

# Impact of Medicaid Expansion 2015

## Part 1: Simple Expansion

*(does not address the specifics of any proposed legislation)*

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Presented by:



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# Medicaid Base Population...

<b>Total Population</b>	<b>2009-11 ACS PUMS</b>	<b>2011-13 ACS PUMS</b>
<b>Florida Resident</b>		
Population	18,849,600	19,319,031
Insured	14,808,869	15,326,577
Medicaid, etc.**	2,947,715	3,342,015
Other health insurance	11,861,154	11,984,562
Uninsured	4,040,731	3,992,454
<b>Florida Resident Citizens*</b>		
Population	16,986,587	17,493,281
Insured	13,977,342	14,493,194
Medicaid, etc.**	2,770,954	3,139,393
Other health insurance	11,206,388	11,353,801
Uninsured	3,009,245	3,000,087

\* Excludes individuals who are not a citizen of the US, inclusive of legal and illegal residents

\*\*Medicaid, etc. = Medicaid, medical assistance, or any kind of government-assistance plan for those with low incomes or a disability

Source: US Census Bureau, American Community Survey, Public Use Microdata Sample (ACS PUMS)

While the 2011-13 ACS PUMS data represents a later period than the earlier EDR analysis, it would still reflect coverage prior to the Affordable Care Act (ACA) Exchange activities.

# Medicaid Expansion Base Population...

Medicaid Expansion Base Population	Using Same Assumptions as EDR's March 4, 2013 Analysis		Difference between 2011-13 and 2009-2011 ACS PUMS using EDR's March 4, 2013 Assumptions (C)=(B)-(A)	Using New Thresholds	Difference between 2011-13 ACS PUMS using both the New Thresholds and EDR's March 4, 2013 Assumptions (E)=(D)-(B)
	2009-11 ACS PUMS (A)	2011-13 ACS PUMS (B)		2011-13 ACS PUMS (D)	
Group					
Infants	0	0	0	Already Covered	0
Children Aged 1-5	2,546	1,807	-739		-1,807
Children Aged 6-18	56,254	68,278	12,024		-68,278
Aged 19-20	50,717	49,892	-825	48,269	-1,623
Pregnant Women	0	0	0	0	0
SSI	901	1,000	99	968	-32
Parents	193,206	187,972	-5,234	179,297	-8,675
Childless Adults	574,795	631,490	56,695	608,022	-23,468
<b>Total</b>	<b>878,419</b>	<b>940,439</b>	<b>62,020</b>	<b>836,556</b>	<b>-103,883</b>

