



**2011 MSDA National Medicaid and CHIP  
Oral Health Symposium**  
June 27<sup>th</sup>-28<sup>th</sup>, 2011 Washington DC

**Surveying the Landscape:**  
*Mountains & Valleys*

**Patrick W. Finnerty**  
**Andrea Maresca**

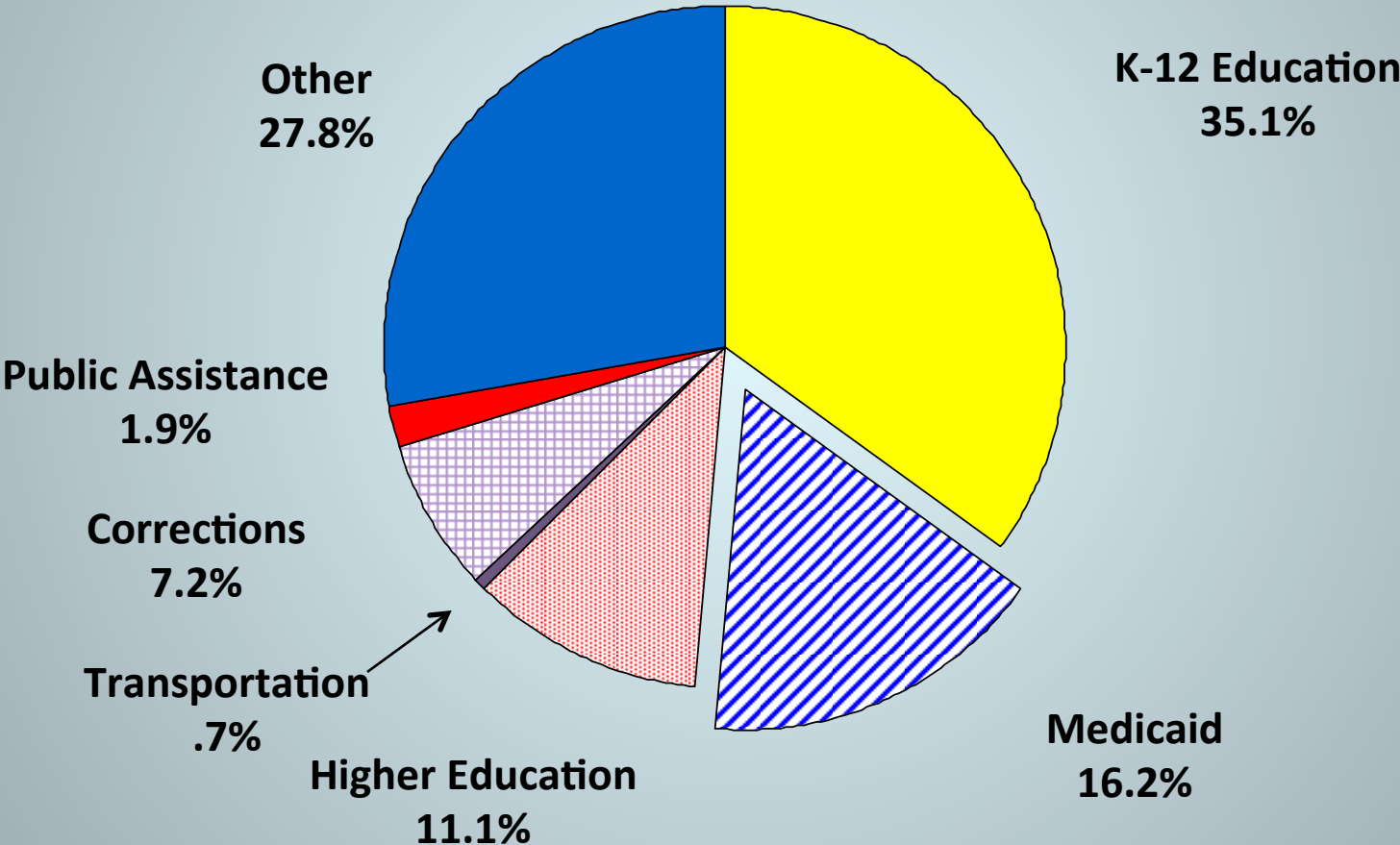
# Session Objectives

- Participants will be able to describe the current challenges and difficult decisions Medicaid programs face as a result of state budget shortfalls.

# Medicaid Quick Facts

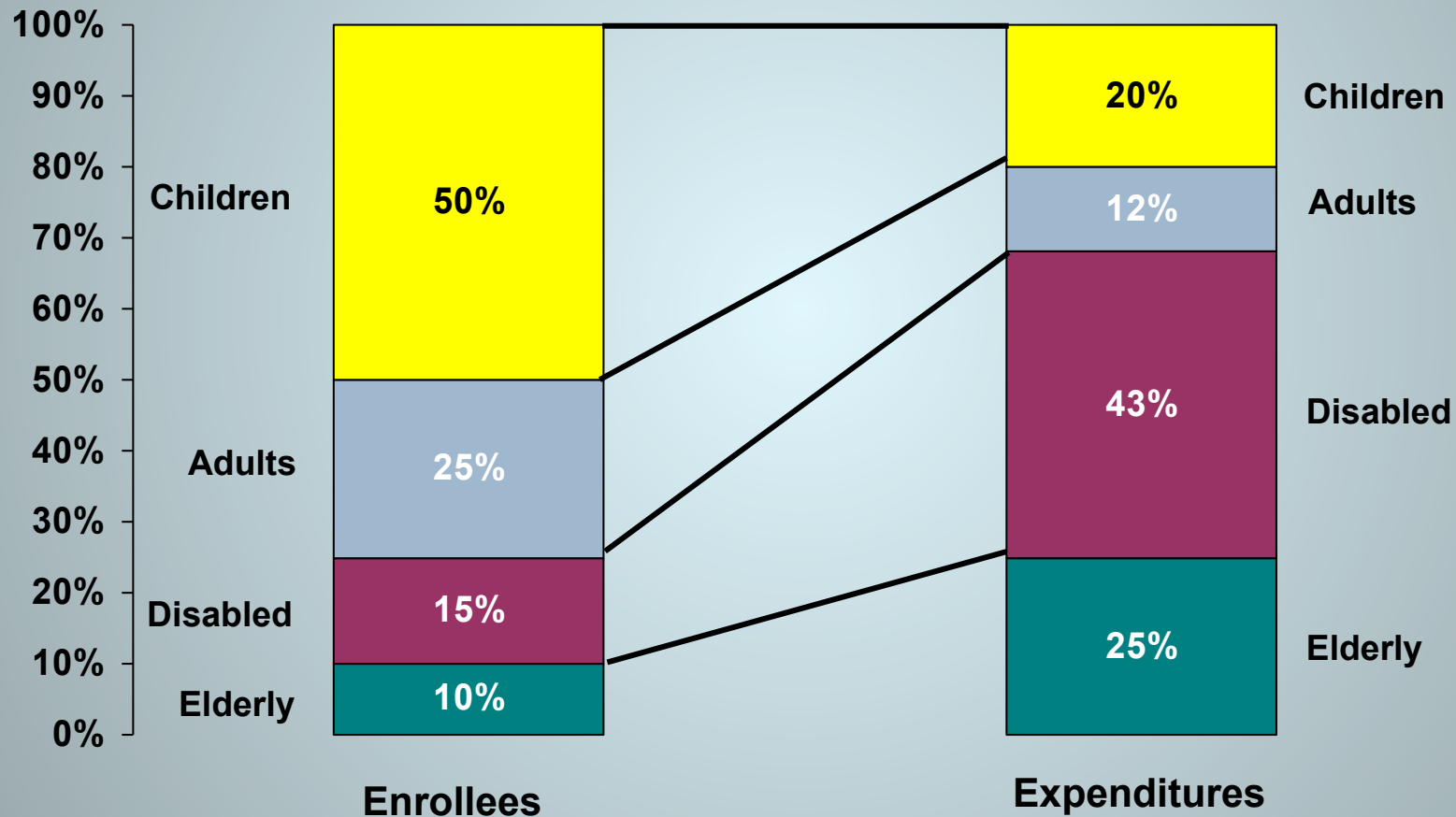
- **Largest public health insurance program covering approximately 60 million low-income Americans:**
  - 30 million children; 15 million adults; 14 million aged, blind & disabled; 9 million “duals”
- **On average, Medicaid covers nearly one in five Americans**
- **Estimates of 2010 total Medicaid expenditures exceed \$427 billion**
- **2<sup>nd</sup> largest program in most states’ budgets**

