Health and Recovery Services Administration
Caseload Forecasts
Year in Review

FISCAL YEAR 2008: JULY 2007 THROUGH JUNE 2008

STATE OF WASHINGTON ▪ CASELOAD FORECAST COUNCIL

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CFC FORECAST YEAR IN REVIEW:
Health and Recovery Services Administration

July 2007 through June 2008

The Year in Review provides an overview of the major forecast changes that have occurred over the past fiscal year. This report covers fiscal year 2008. The major policy change affecting medical programs during this period was the Cover All Kids initiative to increase outreach to eligible uninsured children, and to expand coverage to low-income children not covered by Medicaid. This initiative started in July 2007 and has continued into Fiscal Year 2009.

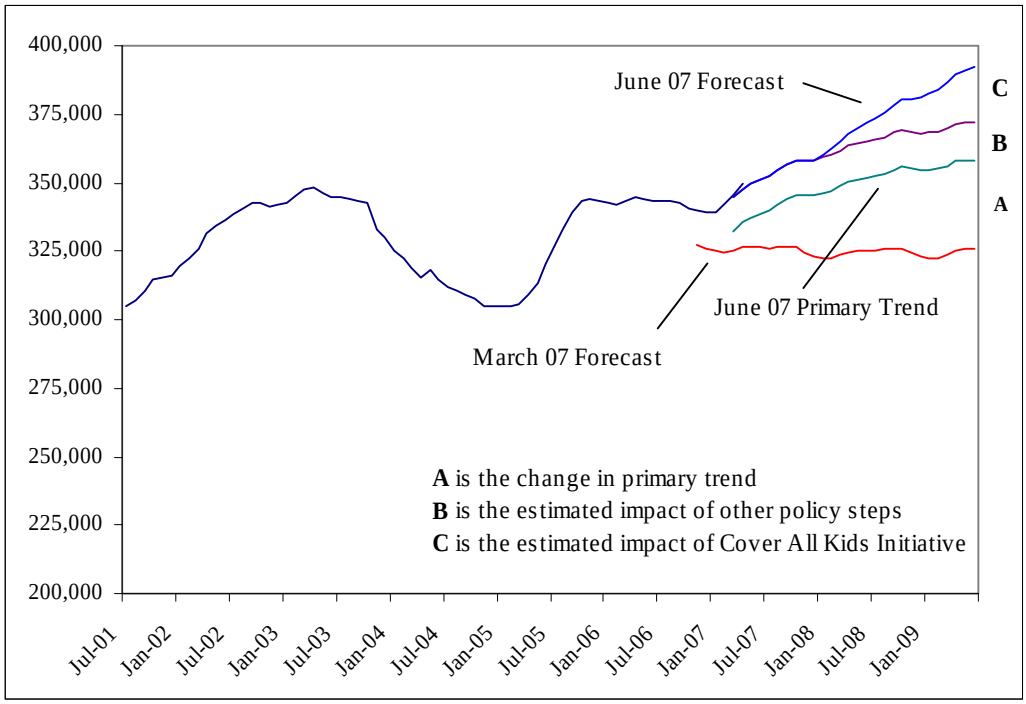
The economy in Washington began to feel the effects of the national recession during 2008. A weakening labor market has put more pressure on programs for low income individuals, especially for working age adults and their children. This has been particularly true for the TANF program, which serves very low income families. While Medicaid programs serving the aged and disabled have seen less of an impact from the weakening labor market, they have been impacted through the drop in asset value that has occurred both in real estate and the stock market.

I. Medical Programs for Children: The Children's forecast is composed of three component forecasts: Categorically Needy (CN) Other Children, a Medicaid program for children below 200% of the Federal Poverty Level (FPL), the State Children's Health Program (SCHIP) for children between 200 and 250 percent of the FPL, and the Children's Health Program (CHP) for non-citizen children below 250 percent of the FPL[1].

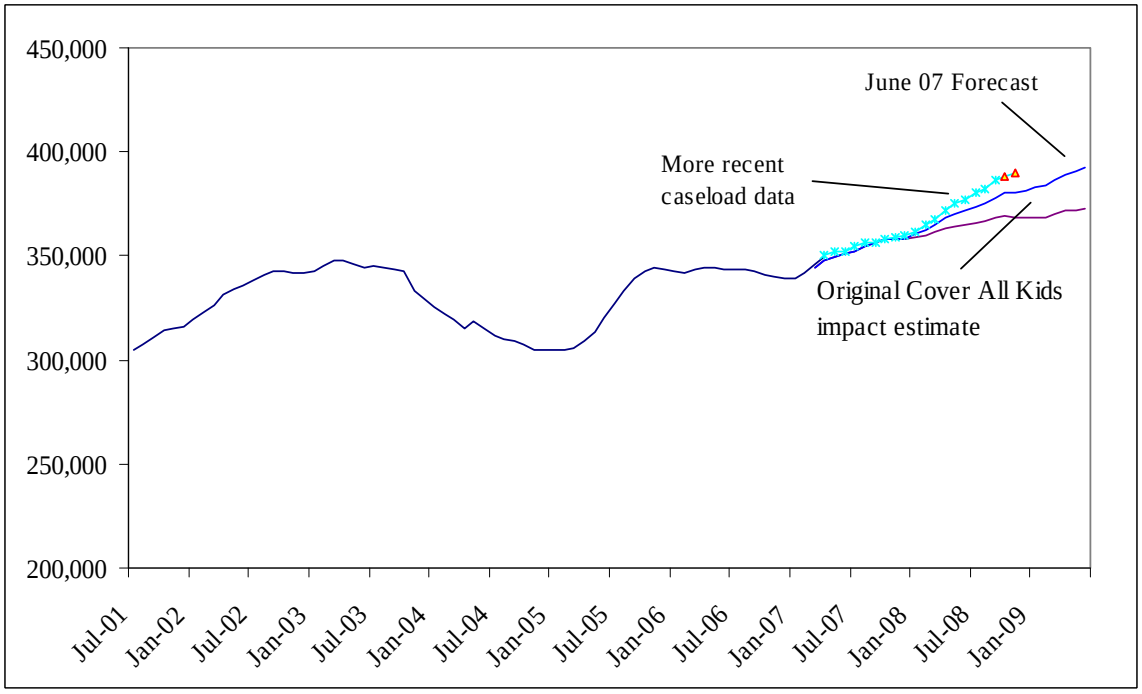
The CN Other Children caseload has experienced the largest impacts from policy changes in recent years. It has become almost impossible to estimate the impact of any specific policy, as new policy changes were implemented before previous policy changes had fully played out. Recent policy changes were:

