

December 2022 Medicaid Forecast update

State of Indiana
Family and Social Services Administration

Projections through SFY 2025

Updated data through August 2022

JANUARY 18, 2023



December 2022 Medicaid Assistance Forecast Update

SFY 2021 through SFY 2025 – PHE ending April 2023

EXPENDITURES	FY 2021	Growth	FY 2022	Growth	FY 2023	Growth	FY 2024	Growth	FY 2025
Healthy Indiana Plan	\$6,048.7	(0.1%)	\$6,041.0	6.8%	\$6,449.5	2.8%	\$6,628.8	(7.9%)	\$6,105.0
Hoosier Care Connect	1,613.0	(2.1%)	1,579.6	(0.7%)	1,568.9	4.6%	1,640.3	(28.6%)	1,172.0
Hoosier Healthwise	1,831.9	16.7%	2,138.4	5.7%	2,260.8	20.3%	2,720.8	(1.4%)	2,683.5
MLTSS							1,295.8	213.5%	4,062.6
Fee for Service	1,964.2	1.3%	1,990.5	7.2%	2,133.6	0.3%	2,139.8	(6.8%)	1,994.5
Long Term Care Institutional Care	1,846.8	11.9%	2,066.9	11.2%	2,299.2	(18.3%)	1,879.2	(61.9%)	715.6
Long Term Care Community Care	1,506.2	15.9%	1,746.1	16.3%	2,031.1	(5.2%)	1,925.4	(21.6%)	1,510.5
Medicare Buy-In, Clawback	567.3	13.7%	645.1	10.3%	711.3	9.0%	775.4	7.4%	832.8
Rebates and Collections	(1,242.4)	10.3%	(1,369.8)	1.8%	(1,394.9)	12.0%	(1,561.6)	(7.2%)	(1,448.7)
Remove CHIP and MFP	(248.4)	(0.2%)	(248.0)	(2.9%)	(240.9)	33.0%	(320.2)	(5.0%)	(304.2)
Other Expenditures (DSH, UPL, etc.)	1,518.8	15.6%	1,756.2	(2.7%)	1,708.4	2.0%	1,742.1	1.2%	1,763.7
Medicaid Expenditures (State and Federal)	\$15,406.1	6.1%	\$16,345.9	7.2%	\$17,526.9	7.6%	\$18,865.7	1.2%	\$19,087.2
FUNDING	FY 2021	Growth	FY 2022	Growth	FY 2023	Growth	FY 2024	Growth	FY 2025
Federal Funds	\$11,644.8	7.9%	\$12,561.2	4.9%	\$13,176.9	0.4%	\$13,229.1	0.1%	\$13,236.8
IGTs	453.3	(11.4%)	401.5	(1.9%)	394.0	20.9%	476.1	(0.0%)	476.1
Provider Tax Receipts	191.2	6.9%	204.5	(1.0%)	202.5	5.1%	212.9	5.2%	224.0
HAF Funding	479.2	3.9%	497.8	54.2%	767.9	15.2%	884.4	4.2%	921.5
HIP 2.0 Funding	522.5	0.4%	524.7	24.6%	653.6	(9.9%)	588.9	(6.8%)	549.1
QAF Transfer to SBA	(49.2)	(4.9%)	(46.7)	(7.6%)	(43.2)	3.1%	(44.5)	2.3%	(45.5)
Non-Medicaid Assistance Funds	\$13,241.9	6.8%	\$14,143.0	7.1%	\$15,151.7	1.3%	\$15,346.9	0.1%	\$15,361.8
Forecasted Medicaid GF Assistance Need	\$2,164.2	1.8%	\$2,203.0	7.8%	\$2,375.2	48.1%	\$3,518.8	5.9%	\$3,725.4
General Fund Medicaid Assistance Appropriation	\$2,618.6	(1.3%)	\$2,584.6	13.4%	\$2,931.9				
Dedicated funding/ Carry forward	\$15.0								
Sub-total (Shortfall)/Surplus	\$469.4		\$381.6		\$556.7				

