COMPARATIVE DATA REPORT ON MEDICAID

2011

A Report Submitted to the

FISCAL AFFAIRS AND GOVERNMENTAL OPERATIONS COMMITTEE

Southern Legislative Conference **Council of State Governments**

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PAGES VIII TO XXV + COVER

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on July 25, 2014

John A. Alario, Jr.
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Speaker of the Louisiana House

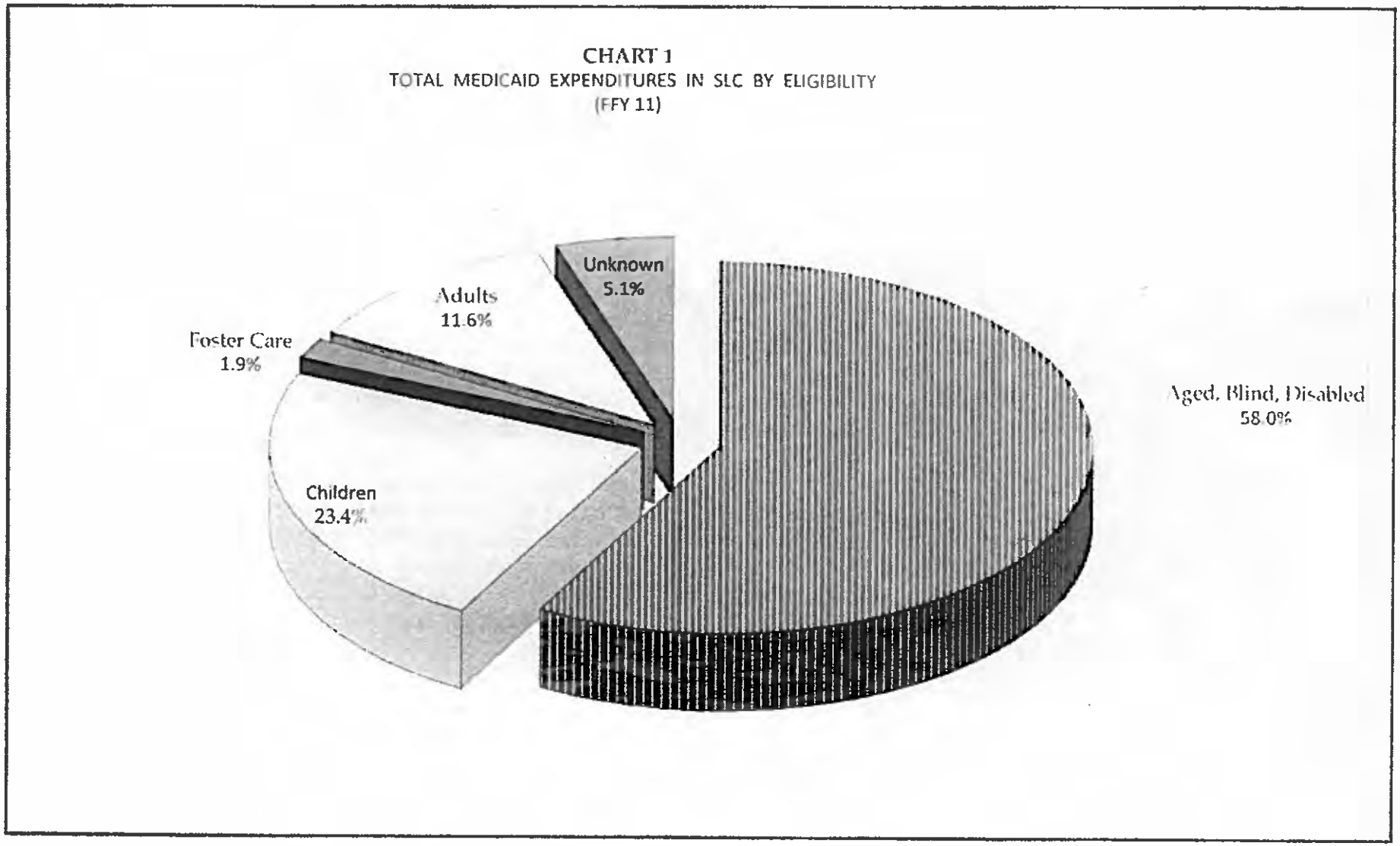


CHART 1
TOTAL MEDICAID EXPENDITURES IN SLC BY ELIGIBILITY
(FFY 11)
Unknown
5.1%
Adults
11.6%
Foster Care
1.9%
Children
23.4%
Aged, Blind, Disabled
58.0%

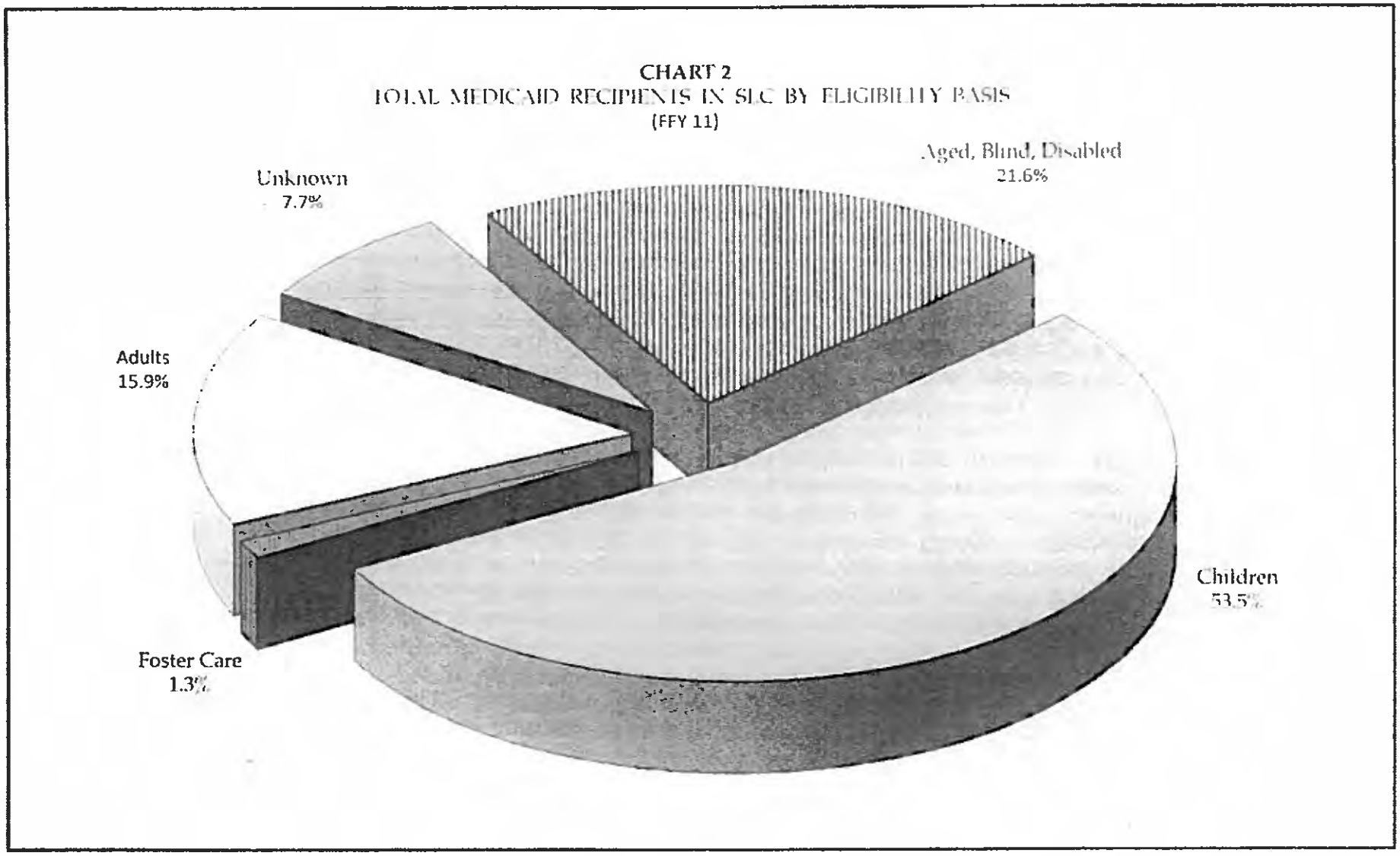


CHART 2
TOTAL MEDICAID RECIPIENTS IN SLC BY ELIGIBILITY BASIS
(FFY 11)
Aged, Blind, Disabled
21.6%
Unknown
7.7%
Adults
15.9%
Children
53.5%
Foster Care
1.3%

STATE COMPARISONS

The next few pages contain direct comparisons among the 16 SLC states relative to spending levels and recipient levels. These comparisons include measures of per capita expenditures, expenditures per recipient and recipients per 100,000 population, as well as information on payments for services and on administrative costs. These are included only to indicate broad trends and demonstrate gross levels of spending and eligibility in each state. They should be used with caution when comparing state programs in terms of recipient coverage, cost effectiveness or level of effort. Charts cited below can be found at the end of this summary.

