

Another day, another \$1.3 Million. ND will spend \$1.3 Million a day on Medicaid Expansion in the 2023-2025 biennium budget.

- ND spends \$3.560 Billion on Medicaid. \$3.560 Billion in the 2023-2025 biennium budget is **20% of the State of North Dakota's \$18 Billion health spend.** (Source: CMS | *National Health Expenditures*)
- **ND is in the top tier of states** for Medicaid physician pay rates. (Source: Kaiser | *Medicare to Medicaid Fee Index*)
- **ND ranks highest in Medicaid Expansion** annual per capita expenditures. (Source: *Medicaid.gov*)
- ND Medicaid **Expansion currently covers 35,000 North Dakotans** or 4.4 percent of the State's 800,000 citizens. It is one revenue source for medical providers.
- **Medicaid Expansion participants will receive the same benefits and services**, regardless of changes to budget or provider rates.

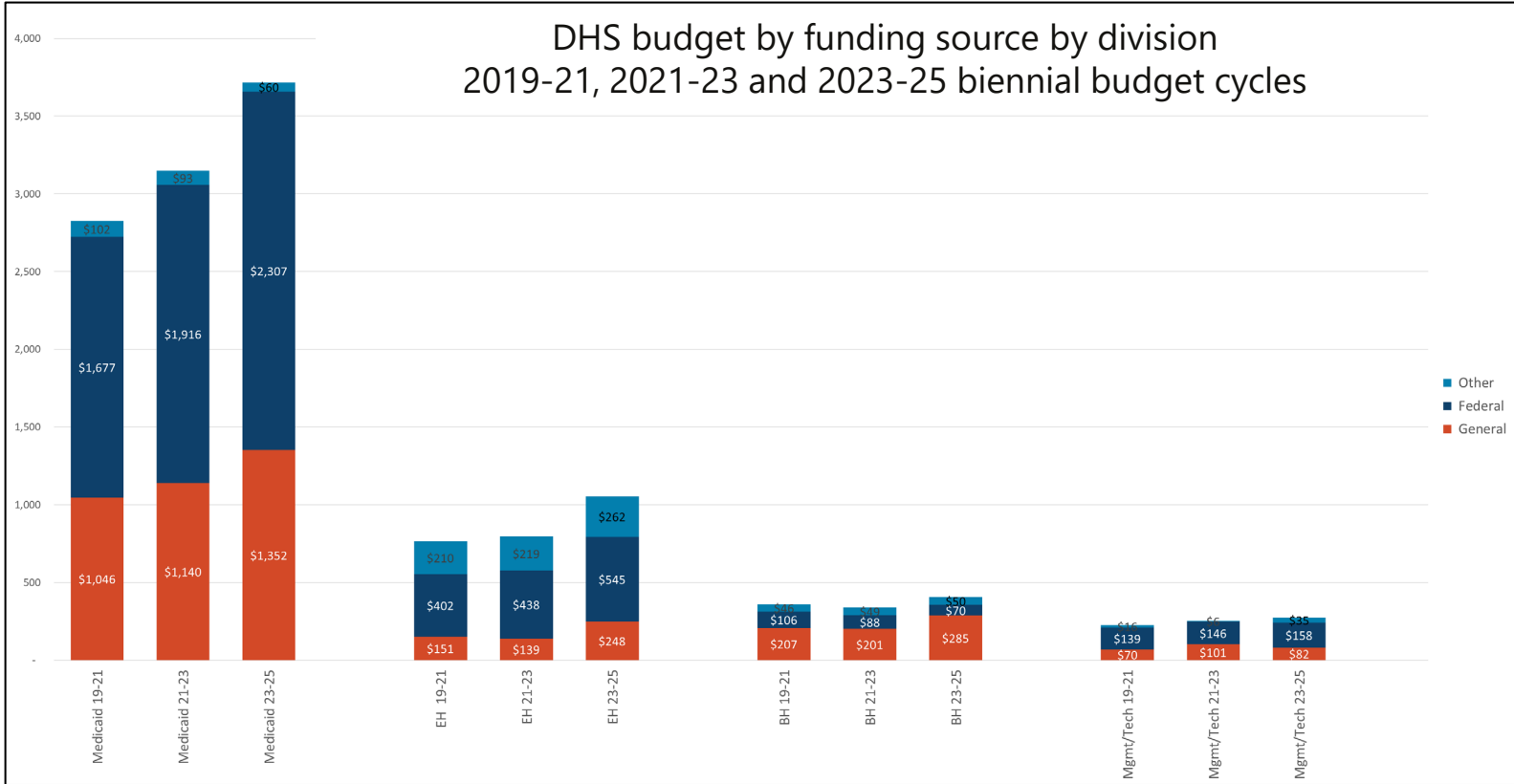
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- Supplemental payments are additional payments to providers to provide financial support and are not made in exchange for services to Medicaid participants.
- Most hospital supplemental payments are funded by state-based hospital taxes, which can be up to 6% of total revenue. (Source: *Title 42 Code of Federal Regulations*)
- CMS requires that state hospital taxes be broad based, uniformly imposed and that all hospitals pay the tax. Taxes may negatively impact some hospitals because while all are required to pay the tax, some may not receive a supplement payment. (Source: Kaiser | *States and Medicaid Provider Taxes or Fees*)
- ND Medicaid's total supplement payment amount in 2021 was \$1.4M. (Source: *Medicaid and CHIP Payment and Access Commission | Annual-Analysis-of-Disproportionate-Share-Hospital-Allotments-to-States*)