April 2003 – Require a signature on applications and verification of income.
July 2003 – Certification period shortened from 12 to 6 months.
March 2005 – Reinstitution of 12 month certification period.
January 2007 – Automate the process of ensuring that children receive 12 months of continuous eligibility when they exit other Medicaid programs.
July 2007 – Start outreach program to reach uninsured eligible children.
December 2007 – Allow children to remain on program longer while verifying citizenship.
January 2008 – Institute procedures to make income verification process more flexible.

[1] These programs cover children up to 300 percent of the FPL, subject to appropriation, beginning January 2009.



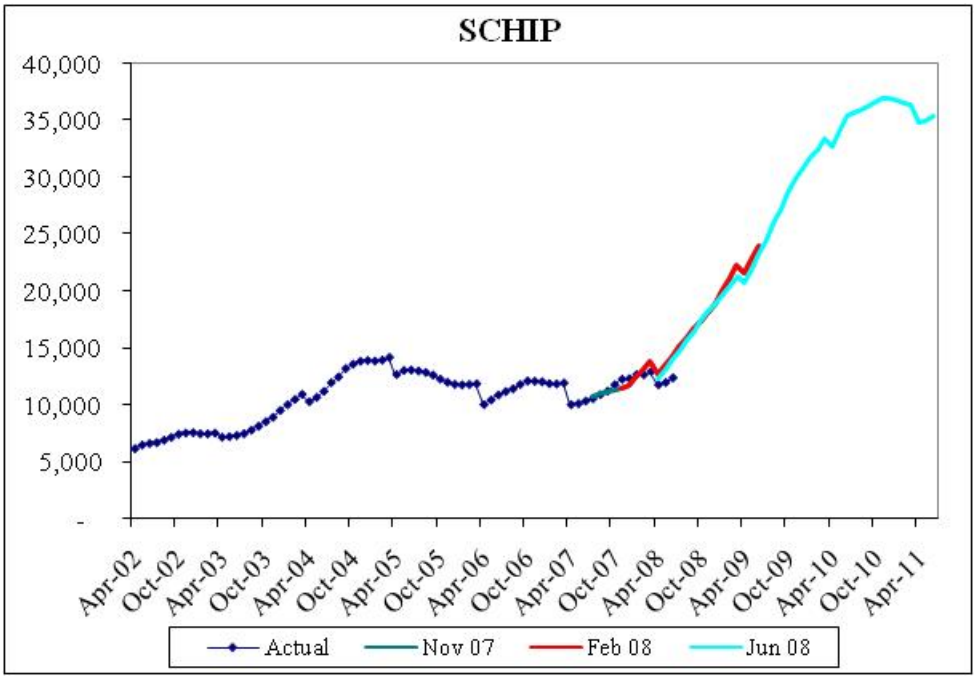
There was a significant adjustment of the CN Other Children's forecast between the March 2007 and the June 2007 forecasts. For Fiscal Year 2008, about 60 percent of the this adjustment was due to a revision in primary trend, about 35 percent was due to the addition of children eligible for adoption support (they had previously been covered for health insurance through a different department), and about 5 percent of the change was due to the Cover All Kids initiative. The Cover All Kids initiative was expected, however, to have a greater impact in later fiscal years as the cumulative effect of outreach efforts mounted.



Since January 2008, the CN Other Children program has grown at a faster pace than predicted by the June 2007 forecast. At this point it is unclear what portion of this variance was caused by a greater than expected impact of outreach, and what portion was caused by a generally weaker economy.

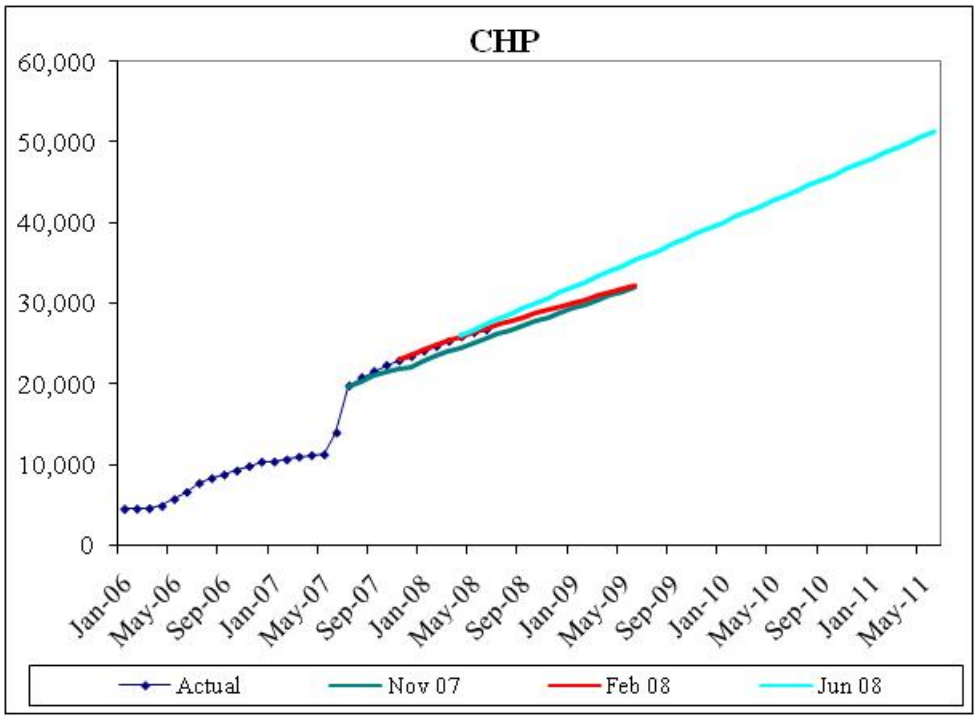
In November 2007, the underlying growth of the program was captured by a linear trend, and the impact of the Cover All Kids initiative was derived from an estimate produced by department and legislative staff during the 2007 legislative session. This model was maintained and updated through the June 2008 forecast.

