

The ACA's Medicaid Coverage Option: *An Affordable Way to Insure Thousands of Granite Staters*

October 25, 2012

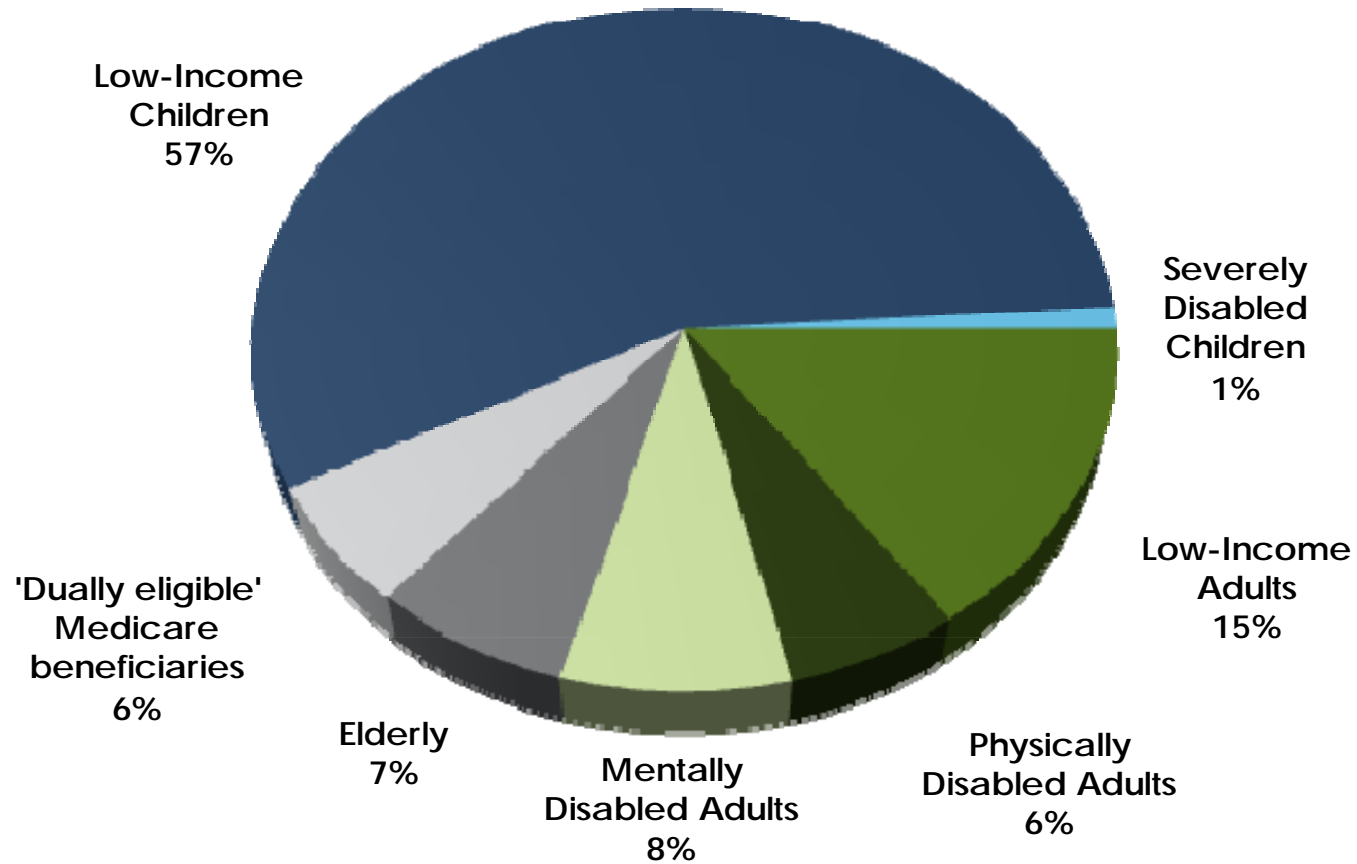
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Medicaid Expansion in New Hampshire

- ❖ Brief Recap: New Hampshire Medicaid
- ❖ Expansion Population Projections and Costs
- ❖ Expansion Population Potential Benefits
- ❖ Potential Consequences of Not Electing the Expansion

