
Medicaid Expansion and the ACA: A Fiscal Check-Up

*The Civic Federation & Federal Reserve Bank of Chicago
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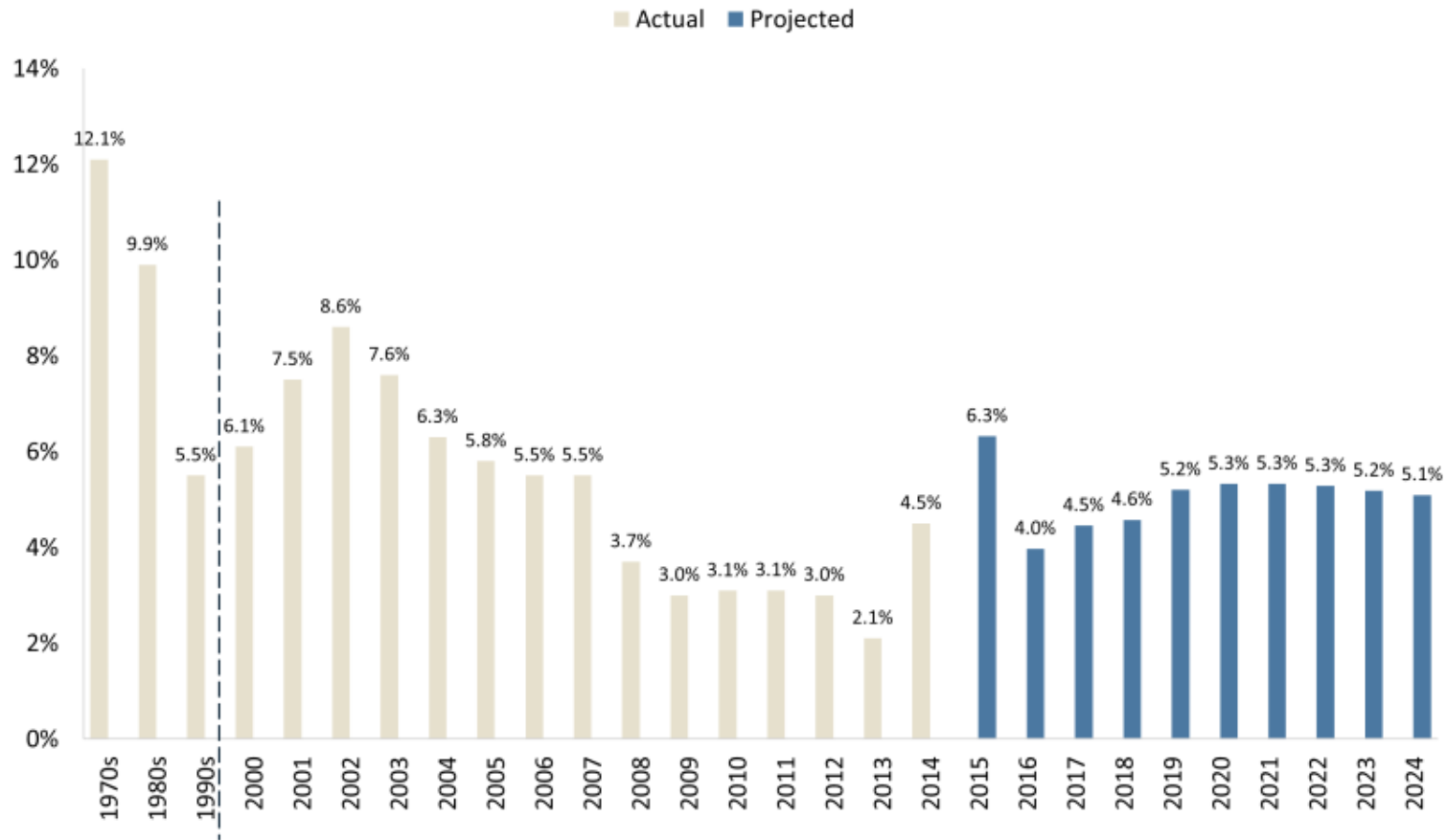


Cost & Coverage Post-ACA

- Lowest Uninsured Rate – 10.4%
- Coverage Gains – 20.M via ACA
 - 31 States & DC Expand Medicaid
- Coverage Gap
 - < 138% FPL (54%)
 - Most in Family with Worker
 - Ineligible Immigrants
- Costs/Slowed But . . . ?
 - 3.6% (2013)
 - 5.6% (2014)
 - 6.0% (2015-23)
 - {1.1% Faster than GDP}

