




# Medicaid Expansion under the Affordable Care Act

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ASHNHA Board of Directors Meeting  
February 18, 2013



# Core Medicaid Expansion

- Authorized in § 2001 of Affordable Care Act
- New eligibility category effective January 1, 2014
  - Adults under 65 and not already in eligibility category
  - 0-138 % FPL (133% + 5% disregard) - MAGI
  - Provides higher Federal funding match to state

MAGI: Modified Adjusted Gross Income

# Core Medicaid Expansion

- If a state implements the new Medicaid eligibility expansion, an individual with income up to 138% FPL (\$19,279 in Alaska) would be eligible for Medicaid's comprehensive coverage and cost-sharing protections.

Federal Poverty Level (FPL), by household size, 2012*						
	Alaska			48 Contiguous States & DC		
<u>% of FPL</u>	<u>1-person</u>	<u>2-person</u>	<u>4-persons</u>	<u>1-person</u>	<u>2-person</u>	<u>4-persons</u>
<b>100%</b>	\$13,970	\$18,920	\$28,820	\$11,170	\$15,130	\$23,050
<b>138%</b>	<b>\$19,279</b>	<b>\$26,110</b>	\$39,772	<b>\$15,415</b>	<b>\$20,879</b>	\$31,809
<b>300%</b>	\$41,910	\$56,760	\$86,460	\$33,510	\$45,390	\$69,150

Source: <http://aspe.hhs.gov/poverty/12poverty.shtml>

138% of poverty = \$9.20/ hour



# Core Medicaid Expansion

- ACA made this new eligibility category “mandatory” for states.
- The subsequent (June 2012) Supreme Court ruling made this group “optional” for states.
- It is now at the option of each state whether to expand (or maintain) Medicaid up to 138% for adults.

# Enhanced Federal Medicaid Match Rate for New Eligibility Group

<b>FMAP (Federal Medicaid Assistance Percentage) under ACA Medicaid Expansion</b>						
	<u>2014-2016</u>	<u>2017-2019</u>	<u>2020-2022</u>	<u>2023</u>	6-year average ( '14-'19)	10-year average ( '14-'23)
	<b>General Population:</b>					
FMAP	100%	95%	90%	90%	<b>97%</b>	<b>95%</b>
State share	0%	5%	10%	10%	<b>3%</b>	<b>5%</b>
Total	100%	100%	100%	100%	100%	100%



# State Flexibility

- Cost Sharing
- Benchmark Plan
- All or Nothing
- Maintenance of Effort (MOE)



# Eligibility Changes

- No Asset Test
- Limited enrollment period through Exchange
- APTC – Advance Payment Tax Credit
- Have to file income tax for reconciliation and subsequent APTC

