

December 2023 Medicaid Forecast update

State of Indiana
Family and Social Services Administration

Projections through SFY 2025

Updated data through September 2023

DECEMBER 19, 2023



December 2023 Medicaid Assistance Forecast Update

EXPENDITURES, in \$millions	FY 2021	<u>Growth</u>	FY 2022	<u>Growth</u>	FY 2023	<u>Growth</u>	FY 2024	<u>Growth</u>	FY 2025
Healthy Indiana Plan	\$6,048.9	(0.1%)	\$6,041.0	3.2%	\$6,234.5	(9.9%)	\$5,615.3	(3.8%)	\$5,403.2
Hoosier Care Connect	1,613.3	(2.0%)	1,580.2	(5.6%)	1,491.5	17.1%	1,746.5	(18.5%)	1,422.7
Hoosier Healthwise	1,832.4	16.8%	2,140.8	1.9%	2,182.4	24.1%	2,707.5	(9.7%)	2,443.9
Pathways (MLTSS)									5,113.6
Fee for Service	1,957.2	1.3%	1,981.9	11.0%	2,200.1	15.7%	2,546.3	(9.0%)	2,316.2
Long Term Care Institutional Care	1,847.8	11.9%	2,067.1	16.8%	2,413.7	5.8%	2,553.3	(73.3%)	682.3
Long Term Care Community Care	1,506.2	15.9%	1,746.1	22.9%	2,146.6	65.8%	3,559.5	(32.5%)	2,402.4
Medicare Buy-In, Clawback	567.3	13.7%	645.1	20.0%	774.3	4.8%	811.4	8.8%	882.9
Rebates and Collections	(1,242.4)	10.3%	(1,369.8)	1.9%	(1,396.1)	3.8%	(1,448.9)	(5.1%)	(1,374.5)
Remove CHIP and MFP	(248.4)	(0.2%)	(248.0)	29.3%	(320.6)	8.4%	(347.5)	0.4%	(349.0)
Other Expenditures (DSH, UPL, etc.)	1,523.8	15.6%	1,761.5	23.4%	2,173.5	(24.7%)	1,635.6	1.6%	1,661.2
Medicaid Expenditures (State and Federal)	\$15,406.1	6.1%	\$16,345.9	9.5%	\$17,899.8	8.3%	\$19,379.1	6.3%	\$20,604.9
FUNDING, in \$millions	FY 2021	<u>Growth</u>	FY 2022	<u>Growth</u>	FY 2023	<u>Growth</u>	FY 2024	<u>Growth</u>	FY 2025
Federal Funds	\$11,644.8	7.9%	\$12,561.2	6.8%	\$13,416.5	0.5%	\$13,480.0	3.9%	\$14,000.6
IGTs	453.3	(11.4%)	401.5	5.3%	422.6	(5.8%)	398.3	5.1%	418.8
Provider Tax Receipts	191.2	6.9%	204.5	(11.2%)	181.7	19.2%	216.5	11.5%	241.4
HAF Funding	479.2	3.9%	497.8	35.9%	676.6	25.7%	850.5	(4.5%)	812.2
HIP Funding	522.5	0.4%	524.7	7.9%	566.1	(11.4%)	501.3	4.3%	522.7
QAF Transfer to SBA	(49.2)	(4.9%)	(46.7)	(10.6%)	(41.8)	5.9%	(44.2)	2.5%	(45.3)
Non-Medicaid Assistance Funds	\$13,241.9	6.8%	\$14,143.0	7.6%	\$15,221.7	1.2%	\$15,402.3	3.6%	\$15,950.4
Forecasted Medicaid GF Assistance Need	\$2,164.2	1.8%	\$2,203.0	21.6%	\$2,678.1	48.5%	\$3,976.7	17.0%	\$4,654.5
General Fund Medicaid Assistance Appropriation	\$2,618.6	(1.3%)	\$2,584.6	13.4%	\$2,931.9	26.9%	\$3,721.5	12.8%	\$4,196.6
Dedicated funding/ Carry forward	\$15.0								
Sub-total (Shortfall)/Surplus	\$469.4		\$381.6		\$253.8		(\$255.2)		(\$457.9)
Reversion amount	\$469.4		\$188.3		\$525.0				
Balance After Reversion	\$0.0		\$193.3 *		(\$271.2)				