Per Capita Expenditures. Medicaid per capita spending in the 16-state southern region has increased from $924 in FFY 05 to $1,137 for FFY 11. States with high numbers of recipients per unit of population combined with a high level of payments per recipient rank high in per capita spending. As shown in **Chart 3 (page xiii)**, per capita spending for FFY 11 ranges from $862 in Georgia to $1,544 in West Virginia. All other SLC states ranged from $880 to $1,528.

West Virginia had an increase in population of approximately 996 (less than 1%) during FFY 11, coupled with an increase in total Medicaid expenditures of approximately $201.6 million (7.9%). For seven years in a row (FFY 04 through FFY 10), Virginia maintained its position as the state with the lowest average per capita expenditure, reporting an average of $830 per person (25% under the SLC average of $1,114) in FFY 10. However, Georgia reflected the lowest per capita expenditures in FFY 11. Georgia's demographic data reflects the following: 1) the state's population increased from approximately 9.7 million to 9.8 million (1.1%); 2) total Medicaid expenditures (excluding admin. costs) from FFY 10 to FFY 11 increased from $7.7 billion to $8.1 billion (4.6%) and; 3) 19% of the total population (11th in the U.S.) have incomes less than the federal poverty level in FFY 11.

Payments per Recipient. Average annual payments per recipient for the southern region have increased from $4,410 in FFY 05 to $4,948 in FFY 11, an overall increase of 1.9% per year. Payments per recipient for FFY 11 range from $3,908 in Georgia to $7,532 in Tennesee. **(See Chart 4, page xiv))**. Expenditure per recipient (by type of service) comparisons should be viewed with caution unless used in conjunction with a specific well-defined service. We have chosen five of the largest and, hopefully, best-defined services for inclusion: inpatient hospitals; skilled and intermediate care nursing facilities; intermediate care for the mentally retarded; physician services; and prescription drugs. Each of these services represents a large part of a state's Medicaid expenditures. Payments for these five services represent approximately 41% of all Medicaid payments in the region for FFY 10, compared to 45% for FFY 10. Note: Other Care services represents an additional 13.6% share of the total spend in FFY 11.

•Payments for general hospital inpatient services in the region have decreased from $13.7 billion in FFY 05 to $12.8 billion in FFY 11, an annual decrease of 1.1%. These payments represent 10.5% of all Medicaid payments in FFY 11. If all disproportionate share payments were included in these figures, the growth rates and the share of total spending on

hospitals would be significantly greater. **Chart 5 (page xv)** excludes all such payments that have been included on the MSIS (FFY 05 to 11) in order to make consistent comparisons.

The total number of recipients for inpatient services decreased at a -4.8% annual rate, from 2.68 million in FFY 05 to 1.99 million by FFY 11. The SLC average for annual payments per recipient for inpatient services has increased from $5,112 in FFY 05 to $6,443 in FFY 11, an annual growth rate of 3.9%. Average payment per recipient for general hospital inpatient services in FFY 11 range from $1,089 in Tennessee to $16,736 in West Virginia. Again it should be noted that these figures do not include disproportionate share payments. **(See Chart 5, page xv)**

•Payments for skilled and intermediate care nursing facilities grew from $14.4 billion in FFY 05 to $15.6 billion in FFY 11 for an annual growth rate of 1.4%. The average share of a southern state's Medicaid budget devoted to these services has fallen from 15.5% in FFY 05 to 12.7% in FFY 11. Total payments have decreased from FFY 10 to FFY 11 by $576.1 M (or -3.6%). The number of recipients utilizing these services decreased at a 1.5% annual rate, from approximately 608,508 in FFY 05 to 556,183 in FFY 11. The SLC average for annual payments per recipient for skilled and intermediate care nursing facilities increased from $23,604 in FFY 05 to $27,997 in FFY 11, an annual growth rate of 2.9%. Average annual payments in FFY 11 ranged from a low of $856 in Tennessee to a high of $44,268 in Maryland **(See Chart 6, page xvi). Note:** Payments for these services in Tennessee may be understated as a result of inconsistent reporting . The lowest average payment per recipient for these services after Tennessee is Arkansas at $19,581.

•The cost of intermediate care for the mentally retarded (ICF-MR) increased from $3.68 billion in FFY 05 to $3.83 billion in FY 11, an annual growth rate of 0.7%. SLC states applied an average of 3.1% of their expenditures to this service in FFY 11, down from 3.9% in FFY 05. This service experienced a decline in recipients from approximately 44,276 in FFY 05 to 36,497 in FFY 11, a 3.2% decrease during the seven-year period. The average cost per recipient has continued to increase approximately 4% annually, and has increased from $83,043 to $105,002 during the seven-year period. Average payments range from $49,771 in Arkansas to $226,375 in Kentucky in FFY 11. **(See Chart 7, xvii)**

•The cost of physician services decreased from approximately $6.69 billion in FFY 05 to $6.44 billion in FFY 11, an annual decrease of -.06% per year. The number of recipients of these services decreased from more than 12.2 million in FFY 05 to 11.3 million in FFY 11, a -1.2% decrease from FFY 05. Average annual payments per recipient in the region experienced growth of about 0.6% per year, from approximately $550 in FFY 05 to $571 in FFY 11. Payments per recipient vary widely from $197 in Missouri to $802 in Maryland for FFY 11. **(See Chart 8, page xviii).** Note: The average payment per recipient for physician services reflected for Tennessee may be understated as a result of inconsistent reporting.

•The cost of providing prescribed drugs decreased 6.8% annually from $17.63 billion in FFY 05 to $11.54 billion in FFY 11. Recipients decreased 1.5% annually from 13 million in FFY 05 to 11.9 million in FFY 11. The regional average payment per recipient decreased from $1,354 in FFY 05 to $973 in FFY 11, an average rate of -5.4% per year. States range from a low of $579 per recipient annually for prescription drug costs in Mississippi to $1,483 in Maryland. ***Average annual***

payments per recipient dropped significantly in four states from FFY 05 to FFY 11; Tennessee, and Virginia decreased by over 12%, Mississippi by 11.2% and Florida by 10.4%. Total payments in 12 of the 16 SLC states increased from FFY 10 to FFY 11. Only Alabama, Arkansas, Mississippi, and South Carolina had payment decreases from FFY 10 to FFY 11. Payment decreases in Arkansas, Mississippi, and South Carolina appear to be related to a decrease in the number of recipients receiving prescription drug services from FFY 10 to FFY 11, however the number recipients for these services increased from FFY 10 to FFY 11 in Alabama. Overall cost decreases in Alabama could be the result of cost control measures. **(See Charts 9A, 9B, & 9C, pages xix-xxi)**

Recipients per 100,000 Population. The number of recipients per 100,000 population increased during FFY 05-11 from 18,821 to 20,587. According to this indicator, the highest state was Louisiana with 28,380 per 100,000 population and the lowest was Virginia with 12,581 in FFY 11. A state's rank on this scale is influenced by how liberal its eligibility criteria is for Medicaid and children in low-income families. **(See Chart 10, page xxii)**

SCHIPS Allocation per State. Under the provisions of the legislation that created SCHIPs, states have the option of expanding Medicaid, designing a state plan option, or implementing a combination of both. In the SLC, 2 states have opted to expand Medicaid, 5 states have designed a separate state plan, and 9 states have combined Medicaid expansion with a state-designed plan. Of the $3.33 billion federal allocation for the 16 SLC states, $3.23 billion (approximately $97%) has been requested to fund the various SCHIP plans in FFY 11. Texas, North Carolina, and Florida topped the federal allocation in the SLC with $832.7 million, $382.3 million, and $324.9 million, respectively. North Carolina utilized only $287.2 M of available federal funding (75%). West Virginia was allotted the fewest SCHIP dollars in the SLC, $41.3 M, and utilized in excess of that allotment ($41.5 M) in FFY 11, likely utilizing prior year allotment. **(Table 1, page xxiii)**