# State General Fund Spending FY 2009



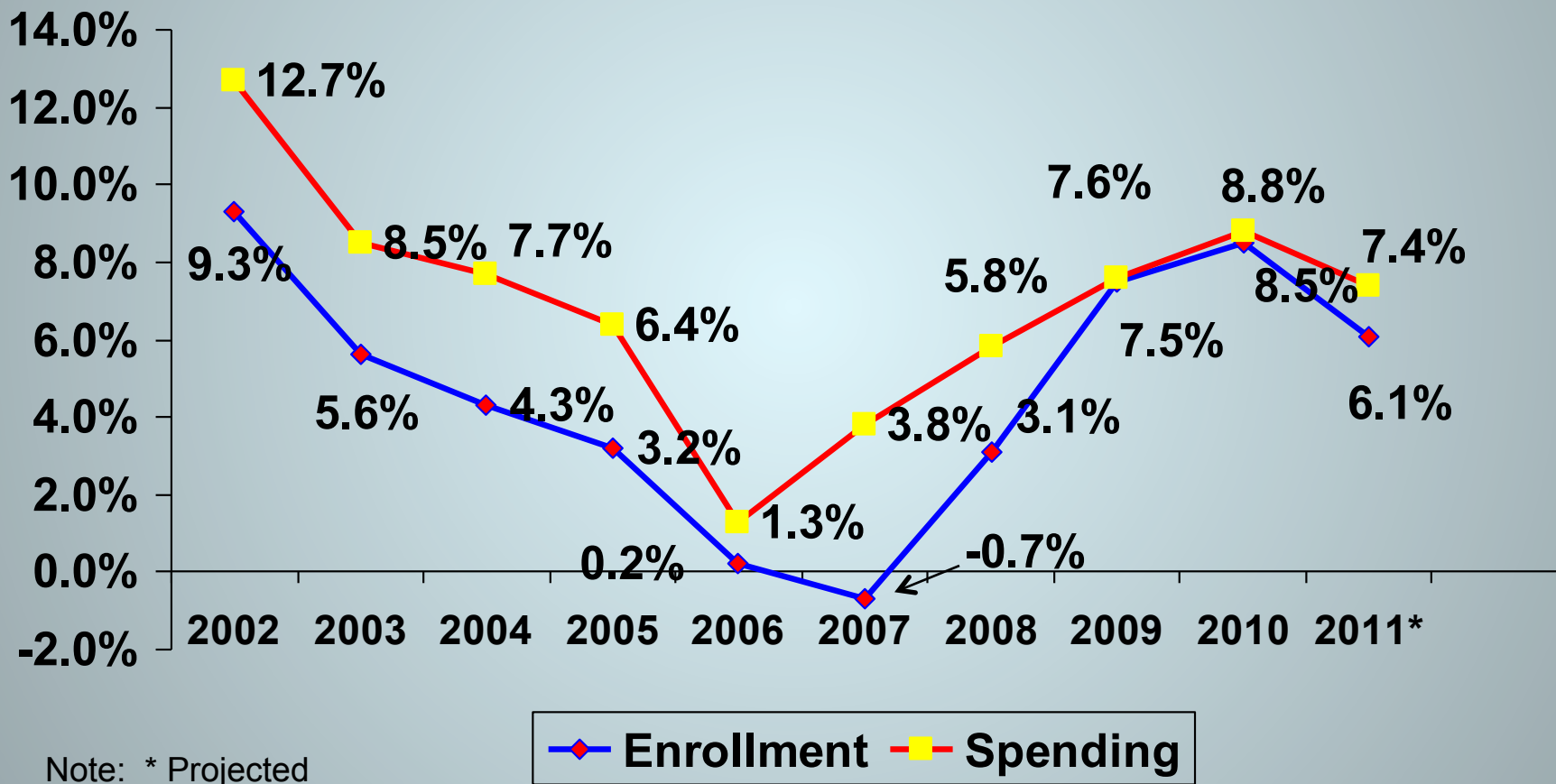
Source: National Association of State Budget Officers, June, 2010