Comparison to the April 2023 Medicaid Forecast

Total Expenditures, in \$millions	SFY 2023 (actual)	SFY 2024 (estimated)	SFY 2025 (estimated)
April 2023 forecast expenditures *	\$17,151.7	\$19,078.0	\$19,937.6
Capitation rate and acuity updates	126.0	(541.9)	44.1
Enrollment changes (managed care)	(29.1)	(46.2)	(350.0)
LTSS – Institutional (including MC)	105.6	100.4	(7.0)
LTSS – Home and Community (incl MC)	58.1	584.0	883.5
FFS, mainly hospital and ABA	52.4	81.6	64.7
Pharmacy rebates	6.3	98.7	56.2
DSH/UPL	422.0	(62.7)	(54.1)
Medicare state buy-in and clawback	56.9	37.2	38.1
CHIP	(59.1)	20.7	(37.9)
Other	9.0	29.3	29.7
<i>Total changes</i>	<i>748.1</i>	<i>301.1</i>	<i>667.3</i>
Current Forecast	\$17,899.8	\$19,379.1	\$20,604.9

*Value reflects total expenditures from the April forecast, with appropriated strategic investments added (\$845.1 million in SFY 2024 and \$1,229.5 million in SFY 2025)

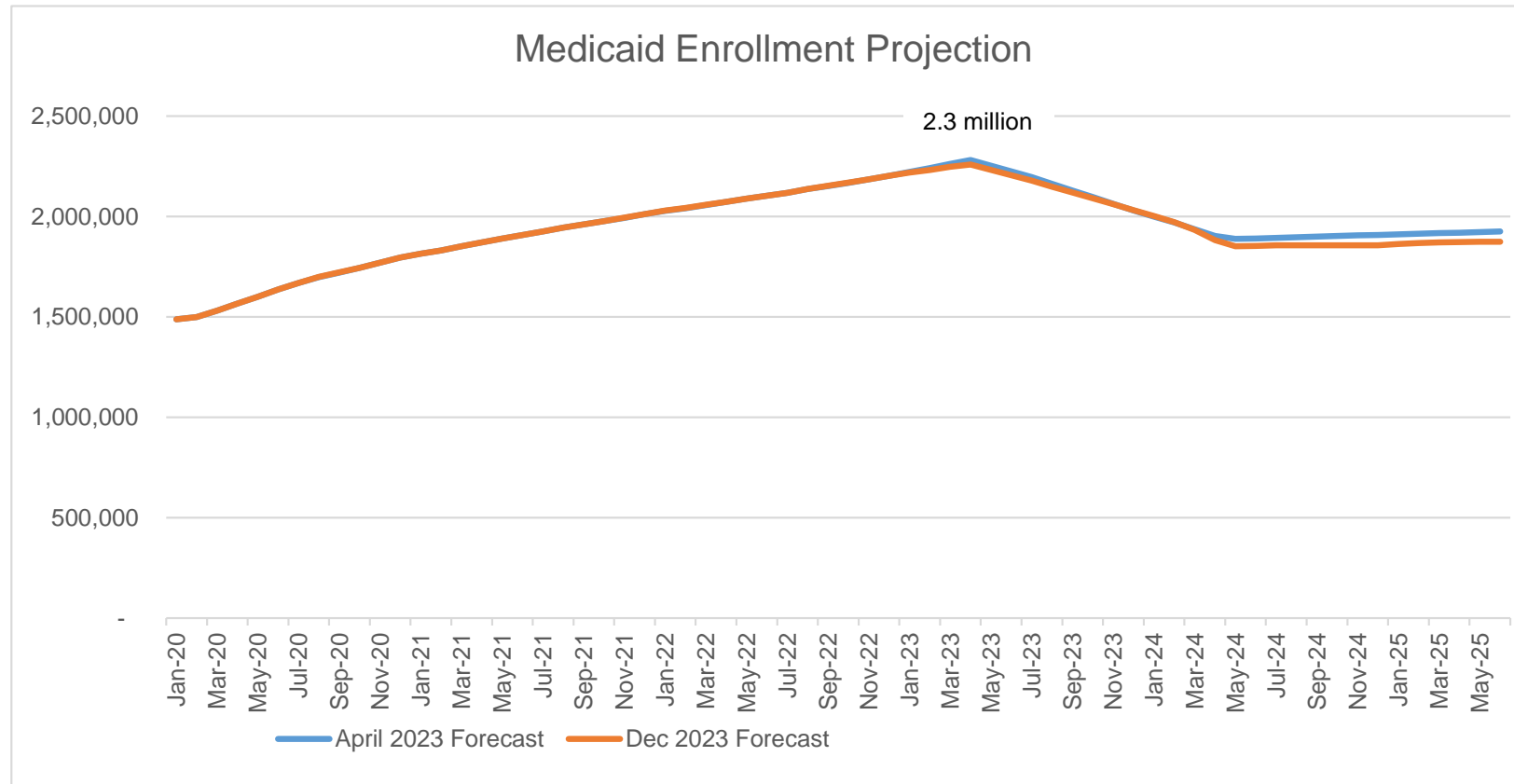
Comparison to the April 2023 Medicaid Forecast

