

NOVEMBER 2015

**STATISTICAL ANALYSIS OF SELECTED
ERIE COUNTY MEDICAID DATA
FOR THE PERIOD
JANUARY 1, 2011-JUNE 30, 2015**



**ERIE COUNTY OFFICE OF THE MEDICAID INSPECTOR GENERAL
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November 12, 2015

Hon. Mark C. Poloncarz, Esq.
Erie County Executive
95 Franklin Street, 16th Floor
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Dear County Executive Poloncarz:

In 2013 and 2014, The Office of the Medicaid Inspector General for Erie County (“MIG Team”) provided you¹ with an analysis of Erie County’s Medicaid data. After those reports were released, you met with the MIG Team on several occasions and asked that the team follow-up on certain issues brought up in those reports. Additionally, you asked that we discuss new topics and suggested other areas you believed were appropriate for our analysis. This report, the third in this series, addresses the ideas discussed at meetings over the past three years.

In May 2013, after approval from the New York State Office of Medicaid Inspector General (“OMIG”), the MIG Team received training on and access to New York State’s Medicaid Data Warehouse (“MDW”). The software used to access the MDW is provided by the Salient Management Company (“SALIENT”). The MDW contains the individual transaction records for all Medicaid claims data in New York State, although the MIG Team only has access to data for Erie County recipients. The MIG Team has complete access to all Medicaid claims data in Erie County on a real-time basis.

This database is covered by the legal and regulatory provisions of the Health Insurance Portability and Accountability Act (“HIPAA”). Much of the data is confidential in nature and cannot be released under this federal law. However, amalgamations of data are allowed as long as individual privacy is not breached. OMIG and other State and local agencies required the MIG Team to agree to sign and adhere to three separate non-disclosure agreements when accessing this data.

Access to this Medicaid information allows Erie County, specifically the MIG Team, to focus audit work on areas of high or low usage, patterns of unusual usage or high Medicaid cost. This will help Erie County and New York State better manage its Medicaid costs.

¹ In this document, “you” and “your” refer to the County Executive. “We” and “our” refer to the MIG Team.

MEDICAID INSPECTOR GENERAL FOR ERIE COUNTY

Since September 1, 2012, operating under agreements with OMIG, the MIG Team has completed or is in the process of completing twenty-three (23) audits. These audits cover more than \$80 million in Medicaid payments. The results of those audits have been submitted to OMIG, as per the agreements, for follow-up and action by the State.

We have completed, or are in the process of completing, audits of transportation providers, pharmacies, assisted living program providers and durable medical equipment (“DME”) providers.

- ✓ Of the top five Transportation providers for the period January 1, 2015 through June 30, 2015, we have audited (or are auditing) two.

- ✓ Of the top five DME providers for the period January 1, 2015 through June 30, 2015, we have audited (or are auditing) three.

The MIG Team continues to work on a variety of projects and cooperate with OMIG and law enforcement agencies as required and/or necessary. Under the County’s agreements with OMIG and other State agencies, the MIG Team is restricted from commenting on ongoing or recently completed Medicaid audits while OMIG reviews the results and considers State action.

The MIG Team, which features three employees, is funded through the State under a 2012 agreement.

MEDICAID

Our previous report discussed Medicaid funding within New York State and Erie County. The September 2013 report can be found at:

<http://www2.erie.gov/exec/sites/www2.erie.gov.exec/files/uploads/MIG%20Report.pdf>.

Our report from 2014 can be found at:

<http://www2.erie.gov/medicaid/sites/www2.erie.gov.medicaid/files/uploads/Erie%20County%20Mig%20Report%20on%20Medicaid%20dated%20November%205%2C%202014%20.pdf>

The Federal government mandates that state Medicaid covers a core of services. States can cover or provide optional services if they so choose.

TABLE 1. Mandated and Optional State Medicaid Health Care Services²

Mandatory Services: States Must Cover	Optional Services: States May Cover
<ul style="list-style-type: none"> • Inpatient and outpatient hospital services • Physician, midwife, and certified nurse practitioner services • Laboratory and x-ray services • Nursing home and home health care for individuals over the age of 21 • Early and periodic screening, diagnosis, and treatment (EPSDT) for children under age 21 • Family planning services and supplies • Rural health clinic/federally qualified health center services 	<ul style="list-style-type: none"> • Diagnostic, screening, preventive, rehabilitative services • Clinic services • Intermediate care facilities for the mentally retarded (ICFs/MR) • Prescribed drugs and prosthetic devices • Optometrist services and eyeglasses • Nursing facility services for children under age 21 • Transportation services (may be covered, must be assured) • Physical and occupational therapy • Home and community-based care to certain persons with chronic impairments • Dental services (for adults)

New York State covers nearly all the optional services for Medicaid.²

APPLYING FOR MEDICAID IN ERIE COUNTY

Qualifying for Medicaid in New York is subject to a number of rules and conditions. Income eligibility is a basic criterion

Medicaid is a flexible program. Individuals have qualified for Medicaid in New York State despite making more than the Federal 2015 Annual Poverty Guideline. The Patient Protection and Affordable Care Act of 2010 (“ACA”) creates a national Medicaid minimum eligibility level that covers most Americans with household income up to 133% of the federal poverty level. This amount is \$32,252.50 for a family of four in 2015.

