



Medicaid Caseload and Cost Dynamics History and Current Status

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Medicaid Cost Drivers

- Caseload, Services, Providers, Payers

History of Federal and State Spending

Where Texas Spends Medicaid Dollars

- Spending by Service and Type
- Spending by Client Group
- Caseload Growth

Medicaid Cost Containment

Appendix: Caseload and Cost Detail, Eligibility and Services



TEXAS

Health and Human
Services Commission

Overview: Medicaid Cost Drivers

Overview of Caseload

- **Number of Individuals**
 - *Caseload volume, or total number, is a significant factor driving Medicaid cost*
- **Case Mix**
 - *Mix or type of clients in the caseload*
 - *Certain groups cost more than others, for example Disability-Related Clients and Pregnant Women/Newborns are high cost, whereas Non-Disabled Children 6-18 are lower cost*
- **Differential Growth Rates: Number of Clients and Case-Mix**
 - *Overall, it is the interaction of volume and mix that drives Medicaid cost*

Caseload: The number of individuals served in each category of coverage *(numbers are June 2010)*

	<u>Caseload</u>	<u>% Caseload</u>	<u>% Cost</u>
Adults			
•Aged	957,000	26%	63%
•Disability-Related			
•Pregnant Women, and			
•Low-Income Parents			
Children			
•Newborns	2,470,000	66%	33%
•Non-Disability Related Children Ages 0-18			
•Foster Care Clients under Age 21			
Non-Full Benefit Clients			
•Non-Full Medicare Dual Eligibles	320,000	8%	4%
•Women's Health Waiver Clients			
•Emergency Services for Non-Citizens			

Services: The number of services individuals receive, and how services are provided

- The type and mix of services:
 - Service Location (Office, Clinic, Hospital)
 - Provider Type
 - Particular services or locations have higher costs per recipient (i.e. Long-Term Care services, In-Patient Hospital Stays)
 - Medicaid provides both mandatory and optional services. See Appendix for a complete listing of services.

Expenditures (Millions) by Service Location: FY 2009

Location	Expenditures
Hospital - All Types	\$ 2,997
Nursing Facilities	\$ 1,943
Physician Offices	\$ 1,149
Dental Offices	\$ 966
ICF/MR	\$ 942
Home Health Agency	\$ 635
Other*	\$ 579

Other includes Rehabilitation Centers, Clinics, and FQHCs*

Source: HHSC Strategic Decision Support

Expenditures (Millions) by Provider Type: FY 2009

Provider Type	Expenditures
For-Profit Hospital	\$ 522
Not-For-Profit Hospital	\$ 922
Teaching Hospital	\$ 795
Children's Hospital	\$ 586
Psychiatric Hospital	\$ 33
Primary Care Physician	\$ 391
Specialist Physician	\$ 773
General Dentist	\$ 938
Dental Specialist	\$ 28

Payer Type: Use of capitated payments and Third-Party Managed Care

- **State Payment System (Fee for Service)**
 - Includes payments for retroactive care, and payments for Disability-Related clients in a non-managed care area or those under 21 who choose FFS over managed care (by mandate, Children must have choice)
- **Third-Party Managed Care**
 - **Managed Care with State Payment**
 - Primary Care Case Management (PCCM)
 - **Partially Capitated Managed Care**
 - STAR+Plus, with Hospital Carve-Out
 - **Fully Capitated Managed Care**
 - STAR HMO
 - STAR Health

Payer Type: Use of Managed Care and Capitated Service Delivery has increased in Texas Medicaid

- In FY 2009, over 70 percent of clients were in some form of managed care, representing just over 2/3 of payments
- For comparison, in FY 2004, 41 percent of clients were managed care, representing 38 percent of payments.

Medicaid Clients by Service Delivery Type
FY 2004 Compared With FY 2009

Service Delivery Type	FY 2004			FY 2009		
	Clients	% of Total	% Total Client Service Cost	Clients	% of Total	% Total Client Service Cost
Fee-for-Service	1,571,225	59%	62%	876,998	29%	32%
Managed Care	1,112,002	41%	38%	2,127,382	71%	68%
STAR PCCM	337,228	13%	12%	711,043	24%	19%
STAR HMO	712,498	27%	20%	1,170,905	39%	31%
STARHealth	0	0%	0%	30,090	1%	2%
STAR+PLUS	62,276	2%	7%	159,969	5%	13%
ICM	0	0%	0%	55,375	2%	2%
Total Medicaid Clients	2,683,227			3,004,380		

Texas' Medicaid Cost is Determined by

Payer payment rates and policies -- Rate methods for reimbursing service providers vary, and include:

Actuarial Based

- STAR / STAR+Plus / STAR Health
- NorthSTAR
- PACE

Prospective (Cost-Report Based)

- Nursing Facilities
- Community Care
- Psychiatric Hospitals
- Rehabilitation Services
- Private ICF-MR

Prospective (Other)

- Dentists

Cost-Based Reimbursed

- Children's Hospitals
- Children's Nursing Facilities
- State Operated Programs (State Schools, State Lab)
- Outpatient Hospitals
- School Health and Related Services (SHARS)

Medicare Linked

- Hospital Diagnosis Related Groups
- Ambulance Providers
- Durable Medical Equipment
- Relative Value Units (RVU) rates for Physicians/Other Practitioners

CMS Mandated Methods

- Hospice
- Federally Qualified Health Center (FQHC)
- Rural Health Clinics

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- General cost of doing business
 - Evolutionary advancements in medical technology
 - *Increased use of MRI vs X-Ray*
 - Revolutionary advancements in medical technology
 - *New cancer drugs*
 - *Stints for heart by-pass*
 - Defensive Medicine
 - Changes in Clinical Practice Standards
 - Interactive effects of caseload volume, type, service providers, service location, service delivery type, and the factors listed above
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Changes in federal policy

- Eligibility expansions (see following charts)

Changes in state policy

- Medicaid Buy-In for Adults and Children
- New benefits, such as adult substance abuse

Population growth and changing demographics

- Aging baby-boomers - increasing the aged population
- Obesity epidemic - increasing certain chronic diseases (diabetes)
- Changing ethnic composition of the state

Economy

- Increased caseloads as families lost jobs and insurance coverage
- Lengthening spells of coverage as economic conditions are not improving for Medicaid populations
- Increased FMAP rate due to ARRA – TIER III FMAP adjustment for high unemployment states

Natural Disasters

- H1N1
- Hurricanes -- medical costs actually decline in the short term following an event such as a hurricane, but Texas has seen long-term impacts from recent hurricanes

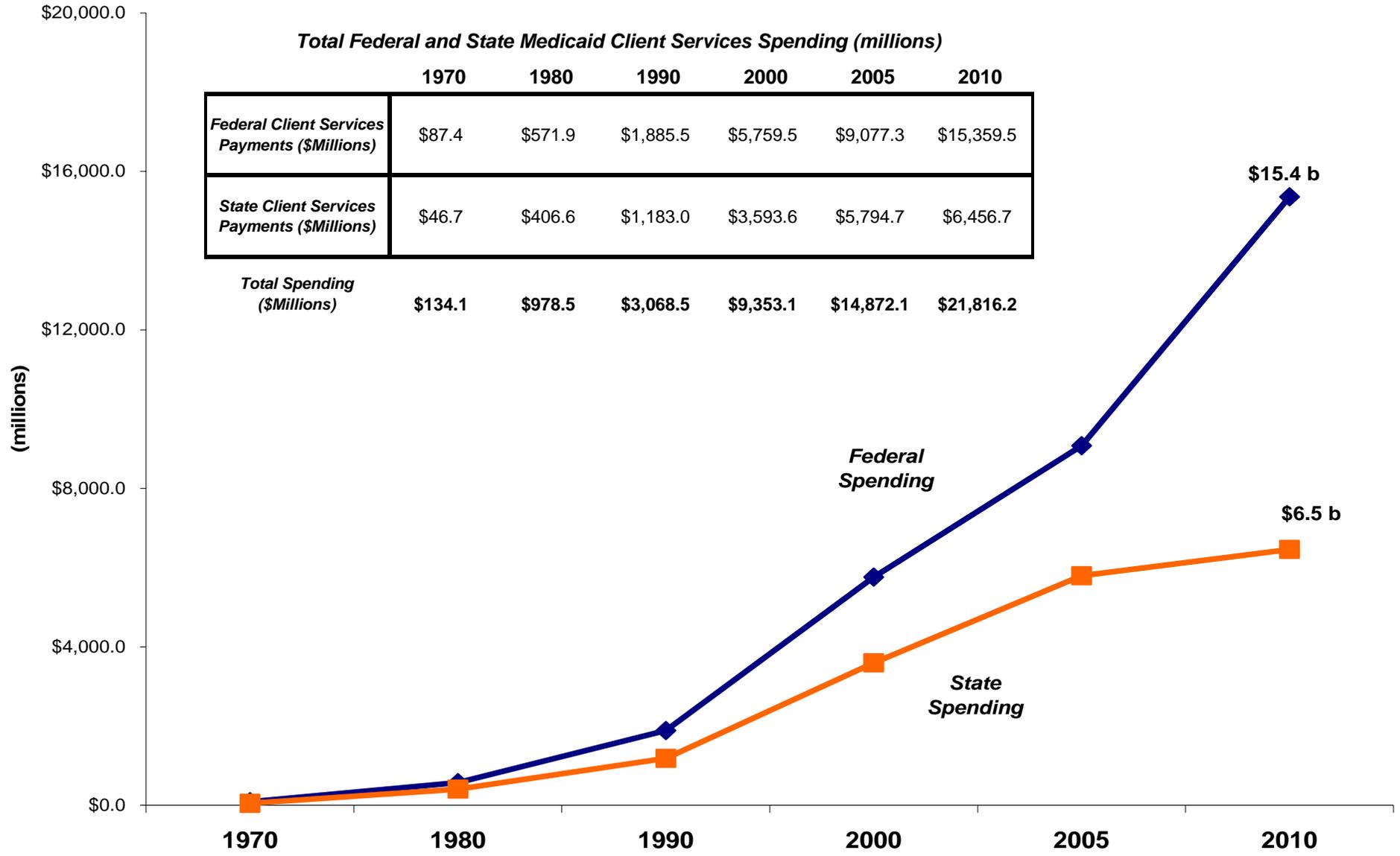
Consumer expectations and awareness

- FREW outreach efforts and rate increases may be increasing utilization
- Health Care Reform may provide an arena for clients to seek health care assistance

