

**OFFICE OF THE ACTUARY**

# **The Financial Outlook for Medicaid**

**Presentation for the American Enterprise Institute**

**November 7, 2008**

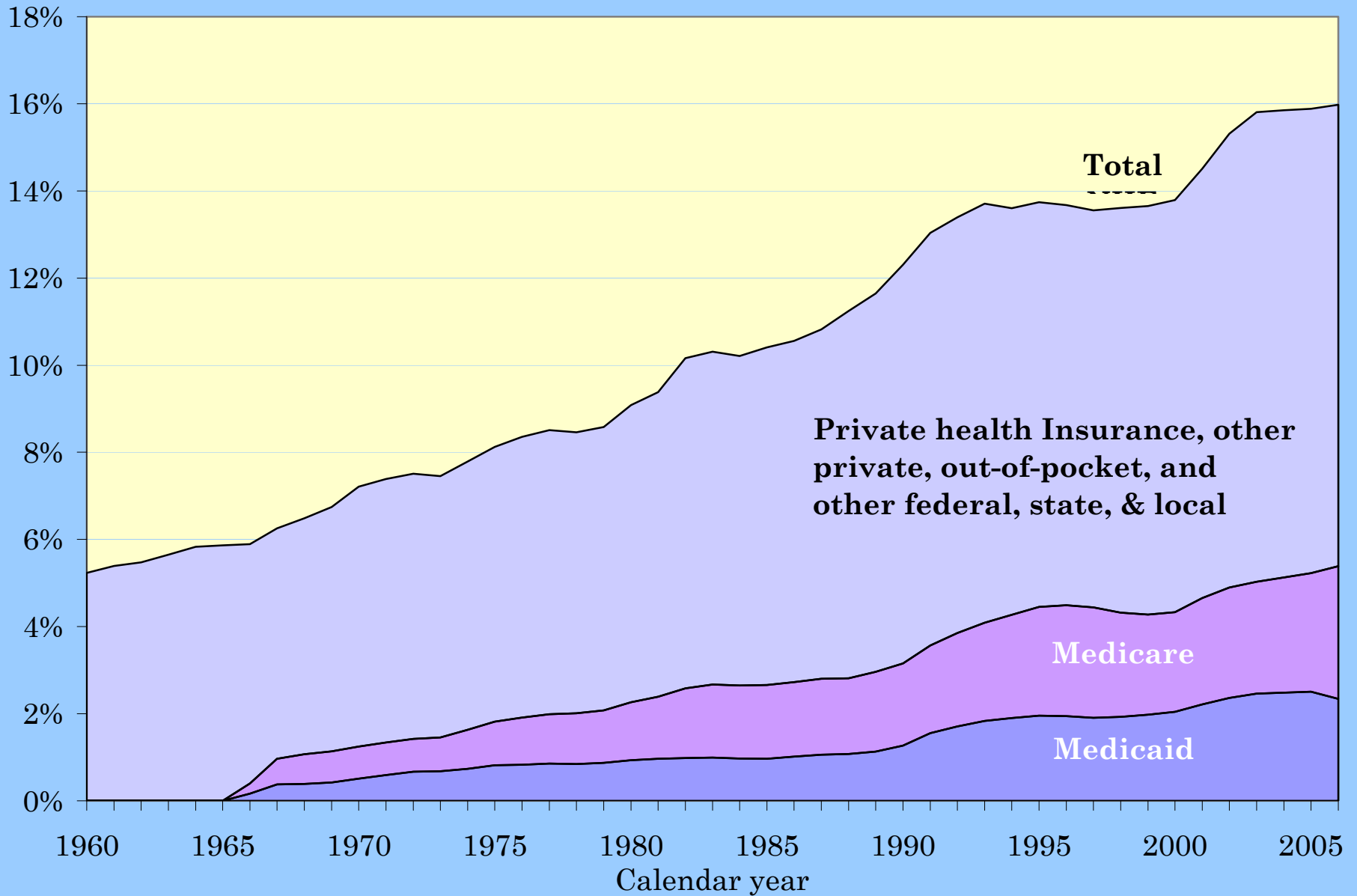


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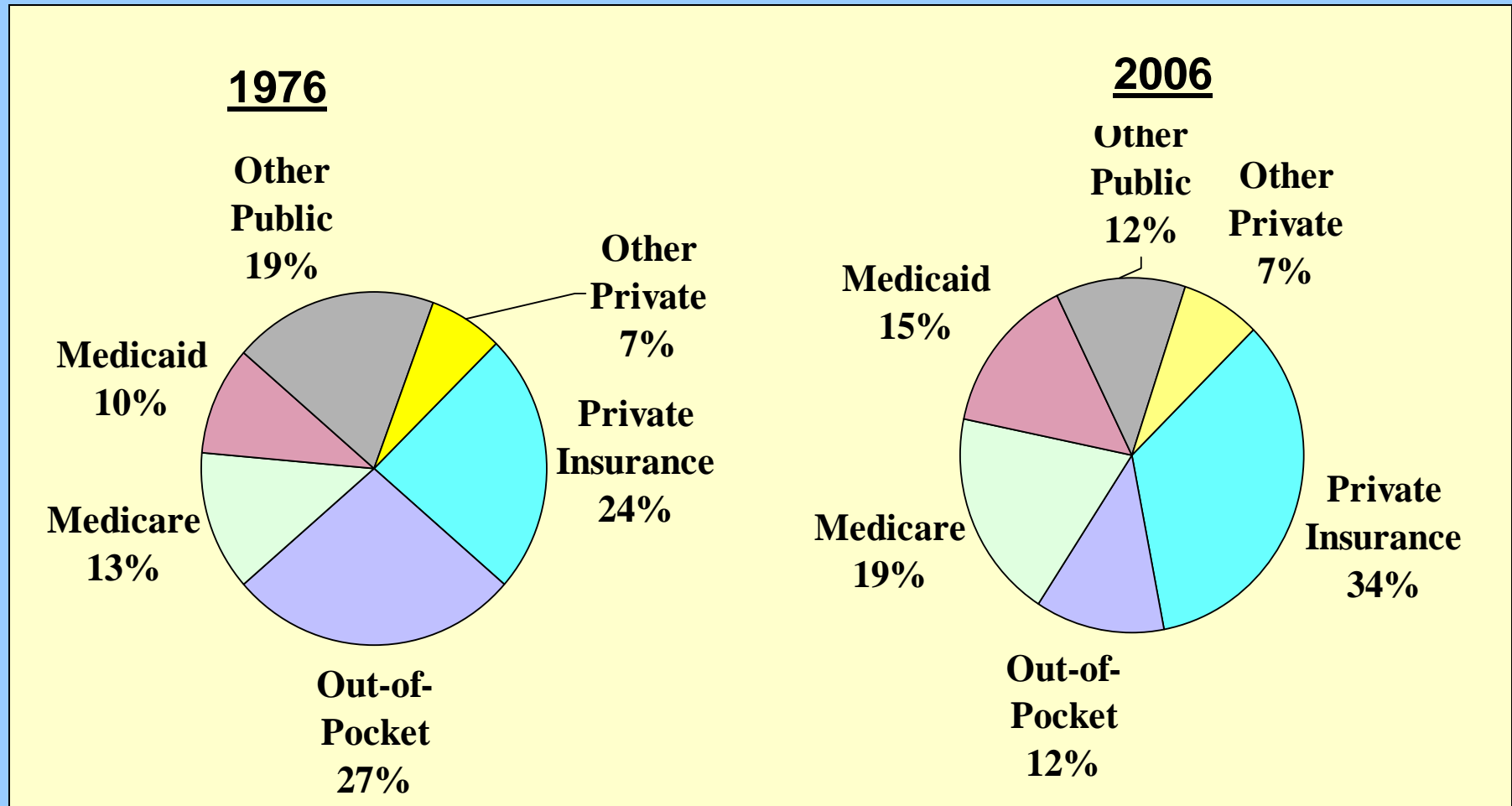