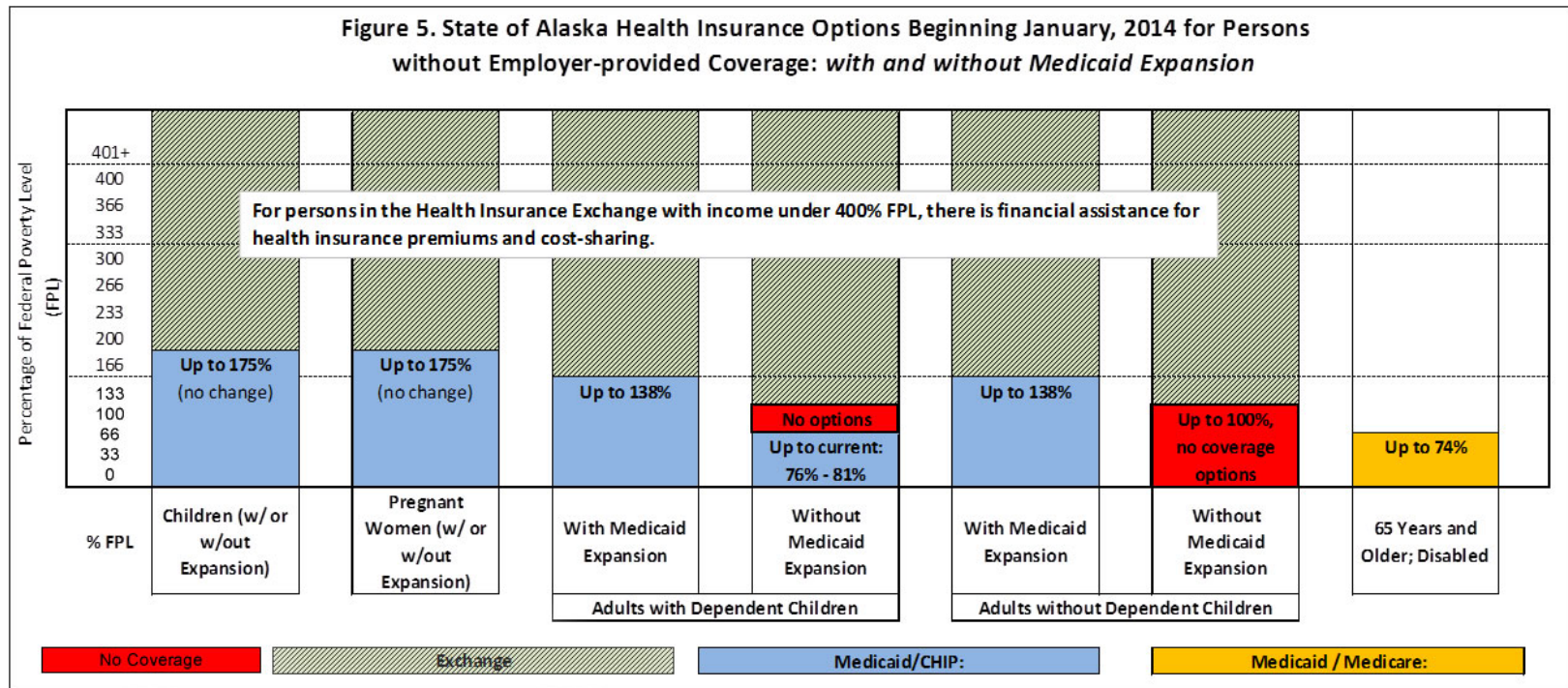


# Medicaid and Exchange

- If income at or above 100% FPL can join Exchange
- If income below 100% FPL can not join Exchange
- 47,000 currently uninsured Alaskans with incomes <100% FPL would not be eligible for the Exchange
- A good portion of the 47,000 are not eligible for Medicaid under current rules



# Impact if expansion is rejected --



- If no Medicaid expansion, the UI report projects there will be –
  - 53.7 percent more uninsured Alaskans
  - 63.2 percent more uninsured Alaska Natives / American Indians

# The “woodwork effect”

**Figure 3. Baseline Medicaid Program Enrollment (non-elderly enrollees)**

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Total enrollment pre-ACA	119,490	120,088	120,688	121,292	121,898	122,508	123,120
Impact from ACA ("woodwork effect")	6,503	8,696	9,922	10,166	10,315	10,366	10,418
<b>Total Medicaid enrollment with ACA</b>	<b>125,993</b>	<b>128,784</b>	<b>130,610</b>	<b>131,458</b>	<b>132,213</b>	<b>132,874</b>	<b>133,538</b>
Annual increase		2.2%	1.4%	0.6%	0.6%	0.5%	0.5%

Source: Matthew Buettgens and Hildebrand, C., "Medicaid in Alaska Under the ACA," (Washington, DC; The Urban Institute, January 23, 2013), Table 1.

