

# Texas Medicaid Program



## Overview and Funding

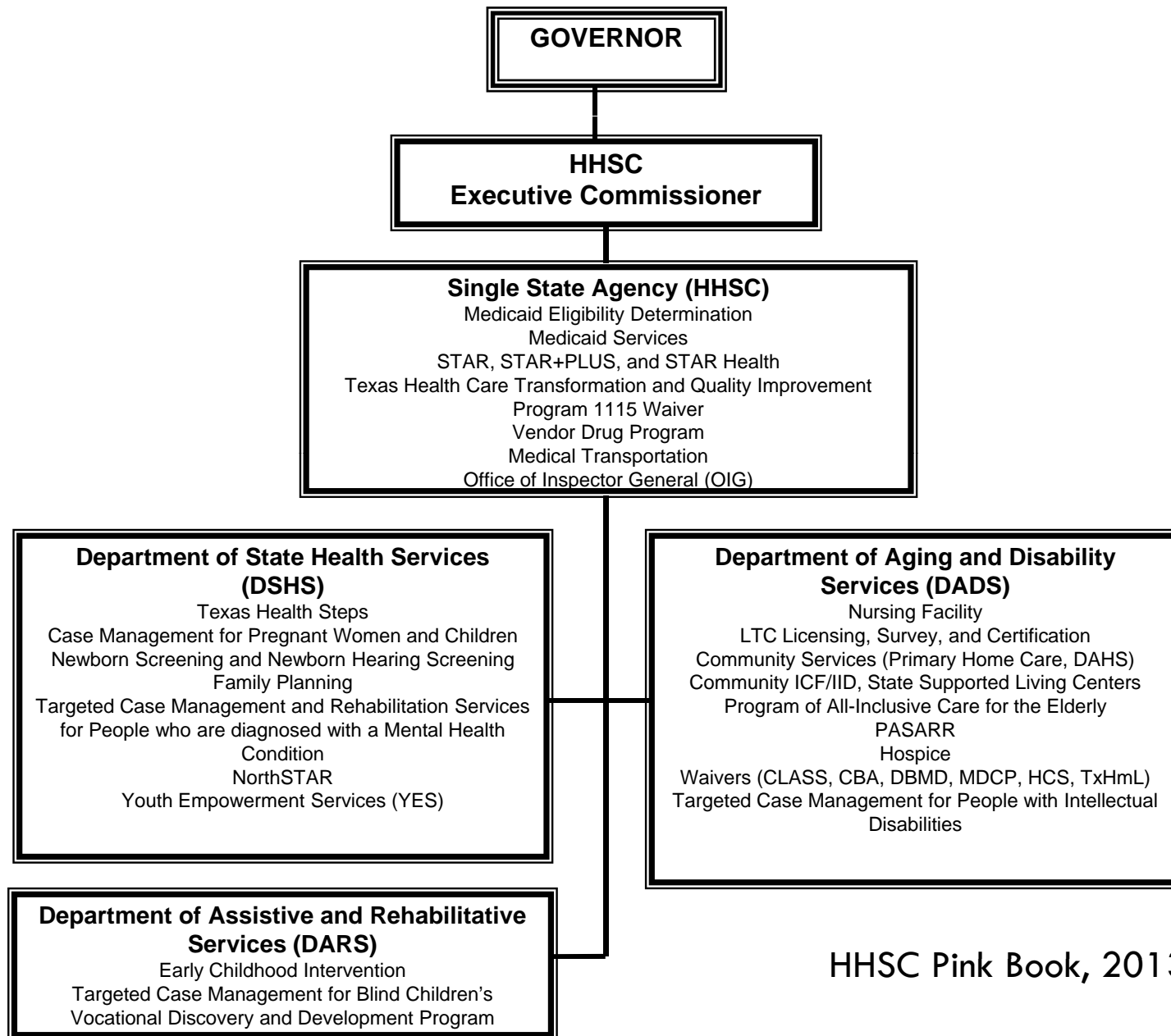
Legislative Budget Board

Presented to the House Committee on Appropriations

February 4, 2013

# Medicaid Overview and History

- Joint State/Federal program that provides insurance to certain eligible populations
- Created in 1965 as Title XIX of the Social Security Act; established in Texas in 1967
- Basic federal provisions include entitlement, state-wideness, comparability, freedom of choice of provider, amount/duration/scope of service
- State can seek approval of a “waiver” program to waive any of the federal provisions requirements