**Chart 1—Medicaid, Medicare, and total national health expenditures as a percentage of GDP**



Source: Office of the Actuary, National Health

## Chart 2—The Nation’s Health Dollar, 1976 and 2006: Where it Came From



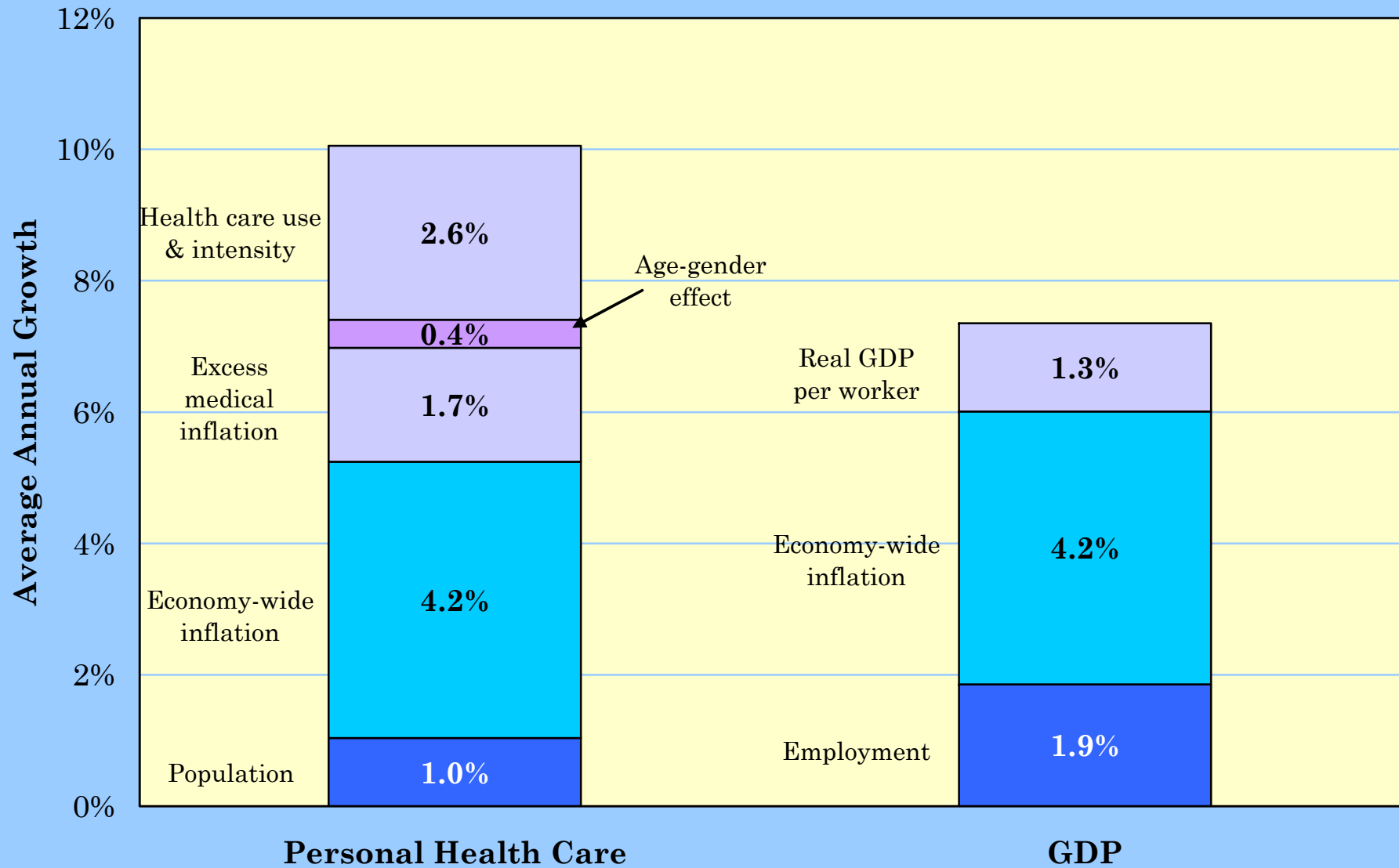
<sup>1</sup> Other Public includes programs such as workers’ compensation, public health activity, Department of Defense, Department of Veterans Affairs, Indian Health Service, State and local hospital subsidies and school health.

<sup>2</sup> Other Private includes industrial in-plant, privately funded construction, and non-patient revenues, including philanthropy.

NOTE: Numbers shown may not add to 100% because of rounding.

SOURCE: Centers for Medicare & Medicaid Services, Office of the Actuary, National Health Statistics Group.

**Chart 3—Factors Accounting for Growth  
in Personal Health Care Spending and the Economy, 1965-2006**



Source: Office of the Actuary, National Health Statistics Group.

