

Medicaid Trends: Past, Present, and Future
With Special Emphasis on ICF/MR Trends

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Medicaid Growth

Year	Rank
1970	96th
1975	61st
1980	8th
1985	3 Mobil Oil "4" Medicaid 5 Ford Motor

What Causes Medicaid Expenditure Growth?

Total Expenditures = f(Service Offered, Eligibility Policies, Reimbursement Practices) + Administration

or

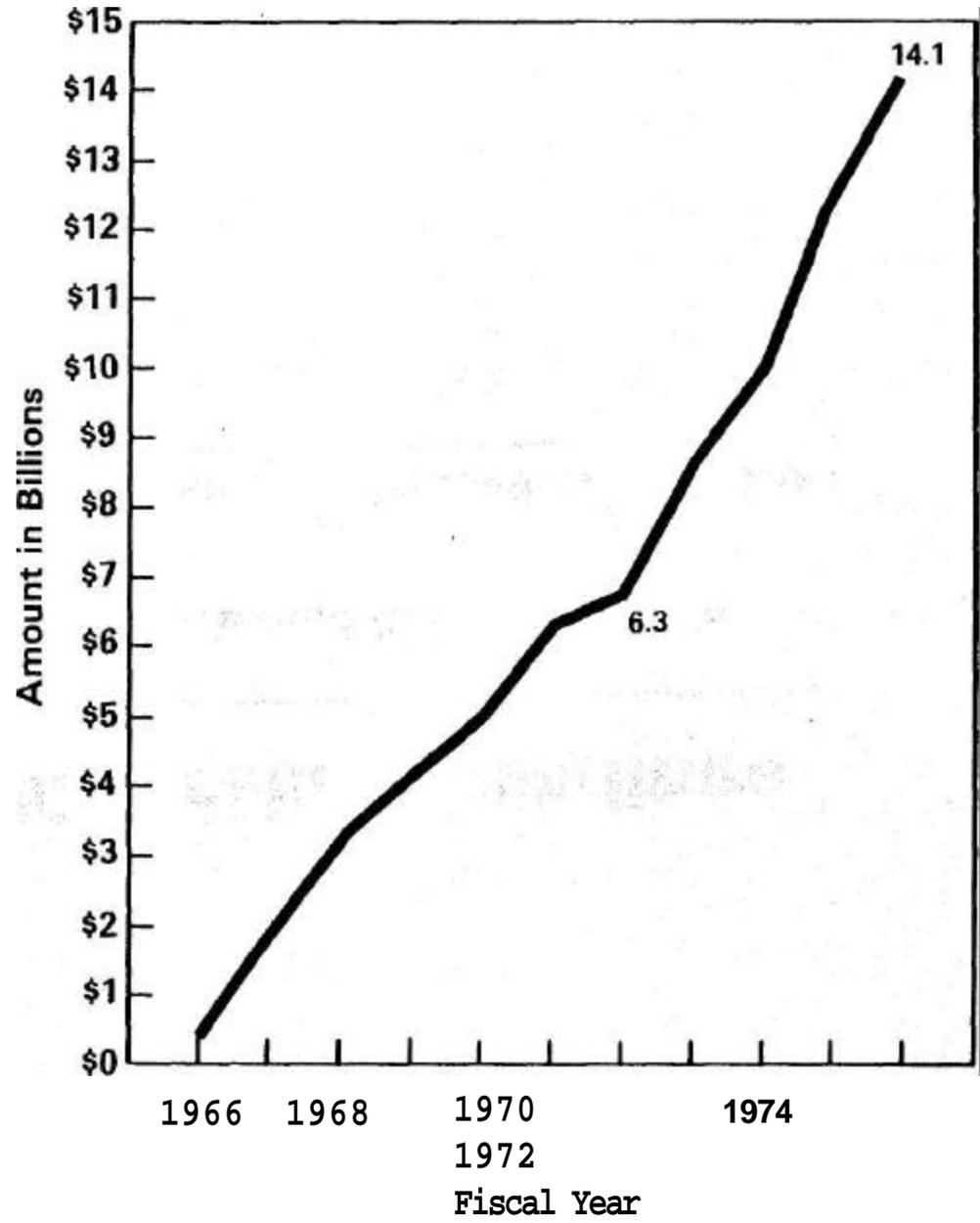
Total Expenditures = f(Utilization, Population, Price) + Administration

Factors in Medicaid Expenditure

Growth by Era: Percent Annual Rate of Increase

	<u>Total</u>		<u>Utilization</u>		<u>Population</u>		<u>Price</u>
Era 1	31%	=	11%	+	14%	+	6%

