



# MEDICAID SPENDING STATEWIDE

SOCIAL SERVICES APPROPRIATIONS SUBCOMMITTEE  
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ISSUE BRIEF

## SUMMARY

This issue brief summarizes FY 2011 statewide spending on Medicaid of \$381,931,700 General Fund and \$7,156,400 Education Fund (\$1,974,800,500 total funds). This represents 18% of all General Fund spending statewide. Other entities provided \$179,426,900 or 32% of the matching funds used to draw down all of the \$1,406,285,500 in federal funds in FY 2011. The data source for information in this brief comes from the Department of Health’s annual report entitled “Utah Annual Report of Medicaid & CHIP.” This brief is for informational purposes only and requires no Legislative action.

## DISCUSSION AND ANALYSIS

Four State government entities (Departments of Health, Human Services, and Workforce Services as well as the Attorney General’s Medicaid Fraud Control Unit) spent \$1,974,800,500 total funds in FY 2011 on Medicaid. The graph and table below detail the FY 2011 statewide spending on Medicaid by funding source as well as showing how much money was spent by each agency:

<b>Medicaid Spending by State Entity in FY 2011</b>		
<b>Entity</b>	<b>Money Spent</b>	<b>% of Total</b>
Department of Health (includes U of U)	\$ 1,685,925,800	85%
Department of Human Services	\$ 245,910,200	12%
Department of Workforce Services	\$ 41,356,200	2%
Medicaid Fraud Control Unit	\$ 1,608,300	0%
<b>Total</b>	<b>\$ 1,974,800,500</b>	<b>100%</b>

Of the \$1,974,800,500 total funds spent on Medicaid in FY 2011, 5% or \$105,928,000 went for State administration. The other 95% or \$1,868,872,500 went to a non-State entity to pay for services. The federal government provided 71% or \$1,406,285,500 of the total funding with the remaining \$568,112,900 or 29% from matching funds.

Of the \$568,515,000 in matching funds, the State General Fund provided \$381,931,700 or 67%, the Education Fund another \$7,156,400 or 1%, and other entities provided the remaining \$179,426,900. Generally these entities are seeding money because those entities are receiving the federal match. The table below details the purposes and sources of the seed money, the matching provided other entities as well as the State’s General and Education Funds:

The \$381,931,700 General Fund spent on Medicaid represents 18% of all the \$2,070,247,150 General Fund spending statewide in FY 2011.

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Matching Funds	Source	FY 2011	% State Funding	General Fund	Education Fund	% of All Matching
Health Department - Medicaid	State	\$ 272,990,700	100%	\$ 272,990,700		48%
Pharmacy Rebates	companies	\$ 76,331,700	0%	\$ -		13%
Human Services	State	\$ 59,695,700	98%	\$ 58,710,700		11%
Hospital Assessment	companies	\$ 32,443,900	0%	\$ -		6%
Capitated Mental Health	counties	\$ 23,648,700	82%	\$ 19,432,700		4%
Workforce Services	State	\$ 20,678,100	100%	\$ 20,678,100		4%
Nursing Home Assessment <sup>1</sup>	companies	\$ 19,441,000	0%	\$ -		3%
School Districts	schools	\$ 13,762,300	52%	\$ -	\$ 7,156,400	2%
Inpatient Payment Seeds	U Hospital	\$ 12,503,700	0%	\$ -		2%
Disproportionate Share Hospital	companies	\$ 7,015,600	0%	\$ -		1%
Physician Enhancement	U Hospital	\$ 6,276,200	0%	\$ -		1%
Health & Dental Clinics	State	\$ 4,031,900	0%	\$ -		1%
Reimbursed Medical Billing	State	\$ 3,801,900	0%	\$ -		1%
Family Health & Preparedness	State	\$ 3,541,800	100%	\$ 3,541,800		1%
Healthy U Health Plan	Healthy U	\$ 2,956,300	0%	\$ -		1%
Substance Abuse	counties	\$ 2,175,800	83%	\$ 1,813,200		0%
Other Restricted Revenue	State	\$ 1,847,600	100%	\$ 1,847,600		0%
Disease Control and Prevention	State	\$ 1,436,800	100%	\$ 1,436,800		0%
CHIP Allocation	State	\$ 1,248,700	20%	\$ 251,100		0%
Primary Care Network Fees	clients	\$ 582,400	0%	\$ -		0%
Child Health Eval. and Care	counties	\$ 546,300	28%	\$ 153,000		0%
Local Health Departments	counties	\$ 533,700	28%	\$ 149,400		0%
Medicaid Fraud Control Unit	State	\$ 402,100	100%	\$ 402,100		0%
Early Intervention	State	\$ 344,500	100%	\$ 344,500		0%
Center for Health Data	State	\$ 180,000	100%	\$ 180,000		0%
Other	misc.	\$ 97,600	0%	\$ -		0%
<b>Total</b>		<b>\$ 568,515,000</b>		<b>\$ 381,931,700</b>	<b>\$ 7,156,400</b>	<b>100%</b>

