

Attachment 7
Question 60
DEPARTMENT OF HEALTH CARE POLICY AND FINANCING

**OAP HEALTH AND MEDICAL CARE PROGRAM
FY 2007-08 FOOTNOTE FORECAST DESCRIPTION**

OAP Forecasts are updated at the end of each month using data derived from MMIS. In general, expenditures are forecast at an average weekly per-capita basis for each of the 12 claim types. These weekly forecasts are extended to monthly values, which can be summed to obtain forecasts by fiscal year. The model includes fields to specify the reimbursement rate (as a percentage of Medicaid's reimbursement rate) for each claim type, and these rates can be adjusted for each month to determine the future effect of rate changes. In addition, some claim types are not billed and paid for several months, so the effect of rate changes does not bring immediate results. Therefore, the model considers the lag effect of all claim types.

Regarding specific forecasting techniques, historical MMIS data is broken down to average per-capita expenditures by claim type by week, and forecasts are calculated in Forecast Pro. Forecast Pro determines the most accurate forecast methodology for each claim type; the most common methodologies include exponential smoothing and Box-Jenkins models. When calculating the total expenditures, the model conservatively considers the upper confidence limit for three volatile claim types (Medicare Part-B Crossover, Outpatient, and Physician), as well as caseload, to ensure that actual values do not exceed forecasts; the model considers actual forecasts rather than the upper bound for all other claim types.

The model used to construct the forecasts for the footnote report utilized historical data from January 2003 through the end of February 2007. Forecasted FY 07-08 expenditures for each claim type and the summary of these expenditures are presented in the tables that follow. Summing the fiscal year forecast for each claim type yields a total expenditure of \$29,811,372.97.

