



Medicaid Financing

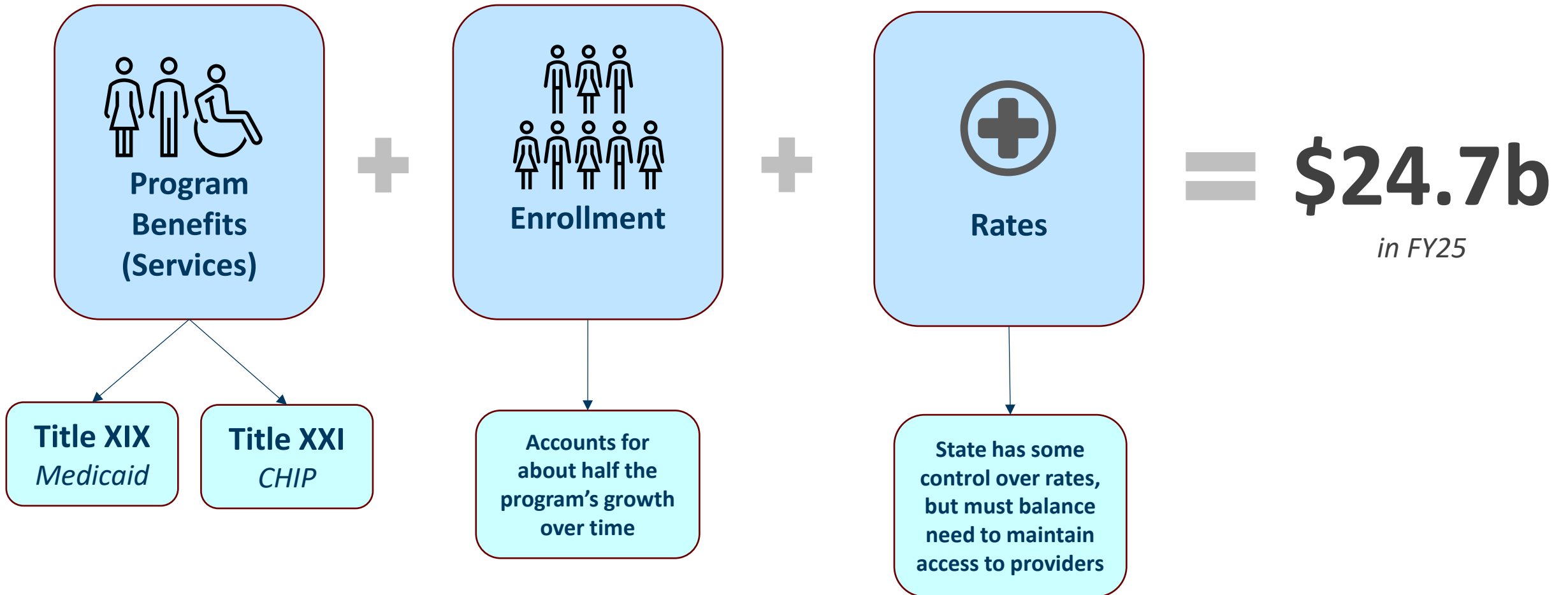
Susan Massart, House Appropriations Committee
Chris Gordon, Dept. of Medical Assistance Services



Overview

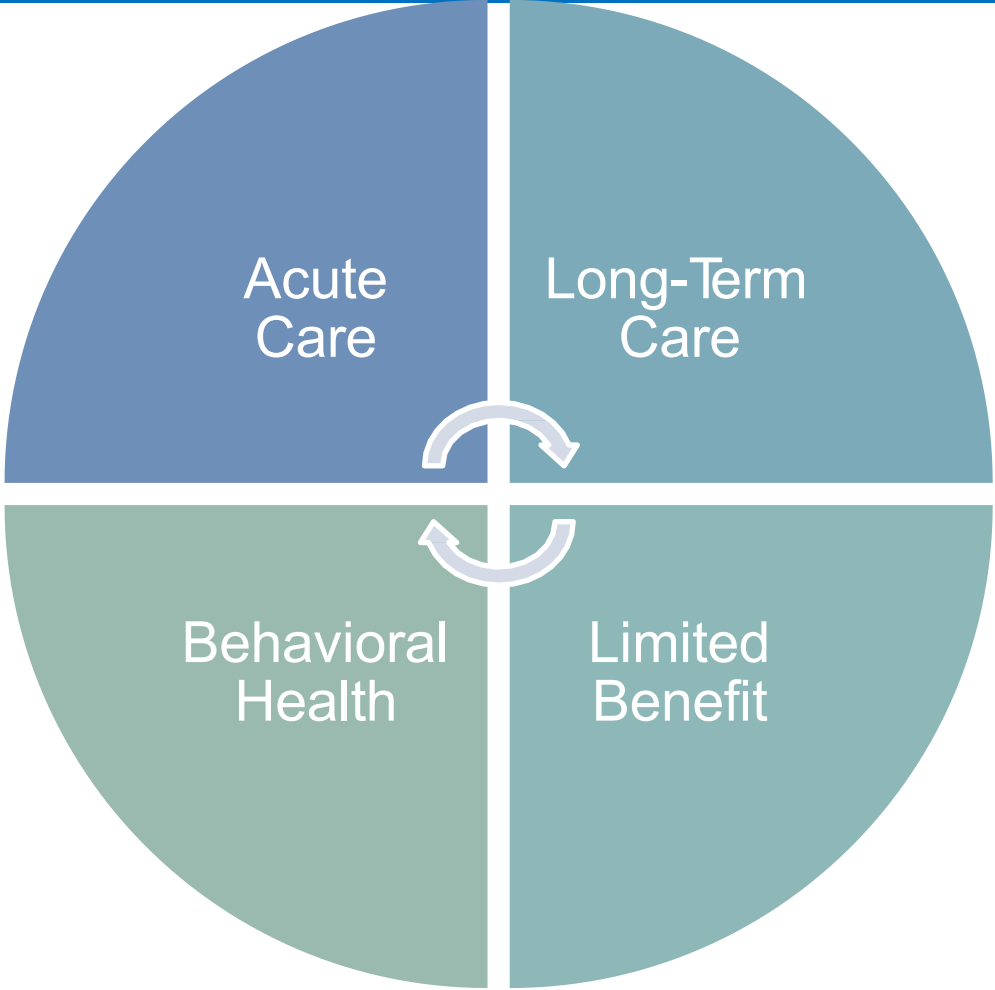
- **Medicaid Expenditures**
 - Cost Drivers
 - Compared to Enrollment
 - Compared to Major Categories of Enrollees
 - Major Categories of Services
 - Payments to Providers
- **Sources of Funding**
 - Federal
 - General
 - Special

Medicaid: Three Main Cost Drivers



Comprehensive Benefits More Expensive than Commercial Insurance

Hospital, physician, clinic, lab and imaging, prescription drugs, durable medical equipment, physical therapy, and dental

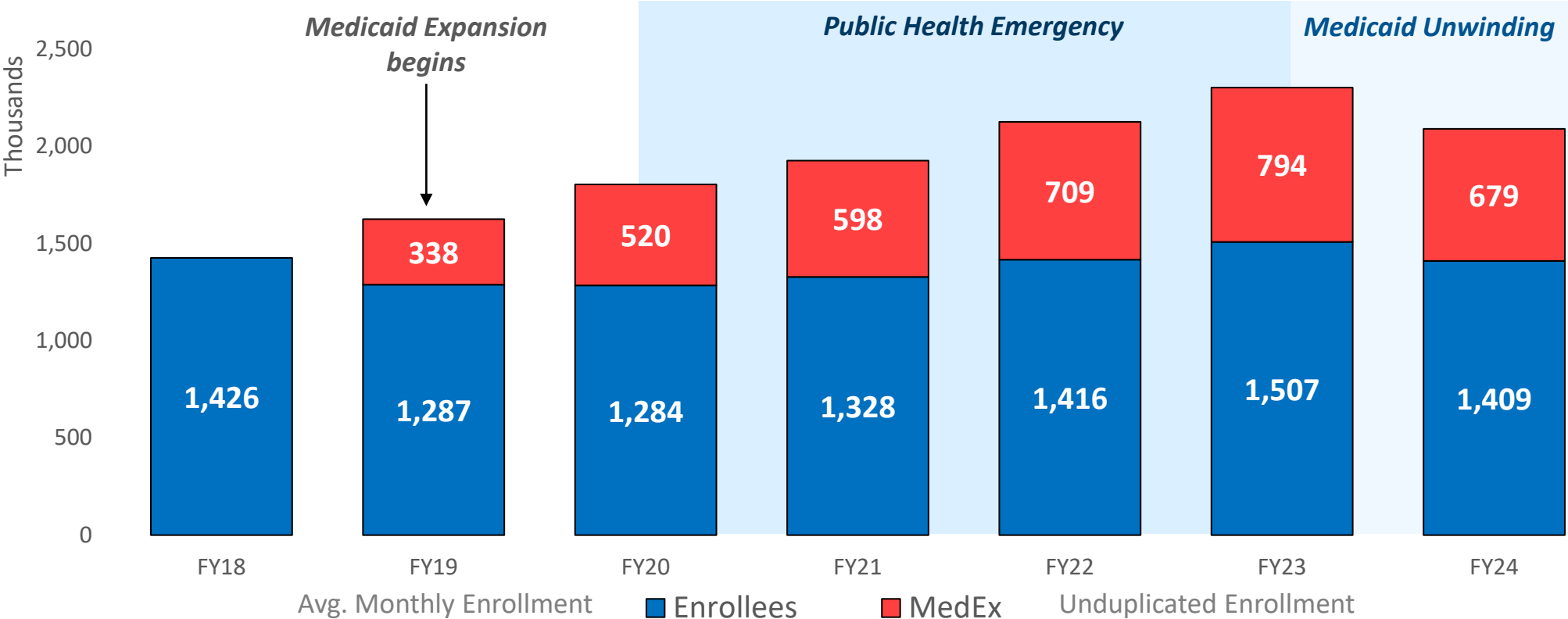


Nursing facility, intermediate care facility for intellectually disabled, personal care, and other community-based services

Inpatient, outpatient, community-based, case management, residential, and substance use disorder

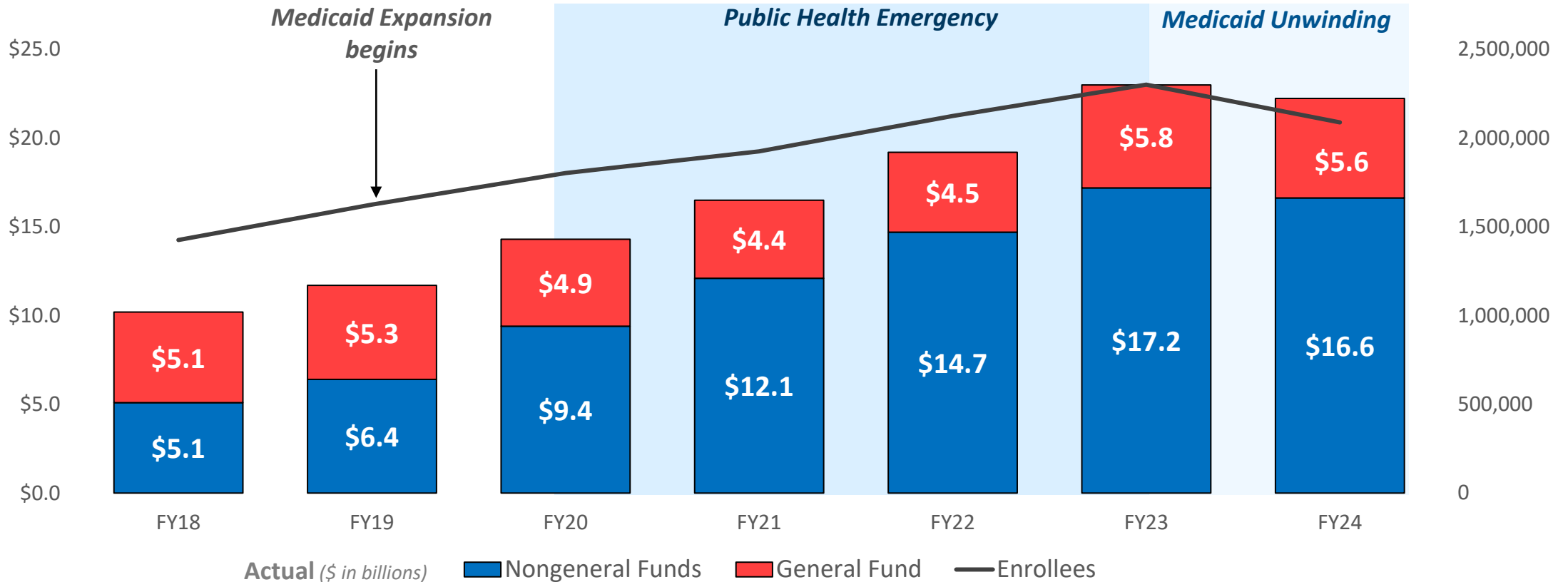
Medicare Premiums and Cost Sharing, Family Planning, and Emergency Medicaid