# Medicaid Enrollees and Expenditures: 2009



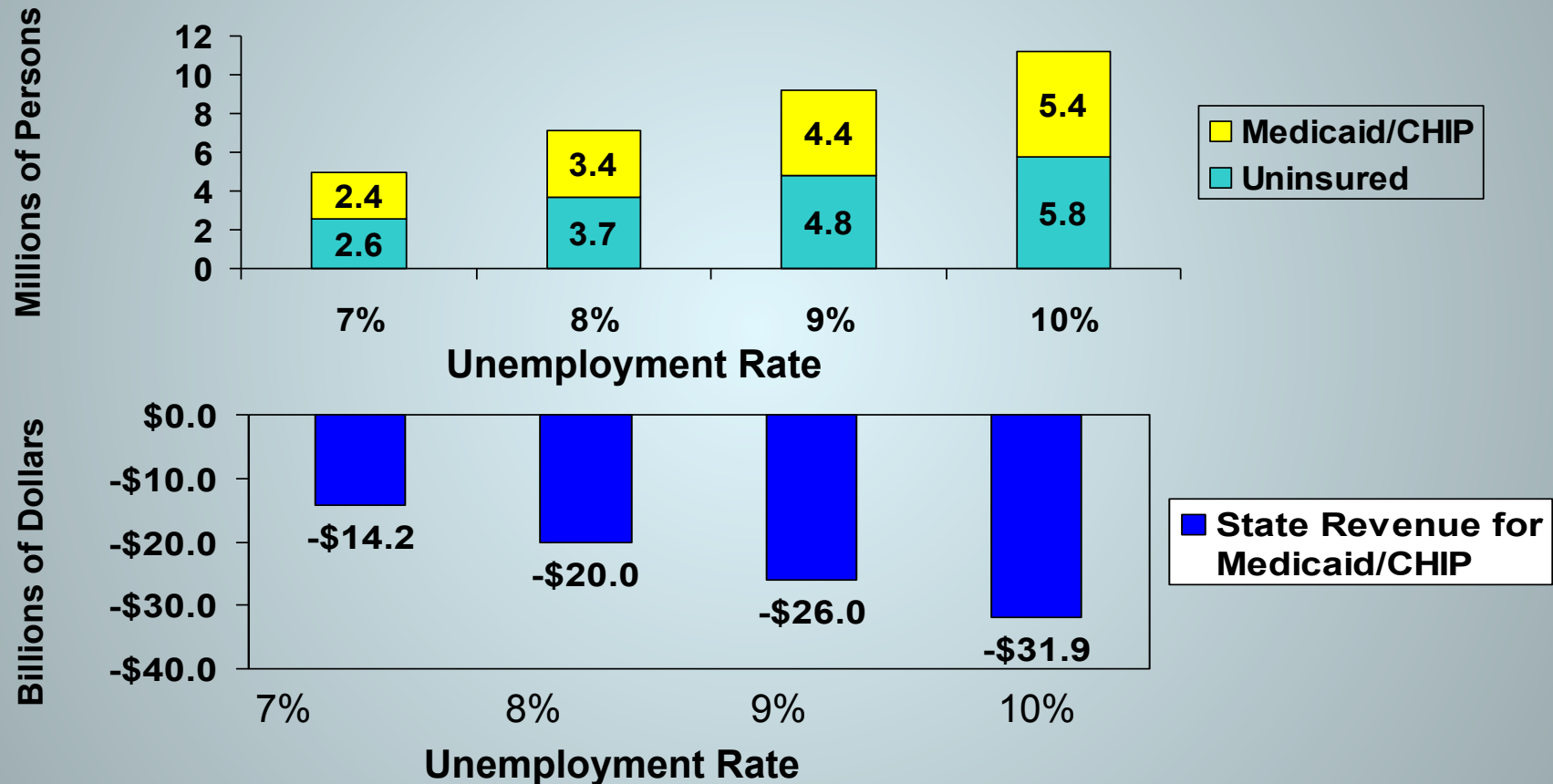
Source: Kaiser Commission on Medicaid and the Uninsured; "A Medicaid Primer," June., 2010

