



**Office of the Governor
Division of Medicaid
2010 LBO Presentation**

DIVISION OF MEDICAID
Summary of Requested Funding
FY 2010

Requested Funds Breakdown:

FY 2009 Beginning Balance of State Appropriated Funds (1) **\$551,917,343**

add: Projected Increase Due to Growth in Medical Service Expenditures \$55,434,111

Additional General Funds Requested (2) **\$55,434,111**

TOTAL FY 2010 GENERAL FUND REQUEST **\$607,351,454**

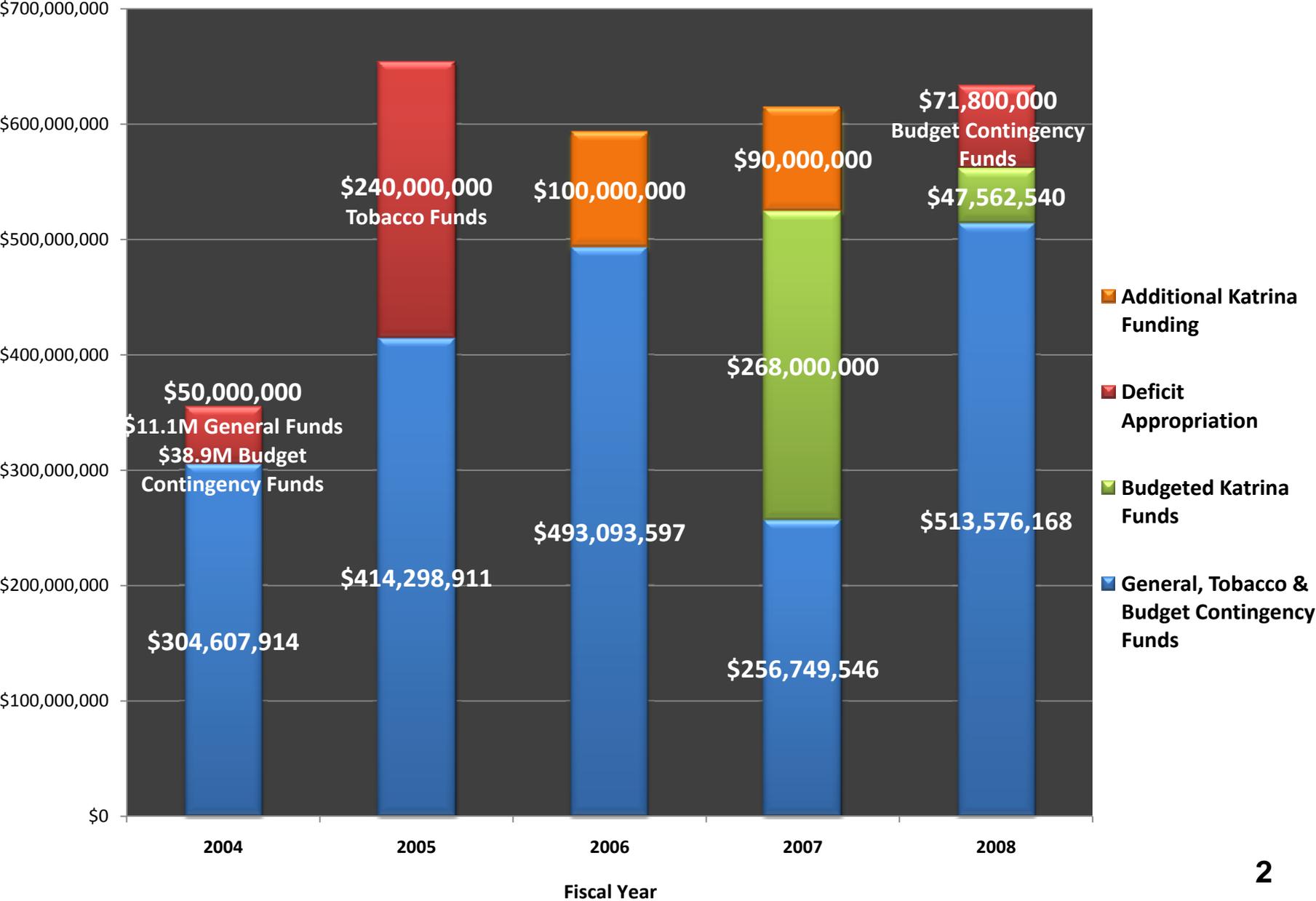
(1) - Our appropriation for FY 2009 consisted of General Funds, HCEF, and Budget Contingency Funds.

