

# Medicaid Expenditure and Capitation Trends From 2011-2021

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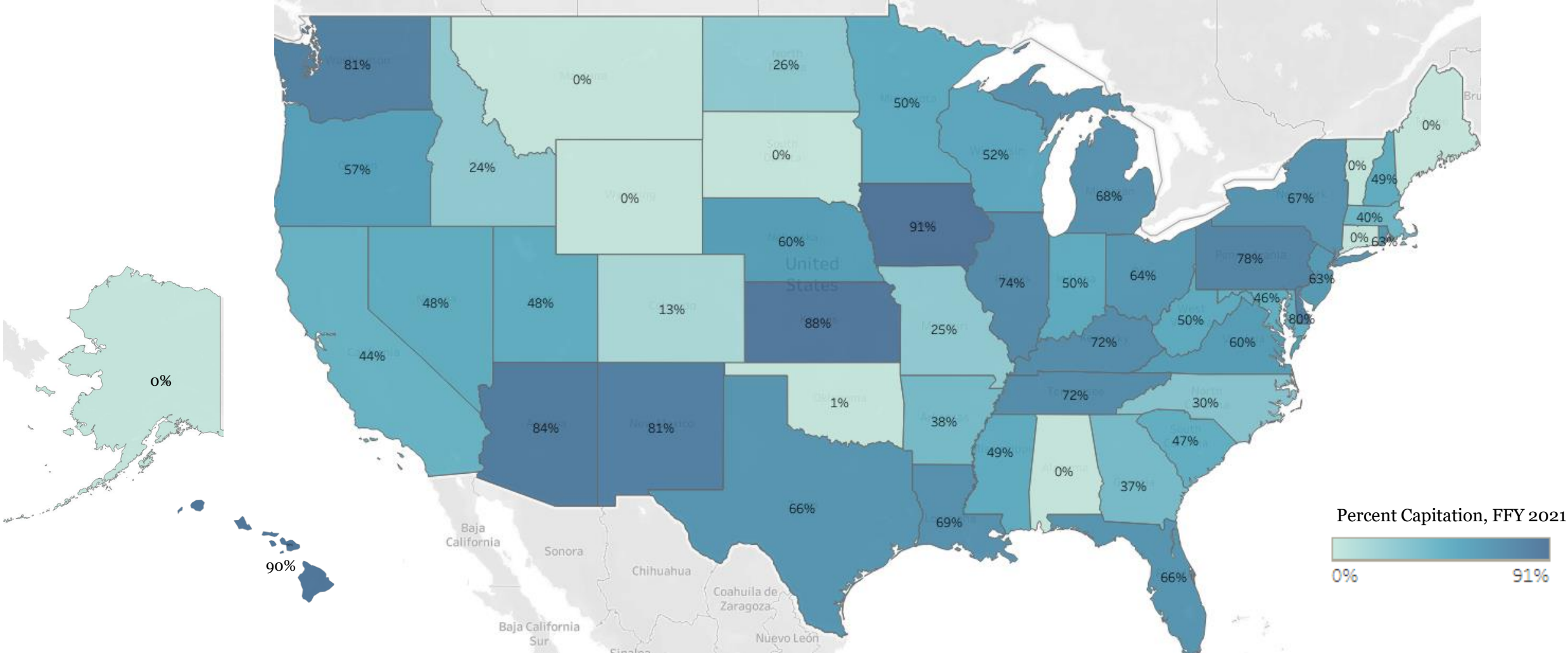
**The Menges Group**

Strategic Health Policy & Care Coordination Consulting

# Introduction and Overview

- Over the last decade (FFY2011-2021), Medicaid spending has increasingly occurred through capitation contracting with health plans – to the point where coordinated care now represents the dominant form of Medicaid coverage.
  - The proportion of national Medicaid expenditures occurring via capitation payments grew from 25.0% in FFY2011 to 56.1% as of FFY2021.
  - In FFY2011, capitation contracting represented over half of all Medicaid expenditures in only 5 states. This number grew to 14 states in FFY2016, and to 25 states as of FFY2021.
- This edition also quantifies the trends in overall Medicaid spending. Nationwide Medicaid expenditures grew 76% from FFY2011 to FFY2021, with an average annual increase of 6.2% between FFY2011 and FFY2016, and 5.4% between FFY2016 and FFY2021.