**Offsets to Medicaid Expenditures**

There are three general categories of offsets to Medicaid expenditures, which totaled \$321,520,900 in FY 2011. Most offsets results in the Medicaid program avoiding a payment, but in some cases the Medicaid program uses the money collected to offset the total expenditures. The list below includes a discussion on each offset:

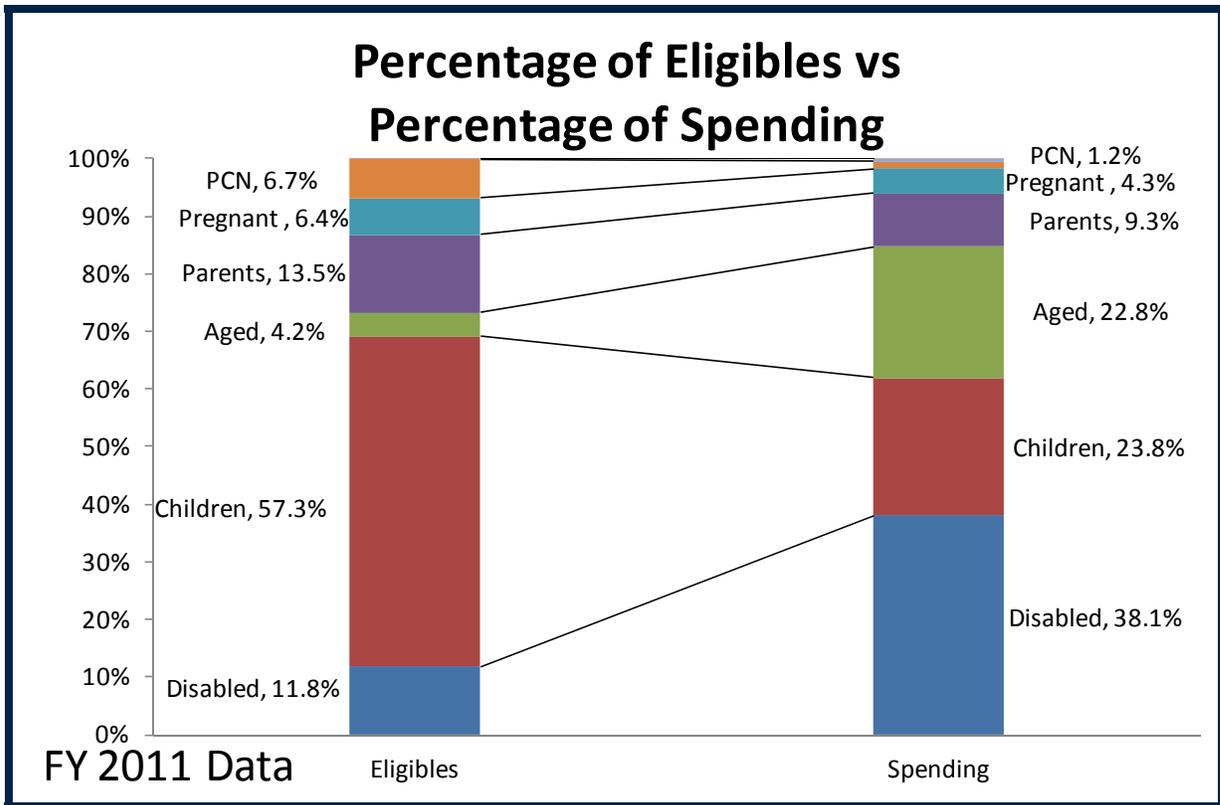
1. **Third party liability** – Medicaid charged/collected \$231,012,800 from third parties (Medicare, private insurance, or parties causing medical injury to Medicaid clients). In FY 2011 about 1/4 of Medicaid clients had another medical insurance.
2. **Pharmacy rebates** – the State collected \$74,946,200 in rebates from volume discounts which the program used to offset expenditures.
3. **Client contributions** – Medicaid clients contributed \$15,561,900 to participate in the Medicaid program. The list below includes a discussion of three categories in which client contributions take place:

