

Medicaid Expansion: Planning a Financial Impact Analysis

September 27, 2012

State Health Reform Assistance Network
Charting the Road to Coverage



Robert Wood Johnson Foundation

Moderator

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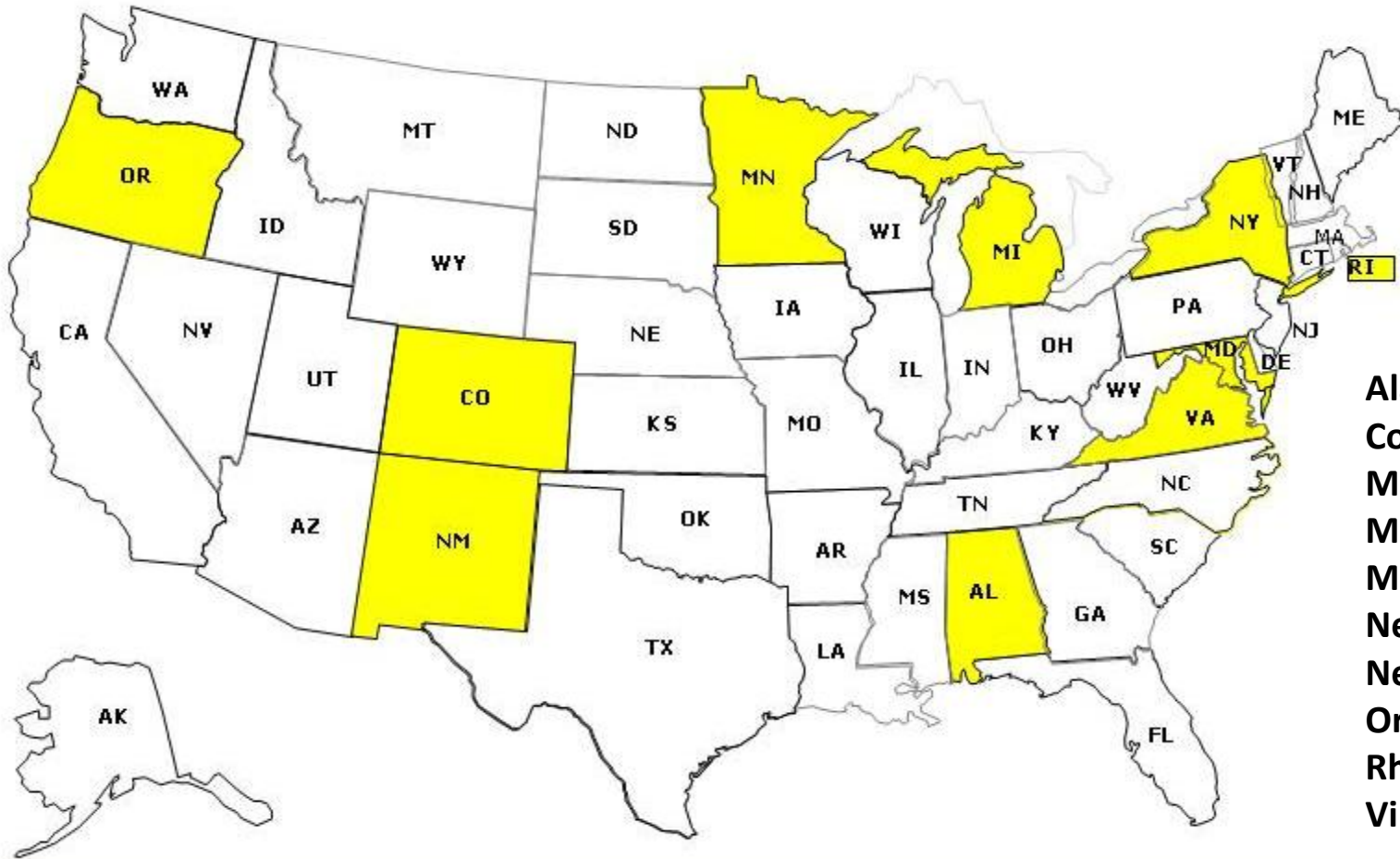
Overview

- Welcome and Introductions
- About the State Network
- Process for developing tools to support state analysis
- Elements of state-specific analysis
 - Newly Eligible Costs
 - Woodwork Costs
 - Administrative Costs
 - Potential Savings
- Q&A

