



The Hilltop Institute

analysis to advance the health of vulnerable populations

Health Reform 2011: Where are we now?

March 14, 2011

Michael Nolin

ASPA

Presentation Preview

- Maryland's Reform Preparation Process
- Maryland's Financial Modeling Tool
- Challenges and Unresolved Issues

HCRCC Home Page

Problem Solver | Maryland.gov | Online Services | State Agencies | Phone Directory

Search

✉ Email Friend 🖨 print page

MARYLAND Health Care Reform Coordinating Council

HOME WEB RESOURCES GET INVOLVED COUNCIL WORKGROUPS

THE COUNCIL
About Us
Meetings
Interim Report
Executive Order

HealthCare.gov

HealthCare.gov En Español

Health Reform and You

Maryland Department of Health and Mental Hygiene

Office of the GOVERNOR

Latest News

- PUBLIC NOTICE: Council to Convene Public Meetings Throughout State** 11.16.10
- Health Care Reform Coordinating Council Convenes Seventh Meeting** 11.16.10
- Lt. Governor Brown Announces \$1 Million Grant For Health Insurance Exchange** 10.1.10
- Lt. Governor Brown Applauds New Health Care Reform Benefits** 9.23.10
- Lt. Governor Brown, Rep. Sarbanes Announce Launch of MHIP Federal** 9.1.10

Maryland's Health Care Reform Coordinating Council

All Marylanders should have access to affordable health care, but for thousands of our neighbors this opportunity has been out of reach for far too long. The passage of federal health care reform provides Maryland an opportunity to advance reforms that have eluded our country for generations and improve the health and well-being of all Marylanders.

Savings from Health Reform in Maryland (State Funds Only)

Year	Savings
2012	1.5
2013	2.5
2014	3.5
2015	4.5
2016	5.5
2017	6.5
2018	7.5
2019	8.5
2020	9.5

HCRCRC Council Workgroups

The screenshot shows the website for the Maryland Health Care Reform Coordinating Council. At the top right, there are links for "Problem Solver", "Maryland.gov", "Online Services", "State Agencies", and "Phone Directory". A search bar is located in the top right corner. The main header features the Maryland state logo and the text "Health Care Reform Coordinating Council". Below the header is a navigation menu with "HOME", "WEB RESOURCES", "GET INVOLVED", and "COUNCIL WORKGROUPS". The "COUNCIL WORKGROUPS" section is active, displaying the title "Council Workgroups" and a paragraph explaining the council's focus on six key areas. A link is provided for a master schedule of meetings. Two workgroups are listed: "Exchange and Insurance Markets Workgroup" and "Entry into Coverage Workgroup", each with its co-chairs, staff, and a link to the final report to the council.

Problem Solver | Maryland.gov | Online Services | State Agencies | Phone Directory

Search

EMAIL FRIEND PRINT PAGE

HOME WEB RESOURCES GET INVOLVED COUNCIL WORKGROUPS

THE COUNCIL

- About Us
- Meetings
- Interim Report
- Executive Order

HealthCare.gov

HealthCare.gov En Español

Health Reform and You

Maryland Department of Health and Mental Hygiene

Council Workgroups

The Council has identified six areas that require the focus of a workgroup because of their central importance to reform and the need to meet implementation timeframes. These subject matter areas involve complex issues with significant and transformative potential that are best discussed and vetted through the workgroup process. They go beyond any reform initiatives already underway, and they also affect other cross-cutting implementation issues that will require input and collaboration among different agencies and branches of government. Council members or state government designees will lead the workgroups and promote active participation from members of the general public. Individuals are encouraged to attend and participate in discussions.

A master schedule with the dates, times and locations of Council meetings and individual workgroup meetings can be found [here](#). Click on each workgroup title below for more information, including upcoming workgroup meetings.