Beginning in January of 2014, the ACA provided a new and simplified method for calculating eligibility for Medicaid and some other programs. The new method uses modified adjusted gross income (“MAGI”). MAGI replaces a process that used income deductions that are different in each state and often differed by eligibility group. The new method uses an individual’s MAGI, deducts 5% (called a “disregard”) and compares that number to the income standards. An applicant’s Adjusted Gross Income (“AGI”) is easily found: it’s on their most currently filed federal income tax return.³

For those filing a 2014 1040-EZ, the AGI is found on line 4. For those filing a form 1040 in 2014, the Adjusted Gross Income is found on line 37.⁴

² From Salient HHS, “Overview of Medicaid for Salient Users” dated October 2012, Page 34.

³ From the Department of Health and Human Services website. WWW.Medicaid.gov

⁴ From the Internal Revenue Service website. www.irs.gov

Pregnant females, children, disabled persons, and others may be eligible for Medicaid if their income is above these levels and they have medical bills. Individuals who are certified blind or disabled, or age 65 or older who have more resources may also be eligible.

Medicaid covers some costs retroactively. Medicaid may retroactively cover the health care expenses for up to three (3) months prior to the application month, if the individual would have been eligible during the retroactive period. Coverage generally stops at the end of the month in which a person no longer meets the eligibility requirements.⁵

TABLE 2. Selected poverty guidelines as a percentage of the Federal poverty level ⁶

Selected 2015 Annual Poverty Guidelines					
Family Size	100%	120%	133%	150%	200%
1	11,770.00	14,124.00	15,654.10	17,655.00	23,540.00
2	15,930.00	19,116.00	21,186.90	23,895.00	31,860.00
3	20,090.00	24,108.00	26,719.70	30,135.00	40,180.00
4	24,250.00	29,100.00	32,252.50	36,375.00	48,500.00
5	28,410.00	34,092.00	37,785.00	42,615.00	56,820.00
The full table of 2015 Poverty Guidelines is attached as Appendix A.					

In New York State, the Minimum Wage is \$8.75 per hour as of November 12, 2015.⁷ Individuals earning minimum wage who work 40 hours per week for 50 weeks per year earn an annual wage of \$17,500.

As an example, a family of two children and two adults, with both adults working 40 hours per week for 50 weeks at the New York State Minimum Wage as of September 1, 2015, would have an income of \$35,000.00. With no other income or adjustments to their AGI, the Disregard would be \$1,750. (\$35,000 X 5%) In this example the MAGI would be \$33,250 and this family would just miss qualifying for Medicaid under the current guidelines.

The ACA ensures that no one would lose health coverage as a result of converting to the MAGI rules.⁸ This family could be covered under Medicaid should special circumstances apply, or covered under the Medicaid adult coverage group, or they would be able to purchase insurance with the benefit of a premium tax credit and possible cost-sharing reductions through the health plan marketplace run by New York State.

If someone believes they qualify for Medicaid, or they wish to purchase insurance through the health plan marketplace run by New York State, they should apply online through the NY State of Health (www.nystateofhealth.ny.gov).

⁵ New York State Department of Health website. <http://www.health.ny.gov/>

⁶ US Department of Health and Human Services website. <http://www.hhs.gov/>

⁷ New York State Department of Labor website. www.labor.ny.gov

⁸ US Department of Health and Human Services website. <http://www.hhs.gov/>

MEDICAID DATA FOR ERIE COUNTY

TABLE 3. Total Erie County Medicaid cost, for the years 2012 through 2014, and from January 1, 2015 through June 30, 2015.

Medicaid Costs For The Years 2012 - 2015				
	2012	2013	2014 ^A	2015 ^B
Medicaid Costs	\$ 1,455,881,565	\$ 1,485,449,115	\$ 1,625,852,244	\$ 896,559,568
Erie County's Portion of Medicaid	\$ 211,765,441	\$ 217,880,408	\$ 211,425,799	\$ 203,276,191
^A The Medicaid Cost data for 2014 is subject to change.				
^B Medicaid costs for 2015 are incomplete and subject to change. These costs cover the period January 1, 2015 through June 30, 2015.				
Erie County's portion of Medicaid costs is for the entire 2015 year.				

The Medicaid cost data in Table 3 for the years 2012, 2013 and 2014 differ from those published in the November 2014 report. Medicaid claims must be initially submitted within 90 days of the date of service, but claims must be **finally** submitted within two (2) years. The figures from previous years differ by less than 2% and are the results of final adjustments.

Erie County's Medicaid payments are calculated on a weekly basis. The year 2013 had 53 weekly payments, while the years 2012, 2014 and 2015 have the typical 52 weekly payments. The additional payment made in 2013 accounts for the majority of the increase in total Medicaid payments for that year.

In 2013, Erie County realized over \$1.8 million in savings due to additional payments, referred to as the enhanced Federal Medical Assistance Percentage ("FMAP"). The County's final costs in 2014 are expected to be reduced by \$5.7 million from the 2014 adopted budget figure of \$217,160,208, also due to additional enhanced FMAP funding. Table 3 reflects these additional payments.

Erie County's portion of Medicaid costs in the proposed 2016 budget is \$205,528,355.

The FMAP Percentage

The reason for the drop in Medicaid costs to Erie County is the ACA. The ACA changed the calculation of the FMAP percentage.