Appropriation Need, in \$millions	SFY 2023 (actual)	SFY 2024 (estimated)	SFY 2025 (estimated)
April 2023 forecast appropriation need *	\$2,362.8	\$3,721.5	\$4,196.6
Capitation rate and acuity updates	7.7	(17.9)	59.5
Enrollment changes (managed care)	(3.6)	(9.8)	(45.0)
LTSS – Institutional (including MC)	26.5	29.9	(1.5)
LTSS – Home and Community (incl MC)	16.4	177.4	314.2
FFS, mainly hospital and ABA	14.3	25.1	19.0
Pharmacy rebates	1.5	28.3	14.0
Medicare buy-in and clawback	56.9	37.2	38.1
HAF collections	229.4		
FFY 2025 final FMAP			26.0
Other	(33.8)	(15.0)	33.6
<i>Total changes</i>	<i>315.3</i>	<i>255.2</i>	<i>457.9</i>
Current Forecast	\$2,678.1	3,976.7	\$4,654.5

*Value reflects total expenditures from the April forecast, with appropriated strategic investments added (\$293.2 million in SFY 2024 and \$428.2 million in SFY 2025)

Enrollment projection

Compared to the April 2023 forecast update



Projection notes

- Return to normal operations: April 2023
- Renewal processing occurring over 12 months – from mid-May 2023 to mid-May 2024
- By May 2024, the forecast projects a net reduction of approximately **400,000** members. This reflects continuous eligibility for all children and extended post-partum eligibility
- Approximately 100,000 additional aid group shifts

Medicaid grew by approximately 771,000, from 1.49 million as of January 2020 to 2.26 million as of April 2023.

Enrollment by Population – Medicaid/CHIP

Population	Jan 2020 Pre-PHE	Growth	Apr 2023	Growth	May 2024	Net Growth 2020 - 2024
Healthy Indiana Plan (HIP)						
Pregnant Women	17,388	41,976	59,364	(26,199)	33,165	15,777
All Other HIP	390,670	368,570	759,240	(185,745)	573,495	182,825
Hoosier Care Connect (HCC)	90,402	10,505	100,907	(5,259)	95,648	5,246
Hoosier Healthwise (HHW)						
Children/CHIP	598,118	283,168	881,286	(182,908)	698,378	100,260
Pregnant Women	3,528	18,642	22,170	(13,098)	9,073	5,545
LTSS	90,798	14,859	105,657	8,412	114,069	23,271
Other Fee-for-service (FFS)	296,839	33,061	329,900	4,028	333,928	37,089
Total	1,487,743	770,781	2,258,524	(400,769)	1,857,756	370,013

December 2023 Medicaid Assistance Forecast

Average monthly enrollment projections – HIP, HCC, and HHW

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	125,154	16.5%	145,827	21.8%	177,559	(19.9%)	142,155	(16.1%)	119,214
HIP Expansion	280,262	8.3%	303,657	3.4%	314,058	(0.7%)	311,920	(7.4%)	288,892
HIP Medically Frail	148,170	33.8%	198,234	20.2%	238,334	(20.7%)	189,012	(20.9%)	149,559
HIP Pregnant Females	38,376	55.8%	59,790	(0.2%)	59,685	(23.8%)	45,456	(27.3%)	33,061
HIP Bridge									3,507
HIP Hospital Presumptive Eligibility	5,252	(40.5%)	3,125	(18.4%)	2,549	108.3%	5,310	35.7%	7,204
<i>Total Healthy Indiana Plan</i>	597,214	19.0%	710,633	11.5%	792,184	(12.4%)	693,853	(13.3%)	601,438
<i>Hoosier Care Connect</i>									
Adult	60,940	2.3%	62,337	(0.4%)	62,088	(5.9%)	58,428	(30.0%)	40,871
Child	22,491	6.3%	23,902	(1.4%)	23,573	(6.5%)	22,039	(1.3%)	21,746
Foster	12,886	15.5%	14,881	6.0%	15,772	4.5%	16,474	2.2%	16,843
<i>Total Hoosier Care Connect</i>	96,317	5.0%	101,120	0.3%	101,433	(4.4%)	96,940	(18.0%)	79,460
<i>Hoosier Healthwise</i>									
Adults	43	445.7%	236	269.6%	871	40.8%	1,226	(19.1%)	992
Children	597,916	15.4%	690,245	5.4%	727,374	(12.8%)	634,172	(7.9%)	584,091
Pregnant Females	8,481	93.6%	16,423	28.1%	21,033	(24.9%)	15,802	(42.8%)	9,044
CHIP	106,331	(5.5%)	100,492	27.8%	128,454	(2.3%)	125,518	(5.1%)	119,112
<i>Total Hoosier Healthwise</i>	712,771	13.3%	807,396	8.7%	877,733	(11.5%)	776,718	(8.2%)	713,239

