

The Medicaid Expansion in New Hampshire

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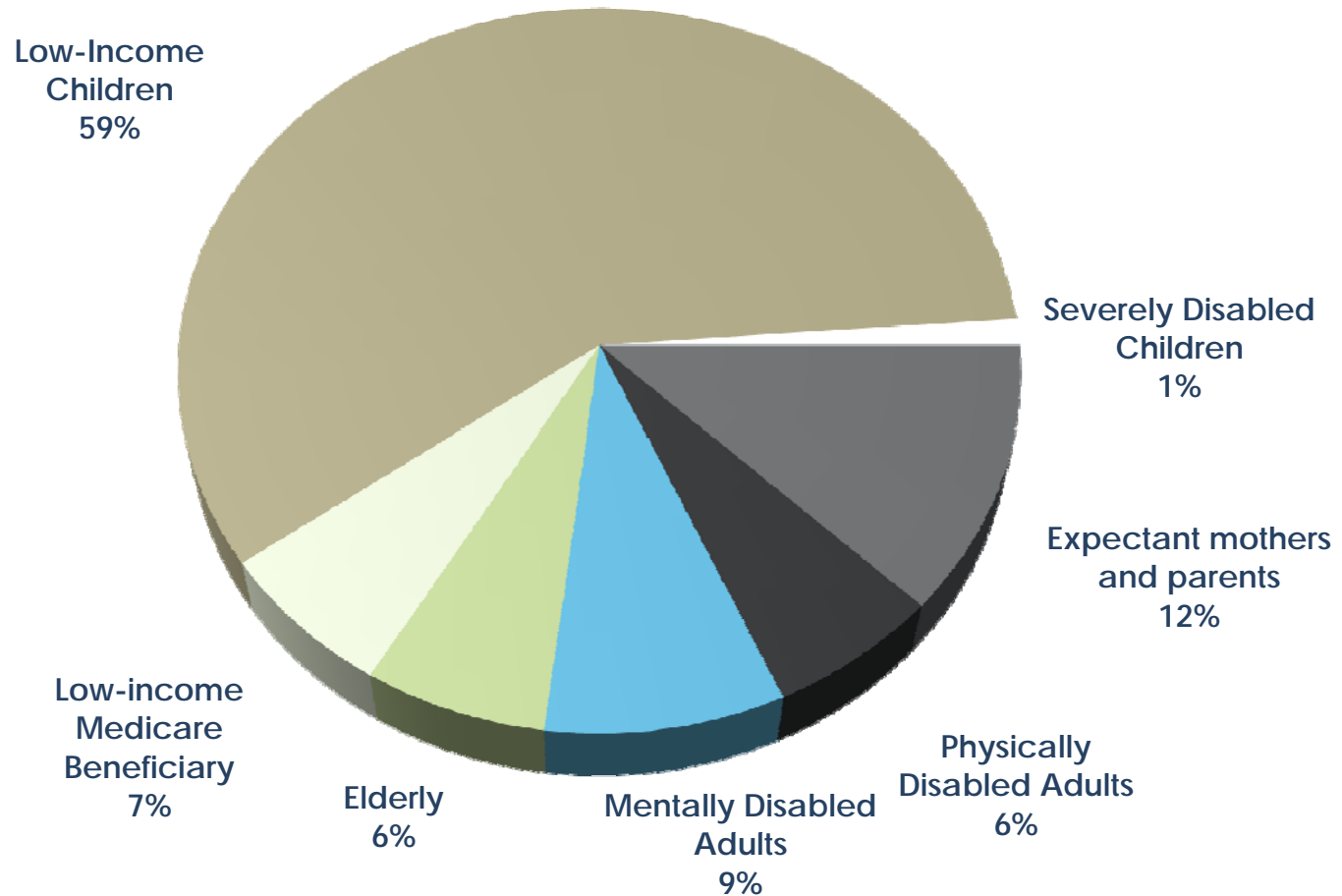
- ❖ **Brief Recap: New Hampshire Medicaid**
- ❖ **Medicaid Expansion**
- ❖ **Expansion Population Projections and Costs**
- ❖ **Not Electing the Expansion**

What is New Hampshire Medicaid?

- ❖ **Forty-year old, joint state and federal public health insurance program for low-income people.**
- ❖ **Primarily covers children, senior citizens expectant mothers, and people with disabilities.** NH covers **132,000 people** in any given month.
- ❖ **Annual total fund expenditure = \$1.4B.**
- ❖ **Each state designs and administers its own program within broad federal framework.**
 - **State must cover certain eligibility groups and provide certain benefits outlined by federal law as mandatory.**
 - **Physician services, laboratory tests, and x-rays, and hospital services, are examples of mandatory benefits.**
 - **State can elect additional optional eligibility categories and benefits to suit its policy goals.**
 - **Prescription drugs, durable medical equipment, speech therapy, occupational therapy, home and community based care services are examples of optional benefits.**
- ❖ **Federal government pays a fixed percentage of the cost, at least always 50 percent, of total cost for members' care.**