# Enrollment is a Primary Driver of Medicaid Spending

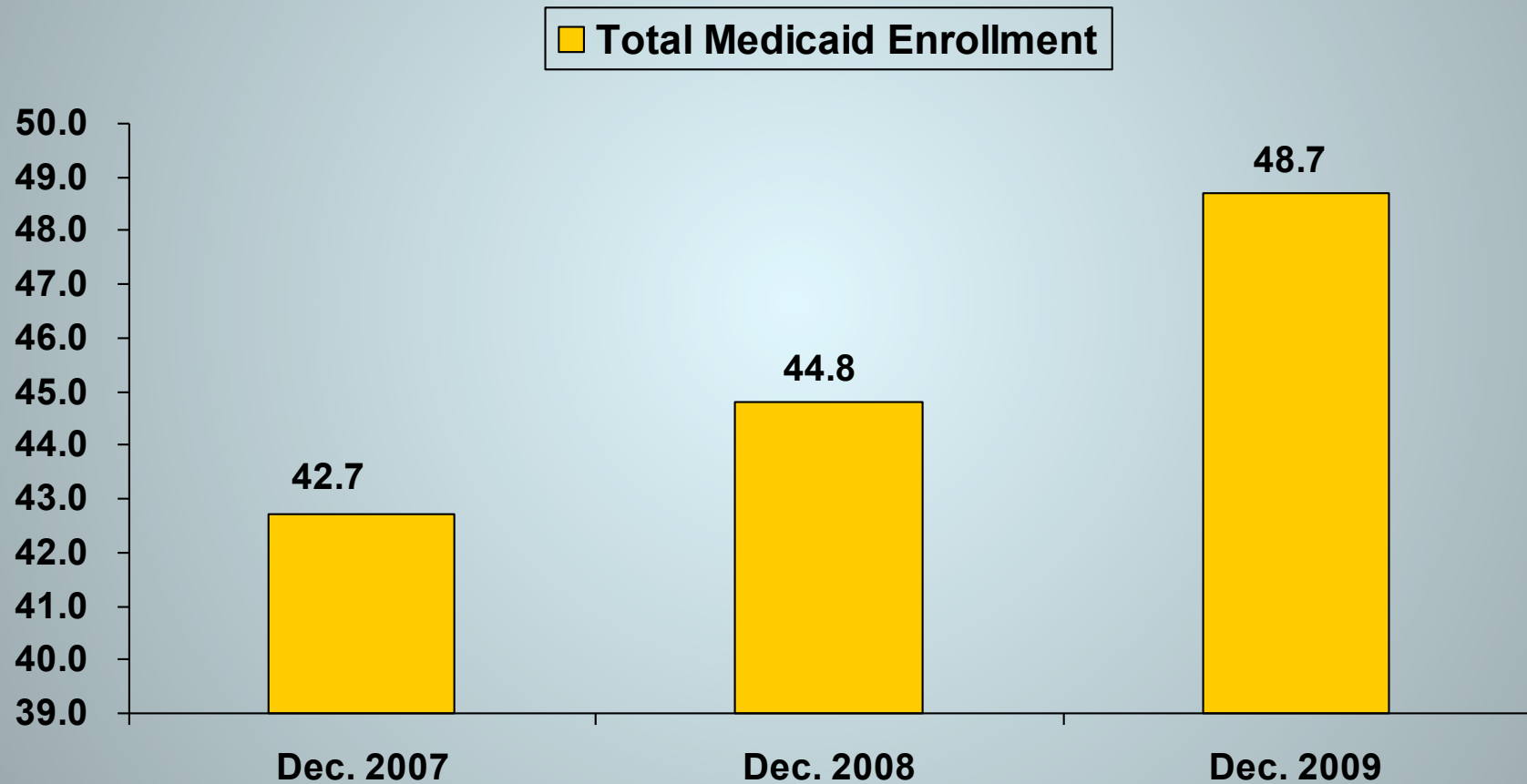


Source: Kaiser Commission on Medicaid and the Uninsured; Sept., 2010

# Unemployment Increases Enrollment & Reduces State Revenues



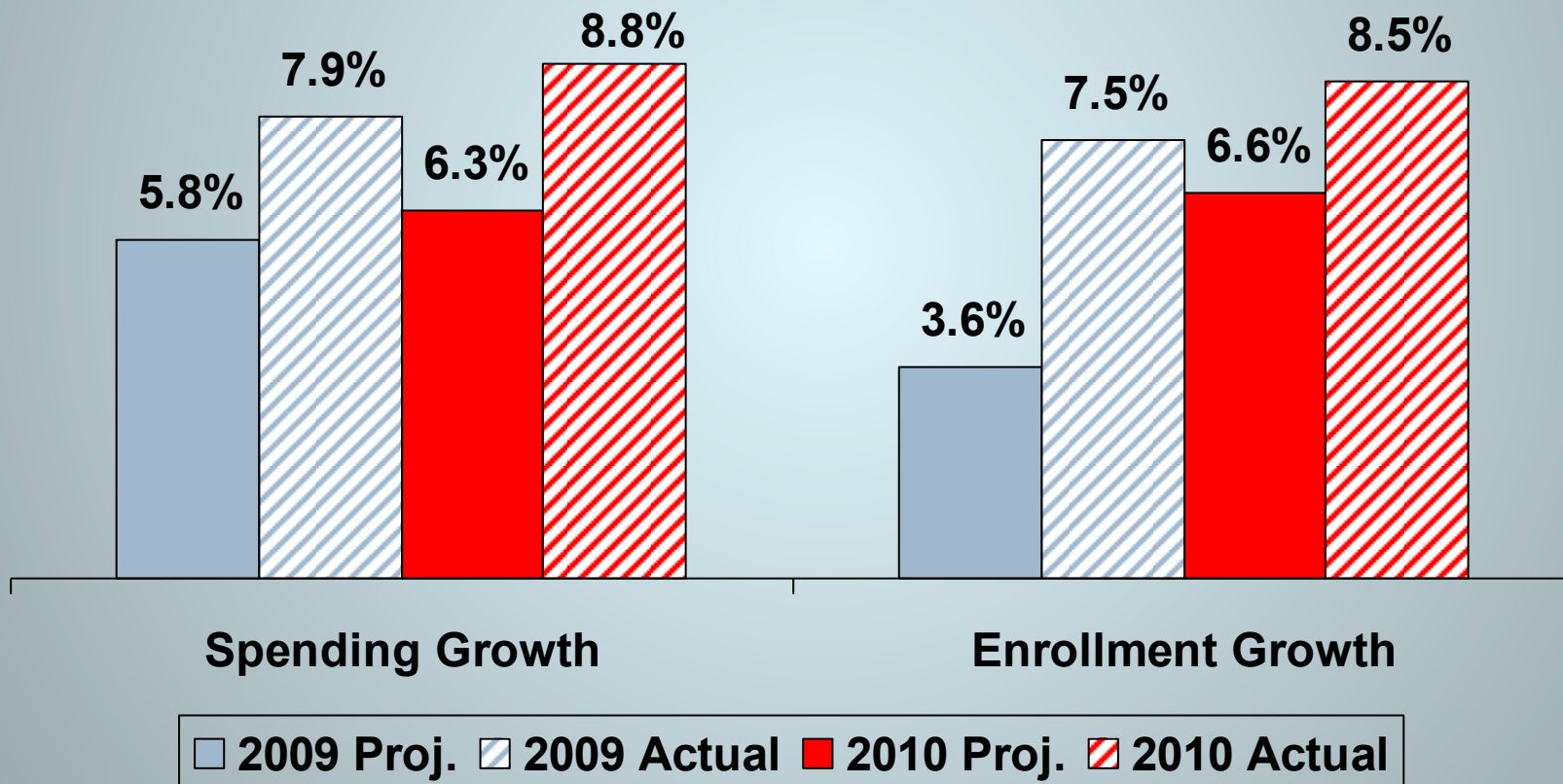
# Enrollment Increased By Six Million Since Start of Recession