Enrollment Has Grown Rapidly: Now Declining After Public Health Emergency



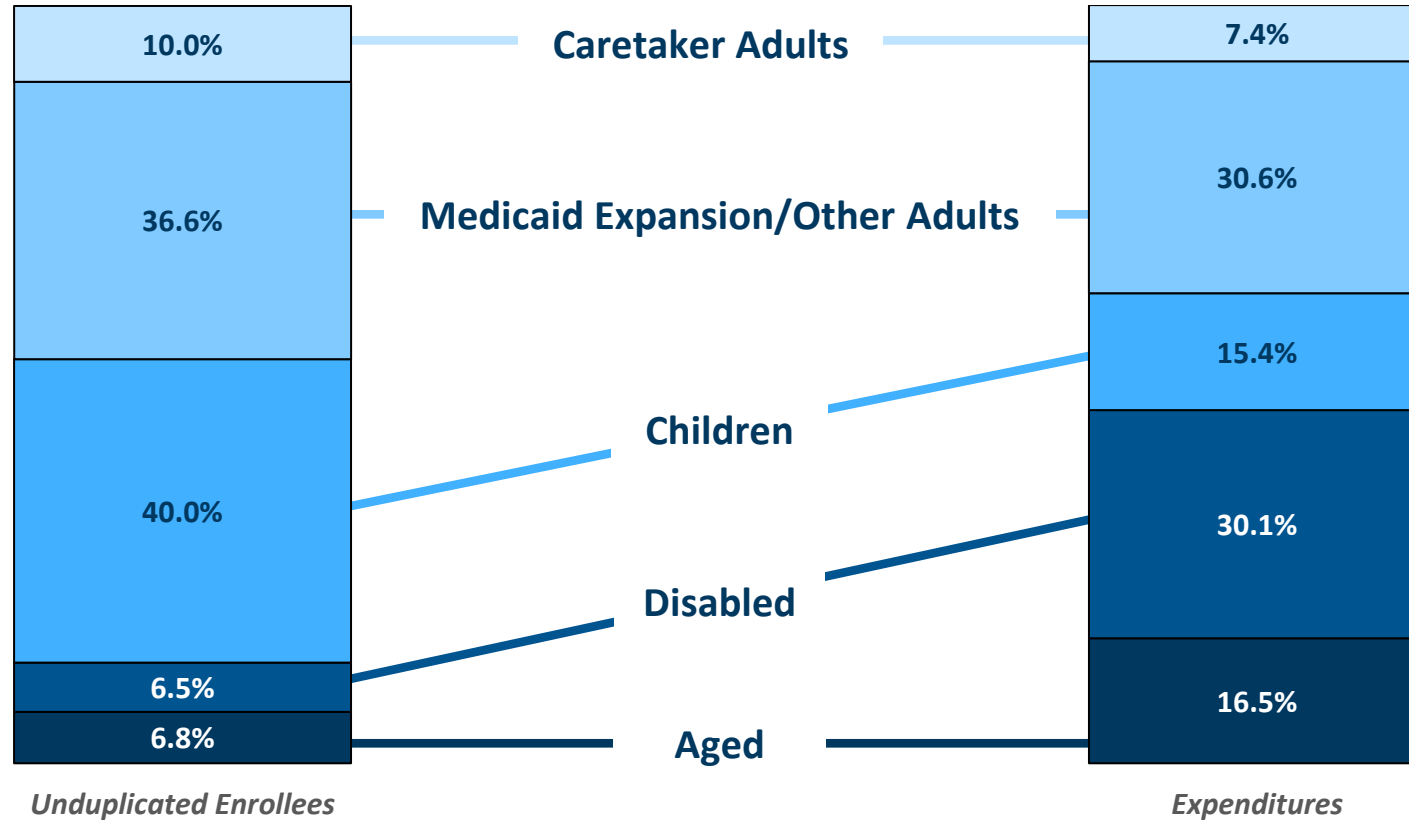
Note: Includes Medicaid and the Children’s Health Insurance Programs, FY 2024 data represents the annual average monthly enrollment.

Medicaid Annual Expenditures & Enrollment*



*Includes Medicaid and the Children's Health Insurance Programs, FAMIS and MCHIP. Nongeneral funds include federal and dedicated special funds from the Virginia Health Care Fund and provider assessments. FY 2024 data are estimated. Enrollment reflects the annual unduplicated enrollment of those enrolled in the Medicaid program and eligible for services at any point throughout the fiscal year. FY 2024 data represent the annual average monthly.

Enrollee Groups & Percent of Related Expenditures



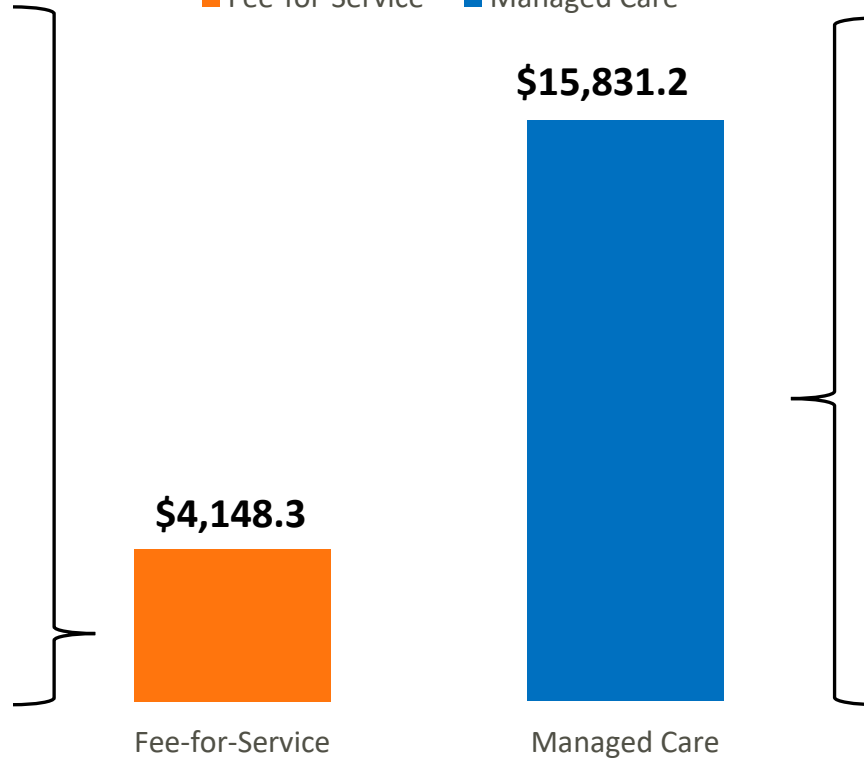
Managed Care Accounts for Most Program Expenditures

% Fee-for-Service Expenditures, by Service Type

Service	% of Exp.
LTSS	50.1%
Health Ins. Premium Payments	20.6%
Dental	10.5%
Inpatient Hosp.	6.8%
Other Medical	6.7%
Case Mgmt.	2.1%
Inst./Comm. BH/ARTS	3.2%

FY 2023 Expenditures (\$ in millions)

■ Fee-for-Service ■ Managed Care



% Managed Care Expenditures, by Service Type

Service	% of Exp.
LTSS	24.8%
Pharmacy	16.5%
Inpatient Hosp.	14.2%
Physician	11.7%
Outpatient	11.4%
Community BH/ARTS	8.0%
Other Medical	4.6%
MCO Admin.	8.8%

Expenditures: Who Does Medicaid Pay?



260 Nursing Facilities



120 Hospitals



180 Federally Qualified Health Clinics



40 Community Service Boards



133 Local Health Dept. Clinics



VIRGINIA DEPARTMENT OF SOCIAL SERVICES

120 Local Social Service Offices

Expenditures: Who Does Medicaid Pay?

