

**July 21, 2017**  
**Emergency Board Meeting**  
**Report on Medicaid for Fiscal Year 2017**

32 V.S.A. § 305a(c) requires a year end report on Medicaid and Medicaid-related expenditures and caseload. Each January the Emergency Board is required to adopt specific caseload and expenditure estimates for Medicaid and Medicaid-related programs. Action is not required at the July meeting of the Emergency Board unless the Board determines a new forecast is needed as a result of the year-end report. The data in this report reflects the most current actual FY17 information to date. The comparison of actual to the budgeted amount for FY17 reflects the changes made to the as passed budget by the budget adjustment and budget processes. There may be adjustments to actual year-end amounts as the financial close-out for the fiscal year is completed and finalized. If necessary, changes will be included in a subsequent report.

**Executive Summary**

The bullet points below provide the primary results of FY17 in the Vermont Medicaid/SCHIP and related programs. Detailed multiyear charts for overall program expenditure, enrollment and fund balances follow this summary.

- The State's Medicaid/SCHIP program ended FY17 in a positive fiscal position. This is true even after addressing funding needs from several additional negative fiscal issues that arose subsequent to the budget adjustment.
- Caseload has stabilized and Vermont is now following an annual eligibility redetermination process. In total, the caseload came in 0.35% below the level adopted in January for 2017. The proportion of New Adults that are Childless versus With Children is shifting and this has implications for state funding need.
- In the aggregate across all funding sources and programs, FY17 total expenditure came in \$31.2 million or 1.8% below the level budgeted.
- Of this \$31.2 million, only \$3.3 million is GF available and unexpended to be carried forward to FY18. This GF amount does not reflect the typical 45% overall state share percentage in Medicaid/SCHIP for several reasons:
  - Revenues in the State Health Care Resource Fund (SHCRF) fell short by \$3.4 million, meaning AHS was not able to utilize the full SHCRF appropriated to it in FY17 and instead had to cover this with GF reducing the amount of GF that would otherwise been available to be carried forward.
  - Approximately \$4.8 million of additional state funding was required in FY17 than was expected in the FY17 budget because the percentage of total expenditure on Childless New Adults was lower than estimated and VT drew the enhanced FMAP of 87% (federal share) on a smaller percentage of spending.

- \$3.8 million of FY17 state share was provided via a lower transfer to the Human Services Caseload Reserve (HSCR), with the stipulation that if not needed these funds revert to be redeposited in to the HSCR. While this amount of GF is not available to be carried forward, the HSCR balance is brought up to \$10 million at FY17 close.
- \$1.25m of GF carryforward was anticipated and relied upon as a source of state share in the FY18 budget as passed.
- The Choices for Care program ended FY17 with \$1.1 gross million unexpended after transfers into the program. Portions of this amount reside in DDAIL with the remainder included in the GC carryforward. This gross amount falls below the 1% program reserve specified in the budget and means there are no FY17 savings available for program reinvestment.
- There are a number of issues that will need to be taken into consideration as the staff work group determines which portions of the FY17 year end result represent ongoing changes to trends and state funding requirements for the January 2018 Emergency Board update.
  - Part of the \$31.2 million gross year end under expenditure result, may be due to invoice timing at the Brattleboro Retreat, preliminary analysis and outstanding invoices indicate a potential budget liability of \$5 to \$10 million gross related to this issue.
  - While drug rebates came in \$4.2 million gross over the level expected in FY17. There is an outstanding \$8 million GF liability from past overpayments of state only rebates. While this may dissipate over the time if netted from manufacturers' future rebate payments it could also become an immediate fiscal pressure.
  - The Childless New Adult portion of gross expenditures appears to be continuing to shift and poses a potentially greater state GF fiscal impact for FY18.
  - In FY17, \$3.5m GF was paid to BCBS after reconciling CY 2015 VHC enrolled QHP beneficiaries. No funds are budgeted in FY18 for CY 2016 reconciliation with BCBS. The current estimate is in the range of \$8-11 million GF. The funding of this payment will need to be addressed in budget adjustment.
- The consensus trend and state fund analysis for FY18 and FY19 will also need to consider:
  - The assumptions and savings targets embedded in FY18 including but not limited to; match on Woodside operations, emergency room use, care coordination, program integrity and third party payment as well as directives on the DSH and payment rate review.