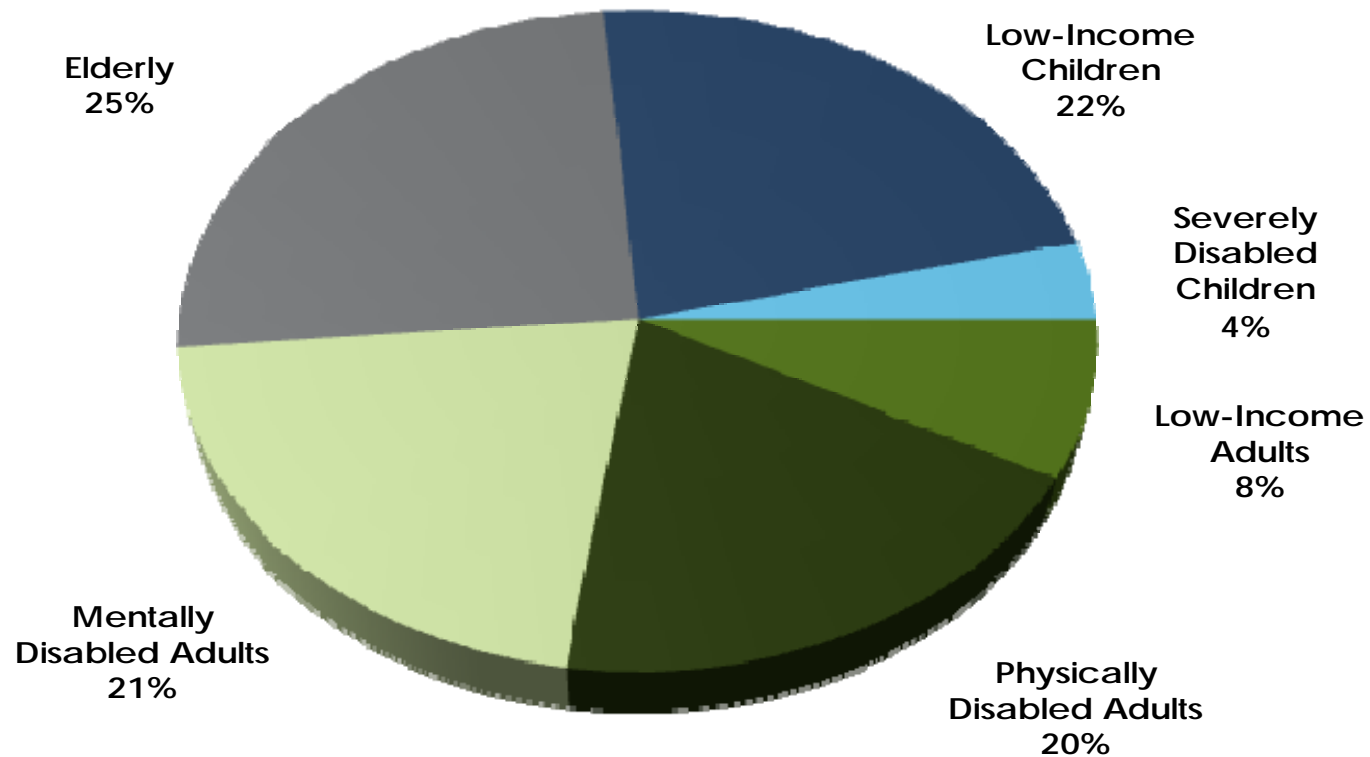
Children Make Up Most of the Medicaid Membership

New Hampshire Medicaid Membership, by Eligibility Group, FY 2009



Medicaid Costs are Concentrated Among Elderly, Disabled

New Hampshire Medicaid Provider Expenditures, by Eligibility Group, FY 2009



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Medicaid Expansion

- ❖ **Extend Medicaid coverage to adults, 19-64, with incomes up to 133 percent of FPL (\$14,856).**
- ❖ **No other qualifying condition necessary, i.e., do not need to be a parent, pregnant, disabled, etc.**
- ❖ **Feds pay 100 percent of coverage from 2014-2016, then 95, 94, 93 percent in each respective year until 2020, at which point federal support plateaus at 90 percent unless and until the statute is amended by Congress.**

