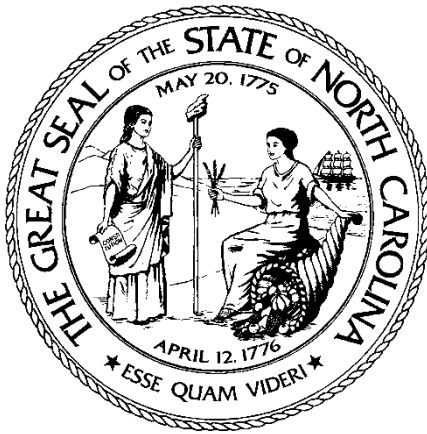


NC Department of Health and Human Services



NC Medicaid Budget Update

Medical Care Advisory Committee (MCAC)

Adam Levinson
Chief Financial Officer, NC Medicaid
December 13, 2019

Agenda

- **Looking Back: Budget Trend over Prior 3 State Fiscal Years**
- **Current State Fiscal Year (SFY 2020) Status**
- **SFY 2020 Outlook/Key Considerations**

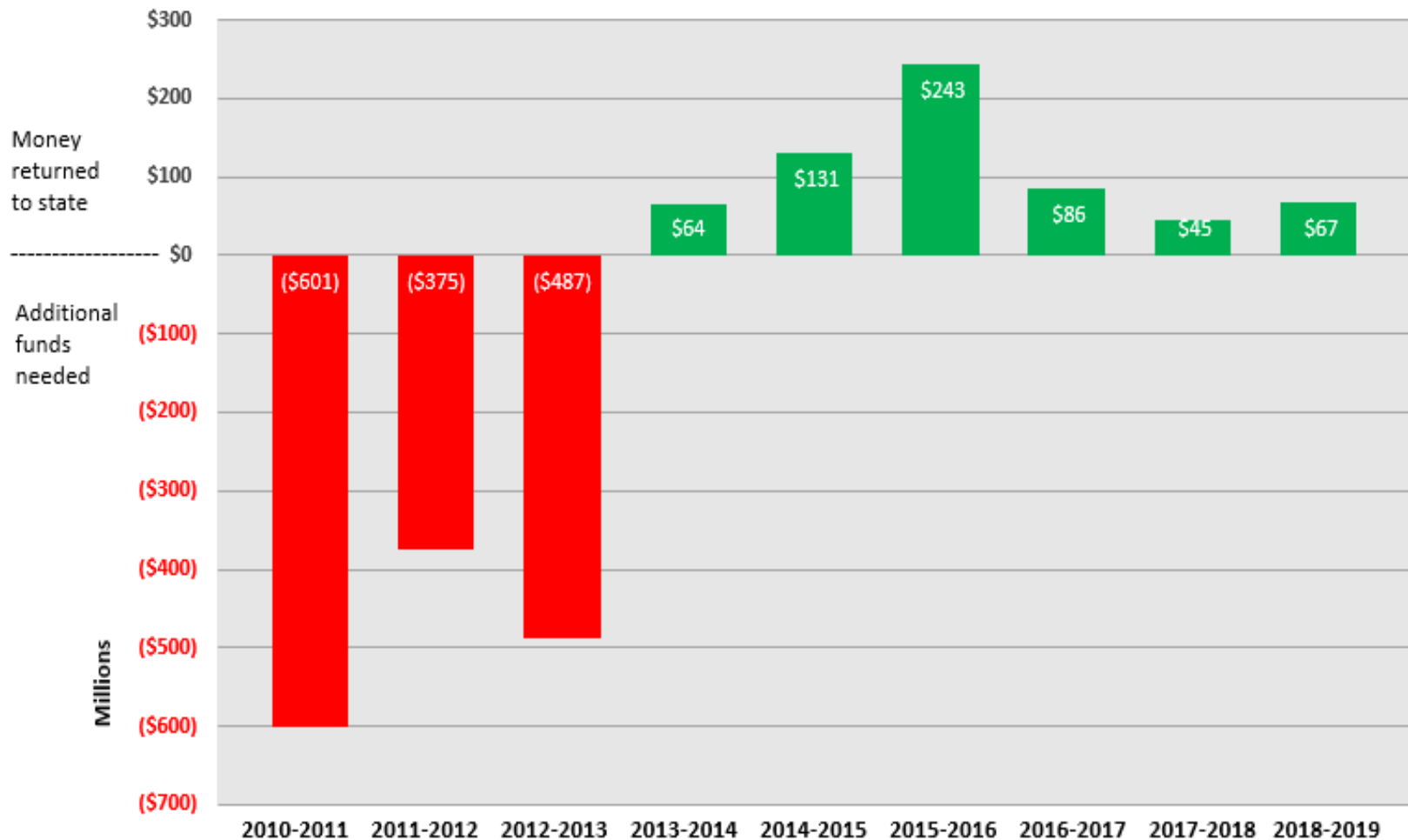
Budget Trend: Prior 3 State Fiscal Years

For the past three State fiscal years, the State's use of appropriations for Medicaid has remained consistent on a per member per month ("PMPM") basis.

<i>\$ millions</i>	Medicaid Summary		
(except per enrollee)	SFY17	SFY18	SFY19
Expenditure	\$14,171	\$14,579	\$ 14,819
Federal Revenue	9,022	9,264	9,485
Other Revenue	1,634	1,660	1,576
Appropriations	\$3,515	\$3,654	\$3,759
Avg. Enrollment	1,958,860	2,033,773	2,075,897
Approp/Avg Enroll	\$1,794	\$1,797	\$1,811
Approp/PMPM	\$150	\$150	\$151

NC Medicaid (deficit)/surplus in \$ millions

Six consecutive years of reversion to the State General Fund.