- The continuation and expansion of the ACO contract.
- Changes required by the new Global Commitment Waiver including phase out and phase down of several Waiver Investments that include the school nurses investment, room and board and physician training as part of the UVM base grant.
- While there is continued uncertainty regarding changes at the federal level in policy regarding health plans, subsidies and tax credits, for the time being this now appears to be less of an immediate FY18 concern. This fall will see a shorter, six-week open enrollment period, the past three years there had been a three month window. In addition there is a real probability that the federal budget process for FFY18 and/or federal administrative decisions could result in both policy and funding changes that impact Health Exchanges, Medicaid and SCHIP.

<b>Avg Medicaid Caseload - FY13-FY17 and FY18 budgeted</b>					<i>&lt; Redeterminations (note2)&gt;</i>		<b>BUDGETED</b>	
(Based on Monthly Enrollment)								
			<b>ACA 1/2 yr</b>					
		actual	actual	actual	actual	<b>E-BRD</b> Jan. 2017	actual	<b>E-BRD</b> Jan. 2017
<b>AVERAGE ANNUAL CASELOAD</b>		<b>FY13</b>	<b>FY14</b>	<b>FY15</b>	<b>FY16</b>	<b>FY17</b>	<b>FY17</b>	<b>FY18</b>
<b>Full/Primary Coverage (note1)</b>								
<b>Adult</b>								
	Aged, Blind, or Disabled (ABD) Adults	14,294	15,559	15,967	14,883	8,791	8,496	8,636
	General Adults	11,387	12,959	17,339	20,050	15,848	15,125	15,222
	New Adult Childless- began 1/1/2014	n/a	35,935	42,814	49,895	59,021	42,194	59,063
	New Adult w/Kids - began 1/1/2014	n/a	7,522	10,379	12,810		17,711	
	Childless % of total New Adult	n/a	83%	80%	80%	est. 80%	70%	est. 80%
	VHAP Adults - ended in 2014	37,468	36,817	n/a	n/a	n/a	n/a	n/a
	adult subtotal	63,149	71,975	86,499	97,639	83,661	83,526	82,921
<b>Children</b>								
	Blind or Disabled (BD) Kids	3,702	3,652	3,654	3,243	2,490	2,365	2,459
	General Kids	55,400	56,536	60,894	63,354	60,003	59,965	61,159
	SCHIP (Uninsured) Kids	3,986	3,835	4,416	4,509	5,280	5,121	5,562
	child subtotal	63,089	64,023	68,964	71,106	67,773	67,451	69,180
	<b>Subtotal -Full/Primary</b>	<b>126,237</b>	<b>135,998</b>	<b>155,462</b>	<b>168,745</b>	<b>151,434</b>	<b>150,978</b>	<b>152,101</b>
<b>Partial/Supplemental Coverage</b>								
	Choices for Care	3,917	4,072	4,101	4,030	4,080	4,036	4,115
	Waiver Moderates	n/a	n/a	n/a	233	230	247	235
	ABD Dual Eligibles	17,179	17,481	18,309	18,734	17,758	17,556	18,007
	Rx -Pharmacy Only Programs	12,529	13,737	11,974	11,583	11,640	11,411	11,640
	Catamount - ended in 2014	11,483	12,387	n/a	n/a	n/a	n/a	n/a
	ESI progs (VHAP&Catamount) - ended in 2014	1,534	1,207	n/a	n/a	n/a	n/a	n/a
	HIV (incl refugees and civil union pre ACA)	507	329	119	120	n/a	143	n/a
	VPA-Vermont Premium Assistance (note3)	n/a	10,886	16,906	14,893	17,915	17,961	16,854
	CSR-Cost Sharing Reduction - subset of VPA	n/a	3,447	5,322	4,976	5,646	5,816	5,646
	Underinsured Kids (ESI upto 312% FPL)	979	1,235	907	834	833	821	831
	<b>Subtotal -Partial/Supp</b>	<b>49,663</b>	<b>62,743</b>	<b>52,315</b>	<b>50,426</b>	<b>52,455</b>	<b>52,176</b>	<b>51,682</b>
	<b>Total Medicaid Enrollment</b>	<b>175,900</b>	<b>198,740</b>	<b>207,777</b>	<b>219,171</b>	<b>203,889</b>	<b>203,153</b>	<b>203,783</b>
Notes								
1	Some Full Coverage enrollees may have other forms of insurance.							
2	Redetermination process began in Fall 2015 at 1,000 households/mo for most Categorical groups, and January 2016 at 9,000 households/mo for MAGI/VHC groups							
3	VPA-Vermont Premium Assistance counts are subscribers not individuals							