SCHIP: The SCHIP program was also expected to experience a major impact from the Cover All Kids outreach efforts. Between the March and the June 2007 forecasts, the primary trend was actually lowered for Fiscal Year 2008. The estimated step impact provided by legislative and executive branch staff from the 2007 legislative session was for a 57 percent impact from outreach in Fiscal Year 2008.



The primary trend forecast was revised by very small amounts in the November 2007 and the February 2008 forecasts. The impact of the Cover All Kids initiative was expected to start in January 2008. It was, consequently, very difficult to adjust the step even by the June forecast when only three months of data were available on the policy's actual impact. Preliminary data now indicates that the estimated impact of Cover All Kids, used in the forecasts from June 2007 to June 2008, was too great for this program.

The **CHP** program is a new medical program covering children who qualify for Medicaid except for the citizenship requirement.

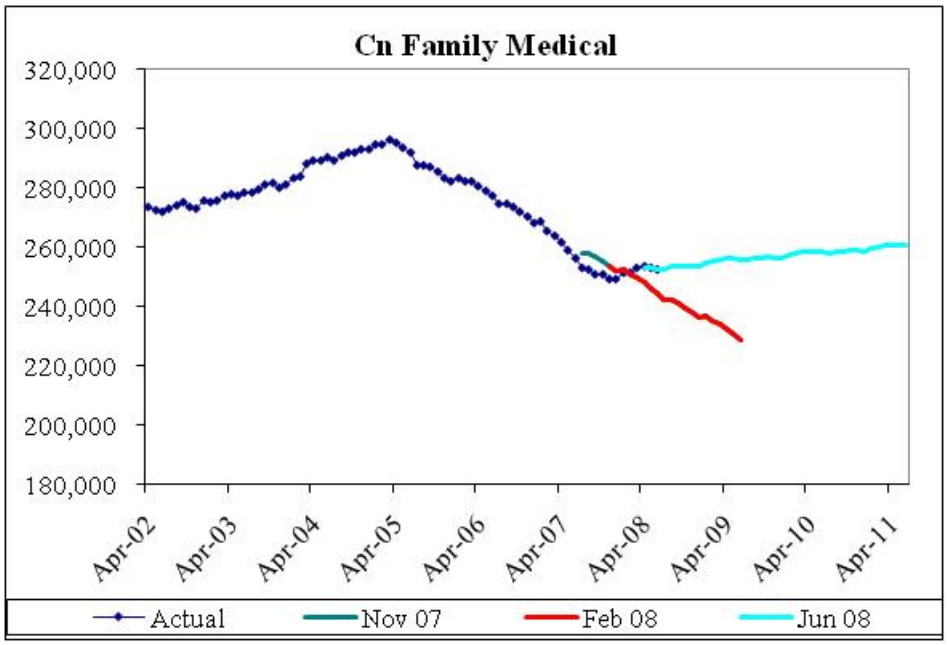


The CHP program income limit increased to 250 percent of the FPL from 100 percent of the FPL in July 2007. This eligibility change caused a jump in the caseload in July 2007. From that time the program has been growing at a consistent rate.

The eligibility limit will increase to 300 percent of the FPL in January 2009. The June 2008 forecast is being used as a placeholder until a full evaluation of outreach can be conducted across all the programs affected by the Cover All Kids initiative. There is not yet enough data to estimate the impact of the Cover All Kids initiative on the Medicaid programs.

II. Medical Programs for Families: The Families forecast is composed of three component forecasts: Categorically Needy (CN) Family Medical (for adults and children eligible for TANF), CN Pregnant Women, and Refugee Services. In Fiscal Year 2008, CN Family Medical made up 90 percent of this forecast group.

Recipients of **CN Family Medical** are eligible for TANF and either receive a TANF grant, have left TANF and receive medical through the TANF extension program, or are eligible and choose not to receive a grant, but still receive medical.



The CN Family Medical program began to decline in the spring of 2005. This decline correlated with the decline in the number of families receiving a TANF grant, and was most likely due to a combination of a strong economy and efforts by the Department of Social and Health Services to help recipients find jobs.

By early 2008, the program had begun to level off. The workgroup decided to base the June 2008 forecast, in part, on an entry and exit rate model to capture the change in trend. The turning point was mainly driven by a decline in exit rates back to more normal levels The exit rate had been unusually high in calendar year 2007. The entry and exit rate model forecast was averaged with a linear trend (which was basically flat) since the program had not yet returned to any real growth.

The change in trend was thought to be due to both the decline in exit rates and to a gradual adjustment to entry and exit rate levels. Because of underlying growth in population, the program would have started to grow in the summer of 2009, even if exit rates had remained at their 2007 levels.

The **CN Pregnant Women** program serves women with incomes below 185 percent of the FPL. Since 2004 this program has grown at a fairly steady rate of around 2 percent a year, and there have been only minor revisions to the forecast.

The medical program for **Refugees** exhibits substantial month to month variation, and is a very small program averaging less than 700 in Fiscal Year 2008. Overall, the trend seems to be rather flat over time.