Exchange and Insurance Markets Workgroup

Co-chairs: Beth Sammis, Acting Commissioner, Maryland Insurance Administration; Rex Cowdry, Executive Director, Maryland Health Care Commission
Staff: Chuck Milligan
[Workgroup Final Report to Council](#)

Entry into Coverage Workgroup

Co-chairs: John Folkemer, Deputy Secretary, Department of Health and Mental Hygiene - Medicaid; Brian Wilbon, Acting Secretary, Department of Human Resources
Staff: Alice Burton
[Workgroup Final Report to Council](#)

Workgroup Meetings and White Papers

- Exchange and Insurance Market WG
- Entry into Coverage WG
- Education and Outreach WG
- Public Health, Safety Net & Spec Pop WG
- Health Care Workforce WG
- Health Care Delivery System WG

Financial Modeling

- By year through 2020: new gov't roles, demographic changes, disability rates, health care spending, etc:
 - Costs (9)
 - Savings (7)
 - New Revenue (2)

Financial Modeling Tool: Costs

<i>Analysis excludes baseline programs that predated Health Reform and were not altered by Health Reform</i>												RANGE	
(State funds only, midpoint of range, in millions)												LOW	HIGH
I. Required Elements	FY 11	FY 12	FY 13	FY 14	FY 15	FY 16	FY 17	FY 18	FY 19	FY 20	TOTAL	LOW	HIGH
A. Increased Costs													
1. Medicaid Coverage Expansion	\$0	\$0	\$0	-\$42	-\$98	-\$109	\$3	\$68	\$105	\$198	\$126	\$95	\$158
2. Medicaid "Woodwork" Effect	\$0	\$0	\$0	\$12	\$72	\$96	\$111	\$116	\$122	\$127	\$657	\$493	\$822
3. Medicaid and MCHP Admin	\$0	\$10	\$15	\$34	\$68	\$74	\$78	\$81	\$85	\$88	\$533	\$399	\$666
4. Reduction in Supplemental Rx rebate	\$14	\$14	\$15	\$15	\$14	\$15	\$16	\$19	\$21	\$25	\$167	\$125	\$208
5. Reduction in Medicaid DSH	\$0	\$0	\$0	\$0	\$9	\$10	\$11	\$12	\$12	\$13	\$67	\$50	\$84
6. State Exchange Admin necessary/permitted by law	\$0	\$0	\$0	\$13	\$13	\$13	\$13	\$13	\$13	\$13	\$91	\$68	\$114
7. State Employees/Retirees Health Ins.	-\$14	-\$4	\$9	\$11	\$20	\$21	\$22	\$27	\$30	\$33	\$155	\$116	\$194
8. Admin costs (non-DHMH agencies, outreach, etc.)	\$3	\$3	\$4	\$4	\$4	\$4	\$4	\$4	\$3	\$3	\$36	\$27	\$45
9. Transfer of 6-19 yo (100%-133% FPL): XXI to XIX	\$0	\$0	\$0	\$1	\$3	\$3	\$3	\$3	\$4	\$4	\$21	\$16	\$27
Overall Category Total	\$3	\$23	\$43	\$49	\$105	\$127	\$262	\$344	\$395	\$504	\$1,853	\$1,390	\$2,317

Medicaid Coverage Expansion

- Medicaid and PAC (PAC savings with 100% FFP)
- Population projections by age groups, disability, and FPL status annually through 2020
- Linked MD FPL to unemployment rate and as a function of National unemployment
- Estimates of projected pop between 116 and 134% of the FPL
- Factored by: U.S. citizenship (88%) and take-up rate (90% and 70%)
- Trended per capita costs by age group (disabled/non) for each FY- National Health Expenditure Projections - Medical Price Deflator

1. Medicaid Coverage Expansion	\$0	\$0	\$0	-\$42	-\$98	-\$109	\$3	\$68	\$105	\$198	\$126
--------------------------------	-----	-----	-----	-------	-------	--------	-----	------	-------	-------	-------

Medicaid Woodwork Effect

- Eligible but not enrolled – costs using same methodology
- KFF Report – sizing the woodwork population: two scenarios
- Midpoint used by MD is at 75th percentile between “high” and “low”
- Woodwork enrollment of 33K by 2017 (full ramp up)
- Based on enrollment mix and annual per capita costs resulting in \$657M consistent with KFF projections at 75th percentile

2. Medicaid "Woodwork" Effect	\$0	\$0	\$0	\$12	\$72	\$96	\$111	\$116	\$122	\$127	\$657
-------------------------------	-----	-----	-----	------	------	------	-------	-------	-------	-------	-------

Medicaid/MCHP Admin

- Added expenditure of Medicaid/PAC expansion x 5% (historic overhead)
- Finances outreach, eligibility determinations, enrollment, and oversight activities
- Extra \$30M (state \$) through 2014 for added eligibility system improvements
- Grants for infrastructure development not included
- \$533M is the midpoint cost on the spreadsheet

