2013 MSDA National Medicaid and CHIP Oral Health Symposium
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Session 3: Medicaid Financing:
Issues, Trends, and Priorities

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Session Objectives

• Present key issues, trends, and priorities in financing and budgeting for the Medicaid program.

• Provide a context of the overall Medicaid program within which dental/oral health services exist.
Medicaid “Quick Facts”

• Medicaid served approximately 70 million people in FY 2011
  – Medicaid covers one in five Americans
• Total Medicaid outlays in FY 2011 were $432 billion
• Medicaid:
  – Accounts for about one-sixth of all U.S. health care spending;
  – Pays for 41% of long-term care expenditures; and
  – Provides critical funding for a range of safety-net providers
• Medicaid costs are shared by federal and state governments
  – Federal matching funds range from 50% to 74% of total costs
  – States pay remaining costs
  – On average, the federal government pays 57% of total costs

Medicaid’s Role for Selected Populations

- Non-Elderly <100%FPL: 45%
- Non-Elderly 100-199% FPL: 27%
- All Children: 35%
- Children <100%FPL: 70%
- Parents <100%FPL: 40%
- Births/Preg Women: 41%
- Medicare Benef.: 20%
- Non-Elderly Adults w/ Funct. Limits: 15%
- Nursing Home Residents: 63%

Source: Kaiser Commission on Medicaid and the Uninsured; “Medicaid…A Primer,” March, 2013
Medicaid Enrollees and Expenditures

- **Children**: 49%
- **Adults**: 26%
- **Disabled**: 15%
- **Elderly**: 10%

**Enrollees FY2009 = 62.7 M**

- **Children**: 20%
- **Adults**: 14%
- **Disabled**: 43%
- **Elderly**: 23%

**Expenditures FY2009 = $346.5 B**

*Totals may not add due to rounding*

Source: Kaiser Commission on Medicaid and the Uninsured; “Medicaid at a Glance;” March, 2013
Highest Cost 5% of Enrollees Incur More Than Half of Medicaid Spending

- Top 5% of Spenders: 54%
- Bottom 95% of Spenders: 46%

FY2009 = $346.5 B
FY2009 = 62.7 M

SOURCE: Kaiser Commission on Medicaid & Uninsured, “Medicaid...A Primer;” March 2013
Enrollment Increases Present Difficult Cost Challenges

Enrollment Grew by nearly 8.8 M During Recession

Source: Kaiser Commission on Medicaid & the Uninsured, December, 2011
Percent Change in U.S. Medicaid Spending/Enrollment, FYs 2003-2013

Note: * Projected

Source: Kaiser Commission on Medicaid and the Uninsured; October, 2012
FY13 Enrollment and Spending Growth At or Below Projections in Most States

- Enrollment Growth: Mid-Year vs. Original Projection
  - About the Same: 9
  - Lower: 15
  - Higher: 25

- Spending Growth: Mid-Year vs. Original Projection
  - About the Same: 10
  - Lower: 15
  - Higher: 24

Note: Two states did not participate in survey
Medicaid Expenditures by Type of Service, FFY 2011

- Long-Term Care Services: 30.2%
- Managed Care & Health Plan Payments: 24.1%
- Inpatient Hospital: 14.6%
- Outpatient Services: 6.8%
- Prescription Drugs: 3.6%
- Physician/Lab/X-Ray: 3.6%
- DSH Payments: 4.2%
- Other Acute Services: 9.3%
- Medicare Payments: 3.6%

Total: $ 413.9 B

State General Fund Spending
FY 2012

- K-12 Education: 34.7%
- Medicaid: 19.6%
- Higher Education: 10%
- Transportation: 7%
- Corrections: 1.5%
- Public Assistance: 1.5%
- Other: 26.6%

Source: National Association of State Budget Officers, Fiscal Survey of States; Fall, 2012
Cost Containment Strategies Undertaken by States 2012-2013

Notes: * Includes new benefit limits and elimination of some benefits; some states reported both
States also reported other various actions for both FY 2012 and FY 2013 not reported here

Source: National Association of State Budget Officers; Spring, 2012
Care Integration for Dual Eligibles is Key Reform Priority

- CMS’ Medicare-Medicaid Coordination Office
  - Created by ACA
- Key functions/goals
  - Ensure full access to care
  - Improve coordination between federal and state governments
  - Develop innovative care coordination/integration models
  - Eliminate financial misalignment

2011: 9.2 Million Duals
26 States Integrating Care and Aligning Financing for Duals

- Capitated Model
- Managed FFS

Source: Kaiser Commission on Medicaid & the Uninsured, October, 2012
States Are Focusing on Delivery & Payment Reforms

Notes: * Dual Eligible Initiatives were not surveyed relative to Fiscal years. Some initiatives are counted in multiple areas.

Other Medicaid Reform Initiatives

• Accountable Care Organizations/Health Homes

• Transitioning LTC services from institutions to community care

• Behavioral Health Management

• Care Coordination/Management for High Cost FFS Enrollees

• MCO Quality Initiatives
  – Performance based capitation
  – Quality based incentives
  – ER diversion programs
State Medicaid Directors: Payment Reform Models

- Targeted Payment Adjustment Policies
- Managed Fee-For-Service
- Bundled Payments
- Managed Care Initiatives
- Health Homes

Source: National Association of Medicaid Directors, April 9, 2013
Affordable Care Act: Key Medicaid Provisions

• Expands Medicaid up to 133% FPL for all persons under age 65 in 2014
  – For newly eligible individuals, states will receive 100% FMAP 2014-2016; 95% in 2017; 94% in 2018; 93% in 2019; and 90% in 2020 and subsequent years
  – Regular federal match for persons currently eligible, but not enrolled

• CHIP: in 2015, states receive a 23% increase in CHIP match rate up to a cap of 100%

Source: Affordable Care Act
Estimated 16 million additional persons in Medicaid/CHIP

Source: Kaiser Commission on Medicaid and the Uninsured; Sept., 2010; October, 2012
Medicaid Expansion: Where States Stand
(as of May 9, 2013)

Source: America’s Health Insurance Plans
Note: KY shown as “Expanding” due to Gov. Beshear’s May 8, 2013 announcement. VA. shown as “Leaning No”
So What Does All of This Mean for Medicaid/CHIP Dental Services?

• Must constantly keep dental issues in front of policymakers

• Emphasize connection between “oral” health and “overall” health
  – oral health is an essential part of “care coordination”

• Oral health is not only a “children’s health” issue....adults and the elderly must also be part of the conversation

• Advocacy is a year-round sport!

• Celebrate current momentum in oral health....but keep the pressure on!!
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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, CHIP and other health care topics. During his government career, Patrick served as the Executive Director of a legislative health policy commission within the Virginia General Assembly, and 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. In addition to his current consulting business, Patrick serves on several non-profit boards that promote access to care for uninsured and low-income persons, including serving as the President of the Virginia Dental Association Foundation Board of Directors. He volunteers at Mission of Mercy (MOM) Projects which provide free dental care to those in underserved areas of Virginia. Patrick earned both a Bachelor of Science Degree in Psychology and a Master of Public Administration Degree from Virginia Commonwealth University.
THANK YOU