III. Medicaid Programs for the Aged and Disabled: The forecast for medical services for the aged, blind, and for people with disabilities is composed of seven components: Categorically Needy Aged, Categorically Needy Blind and People with Disabilities, Medically Needy Aged, Medically Needy Blind and People with Disabilities, Breast and

Cervical Cancer, Healthcare for Workers with Disabilities, and Qualified Medicare Beneficiaries (QMB).

The broadest scope of coverage is for those who are deemed **Categorically Needy (CN)**. These persons are generally eligible through their qualification for cash benefits under Supplemental Security Insurance (SSI). One group that qualifies purely based on low income is Medicare beneficiaries.

Medically Needy (MN) programs are for the aged or for individuals with disabilities who have income and/or resources above CN limits. MN coverage provides slightly less medical coverage than CN and requires greater financial participation by the client. MN clients with income above MN limits are required to spend down excess income on qualifying medical expenses before medical benefits can be authorized.

CN Aged: Over the past two fiscal years, the CN Aged program has been growing well below the growth rate of the underlying aged population (see table below). No cause of this slower than expected growth has been identified, so the workgroup based the CN Aged forecast partially on an entry and exit rate forecast that will eventually forecast program growth to the population growth rate. There have been no major policy initiatives impacting this program, and the economy is expected to have a muted effect on the program.

Growth in CN Aged, Blind, and Disabled Caseloads versus the under 65 Population

Fiscal Year	CN Aged	Aged population	CN Blind Disabled	Under 65 population
2007	0.9%	2.70%	2.1%	1.65%
2008	0.9%	3.35%	2.6%	1.32%
2009	1.2%	3.39%	2.6%	1.27%
2010	1.4%	3.11%	2.5%	1.10%
2011	1.6%	3.01%	2.5%	1.16%
2012		4.75%		1.00%
2013		4.81%		0.97%

CN Blind/Disabled: The CN Blind Disabled caseload grew at a rate of 2.6 percent over the 2008 fiscal year. This growth was a little higher than expected, and to some extent was due to stronger than expected growth in the General Assistance Expedited Medical program. This program is fairly volatile, and seems to have experienced a one-time surge in growth.

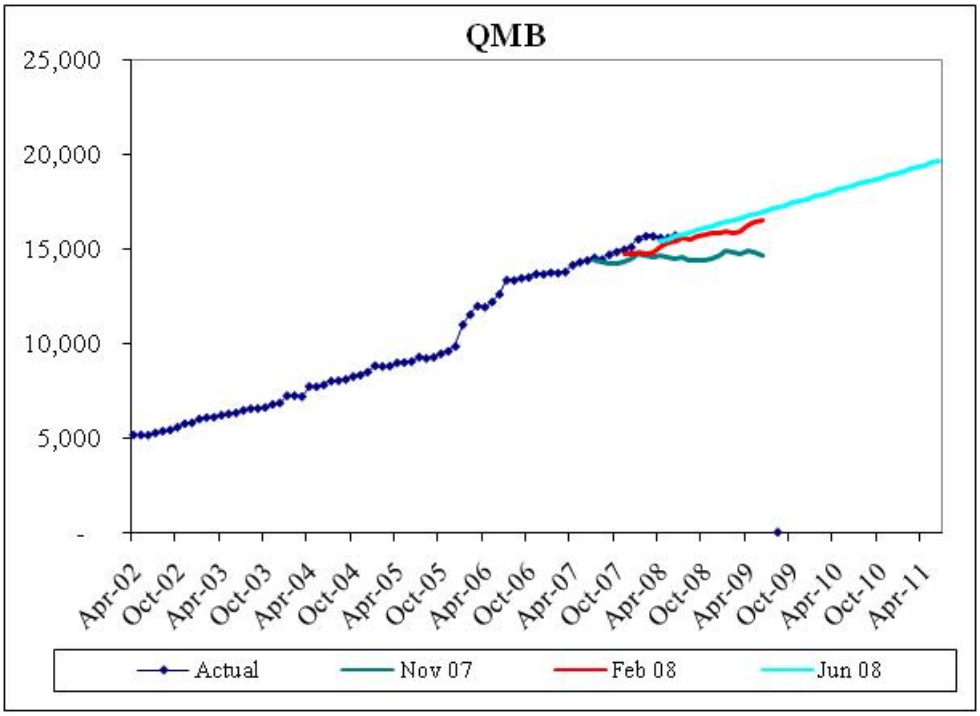
Breast and Cervical Cancer Treatment (BCCT): The BCCT caseload grew at a rate of 15.1 percent in Fiscal Year 2008, down considerably from its growth of 32.4 percent in Fiscal Year 2007. The growth rate for the program is expected to continue to fall as the start-up phase is completed. Eventually the growth rate might near that of the underlying population of about 1.5 percent.

Healthcare for Workers with Disabilities (HWD): The HWD caseload grew at a rate of 16.8 percent in Fiscal Year 2008. This is another program that experienced a ramp up, and the growth rate is expected to slowly decline over time. The HWD program is a healthcare program for

workers with disabilities. It was started in 2000, and recent high growth rates have been attributed to increased awareness of the program.

Qualified Medicare Beneficiary: To be eligible for the Qualified Medicare Beneficiary (QMB) program the client must be enrolled in Medicare Part A. Income limits are based on 100 percent of the Federal Poverty Level. Under QMB, Medicaid pays for Medicare Part B premiums, deductibles, co-payments, and any Medicare Part C costs associated with HMO premiums and co-pays.