Medicaid Expansion & SCOTUS

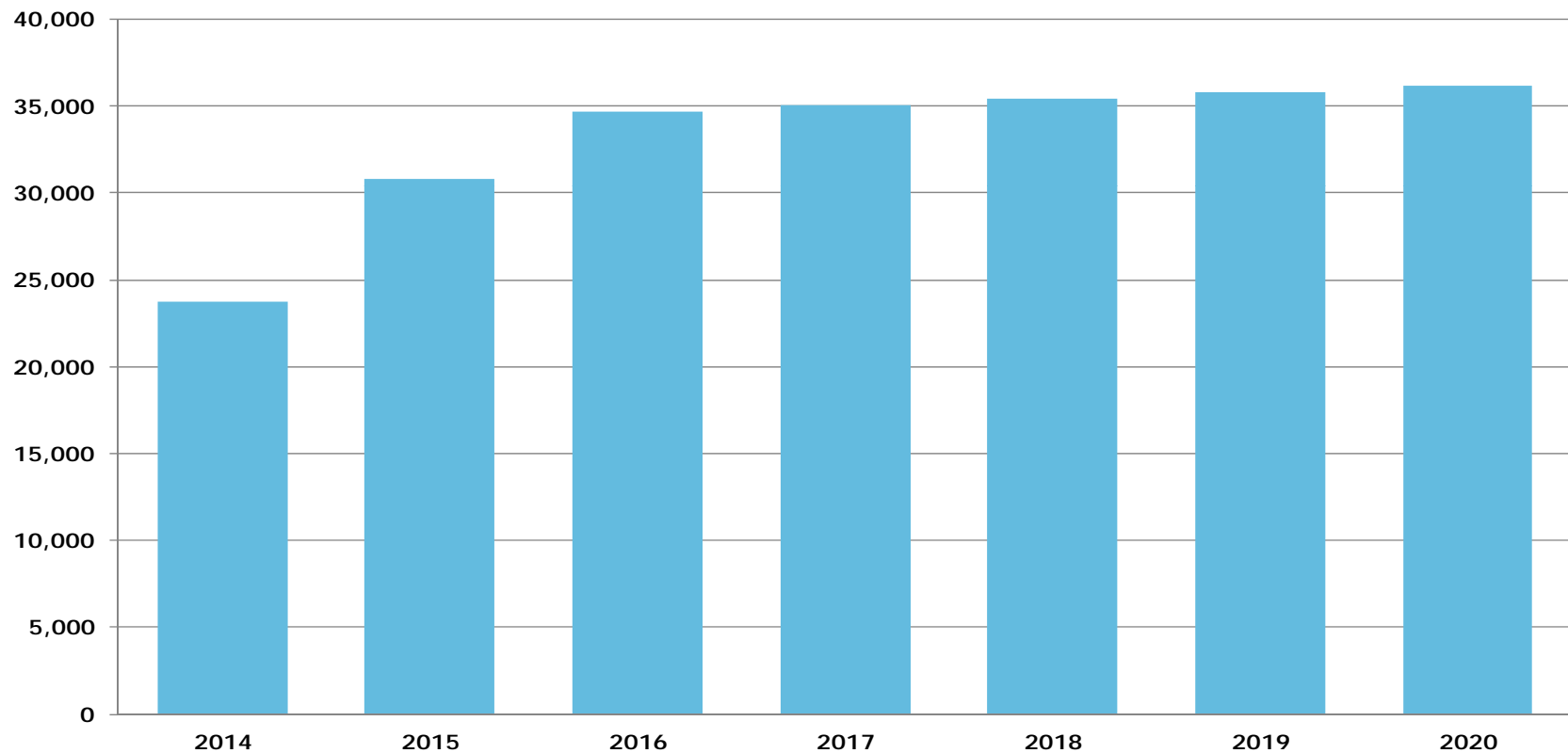
- ❖ *NFIB v Sebelius*: Medicaid expansion violates the Constitution by threatening states with the loss of their existing Medicaid funding if they decline to comply with the expansion.
- ❖ Due to the Court's ruling, federal government can not deny states existing Medicaid funding if they refuse to expand Medicaid as provided under the Affordable Care Act.
- ❖ In effect, Medicaid expansion is now optional.