December 2023 Medicaid Assistance Forecast

Average monthly enrollment projections – PathWays and fee for service

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
PathWays									
Nursing Home									25,932
HCBS									35,343
Acute									72,459
Total MLTSS									133,734
Fee For Service									
Institutionalized	30,860	0.0%	30,868	3.1%	31,826	1.8%	32,390	(76.9%)	7,494
Waiver\State Plan HCBS	61,520	7.1%	65,865	8.4%	71,426	10.0%	78,576	(35.3%)	50,859
No Level of Care									
Hoosier Healthwise FFS	32,991	(14.3%)	28,282	3.3%	29,220	41.7%	41,403	11.0%	45,937
Dual	93,653	6.5%	99,705	5.5%	105,148	(7.9%)	96,872	(60.8%)	37,951
Non-Dual	38,401	(7.6%)	35,497	(5.5%)	33,554	1.8%	34,146	2.4%	34,971
Medicare Savings Program	67,268	(3.6%)	64,831	(0.9%)	64,249	5.5%	67,806	6.1%	71,953
Limited Benefit Populations	66,442	10.5%	73,403	26.7%	93,035	0.2%	93,230	(1.1%)	92,207
Total Fee For Service	391,135	1.9%	398,450	7.5%	428,457	3.7%	444,423	(23.2%)	341,372
OVERALL TOTAL	1,797,436	12.2%	2,017,599	9.0%	2,199,807	(8.5%)	2,011,934	(7.1%)	1,869,244

- Growth of approximately 771,000 from January 2020 to 2.26 million as of April 2023
- Projected net enrollment reduction of approximately 400,000 after all members complete redetermination

CHIP

Funding Projections

- Increasing cost for SFY 2024 and SFY 2025 due to phase out of the enhanced FMAP
- Lower appropriation need during SFY 2021 – SFY 2023 due to enhanced FMAP and lower CHIP enrollment during the PHE
- FMAPs for SFY 2021 through SFY 2023 were provided by FSSA, and are based on actual expenditures
- FMAPs for FFY 2024 and FFY 2025 are final, as provided by FFIS

State of Indiana Family and Social Services Administration Analysis of CHIP State Funding, in \$millions					
	SFY 2021	SFY 2022	SFY 2023	SFY 2024	SFY 2025
Projected CHIP expenditures	\$ 245.5	\$ 240.7	\$ 305.2	\$ 317.0	\$ 314.9
Applicable FMAP	84.56%	80.82%	80.12%	76.64%	75.56%
State share	37.9	46.2	60.7	74.0	77.0
Projected HAF Funding (Cap)	<u>6.3</u>	<u>6.6</u>	<u>7.9</u>	<u>14.7</u>	<u>12.2</u>
Projected appropriation need	\$ 31.6	\$ 39.6	\$ 52.8	\$ 59.4	\$ 64.8
Appropriation - CHIP Assistance	44.4	46.2	51.1	67.6	64.6
Surplus / (Shortfall)	\$ 12.8	\$ 6.6	(\$ 1.7)	\$ 8.2	(\$ 0.2)

Mitigation and Remediation Strategies

Mitigation and Remediation Strategies for Medicaid Budgeting and Future Forecast Activity

- ❖ Proposal of **cost containment strategies** for the current biennium
- ❖ Implementation of **forecast process improvements**
 - Detailed review of all underlying actuarial assumptions by financial and program staff
 - Inclusion of more real time data in forecasting
 - Identification of emerging risks
- ❖ Robust **prospective policy change review** and approval process including detailed financial impact analysis across Medicaid programs in all divisions
- ❖ Increased **monitoring of enrollment and utilization trends** and comparison of forecasted projections to experience
- ❖ Development and publication of **regular reports** with key Medicaid data and trends