See breakdown below:

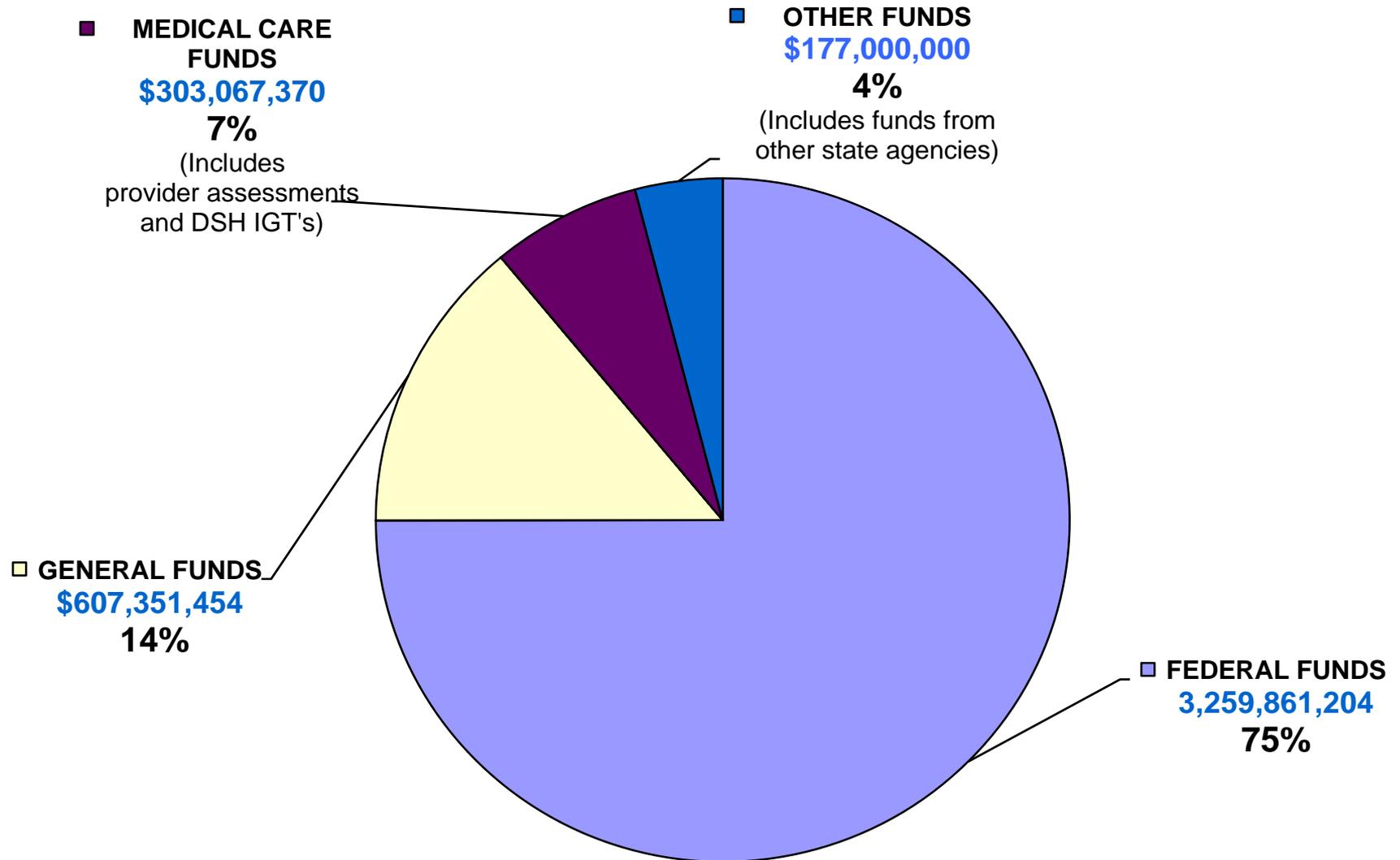
General Funds	\$389,516,582
HCEF (Tobacco Funds)	\$64,543,220
Budget Contingency Funds	<u>\$97,857,541</u>
TOTAL	<u><u>\$551,917,343</u></u>

(2) - If the Division of Medicaid's FY 2010 budget request did not include \$90 million of hospital provider assessments and \$30 to \$32 million of projected Medicare Part B premium savings, additional general funds requested would be approximately \$175 to \$177 million.

Direct State Funding



"Medicaid FY2010 Funding Sources"



DIVISION OF MEDICAID BUDGET SUMMARY FY-10

STATE FUNDING

GENERAL AND OTHER DIRECT STATE FUNDING

General Funds	\$607,351,454
Budget Contingency Funds	\$0
Health Care Expendable Funds	<u>\$0</u>

\$607,351,454

OTHER STATE FUNDING

Provider Assessments (1)	\$257,707,370
Funds from Other Agencies (2)	\$177,000,000
Other (3)	<u>\$45,360,000</u>

\$480,067,370

TOTAL STATE FUNDING

\$1,087,418,824

FEDERAL FUNDING

\$3,259,861,204

TOTAL BUDGET REQUEST

\$4,347,280,028

- Notes:
- (1) Includes hospital assessments of \$90m for medical service match, \$63.3m of gross revenue assessments for UPL match, and \$14.3m in bed assessments and long-term care bed assessments of \$89.5m
 - (2) Includes medical service match from all state agencies, UMC and Community Mental Health Centers
 - (3) Includes only additional spending authority for DSH IGTs

DIVISION OF MEDICAID

PROJECTED BUDGET SUMMARY - NO PROVIDER ASSESSMENTS

FY-10

STATE FUNDING

GENERAL AND OTHER DIRECT STATE FUNDING

General Funds	\$607,351,454
Budget Contingency Funds	\$0
Health Care Expendable Funds	<u>\$0</u>