The Medicaid program is jointly funded by states and the federal government and in the case of New York State, the county governments. In states that choose to participate, the federal government pays at least half the cost of providing needed services to program beneficiaries. The federal share of those costs is determined by the FMAP. The Social Security Act requires the Secretary of Health and Human Services to calculate and publish the FMAPs each year.⁹

The FMAP is calculated annually using a formula set forth in federal statute. The FMAP is inversely proportional to a state's average personal income relative to the national average. States with lower average personal incomes have higher FMAPs. Personal income data is lagged, so data used for FY 2015 is based on 2011-2013.

The ACA provides an FMAP of 100 percent for the period 2014-2016 and at least 90 percent thereafter for the cost of covering newly eligible low-income adults. The costs of administration are generally matched at 50 percent, although some administrative activities receive a higher federal matching rate.

The FMAP for New York State for the federal government's past fiscal year (October 1, 2014 through September 30, 2015) is 50%¹⁰. New York State shares the lowest FMAP percentage in the nation with fifteen (15) other states. The highest FMAP percentage in 2015 is 73.58% for the state of Mississippi.¹¹ This means that despite the large cost of New York's Medicaid program, by percentage, the state is receiving a lower federal contribution than many other states.

Beginning in 2014, ACA establishes highly enhanced FMAPs for the cost of services to low-income adults with incomes up to 138% of the Federal Poverty Level ("FPL") who are not currently covered. The federal government will pick up 100% of such costs in 2014 through 2016, phasing down to 90% in 2020 and beyond. The Enhanced FMAP for New York State is 65% for this same period.¹²

This enhanced FMAP percentage has resulted in an increased reimbursement to Erie County, and as a result, a lower County share of the total Medicaid cost.

Medicaid Expenditures by Category

Reviewing Medicaid costs by categories (such as dental care, pharmacy, laboratory, etc.) offers an opportunity to see where the expense was incurred by provider group.

The State has moved more individuals to Managed Care since 2011, with costs shown below demonstrating that progression. Managed Care has also largely assumed the responsibilities for the cost categories of Pharmacy, Private Dental, Dental Clinic and Laboratory Costs, as the trends for those categories show.

⁹ An Overview of the Federal Medicaid Matching Rate (FMAP), The Henry J. Kaiser Family Foundation. <http://www.kff.org>.

¹⁰ New York State's FMAP percentage for the 2015-2016 Federal fiscal year has been published. It remains at 50%.

¹¹ US Department of Health and Human Services website. <http://www.hhs.gov/>

¹² US Department of Health and Human Services website. <http://www.hhs.gov/>

The two categories aside from Managed Care that have seen significant increases in 2014 are Home Health and Nursing Home.

TABLE 4. Medicaid expenditures by Medicaid category

Erie County Medicaid Costs by Medicaid Category				
	2012	2013	2014	2015 ^A
MANAGED CARE	\$570,924,334	\$636,805,607	\$768,168,254	\$465,574,791
HOME HEALTH	\$349,507,216	\$346,463,093	\$350,790,175	\$180,489,880
NURSING HOME	\$239,682,639	\$238,431,050	\$243,223,152	\$119,025,235
INPATIENT	\$99,815,563	\$87,485,530	\$87,777,083	\$40,925,099
PHARMACY	\$25,494,135	\$19,199,860	\$20,247,858	\$12,140,454
MEDICAID MANAGEMENT INFORMATION SYSTEM CLINIC (MMIS CLINIC)	\$89,765,790	\$85,101,248	\$84,749,478	\$42,368,875
PRACTITIONER	\$21,694,649	\$24,385,065	\$23,429,729	\$10,009,563
INTERMEDIATE CARE FACILITY FOR PERSONS WITH MENTAL RETARDATION (ICF-MR)	\$19,327,914	\$17,466,576	\$16,961,910	\$6,449,764
PRIVATE DENTAL	\$11,202,082	\$3,754,189	\$3,318,613	\$1,655,809
TRANSPORTATION	\$13,949,024	\$14,621,487	\$15,805,851	\$12,101,671
DENTAL CLINIC	\$4,470,856	\$1,688,833	\$1,680,985	\$948,712
DURABLE MEDICAL EQUIPMENT	\$4,050,852	\$3,765,739	\$3,415,001	\$1,621,987
REFERRED AMBULATORY	\$2,157,213	\$2,574,012	\$3,309,539	\$1,333,924
CHILD CARE	\$2,317,103	\$2,494,773	\$2,483,528	\$1,348,423
LABORATORY	\$762,888	\$561,790	\$529,467	\$310,446
EYE CARE	\$555,054	\$497,085	\$441,084	\$227,721
UNDEFINED PROFESSIONAL	\$203,528	\$179,101	\$139,525	\$27,215
Total Costs	\$1,455,880,839	\$1,485,475,038	\$1,626,471,230	\$896,559,569
^A 2015 data covers the period January 1, 2015 through June 30, 2015. This data is incomplete.				

