

# Medicaid Financing Overview

(with FMAP 101)

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# Context: Medicaid Coverage

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## NATIONWIDE

**73 million** individuals nationwide in have coverage through Medicaid and CHIP (as of September 2016, Medicaid.gov).

- Approx. 22% of Americans.

## VERMONT

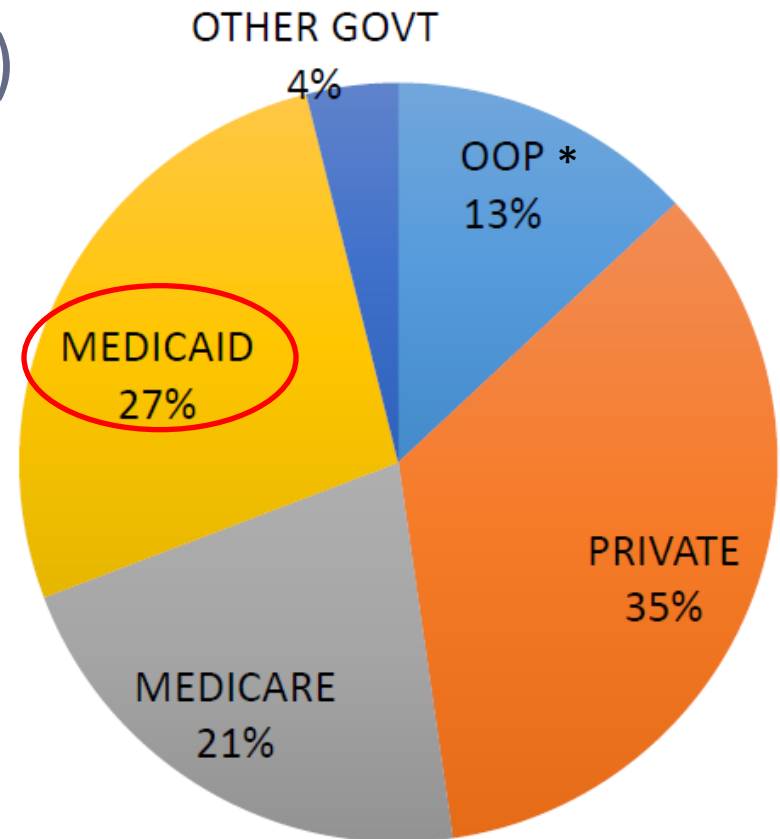
**Approx. 203,000** Vermonters receive some form of assistance through Medicaid (as of 9/16).

- Primary source of coverage for approx. **151,000** Vermonters.
- Partial or supplemental assistance for approx. **52,000** Vermonters (e.g. premium assistance, Rx assistance, etc.)

# Context: Overall Health Spending

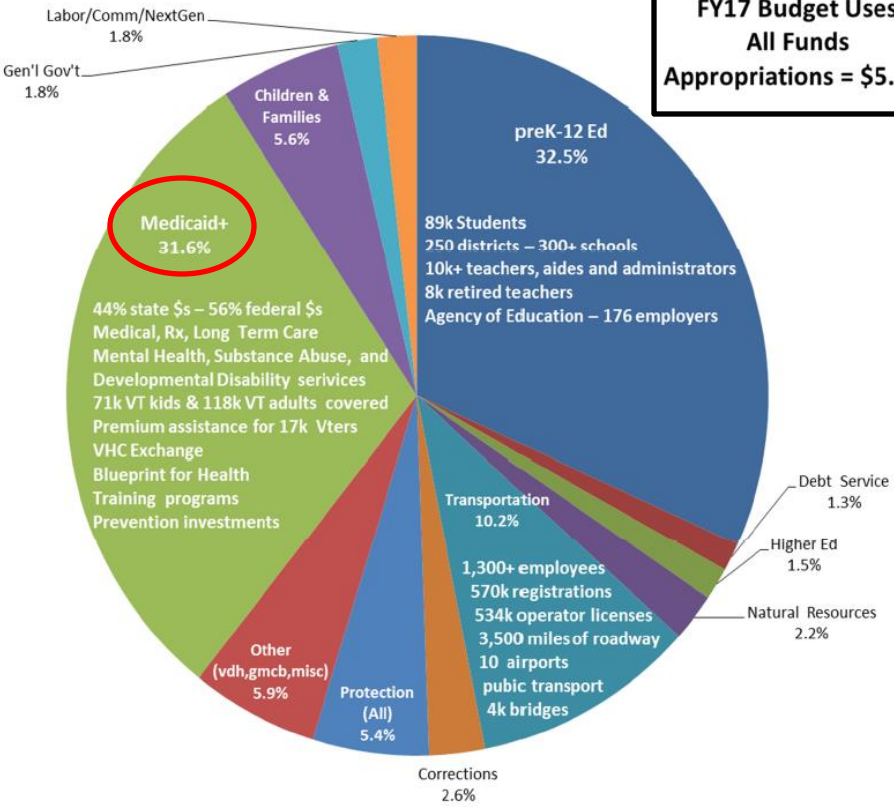
TOTAL HEALTH CARE SPENDING  
IN VERMONT = \$5.5 Billion (2014)

