

Detailed Description of the Medicaid Financing Reform, March 13, 1996

I. PER CAPITA CAP:

Index: Five-year historical average of nominal gross domestic product growth per capita plus an additive factor to yield:

<u>Year:</u>	<u>Index:</u>	<u>Nominal GDP +:</u>
1996	6.3%	+ 2.5%
1997	5.1%	+ 1.0%
1998	5.3%	+ 1.0%
1999	4.6%	+ 0.5%
2000	4.5%	+ 0.5%
2001	3.9%	+ 0%
2002	4.0%	+ 0%
Avg.	4.6%	

II. DISPROPORTIONATE SHARE REFORM:

Financing:

Federal Payment Limits: Current (1995) Federal DSH payments are phased out by 2000, and a new DSH program is phased in by 2000. The transition occurs in 25 percent increments. This yields Federal payment limits of:

<u>Year:</u>	<u>Federal Limit:</u>
1997	\$9.3 billion
1998	\$7.9 billion
1999	\$6.4 billion
2000	\$5.0 billion
2001	\$4.5 billion
2002	\$4.0 billion

III. POOLS: Three capped pools of Federal funds are designated for payments to specific states and providers to help them transition from the current to the new Medicaid program.

A. UNDOCUMENTED POOL

Financing: A temporary pool for states with high numbers of undocumented persons is created to pay for emergency health services. No state matching payments would be required. Maximum Federal spending is limited to the following amounts:

<u>Year:</u>	<u>Federal Limit:</u>
1997	\$700 million
1998	\$700 million
1999	\$700 million
2000	\$700 million
2001	\$700 million
Total:	\$3.5 billion

State Allotments: The 15 states with the highest number of undocumented persons, according to Immigration and Naturalization Service data (October 1992), are eligible. Each state gets an allotment from the pool according to its share of the number of undocumented persons in the 15 states.

B. POOL FOR FEDERALLY-QUALIFIED HEALTH CENTERS & RURAL HEALTH CLINICS

Financing: A pool for supplemental payments to federally-qualified health centers (FQHCs) and rural health clinics (RHCs) is created. Maximum Federal spending is limited to the following amounts:

<u>Year:</u>	<u>Federal Limit:</u>
1997	\$500 million
1998	\$500 million
1999	\$500 million
2000	\$500 million
2001	\$500 million
2002	\$500 million
Total:	\$3.0 billion

Design: Funding is allocated to states in proportion to their share of Medicaid payments to facilities (as reported by NACHC).

C. HOLD HARMLESS POOL:

Financing: A pool for payments to states to assist in the transition from the current to the new Medicaid program is created. Maximum Federal spending is limited to the following amounts:

<u>Year:</u>	<u>Federal Limit:</u>
1997	\$3.1 billion
1998	\$3.1 billion
1999	\$2.5 billion
2000	\$2.5 billion
2001	\$1.3 billion
Total:	\$12.5 billion

Equity Adjuster:

The 10 states with highest and lowest 1994 spending per beneficiary (adjusted for case mix) will get different funding. This could be done through differential growth rates, adjustments to the base or adjustments to the limits. The adjustments are budget neutral.

<u>Year:</u>	<u>Federal Limit:</u>
1997	+ / - \$2 billion
1998	+ / - \$2 billion
1999	+ / - \$2 billion
2000	+ / - \$2 billion
2001	+ / - \$2 billion
Total:	\$0 billion

Medicaid Savings (fiscal years; dollars in billions)

	1995	1996	1997	1998	1999	2000	2001	2002	1996-2002
Baseline	89.1	97.3	107.3	118.1	129.7	142.5	156.8	172.6	924.3
Per Capita Cap Savings		0.0	-1.9	-2.8	-4.6	-6.7	-10.0	-13.8	-39.8
Index Value:		6.3%	5.1%	5.3%	4.6%	4.5%	3.9%	4.0%	4.6%
Nominal GDP Plus:		2.5%	1.0%	1.0%	0.5%	0.5%	0.0%	0.0%	
DSH									
Gross Savings		0.0	-2.0	-3.9	-6.0	-8.0	-9.2	-10.3	-39.4
Pools: FQHC Pool			0.5	0.5	0.5	0.5	0.5	0.5	3.0
Undocumented Pool			0.70	0.70	0.70	0.70	0.70		3.5
Hold Harmless			3.1	3.1	2.5	2.5	1.3		12.5
Total									
Savings		0.0	0.4	-2.5	-6.9	-11.0	-16.6	-23.6	-60.1
Growth		9.2%	10.8%	7.3%	6.3%	7.0%	6.6%	6.3%	7.6%
Per capita growth		5.5%	6.5%	4.5%	3.3%	4.0%	4.2%	3.5%	4.5%

Assumptions:

Estimated by group

Offset of 33%

Administrative costs included; Medicare cost sharing excluded.