# Chart 4—Medicaid Outlays for FY 2007 by Type of Payment

(In billions of dollars)

<u>Title XIX Outlays - 2007<sup>1</sup></u>	<u>Federal Share</u>	<u>State Share</u>	<u>Total</u>
<b>Medical Assistance Payments (MAP):</b>			
Acute Care Benefits <sup>2</sup>	\$74.3	\$54.4	\$128.7
Long-Term Care Benefits <sup>2</sup>	56.1	43.9	99.9
Capitation Payments <sup>2</sup>	38.0	28.6	66.6
DSH Payments <sup>2</sup>	9.0	6.8	15.8
Adjustments <sup>3</sup>	1.3	1.1	2.4
<b>Subtotal MAP</b>	<b>178.7</b>	<b>134.8</b>	<b>313.5</b>
Administration Payments	9.5	7.8	17.3
Vaccines For Children Program	2.7	0.0	2.7
<b>Gross Outlays</b>	<b>191.0</b>	<b>142.6</b>	<b>333.6</b>
Collections	-0.4	0.0	-0.4
<b>Net Outlays</b>	<b>190.6</b>	<b>142.6</b>	<b>333.2</b>

Source: 2008 Actuarial Report on the Financial Outlook for Medicaid.

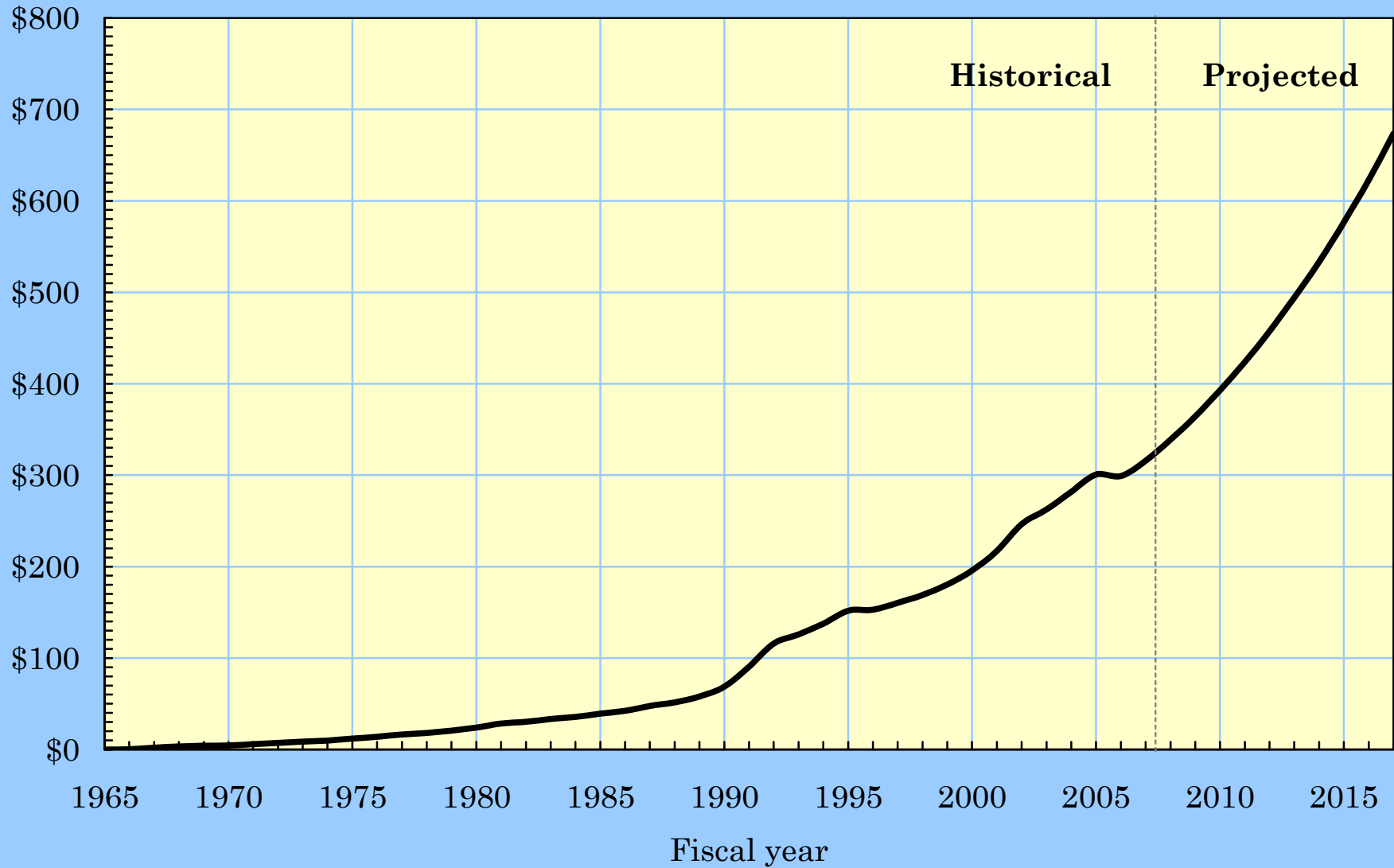
<sup>1</sup>Outlays do not include Title XIX share of State Children's Health Insurance Program.

<sup>2</sup>Benefit expenditures by category from CMS-64.

<sup>3</sup>Adjustments include collections, prior period adjustments, and difference between expenditures and outlays.

