

For Immediate Release
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Response to Joint Legislative Committee on Performance Evaluation and Expenditure Review (PEER) report " A Review of Administrative Expenditures and Selected Administrative Functions of Mississippi's Division of Medicaid"

RE:

The Legislature should require the Division of Medicaid to provide documentation to support the agency's claimed need for funding to support a 22.5% growth rate in FY 03. In the event that the Division cannot provide documentation detailing the specific external factors driving a 22.5% growth rate, the Legislature should fund program growth in line with the 9.7% projection derived from the Division of Medicaid's own statistical model.

The Division of Medicaid uses regression analysis as the baseline in its budgeting process. Consideration is then given to program changes that occur but are not part of the model. Our original projection of 12.66% continuation growth was presented to the LBO on August 7, 2001, and is shown on Page 69 of the FY 2003 LBO budget document. This growth rate was based on data through May 2001. As the 2002 Legislative Session began, the growth rate was revised using more current data. The use of regression analysis to determine the growth rate must be coupled with a short-term analysis that takes into consideration month by month expenditure patterns and planned program changes.

It should be noted that documentation for justification of DOM's FY2003 budget has already been submitted to, and accepted, by the LBO budget analyst.

The Mississippi Division of Medicaid was ranked 50th out of 51 in administrative costs per enrollee for FY 2001 according to the United States Centers for Medicare and Medicaid Services, (formally HCFA.) This CMS/HCFA report cites the Division's administrative cost per enrollee was \$140 dollars with the highest cost per enrollee in the state of New Hampshire at \$632 dollars per enrollee for this same period.

In FY 2001, Mississippi Division of Medicaid expended \$69.2 million on administration of the state's Medicaid program, or 2.9% of total Medicaid expenditures. During this period Mississippi Medicaid provided medical services to 646,925 Mississippians while utilizing roughly 7% of the state's general funds. This was less than half the national average of 14.7% for that same period.

According to Rica Lewis-Payton, Executive Director for Mississippi, "When comparing our administrative costs to other Medicaid programs in the nation, Mississippi is the second lowest. I am extremely proud of the hard work accomplished by employees in the Division of Medicaid."