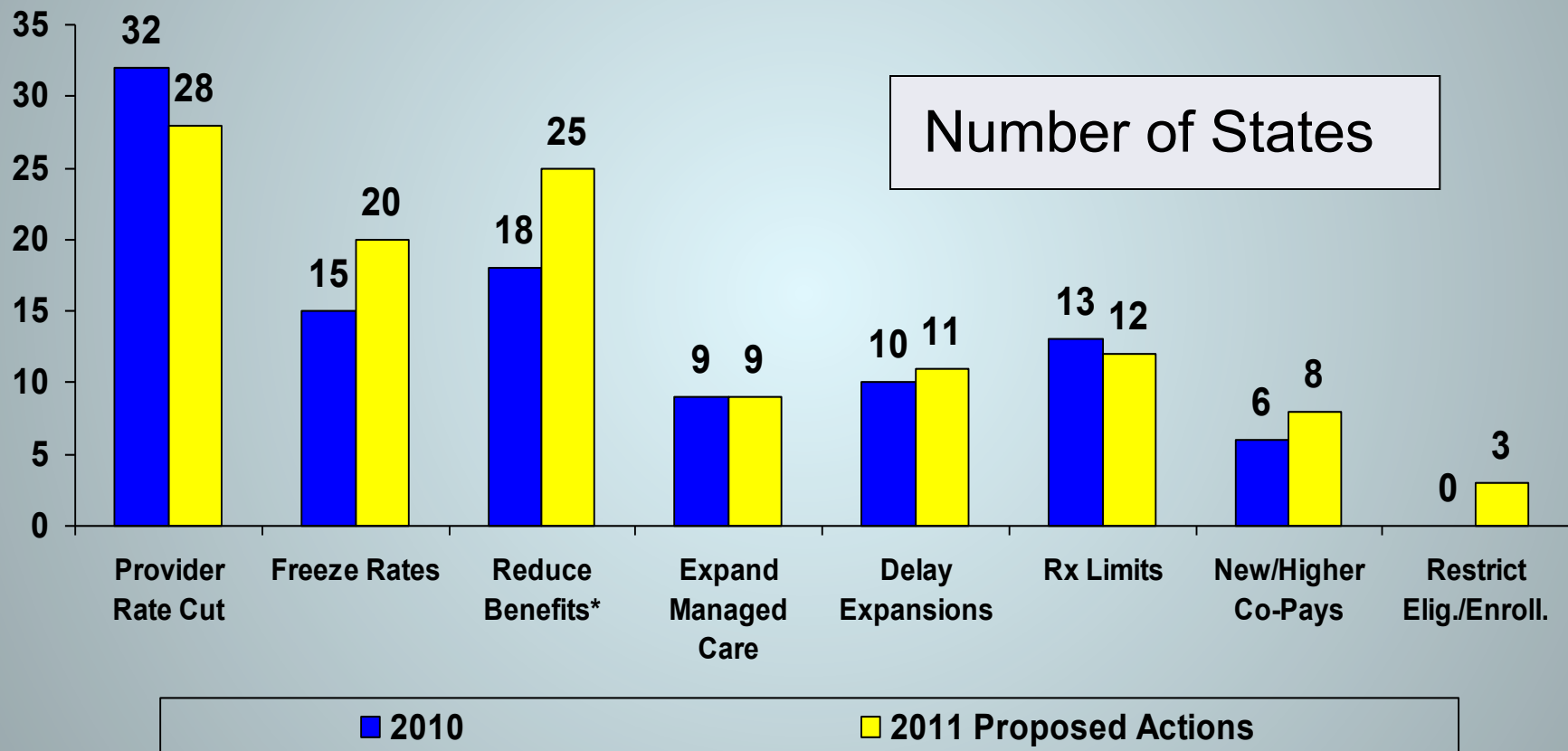
Source: Kaiser Commission on Medicaid and the Uninsured "Medicaid Spending Growth And The Great Recession, 2007-2009;" February, 2011



# Total Medicaid Spending and Enrollment Growth



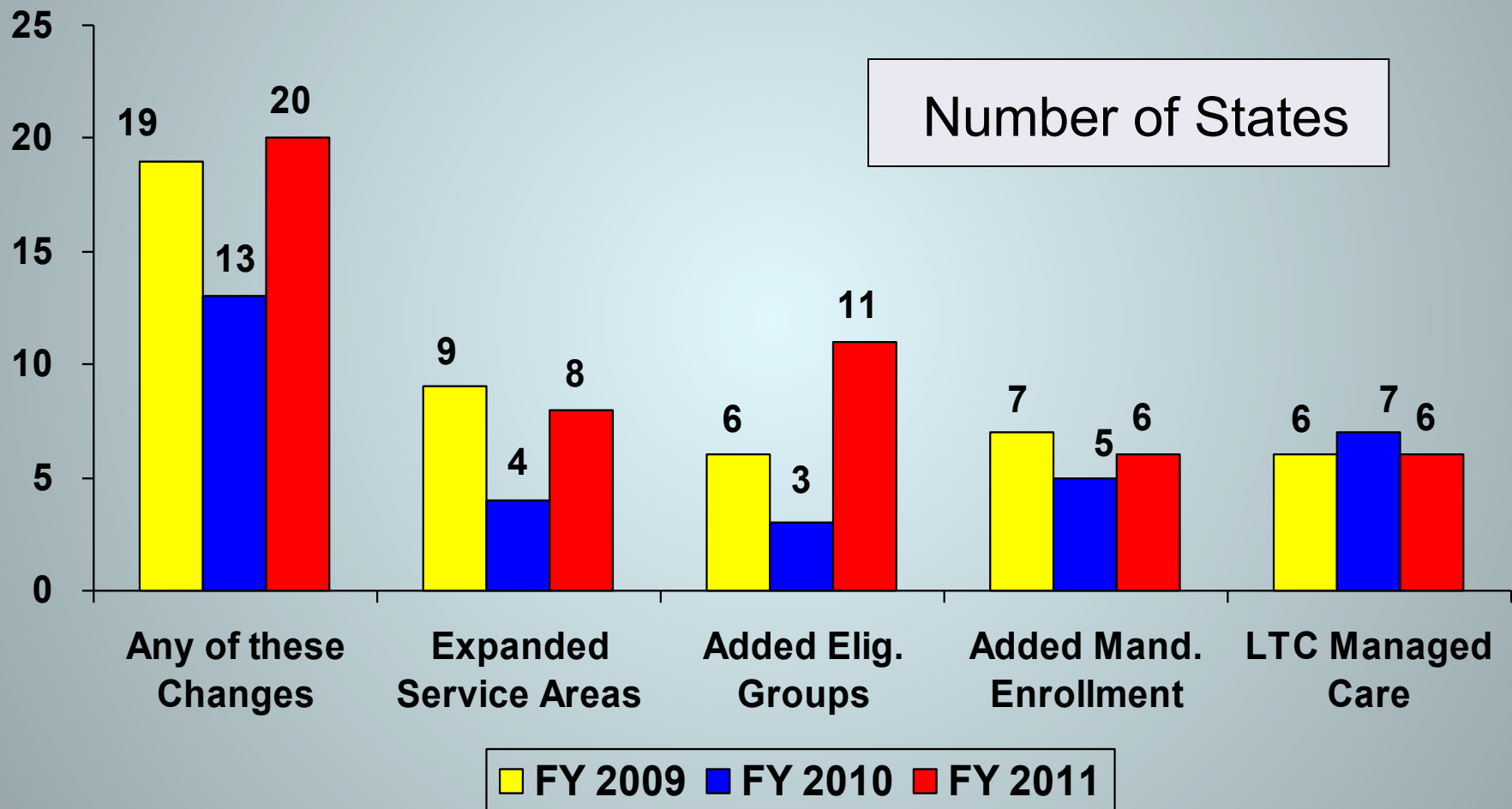
# Cost Containment Strategies Undertaken by States 2010-2011



