

Social Services Estimating Conference: Impact of Patient Protection and Affordable Care Act

February 18, 2013

Presented by:



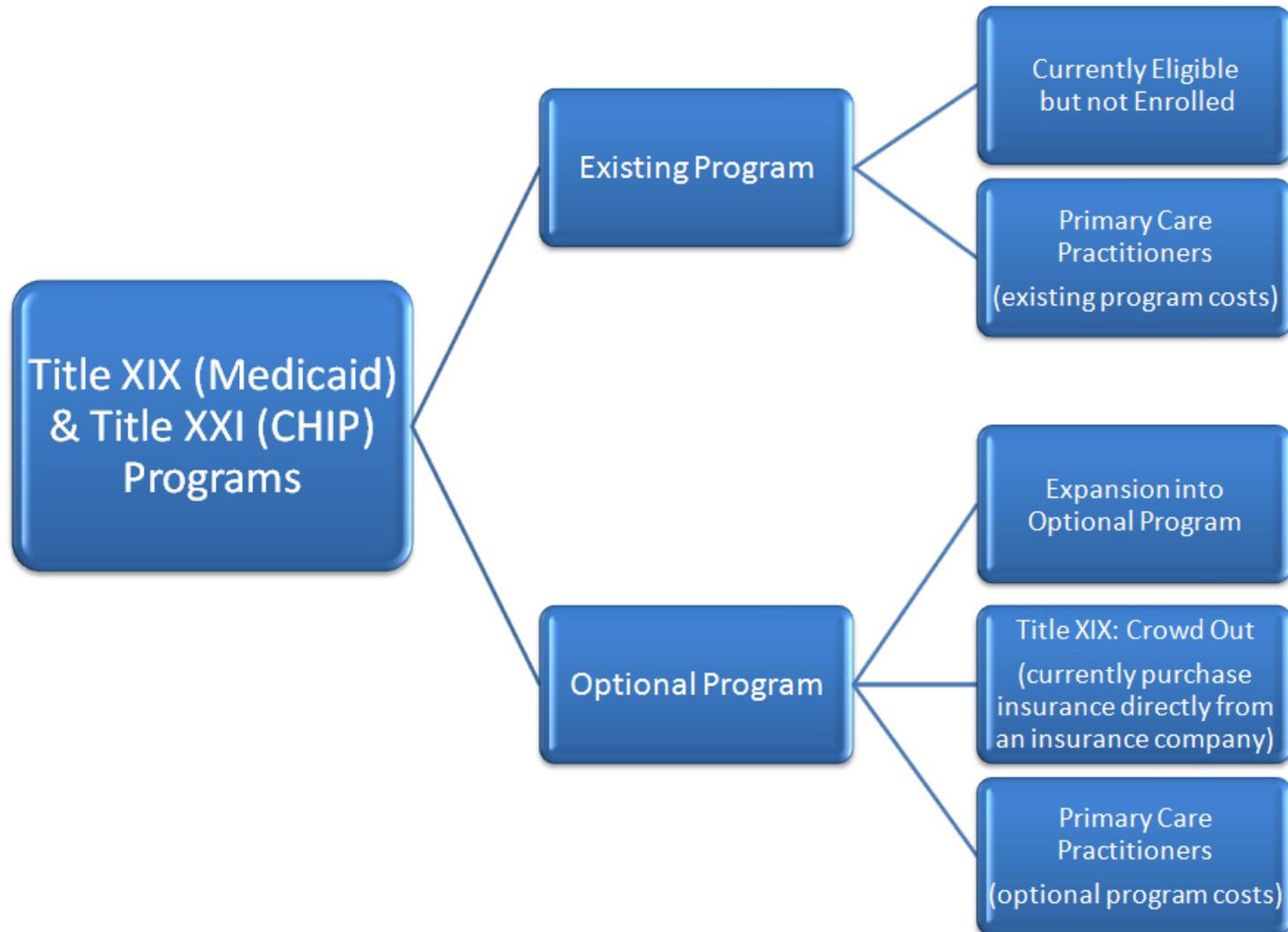
The Florida Legislature
Office of Economic and
Demographic Research
850.487.1402
<http://edr.state.fl.us>

Social Services Estimating Conference

- The SSEC last met on August 14, 2012 to adopt a consensus estimate of the impact of the Affordable Care Act on the Medicaid and CHIP programs.
- This is a separate estimate not built into the underlying Medicaid forecast.
- Impacts are not included for the administration of new program elements or changes to the state disproportionate share allowances which were unknown at the time. Changes to the federal pharmacy rebate were already included in the underlying Medicaid estimates.