\$607,351,454

OTHER STATE FUNDING

Provider Assessments	\$0
Funds from Other Agencies (1)	\$177,000,000
Other (2)	<u>\$45,360,000</u>

\$222,360,000

TOTAL STATE FUNDING

\$829,711,454

FEDERAL FUNDING

\$2,450,898,997

TOTAL BUDGET REQUEST

\$3,280,610,451

DECREASE IN TOTAL BUDGET REQUEST

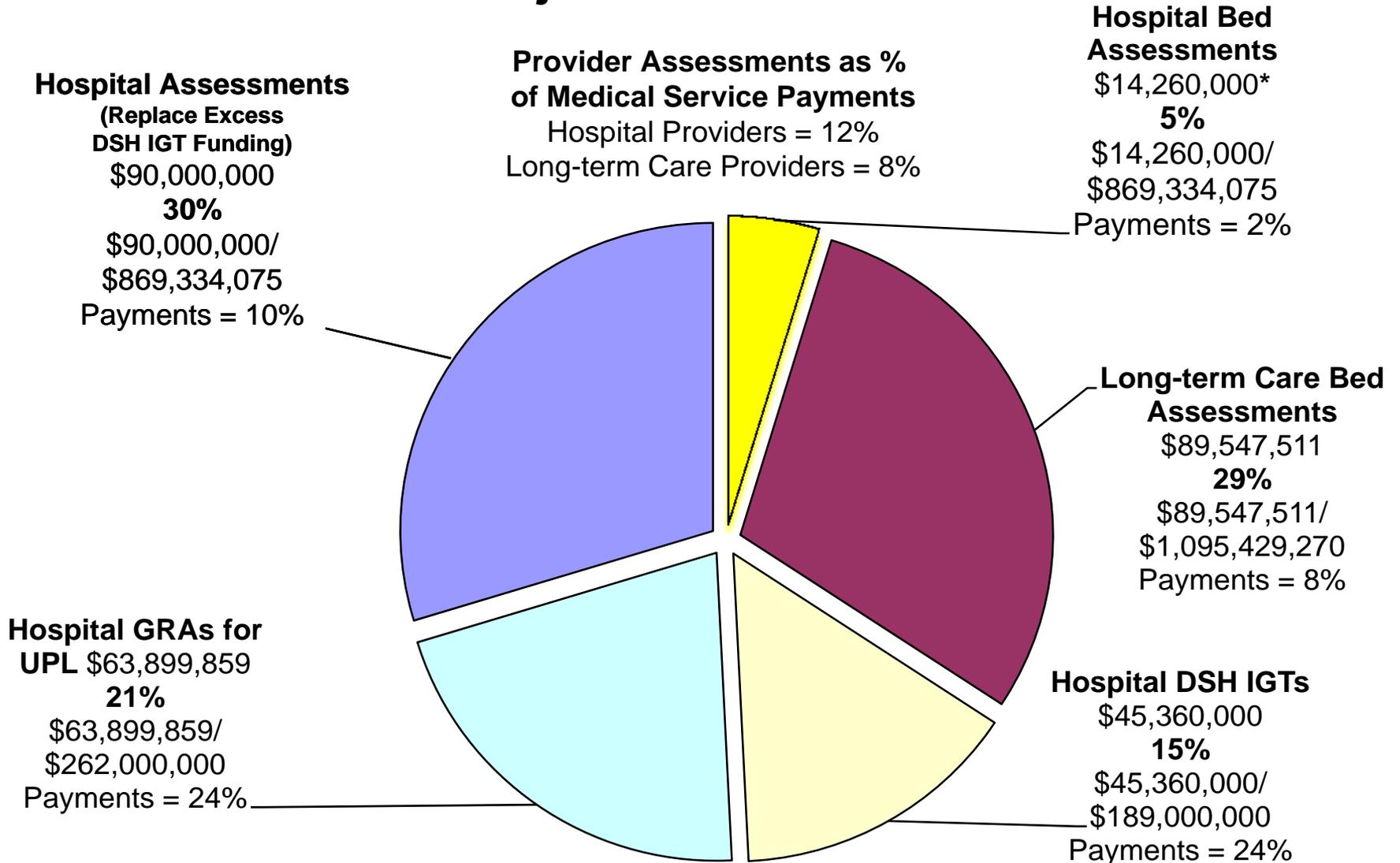
(\$1,066,669,577)

ADDITIONAL GENERAL FUNDS REQUIRED TO FULLY FUND PROGRAM

\$257,707,370

Notes: (1) Includes medical service match from all state agencies, UMC and Community Mental Health Centers
 (2) Includes only additional spending authority for DSH IGTs

FY 2010 Projected Provider Contributions



*: Hospital bed assessments are not collected from state entities. However, their non-federal match is paid through state appropriated funds.

Note: Provider contributions do not include \$38 million in 5% payment reductions for non-institutional medical service payments.

