



COMMONWEALTH of VIRGINIA

Department of Medical Assistance Services


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MEMORANDUM

TO: The Honorable Jody Wagner
The Honorable Marilyn B. Tavenner

FROM: Patrick W. Finnerty 

SUBJECT: March 2008 Medicaid Expenditures

Medicaid Expenditures

Medicaid expenditures through March are currently 7.7 percent above expenditures through the same period last year. The 2007 Official Medicaid forecast and budget amendments included in Governor Kaine's Introduced Budget provide for 7.1 percent annual growth for FY 2008. At the fund level, Medicaid general fund expenditures through February are 8.4 percent above expenditures through the same period last year. The Governor's Introduced Budget funds 7.5 percent annual general fund growth for FY 2008.

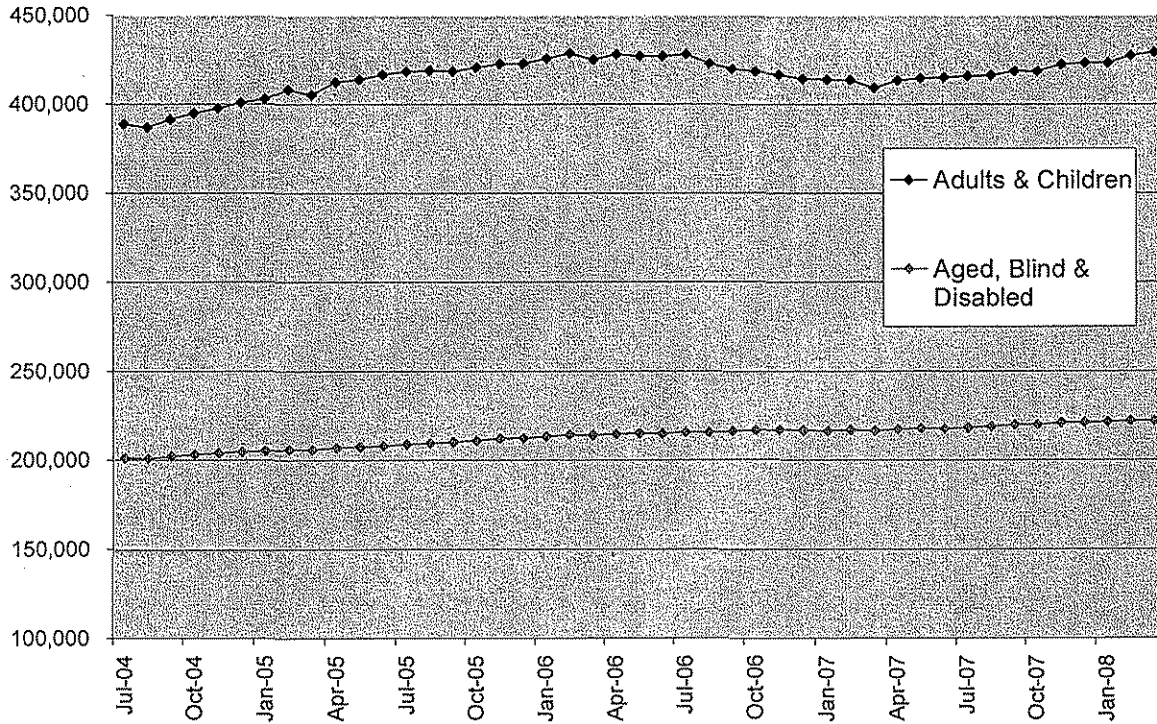
In the month-to-month comparison, expenditures for March 2008 appear high in part because the reclassification of pharmacy rebates occurred in March this year, whereas last year the transaction wasn't processed until April. This increase is offset somewhat by the fact that last March had five remittance cycles, whereas March 2008 contained only four.

Medicaid enrollment continues to increase after the decline observed last fiscal year. FY 2008 enrollment has averaged 0.3 percent growth each month for a 2.7 percent overall increase in population as of March. The chart on page two shows the monthly enrollment levels for the Adults & Children and Aged, Blind & Disabled populations.

Medicaid Recoveries

Normal prior-year recoveries are currently 29.4 percent higher than recoveries at this time last year. The funding in the Governor's Introduced Budget assumes an increase in overall recoveries of 23.4 percent. Again, it must be noted that the reclassification transaction for prior-year pharmacy rebates did not occur until April last year, so a year-over-year comparison is not as meaningful at this time.