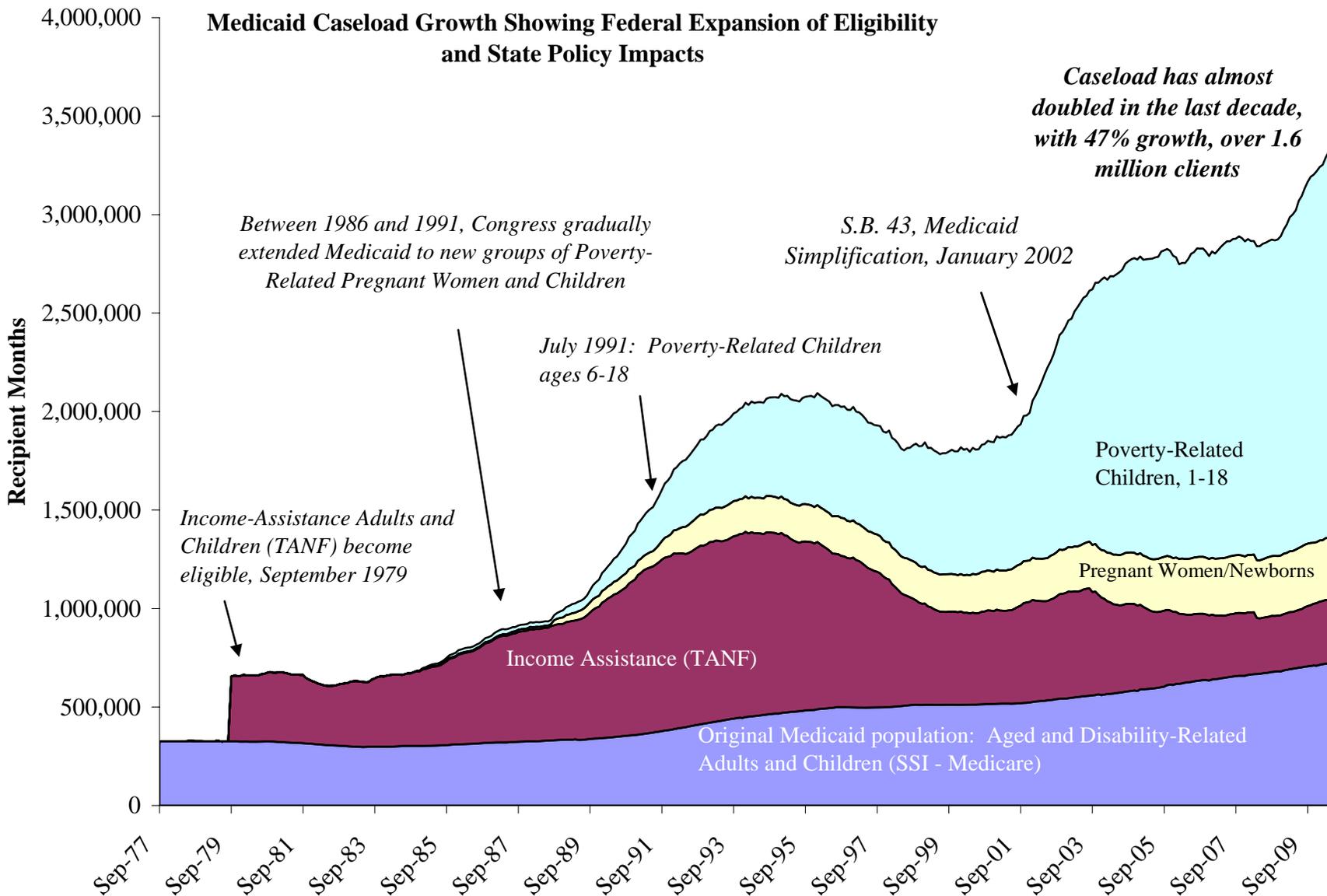


History of Federal and State Medicaid Spending

History of Federal and State Spending

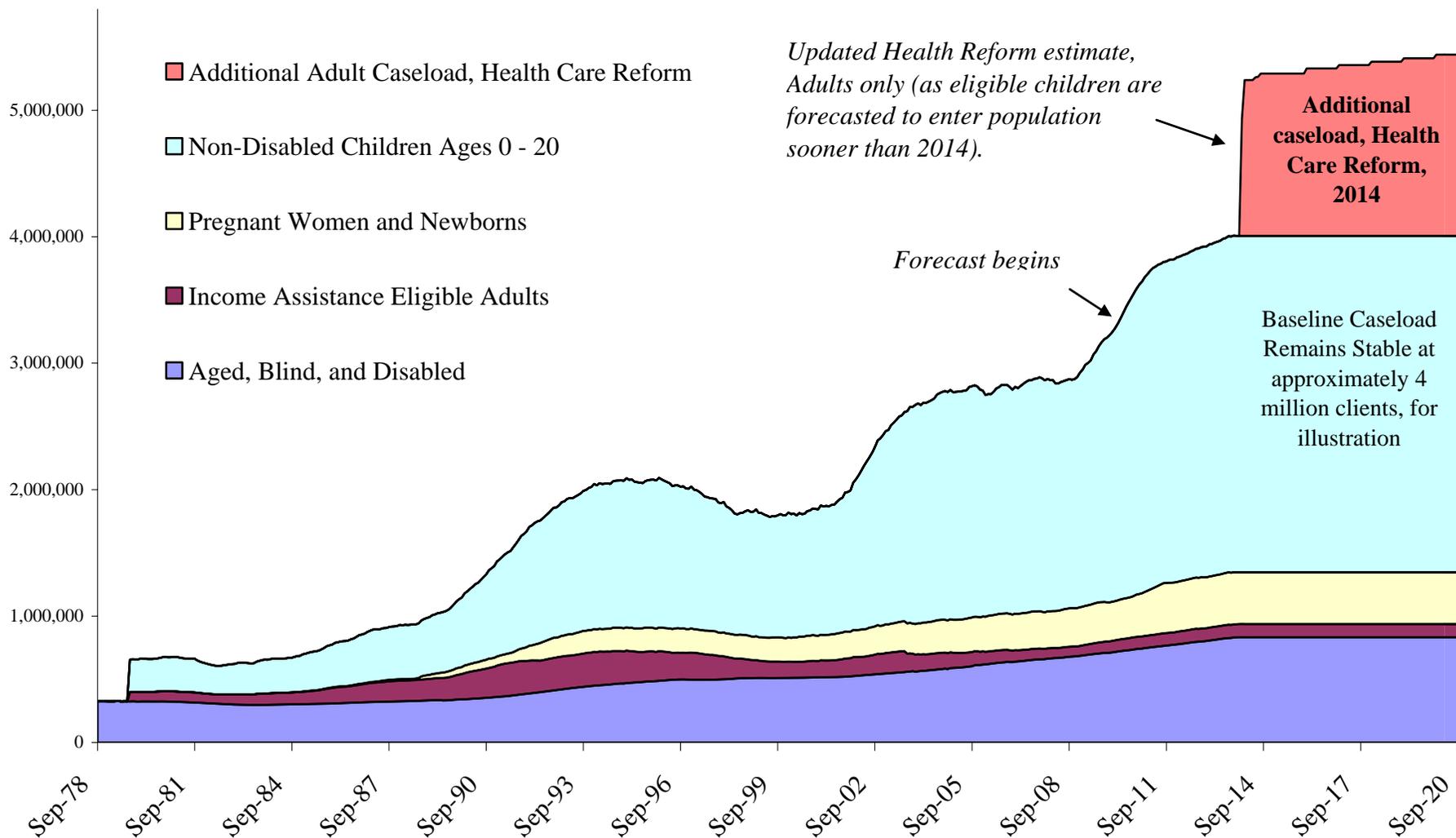


History of Medicaid Eligibility: Caseload September 1977 – June 2010



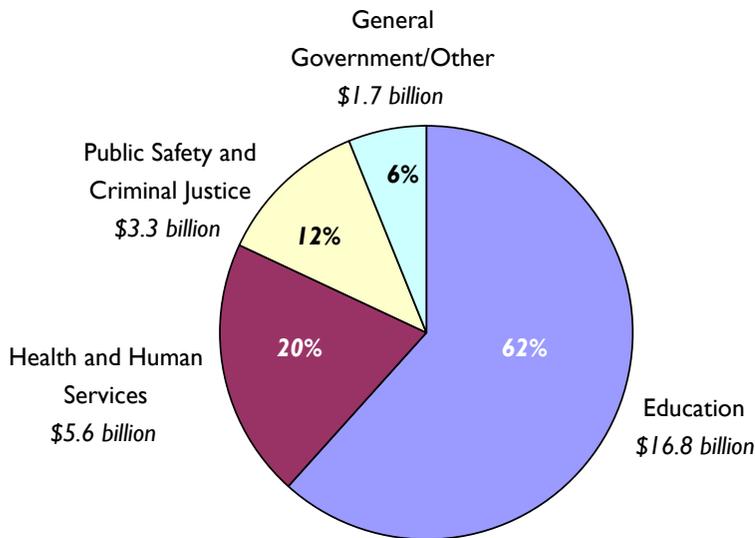
History and Projection of Medicaid Eligibility: Caseload September 1978 – September 2024

Medicaid Caseload by Group: September 1978 to June 2010, with Caseload Forecast to December 2013 and Health Care Reform Caseload, 2014 to 2020

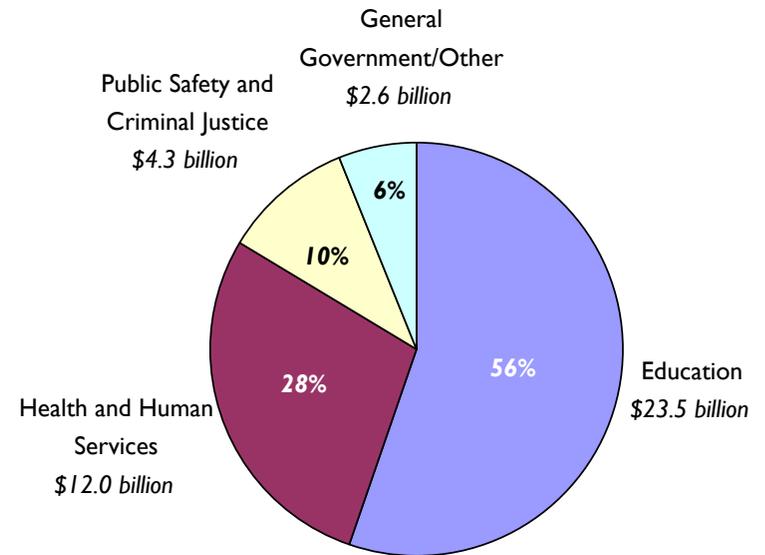


State General Revenue Spending By Article: FY 2000 and FY 2010

**FY 2000 State GR Spending by Article,
Total Spending = \$27.3 billion**



**FY 2010 State GR Appropriation by Article,
Total Appropriated = \$42.4 billion**



Source: Legislative Budget Board, Fiscal Size-Up, 2010-2011 Biennium; 2002-2003 Biennium

State General Revenue Amounts do not adjust for American Reinvestment and Recovery Act (ARRA) funds in FY 2010

Health Care Spending: Total Dollars and Trends

National Health Expenditure Projections Expenditures and Annual Growth 2002-2019

	<i>All Health Care</i>		<i>Private Health Insurance</i>		<i>Medicare</i>		<i>Medicaid</i>		<i>TX Medicaid</i>	
2002	\$1,603.4		\$552.5		\$265.1		\$249.0		\$14.3	
2003	\$1,732.4	8.0%	\$602.8	9.1%	\$281.5	6.2%	\$271.6	9.1%	\$16.2	13.3%
2004	\$1,855.4	7.1%	\$646.1	7.2%	\$311.3	10.6%	\$290.5	7.0%	\$16.8	3.7%
2005	\$1,982.5	6.9%	\$691.0	6.9%	\$339.8	9.2%	\$311.5	7.2%	\$18.0	7.1%
2006	\$2,112.5	6.6%	\$727.6	5.3%	\$403.4	18.7%	\$310.0	-0.5%	\$18.6	3.3%
2007	\$2,239.7	6.0%	\$759.7	4.4%	\$432.2	7.1%	\$328.9	6.1%	\$21.4	15.1%
2008	\$2,338.7	4.4%	\$783.2	3.1%	\$469.2	8.6%	\$344.3	4.7%	\$22.3	4.2%
2009	\$2,472.2	5.7%	\$808.7	3.3%	\$507.1	8.1%	\$378.3	9.9%	\$24.6	10.3%
2010	\$2,569.6	3.9%	\$829.3	2.5%	\$514.7	1.5%	\$412.0	8.9%	\$27.4	11.4%

Expenditures in billions

2002-2008 figures are estimates; 2009-2019 figures are projections

Centers for Medicare & Medicaid Services, Office of the Actuary
HHSC, CMS-37

All trends are total growth, both caseload and cost, and includes administrative costs, all Medicaid (Acute and Long-Term), and DSH and UPL payments.

Texas Medicaid trends show higher growth in 2009 and 2010, due in large part to caseload growth.

- *Just over 2/3 of total growth in 2010 is due to caseload growth*

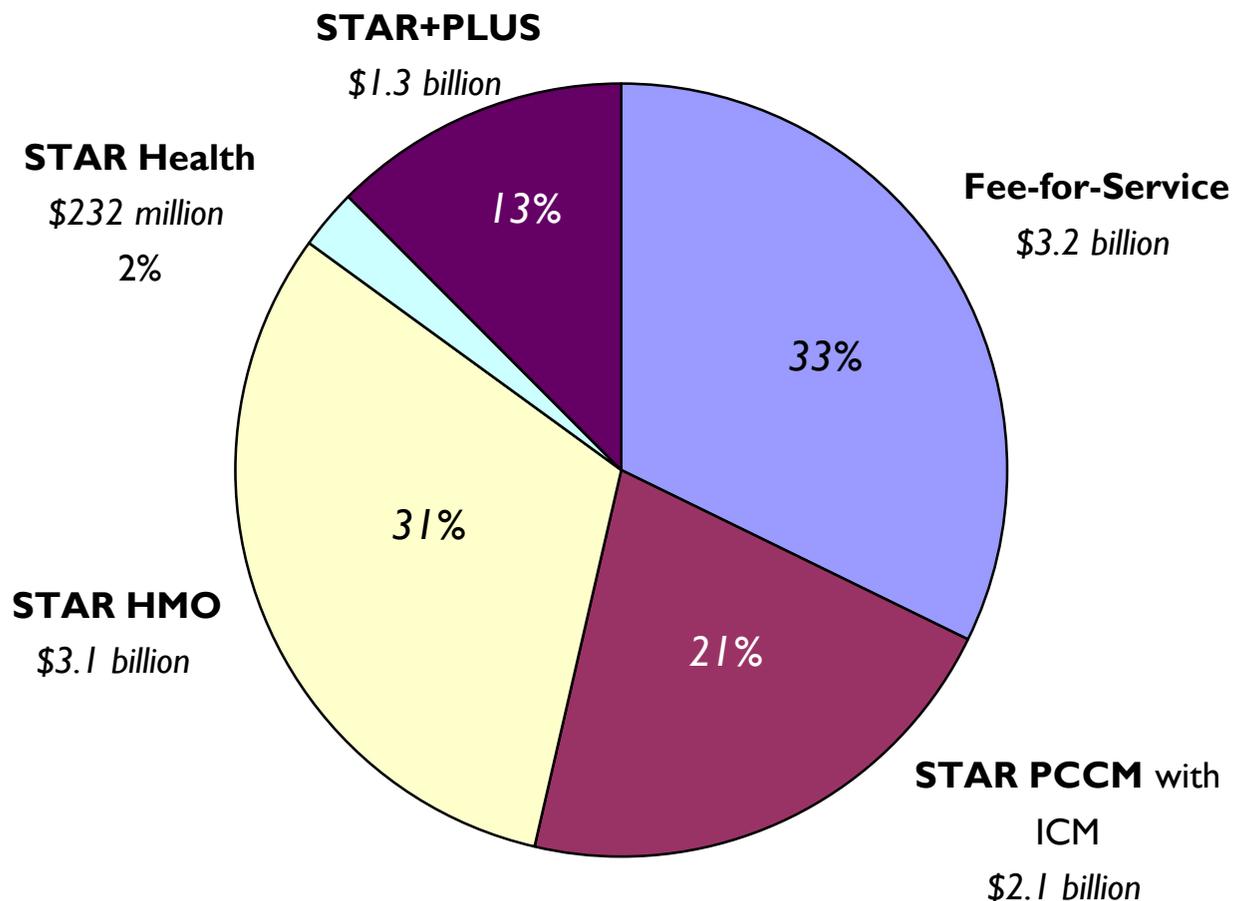


Where Does Texas Spend Medicaid Dollars?

