

Executive Summary

Long-term Forecast of Medicaid Enrollment

and

Spending in Alaska:

Supplement 2012–2032

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Executive Summary

This document provides a brief summary of the seventh update to the *Long-Term Forecast of Medicaid Enrollment and Spending in Alaska: 2005-2025*. In the 2012 update, we developed long-term forecasts of Medicaid program enrollment, utilization, and spending through 2032 based on the Medicaid program as it currently exists.

Today Medicaid spending for the elderly (ages 65 years and older) accounts for 17 percent of total Medicaid claims spending, while spending for children (ages 0-19 years) accounts for 38 percent and spending for working-age adults (ages 20-64 years) accounts for about 45 percent. This distribution of spending will change substantially over the next 20 years; by 2032 spending for working-age adults will have decreased by 13 percentage points, to 32 percent, while spending for the elderly will have increased by 18 percentage points, to 35 percent of total Medicaid claims spending. Spending for children will make up the balance of 33 percent. This is a shift in the expected outcome from the baseline 2005-2025 forecast, which projected spending on the elderly would exceed spending for either children or working-age adults in 2018. The shift is due to changes in policy made since 2005 and slower-than-projected population growth subsequent to the development of the baseline forecast.

Table 1: Total Medicaid spending in 2032 is projected to be \$6.3 billion

MEDICAID SPENDING BY FUND SOURCE FOR SELECTED YEARS, 2012—2032 (IN MILLIONS)

		2012	2017	2022	2027	2032
Claims payments*	Federal	\$800.5	\$1,192.2	\$1,715.0	\$2,421.8	\$3,291.3
	State Match	\$583.9	\$891.9	\$1,323.4	\$1,930.1	\$2,694.0
	Total	\$1,384.3	\$2,084.0	\$3,038.4	\$4,352.0	\$5,985.3
Other Payments**	Federal	\$40.0	\$59.6	\$85.8	\$121.1	\$164.6
	State Match	\$29.2	\$44.6	\$66.2	\$96.5	\$134.7
	Total	\$69.2	\$104.2	\$151.9	\$217.6	\$299.3
Total Payments	Federal	\$840.5	\$1,251.8	\$1,800.8	\$2,542.9	\$3,455.9
	State Match	\$613.1	\$936.5	\$1,389.5	\$2,026.6	\$2,828.7
	Total	\$1,453.6	\$2,188.3	\$3,190.3	\$4,569.6	\$6,284.6

Source: Medicaid Budget Group: MESA Model. Projections are for calendar years, with spending based on date of service.

* Claims Payments refers to spending by the Medicaid program for the cost of the direct benefits (services) received by Medicaid enrollees.

** Other Payments refers to spending on premiums for Medicare Part A and Part B; Supplemental Hospital Payments, including disproportionate share hospital and upper payment limit programs; and offsetting recoveries, including third-party liability collections and drug rebates, premiums for Medicare Part A and Part B. Other payments are not processed through the Medicaid Management Information System (MMIS).

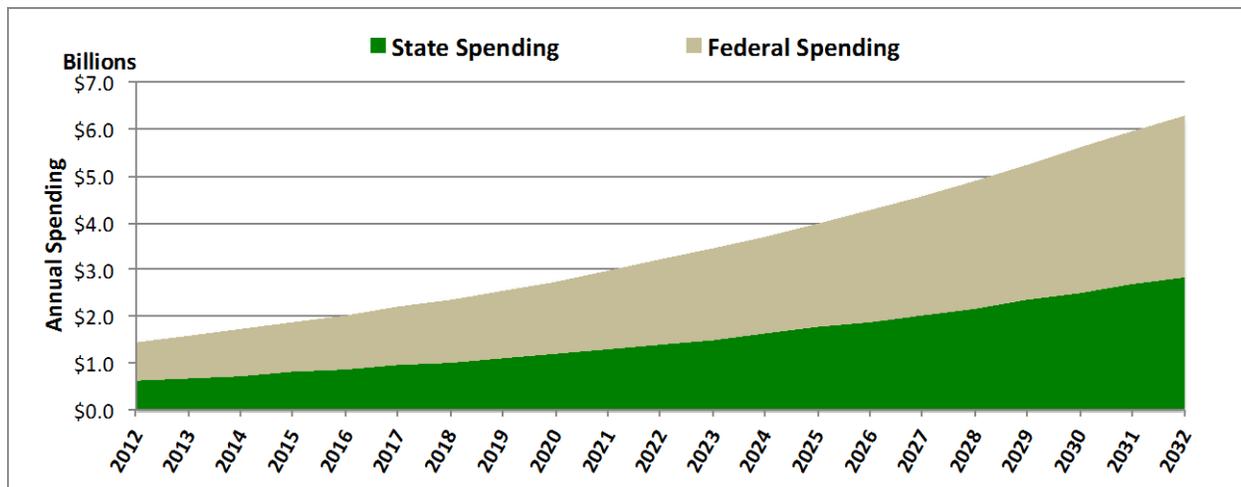
We project total spending on Medicaid services will reach \$6.3 billion in 2032,¹ including \$2.8 billion in state matching funds. To reach this level, overall spending will grow on an average annual basis of 7.6 percent beginning in 2012. Over this same period, state-level spending on

¹ All spending figures are in actual dollars.

Medicaid will grow at a 7.9 percent annual rate due to faster growth in the utilization of services associated with lower rates of federal financial participation.

Average annual spending per enrollee will increase from \$9,450 in 2012 to \$29,300 in 2032. The primary factors driving growth in spending are (1) inflation in the prices of medical goods and services, and (2) increase in the proportion of Medicaid enrollees who are elderly, and who consume greater amounts of Medicaid services relative to children or working-age adults. Average annual state-level spending per enrollee will increase from \$3,980 in 2012 to \$13,200 in 2032. The state proportion of spending per enrollee will increase from 42 percent in 2012 to 45 percent in 2032.

Figure 1: Medicaid spending will reach \$6.3 billion by 2032
PROJECTED ANNUAL FEDERAL AND STATE SPENDING ON MEDICAID



Source: Medicaid Budget Group, MESA Model

Due in part to projected slowing population growth over the next two decades, growth in Medicaid enrollment will slow throughout the forecast period. Nevertheless, at an average annual rate of 1.67 percent, growth in Medicaid enrollment will outpace population growth, which the Alaska Department of Labor and Workforce Development (ADLWD) projects will increase by 1.02 percent through 2032. The elderly (65 and older) will be the fastest growing age group within the Medicaid program, with enrollment growing at 4.37 percent annually. At 1.76 percent and 0.68 percent, respectively, the growth in enrollment for children (0-19) and working-age adults (20-64) will be slower than overall enrollment growth.

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