

OFFICE OF THE GOVERNOR
BUDGET AND PROGRAM PLANNING
 STATE OF MONTANA



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Date: August 31, 2016
To: Senator Jon Sesso, Chairman
 Legislative Finance Committee
From: Dan Villa, Budget Director *DVB*
 Office of Budget and Program Planning

Subject: Fiscal Year 2016 HELP Act Savings

As required by Senate Bill 418 (Jones, 2015), I am required to report savings generated from passage of Senate Bill 405, or the HELP Act, (Buttrey, 2015) in the state Medicaid program. The HELP Act has been effective for a full eight months so the amount of claims data available is limited to that time frame and only for those claims submitted for payment by providers. Due to these limitations, my office in cooperation with the Department of Public Health and Human Services calculated the Medicaid expansion savings using two distinct methods and averaged the two approaches to establish an estimate. This amount has been frozen and reverted to the general fund for FY2016.

Calculation 1:

Step a: Estimated the number of refinanced members, or those individuals who were entered the system under the traditional Medicaid program but who were eligible for the higher match rate and moved to HELP Act coverage, at 8,458.

Step b: Estimated the per member per month (PMPM) benefit cost for each individual at \$504.

Step c: Multiplied the refinanced members by the PMPM cost by the number of number of months members are enrolled.

Step d: Multiplied the total cost by the state share percentage required under traditional Medicaid.

Calculation 2:

Step a: Analyzed existing claim data for refinanced members.

Step b: Projected the incurred but not reported (IBNR) claims data for refinanced members.

Step c: Added existing claims data to IBNR.

Step d: Multiplied the total cost by the state share percentage required under traditional Medicaid.

Estimated Medicaid Expansion Benefit Savings for SFY 2016

	Calc 1: PMPM	Calc 2: Claims & IBNR	Avg. Calc 1 & Calc 2
Members	8,458	-	
PMPM	\$504	-	
Months	6	-	
Total Savings	\$25,576,992	\$28,234,785	
GF FMAP	34.76%	34.76%	
GF Savings	\$8,890,562	\$9,814,411	\$9,352,487

Cc: Legislative Finance Committee, Amy Carlson, LFA