- The woodwork effect occurs whether or not Medicaid is expanded

# Medicaid Expansion in Alaska: Enrollment and Spending

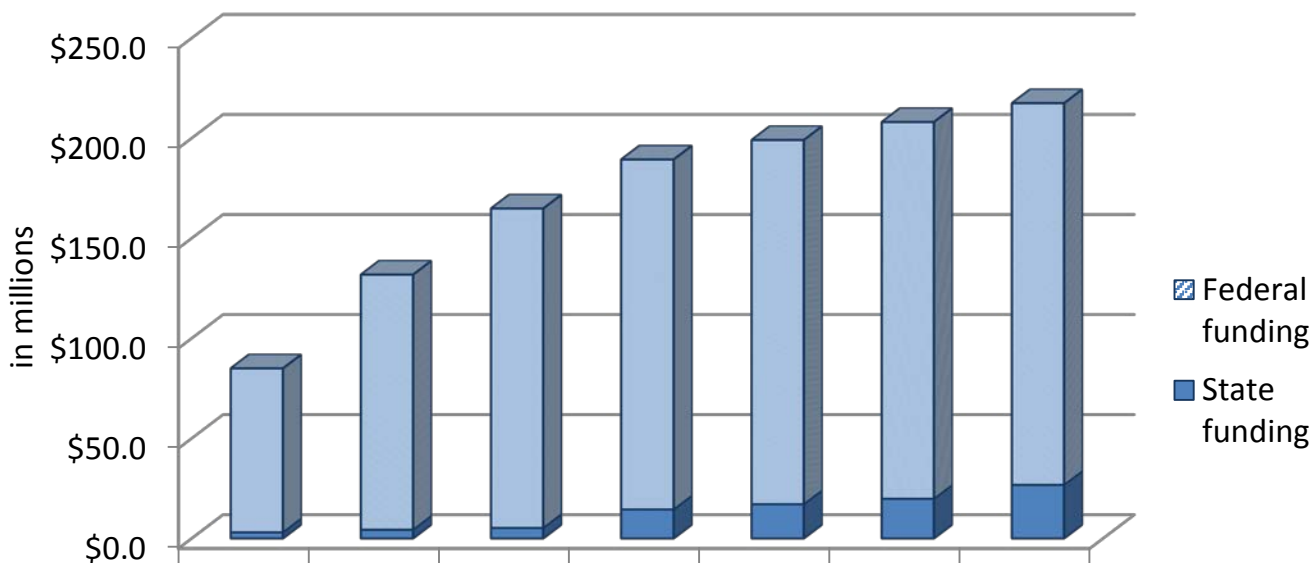
**Figure 8: Enrollment and Spending: Medicaid Expansion Option in State of Alaska,  
2014 - 2020**

<b>Medicaid Expansion Enrollment</b>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	Cumulative: <u>2014 - 2020</u>
Total expansion enrollment	19,392	28,970	34,862	38,532	38,953	39,148	39,344	---
<i>Annual change</i>		49.4%	20.3%	10.5%	1.1%	0.5%	0.5%	
<b>Medicaid Expansion Spending (millions)</b>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	
State	\$3.0	\$4.3	\$5.2	\$14.5	\$17.1	\$19.8	\$26.7	\$91
Federal	\$81.9	\$127.4	\$159.6	\$174.8	\$182.0	\$188.2	\$190.7	\$1,105
<b>Total Federal and State Spending on Medicaid Expansion</b>	<b>\$85</b>	<b>\$132</b>	<b>\$165</b>	<b>\$189</b>	<b>\$199</b>	<b>\$208</b>	<b>\$217</b>	<b>\$1,196</b>
<i>Annual change</i>		55.2%	25.1%	14.8%	5.1%	4.5%	4.5%	

Source: Urban Institute, Medicaid in Alaska under the ACA, 23 January, 2013; Table 2 and Figure 10, health services and administrative costs.

# Through 2020, \$1 State to \$12 Federal

**Figure 9. Funding of Alaska's Medicaid Expansion Option  
2014 - 2020**



	2014	2015	2016	2017	2018	2019	2020
Federal funding	\$81.9	\$127.4	\$159.6	\$174.8	\$182.0	\$188.2	\$190.7
State funding	\$3.0	\$4.3	\$5.2	\$14.5	\$17.1	\$19.8	\$26.7

# Reducing the State contribution further: budget offsets

**Figure 10. Potential Offsets to State of Alaska Direct Spending on Medicaid Expansion**

(Negative numbers indicate savings to State budget)

<b>Budget Offsets</b>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2014 - 2020</u>
<b>State-funded spending reductions</b>								
Chronic and Acute Care Medical Assistance Program	-\$1.4	-\$1.4	-\$1.5	-\$1.5	-\$1.5	-\$1.5	-\$1.6	-\$10.5
Department of Corrections: High cost cases	-\$5.0	-\$5.1	-\$5.3	-\$5.4	-\$5.5	-\$5.5	-\$5.7	-\$37.5
Immunizations	-\$1.0	-\$1.0	-\$1.1	-\$1.1	-\$1.1	-\$1.1	-\$1.1	-\$7.5
Department of Corrections: Other inpatient visits			-- To be calculated --					
Adult Public Assistance / Interim Assistance			-- To be calculated --					
Reduced cost-shift to State health benefits plan			-- To be calculated --					
Selection of Medicaid by some State employees			-- To be calculated --					
Other			-- To be calculated --					
<b>Total Offsets: State-funded spending reductions</b>	<b>-\$7.4</b>	<b>-\$7.6</b>	<b>-\$7.8</b>	<b>-\$8.0</b>	<b>-\$8.2</b>	<b>-\$8.2</b>	<b>-\$8.4</b>	<b>-\$55.4</b>