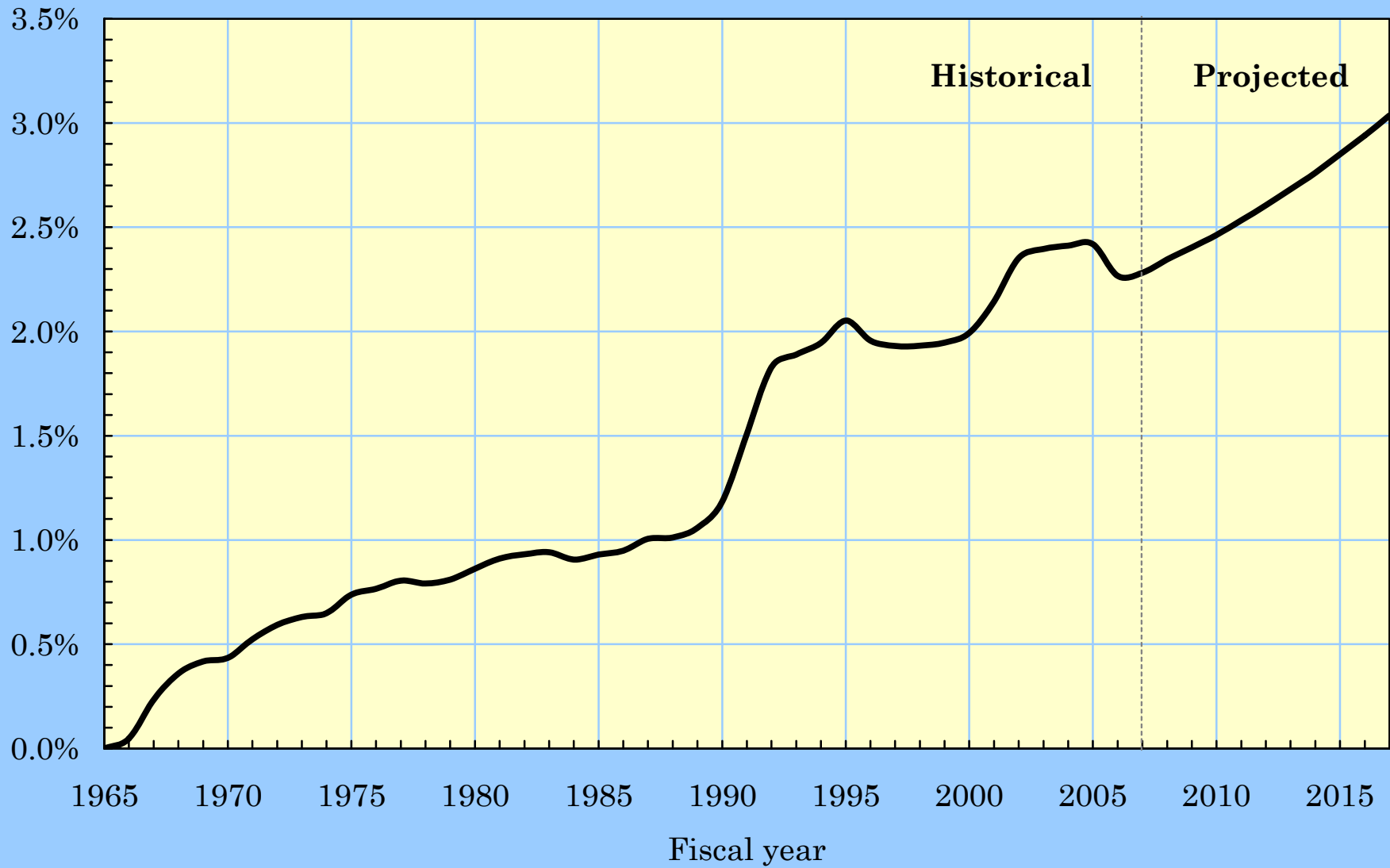
# Chart 5—Medicaid Benefit Expenditures

(In billions)



Source: 2008 Actuarial Report on the Financial Outlook for Medicaid.

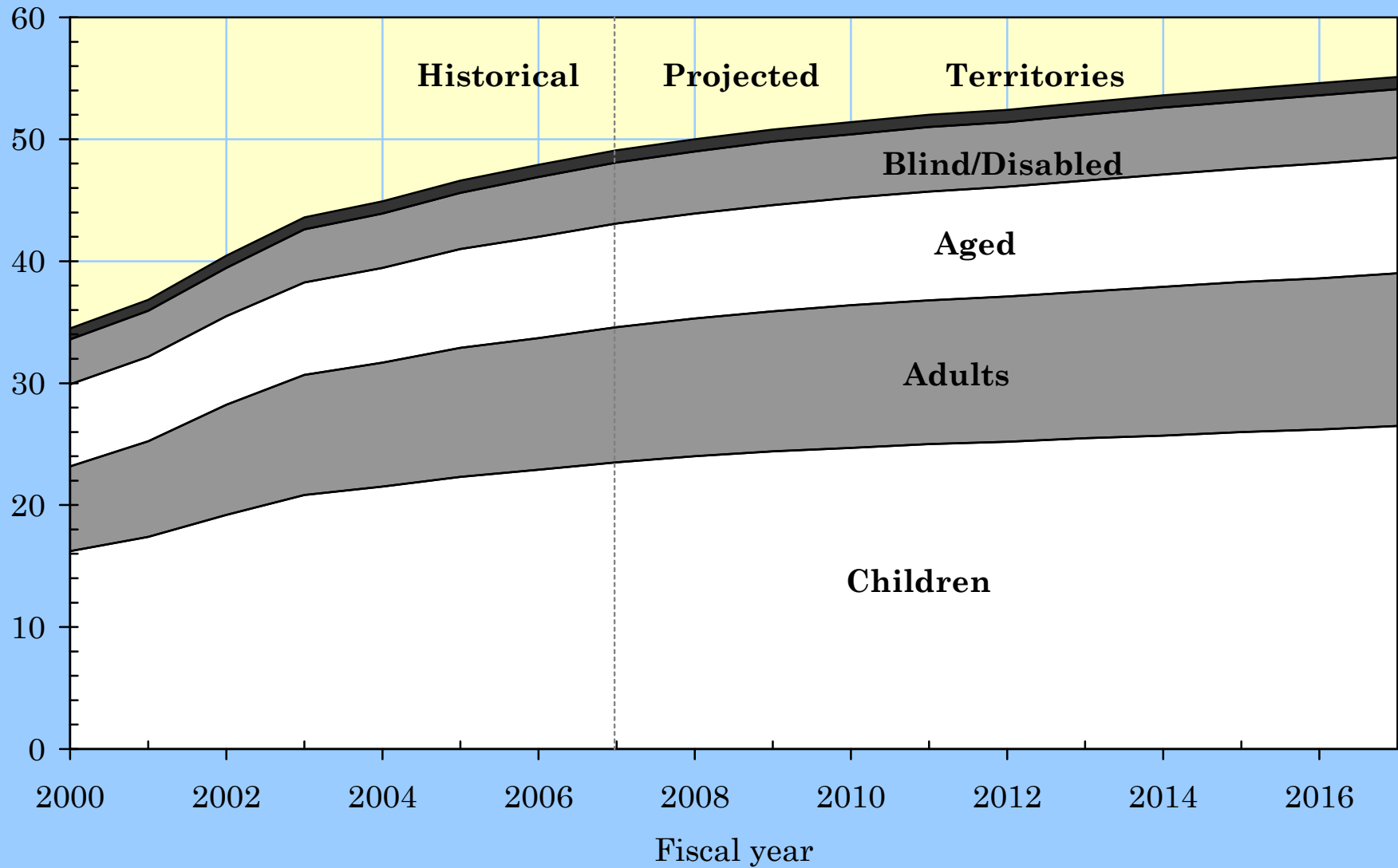
### Chart 6—Medicaid Benefit Expenditures as Share of GDP



Source: 2008 Actuarial Report on the Financial Outlook for Medicaid.