Projected Health Spending Growth

Average annual growth rate of health spending per capita for 1970's – 1990's;
Annual change in actual health spending per capita 2000 – 2014 and projected health spending per capita (2015 – 2024)



How Much is Health Spending Expected to grow? The Henry J Kaiser Family Foundation. Accessed March 21, 2016 at <http://kff.org/slideshow/how-much-is-health-spending-expected-to-grow/>

Historical & Projected National Health Expenditures by Payer, 1970-2024

EXHIBIT 12. Historical and Projected National Health Expenditures by Payer for Selected Years, 1970–2024

Calendar year	Total (billions)	Payer amount (billions) and share of total											
		Medicaid and CHIP		Medicare		Private insurance		Other health insurance ¹		Other third party payers ²		Out of pocket	
Historical													
1970	\$75	\$5	7.1%	\$8	10.2%	\$15	20.6%	\$3	4.4%	\$18	24.2%	\$25	33.4%
1975	\$134	\$13	10.1%	\$16	12.2%	\$30	22.8%	\$6	4.5%	\$30	22.5%	\$37	28.0%
1980	\$256	\$26	10.2%	\$37	14.6%	\$69	27.0%	\$10	3.8%	\$55	21.6%	\$58	22.8%
1985	\$445	\$41	9.2%	\$72	16.2%	\$131	29.5%	\$15	3.4%	\$89	20.1%	\$96	21.6%
1990	\$724	\$74	10.2%	\$110	15.2%	\$234	32.3%	\$21	3.0%	\$146	20.2%	\$139	19.1%
1995	\$1,027	\$145	14.1%	\$184	17.9%	\$327	31.8%	\$27	2.6%	\$198	19.3%	\$146	14.2%
2000	\$1,378	\$203	14.8%	\$225	16.3%	\$460	33.4%	\$33	2.4%	\$255	18.5%	\$201	14.6%
2005	\$2,035	\$317	15.6%	\$340	16.7%	\$703	34.6%	\$57	2.8%	\$351	17.2%	\$267	13.1%
2010	\$2,604	\$409	15.7%	\$520	20.0%	\$862	33.1%	\$84	3.2%	\$422	16.2%	\$306	11.8%
2011	\$2,705	\$419	15.5%	\$545	20.1%	\$899	33.2%	\$89	3.3%	\$436	16.1%	\$317	11.7%
2012	\$2,817	\$436	15.5%	\$567	20.1%	\$936	33.2%	\$90	3.2%	\$459	16.3%	\$329	11.7%
2013	\$2,919	\$463	15.9%	\$586	20.1%	\$962	32.9%	\$93	3.2%	\$477	16.3%	\$339	11.6%
Projected													
2014	\$3,080	\$517	16.8%	\$617	20.0%	\$1,020	33.1%	\$96	3.1%	\$486	15.8%	\$344	11.2%
2015	\$3,244	\$560	17.3%	\$646	19.9%	\$1,085	33.5%	\$99	3.1%	\$502	15.5%	\$351	10.8%
2016	\$3,403	\$585	17.2%	\$685	20.1%	\$1,140	33.5%	\$105	3.1%	\$527	15.5%	\$361	10.6%
2017	\$3,587	\$616	17.2%	\$728	20.3%	\$1,198	33.4%	\$112	3.1%	\$557	15.5%	\$376	10.5%
2018	\$3,785	\$650	17.2%	\$775	20.5%	\$1,258	33.2%	\$118	3.1%	\$590	15.6%	\$393	10.4%
2019	\$4,020	\$688	17.1%	\$838	20.8%	\$1,329	33.1%	\$125	3.1%	\$625	15.5%	\$415	10.3%
2020	\$4,274	\$729	17.0%	\$906	21.2%	\$1,406	32.9%	\$133	3.1%	\$662	15.5%	\$438	10.2%
2021	\$4,543	\$771	17.0%	\$977	21.5%	\$1,488	32.8%	\$142	3.1%	\$701	15.4%	\$463	10.2%
2022	\$4,825	\$816	16.9%	\$1,054	21.8%	\$1,572	32.6%	\$152	3.1%	\$742	15.4%	\$489	10.1%
2023	\$5,119	\$864	16.9%	\$1,135	22.2%	\$1,658	32.4%	\$161	3.2%	\$785	15.3%	\$515	10.1%
2024	\$5,425	\$915	16.9%	\$1,221	22.5%	\$1,746	32.2%	\$171	3.2%	\$829	15.3%	\$543	10.0%

Notes: Components may not sum to total due to rounding. Historical data were released in 2014; projected data were released in 2015.