Source: Jay Livey, *Analysis of Potential General Fund Offsets*, January 20, 2013; Northern Economics, *Fiscal and Economic Impacts of Medicaid Expansion in Alaska*, January XX, 2013, Table 4.

# Net Impact on State Budget

- Identifying specific savings / offsets is needed to match the specific cost estimates.

**Figure 11. 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)

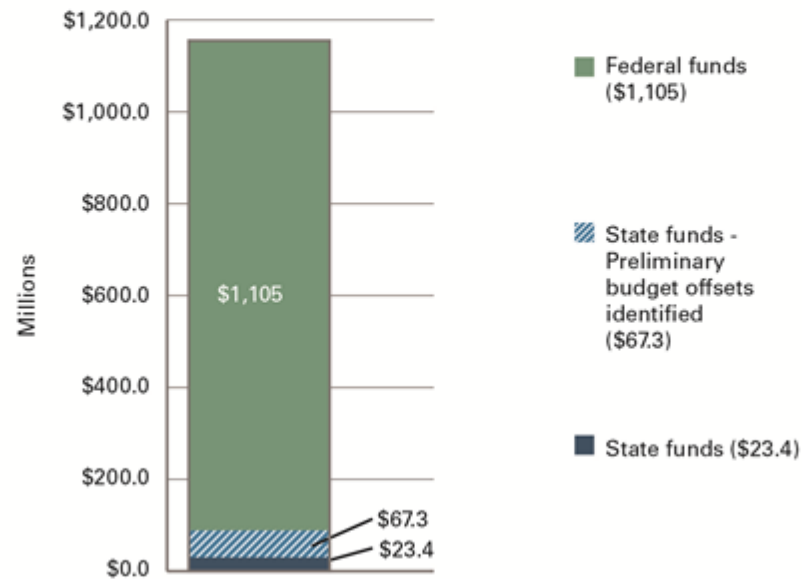
	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	Cumulative: <u>2014 - 2020</u>
Direct State spending on Medicaid expansion:	\$3.0	\$4.3	\$5.2	\$14.5	\$17.1	\$19.8	\$26.7	\$90.7
Estimated budget offsets (minimum):	-\$7.4	-\$7.6	-\$7.8	-\$8.0	-\$8.2	-\$8.2	-\$8.4	-\$55.4
Additional corporate tax revenue:	-\$0.6	-\$1.8	-\$1.1	-\$2.4	-\$1.5	-\$1.5	-\$1.5	-\$10.4
<b>Net Impact on State Budget:</b>	<b>-\$5.0</b>	<b>-\$5.0</b>	<b>-\$3.6</b>	<b>\$4.1</b>	<b>\$7.4</b>	<b>\$10.1</b>	<b>\$16.9</b>	<b>\$24.8</b>
<b>Cumulative net impact on State budget:</b>	<b>-\$5.0</b>	<b>-\$10.0</b>	<b>-\$13.7</b>	<b>-\$9.6</b>	<b>-\$2.1</b>	<b>\$8.0</b>	<b>\$24.8</b>	

Sources: Urban Institute, *Medicaid in Alaska under the ACA*, 23 January, 2013; Table 2 and Figure 10, health services and administrative costs; Jay Livey, January, 2013; and Northern Economics, *Fiscal and Economic Impacts of Medicaid Expansion in Alaska*, January XX, 2013, drawn from Table 2 and Figure 10.

