

Report to the Social Services Appropriations Subcommittee

Medicaid Expansion Program

November 2019



Statutory Requirement

As required by UCA 26-18-3.9, the Utah Department of Health (Department) submits this response to comply with the following statutory requirement:

- (8) *The department shall report to the Social Services Appropriations Subcommittee on or before November 1 of each year that a Medicaid expansion is operational:*
 - (a) *the number of individuals who enrolled in the Medicaid expansion;*
 - (b) *costs to the state for the Medicaid expansion;*
 - (c) *estimated costs to the state for the Medicaid expansion for the current and following fiscal years;*
 - and*
 - (d) *recommendations to control costs of the Medicaid expansion.*

Number of Individuals Who Enrolled in the Medicaid Expansion

Enrollment in the Medicaid expansion bridge program began on April 1, 2019 and has continued to grow through the first quarter of state fiscal year 2020. *Figure 1* and *Table 1* demonstrate the enrollment trend for the program. The average monthly enrollment in the first 6 months of the program was 35,188 members. Enrollment in the program grew to 38,293 members in September 2019.

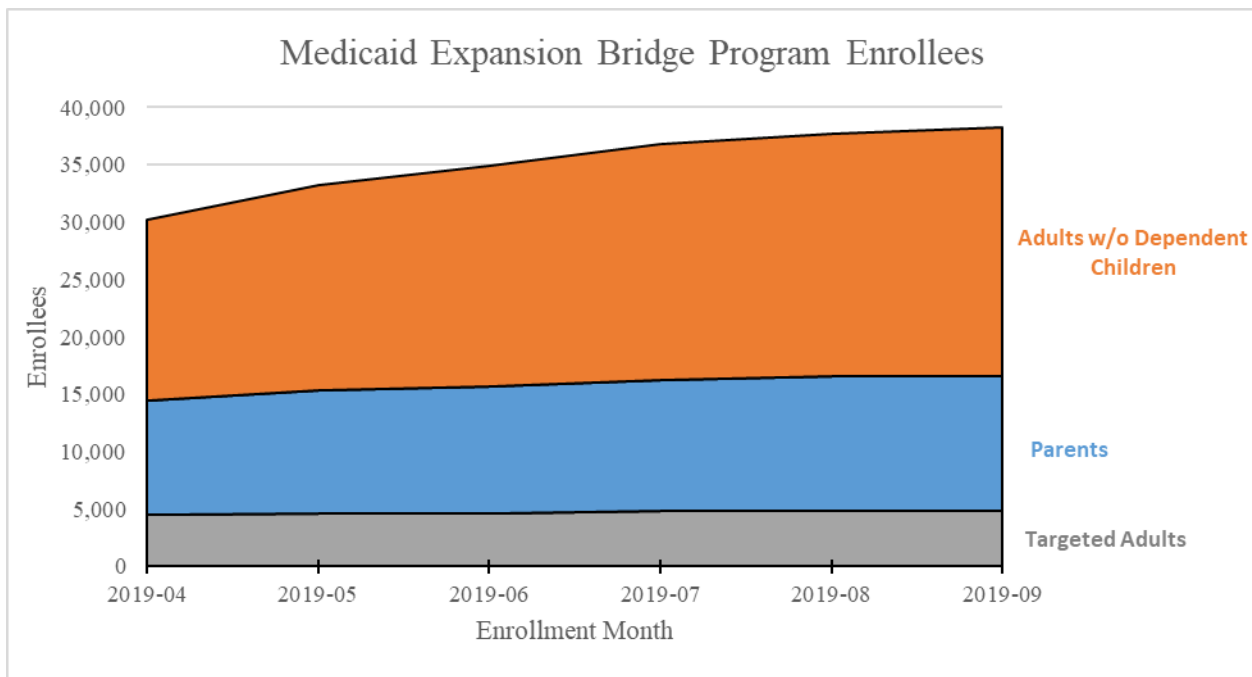


Figure 1

Expansion Category	2019-04	2019-05	2019-06	2019-07	2019-08	2019-09
Adults w/o Dependent Children	15,799	17,863	19,134	20,561	21,078	21,711
Parents	9,966	10,757	11,089	11,432	11,743	11,757
Targeted Adults	4,496	4,615	4,644	4,803	4,855	4,825
Total	30,261	33,235	34,867	36,796	37,676	38,293