- **Medicaid** accounts for **27%** of TOTAL overall statewide health spending

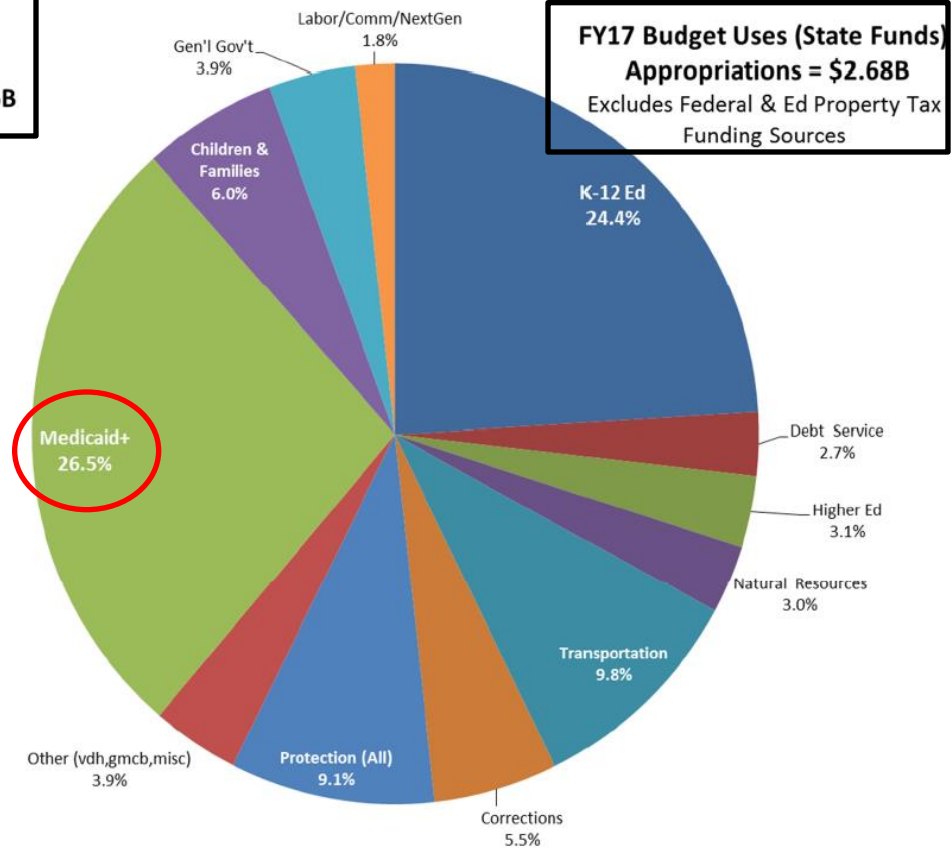


# Context: Overall State Budget

**FY17 Budget Uses  
All Funds  
Appropriations = \$5.76B**



**FY17 Budget Uses (State Funds)  
Appropriations = \$2.68B  
Excludes Federal & Ed Property Tax  
Funding Sources**



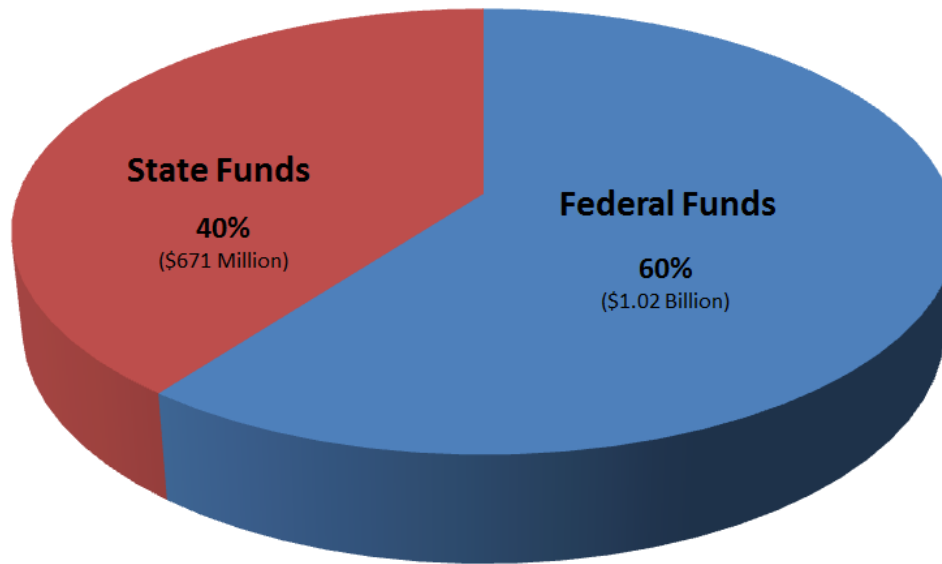
- Medicaid accounts for :
- **31.6%** of the total budget (all funds)
  - **26.5%** of state funds appropriation

Note: This slide uses FY17 as passed. The rest of the presentation uses FY16 actuals.