Available ARPA HCBS funding

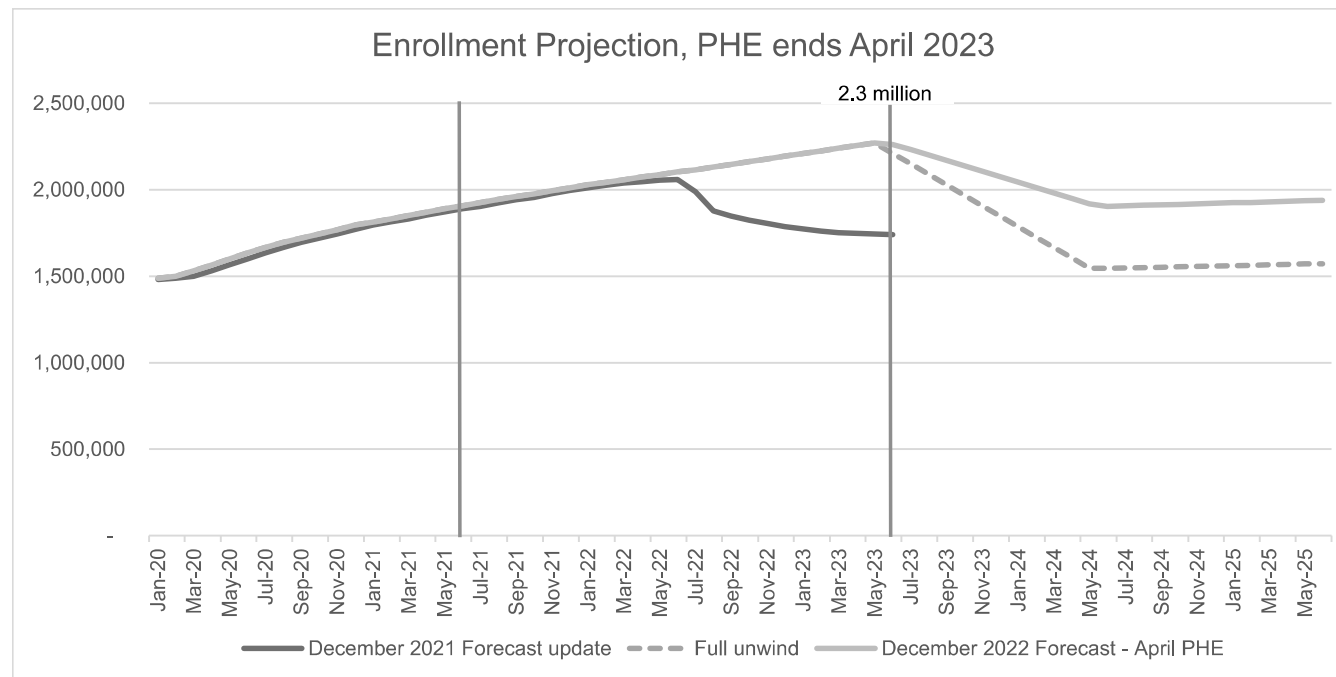
\$193.3

\$167.8

\$152.9

Enrollment projection

Compared to the December 2021 forecast update



“Full unwind” is illustrated for reference only.

Dec 2022 projection notes

- The PHE is assumed to end in April 2023
- The wind-down is projected to occur over 12 months – from mid-June 2023 to mid-June 2024
- Growth: Over 780,000 from 1.49 million in January 2020 to 2.27 million in May 2023
- Over 375,000 members projected to lose eligibility
- 100,000+ additional aid group shifts

PHE Impact on Enrollment by Population – Medicaid/CHIP

Population	Jan 2020 Pre-PHE	<i>Growth</i>	May 2023 Peak	<i>Growth</i>	Jun 2024 After unwind	Net Growth 2020 - 2024
HIP						
Non-Pregnant	390,611	370,487	761,098	(168,605)	592,493	201,882
Pregnant Women	17,387	53,474	70,861	(34,057)	36,803	19,416
HCC	90,438	13,916	104,354	(4,069)	100,285	9,847
HHW						
Children/CHIP	598,251	286,551	884,802	(153,594)	731,207	132,956
Pregnant Women	3,529	20,532	24,061	(16,193)	7,867	4,338
LTSS	90,794	14,108	104,902	7,305	112,207	21,413
Other FFS	296,607	25,233	321,840	(5,894)	315,946	19,339
Total	1,487,617	784,300	2,271,917	(375,108)	1,896,809	409,192