## Assumptions

Expansion Level  
Ages 19-20  
Parents

## EDR March 4, 2013 Analysis

Less than 138% FPL  
Less than 22% FPL  
Less than 22% FPL

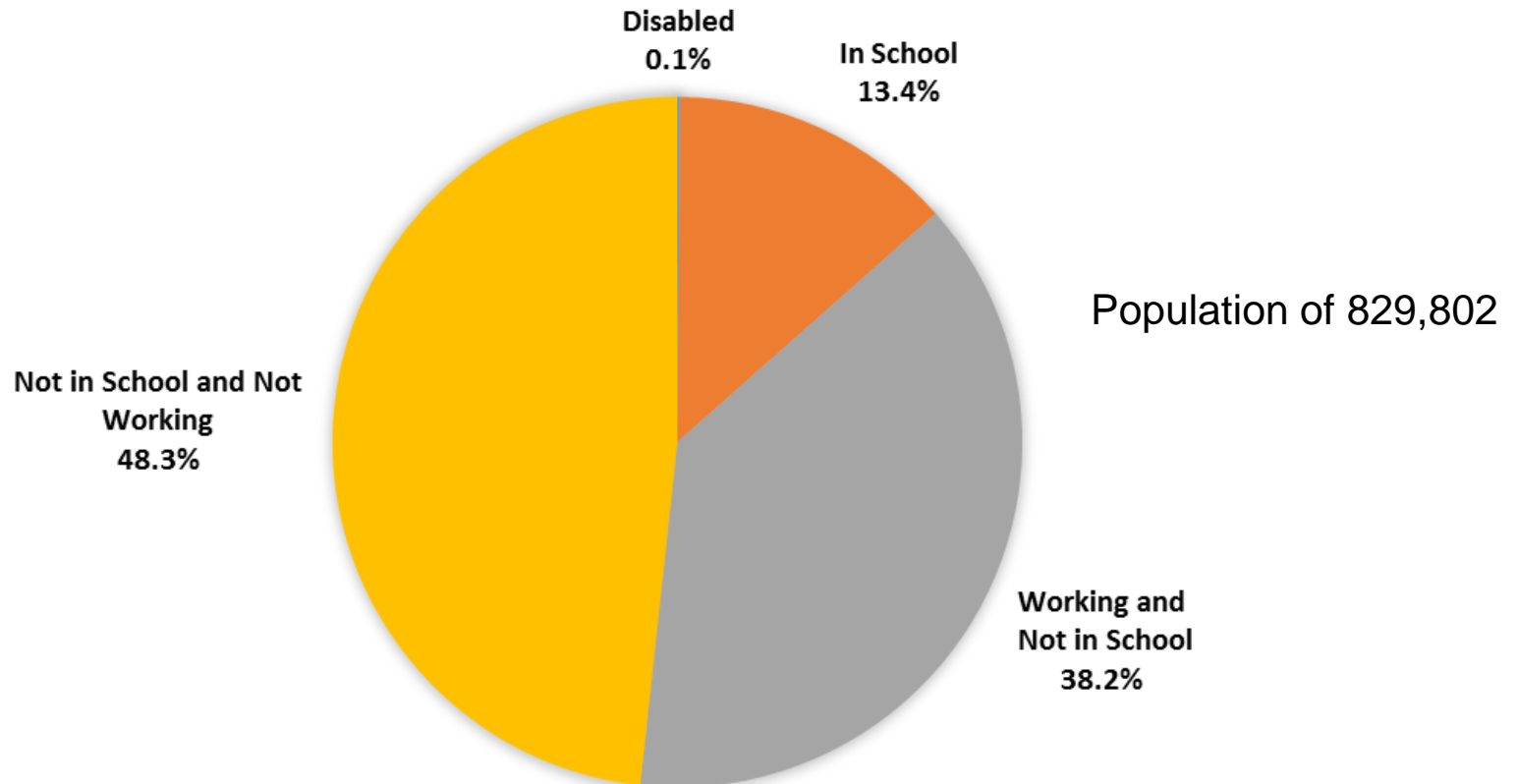
## EDR March 24, 2015 Analysis

Less than 133% FPL  
Less than 18% FPL  
Less than 18% FPL

The 2011-13 Medicaid Expansion base population of 836,556 was further screened to exclude persons aged 65 or older, resulting in a new base population of 829,802.