3. Medicaid and MCHP Admin	\$0	\$10	\$15	\$34	\$68	\$74	\$78	\$81	\$85	\$88	\$533
----------------------------	-----	------	------	------	------	------	------	------	------	------	-------

Financial Modeling Tool: Savings

<i>Analysis excludes baseline programs that predated Health Reform and were not altered by Health Reform</i>												RANGE	
(State funds only, midpoint of range, in millions)												LOW	HIGH
I. Required Elements	FY 11	FY 12	FY 13	FY 14	FY 15	FY 16	FY 17	FY 18	FY 19	FY 20	TOTAL	LOW	HIGH
B. Programmatic Savings													
1. Enhanced Title XXI match rate	\$0	\$0	\$0	\$0	\$0	-\$46	-\$63	-\$65	-\$68	-\$70	-\$311	-\$233	-\$389
2. Hospital assessment: MHIP-Related	\$0	\$0	\$0	-\$70	-\$147	-\$154	-\$160	-\$167	-\$174	-\$182	-\$1,055	-\$791	-\$1,319
3. Rate Stabilization Offset: 100% Medicaid PCP	\$0	\$0	-\$11	-\$22	-\$11	\$0	\$0	\$0	\$0	\$0	-\$43	-\$33	-\$54
4. Medicaid: Rx rebates extended to MCO	-\$17	-\$18	-\$19	-\$20	-\$22	-\$23	-\$25	-\$27	-\$30	-\$32	-\$232	-\$174	-\$291
5. Medicaid: Breast&Cervical converts to ins.	\$0	\$0	\$0	-\$2	-\$4	-\$4	-\$4	-\$4	-\$4	-\$4	-\$26	-\$20	-\$33
6. Reductions in state-only programs/grants	\$0	\$0	\$0	-\$33	-\$65	-\$65	-\$65	-\$65	-\$65	-\$65	-\$423	-\$317	-\$529
7. Seniors Prescript Drug Assist (SPDAP)	\$0	-\$1	-\$1	-\$1	-\$1	-\$1	-\$2	-\$2	-\$2	-\$3	-\$15	-\$11	-\$18
Overall Category Total	-\$18	-\$19	-\$30	-\$148	-\$250	-\$293	-\$319	-\$330	-\$343	-\$356	-\$2,106	-\$1,579	-\$2,632

Hospital Assessment/MHIP

- Maryland Health Insurance Program – high-risk health insurance pool
- Funding = premiums + 1% assessment on hospital revenues
- Under health exchanges, insurance available without underwriting
- Hospital-projected revenues by year x 1% = midpoint savings on spreadsheet

2. Hospital assessment: MHIP-Related	\$0	\$0	\$0	-\$70	-\$147	-\$154	-\$160	-\$167	-\$174	-\$182	-\$1,055
--------------------------------------	-----	-----	-----	-------	--------	--------	--------	--------	--------	--------	----------

Reductions in State-Only Programs/Grants

- Expanded coverage under reform increases private sector coverage of safety net services
- 50% reduction in funding for: public health breast cancer screening, tobacco screening and tx, mental health and alcohol abuse admin
- \$423M midpoint savings through 2020

6. Reductions in state-only programs/grants	\$0	\$0	\$0	-\$33	-\$65	-\$65	-\$65	-\$65	-\$65	-\$65	-\$65	-\$423
---------------------------------------------	-----	-----	-----	-------	-------	-------	-------	-------	-------	-------	-------	--------

