

**Long-term Forecast of
Medicaid Enrollment
and
Spending in Alaska:
*Supplement 2006–2026***

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May 2007**



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Executive Summary

Total spending on the elderly is expected to exceed spending on children and working-age adults in 2019. This is one year later than predicted in the 2005–2025 baseline forecast.

Total spending in 2026 is expected to reach \$4.8 billion. The average annual growth rate is 7.9 percent. State spending will grow slightly faster at 8.6 percent, reaching \$2.05 billion.

State spending per Medicaid enrollee will increase, growing from \$3,435 per enrollee in 2006 to \$15,161 per enrollee in 2026.

The rate of growth of the Alaska population will continue to slow throughout the forecast period. It is expected to grow at an average of 0.8 percent. The elderly age cohort (65+ years) will experience a higher average annual growth rate of 5.2 percent, which exceeds the growth rates for both children (0–19 years) and working-age adults (20–64 years).

Utilization will see the highest average annual changes in Personal Care (+9.5 percent) Home and Community Based (HCB) Waivers (+8.6 percent), and Residential Psychiatric/Behavioral Rehabilitation Services (BRS) (7.2 percent).

The 2025 Revision

Part of this report is dedicated to drawing a comparison between the 2025 predictions from the 2005–2025 baseline forecast and the 2006–2026 updated forecast. On a percentage point basis, the 2025 revision is largely unchanged from the baseline.

Total Medicaid spending for 2025 decreased 3.7 percent (\$171.8 million) over last year's baseline forecast. The updated forecast for state Medicaid spending is 8.8 percent (\$182.4 million) less than the baseline.

- Fourteen of the 20 service categories experienced a nominal dollar amount decrease in total spending in the revised 2025 forecast.
- The expected spending shift from children to the elderly is less severe than predicted in the baseline. As a percentage of total Medicaid spending, spending on the elderly population decreased from 46.2 percent to 42.0 percent. Conversely, working-age adults increased from 24.8 percent to 29.1 percent.
- Enrollment levels between the two forecasts also experienced small shifts. Enrollment for children and the elderly decreased 1.9 and 1.3 percentage points,

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respectively. Enrollment for working-age adults increased 3.5 percentage points over the baseline forecast.

- Decreases in utilization were greatest in Outpatient Hospital (-13,773 clients) and Physician/Practitioner (11,420) service categories.
- The Health Clinic service category experienced the greatest increase in utilization (+9,368).

Introduction

This is the first update to the 2006 *Long Term Forecast of Medicaid Enrollment and Spending in Alaska: 2005–2025* report. In this update, we develop long-term forecasts of Medicaid program enrollment, utilization, and spending from 2006 through 2026. The projections of total and state matching fund spending presented in this report assume that the mix of Medicaid services remains constant and that eligibility criteria do not change in the future. These assumptions were necessary to show how Medicaid spending in Alaska would grow under the program's status quo.

This report is divided into two sections: Section I and Section II. Section I is a comparison of the baseline 2025 forecast and the updated 2026 survey for the year 2025. Section II is the updated forecast for 2006–2026. This update is intended to show the effect that updated population, claims, and eligibility have on long-term spending and enrollment. There were very small changes from the 2025 baseline.

In April 2005 the Alaska Department of Health and Social Services (HSS) contracted with the Lewin Group and ECONorthwest to develop a long-term forecasting model of Medicaid enrollment and spending for the state of Alaska (called the MESA model). The MESA model is owned and operated by HSS, providing us the ability to update the Medicaid forecast as more timely data become available.

The primary benefit of this report to Medicaid administrators and Alaska's policy makers is information on the direction and approximate magnitude of changes in the Medicaid program. This report is intended to inform ADHSS executives and the Alaska State Legislature of the substantial projected growth in total spending on Alaska's Medicaid program and the projected growth in state matching fund spending on the Medicaid program.

We realize that the value of economic analysis depends on the quality of the data and assumptions employed. We have worked carefully to ensure the quality of our work and the accuracy of our data. We have undertaken considerable effort to validate the forecast and to confirm the reasonableness of the data and assumptions on which the forecast is based. Nonetheless, we acknowledge that any forecast of the future is

uncertain. The fact that we view the forecasts in this report as reasonable does not guarantee that actual enrollment in, utilization of, and spending on the Alaska Medicaid program will equal the projections in this report. Administrators and Alaska's elected representatives must recognize the inherent uncertainty that surrounds forecasts in considering the long-term Medicaid spending projections.

Summary of Methodology

Throughout the analysis, we rely upon the best available information, including historic Medicaid claim data, the state of Alaska's official population forecast, and nationally recognized information on trends in medical prices. In addition, in no instances do we impose any speculation on future Medicaid policies or procedures. Rather, we develop the long-term forecast as if the policies and practices of today will be the status quo throughout the forecast period.

The main factors responsible for growth in state spending on Medicaid services are

- Growth in Alaska's resident population and changes in demographic composition
- Changes in the Medicaid enrollment rate
- Changes in the utilization of Medicaid services by Medicaid enrollees
- Personal health services specific price inflation
- Changes in federal financial participation

Our methodology, therefore, entails detailed analysis of each of these factors in order to formulate a series of statistical models to project total and state spending on Medicaid services. We project total and state spending for demographic characteristics (age, gender, Native/non-Native status) for five regions of the state – a total of 220 subpopulations. In addition, we project enrollment in 11 eligibility classifications plus utilization and spending for 20 categories of services provided under the Alaska Medicaid program. Although results are presented at state level for all residents, analysis is conducted on a regional basis for demographic subgroups of the population.

Population forecasts for five regions of Alaska were based on historical census population estimates and statewide population forecasts developed by the Alaska Department of Labor and Workforce Development. The statistical models of Medicaid enrollment, and service utilization and spending used in the MESA model were developed using historical enrollment-level data provided by HSS. Only complete fiscal years are included in the Medicaid data file. Data for fiscal year 2006 are excluded because there is a lag between providing the service and paying the claim. Many of the claims incurred during fiscal year 2006 will not be paid until fiscal year 2007.

SECTION I: COMPARING YEAR 2025 IN THE 2025 BASELINE TO THE 2026 FORECAST UPDATE

Summary: As expected, there was little overall change between the 2005–2025 and 2006–2026 Medicaid forecasts. Estimates of enrollment, utilization, total spending, and state spending in 2025 differ little between the two forecasts.

Enrollment

Table 1: Eligibility for Title XXI kids decreases by 37 percent from the baseline

Revised 2025 Eligibility Levels				
Eligibility Group	2025 (Baseline)	2025 (Update)	Difference	Percent Change
AFDC & Related	38,256	38,501	245	0.64%
Title XXI Kids	4,589	2,890	-1,699	-37.03%
Title XIX Kids	33,397	33,337	-60	-0.18%
Pregnancy/Post Partum	14,361	13,645	-716	-4.99%
Kids in Custody	3,346	3,324	-22	-0.66%
Alien (Foreign)	14	13	-1	-10.18%
SSI/APA/LTC Cash	32,052	31,875	-177	-0.55%
LTC Non-cash	3,462	3,163	-299	-8.65%
Other Disabled	361	366	5	1.30%
Medicare	235	303	68	29.04%
Exams	1,232	1,507	275	22.31%
Total (FTE) Enrollment	131,305	128,923	-2,382	-1.81%
Unduplicated Count Enrollment	175,073	171,897	-3,176	-1.81%

- The change in Title XXI Kids is a result of a change in the starting number in 2006 which declined from 2005. This is due to the eligibility guidelines rather than a drop in population within this group. The increased standard in 2004 was frozen at 175 percent of the federal poverty guideline. ¹

¹ If eligibility guidelines change and more children qualify, the eligibility trend will be positive.

Table 2: Enrollment changes from the 2025 baseline because of changes in population projections

Revised 2025 Forecast for Enrollment by Subpopulation on an FTE Basis

Subpopulation	2025 (Baseline)	Percent of State	2025 (Update)	Percent of State	Percentage Point Difference
State	131,305	NA	127,684	NA	NA
Gender					
Male	60,439	46.0%	58,105	45.5%	-0.5%
Female	70,865	54.0%	69,465	54.4%	0.4%
Race					
Native	47,544	36.2%	43,898	34.4%	-1.8%
Non-Native	83,761	63.8%	85,134	66.7%	2.9%
Region					
Northern	17,144	13.1%	15,093	11.8%	-1.2%
Western	19,618	14.9%	20,487	16.0%	1.1%
Southcentral	16,000	12.2%	16,424	12.9%	0.7%
Anchorage/Mat-Su	70,690	53.8%	67,128	52.6%	-1.3%
Southeast	7,853	6.0%	8,608	6.7%	0.8%
Age					
0-4	24,954	19.0%	21,200	16.6%	-2.4%
5-9	21,336	16.2%	20,103	15.7%	-0.5%
10-14	18,895	14.4%	17,938	14.0%	-0.3%
15-19	11,572	8.8%	12,977	10.2%	1.4%
20-24	4,499	3.4%	5,386	4.2%	0.8%
25-34	8,883	6.8%	9,337	7.3%	0.5%
35-44	7,676	5.8%	7,946	6.2%	0.4%
45-54	3,590	2.7%	5,225	4.1%	1.4%
55-64	4,981	3.8%	5,408	4.2%	0.4%
65-74	14,711	11.2%	11,854	9.3%	-1.9%
75+	10,207	7.8%	10,714	8.4%	0.6%

Table 3: Decreases in population cause a decrease in enrollment for children and the elderly

Revised 2025 Forecast for Enrollment by Age Group on an FTE Basis

Age Cohort	2025 (Baseline)	Percent of Total	2025 (Revised)	Percent of Total	Difference in Percent
Children (0-19)	76,756	58.5%	72,217	56.6%	-1.9%
Working Age Adults (20-64)	29,630	22.6%	33,302	26.1%	3.5%
Elderly (65+)	24,919	19.0%	22,567	17.7%	-1.3%

Table 4: Decreases from baseline enrollment are greatest for ages 0-4 and 65-74

Revised 2025 Forecast for Enrollment by Subpopulation on an Unduplicated Basis

Subpopulation	2025 (Baseline)	Percent of State	2025 (Revised)	Percent of State	Change in Percent
State	175,073	NA	170,246	NA	NA
Gender					
Male	80,586	46.0%	77,474	45.5%	-0.5%
Female	94,487	54.0%	92,620	54.4%	0.4%
Race					
Native	63,392	36.2%	58,530	34.4%	-1.8%
Non-Native	111,681	63.8%	113,513	66.7%	2.9%
Region					
Northern	22,859	13.1%	20,124	11.8%	-1.2%
Western	26,157	14.9%	27,316	16.0%	1.1%
Southcentral	21,333	12.2%	21,898	12.9%	0.7%
Anchorage/Mat-Su	94,254	53.8%	89,504	52.6%	-1.3%
Southeast	10,470	6.0%	11,477	6.7%	0.8%
Age					
0-4	33,272	19.0%	28,266	16.6%	-2.4%
5-9	28,448	16.2%	26,803	15.7%	-0.5%
10-14	25,193	14.4%	23,917	14.0%	-0.3%
15-19	15,429	8.8%	17,303	10.2%	1.4%
20-24	5,999	3.4%	7,181	4.2%	0.8%
25-34	11,845	6.8%	12,450	7.3%	0.5%
35-44	10,235	5.8%	10,594	6.2%	0.4%
45-54	4,786	2.7%	6,967	4.1%	1.4%
55-64	6,642	3.8%	7,211	4.2%	0.4%
65-74	19,615	11.2%	15,805	9.3%	-1.9%
75+	13,610	7.8%	14,285	8.4%	0.6%

Table 5: Working-age adults comprise a higher proportion of enrollees than expected

