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The Monthly Medicaid Financial Report for August 2024 was released today.

Note to Readers

The forecasted monthly Medicaid expenditures, enrollment and funding are based on the December 2023 Medicaid forecast, which considered data through September 2023. Information on the latest forecast is available here.

Fiscal Year 2025 began on July 1, 2024, and ends on June 30, 2025.

Results and Commentary

Enrollment

- As of August 2024, Medicaid enrollment across all programs and delivery systems totaled 1,965,254 individuals, which is 104,287 (5.6%) above the forecasted amount. Compared to the actual enrollment in August 2023 of 2,109,521, enrollment is down 144,267. Year-to-date average monthly enrollment is 202,285 (9.3%) below the average monthly enrollment year-to-date in August 2023. Average monthly enrollment year-to-date (YTD) for SFY 2024 through August was 2,179,319.

- With the launch of the managed Long-Term Services and Supports (mLTSS) program Indiana PathWays for Aging on July 1, enrollment of 116,785 individuals shifted from Medicaid fee-for-service and Hoosier Care Connect to the new PathWays managed care program. Current YTD average monthly enrollment for PathWays through August 2024 is 116,736.

- Implementation of continuous eligibility for children up to the age of 19 effective January 1, 2024, in accordance with the Consolidated Appropriations Act, 2023, and House Enrolled Act 1091 (2023), remains a driver of increased enrollment year-over-year, most notably in the Hoosier Healthwise (HHW) program and Children's Health Insurance Program (CHIP).

Expenditures

- Medicaid expenditures YTD through August 2024 totaled $3.0B, which is $74M (2.7%) below the estimated amount in the December 2023 Medicaid forecast and $130.1M (4.5%) above expenditures YTD in August 2023.

- Managed care expenditures are based on capitated per-member-per-month (PMPM) payments to managed care entities (MCEs), as opposed to utilization experience or actual claims paid by MCEs. As a result, enrollment is the primary driver of managed care variances. Overall managed care expenditures are $86.5M (3.9%) under the estimated amount in the December 2023 Medicaid forecast and $503M (30.7%) above expenditures YTD in August 2023, driven primarily by the transition of members and related expenditures from the fee-for-service delivery system to the new Indiana PathWays for Aging managed care program.

- Unfavorable variance to forecast in SFY 2025 YTD is seen in the Healthy Indiana Plan (HIP) and Hoosier Healthwise (HHW) programs due to higher than forecasted enrollment, while the favorable variance to forecast for the Indiana PathWays for Aging is due to lower than forecasted enrollment. The timing of performance payments for managed care entities is the primary driver of the variance to forecast seen in the Hoosier Care Connect program. The HIP program is predominately funded through an increased federal medical assistance percentage (FMAP), a portion of state cigarette tax revenue, and hospital assessment fees. As a result, these expenditures do not impact the State's general fund.

- Fee-for-service (FFS) expenditures reflect an unfavorable YTD variance to forecast of $259.4M. Variances in Long-Term Institutional Care and Long-Term Community Care expenditures are in part driven by claims run out for expenditures for individuals that transitioned to the Indiana PathWays for Aging managed care program on July 1, 2024. Nursing Facility YTD expenditures total $181.3M which is $129.3M above the estimated amount in the December 2023 Medicaid forecast, which is due to claims run out as well as higher than forecasted Nursing Facility reimbursement rates.

- Effective July 1, the prior Aged & Disabled (A&D) Waiver transitioned into two separate waivers: the Health & Wellness (H&W) Waiver for individuals under age 60 and the Indiana PathWays for Aging (PathWays) Waiver for individuals aged 60 and older. Home and Community-Based Services (HCBS) expenditures for services under the Aged & Disabled (A&D) waiver provided before but paid after the July 1, 2024 transition continue to outpace forecast. Continued higher than expected Attendant Care utilization contributed to the unfavorable variance to forecast along with the claims run

out for the population that transitioned to the PathWays managed care program effective July 1, 2024.

- State Plan Services expenditures reflect an unfavorable variance to forecast of $23.1M with the main drivers being increased hospital and home health costs above current forecast amounts.

- Manual expenditures include supplemental payments paid to providers throughout the year but have minimal impact on the State's general funds as the state share of this cost is paid through Intergovernmental Transfers (IGTs) or assessment fees. Lower provider supplemental payments than forecasted for FQHC/RHC and Graduate Medical Education are the primary drivers of the SFY 2025 YTD positive variance.

- A positive variance to forecast in the Other Expenditures category is primarily driven by pharmacy rebate collections being higher than forecasted, which provides an offset for the cost of drugs provided to Medicaid recipients.

- Children Health Insurance Plan (CHIP) and Money Follows the Person (MFP) expenditures are not paid through the Medicaid Assistance fund, and therefore are removed from the total expenditures reported.

- Overall, increased SFY 2025 YTD expenditures compared to prior year expenditures are mainly driven by increased Managed Care expenditures and home and community-based services (HCBS) expenditures.

Funding

- General fund usage year-to-date through August 2024 totaled $1.0B, which represents approximately 34% of the overall funding for Medicaid Assistance expenditures while 66% comes from federal funds and less than 1% provided through Intergovernmental Transfers (IGTs), Cigarette Tax Revenue, and provider-related taxes such as Hospital Assessment Fees.

- Through August 2024, the current SFY funding shortfall is estimated at $339.8M. This variance is being primarily driven by lower than anticipated assessment fee transfers during the first two months of the State fiscal year. This shortfall is expected to fluctuate throughout the year based on the timing of funding and expenditures. Month-to-month changes are to be interpreted within the full fiscal year forecast.

- Monthly funding variances will fluctuate due to the timing of receipts and transfers to the Medicaid Assistance fund, particularly as it pertains to non-federal and non-state funds such as IGTs and assessment fees.