- a. Spenddown Income – clients spent down or paid \$8,491,500 of their income to participate in the Medicaid program. This spenddown allows the client to qualify for Medicaid by lowering their income via qualified medical expenses.
- b. Co-payments – these are reduced from the reimbursement paid to providers and represented \$6,488,000 or 0.3% of all expenditures in FY 2011. 69% of the co-payments came from pharmacy co-payments.
- c. Primary Care Network Premiums – clients paid annual premiums totaling \$582,400 to participate in this program.

**What Roles Does Each State Agency Play in Medicaid?**

- 1. **Department of Health** – as per federal regulation all Medicaid money flows through the Department of Health and flows out to others via memorandums of understanding/contracts. Primarily the Department oversees Medicaid expenditures and reimburses providers for medical services.
- 2. **Department of Human Services** – directly provides or contracts for Medicaid services to persons with disabilities, families in crisis, youth in the criminal justice system, and individuals who have mental health or substance abuse problems.
- 3. **Department of Workforce Services** – the Department determines the vast majority of eligibility for Medicaid clients.
- 4. **Attorney General’s Medicaid Fraud Control Unit** – this unit investigates and prosecutes provider fraud and abuse in Medicaid.

Below is a summary of eligibles vs expenditures in table and graphic form:



<u>Category</u>	<u>Eligibles</u>	<u>Spending</u>	<u>Spending/ Eligibles</u>	<u>Rank Most Expensive</u>
Disabled	11.8%	38.1%	3.2	3
Children	57.3%	23.8%	0.4	7
Aged	4.2%	22.8%	5.5	1
Parents	13.5%	9.3%	0.7	5
Pregnant	6.4%	4.3%	0.7	6
Primary Care Network (PCN)	6.7%	1.2%	0.2	8
Breast or Cervical Cancer	0.1%	0.5%	4.5	2
Blind	0.0%	0.0%	3.0	4

If you take the percentage of total spending by each eligibility group divided by the percentage of total number of eligibles for each eligibility group, the following groups are the three most expensive: (1) aged, (2) breast or cervical cancer, and (3) disabled.

**Sources**

The financial information for this brief originates from the Department of Health’s annual report entitled “*Utah Annual Report of Medicaid & CHIP.*” This report is available online at [http://health.utah.gov/medicaid/pdfs/annual\\_report2011.pdf](http://health.utah.gov/medicaid/pdfs/annual_report2011.pdf). The Analyst added to the total expenditures the \$1,608,300 total funds in spending in FY 2011 from the Attorney General’s Medicaid Fraud Control Unit, which were not in the Department of Health’s report.