

Health Care Reform and Medicaid Expansion A Different Look at Projected Costs

Legislative Health and Human Services Committee
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Presentation Outline

- Impact of health care reform and Medicaid expansion on the state budget, from a legislative perspective
- Distinguishing cost of extending Medicaid eligibility from cost of health care reform
- How current projections may overstate the costs of extending Medicaid eligibility
- Transition to Part II: We don't have to "find" the money: It will find us.

HOW THE AFFORDABLE CARE ACT IMPACTS MEDICAID

The “Individual Mandate”

- ▶ ACA requires most individuals to have health insurance coverage
 - Through employer
 - Through private market, including new Health Insurance Exchange
 - Through public programs such as Medicaid, Medicare etc

- ▶ Provision upheld by U.S. Supreme Court

- ▶ HSD expects 10,000 to 18,000 people to enroll in Medicaid who are already eligible under current criteria but who have not previously enrolled.

- ▶ Federal government will provide regular match for these individuals (about 70%)

Expansion of Medicaid eligibility

- ▶ ACA provides Medicaid for most individuals up to 135% of Federal Poverty Level (FPL)

- ▶ Supreme Court: States can’t be harshly penalized for not implementing this provision; makes expansion discretionary. Each state must make policy decision to implement or not.

- ▶ HSD expects to enroll 100,000 to 155,000 additional individuals over next 7 years

- ▶ Splitting the cost of coverage of newly eligible individuals:

	2014	2015	2016	2017	2018	2019	2020	Future Years
Federal	100%	100%	100%	95%	94%	93%	90%	90%
State	0%	0%	0%	5%	6%	7%	10%	10%

Medicaid Under Health Care Reform by State Fiscal Year
Projections by Human Services Department, May 2012

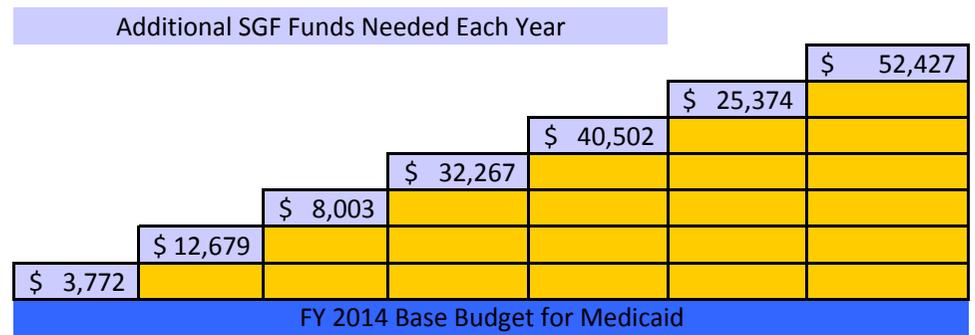
State Share of Additional Expenses

Figures in 1,000s

FY	Low Take-Up Scenario				High Take-up Scenario			
	Currently Eligible but Not Previously Enrolled	Newly Eligible Under ACA	Savings from SCI	Total State Share	Currently Eligible but Not Previously	Newly Eligible Under ACA	Savings from SCI	Total State Share
2014	\$3,372	\$7,298	-\$12,903	-\$2,233	\$7,637	\$9,038	-\$12,903	\$3,772
2015	\$9,073	\$16,456	-\$23,747	\$1,782	\$18,754	\$21,444	-\$23,747	\$16,451
2016	\$9,766	\$18,088	-\$19,324	\$8,530	\$19,146	\$24,632	-\$19,324	\$24,454
2017	\$11,117	\$36,886	-\$14,646	\$33,357	\$21,262	\$50,105	-\$14,646	\$56,721
2018	\$13,410	\$61,478	-\$9,696	\$65,192	\$25,802	\$81,117	-\$9,696	\$97,223
2019	\$15,856	\$75,573	-\$4,476	\$86,953	\$30,972	\$96,101	-\$4,476	\$122,597
2020	\$19,967	\$105,503	\$1,025	\$126,495	\$38,785	\$135,214	\$1,025	\$175,024
Total	\$82,561	\$321,282	-\$83,767	\$320,075	\$162,358	\$417,651	-\$83,767	\$496,242