# Capitation as a Percentage of Each State's FF2021 Medicaid Spending



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# Medicaid Spending Trends, FFY2011 – FFY2021

- National Medicaid expenditures grew by 76% from FFY2011 to FFY2021, as depicted by the state breakdown included on the ensuing slides. National Medicaid expenditures increased annually by an average of 5.8% from FFY2011 to FFY2021. The average annual increase from FFY2011 - FFY2016 at 6.2% was slightly higher than during the FFY2016 – FFY2021 timeframe (5.4%).
- The above spending increases occurred during a timeframe when Medicaid enrollment grew sharply (by 60%), spurred by widespread adoption of Medicaid expansion and then also by the adverse impacts of COVID. National Medicaid spending *per enrollee* was almost flat across the FFY2011 – FFY2021 timeframe -- increasing at an annual rate of only 1.0%.
- In FFY2021, California documented the highest Medicaid expenditures of any state at \$108.7 billion. California's Medicaid costs were *almost 200 times higher* than the lowest-cost state, Wyoming, at \$0.6 billion.
- From FFY2011 - FFY2016, Nevada experienced the largest growth in Medicaid spending (113.4%). From FFY2016 - FFY2021, Virginia, a relatively late adopter of Medicaid expansion, recorded the most significant percentage increase in total Medicaid expenditures (85.8%).

# Medicaid Spending by State (FFY2011, FFY2016, and FFY2021), Alabama - Kansas

State	Total Medicaid Spending					
	FFY 2011	FFY 2016	FFY 2021	State Rank, Total Expenditures, 2021	Percent increase in Total Expenditures, FFY 2011-2021	State Rank, % Increase in Total Expenditures, 2011-2021
Alabama	\$4,793,247,444	\$5,435,036,771	\$6,606,318,076	30	37.8%	45
Alaska	\$1,290,457,318	\$1,785,355,973	\$2,144,763,808	47	66.2%	30
Arizona	\$8,988,386,558	\$11,118,985,133	\$17,585,138,173	11	95.6%	14
Arkansas	\$3,951,827,218	\$5,955,864,929	\$7,135,715,024	27	80.6%	21
California	\$54,305,789,679	\$83,175,819,924	\$108,748,132,753	1	100.3%	13
Colorado	\$4,348,993,638	\$7,885,768,808	\$10,693,728,321	24	145.9%	5
Connecticut	\$5,812,369,379	\$7,344,137,284	\$9,249,509,783	26	59.1%	33
Delaware	\$1,391,676,715	\$1,883,220,982	\$2,413,163,883	44	73.4%	27
Dist. Of Col.	\$2,129,496,913	\$2,761,584,285	\$3,344,903,713	38	57.1%	34
Florida	\$18,127,940,651	\$21,689,957,388	\$28,041,254,009	5	54.7%	35
Georgia	\$8,064,611,365	\$9,723,814,007	\$12,210,335,666	20	51.4%	38
Hawaii	\$1,523,916,553	\$2,156,012,061	\$2,787,226,892	43	82.9%	18
Idaho	\$1,514,685,207	\$1,689,500,076	\$2,872,809,060	42	89.7%	16
Illinois	\$12,835,985,780	\$19,178,940,763	\$26,827,868,427	7	109.0%	10
Indiana	\$6,566,449,764	\$10,371,904,061	\$16,662,338,954	14	153.7%	4
Iowa	\$3,317,142,942	\$4,716,461,091	\$5,926,977,802	31	78.7%	24
Kansas	\$2,669,175,687	\$3,252,725,194	\$4,061,376,155	36	52.2%	37

Shading denotes Top 5 states in each spending category.

