

# Medicaid Costs by Category of Service

Five Slide Series, Volume 7  
December 2013

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# Summary of Tabulations and Findings

- We used the CMS MSIS website to tabulate Medicaid costs across 18 categories of service.
  - Tabulations are made for 2007 and 2010, showing trends across this timeframe
  - Distribution of 2010 costs are shown for persons dually eligible for Medicaid and Medicare, and for non-dual eligibles
- Capitated care represents both the largest and the fastest-growing category of service within the Medicaid program.
  - Capitation accounted for 27.2% of nationwide FY2010 Medicaid spending
  - Capitation accounted for 37% of non-duals' expenditures and 10% of all Medicaid spending for dual eligibles
  - Capitation as a portion of total Medicaid expenditures increased 6.0 percentage points from 2007-2010
  - Capitation spending increased 57% from 2007 (\$59 billion) to 2010 (\$92 billion)

# Summary of Tabulations and Findings (continued)

- Overall Medicaid spending increased 23% (a compounded average annual increase of 7.1%) during this three-year timeframe.
  - This overall cost increase occurred during a period of Medicaid enrollment growth; thus, average *per capita* cost increases were lower.
  - We derived an average per member per month annual Medicaid cost increase of 5.0% for all non-duals across the 2003-2010 timeframe nationwide. These tabulations controlled for population growth and normalized changes that occurred in population mix between TANF children, TANF adults, and persons with disabilities,
- Dual eligibles accounted for 37% of FY2010 Medicaid expenditures
- Dual eligibles' share of Medicaid spending varied widely by service category
  - e.g., dual eligibles accounted for 88% of Medicaid nursing home costs but only 5% of Medicaid prescription drug costs
- For non-duals, the categories of service with the largest fee-for-service nationwide expenditures were inpatient hospital (\$27 billion) and prescription drugs (\$26 billion)
- Note that MSIS figures exclude non-claims expenditures such as special financing arrangements with hospitals, and offsets to claims costs such as prescription drug rebates)

# Medicaid Spending by Category of Service, 2007 - 2010

Category of Service	National Medicaid Spending		Total % Change, 2007-2010	Service Category's % of Total Costs		Percentage Point Change, 2007-2010
	FY2007	FY2010		FY2007	FY2010	
Capitated Care	\$58,535,697,150	\$92,186,975,276	57%	21.2%	27.2%	6.0%
Clinic Services	\$8,668,145,053	\$10,754,045,946	24%	3.1%	3.2%	0.0%
Dental Services	\$3,243,817,522	\$5,436,255,327	68%	1.2%	1.6%	0.4%
Home Health	\$6,347,692,206	\$7,247,920,420	14%	2.3%	2.1%	-0.2%
ICF/MR	\$11,778,428,377	\$12,536,442,099	6%	4.3%	3.7%	-0.6%
Inpatient Hospital	\$36,918,814,487	\$33,534,964,676	-9%	13.4%	9.9%	-3.5%
Lab and X-Ray	\$2,927,635,205	\$3,469,154,064	18%	1.1%	1.0%	0.0%
Mental Health Facility	\$2,396,532,351	\$2,528,154,149	5%	0.9%	0.7%	-0.1%
Nursing Facility	\$46,522,890,872	\$48,911,775,151	5%	16.8%	14.4%	-2.4%
Other Care	\$31,281,398,023	\$41,352,873,220	32%	11.3%	12.2%	0.9%
Outpatient Hospital	\$10,358,060,516	\$12,767,499,817	23%	3.7%	3.8%	0.0%
Other Practitioner	\$921,471,231	\$1,145,428,897	24%	0.3%	0.3%	0.0%
PCCM	\$235,150,604	\$423,467,723	80%	0.1%	0.1%	0.0%
Prescribed Drugs	\$22,159,652,400	\$27,186,633,686	23%	8.0%	8.0%	0.0%
Physician Services	\$10,075,454,226	\$11,921,424,628	18%	3.6%	3.5%	-0.1%
Personal Support Services	\$23,196,780,791	\$25,939,939,697	12%	8.4%	7.7%	-0.7%
Sterilizations	\$162,813,118	\$137,495,079	-16%	0.1%	0.0%	0.0%
Unknown	\$515,995,321	\$1,513,928,002	193%	0.2%	0.4%	0.3%
<b>Total, All Service Categories</b>	<b>\$276,246,429,453</b>	<b>\$338,994,377,857</b>	<b>23%</b>	<b>100.0%</b>	<b>100.0%</b>	

Note that expenditure decreases outside of capitated care category do not necessarily indicate that these providers' overall Medicaid revenues declined.

