

COMMONWEALTH of VIRGINIA

Department of Planning and Budget

DANIEL S. TIMBERLAKE
Director

1111 E. Broad Street
Room 5040
Richmond, VA 23219-1922

November 16, 2008

The Honorable Charles J. Colgan
Chairman, Senate Finance Committee
10677 Aviation Lane
Manassas, Virginia 20110-2701

Dear Mr. Chairman:

Please find attached the official consensus forecast of Virginia General Medicaid, Long-Term Care, and Mental Health Services expenditures through fiscal year 2011 (See Table I). While these estimates are based upon the best information available to date, please note that they are subject to change if additional information becomes available.

I would like to point out that this forecast of expenditures primarily reflects increases in costs due to increases in utilization of services. Projected increases in expenditures due to rate increases driven by future inflation for hospitals, nursing facilities, residential psychiatric facilities and managed care organizations are segregated from the official forecast and shown as separate items on Table II. These items, because they are not included in the official forecast are being considered as separate budget decisions. This is a departure from past practice which combined utilization increases and future inflationary increases within one official forecast.

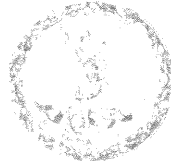
Please do not hesitate to contact me if you have any questions.

Sincerely,

Daniel S. Timberlake

Attachments

cc: The Honorable Richard D. Brown
The Honorable Marilyn B. Tavenner
Betsey Daley, Staff Director, Senate Finance Committee



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The Honorable R. Edward Houck
Chairman, Senate Education and Health Committee
P.O. Box 7
Spotsylvania, Virginia 22553-0007

Dear Mr. Chairman:

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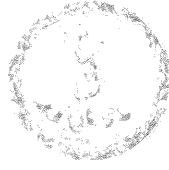
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Richmond, VA 23219-1922

November 16, 2008

The Honorable Lacey E. Putney
Chairman, House Appropriations Committee
P.O. Box 127
Bedford, Virginia 24523

Dear Mr. Chairman:

Please find attached the official consensus forecast of Virginia General Medicaid, Long-Term Care, and Mental Health Services expenditures through fiscal year 2011 (See Table I). While these estimates are based upon the best information available to date, please note that they are subject to change if additional information becomes available.

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The Honorable Marilyn B. Tavenner
Robert Vaughn, Staff Director, House Appropriations Committee



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Richmond, VA 23219-1922

November 16, 2008

The Honorable Phillip A. Hamilton
Chairman, House Health, Welfare and Institutions Committee
P.O. Box 1585
Newport News, Virginia 23601

Dear Mr. Chairman:

Please find attached the official consensus forecast of Virginia General Medicaid, Long-Term Care, and Mental Health Services expenditures through fiscal year 2011 (See Table I). While these estimates are based upon the best information available to date, please note that they are subject to change if additional information becomes available.

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Room 5040
Richmond, VA 23219-1922

November 16, 2008

Mr. Philip A. Leone, Director
Joint Legislative Audit and Review Commission
General Assembly Building, Suite 1100
Richmond, Virginia 23219

Dear Mr. Leone:

Please find attached the official consensus forecast of Virginia General Medicaid, Long-Term Care, and Mental Health Services expenditures through fiscal year 2011 (See Table I). While these estimates are based upon the best information available to date, please note that they are subject to change if additional information becomes available.

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cc: The Honorable Richard D. Brown
The Honorable Marilyn B. Tavenner

Table I
Official Consensus Medicaid Forecast
November 16, 2008

Expense Category	Fiscal Year 2009	Fiscal Year 2010	Fiscal Year 2011
	Consensus Forecast	Consensus Forecast	Consensus Forecast
Managed Care	\$1,374,112,864	\$1,515,669,327	\$1,737,445,270
Inpatient Hospital	\$840,185,975	\$822,344,135	\$946,218,712
Outpatient Hospital	\$110,666,113	\$113,453,062	\$118,578,107
Physician Services	\$162,720,210	\$168,019,189	\$174,473,760
Pharmacy	\$175,773,047	\$182,713,563	\$188,460,511
Medicare Premiums Part A&B	\$213,431,552	\$225,073,065	\$240,826,210
Medicare Premiums Part D	\$165,524,129	\$174,879,139	\$177,233,192
Dental	\$97,703,787	\$101,902,812	\$106,438,277
Transportation	\$70,449,741	\$72,905,896	\$74,971,139
All Other	\$230,964,174	\$241,832,861	\$257,873,648
Total General Medicaid (45609)	\$3,441,531,592	\$3,618,793,047	\$4,022,518,826
<i>State Funds</i>	<i>\$1,803,652,117</i>	<i>\$1,897,947,244</i>	<i>\$2,101,928,179</i>
<i>Federal Funds</i>	<i>\$1,637,879,474</i>	<i>\$1,720,845,803</i>	<i>\$1,920,590,646</i>
Nursing Facility	\$771,970,315	\$775,508,249	\$850,417,442
Home/Cmmty Waiver Srvcs	\$839,555,393	\$894,841,320	\$947,666,482
MR Case Management	\$28,152,997	\$29,567,476	\$31,007,324
Other Long-Term Care	\$62,114,916	\$64,527,087	\$67,574,727
Total Long-Term Care (45610)	\$1,701,793,621	\$1,764,444,132	\$1,896,665,975
<i>State Funds</i>	<i>\$850,896,810</i>	<i>\$882,222,066</i>	<i>\$948,332,987</i>
<i>Federal Funds</i>	<i>\$850,896,810</i>	<i>\$882,222,066</i>	<i>\$948,332,987</i>
MH Community Services	\$299,585,115	\$344,428,741	\$396,269,083
MH Inpatient Services	\$16,439,399	\$18,556,740	\$21,643,949
MH Case Management	\$86,808,041	\$93,653,109	\$100,480,676
Total Mental Health (45608)	\$402,832,555	\$456,638,590	\$518,393,708
<i>State Funds</i>	<i>\$201,416,278</i>	<i>\$228,319,295</i>	<i>\$259,196,854</i>
<i>Federal Funds</i>	<i>\$201,416,278</i>	<i>\$228,319,295</i>	<i>\$259,196,854</i>
Total Medicaid - DMAS	\$5,546,157,768	\$5,839,875,769	\$6,437,578,509
<i>State Funds</i>	<i>\$2,855,965,204</i>	<i>\$3,008,488,605</i>	<i>\$3,309,458,020</i>
<i>Federal Funds</i>	<i>\$2,690,192,562</i>	<i>\$2,831,387,164</i>	<i>\$3,128,120,487</i>

Table II

**Medicaid Inflation and Rate Increases
Not Included in the Consensus Forecast**

<u>Provider Group</u>	<u>General Fund Value in FY 2010 of Rate Increase</u>
Inpatient Hospital	\$22,141,076
Nursing Home	\$14,200,000
Residential Psychaitric Facilites	\$289,913
Managed Care Organizations*	<u>\$21,023,457</u>
TOTAL	\$57,654,446

* The amount reflects the difference from base rate increase of seven percent that is currently in the Appropriation Act compared to the 10 percent the actuary estimated.