# Medicaid Spending by State (FFY2011, FFY2016, and FFY2021), Kentucky – North Carolina

State	Total Medicaid Spending					
	FFY 2011	FFY 2016	FFY 2021	State Rank, Total Expenditures, 2021	Percent increase in Total Expenditures, FFY 2011-2021	State Rank, % Increase in Total Expenditures, 2011-2021
Kentucky	\$5,652,087,484	\$9,609,364,927	\$14,485,962,106	17	156.3%	2
Louisiana	\$6,297,526,689	\$8,536,666,882	\$13,256,442,445	19	110.5%	9
Maine	\$2,356,177,543	\$2,490,164,925	\$3,344,325,038	39	41.9%	43
Maryland	\$7,319,542,445	\$10,398,319,397	\$13,382,585,628	18	82.8%	19
Massachusetts	\$13,007,366,707	\$16,990,908,511	\$19,909,697,384	9	53.1%	36
Michigan	\$12,062,932,510	\$16,714,754,874	\$20,723,983,781	8	71.8%	28
Minnesota	\$8,271,183,374	\$10,893,812,759	\$14,844,071,687	16	79.5%	23
Mississippi	\$4,410,842,108	\$5,397,714,759	\$5,738,901,095	32	30.1%	50
Missouri	\$8,011,172,212	\$9,811,515,212	\$11,436,249,176	21	42.8%	41
Montana	\$954,479,434	\$1,361,662,906	\$2,159,386,283	46	126.2%	8
Nebraska	\$1,637,255,773	\$1,968,891,548	\$3,043,286,947	40	85.9%	17
Nevada	\$1,562,938,792	\$3,335,480,165	\$4,735,008,193	34	203.0%	1
New Hampshire	\$1,348,154,355	\$1,948,727,991	\$2,381,983,996	45	76.7%	25
New Jersey	\$10,501,136,233	\$14,319,021,372	\$18,952,810,634	10	80.5%	22
New Mexico	\$3,317,620,410	\$5,339,766,195	\$6,868,750,735	29	107.0%	11
New York	\$51,711,675,845	\$60,995,857,591	\$71,121,854,348	2	37.5%	46
North Carolina	\$10,297,057,563	\$12,157,764,904	\$16,732,381,973	13	62.5%	32

Shading denotes Top 5 states in each spending category.

# Medicaid Spending by State (FFY2011, FFY2016, and FFY2021), North Dakota - Wyoming

State	Total Medicaid Spending					
	FFY 2011	FFY 2016	FFY 2021	State Rank, Total Expenditures, 2021	Percent increase in Total Expenditures, FFY 2011-2021	State Rank, % Increase in Total Expenditures, 2011-2021
North Dakota	\$701,893,360	\$1,162,904,244	\$1,370,853,176	49	95.3%	15
Ohio	\$15,533,331,022	\$21,473,065,804	\$27,416,270,572	6	76.5%	26
Oklahoma	\$4,008,275,083	\$4,460,334,118	\$5,333,355,495	33	33.1%	47
Oregon	\$4,386,322,933	\$8,316,707,109	\$11,182,759,815	22	154.9%	3
Pennsylvania	\$20,395,014,723	\$27,350,279,117	\$37,182,173,112	4	82.3%	20
Rhode Island	\$2,098,664,704	\$2,411,382,026	\$3,003,255,442	41	43.1%	40
South Carolina	\$4,930,814,886	\$5,941,185,838	\$7,017,110,878	28	42.3%	42
South Dakota	\$750,185,483	\$832,399,125	\$993,783,946	50	32.5%	48
Tennessee	\$7,969,998,389	\$9,463,742,287	\$11,097,270,878	23	39.2%	44
Texas	\$27,847,444,279	\$39,563,147,154	\$45,280,678,937	3	62.6%	31
Utah	\$1,733,301,867	\$2,100,346,398	\$3,522,910,222	37	103.2%	12
Vermont	\$1,281,883,083	\$1,679,425,056	\$1,673,166,756	48	30.5%	49
Virginia	\$6,893,824,841	\$8,498,905,069	\$15,790,735,684	15	129.1%	6
Washington	\$7,334,958,500	\$10,787,810,275	\$16,776,780,834	12	128.7%	7
West Virginia	\$2,740,221,609	\$3,655,890,862	\$4,621,996,577	35	68.7%	29
Wisconsin	\$6,878,408,081	\$7,626,998,105	\$10,293,593,549	25	49.7%	39
Wyoming	\$527,161,771	\$573,809,794	\$588,254,128	51	11.6%	51
<b>USA Total</b>	<b>\$407,471,866,854</b>	<b>\$550,881,322,328</b>	<b>\$717,143,060,778</b>		<b>76.0%</b>	

Shading denotes Top 5 states in each spending category.