<b>Summary of Total Expenditures</b>							
Medicaid and Medicaid Related			<i>total Admin \$</i>	<i>101,878,207</i>	<i>107,500,336</i>	<i>101,909,972</i>	<i>103,499,347</i>
	<b>FY13 Actual</b>	<b>FY14 Actual</b>	<b>FY15 Actual</b>	<b>FY16 Actual</b>	<b>FY17 Budgeted thru all BAA</b>	<b>FY17 Final Est.</b>	<b>FY18 Budget As Passed</b>
Non Capitated Administration	6,098,492	5,202,413	2,468,599	n/a	n/a	n/a	n/a
Medicaid Administration	n/a	n/a	n/a	n/a	54,575,961	47,059,134	103,499,347
<b>Global Commitment Waiver</b>							
GC - Administration	83,170,036	73,458,966	89,009,358	101,878,207	52,924,375	54,850,838	-
GC - Program	1,025,039,146	1,062,318,540	1,218,350,870	1,376,800,946	1,391,146,806	1,365,543,916	1,442,634,237
GC - Choices for Care (CY 2015 now in GC)			102,782,659	183,841,818	191,059,572	190,393,133	194,833,201
GC - Investments (CNOM)	93,407,332	119,370,840	121,609,350	119,743,698	126,066,268	130,463,693	128,230,166
GC - Certified (non -cash program & cnom)	26,914,096	27,799,832	29,279,458	32,698,831	28,082,571	28,059,203	26,452,991
	1,228,530,610	1,284,909,634	1,463,720,209	1,636,377,827	1,604,285,495	1,585,265,378	1,603,023,529
Choices For Care / Money Follows the Person	199,033,009	205,224,249	108,013,364	3,263,786	2,750,001	2,244,110	1,650,000
Exchange Cost Sharing Subsidy (State Only)		332,623	1,138,775	1,186,720	1,232,289	1,355,318	1,232,289
Exchange Vermont Premium Assistance (State Only)		610,022	140,293	10,097	-	(62,232)	-
Pharmacy - State Only	(1,518,496)	1,004,506	1,256,966	(2,752,230)	2,959,869	408,443	4,208,317
DSH	37,448,781	37,448,781	37,448,781	37,448,781	37,448,781	37,448,780	27,448,780
Clawback (state only funded)	25,971,679	25,833,314	25,888,658	29,011,845	33,750,064	31,738,186	36,207,593
SCHIP	8,997,996	9,584,604	10,373,932	9,787,010	11,285,329	11,636,217	12,017,810
<b>Total</b>	<b>1,504,562,071</b> 10.1%	<b>1,570,150,146</b> 4.4%	<b>1,650,449,577</b> 5.1%	<b>1,714,333,836</b> 3.9%	<b>1,748,287,789</b> 2.0%	<b>1,717,093,332</b> 0.2%	<b>1,789,287,664</b> 2.3%
<b>Notes</b>							
Admin expenses moved out of GC waiver under new terms effective January 1, 2017							
GC Program includes capitated payments to ACO beginning in February 2017							
FY15 Choice For Care included in GC - Jan 1. 2015							
FY13 GC Program includes \$60m for GME representing both the FY12 and FY13 years							
Most of the Buy-In program is included in the GC waiver and a small portion is in the CFC waiver							

<b>Choices for Care Year End Summary - SFY17</b>						
CFC is managed as one budget, categories are estimated but funding is fluid within them.						
DeptID - 34100160000						
LTC	SFY17 Plan\$ Available (Final Appropriation)	SFY17 Expend and Obligated	Bal. of SFY17 Approp by fund	State Share Amt as of FY17 Year End Available for CF/Savings Reinvest	State Share convert to Gross GC Amt Available For CF/Savings Reinvest	
H&CB Money Follows the Person GF	\$ 753,721	\$ 512,724	\$ 240,997	\$ 240,997	\$ 520,737	GF grossed up using SFY18 state share rate of 46.28%.
H&CB Money Follows the Person FF	\$ 1,996,280	\$ 1,731,386	\$ 264,894	\$ -	\$ -	
H&CB GC	\$ 67,993,671	\$ 67,347,317	\$ 646,354	\$ 295,254	\$ 637,974	
Nursing Home GC	\$ 123,065,901	\$ 123,045,815	\$ 20,086	\$ 9,175	\$ 19,825	
<b>LTC Subtotal all funds</b>	<b>\$ 193,809,573</b>	<b>\$ 192,637,243</b>	<b>\$ 1,172,330</b>	<b>\$ 545,426</b>	<b>\$ 1,178,536</b>	Balance available is less than the 1% reserve. (1% of SFY17 CFC-LTC expenses)
					1,926,372	1% reserve requirement, calculated by taking 1% of SFY17 expenses (if available)
					0	Amount available for "reinvestment" (if available)