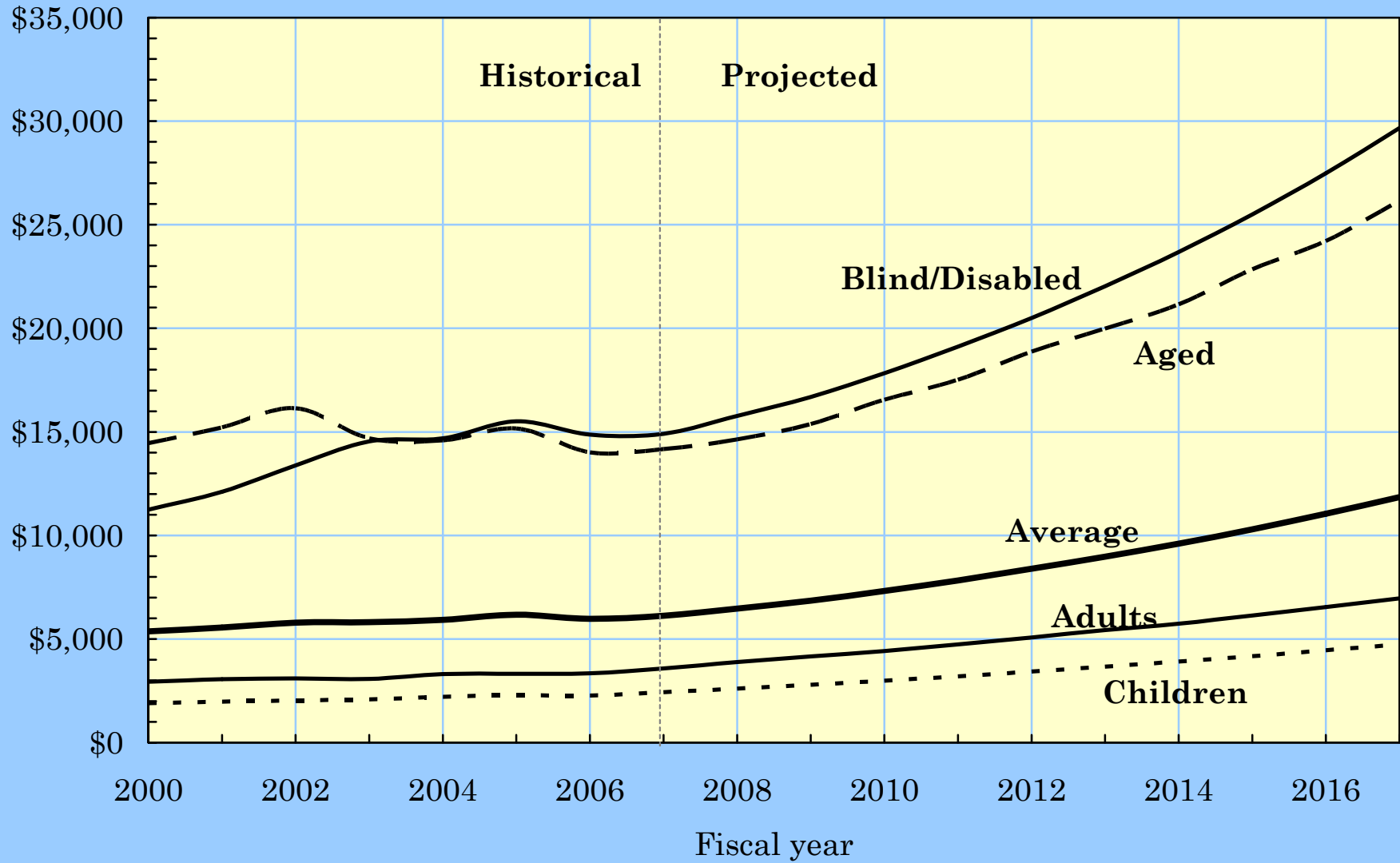
# Chart 7—Medicaid Enrollment by Eligibility Group

(in millions of person-year equivalents)