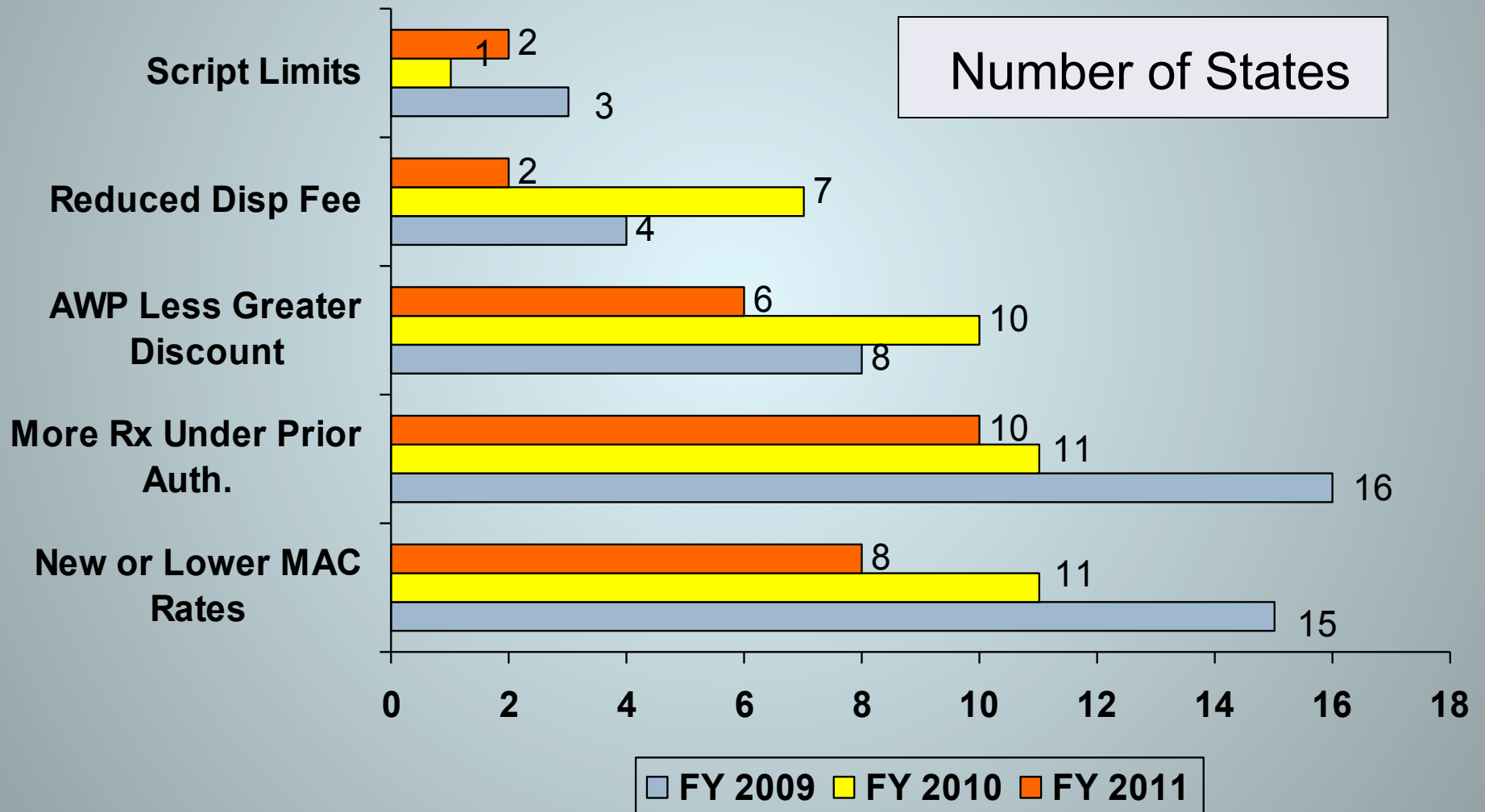
Notes: \* Includes new benefit limits and elimination of some benefits; some states reported both  
States also reported other various actions for both FY 2010 and FY 2011 not reported here