Global Commitment - Cash Balance Sheet - FY13 to FY18								up to \$10m authorized
	<u>FY13 Actual</u>	<u>FY14 Actual</u>	<u>FY15 Actuals</u>	<u>FY16 Actual</u>	<u>FY17 Budgeted</u>	<u>FY17 Actual</u>	<u>FY18 Budgeted</u>	
Revenues - Cash Capitated Payments	1,192,428,821	1,190,118,931	1,442,945,241	1,633,975,029	1,573,400,783	1,554,409,832	1,572,993,549	
Expenses - Cash Capitated								
Administration	83,170,036	73,458,966	89,009,358	101,878,207	52,924,375	54,850,838	-	
Program	1,025,039,145	1,064,279,995	1,223,822,043	1,382,057,091	1,397,212,281	1,371,894,644	1,448,340,372	
Investment	84,339,985	109,465,255	112,000,874	110,777,644	123,264,127	127,661,650	124,653,177	
<b>Total Cash Expenses</b>	<b>1,192,549,166</b>	<b>1,247,204,216</b>	<b>1,424,832,275</b>	<b>1,594,712,942</b>	<b>1,573,400,783</b>	<b>1,554,407,132</b>	<b>1,572,993,549</b>	
Transfer to 27/53 Reserve	n/a	n/a	n/a	n/a	(5,287,591)	(5,287,591)	(1,700,000)	
Transfer to GF - Corp Tax Refund Offset	n/a	n/a	n/a	n/a	n/a	n/a	?	
<b>Change in Fund Balance</b>	<b>(120,345)</b>	<b>(57,085,285)</b>	<b>18,112,966</b>	<b>39,262,087</b>	<b>(5,287,591)</b>	<b>(5,284,891)</b>	<b>(1,700,000)</b>	
Prior Year Fund Balance	86,662,450	86,542,106	29,456,821	47,569,787	86,831,874	86,831,874	81,546,983	
<b>Total Fund Balance</b>	<b>86,542,106</b>	<b>29,456,821</b>	<b>47,569,787</b>	<b>86,831,874</b>	<b>81,544,283</b>	<b>81,546,983</b>	<b>79,846,983</b>	
Non-capitated administrative expenses <sup>(1)</sup>	6,098,492	6,291,473	2,468,599	-				
Non-cash expenses <sup>(2)</sup>	26,914,096	27,799,832	29,311,669	32,698,831	28,082,571	28,059,203	26,452,991	
Non-cash revenues <sup>(3)</sup>	26,914,096	27,799,832	29,311,669	32,698,831	28,082,571	28,059,203	26,452,991	
<b>Notes:</b>								
(1) Non-capitated expenses are cash expenses but are paid outside of capitation pmt and do not affect fund balance. Effective 1/1/15, with consolidation of CFC into GC these expenses are now part of the GC Admin.								
(2) Non-cash expenses include certified programs in which non-federal expenses are not State cash								

