The Hilltop Institute

analysis to advance the health of vulnerable populations

State Fiscal Implications of Federal Health Reform

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NCSL Fiscal Leaders Seminar

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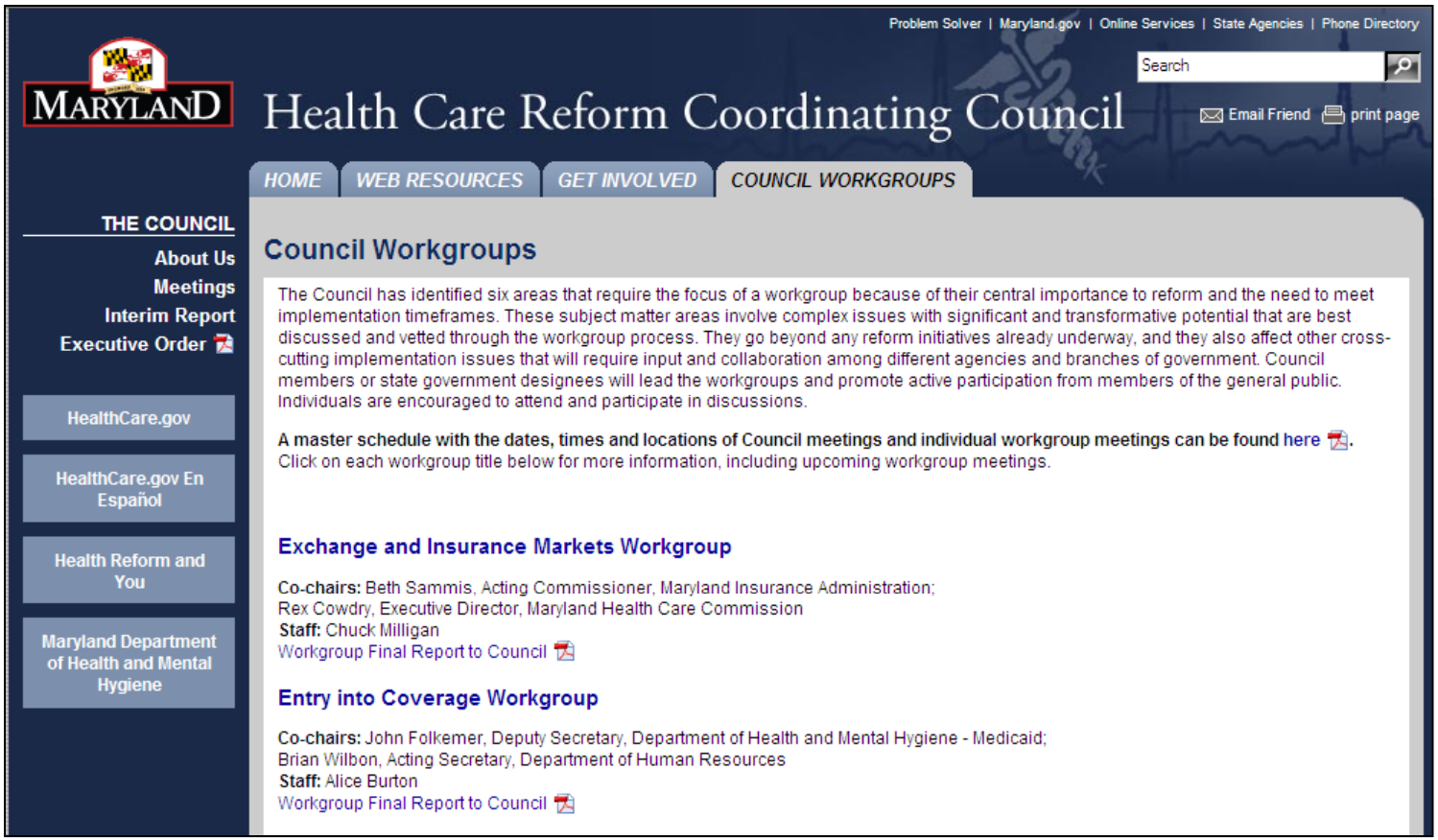

Financial Modeling Tool: Costs

Analysis excludes baseline programs that predated Health Reform and were not altered by Health Reform (State funds only, midpoint of range, in millions)												RANGE	
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

State Employees/ Retirement Insurance

- New savings and costs related to state as employer and retiree insurance provider
- Early retirement reinsurance, comparative effectiveness tax, expanded dependent coverage, contractual employees insurance costs, tax on high-cost health plans, admin costs, etc.
- $155M as midpoint costs from 2011 to 2020

7. State Employees/Retirees Health Ins.	-$14	-$4	$9	$11	$20	$21	$22	$27	$30	$33	$155

Financial Modeling Tool: Savings

Analysis excludes baseline programs that predated Health Reform and were not altered by Health Reform (State funds only, midpoint of range, in millions)												RANGE	
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

Enhanced Match Rate

- Decline in MCHP enrollment with recession; stable after recovery @ 100K
- 23% increase in match rate beginning 2016 thru 2019 (2016 rate = difference in state/fed FYs)
- $311M = midpoint savings on spreadsheet

1. Enhanced Title XXI match rate	$0	$0	$0	$0	$0	-$46	-$63	-$65	-$68	-$70	-$311

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	-$423

New Revenue

- Insurance premium assessment (2%) revenues from new Medicaid enrollees in private MCOs and newly covered individuals through health exchanges
- Midpoint total on spreadsheet for both profit/nonprofit = $576M

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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

Financial Modeling Tool

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TOTAL	-$15	$4	$12	-$133	-$222	-$250	-$145	-$80	-$46	$46	-$829	-$621	-$1,036

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 nationally recognized 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.

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