Medicaid Moving Ahead in Uncertain Times:

Findings from the Annual Kaiser 50-State Medicaid Budget Survey

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Figure 1

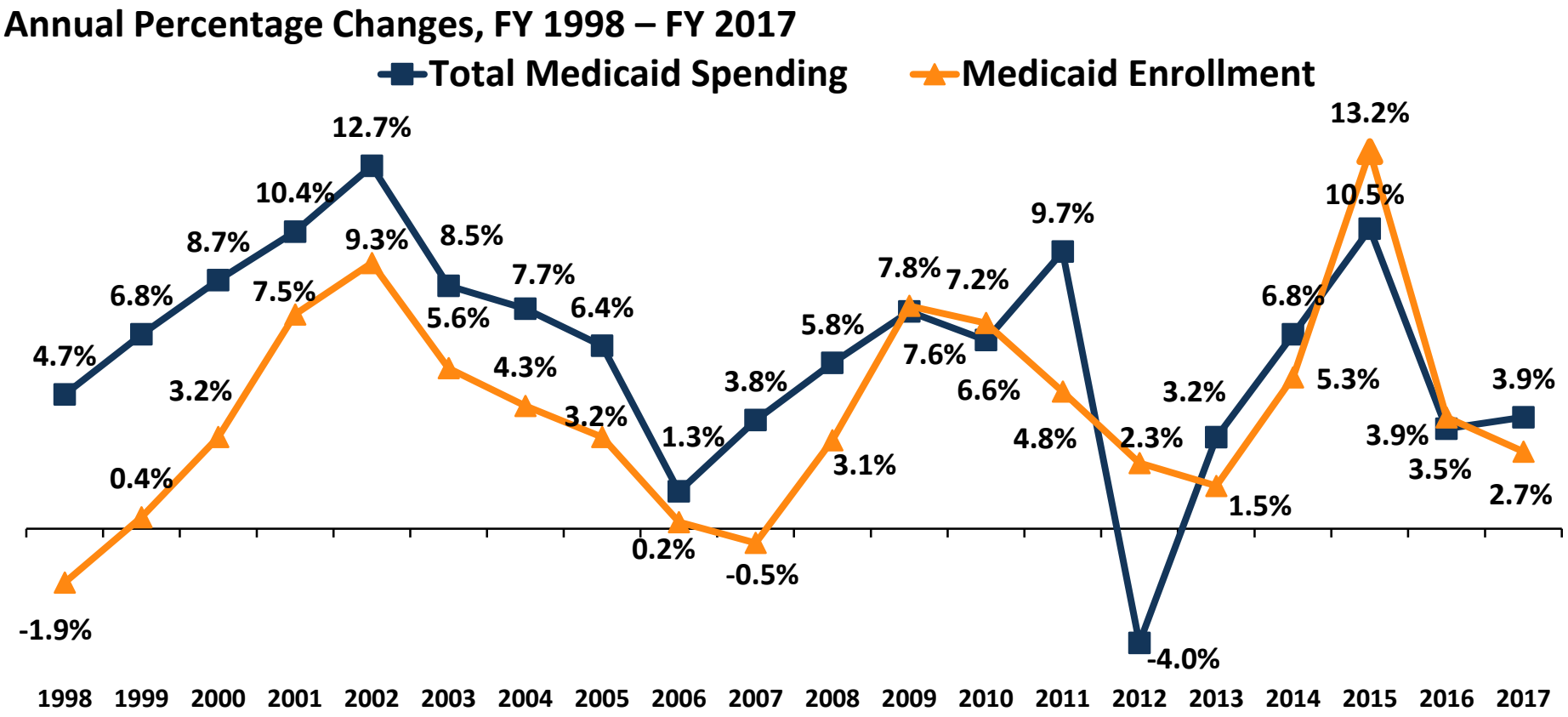
Today we are releasing 3 reports that draw on findings from our 17th annual survey of Medicaid directors.

- Survey of Medicaid directors in all 50 states and DC
- Conducted in June-September 2017
- Study findings and other research in 3 reports:
  - ***Medicaid Enrollment & Spending Growth: FY 2017 & 2018*** provides an analysis of national trends in Medicaid enrollment and spending;
  - ***Medicaid Moving Ahead in Uncertain Times***, jointly released with NAMD, provides a detailed look at the policy and programmatic changes in Medicaid programs across all states; and
  - ***Putting Medicaid in the Larger Budget Context: An In-Depth Look at Three States in FY 2017 and 2018*** provides case studies examining Medicaid programs in Nevada, North Carolina, and West Virginia.

SOURCE: Kaiser Family Foundation survey of Medicaid officials in 50 states and DC conducted by Health Management Associates, October 2017.