Scope of Analysis



Conference Results: Existing Program

- **Currently Eligible but not Enrolled...Indeterminate.**

The Social Services Estimating Conference believed that added expenditures to the existing program were likely under the provisions of the Affordable Care Act, but could only determine the state's maximum exposure saying that the likelihood and pace of that population's presentation for services could not be reasonably estimated at that time.

- **Increased Rates for Primary Care Practitioners...Adopted.**

For FY 2012-13, FY 2013-14 and FY 2014-15, the total costs per year range from \$424.8 million to \$849.7 million for the existing program. There are no state costs during the required increased-rate period. At that time, the estimates for the primary care fee increase did not reflect all of the details in the May 2012 draft CMS rule relating to the fee increase.



Conference Results: Optional Program

The costs associated with the optional program (including crowd out) are related to an expansion of the existing program, and are therefore subject to a future action of the Legislature and approval by the Governor prior to their taking effect. The numbers immediately following reflect the Conference decisions as stated in the assumptions.

- **Expansion into Optional Program (including Crowd Out)** For FY 2013-14 through FY 2022-23, the total costs per year start at \$862.8 million and grow to nearly \$3.4 billion. The state share of these costs start at zero and grow to \$337.6 million per year. The state share first begins in 2016-17.
- **Increased Rates for Primary Care Practitioners** For FY 2013-14 and FY 2014-15, the total costs per year range from \$38.2 million to \$54.4 million. There are no state costs during the required increased-rate period.



PUMS Data

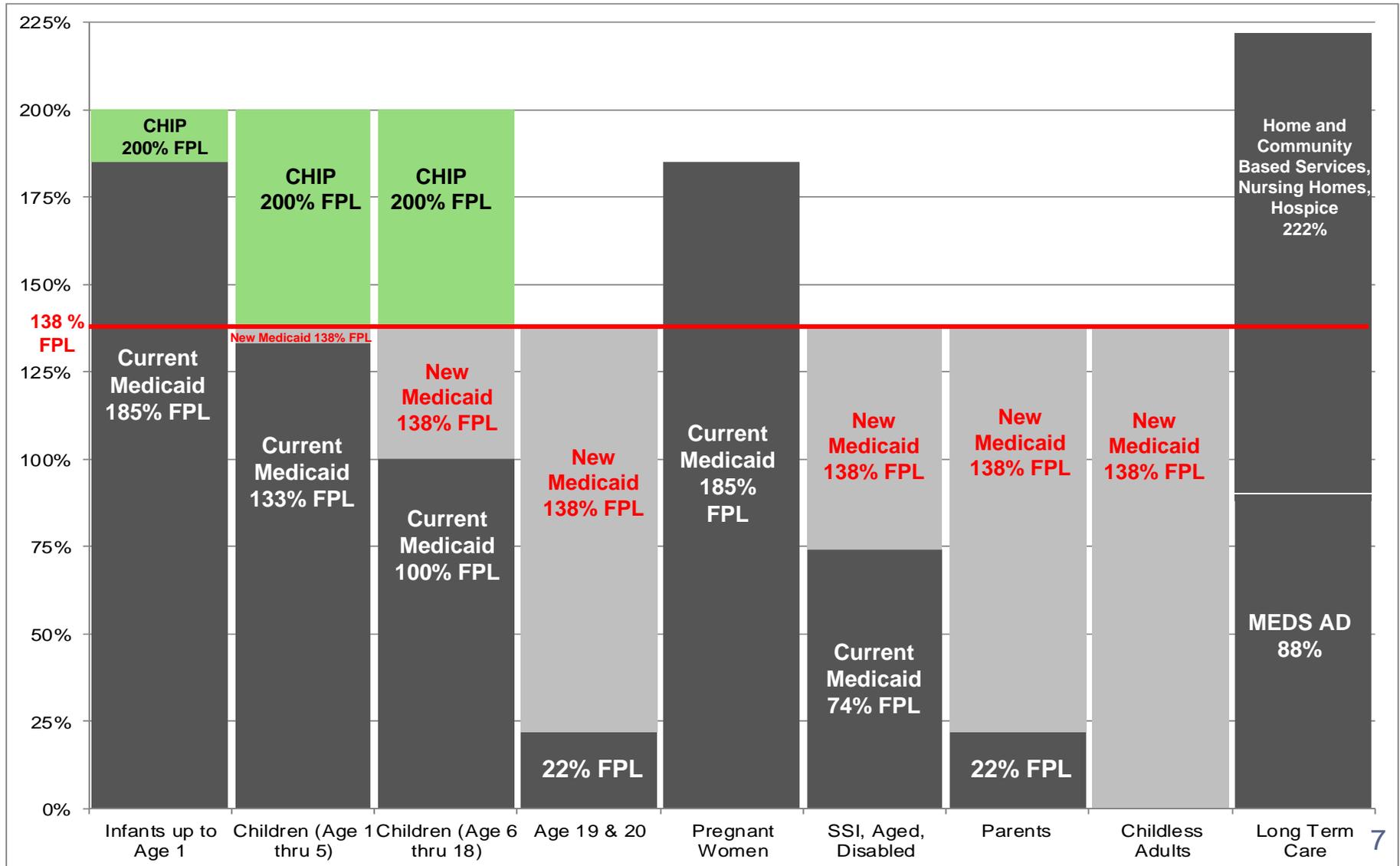
- The American Community Survey (ACS) Public Use Microdata Sample (PUMS) files show the full range of population and housing unit responses collected on individual ACS questionnaires. The data is detailed and shows how respondents answered questions on income, disabilities, family relationships, health coverage, and so forth. These responses are then weighted (using ACS weights) to produce estimates for the entire Florida population.
- PUMS data has been used for all estimates produced by the Social Services Estimating Conference.