Total Projected Hospital Payments = \$1.32 billion

Total Projected Long-term Care Payments = \$1.1 billion

Total budgeted program expenditures are \$4.3 billion

FY 2009 Projected Provider Contributions

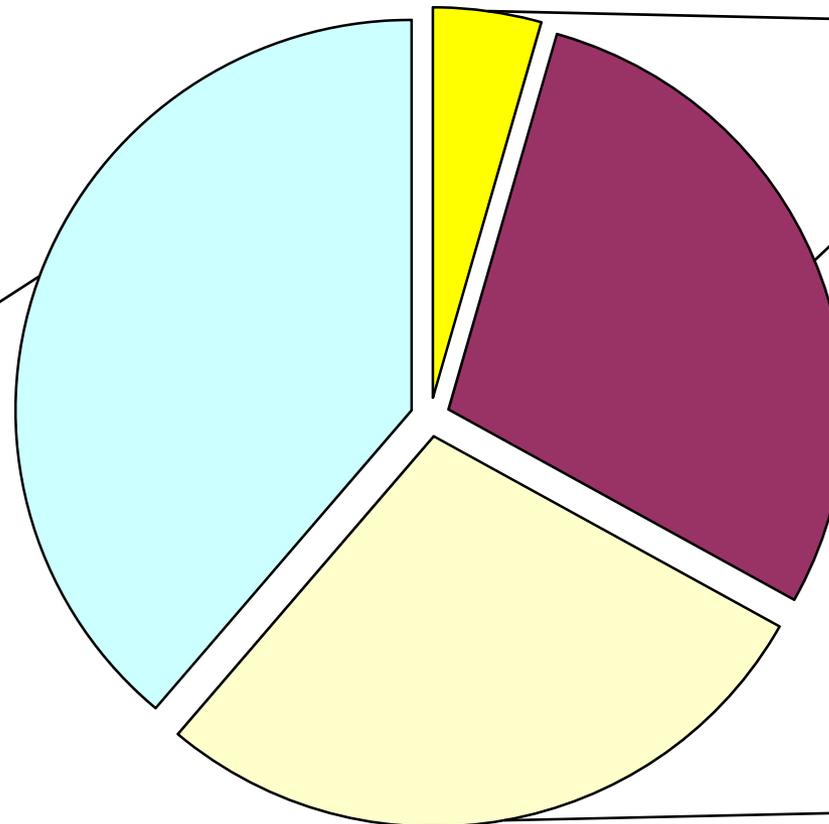
**Provider Assessments as %
of Medical Service Payments**
Hospital Providers = 2%
Long-term Care Providers = 9%

Hospital Bed Assessments
\$14,260,000*
4%
\$14,260,000/
\$827,937,214
Payments = 2%

Long-term Care Bed Assessments
\$92,700,000
29%
\$92,700,000/
\$1,007,225,982
Payments = 9%

Hospital DSH IGTs
\$90,720,000
28%
\$90,720,000/
\$378,000,000
Payments = 24%

Hospital GRAs for UPL \$125,419,400
39%
\$125,419,400/
\$524,000,000
Payments = 24%



*: Hospital bed assessments are not collected from state entities. However, their non-federal match is paid through state appropriated funds.

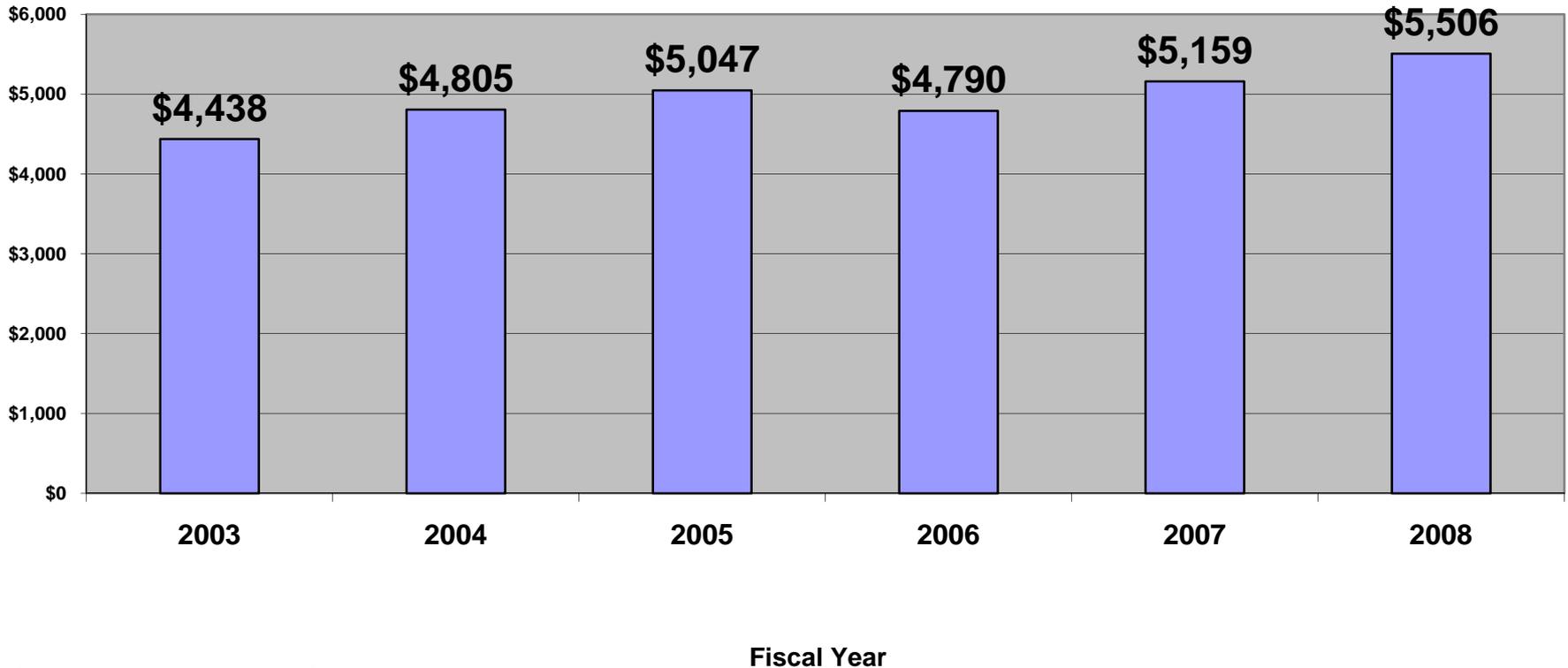
Note: Provider contributions do not include \$35 million in 5% payment reductions for non-institutional medical service payments.