**ERA 2
1972 Amendments
(1972-1976)**

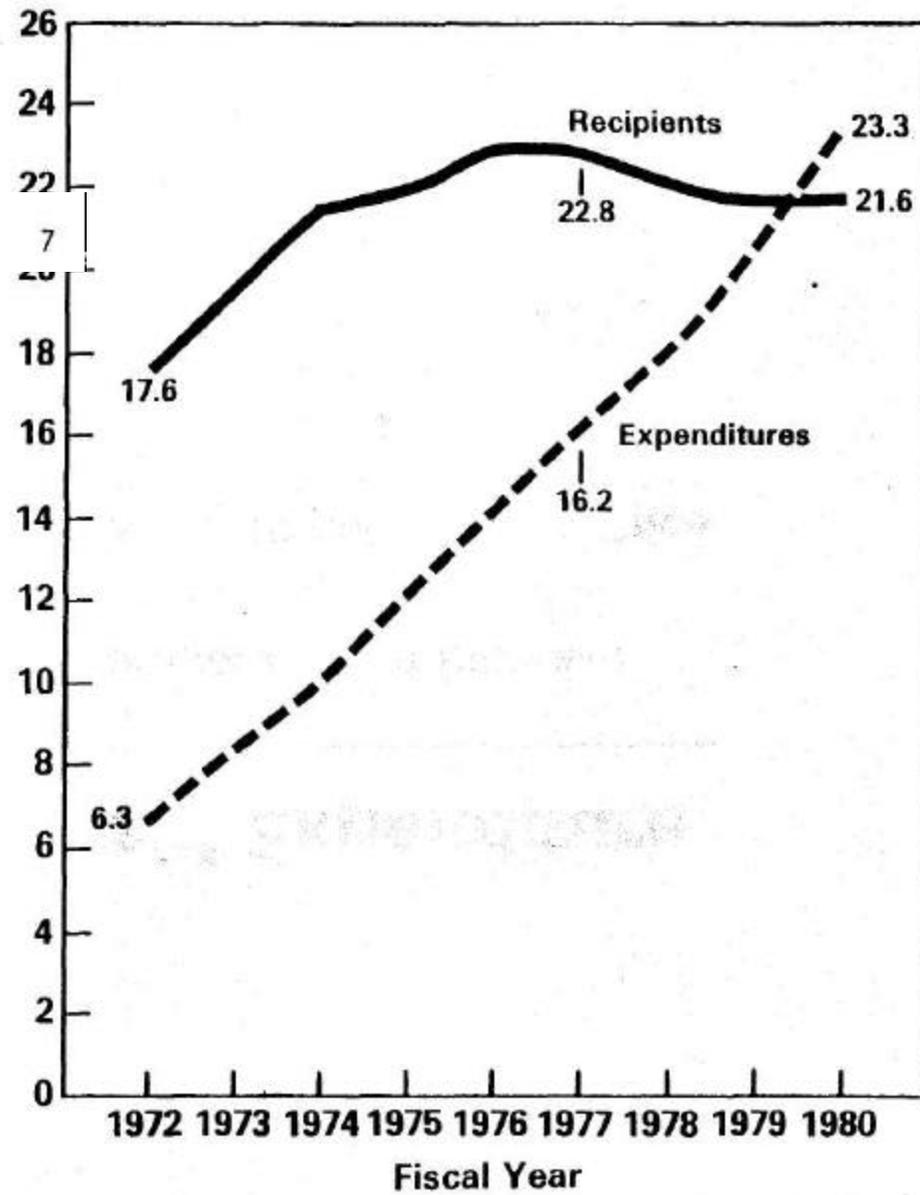


Factors in Medicaid Expenditure

Growth by Era: Percent Annual Rate of Increase

	<u>Total</u>		<u>Utilization</u>		<u>Population</u>		<u>Price</u>
Era 1	31	=	11	+	14	+	6
Era 2	22	=	5	+	7	+	
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ERA 3 Medical Inflation (1977-1980)