Overall Assumptions

KEY ELEMENT	Affordable Care Act
FMAP/ Current Eligibility Level (EXISTING PROGRAM)	Regular FMAP (58.62%) for SFY 13-14, (59.09%) for SFY 14-15, and (59.37%) thereafter. Based on 7/12 FMAP Calculation.
FMAP/ CHIP (EXISTING PROGRAM)	Anticipated enhanced FMAP for CHIP Population begins 10/1/2015 (138% Federal Poverty Level and above) <ul style="list-style-type: none"> •10/1/2015: 71.59+23.0=94.59%
CHIP/ Eligible but Not Enrolled (EXISTING PROGRAM)	Since the analysis begins on July 1, 2013 (2013-2014 State Fiscal Year), and the enhanced CHIP FMAP does not begin until 10/1/2015, the following FMAP levels are used for CHIP eligible but not enrolled based on 7/12 FMAP calculation: <ul style="list-style-type: none"> •71.11% SFY 2013-2014 •71.34% SFY 2014-2015 •88.80% SFY 2015-2016 •94.59% SFY 2016-2017 and beyond
Medicaid Expansion (OPTIONAL PROGRAM)	Expand eligibility to 138% Federal Poverty Level – beginning 1/1/2014 <ul style="list-style-type: none"> •138% FPL for a family of 4: \$31,809
FMAP/ Medicaid Expansion (OPTIONAL PROGRAM)	Provides for enhanced FMAP for expansion population: <ul style="list-style-type: none"> •100% CY 2014 •100% CY 2015 •100% CY 2016 •95% CY 2017 •94% CY 2018 •93% CY 2019 •90% CY 2020 and beyond
CHIP Transition (OPTIONAL PROGRAM)	Children under 138% FPL move from Title XXI CHIP Program to Title XIX Medicaid program. The regular CHIP EFMAP (71.00%) for SFY 13-14, (71.34%) for SFY 14-15, and (71.55%) thereafter received for these children. Based on 7/12 FMAP Calculation.
Increased Rate for Practitioners (BOTH PROGRAMS)	100% federally funded increase to select codes for primary care providers for 2013 and 2014. This impacts approximately 35% of primary care codes under the Florida Medicaid Program. The estimates for the primary care fee increase may not reflect all of the details included in the May 2012 draft CMS rule relating to the fee increase.