Source: National Association of State Budget Officers June, 2010

# Medicaid Managed Care Changes: FY 2009-2011

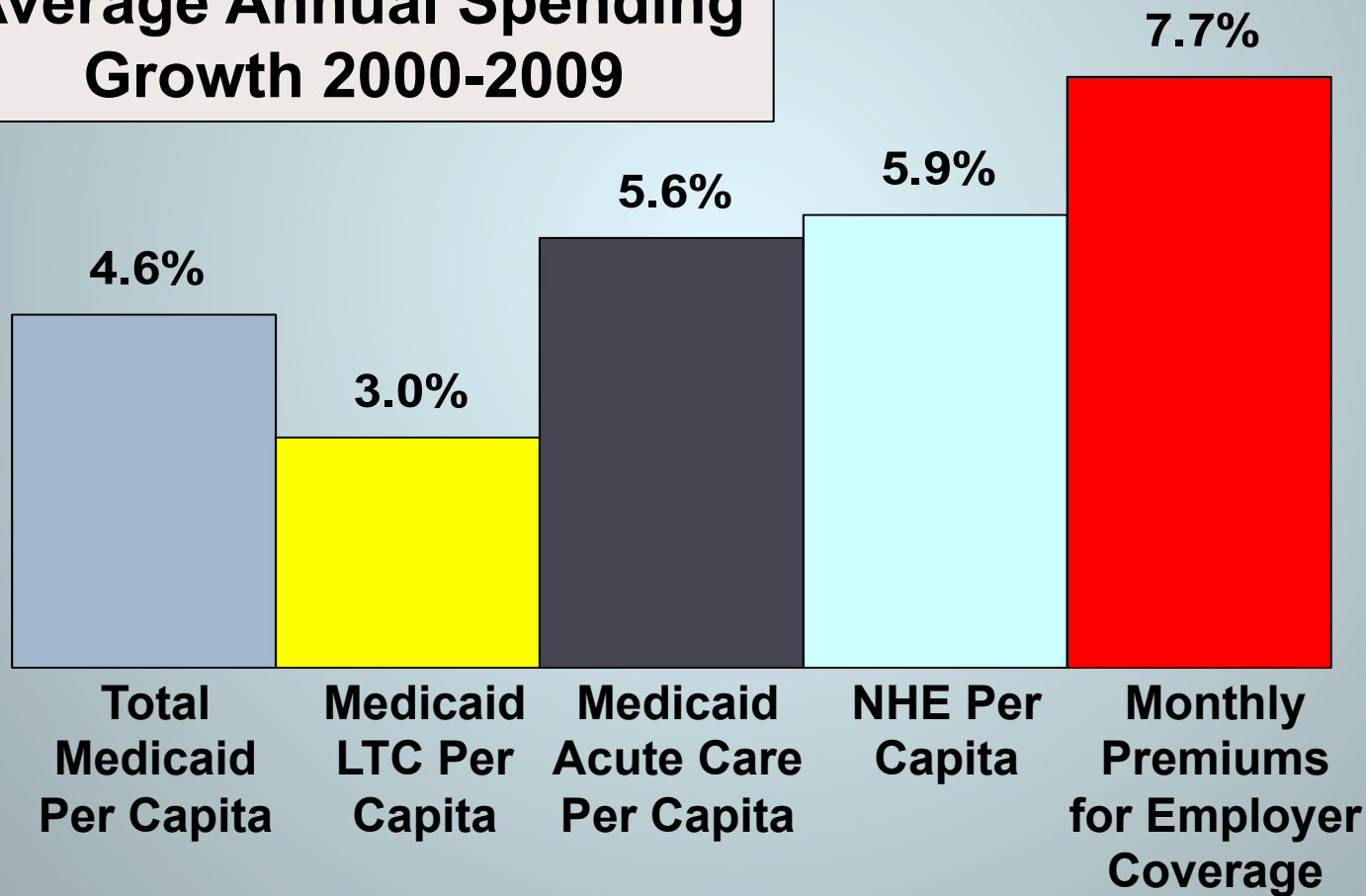


# Medicaid Rx Drug Policy Changes: FY 2009-FY 2011



# Annual Medicaid Spending Growth Compared to Other Benchmarks

**Average Annual Spending Growth 2000-2009**



# States Are Still Wrestling With Severe Budget Problems

- **Total state revenues declined 30.8% in 2009 compared to 2008. Revenues are still far below-pre-recession levels and growth remains weak in almost all states**
- **Medicaid enrollment growth has slowed somewhat, but still higher in 2011 than 2010, and remains above original estimates for 2011**
- **States had to close budget gaps of over \$430 billion in FYs 2009, 2010 and 2011.**
  - **For FY2011, 46 states reported budget gaps of \$130 billion (Dec 10)**

# The ARRA “Cliff” Contributes to States’ Budget Issues

- Original stimulus funding included 6.2% increase in FMAP, plus additional amount for high unemployment states
- “Phase Down” of base rate from 6.2% in effect on Dec, 2010 to 3.2% for Jan-Mar, 2011; and 1.2% for April-June, 2011.
- States must replace loss of enhanced federal funding

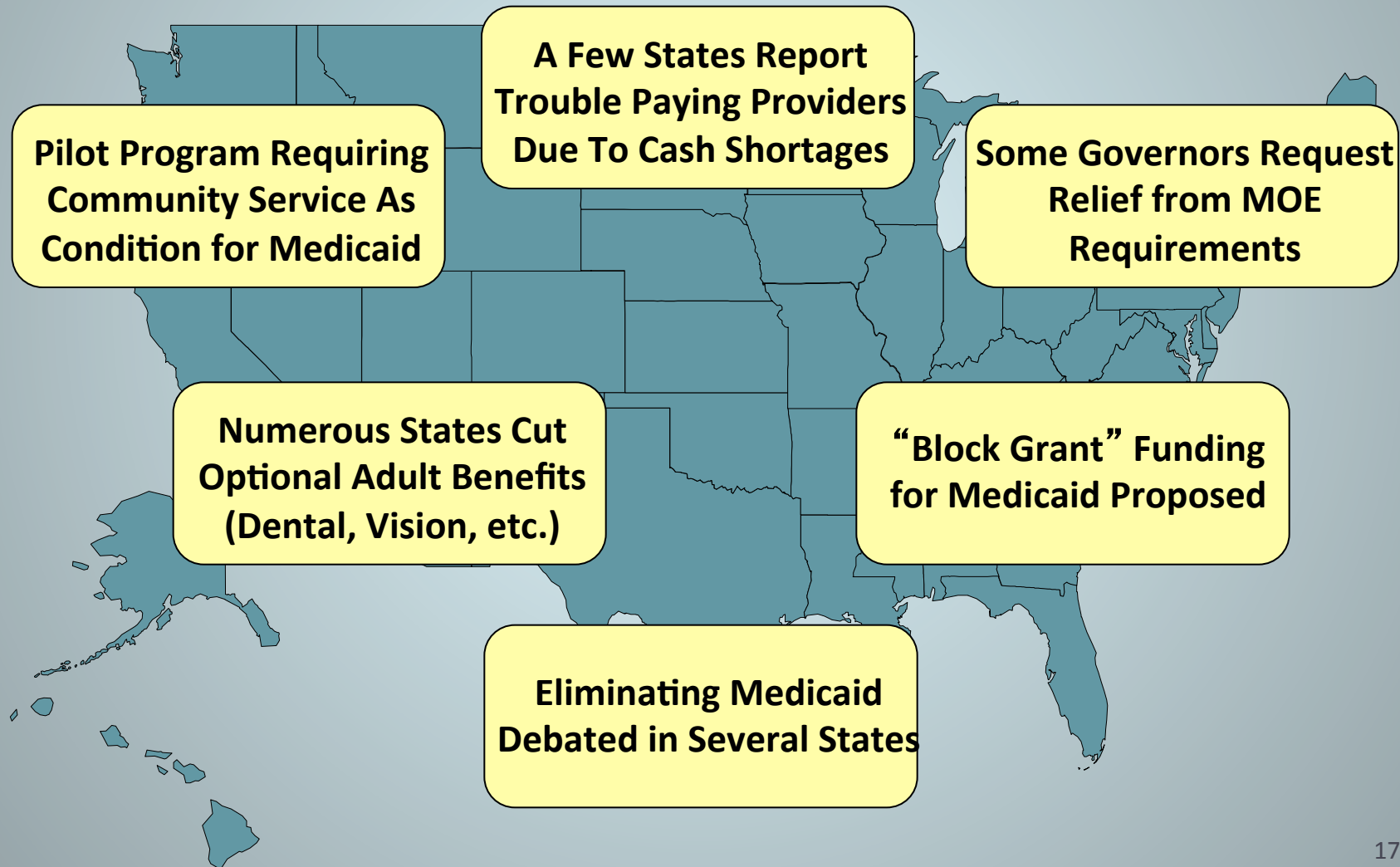


# **Few “Digestible” Choices Remain On The Cost-Cutting Menu**

- **States have focused on provider rates, provider taxes and assessments, tighter authorization requirements, utilization controls, managed care expansions, benefit restrictions, fraud/abuse strategies and numerous administrative cuts**
- **Maintenance of Effort (MOE) requirements in stimulus legislation and PPACA restrict states’ ability to tighten eligibility criteria**
- **Actions that received little attention in the past are now part of the national dialogue**

