

## MEDICAID EXPANSION IN NEW HAMPSHIRE

### Health Care Coverage for Thousands, Little to No Cost to the State

Policymakers in New Hampshire have an opportunity to extend affordable health care coverage to low-income Granite Staters through Medicaid under the Affordable Care Act (ACA). A nine-member commission, created as part of the FY 2014-2015 budget, is working through the summer and into the fall to study the consequences of expanding Medicaid for the state's citizens, budget, and economy. Evidence recently presented to the commission suggests that Medicaid expansion would benefit roughly 48,000 New Hampshire residents at little or no cost to the state.

#### New Hampshire Medicaid under Current Law

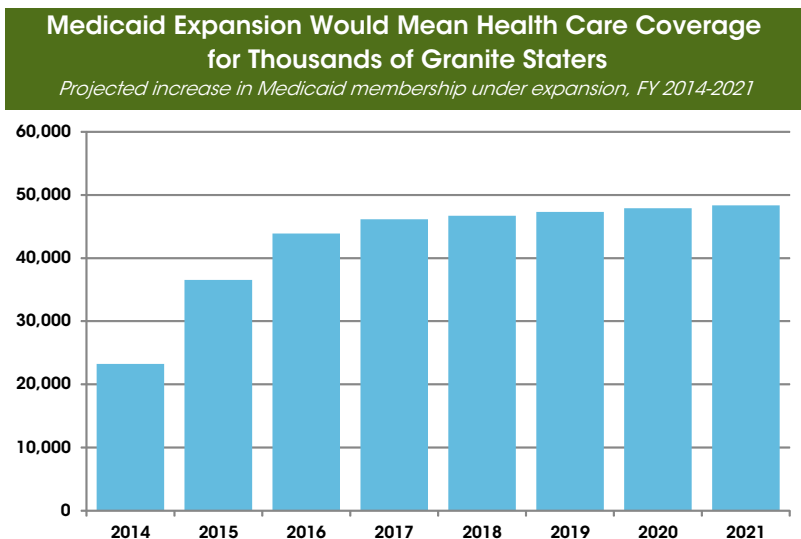
Medicaid is a joint state and federal program that provides health insurance coverage to low-income children, senior citizens, expectant mothers, and people with disabilities. At present, adults who do not fall into one of these categories typically do not qualify for Medicaid in New Hampshire, no matter how low their income is.<sup>i</sup> In an average month, approximately 137,000 New Hampshire residents – or one-tenth of the state's population – relied on Medicaid during FY 2011.<sup>ii</sup>

Federal funding for Medicaid is a fixed percentage of program costs; for New Hampshire, it is always at least 50 percent. In other words, for every dollar New Hampshire spends on Medicaid, the federal government puts up at least 50 cents.

#### Impact of Medicaid Expansion

Under the ACA, states can extend Medicaid coverage to adults ages 19 through 64 with incomes up to 138 percent of the federal poverty line (or \$15,856 for a single person in 2013). If New Hampshire were to elect to do so, by 2021, another 48,000 people would be able to take part in Medicaid, according to figures recently presented by the state Department of Health and Human Services (NH DHHS).

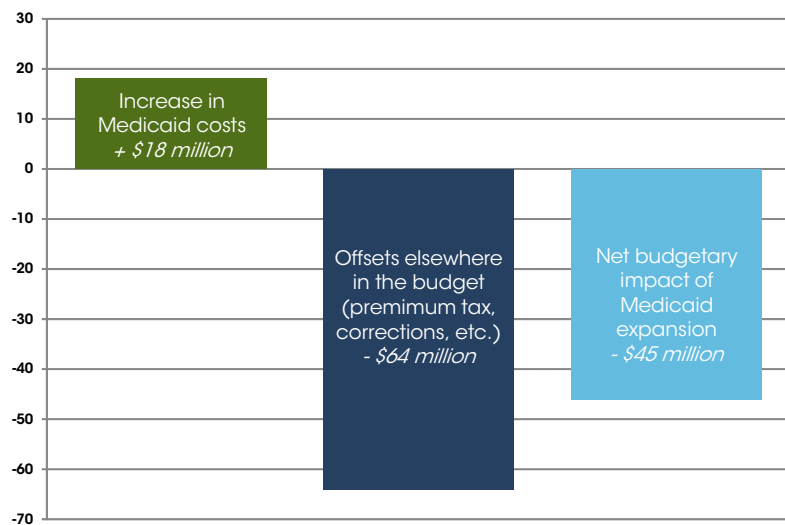
Critically, the federal government will pay the lion's share of the costs. More specifically, under the ACA, the federal government pays 100 percent of the costs for expanded coverage from 2014 through 2016 and no less than 90 percent thereafter. Such federal support is permanent unless Congress acts to amend current law.



Source: NH Department of Health and Human Services

Consequently, according to NH DHHS, New Hampshire would see a net increase in Medicaid costs of only about \$18 million between FY 2014 and FY 2020 under the

**Medicaid Expansion Could Result in Savings to the New Hampshire Budget**  
*Projected total costs and savings, FY 2014-2021, in millions of dollars*



Source: NH Department of Health and Human Services

expansion. Further, these costs would be offset by \$64 million in revenues and savings elsewhere in the budget, leaving the state with a net savings of roughly \$45 million. For instance, expanding Medicaid would allow the Department of Corrections to realize savings on inmate health care costs, while insurance premium tax revenue would climb as more people take part in plans subject to the tax. In other words, New Hampshire would ultimately be able to provide affordable health care coverage to at least an

additional 48,000 residents without any net cost to the state and quite possibly producing a net savings to the state budget by 2021.

### Failure to Expand Would Have Real Consequences

In the absence of Medicaid expansion, health insurance of any kind will likely be priced out of reach for New Hampshire residents with very low incomes because they do not qualify for subsidies in the new Health Insurance Marketplaces. Those subsidies are reserved for residents with incomes between 100 and 400 percent of the federal poverty level. Families earning less than 100 percent of poverty will not get help buying affordable insurance in the absence of expanded Medicaid coverage.

Failure to elect the Medicaid coverage option also affects the state's Medicaid managed care initiative. Last year, New Hampshire signed contracts to have its Medicaid program administered by three managed care organizations (MCOs). The contracts were written to include those eligible for the Medicaid expansion.<sup>iii</sup> Without the additional enrollees, the MCOs' assumptions about costs and profits may change, perhaps prompting them to withdraw and making the managed care model New Hampshire has chosen untenable.

<sup>i</sup> New Hampshire Medicaid does provide limited coverage to very low-income parents and low-income women with breast and cervical cancer as well.

<sup>ii</sup> *New Hampshire Medicaid Annual Report*, Fiscal Year 2011, Office of Medicaid Business and Policy, New Hampshire Department of Health and Human Services, February 15, 2013, pp. 1.

<sup>iii</sup> New Hampshire Medicaid Care Management Services Contract, Exhibit A., §8.1, Covered Populations Matrix.