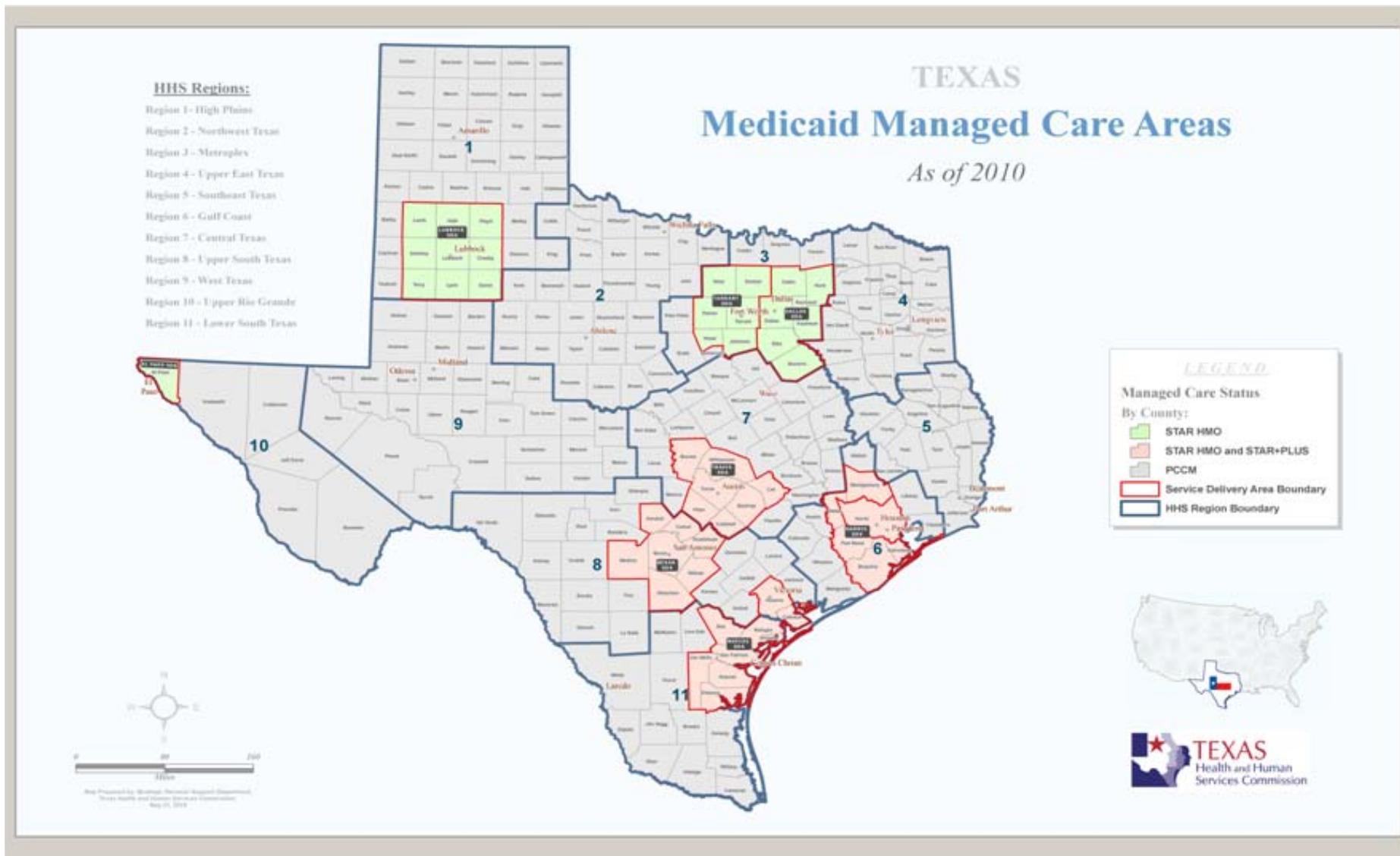
Where Does Texas Spend Medicaid Dollars?

Client Services Acute Care and STAR+Plus Medical Spending, FY 2009

Total Spending \$9.9 billion



Where Does Texas Spend Medicaid Dollars?

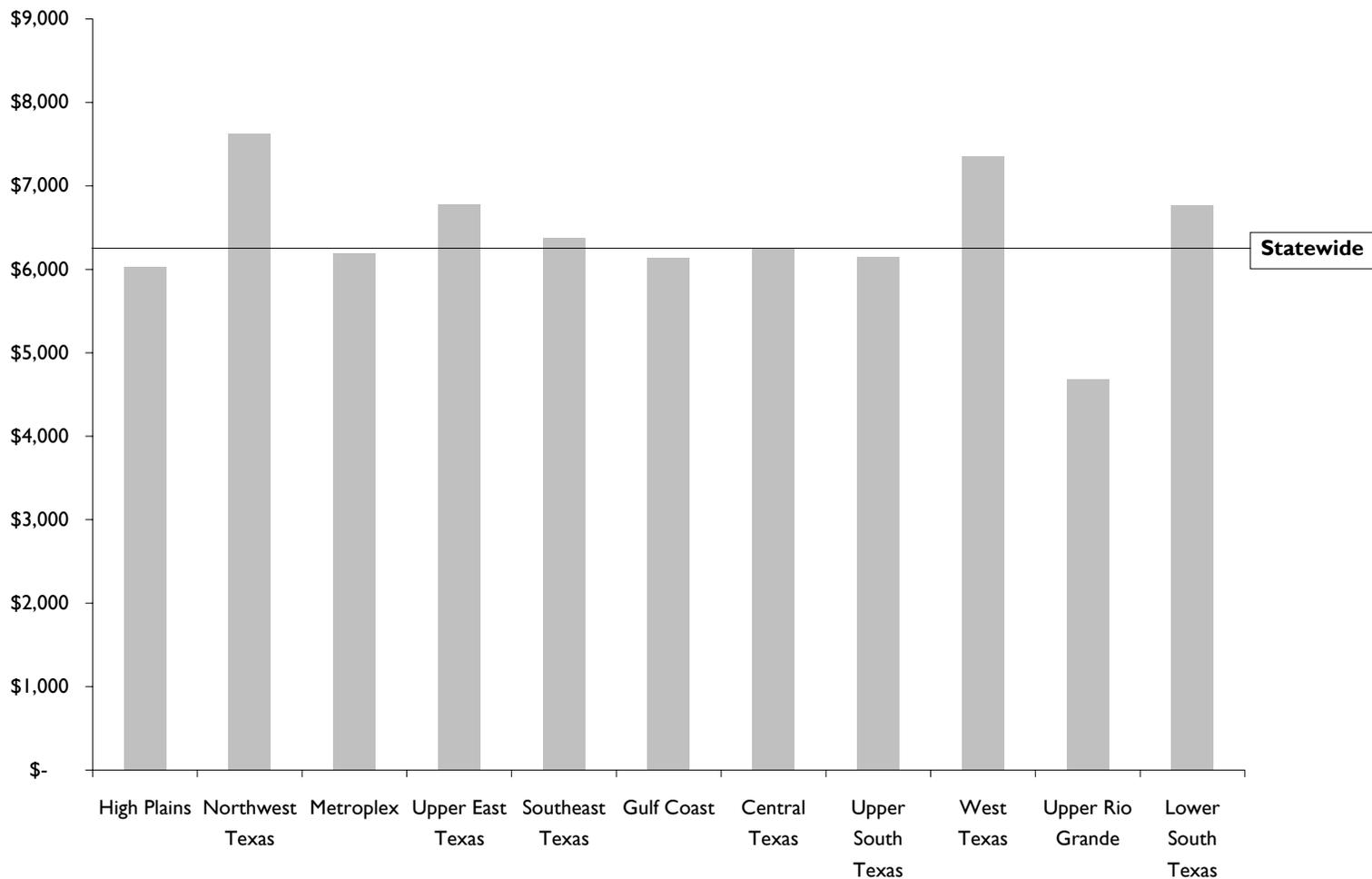


2010 Managed Care Programs and Clients Served

Managed Care Program	Area / Clients	Caseload
STAR HMO	<i>Capitated HMO serving primarily Children, Pregnant Women, and Low-Income (TANF) Parents</i>	1,348,741
STAR+Plus	<i>Partially capitated HMO serving Aged and Disability-Related Clients. Hospital costs not capitated. Long-term Care (Community Care) costs are part of the model.</i>	166,482
STAR Health	<i>Fully capitated HMO (including Dental) serving Foster Care Clients.</i>	29,754
PCCM (Primary Care Case Management)	<i>Non-Capitated managed care serving Poverty-Related clients in non-HMO areas of Texas</i>	809,740
NorthSTAR	<i>Behavioral Health Organization managed care for Dallas and surrounding areas</i>	390,723
PACE (Program for All-Inclusive Care for the Elderly)	<i>Capitated all-inclusive care for clients eligible for a nursing facility in the El Paso and Amarillo areas</i>	1,005
CHIP (Children's Health Insurance Program)	<i>Fully capitated HMO (with a Dental HMO) for children who do not meet Medicaid eligibility, up to/including 200%, statewide.</i>	503,075
CHIP Perinatal	<i>Fully capitated HMO for unborn children (perinates) and newborns whose mother's do not meet Medicaid eligibility</i>	66,744

Where Does Texas Spend Medicaid Dollars?

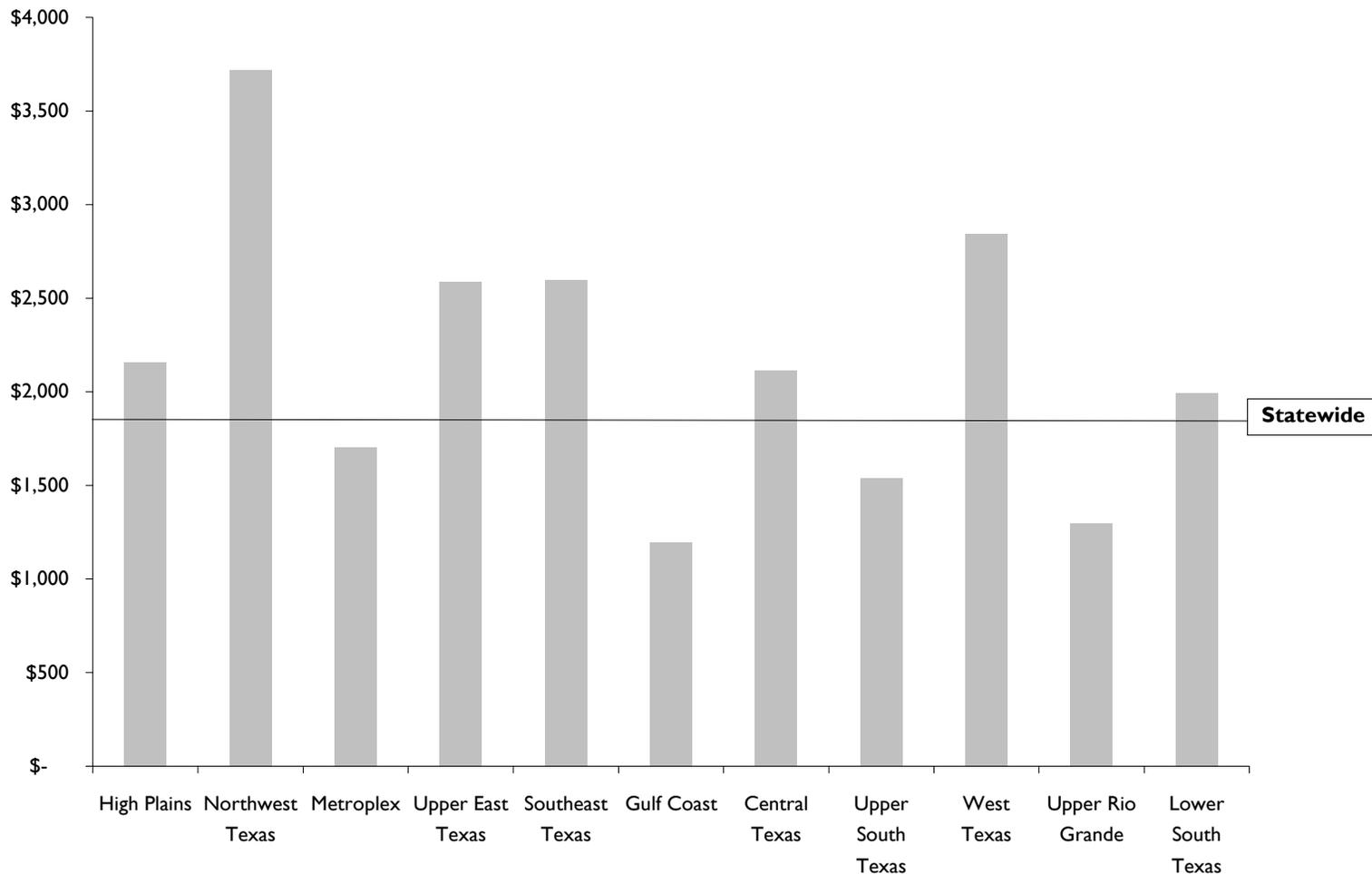
Per Capita Costs of **ALL** Services, Texas Medicaid Services, By Region, SFY 2009*



* Source: Vision 21 paid claims universe, Texas Medicaid and Healthcare Partnership (TMHP).
Prepared By: The Center for Strategic Decision Support, Texas Health and Human Services Commission, May 2010.

Where Does Texas Spend Medicaid Dollars?