Revised 2025 Forecast for Enrollment by Age Group on an Unduplicated Basis

Age Cohort	2025 (Baseline)	Percent of Total	2025 (Update)	Percent of Total	Difference in Percent
Children (0-19)	102,341	58.5%	96,289	56.6%	-1.90%
Working Age Adults (20-64)	39,507	22.6%	44,403	26.1%	3.52%
Elderly (65+)	33,225	19.0%	30,089	17.7%	-1.30%

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- Based on the revised (2006–2026) forecast, statewide enrollment in Medicaid will be 170,246 on an unduplicated basis and 127,684 on an FTP basis. These levels are 2.8 percent lower than the baseline (2005–2025) forecast.
- The percentage of male and female enrollees was slightly different from the previous forecast with changes of -0.5 percentage points and 0.4 percentage points, respectively.
- Roughly 43,000 Native enrollees are now projected for 2025, a decrease from the original 47,554.
- The Native proportion of total enrollment in 2025 is 36.2 percent, almost 2.0 percentage point lower than what had been projected in the baseline forecast.
- Working-age adults are now expected to comprise 26.1 percent of total enrolled up from last year's 22.6 percent.
- The rate of growth in enrollment of children is projected to be slower than what was projected in the 2005–2025 forecast

Utilization

Table 6: Utilization of services related to the elderly is less than projected in the 2025 baseline

Revised 2025 Forecast of Utilization by Service Category				
Service	2025(Baseline)	2025 (Update)	Difference	Percent Change
Dental	79,209	81,409	2,201	2.8%
Durable Medical Equipment	25,150	23,342	-1,808	-7.2%
Early & Periodic Screening, Diagnosis & Treatment	2,615	509	-2,106	-80.5%
Family Planning	537	105	-432	-80.4%
HCB Waiver	25,263	23,217	-2,045	-8.1%
Health Clinic	81,477	90,845	9,368	11.5%
Home Health/Hospice	1,119	1,476	356	31.8%
Inpatient Hospital	17,324	14,798	-2,527	-14.6%
Inpatient Psychiatric Hospital	733	587	-146	-20.0%
Laboratory/X-ray	13,883	14,454	571	4.1%
Nursing Home	2,607	1,456	-1,151	-44.1%
Outpatient Hospital	102,324	88,551	-13,773	-13.5%
Outpatient Mental Health	17,169	13,411	-3,758	-21.9%
Personal Care	35,311	28,862	-6,450	-18.3%
Pharmacy	112,626	108,131	-4,495	-4.0%
Physician/Practitioner	118,652	107,232	-11,420	-9.6%
Residential Psychiatric/Behavioral Rehabilitation Services	5,319	4,157	-1,162	-21.8%
Therapy/Rehabilitation	41,529	36,910	-4,619	-11.1%
Transportation	48,752	42,279	-6,473	-13.3%
Vision	75,190	78,030	2,840	3.8%
Unduplicated Count of Medicaid Recipients	150,563	146,411	-4,152	-2.8%
Unduplicated Count of Medicaid Enrollees	175,073	170,245	-4,828	-2.8%

- Estimates of utilization between 2006 and 2026 are similar to the levels projected in the 2005–2025 forecast. The five fastest-growing service categories are the same when compared to the original forecast.
- Fifteen of the 20 service categories experienced decreases to their respective 2025 utilization totals in the 2006–2026 forecast compared to the 2005–2025 forecast.

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- Five service categories saw their respective 2025 utilization figures increase between the two forecasts. Home Health/Hospice had the highest percentage increase at 31.9 percent; however, this jump only resulted in a change in 2025 utilization from 1,119 to 1,476. The Health Clinic service category was the only additional category to see its 2025 utilization forecast increase by a double-digit percentage, rising 11.5 percent.

Total Spending

Table 7: Total percentage of spending by service category sees little change between the baseline and the update

Revised 2025 Forecast of Total Spending (in millions) by Service

Service	2025 (Baseline)	Percent of Total	2025 (Update)	Difference	Percent of Total	Percentage Point Difference
Dental	\$62.9	1.35%	\$62.9	\$0.0	1.40%	0.05%
Durable Medical Equipment/Supplies	\$48.9	1.05%	\$47.5	-\$1.4	1.05%	0.01%
Early & Periodic Screening, Diagnosis & Treatment	\$0.3	0.01%	\$0.3	\$0.0	0.01%	0.00%
Family Planning	\$0.3	0.01%	\$0.3	\$0.0	0.01%	0.00%
Health Clinic	\$129.8	2.78%	\$127.0	-\$2.9	2.82%	0.04%
Home and Community Based Waivers	\$1,053.7	22.54%	\$995.5	-\$58.2	22.11%	-0.43%
Home Health/Hospice	\$2.7	0.06%	\$2.7	\$0.0	0.06%	0.00%
Inpatient Hospital	\$243.6	5.21%	\$248.9	\$5.3	5.53%	0.32%
Inpatient Psychiatric Hospital	\$22.3	0.48%	\$22.8	\$0.5	0.51%	0.03%
Laboratory/X-ray	\$3.1	0.07%	\$3.2	\$0.1	0.07%	0.00%
Nursing Home	\$212.2	4.54%	\$205.0	-\$7.2	4.55%	0.01%
Outpatient Hospital	\$210.5	4.50%	\$211.1	\$0.7	4.69%	0.19%
Outpatient Mental Health	\$120.5	2.58%	\$121.5	\$0.9	2.70%	0.12%
Personal Care	\$1,274.1	27.25%	\$1,195.1	-\$79.0	26.54%	-0.71%
Pharmacy	\$344.7	7.37%	\$344.5	-\$0.2	7.65%	0.28%
Physician/Practitioner	\$155.6	3.33%	\$157.6	\$2.0	3.50%	0.17%
Residential Psychiatric/Behavioral Rehabilitation Services	\$456.1	9.75%	\$433.4	-\$22.6	9.63%	-0.13%
Therapy/Rehabilitation	\$173.1	3.70%	\$165.7	-\$7.4	3.68%	-0.02%
Transportation	\$155.5	3.33%	\$153.2	-\$2.3	3.40%	0.08%
Vision	\$5.2	0.11%	\$5.1	-\$0.1	0.11%	0.00%
Total Spending	\$4,675.1	100.00%	\$4,503.3	-\$171.8	100.00%	NA

- Although all categories experienced changes to nominal dollars spent, as a percentage of total spending each service category was largely unchanged.

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- Personal Care experienced the largest forecasted decrease of roughly \$79 million. On a percentage basis, this decrease constituted a decrease of 0.71 percentage points.
- The Inpatient Hospital category had the greatest increase in spending by dollar amount with an increase of \$5.2 million, but as a percentage of total spending the change was an increase of 0.32 percentage points.
- The service categories Residential Psychiatric/Behavioral Rehabilitation Services, Home and Community Based Waivers, Personal Care, and Therapy/Rehabilitation experienced a very slight decrease to their percentage of total spending.
- The highest change in dollar amount is the Inpatient Hospital service category which grew from \$243.6 million to \$248.9 million.

Table 8: Percentage of total spending on working-age adults is slightly higher than predicted in the baseline

Revised of 2025 Forecast of Total Medicaid Spending (in Millions) by Subpopulation							
Sub-Population	2025 (Baseline)	Percent of Total	2025 (Update)	Percent of Total	Difference	Difference in Percent	Percent Change
Total State	\$4,675.10	NA	\$4,503.30	NA	-\$171.80	NA	-3.70%
Gender							
Male	\$1,978.00	42.30%	\$1,893.70	42.10%	-\$84.30	-0.26%	NA
Female	\$2,697.10	57.70%	\$2,609.60	57.90%	-\$87.60	0.26%	NA
Native Status							
Native	\$1,254.60	26.80%	\$1,209.90	26.90%	-\$44.60	0.03%	NA
Non-Native	\$3,420.50	73.20%	\$3,293.30	73.10%	-\$127.20	-0.03%	NA
Region							
Northern	\$613.60	13.10%	\$497.00	11.00%	-\$116.60	-2.09%	NA
Western	\$439.70	9.40%	\$424.20	9.40%	-\$15.40	0.02%	NA
Southcentral	\$759.00	16.20%	\$714.70	15.90%	-\$44.30	-0.36%	NA
Anchorage/Mat-Su	\$2,559.70	54.80%	\$2,500.70	55.50%	-\$59.00	0.78%	NA
Southeast	\$303.20	6.50%	\$366.70	8.10%	\$63.50	1.66%	NA
Age							
0-4	\$397.50	8.50%	\$375.00	8.30%	-\$22.50	-0.17%	NA
5-9	\$337.70	7.20%	\$336.60	7.50%	-\$1.20	0.25%	NA
10-14	\$361.20	7.70%	\$328.50	7.30%	-\$32.70	-0.43%	NA
15-19	\$260.50	5.60%	\$259.90	5.80%	-\$0.60	0.20%	NA
20-24	\$104.90	2.20%	\$128.50	2.90%	\$23.60	0.61%	NA
25-34	\$214.70	4.60%	\$239.70	5.30%	\$24.90	0.73%	NA
35-44	\$245.50	5.30%	\$276.10	6.10%	\$30.60	0.88%	NA
45-54	\$200.00	4.30%	\$246.50	5.50%	\$46.50	1.20%	NA
55-64	\$393.50	8.40%	\$421.90	9.40%	\$28.30	0.95%	NA
65-74	\$1,016.50	21.70%	\$912.40	20.30%	-\$104.10	-1.48%	NA
75+	\$1,142.90	24.40%	\$978.20	21.70%	-\$164.80	-2.73%	NA

Table 9: The severity of the shift from child-based to elderly is reduced

Revised 2025 Forecast of Total Spending (in Millions) by Age Group by Percent					
Total Spending	2025 (Baseline)	Percent of Total	2025 (Revised)	Percent of Total	Change in Percent
Children (0-19)	\$1,356.98	29.00%	\$1,300	28.90%	-0.20%
Working-Age Adults (20-64)	\$1,158.69	24.80%	\$1,313	29.10%	4.40%
Elderly (65+)	\$2,159.43	46.20%	\$1,891	42.00%	-4.20%
Total Spending	\$4,675.10	NA	\$4,503	NA	NA

- The revised projection of total spending in 2025 is approximately \$4.5 billion – a \$172 million (3.7 percent) decrease from the baseline forecast.
- The proportion of spending on males and females in 2025 is projected to be relatively the same between the two forecasts. Projected spending on males is now 0.3 percentage points less and 0.3 more for females.
- The Native/non-Native split in 2025 is relatively unchanged since the 2005–2025 forecast.
- The severity of the shift of total Medicaid spending from child-based to the elderly is somewhat reduced.
- Originally, 46.2 percent of total spending was to be allotted toward the elderly in 2025. However, this percentage has dropped somewhat since the baseline forecast. Now, 42.0 percent of total spending will be directed toward the elderly in 2025. This figure still far exceeds the proportions spent on children and working-age adults: 28.9 percent and 29.1 percent, respectively.
- Two regions saw shifts in the amount of total 2025 Medicaid spending between the two forecasts. Spending in Southeast will be 1.7 points higher than originally anticipated in the 2005–2025 forecast, jumping from \$303.2 million to \$366.7 million. In contrast, total spending in the Northern region will be 2.1 points less than projected previously, falling from \$613.6 million to \$497.0 million.
- The proportion of 2025 spending devoted to each region has shifted slightly; 11.0 percent of overall state spending in 2025 will be dedicated to the Northern region, compared to 13.1 percent during the 2005–2025 forecast. On the contrary, the percentage spent in Southeast, per the 2006–2026 forecast, will be 8.1 percent in 2025, as opposed to 6.5 percent as originally foreseen in the 2005–2025 forecast.