1 U.S. Department of Defense and U.S. Department of Veterans Affairs.

2 Includes all other public and private programs and expenditures except for out-of-pocket amounts.

Medicaid as a Major Payer

Medicaid vs Medicare FY 2014

- Total Medicaid expenditures: \$475 Billion
- Total Medicare expenditures: \$ 618.7 billion
- Total Medicaid Enrollees: 64.8 Million
- Total Medicare Enrollees: 54.1 Million
- 48% of births in the United States were covered by Medicaid in 2010

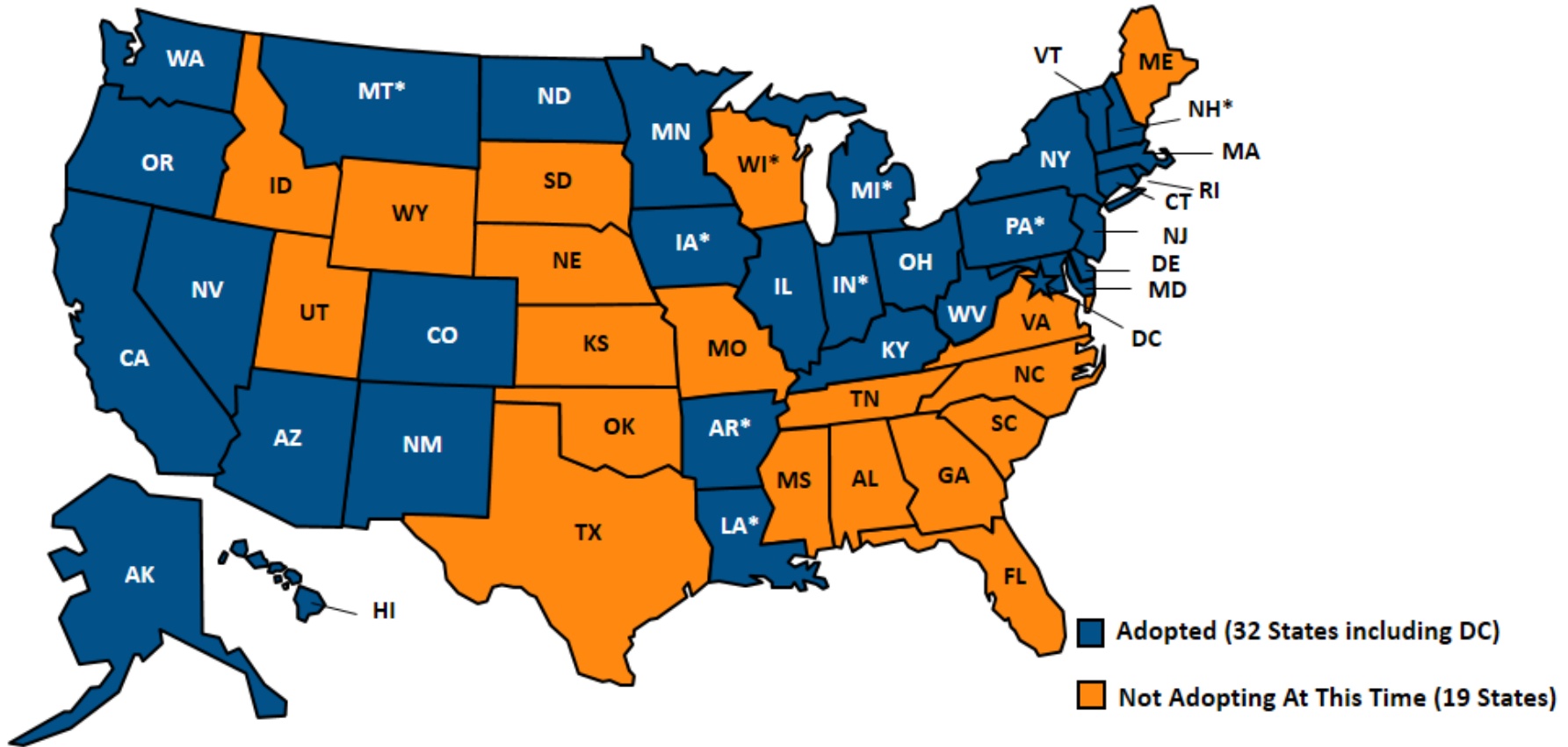
National Health Expenditures 2014 Highlights. Centers for Medicare and Medicaid Services. Accessed March 21, 2016 at <https://www.cms.gov/Research-Statistics-Data-and-Systems/Statistics-Trends-and-Reports/NationalHealthExpendData/Downloads/highlights.pdf>