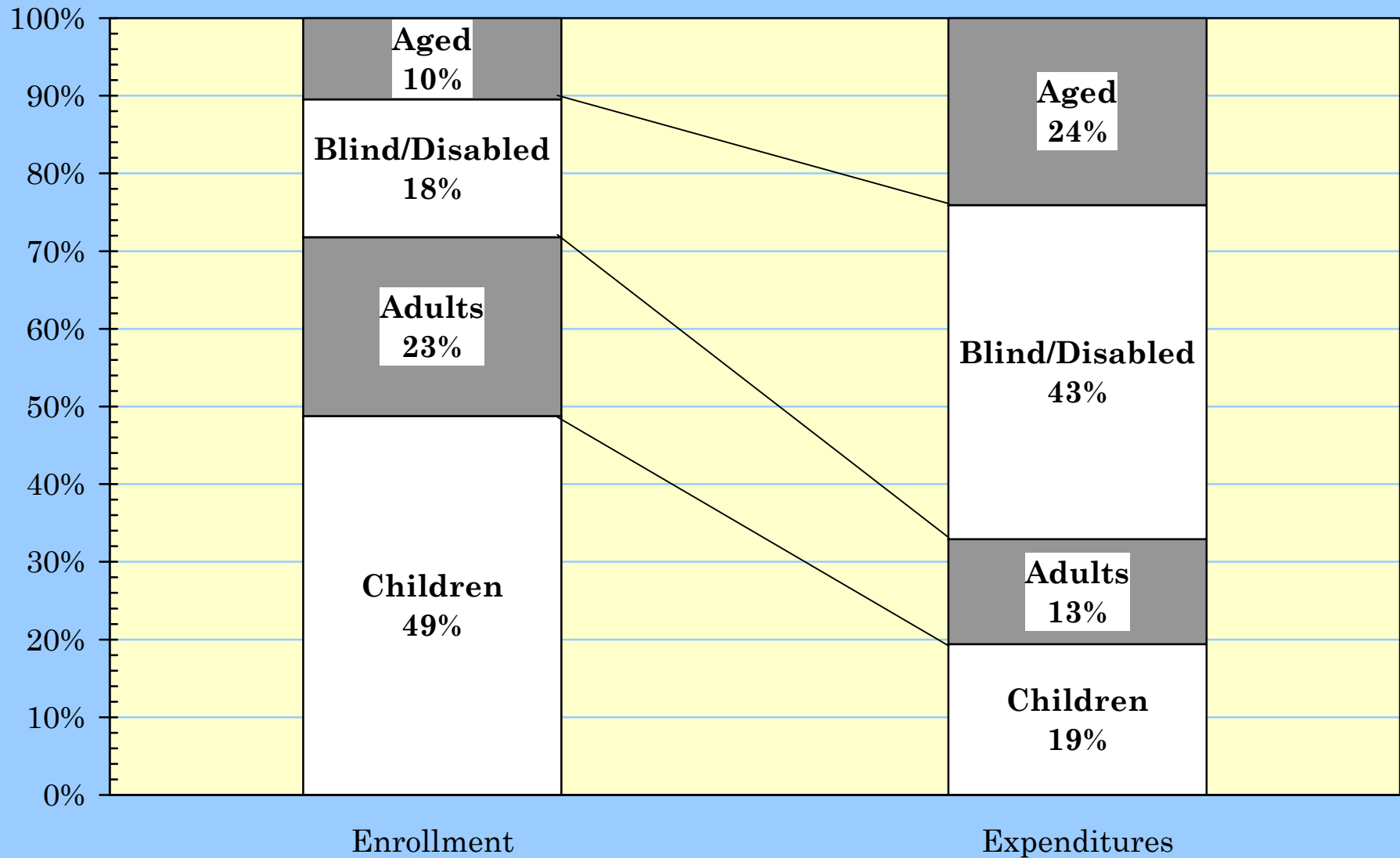
Source: 2008 Actuarial Report on the Financial Outlook for Medicaid.

### Chart 8—Medicaid Benefit Expenditures Per Enrollee by Eligibility Group



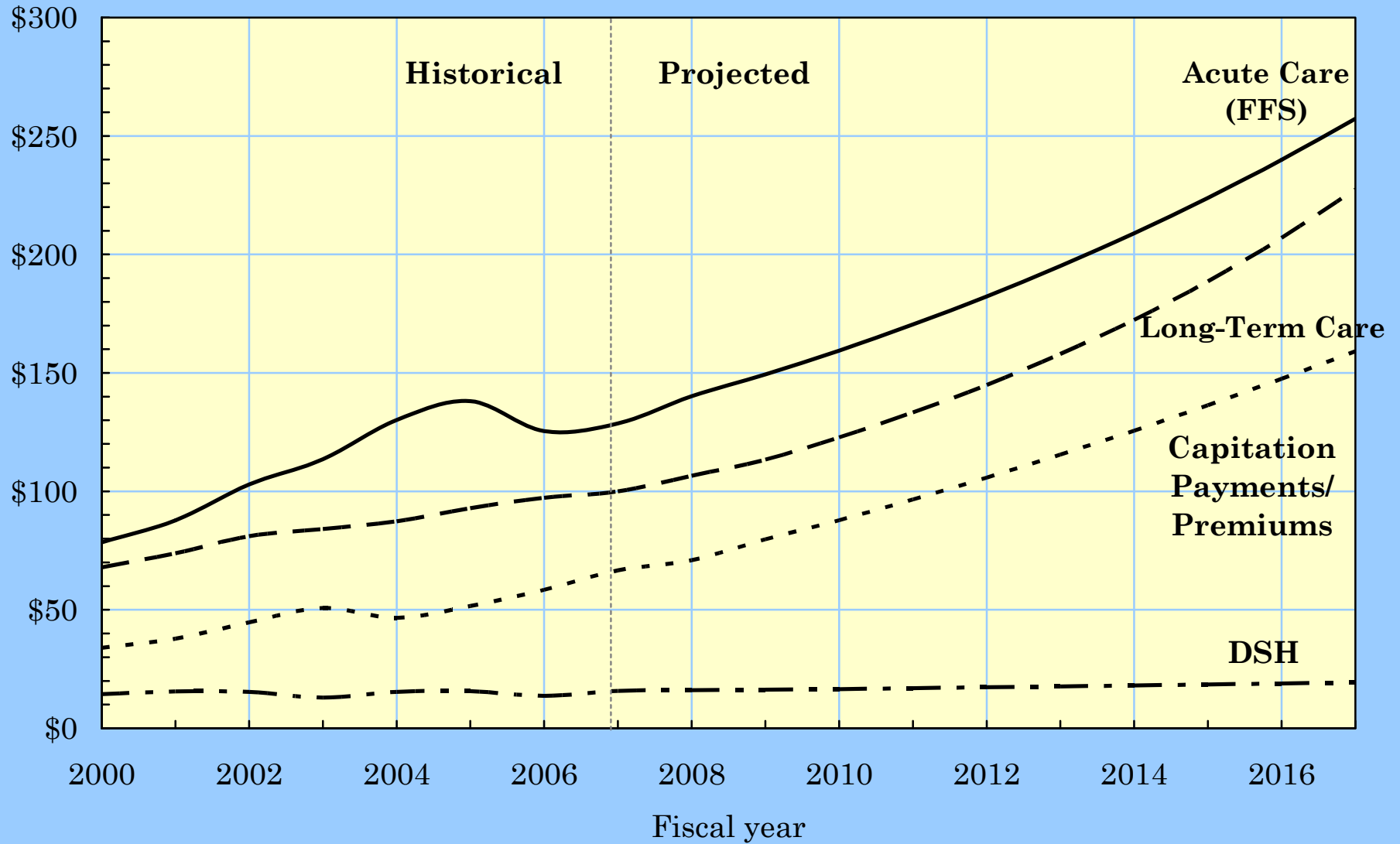
Source: 2008 Actuarial Report on the Financial Outlook for Medicaid.