December 2022 Medicaid Assistance Forecast

Average monthly enrollment projections – managed care – PHE ending April 2023

Average Monthly Enrollment	FY 2021	<u>Growth</u>	FY 2022	<u>Growth</u>	FY 2023	<u>Growth</u>	FY 2024	<u>Growth</u>	FY 2025
<i>Healthy Indiana Plan</i>									
HIP State Plan Benefits Package	124,849	16.5%	145,422	18.8%	172,828	(11.1%)	153,665	(12.7%)	134,105
HIP Expansion	279,058	8.5%	302,801	3.9%	314,538	(3.1%)	304,770	(4.4%)	291,399
HIP Medically Frail	148,232	33.9%	198,442	20.7%	239,585	(16.2%)	200,842	(18.8%)	163,000
HIP Pregnant Females	38,363	56.0%	59,841	10.5%	66,128	(22.7%)	51,112	(28.2%)	36,703
HIP Bridge					395	1923.1%	8,000	0.0%	8,000
HIP Hospital Presumptive Eligibility	5,329	(41.3%)	3,130	(20.7%)	2,483	62.3%	4,030	38.8%	5,592
Total Healthy Indiana Plan	595,830	19.1%	709,636	12.2%	795,956	(9.2%)	722,418	(11.6%)	638,800
<i>Hoosier Care Connect</i>									
Adult	61,001	2%	62,433	1.5%	63,347	(10.8%)	56,531	(22.0%)	44,119
Child	22,506	6%	23,925	1.6%	24,318	(3.2%)	23,545	(2.3%)	23,012
Foster	12,890	15%	14,882	6.3%	15,815	2.2%	16,156	2.0%	16,480
Total Hoosier Care Connect	96,396	5%	101,241	2.2%	103,480	(7.0%)	96,232	(13.1%)	83,610
<i>Hoosier Healthwise</i>									
Adults	46	420.7%	239	134.7%	561	(32.9%)	377	(48.5%)	194
Children	598,281	15.4%	690,446	6.9%	737,799	(7.9%)	679,181	(8.2%)	623,470
Pregnant Females	8,483	93.6%	16,422	32.8%	21,803	(32.7%)	14,671	(46.5%)	7,846
CHIP	106,248	(5.3%)	100,567	19.2%	119,875	(3.2%)	116,091	(2.9%)	112,728
Total Hoosier Healthwise	713,057	13.3%	807,674	9.0%	880,038	(7.9%)	810,320	(8.2%)	744,238

December 2022 Medicaid Assistance Forecast

Average monthly enrollment projections – fee for service – PHE ending April 2023

Average Monthly Enrollment	FY 2021	<i>Growth</i>	FY 2022	<i>Growth</i>	FY 2023	<i>Growth</i>	FY 2024	<i>Growth</i>	FY 2025
MLTSS									
Nursing Home							8,346	201.1%	25,127
HCBS							9,534	231.1%	31,570
Acute							24,762	201.9%	74,764
Total MLTSS							42,642	208.3%	131,461
Fee For Service									
Institutionalized	30,992	0.6%	31,167	1.8%	31,712	(23.6%)	24,224	(67.7%)	7,836
Waiver\State Plan HCBS	61,801	7.1%	66,194	7.5%	71,144	(5.7%)	67,073	(22.5%)	51,998
No Level of Care									
Hoosier Healthwise FFS	32,702	(14.8%)	27,864	(14.2%)	23,917	22.7%	29,341	19.6%	35,102
Dual	93,494	6.3%	99,371	5.4%	104,748	(20.5%)	83,253	(48.3%)	43,054
Non-Dual	38,397	(7.1%)	35,684	(3.7%)	34,366	2.3%	35,155	2.5%	36,020
Medicare Savings Program	67,416	(3.2%)	65,241	1.3%	66,108	7.1%	70,776	5.2%	74,450
Limited Benefit Populations	66,506	10.4%	73,434	20.2%	88,302	(8.4%)	80,878	(4.8%)	76,991
Total Fee For Service	391,307	2.0%	398,954	5.3%	420,296	(7.0%)	390,699	(16.7%)	325,450
OVERALL TOTAL	1,796,591	12.3%	2,017,505	9.0%	2,199,770	(6.2%)	2,062,311	(6.7%)	1,923,559

- MLTSS implementation during SFY 2024
- Growth of over 780,000 from January 2020 to peak at 2.27 million as of May 2023
- Almost half of the new enrollment is retained after the MOE