Medicaid Expansion Would Mean Health Care Coverage for Tens of Thousands

- ❖ **Newly Eligible Participants:** **36,000**
- ❖ **State Share of Price Tag:** **\$56M over 7 yrs**
- ❖ **Federal Share of Price Tag:** **\$1.14B over 7 yrs**

Medicaid Expansion Would Mean Health Care Coverage for Tens of Thousands

Projected participation among newly eligible NH residents, 2014-2020



Source: NHFPI calculations based on data from the US Census Bureau, Congressional Budget Office

Federal Government Will Bear Nearly All the Costs for Medicaid Expansion

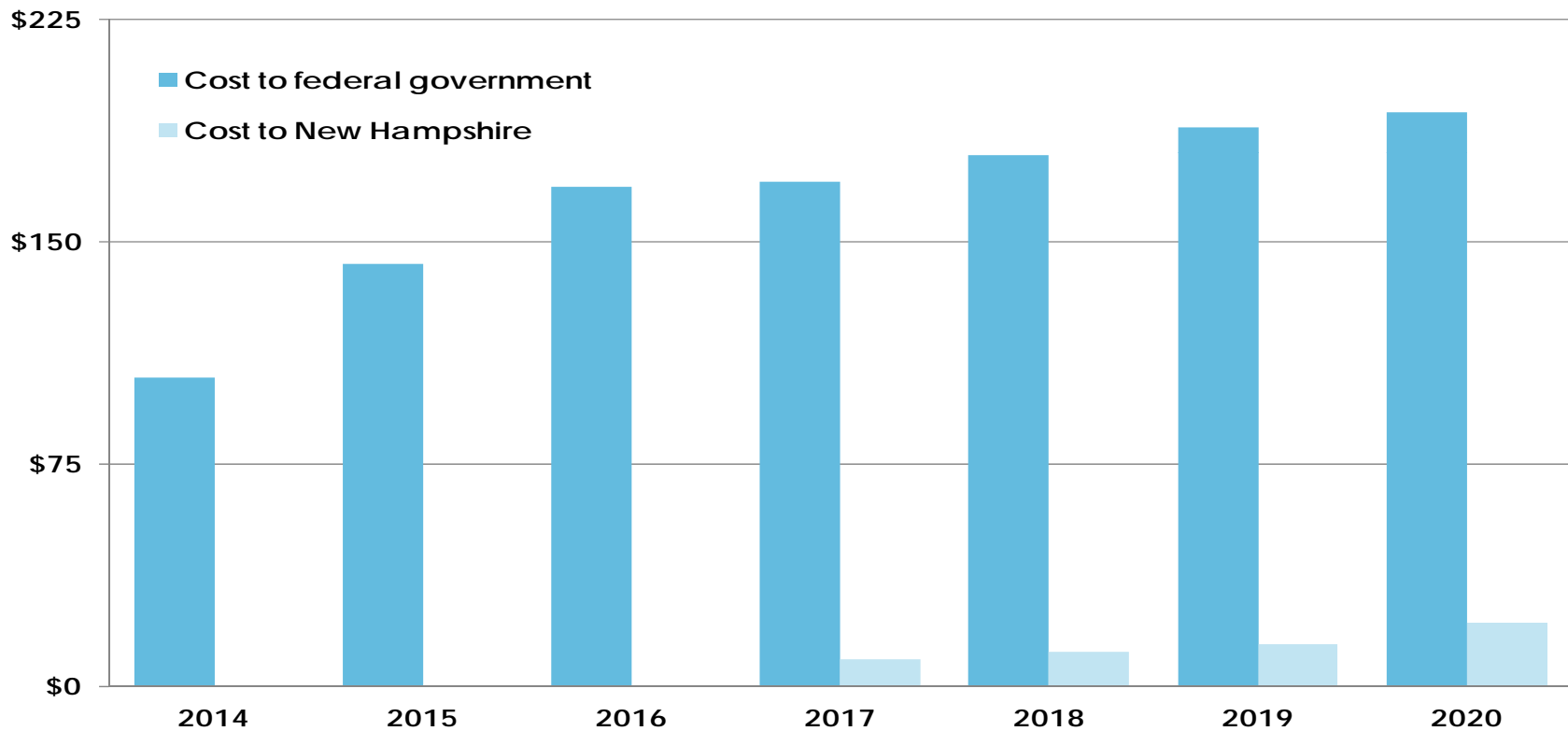
*Share of total project costs associated with
ACA Medicaid expansion in New Hampshire, 2014-2020*