Figure 2

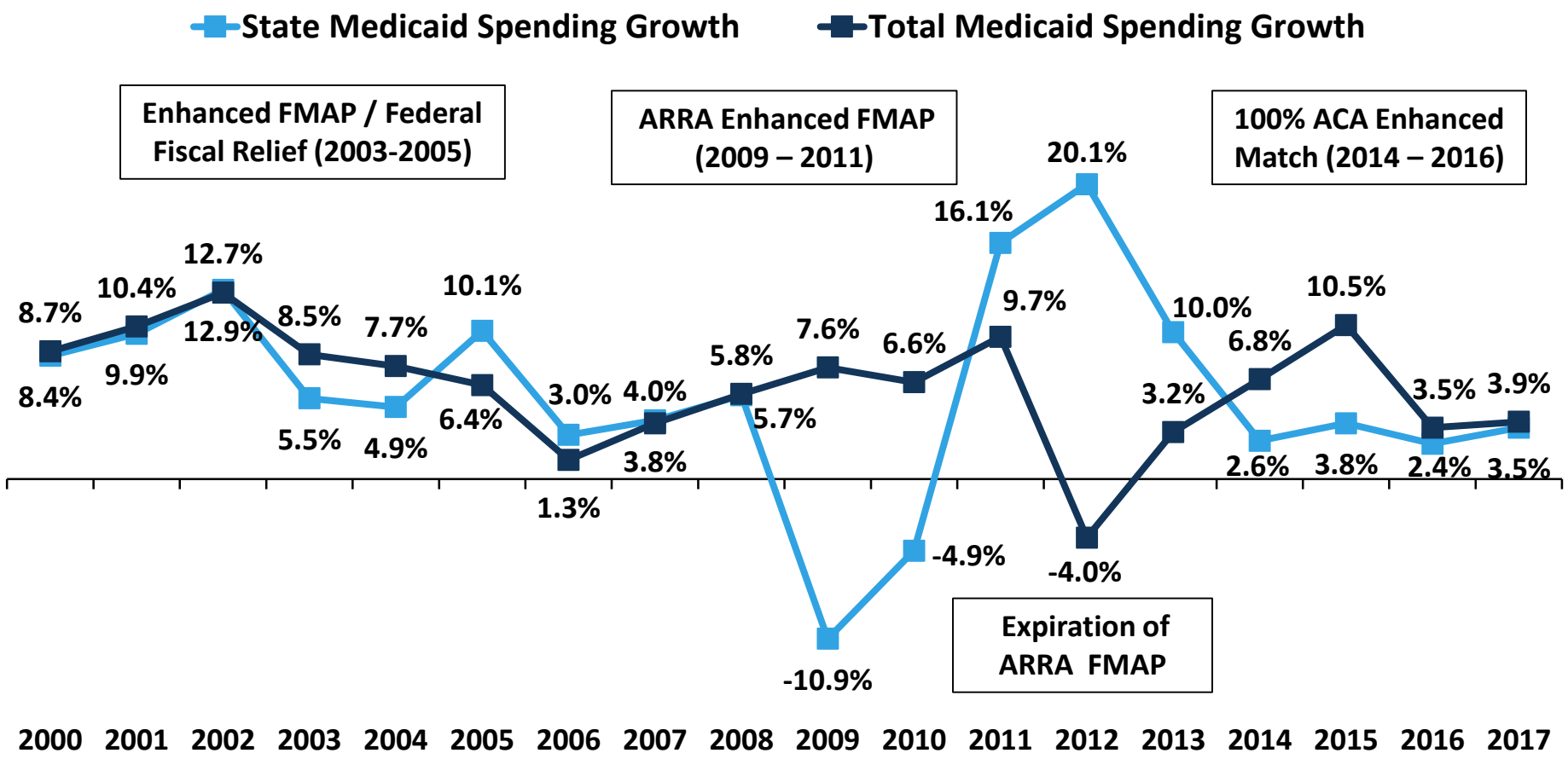
Medicaid spending and enrollment growth slowed in FY 2016 and 2017 after the implementation of the ACA in 2014.



NOTE: For FY 1998-2013, enrollment percentage changes are from June to June of each year. FY 2014-2017 reflects growth in average monthly enrollment. Spending growth percentages refer to state fiscal year.
SOURCE: Enrollment growth rates for FY 1998-2013 are as reported in *Medicaid Enrollment June 2013 Data Snapshot*, KCMU, January 2014. FY 2014-2017 are based on Kaiser Family Foundation (KFF) analysis of CMS, Medicaid & CHIP Monthly Applications, Eligibility Determinations, and Enrollment Reports, accessed September 2017. Historic Medicaid spending growth rates are derived from KFF Analysis of CMS Form 64 Data. FY 2017 data are derived from the KFF survey of Medicaid officials in 50 states and DC conducted by Health Management Associates, October 2017.

Figure 3

Growth in total and state share of Medicaid spending is generally parallel, except when statutory changes impact FMAP.



NOTE: FY 2017 projections based on enacted budgets. State spending for FY 2000-2015 includes all non-federal spending. State Medicaid spending for FYs 2016 - 2017 refers to state spending, largely general fund.
SOURCE: Historic Medicaid spending growth rates derived from Kaiser Family Foundation (KFF) analysis of CMS Form 64 Data. FY 2017 data reflect changes in spending derived from the KFF survey of Medicaid officials in 50 states and DC conducted by Health Management Associates, October 2017.

Figure 4

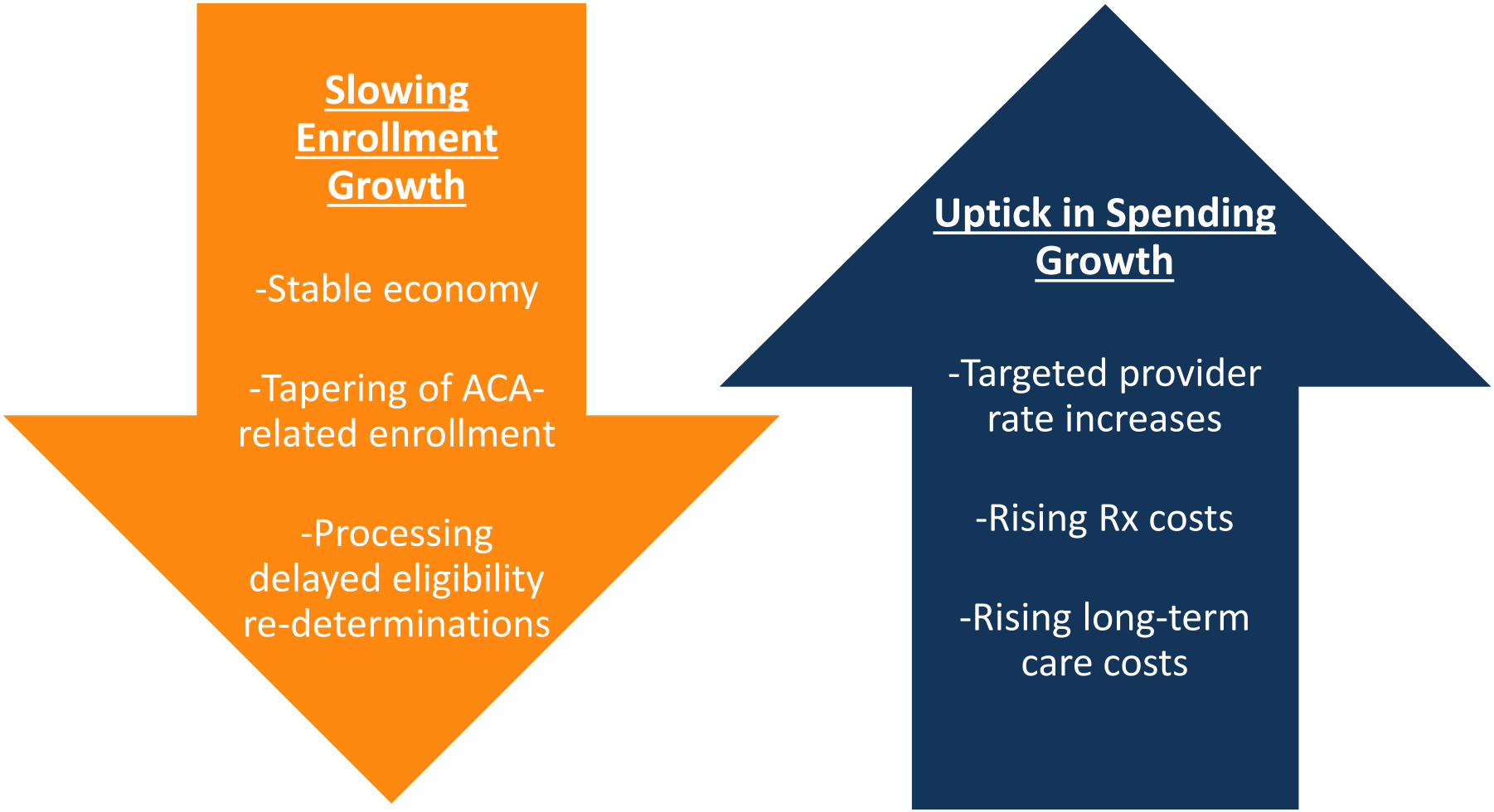
As states were developing their budgets for state FY 2018, there was much uncertainty as Congress debated ACA repeal and replace legislation.