HHSC Pink Book, 2013

# Federal Poverty Levels 2013

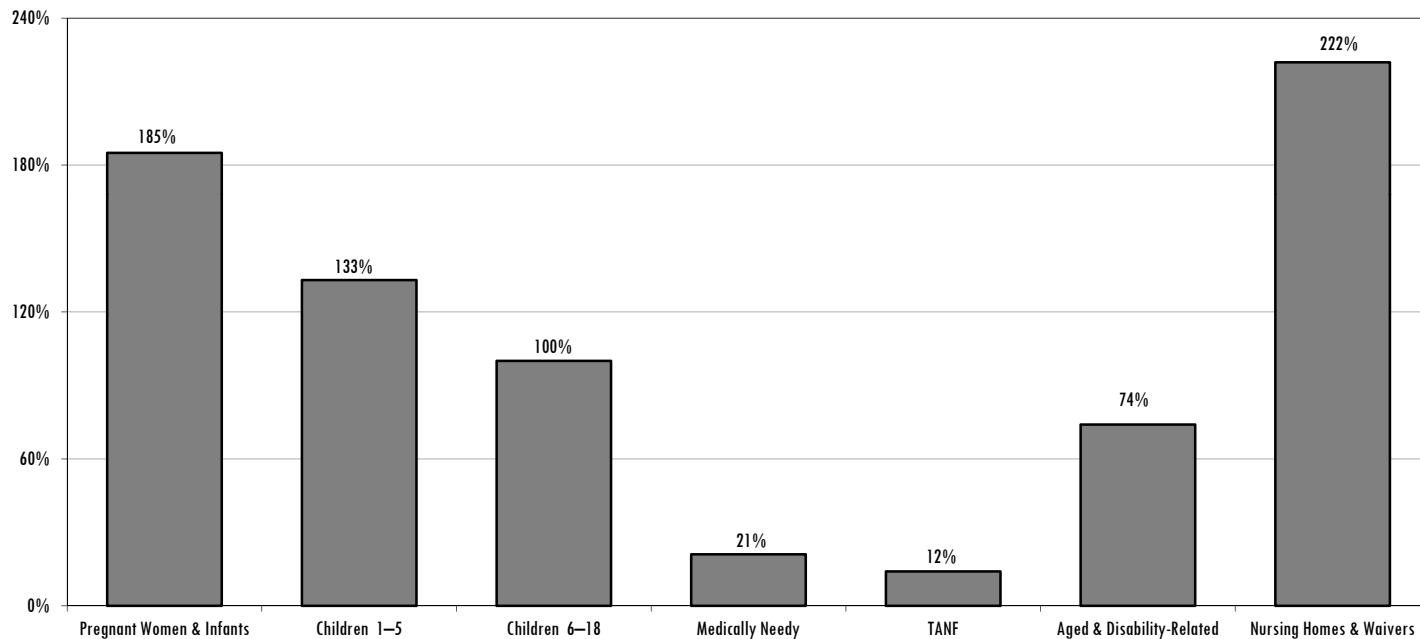
Size of Family Unit	100% FPL	12% FPL	21% FPL	74% FPL	133% FPL	185% FPL	200% FPL	222% FPL
1	\$11,490	\$1,379	\$2,413	\$8,503	\$15,282	\$21,257	\$22,980	\$25,508
2	\$15,510	\$1,861	\$3,257	\$11,477	\$20,628	\$28,694	\$31,020	\$34,432
3	\$19,530	\$2,344	\$4,101	\$14,452	\$25,975	\$36,131	\$39,060	\$43,357
4	\$23,550	\$2,826	\$4,946	\$17,427	\$31,322	\$43,568	\$47,100	\$52,281
5	\$27,570	\$3,308	\$5,790	\$20,402	\$36,668	\$51,005	\$55,140	\$61,205
6	\$31,590	\$3,791	\$6,634	\$23,377	\$42,015	\$58,442	\$63,180	\$70,130
7	\$35,610	\$4,273	\$7,478	\$26,351	\$47,361	\$65,879	\$71,220	\$79,054
8	\$39,630	\$4,756	\$8,322	\$29,326	\$52,708	\$73,316	\$79,260	\$87,979
For each additional person	\$4,020	\$482	\$844	\$2,975	\$5,347	\$7,437	\$8,040	\$8,924
Federal Register: January 24, 2013								