Existing and Optional Medicaid / CHIP Eligibility Levels



Assumptions: Eligible but not Enrolled under Existing Programs

Phase-in assumptions:

- Indeterminate. At the time, the PUMS data indicated there were a maximum of 245,221 qualifying but not enrolled persons for Medicaid in 2010. The Conference grew this population to 253,941 for FY 2013-14. The analogous 2013-14 CHIP population is 111,842—for a combined total of 365,783.
- The state's maximum exposure would occur if all enrollees (100%) present during the first state year (FY 2013-14) of ACA implementation and continue in the program.
- The Conference assumes that the population would not present in this manner:
 - This population is already eligible, and has elected not to participate in the Medicaid Program or CHIP programs. Currently this population is estimated to be 20.3% of the total eligible population.
 - The Social Services Estimating Conference interpreted recent communication from the Department of Health and Human Services to mean that no one eligible for Medicaid will be subject to penalties for non-compliance with the Individual Responsibility provisions. [See letter from Kathleen Sebelius to all Governors dated July 10, 2012: page 2 in the first full paragraph]

Assumptions:

Newly Eligible Population under Expansion Option

Phase-in assumptions:

- At the time, the PUMS data indicated there would have been a maximum of 801,749 qualifying persons for Medicaid Expansion in 2010. The Conference grew this population to 830,259 for FY 2013-14.
- The Conference assumed that only 79.7% of the eligible population will present for services:
 - Experience with the current Medicaid program indicates that only 79.7% of the population has availed themselves of available services.
 - Employers may provide new coverage that provides an alternative.
 - Potential impact of any perceived stigma that might be associated with Medicaid program.
- The eligible population will increase each year by the annual growth rate in the total population of Florida.
- By fiscal year, the phase-in translates as follows:
 - SFY 2013-2014: 60%
 - SFY 2014-2015: 90%
 - SFY 2015-2016 and beyond: 100%

Assumptions: Crowd Out Population under Expansion Option

Phase-in assumptions:

- At the time, the PUMS data indicated there were 152,193 persons under 138% FPL who purchased insurance directly from an insurance company. The Conference grew this population to 165,625 for FY 2013-14.
- The Conference assumed that this is the population most likely to form the Crowd Out population—those who will move from private insurance to Medicaid if the Expansion Option is adopted. This is only a subset of all persons with other forms of private insurance because:
 - They are paying out of pocket for insurance today and would therefore realize a savings from the shift.
 - Employers may provide new coverage that provides an alternative.
 - Potential impact of any perceived stigma that might be associated with Medicaid program.
- By fiscal year, this phase-in translates as follows:
 - SFY 2013-2014: 40%
 - SFY 2014-2015: 80%
 - SFY 2015-2016 and beyond: 100%

Assumptions:

Impact to CHIP Population under Expansion Option

- Assumed that 64,753 children under 138% FPL will move from CHIP to Medicaid (Title XIX) in FY 2013-14.
- Assumed a phase-in for the CHIP population based on existing income data:
 - On January 1, 2014: 27% of Healthy Kids Title XXI children will move to Title XIX (based on current distribution of Healthy Kids Children by Income Level). For future years it is assumed that the number of children will grow in Medicaid at 3.60% per year (the same rate as approved by SSEC for the 7/15 - 6/16 SFY for Healthy Kids).
 - On January 1, 2014: 24.5% of CMS Title XXI children will move to CMS Title XIX (Based on current distribution of CMS Children by Income Level). For future years it is assumed that the number of children will grow in Medicaid at 2.10% per year (the same rate as approved by SSEC for the 7/15 – 6/16 SFY for CMS children).
 - On January 1, 2014: 5% of MK Title XXI children will move to Title XIX (Based on current distribution of MK Children by Income Level). For future years it is assumed that the number of children will grow in Medicaid at 2.40% per year (the same rate as approved by SSEC for the 7/15 - 6/16 SFY for MK XXI).
 - Beginning January 2014, Full Pay Program Growth for both Healthy Kids and MediKids will stop and 5% of Full Pay Enrollment as of December 2013 will migrate to an Exchange each month (assumption).

