

MEDICAL SERVICES FUNDING

The 2009-11 executive budget recommendation for medical services includes a total of \$482.1 million. Of this total, \$138.2 million is from the general fund. The executive budget projects that 51,308 individuals will be eligible for the medical assistance program during the 2009-11 biennium, 1,000 fewer than the 52,308 originally budgeted by the department for the 2007-09 biennium. The actual number of eligible individuals in September 2008 was 52,404.

The schedule below summarizes medical services funding, excluding funding for nursing facility care and other long-term care services, community-based developmental disabilities services, the Healthy Steps program, and intergovernmental transfer payments.

	2003-05 Actual Expenditures	2005-07 Actual Expenditures	2007-09 Appropriation	2007-09 Projected Expenditures ¹	2009-11 Executive Budget	2009-11 Increase (Decrease) to 2007-09 Projected
General fund	\$90,305,924	\$98,079,051	\$112,382,988	\$99,819,165	\$138,162,168	\$38,343,003
Federal funds	256,465,494	230,202,910	260,271,693	234,569,827	315,282,790	80,712,963
Other funds	14,728,998	13,446,942	22,129,610	22,390,245	28,688,801	6,298,556
Total	\$361,500,416	\$341,728,903	\$394,784,291	\$356,779,237	\$482,133,759	\$125,354,522

¹Based upon actual expenditures incurred through November 2008.

Federal Medical Assistance Percentage

The federal medical assistance percentage (FMAP) for the medical assistance program is:

Federal Fiscal Year	FMAP	Fiscal Relief FMAP
2000	70.42%	
2001	69.99%	
2002	69.87%	
2003	68.36%	72.82% ¹
2004	68.31%	71.31% ¹
2005	67.49%	
2006	65.85%	
2007	64.72%	
2008	63.75%	
2009	63.15%	
2010	63.01%	
2011	63.01% ²	

¹The federal fiscal relief FMAP was in effect for five quarters--April 2003 through June 2004.

²Estimate.

Inflationary Adjustments

The following schedule compares recent inflationary adjustments provided to the inflationary adjustments recommended in the executive budget:

	Actual		Actual		Recommended	
	July 2005 Inflationary Adjustment	July 2006 Inflationary Adjustment	July 2007 Inflationary Adjustment	July 2008 Inflationary Adjustment	July 2009 Inflationary Adjustment	July 2010 Inflationary Adjustment
Inpatient hospital	2.65%	2.65%	4.00%	5.00%	0.00% ³	7.00%
Outpatient hospital	2.65%	2.65%	4.00%	5.00%	0.00% ³	7.00%
Home health	2.65%	2.65%	4.00%	5.00%	7.00%	7.00%
Dental services	2.65%	2.65%	4.00%	5.00%	7.00%	7.00%
Drugs	2.65%	1.10% ¹	6.50% ²	6.50% ²	4.00% ²	4.00% ²
Physician services	2.65%	2.65%	4.00%	5.00%	0.00% ³	7.00%

¹Due to implementation of Medicare Part D, the inflationary increase for state fiscal year 2006 is not comparable to past years as the patient and medication mix is completely different.

²Inflation is based upon federal national health expenditure data.

³The executive budget recommendation includes \$37.7 million, of which \$13.9 million is from the general fund, for rebasing Medicaid payment rates for hospitals, physicians, chiropractors, and ambulances beginning the first year of the biennium; therefore, these providers do not receive an inflationary adjustment for the first year of the 2009-11 biennium.

Detailed Summary

The following schedule compares the 2005-07 biennium actual expenditures and 2007-09 biennium projected expenditures for medical services to the 2009-11 executive budget recommendation:

	2005-07 Actual Expenditures	2007-09 Projected Expenditures ¹	Percentage Change From Previous Biennium	2009-11 Executive Budget	Percentage of Total	2009-11 Executive Budget Increase (Decrease) to 2007-09	Percentage Increase (Decrease)
Inpatient hospital	\$91,995,648	\$97,884,913	6.40%	\$142,254,927	29.51%	\$44,370,014	45.33%
Outpatient hospital	44,440,497	53,783,767	21.02%	63,386,305	13.15%	9,602,538	17.85%
Home health	2,936,469	2,837,923	(3.36%)	3,149,228	0.65%	311,305	10.97%
Premiums	18,195,972	19,392,013	6.57%	24,477,081	5.08%	5,085,068	26.22%
Physician services	54,513,116	53,162,397	(2.48%)	74,341,224	15.42%	21,178,827	39.84%
Drugs (net)	48,060,074	38,976,313	(18.90%)	50,168,148	10.41%	11,191,835	28.71%
Durable medical equipment	4,652,050	5,740,920	23.41%	6,843,358	1.42%	1,102,438	19.20%
Psychiatric residential treatment facilities	11,538,034	20,228,451	75.32%	25,866,038	5.36%	5,637,587	27.87%
Rural health clinics	3,399,991	3,419,635	0.58%	3,990,120	0.83%	570,485	16.68%
Indian health services	20,612,530	16,347,917	(20.69%)	27,188,406	5.64%	10,840,489	66.31%
Chiropractic services	297,362	520,642	75.09%	987,572	0.20%	466,930	89.68%
Dental	12,258,455	13,893,842	13.34%	18,096,019	3.75%	4,202,177	30.24%
Hospice services	624,303	620,394	(0.63%)	746,991	0.15%	126,597	20.41%
Other, excluding Healthy Steps	28,204,403	29,970,110	6.26%	40,638,342	8.42%	10,668,232	35.60%
Total	\$341,728,903	\$356,779,237	4.40%	\$482,133,759	100.00%	\$125,354,522	35.14%
General fund	\$98,079,051	\$99,819,165	1.77%	\$138,162,168	28.66%	\$38,343,003	38.41%
Federal funds	230,202,910	234,569,827	1.90%	315,282,790	65.39%	80,712,963	34.41%
Other funds	13,446,942	22,390,245	66.51%	28,688,801	5.96%	6,298,556	28.13%
Total	\$341,728,903	\$356,779,237	4.40%	\$482,133,759	100.00%	\$125,354,522	35.14%

¹Based upon actual expenditures incurred through November 2008.