State Spending

Table 10: State spending decreases 8.8 percent between forecasts

Revised 2025 Forecast State Spending by Service

Service	2025 (Baseline)	Percent of State Spending	2025 (Update)	Percent of State Spending	Change in Percent
Dental	\$22.4	1.08%	\$21.3	1.13%	0.05%
Durable Medical Equipment/Supplies	\$24.2	1.17%	\$22.3	1.18%	0.01%
EPSDT	\$0.1	0.00%	\$0.1	0.00%	0.00%
Family Planning	\$0.3	0.01%	\$0.3	0.02%	0.00%
Home & Community Based Waiver	\$520.4	25.13%	\$467.3	24.74%	-0.39%
Health Clinic	\$10.3	0.50%	\$9.6	0.51%	0.01%
Home Health/Hospice	\$1.3	0.06%	\$1.3	0.07%	0.00%
Inpatient Hospital	\$59.7	2.88%	\$58.0	3.07%	0.19%
Inpatient Psychiatric Hospital	\$10.6	0.51%	\$10.3	0.55%	0.03%
Laboratory/X-ray	\$1.5	0.07%	\$1.5	0.08%	0.00%
Nursing Home	\$100.7	4.86%	\$92.5	4.90%	0.03%
Outpatient Hospital	\$57.1	2.76%	\$54.5	2.88%	0.13%
Outpatient Mental Health	\$54.6	2.63%	\$52.3	2.77%	0.13%
Personal Care	\$629.1	30.38%	\$560.9	29.70%	-0.68%
Pharmacy	\$149.8	7.23%	\$142.3	7.54%	0.30%
Physician/Practitioner	\$68.0	3.28%	\$65.5	3.47%	0.18%
Residential Psychiatric/Behavioral Rehabilitation Services	\$221.5	10.69%	\$200.1	10.60%	-0.10%
Therapy/Rehabilitation	\$85.9	4.15%	\$78.6	4.16%	0.02%
Transportation	\$50.9	2.46%	\$47.7	2.52%	0.07%
Vision	\$2.4	0.12%	\$2.2	0.12%	0.00%
Total State Spending	\$2,070.8	100%	\$1,888.4	100%	NA

- Overall state spending in 2025 is expected to be 8.8 percent lower than was predicted in the 2005–2025 forecast. State spending, per the 2006–2026 forecast, will be \$1.89 billion, compared to the \$2.07 billion previously expected.
- All 20 service categories are expected to experience lower levels of state spending in 2025 compared to the baseline forecast. The revised projection of spending by the state on Personal Care in 2025 is \$68.2 million less than the baseline projection, falling to \$560.9 million; HCB Waiver is \$53.1 million less at \$467.3 million; and

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Residential Psychiatric/BRS comes in at \$200.1 million, a decrease of \$21.3 million from the figure quoted in the 2005–2025 forecast.

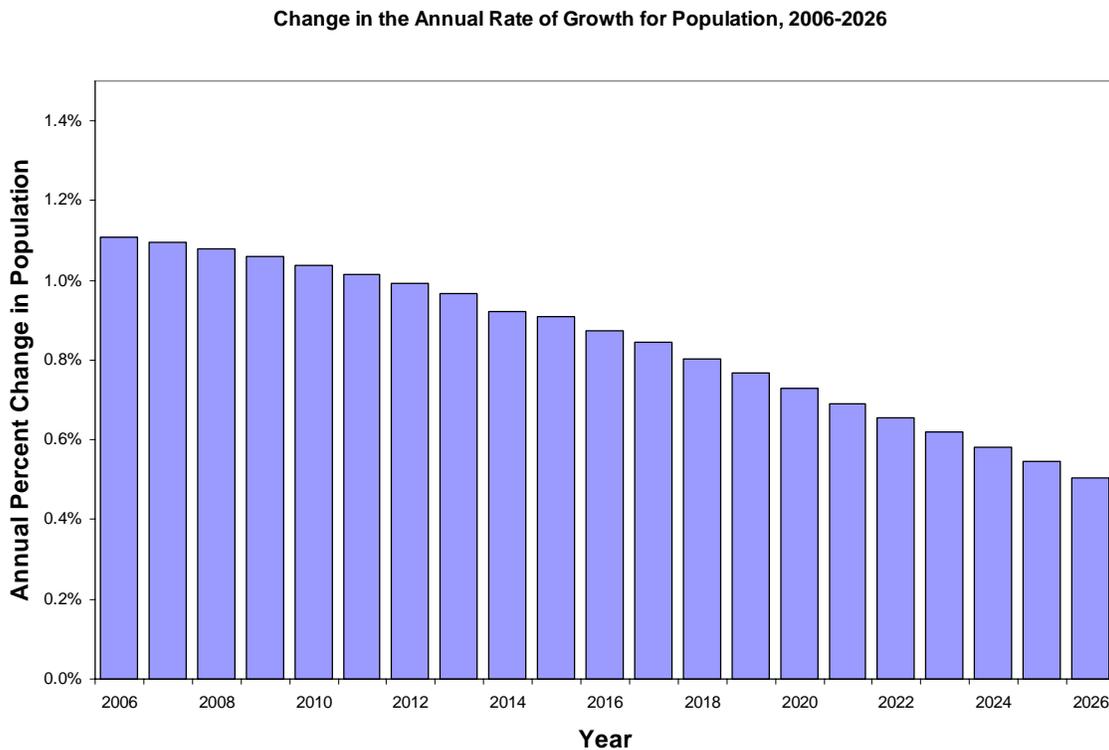
- Percentage-wise, these same three service categories also possess the three highest decreases at well, coming in at 10.8 percent, 10.2 percent, and 9.6 percent.
- State spending in 2025, as calculated in the 2006–2026 forecast, for the remaining 17 service categories is also lower than the original forecast; however, all of the percentage decreases are less than the 8.8 percent decrease in overall state spending forecasted in 2025.

SECTION II: 2006–2026 MEDICAID FORECAST

Population

Summary: Elderly Alaskans will have a dramatic impact on the Medicaid system through 2026. Currently, Medicaid is foremost a children-driven program; however, with the expected aging of the population over the next 20 years, the focus of the state’s Medicaid program will undergo a shift to focus primarily on serving the needs of the elderly.

Figure 1: The annual rate of growth will slow through forecast period



- Rates of overall population growth in Alaska will decline over the 20-year span of the forecast period. The annual percentage growth will fall from 1.1 percent in 2006 to 0.5 percent in 2026. Overall, the average annual growth rate over the 20-year period is 0.8 percent. ²

² All percentage change calculations in this document are computed based upon continuous, as opposed to annual, compounding.

Figure 2: The Alaska population will be nearly 800,000 in 2026

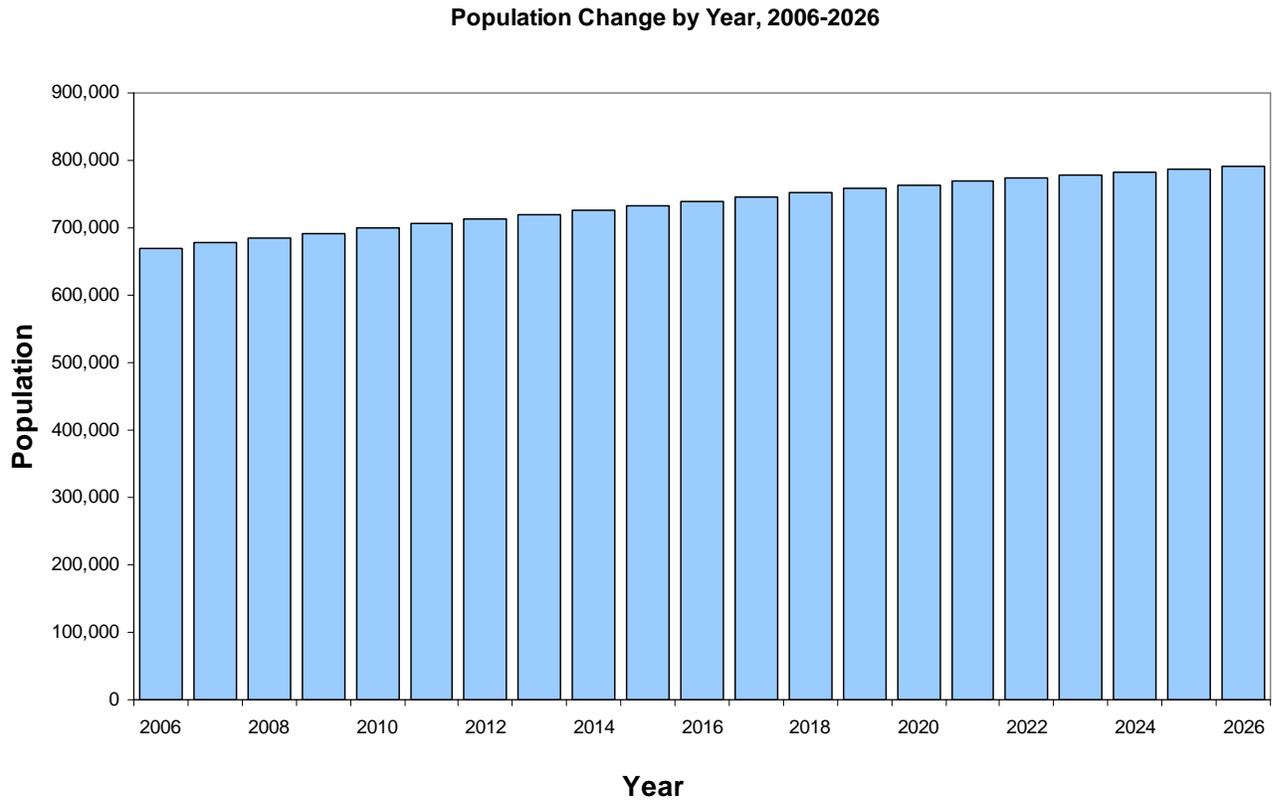
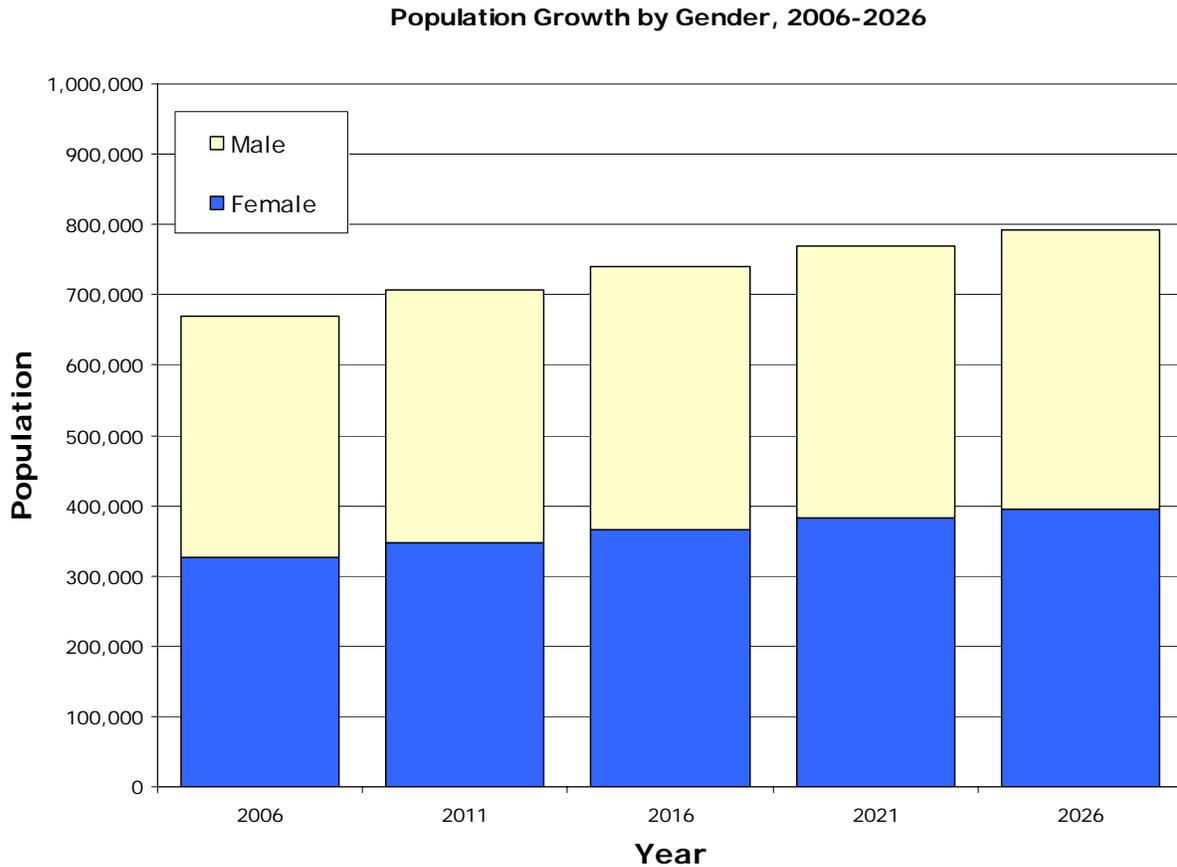


