

MEDICAID DIVISIONS

2024/2025 Budget Requests

Caseload and FMAP

Summary:

Medicaid divisions and the Office of Health Data, Analytics & Financial Modeling perform traditional and expanded Medicaid projections monthly. The methodology for these projections were utilized to perform projections into FY 2024 and FY 2025 to inform present law decision package requests for the 2025 Biennium. In addition, FMAP changes are incorporated into present law packages by Medicaid sub-category. The projected FMAP for FY 2024 and FY 2025 is applied to FY 2023 base funding to determine the difference needed that is attributable to projected FMAP changes.

Caseload Assumptions for 2024/2025:

Montana has continued to experience an increase in Medicaid enrollment as the federal requirement to maintain eligibility to receive enhanced FMAP has continued. However, increases in enrollment doesn't necessarily correspond with increased utilization in all services. Because of the volatility in the utilization, enrollment and billing patterns, the department based its projections on the following assumptions:

Enrollment

- Annual state population growth starting in FY23 is 0.7%
- Medicaid continuous eligibility requirement ends June 2023 enrollment declines, 70% of ineligible members are disenrolled in first 6 months, all are disenrolled in 12 months. Since this assumption was made Congress has ended the continuous eligibility requirement effective April 2023.
- Enrollment projected as follows:

Projected Enrollment Growth/Decrease (Total Member Months)		
	Traditional	Expansion
FY 2022	8.5%	11.8%
FY 2023	6.1%	8.1%
FY 2024	-13.7%	-18.0%
FY 2025	-7.6%	-10.5%

Utilization

Utilization and expenditures do not correlate directly to enrollment changes. For example, between FY19 and FY20 Medicaid expansion enrollment decreased 9% but Medicaid expansion expenditures increased 12%. This was because the average cost per member per month increased 23%, as those losing coverage were less expensive to cover. A similar trend is expected to be seen during the next biennium.

- Model analysis looks at how enrollment member months impact people served in FY22 for each provider type and then applies projected enrollment to generate the projected number served for FY 23 thru FY25.
 - **Behavioral Health and Developmental Disabilities Division:**
 - Children’s Mental Health and Developmental Disabilities assumed that enrollment declines will not significantly impact the number of people served.
 - Adult Mental Health and Chemical Dependency:
 - For traditional Medicaid assumed some impact of declining enrollment, but this offset some by program changes and recovery from covid/staffing shortfalls.
 - For Medicaid expansion, assumed more of a correlation between declining enrollment and people served.
 - **Health Resources Division:**
 - For most provider types assumed correlations between enrollment and people served in FY22 would hold for declining enrollment in FY24 and FY25.
 - **Senior and Long-Term Care:**
 - For most provider types assumed that enrollment declines will not significantly impact the number of people served.
- Provider rate increases are only applied to FY23 for Physician, Podiatrist etc. – statutory increase tied to CPI is projected at 3.2%

Caseload Assumptions for 2023 Budget:

The 2023 legislative base budget was developed constructed using several assumptions during the 2021 legislative session. Because these assumptions are the basis for the 2023 base budget, they ultimately do impact the 2024/2025 budget requests, particularly if the assumption was not realized.

Assumptions made in 2021:

- The department assumed that enrollment in expansion would continue to grow until saturation was reached at a little higher than previous peak in expansion enrollment.
- The department assumed that the Montana economy would be recovering and that enrollment would drop quickly the first few months after a projected December 2021 end of the PHE continuous eligibility requirement.
- The department assumed that Covid would stop impacting reimbursement at the end of FY 2021 and that provider types would return to long term growth rates prior to Covid.
- The department did not project CPI to impact the physician rate to the degree that those rates were impacted.
- The 2021 legislature introduced decisions packages to reduce caseload by 3%, adjusted to remove impacts of continuous eligibility and added budget for provider rates, and recruitment and retention.

2024/2025 Budget Requests:

