Surveying the Landscape:  
*Current Funding/Policy Conditions of Oral Health*  

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Medicaid Quick Facts

• Largest public health insurance program covering approximately 60 million low-income Americans:
  – 30 million children; 15 million adults; 14 million aged, blind & disabled; 9 million “duals”

• On average, Medicaid covers nearly one in five Americans

• Estimates of 2010 total Medicaid expenditures exceed $427 billion

• 2nd largest General Fund program in most states’ budgets
State General Fund Spending
FY 2010

- K-12 Education: 35.7%
- Medicaid: 15.4%
- Other: 27.0%
- Higher Education: 12.1%
- Public Assistance: 1.9%
- Corrections: 7.2%
- Transportation: 0.8%

Source: National Association of State Budget Officers; Spring, 2011
Medicaid Enrollees and Expenditures: 2009

- **Children**: 50%
- **Adults**: 25%
- **Disabled**: 15%
- **Elderly**: 10%

- **Expenditures**
  - **Children**: 20%
  - **Adults**: 12%
  - **Disabled**: 43%
  - **Elderly**: 25%

Source: Kaiser Commission on Medicaid and the Uninsured; “A Medicaid Primer,” June, 2010
Enrollment is a Primary Driver of Medicaid Spending

Source: Kaiser Commission on Medicaid and the Uninsured; Sept., 2010
Unemployment Increases Enrollment & Reduces State Revenues

Source: New England Journal of Medicine, March, 2009
Enrollment Increased By Six Million Since Start of Recession

Total Medicaid Spending and Enrollment Growth

<table>
<thead>
<tr>
<th>Spending Growth</th>
<th>Enrollment Growth</th>
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<tbody>
<tr>
<td>2009 Proj.</td>
<td>2009 Actual</td>
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<tr>
<td>5.8%</td>
<td>7.9%</td>
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<tr>
<td>6.3%</td>
<td>7.5%</td>
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<tr>
<td>3.6%</td>
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Source: Kaiser Commission on Medicaid and the Uninsured; Sept., 2010
Annual Medicaid Spending Growth Compared to Other Benchmarks

Average Annual Spending Growth 2000-2009

- Total Medicaid Per Capita: 4.6%
- Medicaid LTC Per Capita: 3.0%
- Medicaid Acute Care Per Capita: 5.6%
- NHE Per Capita: 5.9%
- Monthly Premiums for Employer Coverage: 7.7%

Source: Kaiser Commission on Medicaid and the Uninsured; Feb, 2011
Cost Containment Actions Taken/ Proposed by States 2011-2012

Number of States

<table>
<thead>
<tr>
<th>Action</th>
<th>2011</th>
<th>2012 Proposed</th>
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<tbody>
<tr>
<td>Provider Rate Cut</td>
<td>24</td>
<td>33</td>
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<tr>
<td>Freeze Rates</td>
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<td>16</td>
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<tr>
<td>Benefit Limits*</td>
<td>20</td>
<td>25</td>
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<td>Expand Managed Care</td>
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<td>19</td>
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<td>Reform Delivery System</td>
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<td>20</td>
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<td>Rx Drug Strategies</td>
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<td>27</td>
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<tr>
<td>New/Higher Co-Pays</td>
<td>7</td>
<td>21</td>
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<tr>
<td>Enhanced Program Integrity</td>
<td>24</td>
<td>32</td>
</tr>
</tbody>
</table>

* Includes new benefit limits and elimination of some benefits; some states reported both. States also reported other various actions for both FY 2011 and FY 2012 not reported here.

Source: National Association of State Budget Officers; Spring, 2011
Medicaid Managed Care Changes: FY 2009-2011

Source: Kaiser Commission on Medicaid and the Uninsured; Sept., 2010
Medicaid Rx Drug Policy Changes: FY 2009-FY 2011

- **Script Limits**: 3 states FY 2009, 2 FY 2010, 1 FY 2011
- **Reduced Disp Fee**: 4 states FY 2009, 7 FY 2010, 2 FY 2011
- **AWP Less Greater Discount**: 8 states FY 2009, 10 FY 2010, 10 FY 2011
- **More Rx Under Prior Auth.**: 15 states FY 2009, 15 FY 2010, 16 FY 2011
- **New or Lower MAC Rates**: 11 states FY 2009, 11 FY 2010, 11 FY 2011

Source: Kaiser Commission on Medicaid and the Uninsured; Sept., 2010
States Are Still Wrestling With Severe Budget Problems

• Mid-Year Budget Cuts
  • FY11: through first six months 23 states made $7.8 billion in cuts
  • FY10: 39 states made cuts totaling $18.3 billion
  • Cuts primarily in K-12 and Higher Education; Medicaid and Corrections also included

• States had to close budget gaps of over $430 billion in FYs 2009, 2010 and 2011.

• FY12 and FY13 present continuing challenges as revenues remain below 2008 levels

Source: National Association of State Budget Officers; Spring, 2011
The ARRA “Cliff” Contributes to States’ Budget Issues

• Temporary increase in FMAP ended June, 2011; reduces federal Medicaid funds by $66 billion in FY12

• Nationally, Governors’ proposed budgets for FY12 include a 18.6% increase in state Medicaid funds and 13% reduction in federal Medicaid funds.

• State growth in Medicaid is well above economic growth forecasts for FY12

Source: National Association of State Budget Officers; July, 2011
Few “Digestible” Choices Remain On The Cost-Cutting Menu

• States have focused on provider rates, provider taxes and assessments, tighter authorization requirements, utilization controls, managed care expansions, benefit restrictions, fraud/abuse strategies and numerous administrative cuts

• Maintenance of Effort (MOE) requirements in stimulus legislation and PPACA restrict states’ ability to tighten eligibility criteria

• Actions that received little attention in the past are now part of the national dialogue
Controlling Medicaid Spending: *The Dialogue has Changed*…

- A Few States Report Trouble Paying Providers Due To Cash Shortages
- Some Governors Request Relief from MOE Requirements
- Numerous States Cut Optional Adult Benefits (Dental, Vision, etc.)
- "Block Grant" Funding for Medicaid Proposed
- Eliminating Medicaid Debated in Several States
- Pilot Program Requiring Community Service As Condition for Medicaid
Health Reform Includes Significant Medicaid Expansion

Median Medicaid Eligibility Levels

- **235%** for Children
- **185%** for Pregnant Women
- **75%** for Elderly & Disabled
- **64%** for Parents
- **0%** for Childless Adults

Minimum Medicaid Eligibility (133% FPL) Under Health Reform

Estimated 16 million additional persons in Medicaid/CHIP

Source: Kaiser Commission on Medicaid and the Uninsured; Sept., 2010
Key Issues Facing Medicaid Agencies In Health Reform

• Significant new responsibilities with dwindling staff and fewer resources

• Cost of expansion once 100% FMAP ends; also, cost of currently eligible, but not enrolled

• Interfaces and integration with insurance “exchanges”

• Provider access issues
Despite Tough Economic Times: Oral Health Has Great Momentum

- Increasing national attention on the need to improve access to care for the underserved

- Emphasis on the importance of oral health as a critical component of overall health

- Increased focus on prevention and disease management
Keep The Momentum Going....

• Push for improved access, care, funding and policy; dental benefits available on state exchanges

• Capitalize on recent achievements
  – Partnerships/collaborations between policymakers, payers, providers, philanthropy, advocates
  – Medical/dental collaboration
  – CMS Oral Health Initiative
  – U. S. National Oral Health Alliance