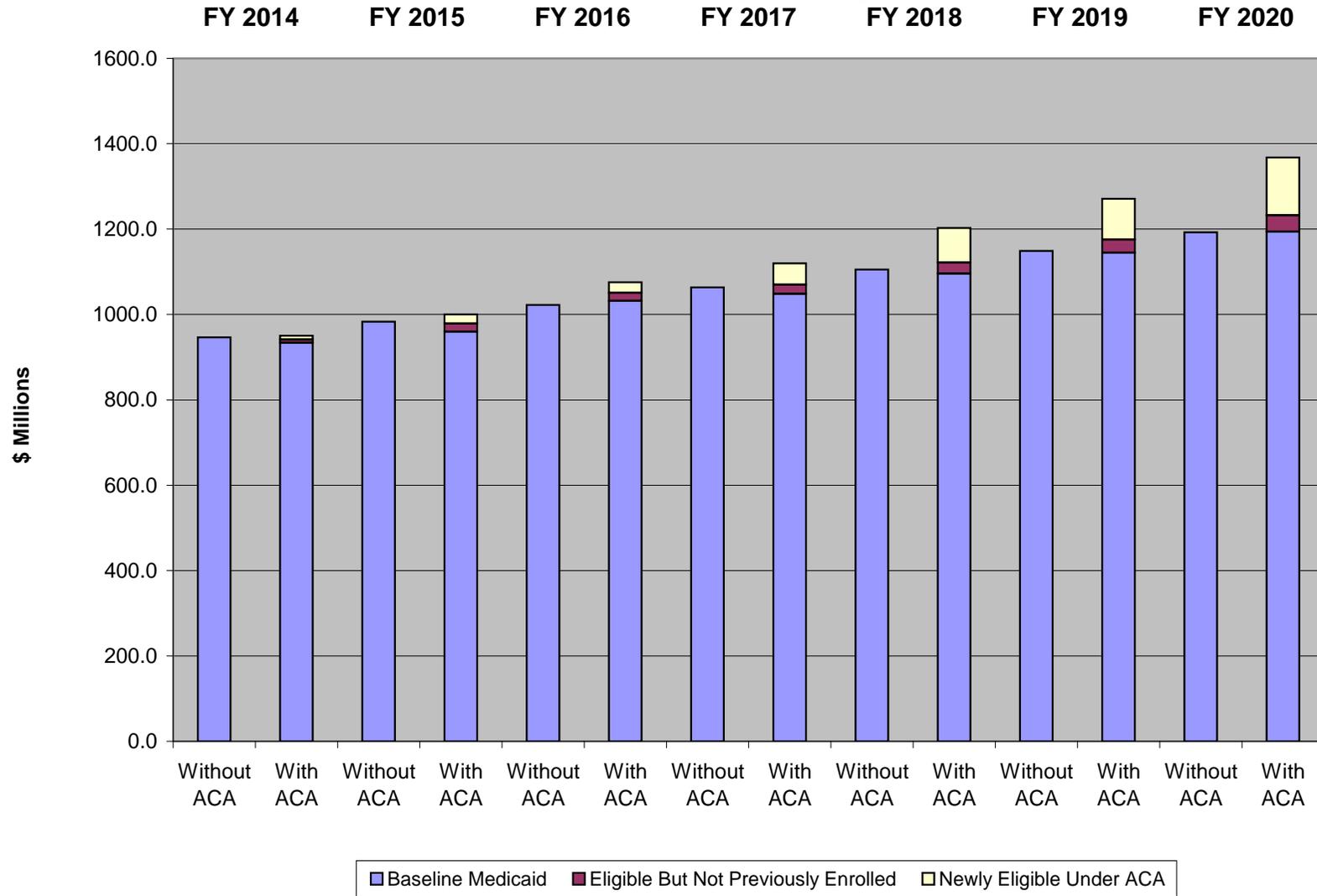
HEALTH CARE REFORM
 Medicaid Cost Projections per HSD ("High Take Up Scenario")
Comparing Annual and Cumulative Cost of Health Care Reform