Total Projected Hospital Payments = \$1.73 billion

Total Projected Long-term Care Payments = \$1.01 billion

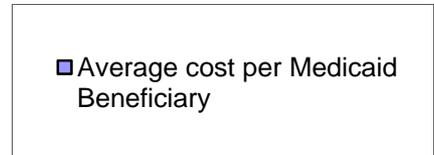
Total projected program expenditures are \$4.5 billion

Average Cost of Medicaid Beneficiaries

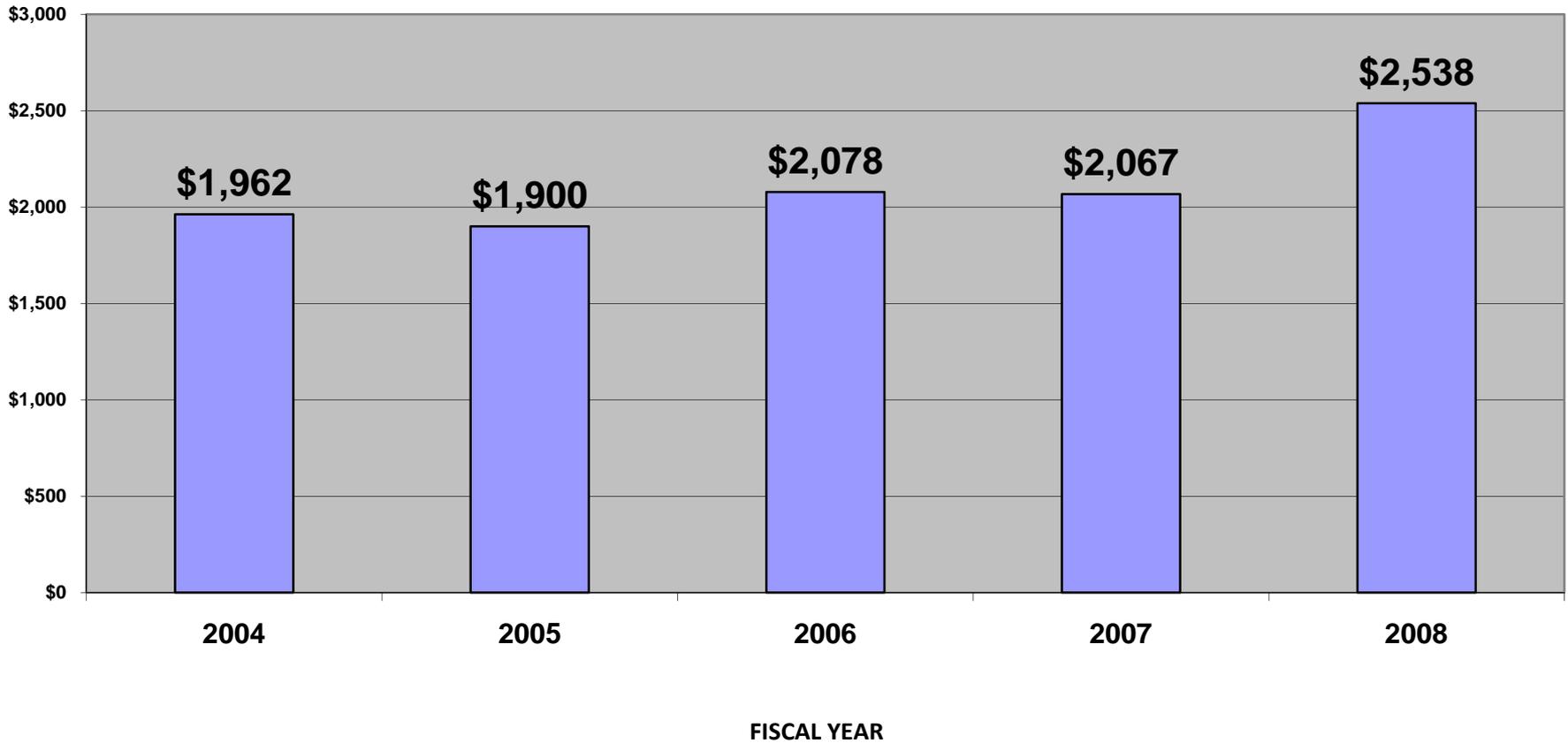


Source: RB-410 and MR-O-01

Note: Over the past 2 fiscal years medical services cost per beneficiary has increased at a rate of 7.5% per year for DOM. The Congressional Budget Office (CBO) projects a 7.8% national annual growth rate in Medicaid over the next decade.