Financial Modeling Tool

<i>Analysis excludes baseline programs that predated Health Reform and were not altered by Health Reform</i>												RANGE	
(State funds only, midpoint of range, in millions)												LOW	HIGH
I. Required Elements	FY 11	FY 12	FY 13	FY 14	FY 15	FY 16	FY 17	FY 18	FY 19	FY 20	TOTAL		
A. Increased Costs													
1. Medicaid Coverage Expansion	\$0	\$0	\$0	-\$42	-\$98	-\$109	\$3	\$68	\$105	\$198	\$126	\$95	\$158
2. Medicaid "Woodwork" Effect	\$0	\$0	\$0	\$12	\$72	\$96	\$111	\$116	\$122	\$127	\$657	\$493	\$822
3. Medicaid and MCHP Admin	\$0	\$10	\$15	\$34	\$68	\$74	\$78	\$81	\$85	\$88	\$533	\$399	\$666
4. Reduction in Supplemental Rx rebate	\$14	\$14	\$15	\$15	\$14	\$15	\$16	\$19	\$21	\$25	\$167	\$125	\$208
5. Reduction in Medicaid DSH	\$0	\$0	\$0	\$0	\$9	\$10	\$11	\$12	\$12	\$13	\$67	\$50	\$84
6. State Exchange Admin necessary/permitted by law	\$0	\$0	\$0	\$13	\$13	\$13	\$13	\$13	\$13	\$13	\$91	\$68	\$114
7. State Employees/Retirees Health Ins.	-\$14	-\$4	\$9	\$11	\$20	\$21	\$22	\$27	\$30	\$33	\$155	\$116	\$194
8. Admin costs (non-DHMH agencies, outreach, etc.)	\$3	\$3	\$4	\$4	\$4	\$4	\$4	\$4	\$3	\$3	\$36	\$27	\$45
9. Transfer of 6-19 yo (100%-133% FPL): XXI to XIX	\$0	\$0	\$0	\$1	\$3	\$3	\$3	\$3	\$4	\$4	\$21	\$16	\$27
Overall Category Total	\$3	\$23	\$43	\$49	\$105	\$127	\$262	\$344	\$395	\$504	\$1,853	\$1,390	\$2,317
B. Programmatic Savings													
1. Enhanced Title XXI match rate	\$0	\$0	\$0	\$0	\$0	-\$46	-\$63	-\$65	-\$68	-\$70	-\$311	-\$233	-\$389
2. Hospital assessment: MHIP-Related	\$0	\$0	\$0	-\$70	-\$147	-\$154	-\$160	-\$167	-\$174	-\$182	-\$1,055	-\$791	-\$1,319
3. Rate Stabilization Offset: 100% Medicaid PCP	\$0	\$0	-\$11	-\$22	-\$11	\$0	\$0	\$0	\$0	\$0	-\$43	-\$33	-\$54
4. Medicaid: Rx rebates extended to MCO	-\$17	-\$18	-\$19	-\$20	-\$22	-\$23	-\$25	-\$27	-\$30	-\$32	-\$232	-\$174	-\$291
5. Medicaid: Breast&Cervical converts to ins.	\$0	\$0	\$0	-\$2	-\$4	-\$4	-\$4	-\$4	-\$4	-\$4	-\$26	-\$20	-\$33
6. Reductions in state-only programs/grants	\$0	\$0	\$0	-\$33	-\$65	-\$65	-\$65	-\$65	-\$65	-\$65	-\$423	-\$317	-\$529
7. Seniors Prescript Drug Assist (SPDAP)	\$0	-\$1	-\$1	-\$1	-\$1	-\$1	-\$2	-\$2	-\$2	-\$3	-\$15	-\$11	-\$18
Overall Category Total	-\$18	-\$19	-\$30	-\$148	-\$250	-\$293	-\$319	-\$330	-\$343	-\$356	-\$2,106	-\$1,579	-\$2,632
C. New Revenue													
1. Insurance Premium Assessment: for Profit Carriers	\$0	\$0	\$0	-\$28	-\$65	-\$71	-\$75	-\$78	-\$82	-\$86	-\$486	-\$364	-\$607
2. Premium Assessment Equiv.: Nonprofit Carriers	\$0	\$0	\$0	-\$5	-\$12	-\$13	-\$14	-\$15	-\$15	-\$16	-\$90	-\$68	-\$113
Overall Category Total	\$0	\$0	\$0	-\$34	-\$77	-\$84	-\$89	-\$93	-\$98	-\$102	-\$576	-\$432	-\$720
TOTAL	-\$15	\$4	\$12	-\$133	-\$222	-\$250	-\$145	-\$80	-\$46	\$46	-\$829	-\$621	-\$1,036

Issues to be resolved

- Exchanges
- Insurance regulation
- Eligibility Management
- Data Management
- Benefit Design

Additional Takeaways

- Savings do not = surplus
- Beyond 2020
- Unique state characteristics
- System dynamics

About The Hilltop Institute

The Hilltop Institute at the University of Maryland, Baltimore County (UMBC) is a research center dedicated to improving the health and wellbeing of vulnerable populations. Hilltop conducts research, analysis, and evaluations on behalf of government agencies, foundations, and nonprofit organizations at the national, state, and local levels.

www.hilltopinstitute.org

Contact Information

Michael Nolin, Deputy Director:
410.455.6759 or mnolin@hilltop.umbc.edu

HCRCC's website:
www.healthreform.maryland.gov

Hilltop's website:
www.hilltopinstitute.org