Comparison to the December 2021 Medicaid forecast

Total expenditures (state and federal), in \$millions

	SFY 2023
December 2021 forecast expenditures	\$16,457.4
Capitation changes – amendments, mainly acuity adjustments	(1,294.1)
Enrollment variance due to the MOE	2,201.6
Vaccine administration	(14.4)
Nursing facility	(4.6)
Community LTSS	131.6
Stabilization grant	90.7
Other	(41.3)
<i>Total changes</i>	<i>\$1,069.5</i>
December 2022 forecast expenditures	\$17,526.9

Comparison to the December 2021 Medicaid forecast

Appropriation need (state GF impact), in \$millions

	SFY 2023
December 2021 forecast appropriation need	\$2,934.8
Capitation changes – amendments, acuity adjustments, risk corridor	(116.4)
Managed care program enrollment variance	209.3
Nursing facility	(1.6)
Community LTSS	45.0
Include NE MRO payments in the MRO IGT	12.6
Pharmacy rebates	19.6
Deferred HAF and HIP collections	(229.4)
Extra FFCRA federal funding (6.2%)	(540.0)
Other	41.3
<i>Total changes</i>	<i>(\$559.6)</i>
December 2022 forecast appropriation need	\$2,375.2

Projected expenditure growth from SFY 2023 to SFY 2024

	Total Expenditures	Appropriation Basis	Notes
SFY 2023	\$17,526.9	\$2,375.2	
Deferred HAF and HIP collections		229.4	One-time
Extra FFCRA federal funding (6.2%)		540.0	Ends with PHE
Part D clawback	65.8	65.8	Increases post PHE
Pharmacy rebates	(155.0)	(35.5)	
Nursing home expenditures	166.9	57.4	3.2% Enr, 5.8% Cost
Community LTSS, mainly DA	153.6	52.8	12.9% Enr, 0.5% Cost
Other FFS expenditures	135.9	32.2	
Managed care (HIP, HHW, HCC)	835.1	173.8	
MLTSS, HIP eq, other	191.9	54.9	
Stabilization grant/Other	(55.4)	(27.2)	
<i>Total changes</i>	<i>\$1,338.8</i>	<i>\$1,143.6</i>	
SFY 2024	\$18,865.7	\$3,518.8	

Items Included in the SFY 2024 – SFY 2025 Base

Projected Cost on an Appropriation Basis

	SFY 2023	SFY 2024	SFY 2025
Program Changes			
HIP Equalization	0.0	9.4	23.0
MLTSS	0.0	32.4	67.5
Additional births (SEA 1)	0.0	4.6	9.0
Emergency Medical Services (EMS) Reimbursement	0.0	2.4	4.7
Durable Medical Equip (DME) Phase II	0.0	0.3	0.7
Prenatal screening	0.1	0.4	1.9
LARC carve-out	0.0	0.1	0.1
Remove Aged/Blind/Disabled copays	0.0	0.2	0.8
Donated breast milk	0.0	1.1	1.1
Former foster youth	0.4	0.9	1.2
Vaccines	0.0	3.6	3.6
Total Program Changes	\$0.5	\$55.4	\$113.6

Projected expenditure growth from SFY 2024 to SFY 2025

	Total Expenditures	Appropriation Basis	
SFY 2024	\$18,865.7	\$3,518.8	
Part D clawback	26.6	26.6	
Pharmacy rebates	109.4	25.0	
Nursing home expenditures	134.5	46.2	1.4% Enr, 5.3% Cost
Community LTSS, mainly DA	185.7	63.8	15.4% Enr, 0.5% Cost
Other FFS expenditures	167.1	41.6	
Managed care - HIP	(534.4)	(31.1)	
Managed care – HCC/HHW	(218.7)	(52.8)	
NF UPL	51.3	0	
MLTSS, HIP eq, other	219.7	58.2	
Other	80.3	29.1	
<i>Total changes</i>	<i>\$221.5</i>	<i>\$206.6</i>	
SFY 2025	\$19,087.2	\$3,725.4	

Other Impact Items

- Omnibus Bill
 - Phase-out of enhanced FMAP
 - 6.2% enhanced FMAP will be phased out over the period January thru December 2023
 - Total SFY2023 (\$28.1M)/GF \$23.6M
 - Total SFY2024 (\$221.5M)/GF (\$121.2M)
 - Total SFY2025 (\$14.9M)/GF (\$0.1M)
- Medicaid Investment Funding-Effective 07/01/2023
 - Total SFY2024 \$453.5M/GF \$121.4M
 - Total SFY2025 \$648.4M/GF \$161.2M
- Implementation of Continuous Eligibility-Effective 01/01/2024
 - Total SFY2024 \$4.0M/GF \$0.9M
 - Total SFY2025 \$26.8M/GF \$5.8M
- Above items will be included in our updated April 2023 forecast