# Medicaid Financing

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- **SFY 2016:** Medicaid spending was \$1.69 billion.



- State funding comes from a combination of general funds, cigarette and tobacco taxes, provider taxes, certified funds and other sources

# Medicaid Financing

SFY'16 = \$1.695 billion

## TOTAL Medicaid Funding Sources

All funds: Federal + State

**Federal Funds** 1,024,340,615

**State Funds** 671,219,329

General Funds 301,198,469

State Health Care Resources Fund 282,647,700

Tobacco Settlement 29,579,458

Success Beyond Six 21,663,688

Certified Local Match 33,022,148

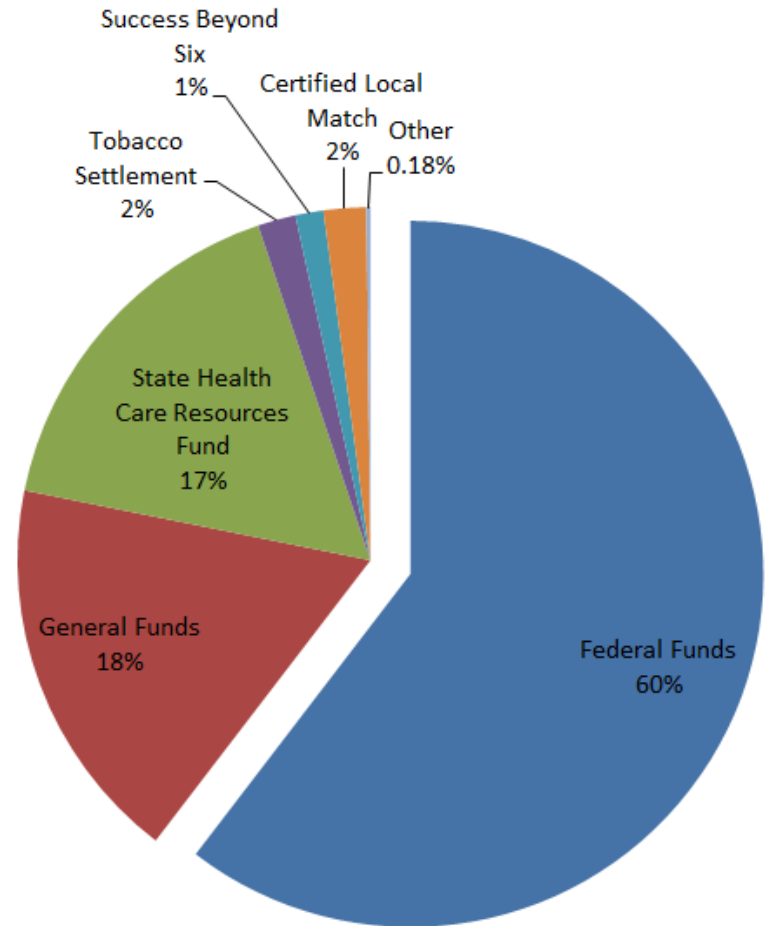
Other 3,107,866

*Insurance Regulatory & Supervision* 883,847

*Agriculture Mosquito Control* 56,276

*HIT Fund* 2,167,743

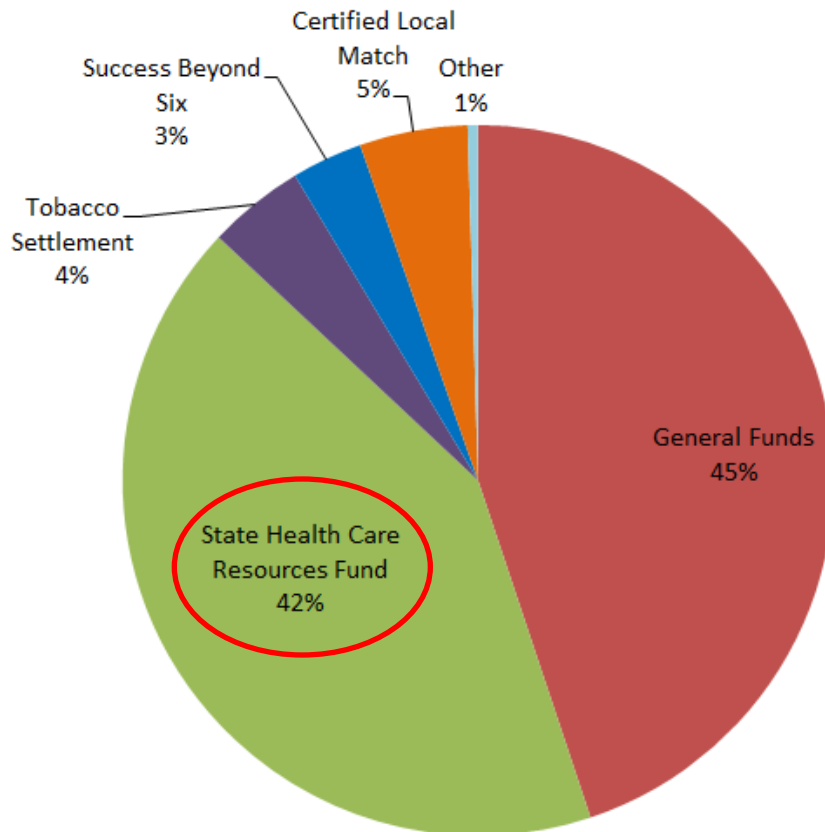
**TOTAL** 1,695,559,944



# Medicaid Financing

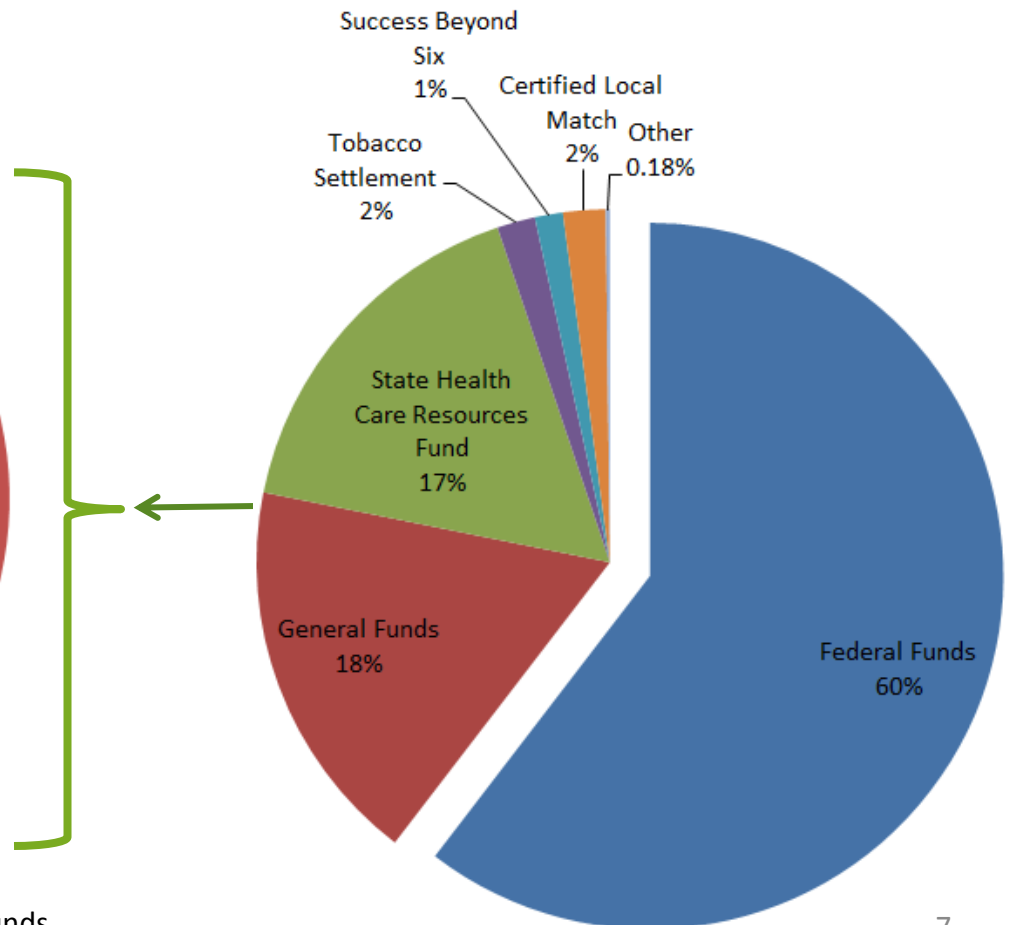
SFY'16 = \$1.695 billion

## State Funds Only



## TOTAL Medicaid Funding Sources

All funds: Federal + State



- State Health Care Resources fund accounts for 42% of state funds used to fund the Medicaid program.