# Capitation's Proportion of Medicaid Spending Has Increased Substantially Over the Past Decade

- The share of national Medicaid spending paid via capitation has steadily increased throughout the past decade and reached 56.1% as of FFY2021. This proportion increased faster from FFY2011 – FFY2016 (by 21.4 percentage points) than during the FFY2016 – FFY2021 timeframe (9.7 percentage points).
- State level trends are shown on the following three slides. Capitation expenditures as a percentage of FFY2021 Medicaid spending exceeded 90% in two states: Iowa (91.3%) and Hawaii (90.0%).
- Over the past decade, Iowa experienced the most substantial increase in Medicaid spending paid via capitation (86.7 percentage points), and Vermont saw the largest drop (-21.3 percentage points).
- From FFY2011 to FFY2016, Kansas experienced the largest expansion in capitation expenditures as a percent of Medicaid spending (65.1 percentage points) compared to Vermont, which saw the largest decrease at 21.3 percentage points.
- From FFY2016-FFY2021, Iowa recorded the most significant increase in capitation expenditures as a percent of Medicaid expenditures (48.9 percentage points). California experienced the largest drop (5.4 percentage points).



# Capitation Expenditures as a Percentage of Total Medicaid Spending by State (FFY2011, FFY2016, and FFY2021): Alabama - Kansas

State	Capitation Expenditures as % of Total Net Expenditures					
	FFY 2011	FFY 2016	FFY 2021	State Rank, % of Medicaid Spending Paid via Capitation, 2021	Percentage Point Increase in % Capitation, 2011-2021	State Rank, Percentage Point Increase in % Capitation, 2011-2021
Alabama	0.0%	3.1%	0.0%	45	0.0%	44
Alaska	0.0%	0.0%	0.0%	46	0.0%	45
Arizona	82.8%	81.8%	84.0%	4	1.2%	42
Arkansas	0.0%	18.7%	37.8%	36	37.8%	14
California	19.7%	49.5%	44.1%	33	24.4%	26
Colorado	9.7%	11.9%	12.6%	42	2.9%	41
Connecticut	14.5%	0.0%	0.0%	47	-14.5%	50
Delaware	50.9%	80.2%	79.6%	7	28.6%	21
Dist. Of Col.	28.8%	34.7%	41.0%	34	12.2%	32
Florida	17.8%	66.5%	66.5%	15	48.7%	7
Georgia	33.7%	37.0%	37.2%	37	3.4%	40
Hawaii	82.1%	86.3%	90.0%	2	7.9%	37
Idaho	3.8%	12.7%	24.5%	41	20.7%	27
Illinois	2.4%	45.3%	74.4%	9	72.0%	2
Indiana	16.8%	38.8%	49.6%	26	32.9%	18
Iowa	4.6%	42.4%	91.3%	1	86.7%	1
Kansas	23.5%	88.6%	87.8%	3	64.3%	4

CMS Financial Management Reports (FMRs) serve as the data source for our tabulations throughout this edition.

Shading denotes Top 5 states in each spending category.