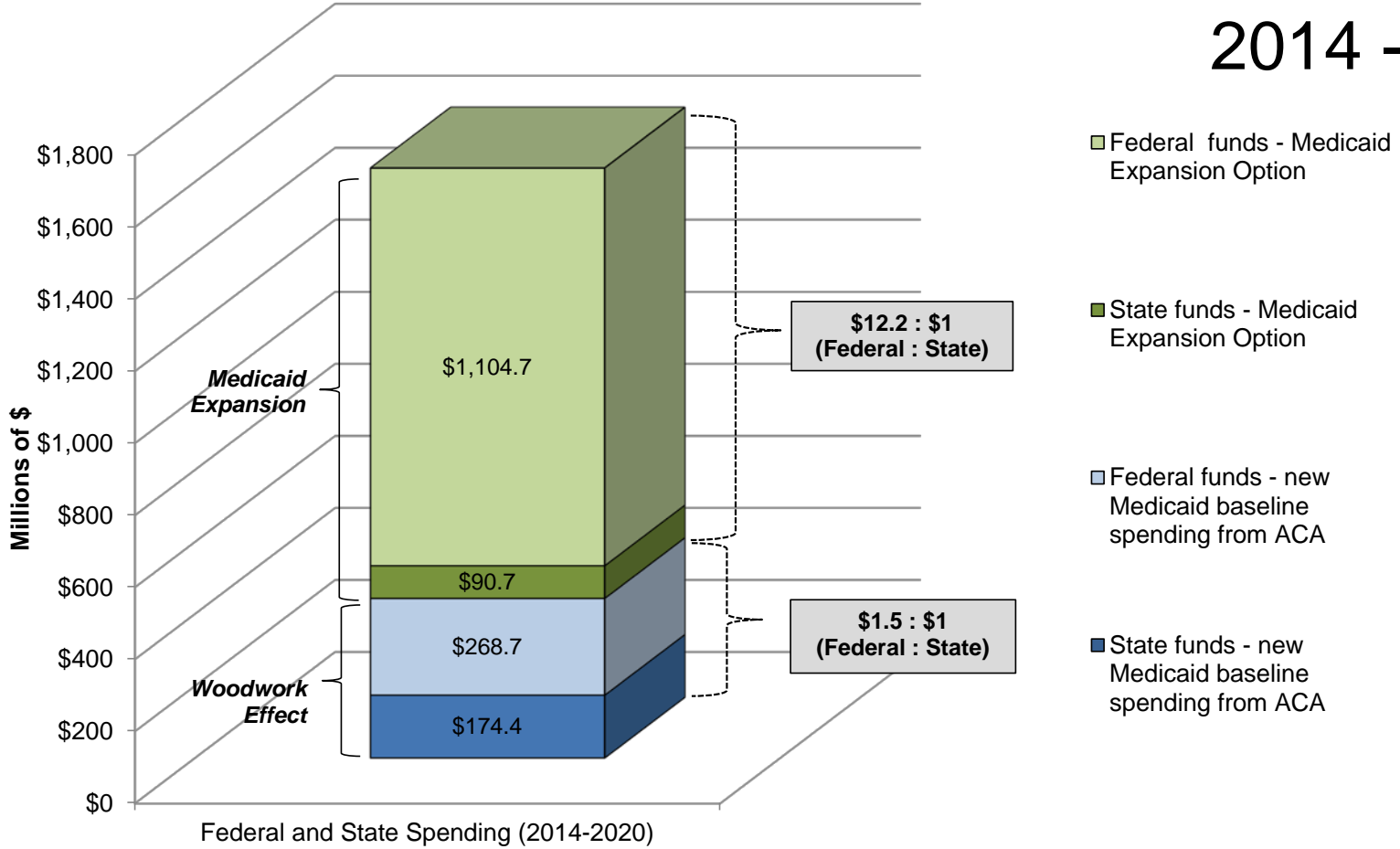
# Tremendous Return on Investment

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

-- with preliminary budget offsets --

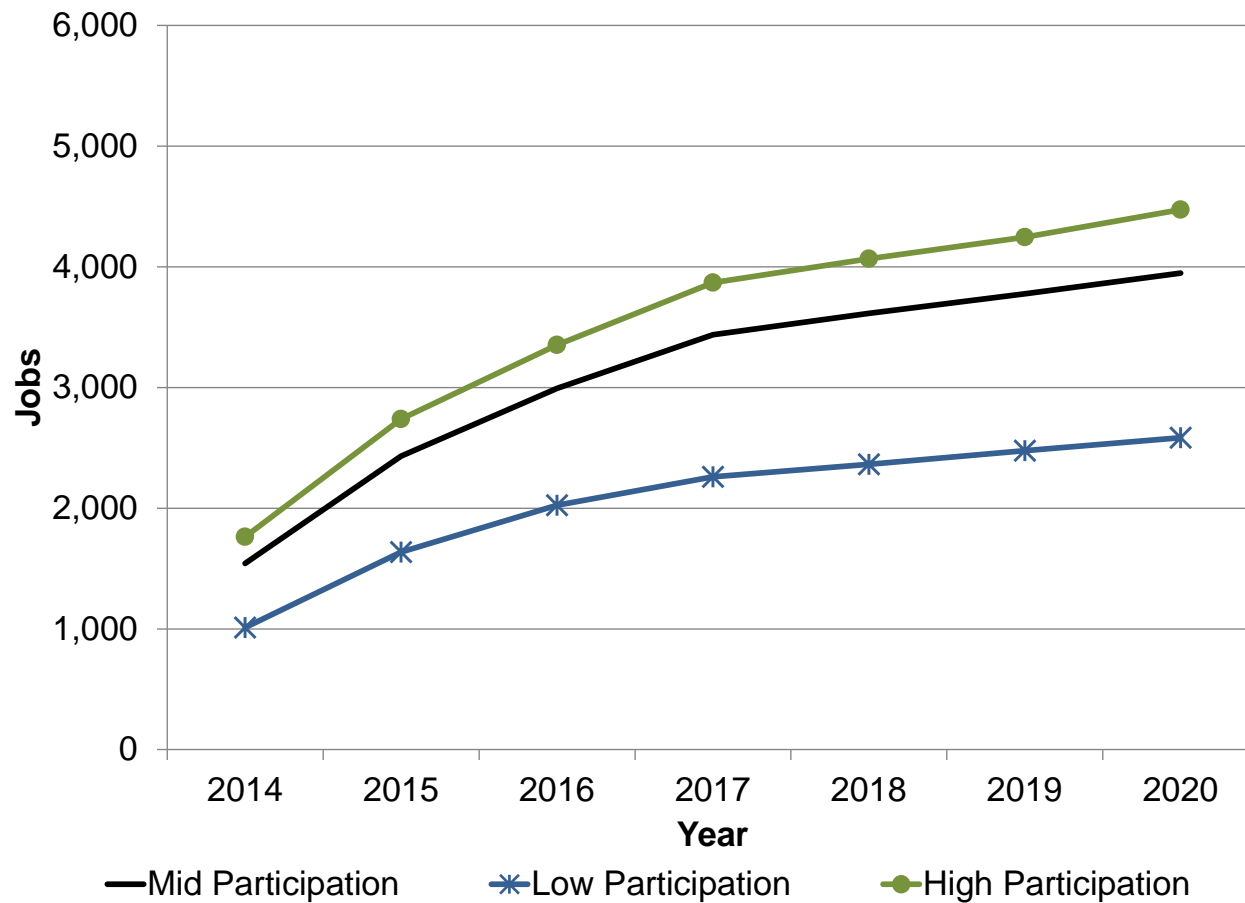


# Ratio of Federal to State Funds, 2014 - 