# Characteristics of the Expansion Base Population...

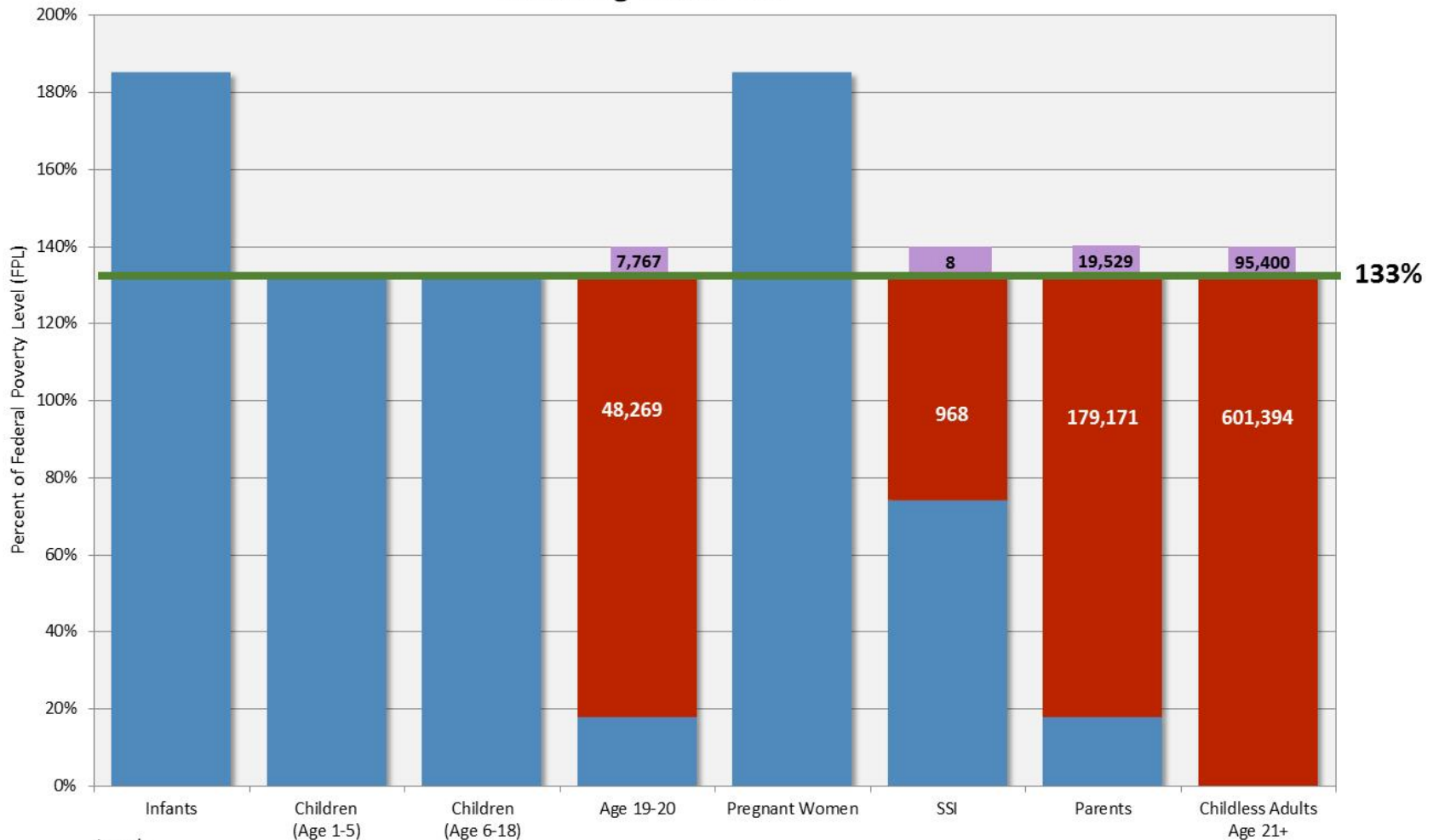
## Medicaid Expansion Base Population Excluding Persons Aged 65 and Over



# Crowd Out Population...

- The crowd out population is individuals who are only paying for private health insurance today and who would qualify for Medicaid coverage under expansion.
- Using the 2011-13 ACS PUMS data, there were 122,704 individuals who would be classified as crowd out population.

## Medicaid Expansion Base Population Excluding those Aged 65 and Over Including Crowd Out



**Legend:**

Blue Bars: Medicaid enrolled

Red Bars with White Labels: Newly eligible

Purple Box with Black Labels: Crowd Out related to expansion

Green Line: 133% Federal Poverty Level

Source: U.S. Census Bureau, 2011-13 3-year American Community Survey Public Use Microdata Sample

# Medicaid Base Expansion Population and Likely Presenters...

- Crowd out Population:
  - The analysis assumes that 100% of the crowd out population would present because they have insurance today.
- Medicaid Expansion Base Population:
  - A take-up rate of 85.8% was applied to the Medicaid Expansion population, derived from the health insurance participation rate of today's Medicaid eligible population.
- The total number of likely presenters is 834,674. This number is subsequently adjusted for population growth.

	2009-11 ACS PUMS		2011-13 ACS PUMS		2011-13 ACS PUMS Excluding Persons Aged 65 and Over	
<b>Medicaid Expansion Base Population</b>	878,419		836,556		829,802	
<b>Likely Presenters</b>	<b>Population</b>	<b>Take-up Rate</b>	<b>Population</b>	<b>Take-up Rate</b>	<b>Population</b>	<b>Take-up Rate</b>
CHIP "Woodworking Shift"	14,700	25.0%	<b>Already Covered</b>		<b>Already Covered</b>	
Uninsured Presenters	653,236	79.7%	717,765	85.8%	711,970	85.8%
Crowd Out	131,791	100.0%	125,225	100.0%	122,704	100.0%
<b>Total</b>	<b>799,727</b>		<b>842,990</b>		<b>834,674</b>	

2009-11 analysis shows CHIP "Woodworking Shift" which is only applicable to Children Aged 1-5 and 6-18