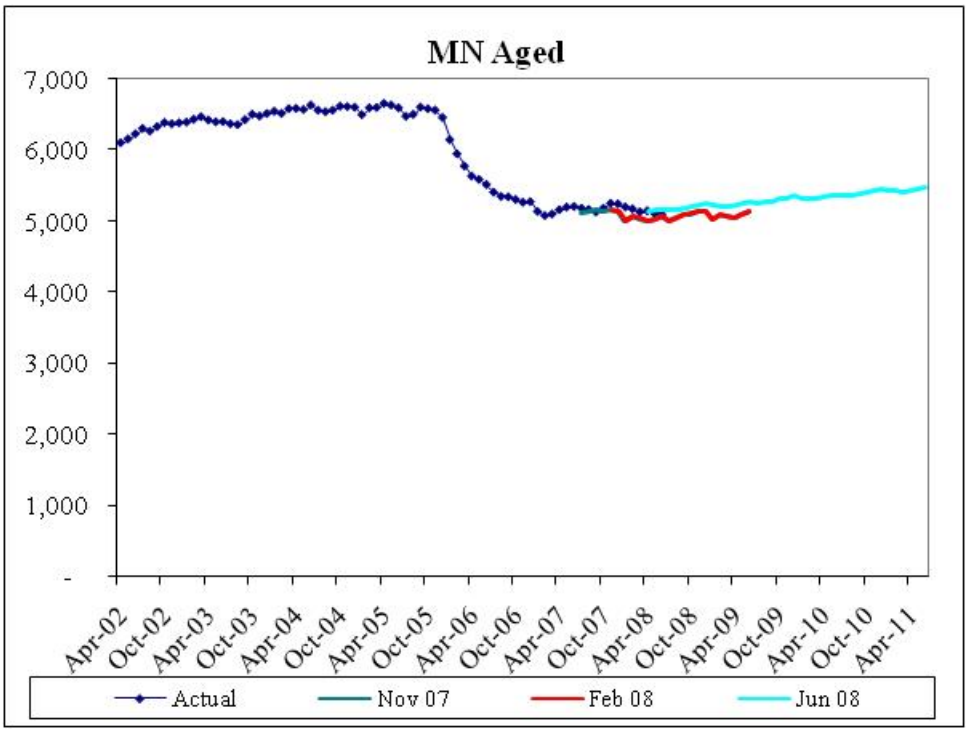
The forecast for this program has been revised repeatedly. The workgroup has experimented with a number of different models over the years, but none have been able to capture the erratic changes in growth observed for the program. Part of the difficulty forecasting this program may be due to its residual nature. Not all clients receiving QMB services appear on the caseload, only those that do not receive any other Medicaid services (In particular, some QMB clients have applied for Medically Needy coverage, but don't drop off the QMB caseload until they have met their spend-down requirement). Thus, client's choices to leave or enter other programs determine their appearance on this caseload.

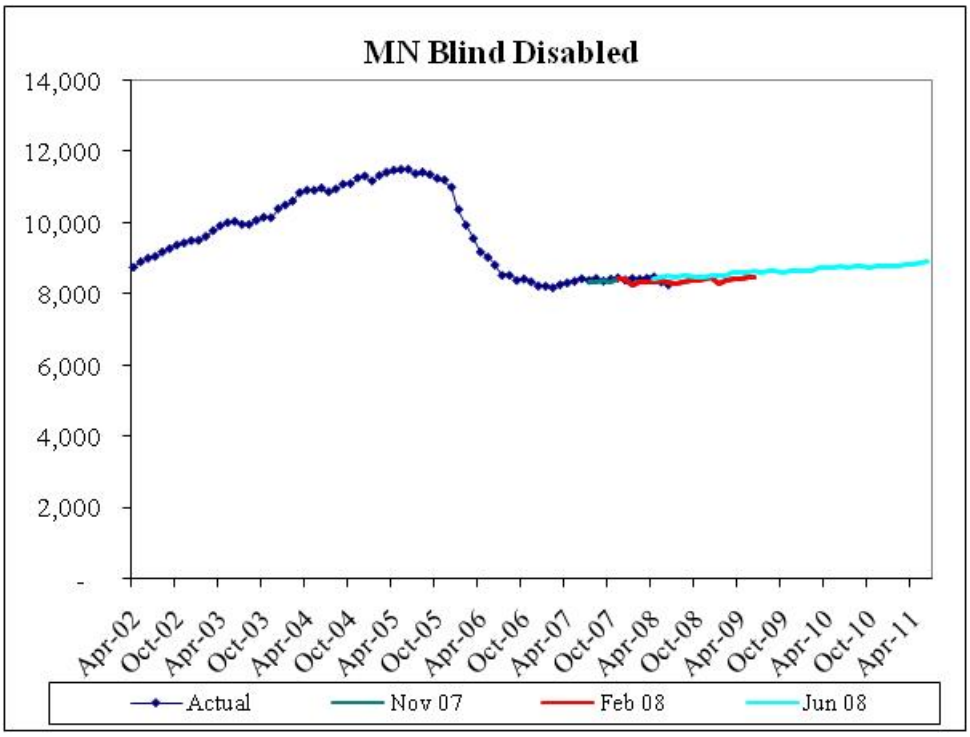


MN Aged and MN Blind Disabled: The MN Aged and Blind Disabled caseloads began to fall in early 2006 with the implementation of Medicare Part D. The caseloads had stabilized by June 2006 and have shown little growth since that time.