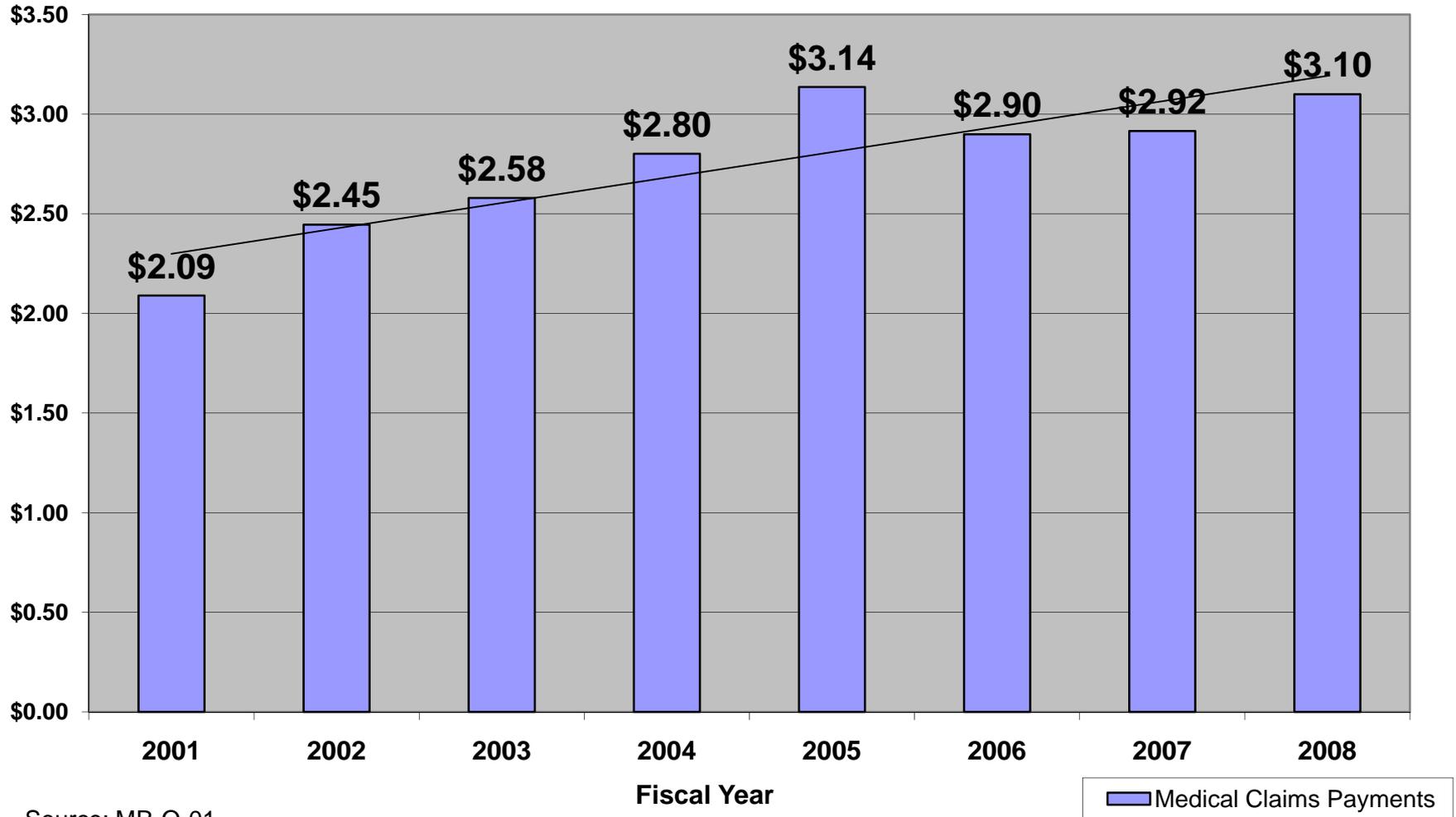


Average Cost of CHIP Beneficiaries

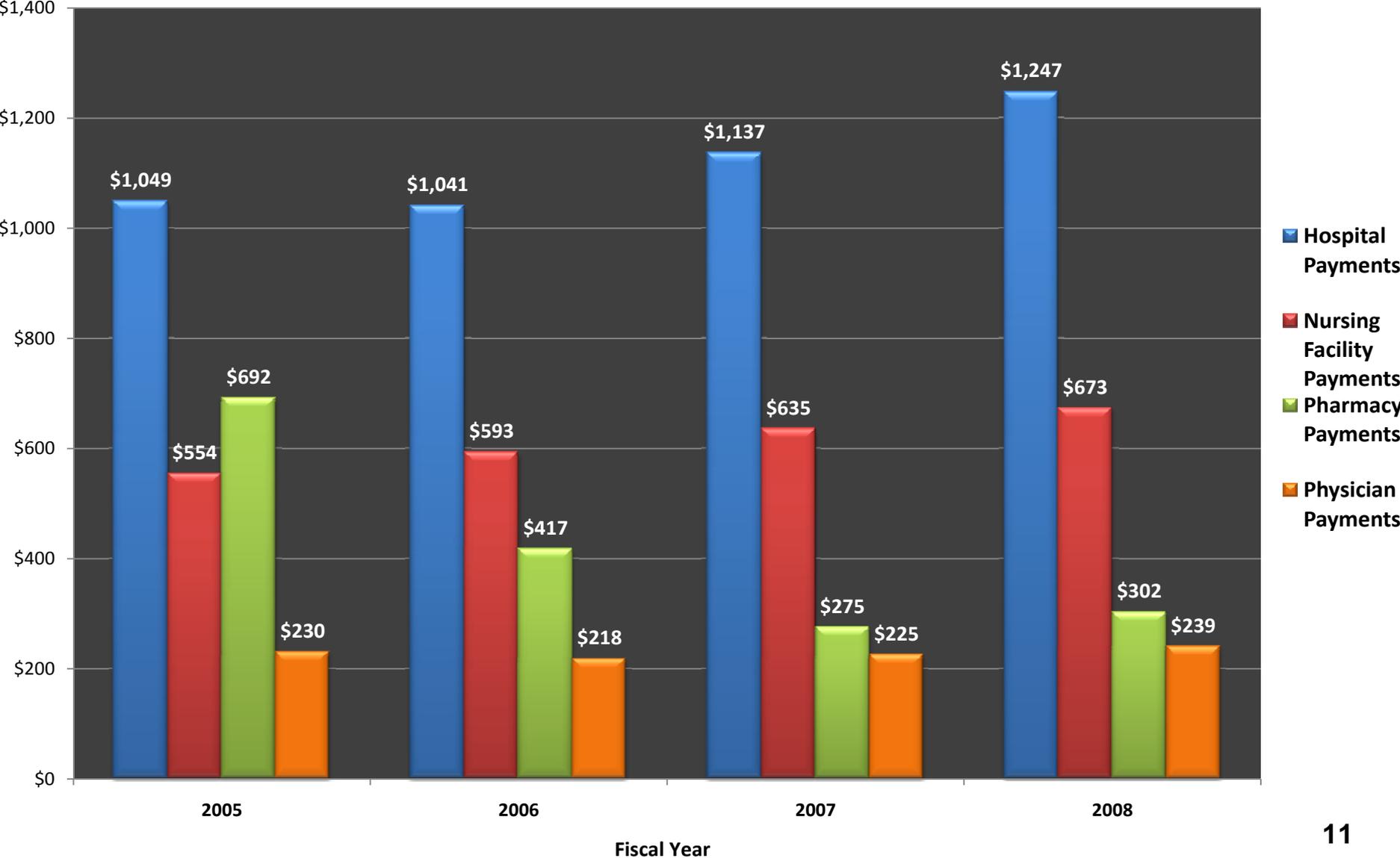


Source: RB-410 and
Blue Cross Blue Shield

Medical Service Claims Payments - "Total Program" (Billions)



Major Medicaid Provider Payments (Millions)