State Health Reform Assistance Network

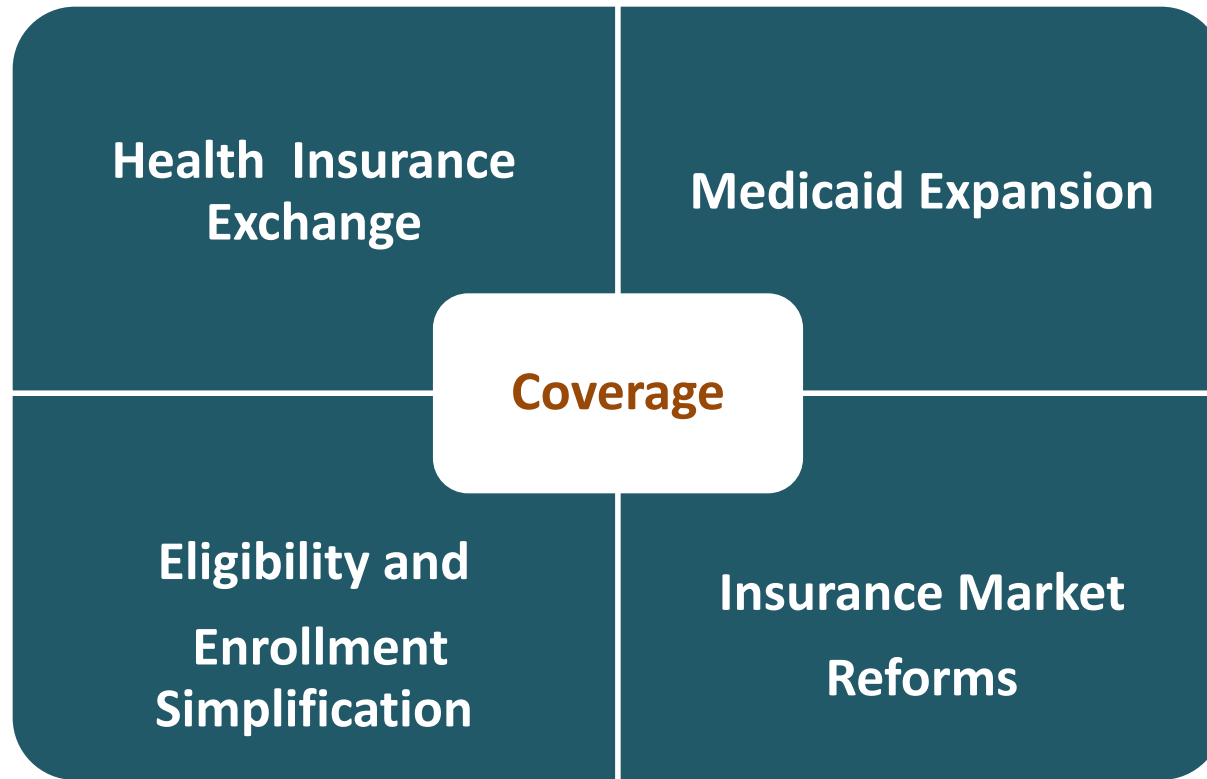
- RWJF-funded program providing technical assistance to states to maximize coverage expansions under ACA
- Theory of Change: focus on a diverse group of 10 states to develop successful implementation models and share lessons learned
- Technical Assistance Strategies:
 - Multi-disciplinary team - operational level technical assistance
 - Meet each state where they are
 - Deploy a team of technical experts outside state procurement
 - Facilitate peer-to-peer learning
 - Inform Federal policymaking

Diverse Group of States



Alabama
Colorado
Maryland
Michigan
Minnesota
New Mexico
New York
Oregon
Rhode Island
Virginia

Focus on ACA Coverage Expansion



State Network Resources

www.statenetwork.org

STATE HEALTH REFORM ASSISTANCE NETWORK

State Network

CHARTING THE ROAD TO COVERAGE



HOME

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ABOUT THE STATE NETWORK

The *State Health Reform Assistance Network (State Network)* is a Robert Wood Johnson Foundation (RWJF) funded program dedicated to providing technical assistance to states in order to maximize coverage expansion under the Affordable Care Act (ACA).

The program and the dissemination of models and lessons learned from this

work are key elements of RWJF's goal of ensuring that nearly all Americans have health coverage by 2020.

The *State Network* is managed at Princeton University's Woodrow Wilson School of Public and International Affairs with significant support from State Coverage Initiatives (SCI), also an RWJF national program, housed at AcademyHealth.

[MORE ABOUT THE STATE NETWORK >](#)

Get Email Updates



Subscribe to periodic email updates from the State Network.

Questions About Medicaid Expansion

- What are the boundaries around the “optional” Medicaid expansion?
- Has a new federal entitlement been created? What does this mean for states who do not expand?
- Can states expand to 100% and still receive the enhanced FMAP?
- Will exchange subsidies and cost-sharing reductions be available to residents between 100-133% FPL?
- Can states join/leave the expansion whenever they want?
- What are the implications for enrollment in the exchanges?