Table 1

Costs to the State for the Medicaid Expansion

Costs for the Medicaid expansion program are expended using funds from the Medicaid expansion fund created in UCA 26-36b-208. State fiscal year 2019 Medicaid expansion fund expenditures equaled \$37,796,000, with categorization identified in *Table 2*. These amounts include expenditures for the Health Coverage Improvement Program created by UCA 26-18-411, which was active for the entire state fiscal year, as well as the Medicaid expansion bridge program effective April 1, 2019.

Expansion Fund Expenses	Fiscal Year 2019
Medical Assistance	\$36,225,000
Administration	\$1,571,000
Grand Total	\$37,796,000

Table 2

Estimated Costs to the State for the Medicaid Expansion for the Current and Following Fiscal Years

As of the writing of this report, the State is expecting that several events in the near future will substantially change the estimated costs for the current and following fiscal years. Substantial events include the following:

- Centers for Medicare and Medicaid Services (CMS) approval or denial of key components of the forthcoming “Fallback” waiver submission;
- The effective date of allowable 90% enhanced FMAP for medical assistance expenditures;
- The rate at which individuals enrolled in Federally Funded Marketplace plans move to Medicaid;
- CMS approval and Department implementation of integrated care plans; and
- Approval of managed care rates and implementation of risk corridors in managed care plans.

The Legislative Fiscal Analyst (LFA), Governor’s Office of Management and Budget (GOMB), and the Department have recently completed the Medicaid consensus forecasting process. The Medicaid consensus forecast team estimates expansion fund expenditures in the amount of \$102.7 million and \$96.5 million in FY 2020 and FY 2021 respectively. The team assumed Medicaid expansion would ultimately be approved by CMS and the State would move to a 90/10 match rate for expansion; therefore, fund expenditures are estimated to be lower in FY 2021. These estimates are shown in *Table 3*.

Expansion Fund Expenses	Fiscal Year 2020	Fiscal Year 2021
Medical Assistance	\$96,700,000	\$89,800,000
Administration	\$6,000,000	\$6,700,000
Grand Total	\$102,700,000	\$96,500,000

Table 3

Recommendations to Control Costs of the Medicaid Expansion

On November 1, 2019, the Department submitted the “Fallback” waiver to CMS as directed by UCA 26-18-3.9(5)(a). The waiver request includes cost control items required by UCA 26-18-3.9(5)(a)(ii) and

UCA 26-18-3.9(5)(c) as well as cost sharing requirements for enrollees over 100% of the Federal Poverty Level (FPL). Cost sharing will include monthly premiums and surcharges for non-emergent use of the emergency department.

The Department is also requesting authority through this waiver amendment to implement certain program elements at a later date through the State's administrative rule process and notification of CMS:

- Enroll expansion adults with income over 100% FPL in the program the month after their approval (prospective enrollment)
- Not allow retroactive eligibility for expansion adults with income over 100% FPL
- Change the benefit package for most expansion adults (including Targeted Adults, but excluding medically frail) to the State's non-traditional benefit package
- Open or suspend enrollment for each population group within Targeted Adult Medicaid
- Suspend housing supports
- Make enrollment in an integrated plan or other managed care mandatory or optional for different adult expansion groups
- Exempt certain groups from the ESI requirement

The Department recommends that the State implement the general Fallback waiver elements as soon as practical after CMS approval. The Department recommends that the State not implement the first five provisions bulleted above unless state budget pressures require additional action to reduce Medicaid expansion expenditures.