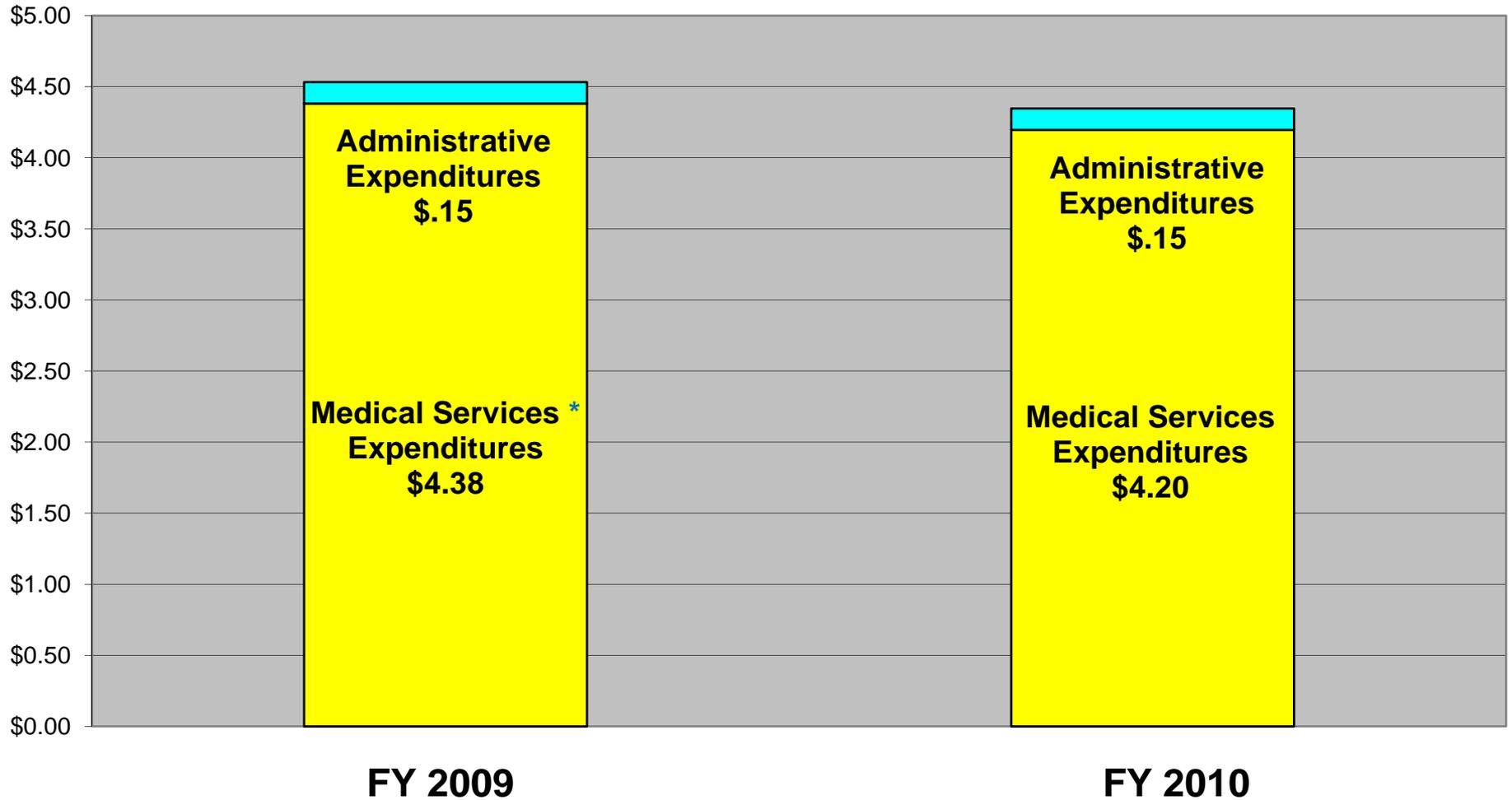
DIVISION OF MEDICAID
Medical Services Cost Comparison
FY 2006 Through FY 2008

Service	FY 2006	FY 2007	FY 2008	Incr (Decr) FY 06 to FY 07	Incr (Decr) FY 07 to FY 08
Nursing Facility	\$592,989,390	\$635,193,695	672,547,159	7.12%	5.88%
Inpatient Hospital	\$484,099,778	\$518,135,797	543,940,524	7.03%	4.98%
Prescription Drugs	\$417,293,904	\$274,757,341	302,060,175	-34.16%	9.94%
ICF MR Facility	\$234,157,902	\$259,465,512	277,748,962	10.81%	7.05%
Outpatient Hospital	\$201,015,510	\$247,298,203	252,442,133	23.02%	2.08%
Physician	\$217,558,603	\$224,873,766	239,456,212	3.36%	6.48%
Home and Comm. Based Services	\$101,568,297	\$118,468,377	140,976,333	16.64%	19.00%
Mental Health Clinics	\$124,216,720	\$129,161,706	134,033,495	3.98%	3.77%
Inpatient Residential Psych.	\$31,346,839	\$34,183,343	35,911,786	9.05%	5.06%
Hospice	\$34,041,518	\$34,076,328	30,683,115	0.10%	-9.96%
ALL OTHER	\$460,687,880	\$439,608,310	470,220,087	-4.58%	6.96%
TOTAL	\$2,898,976,341	\$2,915,222,378	\$3,100,019,981	0.56%	6.34%

Source: MR-O-01

Additional medical service type expenditures in FY-08 included FY-07 hospital UPL and DSH supplemental payments of \$267.9 million.

Estimated FY 2009 & FY 2010 Budgeted Expenditures Comparison (Billions)



*: Total medical service expenditures in FY-09 include FY-08 DSH and UPL payments of \$451 million paid to MS hospitals in addition to \$451 million of estimated FY-09 DSH and UPL payments.

Division of Medicaid

Estimated FY2009 & FY2010 Budget Comparison

Budgeted Expenditures	FY2009	FY2010	Increase (+) or Decrease(-) FY2009 to FY2010	
			Amount	Percent
Salaries, Wages & Fringe Benefits	\$47,935,242	\$48,264,724	\$329,482	0.69%
Travel	\$1,282,556	\$1,282,556	\$0	0.00%
Contractual Services	\$96,581,771	\$95,304,008	-\$1,277,763	-1.32%
Commodities	\$2,131,000	\$2,331,000	\$200,000	9.39%
Equipment	\$2,714,000	\$4,103,000	\$1,389,000	51.18%
Total Administrative Expenditures	\$150,644,569	\$151,285,288	\$640,719	0.43%
Total Hospital DSH & UPL Payments *	\$902,000,000	\$451,000,000	-\$451,000,000	-50.00%
Total Medical Services	\$3,480,801,881	\$3,744,994,740	\$264,192,859	7.59%
Total Budgeted Expenditures	\$4,533,446,450	\$4,347,280,028	-\$186,166,422	-4.11%

*: Total medical service expenditures in FY-09 include FY-08 DSH and UPL payments of \$451 million to MS hospitals in addition to \$451 million of estimated FY-09 DSH and UPL payments.