Assumptions:

Primary Care Practitioners

- The draft CMS proposed rule relating to the primary care fee increase released in May 2012 states:
 - This proposed rule implements new requirements in sections 1902(a)(13), 1902(jj), 1905(dd) and 1932(f) of the Social Security Act requiring payment by State Medicaid agencies of at least the **Medicare rates** in effect in CYs 2013 and 2014 or, if higher, the rate using the CY 2009 conversion factor (CF) **for primary care services furnished by a physician with a specialty designation of family medicine, general internal medicine, or pediatric medicine.**
- Further clarification for the proposed rule is noted in the proposed rule summary:
 - “It would also provide for a 100 percent Federal matching rate for any increase in payment above the amounts that would be due for these services under the provisions of the State plan as of July 1, 2009. In this proposed rule, we specify which services and types of physicians qualify for the minimum payment level in **CYs 2013 and 2014**, and the method for calculating the payment amount and any increase for which increased Federal funding is due.”

Adopted Impact Affordable Care Act: Existing & Optional Programs

		<i>Total: Impact of Enrollment and FMAP Changes to Title XIX and Title XXI (EXISTING PROGRAM)</i>	<i>Total: Impact of Enrollment and FMAP Changes to Title XIX and Title XXI (OPTIONAL PROGRAM)</i>	<i>Total: Impact of Increased Rates for Primary Care Practitioners (EXISTING PROGRAM)</i>	<i>Total: Impact of Increased Rates for Primary Care Practitioners (OPTIONAL PROGRAM)</i>	<u><i>Grand Total All Elements</i></u>
SFY 2012-2013	State Cost	Indeterminate	\$0	\$0	\$0	\$0
	Total Cost	Indeterminate	\$0	\$424,836,178	\$0	\$424,836,178
	Enrollment	Indeterminate				
SFY 2013-2014	State Cost	Indeterminate	\$0	\$0	\$0	\$0
	Total Cost	Indeterminate	\$862,817,128	\$849,672,356	\$38,194,390	\$1,750,683,874
	Enrollment	Indeterminate	463,280			463,280
SFY 2014-2015	State Cost	Indeterminate	\$0	\$0	\$0	\$0
	Total Cost	Indeterminate	\$2,729,084,478	\$424,836,178	\$54,422,111	\$3,208,342,767
	Enrollment	Indeterminate	735,756			735,756
SFY 2015-2016	State Cost	Indeterminate	\$0			\$0
	Total Cost	Indeterminate	\$3,129,819,761			\$3,129,819,761
	Enrollment	Indeterminate	845,312			845,312
SFY 2016-2017	State Cost	Indeterminate	\$79,156,477			\$79,156,477
	Total Cost	Indeterminate	\$3,166,259,048			\$3,166,259,048
	Enrollment	Indeterminate	854,939			854,939
SFY 2017-2018	State Cost	Indeterminate	\$176,141,641			\$176,141,641
	Total Cost	Indeterminate	\$3,202,575,286			\$3,202,575,286
	Enrollment	Indeterminate	864,534			864,534

Adopted Impact Affordable Care Act: Existing & Optional Programs

		<i>Total: Impact of Enrollment and FMAP Changes to Title XIX and Title XXI (EXISTING PROGRAM)</i>	<i>Total: Impact of Enrollment and FMAP Changes to Title XIX and Title XXI (OPTIONAL PROGRAM)</i>	<i>Total: Impact of Increased Rates for Primary Care Practitioners (EXISTING PROGRAM)</i>	<i>Total: Impact of Increased Rates for Primary Care Practitioners (OPTIONAL PROGRAM)</i>	<u><i>Grand Total All Elements</i></u>
SFY 2018-2019	State Cost	Indeterminate	\$210,484,315			\$210,484,315
	Total Cost	Indeterminate	\$3,238,220,229			\$3,238,220,229
	Enrollment	Indeterminate	873,952			873,952
SFY 2019-2020	State Cost	Indeterminate	\$278,233,560			\$278,233,560
	Total Cost	Indeterminate	\$3,273,335,997			\$3,273,335,997
	Enrollment	Indeterminate	883,230			883,230
SFY 2020-2021	State Cost	Indeterminate	\$330,800,711			\$330,800,711
	Total Cost	Indeterminate	\$3,308,007,113			\$3,308,007,113
	Enrollment	Indeterminate	892,390			892,390
SFY 2021-2022	State Cost	Indeterminate	\$334,219,337			\$334,219,337
	Total Cost	Indeterminate	\$3,342,193,378			\$3,342,193,378
	Enrollment	Indeterminate	901,422			901,422
SFY 2022-2023	State Cost	Indeterminate	\$337,588,564			\$337,588,564
	Total Cost	Indeterminate	\$3,375,885,641			\$3,375,885,641
	Enrollment	Indeterminate	910,324			910,324