Per Capita Costs of **LONG TERM CARE**, Texas Medicaid Services, By Region, SFY 2009 *

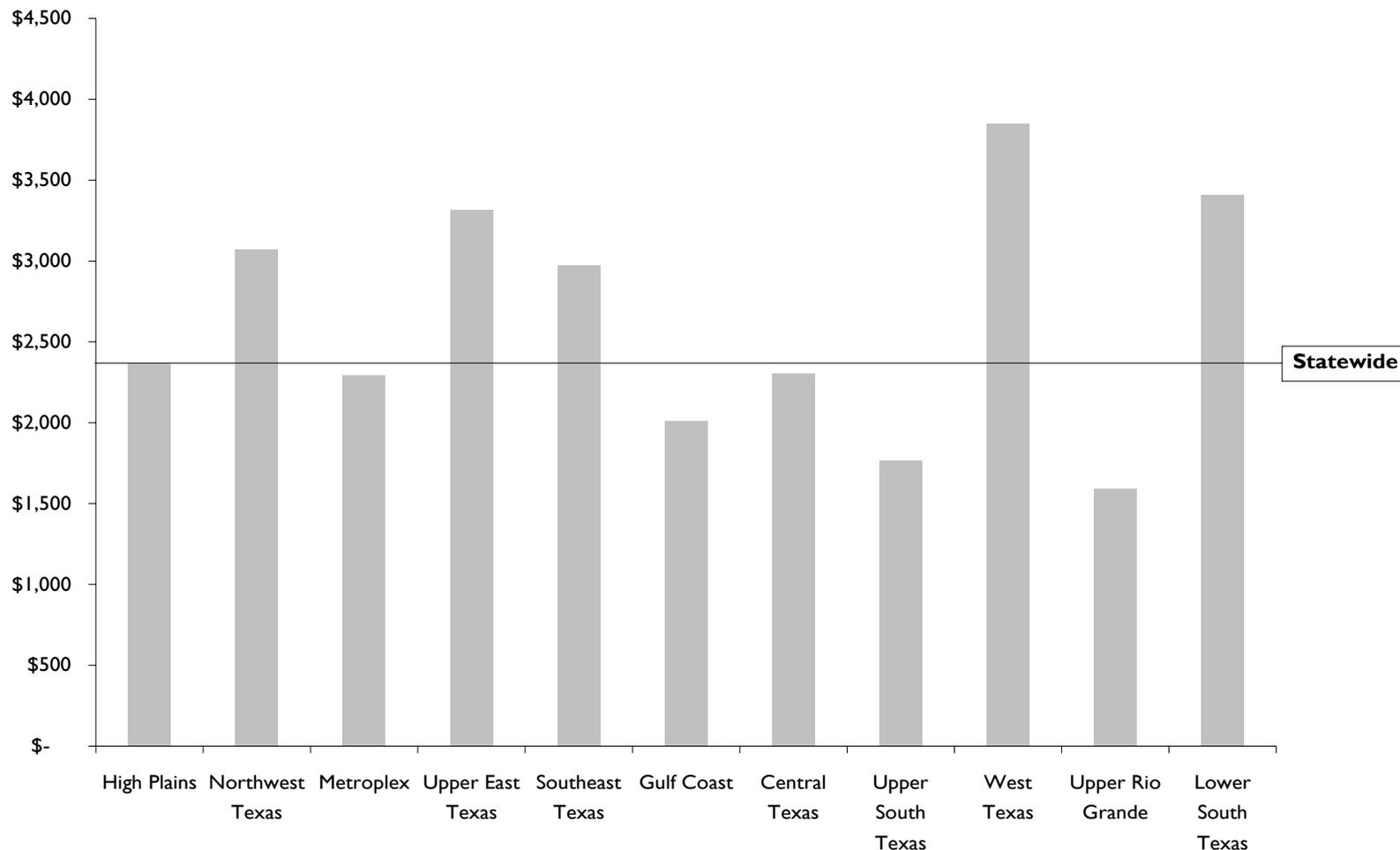


* Source: Vision 21 paid claims universe, Texas Medicaid and Healthcare Partnership (TMHP).

Prepared By: The Center for Strategic Decision Support, Texas Health and Human Services Commission, May 2010.

Where Does Texas Spend Medicaid Dollars?

Per Capita Costs of **ACUTE CARE** Services, Texas Medicaid Services, By Region, SFY 2009 *

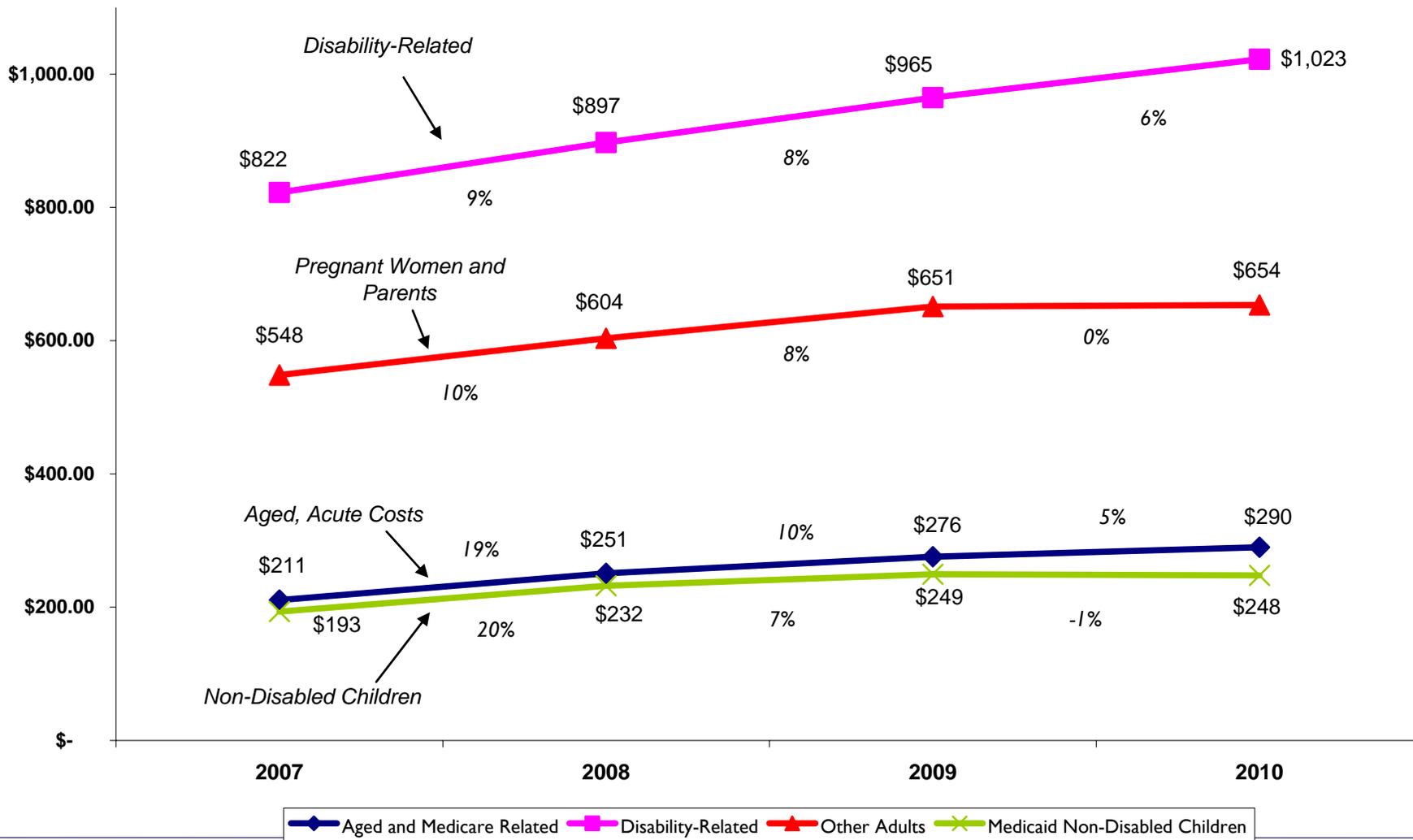


* Source: Vision 21 paid claims universe, Texas Medicaid and Healthcare Partnership (TMHP).

Prepared By: The Center for Strategic Decision Support, Texas Health and Human Services Commission, May 2010.

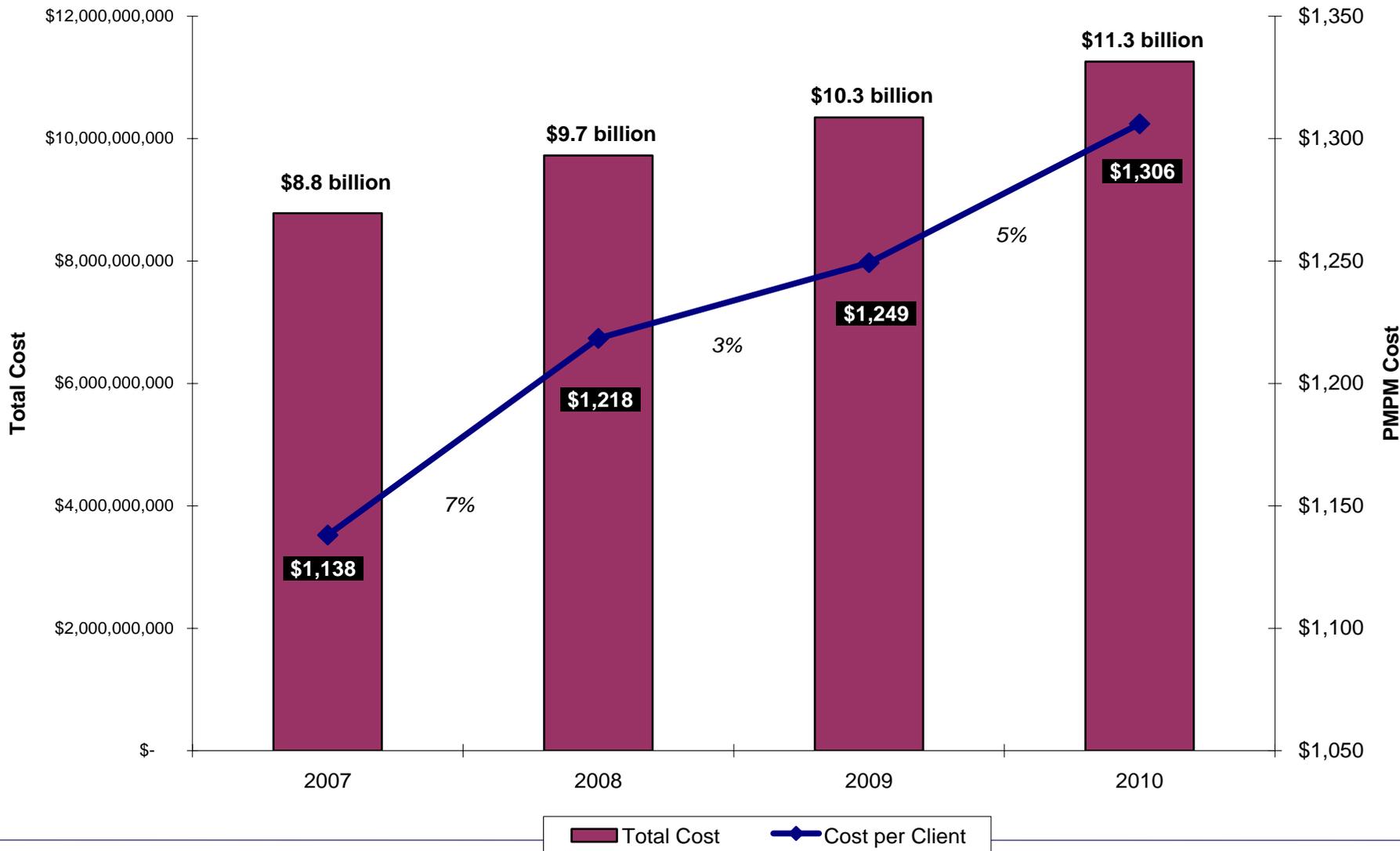
Where Does Texas Spend Medicaid Dollars?

Cost per Recipient Month by Risk Group, 2007 - 2010
Costs are Acute Care with STAR+Plus, and include all Drug and Dental



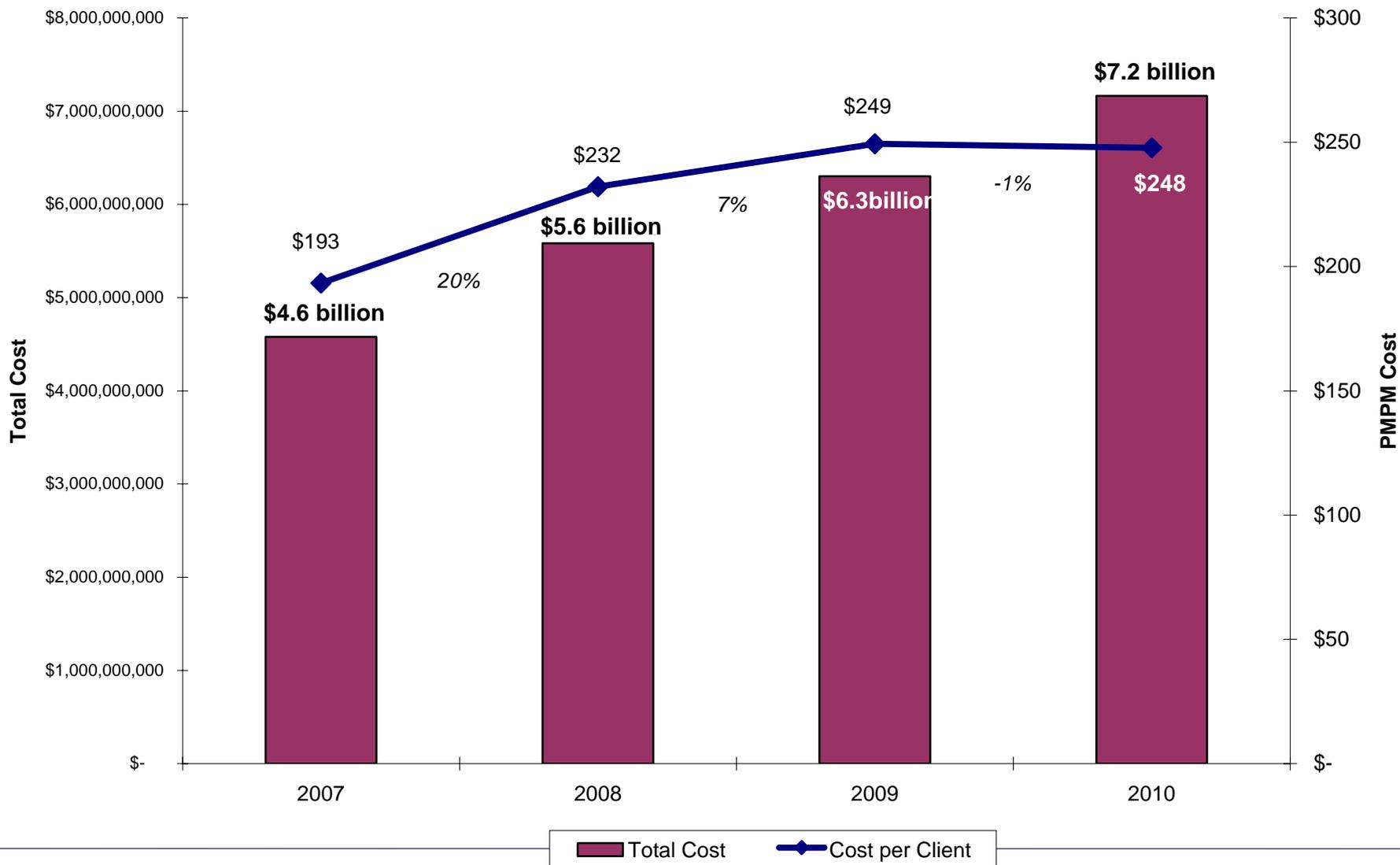
Where Does Texas Spend Medicaid Dollars?