# State Health Care Resources Fund

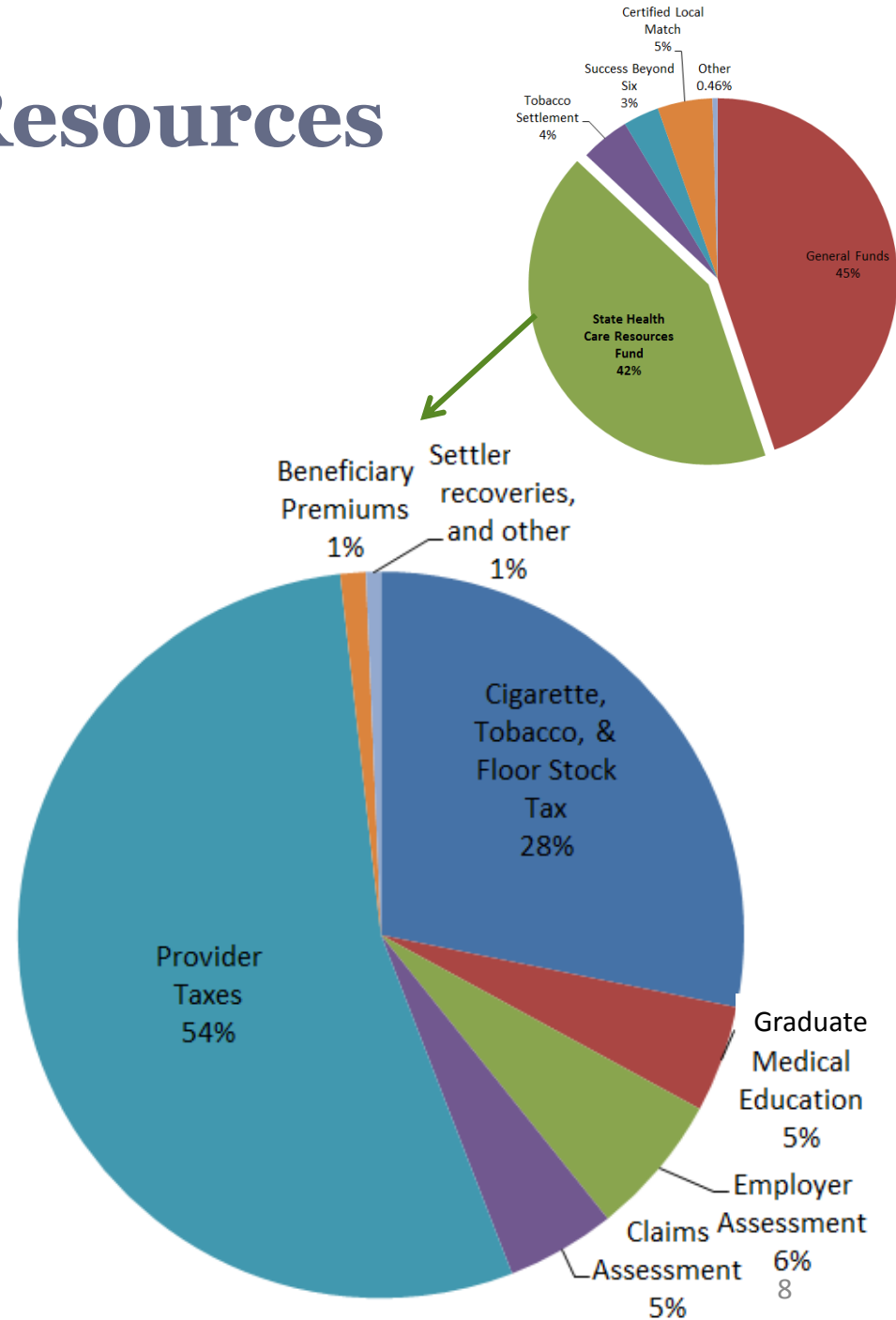
The SHCRF is:

- 17% of TOTAL Medicaid funding
- 42% of STATE SHARE of Medicaid funding

Note: See previous slide

## State Health Care Resources Fund

SFY'16	\$	%
Cigarette, Tobacco, & Floor Stock Tax	79,917,862	28%
Graduate Medical Education	13,491,750	5%
Employer Assessment	17,896,335	6%
Claims Assessment	13,767,674	5%
Provider Taxes	153,332,318	54%
Beneficiary Premiums	3,213,299	1%
Settlements, recoveries, and other	1,869,283	1%
<b>TOTAL</b>	<b>282,647,700</b>	