+125,000

Individual Health Care Providers



260 Nursing Facilities



40 Community Service Boards



133 Local Health Dept. Clinics

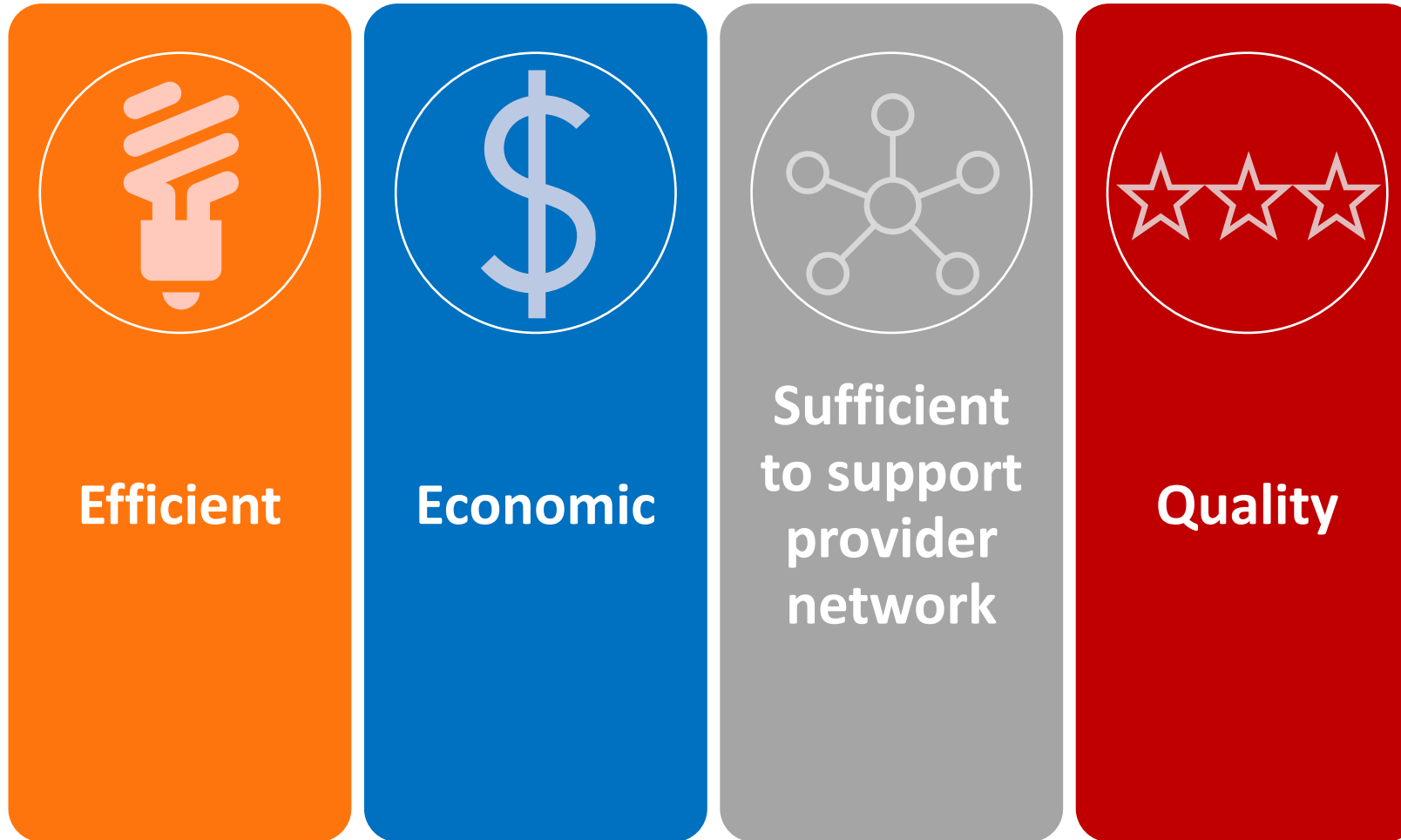


180 Federally Qualified Health Clinics



120 Local Social Service Offices

Expenditures: Rates must meet Social Security Act

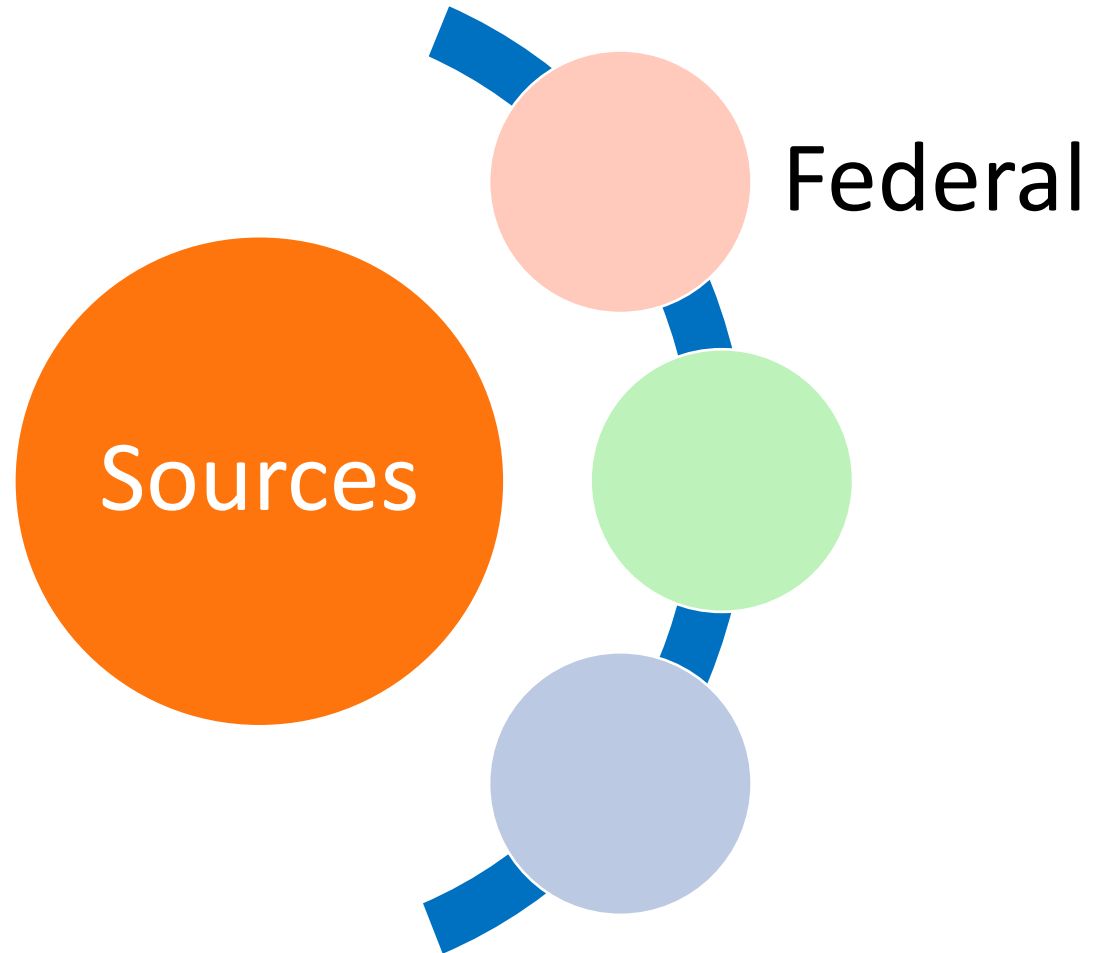


Expenditures: How Does Medicaid Pay Providers?

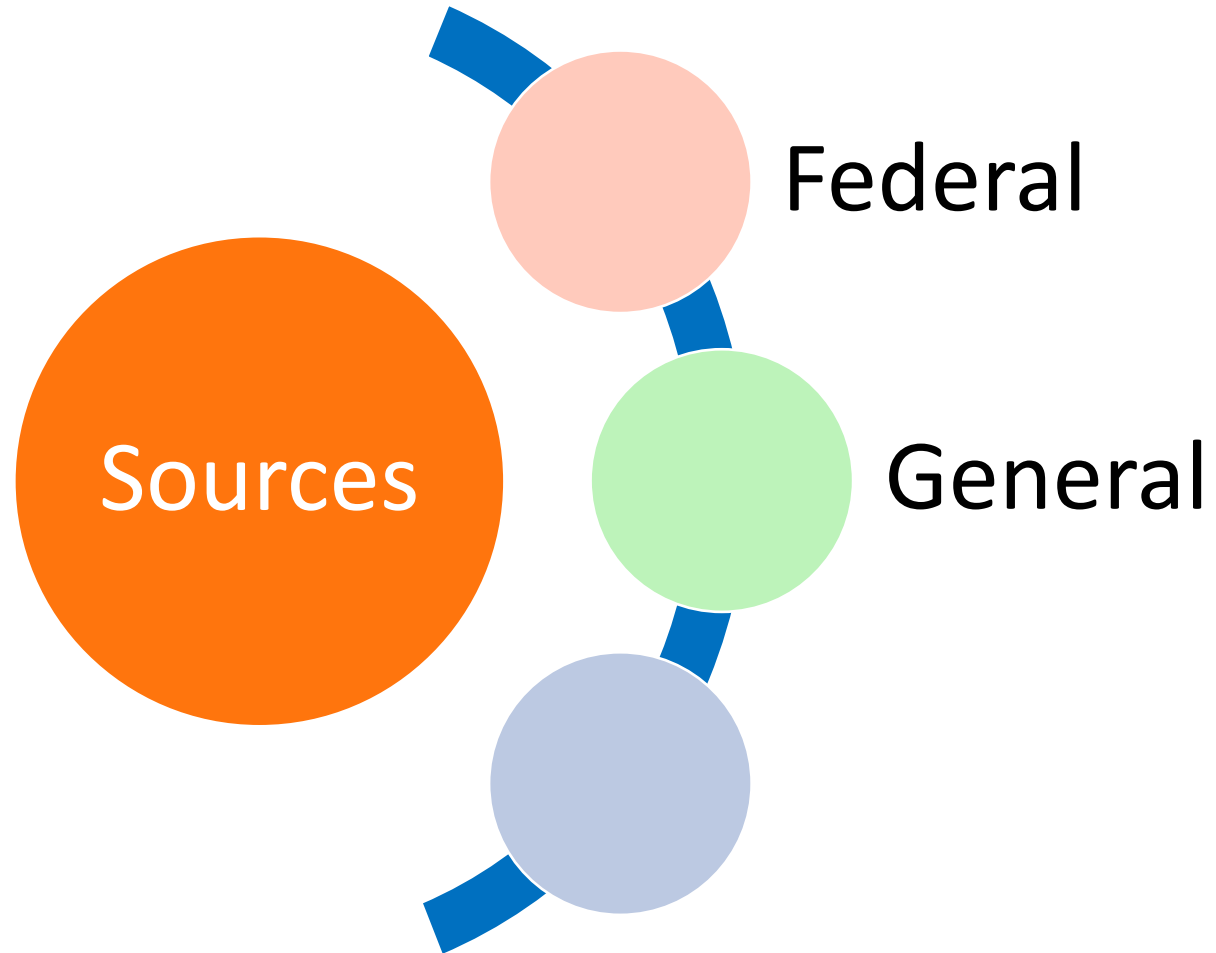
Total Year Actual Expenditures

<u>Expenditures</u>	<u>FY20</u>	<u>FY21</u>	<u>FY22</u>	<u>FY23</u>	<u>FY24</u>
Cardinal Acute	5,212,435,990	6,141,885,448	6,886,945,807	8,139,065,095	7,514,016,492
Cardinal LTSS	4,377,160,095	5,340,171,845	6,186,389,604	7,263,169,356	6,681,852,897
Fee-For-service: General Medicaid	1,578,089,234	1,526,686,234	1,607,781,165	1,868,344,928	2,062,132,493
Fee-For-service: BH & Rehabilitative	52,105,218	48,334,297	39,586,768	38,171,505	58,370,839
Fee-For-service: Long-Term Care Services	1,478,075,276	1,450,360,074	1,675,759,000	2,220,793,105	2,428,893,498
Hospital Supplemental (DSH, IME/GME, Dx)	532,925,439	530,258,337	770,599,566	747,943,927	610,476,659
Hospital Rate Assessment Payments	1,035,546,234	1,539,143,788	2,095,648,449	2,823,998,441	2,810,557,323
Pharmacy Rebates ¹	(569,712,080)	(650,216,817)	(712,655,597)	(818,958,112)	(579,267,666)
Title XIX Total	13,696,625,406	15,926,623,206	18,550,054,762	22,282,528,245	21,587,032,535
Fund Type					
General	4,343,462,704	4,263,264,350	4,322,718,774	5,577,496,214	5,405,891,254
Coverage Assessment	243,295,069	369,467,142	431,740,292	588,400,234	670,777,452
Rate Assessment	343,196,158	420,693,846	564,262,514	767,543,966	837,802,674
VA Health Care Fund	381,400,000	566,356,986	629,360,326	626,102,701	707,708,969
Federal	8,385,271,475	10,306,840,882	12,601,972,856	14,722,985,130	13,964,852,186
Total	13,696,625,406	15,926,623,206	18,550,054,762	22,282,528,245	21,587,032,535