Table 11: The elderly age group grows faster than the total population

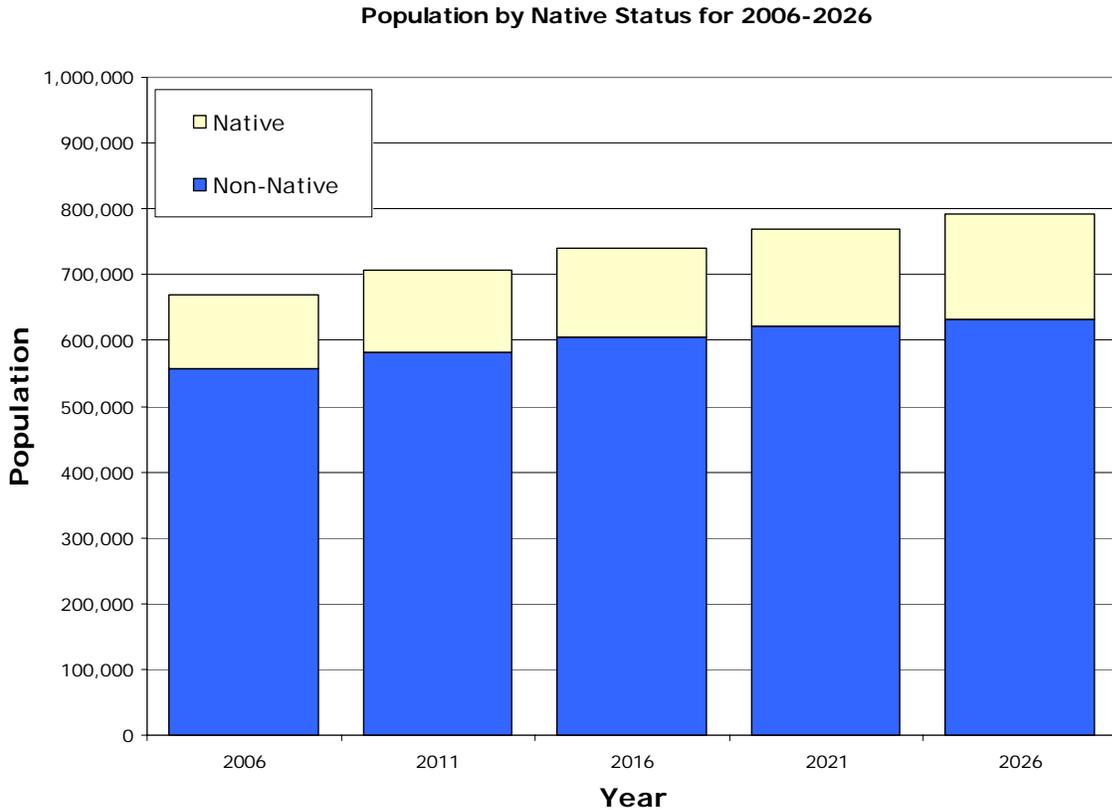
Population of Alaska by Subpopulation, 2006–2026						
Subpopulation	2006	2011	2016	2021	2026	Average Annual Percent Change
State	669,977	706,344	740,077	769,032	791,732	0.8%
Female	326,453	346,231	364,955	381,588	395,303	1.0%
Male	343,524	360,113	375,122	387,444	396,429	0.7%
Race						
Non-Native	556,135	582,501	604,541	620,903	631,730	0.6%
Native	113,842	123,843	135,536	148,129	160,002	1.7%
Region						
Northern	108,361	110,983	112,398	112,560	111,517	0.1%
Western	42,631	45,560	48,830	52,105	54,997	1.3%
Southcentral	94,319	97,834	101,111	103,815	105,736	0.6%
Anchorage/Mat-Su	350,413	377,222	403,464	427,960	449,763	1.2%
Southeast	74,252	74,745	74,275	72,592	69,718	-0.3%
Age						
0-4	53,421	55,896	58,564	59,495	59,603	0.5%
5-9	52,353	56,485	58,724	61,121	61,786	0.8%
10-14	54,452	54,444	58,329	60,333	62,476	0.7%
15-19	55,410	53,029	52,822	56,477	58,210	0.2%
20-24	45,413	48,772	46,129	45,565	48,807	0.4%
25-34	87,889	95,506	104,065	103,852	99,684	0.6%
35-44	100,655	93,694	93,740	100,338	107,766	0.3%
45-54	108,103	104,161	93,323	85,990	85,306	-1.2%
55-64	67,199	86,625	94,976	90,759	80,312	0.9%
65-74	27,477	37,165	53,921	70,703	77,814	5.2%
75+	17,605	20,567	25,484	34,399	49,968	5.2%

Figure 3: Females will ‘catch up’ to Males over the forecast period



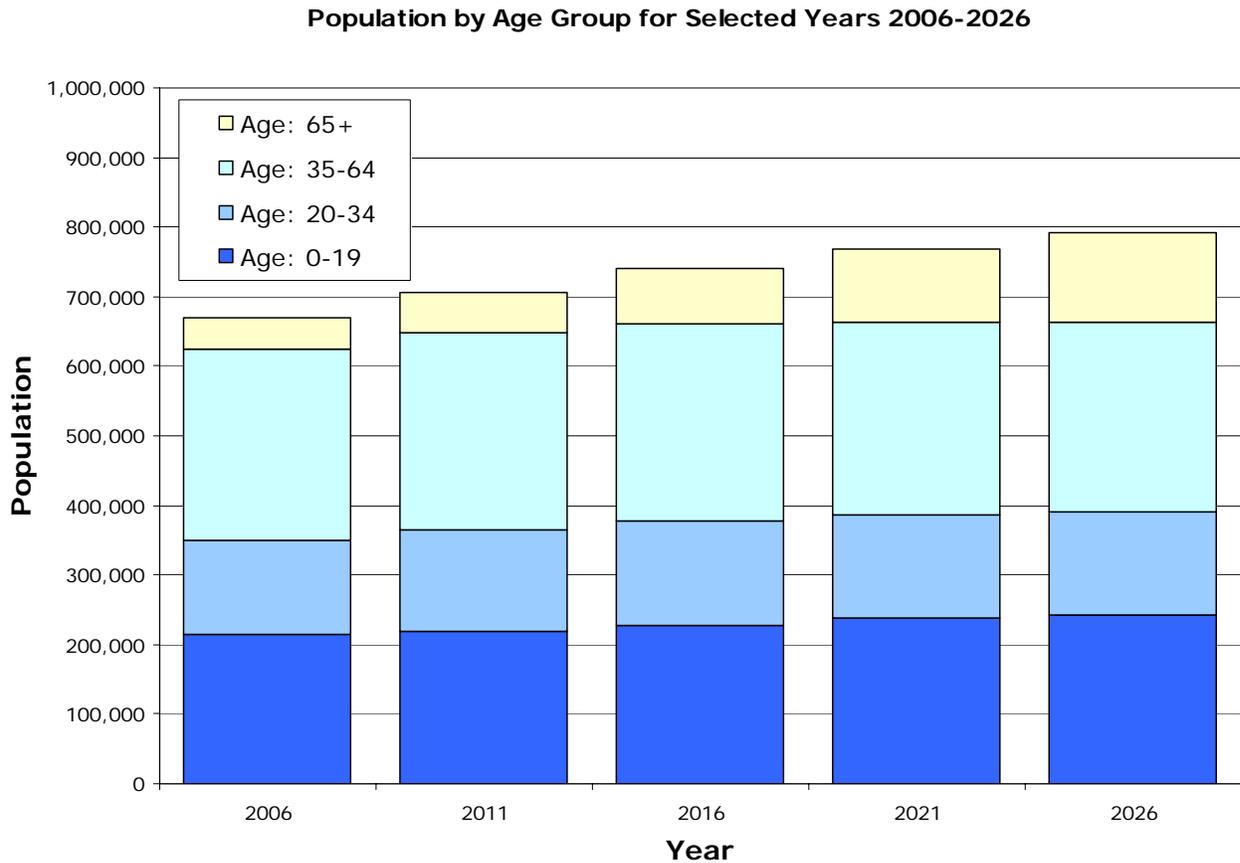
- The number of females will grow faster statewide compared to the number of males (1.0 percent average annual growth vs. 0.7 percent, respectively). In 2006, the number of males per 100 females was 105; this figure will decrease to 100 in 2026, when there will only be approximately 1,000 more males than females in the state.

Figure 4: The Native population will increase faster than the non-Native population



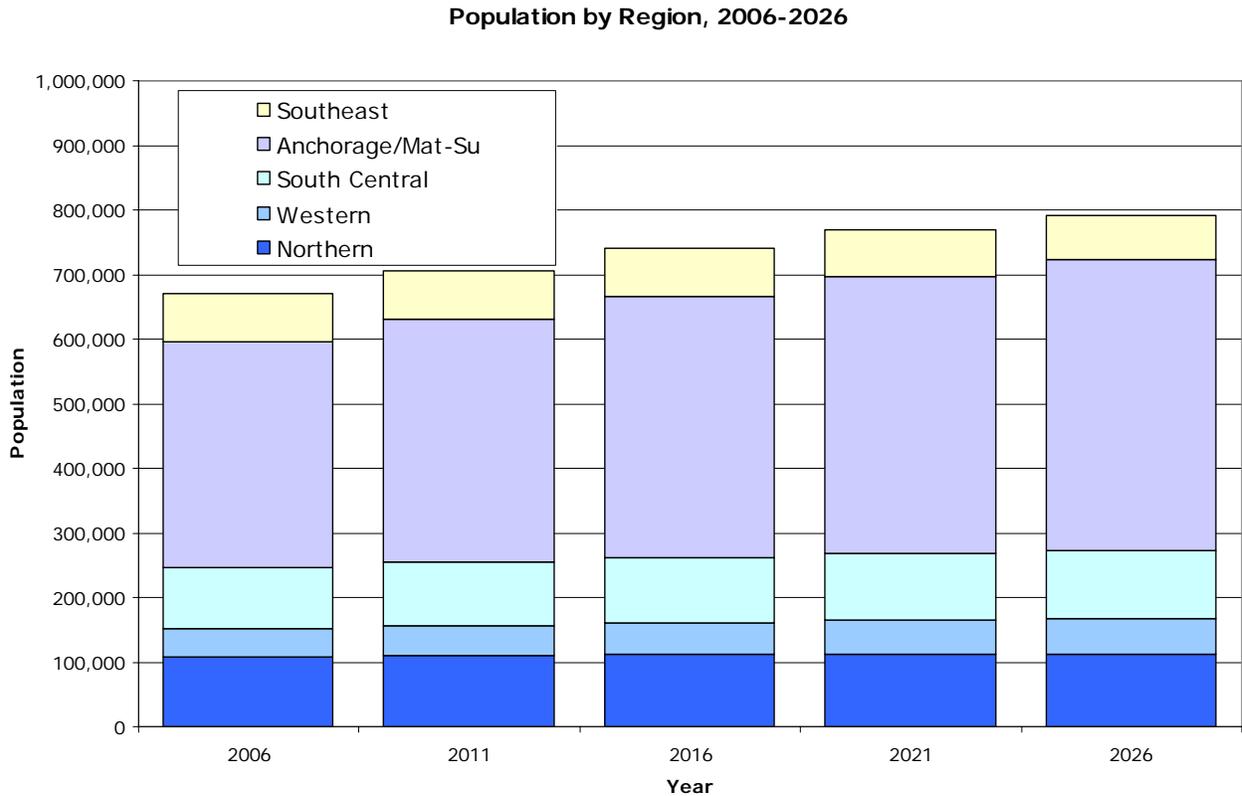
- The Native population will increase faster than the non-Native population during the forecast period. Growth in the Native population is expected to average 1.7 percent per year through 2026. Comparatively, the rate of growth in the non-Native population is expected to be only 0.6 percent. By 2026, Natives will account for 20.2 percent of the statewide population, compared to 17.0 percent in 2006.