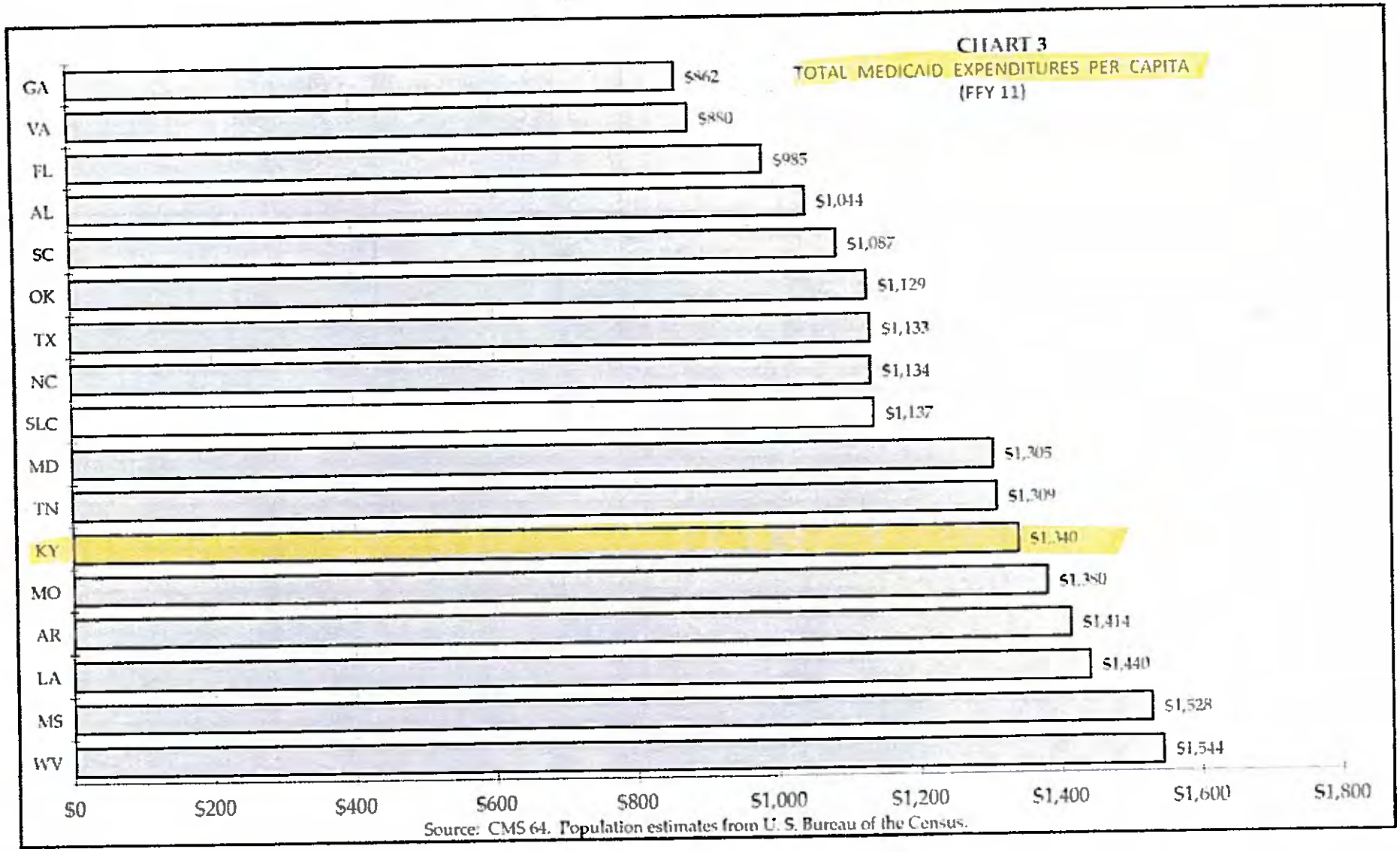


CHART 3
TOTAL MEDICAID EXPENDITURES PER CAPITA
(FFY 11)
GA $862
VA $880
FL $985
AL $1,044
SC $1,087
OK $1,129
TX $1,133
NC $1,134
SLC $1,137
MD $1,305
TN $1,309
KY $1,340
MO $1,380
AR $1,414
LA $1,440
MS $1,528
WV $1,544
$0
$200
$400
$600
$800
$1,000
$1,200
$1,400
$1,600
$1,800
Source: CMS 64. Population estimates from U. S. Bureau of the Census.

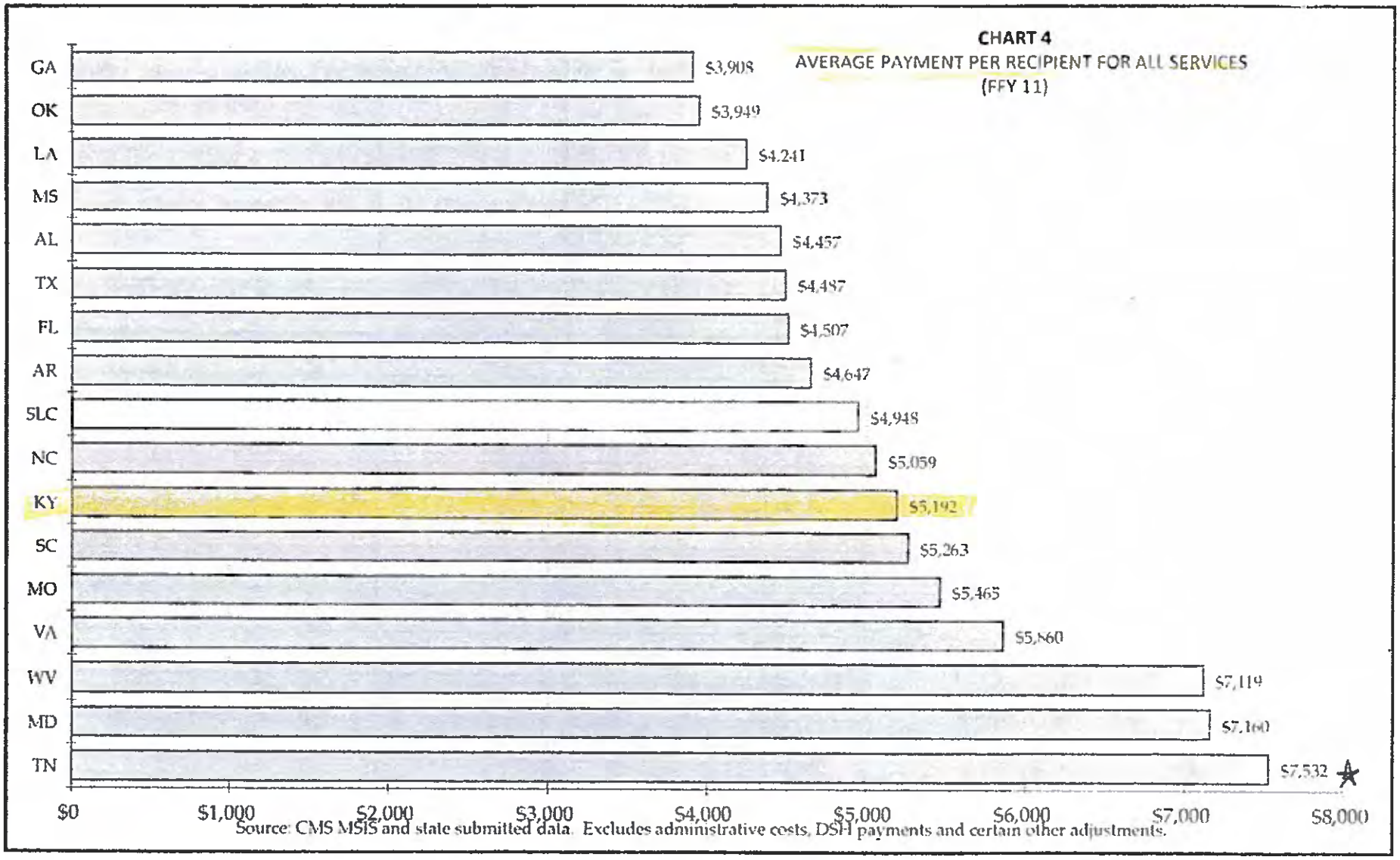
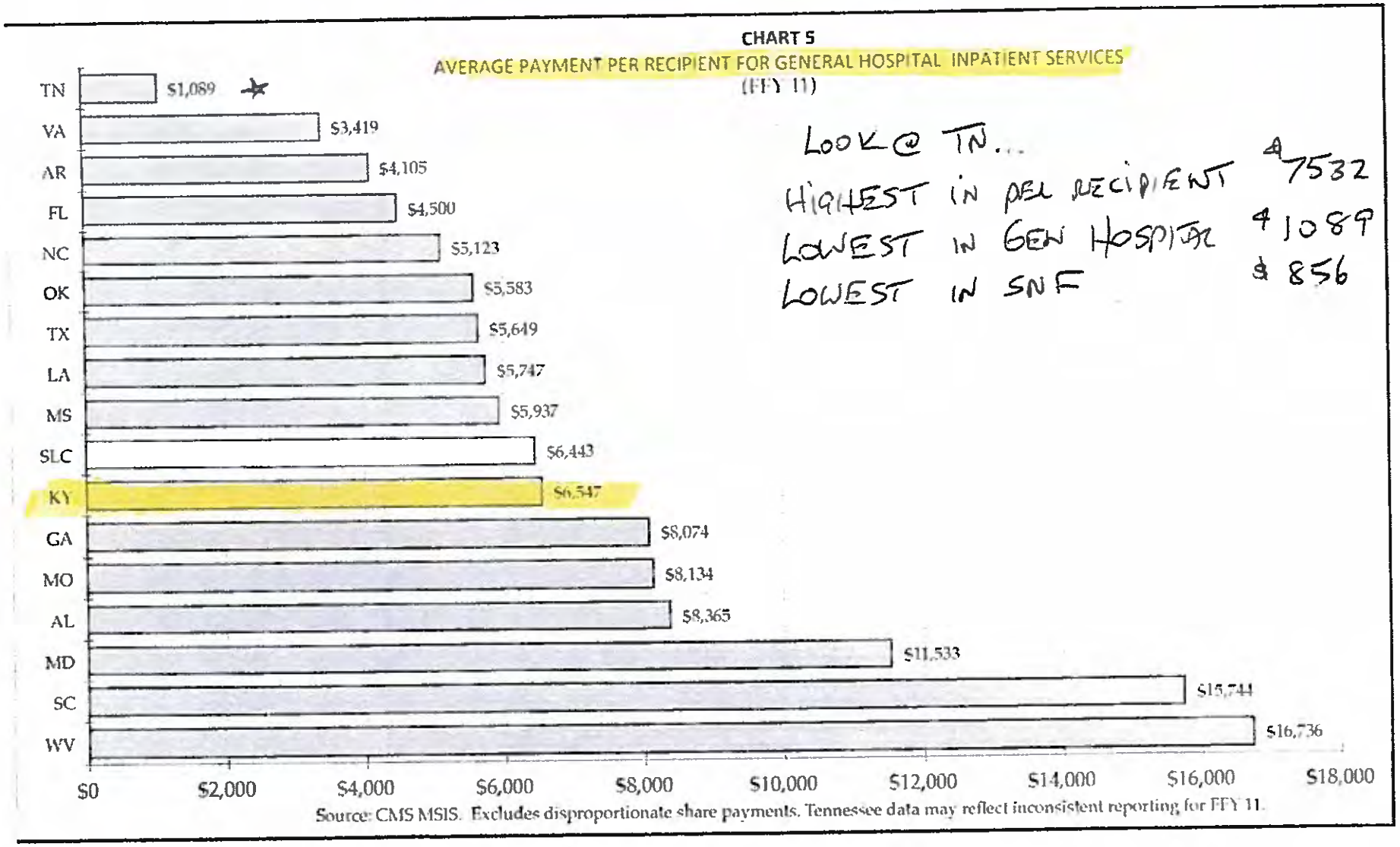


