACA LTSS Option includes states that adopted either a 1915i state plan, Community First Choice State plan option, or the Balancing Incentives Program state option.

SOURCE: KCMU survey of Medicaid officials in 50 states and DC conducted by Health Management Associates, October 2014.

Figure 12

In FY 2014 and FY 2015, more states implemented overall rate increases compared to rate restrictions.



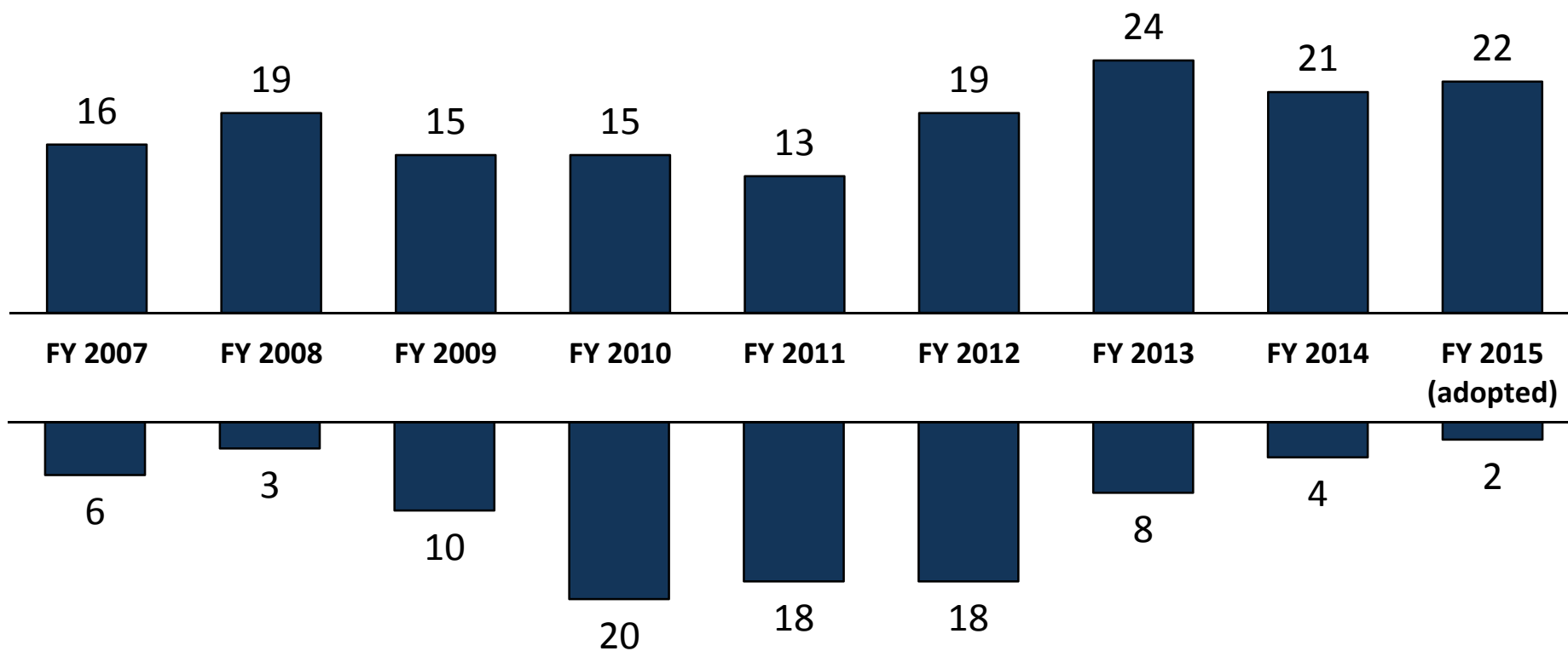
NOTE: Provider payment restrictions include rate cuts for any provider or freezes for nursing facilities or hospitals. FY 2014 rates were not determined for hospitals, MCOs and nursing homes in Florida and for MCOs in Mississippi and Wisconsin at the time of the survey.

SOURCE: KCMU survey of Medicaid officials in 50 states and DC conducted by Health Management Associates, October 2014.

Figure 13

Many more states implemented benefit enhancements compared to restrictions in FY 2013 – FY 2015.

Number of States Reporting Benefit Enhancements/ Additions



Number of States Reporting Benefit Restrictions/ Eliminations

NOTES: States were asked to report benefit restrictions, eliminations, enhancements, and additions in FY 2014 and FY 2015. Excluded from these changes are the implementation of alternative benefit plans for the Medicaid expansion group.

SOURCE: Kaiser Commission on Medicaid and the Uninsured Survey of Medicaid Officials in 50 states and DC conducted by Health Management Associates, October 2014.

Figure 14

Summary and Looking Ahead:

- Medicaid experienced record-breaking growth in the number of persons served, largely driven by implementation of the ACA Medicaid expansion.
- States are transforming the way care is delivered and paid for in an effort to achieve higher quality, improved health outcomes and lower costs.
- An improving economy has allowed states to move from a focus on program cuts to more restorations or enhancements to rates and benefits.
- Directors continue to face staffing and resources challenges to manage a complex and dynamic program. Despite challenges, Medicaid continues to serve a larger role in the broader health care delivery system.
- Looking ahead, the factors likely to continue to affect Medicaid will be ACA implementation, delivery system innovations, and the trajectory of the economy.

SOURCE: KCMU survey of Medicaid officials in 50 states and DC conducted by Health Management Associates, October 2014.