Children Make Up Most of the Medicaid Membership

New Hampshire Medicaid Membership, by Eligibility Group, FY 2011



Current Medicaid Eligibility for Low-Income Adults is Limited

Eligibility Category	Income Limit as Percentage of Federal Poverty Level (FPL)	Income Limit in Dollar Terms (2013)
Parents	40%	\$6,204*
Disabled	76%	\$8,732
Seniors	76%	\$8,732
Children (Ages 1-18)	185%	\$21,256
Pregnant women	185%	\$21,256
Working disabled	450%	\$51,705
Adults without children or a disability	<i>Currently ineligible regardless of income</i>	

* Family of two

Medicaid Expansion Framework

- ❖ Extend Medicaid coverage to adults, 19-64, with incomes up to 138 percent FPL (\$15,856).
- ❖ No other qualifying condition necessary, i.e., do not need to be a parent, pregnant, disabled, etc.

Group	Federal Share
Newly Eligible Adult	100% (2014,2015,2016)
	95% (2017)
	94% (2018)
	93% (2019)
	90% (2020 and beyond)

Medicaid Expansion - Participation Projections

- The Lewin Group estimates a range from **47,000 to 67,000 people will ultimately participate by 2020.**
- 58,000 new enrollees is Lewin's most likely scenario.
 - 37,919 newly eligible previously uninsured
 - 20,513 newly eligible previously insured (CROWD OUT)
 - 2,888 currently eligible previously uninsured (welcome mat or woodwork)
 - (3,561 current Medicaid beneficiaries leave Medicaid for ESI)
- Administration assumed 35,000 in its SFY 2014-2015 budget, indicating the lower-bound of take-up rates.

Change in the Number of Uninsured Under ACA in NH

County	Number of uninsured pre-ACA	Reduction in uninsured with Medicaid Expansion	Reduction in uninsured without MEX but with rest of ACA
Belknap	8,232	-4,856	-3,715
Carroll	7,410	-4,371	-3,344
Merrimack	16,962	-10,007	-7,655
Cheshire	13,386	-8,572	-6,579
Sullivan	7,540	-4,828	-3,705
Coos	6,500	-4,198	-3,294
Grafton	14,301	-9,237	-7,247
Hillsborough	48,270	-26,272	-20,851
Rockingham	33,814	-18,404	-14,606
Strafford	13,901	-8,340	-5,800
Total	170,000	-99,085	-76,798

Medicaid Expansion Would Mean Health Care Coverage for Tens of Thousands

(Fee-for-service, mid-point projection)

❖ New Medicaid Enrollees	57,760
❖ Federal Share of Price Tag:	\$2.5B over 7 yrs
❖ State Share of Price Tag:	\$85M over 7 yrs
❖ Offsets Identified:	(\$67M) over 7 yrs
❖ Net State Costs:	\$18M over 7 yrs

Medicaid Expansion Could Produce Net Savings in a Managed Care Context

(managed care, mid-point projection)

❖ New Medicaid Enrollees	57,760
❖ State Share of Price Tag:	\$69M over 7 yrs
❖ Premium Tax Assessment	<u>(\$49M) over 7 yrs</u>
❖ <i>Subtotal</i>	<i>\$20M over 7 yrs</i>
❖ Offsets Identified:	<u>(\$67M) over 7 yrs</u>
❖ Net State Cost	(\$47M) over 7 yrs

Medicaid Expansion: What Will It Cost? General Fund Identified Offsets

Cost (in thousands)	SFY14	SFY 15	SFY 16	SFY 17	SFY 18	SFY 19	SFY 20	Total
State Employee Health Benefit	\$1,298	\$2,892	\$3,514	\$3,955	\$4,192	\$4,443	\$4,710	\$25,006
State Corrections Dept.	\$1,357	\$2,795	\$2,964	\$3,061	\$3,147	\$3,331	\$3,423	\$20,048
State Funding for Cypress Center	\$337	\$675	\$675	\$675	\$675	\$675	\$675	\$4,388
Increased tax revenue	\$335	\$1,105	\$1,740	\$2,060	\$2,215	\$2,265	\$2,310	\$12,030
Premium Assessment Revenue	\$2,702	\$5,754	\$6,621	\$7,249	\$7,471	\$7,695	\$7,922	\$45,414
Total	\$6,030	\$13,222	\$15,514	\$17,000	\$17,700	\$18,379	\$19,041	\$106,884

Additional Identified Savings Unrelated to the Medicaid Expansion

Savings through other policy choices

\$61M if it chooses to modify Medicaid eligibility and/or place some current Medicaid beneficiaries into the Health Benefits Exchange (pregnant women and disabled working adults)

- Not all of these people may have their needs met by benefit design in HBE
- Not all of these people may be eligible for subsidies
- Governor's budget assumes one of these eligibility changes for women who come in through breast and cervical cancer screenings, representing an aggregate savings of \$13.49M by 2020
- For working disabled and pregnant women, long-term conversation is needed to ensure needs are met and savings are sustainable.

Medicaid Expansion: What Will It Cost?