Adopted Impact

Cost Components: Existing & Optional Programs

<u>Enrollment and Enhanced Federal Matching Rate</u>		Title XIX: Eligible but not enrolled (EXISTING PROGRAM)	CHIP: Eligible but not enrolled 139-200% FPL (EXISTING PROGRAM)	Savings CHIP: Enhanced FMAP between 139-200% FPL (EXISTING PROGRAM)	Title XIX: Expansion to 138% FPL (OPTIONAL PROGRAM)	Title XIX: "Crowd Out" (OPTIONAL PROGRAM)	Title XIX: Under 138% FPL in CHIP program move to Title XIX (OPTIONAL PROGRAM)	Savings CHIP : Under 138% FPL in CHIP move to Title XIX (OPTIONAL PROGRAM)	Total:
SFY 2013-14	FMAP	Indeterminate	Indeterminate	Indeterminate	100%	100%	71.00%	71.00%	
	State Cost	Indeterminate	Indeterminate	Indeterminate	\$0	\$0	\$16,276,624	(\$16,276,624)	\$0
	Total Cost	Indeterminate	Indeterminate	Indeterminate	\$751,369,364	\$111,447,764	\$56,121,451	(\$56,121,451)	\$862,817,128
	Enrollment	Indeterminate	Indeterminate	Indeterminate	397,030	66,250	64,753	-64,753	463,280
SFY 2014-15	FMAP	Indeterminate	Indeterminate	Indeterminate	100%	100%	71.34%	71.34%	
	State Cost	Indeterminate	Indeterminate	Indeterminate	\$0	\$0	\$32,343,901	(\$32,343,901)	\$0
	Total Cost	Indeterminate	Indeterminate	Indeterminate	\$2,283,290,057	\$445,794,421	\$112,834,123	(\$112,834,123)	\$2,729,084,478
	Enrollment	Indeterminate	Indeterminate	Indeterminate	603,255	132,501	65,094	-65,094	735,756
SFY 2015-16	FMAP	Indeterminate	Indeterminate	Indeterminate	100%	100%	71.55%	71.55%	
	State Cost	Indeterminate	Indeterminate	Indeterminate	\$0	\$0	\$33,115,134	(\$33,115,134)	\$0
	Total Cost	Indeterminate	Indeterminate	Indeterminate	\$2,572,577,576	\$557,242,185	\$116,377,205	(\$116,377,205)	\$3,129,819,761
	Enrollment	Indeterminate	Indeterminate	Indeterminate	679,686	165,626	67,138	-67,138	845,312
SFY 2016-17	FMAP	Indeterminate	Indeterminate	Indeterminate	97.50%	97.50%	71.55%	71.55%	
	State Cost	Indeterminate	Indeterminate	Indeterminate	\$65,225,422	\$13,931,055	\$34,221,539	(\$34,221,539)	\$79,156,477
	Total Cost	Indeterminate	Indeterminate	Indeterminate	\$2,609,016,863	\$557,242,185	\$120,265,470	(\$120,265,470)	\$3,166,259,048
	Enrollment	Indeterminate	Indeterminate	Indeterminate	689,313	165,626	69,381	-69,381	854,939
SFY 2017-18	FMAP	Indeterminate	Indeterminate	Indeterminate	94.50%	94.50%	71.55%	71.55%	
	State Cost	Indeterminate	Indeterminate	Indeterminate	\$145,493,321	\$30,648,320	\$35,418,028	(\$35,418,028)	\$176,141,641
	Total Cost	Indeterminate	Indeterminate	Indeterminate	\$2,645,333,101	\$557,242,185	\$124,470,316	(\$124,470,316)	\$3,202,575,286
	Enrollment	Indeterminate	Indeterminate	Indeterminate	698,908	165,626	71,807	-71,807	864,534