	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	TOTAL
Number of people covered	98,055	116,308	180,415	140,452	142,280	148,120	148,600	



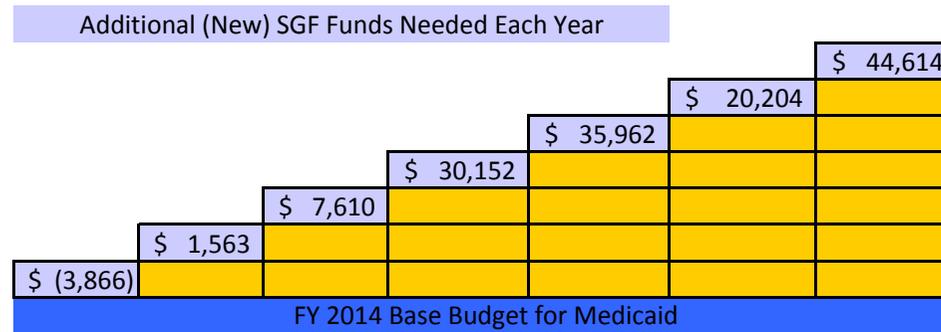
ANNUAL	\$ 3,772	\$ 12,679	\$ 8,003	\$ 32,267	\$ 40,502	\$ 25,374	\$ 52,427	\$ 175,024
CUMULATIVE	\$ 3,772	\$ 20,223	\$ 44,677	\$ 101,398	\$ 198,621	\$ 321,218	\$ 496,242	\$ 496,242

**Annual SGF Appropriations Needed, With and Without ACA
HSD Projections May 2012 (High Take-up)**



HEALTH CARE REFORM
 Medicaid Cost Projections per HSD ("High Take Up Scenario")
Comparing Annual and Cumulative Cost of Medicaid Coverage for Newly Eligible Individuals
 (Including Savings From Eliminating SCI and Covering Current SCI Participants as Newly Eligible)

	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	TOTAL
	FMAP 100%	FMAP 100%	FMAP 100%	FMAP 95%	FMAP 94%	FMAP 93%	FMAP 90%	
Number of people covered	126,214	139,995	153,711	155,088	152,269	153,347	149,095	