Medicaid Request – Traditional Caseload

Division	RL Type	2022 Actuals	2023 Budget	2024 Request	2025 Request
10	CORE	\$148,003,217	\$190,115,103	\$177,430,717	\$185,503,603
	Federal	\$58,881	\$48,235,807	\$19,807,142	\$21,358,236
	Waiver	\$141,078,172	\$162,327,104	\$144,073,714	\$148,653,692
10 Total		\$289,140,270	\$400,678,014	\$341,311,573	\$355,515,531
11	CORE	\$495,911,956	\$503,585,809	\$554,370,061	\$567,872,368
	Federal	\$4,351,663	\$4,799,131	\$5,778,905	\$5,998,503
	Other	\$21,309,024	\$19,000,000	\$29,804,572	\$30,951,526
	Supplemental	\$76,812,901	\$68,289,701	\$76,812,902	\$76,812,902
22	CORE	\$129,227,666	\$158,467,829	\$152,622,060	\$161,851,051
	Federal	\$963,975	\$1,515,241	\$1,040,476	\$1,040,476
	Other	\$67,377,648	\$71,682,778	\$70,935,812	\$72,028,591
	Waiver	\$50,748,206	\$58,812,657	\$58,280,020	\$59,793,731
22 Total		\$248,317,495	\$290,478,505	\$282,878,368	\$294,713,849
Grand Total		\$1,135,843,309	\$1,286,831,160	\$1,290,956,381	\$1,331,864,679

Detail by change package

Division	CHANGE_NI	DESCRIPTION	2024 Request	2025 Request
10	10990	Medicaid Waiver Services AMH	(\$4,104,916)	(\$2,518,521)
	10991	Medicaid Core Services DSD	(\$12,445,712)	(\$5,829,955)
	10992	Medicaid Waiver Services	(\$14,148,474)	(\$11,154,891)
	10993	Medicaid Federal Services DSD	(\$28,637,191)	(\$27,086,097)
	10994	Medicaid Federal Services AMH	\$208,526	\$208,526
	10999	Medicaid Core Services AMH	(\$238,674)	\$1,218,455
10 Total			(\$59,366,441)	(\$45,162,483)
	11991	Medicaid Core Services	\$50,784,252	\$64,286,559
	11994	Medicaid Other Services	\$10,804,572	\$11,951,526
	11995	Medicaid Federal Services Schools	\$979,774	\$1,199,372
	11997	Medicaid Supplemental Payments HRD	\$8,523,201	\$8,523,201
11 Total			\$71,091,799	\$85,960,658
22	22100	Med Core CFC Caseload	\$574,042	\$1,666,821
	22991	Med Core Caseload	(\$5,845,769)	\$3,383,222
	22993	Med Federal Caseload	(\$474,765)	(\$474,765)
	22994	Med Other IGT Caseload	(\$1,321,008)	(\$1,321,008)
	22996	Med Waiver Caseload	(\$532,637)	\$981,074
22 Total			(\$7,600,137)	\$4,235,344
Grand Total			\$4,125,221	\$45,033,519

**does not include provider rate adjustments (except for statutory required adjustments for statutorily required provider types, refinancing, HEART increase or CSCT transfer.

Medicaid Request – Expanded Caseload Summary

Division	RL Type	2022 Actuals	2023 Budget	2024 Request	2025 Request
10	Waiver	\$80,129,210	\$86,441,397	\$103,032,220	\$104,751,219
10 Total		\$80,129,210	\$86,441,397	\$103,032,220	\$104,751,219
	Federal	\$57,931,527	\$54,284,129	\$87,942,017	\$88,916,809
	Other	\$273,403,622	\$277,703,295	\$304,891,418	\$304,891,418
11 Total		\$792,462,831	\$760,261,181	\$955,079,496	\$956,922,992
22	CORE	\$11,813,918	\$9,721,078	\$12,151,559	\$12,183,904
22 Total		\$11,813,918	\$9,721,078	\$12,151,559	\$12,183,904
Grand Total		\$884,405,959	\$856,423,656	\$1,070,263,275	\$1,073,858,115

Detail by change package

Division	CHANGE	DESCRIPTION	2024 Request	2025 Request
10	10891	Medicaid Expansion Core Services AMH BHDD	\$16,472,150	\$18,185,463
	10892	Medicaid Waiver Expansion Services BHDD	\$118,673	\$124,359
10 Total			\$16,590,823	\$18,309,822
11	11891	Expansion Core Services HRD	\$133,763,478	\$134,632,182
	11893	Expansion Federal Services HRD IHS	\$33,657,888	\$34,632,680
	11894	Expansion Other Services HRD	\$208,826	\$208,826
	11897	Expansion Supplemental Payments HRD HUF	\$27,188,123	\$27,188,123
11 Total			\$194,818,315	\$196,661,811
22	22891	Expansion Core Caseload SLTC	\$146,062	\$290,080
	22892	Expansion CFC Core Caseload SLTC	\$2,284,419	\$2,172,746
22 Total			\$2,430,481	\$2,462,826
Grand Total			\$213,839,619	\$217,434,459

The caseload requests for the department are a little over \$4 million in FY 2024 and \$45 million more in FY 2025 than the 2023 legislative base in total for traditional Medicaid. Expanded Medicaid requests are over \$200 million more than the 2023 legislative base total in each year of the biennium.