# Eligible Population in Texas

- Pregnant women and newborns up to 185% Federal Poverty Level (FPL)
- Children
  - ▣ Ages 1-5 up to 133% of the FPL
  - ▣ Ages 6-18 up to 100% FPL
  - ▣ Starting January 2014, all children up to 138% FPL will be covered, per the Affordable Care Act.
- TANF-eligible parent ~12% FPL
- Aged and Disability-related ~74% FPL
  - ▣ Nursing Facility and Long-term Care Waivers ~ up to 222% FPL
- Medically Needy ~21%

# Medicaid Eligibility Levels

FEDERAL POVERTY LEVEL



- All coverage levels are mandatory except Pregnant Women and Infants from 133-185% FPL and Nursing Homes & Waivers above 74% FPL.
- Under the Affordable Care Act, the Children groups 1-5 and 6-18 will be covered up to 138% FPL starting January 2014.

# Federal Medical Assistance Percentage (FMAP)

- A state's FMAP is based on a state's three-year average per capita income relative to the national per capita income.
  - ▣ The Legislative Budget Estimates assumes the following FMAPs:
    - State Fiscal Year 2012 – 58.42%
    - SFY 2013 – 59.21%
    - SFY 2014 – 58.74%
    - SFY 2015 – 58.20%
- Most client services are funded at FMAP; some client services and administrative/technology services are funded at different matching levels.

# Medicaid in Introduced Bill

- The Introduced House Bill provides funding for entitlement program caseload growth that is projected to occur in fiscal years 2014-15.
- It generally provides funding to sustain the waiver program caseloads at the August 2013 level (end of year).
- The average monthly caseload in the acute care Medicaid program at HHSC is projected to be 4,058,167 in FY 2015.
- The average monthly caseload in long-term care Medicaid programs at DADS is projected to be 193,969 in FY 2015.
- All long-term care recipients are receiving acute care services.
- The average monthly costs are generally held to fiscal year 2013 averages.



# Medicaid Funding

- Total Medicaid funding in the **2012-13** base (in the Legislative Budget Estimates) is \$21.8 billion in General Revenue-related Funds and \$53.5 billion in All Funds. This includes \$4.4 billion in supplemental GR Funds to complete fiscal year 2013 expenditures.
- Total Medicaid funding included for **2014-15** is \$22.9 billion in General Revenue-related Funds and \$56.2 billion in All Funds.
- This is a net increase of \$1.1 billion in GR-related Funds and \$2.7 billion in All Funds.
- There are certain supplemental payments outside of the appropriation process: Disproportionate Share Hospital (DSH) and some 1115 Waiver Supplemental Payments (formerly Upper Payment Limit, UPL) which will provide funds toward uncompensated care and delivery system reform incentive payments.