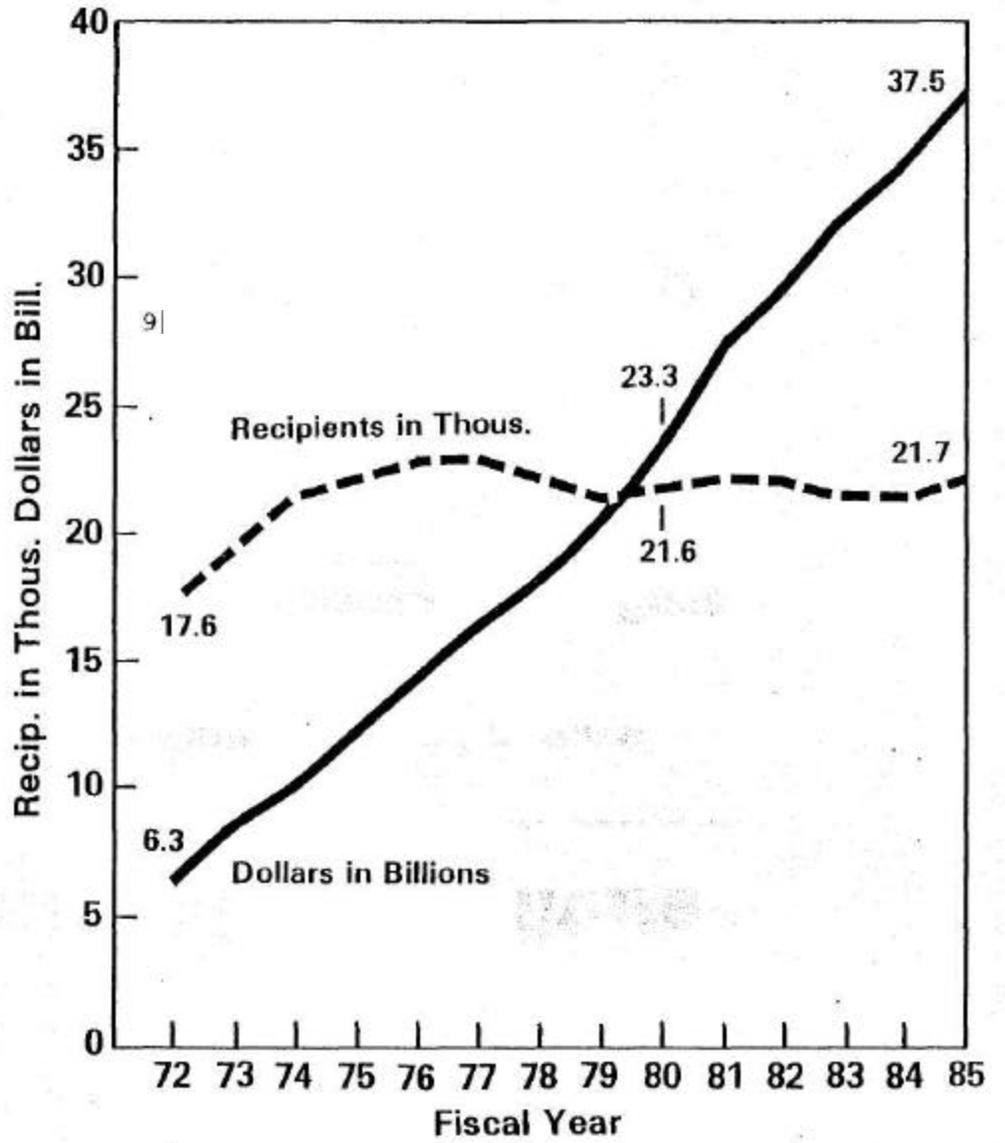


Factors in Medicaid Expenditure

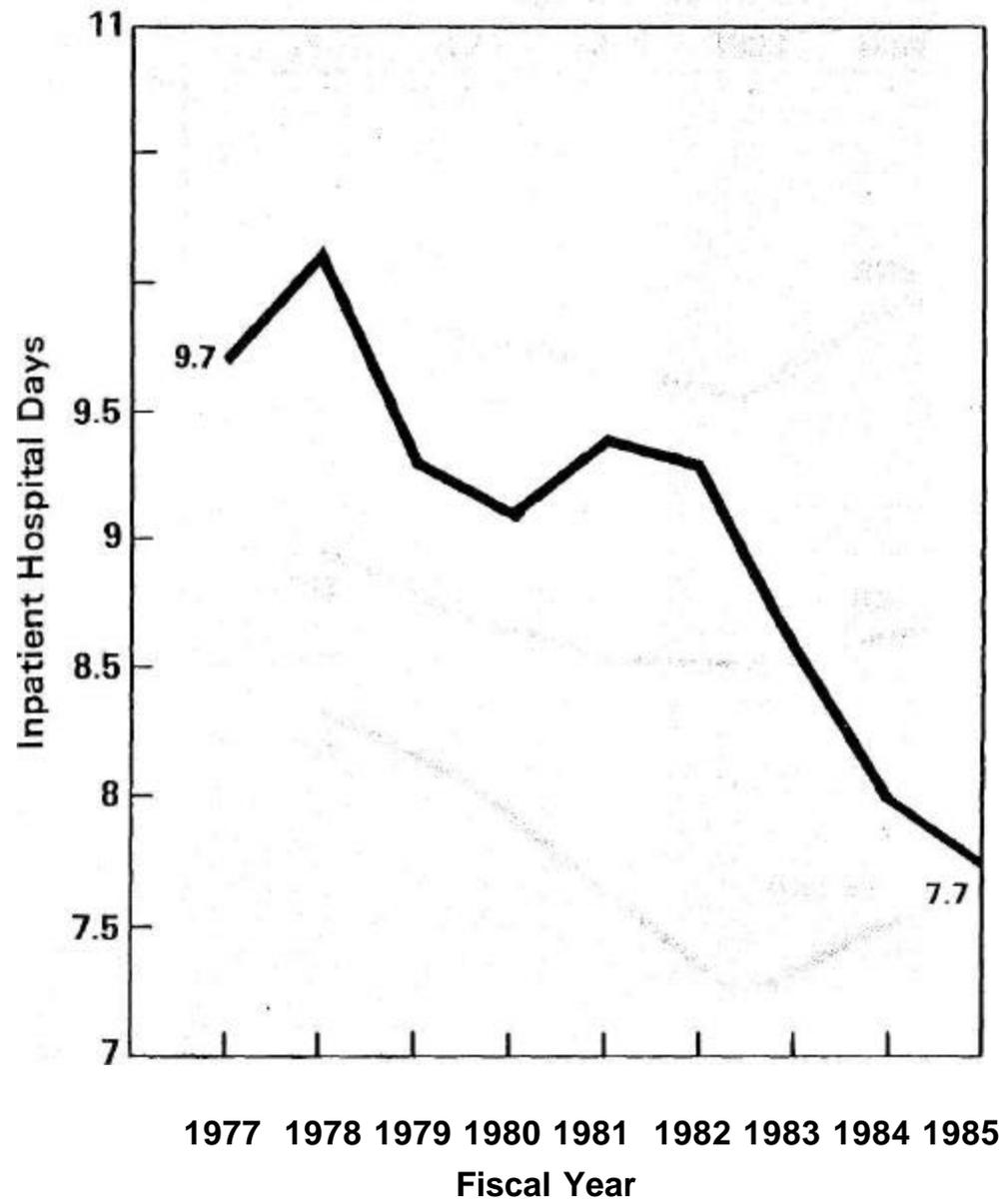
Growth by Era: Percent Annual Rate of Increase

	<u>Total</u>		<u>Utilization</u>		<u>Population</u>		<u>Price</u>		
Era 1	31	=	11	+			14	+	
Era 2	22	=	5	+			7	+	1
Era 3	15	=	1	+	2	+	1	2	

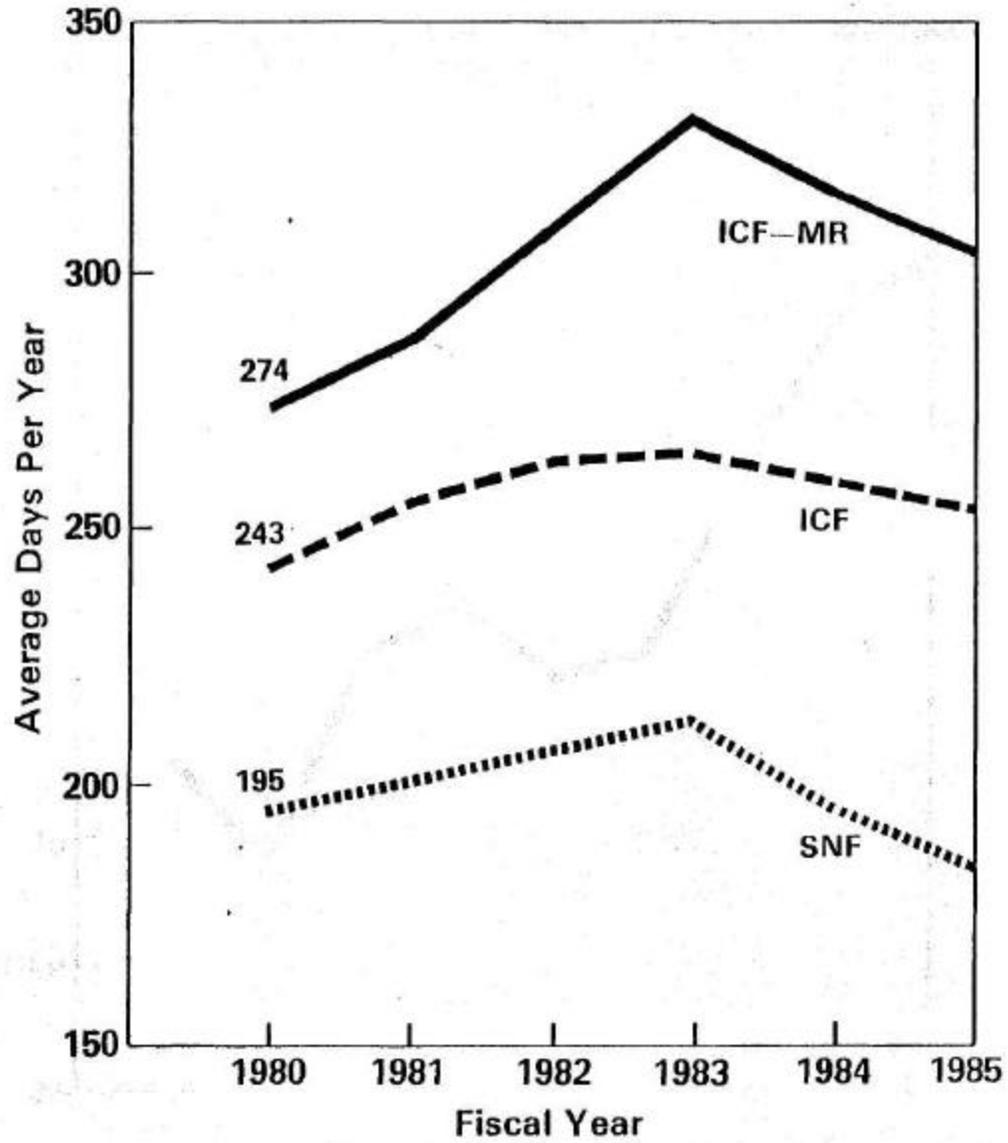
ERA 4 Fiscal Retrenchment (FY81 on)