FY 2022 Actuals

Traditional Medicaid – The actual expenditures for Medicaid in FY 2022 are understated in IBARS due to the 6.2% FMAP savings. The federal funds associated with the FMAP increases to federal funds were recorded per budgeting rules in an appropriation categorized as budget amendment authority and thus do not reflect in the IBARS actual spend. Actual spend in FY 2022 is 72 million higher than IBARS 2022 actuals.

Expanded Medicaid - The actual expenditures as reflected in IBARS for FY 2022 are understated by approximately \$134 million in budget amendment requests to federal funds for Medicaid expansion bringing the total spend to \$1,018 billion in FY 2022. The department anticipates a similar request in FY 2023.

FY 2024/2025 Request Summary:

- The largest decrease in traditional Medicaid caseload is for federal services in the Behavioral Health and Disability Division (BHDD). This is primarily due to a larger than necessary 2023 base budget to reimburse schools for CSCT services. The caseload decrease is partially offset by a new proposal to return CSCT management to the department from the Office of Public Instruction.
- BHDD projections indicate caseload for waiver services for both disability services and children's mental health continue to struggle to recover to their pre-pandemic levels and growth, as providers continue to contend with staffing issues.
- Decreases in core services in SLTC are primarily due to a slower return to historic billing than projected during the last legislative session.
- Decreases in waiver services in Senior and Long Term (SLTC) and Behavioral Health and Developmental Disabilities (BHDD) are due to an accounting change that moved abatements for Medically Needy from HRD to the divisions where the services occur.
- The core services in the Health Resources Division (HRD) are experiencing the largest projected growth:
 - This is in part due to the projected rate increase for physicians that is projected to increase by 3.2%.
 - Additionally, the core services in HRD continue to experience less residual impacts from the pandemic such as provider staffing issues resulting in greater utilization than projected in the FY 2023 base during the last legislative session.
 - The requirement to keep Medicaid members enrolled continuing longer than was assumed during the last legislative session, therefore Medicaid enrollment in the 2023 base year is higher than was forecasted two years ago.
- Significant increases in budget requests for Medicaid Expansion are due to a much larger than expected starting enrollment in SFY24, but also an increase in utilization. Projected declines in enrollment are estimated to be offset by increased utilization due to a return to pre-covid staffing patterns. In addition, historical trends show that more expensive Medicaid enrollees continue to be coverage during periods of enrollment decline.

Medicaid (Traditional and Expansion) Request – Caseload by provider type

Traditional Medicaid by Provider Type

Summary Category	SFY 2022 (as accrued)	SFY 2023 Base	2024 Request	2025 Request
Hospital Services	\$ 250,881,263	\$ 236,120,790	\$ 267,347,958	\$ 269,405,077
Physician and Professional Services	\$ 101,135,578	\$ 93,124,354	\$ 111,752,858	\$ 115,858,818
Pharmacy and Rebates	\$ 59,218,091	\$ 52,900,767	\$ 72,225,703	\$ 74,168,819
Dental	\$ 49,956,332	\$ 43,839,668	\$ 52,249,908	\$ 50,453,152
Health Centers and Clinics	\$ 37,252,905	\$ 41,651,391	\$ 42,841,587	\$ 44,317,327
Medical Equipment and Supplies	\$ 21,760,362	\$ 24,167,850	\$ 24,416,666	\$ 24,982,755
Laboratory and Imaging Services	\$ 6,633,388	\$ 26,212,534	\$ 7,659,977	\$ 8,004,326
Medical Transportation	\$ 8,427,546	\$ 9,661,106	\$ 9,527,877	\$ 9,848,391
Other Services	\$ 2,274,519	\$ 2,736,535	\$ 2,637,453	\$ 2,764,281
Nursing Facility	\$ 143,257,588	\$ 168,878,746	\$ 164,738,043	\$ 173,886,626
Home and Community Based - Other Services	\$ 4,216,351	\$ 9,540,704	\$ 6,594,934	\$ 6,675,342
Home and Community Based - Community First Choice	\$ 46,942,744	\$ 50,481,096	\$ 51,366,282	\$ 52,459,061
Home and Community Based - Big Sky Waiver	\$ 53,900,811	\$ 61,577,959	\$ 60,179,110	\$ 61,692,821
Care and Case Management	\$ 15,393,614	\$ 18,316,805	\$ 17,383,044	\$ 17,784,841
Substance Use Disorder Services	\$ 3,723,210	\$ 3,624,305	\$ 5,069,254	\$ 5,546,702
Mental Health Services	\$ 115,093,686	\$ 156,576,854	\$ 138,705,048	\$ 145,410,379
Mental Health Services - HEART Waiver	\$ -	\$ -	\$ 4,956,395	\$ 4,956,395
Home and Community Based - SDMI Waiver	\$ 13,365,868	\$ 19,263,323	\$ 16,975,152	\$ 18,333,164
Mental Health Services - HIFA Waiver	\$ 6,439,269	\$ 9,264,742	\$ 7,447,997	\$ 7,676,380
Developmental Disability Services	\$ 1,069,838	\$ 1,776,679	\$ 2,449,631	\$ 2,608,905
Home and Community Based - DD Waiver	\$ 118,063,323	\$ 150,986,531	\$ 136,838,057	\$ 139,831,640
Indian and Tribal Health Services (Statutory)	\$ -	\$ -	\$ -	\$ -
School Based - Physical Health	\$ 4,127,671	\$ 4,799,131	\$ 5,778,905	\$ 5,998,503
School Based - Mental Health	\$ 20,499,175	\$ 44,480,849	\$ 15,843,658	\$ 17,394,752
Medicare Buy-In	\$ 52,131,752	\$ 56,848,441	\$ 65,970,886	\$ 71,806,223
CHIP	\$ -	\$ -	\$ -	\$ -
Inspect Normally Nothing	\$ 78,424	\$ -	\$ -	\$ -
Total	\$ 1,135,843,309	\$ 1,286,831,160	\$ 1,290,956,381	\$ 1,331,864,678