Figure 5: The elderly age cohort will grow faster than other age groups



- Demographically, the change that will have the greatest impact upon Medicaid enrollment and spending through 2026 is the aging of the overall population.
- The elderly age group (ages 65 and over) is expected to balloon by 82,700 residents during the forecast period. This equates to an average annual growth rate of 5.2 percent. This group’s share of the statewide population will also increase dramatically, rising from 6.7 percent in 2006 to 16.1 percent in 2026.
- In comparison, both the child (ages 0 to 19) and the working-age adult (ages 20 to 64) cohorts will experience more moderate growth rates through 2026. Children’s proportion of total population will decrease from 32.2 percent in 2006 to 30.6 percent by 2026 while working-age adults’ proportion will decrease from 61.1 percent to 53.3 percent.

Figure 6: Western Alaska will experience the fastest rate of growth



- The population of the Anchorage/Mat-Su region will rise at an average annual growth rate of 1.2 percent. The Anchorage/Mat-Su region is home to more than half of the state’s population. This region’s share of Alaska’s inhabitants will continue to grow during the forecast period, increasing from 52.3 percent in 2006 to 56.8 percent in 2026.
- Of the five regions considered in this analysis, Western Alaska is projected to experience the greatest rate of population growth. Over the next 20 years, this region, comprising the Northwest Arctic Borough and the Bethel, Nome, and Wade Hampton census areas, will see its population increase at an average annual rate of 1.3 percent.
- Two additional regions will experience positive growth during the forecast period; however, their respective shares of the statewide population will decrease. With an average annual growth rate of 0.6 percent, the Southcentral region will add more than 11,400 residents between 2006 and 2026. Since this rate is below the state’s 0.8 percent average annual rate during the same period, the Southcentral region will see its proportion of the state’s population decrease from 14.1 percent to 13.4 percent.
- The Northern region’s population will increase by approximately 3,100 residents during the forecast period, equating to an average annual growth rate of 0.1

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percent. On the other hand, this region’s proportion of the overall state population will fall from 16.2v to 14.1 percent.

- The Southeast region will not only see its share of the statewide population decrease in the forecast period (11.1 percent to 8.8 percent), but is also expected to experience a net loss of people between 2006 and 2026. This region’s population will peak in 2011 before losing residents through 2026.

Table 12: Long-term Care and Other Disabled have the highest average annual percent change

Eligibility Levels by Eligibility Groups for Selected Years, 2006–2026³

Eligibility Group	2006	2011	2016	2021	2026	Average Annual Percent Change
AFDC & Related	32,719	36,108	38,037	38,672	38,459	0.81%
Title XIX Kids	2,458	2,689	2,769	2,844	2,901	0.83%
Title XXI Kids	30,838	34,035	35,193	34,755	32,991	0.34%
Pregnancy/Post Partum	12,679	13,976	14,408	14,230	13,502	0.31%
Kids in Custody	2,773	3,103	3,285	3,361	3,315	0.89%
Alien (Foreign)	6	8	9	11	13	3.59%
SSI/APA/LTC Cash	16,977	20,644	24,807	29,041	32,626	3.27%
LTC Non-cash	1,437	1,779	2,175	2,678	3,297	4.15%
Other Disabled	151	199	262	328	376	4.56%
Medicare	223	259	287	302	304	1.54%
Exams	1,000	1,148	1,274	1,396	1,536	2.14%
Total (FTE)⁴	101,262	113,948	122,506	127,618	129,319	1.22%
Total (Undup. Count)	135,016	151,930	163,341	170,157	172,426	1.22%

- Eligibility categories related to the elderly had higher growth rates than those related to children.
- The eligibility categories Long-Term Care Non-cash and Other Disabled have the highest average annual percent change increasing at 4.56 percent and 4.15 percent, respectively.
- Aid to Families with Dependent Children and Related maintained the highest level of eligibility throughout the forecast period.

³ Please see Appendix for definitions of eligibility groups.

⁴ The number of enrollees on an FTE basis is derived by multiplying the unduplicated count by .75.

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Enrollment

Summary: Following the trend projected in the general population, growth in Medicaid enrollment of the elderly will far exceed the rates of enrollment growth projected for both children and working-age adults through 2026. In fact, enrollment into Medicaid by Alaskans ages 65 and over is projected to increase faster than Alaska’s elderly population.

For the purposes of this report, enrollment is presented in both the Full-Time Equivalent (FTE) and unduplicated count. The FTE count is the average number of enrollees at any given time during the year. The unduplicated count is the total number of individuals that had been enrolled during the year regardless of the number of months enrolled.

Table 13: FTE enrollment grows fastest in the elderly age group

Medicaid FTE Enrollment for Selected Years, 2006–2026						
Subpopulation	2006	2011	2016	2021	2026	Average Annual Percent Change
State	101,262	113,948	122,506	127,618	129,320	1.2%
Gender						
Male	46,137	52,309	56,434	58,722	59,096	1.2%
Female	55,125	61,639	66,072	68,896	70,224	1.2%
Race						
Native	34,601	39,131	43,088	46,332	48,324	1.7%
Non-Native	66,661	74,816	79,418	81,286	80,996	1.0%
Region						
Northern	12,495	13,916	14,648	14,857	14,616	0.8%
Western	14,551	16,350	17,861	18,972	19,523	1.5%
Southcentral	13,344	14,664	15,480	15,903	15,929	0.9%
Anchorage/Mat-Su	49,925	57,730	63,431	67,368	69,618	1.7%
Southeast	10,947	11,288	11,086	10,518	9,634	-0.6%
Age						
0-4	22,509	24,788	25,813	25,168	23,655	0.2%
5-9	17,010	20,096	20,799	20,886	19,994	0.8%
10-14	16,459	17,346	18,883	18,704	18,344	0.5%
15-19	12,063	12,968	12,375	12,623	11,903	-0.1%
20-24	4,099	4,801	4,885	4,737	5,167	1.2%
25-34	7,121	8,079	9,270	9,855	9,667	1.5%
35-44	6,641	6,542	6,904	7,585	8,481	1.2%
45-54	4,891	5,113	4,724	4,358	4,341	-0.6%
55-64	3,699	5,083	5,937	5,976	5,326	1.8%
65-74	3,738	5,366	8,189	11,272	13,028	6.2%
75+	3,032	3,766	4,725	6,454	9,413	5.7%

Table 14: Unduplicated enrollment grows fastest in the elderly age group

Unduplicated Number of Enrollees for Selected Years, 2006–2026						
Subpopulation	2006	2011	2016	2021	2026	Average Annual Percent Change
State	135,016	151,930	163,341	170,157	172,426	1.2%
Gender						
Male	61,516	69,746	75,245	78,296	78,794	1.2%
Female	73,500	82,185	88,096	91,861	93,632	1.2%
Race						
Native	46,135	52,175	57,451	61,775	64,432	1.7%
Non-Native	88,881	99,755	105,890	108,382	107,995	1.0%
Region						
Northern	16,660	18,555	19,531	19,810	19,488	0.8%
Western	19,401	21,800	23,814	25,296	26,031	1.5%
Southcentral	17,792	19,552	20,640	21,204	21,239	0.9%
Anchorage/Mat-Su	66,566	76,973	84,574	89,824	92,824	1.7%
Southeast	14,596	15,051	14,782	14,024	12,845	-0.6%
Age						
0-4	30,012	33,051	34,417	33,557	31,540	0.2%
5-9	22,680	26,795	27,732	27,848	26,658	0.8%
10-14	21,946	23,128	25,177	24,939	24,459	0.5%
15-19	16,084	17,291	16,500	16,831	15,871	-0.1%
20-24	5,466	6,401	6,513	6,316	6,889	1.2%
25-34	9,495	10,772	12,360	13,139	12,889	1.5%
35-44	8,854	8,722	9,206	10,113	11,308	1.2%
45-54	6,521	6,817	6,299	5,811	5,788	-0.6%
55-64	4,932	6,777	7,916	7,967	7,102	1.8%
65-74	4,985	7,155	10,919	15,029	17,371	6.2%
75+	4,043	5,022	6,300	8,606	12,550	5.7%

- Medicaid enrollment is expected to increase throughout the forecast period at an average annual rate of 1.2 percent. However, the rate of growth will slow toward 2026. For example, between 2006 and 2011, the average annual rate of growth will be 2.4 percent. The subsequent five-year periods through 2026 will experience declining rates of 1.4 percent, 0.8 percent, and 0.3 percent.
- Growth in Medicaid enrollment will be similar for both males and females (about 1.2 percent per year).

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- Natives will see enrollment increase faster than non-Natives, rising 1.7 percent annually on average compared to 1.0 percent for non-Natives. By 2026, Natives will comprise 37.4 percent of the enrollee population, a change from 34.2 percent in 2006.
- The number of Medicaid enrollees in the Southeast region will peak in 2011 before falling throughout the remainder of the forecast period. Southeast’s portion of the statewide enrollee population will fall during the entire 20 years, dropping from 10.8 percent in 2006 to 7.4 percent in 2026. These changes are consistent with the projected changes in population.
- The Anchorage/Mat-Su region will experience the largest average annual rate of growth between 2006 and 2026. The average rate of 1.7 percent will push this region’s share of statewide enrollees above 50 percent in 2009.
- During the forecast period, two regions other than Southeast will see their respective enrollment figures peak and then begin to fall through 2026. The number of enrollees in the Northern region will peak in 2021, while enrollment in Southcentral will peak in 2024.
- With its significant gains in population during the forecast period, the elderly will see a corresponding jump in enrollment rates as well. Enrollees over the age of 65 will increase at an average annual rate of 6.0 percent, which eclipses the growth rate of the overall elderly population of 5.2 percent. The number of children enrolled in Medicaid will increase slowly through 2018 prior to declining throughout the remainder of the forecast period.