CHART 4
AVERAGE PAYMENT PER RECIPIENT FOR ALL SERVICES
(FFY 11)
GA $3,908
OK $3,949
LA $4,241
MS $4,373
AL $4,457
TX $4,487
FL $4,507
AR $4,647
SLC $4,948
NC $5,059
KY $5,192
SC $5,263
MO $5,465
VA $5,860
WV $7,119
MD $7,160
TN $7,532
$0
$1,000
$2,000
$3,000
$4,000
$5,000
$6,000
$7,000
$8,000
Source: CMS MSIS and state submitted data. Excludes administrative costs, DSH payments and certain other adjustments.



LOOK @ TN...
HIGHEST IN PER RECIPIENT $7532
LOWEST IN GEN HOSPITAL $1089
LOWEST IN SNF $856

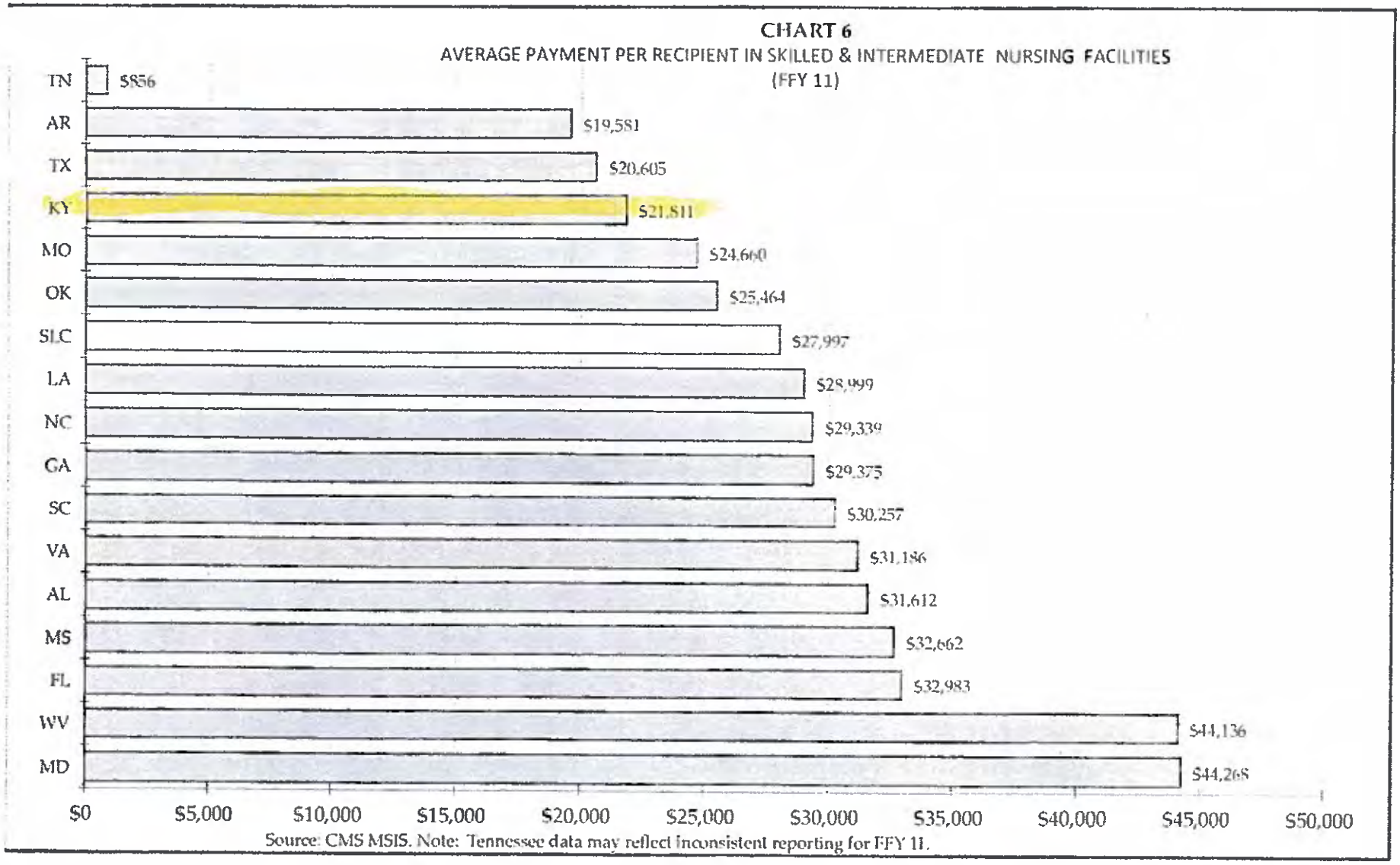


CHART 6
AVERAGE PAYMENT PER RECIPIENT IN SKILLED & INTERMEDIATE NURSING FACILITIES
(FFY 11)
TN $856
AR $19,581
TX $20,605
KY $21,811
MO $24,660
OK $25,464
SLC $27,997
LA $28,999
NC $29,339
GA $29,375
SC $30,257
VA $31,186
AL $31,612
MS $32,662
FL $32,983
WV $44,136
MD $44,268
$0
$5,000
$10,000
$15,000
$20,000
$25,000
$30,000
$35,000
$40,000
$45,000
$50,000
Source: CMS MSIS. Note: Tennessee data may reflect inconsistent reporting for FFY 11.