# Capitation Expenditures as a Percentage of Total Medicaid Spending by State (FFY2011, FFY2016, and FFY2021): Kentucky – North Carolina

State	Capitation Expenditures as % of Total Net Expenditures					
	FFY 2011	FFY 2016	FFY 2021	State Rank, % of Medicaid Spending Paid via Capitation, 2021	Percentage Point Increase in % Capitation, 2011-2021	State Rank, Percentage Point Increase in % Capitation, 2011-2021
Kentucky	12.5%	65.7%	71.6%	11	59.1%	5
Louisiana	0.1%	48.8%	68.7%	12	68.6%	3
Maine	0.0%	0.0%	0.0%	47	0.0%	46
Maryland	38.5%	44.0%	46.1%	32	7.5%	38
Massachusetts	29.0%	36.1%	40.4%	35	11.4%	33
Michigan	49.7%	63.0%	68.2%	13	18.5%	29
Minnesota	37.4%	44.7%	50.2%	24	12.7%	31
Mississippi	5.9%	46.7%	48.8%	27	42.9%	12
Missouri	13.6%	13.5%	24.6%	40	11.0%	35
Montana	0.0%	0.0%	0.0%	47	0.0%	46
Nebraska	14.7%	35.2%	59.8%	21	45.1%	11
Nevada	21.3%	40.9%	48.4%	29	27.2%	24
New Hampshire	0.0%	38.6%	48.5%	28	48.5%	8
New Jersey	21.5%	54.8%	62.7%	19	41.2%	13
New Mexico	63.1%	80.3%	80.6%	5	17.5%	30
New York	21.7%	48.6%	67.2%	14	45.6%	10
North Carolina	2.5%	17.7%	30.0%	38	27.5%	22

Shading denotes Top 5 states in each spending category.

# Capitation Expenditures as a Percentage of Total Medicaid Spending by State (FFY2011, FFY2016, and FFY2021): North Dakota - Wyoming

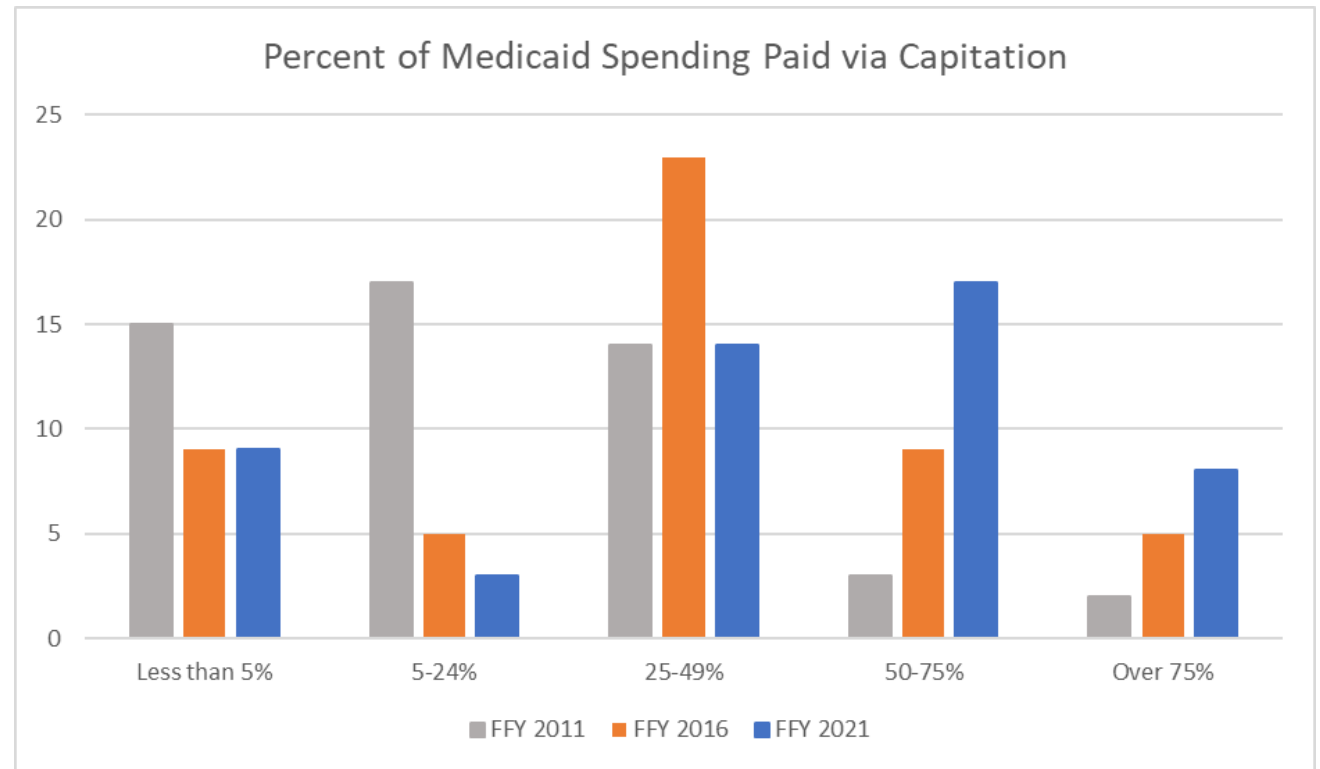
State	Capitation Expenditures as % of Total Net Expenditures					
	FFY 2011	FFY 2016	FFY 2021	State Rank, % of Medicaid Spending Paid via Capitation, 2021	Percentage Point Increase in % Capitation, 2011-2021	State Rank, Percentage Point Increase in % Capitation, 2011-2021
North Dakota	0.2%	26.1%	25.7%	39	25.6%	25
Ohio	31.6%	49.5%	64.4%	17	32.8%	19
Oklahoma	4.2%	2.4%	1.0%	43	-3.2%	49
Oregon	46.0%	56.5%	57.1%	22	11.1%	34
Pennsylvania	45.0%	54.2%	78.3%	8	33.2%	16
Rhode Island	34.0%	53.6%	62.8%	18	28.8%	20
South Carolina	26.4%	42.8%	46.7%	31	20.3%	28
South Dakota	0.0%	0.0%	0.0%	47	0.0%	46
Tennessee	62.1%	64.7%	72.1%	10	10.0%	36
Texas	20.3%	45.1%	66.0%	16	45.8%	9
Utah	21.1%	47.7%	48.3%	30	27.2%	23
Vermont	21.3%	0.0%	0.0%	47	-21.3%	51
Virginia	27.0%	35.6%	60.1%	20	33.1%	17
Washington	25.6%	56.4%	80.5%	6	54.9%	6
West Virginia	12.5%	34.7%	50.2%	25	37.7%	15
Wisconsin	44.9%	48.2%	52.3%	23	7.4%	39
Wyoming	0.0%	1.0%	0.2%	44	0.2%	43
<b>USA Total</b>	<b>25.0%</b>	<b>46.4%</b>	<b>56.1%</b>		<b>31.0%</b>	