- As states were adopting budgets for state FY 2018, Congress was debating legislative proposals that created a lot of uncertainty about the future of the ACA, financing for the ACA Medicaid expansion, and overall financing for the Medicaid program. Proposals included provisions to:
  - End financing and/or authority for the ACA Medicaid expansion
  - Reduce federal spending for Medicaid (for the expansion *and* traditional populations)
  - Convert Medicaid from a program with *guaranteed* federal matching dollars to a per capita cap or block grant with limited federal dollars
- States were experiencing slowing and volatile revenues, with considerable variation across states
- States were facing uncertainty about CHIP reauthorization though nearly all (48 out of 50 reporting) assumed continuation of CHIP in state budgets with the majority counting on the ACA enhanced CHIP match (+23 percentage points)

SOURCE: Kaiser Family Foundation survey of Medicaid officials in 50 states and DC conducted by Health Management Associates, October 2017.

Figure 5

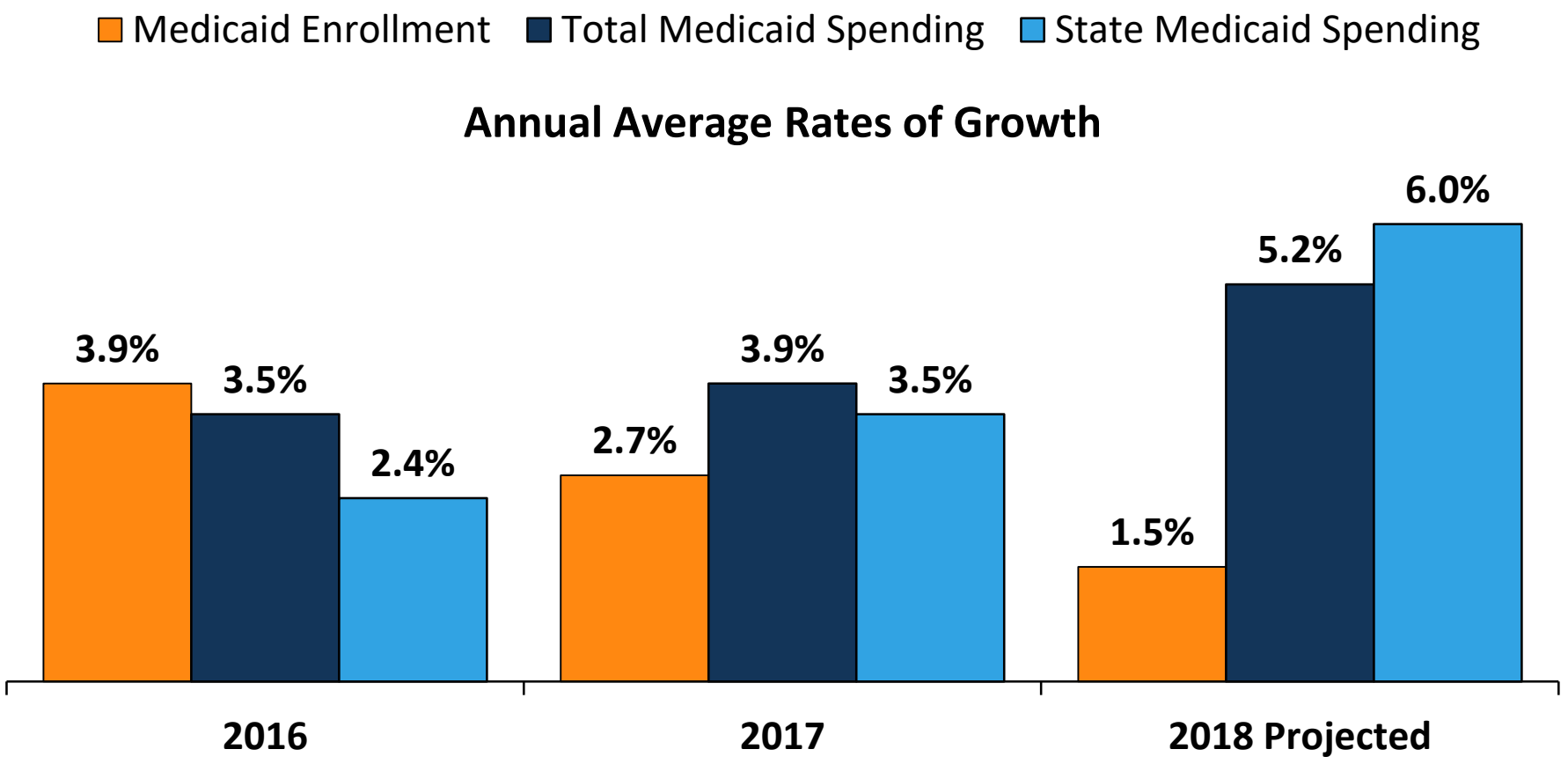
For FY 2018, states project that a number of factors will contribute to slowing Medicaid enrollment growth and an uptick in spending growth.



SOURCE: Kaiser Family Foundation survey of Medicaid officials in 50 states and DC conducted by Health Management Associates, October 2017.

Figure 6

Medicaid enrollment growth continues to slow in FY 2017 and FY 2018; however, states project an uptick in spending growth in FY 2018.



NOTE: Average annual percentage change from previous fiscal year. FY 2018 growth reflects projections in enacted budgets.
SOURCE: Enrollment growth for FY 2016-2017 is based on Kaiser Family Foundation (KFF) analysis of CMS, Medicaid & CHIP Monthly Applications, Eligibility Determinations, and Enrollment Reports, accessed September 2017. The spending growth rate for FY 2016 is derived from KFF Analysis of CMS Form 64 Data. All other growth rates are from the KFF survey of Medicaid officials in 50 states and DC conducted by Health Management Associates, October 2017.

