



October 16, 2014

### **JMOC Releases Preliminary Projection of Medical Inflation Rate for Upcoming Budget Biennium**

The Joint Medicaid Oversight Committee (JMOC) has reviewed the preliminary recommended ranges for the medical inflation rate for the upcoming biennium from its contracted actuary. “This is an open hand from the legislature to the administration to start working together on Medicaid policies that improve health outcomes and care for the Medicaid population, while bending the cost curve,” says JMOC Chair Dave Burke (R-Marysville).

Under its statutory requirements, JMOC must work with an outside actuary to develop a projected medical inflation rate for the Medicaid program. The Medicaid director must limit growth in the Medicaid program for the upcoming biennium across all Medicaid recipients on a monthly per capita basis (commonly referred to as PMPM) to the lower of the JMOC rate or the three-year average Consumer Price Index (CPI) for medical services.

Over the next several months, JMOC’s actuary, Optumas, will be refining these estimates, as they gain access to more up-to-date claims-level data. The preliminary estimates from Optumas are included in the table below. By comparison, the most recent three-year average CPI rate for medical services for the Midwest region is 3.3 percent.

**Preliminary Estimates: Estimated Growth in Aggregate Medicaid PMPM Costs**

<b>State Fiscal Year</b>	<b>Lower Bound PMPM</b>	<b>Upper Bound PMPM</b>	<b>Lower Bound Growth Rate</b>	<b>Upper Bound Growth Rate</b>
<b>2014 Actual</b>	\$609	\$609		
<b>2015 Estimate</b>	\$630	\$630	3.4%	3.4%
<b>2016 Projection</b>	\$638	\$647	1.2%	2.6%
<b>2017 Projection</b>	\$652	\$675	2.2%	4.4%

“Our longer term goal at JMOC is to be able to assess per capita spending by population, rather than by service; assess quality and health outcomes against benchmarks; and make comparisons over time and against other states to assess performance,” said Ranking Member Nickie J. Antonio (D-Lakewood).

The Joint Medicaid Oversight Committee was created in statute by the 130<sup>th</sup> General Assembly to oversee the state’s Medicaid program.