State Health Care Resources Fund				A	B	C	D			
	FY14 Actuals	FY15 Actuals	FY16 Actual	Jan 2017 Ebrd FY17	July 2017 FY17 Actuals	Jan 2017 Ebrd + As Passed FY18	July 2017 FY18	Jan 2017 Ebrd + As Passed FY19	July 2017 FY19	
<b>State Health Care Resources Fund</b>										
1	Beg. Balance	5,401,893	(748)	7,337,508	4,729,431	4,729,431	-	(12,694)	-	(968,772)
2	Catamount Fd Bal (incorp FY13)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
3	Total Beginning balance	5,401,893	(748)	7,337,508	4,729,431	4,729,431	-	(12,694)	-	(968,772)
4	<b>Revenue</b>									
5	Transfer from HIT/VITL fund	n/a	n/a	n/a	n/a	n/a	2,000,000	2,000,000	n/a	n/a
6	Cigarette Tax Revenue	64,727,447	68,302,786	70,007,845	68,230,000	67,556,831	66,000,000	65,800,000	63,950,000	63,900,000
7	Tobacco Products Tax - 100%	7,125,892	8,104,758	9,012,347	9,100,000	9,134,862	9,300,000	9,240,000	9,500,000	9,370,000
8	Cigarette Floor Stock Tax	88	347,610	897,670	-	-	-	-	-	-
9	Claims Assessment	13,073,292	13,978,648	13,767,674	13,905,351	14,055,360	14,044,404	14,100,000	14,184,848	14,200,000
10	Employer Assessment	12,995,400	15,879,665	17,896,335	19,075,073	19,159,000	20,128,813	20,000,000	20,531,389	20,500,000
11	Catamount 11% Adj - >300%	1,467,338	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
12	Graduate Med Education	13,228,943	13,054,500	13,491,750	13,462,714	13,462,714	13,884,000	13,462,714	13,884,000	13,462,714
13	Nursing Home Sale Assessment	746,400	-	593,400	3,472,000	3,683,218	-	-	-	-
14	Prov Tax --Dr&Den Ambulance				1,200,000	736,924	1,200,000	925,000	1,200,000	925,000
15	Prov Tax - Hospital	120,087,900	125,293,302	131,712,103	138,936,277	137,296,343	141,686,414	141,050,598	144,520,142	141,050,598
16	Prov Tax - Hospital A/R							1,640,943		-
16	Prov Tax - Nursing Home	15,998,993	15,595,924	15,681,383	15,221,026	15,000,491	15,039,003	15,039,003	15,039,003	15,039,003
17	Prov Tax - Home Health	4,097,040	4,373,603	4,488,435	5,718,713	5,467,427	4,793,713	4,466,892	4,793,713	4,542,437
18	Prov Tax - ICF-MR	71,629	73,759	73,308	73,708	73,308	73,708	73,828	73,708	73,828
19	Pharmacy \$0.10/script	780,174	775,297	783,689	780,000	782,910	780,000	780,000	780,000	780,000
20	Premiums - Catamount	3,164,335	n/a	(38)	n/a	n/a	n/a	n/a	n/a	n/a
21	Premiums - VHAP (mgd care)	1,634,739	(260)	-	n/a	(46)	n/a	n/a	n/a	n/a
22	Premiums - Dr. D (medicaid)	88,237	192,949	130,524	135,000	183,318	135,000	185,000	135,000	185,000
23	Premiums - SCHIP	359,025	928,108	163,865	160,000	102,313	160,000	105,000	160,000	105,000
24	Premiums - Rx programs	3,163,777	3,112,356	2,918,910	2,900,000	2,799,719	2,900,000	2,800,000	2,900,000	2,800,000
25	Recoveries	1,279,529	435,377	2,831,833	500,000	55,117	1,051,725	551,725	500,000	735,633
27	Other (Misc, Interest)	(166,395)	(39,319)	(962,512)	-	(77,988)	-	-	-	-
28	Total Fund Revenue	263,923,782	270,409,063	283,488,521	292,869,862	289,472,721	293,176,780	292,220,703	292,151,804	287,669,213
29						(3,397,141)		(956,077)		
30	Total Available	269,325,675	270,408,315	290,826,029	297,599,293	294,202,152	293,176,780	292,208,008		
31	<b>Expenditures</b>									
36	Total GC Expend	269,326,423	263,070,807	286,096,598	297,599,293	294,214,846	293,176,780	293,176,780		
37						(3,384,447)				
38	<b>End. Balance</b>	<b>(748)</b>	<b>7,337,508</b>	<b>4,729,431</b>	<b>-</b>	<b>(12,694)</b>	<b>-</b>	<b>(968,772)</b>		
39										
40	Exchange Operations - Allocation		1,244,668	3,448,899		2,631,828				
	<i>Exchange Operations reflect the operations cost of the Qualified Health Plan (QHP) portion of the exchange. Medicaid eligibility and exchange operations costs are included in the Global Commitment expenditure</i>								When new surgical center opens est. impact on hospital provider tax	