TABLE 5. Additional descriptions for selected Medicaid categories

Additional Descriptions for Selected Categories	
DURABLE MEDICAL EQUIPMENT	Durable medical equipment used to describe any medical equipment used in the home to aid in a better quality of living. Examples are items such as: iron lungs, oxygen tents, Nebulizers, CPAP, catheters, hospital beds, and wheelchairs and blood glucose monitors.
HOME HEALTH	Home Health Care includes skilled nursing care, physical therapy, occupational therapy, and speech therapy, medical social services and home health aide services. Home Health Agencies may also teach patients (or family members or friends) how to care for a patient.
INTERMEDIATE CARE FACILITY FOR PERSONS WITH MENTAL RETARDATION ("ICF-MR") ^A	A health facility that provides medically related services to persons with a variety of physical or emotional conditions requiring institutional facilities but without the degree of care provided by a hospital or skilled nursing facility. An example is an intermediate care facility for mentally retarded or other developmentally disabled persons.
MANAGED CARE	Any system that manages health care delivery to control costs. Typically, managed care systems rely on a primary care physician who acts as a gatekeeper for other services, such as specialized medical care, surgery, and physical therapy.
MEDICAID MANAGEMENT INFORMATION SYSTEM CLINIC ("MMIS CLINIC")	A CMS approved system that supports the operation of the Medicaid program. The MMIS includes the following types of sub-systems or files: recipient eligibility, Medicaid provider, claims processing, pricing, and potentially encounter processing. Examples: Medical coding and billing, training, jobs and certification.
REFERRED AMBULATORY	A referred ambulatory patient is one who is treated and/or diagnosed in an ancillary service area of a hospital upon referral and who does not meet the definition criteria for an emergency outpatient or the clinical outpatient.
PHARMACY	Cost of pharmaceuticals. As of October 2011 pharmacy costs were assumed by managed care providers for those clients enrolled in all managed care programs (Certain limited exceptions apply).
^A Federal Regulations use the term "Intermediate Care Facilities for the Mentally Retarded." Erie County is aware that the preferred term is "persons with an intellectual disability." We use "mentally retarded" here because that is term used in the Federal regulations.	

Erie County Medicaid Expenditures by Age and Race

The number of persons on Medicaid in Erie County and the claims incurred on behalf of those persons dictate Medicaid costs. The New York State Medicaid database allows for the tracking of Medicaid clients based upon the zip code of the Medicaid patient. For the twelve zip codes with the largest number of Medicaid recipients, that data is provided in Table 6.

TABLE 6

Erie County Medicaid Clients by Year and Residing Zip Code				
Zip Code	2012	2013	2014	2015 ^A
14215	21,081	21,891	24,064	23,709
14213	13,891	14,977	17,276	17,241
14207	14,050	14,975	16,563	16,495
14211	13,851	14,592	16,050	15,958
14206	7,853	8,174	9,021	8,923
14201	6,719	7,035	7,667	7,637
14218	7,028	7,342	8,204	8,159
14210	6,532	6,745	7,369	7,356
14212	6,241	6,731	7,572	7,593
14225	6,666	7,050	8,271	8,215
14220	6,358	6,706	7,412	7,240
14150	6,638	7,025	8,333	8,271
Top Twelve Total	116,908	123,243	137,802	136,797
Overall Total	221,745	230,748	258,819	252,624
Percentage of the top twelve to the Overall Total	53%	53%	53%	54%
^A 2015 data includes the period January 1, 2014 through June 30, 2015.				
This data is incomplete.				

The data in Table 6 for the years 2012 through 2014 differ from those published in the November 2014 report. Medicaid claims must be initially submitted within 90 days of the date of service, but claims must be **finally** submitted within two (2) years. The figures from previous years differ by less than 2% and are the results of final adjustments.

Our report from 2014 indicated that the number of persons on Medicaid was steadily growing at an average rate of more than four percent (4%) per year. This trend continues.

Table Six shows that in 2014, the top four zip codes contain about twenty-nine (29%) of the County’s Medicaid population. Not surprisingly, these zip codes are concentrated in the City of Buffalo. The seventh-largest zip code is the City of Lackawanna, the tenth-largest is Cheektowaga, and the twelfth-largest zip code is the City of Tonawanda and part of the Town of Tonawanda.

Medicaid clients by age and census data are shown in Table 7.

TABLE 7

Race / Ethnicity ^{AC}	2014 Medicaid Clients	2014 Population Estimates ^D	Percentage of the Population
White	126,096	741,042	17%
Black/African American	76,905	128,609	60%
Hispanic/Latino ^A	23,816	N/A	N/A
Asian/Pacific Islander	12,813	29,603	43%
American Indian/Alaska Native	1,979	6,445	31%
Not Available/More Than One Race ^B	17,210	17,136	100%
Total	258,819	922,835	28%
A - The US Census considers Hispanic origin to be an ethnicity and not a race. Hispanics may be of any race. Please see http://www.census.gov/ .			
B - Due to Medicaid clients declining to answer race / ethnicity based questions, this category sums to more than the US census projected population.			
C - Medicaid clients self-identify for race / ethnicity.			
D - Population estimates are from the U.S. Census Bureau. WWW.census.gov/ .			

Table 7 shows that as of the end of 2014, about 28% of all Erie County residents are covered by Medicaid.

Based upon current trends, we expect that by the year 2021, one third of Erie County residents will qualify for Medicaid.

Appendix B is a map of Medicaid recipients, broken out by zip code.

Medicaid clients by race and age are shown in Table 8.