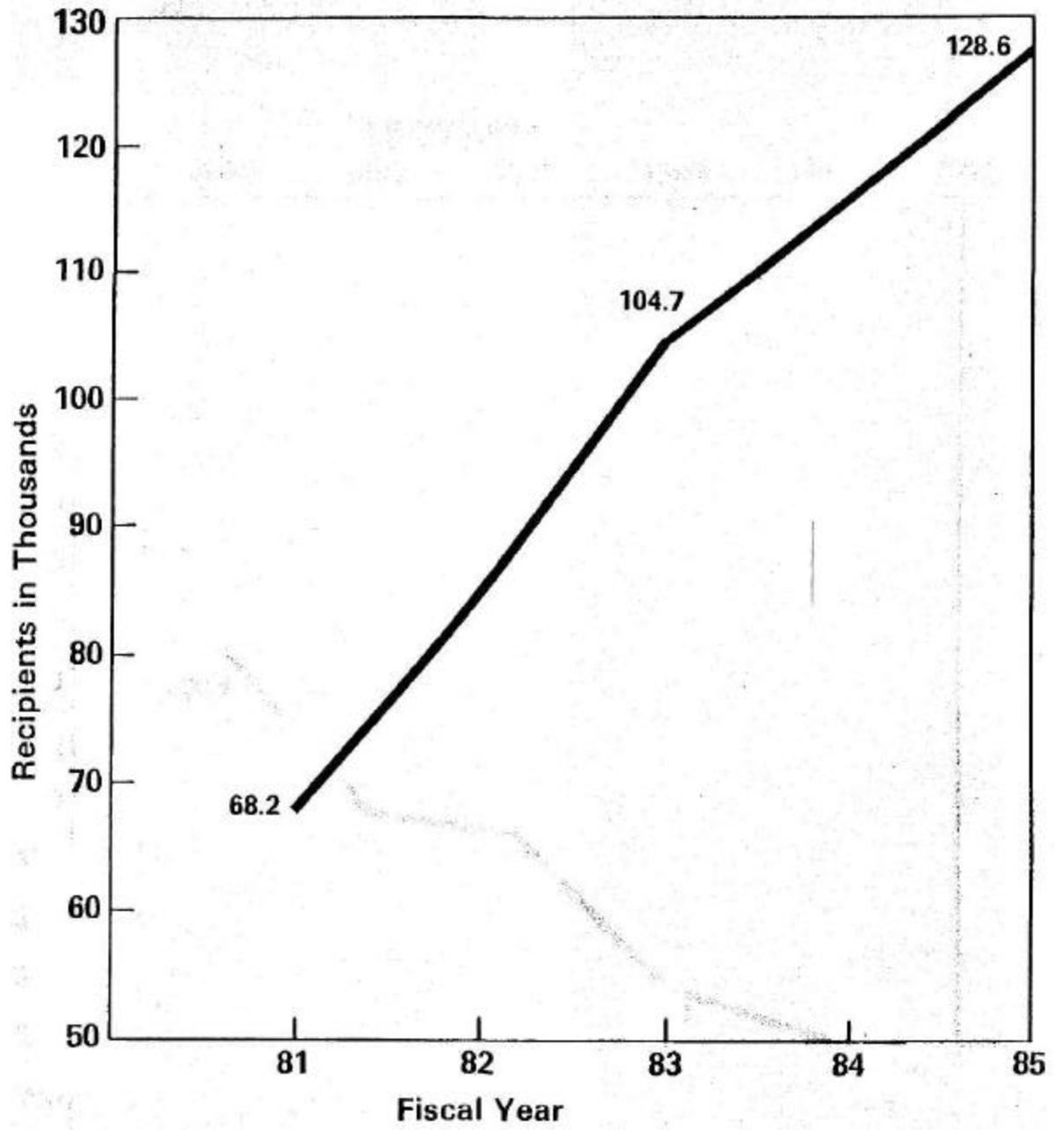


Average Hospital 10.5 Days Per Recipient

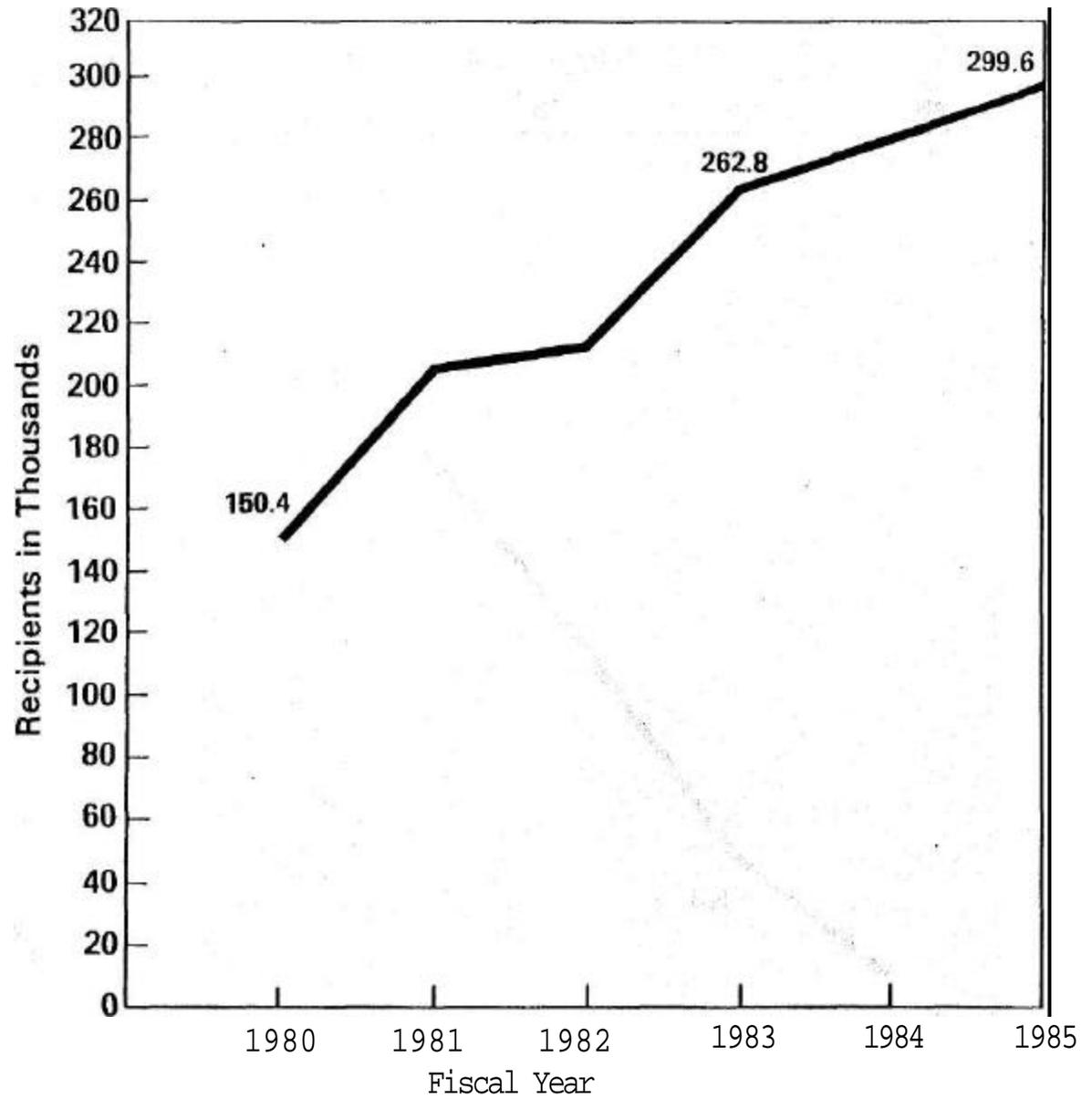


Average Days of Institutional Care by Type of Institution and Fiscal Year





ICF Recipients with 365 or More Days of Care

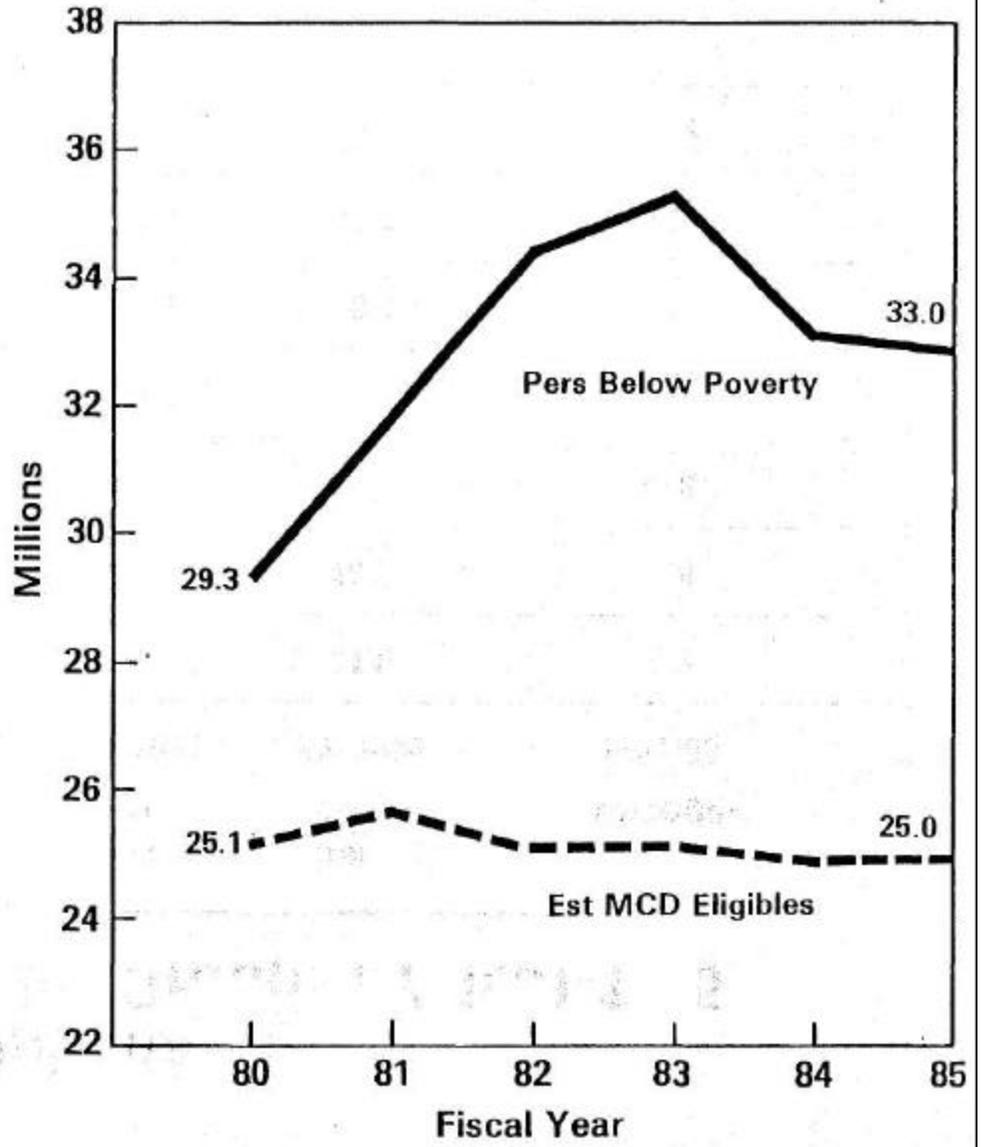


Recipients of Medicaid Services by Group: FY 1981-1985

Recipient Group	Total Number of Recipients		Net Change 1981-85
	FY 1981	FY 1985	
Total	22.0	21.8	-.2
Cash	16.9	16.5	-.4
Non-Cash	1.8	2.6	+.8
Medically Needy	3.7	3.4	-.3
SSI Type	6.4	6.1	-.3
AFDC Type	14.8	15.2	+.4
Other	1.4	1.2	-.2