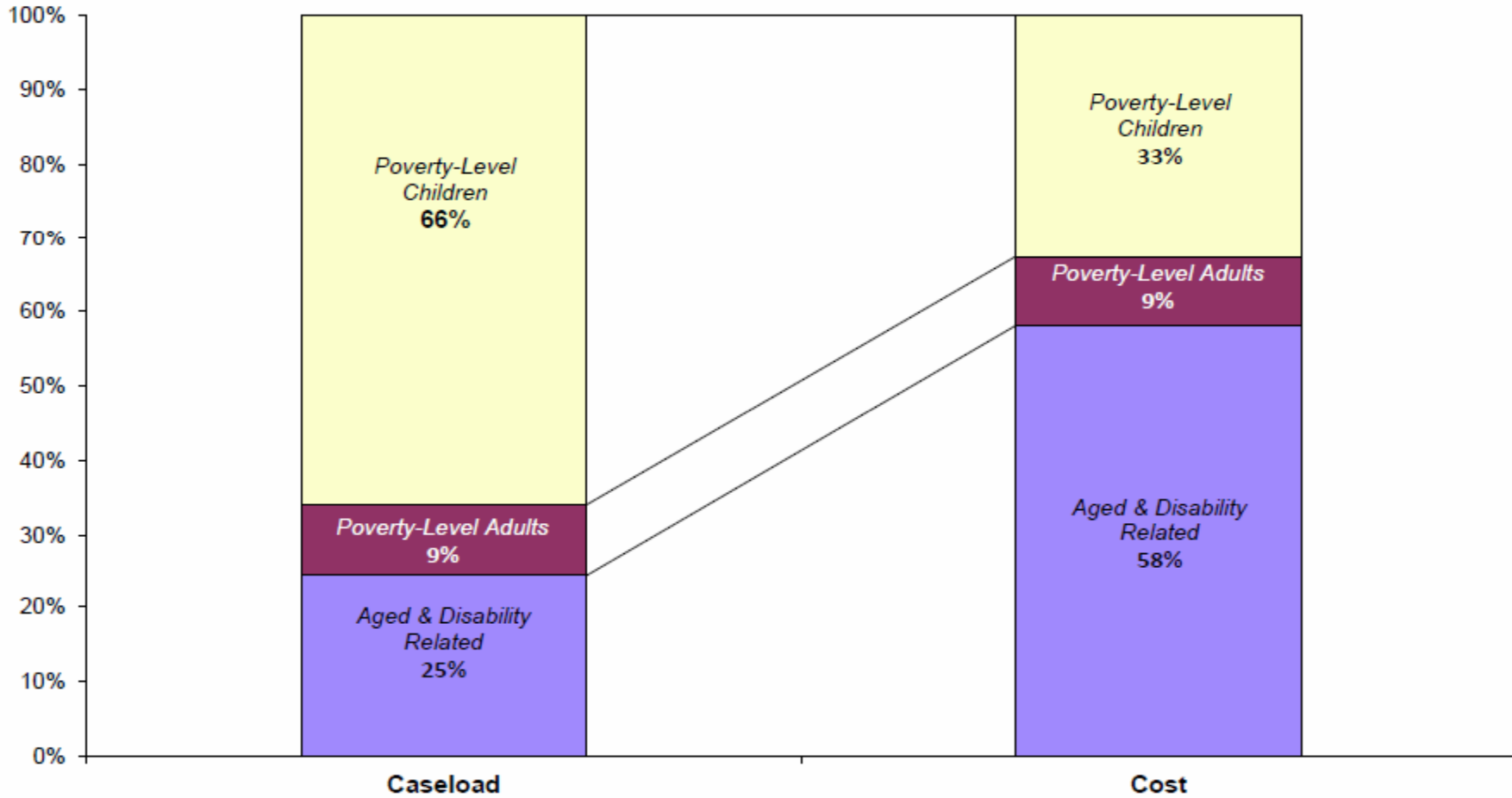
# Medicaid Client Services, 2014-15

Medicaid Eligibility Group	General Revenue Funds (in millions)	All Funds (in millions)	Caseload FY 2015
Aged, Medicare and Disability Related (HHSC & DADS)	\$10,204.3	\$24,831.1	830,130
Pregnant Women	\$850.9	\$2,063.4	129,472
Other Adults	\$475.1	\$1,157.2	136,732
Poverty-related Children	\$5,264.8	\$13,306.5	2,961,834

\*Funding amounts are not a complete accounting of expenditures for each group and do not include other Medicaid benefit costs such as medical transportation, prescription drugs, Medicare-related payments, Emergency Medicaid, eligibility determination or administration.