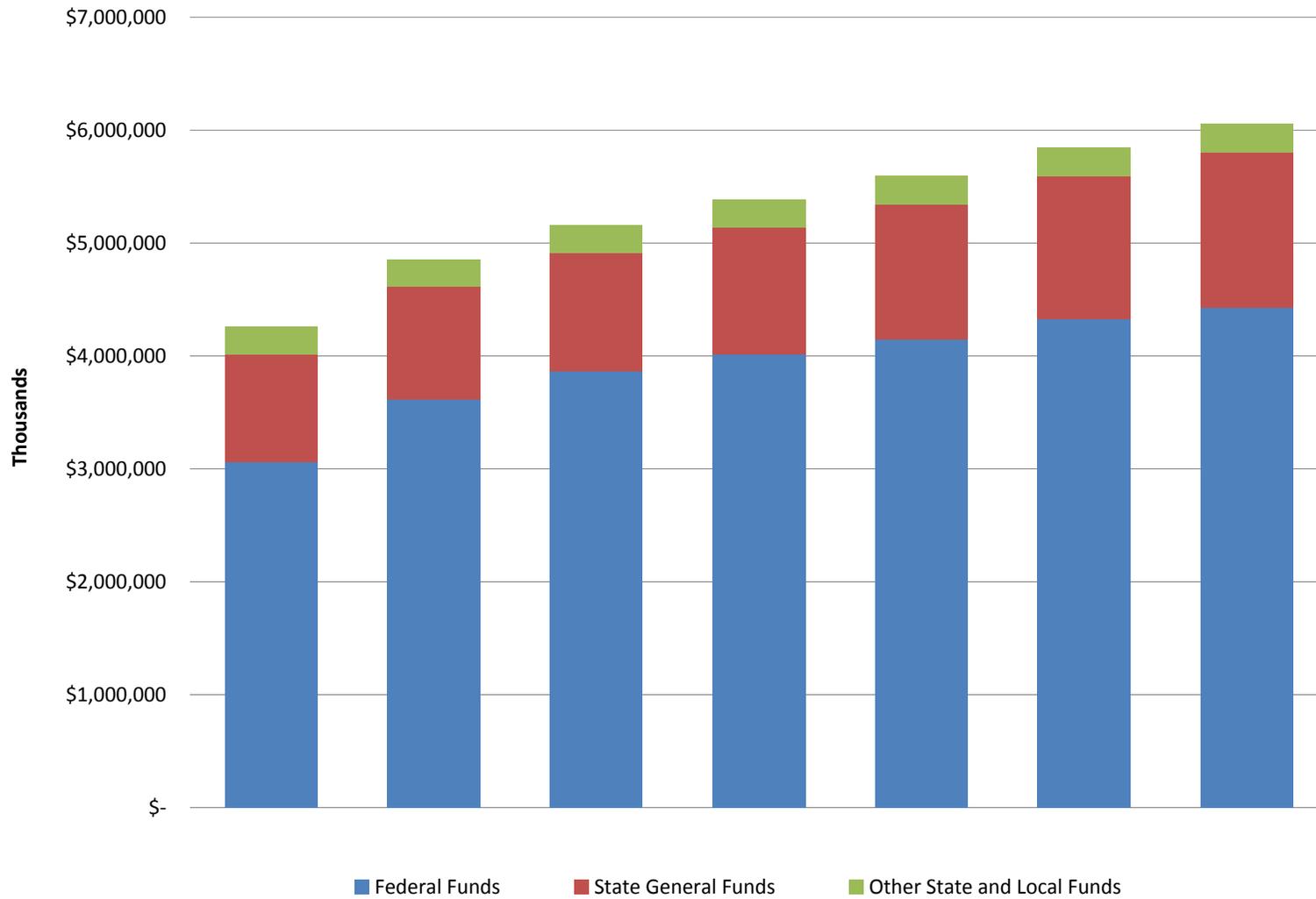


ANNUAL	\$ (3,886)	\$ 1,563	\$ 7,610	\$ 30,152	\$ 35,962	\$ 20,204	\$ 52,427	\$ 144,032
CUMULATIVE	\$ (3,866)	\$ (6,209)	\$ (922)	\$ 34,517	\$ 105,918	\$ 197,523	\$ 341,555	\$ 341,555