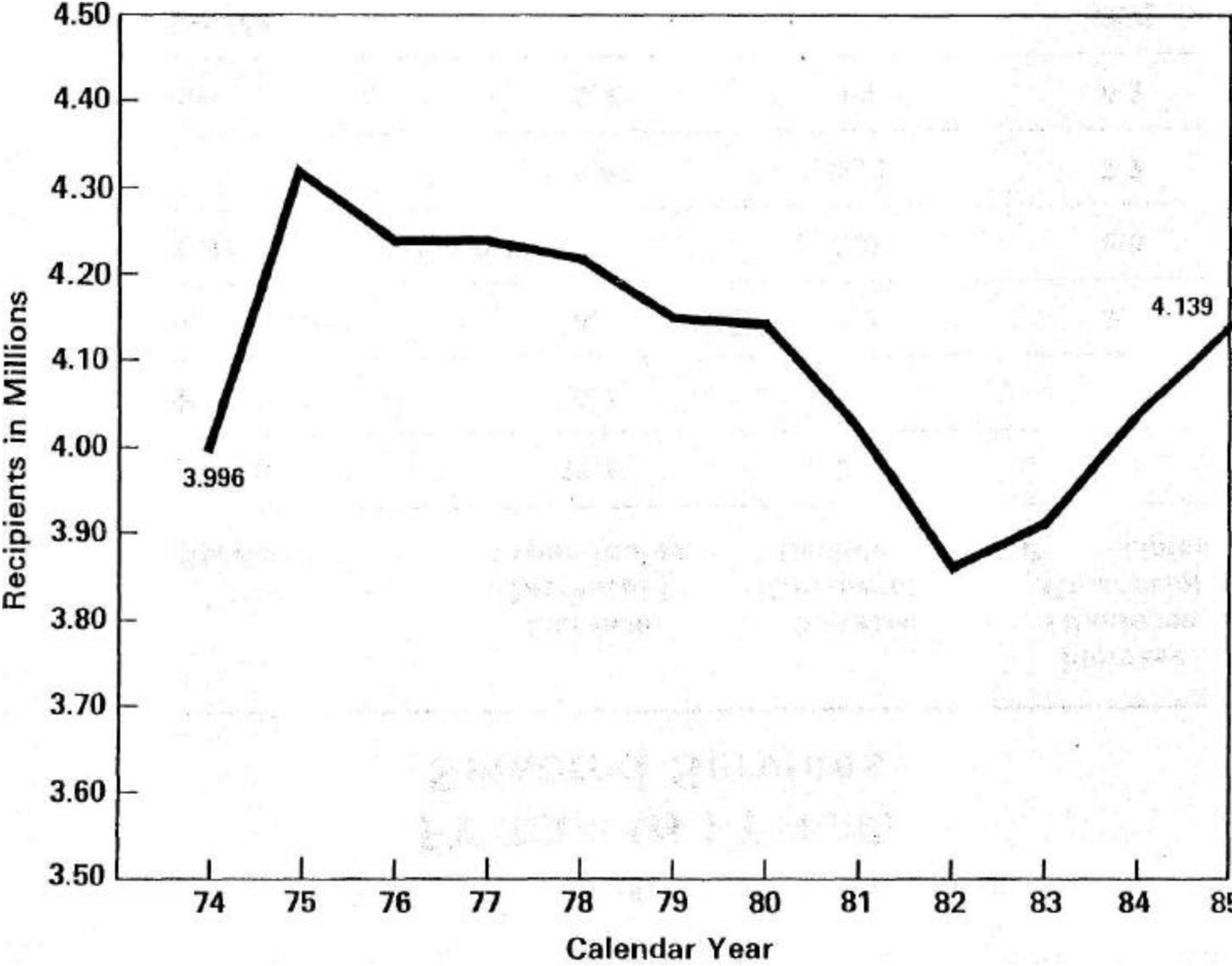
Persons Below Poverty vs. MCD Eligibles

(MCD Eligibles estimated)



Number of SSI Recipients

(Counts for December of each year)



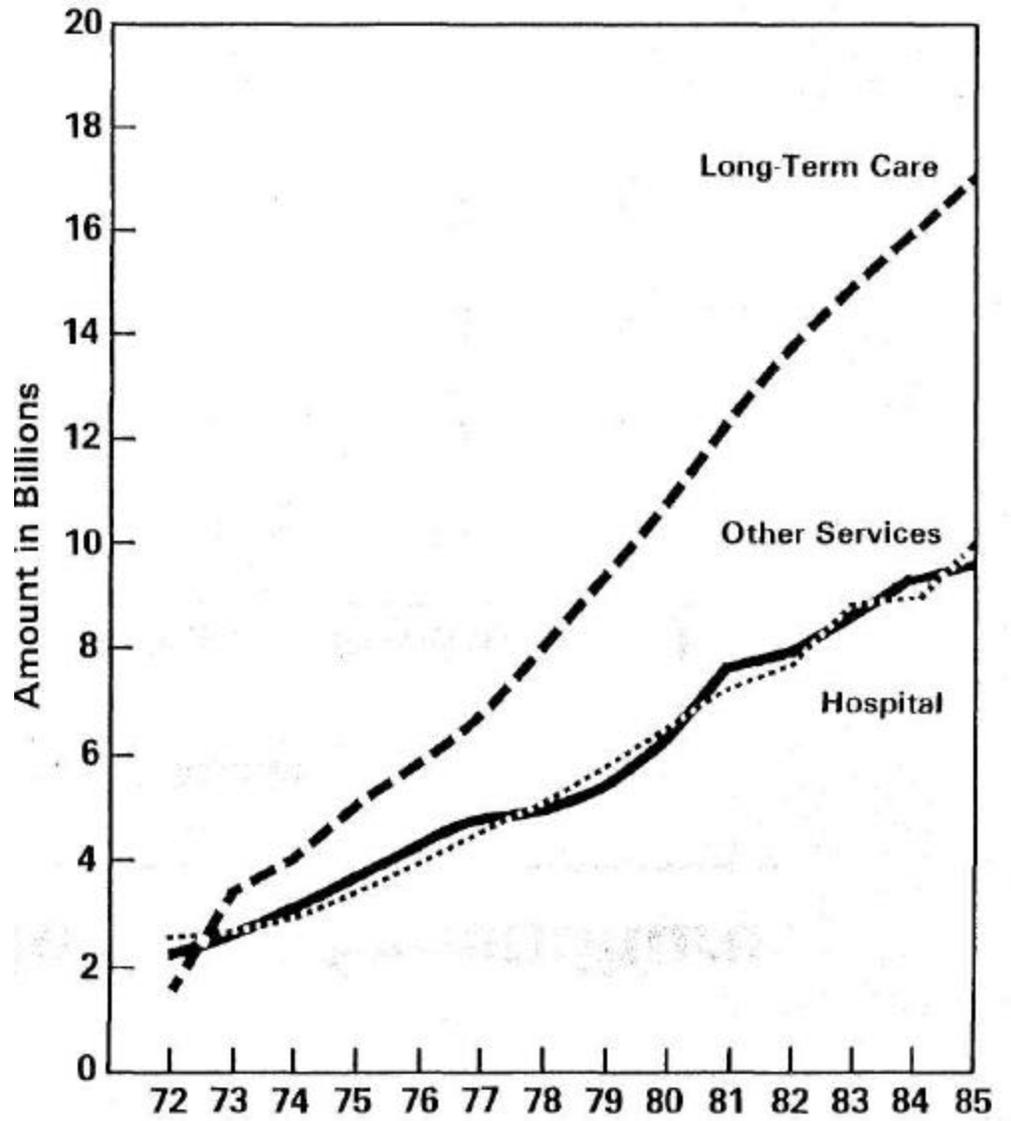
Percent Change FY 1984 to FY 1985 Selected Services

Type of Service	Increase (Decrease) in Expenditures	Increase (Decrease) in Recipients	Increase (Decrease (Decrease) Per Recipient
ICF - All Other	11.9	3.9	7.7
ICF - MR	10.7	3.6	7.7
Outpatient Hospital	8.6	.3	8.3
Inpatient Hospital	7.6	(.3)	8.0
SNF	5.4	(2.2)	7.7
Physicians	5.4	1.1	4.3
Dental Services	(2.4)	(6.1)	(3.7)

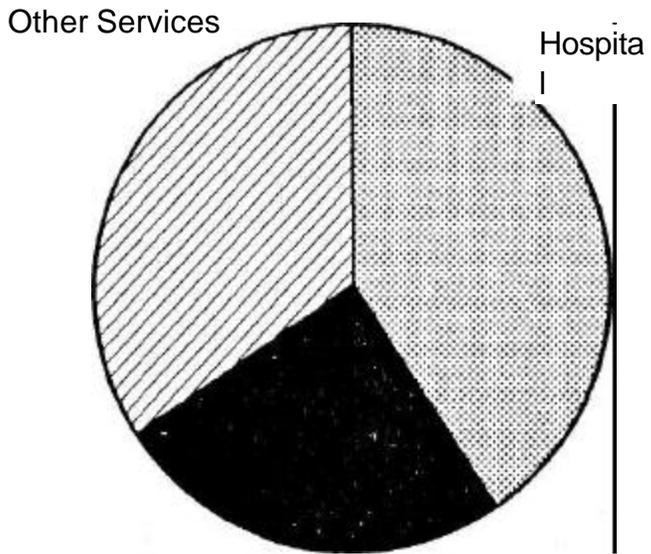
Factors in Medicaid Expenditure

Growth by Era: Percent Annual Rate of Increase

	<u>Total</u>		<u>Utilization</u>		<u>Population</u>		<u>Price</u>
Era 1	31	=	11	+	14	+	6
Era 2	22	=	5	+	7	+	10
Era 3	15	=	1	+	2	+	12
Era 4	8	=	-2	+	0	+	10