Medicaid Enrollment
FY 2004 - FY 2008 (as of March 2008)



cc: Ric Brown, Department of Planning and Budget
Joe Flores, Senate Finance Committee
Susan Massart, House Appropriations Committee
Seta Vandegrift/file

**Department of Medical Assistance Services
Summary Report on Medicaid Expenditures / Recoveries
For State Fiscal Year 2008**

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	
	Official	Funding	Current	March 2008			Year-To-Date			Funded Growth	Funded Growth	
Expense	Forecast	Adjustments	Appropriation	FY 2008	FY 2007	% Change	FY 2008	FY 2007	% Change	Current	Gov Intro Budget	
										Appropriation	+/- Current FATS	
Managed Care	1,290,932,081	(120,232,314)	1,170,699,767	103,884,928	98,202,556	5.8%	911,329,318	892,061,438	2.2%	-1.7%	1,222,400,358	2.6%
Inpatient Hospital	821,515,075	4,449,868	825,964,943	117,247,261	88,841,792	32.0%	577,044,637	537,584,159	7.3%	12.2%	766,578,125	4.1%
Outpatient Hospital	113,483,813	0	113,483,813	9,107,676	11,036,711	-17.5%	81,259,721	77,825,795	4.4%	7.5%	108,365,212	2.7%
Physician Services	165,358,405	6,995,518	172,353,923	9,162,908	16,085,620	-43.0%	113,120,445	109,411,112	3.4%	20.3%	140,056,282	-2.3%
Pharmacy	196,075,628	103,591	196,179,219	36,253,534	11,334,901	219.8%	144,640,748	112,810,799	28.2%	11.6%	168,212,852	-4.4%
Medicare Premiums Part A & B	225,392,978	0	225,392,978	17,789,409	17,191,866	3.5%	151,781,921	144,256,965	5.2%	16.0%	208,458,343	7.3%
Medicare Premiums Part D	172,366,727	0	172,366,727	13,097,469	12,976,223	0.9%	117,496,228	112,543,472	4.4%	13.7%	156,938,340	3.5%
Dental Services	82,740,543	0	82,740,543	7,083,233	7,583,480	-6.6%	67,704,515	58,943,425	14.9%	2.5%	89,416,885	10.8%
Transportation Services	70,831,084	0	70,831,084	5,959,311	5,654,378	5.4%	53,739,790	48,094,926	11.7%	5.6%	73,220,215	9.2%
All Other Services	207,309,741	(2,372,702)	204,937,039	15,676,431	19,760,526	-20.7%	142,613,170	134,568,658	6.0%	14.5%	211,979,920	18.4%
Total General Medicaid (45609)	\$3,346,006,074	(\$111,056,039)	\$3,234,950,035	\$335,262,163	\$288,668,054	16.1%	\$2,360,730,491	\$2,228,100,746	6.0%	7.0%	\$3,145,626,531	4.0%
Nursing Facility	798,756,485	1,850,470	800,606,955	54,653,049	56,818,661	-3.8%	544,435,493	549,723,060	-1.0%	11.4%	738,753,258	2.8%
Home/Commtty Waiver Services	669,673,317	20,061,166	689,734,483	57,921,275	58,707,048	-1.3%	534,702,261	446,515,531	19.7%	14.9%	708,729,341	18.1%
Other Long-Term Care	57,860,898	250,000	58,110,898	4,145,087	4,332,036	-4.3%	39,955,939	40,193,316	-0.6%	8.7%	56,864,077	6.4%
Total Long-Term Care (45610)	\$1,526,290,700	\$22,161,636	\$1,548,452,336	\$116,719,412	\$119,857,745	-2.6%	\$1,119,093,693	\$1,036,431,907	8.0%	12.9%	\$1,504,346,677	9.6%
State Plan Option Services				22,528,287	16,806,837	34.0%	176,627,026	121,998,111	44.8%			0
Mental Illness Services				1,275,056	2,474,247	-48.5%	13,881,987	21,145,701	-34.4%			0
MH/MR Case Management				9,068,934	8,838,170	2.6%	81,110,810	74,119,771	9.4%			0
Total Mental Health (45608) (12)	\$332,884,377	\$11,267,611	\$344,151,988	\$32,872,276	\$28,119,254	16.9%	\$271,619,824	\$217,263,582	25.0%	14.0%	\$380,823,527	26.1%
Total Medicaid Expenditures	\$5,205,181,150	(\$77,626,792)	\$5,127,554,358	\$484,853,851	\$436,645,054	11.0%	\$3,751,444,008	\$3,481,796,236	7.7%	9.1%	\$5,030,796,735	7.1%
Federal Funding	\$2,517,613,343	(39,853,940)	\$2,477,759,403	238,217,802	211,711,020	12.5%	1,805,497,762	1,687,333,746	7.0%	8.7%	2,431,422,236	6.7%
State Appropriation (13)	\$2,687,567,806	(37,772,853)	\$2,649,794,954	246,636,049	224,934,033	9.6%	1,945,946,246	1,794,462,490	8.4%	9.5%	2,600,080,587	7.5%
Prior Year Recoveries/Rev Max	(34,270,015)	(1,125,000)	(35,395,015)	(1,520,294)	(2,185,673)	-30.4%	(22,263,008)	(26,392,122)	-15.6%	-11.1%	(54,004,083)	35.7%
Prior Year Pharmacy Rebates	(17,911,314)	0	(17,911,314)	(11,900,000)	0		(11,900,000)	0		19.5%	(13,607,880)	-9.2%
Total Medicaid Recoveries	(\$52,181,329)	(\$1,125,000)	(\$53,306,329)	(\$13,420,294)	(\$2,185,673)	514.0%	(\$34,163,008)	(\$26,392,122)	29.4%	-2.7%	(\$67,611,963)	23.4%
FAMIS Expenditures (44602)	\$95,462,765	\$4,408,672	\$99,871,437	\$8,774,047	\$8,127,007	8.0%	\$74,012,431	\$61,115,423	21.1%	18.8%	\$103,796,280	23.5%
Federal Funding	\$62,050,797	2,892,991	\$64,943,788	\$5,713,561	\$5,293,765	7.9%	48,167,115	39,813,184	21.0%	18.6%	67,441,292	23.2%
State Appropriation (14)	\$33,411,968	1,515,681	\$34,927,649	\$3,060,486	\$2,833,243	8.0%	25,845,316	21,302,238	21.3%	19.3%	36,354,988	24.2%
M-SCHIP Expenditures (46601)	\$73,959,989	\$186,216	\$74,146,205	\$6,374,303	\$6,214,528	2.6%	\$55,327,843	\$49,861,233	11.0%	9.3%	\$76,599,103	12.9%
Federal Funding	\$48,073,993	124,142	\$48,198,135	\$4,143,613	\$4,039,741	2.6%	35,965,782	32,412,972	11.0%	9.3%	49,789,417	12.9%
State Appropriation	\$25,885,996	62,074	\$25,948,070	\$2,230,690	\$2,174,787	2.6%	19,362,061	17,448,260	11.0%	9.3%	26,809,686	13.0%
TDO Expenditures (32107)	\$9,910,055	\$1,722,948	\$11,633,003	\$1,092,933	\$707,168	54.6%	\$6,879,888	\$6,419,879	7.2%	20.5%	\$10,200,698	5.6%
State Appropriation	\$9,910,055	1,722,948	\$11,633,003	\$1,092,933	\$707,168	54.6%	6,879,888	6,419,879	7.2%	20.5%	10,200,698	5.6%