Total Medicaid Spending Under ACA by Funding Source

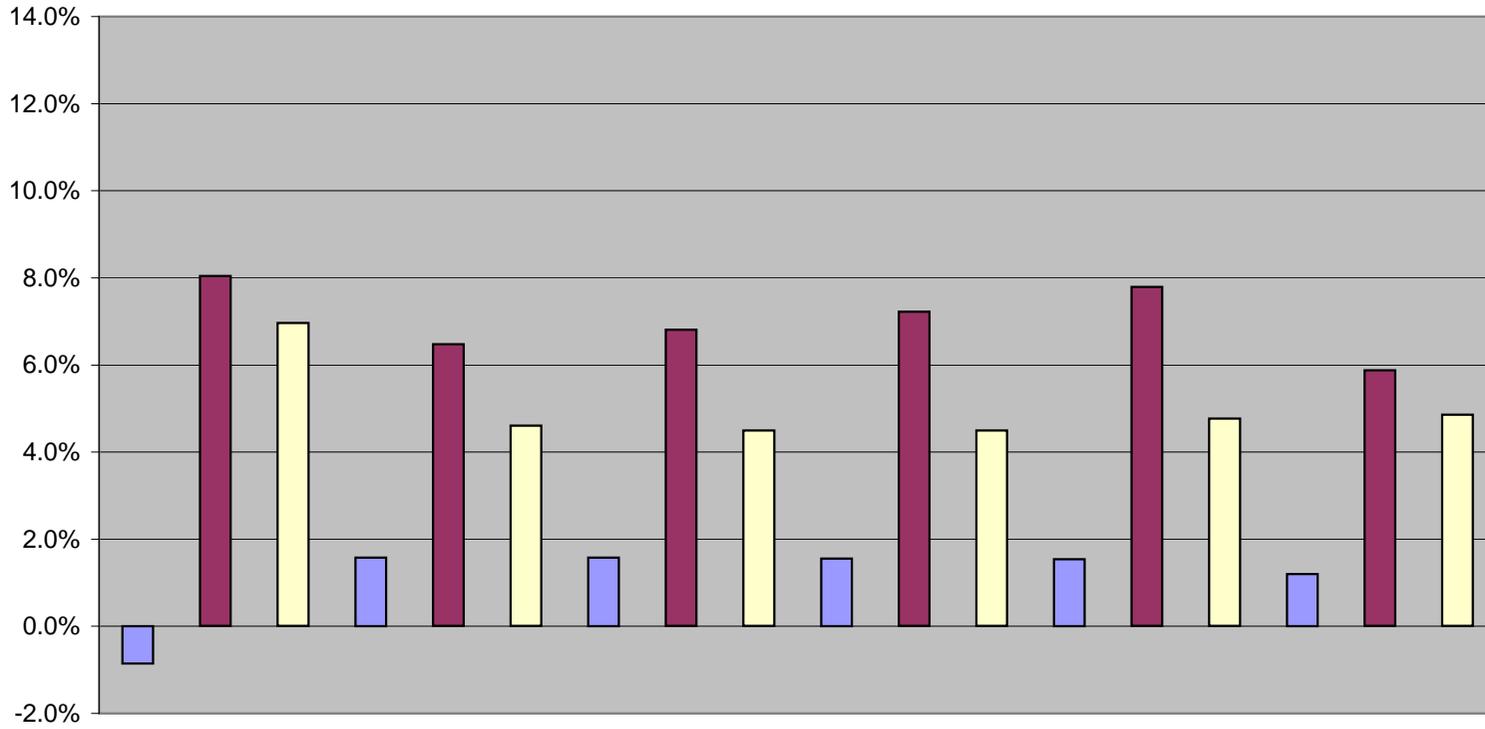
HSD Projections May 2012 (High Take-Up)

FY 2014 FY 2015 FY 2016 FY 2017 FY 2018 FY 2019 FY 2020



Annual Percentage Increases in Per Capita Costs HSD Projections May 2012 (Average of Low and High Take-up)

FY 2015 FY 2016 FY 2017 FY 2018 FY 2019 FY 2020



■ Baseline Medicaid ■ Eligible But Not Previously Enrolled ■ Newly Eligible Under ACA

New State Spending on Medicaid vs. New State Revenues Under ACA

(In \$ Millions)

	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	Total
New SGF Needed each Year	\$1	\$8	\$7	\$29	\$36	\$24	\$46	\$151
Total additional SGF, from 2013 base	\$1	\$9	\$16	\$45	\$81	\$105	\$151	
Cumulative Additional SGF	\$1	\$10	\$26	\$71	\$152	\$257	\$408	\$408
Projected Additional Tax Revenue	\$39	\$90	\$118	\$132	\$142	\$150	\$151	\$822
Net Income to State, Annually (Annual Revenue less total additional SGF by year)	\$38	\$81	\$102	\$87	\$61	\$45	\$0	\$414

Data Sources:

Cost projections for Medicaid: HSD, May 2012, average of high and low take-up scenarios

New state revenue projections: New Mexico Voices for Children, August 2012