Figure 7: The elderly age group increases enrollment though 2026

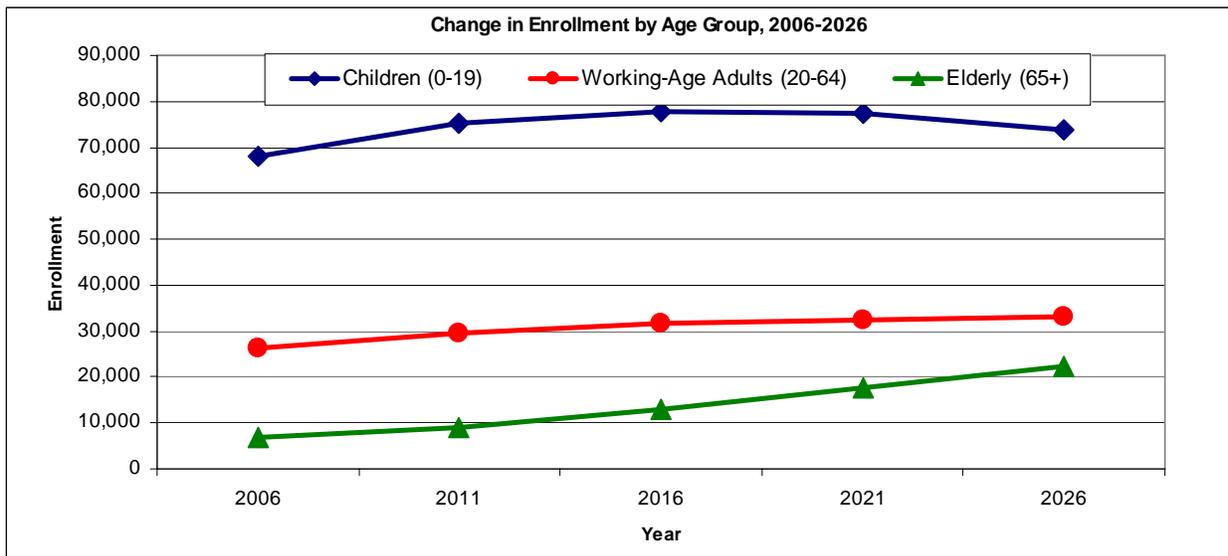


Table 15: Age 65–74 sees the greatest increase in the proportion enrolled

**Proportion of Population Projected to be Enrolled in Medicaid
on an FTE Basis for Selected Years, 2006–2026**

Subpopulation	2006	2011	2016	2021	2026	Average Annual Percent Change
Total State	0.15	0.16	0.17	0.17	0.16	0.39%
Gender						
Male	0.13	0.15	0.15	0.15	0.15	0.52%
Female	0.17	0.18	0.18	0.18	0.18	0.25%
Race						
Native	0.30	0.32	0.32	0.31	0.30	-0.03%
Non-Native	0.12	0.13	0.13	0.13	0.13	0.34%
Region						
Northern	0.12	0.13	0.13	0.13	0.13	0.64%
Western	0.34	0.36	0.37	0.36	0.35	0.20%
Southcentral	0.14	0.15	0.15	0.15	0.15	0.31%
Anchorage/Mat-Su	0.14	0.15	0.16	0.16	0.15	0.41%
Southeast	0.15	0.15	0.15	0.14	0.14	-0.32%
Age						
0-4	0.42	0.44	0.44	0.42	0.40	-0.30%
5-9	0.32	0.36	0.35	0.34	0.32	-0.02%
10-14	0.30	0.32	0.32	0.31	0.29	-0.15%
15-19	0.22	0.24	0.23	0.22	0.20	-0.31%
20-24	0.09	0.10	0.11	0.10	0.11	0.80%
25-34	0.08	0.08	0.09	0.09	0.10	0.90%
35-44	0.07	0.07	0.07	0.08	0.08	0.88%
45-54	0.05	0.05	0.05	0.05	0.05	0.59%
55-64	0.06	0.06	0.06	0.07	0.07	0.93%
65-74	0.14	0.14	0.15	0.16	0.17	1.04%
75+	0.17	0.18	0.19	0.19	0.19	0.45%

Utilization

Summary: Utilization of service categories associated with the elderly will experience the highest growth over the next 20 years. The Personal Care service category will grow at an average annual rate of 9.5 percent which is faster than any other category.

Service utilization is the annual unduplicated count of persons who used a particular service during the fiscal year. This count does not reflect the number of times an enrollee used a service.

Table 16: Personal Care and Home and Community Based Waivers see the greatest increases in utilization

Forecast of Utilization of Medicaid Services for Selected Years, 2006–2026⁵

Service	2006	2011	2016	2021	2026	Average Annual Change (2006–2026)
Dental	44,180	56,939	67,900	76,473	82,445	3.1%
Durable Medical Equipment/Supplies	10,261	13,251	16,635	20,351	24,104	4.3%
Early & Periodic Diagnosis, Testing and Screening	497	532	541	529	504	0.1%
Home & Community Based Waiver	4,438	7,361	11,739	17,691	24,699	8.6%
Health Clinic	32,292	45,556	60,883	77,591	94,110	5.3%
Home Health/Hospice	1,000	1,130	1,258	1,386	1,497	2.0%
Inpatient Hospital	13,592	14,390	14,767	14,879	14,764	0.4%
Inpatient Psychiatric	628	652	643	616	579	-0.4%
Laboratory/X-ray	14,721	15,170	15,127	14,814	14,354	-0.1%
Nursing Home	705	841	1,015	1,242	1,513	3.8%
Other Services	137	133	125	114	103	-1.4%
Outpatient Hospital	59,241	70,070	78,754	85,215	89,203	2.0%
Outpatient Mental Health	11,360	12,317	12,910	13,274	13,438	0.8%
Personal Care	4,619	7,866	13,122	20,953	31,057	9.5%
Pharmacy	78,884	91,932	100,995	106,382	108,339	1.6%
Physician/Practitioner	86,307	97,158	103,673	106,815	107,171	1.1%
Residential Psychiatric/Behavioral Rehabilitation Services	1,041	1,589	2,301	3,228	4,422	7.2%
Therapy/Rehabilitation	9,696	14,731	21,277	29,446	38,907	6.9%
Transportation	22,048	27,257	32,677	38,158	43,291	3.4%
Vision	26,977	38,636	52,136	66,717	80,774	5.5%
Unduplicated Count of Medicaid Recipients	116,114	130,660	140,473	146,335	148,286	1.2%
Unduplicated Count of Medicaid Enrollees	135,016	151,930	163,341	170,157	172,426	1.2%

- Personal Care remains the fastest-growing category with an average annual growth rate of 9.5 percent. Changes made to the Personal Care Attendant service category by the 2006 Legislator will not be fully incorporated in to the long-term projection for at least one more year. Following closely behind is HCB Waiver, which will increase 8.6 percent annually through 2026.
- The remaining top-five service categories are Residential Psychiatric/BRS, Therapy/Rehabilitation, and Vision.
- Three of the 20 service categories will experience declines in utilization between 2006 and 2026, however two of these three currently experience very low levels of utilization (Other Services and Inpatient Psychiatric Hospital). The third service

⁵ Please see appendix for definitions of service categories.

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category, Laboratory/X-Ray category, which impacts a much greater number of Medicaid enrollees, will fall slightly during the 20-year period at an average annual rate of 0.1 percent.

- Although they will swap ranks between 2006 and 2026, Physician/Practitioner and Pharmacy will still occupy the top two spots as the highest-utilized service categories.

Total Spending⁶

Summary: The increase in total spending over the next 20 years will be driven by the aging of Alaska's population; spending growth for Alaskans ages 65 and over will exceed growth rates in both the elderly population and Medicaid enrollment. The impact of total Medicaid spending over the next 20 years cannot be understated.

Overall spending growth will be greatly affected by service categories utilized by the elderly. Spending in the Home and Community Based (HCB) and Personal Care Attendant categories will see increased growth which corresponds to growth in the elderly age group.

⁶ All figures are nominal unless otherwise noted. Nominal, or actual spending is the projected future value without accounting for inflation.

Table 17: Total spending grows faster in service categories more heavily utilized by the elderly

Forecast of Total Medicaid Spending (in Millions) by Service for Selected Years, 2006–2026

Service	2006	2011	2016	2021	2026	Average Annual Percent Change
Dental	\$20.6	\$30.5	\$41.5	\$53.2	\$65.4	5.8%
Durable Medical Equipment/Supplies	\$10.5	\$16.4	\$24.6	\$35.8	\$50.8	7.9%
Early & Periodic Screening, Diagnosis and Treatment	\$0.1	\$0.1	\$0.2	\$0.3	\$0.4	6.9%
Home and Community Based Waiver	\$114.0	\$211.5	\$382.7	\$665.5	\$1,095.5	11.3%
Health Clinic	\$29.1	\$46.0	\$69.0	\$98.4	\$135.0	7.7%
Home Health/Hospice	\$1.1	\$1.5	\$1.9	\$2.3	\$2.8	4.6%
Inpatient Hospital	\$155.9	\$184.6	\$209.9	\$232.0	\$253.2	2.4%
Inpatient Psychiatric Hospital	\$14.2	\$17.0	\$19.4	\$21.4	\$23.2	2.5%
Laboratory/X-ray	\$2.0	\$2.3	\$2.6	\$2.9	\$3.2	2.4%
Nursing Home	\$53.8	\$74.5	\$105.3	\$151.9	\$220.6	7.1%
Other Services	\$0.1	\$0.1	\$0.2	\$0.3	\$0.3	5.9%
Outpatient Hospital	\$83.4	\$113.7	\$147.2	\$182.2	\$218.8	4.8%
Outpatient Mental Health	\$59.3	\$74.6	\$90.5	\$107.2	\$125.3	3.7%
Personal Care	\$113.3	\$220.7	\$422.3	\$773.4	\$1,324.5	12.3%
Pharmacy	\$138.3	\$183.0	\$235.0	\$293.7	\$358.3	4.8%
Physician/Practitioner	\$78.0	\$100.0	\$121.5	\$141.7	\$161.7	3.6%
Residential Psychiatric/Behavioral Rehabilitation Services	\$64.1	\$113.2	\$188.4	\$302.0	\$474.1	10.0%
Therapy/Rehabilitation	\$26.3	\$45.3	\$74.1	\$117.9	\$179.9	9.6%
Transportation	\$44.8	\$64.6	\$90.4	\$122.7	\$161.6	6.4%
Vision	\$1.1	\$1.7	\$2.7	\$3.9	\$5.4	8.1%
Total Spending	\$1,010.0	\$1,501.3	\$2,229.3	\$3,308.8	\$4,860.1	7.9%