(1) Official Medicaid Consensus Forecast, November 15, 2006.

(2) Include actions taken during the General Assembly session and administrative FATS transfers. See Appendix A for details.

(3) Equals Official Forecast (1), plus/minus Funding Adjustments (2). The current appropriation reconciles to Chapter 847 plus/minus all FATS transactions, excluding CSA transfers. The current appropriation also reflects an administrative adjustment for the shift between mental illness services, long-term care services, and general Medicaid. The official appropriation will be adjusted through the 2008 budget amendment process.

(4) Expenditures for SFY2008 March 2008, per CARS database.

(5) Expenditures for SFY2007 March 2007, per CARS database.

(6) Percent increase/(decrease) in monthly expenditures from fiscal year 2007 (5) to fiscal year 2008 (4).

(7) Expenditures through SFY2008 March 2008, per CARS database.

(8) Expenditures through SFY2007 March 2007, per CARS database.

(9) Percent increase/(decrease) in year-to-date expenditures from fiscal year 2007 (8) to fiscal year 2008 (7).

(10) Percent increase/(decrease) in current funding (3) over total FY 2007 expenditures.

(11) Percent increase/(decrease) in funding in the Governor's Introduced Budget over total FY 2007 expenditures.

(12) The November 2006 consensus forecast was done at the aggregate level this year for the Mental Health category.

(13) Includes appropriation and expenditures from the Virginia Health Care Fund.

(14) Includes appropriation and expenditures from the FAMIS Trust Fund. December expenditures for FAMIS have been restated to include the FAMIS Trust Fund.