# Expansion Expenditures with Caseload... (New Participants in Medicaid)

	FY 15-16	FY 16-17	FY 17-18	FY 18-19	FY19-20
Uninsured Presenters	742,677	753,446	764,167	774,835	785,423
Total expenditures	\$2,872,367,920	\$3,004,377,283	\$3,132,873,391	\$3,266,016,165	\$3,403,809,912
Crowd Out	122,704	122,704	122,704	122,704	122,704
Total expenditures	\$472,569,192	\$487,221,758	\$500,933,418	\$515,030,960	\$529,525,241
Total	865,381	876,150	886,871	897,539	908,127
Total expenditures	\$3,344,937,112	\$3,491,599,041	\$3,633,806,809	\$3,781,047,125	\$3,933,335,153
Expansion FMAP	100%	97.50%	94.50%	93.50%	91.50%
Federal Expenditures	\$3,344,937,112	\$3,404,309,065	\$3,433,947,435	\$3,535,279,062	\$3,599,001,665
<b>State Expenditures</b>	<b>\$0</b>	<b>\$87,289,976</b>	<b>\$199,859,374</b>	<b>\$245,768,063</b>	<b>\$334,333,488</b>



# Medically Needy...

- Non-pregnant adults aged 19-64 under 133% FPL would automatically transition from the Medically Needy Program to Medicaid Expansion.
- Because this is a shift from one Medicaid Program to another, there would be no change to the overall Medicaid caseload.
- Transition of these individuals would result in state savings due to the different federal participation matching rates.

# Medically Needy Expenditures and Savings with Caseload...

	FY15-16	FY16-17	FY17-18	FY18-19	FY19-20
Caseload	25,964	25,886	25,808	25,731	25,653
Per Capita Expenditures	\$23,157	\$23,273	\$23,389	\$23,506	\$23,624
Total Expenditures	\$601,244,252	\$602,437,722	\$603,633,560	\$604,831,773	\$606,032,364
Non-expansion Medically Needy FMAP	60.51%	61.17%	61.33%	61.50%	61.74%
Non-expansion Federal Expenditures	\$363,812,897	\$368,511,154	\$370,208,463	\$371,971,540	\$374,164,382
Non-expansion State Expenditures	\$237,431,355	\$233,926,568	\$233,425,097	\$232,860,233	\$231,867,982
Expansion FMAP	100.0%	97.5%	94.5%	93.5%	91.5%
Expansion Federal Expenditures	\$601,244,252	\$587,376,779	\$570,433,715	\$565,517,708	\$554,519,613
Expansion State Expenditures	\$0	\$15,060,943	\$33,199,845	\$39,314,065	\$51,512,751
<b>Expansion State Savings</b>	<b>\$237,431,355</b>	<b>\$218,865,625</b>	<b>\$200,225,252</b>	<b>\$193,546,168</b>	<b>\$180,355,231</b>

# Substance Abuse and Mental Health Treatment from DCF...

- Non-pregnant clients aged 19-64 under 133% FPL would automatically transition from state supported substance abuse and mental health program services to eligible Medicaid services under Medicaid Expansion.
- Much of the Department of Children and Families' behavioral health funding comes from the federal government in the form of block grants. For FY 2013-14:
  - The Substance Abuse Prevention and Treatment block grant represented approximately \$100 million.
  - The Community Mental Health block grant was approximately \$29 million.
- These grants require maintenance of effort (MOE) funding from the state based on a rolling two-year average.

# Substance Abuse and Mental Health MOE...

- Community Mental Health Block Grant:
  - For FY 2014-15 the state MOE is \$73 million.
  - State dollars spent at other agencies can count towards DCF's MOE for the block grant.
- Substance Abuse Prevention and Treatment Block Grant:
  - For FY 2014-15 the state MOE is \$96 million.
  - State dollars spent at other agencies cannot count towards DCF's MOE for the block grant. Only dollars that flow through DCF can count.
  - For the past several years the Department has fallen short of the MOE (\$4-14 Million). The Department has had to request a waiver from the federal government in order to keep the block grant.
- Freed MOE dollars will have to be used for wraparound services not covered by Medicaid and new or additional services not offered by the state today. For the purposes of this analysis, no state savings are assumed.

# Agency for Persons with Disabilities...

- Non-pregnant adults aged 19-64 under 133% FPL would automatically transition from the waitlist for the Developmental Disabilities Home and Community-Based Services Waiver to Medicaid Expansion.
- The Agency for Persons with Disabilities (APD) does not have current income information on waitlist clients. When a waiver slot becomes available, individuals on the waitlist go through a determination process to confirm eligibility for the waiver. At that time, income information is obtained.
- In a preliminary analysis, APD compiled data on FY 2012-13 expenditures for Individual and Family Supports (IFS) services provided to waitlist members, and classified those services as those that are covered under the Medicaid State Plan and those that are not. Services that were classified as potentially Medicaid covered include transportation, supplies and equipment, and home assistance.
- An analysis prepared several years ago was based on an assumption of Medicaid coverage up to 138% FPL.

