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The Monthly Medicaid Financial Report for June 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 2024 began on July 1, 2023, and ends on June 30, 2024.

Results and Commentary

Enrollment

- As of June 2024, Medicaid enrollment across all programs and delivery systems totaled 1,966,775 individuals, which is 106,820 (5.7%) above the forecasted amount. Compared to the actual enrollment in June 2023 of 2,180,295 enrollment is down 213,520. Year-to-date average monthly enrollment is 118,948 (5.4%) below the average monthly enrollment year-to-date in June 2023. Average monthly enrollment year-to-date (YTD) for SFY 2024 through June was 2,081,380.

- Through June 2024, FSSA had completed the full 12 months of the Medicaid return to normal operations period following the conclusion of the federal public health emergency. FSSA continues to process the remaining pending redeterminations. Through this process, eligibility redeterminations resumed for the first time since March 2020.

- Since the redetermination process began in April 2023, approximately 407,178 individuals were disenrolled via the redetermination process through June 2024 consistent with the December 2023 forecast assumption that 400,000 individuals would lose coverage due to redeterminations during the 12-month return to normal operations period. On average, 20% of individuals who were disenrolled due to the redetermination process regained coverage within 90 days following submission of required eligibility verification information.

- 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 June 2024 totaled $19.4B, which is $14.3M (0.07%) above the estimated amount in the December 2023 Medicaid forecast and $1.49B (8.3%) above expenditures YTD in June 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. An unfavorable variance to forecast in SFY 2024 YTD managed care expenditures is predominately seen in the Healthy Indiana Plan (HIP) due to higher than forecasted enrollment. 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 a slightly unfavorable YTD variance to forecast. Variance in Long-Term Institutional Care expenditures is driven by forecasted Nursing Facility rate adjustments effective July 1, 2023, that were retroactively adjusted starting in April and have continued through the end of the fiscal year. Nursing Facility YTD expenditures total $2.12B, an increase of $187M (9.7%) from SFY 2023 YTD.

- Home and Community-Based Services (HCBS) expenditures under the Aged & Disabled (A&D) waiver continue to outpace forecast. A&D Waiver Attendant Care expenditures YTD totaled $1.4B, exceeding December 2023 YTD forecast by $47.6M and exceeding budget by $561M. These expenditures are offset by favorable variances in the Community Integration & Habilitation (CIH) waiver program in Long-Term Community Care. A&D Waiver YTD expenditures total $2.2B, a significant increase over the SFY 2023 YTD expenditures through June 2023 of $1.08B. This is driven by increases in enrollment and utilization as well as provider rate increases.

- 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. Provider supplemental payment timing, specifically Disproportionate Share Hospital (DSH) payments, is one of the primary drivers of the SFY 2024 YTD positive variance to forecast for supplemental payments. The increase in Other Miscellaneous Payments compared to forecast is an additional driver of this variance.

- A negative variance to forecast in the Other Expenditures category is primarily driven by pharmacy rebate collections being lower than forecasted, which provides an offset for the cost of drugs provided to Medicaid recipients. This is being offset by lower Medicare Buy-in payments paid compared to the forecasted amount.

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

- Overall, increased SFY 2024 YTD expenditures compared to prior year expenditures continue to be driven by increased HCBS expenditures and strategic rate investments for providers.

Funding

- General fund usage year-to-date through June 2024 totaled $4.1B, which is $139.4M (54%) above the forecasted amount in the December 2023 Medicaid forecast.

- Year-to-date, federal funds are the source of approximately 70% of overall funding for Medicaid Assistance expenditures while 21% comes from the State's general fund with the remaining 9% being provided through Intergovernmental Transfers (IGTs), Cigarette Tax Revenue and provider-related taxes such as Hospital Assessment Fees.

- Through June 2024 the current SFY funding shortfall is estimated at $394.6M YTD compared to the forecasted amount of $255.2M for the entirety of SFY 2024. This variance is being driven by the timing of the transfer of assessment fees and IGTs to offset the General Fund need for the year by approximately $140M. This amount is subject to revision following final assessment fee calculation. These transfers are expected to occur in the first quarter of SFY2025 which will help reduce the overall General Fund need in SFY2025.

- 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.