TABLE 8

Unique Erie County Medicaid Recipients by Age and Race			
Race / Ethnicity / Age ^B	2010	2014	2015 ^A
Age (65 and Over)			
White	17,496	15,531	13,802
Black/African American	4,806	4,059	3,772
Hispanic/Latino	1,219	1,132	1,061
Asian/Pacific Islander	663	825	789
American Indian/Alaska Native	136	139	120
Not Available/More Than One Race	855	1,675	2,299
Age (21-64)			
White	57,220	70,799	69,284
Black/African American	37,021	39,572	37,806
Hispanic/Latino	10,063	11,246	10,931
Asian/Pacific Islander	4,055	6,273	6,108
American Indian/Alaska Native	861	1,025	959
Not Available/More Than One Race	3,701	8,142	9,249
Age (0-20)			
White	26,519	39,766	38,227
Black/African American	24,940	33,274	32,202
Hispanic/Latino	8,053	11,438	11,232
Asian/Pacific Islander	2,718	5,715	5,734
American Indian/Alaska Native	555	815	748
Not Available/More Than One Race	4,004	7,393	8,301
Totals	204,885	258,819	252,624
^A - 2015 data is for the period January 1, 2015 through June 30, 2015, and is incomplete.			
^B - Medicaid clients self-identify for race and ethnicity.			

Since 2010, the race/ethnic group with the largest increase in Medicaid recipients is White. The age group with the largest increase is the 21-64 age group, just barely edging out the age group of 0-20.

For the age group 21-64 and for the period 2010 to 2014, Whites as a group became Medicaid recipients nearly five times faster than Blacks or Hispanics.

The change, by race / ethnicity in Medicaid clients from 2010 through 2015 is shown in Table 9.

TABLE 9

Medicaid Clients by Race				
Race / Ethnicity ^B	2010	2014	2015 ^A	% Increase from 2010 to 2014
White	101,235	126,096	121,313	20%
Black/African American	66,767	76,905	73,780	11%
Hispanic/Latino	19,335	23,816	23,224	20%
Asian/Pacific Islander	7,436	12,813	12,631	70%
American Indian/Alaska Native	1,552	1,979	1,827	18%
Not Available/More Than One Race	8,560	17,210	19,849	132%
Total	204,885	258,819	252,624	23%

^A - 2015 data is for the period January 1, 2015 through June 30, 2015, and is incomplete.

^B - Medicaid clients self-identify for race and ethnicity.

The largest increase in individuals, by race / ethnicity over the past five years has been seen by Whites.

A breakdown of Medicaid costs by client race, age and ethnicity is shown in Table 10.

TABLE 10

2015 Medicaid Cost and Client Summary				
Race / Ethnicity / Age ^B	Medicaid Clients ^A	Medicaid Cost ^A	Average Cost Per Client	Average Service Claims per Medicaid Recipient
White	121,313	\$ 513,493,591	\$ 4,233	15.6
Black/African American	73,780	232,993,499	3,158	11.1
Hispanic/Latino	23,224	67,405,783	2,902	10.5
Asian/Pacific Islander	12,631	28,895,369	2,288	6.8
American Indian/Alaska Native	1,827	5,519,422	3,021	10.9
Not Available/More Than One Race	19,849	48,251,905	2,431	11.4
Totals	252,624	\$ 896,559,569	\$ 3,549	12.9
65 and over	21,843	\$ 148,969,159	\$ 6,820	24.9
21 - 64	134,337	575,014,828	4,280	15.4
0 - 20	96,444	172,575,582	1,789	7.9
Totals	252,624	\$ 896,559,569	\$ 3,549	12.9

^A - 2015 data is for the period January 1, 2015 through June 30, 2015, and is incomplete.

^B - Medicaid clients self-identify for race and ethnicity.

The most Medicaid claims, by race, are filed by Whites. Whites also account for the highest average cost per Medicaid Client. When age becomes a factor, the highest average cost per Medicaid client is for those persons 65 years of age and older.

PRESCRIPTIONS IN ERIE COUNTY PAID THROUGH MEDICAID

The MIG Team can analyze prescriptions paid through Medicaid by the type of drug, prescribing medical professional, Medicaid patient, number of refills and other criteria. The MIG Team uses this data to determine the most commonly filled prescriptions.

TABLE 11. Most commonly filled prescriptions*

The Medicaid Drugs in Erie County with the Most Filled Prescriptions are:				
	2012	2013	2014	2015 ^A
1	Hydrocodone-Acetaminophen	Hydrocodone-Acetaminophen	Hydrocodone-Acetaminophen	Hydrocodone-Acetaminophen
2	Ibuprofen	Ibuprofen	Ibuprofen	Ibuprofen
3	Omeprazole	Omeprazole	Omeprazole	Omeprazole
4	Lisinopril	Lisinopril	Lisinopril	Lisinopril
5	Aspirin	Aspirin	Metformin HCL	Ventolin HFA
6	Ventolin HFA	Ventolin HFA	Ventolin HFA	Atorvastatin Calcium
7	Metformin HCL	Metformin HCL	Aspirin	Metformin HCL
8	Amoxicillin	Amlodipine Besylate	Atorvastatin Calcium	Amlodipine Besylate
9	Loratdine	Levothyroxine Sodium	Amlodipine Besylate	Levothyroxine Sodium
10	Amlodipine Besylate	Amoxicillin	Levothyroxine Sodium	Amoxicillin
11	Levothyroxine Sodium	Loratdine	Loratdine	Gabapentin
12	Clonazepam	Atorvastatin Calcium	Amoxicillin	Aspirin
All Prescriptions Filled	2,232,649	2,418,830	2,638,529	1,780,270
Just Above Scripts Filled	467,601	489,760	511,324	339,845
Percent of Total	20.94%	20.25%	19.38%	19.09%

^A The 2015 data includes all prescriptions filed between January 1, 2014 and June 30, 2015. The 2015 data is not final.