February 4, 2013

**Texas Medicaid Beneficiaries and Expenditures  
State Fiscal Year 2011**



*Source: HHS Financial Services, 2011 Medicaid Expenditures, including Acute Care, Vendor Drug, and Long-Term Care. Costs and caseload for all Medicaid payments for all beneficiaries (Emergency Services for Non-Citizens, Medicare payments) are included. Children include all Poverty-Level Children, including TANF. Disability Related Children are not in the Children group.*

HHSC System Forecasting, August 2012

# Medicaid Funding



- Cost containment initiatives are included in rider 51, Medicaid Funding Reduction and Cost Containment.
  - ▣ General Revenue Funds are reduced by \$250 million for the biennium (\$602 million in All Funds).
  - ▣ Approximately twenty initiatives, many related to long-term care, are included for HHSC to implement.
  - ▣ Cost containment initiatives implemented in FY 2012-13 are assumed to continue in FY 2014-15.

# 1115 Waiver

- Authorized managed care expansion
  - Expansion into South Texas
  - Expansion in existing areas
  - Reconfiguration into Medicaid Rural Service Areas
  - “Carve-in” vendor drug program and inpatient hospital
  - Dental capitation for children
- Re-constructed the supplemental payment system previously known as Upper Payment Limit
  - ▣ Hospitals and other health care provider groups have joined regional healthcare partnerships (RHPs) to draw down supplemental funds to cover:
    - Uncompensated Care Costs
    - Delivery System Reform Incentive Payments

## HHS Programs: Funding and Performance Measures

(this list is not comprehensive)

Agency	Program Name	General Revenue Biennial (rounded)	All Funds	Caseload in FY 15
HHSC	Medicaid Acute Care	\$ 17,182.3	\$ 42,635.1	4,058,167
HHSC	CHIP	\$ 543.6	\$ 1,846.4	361,946
HHSC	Integrated Eligibility and Enrollment	\$ 690.1	\$ 1,524.9	
HHSC	TANF	\$ 132.5	\$ 193.2	101,299
DADS	Medicaid Long-term Care	\$ 4,745.6	\$ 11,602.4	193,969
DADS	Non-Medicaid Services	\$ 116.0	\$ 389.8	
DARS	Vocational Rehabilitation - Blind	\$ 16.4	\$ 97.0	10,121
DARS	Vocational Rehabilitation - General	\$ 88.4	\$ 432.6	84,388
DARS	Early Childhood Intervention (ECI)	\$ 49.7	\$ 293.6	27,981
DARS	Comprehensive Rehabilitation	\$ 47.2	\$ 47.4	516
DFPS	CPS Direct Delivery Staff	\$ 442.5	\$ 841.1	
DFPS	Foster Care Payments	\$ 327.7	\$ 763.3	518,200
DFPS	Adoption/PCA Payments	\$ 237.5	\$ 460.0	43,753
DFPS	APS Direct Delivery Staff	\$ 56.0	\$ 104.4	
DSHS	Preparedness and Prevention	\$ 416.5	\$ 1,121.3	
DSHS	Community Health Services	\$ 1,428.5	\$ 3,391.3	
DSHS	Hospital Facilities and Services	\$ 759.6	\$ 992.4	
DSHS	Consumer Protection Services	\$ 95.2	\$ 127.4	

In general, the caseload measures are average monthly; see the Introduced Bill for information on related performance measures.