State Fiscal Year General Fund Net Costs

Cost (in millions)	SFY14	SFY15	SFY16	SFY17	SFY18	SFY19	SFY20	Total
Federal Share	\$132	\$290	\$350	\$381	\$383	\$392	\$388	\$2,317
State Share	\$1.8	\$3.9	\$(2.4)	\$0	\$11.1	\$15.2	\$32.15	\$61.7
Managed Care Revenue	(\$2.7)	(\$5.7)	(\$6.6)	(\$7.2)	(\$7.4)	(\$7.6)	(\$7.9)	(\$45.2)
General Fund Offsets	(\$3.3)	(\$7.4)	(\$8.8)	(\$9.7)	(\$10.1)	(\$10.6)	(\$11.1)	(\$61.5)
General Fund Net	(\$4.2)	(\$9.2)	(\$17.8)	(\$16.9)	(\$6.45)	(\$3.1)	\$13.15	(\$44.5)

Medicaid Expansion in FY 2014-2015

❖ Baseline Participation

- ❖ New Medicaid Participants 2014: 44,000
- ❖ New Medicaid Participants 2015: 52,000

❖ General Fund Cost:	\$ 5.7M
❖ Premium Tax :	(\$ 8.4M)
❖ Offsets identified:	(\$10.7M)
❖ Net Savings	(\$13.4M)
❖ Federal Payments	\$ 422M

Medicaid Expansion in FY 2014-2015

❖ Low-Range Participation

- ❖ New Medicaid Participants 2014: 34,000
- ❖ New Medicaid Participants 2015: 39,000

❖ State Cost:	\$2.8M
❖ Managed Care Revenue:	(\$6.3M)
❖ Offsets identified:	(\$8.0M)
❖ Net Savings:	(\$11.5M)
❖ Federal Payments	\$316M

Medicaid Expansion and NH: Who Will Benefit?

- Gains in personal income (\$2.3B with, \$2.07B without), gross state product (\$2.8B with and \$2.45B without) and provider revenue across the spectrum (\$3.5B with and \$3.3B without) are expected. NH is expected to gain an average of 5,100 jobs with expansion and 4,400 without it.
- However, some providers do better than others. Health systems are expected to see a net increase in income of \$113M with the Medicaid expansion and \$158M without it.
- That being said, physicians and clinics and prescription drug sectors gain higher revenue with the Medicaid expansion.
- Community Health Centers and Community Mental Health Centers will see precipitous drops in uncompensated care, 80 percent and 79 percent, respectively.
- Uncompensated care as counted for the purposes of DSH in NH, falls by 20 percent.

Medicaid Expansion and NH: Who Will Benefit?

- Lewin estimates that household health spending will be reduced by \$92M for NH households.
- Lewin estimates that average out-of-pocket health spending by the uninsured at the new Medicaid eligibility income level will decline by 50 percent in 2014.
- Lewin estimates that there is only minimal reduction in private insurance premiums with and without the Medicaid expansion. (.37 percent decrease with expansion, .34 percent decrease without).
- Lewin estimates that with the expansion, number of uninsured falls to 71,000 but the number of uninsured would be 93,200 without it.



Medicaid Expansion and New Hampshire

**“ACA significantly boosts
NH’s economy and revenues, and
Medicaid expansion maximizes
these economic and fiscal impacts.”**

- Lewin Group PPT presentation, slide 41, January 11, 2013

Not Taking the Money

- ❖ Statute did not imagine Medicaid expansion as optional. Exchange subsidies begin at 100 percent FPL for most residents.
- ❖ Without subsidy someone earning less than \$11,490 in 2013, would have to contribute as much as 8 percent of income towards premium plus cost-sharing, which could double that cost.
- ❖ Sixty-five percent or 39,000 of those 58,000 likely to enroll will not be subject to the individual mandate because of their low-incomes. Seventy percent or 42,000 of those 58,000 likely to enroll will be ineligible for the subsidies and cost-sharing protections.
- ❖ Because of these factors, many eligible for the Medicaid expansion will likely remain uninsured. Lewin estimates 22,300.
- ❖ NH will also lose out on roughly \$2.0 - \$2.5 B coming to the state budget and economy, as well as the jobs, increases in personal income and GSP projected by Lewin.

Medicaid Expansion Participation: Who Will Benefit?

- Tens of thousands of the eligible NH residents are workers who tend to be in the following industries:
 - restaurant and food service
 - construction
 - elementary and secondary schools
 - grocery store
 - landscaping
 - department and discount stores
 - entertainment
 - medical equipment and medical supply companies and
 - building support services

In other words: waitresses, janitors, school bus drivers, teachers' aides, store clerks, construction workers, and landscapers are likely to benefit from the Medicaid expansion.

Recap

- ❖ Tens of thousands more lives covered by Medicaid.
- ❖ Budget neutrality or net savings are possible for the state, especially in a Managed Care setting.
 - ❖ State may likely get to budget neutrality in a managed care setting with only the corrections savings.
- ❖ No subsidies in a health benefits exchange for most newly eligible if we don't accept the federal dollars; at least 22,300 left uninsured.
- ❖ If state accepts \$2.5B in federal aid it receives all of the maximized economic and fiscal benefits associated with ACA in NH.



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

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