Figure 8: Total spending is the highest for Inpatient Hospital services in 2006

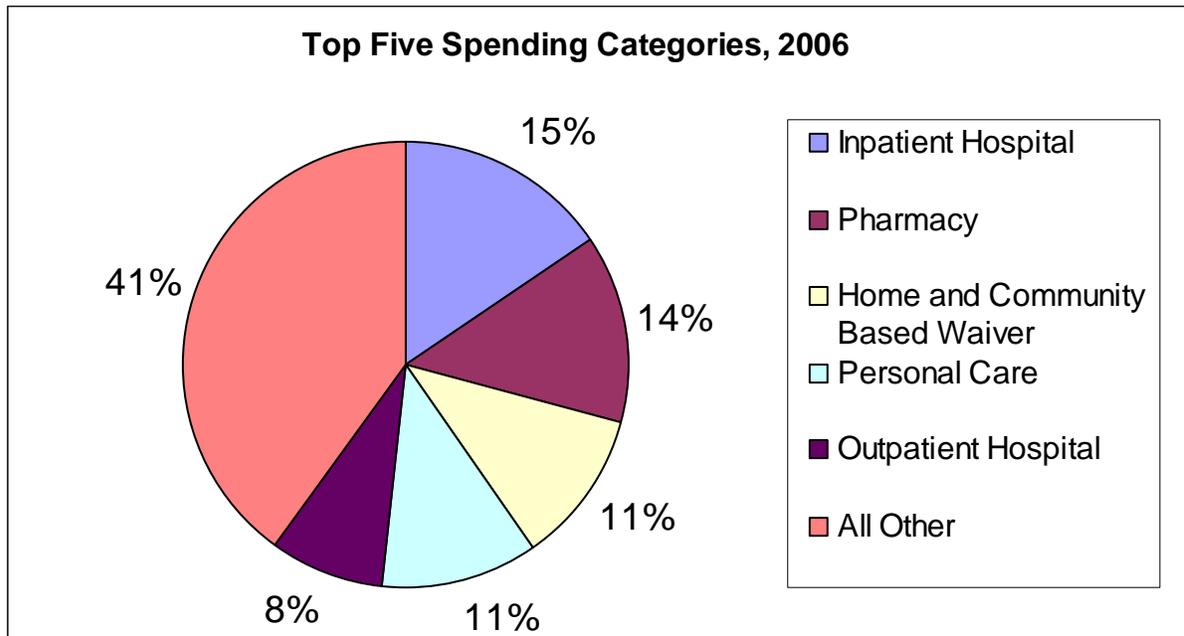
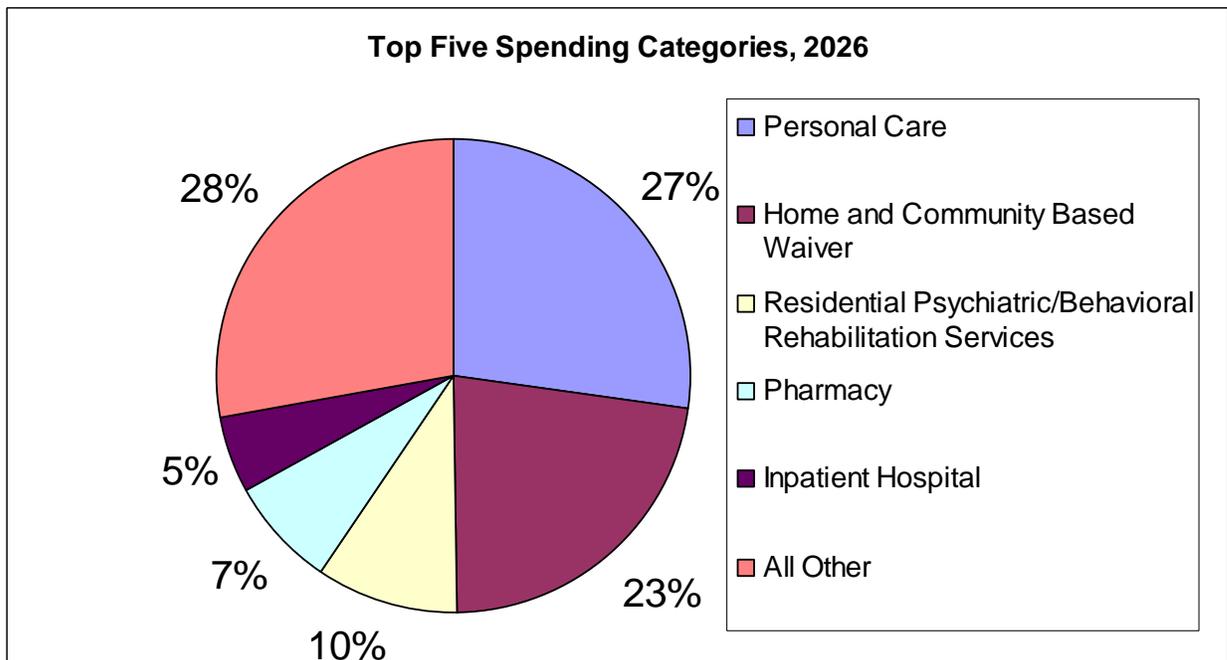


Figure 9: By 2026 total spending is highest for Personal Care and Home and Community Based Waivers



- The service categories Personal Care and Home and Community Based Waivers will grow to comprise nearly half of total spending. These services are utilized more heavily by the elderly.

Long-Term Forecast of Medicaid Enrollment and Spending in Alaska: 2006–2026

- Overall Medicaid spending will increase at an average annual rate of 7.9 percent between 2006 and 2026.
- Total spending will increase to \$4.86 billion by 2026, an almost fivefold increase over the \$1.01 billion in spending in 2006. In inflation-adjusted 2004 dollars, spending will increase on average 3.9 percent annually, rising to \$2.29 billion in 2026.
- The five fastest-growing service categories in terms of utilization are also the five fastest-growing categories in terms of spending. Personal Care leads the way in spending growth with an annual average increase of 12.3 percent.
- The average annual rate of growth in spending for HCB Waiver ranked second among the service categories at 11.3 percent. Spending for this category will increase from \$114.0 million in 2006 to \$1.10 billion in 2026.
- Rounding out the top five service categories are Residential Psychiatric/Behavioral Rehabilitation Services (BRS) (10.0 percent), Therapy/Rehabilitation (9.6 percent), and Vision (8.1 percent).
- Nearly all of the categories will see higher growth rates during the beginning of the forecast period, followed by declines through 2026. Only the Nursing Home category will experience higher rates of growth toward the end of the 20-year period. Overall, the Nursing Home segment will increase at an average annual rate of 7.1 percent between 2006 and 2026. This is directly correlated to the projected increase in the elderly population.
- All 20 service categories will experience increased spending between 2006 and 2026. However, in terms of “real,” or inflation-adjusted, dollars, six service categories will see reductions in spending during the 20-year period. On a percentage basis, *Other Services* will experience the greatest drop with an average annual decrease of 2.1 percent. Inpatient Hospital will fall the most numerically, with its real spending dropping \$31.7 million between 2006 and 2026.

Table 18: Growth rate for the elderly exceeds growth in total state spending

Total Medicaid Spending (in Millions) by Subpopulation for Selected Years, 2006–2026

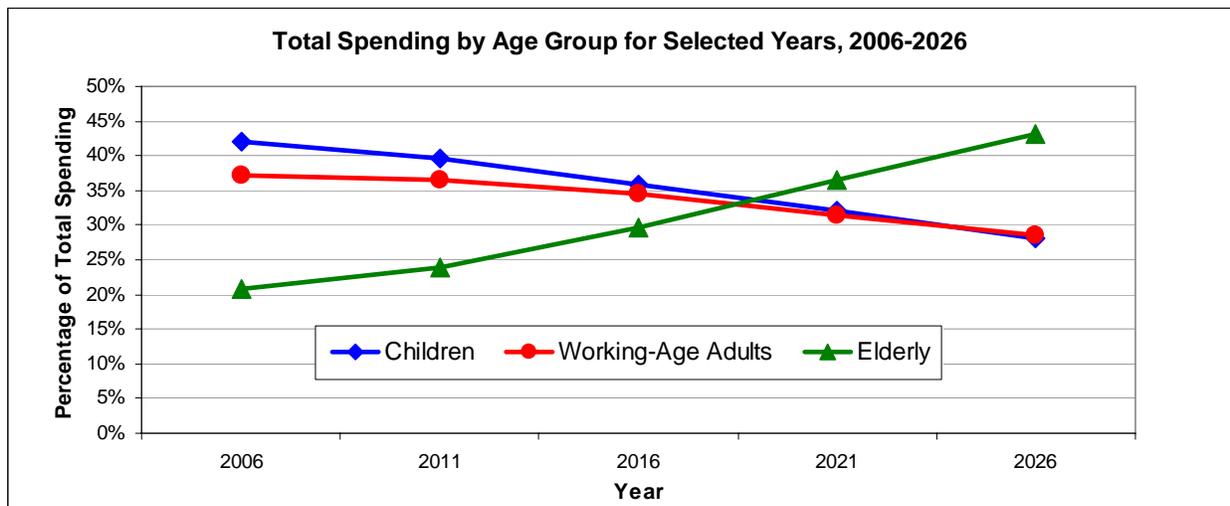
Subpopulation	2006	2011	2016	2021	2026	Average Annual Percent Change
Total State	\$1,010.0	\$1,501.3	\$2,229.3	\$3,308.8	\$4,860.1	7.9%
Gender						
Male	\$422.4	\$630.5	\$939.9	\$1,394.5	\$2,043.6	7.9%
Female	\$587.5	\$870.8	\$1,289.4	\$1,914.3	\$2,816.5	7.8%
Race						
Native	\$296.6	\$430.1	\$626.9	\$911.0	\$1,297.6	7.4%
Non-Native	\$713.3	\$1,071.2	\$1,602.4	\$2,397.8	\$3,562.5	8.0%
Region						
Northern	\$119.5	\$175.7	\$256.3	\$372.4	\$533.4	7.5%
Western	\$115.3	\$163.8	\$233.1	\$328.3	\$451.7	6.8%
Southcentral	\$150.1	\$225.1	\$340.0	\$516.1	\$774.4	8.2%
Anchorage/Mat-Su	\$504.6	\$772.6	\$1,178.2	\$1,795.9	\$2,714.5	8.4%
Southeast	\$120.5	\$164.1	\$221.6	\$296.1	\$386.1	5.8%
Age						
0-4	\$129.1	\$178.5	\$241.0	\$310.7	\$393.1	5.6%
5-9	\$106.2	\$157.1	\$209.7	\$276.2	\$352.9	6.0%
10-14	\$101.6	\$136.6	\$195.7	\$260.1	\$347.9	6.2%
15-19	\$87.9	\$121.6	\$153.7	\$211.8	\$274.6	5.7%
20-24	\$38.8	\$56.7	\$74.2	\$94.2	\$137.4	6.3%
25-34	\$64.3	\$92.3	\$137.2	\$192.1	\$252.6	6.8%
35-44	\$82.5	\$102.3	\$139.5	\$201.3	\$300.3	6.5%
45-54	\$92.2	\$123.9	\$152.0	\$190.3	\$262.1	5.2%
55-64	\$97.3	\$172.6	\$267.8	\$363.0	\$439.2	7.5%
65-74	\$89.5	\$166.9	\$340.2	\$632.5	\$988.3	12.0%
75+	\$120.6	\$192.8	\$318.4	\$576.5	\$1,111.8	11.1%

- Half of all spending statewide in 2006 occurred in the Anchorage/Mat-Su region. This proportion will rise during the forecast period, increasing to 55.9 percent in 2026. The Southcentral region will also see its share increase through 2026, climbing from 14.9 percent in 2006 to 15.9 percent in 2026.
- The remaining three regions will see their respective portions of statewide spending decrease through 2026. The most dramatic shift will be in the Southeast region; only 7.9 percent of Alaska’s spending will occur in Southeast in 2026, down from 11.9 percent in 2006.

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- The elderly will see a corresponding jump in spending. Spending will increase at an average annual rate of 11.5 percent between 2006 and 2026, with the highest rates found in a 10-year span from 2013 to 2023.
- The rate of growth in spending for children and working-age adults will decline over the projection period. The average annual rate of growth in spending for children and working-age adults will be 5.8 percent and 6.6 percent, respectively, over the 20 years projection period.