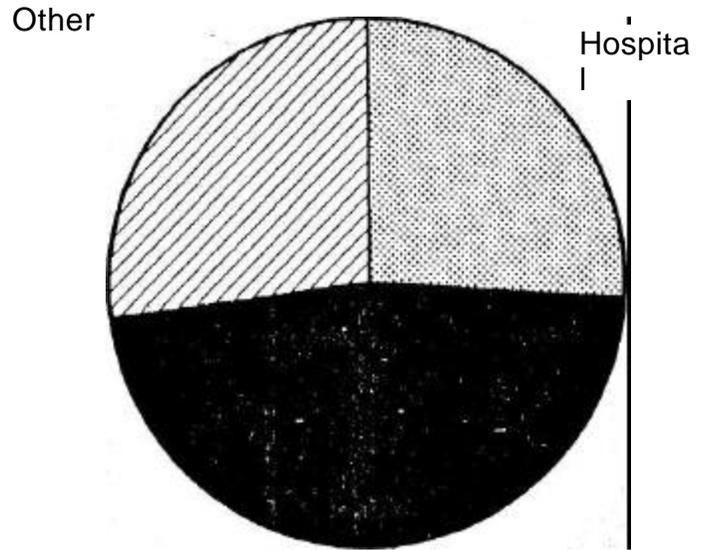
Medicaid Vendor Payments FFY 1972



(34.4%)

Long-Term Care
(25.0%)

Medical Vendor Payments FFY 1985



Services
(25.1%)

Long-Term Care
(47.1%)

The Bottom Line

- Medicaid is being driven by increases in price of services to the elderly and the disabled

Immediate Future

States

- **Some program expansions**
- **Continued utilization reductions**
- **Finishing of reimbursement reforms**

Prospective Reimbursement

- **81% of the dollars covered**
- **Perhaps 70% operational**
- **They lower expenditures**
- **How much more to be gained?**

Congress

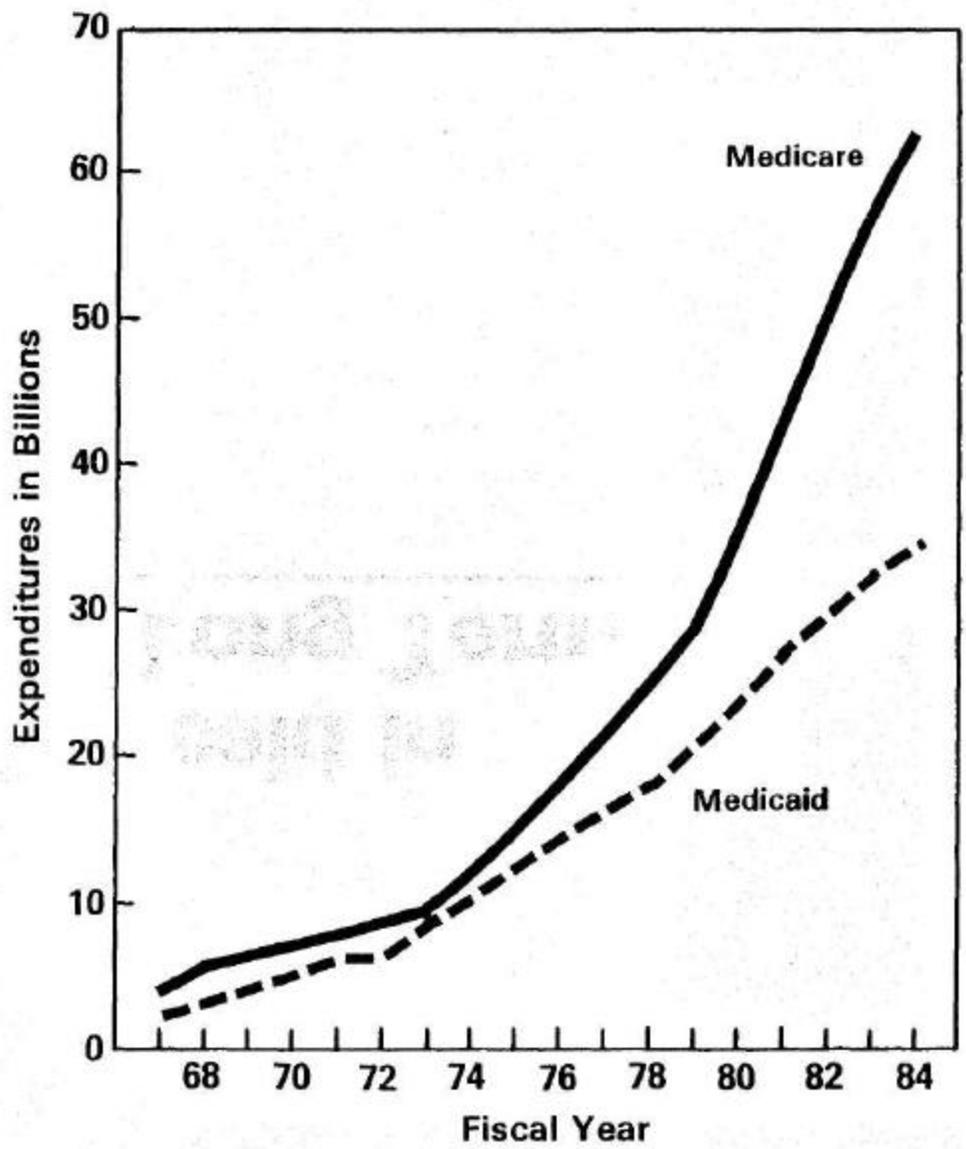
*** Limited expansions**

Medicaid As Seen From the Hill

- **Multiple and vocal constituencies**
- **A slippery program**
- **Its bones are showing**
- **"White Knights"**