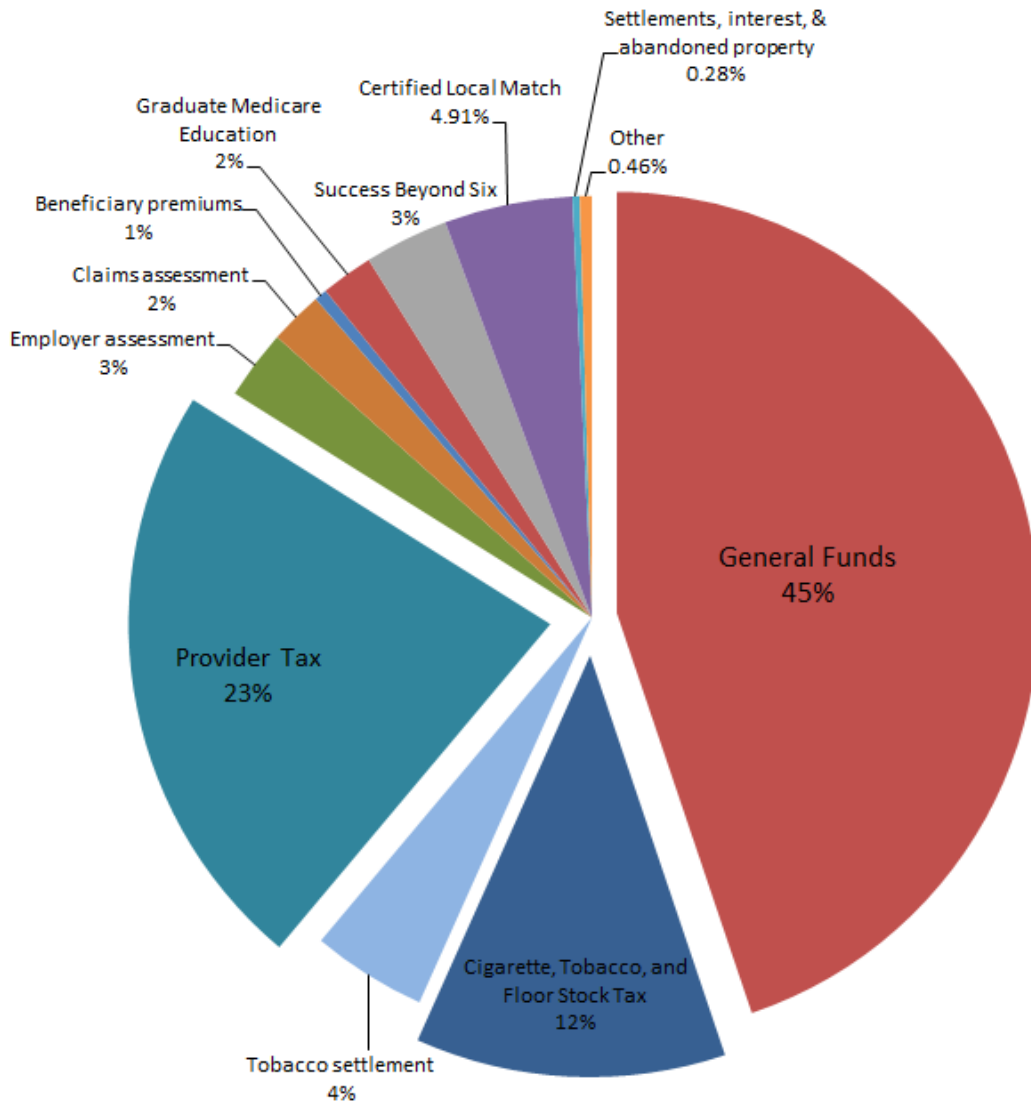




# State Funds

(High level view regardless of special fund)

**SFY'16 = \$671 million**



- Provider taxes and Cigarette, Tobacco, and Floor Stock Taxes account for 35% of total state funds used to fund Medicaid

# Federal Medical Assistance Percentage (FMAP)

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- FMAP is the share of state Medicaid benefit costs paid by the federal government
- FMAP is calculated based on a 3 year average of state per capita personal income compared to national average
- No state can receive less than 50% of more than 83%
- States also received “enhanced FMAPs” for expansion populations under the ACA and for the *Children’s Health Insurance Program (CHIP)*

# Federal Medical Assistance Percentage (FMAP)

	2017		2018		% Δ
	State	Federal	State	Federal	
<b>Base FMAP</b>	45.68%	54.32%	46.28%	53.72%	-0.60%
<b>Enhanced FMAP (ACA)</b>	13.43%	86.57%	11.63%	88.37%	1.80%
<b>CHIP</b>	8.98%	91.02%	9.40%	90.60%	-0.42%

## Impact of FY'17 to '18 FMAP changes

- Base FMAP = - \$9.7 million
- E-FMAP (childless “new adults”) = \$5.85 million

# FMAP History (with Enhancements)

State Fiscal Year  
(as used in state budget)

Year	State Share
1991	37.83%
1992	38.48%
1993	39.75%
1994	40.37%
1995	39.50%
1996	39.14%
1997	39.00%
1998	38.10%
1999	37.98%
2000	37.83%
2001	37.64%
2002	37.11%
2003	36.57%
2004	34.48%
2005	39.58%
2006	41.11%
2007	41.18%
2008	41.00%
2009	33.90%
2010	30.04%
2011	31.93%
2012	42.14%
2013	43.58%
2014	43.56%
2015	43.51%
2016	44.97%
2017	45.68%
2018	46.28%