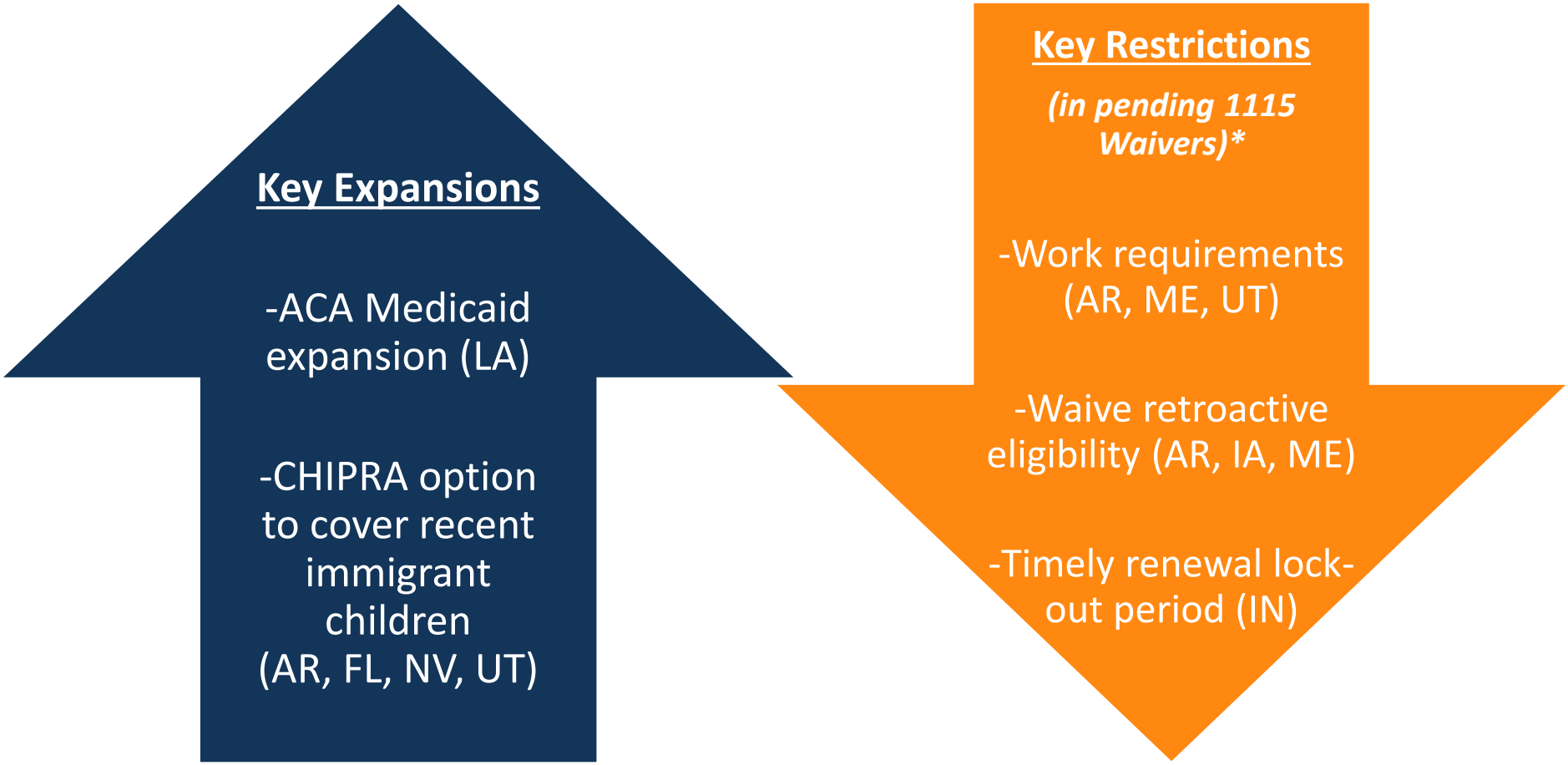
Figure 7

Medicaid Moving Ahead in Uncertain Times: Key Policy Areas

SOURCE: Kaiser Family Foundation survey of Medicaid officials in 50 states and DC conducted by Health Management Associates, October 2017.

Figure 8

Few states (7) implemented or plan targeted eligibility expansions in FY 2017 and FY 2018; 8 states have planned restrictions for FY 2018, mostly through Sec. 1115 waivers.



NOTE: *Waiver provisions in pending waivers that states plan to implement in FY 2019 or after are not counted here. States with pending waiver proposals with provisions slated for implementation after FY 2018 include AK, CO, IL, Indiana, Kentucky, Maine, Massachusetts, New Mexico, North Carolina, Oklahoma, Virginia, and Wisconsin.
SOURCE: Kaiser Family Foundation survey of Medicaid officials in 50 states and DC conducted by Health Management Associates, October 2017.