Total Cost, including Long Term Services and Supports, and Cost per Recipient Month, Aged and Disability-Related Clients, 2007-2010



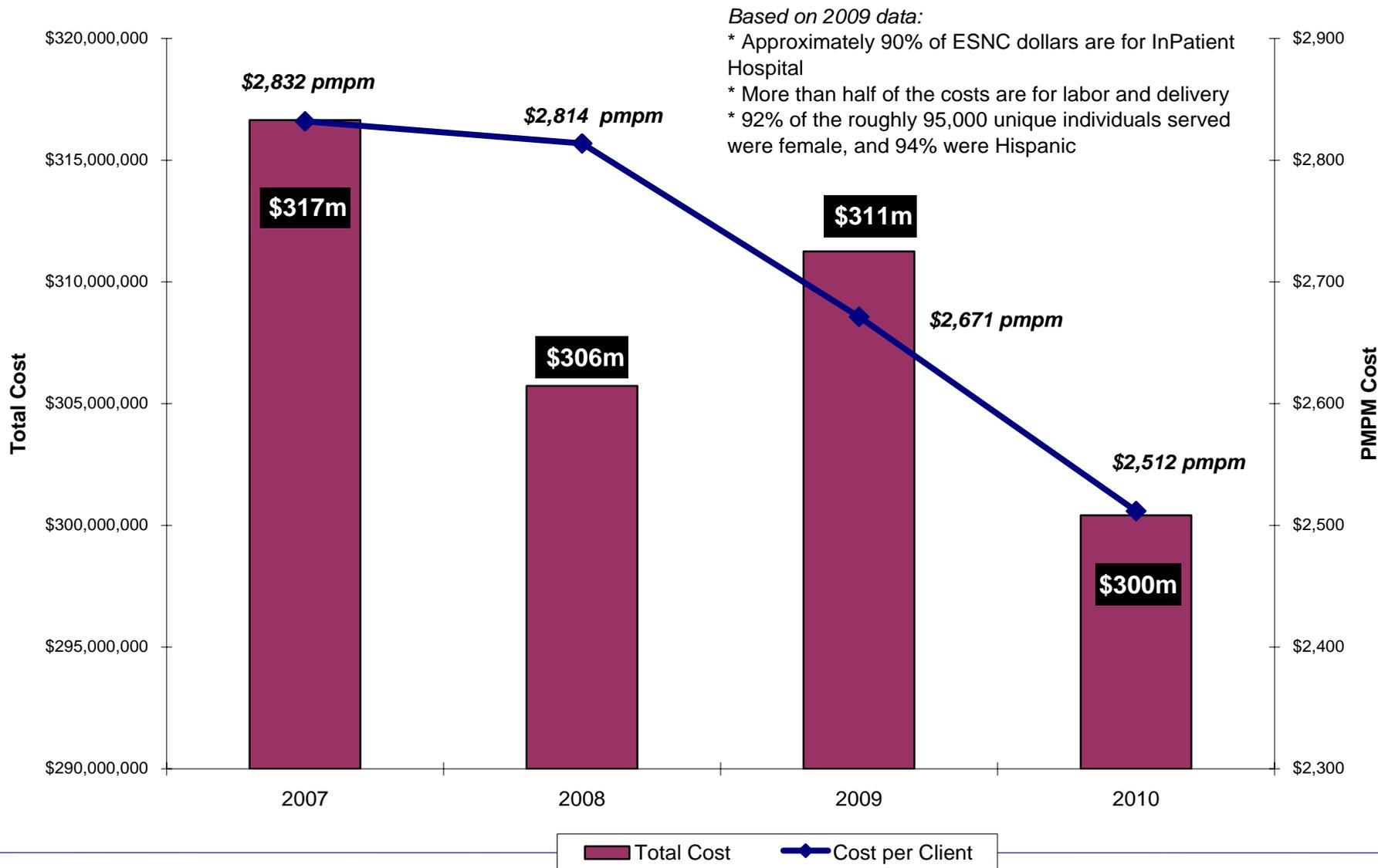
Where Does Texas Spend Medicaid Dollars?

Total Cost and Cost per Recipient Month, Non-Disabled Children, 2007-2010



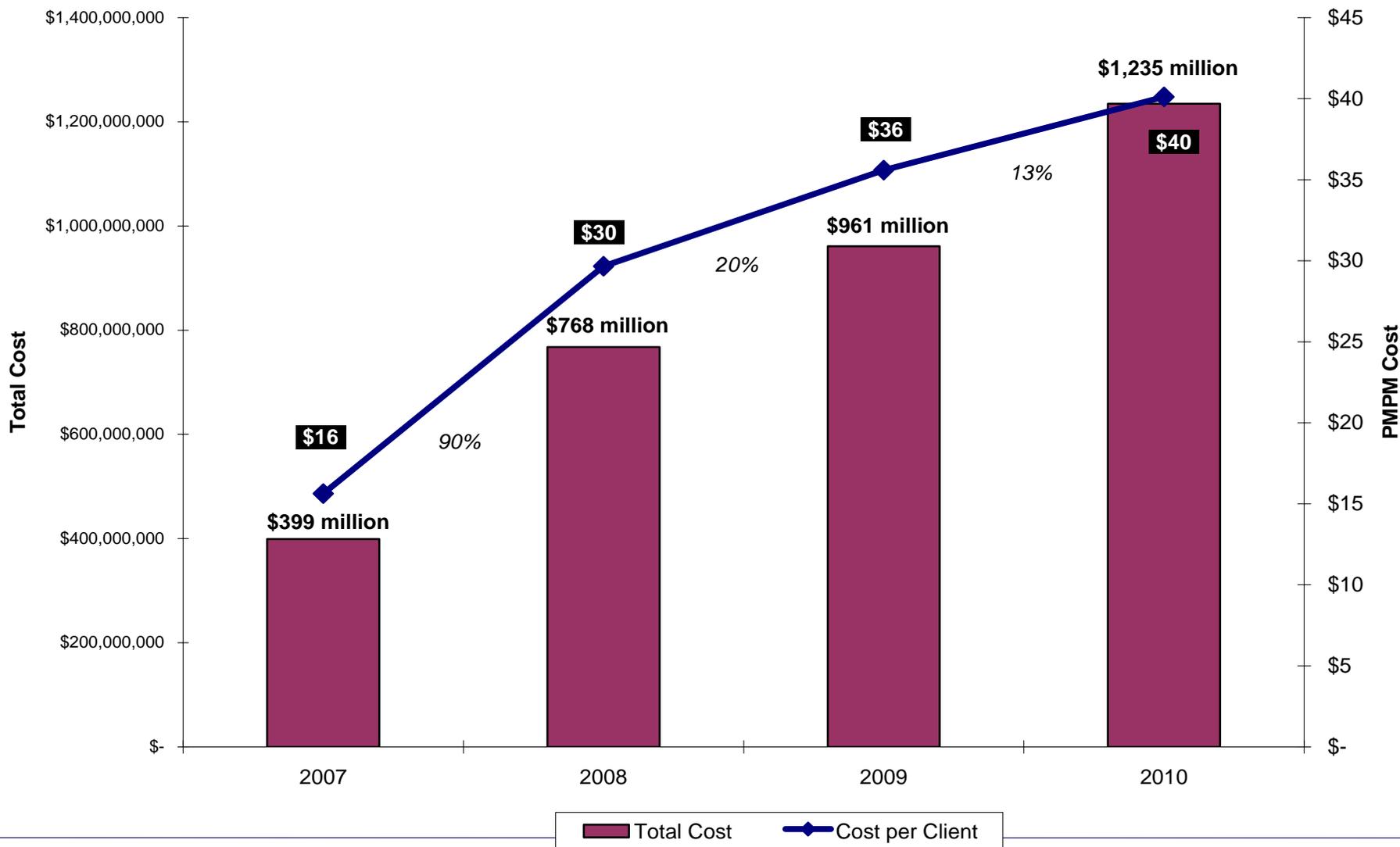
Where Does Texas Spend Medicaid Dollars?

Total Cost and Cost per Recipient Month, Emergency Services for Non-Citizens, 2007-2010



Where Does Texas Spend Medicaid Dollars?

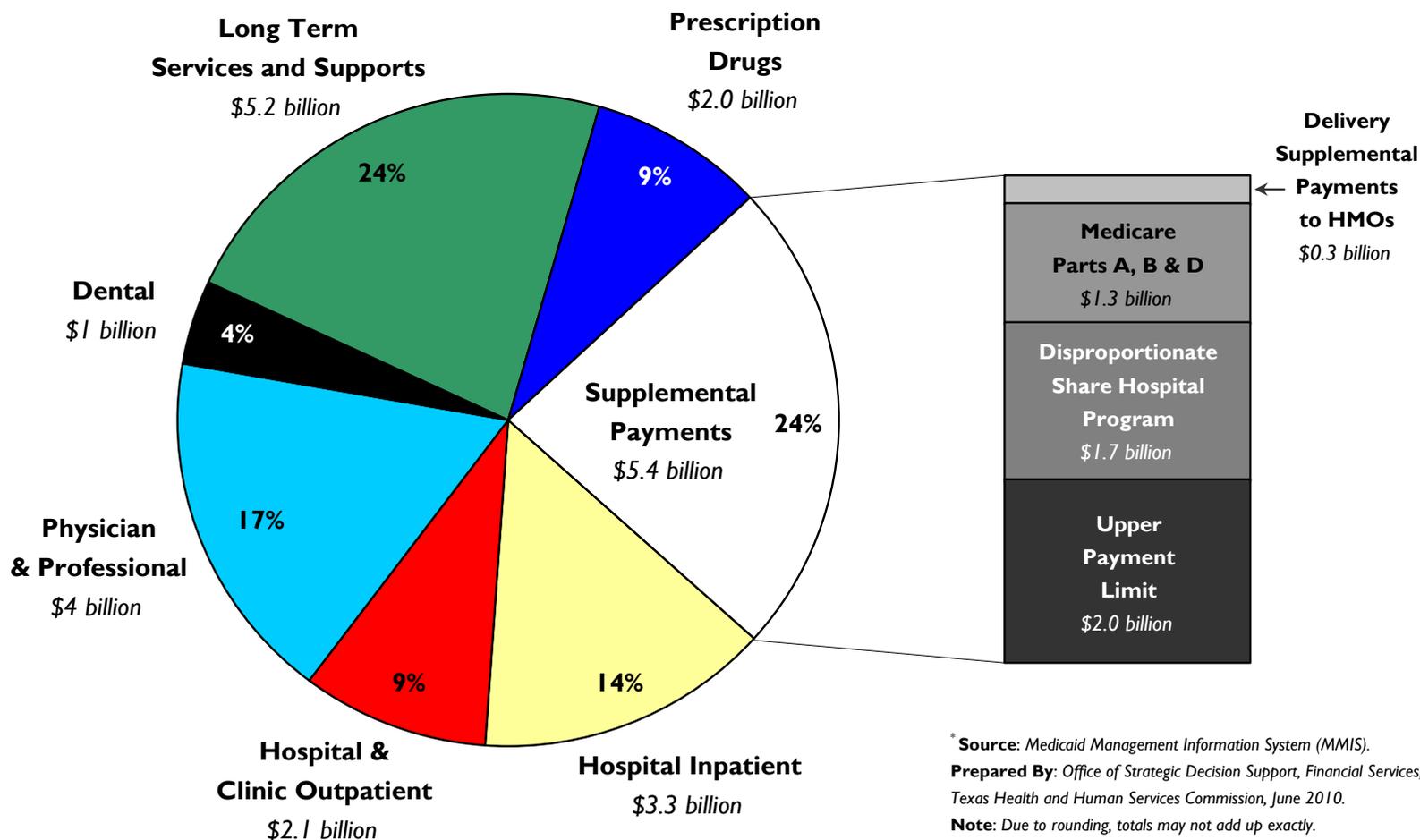
Total Cost and Cost per Recipient Month, Medicaid Dental Services, 2007-2010



Where Does Texas Spend Medicaid Dollars?