*generic drug names

Approximately 20% of all prescriptions written between 2012 and 2014 were for the top twelve drugs listed in Table 11.

Hydrocodone–Acetaminophen is a controlled substance. It was also the most prescribed drug in 2008, 2009, 2010 and 2011. Hydrocodone-Acetaminophen, also known as Vicodin or Lortab, one of the most abused prescription drugs in the U.S. Narcotic painkillers, of which Hydrocodone–Acetaminophen is one example, are now the most widely prescribed class of medications in the U.S., and prescriptions for the strongest opioids have increased nearly

fourfold over the past decade.¹³

The pharmaceutical drugs shown in Table 11 and their commonly prescribed purpose are reported in Table 12 below:

TABLE 12. Indications for commonly prescribed medications.

Drug Name	Commonly prescribed for:
Amlodipine Besylate	High blood pressure treatment
Amoxicillin	Infection treatment (Antibiotic)
Aspirin	Over the counter pain reliever
Atorvastatin Calcium	Elevated cholesterol treatment
Clonazepam	Epilepsy treatment and treatment for bipolar disease and panic attacks
Gabapentin	Anti-epileptic medication and treatment for some kinds of nerve pain
Hydrochlorothiazide	Treatment for high blood pressure, also osteoporosis and is a diuretic
Hydrocodone-Acetaminophen	Treatment for moderate to severe pain
Ibuprofen	Over the counter pain reliever
Levothyroxine Sodium	Treatment for thyroid deficiency
Lisinopril	High blood pressure treatment
Loratadine	Treatment for allergies
Metformin HCL	Treatment for type two diabetes or pre-diabetics
Omeprazole	Treatment for acid reflux
Ventolin HFA	Treatment for asthma or allergies

In 2015, twenty pharmacies accounted for over 40% of all filled Medicaid hydrocodone prescriptions. Of those twenty pharmacies, five are being (or have been) audited by the MIG Office.

ILLNESS AND ERIE COUNTY MEDICAID RECIPIENTS

The MDW contains data not only on Medicaid costs, but also contains data on the health conditions treated. The Diagnosis Class of the health conditions treated for Erie County

¹³ The New York Times Sunday Review, "Profiting From Pain", June 22, 2013.

Medicaid clients for the years 2013 and 2014 and the period January 1, 2015 through June 30, 2015 and the Medicaid funds spent to treat those conditions are shown in Table 13.

TABLE 13. Medicaid funds spent to treat health conditions.

Erie County Medicaid Costs by Diagnosis Class			
DIAGNOSIS CLASS	2013	2014	2015 ^A
SIGNS, SYMPTOMS, AND ILL-DEFINED CONDITIONS	\$ 930,360,245	\$ 1,072,314,818	\$ 630,669,051
MENTAL DISORDERS ALL DSMIII C	214,290,390	209,163,957	96,147,051
CIRCULATORY SYSTEM DISEASES	65,494,162	64,514,013	32,267,503
DISEASES OF THE NERVOUS SYSTEM	42,797,767	40,193,340	19,292,200
NATURE OF INJURY, ADVERSE EFFECTS AND POISONING	35,623,793	34,403,408	16,344,771
DISEASES OF THE MUSCULOSKELETAL SYSTEM	22,462,599	22,686,874	10,832,860
DISEASES OF THE RESPIRATORY SYSTEM	20,412,225	22,313,103	11,046,906
SUPPLE CLASS/DESC OF PATIENT STATUS AND OTHER HLTH	17,353,445	17,680,763	10,109,984
ENDOCRINE, NUTRITIONAL, METABOLIC	17,284,151	21,861,882	10,750,934
INFECTIVE AND PARASITIC DISEASE	13,398,978	12,703,563	6,015,369
GENITOURINARY SYSTEM DISEASES	12,355,624	12,774,716	5,982,211
DIGESTIVE SYSTEM DISEASES	12,217,422	13,601,848	7,267,636
LIVEBORN INFANTS ACCORDING TO TYPE OF BIRTH	11,340,478	11,322,925	4,154,361
NEOPLASMS	10,390,254	9,199,156	3,744,625
DELIVERY AND COMPLICATIONS OF PREGNANCY	8,631,431	8,765,188	4,037,132
REASON FOR SPECIAL ADMISSIONS AND EXAMS	7,029,129	7,070,343	3,881,096
DISEASES OF THE SKIN AND SUBCUTANEOUS TISSUE	5,539,342	5,759,208	2,731,405
CONGENITAL ANOMALIES	5,245,392	5,033,100	2,830,677
CERTAIN CAUSES OF PERINATAL MORBIDITY AND MORALITY	5,232,338	4,989,556	1,932,186
DISEASES OF BLOOD & BLOOD FORM	4,768,865	6,260,519	2,600,940
NOT AVAILABLE	3,867,278	3,443,851	1,679,968
EXTERNAL CAUSE OF INJURY	174,868	167,240	100,249
Totals	\$ 1,466,270,178	\$ 1,606,223,373	\$ 884,419,115

A - 2015 data is for the period January 1, 2015 through June 30, 2015, and is incomplete and subject to change.

