

# The Medicaid Expansion: State Options & Considerations

Presentation to  
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## Medicaid Expansion: Factors for State Evaluation

- 1** Cost of coverage of newly eligible adults
- 2** Cost of coverage of eligible but unenrolled attributable to Medicaid expansion
- 3** State savings from current Medicaid/CHIP and state/locally- funded services and additional state revenues
- 4** Broader economic value of additional health care dollars to health care system and state economy
- 5** Coverage Model for New Medicaid Adults

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## 1 Calculating Costs of Coverage for Newly Eligible Adults

	2014	2015	2016	2017	2018	2019	2020	2014-2020 (cumulative)
Total Number of Newly Eligible								
Number of Newly Eligible Who Take Up								
Cost Per Member Per Year								
Total Medicaid Costs of Newly Eligible								
State Share	0%	0%	0%	5%	6%	7%	10%	
<b>State Subtotal</b>								

## 2 Calculating Cost of Coverage for Eligible but Unenrolled

	2014	2015	2016	2017	2018	2019	2020	Cumulative
Number of currently eligible but unenrolled								
Number who take up								
PMPY Cost								
Total Cost								
Percentage attributable to Medicaid expansion								
FMAP (regular)								
<b>Subtotal – State Costs</b>								

## 1&2 Calculating Administrative Costs

	2014	2015	2016	2017	2018	2019	2020	Cumulative
PMPY administrative costs								
<b>Subtotal - State Cost</b>								

## 3 Offset State/Local Savings & New State Revenue

### Savings From:

- Current Medicaid populations that move to new adult group with enhanced federal matching dollars or to Exchange with federal premium tax credits
- Enhanced CHIP FMAP: Increases by 23 percentage points in 2015
- Current state-funded programs and services to uninsured individuals
- Current county- and city-funded programs and services for uninsured individuals

### New Revenue From:

- Provider/insurer fees or assessments
- General business taxes

## Savings From Transitioning to New Adult Group

- New Adult Group:** individuals with incomes below 133% FPL who are under age 65; not pregnant; not entitled to or enrolled in Medicare; and, not eligible under an existing mandatory category.
- Newly Eligible Individuals:** adults under age 65 with incomes below 138% of the FPL who were not covered under state's Medicaid Plan or under a Waiver with comprehensive benefits as of December 1, 2009.
- Enhanced FMAP:** states will receive enhanced FMAP for adults within the new adult group who are "newly eligible" beginning January 1, 2014.
- FMAP Proxy:** HHS will establish a proxy methodology to adjust FMAP payment to states to take into account "newly eligible" individuals who would have been eligible under another category in 2009.

Year	Enhanced FMAP Newly Eligible Adults up to 138% FPL	
	State Share	Federal Share
2014	0%	100%
2015	0%	100%
2016	0%	100%
2017	5%	95%
2018	6%	94%
2019	7%	93%
2020+	10%	90%

## 3a Offset State Savings: Medicaid/CHIP Programs

Potential Populations & Programs	Estimated State Savings							
	2014	2015	2016	2017	2018	2019	2020	2014-2020 (cumulative)
Medicaid 1115 Waivers – Expansion Populations								
Breast and Cervical Cancer Treatment Program								
Family Planning Waiver/SPAs								
Enhanced CHIP FMAP in 2015								
Pregnant Women								
Other								
<b>Subtotal: Savings</b>								

### 3b Offset State Savings: State/Locally-Funded Programs

Programs and Services for the Uninsured	Estimated State Savings							
	2014	2015	2016	2017	2018	2019	2020	2014-2020 (cumulative)
Coverage for specific diseases/conditions								
Funding for certain public health services								
State/local mental health spending								
State/local substance abuse spending								
State High Risk Pool								
Costs for inpatient care of prisoners								
State/local indigent care funding								
Other								
<b>Subtotal: Savings</b>								

### 3c Offset New State Revenue

	Estimated State Revenue							
	2014	2015	2016	2017	2018	2019	2020	2014-2020 (cumulative)
Provider Fees/Assessments								
Plan Fees/Assessment								
General Business Taxes								
Other								
Other								
<b>Total: Revenue</b>								

### 3d Offset Total State Savings & State Revenue

	State Savings & Revenue							
	2014	2015	2016	2017	2018	2019	2020	2014-2020 (cumulative)
Current Medicaid Populations and Programs								
Current State/Locally-Funded Programs for the Uninsured								
New State Revenue								
<b>TOTAL</b>								

1 + 2 - 3

### Medicaid Expansion: Fiscal Impact 2014-2020

State Costs 2014-2020		State Savings & Revenue 2014-2020	
Newly Eligible Adults		Current Medicaid/CHIP Populations and Programs	
Currently Eligible but Unenrolled		Current State/Locally-Funded Programs for the Uninsured	
Administration		New State Revenue	
<b>TOTAL</b>	<b>X</b>	<b>TOTAL</b>	<b>Y</b>

$X - Y = \text{Medicaid Expansion Related Costs 2014-2020}$

## 5 Coverage Model for Medicaid New Adults

- Determine Alternative Benefit Plan (Benchmark benefits)
  - Compare to Medicaid standard benefits
  - Compare to benefits offered by qualified health plans in the Exchange
- Consider whether and how to apply cost-sharing
  - Generally limited, but new federal guidance expected shortly
- Evaluate purchasing models
  - Fee-for-service
  - Managed fee-for-service
  - Medicaid managed care
  - Qualified health plans

## State Decisions

- Reasons to expand; States cite:
  - Health insurance will be available to more residents
  - The economics
  - Opportunity to reform Medicaid and drive system wide reform
  - Costs of not expanding
- Reasons not to expand; States cite:
  - The economics
  - Enhanced FMAP may not hold
  - Medicaid is broken

# Questions?

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