PRELIMINARY DRAFT

**Comparison of Federal Medicaid Spending:
The "MediGrant" Proposal and the President's Proposal**
(Dollars in billions, FY 1996 to 2002)

	Republicans	President's Plan		Difference (President = +)	
		Baseline Enrollment	Recession / Higher Enrollment	Baseline Enrollment	Recession / Higher Enrollment
Total	830.2	865.5	882.1	+ 35.3	+ 51.9
Alabama	13.7	13.7	13.9	-0.0	+ 0.2
Alaska	1.8	1.8	1.8	+ 0.0	+ 0.0
Arizona	12.5	12.7	13.0	+ 0.3	+ 0.5
Arkansas	9.1	9.1	9.3	-	+ 0.2
California	86.3	86.3	87.9	+ 0.0	+ 1.5
Colorado	6.9	7.0	7.2	+ 0.2	+ 0.3
Connecticut	11.3	11.7	11.9	+ 0.4	+ 0.6
Delaware	1.8	1.8	1.9	-	+ 0.0
District of Columbia	3.9	4.4	4.5	+ 0.6	+ 0.7
Florida	35.3	36.7	37.4	+ 1.4	+ 2.1
Georgia	21.9	25.5	26.0	+ 3.6	+ 4.1
Hawaii	2.5	2.7	2.8	+ 0.2	+ 0.3
Idaho	2.6	2.6	2.7	-0.0	+ 0.1
Illinois	31.6	31.6	32.2	-	+ 0.6
Indiana	16.7	17.9	18.3	+ 1.2	+ 1.6
Iowa	7.2	7.6	7.7	+ 0.4	+ 0.6
Kansas	6.1	6.1	6.2	-0.0	+ 0.1
Kentucky	14.2	15.0	15.3	+ 0.8	+ 1.1
Louisiana	19.0	28.0	28.6	+ 9.0	+ 9.6
Maine	5.4	5.8	5.9	+ 0.4	+ 0.5
Maryland	11.8	12.9	13.2	+ 1.2	+ 1.4
Massachusetts	22.2	23.1	23.5	+ 0.9	+ 1.3
Michigan	29.9	29.9	30.5	-0.0	+ 0.6
Minnesota	13.8	15.8	16.1	+ 2.0	+ 2.3
Mississippi	11.8	11.8	12.0	+ 0.0	+ 0.2
Missouri	16.5	16.5	16.7	-0.0	+ 0.3
Montana	2.8	3.1	3.1	+ 0.3	+ 0.3
Nebraska	3.8	4.2	4.3	+ 0.5	+ 0.6
Nevada	2.7	2.7	2.7	+ 0.0	+ 0.0
New Hampshire	2.6	3.5	3.5	+ 0.9	+ 1.0
New Jersey	22.2	24.0	24.5	+ 1.8	+ 2.2
New Mexico	6.0	6.0	6.1	+ 0.0	+ 0.1
New York	100.3	103.7	105.8	+ 3.3	+ 5.4
North Carolina	22.5	24.4	24.8	+ 1.8	+ 2.3
North Dakota	2.1	2.1	2.1	-	+ 0.0
Ohio	34.5	34.5	35.2	-	+ 0.7
Oklahoma	8.5	8.5	8.7	-0.0	+ 0.2
Oregon	9.4	9.4	9.5	-	+ 0.2
Pennsylvania	38.0	38.1	38.8	+ 0.1	+ 0.9
Rhode Island	4.2	4.6	4.7	+ 0.4	+ 0.5
South Carolina	14.6	14.6	14.9	+ 0.0	+ 0.3
South Dakota	2.3	2.3	2.3	+ 0.0	+ 0.0
Tennessee	22.1	22.1	22.4	-	+ 0.4
Texas	59.8	59.8	60.9	-0.0	+ 1.1
Utah	4.4	4.4	4.4	-	+ 0.1
Vermont	2.0	2.0	2.1	+ 0.0	+ 0.1
Virginia	10.6	11.1	11.3	+ 0.5	+ 0.7
Washington	13.7	15.2	15.5	+ 1.6	+ 1.9
West Virginia	9.9	11.3	11.5	+ 1.4	+ 1.6
Wisconsin	14.6	14.6	14.9	-0.0	+ 0.3
Wyoming	1.1	1.3	1.3	+ 0.2	+ 0.2

Republican estimates from the GAO estimates of the block grant allocation of the MediGrant II, 1/30/96

Note: These estimates include supplemental payments for illegal aliens; they also include payments to Nebraska, Nevada & Louisiana.

President's estimates from the Dept. of Health & Human Services' adjusted Urban Institute Medicaid Baseline, controlled to the December CBO baseline.

The Per Capita Cap Allotment pool was allocated to states whose "anticipated enrollment growth" is less than 2% in proportion to enrollees.

"Recession / higher enrollment" assumes that enrollment growth for all groups is 0.5 percentage points higher than CBO's baseline estimates

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