As the figures in Table 13 do not include certain expenses, such as Durable Medical Goods items such as wheelchairs, canes and eyeglasses, the totals for Table 13 will always be less than the total Medicaid Costs shown in Table 3.

Table 13 shows that the first category, “Signs, Symptoms and Ill-Defined Conditions” has increased since 2013. Although not shown in Table 13 for reasons of space, the category also increased from 2012 to 2013.

“Signs, Symptoms and Ill-Defined Conditions” is a difficult category to analyze. Medical professionals use this category to; for example, record an illness that goes away on its own, or for services before a diagnosis is determined, or for patients who may suffer from more than one malady.

The second largest category, “Mental Disorders”, was discussed in our 2014 report.

Some categories with a general description of each are presented in Table 14.

TABLE 14. General description of selected Diagnosis Classes

International Statistical Classification of Diseases and Related Health Problems and Selected Descriptions ^A	
Disease Group	Description
SIGNS, SYMPTOMS, AND ILL-DEFINED CONDITIONS	Unknown conditions, transient symptoms and not otherwise specified diseases
MENTAL DISORDERS ALL DSMIII C	Disorders of psychological development, also dementia and addiction
CIRCULATORY SYSTEM DISEASES	Diseases of the blood-producing and transporting organs
NATURE OF INJURY, ADVERSE EFFECTS AND POISONING	Injuries to the body, such as broken bones, poisoning and gunshot wounds
ENDOCRINE, NUTRITIONAL, METABOLIC	Diabetes and other metabolic disorders
SUPPLE CLASS/DESC OF PATIENT STATUS AND OTHER HLTH	When some circumstance or problem is present which influences the person's health status but is not in itself a current illness or injury.
GENITOURINARY SYSTEM DISEASES	Diseases that affect the male or female reproductive systems
INFECTIVE AND PARASITIC DISEASE	Diseases generally recognized as communicable or transmissible
NEOPLASMS	Various types of cancers
CONGENITAL ANOMALIES	Diseases that affect or result from chromosomal or genetic issues
^A Data from the world Health Organization website. http://apps.who.int/classifications/icd10/browse/2010/en	

The category with the second largest increase from 2013 to 2014 is “Endocrine, Nutritional and Metabolic” conditions.

TABLE 15. Breakdown of the top twelve endocrine, nutritional and metabolic conditions.

Erie County Medicaid - Top Twelve Categories for Endocrine, Nutritional and Metabolic Health Costs - 2015		
Diabetes Mellitus	\$ 4,208,031	Results from the pancreas not producing enough insulin, or the body not responding to the insulin produced.
Unspecified Acquired Hypothyroidism	1,438,860	A condition in which the production of thyroid hormone by the thyroid gland is diminished.
Other and Unspecified Hyperlipidemia	597,665	Abnormally high concentration of fats or waxes in the blood.
Dehydration	456,995	Not enough water in the body.
Hyposmolality and/or Hyponatremia	232,688	Not enough sodium in the bloodstream.
Morbid Obesity	356,666	A body weight of 100 pounds or more above what is medically recommended.
Diabetes with Ketoacidosis	217,940	A serious complication of diabetes that occurs when the body produces high levels of blood acids called ketones.
Pure Hypercholesterolemia	297,584	The presence of high levels of cholesterol in the blood
Other B Complex Deficiencies	124,807	Insufficient B vitamins in the body.
Hypoglycemia, Unspecified	147,888	Abnormally low blood sugar levels.
Hypopotassemia	135,173	Abnormally low concentration of potassium in the blood.
Unspecified Protein-Calorie Malnutrition	202,034	Insufficient protein in a person's diet
Cost of the Top Twelve	\$ 8,416,332	
Cost of all 2015 Endocrine, Nutritional and Metabolic	\$ 10,750,934	
Percentage of the top twelve to the total	78%	

Diabetes Melitus is commonly known as diabetes.

Many of the health problems listed in Table 15 above are related to diabetes. The costs to manage these conditions are closely associated with the time necessary to treat these disabilities. A patient with diabetes may require assistance for his or her entire life.

On November 6, 2015, the United Way of Buffalo and Erie County released a report on childhood obesity in Erie County.¹⁴ Amongst its other findings, the report discovered that in 2012, 32% of children in Erie County qualified as obese and overweight. For Medicaid clients only, we found that of the persons being treated for obesity, 22% were children (under the age of 21) in 2011. In 2015, 43% of those were children.

MEDICAID CLIENTS AND INCOME IN ERIE COUNTY

In our 2014 report, we examined Medicaid and employment in Erie County. At the time, we were only able to determine how many persons were in receipt of income. Our 2014 data showed that more than 70% of those on Medicaid had some form of outside income.

At the time of last year's report, the actual amounts earned by those on Medicaid were not available. Thanks to the cooperation of a number of officials at the State and County level, we now have a portion of that data.

¹⁴ The entire report can be found at <http://www.uwbec.org/>.

Medicaid is a means tested program, which is to say that acceptance into the Medicaid program is heavily based upon an individual’s monthly income. The application for Medicaid demands monthly financial information from the Medicaid client. This financial data is not stored within the portion of the MDW accessible to the MIG Team.