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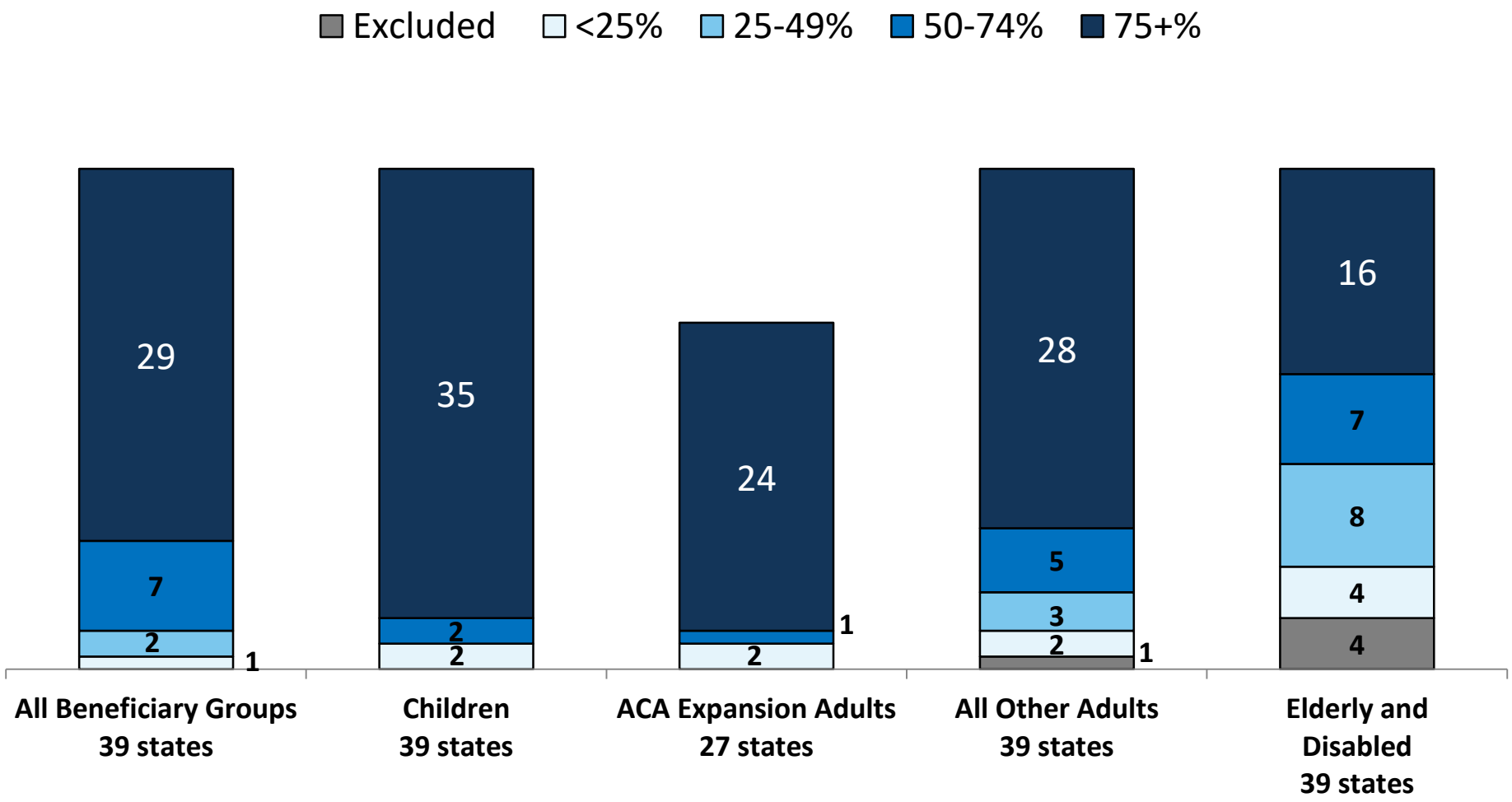
Figure 9

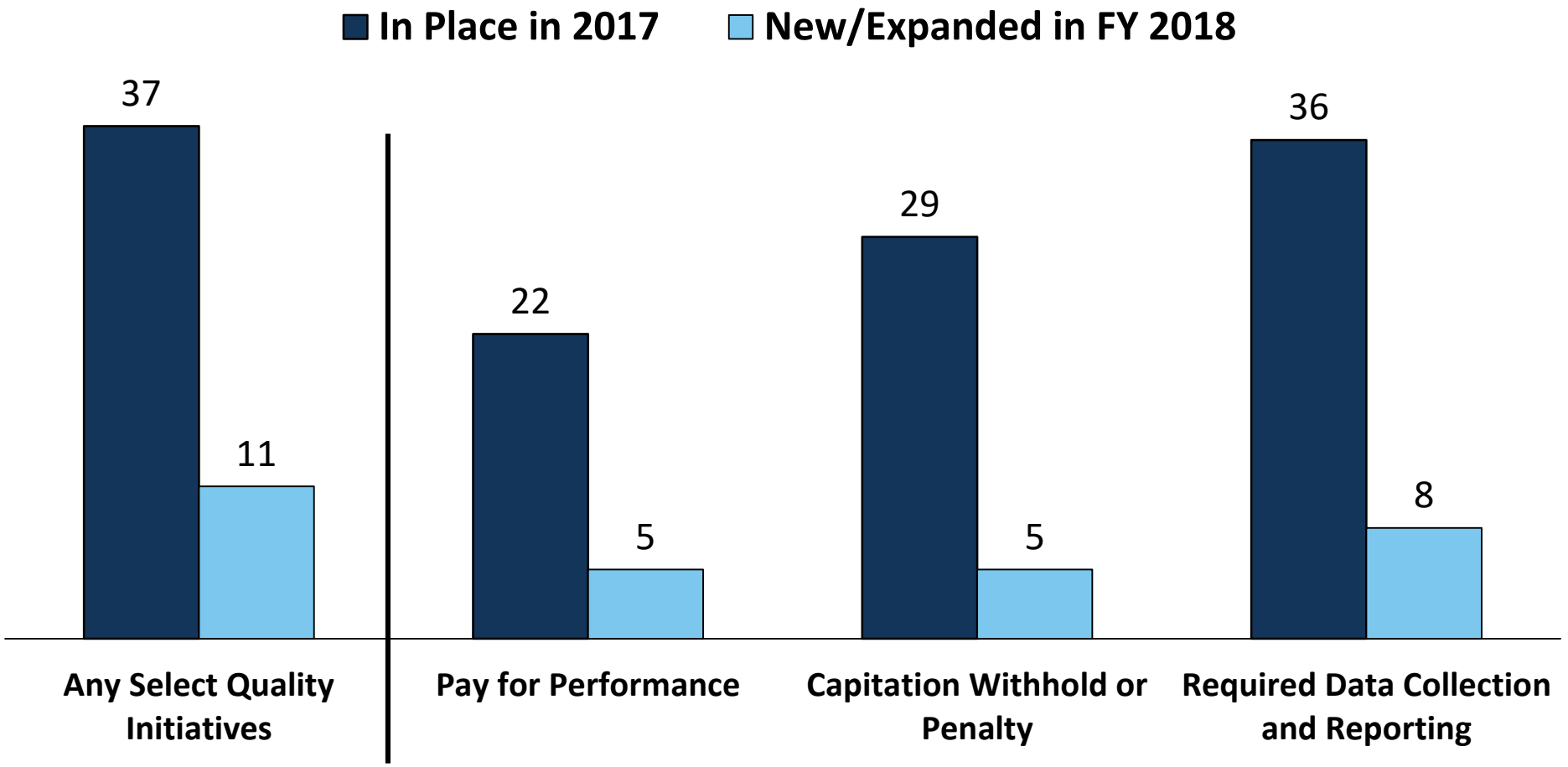
In 29 states, at least 75% of all Medicaid beneficiaries are in an MCO.



