Medicaid: A Review of States' Decisions to use the Affordable Care Act (ACA) to Improve Coverage, Costs and Quality

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Medicaid Impact on Health Status

"Randomized controlled trial" study of 2008 Oregon coverage expansion by lottery to 30,000 of 90,000 applicant adults

- **Improved access to medically needed health care**
  - 70% more likely to have "usual place of care"
  - 60% higher use of preventive care like mammograms
  - Spending higher: inpatient +30%; outpatient +35%; Rx +15%
- **Improved financial security**
  - 40% less likely to borrow money to pay medical bills
  - 25% less likely to have bills sent to collection agency
- **Improved self-reported health status**
  - 25% more likely to be in good to excellent health
  - 25% less likely to screen positive for depression.

Source: K. Baicker and A. Finkelstein, "The Effects of Medicaid Coverage – Learning from the Oregon Experiment," *NEJM*, 8/25/2011.

Medicaid Impact on School Readiness

- **Medicaid well-child visits (EPSDT)**
  - Includes AAP-recommended services; services to promote normal child development
- **EPSDT study of 22,000 children**
  - ***Results:***

    "Children with the recommended number of EPSDT well-child visits had a 23% higher likelihood of being ready for school (1st grade), compared with those with fewer visits."

Source: Pittard, et al., "School Readiness Among Children Insured by Medicaid in South Carolina, "CDC, Preventing Chronic Disease, June 2012.

Medicaid Coverage Impact on Rates of Death

Study of 3 states with waivers to cover low-income adults: Arizona, Maine and New York

Results: Compared to neighbor states, adults with Medicaid were significantly associated with

- **Reduction in mortality** (-6.1%, or 19.6 deaths/1,000)
- **Less delayed care due to cost** (-21%)
- **Higher health status** as "excellent" or "very good"

Source: B. Sommers, K. Becker and A. Epstein, "Mortality and Access to Care among Adults after State Medicaid Expansions," *NEJM*, September 13, *2012*.

Medicaid Expansion Opponents' Concerns

- Costs to state budgets
- Potential for more growth in enrollment due to the woodwork and crowd-out effects
- Opposition to increased Federal controls
- Concerns regarding fraud

Source: Merrill Mathews, Institute for Policy Innovation, Dallas, Texas. Op-Ed in *Forbes*, December 7,2012.
http://www.forbes.com/sites/merrillmatthews/2012/12/07/seven-reasons-state-should-just-say-no-to-medicaid-expansion