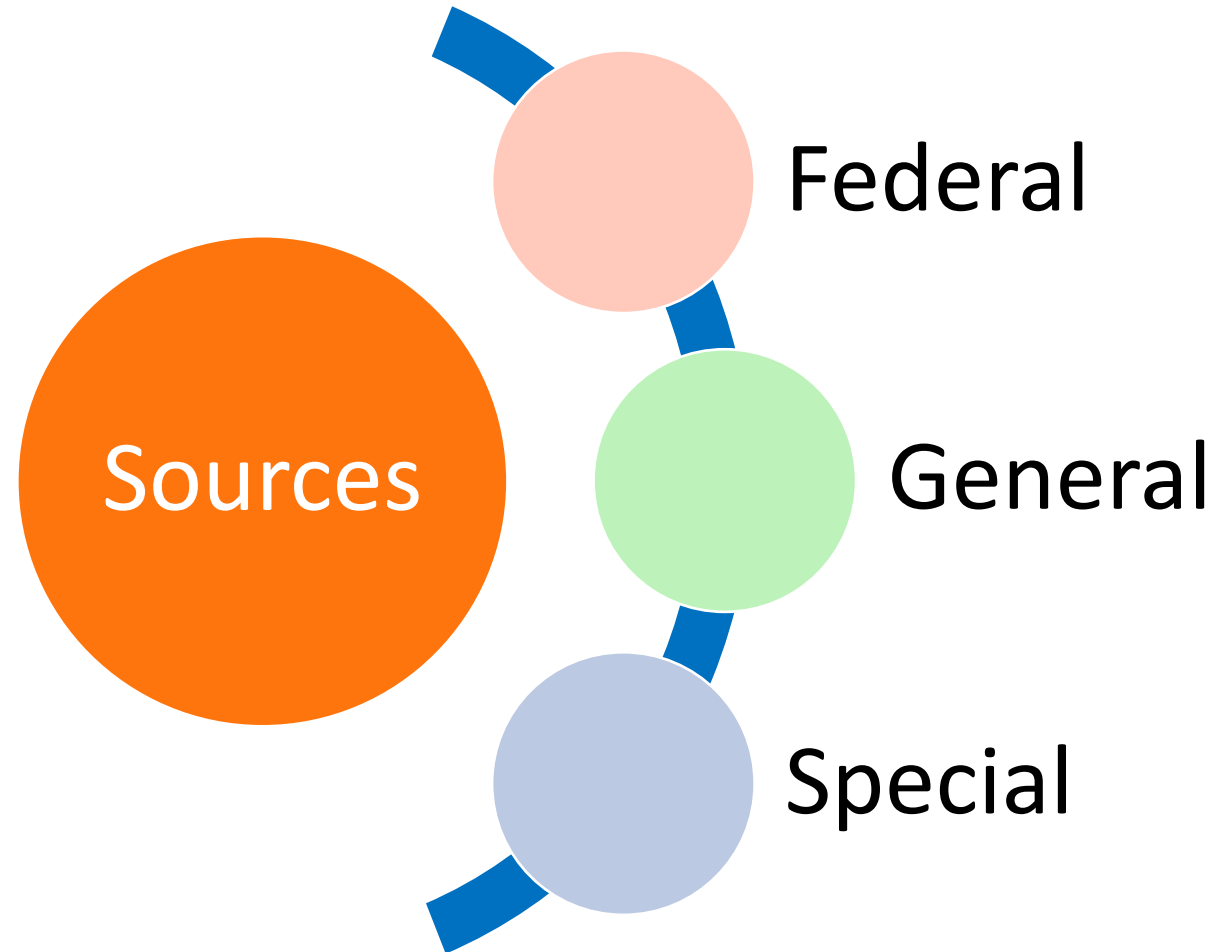
Funding



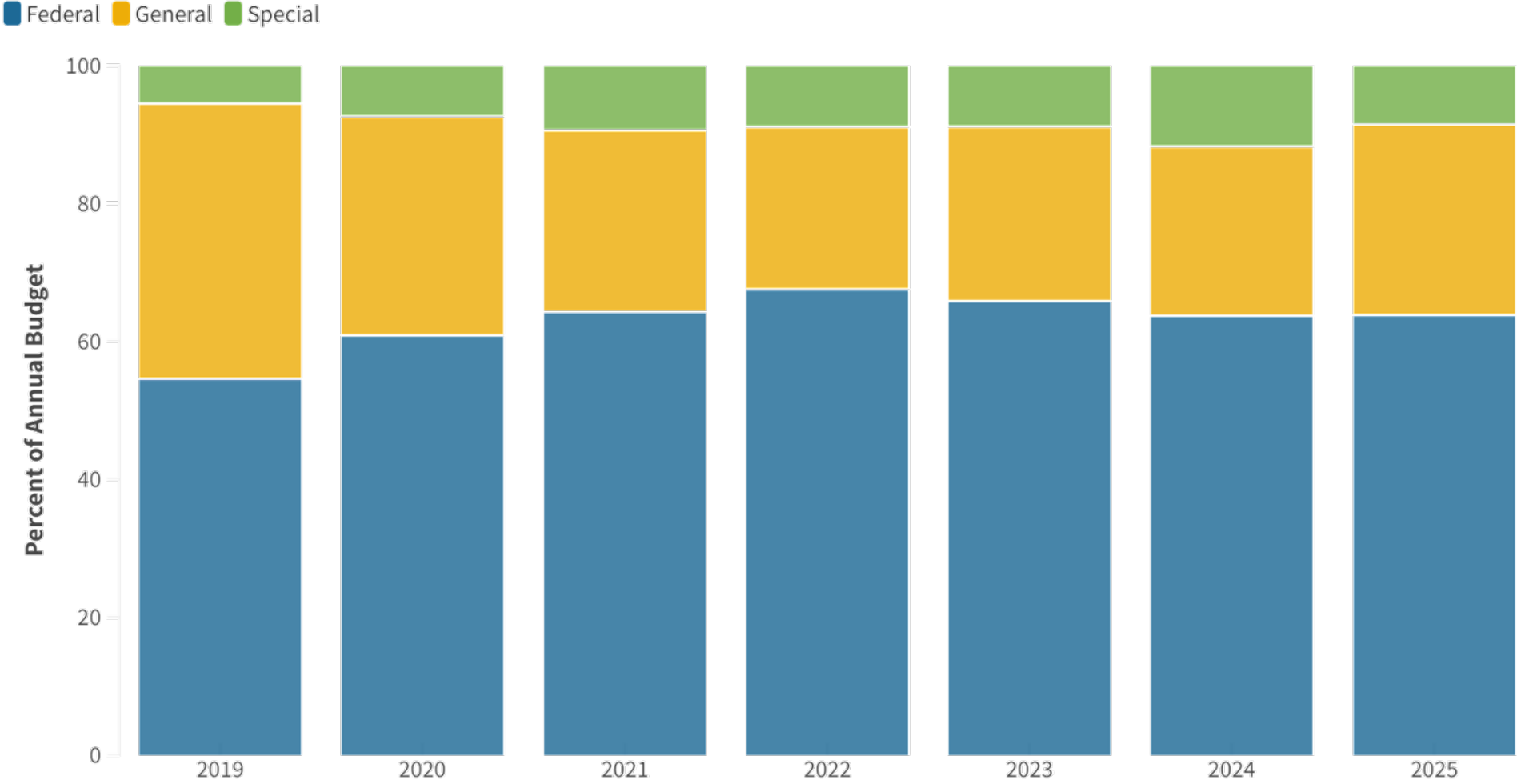
Funding



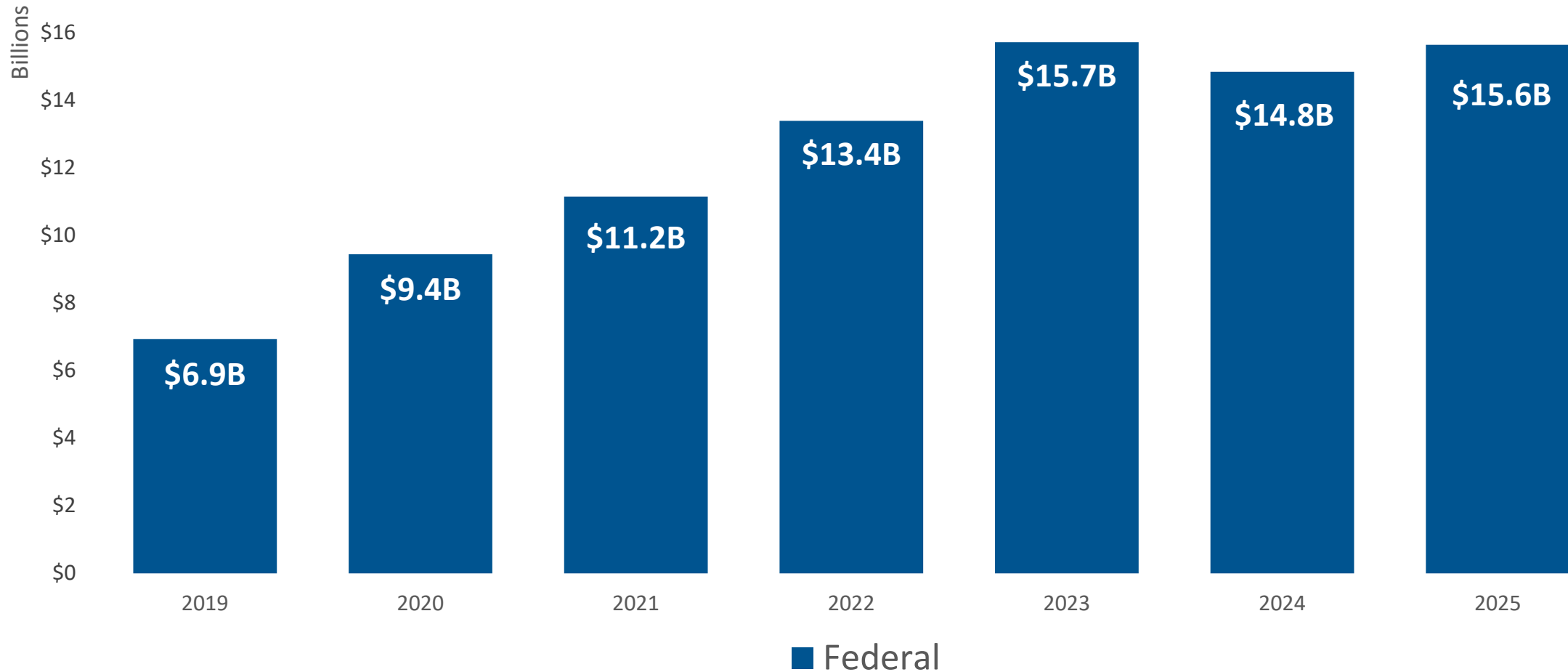
Funding



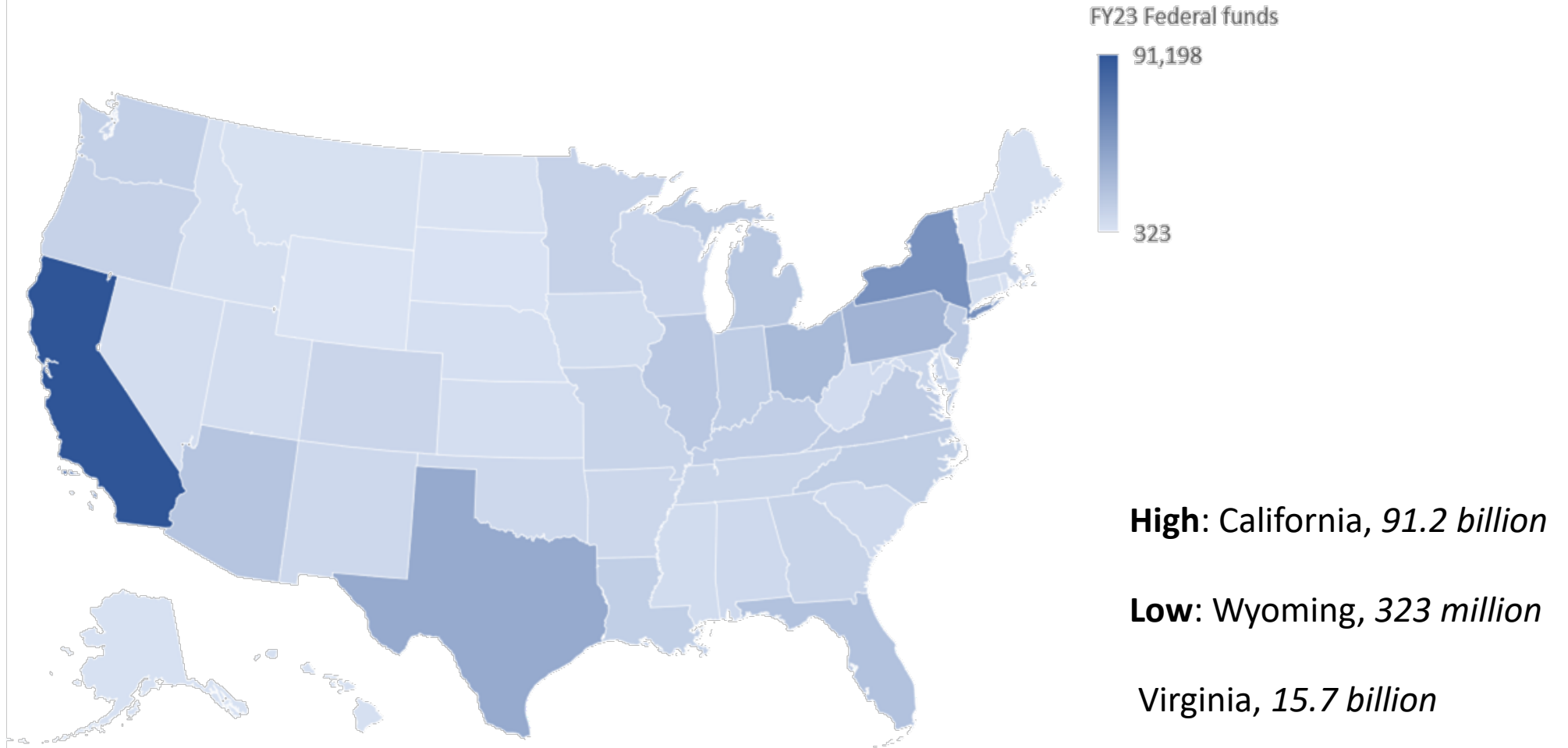
Funding: Volatile Over Last Five Years



Funding: Federal



Funding: How does Virginia federal funding compare?



Funding: Federal Matching (FMAP)

2019

50%
Federal

50%
State

58,368
Average Personal
Income

Funding: Federal Matching (FMAP)

2019

50%

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50%

State

58,368

Average Personal
Income

2020

56.2%

Federal

43.8%

State

61,469

Average Personal
Income

Funding: Federal Matching (FMAP)

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Average Personal
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56.2%

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43.8%

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61,469

Average Personal
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2021

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Federal

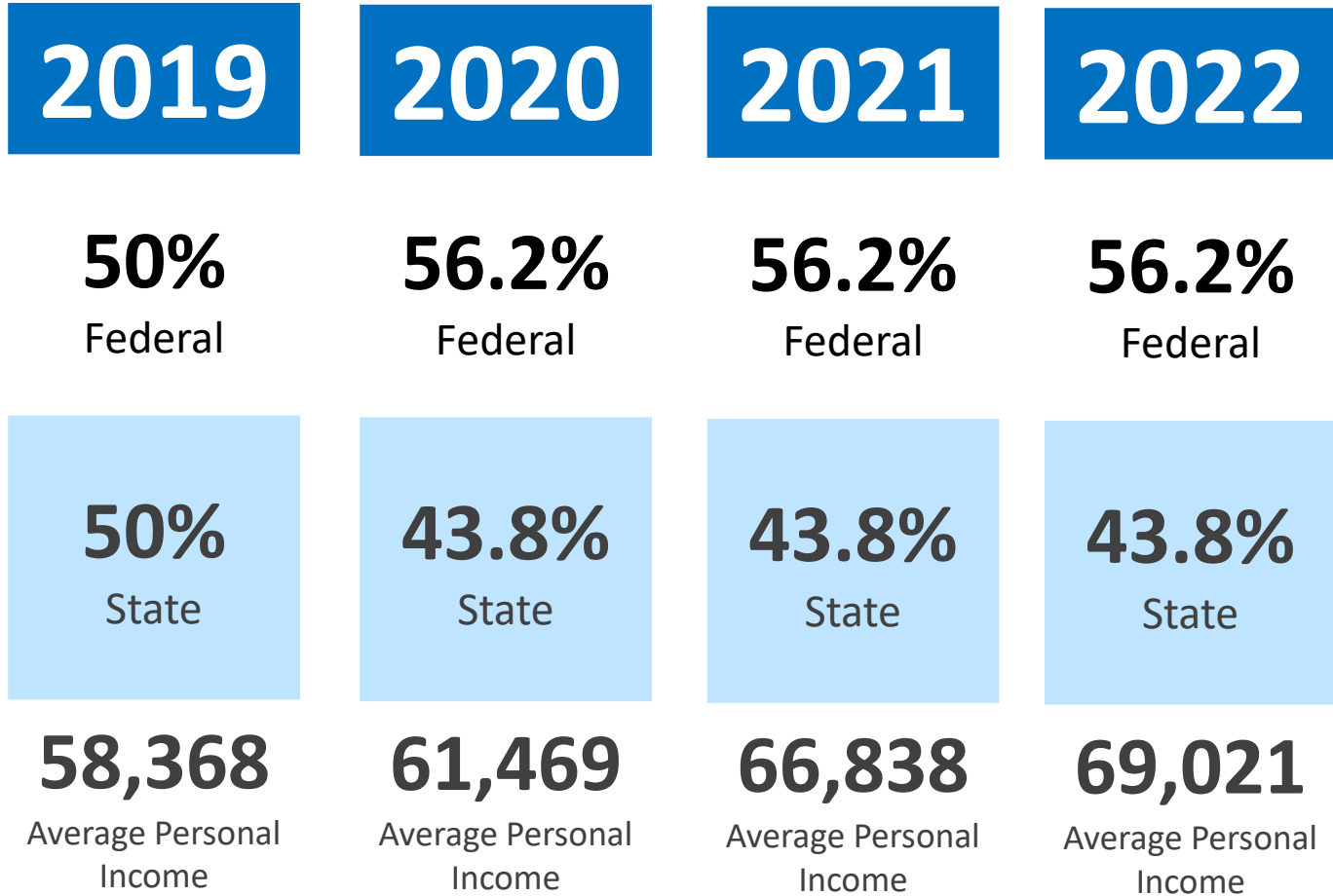
43.8%

State

66,838

Average Personal
Income

Funding: Federal Matching (FMAP)