Medicaid Expansion by Provider Type

Summary Category	SFY 2022 (as accrued)	SFY 2023 Base	SFY 2024 Budget Request	SFY 2025 Budget Request
Hospital Services	\$ 533,874,469	\$ 462,888,018	\$ 537,525,849	\$ 536,222,133
Physician and Professional Services	\$ 105,390,988	\$ 86,915,049	\$ 104,842,348	\$ 101,126,900
Pharmacy and Rebates	\$ 101,412,631	\$ 67,751,722	\$ 115,009,192	\$ 120,224,025
Dental	\$ 20,833,475	\$ 14,894,411	\$ 20,871,712	\$ 20,674,736
Health Centers and Clinics	\$ 39,747,650	\$ 43,892,971	\$ 42,053,433	\$ 43,009,446
Medical Equipment and Supplies	\$ 12,326,223	\$ 7,715,616	\$ 12,392,263	\$ 12,018,812
Laboratory and Imaging Services	\$ 18,586,617	\$ 12,512,223	\$ 19,000,662	\$ 19,151,232
Medical Transportation	\$ 8,248,842	\$ 5,133,800	\$ 9,452,805	\$ 10,086,143
Other Services	\$ 1,077,087	\$ 1,022,571	\$ 1,115,405	\$ 1,131,185
Nursing Facility	\$ 6,815,955	\$ 7,116,618	\$ 6,854,380	\$ 6,874,901
Home and Community Based - Other Services	\$ 1,795,381	\$ 1,783,774	\$ 2,011,152	\$ 2,120,264
Home and Community Based - Community First Choice	\$ 3,007,049	\$ 764,143	\$ 3,048,562	\$ 2,936,889
Home and Community Based - Big Sky Waiver	\$ 195,534	\$ 56,543	\$ 237,464	\$ 251,850
Care and Case Management	\$ 6,650,773	\$ 4,952,584	\$ 6,099,648	\$ 5,626,756
Substance Use Disorder Services	\$ 17,137,656	\$ 17,165,925	\$ 19,698,309	\$ 20,807,715
Mental Health Services	\$ 61,746,230	\$ 68,026,805	\$ 81,966,394	\$ 82,530,951
Home and Community Based - SDMI Waiver	\$ -	\$ 21,006	\$ 138,679	\$ 144,365
Developmental Disability Services	\$ -	\$ -	\$ 1,000	\$ 1,000
Home and Community Based - DD Waiver	\$ -	\$ -	\$ 1,000	\$ 1,000
Indian and Tribal Health Services	\$ 80,971,702	\$ 54,311,466	\$ 87,941,460	\$ 88,916,252
School Based - Physical Health	\$ 557	\$ 7,421	\$ 557	\$ 557
School Based - Mental Health	\$ 1	\$ 5,452	\$ 1,000	\$ 1,000
Total	\$ 1,019,818,820	\$ 856,938,118	\$ 1,070,263,273	\$ 1,073,858,113