**Chart 9—2007 Medicaid Enrollment and Expenditures  
by Eligibility Group as Share of Total**



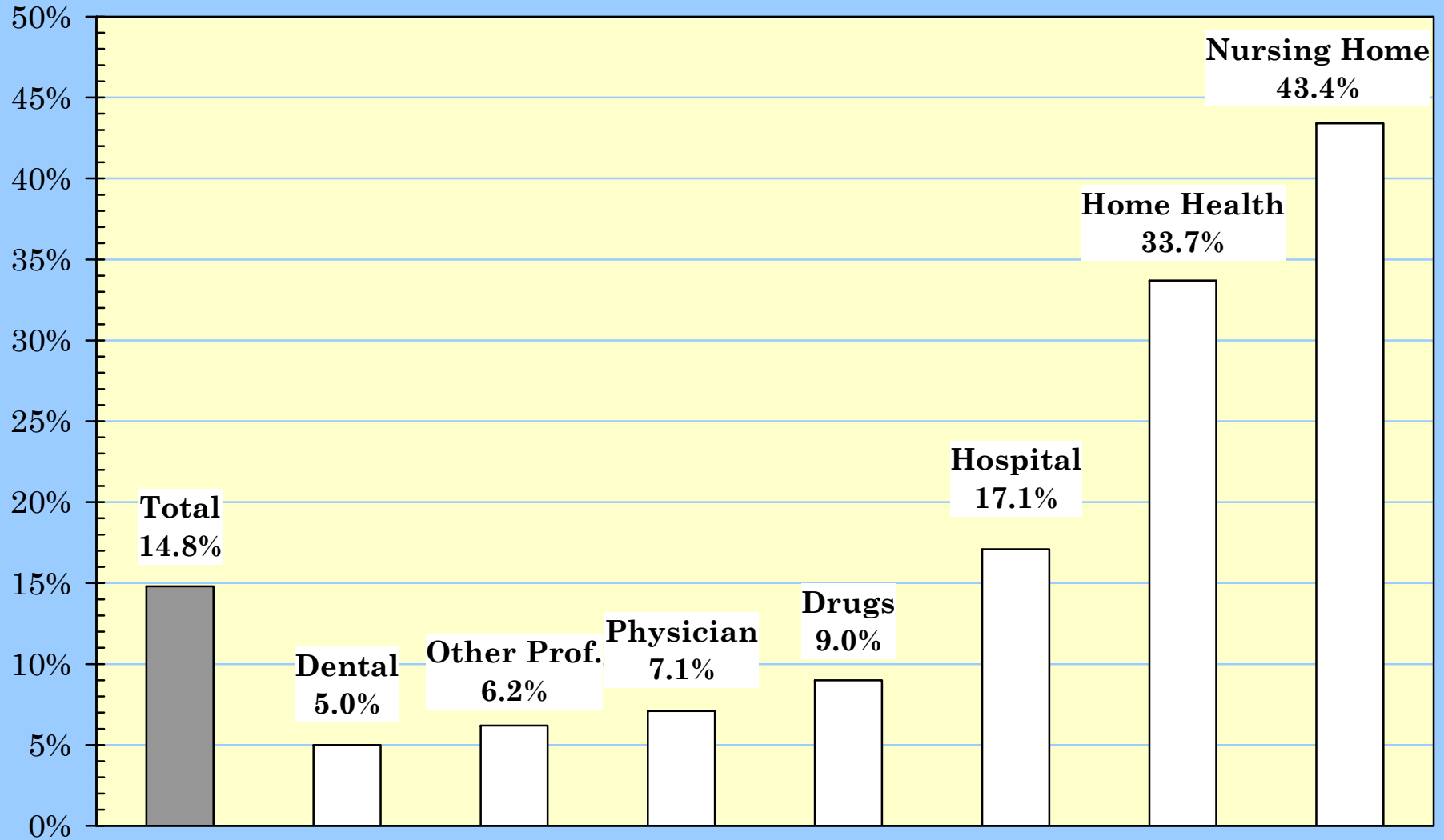
Source: 2008 Actuarial Report on the Financial Outlook for Medicaid.

**Chart 10—Medicaid Benefit Expenditures by Category**  
(in billions)



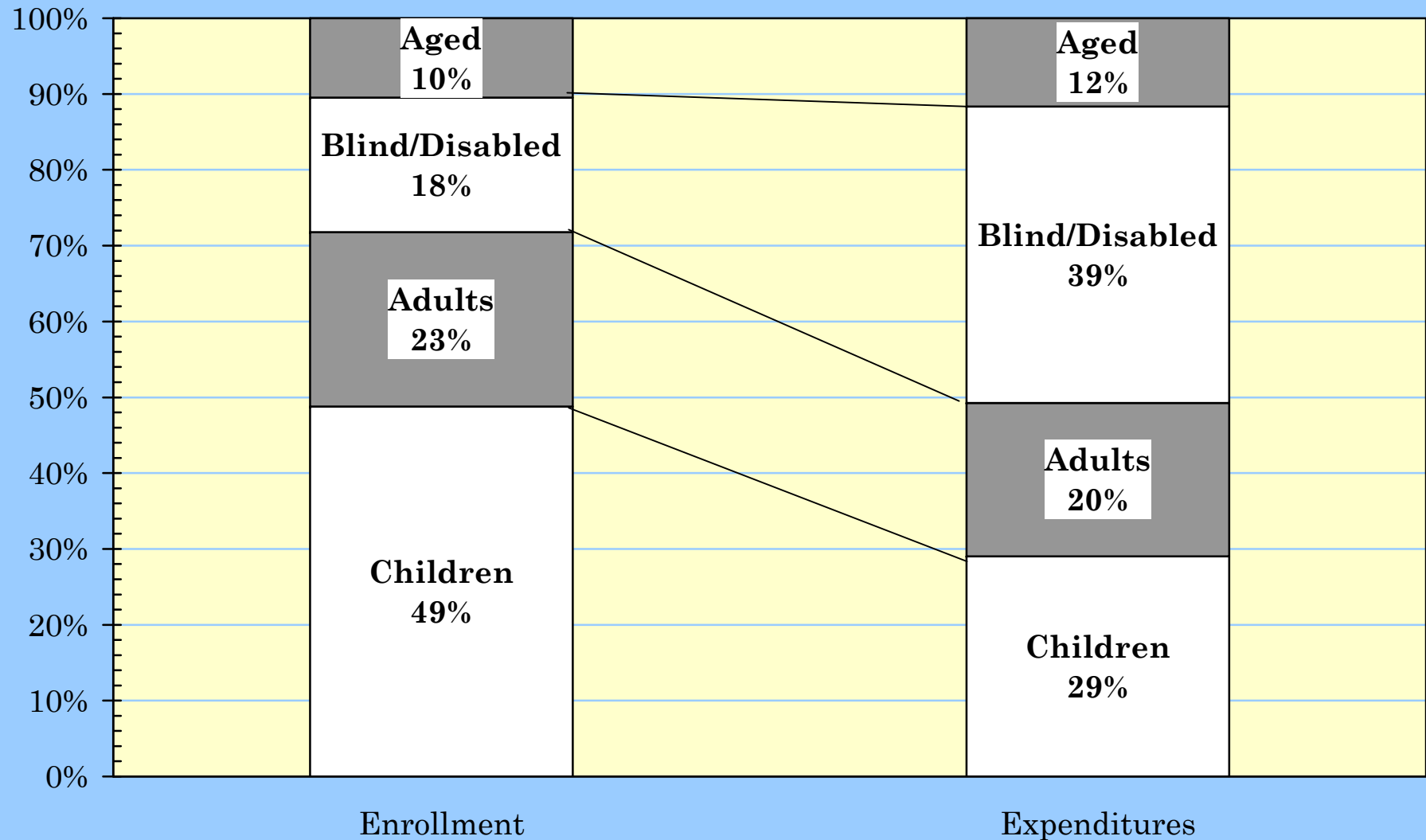
Source: 2008 Actuarial Report on the Financial Outlook for Medicaid.

