

HCFA'S METHOD FOR ESTIMATING NATIONAL MEDICAID ENROLLMENT AND EXPENDITURES FOR ADOLESCENTS AGES 10 THROUGH 18

To develop estimates of national Medicaid enrollment and expenditures for adolescents ages 10 through 18, the Health Care Financing Administration (HCFA) within the U.S. Department of Health and Human Services used the method outlined below.

To Develop National Estimates for Ages 6 to 14 and 15 to 20 Combined

1. Thirty-five States (Alabama, Arkansas, Arizona, Colorado, District of Columbia, Florida, Georgia, Idaho, Illinois, Iowa, Kansas, Louisiana, Maine, Maryland, Massachusetts, Mississippi, Montana, Nebraska, New Hampshire, New Jersey, New Mexico, New York, North Carolina, North Dakota, Ohio, Oklahoma, Oregon, Rhode Island, South Carolina, South Dakota, Tennessee, Texas, Utah, Virginia, West Virginia) reported data in fiscal year 1988 on Medicaid enrollees (ever-enrolled), Medicaid recipients (those who used at least one covered service during the year), and Medicaid expenditures for age groups 6 to 14 and 15 to 20 (new form HCFA-2082),
2. The remaining States, Puerto Rico, and the Virgin Islands reported Medicaid recipients and expenditures only (no enrollees) and only for the age group 6 to 20 (old form HCFA-2082).
3. The Medicaid enrollee and expenditures totals for age groups 6 to 14 and 15 to 20 for the 35 States listed in step 1 were blown up to national totals using ratios developed from the recipient and expenditure data for age group 6 to 20 (available in all States). The blowup factors for expenditures were calculated on a service-by-service basis. (On average, the 35 States in step 1 accounted for about 58 percent of Medicaid recipients and 63 percent of aggregate expenditures for the age group in question).

To Develop Separate Estimates for Ages 10 to 14 and 15 to 18

4. The number of Medicaid enrollees in the 10 to 14 and 15 to 18 age groups was derived from the above counts for ages 6 to 14 and 15 to 20, respectively, by applying ratios calculated from data on Medicaid-covered persons from the March 1989 Current Population Survey. The age distributions from the Current Population were first smoothed to eliminate some fluctuation

in the counts from age to age (primarily in the teen years).

5. Average costs per enrollee by service category for age groups 6 to 14 and 15 to 20 were calculated using the results of steps 1 through 3. Averages for age groups 10 to 14 and 15 to 18 were estimated by interpolation using an exponential cost function whose parameters were calculated to reproduce average costs for the age group 6 to 14 and 15 to 20.

Limitations

- Medicaid expenditure data are on a date-of-vendor-payment basis rather than a date-of-service basis, as one would normally like to have. This means that, because of payment lags, the fiscal year 1988 expenditures in the numerators of the per-enrollee costs relate to a slightly different population from the enrollee counts in the denominators.
- Medicaid enrollee counts are of individuals ever-enrolled during the fiscal year rather than the more desirable person-year counts. Data from other sections of form HCFA-2082 can be used to develop person-year counts, but not by age group. The closest HCFA can come to the population of interest here is Aid to Families With Dependent Children, who show averages of about 9 months of enrollment during a fiscal year. Thus, for children, per capita based on person-years would be about one-third higher (12/9) than those based on ever-enrollment counts.
- Age-unknown cells were ignored in the calculations. This fact plus internal inconsistencies within form HCFA-2082 mean that aggregate (all-age) expenditure totals derived from our tables will fall somewhat short (perhaps about 0.5 percent) of published totals.
- In general, the data HCFA used for these estimates come from infrequently used sections of form HCFA-2082 and have not, to HCFA's knowledge, been subject to a great deal of analysis. HCFA adjusted for some obvious reporting problems discovered, but other data problems may remain. Consequently, the estimates should be considered provisional.

SOURCE: U.S. Department of Health and Human Services, Health Care Financing Administration Office of the Actuary, unpublished HCFA-2082 data on Medicaid expenditures and enrollment in fiscal year 1988, Baltimore, MD, June 1990.