Over the forecast horizon to June 2011, we have forecast a slow return to growth near the underlying population growth rate. In Fiscal Year 2008 MN Aged declined by 1.3 percent and

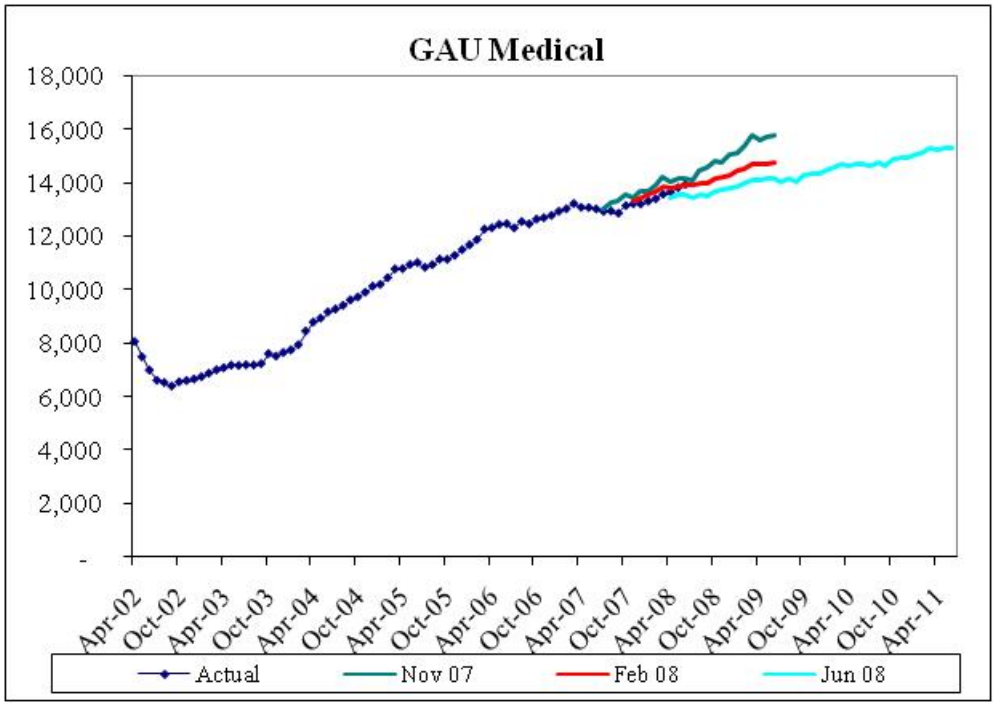
MN Blind Disabled increased by 0.9 percent. These low growth rates are being driven by unexpectedly low entry rates. The June 2008 forecast assumes that entry rates will return to more normal levels, and that growth will resume in these programs.



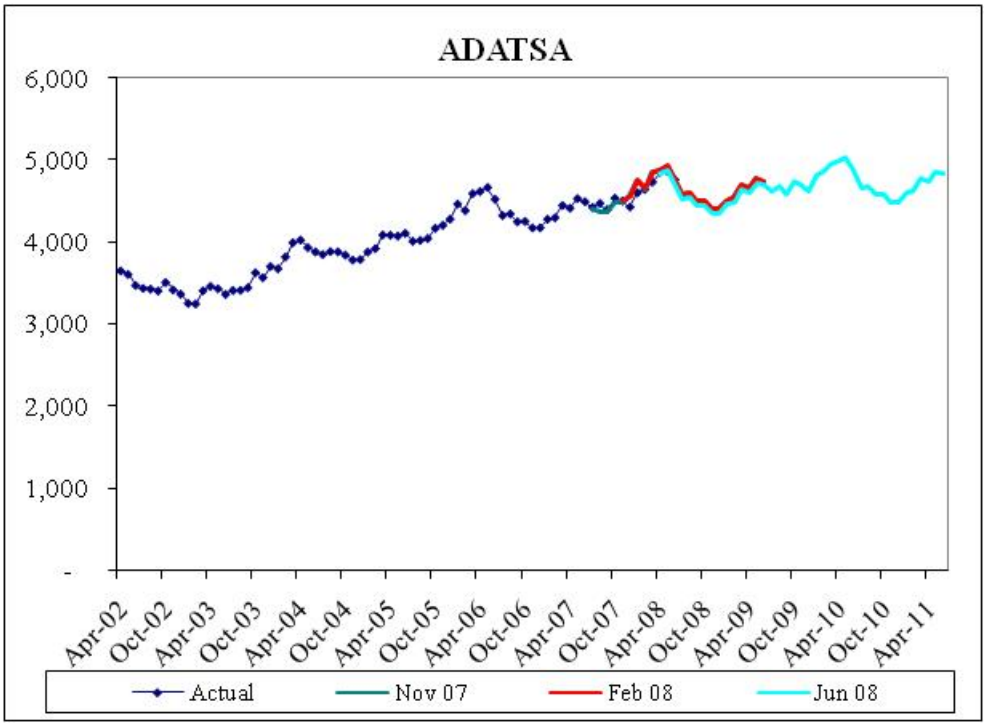


III. **Non-Medicaid Medical Assistance**: The CFC forecasts two medical assistance programs that are not funded through Medicaid. The first program is General Assistance Unemployable – Medical (GA-U), which is totally state funded medical assistance for individuals with temporary disabilities that prevent them from working. The second program is medical assistance for Alcohol and Drug Addiction Treatment Support Act (ADATSA) beneficiaries who are receiving drug and alcohol treatment.

GA-U Medical: The GAU medical program experiences extended periods of faster or slower growth over time. The current period is of slower growth, and recent forecasts have been revised downward in response to this change in trend. The June 2008 forecast takes the current slower growth, but assumes a gradual increase in growth back to its long-term trend by the end of Fiscal Year 2009. A significantly weakening economy would be expected to cause growth in this program.