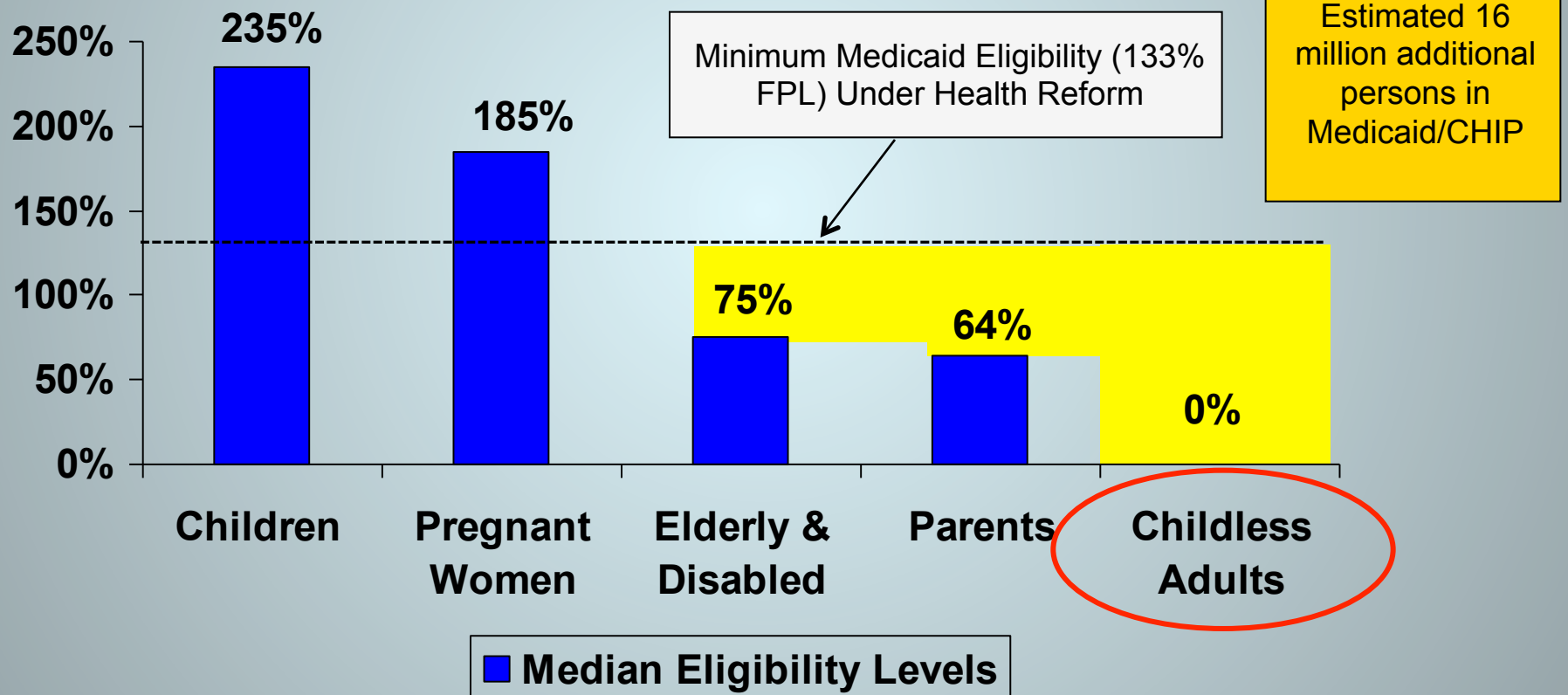


# Controlling Medicaid Spending: *The Dialogue has Changed....*



# Health Reform Includes Significant Medicaid Expansion

## Median Medicaid Eligibility Levels



# Key Issues Facing Medicaid Agencies In Health Reform

- **Significant new responsibilities with dwindling staff and fewer resources**
- **Cost of expansion once 100% FMAP ends; also, cost of currently eligible, but not enrolled**
- **Interfaces and integration with insurance “exchanges”**
- **Provider access issues**

# Despite Tough Economic Times, Oral Health Has Great Energy

- Continue emphasis on the importance of oral health as a critical component of overall health
- Push for improved access, care, funding and policy
- Capitalize on the momentum that oral health has received in recent years
  - Partnerships/collaborations between policymakers, payers, providers, philanthropy, advocates
- Whatever role you play.....*be a Champion*

***THANKS FOR WHAT YOU DO***

***....EACH AND EVERY DAY!!!***

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# Patrick W. Finnerty

Following a 32 year career in Virginia state government, Patrick Finnerty formed his own consulting firm, **PWF Consulting**, which provides consulting services to several health care organizations. He is a frequent speaker at national conferences and symposia regarding Medicaid and other health care topics. In addition to his consulting business, Patrick currently serves on several non-profit boards that promote access to care for uninsured and low-income persons. He also volunteers at Mission of Mercy (MOM) Projects which provide free dental care to those in underserved areas of Virginia. During his government career, Patrick was appointed by two Governors to serve as Virginia's Medicaid Director from 2002 to 2010. At the time of his retirement from state government, the Virginia Medicaid and CHIP programs served over 820,000 persons and had a total budget of \$6.7 billion. Improving access to oral health services for Medicaid/CHIP children was a hallmark of Patrick's tenure as Medicaid Director.

# Andrea Maresca

Andrea Maresca joined NAMD in May 2011, with over 7 years of Medicaid-focused policy experience. Most recently, Andrea has been Vice President for Medicaid Policy at the Association for Community Affiliated Plans, where she covered federal policy issues impacting non-profit Medicaid managed care organizations. Prior to joining ACAP, she spent several years at the National Governors Association and the National Association of State Medicaid Directors, NAMD's predecessor organization.

During her tenure as NGA's Legislative Director for Health Policy, Andrea helped guide the organization's federal policy initiatives on health care reform, Medicaid, the state Children's Health Insurance Program, and health information technology. While at NASMD, she worked with the states' Medicaid directors to develop and advance policy initiatives and oversaw several technical advisory groups. Andrea's other professional experience includes time with an association representing Medicaid providers and as staff to a member of Congress. She earned her MPH from the George Washington University and her BA from Villanova University.



# THANK YOU



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