Funding: Federal Matching (FMAP)

2019	2020	2021	2022	2023
50% Federal	56.2% Federal	56.2% Federal	56.2% Federal	56.85% Federal
50% State	43.8% State	43.8% State	43.8% State	43.15% State
58,368 Average Personal Income	61,469 Average Personal Income	66,838 Average Personal Income	69,021 Average Personal Income	72,855 Average Personal Income

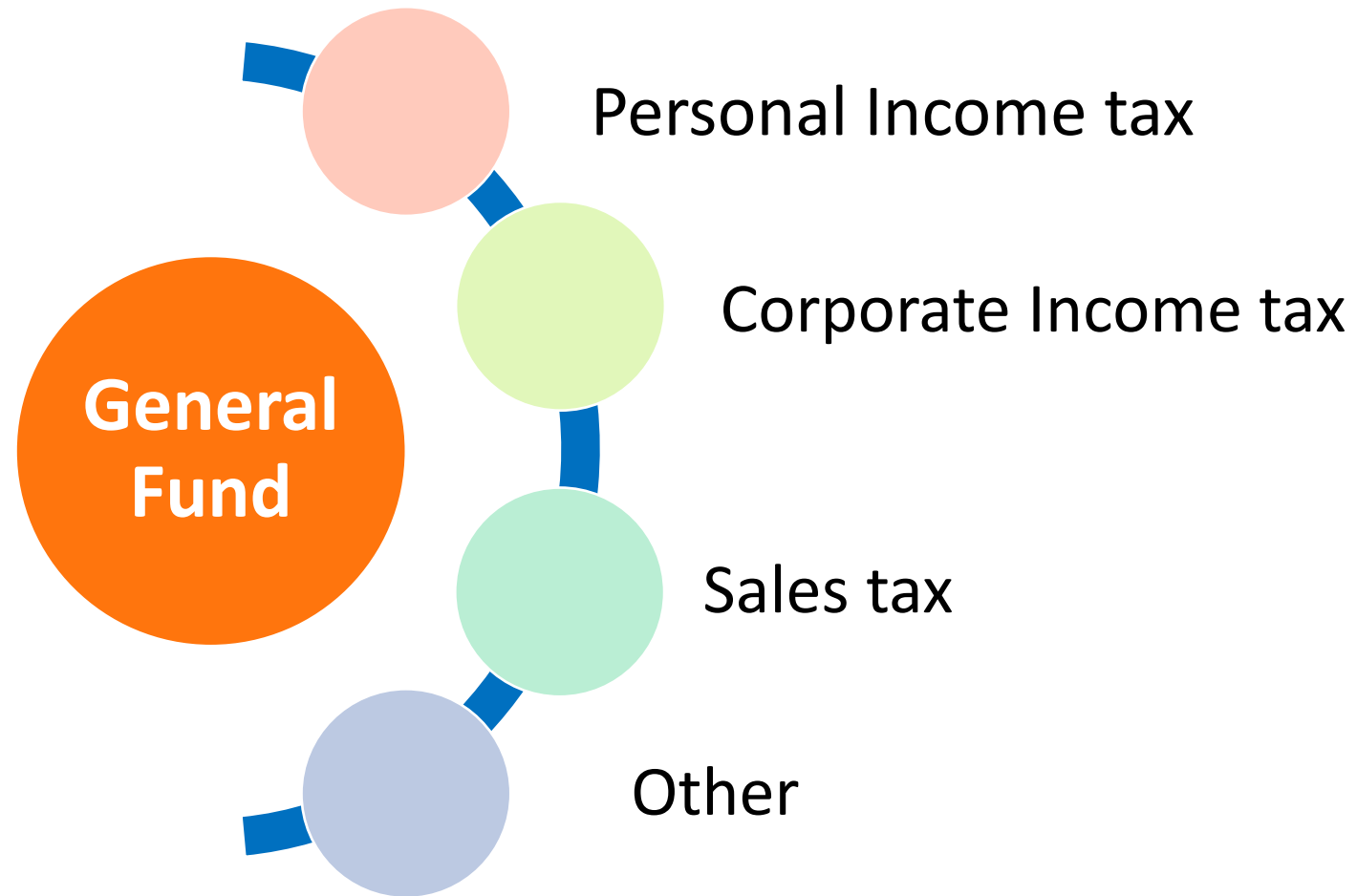
Funding: Federal Matching (FMAP)

2019	2020	2021	2022	2023	2024
50% Federal	56.2% Federal	56.2% Federal	56.2% Federal	56.85% Federal	51.22% Federal
50% State	43.8% State	43.8% State	43.8% State	43.15% State	48.78% State
58,368 Average Personal Income	61,469 Average Personal Income	66,838 Average Personal Income	69,021 Average Personal Income	72,855 Average Personal Income	75,340 Average Personal Income

Funding: Federal Matching (FMAP)

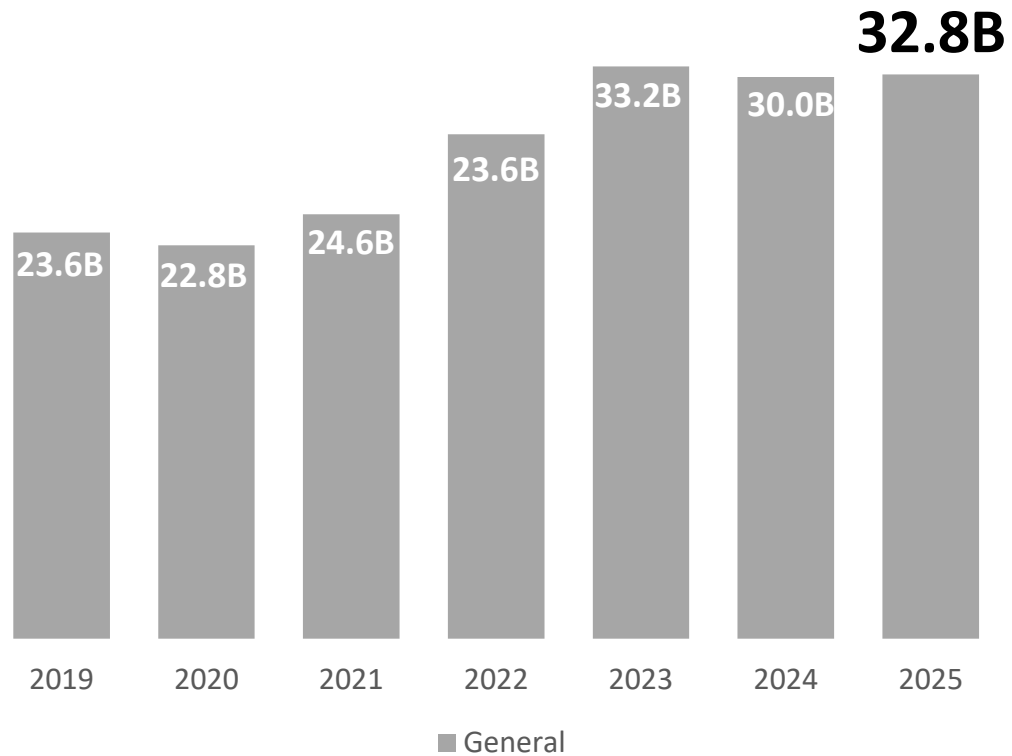
2019	2020	2021	2022	2023	2024	2025
50% Federal	56.2% Federal	56.2% Federal	56.2% Federal	56.85% Federal	51.22% Federal	50.99% Federal
50% State	43.8% State	43.8% State	43.8% State	43.15% State	48.78% State	49.01% State
58,368 Average Personal Income	61,469 Average Personal Income	66,838 Average Personal Income	69,021 Average Personal Income	72,855 Average Personal Income	75,340 Average Personal Income	