ADATSA Medical: The ADATSA program has followed a pretty consistent pattern of faster growth in even fiscal years and slower growth in odd fiscal years. This is most probably caused by the budget cycle which is done on a two-year schedule.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Actual
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Program	Fiscal Year	caseload	Forecast Nov 07	Forecast Feb 08	Forecast Jun 08	Nov 07 to Jun 08 Change Nov to Jun	Nov 07 to Jun 08 Percent Change Nov to Jun	Feb 08 to Jun 08 Change Feb to Jun	Feb 08 to Jun 08 Percent Change Feb to Jun	Fiscal Year Change	Fiscal Year Percent Change
CN Family Medical	2003	275,716									
CN Family Medical	2004	283,973								8,256	3.0%
CN Family Medical	2005	293,185								9,212	3.2%
CN Family Medical	2006	283,292								-9,892	-3.4%
CN Family Medical	2007	267,711								-15,581	-5.5%
CN Family Medical	2008		252,225	250,684	252,150	-74	0.0%	1,466	0.6%	-15,561	-5.8%
CN Family Medical	2009		236,563	236,563	254,583	18,020	7.6%	18,020	7.6%	2,433	1.0%
CN Family Medical	2010				257,304					2,721	1.1%
CN Family Medical	2011				259,552					2,249	0.9%
CN Pregnant Women	2003	25,707									
CN Pregnant Women	2004	26,366								659	2.6%
CN Pregnant Women	2005	27,121								755	2.9%
CN Pregnant Women	2006	27,589								468	1.7%
CN Pregnant Women	2007	28,491								902	3.3%
CN Pregnant Women	2008		28,868	28,850	29,248	380	1.3%	398	1.4%	757	2.7%
CN Pregnant Women	2009		29,330	29,330	29,997	666	2.3%	666	2.3%	749	2.6%
CN Pregnant Women	2010				30,733					736	2.5%
CN Pregnant Women	2011				31,468					736	2.4%
Refugee Services	2003	535									
Refugee Services	2004	684								149	27.9%
Refugee Services	2005	685								1	0.2%
Refugee Services	2006	754								69	10.0%
Refugee Services	2007	743								-10	-1.4%
Refugee Services	2008		747	728	689	-58	-7.7%	-39	-5.3%	-54	-7.3%
Refugee Services	2009		747	747	685	-62	-8.3%	-62	-8.3%	-4	-0.6%
Refugee Services	2010				685					0	0.0%
Refugee Services	2011				685					0	0.0%
Medical Services for Families	2003	301,958								0	0.0%
Medical Services for Families	2004	311,022								9,064	3.0%
Medical Services for Families	2005	320,991								9,969	3.2%
Medical Services for Families	2006	311,635								-9,356	-2.9%
Medical Services for Families	2007	296,945								-14,690	-4.7%
Medical Services for Families	2008			280,262	282,087			1,825	0.7%	-14,858	-5.0%
Medical Services for Families	2009			266,640	285,265			18,625	7.0%	3,178	1.1%
Medical Services for Families	2010				288,721					3,456	1.2%
Medical Services for Families	2011				291,705					2,984	1.0%

Program	Fiscal Year	caseload	Forecast Nov 07	Forecast Feb 08	Forecast Jun 08	Nov 07 to Jun 08 Change Nov to Jun	Nov 07 to Jun 08 Percent Change Nov to Jun	Feb 08 to Jun 08 Change Feb to Jun	Feb 08 to Jun 08 Percent Change Feb to Jun	Fiscal Year Change	Fiscal Year Percent Change
CN Other Children	2003	343,521									
CN Other Children	2004	329,404								-14,117	-4.1%
CN Other Children	2005	308,918								-20,485	-6.2%
CN Other Children	2006	340,770								31,852	10.3%
CN Other Children	2007	344,368								3,598	1.1%
CN Other Children	2008		363,247	362,959	363,458	211	0.1%	499	0.1%	19,090	5.5%
CN Other Children	2009		384,833	384,833	390,512	5,680	1.5%	5,680	1.5%	27,054	7.4%
CN Other Children	2010				412,544					22,032	5.6%
CN Other Children	2011				423,400					10,856	2.6%
SCHIP	2003	7,320								0	0.0%
SCHIP	2004	9,516								2,196	30.0%
SCHIP	2005	13,303								3,787	39.8%
SCHIP	2006	11,786								-1,517	-11.4%
SCHIP	2007	11,426								-360	-3.1%
SCHIP	2008		12,310	12,330	12,259	-52	-0.4%	-72	-0.6%	833	7.3%
SCHIP	2009		19,457	19,457	19,098	-359	-1.8%	-359	-1.8%	6,839	55.8%
SCHIP	2010				30,568					11,470	60.1%
SCHIP	2011				36,077					5,509	18.0%
CHP	2003										
CHP	2004										
CHP	2005										
CHP	2006	2,528								2,528	
CHP	2007	10,127								7,600	300.7%
CHP	2008		22,593	23,687	23,681	1,088	4.8%	-6	0.0%	13,554	133.8%
CHP	2009		28,986	29,834	31,649	2,662	9.2%	1,815	6.1%	7,967	33.6%
CHP	2010				39,616					7,967	25.2%
CHP	2011				47,583					7,967	20.1%
Medical for Children	2003	350,841								0	0.0%
Medical for Children	2004	338,919								-11,921	-3.4%
Medical for Children	2005	322,222								-16,698	-4.9%
Medical for Children	2006	355,084								32,862	10.2%
Medical for Children	2007	365,922								10,838	3.1%
Medical for Children	2008			398,976	399,398			422	0.1%	33,477	9.1%
Medical for Children	2009			434,123	441,259			7,136	1.6%	41,860	10.5%
Medical for Children	2010				482,728					41,469	9.4%
Medical for Children	2011				507,060					24,332	5.0%