Figure 10: Total spending on the elderly surpasses other groups by 2019



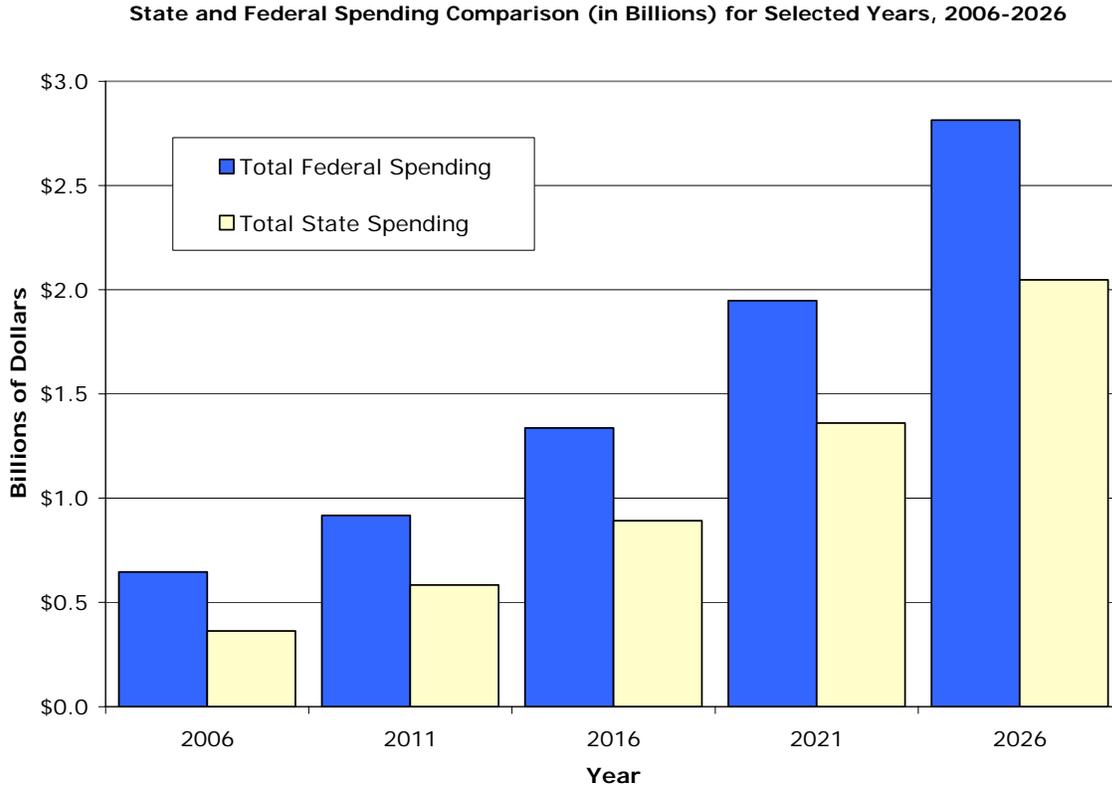
- Spending on the elderly will make up 43.2 percent of total spending in 2026. This is in stark comparison to 2006, when spending was estimated to comprise 20.8 percent. By 2019, spending on the elderly is expected to surpass spending on either children or working-age adults. Spending on working-age adults is projected to exceed spending on children in 2025.

State Spending⁷

Summary: The State's share of costs will more than double between 2006 and 2026. Additionally, state spending will grow at a higher average annual rate compared to overall spending.

⁷ All figures are nominal unless otherwise noted.

Figure 11: State matching funds will grow at a faster rate than federal spending



Medicaid is jointly funded by federal and state government. Federal financial participation (FFP) rates are set at the federal level, and are largely outside of state control. The state’s portion of Medicaid Service costs differs according to the recipient’s Medicaid eligibility group, category of Medicaid service, provider of Medicaid-related service, and Native/Non-native status. For most Medicaid eligibility groups and services, the portion of state Medicaid benefits paid by the federal government is called the Federal Medical Assistance Percentage, or FMAP which is 57.58 percent for Alaska in 2007.

The FMAP is based on a three-year average of per capita personal income, ranked among states. While each state has its own FMAP, it can be no lower than 50%. Although the majority of benefits are reimbursed at the regular FMAP rate, certain subgroups have higher reimbursement rates (e.g., qualified Indian Health Services claims are reimbursed 100 percent). Where possible, the state contains costs by taking advantage of higher reimbursement rates.

Table 19: Alaska’s FFP decreases slightly beginning in federal fiscal year 2008

Federal Financial Participation for Claim Payments, FFY 2006–2026					
FFP Type	FFY06	FFY07	FFY08	FFY09	FFY10-26
Final or Preliminary	Final	Final	Preliminary	Preliminary	Preliminary
Indian Health Services	100.00%	100.00%	100.00%	100.00%	100.00%
Title XIX	57.58%	57.58%	52.48%	52.60%	50.00%
Title XXI	70.31%	70.31%	66.74%	66.82%	65.00%
Breast & Cervical Cancer	70.31%	70.31%	66.74%	66.82%	65.00%
Family Planning	90.00%	90.00%	90.00%	90.00%	90.00%

Alaska benefits from special legislation passed in the Deficit Reduction Act of 2005 that allowed the FMAP to remain at the FFY 2005 level of 57.58 percent for FFY 2006 and 2007. This special rate will expire Oct. 1, 2007, at which time Alaska’s FMAP will drop 5.1 percentage points to 52.48 percent. At the same time the enhanced FMAP will drop from 70.31 percent to 66.74 percent.

Table 20: State spending grows fastest for services used more by the elderly

State Matching Funds of Medicaid (in Millions) for Selected Years, 2006–2026

Service	2006	2011	2016	2021	2026	Average Annual Change (2006–2026)
Dental	\$6.6	\$10.3	\$14.1	\$18.0	\$22.2	6.0%
Durable Medical Equipment/Supplies	\$4.7	\$7.7	\$11.6	\$16.9	\$23.9	8.2%
Early & Periodic Screening, Diagnosis & Testing	\$0.0	\$0.0	\$0.0	\$0.1	\$0.1	7.1%
Home & Community Based Waiver	\$50.8	\$99.2	\$179.6	\$312.4	\$514.1	11.6%
Health Clinic	\$2.1	\$3.5	\$5.2	\$7.4	\$10.2	7.9%
Home Health/Hospice	\$0.5	\$0.7	\$0.9	\$1.1	\$1.3	4.8%
Inpatient Hospital	\$34.5	\$43.0	\$48.9	\$54.1	\$59.0	2.7%
Inpatient Psychiatric	\$6.1	\$7.7	\$8.8	\$9.7	\$10.5	2.7%
Laboratory/X-ray	\$0.9	\$1.1	\$1.2	\$1.4	\$1.5	2.7%
Nursing Home	\$23.0	\$33.6	\$47.5	\$68.5	\$99.5	7.3%
Other Services	\$0.1	\$0.1	\$0.2	\$0.2	\$0.3	5.9%
Outpatient Hospital	\$20.4	\$29.3	\$38.0	\$47.0	\$56.4	5.1%
Outpatient Mental Health	\$24.2	\$32.1	\$38.9	\$46.1	\$53.9	4.0%
Personal Care	\$50.5	\$103.6	\$198.2	\$363.0	\$621.6	12.6%
Pharmacy	\$54.2	\$75.6	\$97.0	\$121.3	\$148.0	5.0%
Physician/Practitioner	\$30.8	\$41.5	\$50.5	\$58.9	\$67.2	3.9%
Residential Psychiatric/Behavioral Rehabilitation Services	\$28.1	\$52.2	\$87.0	\$139.4	\$218.9	10.3%
Therapy/Rehabilitation	\$11.9	\$21.5	\$35.2	\$55.9	\$85.3	9.8%
Transportation	\$13.2	\$20.1	\$28.1	\$38.2	\$50.3	6.7%
Vision	\$0.4	\$0.8	\$1.2	\$1.7	\$2.4	8.4%
Total State Spending	\$363.1	\$583.8	\$892.0	\$1,361.3	\$2,046.7	8.6%

- State spending will increase at an average annual rate of 8.6 percent, rising from \$363.1 million in 2006 to \$2.05 billion in 2026.
- State spending per Medicaid enrollee will increase, growing from \$3,435 per enrollee in 2006 to \$15,161 per enrollee in 2026. After adjusting for inflation, state spending per enrollee will be \$7,159 in 2026.
- Ranking state spending by service category yields similar results to ranking by total spending. The five fastest-growing categories, as judged by state spending, are Personal Care, Home and Community Based (HCB) Waiver, Residential Psychiatric/Behavioral Rehabilitation Services (BRS), Therapy/Rehabilitation, and Vision. In 2006, these five categories made up 39.0 percent of state spending. In 2026, these same five groups will comprise 70.5 percent of state spending.

Conclusion

Total spending is forecasted to reach over \$4.8 billion by 2026 growing at an average annual rate of 7.9 percent. State spending is expected to grow more quickly than overall spending with a growth rate of 8.6 percent. Growth in total spending through 2026 is primarily due to growth in the following:

- Population growth — expected to average 0.8 percent per year.
- Enrollment rate growth — expected to average 1.2 percent per year.
- Service utilization growth — expected to average 3.0 percent per year.

Embedded in the growth rate of the above components is the changing demographic profile of Alaska. The average annual growth rate of the elderly (65+ years) is expected to be 5.2 percent. This causes a dramatic shift in the overall focus of the Medicaid program from child-based to a program based primarily on the needs of the elderly.

It is important to note that services utilized more heavily by the elderly such as Personal Care and Home and Community Based Waivers will experience the highest spending growth throughout the forecast period. These two categories are expected to comprise nearly half of total spending by 2026. Spending on the elderly is expected to surpass spending on children and working-age adults in 2019.

The purpose of this forecast is to enable policy makers and Health and Social Services executives to see where Medicaid is headed based on key growth components. By looking farther into the future, policy can be based more on proactive rather than reactive measures.

Appendix A: Eligibility Classification Descriptions

Eligibility Class	Description
AFDC & Related	Eligible for AFDC-based Family Medicare or Transitional Medicaid
Title XIX Kids	Children under age 19 not eligible for coverage under M-SCHIP
Title XXI Kids	Children under age 19 eligible for coverage under M-SCHIP
Pregnancy/Post Partum	Eligible during pregnancy and for 60 days after giving birth
Kids in Custody	Children in custody of ADHSS
Alien (Foreign)	Illegal, sponsored, or amnesty alien
SSI/APA/LTC Cash	Eligible for SSI or other state cash supplement
LTC Non-cash	Elderly or disabled individual not receiving SSI or cash supplement
Other Disabled	Working disabled or eligible due to breast/cervical cancer screening
Medicare	Eligible for Medicare cost-sharing assistance only
Exams	Disability, waiver, or pregnancy determination pending

Appendix B: Service Category Descriptions

Service Category	Description
Dental	Dental services for children and adults
Durable Medical Equipment/Supplies	Durable medical equipment (DME), medical supplies, prosthetics, and orthotics
Early & Periodic Screening, Diagnosis & Testing	Early, periodic screening, diagnosis and treatment (EPSDT) including preventive health checkups, health screenings and immunizations
Home & Community Based Waiver	Home and community based long-term care services offered through Medicaid Waivers including Alaska Pioneer Homes, assisted living homes, respite care, adult day care, chore services, residential and day habilitation, nutrition, and meals.
Health Clinic	Health clinic services including rural health clinics, federally-qualified health clinics and tribal health clinics
Home Health/Hospice	Home health services, hospice care, nutrition services, and private duty nursing
Inpatient Hospital	Inpatient hospital services
Inpatient Psychiatric Hospital	Inpatient psychiatric hospital services
Laboratory/X-Ray	Laboratory, x-ray and diagnostic services
Nursing Home	Skilled nursing and intermediate care facilities including intermediate-care facilities for the mentally retarded; and temporary long-term care services
Other Services	Other services not classified elsewhere
Outpatient Hospital	Outpatient hospital services, outpatient surgery services, and end-stage renal disease services
Outpatient Mental Health	Outpatient mental health services, psychology services, and drug abuse centers
Personal Care	Personal care attendant services including agency-based and consumer-directed programs
Pharmacy	Prescription drugs
Physician/Practitioner Services	Physician, podiatrist, advanced nurse practitioner, and midwifery services
Residential Psychiatric/Behavioral Rehabilitation Services	Residential psychiatric treatment centers and behavioral rehabilitation services (BRS)
Therapy/Rehabilitation	Outpatient rehabilitation, physical therapy, occupational therapy, speech therapy, audiology, and chiropractic services
Transportation	Emergency and non-emergency medically necessary transportation and accommodation
Vision	Optometrist services and eyeglasses

**Long-term Forecast of
Medicaid Enrollment
and
Spending in Alaska:
*Supplement 2006–2026***

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State of Alaska
Department of Health and Social Services
May 2007

