



Madam Chair, Members of the Joint Finance Committee, I thank you for the opportunity to appear here today.

My name is Wayne Smith, President & CEO of the Delaware Healthcare Association, our state's trade association for hospitals.

You have before you a copy of the Division of Medicaid and Medical Assistance's report on the change in Per-Member-Per-Month costs since 2009, excepting this year's just reported to you by Mr. Steve Groff, Division Director.

*Wayne A. Smith
President & CEO*

Great news here. For the period before you, the rate of growth in Medicaid costs per member is less than inflation. It is less than 1% per year for the time period. It is in fact zero-point-seven percent.

That's quiet an accomplishment.

We take rightful pride in the focus our hospitals, together with other health providers and payers, have placed on ensuring that value describes our state's vital Medicaid program. Intensive care management, the movement away from fee-for-service and towards value and continued focus on quality, have all helped to deliver these results.

The increase in total Medicaid expenditures is due to volume growth. Delaware rightly has been concerned in ensuring those without access to private insurance have a place to be insured through our robust Medicaid program. This is a good thing. It also explains why total costs are what they are.

I would also add that Delaware is a very challenging health environment. We are an old state (9th oldest population in the nation) and have too many low birth weight babies (11th worst ranking in the nation).

For our state, this has significant cost implications. Someone aged 60 incurs 46% more in health care costs than someone aged 50. Our Medicaid population is the 8th oldest among states in the 45-65 year old age group, an age cohort that is much more expensive than younger cohorts.

The costs nationally, according to a March of Dimes survey, for low birthweight babies were \$26 Billion per. These are lifetime costs in addition to the extra costs associated with births and maternal care. Given our high ranking, this undoubtedly has a significant impact on the cost of Medicaid as well, compared to other states.

I would conclude that Medicaid per member cost increases at an annualized rate of less than 1% is a very good accomplishment we all should be proud of.

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Subject: Medicaid PMPM Costs
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Please let me know if you have any questions.

Medicaid PMPM

FY2009	\$617
FY2010	\$590
FY2011	\$585
FY2012	\$597
FY2013	\$606
FY2014	\$636
FY2015	\$675
FY2016	\$656

Per Member Per Month
Annual Growth Rate
FY 2009 → FY 2016
0.7%

STEPHEN M. GROFF

Director, Division of Medicaid and Medical Assistance



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