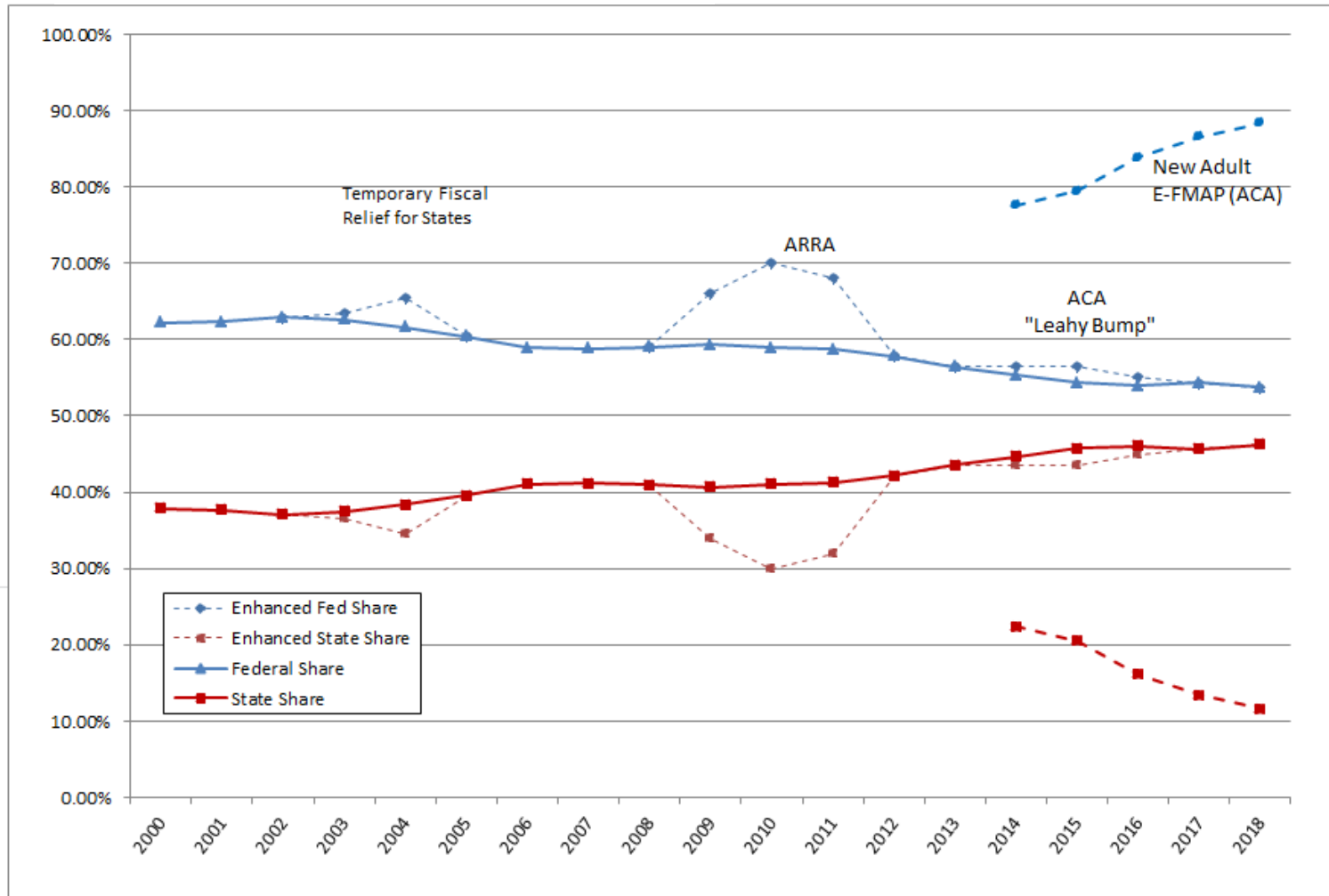
Temporary fiscal relief to states

ARRA

Affordable Care Act (ACA)  
"Leahy Bump"