NOTES: Limited to 39 states with MCOs in place on July 1, 2017. Of the 32 states that had implemented the ACA Medicaid expansion as of July 1, 2017, 27 had MCOs in operation.
SOURCE: KFF survey of Medicaid officials in 50 states and DC conducted by HMA, October 2017.

Figure 10

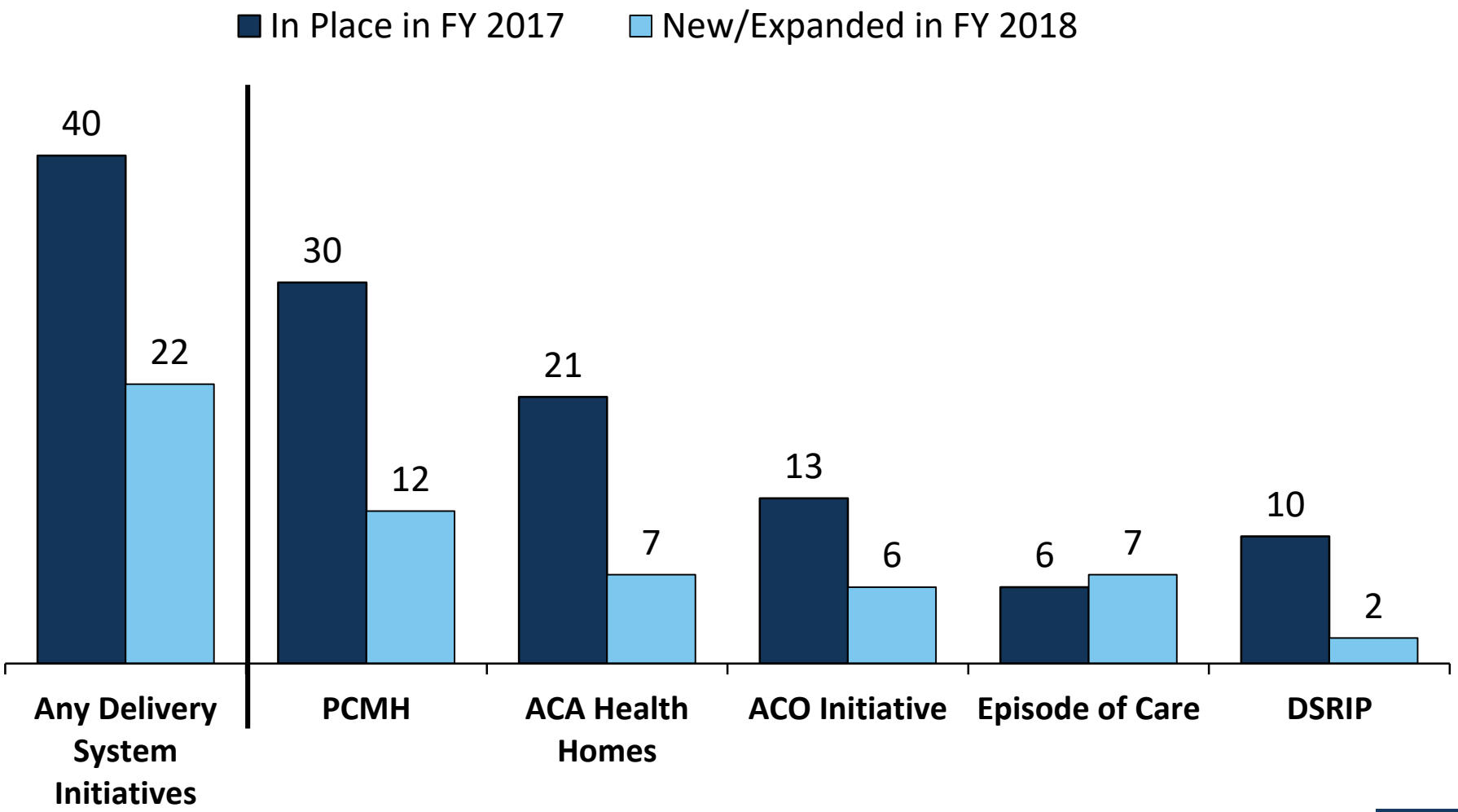
Almost all MCO states (37) had one or more select MCO quality initiative in place in FY 2017; 11 states planned new/expanded initiatives for FY 2018.



NOTES: States with MCOs indicated if selected quality initiatives were in place in FY 2017, new or expanded in FY 2018.
SOURCE: KFF survey of Medicaid officials in 50 states and DC conducted by HMA, October 2017.

Figure 11

Most states (40) had a Delivery System Reform initiative in place in FY 2017 and many (22) planned new or expanded initiatives for FY 2018.