Adopted Impact Cost Components: Existing & Optional Programs

<u>Enrollment and Enhanced Federal Matching Rate</u>		Title XIX: Eligible but not enrolled (EXISTING PROGRAM)	CHIP: Eligible but not enrolled 139-200% FPL (EXISTING PROGRAM)	Savings CHIP: Enhanced FMAP between 139-200% FPL (EXISTING PROGRAM)	Title XIX: Expansion to 138% FPL (OPTIONAL PROGRAM)	Title XIX: "Crowd Out" (OPTIONAL PROGRAM)	Title XIX: Under 138% FPL in CHIP program move to Title XIX (OPTIONAL PROGRAM)	Savings CHIP : Under 138% FPL in CHIP move to Title XIX (OPTIONAL PROGRAM)	Total:
SFY 2018-19	FMAP	Indeterminate	Indeterminate	Indeterminate	93.50%	93.50%	71.55%	71.55%	
	State Cost	Indeterminate	Indeterminate	Indeterminate	\$174,263,573	\$36,220,742	\$36,657,091	(\$36,657,091)	\$210,484,315
	Total Cost	Indeterminate	Indeterminate	Indeterminate	\$2,680,978,044	\$557,242,185	\$128,824,781	(\$128,824,781)	\$3,238,220,229
	Enrollment	Indeterminate	Indeterminate	Indeterminate	708,326	165,626	74,319	-74,319	873,952
SFY 2019-20	FMAP	Indeterminate	Indeterminate	Indeterminate	91.50%	91.50%	71.55%	71.55%	
	State Cost	Indeterminate	Indeterminate	Indeterminate	\$230,867,974	\$47,365,586	\$37,940,260	(\$37,940,260)	\$278,233,560
	Total Cost	Indeterminate	Indeterminate	Indeterminate	\$2,716,093,812	\$557,242,185	\$133,334,248	(\$133,334,248)	\$3,273,335,997
	Enrollment	Indeterminate	Indeterminate	Indeterminate	717,604	165,626	76,921	-76,921	883,230
SFY 2020-21	FMAP	Indeterminate	Indeterminate	Indeterminate	90.00%	90.00%	71.55%	71.55%	
	State Cost	Indeterminate	Indeterminate	Indeterminate	\$275,076,493	\$55,724,218	\$39,269,122	(\$39,269,122)	\$330,800,711
	Total Cost	Indeterminate	Indeterminate	Indeterminate	\$2,750,764,928	\$557,242,185	\$138,004,294	(\$138,004,294)	\$3,308,007,113
	Enrollment	Indeterminate	Indeterminate	Indeterminate	726,764	165,626	79,615	-79,615	892,390
SFY 2021-22	FMAP	Indeterminate	Indeterminate	Indeterminate	90.00%	90.00%	71.55%	71.55%	
	State Cost	Indeterminate	Indeterminate	Indeterminate	\$278,495,119	\$55,724,218	\$40,645,321	(\$40,645,321)	\$334,219,337
	Total Cost	Indeterminate	Indeterminate	Indeterminate	\$2,784,951,193	\$557,242,185	\$142,840,700	(\$142,840,700)	\$3,342,193,378
	Enrollment	Indeterminate	Indeterminate	Indeterminate	735,796	165,626	82,405	-82,405	901,422
SFY 2022-23	FMAP	Indeterminate	Indeterminate	Indeterminate	90.00%	90.00%	71.55%	71.55%	
	State Cost	Indeterminate	Indeterminate	Indeterminate	\$281,864,346	\$55,724,218	\$42,070,562	(\$42,070,562)	\$337,588,564
	Total Cost	Indeterminate	Indeterminate	Indeterminate	\$2,818,643,456	\$557,242,185	\$147,849,454	(\$147,849,454)	\$3,375,885,641
	Enrollment	Indeterminate	Indeterminate	Indeterminate	744,698	165,626	85,294	-85,294	910,324

Next Steps

- A conference is scheduled for March 1st to update the estimates for the Affordable Care Act. Among other things, the revisions will address:
 - A new PUMs dataset that has been released for 2009-11—it drops out the first year and adds a more recent year.
 - The Medicaid “woodworking” group is smaller (245,221 in the prior version; 221,218 in the new 2011 version).
 - The Medicaid “expansion” group is larger (801,749 in the prior version; 878,419 in the new 2011 version).
 - Continuing work to determine if reasonable “woodworking” effects can be quantified by fiscal year.
 - An administrative cost associated with the Primary Care Practitioner Fee Increase that has not been previously included in the estimates. It will require some state funds.
 - An annual Health Insurance Tax (HIT) imposed on Medicaid Managed Care rates.
 - Recent Caseload and Expenditure forecasts for Medicaid and KidCare.