Source: NHFPI calculations based on data from the US Census Bureau, NH DHHS

Medicaid Expansion Would Entail Modest Cost Increases for New Hampshire

Projected costs associated with ACA Medicaid expansion to newly eligible NH residents, 2014-2020, in \$million



Source: NHFPI calculations based on data from the US Census Bureau, NH DHHS

Medicaid Expansion Total Costs from 2014 through 2020

State Share of Newly Eligible Costs:		\$56M
	+	
State Share of "Welcome Mat" Costs:		\$70M
	+	
State Share of Administrative Costs:		\$3.4M
		<hr/>
TOTAL STATE SHARE		\$129M

Year To Year General Fund Costs

State Share (in millions)	2014	2015	2016	2017	2018	2019	2020	Total
Newly Eligible	0	0	0	8.9	11.4	14.16	21.5	56
Welcome Mat	5	6	11	12	12	12	12	70
Admin. Costs	.5	.5	.5	.5	.5	.5	.5	3.4
Total	\$5.5	\$6.5	\$11.5	\$21.4	\$23.9	\$26.6	\$34	\$129



Or put another way...

Medicaid expansion would allow New Hampshire to cover 25 percent more people for a 2 percent increase in state spending on Medicaid.

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Medicaid Expansion May Result in Savings For State

- ❖ **Uncompensated Care Savings**
- ❖ **Mental Health, Substance Use and Non-Medicaid Primary Care Offsets**
- ❖ **Modifying Existing Medicaid Eligibility Categories**

Medicaid Expansion May Result in Major Uncompensated Care Savings

Projected General Fund Expenditures on Uncompensated Care, 2014 through 2020, in \$million



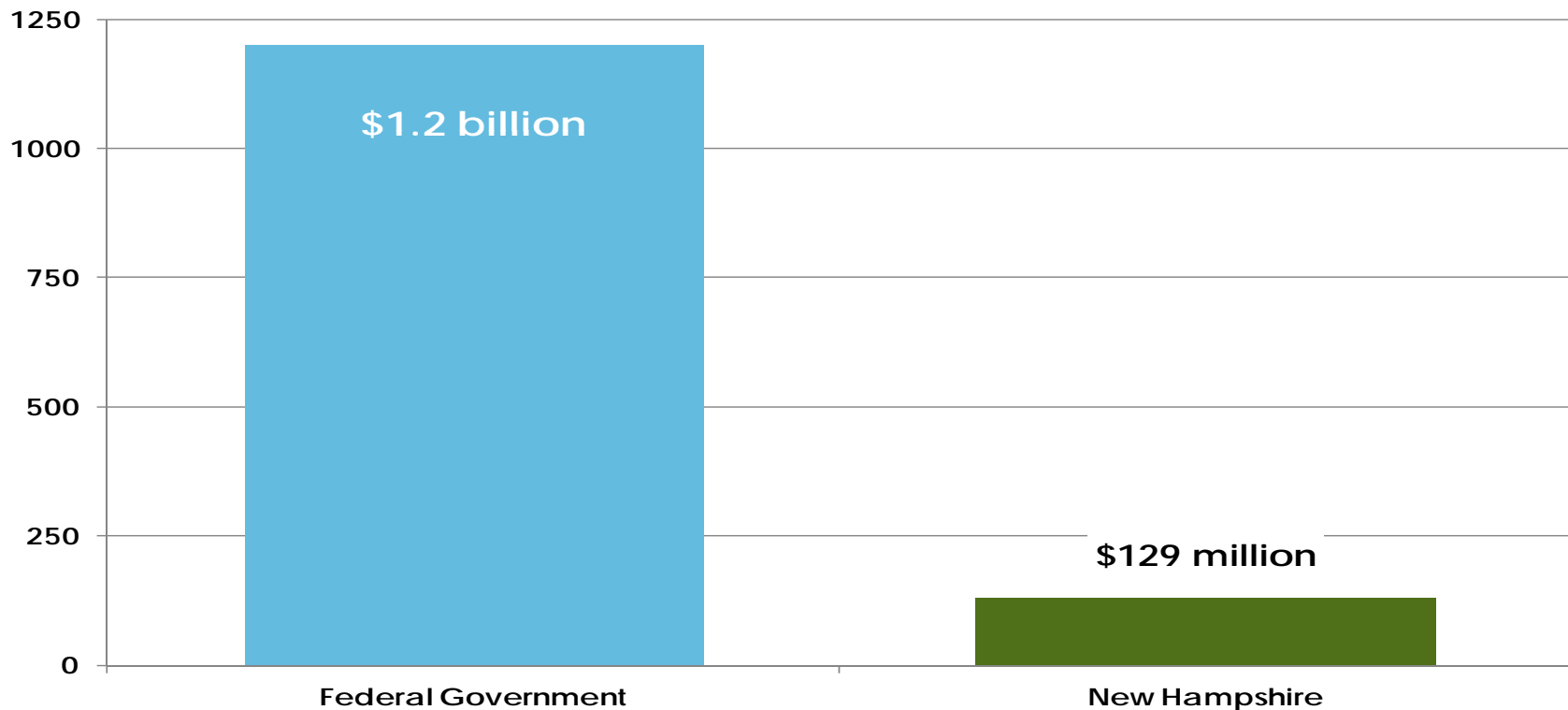
Source: NHFPI calculations based on Urban Institute analysis