Texas Medicaid Expenditures, SFY 2009 *

By Service Type — Total \$22.9 billion



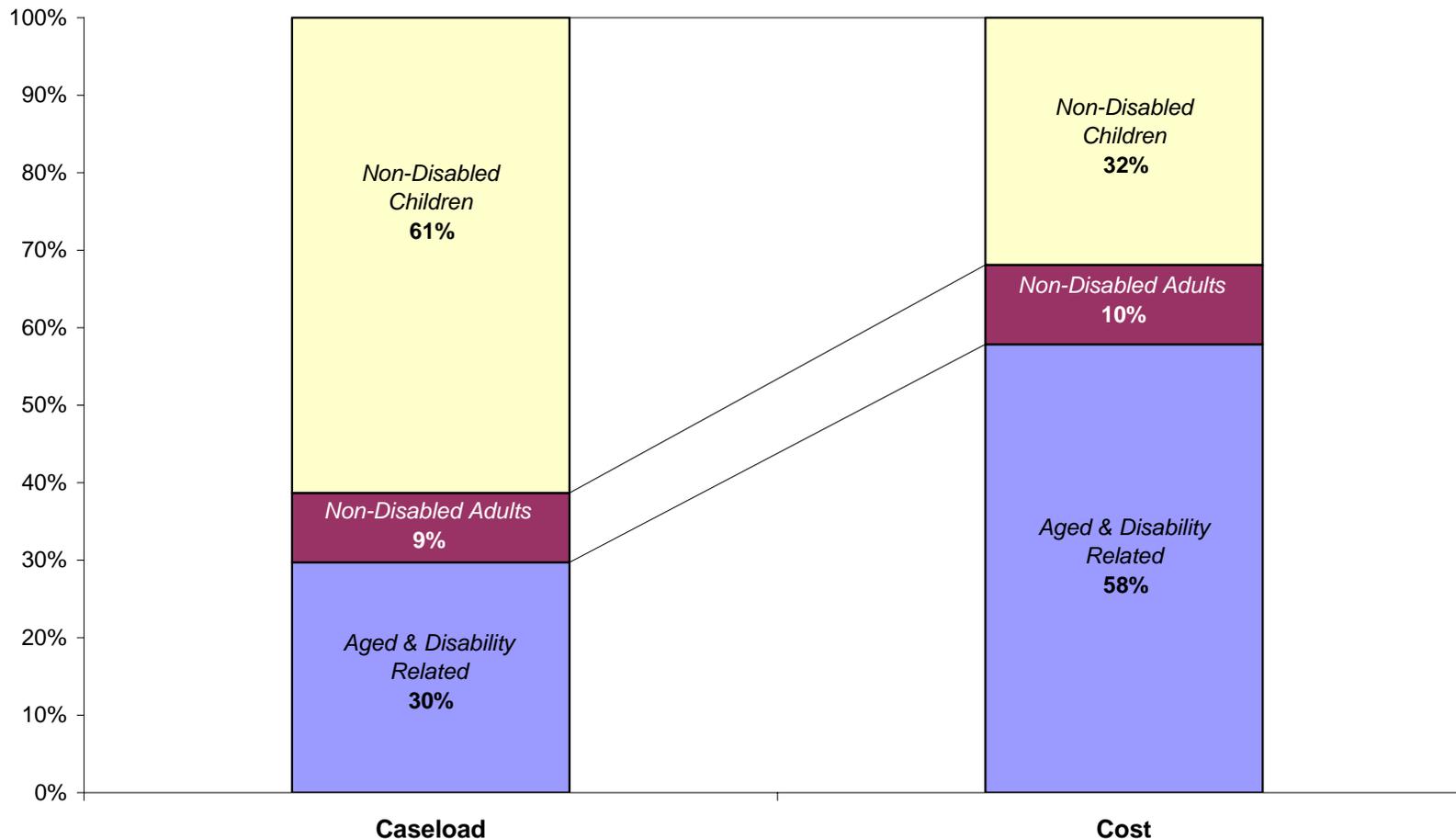
* Source: Medicaid Management Information System (MMIS).

Prepared By: Office of Strategic Decision Support, Financial Services,
Texas Health and Human Services Commission, June 2010.

Note: Due to rounding, totals may not add up exactly.

Where Does Texas Spend Medicaid Dollars?

Texas Medicaid Beneficiaries and Expenditures, Fiscal Year 2009

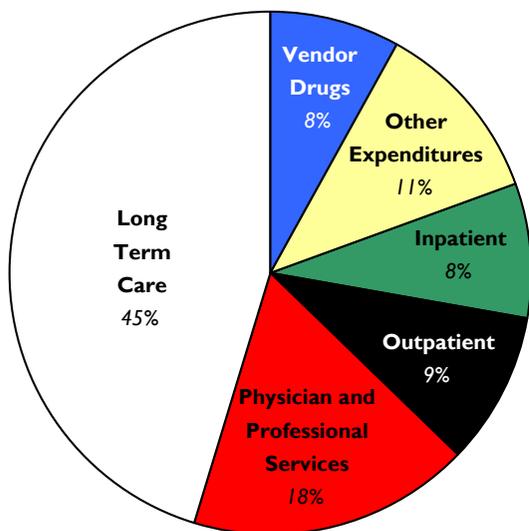


Source: HHS Financial Services, 2009 Medicaid Expenditures, including Acute Care, Vendor Drug, and Long-Term Care. Costs and caseload for all Medicaid payments for full beneficiaries and non-full beneficiaries (Women's Health Waiver, Emergency Services for Non-Citizens, Medicare payments) are included. Children include all Poverty-Level Children, including TANF. Disability Related Children are not in the Children group.

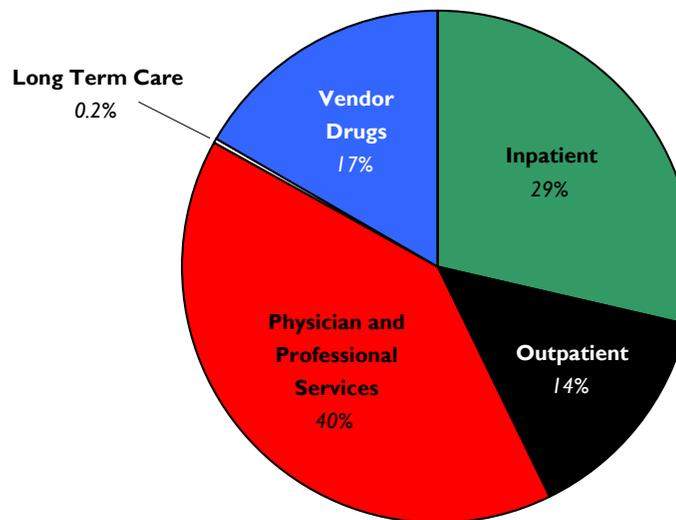
Where Does Texas Spend Medicaid Dollars?

Texas Medicaid Expenditures, SFY 2009 ^{*} Aged, Blind & Disabled, and Non-Disabled Children

Aged, Blind & Disabled
\$11.5 billion



Non-Disabled Children [‡]
\$5.0 billion



[‡] Other Expenditures is zero for Non-Disabled Children.

^{*} Source: Medicaid Management Information System (MMIS).

Prepared By: Office of Strategic Decision Support, Financial Services, Texas Health and Human Services Commission, June 2010.

Note: Due to rounding, percents may not total to 100%. Cost for Non-Disabled Children do not include TANF level Children. Total costs do not match other costs presented in the document due to the level of detail required for this analysis.

Where Does Texas Spend Medicaid Dollars?

Top Diagnoses - Texas Medicaid - FY 2009

By Number of Visits			By Cost		
ICD-9-CM	Description	Rank	ICD-9-CM	Description	Rank
250	Diabetes mellitus	1	V30	Single liveborn	1
V40	Mental and behavioral problems	2	315	Specific delays in development	2
786	Symptoms involving respiratory system and other chest symptoms	3	296	Affective psychoses	3
401	Essential hypertension	4	585	Chronic renal failure	4
788	Symptoms involving urinary system	5	788	Symptoms involving urinary system	5
296	Affective psychoses	6	786	Symptoms involving respiratory system and other chest symptoms	6
315	Specific delays in development	7	518	Other diseases of lung	7
465	Acute upper respiratory infections of multiple or unspecified sites	8	343	Infantile cerebral palsy	8
V22	Normal pregnancy	9	250	Diabetes mellitus	9
585	Chronic renal failure	10	783	Symptoms concerning nutrition, metabolism, and development	10

TMHP, Claims and Encounters Universe, Analysis HHSC, Strategic Decision Support

TOP 10 Drug Groups by Cost - FY 2009

Rank	AHFS Code	AHFS Description	Description-Treatment Use/Example
1	281608	ANTIPSYCHOTIC AGENTS	Used to treat psychosis
2	281292	ANTICONVULSANTS, MISCELLANEOUS	Mood stabilizer, treats epilepsy
3	121208	BETA-ADRENERGIC AGONISTS	Used for heart failure, COPD, asthma
4	480800	ANTITUSSIVES	Cough suppressants
5	81206	CEPHALOSPORINS	Class of antibiotics
6	562836	PROTON-PUMP INHIBITORS	Reduces gastric acid production in stomach
7	680400	ADRENALS	Class of steroids
8	481024	LEUKOTRIENE MODIFIERS	Long-term asthma control medication
9	281604	ANTIDEPRESSANTS	Used to treat depression
10	282092	ANOREX.,RESPIR.,CEREBRAL STIMU	Nervous system stimulants, e.g. Ritalin

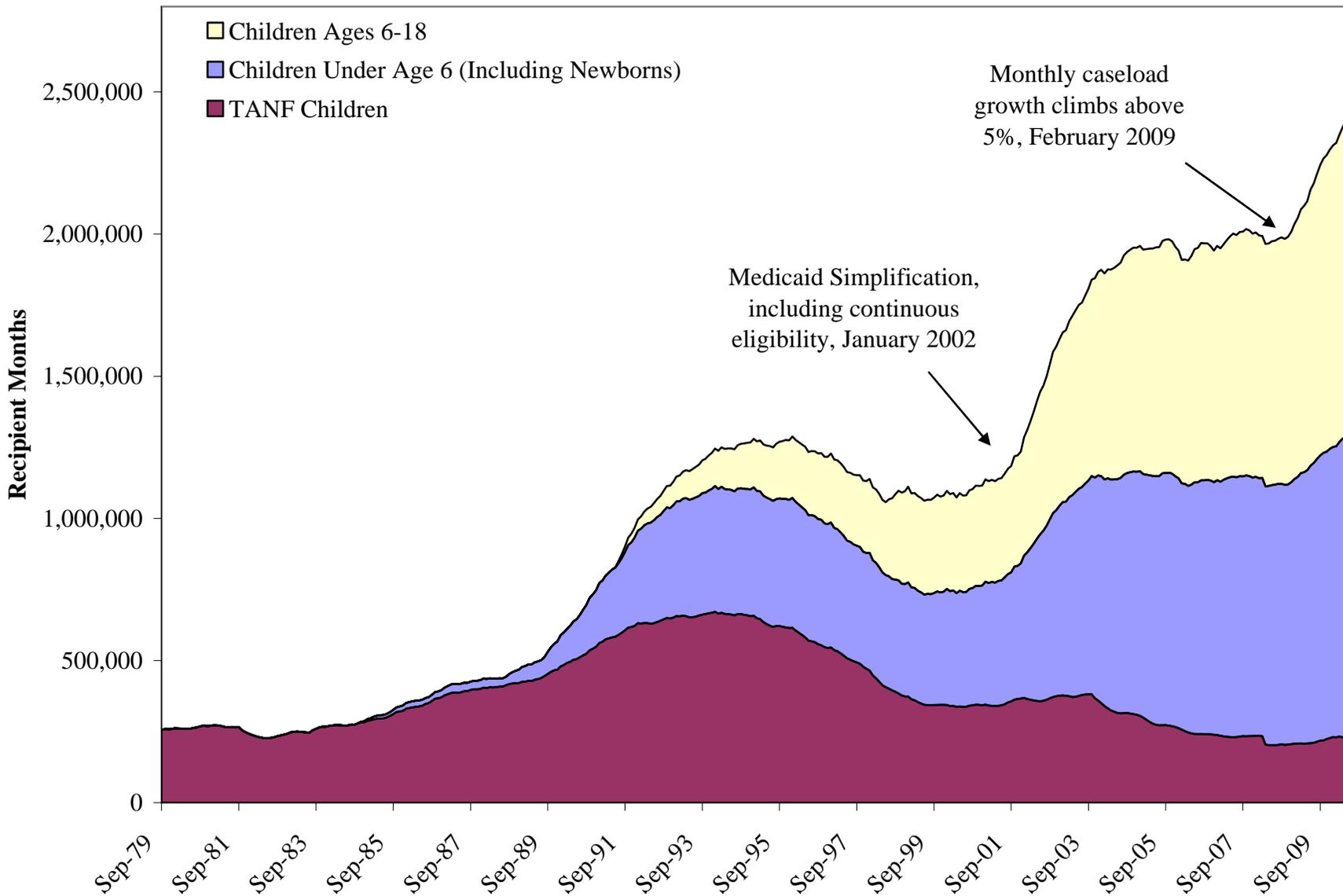
AFHS - American Hospital Formulary Service