For example, hospitals' additional payments from capitated managed care organizations may have more than offset reductions in Medicaid fee-for-service payments.

# Medicaid Spending by Category of Service, Duals and Non-Duals, FY2010

Category of Service	FY2010 Medicaid Expenditures			Service Category's % of Total FY2010 Medicaid Expenditures		
	Non-Duals	Dual Eligibles	Total	Non-Duals	Dual Eligibles	Total
Capitated Care	\$79,252,787,937	\$12,934,187,339	\$92,186,975,276	36.9%	10.4%	27.2%
Clinic Services	\$8,482,732,806	\$2,271,313,140	\$10,754,045,946	4.0%	1.8%	3.2%
Dental Services	\$4,956,402,689	\$479,852,638	\$5,436,255,327	2.3%	0.4%	1.6%
Home Health	\$3,013,487,833	\$4,234,432,587	\$7,247,920,420	1.4%	3.4%	2.1%
ICF/MR	\$4,095,625,769	\$8,440,816,330	\$12,536,442,099	1.9%	6.8%	3.7%
Inpatient Hospital	\$26,789,851,380	\$6,745,113,296	\$33,534,964,676	12.5%	5.4%	9.9%
Lab and X-Ray	\$3,181,787,479	\$287,366,585	\$3,469,154,064	1.5%	0.2%	1.0%
Mental Health Facility	\$1,981,521,053	\$546,633,096	\$2,528,154,149	0.9%	0.4%	0.7%
Nursing Facility	\$5,869,873,269	\$43,041,901,882	\$48,911,775,151	2.7%	34.6%	14.4%
Other Care	\$17,558,036,311	\$23,794,836,909	\$41,352,873,220	8.2%	19.1%	12.2%
Outpatient Hospital	\$10,416,645,857	\$2,350,853,960	\$12,767,499,817	4.9%	1.9%	3.8%
Other Practitioner	\$908,604,884	\$236,824,013	\$1,145,428,897	0.4%	0.2%	0.3%
PCCM	\$374,197,642	\$49,270,081	\$423,467,723	0.2%	0.0%	0.1%
Prescribed Drugs	\$25,729,838,678	\$1,456,795,008	\$27,186,633,686	12.0%	1.2%	8.0%
Physician Services	\$10,084,840,926	\$1,836,583,702	\$11,921,424,628	4.7%	1.5%	3.5%
Personal Support Services	\$11,647,202,036	\$14,292,737,661	\$25,939,939,697	5.4%	11.5%	7.7%
Sterilizations	\$126,849,675	\$10,645,404	\$137,495,079	0.1%	0.0%	0.0%
Unknown	\$58,218,986	\$1,455,709,016	\$1,513,928,002	0.0%	1.2%	0.4%
<b>Total, All Service Categories</b>	<b>\$214,528,505,210</b>	<b>\$124,465,872,647</b>	<b>\$338,994,377,857</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

# Dual Eligibles' Share of National Medicaid Spending by Category of Service, FY2010

Category of Service	Dual Eligibles' % of All Medicaid Costs Within Service Category
Capitated Care	14%
Clinic Services	21%
Dental Services	9%
Home Health	58%
ICF/MR	67%
Inpatient Hospital	20%
Lab and X-Ray	8%
Mental Health Facility	22%
Nursing Facility	88%
Other Care	58%
Outpatient Hospital	18%
Other Practitioner	21%
PCCM	12%
Prescribed Drugs	5%
Physician Services	15%
Personal Support Services	55%
Sterilizations	8%
Unknown	96%
<b>Total, All Service Categories</b>	<b>37%</b>

- Dual eligibles accounted for 37% of FY2010 Medicaid spending nationally
- Dual eligibles accounted for more than 50% of Medicaid nursing home expenditures in several categories including nursing homes (88%), ICF/MR (66%), Home Health (58%) and Personal Support Services (55%)
- Dual eligibles accounted for less than 10% of all Medicaid spending for prescribed drugs (5%, due to Medicare Part D being primary payer), lab and x-ray (8%), sterilizations (8%), and dental services (9%)
- Source used for all tabulations in these slides is CMS MSIS website data ([msis.cms.hhs.gov](http://msis.cms.hhs.gov))