

JOINT FINANCE COMMITTEE HEARING FISCAL YEAR 2025 BUDGET



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DIVISION of MEDICAID AND MEDICAL ASSISTANCE
Department of Health and Social Services
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Virtual, conducted via Zoom

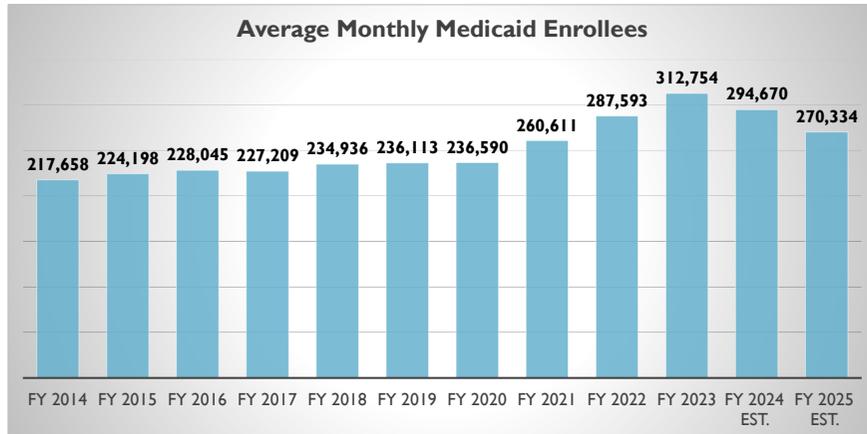
Good Afternoon to the Committee Chairs - Representative Williams and Senator Pardee – as well as to members of the Joint Finance Committee and members of the public.

My name is Andrew Wilson, I am the Division Director for the Division of Medicaid and Medical Assistance (DMMA). Also here with me is our Division Deputy, Janneen Boyce.

Thank you for the opportunity to speak with you today.

Briefly, Medicaid is an entitlement program that is dually-administered between the state and federal governments. It pays for medical care for eligible individuals with disabilities and low-income individuals. Medicaid pays for a broad range of health care services. In Delaware, nearly all people eligible for Medicaid are enrolled in a managed care plan, which is the predominant delivery system across the country.

ACCOMPLISHMENTS



The Public Health Emergency (PHE) officially ended on May 11, 2023. During the PHE, The Families First Coronavirus Response Act (FFCRA) required continuous eligibility for all Medicaid enrollees as of March 18, 2020. By the end of the PHE, Medicaid enrollment in Delaware matched the nationwide peak increase of 32%.

The federal government has tasked states with unwinding. That is, restarting eligibility redeterminations which must be completed on all current members by July 1, 2024. Additionally, children redetermined as eligible, will now be required to receive 12 months of continuous coverage, regardless of most changes in circumstances. For those members no longer eligible, Delaware has been hard at work with partners across the state to ensure transitions in health coverage for as many beneficiaries as possible as it redetermines over 300,000 members.

Also of note are a new preventative care doula benefit as well as first-in-the-nation food boxes that include diapers and wipes, which officially begin upon anticipated approval this summer from Centers for Medicare and Medicaid services (CMS). The Doula and proposed 12-week Post Partum Nutrition benefits are part of DMMA's equity efforts to address rising disparities in maternal mortality rates and overall health.

In FY 2024, \$10 million in one-time funds were appropriated for rate increases to Nursing Facilities. Delaware received approval in December 2023 for the State Directed Payment and will generate payments shortly.

We thank the General Assembly for its continued support of Home and Community-Based Services (HCBS) and will implement increases to Personal Care Services, retroactive to July 1, 2023.

FY 2025 GOVERNOR'S RECOMMENDED BUDGET

FY 2025 Governor's Recommended Budget (\$ in thousands)

	GF	ASF	NSF	Total
FTEs	91.6		107.9	199.5
Dollars (\$)	\$1,013,645.4	\$56,395.6	\$3,062,682.8	\$4,132,732.8



Budget Definitions:

GF – General Funds
 ASF – Appropriated Special Funds
 NSF – Non-Appropriated Special Funds
 FTEs – Full Time Equivalent Positions

The slide above shows the budget included in the FY 2025 Governor's Recommended Budget (GRB).