Funding: General Fund



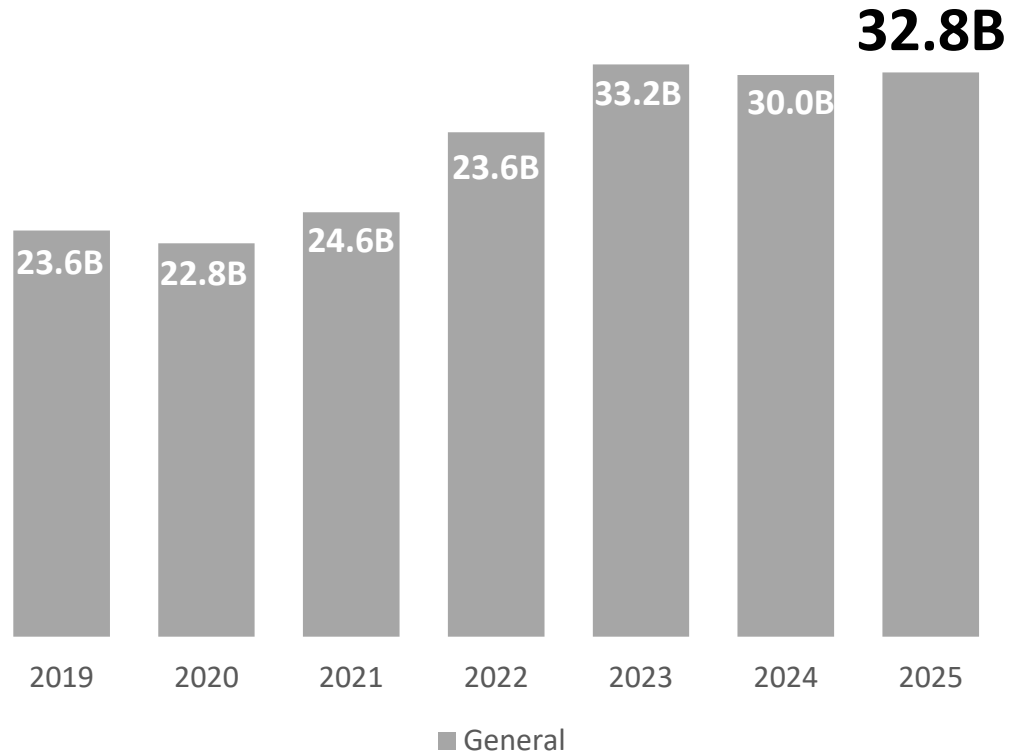
Funding: General Fund

Virginia General Fund Revenues

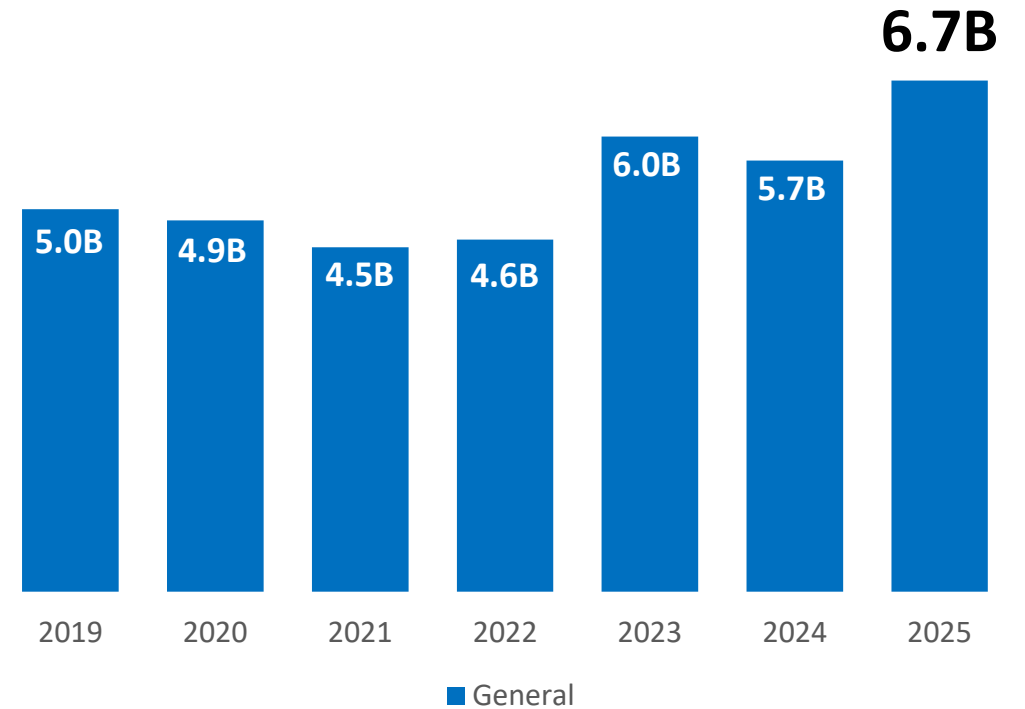


Funding: General Fund

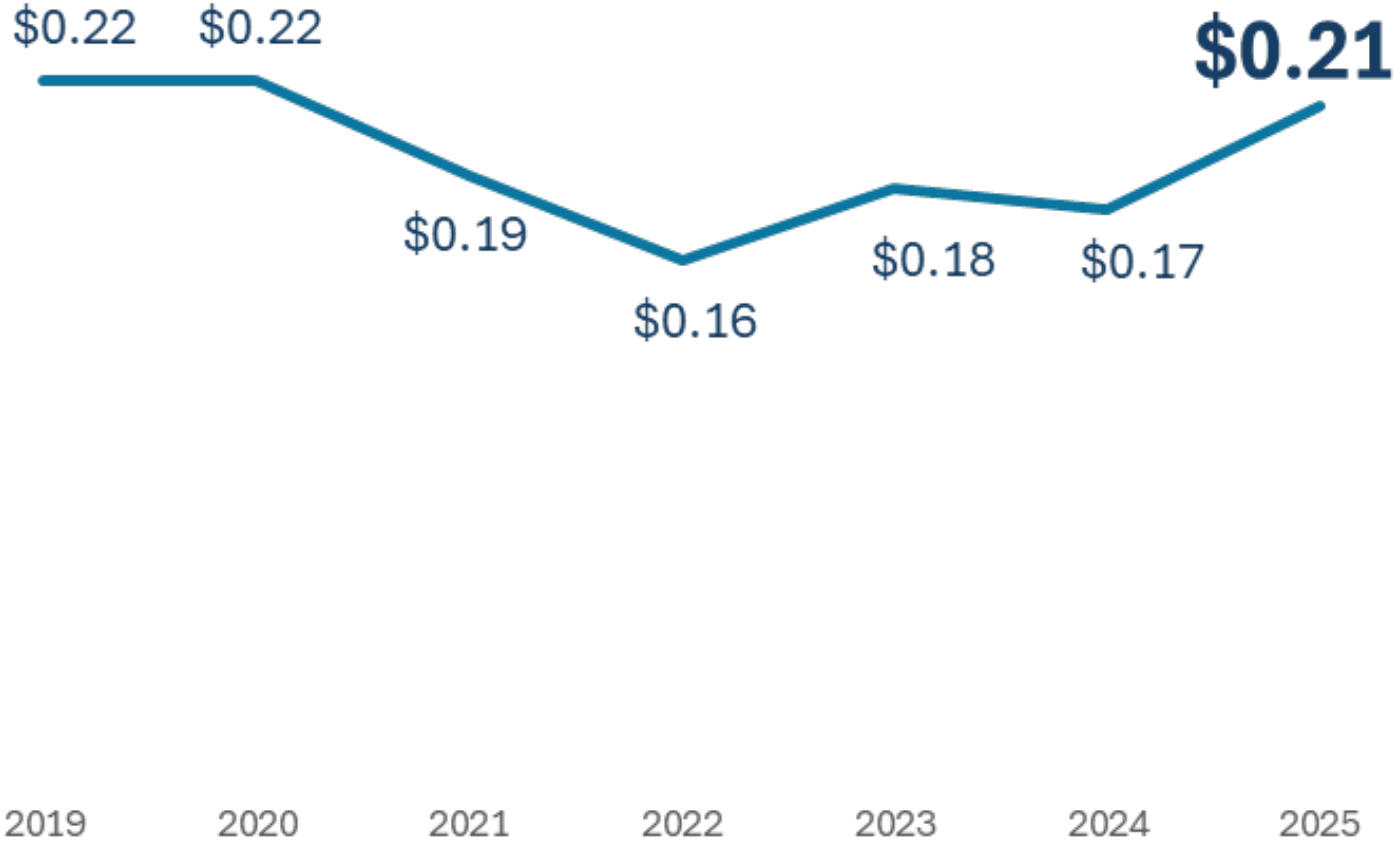
Virginia General Fund Revenues



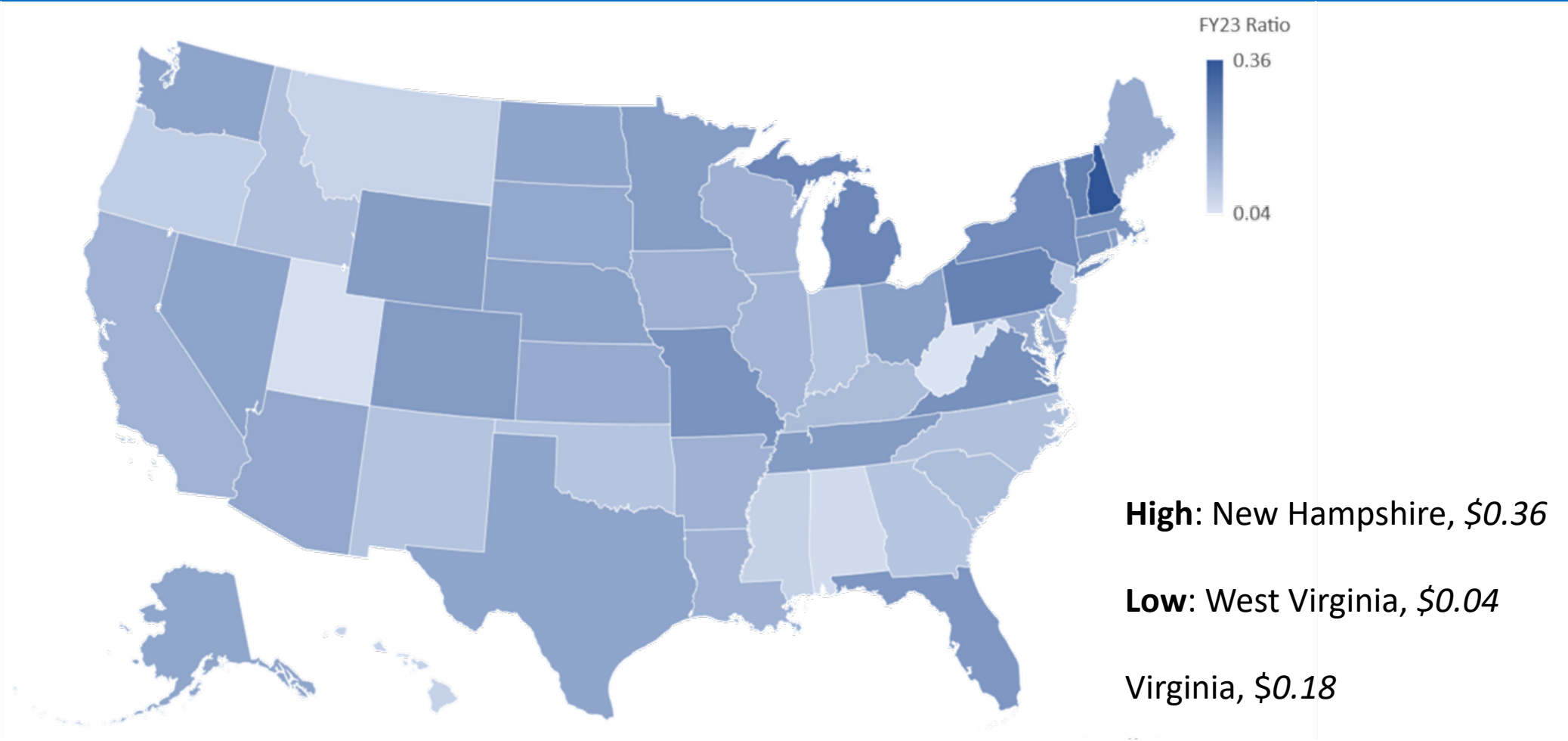
Medicaid General Fund Appropriation



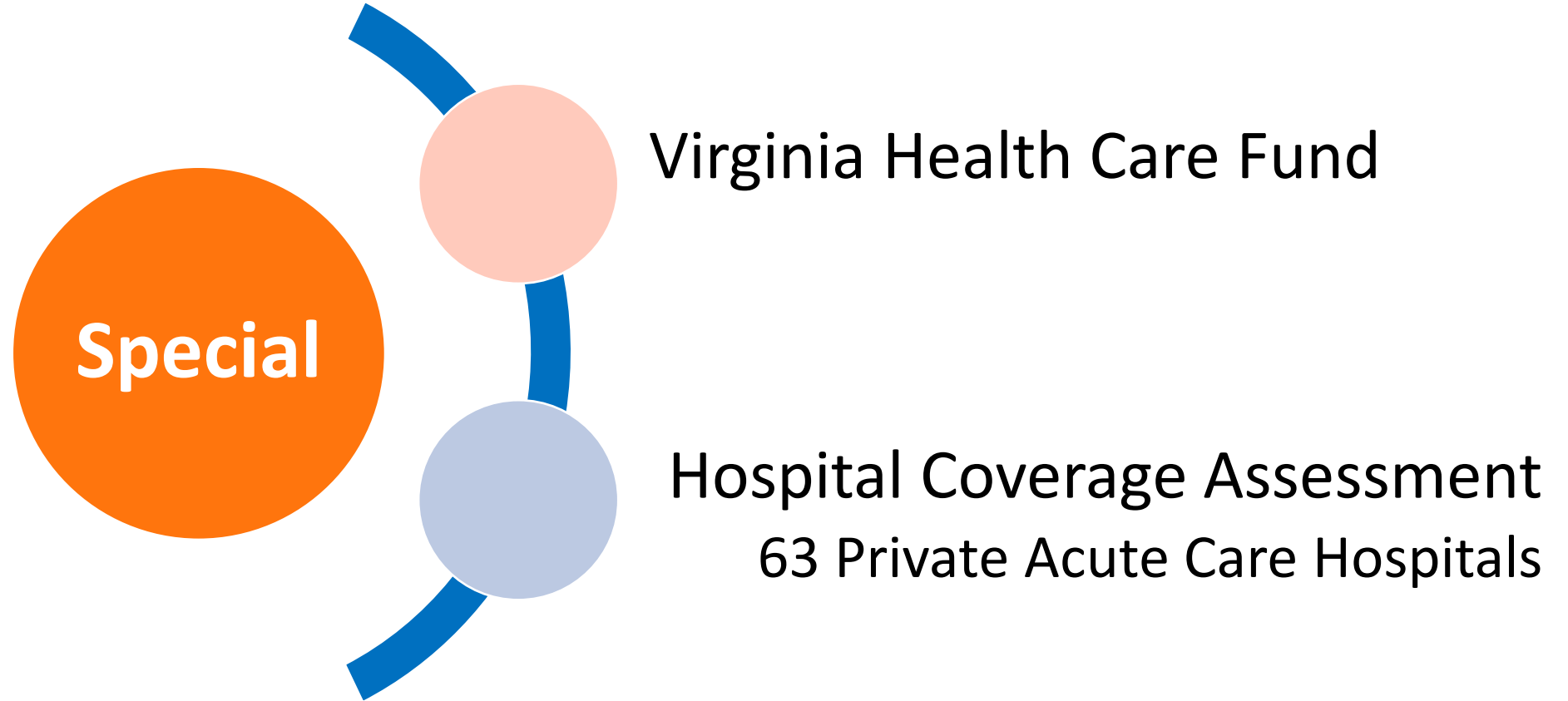
Funding: Medicaid Share of General Fund Dollar



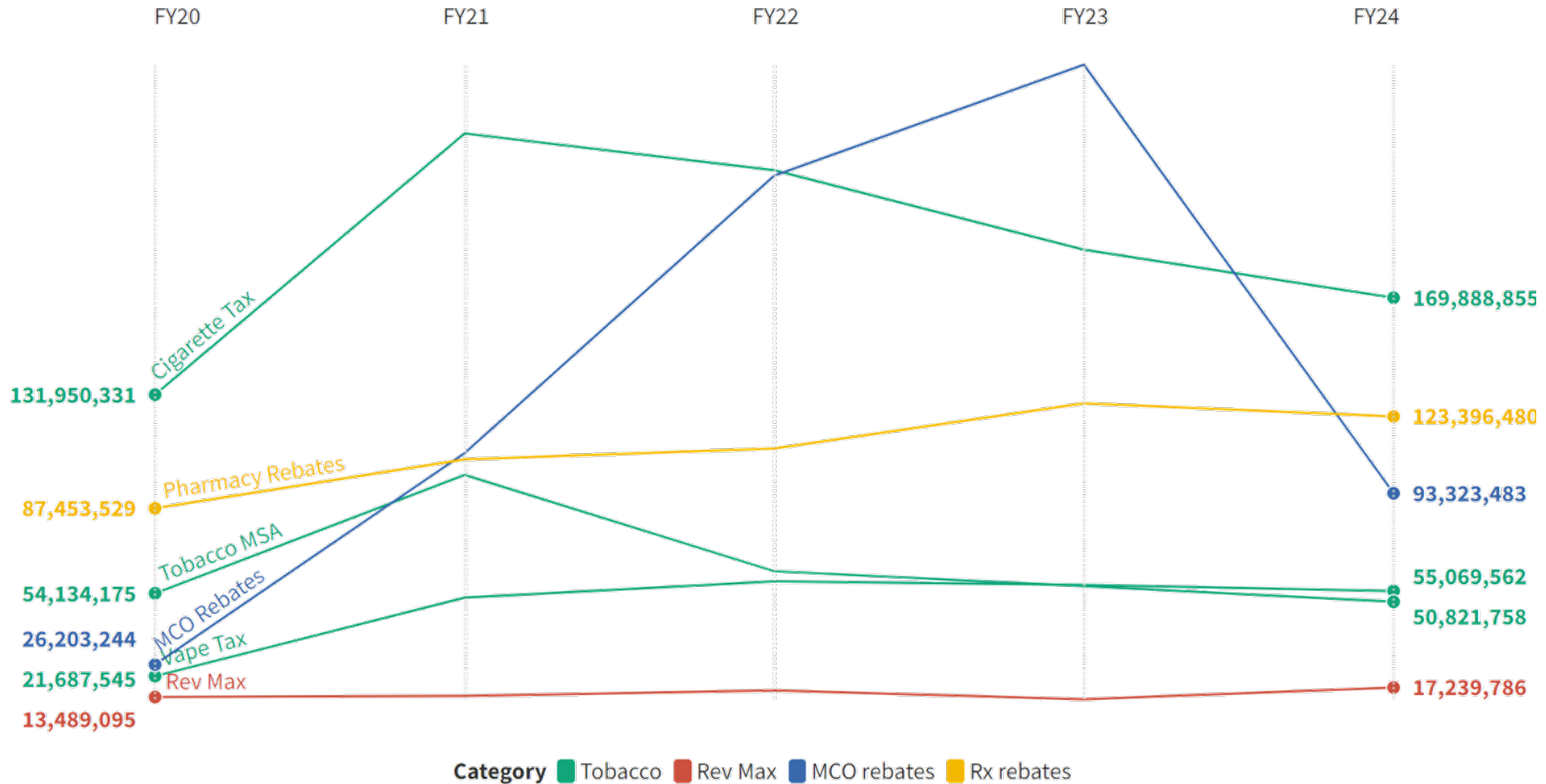
Funding: Medicaid Share of General Fund Dollar