Shading denotes Top 5 states in each spending category.

# Many States Have Increased Their Proportion of Medicaid Capitation Over the Past Decade

Capitation Expenditures as % of Total Net Expenditures	Number of States		
	FFY 2011	FFY 2016	FFY 2021
Less than 5%	15	9	9
5-24%	17	5	3
25-49%	14	23	14
50-75%	3	9	17
Over 75%	2	5	8
<b>Over 50%</b>	<b>5</b>	<b>14</b>	<b>25</b>

- The number of states with capitation representing over half of Medicaid expenditures grew by a factor of five from FFY2011 – FFY2021.
- While only 2 states had capitation expenditures representing over 75% of Medicaid spending in FFY2011, this figure increased to 5 states in FFY2016 and 8 states in FFY2021.
- The number of states with capitation expenditures representing less than 5% of total Medicaid spending *decreased* from 15 states in FFY2011 to 9 states in FFY2016. This figure remained steady at 9 states from FFY2016 to FFY2021.



# 5 Slide Series Overview

Our 5 Slide Series is typically a monthly publication whereby we briefly discuss/address a selected topic outside the confines of our client engagements. The Menges Group has developed a variety of datasets that we use to support our 5 Slide Series and client projects.

To be added to our list to receive these as they are published (or to be removed), please email us at [pcall@themengesgroup.com](mailto:pcall@themengesgroup.com). If you have questions about the content or data sources we have available, please email us at [jmenges@themengesgroup.com](mailto:jmenges@themengesgroup.com) or call 571-312-2360.

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