Our Division's FY 2025 GRB is:

- \$1,013,645.4 [One Billion, Thirteen Million, Six Hundred Forty-Five Thousand, Four Hundred dollars] in General Funds (GF);
- \$56,395.6 [Fifty-Six Million, Three Hundred Ninety-Five Thousand, Six Hundred dollars] in Appropriated Special Fund (ASF) spending authority; and
- \$3,062,682.8 [Three Billion, Sixty-Two Million, Six Hundred Eighty-Two Thousand, Eight Hundred dollars] in Non-Appropriated Special Funds (NSF).

FY 2025 GOVERNOR'S RECOMMENDED BUDGET

	FY 25 GF Request	FY 25 One Time	FY 25 Structural Change
Medicaid Inflation & Volume	\$84,200.0	\$10,443.7	
Nursing Facility Rate Increase			\$5,000.0
Diagnostic Breast Exam			\$ 217.5



We are grateful for the support in the GRB, most notably, \$84.2 million in inflation and volume adjustments to reflect the caseload and pricing changes in the Medicaid program and \$10.4 million in one-time supplemental funds, pending the final caseloads after PHE unwinding concludes.

The GRB also includes Structural Change funding of \$5.0 million for Nursing Facility Rate Increases and \$217,500 for Diagnostic Breast Exams.

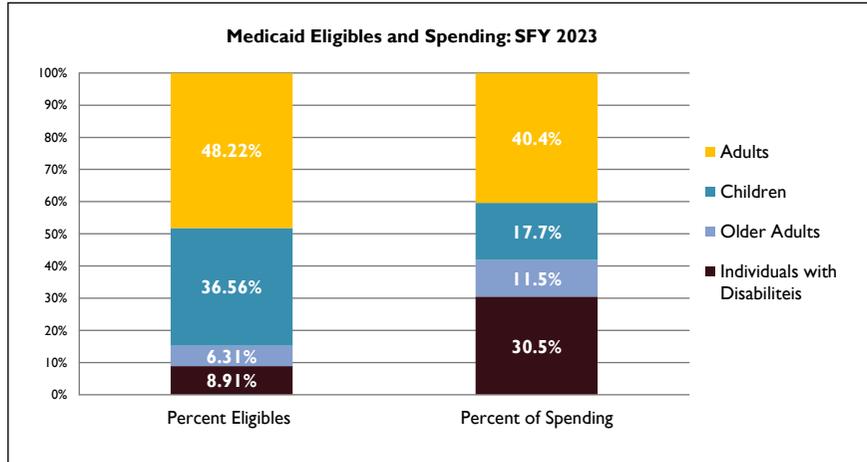
Of the increase, in the FY 2024 budget, the legislature wisely appropriated \$69.1 million in Medicaid funds as one-time, due to the unknowns of the public health emergency and unwinding.

The primary cost drivers for the change not driven by the FY 2024 one-times can be summarized as:

- \$5.6 million due to changes in the federal match rate in SFY 2025 and annualizing the loss of enhanced PHE funding;
- \$21.0 million in investments in caseload & services for institutional and HCBS, which are offset by approximately \$22.0 million due to caseload decreases; and
- Increases in Medicare Part B and Part D premiums for individuals who are dually eligible for Medicaid and Medicare.

With support of this budget, DMMA will be able to continue providing benefits to over 250,000 Delawareans and sustain the investments made in long term support services over the last several years.

LOOKING AHEAD



Looking ahead, we continue to closely monitor the demography of Delaware. This slide depicts how are funds are spent by eligibility type. As you can see, older adults and individuals with disabilities represent about 15 percent of the Medicaid eligibles but comprise 42 percent of our expended funds. Children, on the other, hand represent about 37% of the Medicaid population but only account for approximately 18% of the expenditures.

DMMA will continue to work with CMS to complete the unwinding process while also implementing new federal mandates.

DMMA is also conducting a rate study for HCBS services to inform long-term policymaking in this space, which we expect to complete over the summer.

Thank You.