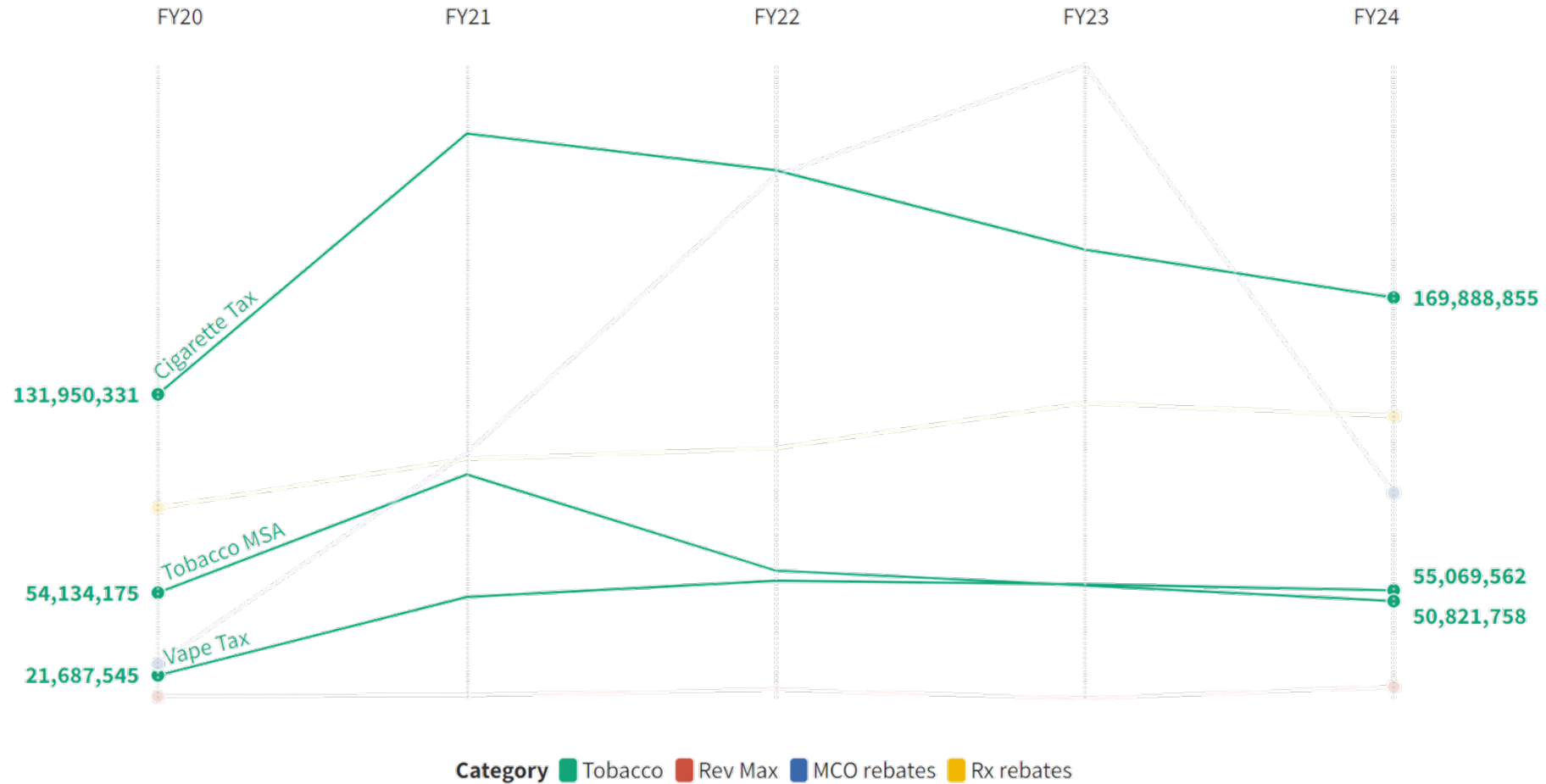
Funding: Special Funds



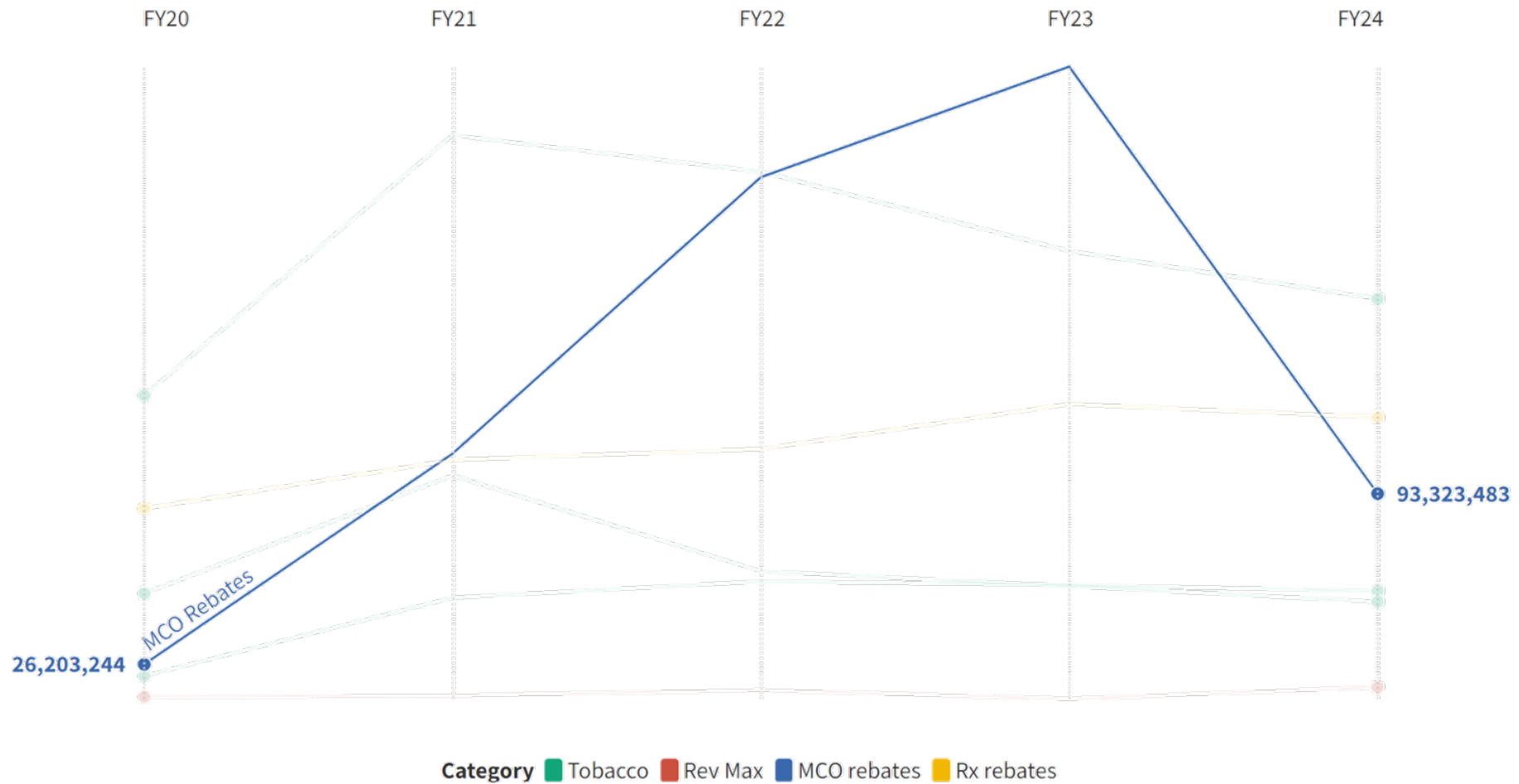
Funding: Virginia Health Care Fund Declining



Funding: Tobacco Tax Revenue Declining



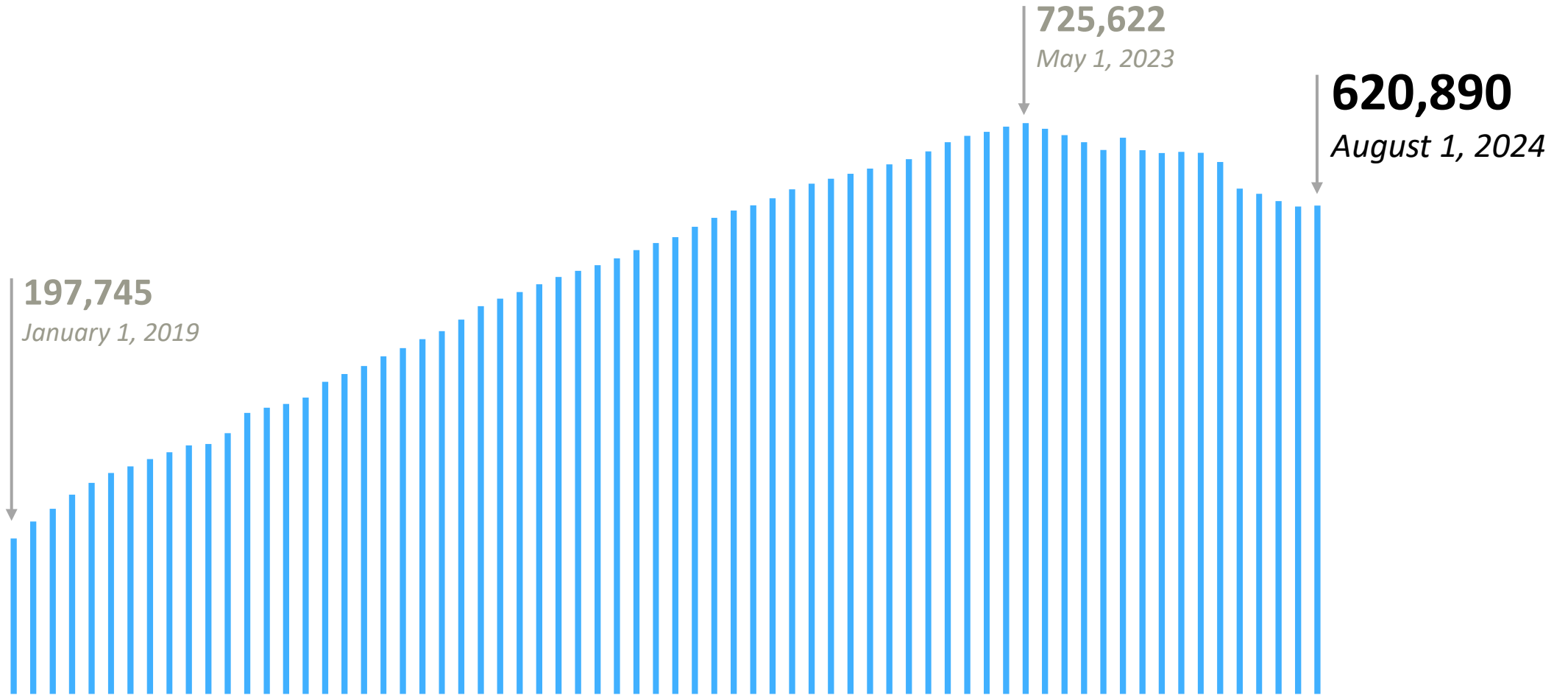
Funding: MCO Rebates and Recoveries Declining