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CN Aged	2003	53,819									
CN Aged	2004	54,573								753	1.4%
CN Aged	2005	55,544								971	1.8%
CN Aged	2006	56,466								922	1.7%
CN Aged	2007	57,002								536	0.9%
CN Aged	2008		57,910	57,832	57,523	-387	-0.7%	-310	-0.5%	521	0.9%
CN Aged	2009		58,756	58,756	58,195	-561	-1.0%	-561	-1.0%	673	1.2%
CN Aged	2010				59,023					827	1.4%
CN Aged	2011				59,952					930	1.6%
CN Blind Disabled	2003	118,466									
CN Blind Disabled	2004	123,248								4,782	4.0%
CN Blind Disabled	2005	126,868								3,621	2.9%
CN Blind Disabled	2006	129,655								2,787	2.2%
CN Blind Disabled	2007	132,337								2,683	2.1%
CN Blind Disabled	2008		134,997	135,172	135,839	842	0.6%	668	0.5%	3,502	2.6%
CN Blind Disabled	2009		137,712	137,712	139,373	1,661	1.2%	1,661	1.2%	3,533	2.6%
CN Blind Disabled	2010				142,890					3,518	2.5%
CN Blind Disabled	2011				146,408					3,518	2.5%
BCCT	2003										
BCCT	2004										
BCCT	2005	55								55	0.0%
BCCT	2006	375								320	581.8%
BCCT	2007	497								122	32.5%
BCCT	2008		571	569	572	1	0.2%	3	0.5%	75	15.1%
BCCT	2009		625	625	649	24	3.8%	24	3.8%	77	13.4%
BCCT	2010				713					64	9.8%
BCCT	2011				767					54	7.6%
HWD	2003	143									
HWD	2004	261								118	82.2%
HWD	2005	479								219	83.9%
HWD	2006	787								308	64.2%
HWD	2007	981								194	24.6%
HWD	2008		1,100	1,103	1,146	45	4.1%	42	3.8%	165	16.8%
HWD	2009		1,208	1,208	1,308	100	8.3%	100	8.3%	162	14.1%
HWD	2010				1,470					163	12.4%
HWD	2011				1,633					163	11.1%

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MN Aged	2003	6,382									
MN Aged	2004	6,510								128	2.0%
MN Aged	2005	6,592								82	1.3%
MN Aged	2006	6,150								-442	-6.7%
MN Aged	2007	5,222								-928	-15.1%
MN Aged	2008		5,090	5,095	5,157	66	1.3%	62	1.2%	-66	-1.3%
MN Aged	2009		5,085	5,085	5,225	140	2.8%	140	2.8%	69	1.3%
MN Aged	2010				5,326					101	1.9%
MN Aged	2011				5,429					103	1.9%
MN Blind Disabled	2003	9,567									
MN Blind Disabled	2004	10,462								895	9.4%
MN Blind Disabled	2005	11,257								795	7.6%
MN Blind Disabled	2006	10,386								-871	-7.7%
MN Blind Disabled	2007	8,354								-2,032	-19.6%
MN Blind Disabled	2008		8,351	8,366	8,427	76	0.9%	61	0.7%	73	0.9%
MN Blind Disabled	2009		8,397	8,397	8,555	158	1.9%	158	1.9%	128	1.5%
MN Blind Disabled	2010				8,688					133	1.6%
MN Blind Disabled	2011				8,808					120	1.4%
QMB	2003	5,850									
QMB	2004	7,066								1,217	20.8%
QMB	2005	8,563								1,496	21.2%
QMB	2006	10,690								2,127	24.8%
QMB	2007	13,694								3,004	28.1%
QMB	2008		14,424	14,844	15,056	632	4.4%	211	1.4%	1,362	9.9%
QMB	2009		14,609	15,944	16,383	1,774	12.1%	438	2.7%	1,327	8.8%
QMB	2010				17,721					1,339	8.2%
QMB	2011				19,060					1,339	7.6%
Aged, Blind, & Disabled	2003	194,227								0	0.0%
Aged, Blind, & Disabled	2004	202,119								7,892	4.1%
Aged, Blind, & Disabled	2005	209,358								7,239	3.6%
Aged, Blind, & Disabled	2006	214,509								5,151	2.5%
Aged, Blind, & Disabled	2007	218,087								3,579	1.7%
Aged, Blind, & Disabled	2008			222,983	223,720			737	0.3%	5,632	2.6%
Aged, Blind, & Disabled	2009			227,728	229,687			1,960	0.9%	5,968	2.7%
Aged, Blind, & Disabled	2010				235,831					6,144	2.7%
Aged, Blind, & Disabled	2011				242,057					6,227	2.6%

Program	Fiscal Year	caseload	Forecast Nov 07	Forecast Feb 08	Forecast Jun 08	Nov 07 to Jun 08 Change Nov to Jun	Nov 07 to Jun 08 Percent Change Nov to Jun	Feb 08 to Jun 08 Change Feb to Jun	Feb 08 to Jun 08 Percent Change Feb to Jun	Fiscal Year Change	Fiscal Year Percent Change
GAU Medical	2003	6,772									
GAU Medical	2004	7,940								1,168	17.3%
GAU Medical	2005	10,175								2,235	28.1%
GAU Medical	2006	11,646								1,471	14.5%
GAU Medical	2007	12,802								1,156	9.9%
GAU Medical	2008		13,722	13,442	13,217	-505	-3.7%	-225	-1.7%	415	3.2%
GAU Medical	2009		15,104	14,360	13,825	-1,279	-8.5%	-536	-3.7%	608	4.6%
GAU Medical	2010				14,430					605	4.4%
GAU Medical	2011				15,022					592	4.1%
ADATSA	2003	3,398									
ADATSA	2004	3,711								313	9.2%
ADATSA	2005	3,934								223	6.0%
ADATSA	2006	4,340								406	10.3%
ADATSA	2007	4,358								18	0.4%
ADATSA	2008		4,626	4,664	4,642	16	0.3%	-23	-0.5%	284	6.5%
ADATSA	2009		4,574	4,574	4,522	-52	-1.1%	-52	-1.1%	-120	-2.6%
ADATSA	2010				4,789					266	5.9%
ADATSA	2011				4,662					-127	-2.6%
Other Medical Services	2003	10,169								0	0.0%
Other Medical Services	2004	11,651								1,482	14.6%
Other Medical Services	2005	14,109								2,458	21.1%
Other Medical Services	2006	15,986								1,877	13.3%
Other Medical Services	2007	17,160								1,174	7.3%
Other Medical Services	2008			18,106	17,858	17,858		-248	-1.4%	698	4.1%
Other Medical Services	2009			18,934	18,347			-587	-3.1%	488	2.7%
Other Medical Services	2010				19,218					871	4.7%
Other Medical Services	2011				19,683					465	2.4%