☐ = Years where state received enhancements to FMAP

FMAP - State Fiscal Years 2000 - 2018 with Enhancements



ARRA = American Recovery & Reinvestment Act  
ACA = Affordable Care Act

# FMAP History: Ups & Downs

## VERMONT

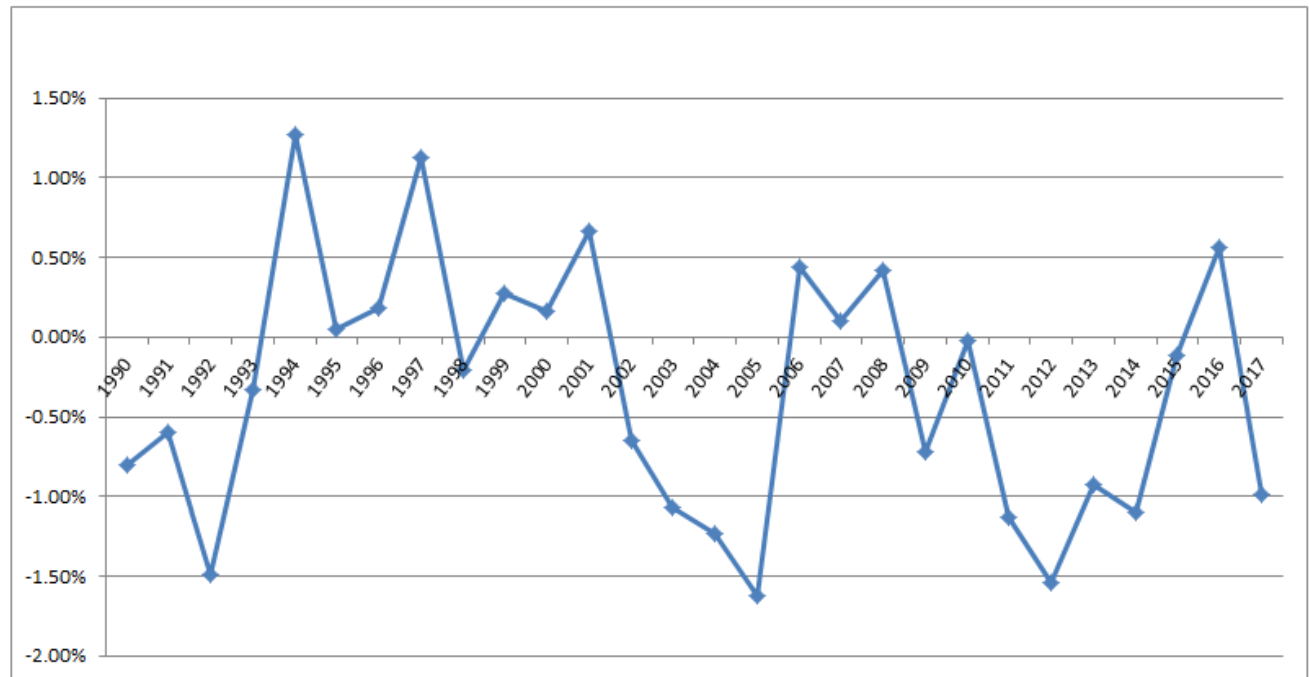
### FMAP (based on Federal Fiscal Year)

Year	Federal Share	State Share	Difference
1990	62.77%	37.23%	
1991	61.97%	38.03%	-0.80%
1992	61.37%	38.63%	-0.60%
1993	59.88%	40.12%	-1.49%
1994	59.55%	40.45%	-0.33%
1995	60.82%	39.18%	1.27%
1996	60.87%	39.13%	0.05%
1997	61.05%	38.95%	0.18%
1998	62.18%	37.82%	1.13%
1999	61.97%	38.03%	-0.21%
2000	62.24%	37.76%	0.27%
2001	62.40%	37.60%	0.16%
2002	63.06%	36.94%	0.66%
2003	62.41%	37.59%	-0.65%
2004	61.34%	38.66%	-1.07%
2005	60.11%	39.89%	-1.23%
2006	58.49%	41.51%	-1.62%
2007	58.93%	41.07%	0.44%
2008	59.03%	40.97%	0.10%
2009	59.45%	40.55%	0.42%
2010	58.73%	41.27%	-0.72%
2011	58.71%	41.29%	-0.02%
2012	57.58%	42.42%	-1.13%
2013	56.04%	43.96%	-1.54%
2014	55.11%	44.89%	-0.93%
2015	54.01%	45.99%	-1.10%
2016	53.90%	46.10%	-0.11%
2017	54.46%	45.54%	0.56%
2018	53.47%	46.53%	-0.99%

= Years where FMAP decreased from previous year

ACA = Affordable Care Act

FMAP Percentage Change Federal Fiscal Years 1991-2018



▶ Vermont receives enhanced FMAP (E-FMAP) for two Medicaid Eligibility Groups (MEGs):

- 1) New Adult (childless) - as part of the Affordable Care Act
  - SFY17 E-FMAP = 86.57% (federal share) / 13.43% (state share)
  - SFY18 E-FMAP = 88.37% (federal share) / 11.63% (state share)
  - Applied to Medicaid eligible expenditures for approximately 40,000 adults.
- 2) Children's Health Insurance Program (CHIP, formerly known as SCHIP)
  - SFY17 E-FMAP = 91.02% (federal share) / 8.98% (state share)
  - SFY18 E-FMAP = 90.60% (federal share) / 9.40% (state share)
  - Applied to Medicaid eligible expenditures for approximately 5,000 low-income children.

# FMAP Comparison: Selected States FFY 2018

## COMPARISON OF FMAPs - Selected States (FFY 2018)

### New England States

CT, NH, MA = 50%

RI = 51.45% ↑

*Vermont* = 53.47% ↓

Maine = 64.34% ↓

↑ = Increased from previous year

↓ = Decreased from previous year

### Highest FMAP

Mississippi (74.17%) ↑

New Mexico (72.16%) ↑

South Carolina (71.58) ↑

Alabama (71.44%) ↑

### Lowest FMAP (50% FMAP)

Alaska

California

Colorado ↓

Connecticut

Maryland

Massachusetts

Minnesota

New Hampshire

New Jersey

New York

North Dakota

Virginia

Washington

Wyoming