Hospital Coverage Assessment for Medicaid Expansion



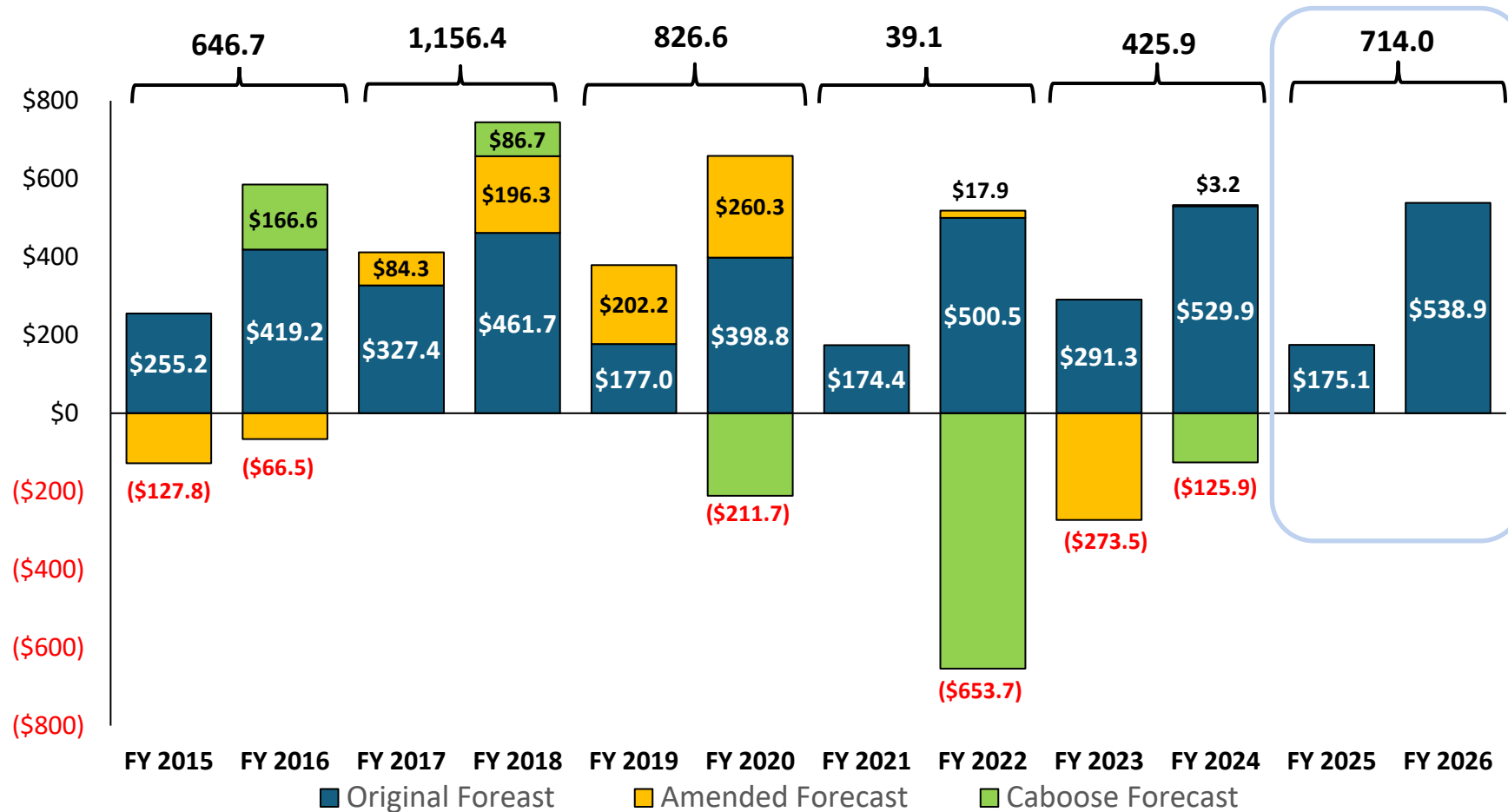
Expansion Population (Avg. Monthly Enrollment)



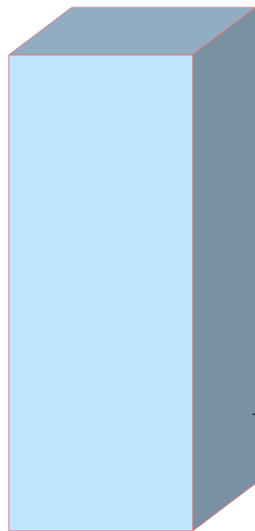
What's Next?

- Interim Medicaid Forecast: Tuesday October 15
- Annual Medicaid Forecast: Friday November 1
- Governor's Introduced Budget
- 2025 General Assembly Session
- 2025 Appropriation Act

Medicaid Forecast Changes Over Time



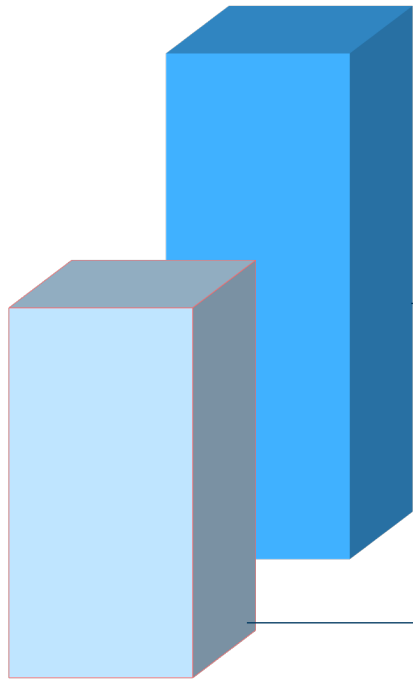
Expenditures: General Assembly Actions



2022 GA Session

- 36 policy changes
- +1,284,163,754

Expenditures: General Assembly Actions



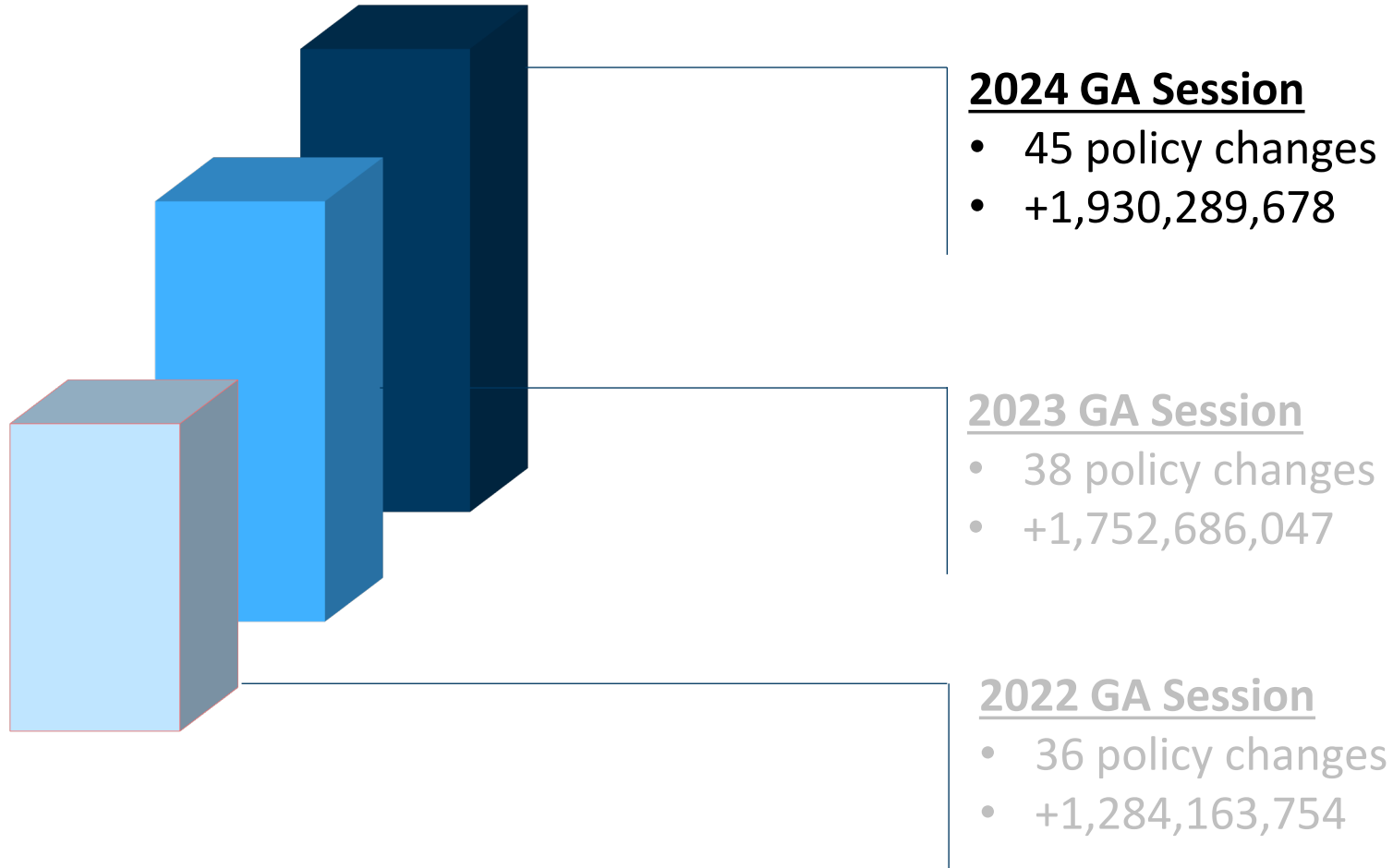
2023 GA Session

- 38 policy changes
- +1,752,686,047

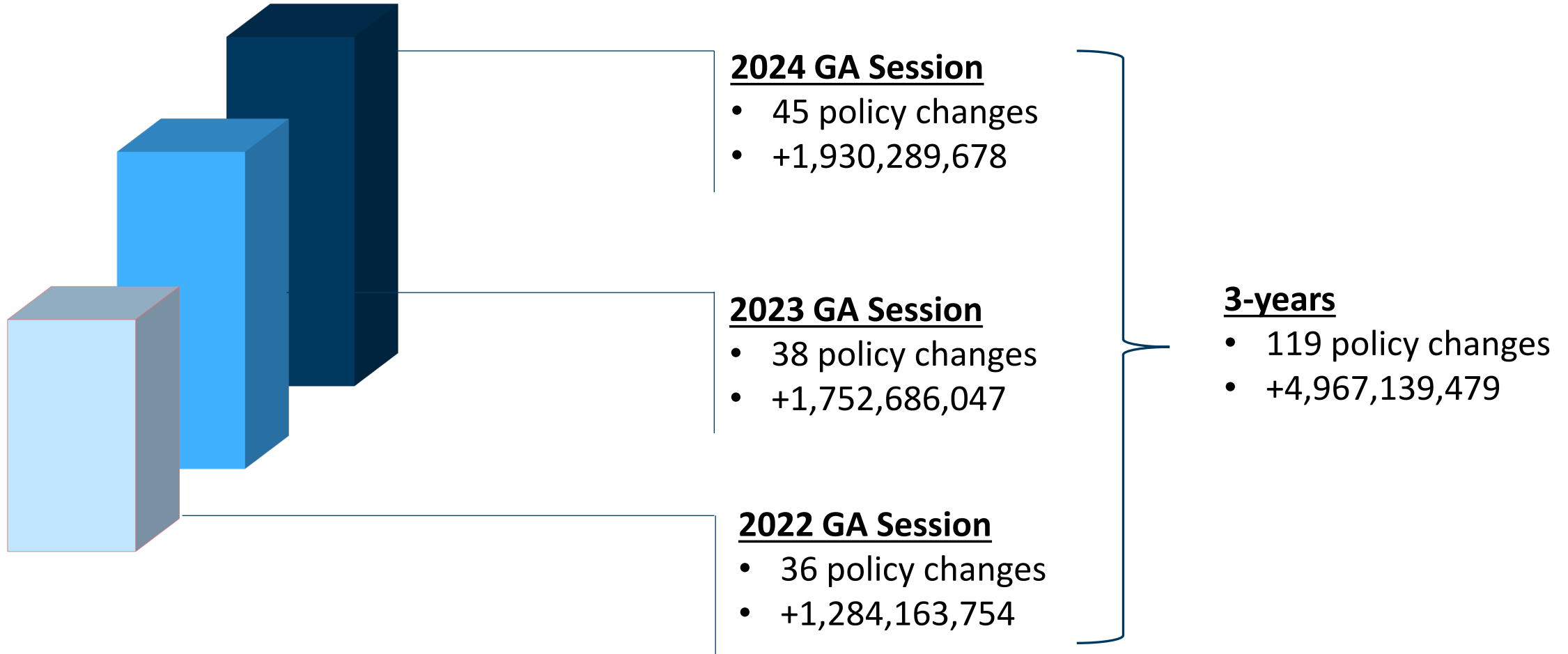
2022 GA Session

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Expenditures: General Assembly Actions



Expenditures: General Assembly Actions



Summary

- Member is at core of all decisions
- Federal and state rules create complex financing network
- General Assembly decisions directly impact Medicaid financing