2020

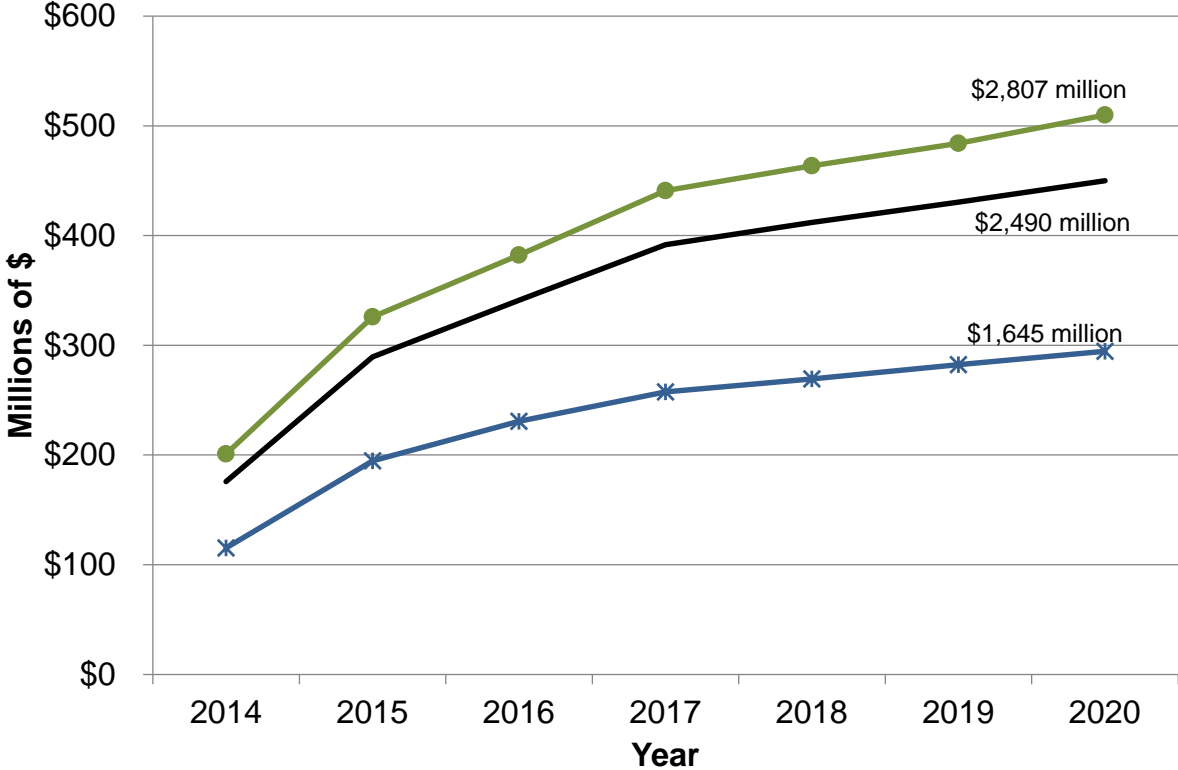




# Substantial Job Growth

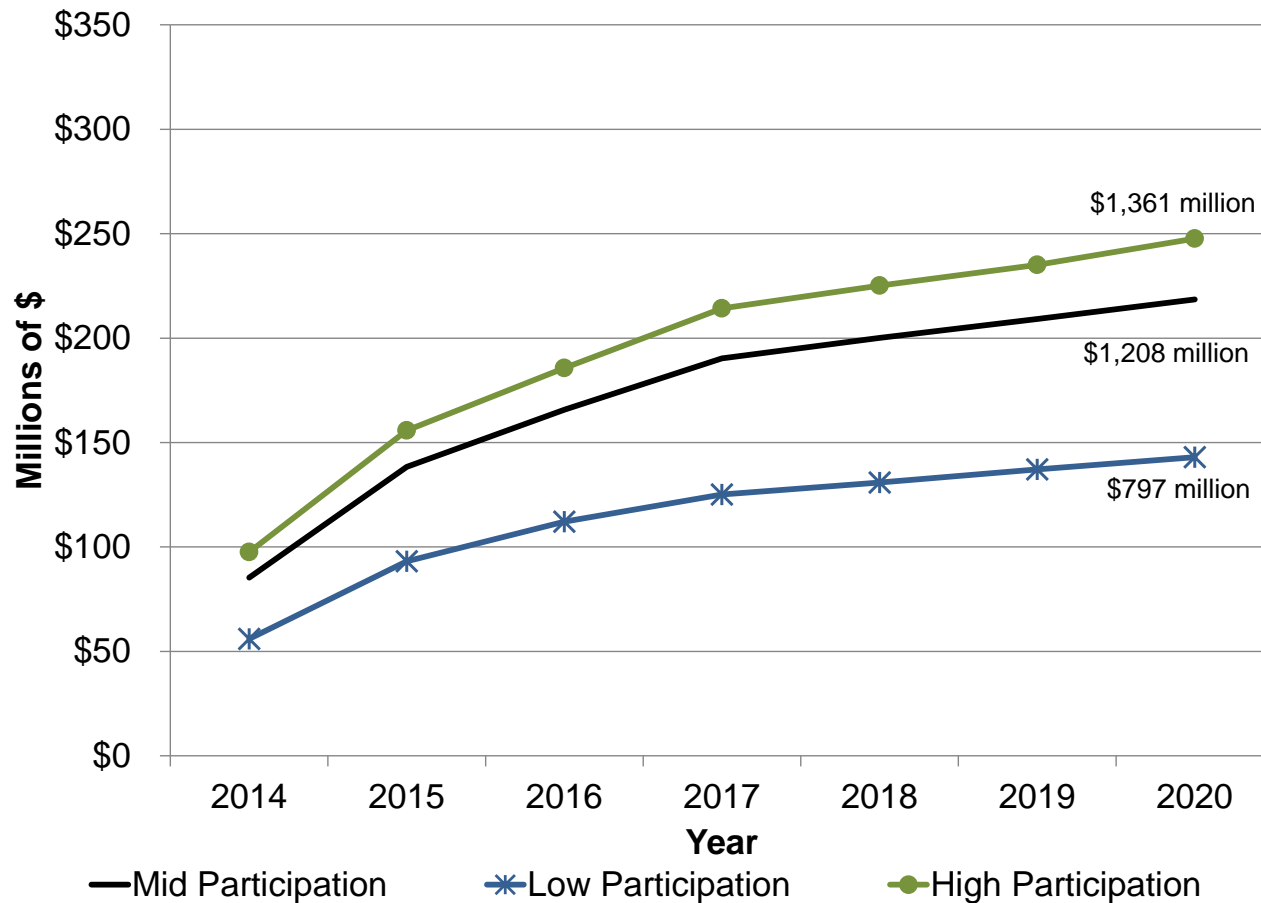


# Expanded Economic Output

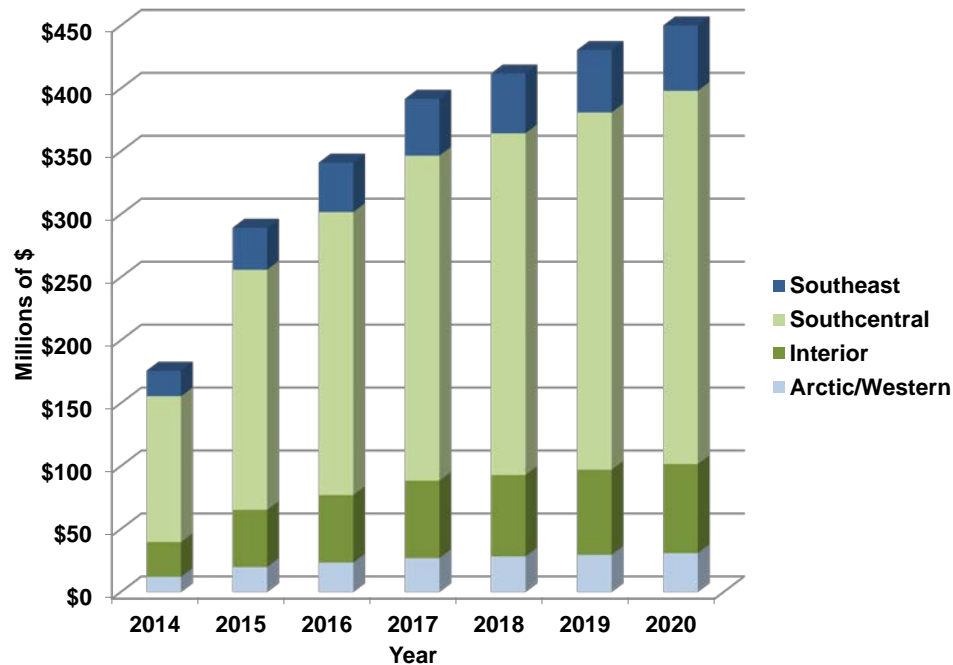


— Mid Participation      \* Low Participation      ● High Participation

# Increased Wages



# Regional Impact



Source: Northern Economics, Inc. estimates using UI data and FY2010 data on Medicaid payments to facilities across the states.



# Summary

- Medicaid coverage for 40,000 uninsured Alaskans
- \$1.1 Billion in new federal revenue to Alaska
- 4,000 new jobs
- \$1.2 Billion more in salaries and wages paid to Alaskans
- \$2.49 Billion in increased economic activity throughout Alaska
- State spending: \$90.7 million w/o offsets and \$24 million with offsets