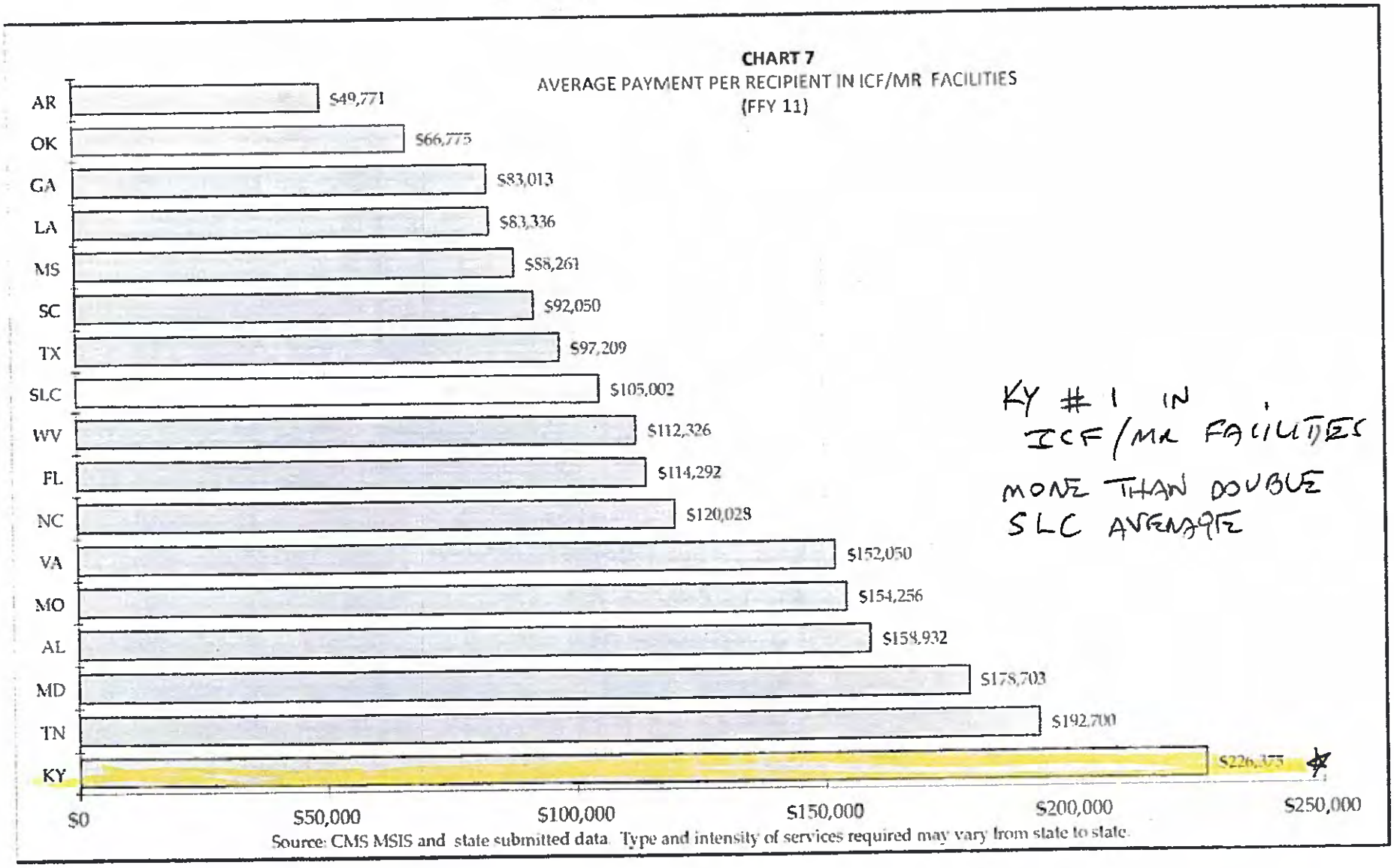


CHART 7
AVERAGE PAYMENT PER RECIPIENT IN ICF/MR FACILITIES
(FFY 11)
AR $49,771
OK $66,775
GA $83,013
LA $83,336
MS $88,261
SC $92,050
TX $97,209
SLC $105,002
WV $112,326
FL $114,292
NC $120,028
VA $152,050
MO $154,256
AL $158,932
MD $178,703
TN $192,700
KY $226,375
$0
$50,000
$100,000
$150,000
$200,000
$250,000
Source: CMS MSIS and state submitted data. Type and intensity of services required may vary from state to state.
KY #1 IN ICF/MR FACILITIES
MORE THAN DOUBLE SLC AVERAGE

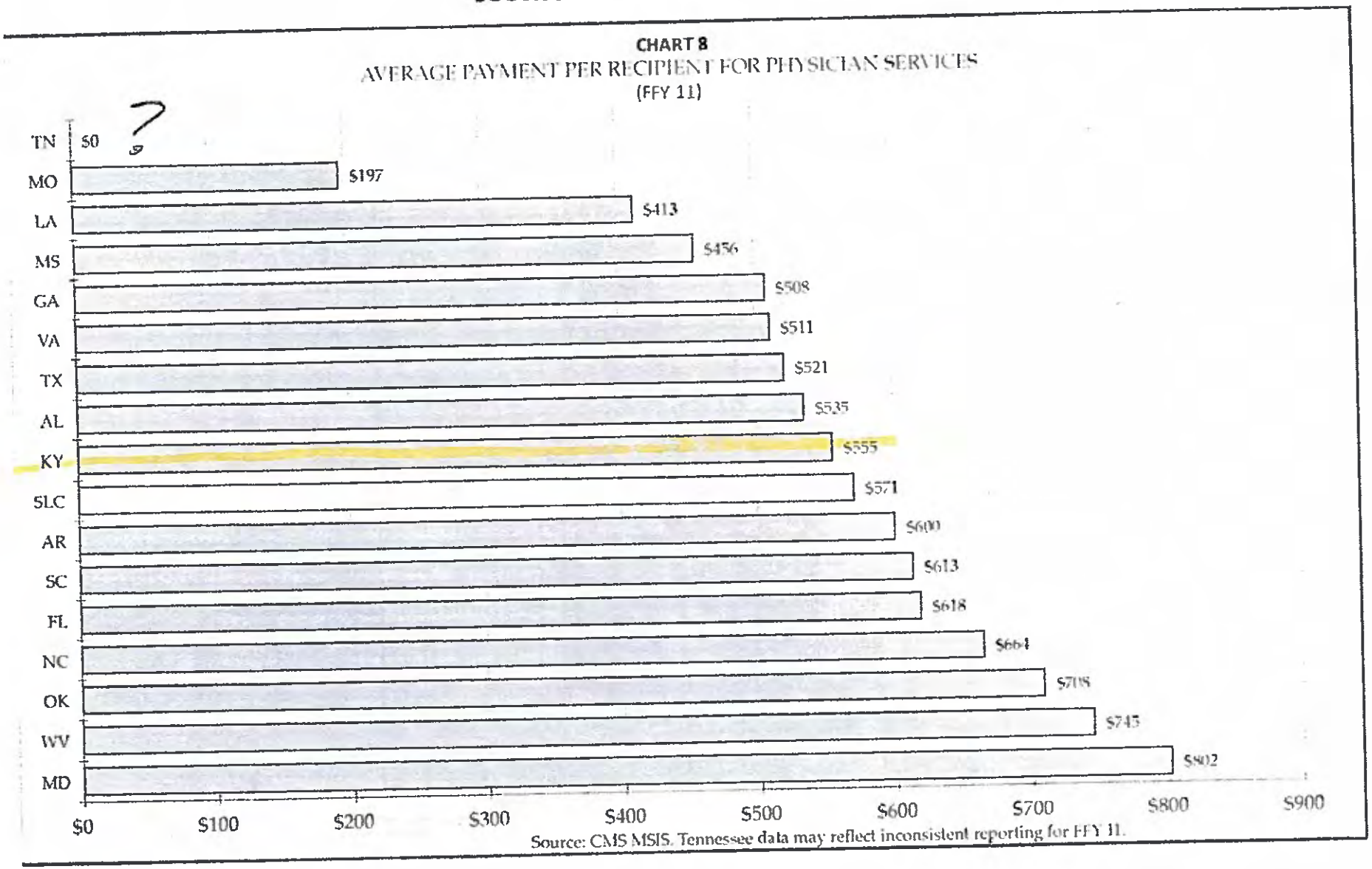


CHART 8
AVERAGE PAYMENT PER RECIPIENT FOR PHYSICIAN SERVICES
(FFY 11)
TN $0
MO $197
LA $413
MS $456
GA $508
VA $511
TX $521
AL $535
KY $555
SLC $571
AR $600
SC $613
FL $618
NC $664
OK $708
WV $743
MD $802
$0 $100 $200 $300 $400 $500 $600 $700 $800 $900
Source: CMS MSIS. Tennessee data may reflect inconsistent reporting for FFY 11.