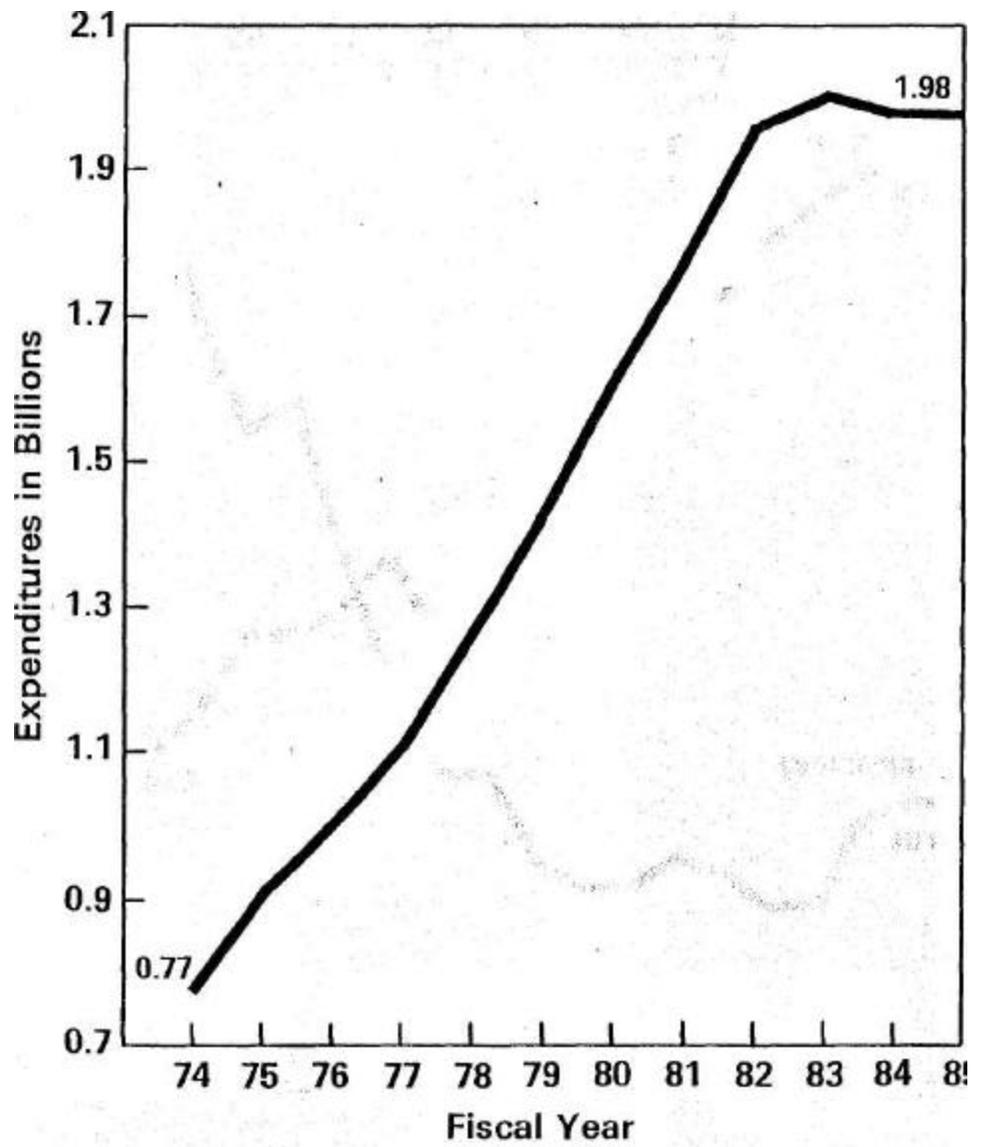
Administration

- ???

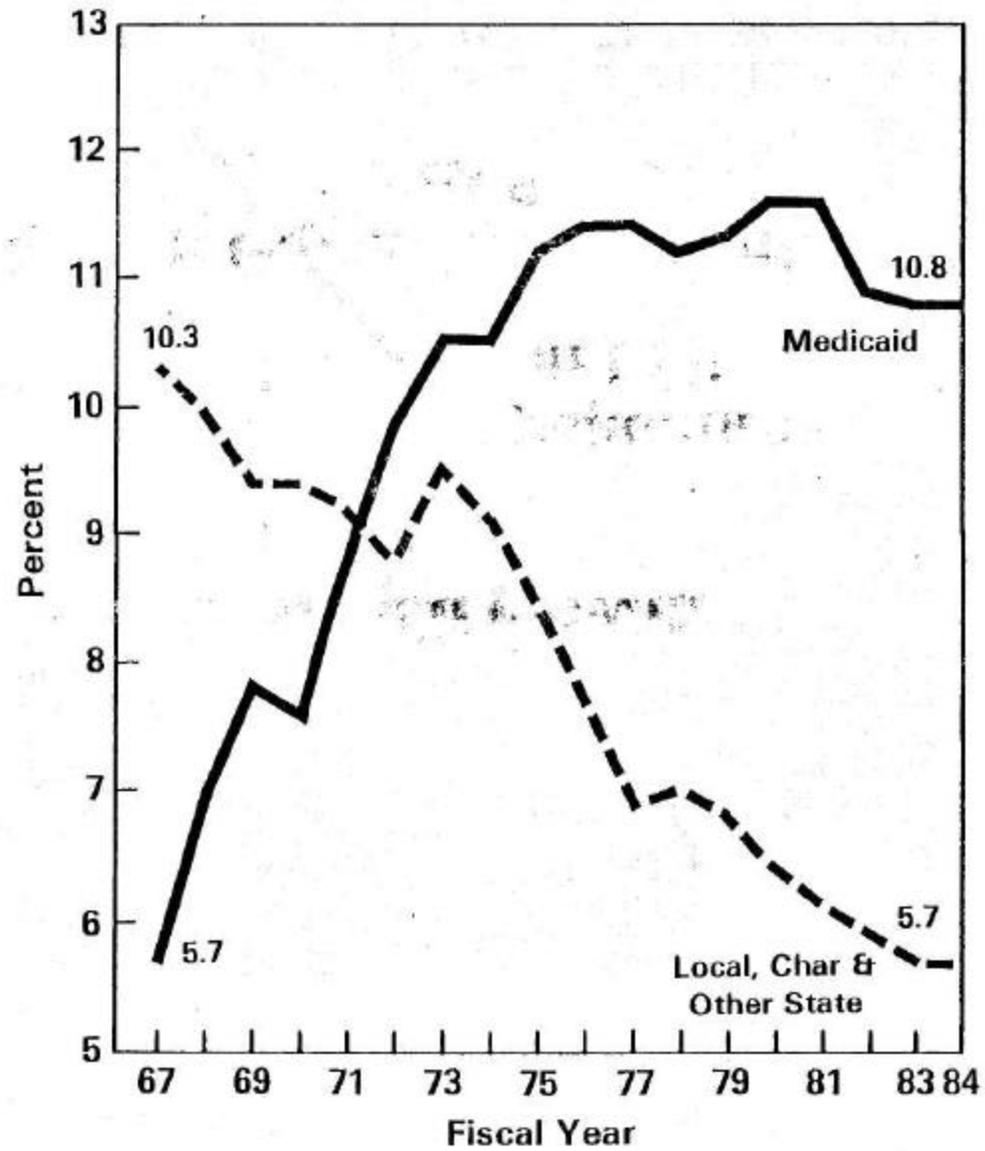


Medicaid in The Long Term

State-Only Program Expenditures FY74 - FY84



Percent of Total U.S. Health Expenditures



The Bottom Line

- Trends favor increased growth rates
- Keys to lower overall expenditure growth is what happens in LTC
- Key to federal expenditure growth is county/charity versus State struggle

Medicare Part C?