Medicaid Expansion Option Document

- State Network document to guide states considering Medicaid expansion analysis
- Produced in collaboration by SHADAC, CHCS, and Manatt
- Table shell and considerations to consider for each of the elements in the shell

Medicaid Expansion: Fiscal Considerations

- Expansion of Medicaid to 133% FPL
 - 138% FPL with MAGI
- 100% federal match for expansion population through 2016
- Then sliding scale down to 90% FMAP in 2020 and beyond
- Weigh potential costs vs. savings

Elements of Financial Analyses

As Arranged in Worksheet

- Costs:
 - Cost of Newly Eligibles
 - Cost of Currently Eligible but Not Enrolled
 - Administrative Costs
- Savings:
 - Potential Savings from Transitioning Current Medicaid Populations to Newly Eligible Group
 - Potential Savings from Reduction in State Programs for the Uninsured
 - Potential Other Revenue Gains and Savings

Data Considerations

- Analysis relies on:
 - Data
 - Research-based estimates
 - Assumptions
- In most cases, state data is best
- In some cases, national data is available and can be modified to better fit state circumstances
- Given uncertainty in key assumptions, consider developing an estimate range
- Transparency is important

Cost of Newly Eligibles

	2014	2015	2016	2017	2018	2019	2020	Cumulative
1. Cost of Newly Eligibles								
Total number of newly eligibles								
Take up rate (percentage)								
Newly eligibles who enroll								
PMPY cost								
Total cost								
FMAP	100%	100%	100%	95%	94%	93%	90%	
Subtotal - State Cost								

Cost of Currently Eligible but Not Enrolled

	2014	2015	2016	2017	2018	2019	2020	Cumulative
2. Cost of Currently Eligible but Not Enrolled								
Total number currently eligible but not enrolled								
Take-up rate (percentage)								
Currently eligible who enroll (not previously enrolled)								
PMPY cost								
Total cost								
FMAP (regular)								
Subtotal - State Cost								

Administrative Costs

	2014	2015	2016	2017	2018	2019	2020	Cumulative
3. Administrative Costs								
PMPM administrative costs								
Subtotal - State Cost								
TOTAL- STATE COST								



Annual totals from Cost of Newly Eligibles, Cost of Currently Eligible but Not Enrolled, and Administrative Costs

Savings from Transitioning Current Medicaid Populations to Newly Eligible Group

	2014	2015	2016	2017	2018	2019	2020	Cumulative
4. Savings from Transitioning Current Medicaid Populations to Newly Eligible Group								
Adults enrolled through waivers (select groups e.g., limited benefits)								
Disease specific coverage (e.g. Breast and Cervical Cancer Treatment Program)								
Family planning Services								
Medically needy spend-down								
Other?								
Subtotal - State Savings								

Savings from Reduction in State Programs for the Uninsured

	2014	2015	2016	2017	2018	2019	2020	Cumulative
5. Savings from Reduction in State Programs for Uninsured								
State-only funded coverage programs								
Uncompensated care pool/fund (e.g., support for public hospitals)								
State mental health spending								
State substance abuse spending								
State high-risk pool spending								
State spending on public health services								
State spending on hospital inpatient costs of prisoners								
Other?								
Subtotal - State Savings								

Other Revenue Gains and Savings

	2014	2015	2016	2017	2018	2019	2020	Cumulative
6. Other Revenue Gains and Savings								
Provider taxes/assessments								
Insurer taxes/assessments								
General business taxes								
Other tax impacts								
Subtotal - State Gains/Savings								
TOTAL – STATE SAVINGS/REVENUE GAINS								
NET of TOTAL STATE SAVINGS/REVENUE GAINS & TOTAL STATE COST								



Summation of Savings and Costs

Other Financial Impacts

- Large disproportionate share hospital (DSH) payments
- General economic effects from the increase in health spending on the newly insured
- Potential tax penalties for employers if (in the absence of a Medicaid expansion) employees qualify for premium tax credits
- Crowd-out of existing private insurance into newly expanded public programs

State Analyses

- Arkansas [analysis](#) and [summary](#)
- [Florida analysis \(slide presentation\)](#)
- [Idaho report on Newly Eligibles](#)
- [Indiana analysis](#)
- [Iowa analysis](#)
- [Maryland broader reform simulation](#)
- [Nebraska analysis](#) (University policy center)
- [Ohio analysis](#)
- [South Carolina analysis \(slide presentation\)](#)

Additional Resources

- [Urban Institute Expansion Considerations Brief](#)
- [Urban Institute Uninsured Adults Brief](#)
- [KFF report on Uninsured Population](#)
- [GAO Report on Medicaid Expansion](#)
- [NGA letter to HHS](#)
- [NAMD letter with Medicaid Expansion Questions](#)
- [Secretary Sebelius letter on State Flexibility](#)
- [Kip Piper post on Medicaid Expansion](#)
- [Health Affairs post on Maryland Medicaid Expansion](#)

Questions?