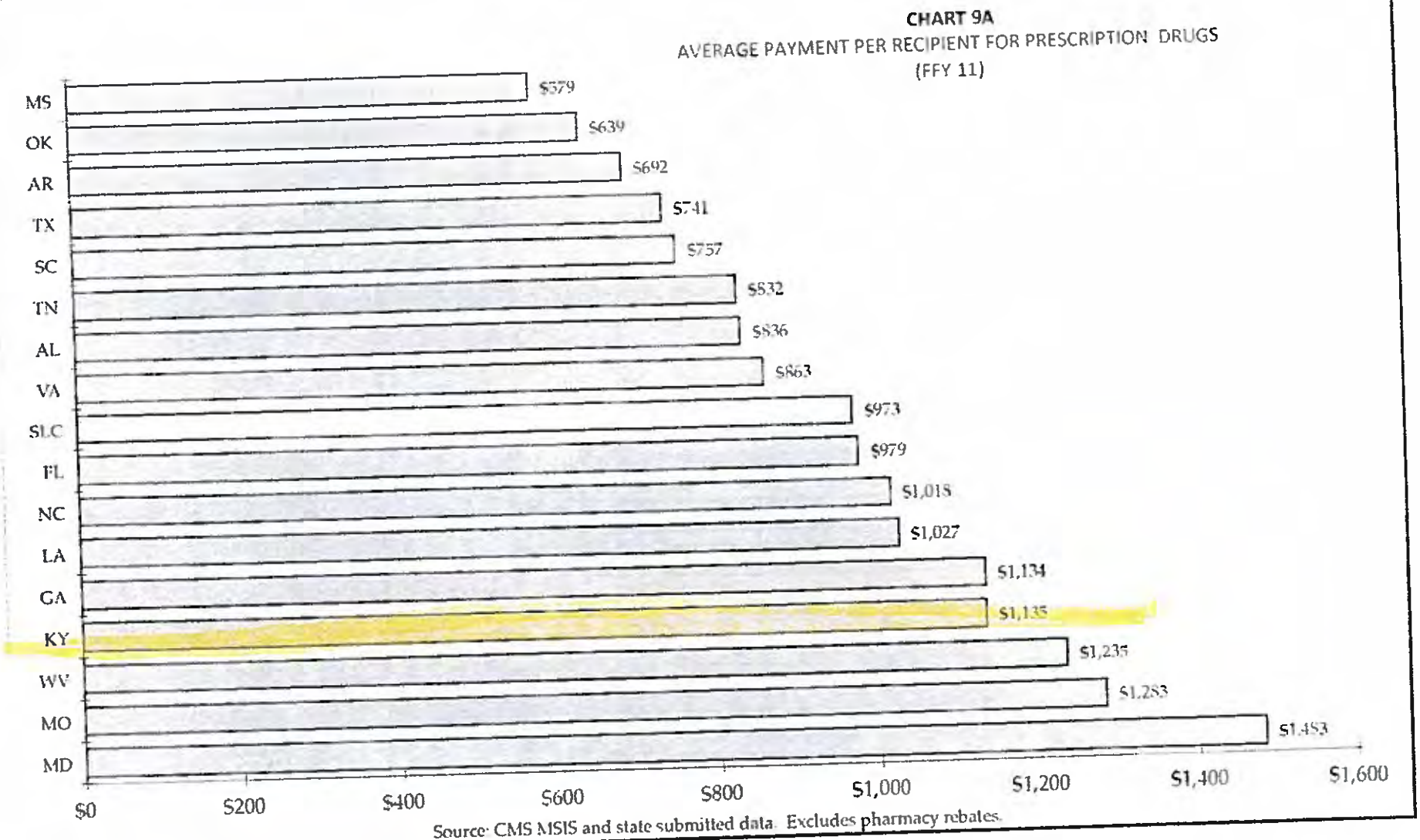


CHART 9A
AVERAGE PAYMENT PER RECIPIENT FOR PRESCRIPTION DRUGS
(FFY 11)
MS $579
OK $639
AR $692
TX $741
SC $757
TN $832
AL $836
VA $863
SLC $973
FL $979
NC $1,018
LA $1,027
GA $1,134
KY $1,135
WV $1,235
MO $1,283
MD $1,453
$0
$200
$400
$600
$800
$1,000
$1,200
$1,400
$1,600
Source: CMS MSIS and state submitted data. Excludes pharmacy rebates.

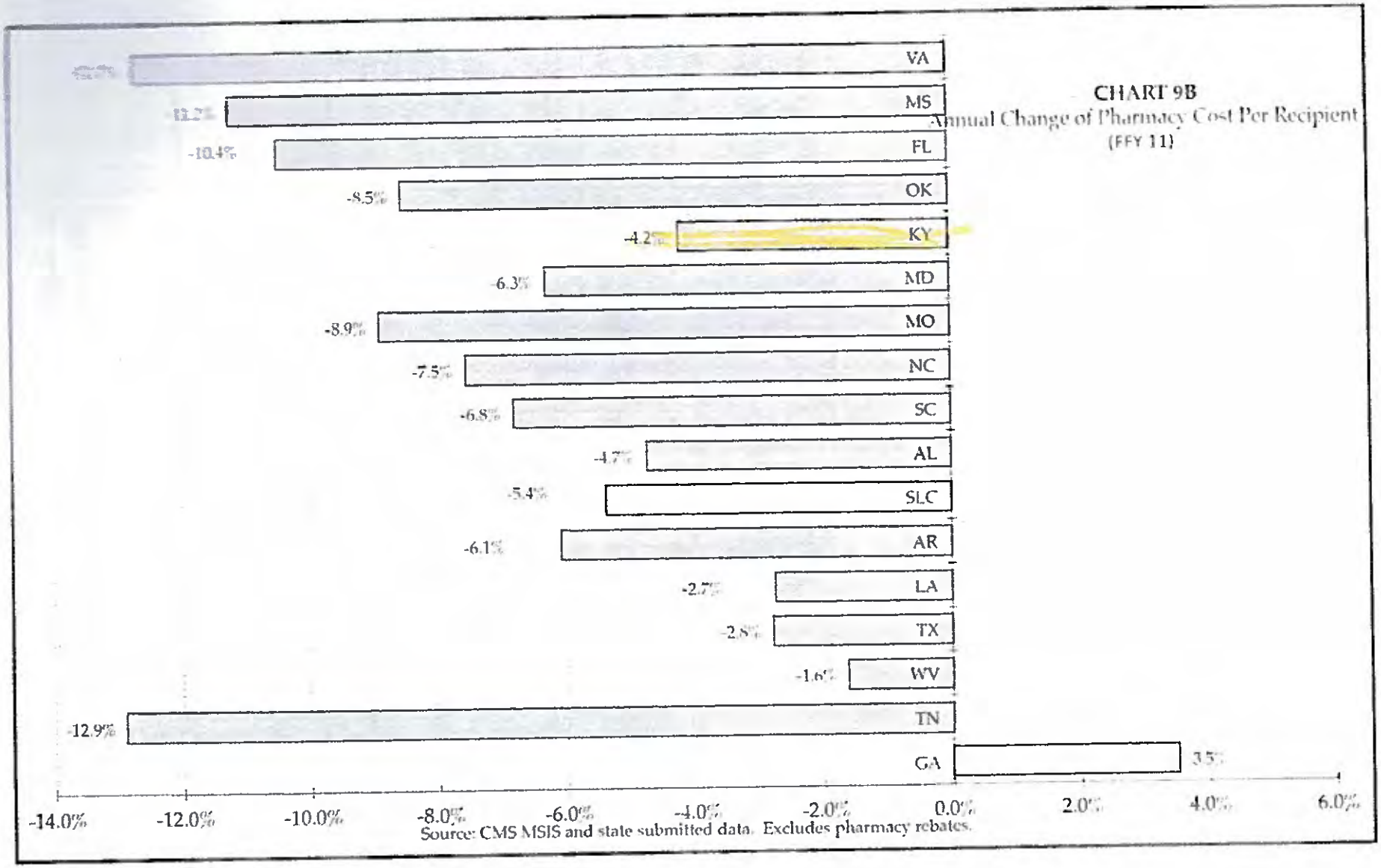


CHART 9B
Annual Change of Pharmacy Cost Per Recipient
(FFY 11)
VA
MS
-13.2%
FL
-10.4%
OK
-8.5%
KY
-4.2%
MD
-6.3%
MO
-8.9%
NC
-7.5%
SC
-6.8%
AL
-4.7%
SLC
-5.4%
AR
-6.1%
LA
-2.7%
TX
-2.8%
WV
-1.6%
TN
-12.9%
GA
3.5%
-14.0%
-12.0%
-10.0%
-8.0%
-6.0%
-4.0%
-2.0%
0.0%
2.0%
4.0%
6.0%
Source: CMS MSIS and state submitted data. Excludes pharmacy rebates.