Medicaid SFY20 Status: Actuals vs. Prior Year

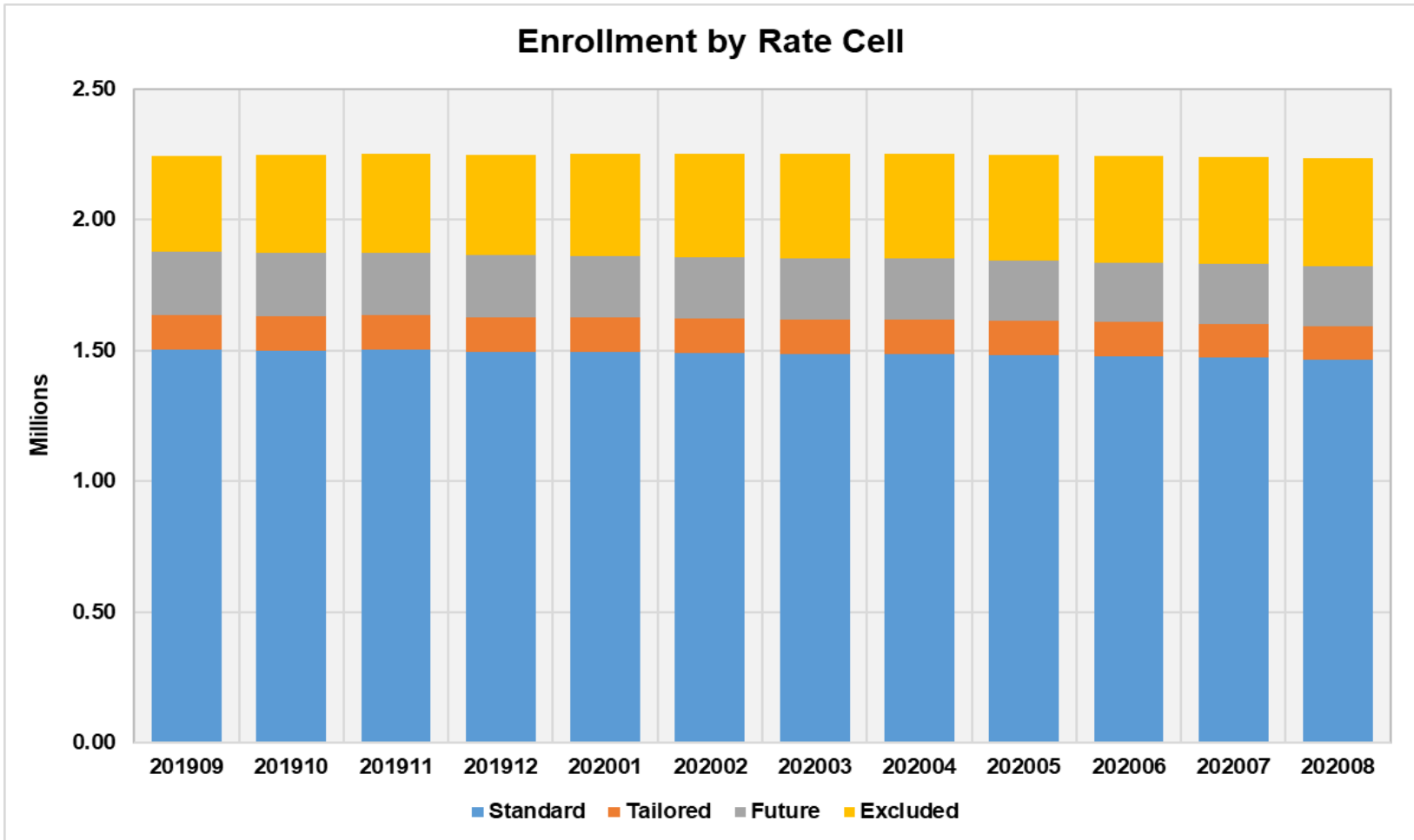
Through September 2020, NC Medicaid's appropriations spending was \$152.4M or 17.8% more than this time last year.

MEDICAID SUMMARY at 9/30/2019 (\$ millions)				
	SFY2019	SFY2020	VARIANCE	
	YTD	YTD	\$	%
Expenditures	\$3,953.6	\$4,316.5	\$362.9	9.2%
Federal Revenues	\$2,538.3	\$2,725.0	\$186.7	7.4%
Other Revenues	\$560.2	\$584.0	\$23.8	4.3%
State Appropriations	\$855.1	\$1,007.5	\$152.4	17.8%
			#	%
Avg. Enrollment (millions)	2.070	2.072	0.003	0.1%

Note: SFY 2020 YTD expenditures for services are very close to *forecasted* level

Medicaid Enrollment by Managed Care Cohort

From September 2019 to August 2020, the forecast of enrollment by Plan/Cohort predicts a decrease of 0.42%.



SFY 2020: Budget Considerations

- In the absence of an enacted budget for the 2019-21 biennium, NC Medicaid is currently operating under the authorized budget for SFY 2018-19 (per statutory “continuing resolution”).
- While NC Medicaid reverted appropriations in SFY 2019, this does not mean that the same will be true in SFY 2020:
 - YTD spending on claims is up over the prior year, despite a decrease in enrollment.
 - Several provider rate increases went into effect this fiscal year, and rates for the LME-MCO’s are higher than last year.
 - The FFP for a number of grants decreased with the start of the new federal fiscal year on October 1, increasing the state share for these programs.
 - Without a new legislated budget, NC Medicaid program does not have access to targeted non-recurring funds allocated each year from the Medicaid Transformation Reserve and must fund Transformation activities from other (base budget) funds.