# Agency for Persons with Disabilities...

## (A) Current Law and Current Administration

SFY 2012-2013	Unique IFS	Total IFS	Medicaid	Not Medicaid	Annual Expenditure per User	
	Service Users <sup>1</sup>	Expenditures	Covered <sup>2</sup>	Covered	Covered	Not Covered
<b>Under Age 21</b>	878	\$1,022,223	\$483,755	\$538,468	\$550.97	\$613.29
<b>Ages 21 - 64</b>	1,341	\$4,480,695	\$1,172,418	\$3,308,277	\$874.29	\$2,467.02
<b>Ages 65 and Older</b>	45	\$314,854	\$33,981	\$280,872	\$755.14	\$6,241.61
<b>Total</b>	<b>2,264</b>	<b>\$5,817,772</b>	<b>\$1,690,154</b>	<b>\$4,127,618</b>	<b>\$746.53</b>	<b>\$1,823.15</b>

<sup>1</sup>Data consists of non-waiver clients who are currently not Medicaid eligible

<sup>2</sup>Determination based on high-level review only. More definitive results would require more extensive analysis of specific services and provider types.

## (B) Expand Medicaid to 138% FPL and Provide Services through Medicaid

	Low (50%)	High (75%)	Upper Bound (100%)
Population Shifting to Medicaid	1,110	1,664	2,219
Annual Expenditure per Client	\$746.36	\$746.36	\$746.36
Expenditures shifting to Medicaid	\$828,086	\$1,242,130	\$1,656,173

For the purposes of this analysis, no state savings are assumed.

# Department of Corrections...

- The state inmate population is not included in the Medicaid Expansion population because their inclusion would require additional actions by the Legislature and federal approval.
- Currently, inmate health care services under the Department of Corrections are paid for with state General Revenue Funds.
- While there is federal authorization for Medicaid to cover inpatient hospital services provided to eligible inmates in non-correctional inpatient hospital settings, the federal option has not been exercised in Florida.
- Implementation of this issue would require administrative issues to be addressed:
  - Overlay with current contracts for privatized health care services for the DOC population, and
  - Administrative process for eligibility determination among AHCA, DOC, DCF, and the private companies involved in inmate health care.
- An analysis prepared several years ago was based on an assumption of Medicaid coverage up to 138% FPL.

# Department of Corrections...

## (A) Current Law and Current Administration

	October 2013 Caseload	Assumed Income Distribution*		Annual Inpatient & Related Physician Expenditures (5 year average)	
		Below 138%FPL	Above 138%FPL		
Non Pregnant adults < 21	2,979	2,830	149	General Revenue	\$65,084,627
Non Pregnant adults 21-64	95,758	90,970	4,788	Annual Days	15,808
Pregnant Women	29	28	1	Cost per Day	\$4,117
Adults 65+	2,358	2,240	118	Annual Exp per Inmate	\$644
<b>Total</b>	<b>101,124</b>	<b>96,068</b>	<b>5,056</b>		

Potentially Eligible for Medicaid Expansion

\*The Department of Corrections does not have information on inmate income status prior to incarceration. For purposes of this cost savings analysis, DOC has made the assumption that 95% of the inmate population meets the 138% FPL eligibility requirement.

## (B) Expand Medicaid to 138% FPL and Provide Inmate Hospital Inpatient Services through Medicaid

Population Shifting to Medicaid	93,828
Annual Expenditure per Inmate	\$643.61
DOC Expenditures shifting to Medicaid	<u>\$60,388,640</u> General Revenue