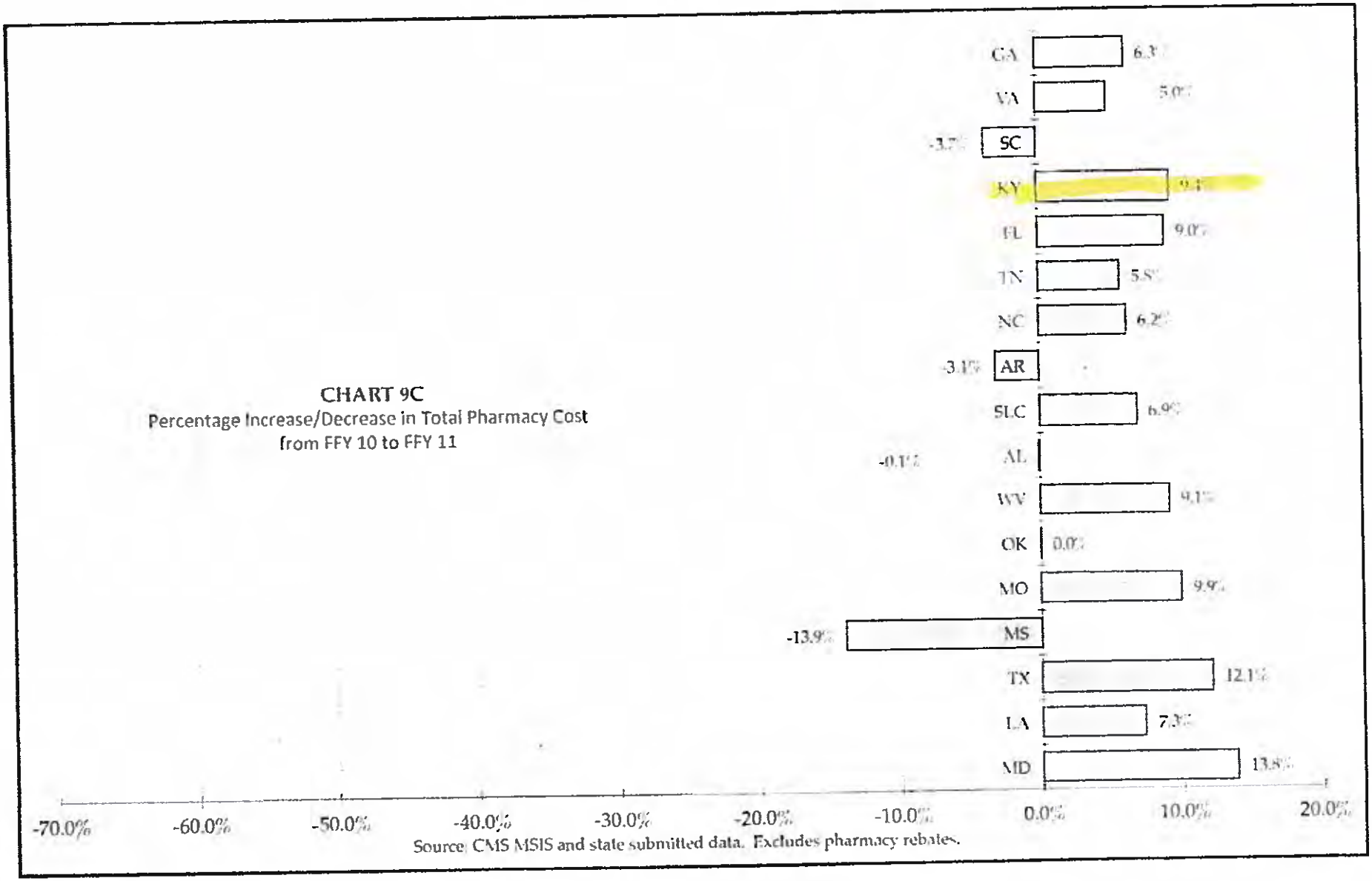
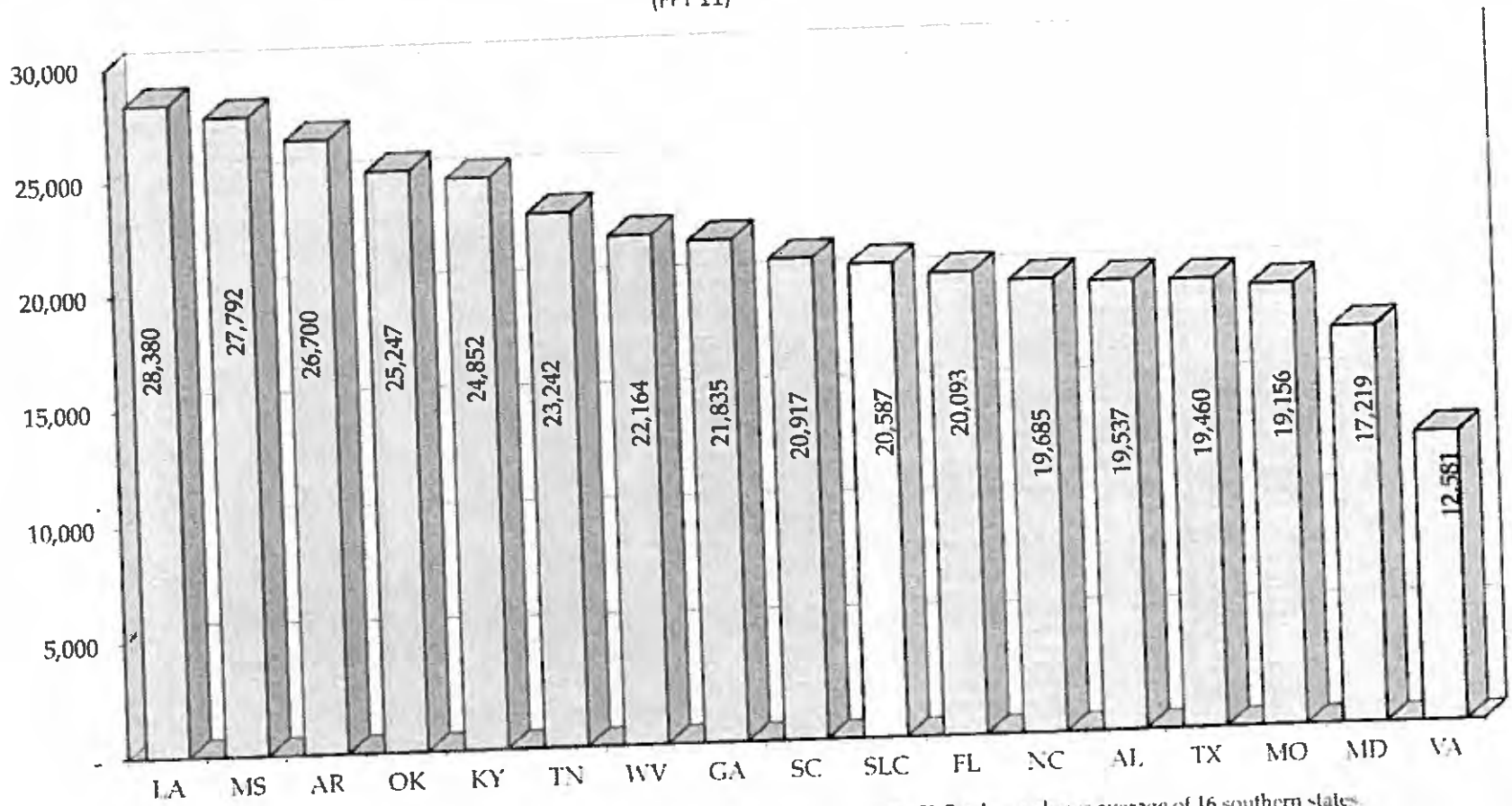


CHART 9C
Percentage Increase/Decrease in Total Pharmacy Cost
from FFY 10 to FFY 11
GA
VA
SC
KY
FL
TN
NC
AR
SLC
AL
WV
OK
MO
MS
TX
LA
MD
6.3
5.0
-3.7
9.4
9.0
5.8
6.2
-3.1
6.9
-0.1
9.1
0.0
9.9
-13.9
12.1
7.3
13.8
-70.0%
-60.0%
-50.0%
-40.0%
-30.0%
-20.0%
-10.0%
0.0%
10.0%
20.0%
Source: CMS MSIS and state submitted data. Excludes pharmacy rebates.

CHART 10
MEDICAID RECIPIENTS PER 100,000 POPULATION
(FFY 11)



Source: CMS MSIS and U. S. Bureau of the Census population estimates. SLC column shows average of 16 southern states.