Forecasted Per-Capita Weekly Expenses														
Claim Type	July 07	August 07	September 07	October 07	November 07	December 07	January 08	February 08	March 08	April 08	May 08	June 08		
Pharmacy	\$24.51	\$24.65	\$24.79	\$24.93	\$25.07	\$25.21	\$25.35	\$25.49	\$25.63	\$25.77	\$25.91	\$26.05		
Inpatient	\$28.40	\$28.40	\$28.40	\$28.40	\$28.40	\$28.40	\$28.40	\$28.40	\$28.40	\$28.40	\$28.40	\$28.40		
Outpatient	\$20.59	\$20.71	\$20.83	\$20.95	\$21.06	\$21.17	\$21.27	\$21.38	\$21.48	\$21.58	\$21.68	\$21.77		
Practitioner/Physician	\$29.12	\$30.28	\$31.38	\$32.45	\$33.48	\$34.49	\$35.47	\$36.44	\$37.40	\$38.34	\$39.27	\$40.19		
Dental	\$0.14	\$0.21	\$0.15	\$0.16	\$0.08	\$0.08	\$0.08	\$0.11	\$0.11	\$0.10	\$0.09	\$0.07		
Independent Laboratory	\$1.55	\$1.55	\$1.55	\$1.55	\$1.55	\$1.55	\$1.55	\$1.55	\$1.55	\$1.55	\$1.55	\$1.55		
Medical Supply	\$3.88	\$3.88	\$3.88	\$3.88	\$3.88	\$3.88	\$3.88	\$3.88	\$3.88	\$3.88	\$3.88	\$3.88		
Home Health	\$1.55	\$1.55	\$1.55	\$1.55	\$1.55	\$1.55	\$1.55	\$1.55	\$1.55	\$1.55	\$1.55	\$1.55		
Transportation	\$0.27	\$0.26	\$0.27	\$0.26	\$0.27	\$0.25	\$0.24	\$0.29	\$0.29	\$0.25	\$0.27	\$0.26		
Mcare Part A Crossover	\$0.03	\$0.03	\$0.03	\$0.03	\$0.03	\$0.03	\$0.03	\$0.03	\$0.03	\$0.03	\$0.03	\$0.03		
Mcare Part B Crossover	\$0.17	\$0.18	\$0.19	\$0.21	\$0.22	\$0.23	\$0.25	\$0.26	\$0.28	\$0.29	\$0.30	\$0.32		
Mcare UB92 Part B Crossover	\$0.10	\$0.10	\$0.10	\$0.10	\$0.10	\$0.10	\$0.10	\$0.10	\$0.10	\$0.10	\$0.10	\$0.10		
Total	\$110.29	\$111.78	\$113.11	\$114.44	\$115.67	\$116.91	\$118.16	\$119.46	\$120.67	\$121.82	\$123.02	\$124.16		
Forecasted Per-Capita Weekly Expenses Including Lag Effect														
Claim Type	July 07	August 07	September 07	October 07	November 07	December 07	January 08	February 08	March 08	April 08	May 08	June 08		
Pharmacy	\$24.47	\$24.63	\$24.78	\$24.92	\$25.07	\$25.21	\$25.35	\$25.49	\$25.63	\$25.77	\$25.91	\$26.05		
Inpatient	\$22.42	\$25.73	\$26.61	\$27.17	\$27.85	\$27.95	\$28.40	\$28.40	\$28.40	\$28.40	\$28.40	\$28.40		
Outpatient	\$17.89	\$19.30	\$20.02	\$20.38	\$20.75	\$20.92	\$21.19	\$21.30	\$21.40	\$21.51	\$21.61	\$21.70		
Practitioner/Physician	\$25.39	\$28.49	\$30.09	\$31.53	\$32.74	\$33.80	\$34.92	\$35.90	\$36.86	\$37.81	\$38.75	\$39.67		
Dental	\$0.13	\$0.19	\$0.16	\$0.16	\$0.09	\$0.08	\$0.08	\$0.10	\$0.11	\$0.10	\$0.09	\$0.08		
Independent Laboratory	\$1.14	\$1.26	\$1.40	\$1.44	\$1.55	\$1.55	\$1.55	\$1.55	\$1.55	\$1.55	\$1.55	\$1.55		
Medical Supply	\$3.47	\$3.72	\$3.79	\$3.83	\$3.86	\$3.87	\$3.88	\$3.88	\$3.88	\$3.88	\$3.88	\$3.88		
Home Health	\$1.26	\$1.46	\$1.50	\$1.52	\$1.54	\$1.54	\$1.55	\$1.55	\$1.55	\$1.55	\$1.55	\$1.55		
Transportation	\$0.23	\$0.25	\$0.26	\$0.26	\$0.27	\$0.25	\$0.25	\$0.27	\$0.28	\$0.26	\$0.27	\$0.26		
Mcare Part A Crossover	\$0.03	\$0.02	\$0.03	\$0.03	\$0.03	\$0.03	\$0.03	\$0.03	\$0.03	\$0.03	\$0.03	\$0.03		
Mcare Part B Crossover	\$0.14	\$0.16	\$0.17	\$0.18	\$0.20	\$0.21	\$0.23	\$0.24	\$0.25	\$0.27	\$0.28	\$0.30		
Mcare UB92 Part B Crossover	\$0.09	\$0.09	\$0.10	\$0.10	\$0.10	\$0.10	\$0.10	\$0.10	\$0.10	\$0.10	\$0.10	\$0.10		
Total	\$96.66	\$105.30	\$108.92	\$111.53	\$114.03	\$115.51	\$117.51	\$118.79	\$120.03	\$121.21	\$122.40	\$123.56		
Reimbursement Rates (as a percentage of Medicaid's rate)														
Claim Type	July 07	August 07	September 07	October 07	November 07	December 07	January 08	February 08	March 08	April 08	May 08	June 08		
Pharmacy	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%		
Inpatient	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%		
Outpatient	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%		
Practitioner/Physician	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%		
Dental	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%		
Independent Laboratory	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%		
Medical Supply	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%		