To get access to the financial data requires then that several databases be linked together. There were concerns within the County and the State about how the newly developed data would be used and its confidentiality. These issues paled when compared to the technical difficulties of linking several large databases, all constantly updating, all of which had different structures. The MIG Team acknowledges the assistance and cooperation of OMIG, the Erie County Department of Social Services and Erie County’s Department of Information Support Services, all of whom cooperated to make this data available.

Some databases were unavailable to the MIG Team in the time period set aside for the development of this report. Rather than delay, the MIG Team felt it was better to move forward with the data we had. Specifically, information on some TA (“Public Assistance”) clients is not included in our data.

It remains our hope to expand our access to data for future reports.

The data collected is called the “Medicaid Study Group”. Our Medicaid Study Group is for 2014 and is composed of individuals 18 years of age and older.

Table 16 is a breakdown of monthly income by race / ethnicity and shows the percentage of total 2014 Medicaid clients in our study to the whole of 2014 Medicaid clients.

Table 16 – 2014 Medicaid Clients by Race and Average Income

Race / Ethnicity ^{AB}	2014 Medicaid Clients 18 Years of Age and Older	2014 Medicaid Clients in our Study by Race / Ethnicity	Percentage of Study Clients to the Total of their Race / Ethnicity	Average Monthly Income
White	91,660	38,930	42.5%	\$ 1,031.24
Black/African American	47,925	24,938	52.0%	955.23
Hispanic/Latino ^A	13,702	6,376	46.5%	939.56
Asian/Pacific Islander	7,820	2,864	36.6%	1,149.43
American Indian/Alaska Native	1,277	635	49.7%	978.23
Not Available/More Than One Race	9,876	7,822	79.2%	950.31
Total	172,260	81,565	47.3%	\$ 996.81

A - The US Census considers Hispanic origin to be an ethnicity and not a race. Hispanics may be of any race. Please see <http://www.census.gov/>.

B - Medicaid clients self-identify for race / ethnicity.

Average monthly income for the Medicaid clients included in our study is \$996.81. This equates to an annual income of \$11,961.72, just above the Federal poverty guideline of \$11,670 for an individual in 2014. An individual qualified for Medicaid in 2014 with an income below \$15,521.10, absent special circumstances.

Table 16 income is per person. Several individuals on Medicaid may live in the same household.

The income data does not include any assistance received from SNAP, commonly referred to as Food Stamps, and HEAP, assistance with heat and other utilities.

The US Census estimates that in 2014 about 14.5% of Erie County’s population lived below the poverty level, considered to be a monthly income of \$972.50 or less for an individual.

A reminder that Table 16 does not include anyone below the age of 18. Many individuals below the age of 18 do not receive any income. If we had included persons below the age of 18, it is certain that the monthly income averages would drop.

Income is reported as either earned or unearned income. Examples of earned income include salaries and income from self-employment. Unearned income examples include all Social Security benefits, Disability benefits, Pensions, Alimony, Spousal Support and Worker’s Compensation payments.¹⁵ About 40% of the persons in our study group have earned income.

A breakdown of the top five sources of income is shown below in Table 17.

Table 17 – The Top Five Sources of Income for Medicaid Clients in our Study

Top Five Kinds of Income	Monthly Income Average	Number of Clients
Salaries and Wages	\$ 1,106.00	30,058
SSI Benefits	560.00	23,396
SS Disability	825.00	16,400
Child Support Payments	290.00	5,863
SS Retirement	778.00	5,486
Monthly Average Income	\$ 996.81	

Most clients have more than once source of income. Clients are counted more than once in Table 17.

¹⁵ These income categories are set at the Federal level. See WWW.IRS.gov.

CONCLUSION

- ✓ If current trends continue, more than a third of Erie County residents will be on Medicaid by the year 2021.
- ✓ The total number of County residents on Medicaid has risen due to the ACA, with more than 28% of Erie County residents' health insurance now being provided by Medicaid.
- ✓ We reviewed the income of about half of those on Medicaid in Erie County who were 18 years of age or older in 2014. We found their average monthly income to be \$996.81, slightly above the 2014 Federal poverty guideline of \$972.50.
- ✓ Erie County's portion of Medicaid costs has fallen more than \$8.4 million since 2012.
- ✓ Hydrocodone–Acetaminophen remains Medicaid's most prescribed drug in Erie County since 2008. Hydrocodone–Acetaminophen remains one of the most abused drugs in the United States.
- ✓ In 2015, there are more Whites on Medicaid in Erie County than Blacks/African-Americans, Hispanics/Latinos and Asians/Pacific Islanders combined.
- ✓ More than a third of Erie County's Medicaid population is composed of children (persons less than 21 years of age).
- ✓ The most Medicaid claims, by race, are filed by Whites. Whites as a group also account for the highest average cost per Medicaid Client by race.
- ✓ The highest average cost per Medicaid client by age is for those persons 65 years of age and older.
- ✓ In 2015, twenty pharmacies accounted for over 40% of all filled Medicaid hydrocodone prescriptions. Of those twenty pharmacies, five are being (or have been) audited by the MIG Office.
- ✓ Of the top five Transportation providers in 2015, we have audited (or are auditing) two.
- ✓ Of the top five DME providers in 2015, we have audited (or are auditing) three.

Erie County gratefully acknowledges the cooperation and assistance of OMIG and Erie County looks forward to working on additional projects with OMIG.