Medicaid Expansion May Result in Benefits for Residents and Economy

- ❖ Health insurance for low wage workers: home health aides, child care workers, food service workers.
- ❖ Medicaid has been associated with improved (self-reported) health, reduced mortality, and improved compliance with preventive care.
- ❖ Less likely to have unpaid medical bills or out of pocket medical cost.
- ❖ Addition of more than \$1B into the state economy, largely through health care sector

Federal Government Will Bear Nearly All the Costs for Medicaid Expansion

*Total additional Medicaid expenditures in New Hampshire under the
ACA, by funding source, 2014-2020, in \$million*



Source: NHFPI calculations based on data from the US Census Bureau, NH DHHS

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Failure to Elect the Expansion Will Have Consequences

- ❖ No newly eligible costs to the state
- ❖ Uncompensated care costs unaddressed
- ❖ No subsidies for those above Medicaid eligibility and below 100 percent FPL
- ❖ Managed Care impact

In Absence of Expansion, Thousands of New Hampshire's Poorest Residents Will Likely Remain Without Insurance

- ❖ Statute did not imagine Medicaid expansion as optional.
- ❖ Exchange subsidies begin at 100 percent FPL for most residents.
- ❖ Someone earning less than \$11,170 annually, would have to contribute as much as 4 percent of income towards premium.
- ❖ Vast majority (68 percent) of those eligible for the expansion have income at or below 100 percent FPL.
- ❖ Many will not be subject to mandate because of income level.
- ❖ Without subsidy support, many will likely remain uninsured.

Medicaid Managed Care and Medicaid Expansion Directly Related

- ❖ When contract executed, Medicaid expansion was not optional. Contract obligates MCOs to cover the Medicaid expansion population in Step 3 (Year 3) of the contract.
- ❖ Our initial estimates of number of people in the expansion population are 36,000.
- ❖ The expansion population estimates represent an increase of approximately 25 percent in the overall Medicaid population. Other estimates have been higher.
- ❖ Capitated-risk arrangements, a small Medicaid population and federal requirements make the promise of this group of enrollees significant for the managed care initiative.

Recap

- ❖ **36,000 more lives covered by Medicaid;**
- ❖ **Cost for newly eligible, welcome mat participants and administrative costs projected to be \$129M over 7 years;**
- ❖ **2 percent increase in state spending on Medicaid for 25 percent more covered lives;**
- ❖ **Offsetting savings possible;**
- ❖ **No subsidies in a health benefits exchange for most newly eligible;**
- ❖ **Medicaid managed care is predicated in part on the Medicaid expansion.**



economic opportunity, prosperity, and security for all New Hampshire residents

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