Home Health	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%		
Transportation	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%		
Mcare Part A Crossover	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%		
Mcare Part B Crossover	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%		
Mcare UB92 Part B Crossover	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%		
Monthly Caseload Forecast														
Caseload	4,952	4,956	4,961	4,969	4,979	4,991	5,005	5,021	5,039	5,059	5,080	5,102		
Number of Weeks per Month														
Weeks per Month	5	4	4	5	4	4	5	4	4	5	4	4		
Forecasted Monthly Expenditures														
Claim Type	July 07	August 07	September 07	October 07	November 07	December 07	January 08	February 08	March 08	April 08	May 08	June 08	Yearly Total	
Pharmacy	\$605,855.00	\$488,285.52	\$491,766.06	\$619,242.89	\$499,198.58	\$503,237.45	\$634,346.04	\$511,936.99	\$516,577.64	\$651,789.38	\$526,471.91	\$531,672.36	\$6,580,379.83	
Inpatient	\$555,172.99	\$509,960.27	\$528,149.29	\$675,086.26	\$554,696.47	\$557,973.61	\$710,677.80	\$570,366.35	\$572,392.54	\$718,261.93	\$577,006.82	\$579,574.71	\$7,109,319.04	
Outpatient	\$442,910.06	\$382,541.41	\$397,366.06	\$506,338.40	\$413,166.77	\$417,643.98	\$530,426.99	\$427,839.53	\$431,450.12	\$543,970.41	\$439,013.01	\$442,969.04	\$5,375,635.80	
Practitioner/Physician	\$628,718.02	\$564,637.83	\$597,162.90	\$783,281.46	\$652,046.29	\$674,839.34	\$873,840.12	\$720,999.40	\$742,984.62	\$956,339.71	\$787,304.23	\$809,740.13	\$8,791,894.05	
Dental	\$3,304.65	\$3,786.89	\$3,138.41	\$3,901.26	\$1,857.46	\$1,657.40	\$2,113.71	\$2,062.71	\$2,215.83	\$2,491.07	\$1,893.00	\$1,565.56	\$29,987.95	
Independent Laboratory	\$28,340.40	\$25,023.50	\$27,807.76	\$35,790.75	\$30,778.57	\$30,883.73	\$38,741.04	\$31,092.27	\$31,202.72	\$39,154.47	\$31,454.26	\$31,594.24	\$381,863.69	
Medical Supply	\$85,888.76	\$73,723.54	\$75,289.64	\$95,273.70	\$76,954.99	\$77,220.30	\$97,102.86	\$77,931.52	\$78,208.37	\$98,139.11	\$78,838.84	\$79,189.70	\$993,761.32	
Home Health	\$31,153.57	\$28,878.76	\$29,799.42	\$37,759.64	\$30,682.55	\$30,809.47	\$38,816.12	\$31,152.52	\$31,263.19	\$39,230.35	\$31,515.22	\$31,655.47	\$392,716.28	
Transportation	\$5,618.97	\$4,948.82	\$5,175.20	\$6,488.86	\$5,288.95	\$5,086.09	\$6,147.99	\$5,366.35	\$5,614.08	\$6,619.62	\$5,432.25	\$5,392.29	\$67,179.49	
Mcare Part A Crossover	\$676.75	\$487.80	\$508.01	\$670.80	\$537.73	\$539.04	\$675.72	\$542.31	\$544.23	\$682.93	\$548.62	\$551.06	\$6,964.99	
Mcare Part B Crossover	\$3,331.15	\$3,089.65	\$3,392.98	\$4,389.25	\$3,625.81	\$3,625.81	\$4,581.24	\$3,711.24	\$3,711.24	\$4,677.61	\$3,735.38	\$3,605.23	\$56,930.00	
Mcare UB92 Part B Crossover	\$2,351.15	\$1,882.69	\$1,885.19	\$2,360.21	\$1,892.00	\$1,892.00	\$2,377.52	\$1,908.12	\$1,914.90	\$2,402.89	\$1,930.33	\$1,938.92	\$24,740.53	
Total	\$2,393,521.68	\$2,087,246.67	\$2,161,440.92	\$2,770,780.47	\$2,271,056.16	\$2,306,028.26	\$2,940,916.85	\$2,386,012.31	\$2,419,479.58	\$3,065,852.49	\$2,487,143.87	\$2,521,893.71	\$29,811,372.97	

Old Age Pension Health and Medical Care Fund Program	
Summary of Forecasted FY 07-08 Expenditures	
(Assuming Reimbursement at 100% of Medicaid Rate)	
Claim Type	Expenditures
Pharmacy	\$6,580,379.83
Inpatient	\$7,109,319.04
Outpatient	\$5,375,635.80
Practitioner/Physician	\$8,791,894.05
Dental	\$29,987.95
Independent Laboratory	\$381,863.69
Medical Supply	\$993,761.32
Home Health	\$392,716.28
Transportation	\$67,179.49
Mcare Part A Crossover	\$6,964.99
Mcare Part B Crossover	\$56,930.00
Mcare UB92 Part B Crossover	\$24,740.53
Total	\$29,811,372.97
FY 07-08 Outlook	
FY 07-08 Forecast Expenditures	\$29,811,372.97
Less FY 06-07 Payable	(\$562,228)
Plus FY 07-08 Payable (Estimate)	\$1,360,180
Net FY 07-08 Expenditures	\$30,609,325.14
Old Age Pension Fund	\$9,998,483
Supplemental Old Age Pension Fund	\$3,957,000
Available Funds	\$13,955,483
FY 07-08 Under/(Over) Expenditure	(\$16,653,842.14)