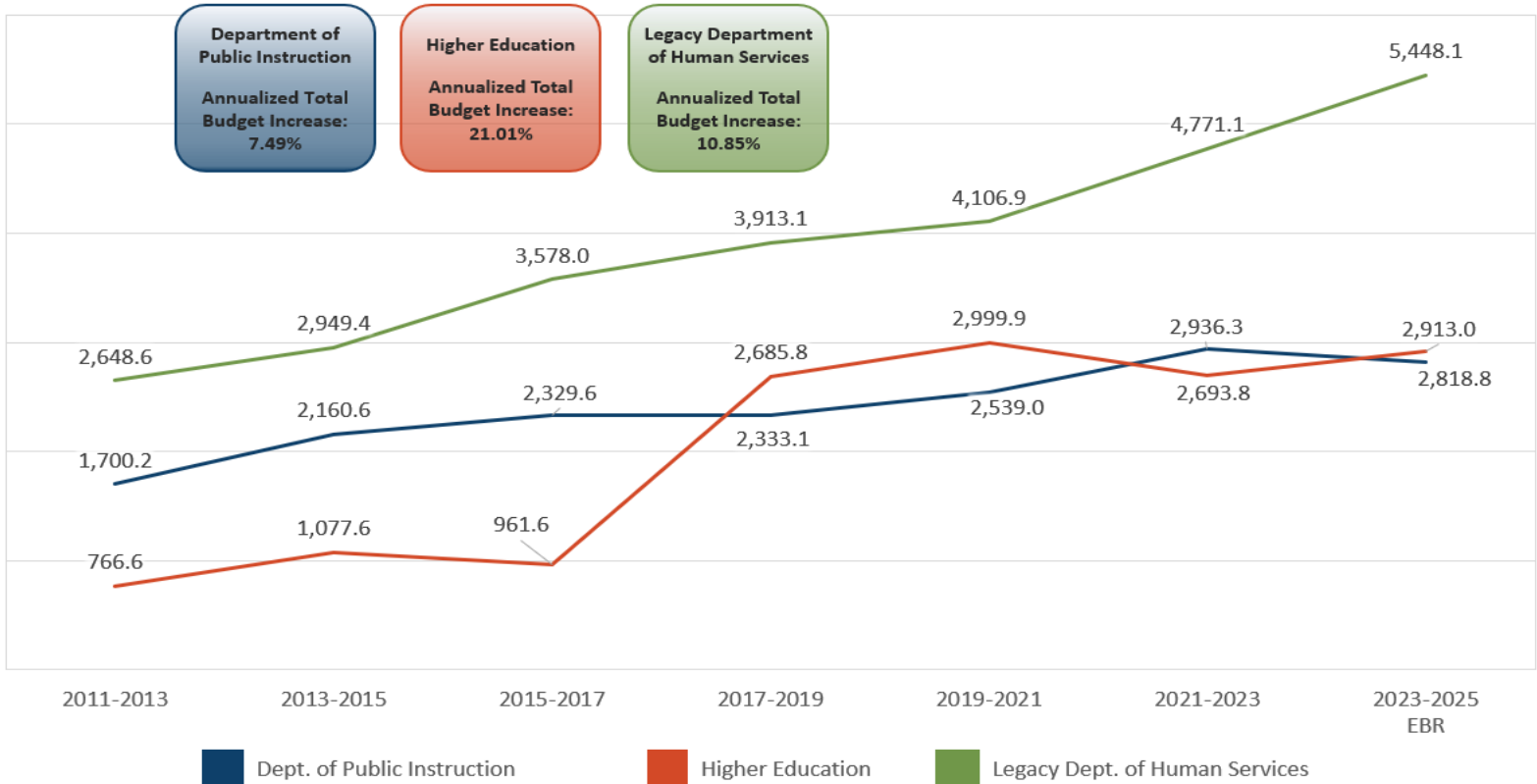
ND Medicaid Budget

Information Brief

Medicaid, long-term care and developmental disability **represent 64% of SB 2012 budget** for the 2023-25 biennium.



Reducing the Medicaid Expansion budget will help bend the curve on budget increases.