FirstHealth, Vendor Drug Payment System, Analysis by HHSC SDS

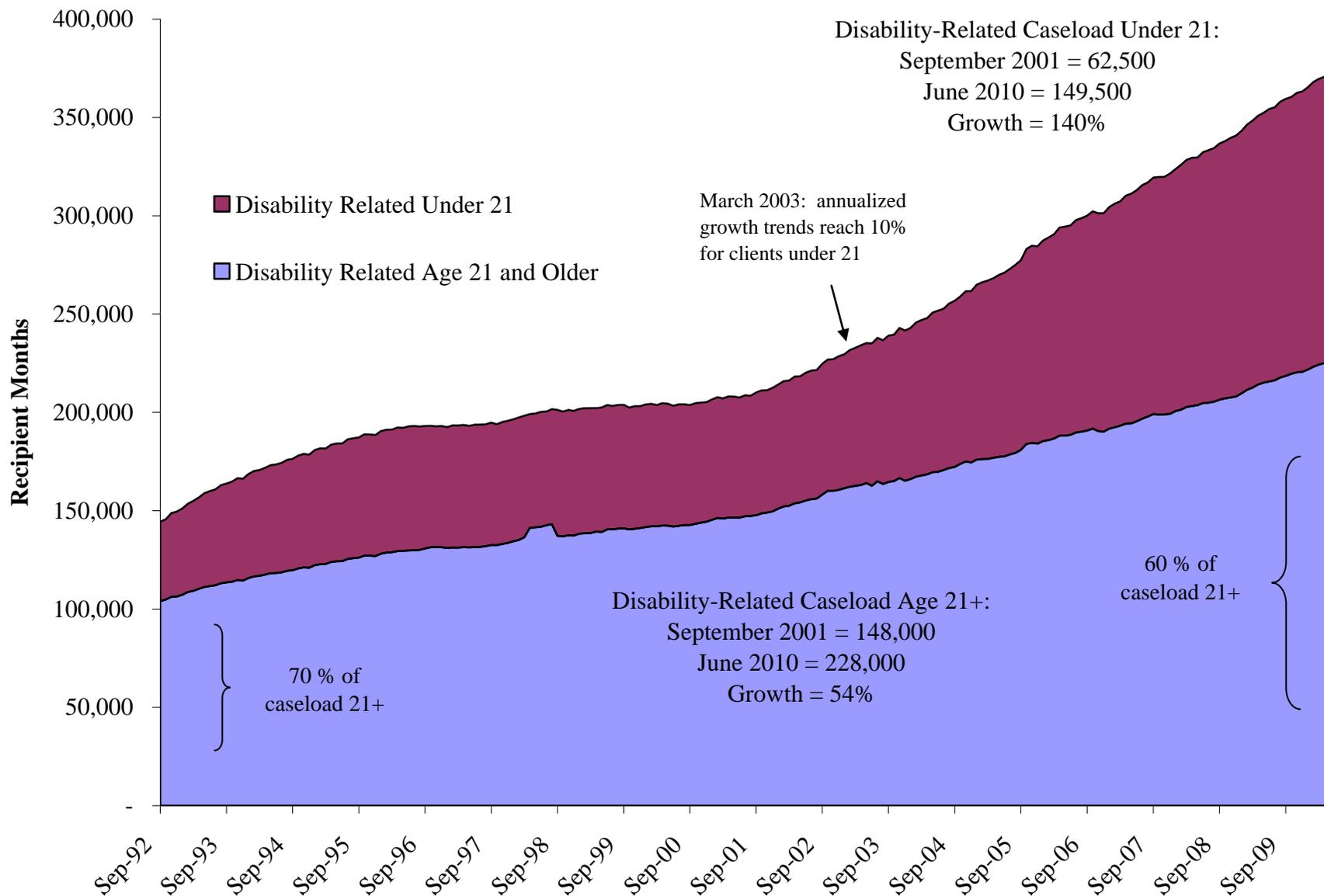
The following charts show:

- Growth in Medicaid caseload for Non-Disabled Children
 - Children represent over 70 percent of caseload, and are currently experiencing a third significant growth phase.
- Growth in Medicaid caseload for the Disability-Related Clients
 - Disability-Related clients currently average almost \$1,000 pmpm for total Medicaid costs, including drug costs
 - Growth in Disability-Related clients is strongest for those under 21
 - The current growth seen in Disability-Related clients has been strong for the past decade
- Total caseload to population from 1980 to present

Medicaid Non-Disabled Children: September 1977 to June 2010

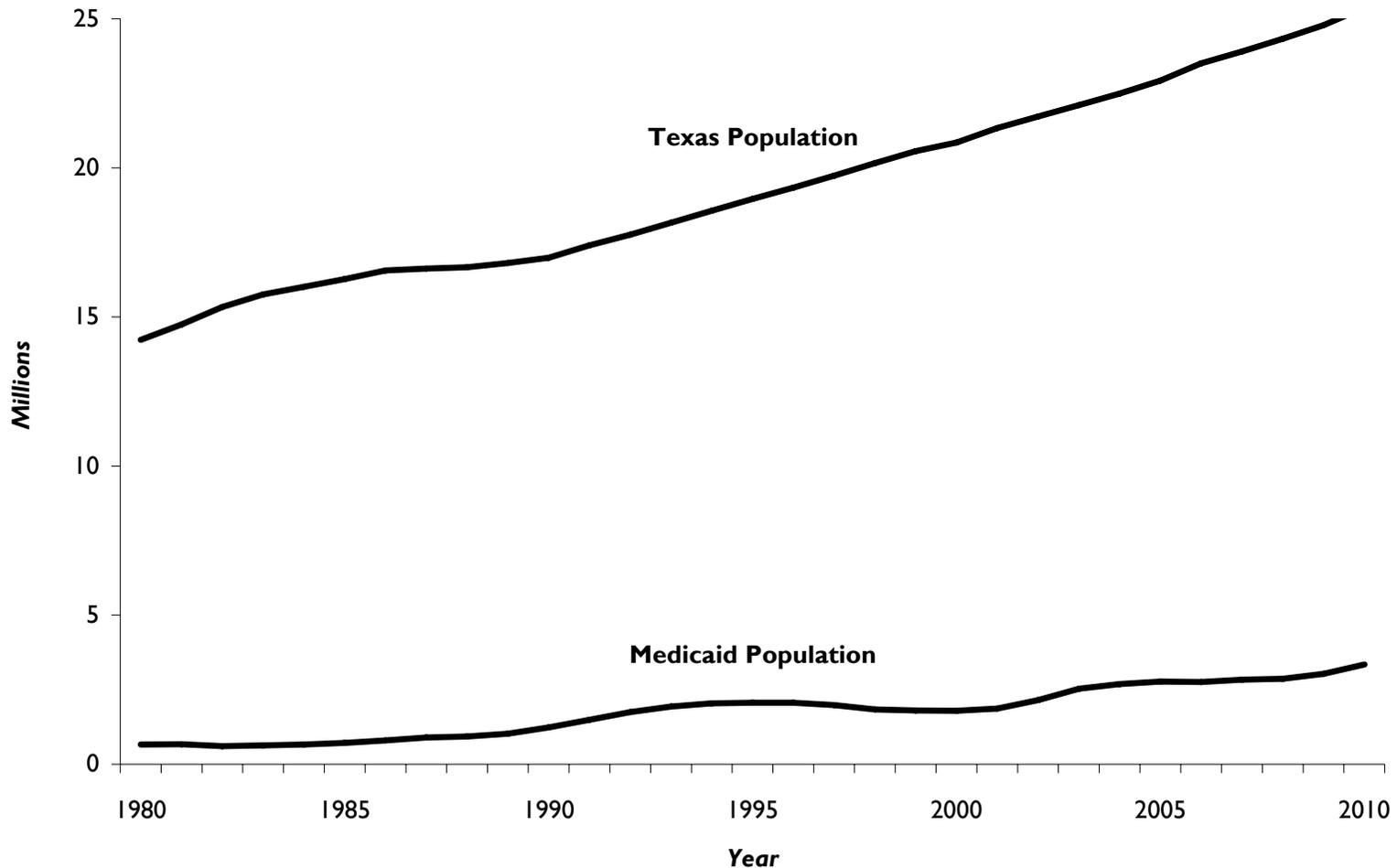


Medicaid Disability-Related Caseload by Age: September 1992 - June 2010



Medicaid Caseload Compared With Total Population

TEXAS — Total Population & Medicaid Population, 1980 - 2010 *



* Source: Population - U.S. Census Bureau and Texas State Data Center; Medicaid - Premiums Payable System (PPS) June 2010 Eligibility File.



Medicaid Cost Containment

High cost imaging management

- Requires prior authorization (PA) for high cost imaging services

New drug classes added to Preferred Drug List (PDL)

- Effective July 2009, Medicaid implemented a PDL for cough and cold products
- HHSC was able to increase savings by adding this class of medications

Billing coordination system expansion

- Expanded BCS to pharmacy claims
- Identifies other insurance and defers Medicaid payment

Managed Care Organization (MCO) Rates

- Tighten up experience rebate methodology
- Increase third-party recovery requirements
- Reduce administrative cost component in rates

Smaller cost containment and policy changes implemented in the past 12 months (or in the next fiscal year) may have some bearing on overall cost containment as well

- These changes are small, and an example of the constant “evolution” in Medicaid cost management and efficiencies.
- Most of these changes involve aligning codes, services or recovery with national standards (such as Medicare or private pay standards). A sampling of these changes include:
 - National Corrective Coding Initiative (NCCI)
 - Diagnosis Related Group (DRG) Recovery
 - Global Surgical Periods
 - Ambulance Policy Changes
 - Administrative Cost Containment Initiatives



Appendix:

Detailed Medicaid Caseload Medicaid Eligibility and Services Client Services Cost Breakouts

Medicaid Caseload: Projected Enrollment and Trends

Caseload projected to grow from approximately 3.5 million clients in August 2010 to just above 4 million clients by August 2013

- By August 2013:
 - Just under 3 million Non-Disabled Children, Ages 0-19
 - Over 450,000 Disability-Related clients, 42% Under Age 21

Average Monthly Medicaid Caseload by Group: March 2010 Forecast

	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
Aged and Medicare Related	338,573 <i>1.009</i>	343,106 <i>1.013</i>	349,787 <i>1.019</i>	356,802 <i>1.020</i>	363,686 <i>1.019</i>	372,063 <i>1.023</i>
Disabled and Blind	326,439 <i>1.062</i>	346,972 <i>1.063</i>	368,465 <i>1.062</i>	393,734 <i>1.069</i>	417,043 <i>1.059</i>	439,130 <i>1.053</i>
TANF Adults (incl Non-Cash)	81,745 <i>0.911</i>	81,561 <i>0.998</i>	91,982 <i>1.128</i>	96,845 <i>1.053</i>	100,426 <i>1.037</i>	102,916 <i>1.025</i>
Pregnant Women	126,016 <i>1.000</i>	127,001 <i>1.008</i>	127,242 <i>1.002</i>	128,136 <i>1.007</i>	129,361 <i>1.010</i>	130,609 <i>1.010</i>
Children, Ages 0-18*	2,004,429 <i>1.016</i>	2,105,740 <i>1.051</i>	2,409,429 <i>1.144</i>	2,757,318 <i>1.144</i>	2,873,499 <i>1.042</i>	2,941,735 <i>1.024</i>
Total Medicaid	2,877,203 <i>1.016</i>	3,004,380 <i>1.044</i>	3,346,903 <i>1.114</i>	3,732,835 <i>1.115</i>	3,884,015 <i>1.041</i>	3,986,452 <i>1.026</i>

Medicaid Caseload History through June 2010

Average Monthly Recipient Months

Fiscal Year	ADULTS & SSI RELATED			CHILDREN'S RISK GROUPS			TOTAL Medicaid	
	Aged & Medicare Related	Disabled & Blind	Pregnant Women and TANF Adults	Newborns	TANF Children (with Foster Care)	Ages 1 - 18 Poverty-Related Children	TOTAL Medicaid	Annual Caseload Trend*
FY 2004	320,548	246,459	246,018	136,024	341,624	1,392,554	2,683,227	7.8%
FY 2005	323,374	266,213	238,297	145,160	294,024	1,512,305	2,779,373	3.6%
FY 2006	329,747	289,749	226,601	155,845	255,569	1,534,497	2,792,007	0.5%
FY 2007	335,458	307,482	215,802	164,357	235,489	1,573,626	2,832,214	1.4%
FY 2008	338,573	326,439	207,761	168,459	233,921	1,602,049	2,877,203	1.6%
FY 2009								
Sep-08	341,029	336,726	207,300	175,775	236,659	1,607,411	2,904,900	0.9%
Oct-08	341,682	337,913	206,286	177,641	234,899	1,601,631	2,900,052	0.4%
Nov-08	341,398	339,570	202,991	177,946	235,234	1,607,917	2,905,056	0.9%
Dec-08	340,089	340,764	201,815	180,025	236,711	1,621,588	2,920,992	2.0%
Jan-09	342,080	343,220	204,490	181,033	237,488	1,646,526	2,954,837	2.7%
Feb-09	342,416	346,410	204,939	180,177	237,860	1,667,862	2,979,664	4.0%
Mar-09	343,232	348,432	207,955	181,657	238,677	1,696,397	3,016,350	5.2%
Apr-09	343,507	350,888	208,501	182,247	236,839	1,709,440	3,031,422	5.7%
May-09	343,653	352,360	210,714	183,371	238,764	1,723,536	3,052,398	6.4%
Jun-09	345,425	354,245	213,671	184,763	238,859	1,762,714	3,099,677	7.5%
Jul-09	345,829	355,153	216,268	186,478	240,350	1,780,146	3,124,224	8.2%
Aug-09	346,928	357,986	217,812	186,728	243,600	1,809,932	3,162,986	9.2%
FY 2009 YTD Av	343,106	346,972	208,562	181,487	237,995	1,686,258	3,004,380	4.4%
FY 2010								
Sep-09	347,086	359,423	218,201	186,699	246,950	1,837,578	3,195,937	10.0%
Oct-09	347,802	360,407	218,156	187,288	248,235	1,859,486	3,221,374	11.1%
Nov-09	348,134	362,486	214,681	184,993	252,891	1,868,796	3,231,981	11.3%
Dec-09	346,405	363,238	213,623	186,203	256,854	1,883,263	3,249,587	11.2%
Jan-10	348,491	365,296	215,355	185,168	259,917	1,896,075	3,270,302	10.7%
Feb-10	348,877	368,008	215,790	184,191	259,859	1,905,698	3,282,423	10.2%
Mar-10	349,727	369,614	220,183	185,592	261,674	1,932,515	3,319,306	10.0%
Apr-10	349,682	370,692	222,218	184,763	260,132	1,961,340	3,348,827	10.5%
May-10	350,052	374,119	227,168	185,247	261,660	1,980,259	3,378,505	10.7%
Jun-10	350,725	377,525	228,823	185,132	262,411	2,022,659	3,427,275	10.6%
FY 2010 YTD Av	348,698	367,081	219,420	185,528	257,058	1,914,767	3,292,552	9.6%

YTD Trend is based on the YTD average compared to the prior year's average

Annual Caseload Trend is based on that month's average (or the FY average), compared to the same period 12 month's prior.

