

July 2002

MEDICAL, DENTAL, AND OPTICAL EXPENDITURES - STATE HOSPITAL AND MEDICAID

STATE HOSPITAL

For the 2001-03 biennium, the State Hospital budgeted \$1,539,343 for medical, dental, and optical services related expenses, including drugs, \$64,065 more than the \$1,475,278 budgeted during the 1999-2001 biennium. For the six-month period ending December 31, 2001, the State Hospital had spent \$357,855 for these expenses, which was \$26,980 less than estimated expenditures of \$384,836. Actual expenditures were less than estimated due to purchasing fewer of these supplies and drugs during the first six months than anticipated. Fewer purchases were made because the State Hospital had a large inventory available as a result of purchasing a large quantity of medical, dental, and optical supplies, primarily drugs, at the end of the 1999-2001 biennium.

Through April 2002, medical, dental, and optical expenditures have totaled \$648,370, approximately \$50,000 or 8.3 percent more than estimated for this 10-month period. Actual expenditures were more than estimated due primarily to patients at the State Hospital requiring more drug therapy than in the past and the cost of new drugs available costing more than anticipated in the budget.

DEPARTMENT OF HUMAN SERVICES

For the 2001-03 biennium, the Department of Human Services appropriation provides \$79.1 million for medical assistance drug expenditures, \$28.7 million more than the \$50.4 million provided for the 1999-2001 biennium. Actual medical assistance drug expenditures for the 1999-2001 biennium were \$65.3 million. Based on medical assistance expenditures for drugs through March 2002 of \$26 million, the Department of Human Services estimates that for the biennium, medical assistance expenditures for drugs will exceed the appropriated amount of \$79.1 million by \$5.6 million or 7 percent, of which \$2.3 million is from the general fund.

SUMMARY

Drug costs at the State Hospital are not increasing as much as drug costs in the medical assistance program. Reasons for this include:

1. The number of patients at the State Hospital is stable and not increasing as is the number of individuals eligible for medical assistance.
2. The types of drugs prescribed at the State Hospital are fairly constant while many more new types of brand-name drugs are being prescribed in the medical assistance programs. These new brand-name drugs are generally more expensive.