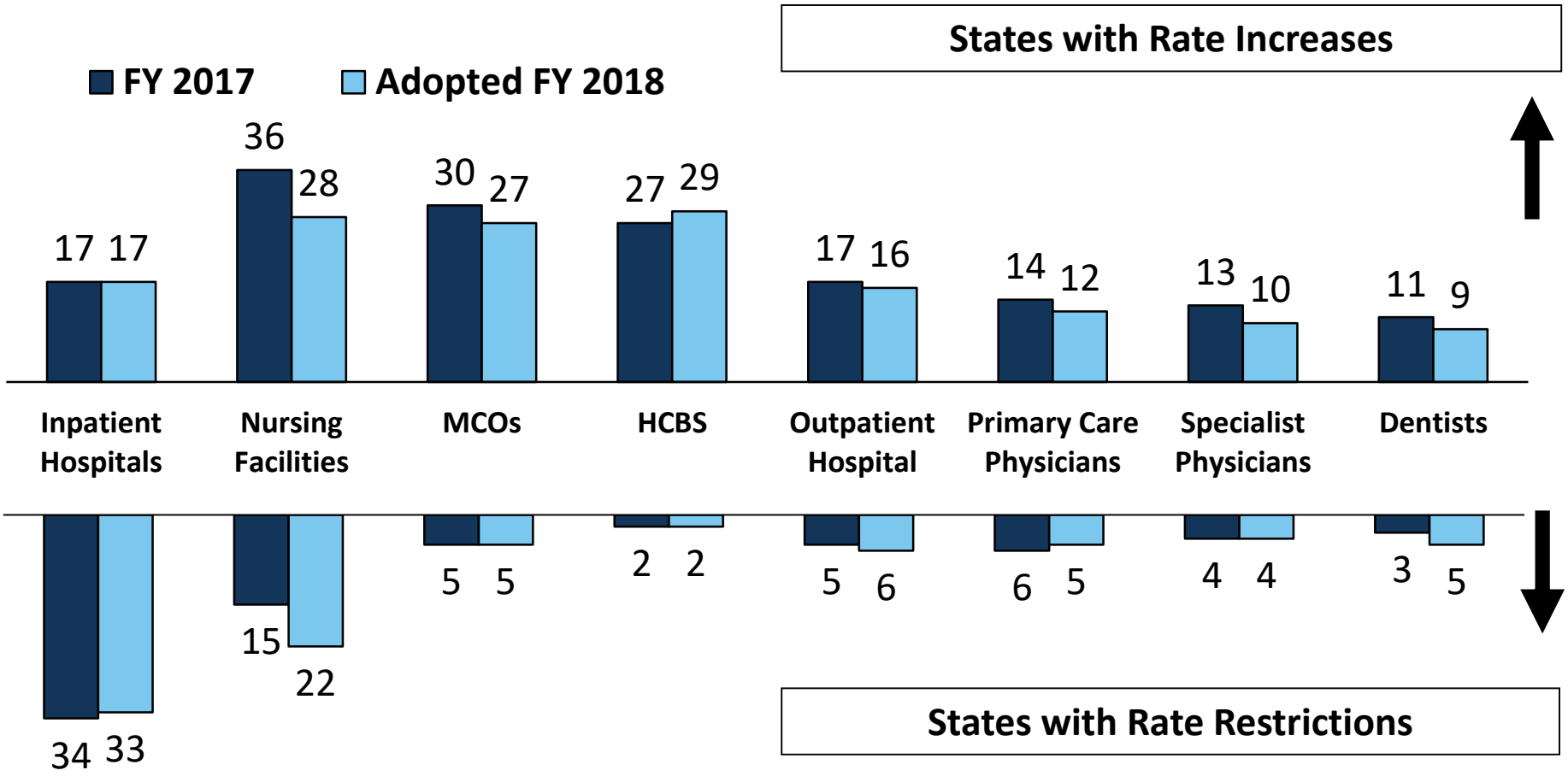


NOTES: Expansions of existing initiatives include rollouts of existing initiatives to new areas or groups, and other increases in enrollment or providers.

SOURCE: KFF survey of Medicaid officials in 50 states and DC conducted by HMA, October 2017.

Figure 12

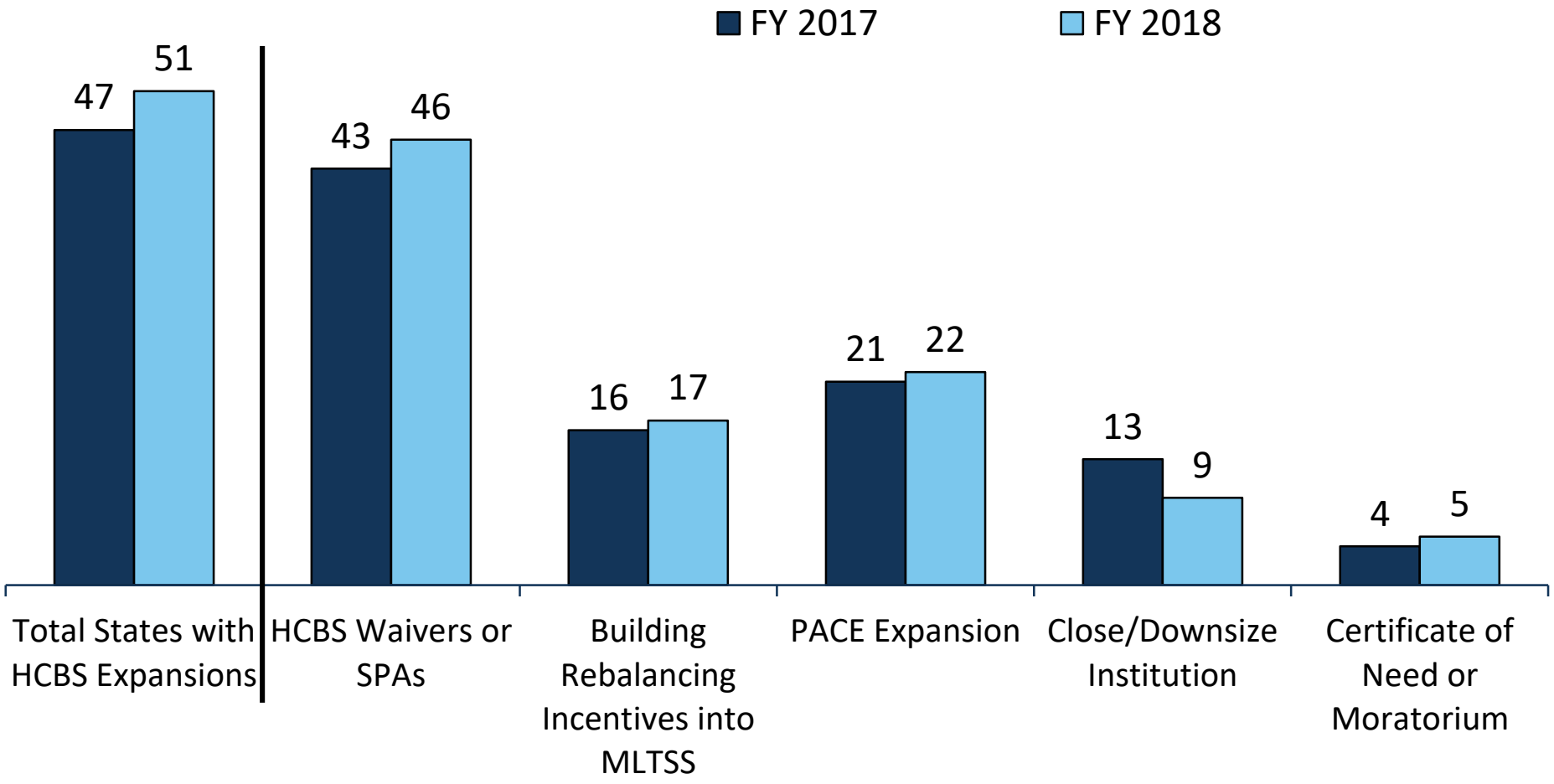
States were most likely to increase payment rates for MCOs and LTSS.



NOTES: Provider payment restrictions include rate cuts for any provider or freezes for nursing facilities or inpatient hospitals. FY 2018 rates had not been determined for MCOs in Illinois, Iowa, New Mexico, or Wisconsin. FY 2018 rates had not yet been set for several other provider categories in New Mexico, Ohio, and Wisconsin at the time of the survey.
SOURCE: KFF survey of Medicaid officials in 50 states and DC conducted by HMA, October 2017.