Department of Medical Assistance Services
Appendix A
Summary of FY 2008 Funding Adjustments to November 2006 Consensus Medicaid Forecast

Report Expense Categories	Source of Action	Reason for Action	Total
Managed Care	Governor's 2008 base budget reduction strategies	Actual medicaid managed care organization rates below projections	(\$120,232,314)
Inpatient Hospital Services	Chapter 847 Appropriation Act: 302-RRR Page 345 Chapter 847 Appropriation Act: 302.JJJ	Medicaid Rate Increase for Rural Hospitals Maintain inpatient hospital psychiatric services	\$1,168,284 \$3,281,584 <u>\$4,449,868</u>
Outpatient Hospital Services			\$0
Physician Services	Chapter 847 Appropriation Act: 302.KK Chapter 847 Appropriation Act: 302-KK Page 337	Pediatric services rate increase (15 instead of 8 percent) 2% Medicaid physician rate increase	\$9,353,076 <u>(\$2,357,558)</u> \$6,995,518
Pharmacy Services	Chapter 847 Appropriation Act: 302.JJ.1 Governor's 2008 base budget reduction strategies	Modify specialty drug program Implement pharmacy savings initiatives	\$1,159,422 <u>(\$1,055,831)</u> \$103,591
Medicare Premiums Part A & B			\$0
Medicare Premiums Part D			\$0
Dental Services			\$0
Transportation Services			\$0
All Other Services	Chapter 847 Appropriation Act: 302.FFF Chapter 847 Appropriation Act: 302.DDD Chapter 847 Appropriation Act Chapter 847 Appropriation Act: 302.CCC2	include Chronic Obstructive Pulmonary Disease in disease management Improve participation in the high-risk maternity program Fund outsource compliance audits Align funding to properly account for the family planning waiver	\$114,500 \$987,798 <u>(\$3,375,000)</u> <u>(\$100,000)</u> (\$2,372,702)
Nursing Facility Services	Chapter 847 Appropriation Act: 302.NNN	Increase the personal needs allowance for nursing home residents	\$1,860,470
Home/Community Waiver Services	Chapter 847 Appropriation Act: 302-10c Chapter 847 Appropriation Act: 302-11c Chapter 847 Appropriation Act: 302-8c Chapter 847 Appropriation Act: 302-4c Chapter 847 Appropriation Act: 302.LLL Chapter 847 Appropriation Act: 302.LLL	Phase in 100 additional DD Waivers Add 160 MR Waiver Slots 15% MR Waiver Rate Differential for Northern Virginia Align funding for Alzheimer Waiver Adjust funding for the MR waiver Increase community mental retardation waiver slots	\$2,624,726 \$4,557,968 \$10,594,276 <u>(\$2,895,500)</u> <u>(\$5,408,884)</u> <u>\$10,588,580</u> \$20,061,166
Other Long-Term Care Services	Chapter 847 Appropriation Act: 302.AAA	Establish a PACE site in Northern Virginia	\$250,000
Mental Health Services	Chapter 847 Appropriation Act: 302-6c Governor's 2008 base budget reduction strategies	Add coverage of substance abuse services Improve management of mental health rehabilitation services and implement the MFP and PRTF demonstration grant	\$10,494,916 <u>\$772,695</u> \$11,267,611
Total Medicaid Expenditure Adjustments			(\$77,626,792)
Prior Year Recoveries / Revenue Maximization	Chapter 847 Appropriation Act	Fund outsource compliance audits	\$1,125,000
Prior Year Pharmacy Rebates			\$0
Total Medicaid Recoveries Adjustments			\$1,125,000
FAMIS Expenditures	Chapter 847 Appropriation Act: 301 Gov Intro Budget	Expand FAMIS prenatal coverage to 200 percent of poverty	\$7,207,368
FAMIS Expenditures	Chapter 847 Appropriation Act: 301-1c	Reduce FAMIS MOMS Eligibility expansion from 200% to 185% of FPL	<u>(\$3,274,664)</u>
FAMIS Expenditures	Chapter 847 Appropriation Act: 301	FAMIS MOMS Eligibility from 166% to 185% of FPL	\$3,932,704
FAMIS Expenditures	Chapter 847 Appropriation Act: 302.KK	Pediatric services rate increase (15 instead of 8 percent)	\$1,261,232
FAMIS Expenditures	Chapter 847 Appropriation Act: 302-7c	2% Medicaid physician rate increase	<u>(\$785,324)</u>
Total FAMIS Expenditure Adjustments			\$4,408,572
M-SCHIP Expenditures	Chapter 847 Appropriation Act: 302-KK	Pediatric services rate increase (15 instead of 8 percent)	\$361,433
M-SCHIP Expenditures	Chapter 847 Appropriation Act: 302-7c	2% Medicaid physician rate increase	<u>(\$175,217)</u>
Total M-SCHIP Expenditure Adjustments			\$186,216
TDO Expenditures	Chapter 847 Appropriation Act: 302.JJJ	Maintain inpatient hospital psychiatric services	\$1,639,635
TDO Expenditures	FATS Budget Adjustment	FY2007 TDO carryforward balance	\$83,313
Total TDO Expenditure Adjustments			\$1,722,948