Engrossed SB 2012 Medicaid Expansion Budget Option 1

Information Brief

Part A

General Fund savings: \$11 Million

Where do the savings come from? Part A:

- Reduces Expansion budget estimate by **\$11 Million** based on current utilization information.
- Impacts HHS only.

Description	General Fund	Other Funds	Total Funds	Average Cost of Premiums per Month	Change in Premiums from EBR	Average Number of Premiums per Month
Executive Budget Request (EBR) - Managed Care Expansion	\$94,255,028	\$848,295,256	\$942,550,284	\$1,320.01	0%	29,752
Budget Estimate Update (Reduction) - 24 month impact	(11,075,387)	(99,678,486)	(110,753,873)			
Managed Care Expansion Budget After Reassessment	\$83,179,641	\$748,616,770	\$831,796,411	\$1,164.92	-13%	29,752

Part B

General Fund savings: \$25 Million

Where do the savings come from? Part B:

- Aligns Expansion rates with Traditional Medicaid rates for an additional **\$25 Million**.
- Impacts HHS, Blue Cross Blue Shield of ND and Providers.
- No change to benefits or services provided to North Dakotans.
- These funds may be reallocated to other needed programs and services, such as Behavioral Health.

Managed Care Expansion Budget After Reassessment	\$83,179,641	\$748,616,770	\$831,796,411	\$1,164.92	-13%	29,752
Managed Care Expansion Reimbursement at Traditional Rate (Reduction) - 18 month impact	(25,475,752)	(229,281,767)	(254,757,519)			
Managed Care Expansion Budget at Traditional Rates	\$57,703,889	\$519,335,003	\$577,038,892	\$808.13	-63%	29,752

Medicaid Expansion Budget Option 1

- **Total General Fund savings: \$36 Million (\$11M + \$25M)**

Engrossed SB 2012 Medicaid Expansion Budget Option 2

Information Brief

Part A General Fund savings: \$11 Million

Where do the savings come from? Part A:

- Reduces Expansion budget estimate by **\$11 Million** based on current utilization information.
- Impacts HHS only.

Description	General Fund	Other Funds	Total Funds	Average Cost of Premiums per Month	Change in Premiums from EBR	Average Number of Premiums per Month
Executive Budget Request (EBR) - Managed Care Expansion	\$94,255,028	\$848,295,256	\$942,550,284	\$1,320.01	0%	29,752
Budget Estimate Update (Reduction) - 24 month impact	(11,075,387)	(99,678,486)	(110,753,873)			
Managed Care Expansion Budget After Reassessment	\$83,179,641	\$748,616,770	\$831,796,411	\$1,164.92	-13%	29,752

Part B General Fund savings: \$17 Million

Where do the savings come from? Part B:

- Aligns Expansion rates **with 125%** of Traditional Medicaid rates for an additional **\$17 Million**.
- Impacts HHS, Blue Cross Blue Shield of ND and Providers.
- No change to benefits or services provided to North Dakotans.
- These funds may be reallocated to other needed programs and services, such as Behavioral Health.

Managed Care Expansion Budget After Reassessment	\$83,179,641	\$748,616,770	\$831,796,411	\$1,164.92	-13%	29,752
Managed Care Expansion Reimbursement at 125% Traditional Rate (Reduction) - 18 month impact	(17,114,813)	(154,033,318)	(171,148,131)			
Managed Care Expansion Budget at 125% of Traditional Rates	\$66,064,828	\$594,583,452	\$660,648,280	\$925.23	-43%	29,752

Medicaid Expansion Budget Option 2

➤ **Total General Fund savings: \$28 Million (\$11M + \$17M)**

What are the impacts of reducing the Medicaid Expansion budget?

Impacts to ND Medicaid Expansion participants

- **No impact to Medicaid Expansion participants.** Medicaid Expansion benefits and services remain the same.
- In-network providers must see Medicaid Expansion patients without discrimination per their contracts.
- ND Medicaid provider networks are strong with providers across the state.

Impact to Providers

- It will take 6 months to implement, with 18 months of impact to providers.
- Medicaid Expansion providers will experience a 40% rate reduction on 35,000 Medicaid Expansion participants, which represent 4.4% of the state's 800,000 population.
- **Developmental Disability providers will not be impacted** by a reduction to the Medicaid Expansion budget.
- Long-term care providers will not be impacted.
- Traditional Medicaid will not be impacted. Traditional Medicaid covers 100,000 North Dakotans or 12% of ND's population.

Impacts to ND's medical industry

- ND will move toward more sustainable health care cost growth. By comparison, ND pays more for Medicaid Expansion provider rates than any other state.
- As Medicaid provider rates increase, pressure is put on the commercial side to increase rates to align pricing. Reducing the Medicaid Expansion budget will help mitigate continued increases in health care costs for all North Dakotans.
- In 2019, ND's medical industry spending was \$8 Billion. Budget option 1 will take out \$254M, which is a 3% reduction in total industry spending. Budget option 2 will take out \$171M, which is a 2% reduction.