Figure 13

Every state is expanding community-based LTSS in FY 2018.

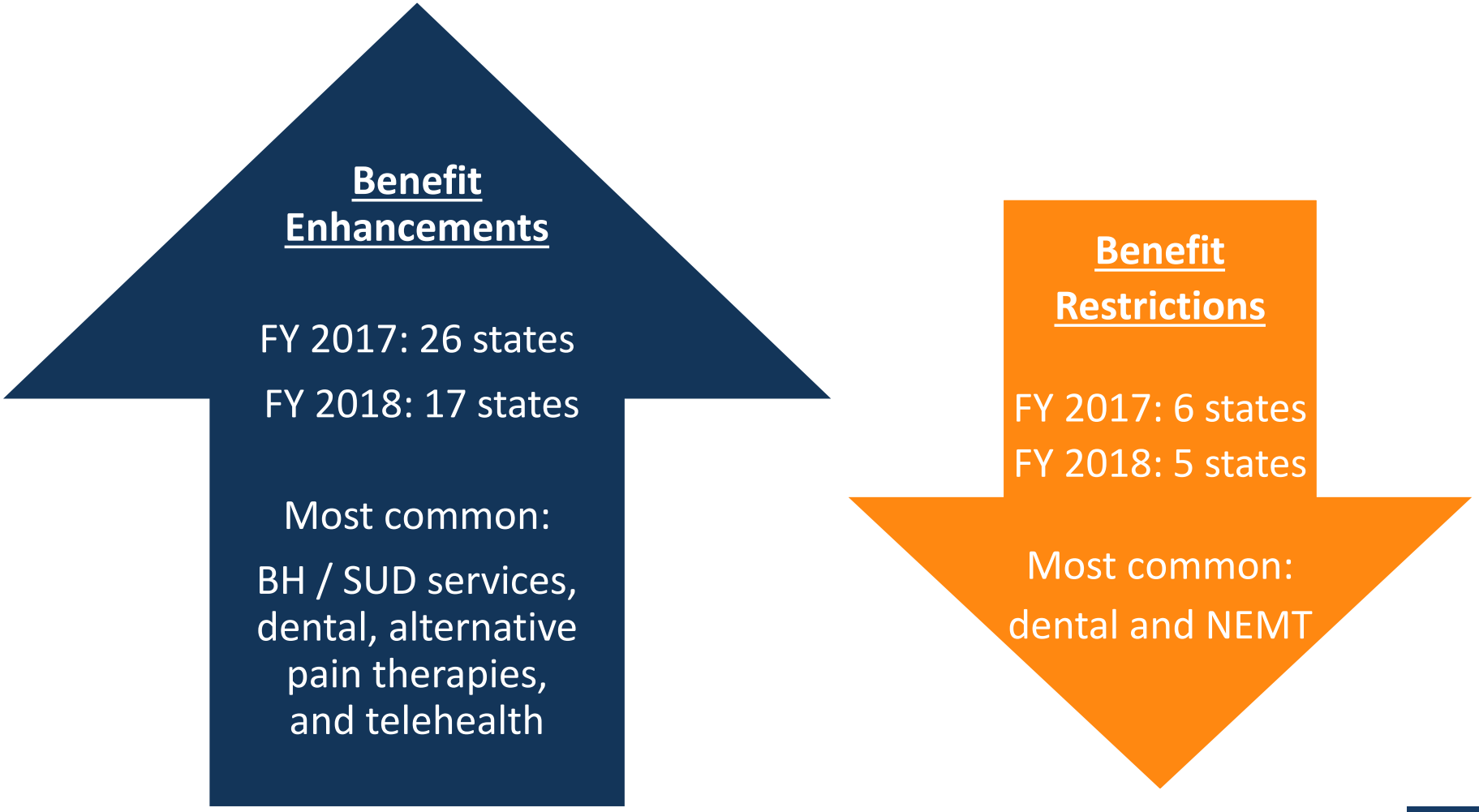


NOTES: "HCBS Waivers or SPAs" actions include: adopting new waivers; adding *and* filling more waiver slots; filling more waiver slots; adding new 1915(i) or 1915(k) SPAs; or serving more individuals through existing 1915(i) or 1915(k) SPAs. "Certificate of Need or Moratorium" actions include: implementing/tightening a CON program or imposing a new/extended moratorium on construction of new nursing facility or ICF-ID beds.

SOURCE: KFF survey of Medicaid officials in 50 states and DC conducted by HMA, October 2017.

Figure 14

Behavioral health and substance use disorder treatment (BH/SUD) were the most commonly reported benefit enhancements.



SOURCE: KFF survey of Medicaid officials in 50 states and DC conducted by HMA, October 2017.

Figure 15

States are newly implementing or expanding pharmacy cost-containment and strategies to address the opioid epidemic.

Pharmacy Cost-Containment Actions

Many states reported:

- Utilization controls
- Initiatives to generate greater rebate revenue
- Provider education or profiling initiatives

MCO Pharmacy Policies

(35 of 39 MCO states carve-in Rx)

Many states reported:

- Uniform clinical protocols
- Uniform PDLs
- Risk sharing

Opioid Policies

Many states reported:

- Adoption of CDC prescribing guidelines
- Adopting pharmacy benefit management strategies (e.g., quantity limits, use of prior authorization)
- Coverage of medication-assisted treatment (MAT) drugs

SOURCE: KFF Survey of Medicaid Officials in 50 states and DC conducted by Health Management Associates, October 2017.

Figure 16

Key priorities and challenges in FY 2018 and beyond include the following:

- Medicaid directors reported concerns about potential legislation that would end funding for the ACA Medicaid expansion and limit federal Medicaid spending for traditional populations
  - Most states that have implemented the Medicaid expansion reported that coverage would be at risk without the ACA expansion match rate (expansion states also reported advances in coverage of behavioral health and substance use services as well as coverage for the criminal justice population)
  - Almost all directors expressed concern about budget shortfalls and negative fiscal consequences with limited federal financing
- Several states are developing or seeking approval for Section 1115 waivers to be implemented in FY 2018 and later; these waivers include provisions not previously approved
- Despite uncertainty, states are moving ahead with:
  - Infrastructure development (e.g. MMIS systems)
  - Payment and delivery system reforms
  - Opioid harm reduction and other substance use disorder treatment initiatives
  - Long-term services and supports efforts to move care to community-based settings

SOURCE: KFF Survey of Medicaid Officials in 50 states and DC conducted by Health Management Associates, October 2017.