All data prior to and including November 2009 will not change, December 2009 forward are estimated with completion ratios

Medicaid serves:

- Low-income families
- Children
- Pregnant women
- Elders
- People with disabilities

Texas Medicaid does not serve:

- Non-disabled, childless adults

Medicaid eligibility is financial and categorical

- Low income alone does not constitute eligibility for Medicaid.
- Eligibility factors include:
 - Family income;
 - Age; and
 - Other factors such as being pregnant or disabled or receiving TANF
- Individuals receiving TANF and SSI cash assistance are automatically eligible for Medicaid.

Medicaid Eligibility Requirements

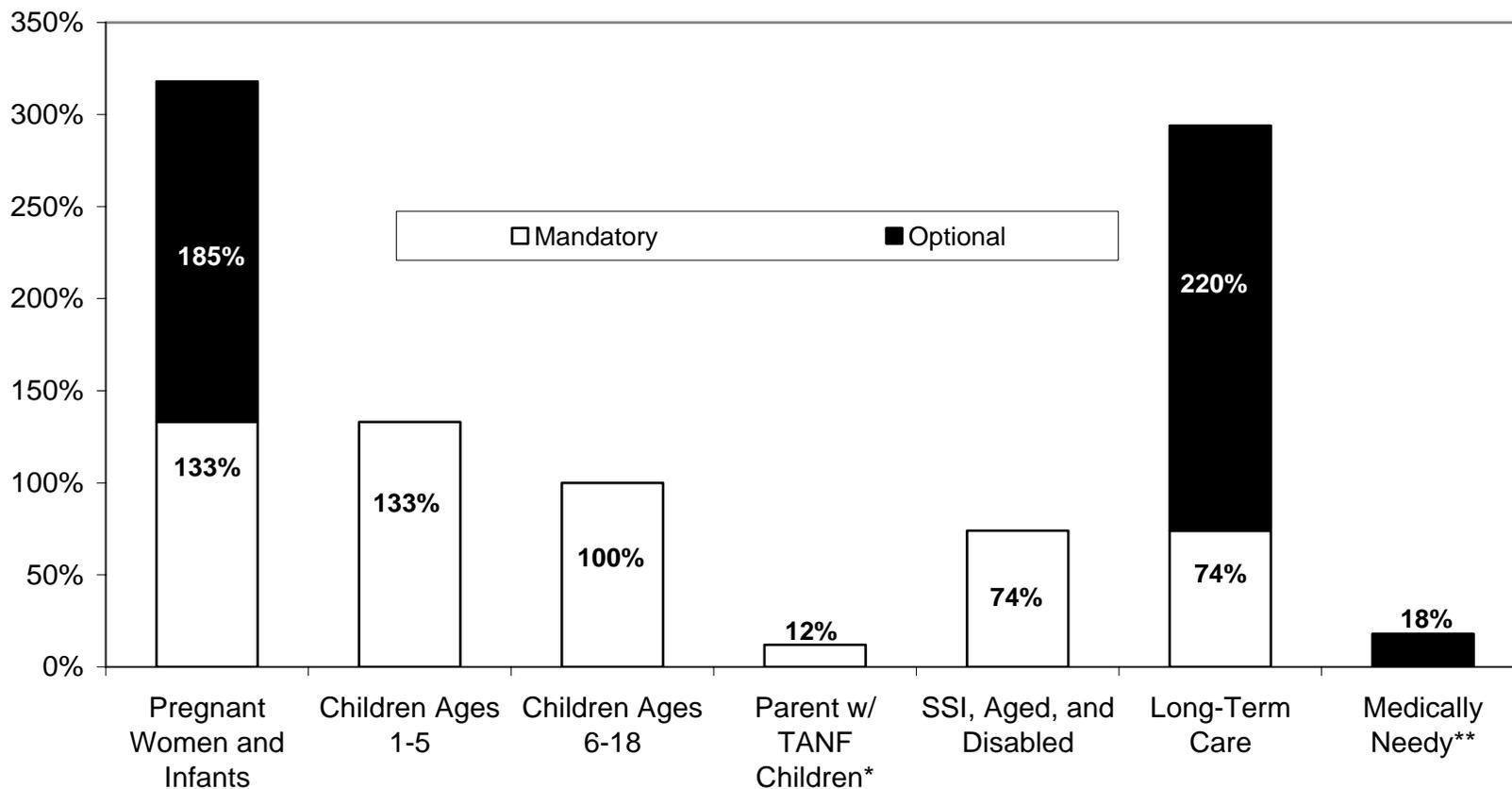
The following eligibility requirements are used to determine Medicaid eligibility:

- **Residence**
- **US Citizenship and Alien Status**
- **Age**
- **Resources**
- **Income**
- **Social Security Number**
- **Third Party Resources (Private Health Insurance)– Title XIX funds cannot be used to pay medical expenses that are payable by other liable third parties, such as private health insurance.**

The federal government requires that people who meet certain criteria be eligible for Medicaid. These are “mandatory” Medicaid eligibles, and all state Medicaid programs must include these populations

- The federal government allows states to provide services to additional individuals and still receive the federal share of funding for services provided to them. These are “optional” Medicaid eligibles. Texas covers optional clients
 - *Pregnant Women, above 133% FPL*
 - *Certain Long-Term Care clients*
 - *Newborns, above 133% FPL*
- The following chart shows the optional and mandatory populations in Texas

Mandatory and Optional Medicaid Eligibles



* In FY 2009, for parents with TANF children, the maximum monthly income eligibility limit is \$188, which is the equivalent of 12% of FPL for a family of three.

** For medically needy pregnant women and children, the maximum monthly income limit in FY 2009 is \$275, which is the equivalent of 18% of FPL for a family of three.

Financial eligibility for Medicaid and many other social programs is based on a family's income level as compared to the Federal Poverty Level (FPL)

- The FPL is intended to identify the minimum amount of income a family would need to meet certain, very basic, family needs
- FPLs indicate annual income levels by family size, and are updated each year by the Federal Census Bureau
 - The amounts corresponding to 100% of poverty are based on the U.S. Department of HHS poverty income guidelines for 2009:
<http://aspc.hhs.gov/poverty/figures-fed-reg.shtml>

Based on Annual Income

Family Size	
1	\$10,830
2	\$14,570
3	\$18,310
4	\$22,050
5	\$25,790
6	\$29,530
7	\$33,270
8	\$37,010

At 100% of poverty, for families larger than 8, add \$3,744 for each additional person

Federal law requires that all state Medicaid programs pay for certain services to Medicaid clients. The following are mandatory Medicaid services:

- Early Periodic Screening, Diagnosis and Treatment (EPSDT) also known as Texas Health Steps for children under age 21
 - Check-up includes: medical history, complete physical exam, assessment of nutritional, developmental and behavioral needs, lab tests, immunizations, health education, vision and hearing screening, referrals to other providers as needed.
- Federally Qualified Health Centers
- Home health care
- Inpatient and outpatient hospital
- Family planning/genetics

Mandatory Services (Continued):

- Lab and X-ray
- Nursing facility care
- Pregnancy-related services
- Rural Health Clinics
- Physicians
- Certified Nurse Midwife
- Certified Pediatric and Family Nurse Practitioner

Optional services provided in Texas include services such as:

- Prescription drugs
- Case management for women with high-risk pregnancies and infants
- Emergency medical services
- Hospice care
- Intermediate Care Facilities for Persons with Mental Retardation (ICF-MR) Institutions for Mental Disease (IMD)
- Anesthesiologists
- Medically necessary surgery and dentistry - Adults (not routine dentistry)
- Personal care services in the home
- Physical therapy
- Some rehabilitation services
- Certified Registered Nurse
- Eyeglasses/contact lenses
- Hearing aids
- Services provided by podiatrists
- Mental health services

Client Services Cost by Group

Client Services Cost by Group: Expenditure Data and March 2010 Forecast

Total Client Services Costs	Fiscal Year 2007	Fiscal Year 2008	Fiscal Year 2009	Fiscal Year 2010
Long-Term Services and Supports	\$ 4,897,552,851	\$ 5,188,074,890	\$ 5,192,540,753	\$ 5,517,994,872
Acute Care Services	\$10,171,398,378	\$11,922,681,831	\$13,341,569,532	\$14,872,413,601
Non-Full Benefit Services	\$1,250,907,250	\$1,309,866,405	\$1,367,049,531	\$1,450,768,336
Total Medicaid	\$16,319,858,478	\$18,420,623,126	\$19,901,159,815	\$21,841,176,809
Total Acute/STAR+Plus Costs	\$ 10,171,398,378	\$ 11,922,681,831	\$ 13,341,569,532	\$ 14,872,413,601
Cost per RM	\$ 299.28	\$ 345.32	\$ 370.06	\$ 370.30
Recipients	2,832,214	2,877,203	3,004,380	3,346,903
Trend		15%	7%	0%
Cost by Risk Group				
Aged and Disability Related	\$ 3,882,958,584	\$ 4,534,752,174	\$ 5,152,819,276	\$ 5,738,712,494
Recipients	642,940	665,012	690,078	718,251
Cost per RM (Acute and STAR+Plus)	\$ 503.28	\$ 568.25	\$ 622.25	\$ 665.82
Trend		13%	10%	7%
Cost WITH LTSS	\$ 8,780,511,435	\$ 9,722,827,064	\$ 10,345,360,028	\$ 11,256,707,367
Cost per RM (Acute and LTSS)	\$ 1,138.07	\$ 1,218.38	\$ 1,249.30	\$ 1,306.03
Trend		7%	3%	5%
Other Adults	\$ 1,420,109,521	\$ 1,504,738,470	\$ 1,629,781,080	\$ 1,719,655,120
Recipients	215,802	207,761	208,562	219,223
Cost per RM	\$ 548.38	\$ 603.55	\$ 651.20	\$ 653.69
Trend		10%	8%	0%
Medicaid Non-Disabled Children	4,578,281,543	5,583,350,152	6,302,238,191	7,163,789,673
Recipients	1,973,472	2,004,429	2,105,740	2,409,429
Cost per RM	\$ 193.33	\$ 232.13	\$ 249.41	\$ 247.77
Trend		20%	7%	-1%
Other Medicaid Costs (Non-Full Benefit)				
Medicare Payments + Clawback	\$ 1,196,464,057	\$ 1,255,823,289	\$ 1,248,167,614	\$ 1,317,551,590
Recipients	494,060	508,053	523,017	528,851
Cost per RM	\$ 201.81	\$ 205.99	\$ 198.87	\$ 207.61
Trend		2%	-3%	4%
Emergency Services for Non-Citizens	\$ 316,647,017	\$ 305,730,965	\$ 311,260,758	\$ 300,413,703
Recipients	9,318	9,054	9,710	9,967
Cost per RM	\$ 2,832.01	\$ 2,813.88	\$ 2,671.40	\$ 2,511.83
Trend		-1%	-5%	-6%

Source: HHSC System Forecasting/SDS. Note: Numbers do not add to totals due to different groupings. Numbers may not match others in presentation due to timing.

Client Service Cost by Service Delivery Type

Client Services Cost by Service Delivery Type and Large Group: Expenditure Data and March 2010 Forecast

Total Client Services Costs	Fiscal Year 2007	Fiscal Year 2008	Fiscal Year 2009	Fiscal Year 2010
Long-Term Services and Supports \$	4,897,552,851 \$	5,188,074,890 \$	5,192,540,753	\$5,517,994,872
Acute Care Services	\$10,171,398,378	\$11,922,681,831	\$13,341,569,532	\$14,872,413,601
Non-Full Benefit Services	\$1,250,907,250	\$1,309,866,405	\$1,367,049,531	\$1,450,768,336
Total Medicaid	\$16,319,858,478	\$18,420,623,126	\$19,901,159,815	\$21,841,176,809
Total Acute Care/STAR+Plus Costs \$	10,171,398,378 \$	11,922,681,831 \$	13,341,569,532 \$	14,872,413,601
Cost per RM \$	299.28 \$	345.32 \$	370.06 \$	370.30
Trend		15%	7%	0%
Cost by Service Delivery				
STAR HMO \$	2,315,757,179 \$	2,780,946,347 \$	3,098,569,121 \$	3,307,212,860
Cost per RM \$	180.49 \$	204.80 \$	220.53 \$	204.34
Trend		13%	8%	-7%
STAR+Plus \$	790,746,421 \$	1,125,429,433 \$	1,236,994,473 \$	1,452,113,381
Cost per RM \$	609.17 \$	607.05 \$	644.39 \$	726.86
Trend		0.997	1.062	1.128
STARHealth		\$ 96,662,205 \$	\$ 232,063,908 \$	\$ 257,225,319
Cost per RM		\$ 640.41 \$	\$ 642.69 \$	\$ 720.42
Trend			1.004	1.121
PCCM (with ICM in 2008 & 2009) \$	1,688,553,440 \$	1,888,645,855 \$	2,116,209,389 \$	2,349,963,404
Cost per RM \$	190.81 \$	212.49 \$	230.10 \$	241.84
Trend		1.114	1.083	1.051
Fee-for-Service \$	2,924,107,433 \$	2,992,586,060 \$	3,320,242,731 \$	3,713,736,238
Cost per RM \$	267.61 \$	297.64 \$	315.49 \$	311.92
Trend		1.112	1.060	0.989
Vendor Drugs \$	1,763,137,198 \$	1,971,196,787 \$	2,120,137,334 \$	2,307,813,901
Cost per RM \$	51.88 \$	57.09 \$	58.81 \$	57.46
Trend		10%	3%	-2%
Dental \$	399,152,403 \$	767,642,716 \$	961,286,862 \$	1,234,779,215
Cost per RM \$	15.63 \$	29.66 \$	35.59 \$	40.11
Trend		90%	20%	13%

Source: HHSC SDS and System Forecasting, TMHP Claims Universe/STAT. Note - Slight differences from other reported numbers may exist based on timing/grouping