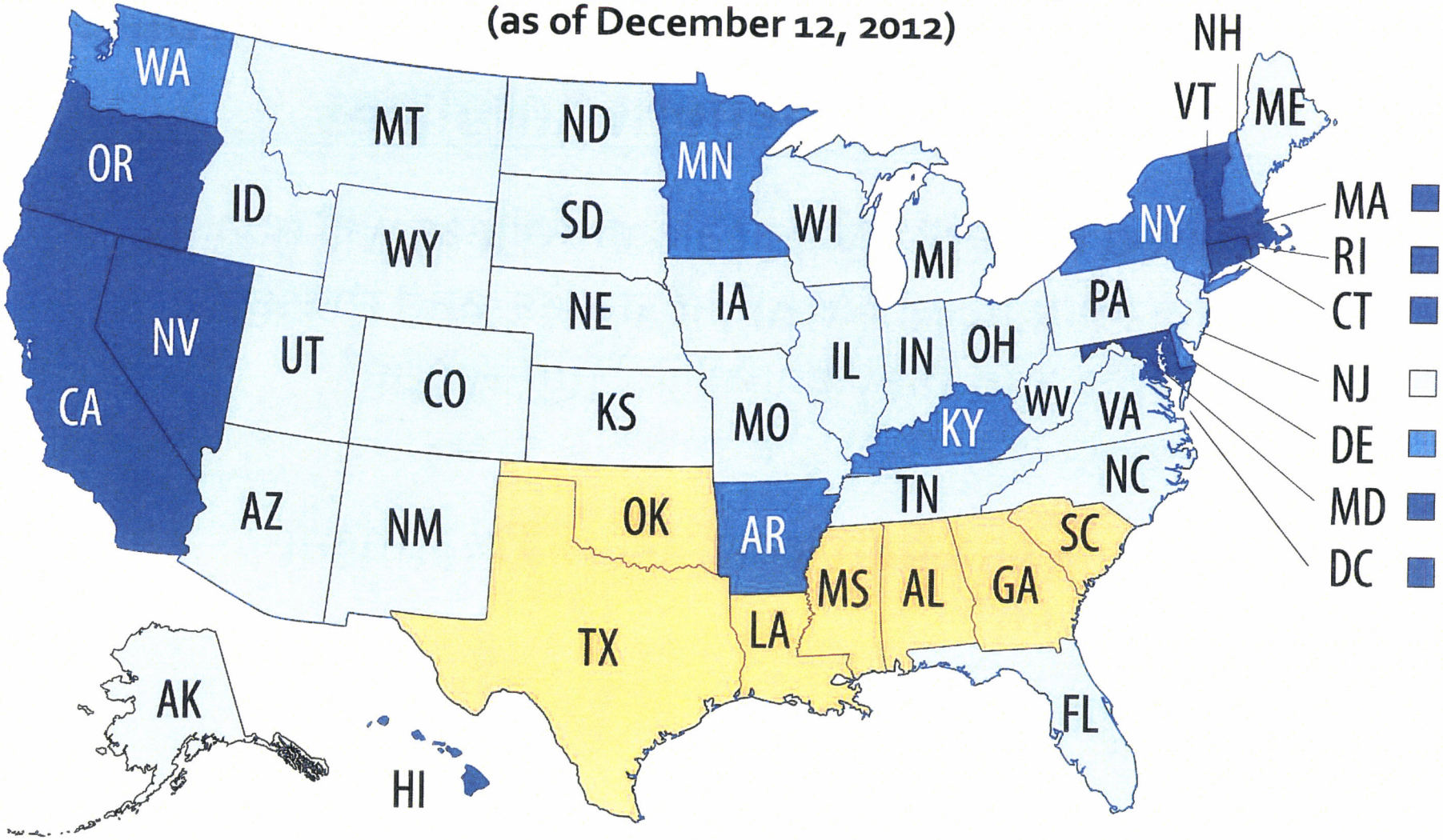
South Carolina's Medicaid Director Outlines His State's Rationale for Not Expanding

- "We are not debating that coverage contributes to health – it does....[but]... Every dollar spent to produce a health benefit is taken from somewhere else...."
- "Health sector employment should not be a goal of health reform."
- "Uninsured individuals who need care should be able to receive it...[but] Because the health services sector contains so much excess cost, it is unwise to inject several hundreds of billions of dollars into the system...."
- Leverage states now have is lost if they uncritically follow the federal lead in expanding Medicaid without expectations of better performance."

Source: Anthony Keck, "South Carolina's View: The Affordable Care Act's Medicaid Expansion Is the Wrong Approach," Health Affairs blog, September 6, 2012. http://healthaffairs.org/blog/2012/09/06/south-carolinas-view-the-affordable-care-acts-medicaid-expansion-is-the-wrong-approach/

Status of State Medicaid Expansion

(as of December 12, 2012)



Expanding (10)

Leaning toward expansion (7)

Unclear/Undecided (27)

Leaning against expansion (7)

Source : "Status of the ACA Medicaid Expansion After Supreme Court Ruling," Center on Budget and Policy Priorities, accessed on December 27, 2012 at http://www.cbpp.org/files/status-of-the-ACA-medicaid-expansion-after-supreme-court-ruling.pdf

Offsetting Savings as Certain Current Limited-Benefit Medicaid Enrollees Become New Full-Benefit Enrollees

"Limited Benefit" Medicaid enrollees will qualify for the enhanced FMAP, if states end these programs and they enroll in "full-scope" Medicaid:

- Breast and Cervical Cancer Treatment program
- Family planning waiver
- Limited benefit waiver programs
- Medically needy/spend-down

Savings in State-Funded Health Programs

- Mental Health/Substance Abuse Programs
- State-only coverage (for states that previously adopted programs for adults)
- High risk pools
- Uncompensated care pool/fund
  - Counties will see savings in some states
- Inpatient care for indigent prisoners
- Public health (likely limited savings)

Oklahoma Study: Savings from Medicaid Expansion Primarily in Mental Health Program

Oklahoma Health Care Authority study shows annual savings to state of $47.8 million.