**Chart 11—2006 Medicaid Expenditures as Share of U.S. Total by Service**



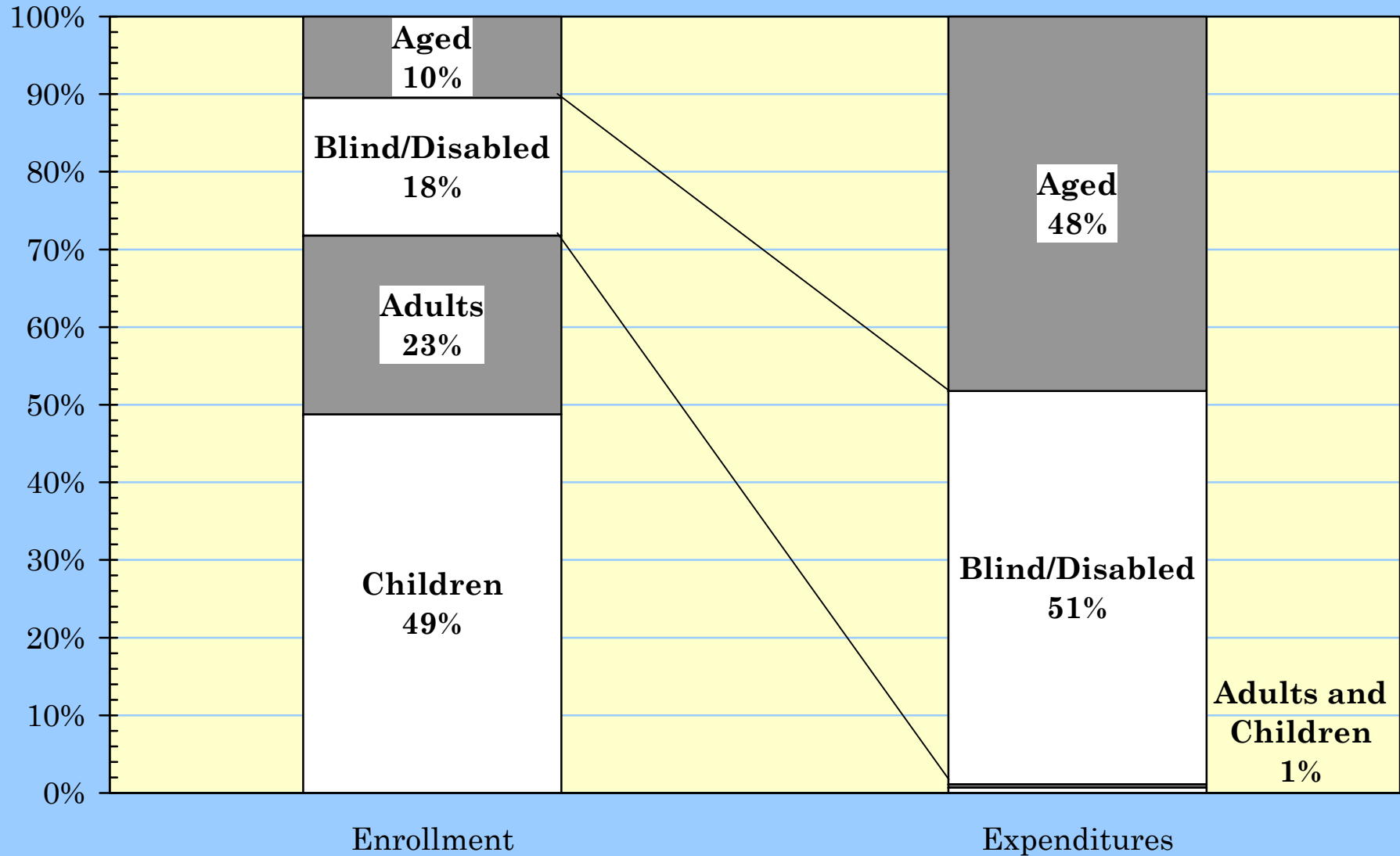
Source: National Health Expenditure Accounts, Office of the Actuary.

**Chart 12—2007 Medicaid Enrollment and Acute & Managed Care Expenditures by Eligibility Group as Share of Total**



Source: 2008 Actuarial Report on the Financial Outlook for Medicaid.

**Chart 13—2007 Medicaid Enrollment and Long-Term Care Expenditures by Eligibility Group as Share of Total**



Source: 2008 Actuarial Report on the Financial Outlook for Medicaid.