TABLE 1

SCHIP ALLOTMENTS AND PROJECTED ANNUAL EXPENDITURES FOR THE SOUTHERN LEGISLATIVE CONFERENCE STATES

	SCHIP Allotments FFY 11			FFY 11 Federal Match Rates			FFY 11 Annual Cost for SCHIP				
	Federal $'s in millions	State $'s in millions	Total Program Allotment in millions	Medicaid	SCHIP	Difference	Type of Plan	Federal $'s in millions	State $'s in millions	Total Program Projection in millions	% of Program Allotment
* • AL	$135.5	$38.4	$173.9	68.5%	77.9%	9.4%	State Plan Option	$144.6	$41.0	$185.6	106.8%
* • AR	$90.9	$22.9	$113.7	71.3%	79.9%	8.6%	Combination	$91.1	$22.9	$114.0	100.3%
* • FL	$324.9	$147.2	$472.1	55.4%	68.8%	13.4%	Combination	$334.2	$151.4	$485.6	102.9%
* • GA	$239.4	$76.7	$316.1	65.3%	75.7%	10.4%	State Plan Option	$246.8	$79.1	$325.9	103.1%
* • KY	$129.6	$32.3	$161.9	71.4%	80.0%	8.6%	Combination	$135.5	$33.8	$169.3	104.6%
* • LA	$186.0	$63.6	$249.6	63.6%	74.5%	10.9%	Combination	$163.8	$56.0	$219.8	88.1%
* • MD	$168.8	$90.9	$259.7	50.0%	65.0%	15.0%	Medicaid Expansion	$141.9	$76.4	$218.3	84.1%
* • MS	$160.7	$34.5	$195.2	74.7%	82.3%	7.6%	State Plan Option	$160.6	$34.5	$195.1	100.0%
* • MO	$112.7	$39.0	$151.7	63.2%	74.3%	11.1%	Combination	$108.0	$37.4	$145.4	95.8%
* • NC	$382.3	$125.4	$507.8	64.7%	75.3%	10.6%	Combination	$287.2	$94.2	$381.4	75.1%
* • OK	$120.4	$39.2	$159.5	64.9%	75.5%	10.6%	Combination	$94.8	$30.8	$125.6	78.7%
* • SC	$98.0	$26.0	$124.0	70.0%	79.0%	9.0%	Medicaid Expansion	$95.8	$25.4	$121.2	97.7%
* • TN	$134.2	$42.2	$176.4	65.8%	76.1%	10.3%	Combination	$158.4	$49.7	$208.1	118.0%
* • TX	$832.7	$319.0	$1,151.7	60.5%	72.3%	11.8%	State Plan Option	$852.8	$326.7	$1,179.5	102.4%
* • VA	$175.2	$94.4	$269.6	50.0%	65.0%	15.0%	Combination	$173.3	$93.3	$266.6	98.9%
* • WV	$41.3	$9.6	$50.8	73.2%	81.2%	8.0%	State Plan Option	$41.5	$9.6	$51.1	100.6%
SLC TOTAL	$3,332.5	$1,201.1	$4,533.6					$3,230.3	$1,162.4	$4,392.7	

**FMAP rates reflected are adjusted to reflect enhanced rates under the American Recovery and Reinvestment Act (ARRA).*

** In 2007, Tennessee began the CoverKids Program, a combination (Medicaid expansion and separate program) to provide childrens health insurance. Tennessee did not have a SCHIP program prior to 2007.*

** States that exceed 100% of their annual program allotments are likely "carrying forward" prior year balances to finance their programs.*

Type of program	# of states	Percent
Medicaid Expansion	2	12.5%
State Plan Option	5	31.3%
Combination	9	56.3%
Total	16	

Projected Expenditure as a Percent of Total Allotment	# of SLC states
0-20%	0
21-40%	0
41-60%	0
61-80%	2
81 & above	14

Source: "Children's Health Insurance Program (CHIP); Allotment Methodology and States, Fiscal Years 2009 through 2015 CHIP Allotments"; Federal Register
Source: www.statehealthfacts.org.

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Lousiana Legislative Fiscal Office

Medicaid Disproportionate Share Hospital (DSH) Payment

The Medicaid Disproportionate Share Hospital (DSH) Payment Program was established by the federal government in 1981. The program was designed to enable states to provide financial support to hospitals that incur high levels of unreimbursed costs due to serving a disproportionate share of Medicaid and uninsured patients. The program was not only established to enhance the financial stability of these hospitals, but also to ensure access for the low income and uninsured. Congress authorized DSH payments, or a payment adjustment, to cover these costs.

Individual states make DSH payments to hospitals through their Medicaid programs. States have some flexibility in defining what is considered a low income provider (which hospitals qualify for reimbursement) within federal guidelines, and states can further decide specific payment methodologies (payment levels based on hospital provider type). However, these state guidelines are restricted through a hospital specific DSH cap (typically can't be greater than costs), and a total DSH cap (total amount that a state can receive). The total state allotments that are currently in place are not necessarily based on state need, but historical DSH funding.

DSH payments are jointly financed by states and the federal government. The required state match to draw down federal financial participation (Federal Medical Assistance Percentage) varies by state, and typically depends on the economy of the state. Furthermore, the "state contribution" required to draw down the federal DSH matching funds or allotment may consist of resources other than state general funds, and may include provider fees, intergovernmental transfer (IGT) funds which are fund transfers from local governments or providers, and/or donations.

Chart 12 represents total DSH payments in the SLC from FY 05 to FY 13. Total DSH funding is separated by general hospital inpatient payments and mental health hospital payments. Total DSH payments increased by $36 M from FFY 05 to FFY 11, or by less than 1%. Total DSH payments decreased by $979.8 million, or 16%, from FFY 05 to FFY 13, due to significant DSH payment reductions in FFY 12 and FFY 13. Note: The FFY 13 DSH reduction from FFY 12 is largely the result of a significant decrease in DSH spending in Texas (may be a reporting error). Total DSH payments in the SLC decreased by $390 M, or.6% from FFY 10 to FFY 11.

Texas, Louisiana, and Missouri were high spending states in FFY 11, spending $1.58 billion, $600 million, and $699.5 million respectively.

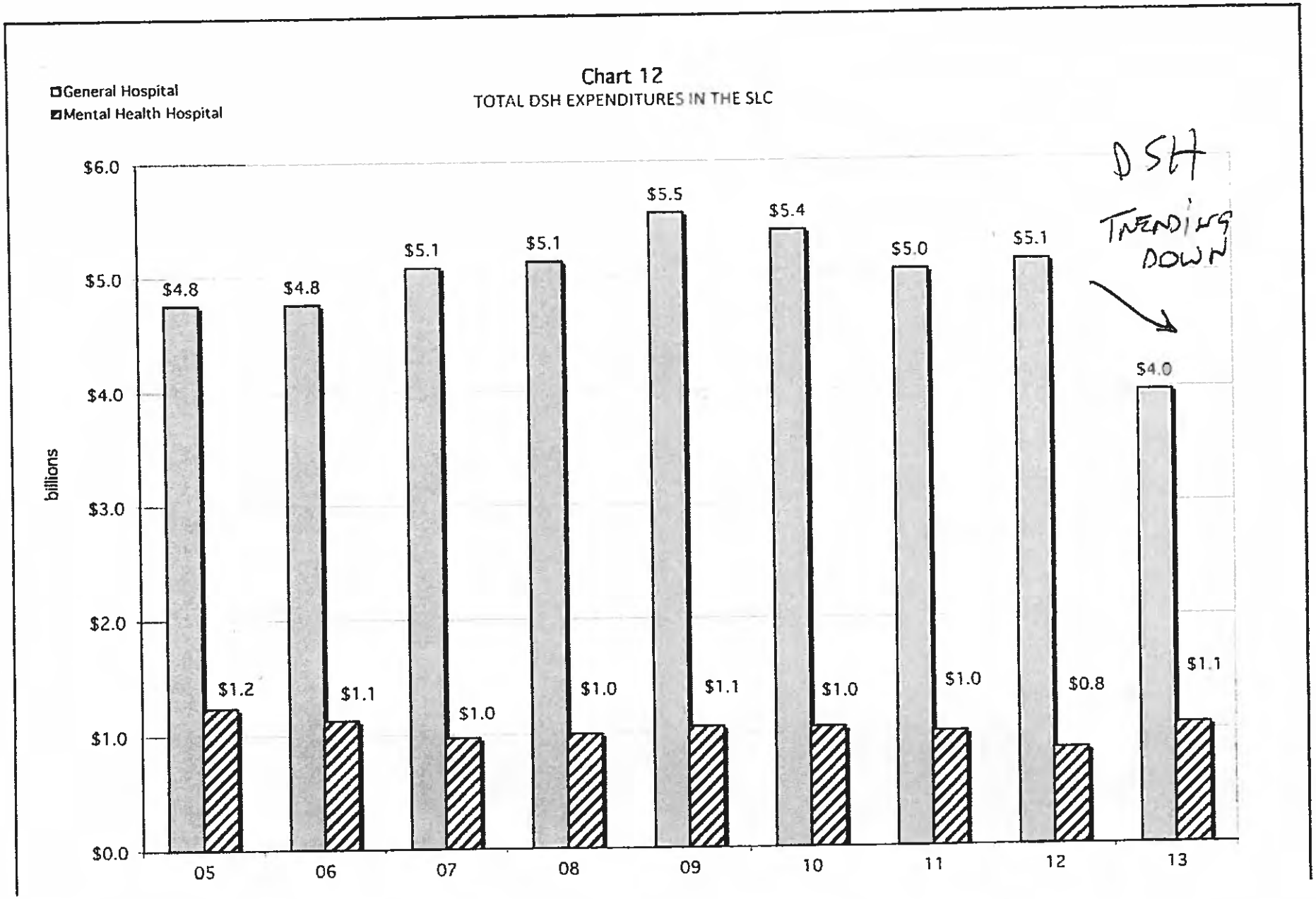
Chart 12
TOTAL DSH EXPENDITURES IN THE SLC
General Hospital
Mental Health Hospital
billions
$6.0
$5.0
$4.0
$3.0
$2.0
$1.0
$0.0
$4.8
$1.2
$4.8
$1.1
$5.1
$1.0
$5.1
$1.0
$5.5
$1.1
$5.4
$1.0
$5.0
$1.0
$5.1
$0.8
$4.0
$1.1
05
06
07
08
09
10
11
12
13
DSH
TRENDING DOWN