Savings to :

- Dept. of Mental Health: $34 million
- Dept. of Corrections: $11.2 million
- State Health Department: $2.4 million

Source: *Tulsa World*, August 3, 2012

Examples of Comprehensive State Analyses: Michigan

- Michigan House Fiscal Agency (7-12-2012)
  - Net state savings first 6 years and roughly cost neutral thereafter; net savings over 10 years of **$1.1 Billion**
- Michigan Senate Fiscal Agency (6-28-2012)
  - State GF savings of **at least $200 Million/year through 2017**; Medicaid expansion is **"more of a policy issue than a fiscal issue"**
- Center for Health Care Research & Transformation
  - Net state savings of **$1.17 Billion** (2014-2019); a small annual net cost equal to $41 Million in 2020 or **$65 per covered enrollee**

Sources:

http://www.house.mi.gov/hfa/PDFs/Medicaid%20Expansion%20Memo%20Jul17.pdf

http://www.senate.michigan.gov/sfa/Publications/Memos/memo62812.pdf

Udow-Phillips, Marianne; Fangmeier, Joshua; Buchmueller, Thomas; Levy, Helen. *The ACA's Medicaid Expansion: Michigan Impact.* October, 2012. Center for Healthcare Research & Transformation. Ann Arbor, MI http://www.chrt.org/publications/price-of-care/aca-medicaid-expansion-michigan-impact/

Assessing the State Fiscal Impact is Key: Guides for Analysis

- **Urban Institute/KFF Analysis**
  - "The Cost and Coverage Implications of the ACA Medicaid Expansion: National and State-by-State Analysis," November 2012
  - Access at http://www.kff.org/medicaid/upload/8384.pdf
- **Medicaid Expansion Analysis Tool**
  - Created by State Network Initiative Technical Providers including SHADAC, CHCS and Manatt Health Solutions
  - Access at: http://www.statenetwork.org/resource/medicaid-expansion-framing-and-planning-a-financial-impact-analysis/
- **CHCS – Planning for Medicaid Expansion: An Online Toolkit**
  - Access at: http://www.chcs.org/publications3960/publications_show.htm?doc_id=1261397
- **CBPP – Health Reform's Medicaid Expansion: A Toolkit for Advocates**
  - Access at: http://www.cbpp.org/cms/index.cfm?fa=view&id=3819

More States are Building Medicaid Initiatives that Improve Care Coordination

- In the annual 50-state Survey conducted by Kaiser Family Foundation and Health Management Associates, thirty states reported implementing or expanding care coordination activities in FY 2012 while 45 states reported such actions in FY 2013.

- These activities include Health Homes, Patient Centered Medical Homes and Accountable Care Organizations.

- Delivery system and payment reform models like these are intended to improve quality and save money.

Source: Smith, Vernon K. et al "Medicaid Today: Preparing for Tomorrow A Look at State Medicaid Program Spending, Enrollment and Policy Trends. Results from a 50-state Medicaid Budget Survey for State Fiscal Years 2012 and 2013" Kaiser Family Foundation and Health Management Associates.

Long Term Care and Home and Community Based Services Continue to Evolve

- **HCBS State Plan Option** – states are offering HCBS services through a state plan for individuals with incomes up to 300% FPL
- **Balancing Incentive Program** – enhanced Medicaid matching funds for states that meet certain requirements for expanding the % of LTC spending for HCBS.
- **Community First Choice (CFC) Option** - State Plan option to provide Medicaid-funded home and community-based attendant services and supports will receive an FMAP increase of six percentage points for CFC services

Source: Smith, Vernon K. et al "Medicaid Today: Preparing for Tomorrow A Look at State Medicaid Program Spending, Enrollment and Policy Trends. Results from a 50-state Medicaid Budget Survey for State Fiscal Years 2012 and 2013" Kaiser Family Foundation and Health Management Associates.

Other Initiatives to Improve Quality

- Some states are implementing quality initiatives for specific conditions and services (such as the creation of an oncology home in North Carolina and a care management program targeting infant mortality in Oklahoma.)
- Texas is providing targeted patient education on access to care coordination services.
- Health Home projects to coordinate behavioral and physical health in Alabama, Missouri, Mississippi, North Carolina and New York.
- Wyoming developed a Total Health Record as a tool for analyzing clinical data for Medicaid clients; the state is working with its utilization management vendor to identify and assist those outside of care standards.

Source: Smith, Vernon K. et al "Medicaid Today: Preparing for Tomorrow A Look at State Medicaid Program Spending, Enrollment and Policy Trends. Results from a 50-state Medicaid Budget Survey for State Fiscal Years 2012 and 2013" Kaiser Family Foundation and Health Management Associates.

Questions?

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