

Alaska Medicaid Expansion

Under the Affordable Care Act, Alaska has the option of expanding Medicaid eligibility, effective January 1, 2014, to adults with income up to 138% of the federal poverty level. This eligibility level equates to roughly \$20,000 in income for an individual and \$26,000 for a couple. Two studies have been completed – *Medicaid in Alaska Under the ACA* by the Urban Institute and *Fiscal and Economic Impacts of Medicaid Expansion in Alaska* by Northern Economics.^{1,2} These talking points come from the studies and a summary created by ANTHC.^{3,4}

Impact on Individuals and Families in Alaska:

This expansion would extend coverage to two groups of Alaska residents, 1) Adults with children who exceed current eligibility; and 2) Adults without dependent children. Eligibility for low-income children and pregnant women would not change because they already qualify under Medicaid or Denali KidCare.

- By 2020, approximately 39,300 individuals are projected to enroll in Medicaid as a result of the expansion. An additional 10,500 individuals who are currently eligible for Medicaid are projected to enroll (Woodwork Effect) by 2020.
- Nearly 40% of new Medicaid enrollees under the expansion would be Alaska Natives.
- If Alaska opts for the Medicaid expansion, the ACA would cut the number of uninsured by more than half: 9.5% of the nonelderly would be uninsured. This gain in coverage would be mainly through Medicaid (from 17.9% to 25.2%).
- New Medicaid participants will gain more timely access to needed health care services - including related support services such as transportation.
- Extrapolating from the findings of a recent New England Journal of Medicine study, Alaska's statewide mortality rate would be anticipated to decline significantly, potentially achieving a reduction of 6.1% - the equivalent of 1 prevented death per year for each 176 newly covered adults in the expansion.

Summary of the Fiscal and Economic Impacts

- **Ratio of Federal to State Funds:** For every \$1 in State funding related to Medicaid expansion, \$12 in new federal funds will be generated. Total State expenditures for the Medicaid expansion over the 2014-2020 period are estimated to be \$90.7 million. In turn, \$1.1 billion in new federal funds will be generated in the State.
- **Offsets to State Budget:** Up to \$67 million in state offsets further reduce the State expenditures to \$24 million.
- **Number of Jobs Created:** Approximately 4,000 additional jobs will be created in Alaska by 2020 from the Medicaid Expansion.
- **Additional Salaries and Wages Earned:** Between 2014 and 2020, \$1.2 billion in additional labor income will be paid to Alaska residents as a result of Medicaid Expansion.
- **Impact on Hospitals:** Medicaid Expansion will result in an additional \$30-\$60 million per year in spending on hospital care in Alaska.⁵

¹ Medicaid in Alaska Under the ACA, The Urban Institute, January 2013.

² Fiscal and Economic Impacts of Medicaid Expansion in Alaska, Northern Economics, February 1, 2013.

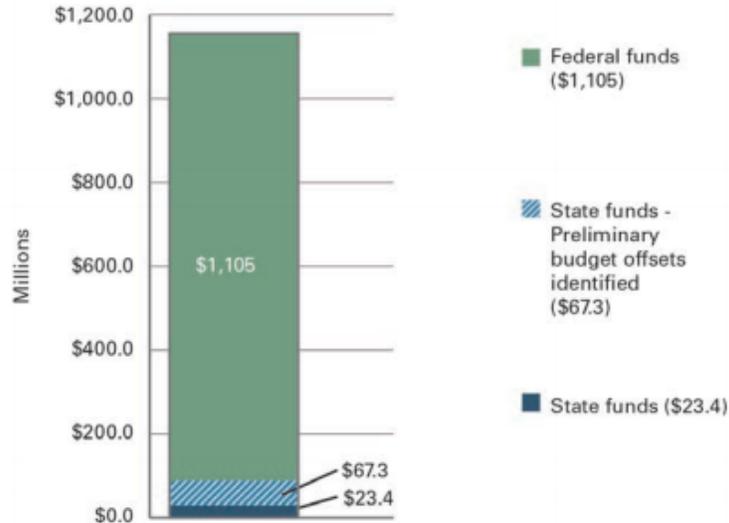
³ Alaska Native Tribal Health Consortium, Healthier Alaskans Create a Healthier State Economy. Anchorage, AK. 2013.

⁴ Data from these studies will need to be correlated with future studies released by the State DHHS.

⁵ ASHNHA Estimate of Medicaid Direct Expenditures Hospital Care, February 2013.

Figure 1: State and Federal Funding for Alaska's Medicaid Expansion (2014 - 2020; millions)

-- with preliminary budget offsets --



Source: Northern Economics, Inc. *Fiscal and Economic Impacts of Medicaid Expansion in Alaska*. February 1, 2013, NEI Figure 4 and NEI Table 7.

Figure 14. Net Impact on Alaska State Budget from the Medicaid Expansion
Direct State Spending on Medicaid Expansion Less Budget Offsets, 2014 - 2020
 (negative numbers indicate savings to State budget; in millions)

	2014	2015	2016	2017	2018	2019	2020	Cumulative (2014 - 2020)
Direct State spending on Medicaid expansion	\$3.0	\$4.3	\$5.2	\$14.5	\$17.1	\$19.8	\$26.7	\$90.7
Estimated budget offsets (minimum)	-\$7.4	-\$7.6	-\$7.8	-\$8.0	-\$8.2	-\$8.2	-\$8.4	-\$55.4
Additional corporate tax revenue	-\$0.9	-\$1.4	-\$1.6	-\$1.9	-\$2.0	-\$2.0	-\$2.1	-\$11.9
Net Impact on State Budget	-\$5.3	-\$4.6	-\$4.1	\$4.6	\$6.9	\$9.6	\$16.3	\$23.3
Cumulative net impact on State budget	-\$5.3	-\$9.9	-\$14.1	-\$9.5	-\$2.5	\$7.1	\$23.3	

Sources: Urban Institute, *Medicaid in Alaska under the ACA*, February 1, 2013; UI Table 2 and UI Figure 10, health services and administrative costs; Jay Livey, January, 2013; and Northern Economics, *Fiscal and Economic Impacts of Medicaid Expansion in Alaska*, February 1, 2013, drawn from NEI Table 2 and NEI Figure 10.