# Medicaid Expansion Cost Summary...

	FY 15-16	FY 16-17	FY 17-18	FY 18-19	FY19-20
<b>Total caseload</b>	<b>891,345</b>	<b>902,036</b>	<b>912,679</b>	<b>923,270</b>	<b>933,780</b>
Uninsured Presenters and Crowd Out	865,381	876,150	886,871	897,539	908,127
Medically Needy	25,964	25,886	25,808	25,731	25,653
<b>Total expenditures (millions)</b>	<b>\$3,946.1</b>	<b>\$4,094.0</b>	<b>\$4,237.4</b>	<b>\$4,385.8</b>	<b>\$4,539.3</b>
Uninsured Presenters and Crowd Out	\$3,344.9	\$3,491.6	\$3,633.8	\$3,781.0	\$3,933.3
Medically Needy	\$601.2	\$602.4	\$603.6	\$604.8	\$606.0
<b>State Expenditures (millions)</b>	<b>\$0</b>	<b>\$102.4</b>	<b>\$233.1</b>	<b>\$285.1</b>	<b>\$385.8</b>
<b>State Expenditures per capita (dollars)</b>	<b>\$0</b>	<b>\$113</b>	<b>\$255</b>	<b>\$309</b>	<b>\$413</b>

This chart reflects the costs (state and federal) directly associated with the Expansion Program and does not include the savings generated from the Medically Needy Program.

# Insurance Premium Tax: Affordable Care Act Adjustment...

- The current revenue forecast assumes 1.44 million individuals are induced by the Affordable Care Act to obtain private insurance that is subject to the Insurance Premium Tax in the 2015 calendar year.
- This analysis assumes that 234,284 of the 1.44 million individuals would qualify for and move to Medicaid under Expansion in lieu of seeking private insurance. This number grows and is included within the uninsured presenters.
- By enacting Medicaid Expansion, the premiums and tax collections from the underlying Insurance Premium Tax forecast associated with these individuals would be removed.

# Insurance Premium Tax: Crowd Out Adjustment...

- 122,704 persons currently have private individual insurance and would qualify for Medicaid under Expansion.
- This analysis assumes this cohort of 122,704 would forgo private insurance for Medicaid, removing them from the current pool of privately insured.
- By enacting Medicaid Expansion, the premiums and tax collections from the underlying Insurance Premium Tax forecast associated with the 122,704 would be removed.

# Medicaid Expansion Revenue Summary: Insurance Premium Tax...

## Insurance Premium Tax Collections

	2015-16	2016-17	2017-18	2018-19	2019-20
March 2015 GR Estimating Conference Insurance Premium Tax ACA Baseline	\$55,236,517	\$46,126,417	\$50,153,552	\$52,159,694	\$54,246,081
Newly Insured Impact	(\$7,226,394)	(\$6,187,003)	(\$6,570,490)	(\$6,807,356)	(\$7,108,618)
Existing Insured Crowd Out Impact	(\$1,722,352)	(\$1,777,489)	(\$1,831,001)	(\$1,885,844)	(\$1,942,432)
Total Cash Impact	(\$8,948,746)	(\$7,964,492)	(\$8,401,492)	(\$8,693,199)	(\$9,051,049)
New Insurance Premium Tax ACA Baseline	\$46,287,771	\$38,161,925	\$41,752,060	\$43,466,495	\$45,195,032

# Overall Fiscal Impact...

Expansion Program	2015-16		2016-17		2017-18		2018-19		2019-20	
	Caseload	State \$\$\$	Caseload	State \$\$\$	Caseload	State \$\$\$	Caseload	State \$\$\$	Caseload	State \$\$\$
<i>Uninsured Presenters (new)*</i>	742,677	-	753,446	(75.1)	764,167	(172.3)	774,835	(212.3)	785,423	(289.3)
<i>Crowd-Out (new)</i>	122,704	-	122,704	(12.2)	122,704	(27.6)	122,704	(33.5)	122,704	(45.0)
<i>Medically Needy Shift (net)**</i>	-	237.4	-	218.9	-	200.2	-	193.5	-	180.4
<i>Medicaid Subtotal</i>	865,381	237.4	876,150	131.6	886,871	0.3	897,539	-52.3	908,127	-153.9
<i>Insurance Premium Revenue Adj.</i>	-	(8.9)	-	(8.0)	-	(8.4)	-	(8.7)	-	(9.1)
<b>Total</b>	865,381	228.5	876,150	123.6	886,871	(8.1)	897,539	(61.0)	908,127	(163.0)

Note: Dollars in Millions; Positive Total = Surplus; Negative Total = Shortfall

\*Includes qualifying persons on the waitlist for the APD Developmental Services Waiver and service recipients in the DCF Substance Abuse and Mental Health Program.

\*\*Assumes approximately 26,000 non-pregnant adults aged 19-64 shift from the Medically Needy Program to the Expansion Program, with no other changes.

Shifted Medically Needy	25,964	25,886	25,808	25,731	25,653
Expansion Program Count	891,345	902,036	912,679	923,270	933,780