Summary of Provider Investment Funding

Values in millions	SFY2022	Total Fiscal		State Share GF		Effective
Recommended	Base Expenditures	SFY2024	SFY2025	SFY2024	SFY2025	Date
Rate Matrix						
Home Health	\$ 279.1	\$ 85.6	\$ 118.3	\$ 23.1	\$ 30.2	7/1/2023
Dental	\$ 258.9	\$ 2.5	\$ 49.0	\$ 0.9	\$ 8.0	7/1/2023
NEMT	\$ 56.0	\$ 4.5	\$ 16.5	\$ 1.5	\$ 2.9	7/1/2023
DA waivers	\$ 726.6	\$ 224.7	\$ 271.1	\$ 60.6	\$ 70.7	7/1/2023
DDRS waivers	\$ 977.1	\$ 196.9	\$ 214.8	\$ 54.2	\$ 59.1	7/1/2023
DMHA waivers	\$ 13.5	\$ 1.5	\$ 1.6	\$ 0.5	\$ 0.5	7/1/2023
Rate indexing		\$ 0.0	\$ 52.2	\$ 0.0	\$ 12.1	7/1/2024
Zero out current trend		(\$ 62.2)	(\$ 75.0)	(\$ 19.4)	(\$ 22.2)	7/1/2024
Total Provider Investments	\$ 2,311.1	\$ 453.5	\$ 648.4	\$ 121.4	\$ 161.2	

Services Included as Part of Rate Methodology Work

DDRS Waiver Services		Aging Waiver Services		DMHA
Adult Day Services	Transitional Case Management	Adult Foster Care	Behavioral Support Services	Family Support and Training
Behavioral Support Services	Music Therapy	Adult Day Services	Residential Habilitation and Support	Habilitation
Case Management	Wellness Coordination	Assisted Living	Home Delivered Meals	Respite Care
Day Habilitation	Residential Habilitation and Support (Hourly and Daily)	Attendant Care	Respite Care other	Wraparound Facilitation
Extended Services	Pre-Vocational	Case Management	Waiver Transportation	
Facility Habilitation	Remote Supports	Homemaker	Monitoring System	
Music Therapy	Participant Assistance and Care	Respite Care Home Health Aide	Structured Family Care	
Respite	Structured Family Caregiving	Respite Care Nursing	Other Waiver Services	
Recreational Therapy	Other Waiver Services			
Transportation				

CHIP

Funding projections

- Increasing cost due to end of the higher FMAP
- Decreased appropriation need for SFY 2021 – SFY 2023 due to extension of increased FMAP through June 2023 and lower enrollment during the PHE.

State of Indiana Family and Social Services Administration Analysis of CHIP State Funding (Values illustrated in Millions)					
	SFY 2021	SFY 2022	SFY 2023	SFY 2024	SFY 2025
Projected CHIP expenditures	\$245.5	\$240.7	\$230.8	\$309.4	\$293.1
Applicable FMAP	83.30%	80.67%	80.41%	75.94%	75.93%
State share	\$41.0	\$46.5	\$45.2	\$74.4	\$70.5
Projected HAF Funding (Cap)	<u>\$6.9</u>	<u>\$7.4</u>	<u>\$7.9</u>	<u>\$13.2</u>	<u>\$12.4</u>
Projected appropriation need	\$34.1	\$39.1	\$37.3	\$61.2	\$58.2
Appropriation - CHIP Assistance	\$44.4	\$46.2	\$51.1		
Surplus / (Shortfall)	\$10.2	\$7.1	\$13.8		

Medicaid forecast

Limitations

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Differences between our projections and actual amounts depend on the extent to which future experience conforms to the assumptions made for this analysis. It is certain that actual experience will not conform exactly to the assumptions used in this analysis. Actual amounts will differ from projected amounts to the extent that actual experience deviates from expected experience.

Guidelines issue by the American Academy of Actuaries require actuaries to include their professional qualifications in all actuarial communications. We are members of the American Academy of Actuaries, and meet the qualification standards for performing the analyses in this report.

The services provided for this project were performed under the contract between Milliman and FSSA approved January 4, 2022.



Thank you

Presenter Name

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