Medicaid Enrollment and Total Spending Levels and Annual Growth, FYs 1966-2014. Medicaid and CHIP Payment and Access Commission. Accessed March 21, 2016 at <https://www.macpac.gov/wp-content/uploads/2015/11/EXHIBIT-10.-Medicaid-Enrollment-and-Total-Spending-Levels-and-Annual-Growth-FYs-1966%E2%80%932014.pdf>

Medicare Enrollment Dashboard. Centers for Medicare and Medicaid Services. Accessed March 21, 2015 at <https://www.cms.gov/Research-Statistics-Data-and-Systems/Statistics-Trends-and-Reports/CMSProgramStatistics/Dashboard.html>

Medicaid Covered Births, 2008 Through 2010, in the Context of the Implementation of Health Reform. *Women's Health Issues*. October 2013. Accessed March 21, 2016 at [http://www.whijournal.com/article/S1049-3867\(13\)00055-8/fulltext](http://www.whijournal.com/article/S1049-3867(13)00055-8/fulltext)

Current Status of State Medicaid Expansion Decisions

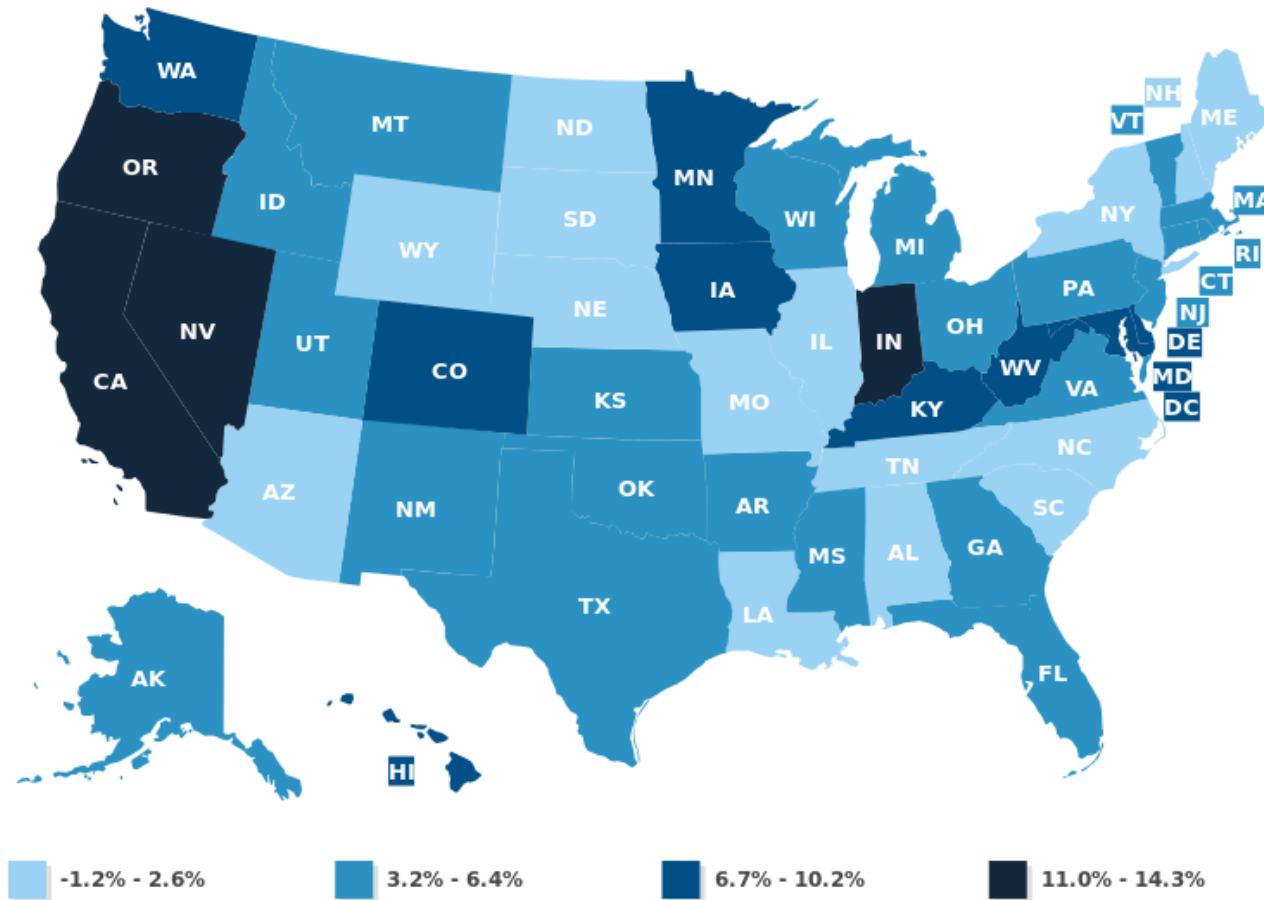


Benefits of Expansion

States expanding Medicaid see significant Budget savings and revenue increases

- Slower growth in state Medicaid spending (3.4% v 6.9%)
- Reduced state spending on uninsured
- Added revenue from insurers/provider taxes
- Decreased uncompensated care (26% v. 16%)
- Job growth in health care sector (2.4% v. 1.8%)

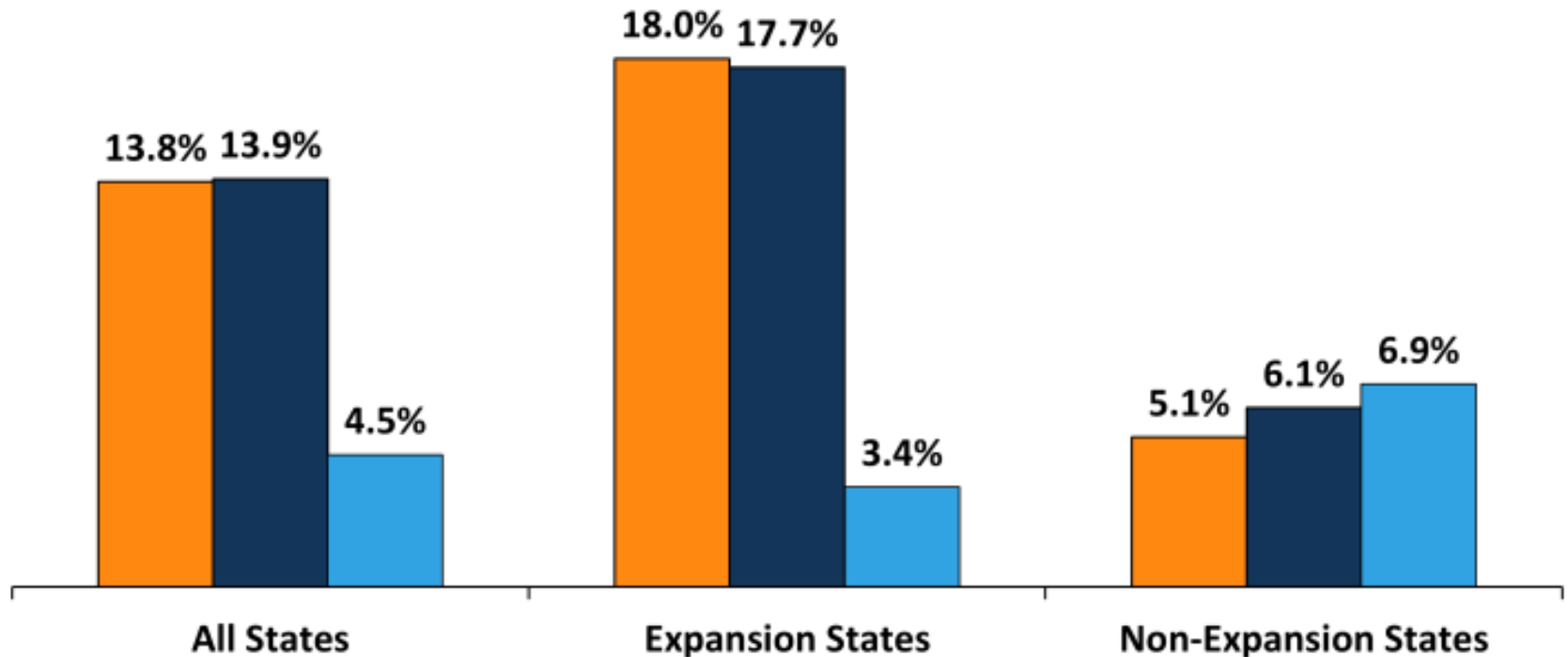
Average Annual Growth In Medicaid Spending 2010-2014



State Health Facts: Average Annual Growth in Medicaid Spending. The Henry J. Kaiser Foundation. Accessed online on March 21, 2016 at: <http://kff.org/medicaid/state-indicator/growth-in-medicaid-spending/#map>

FY 2015 enrollment and total spending growth in expansion states far exceeded non-expansion states; state spending growth was lower.

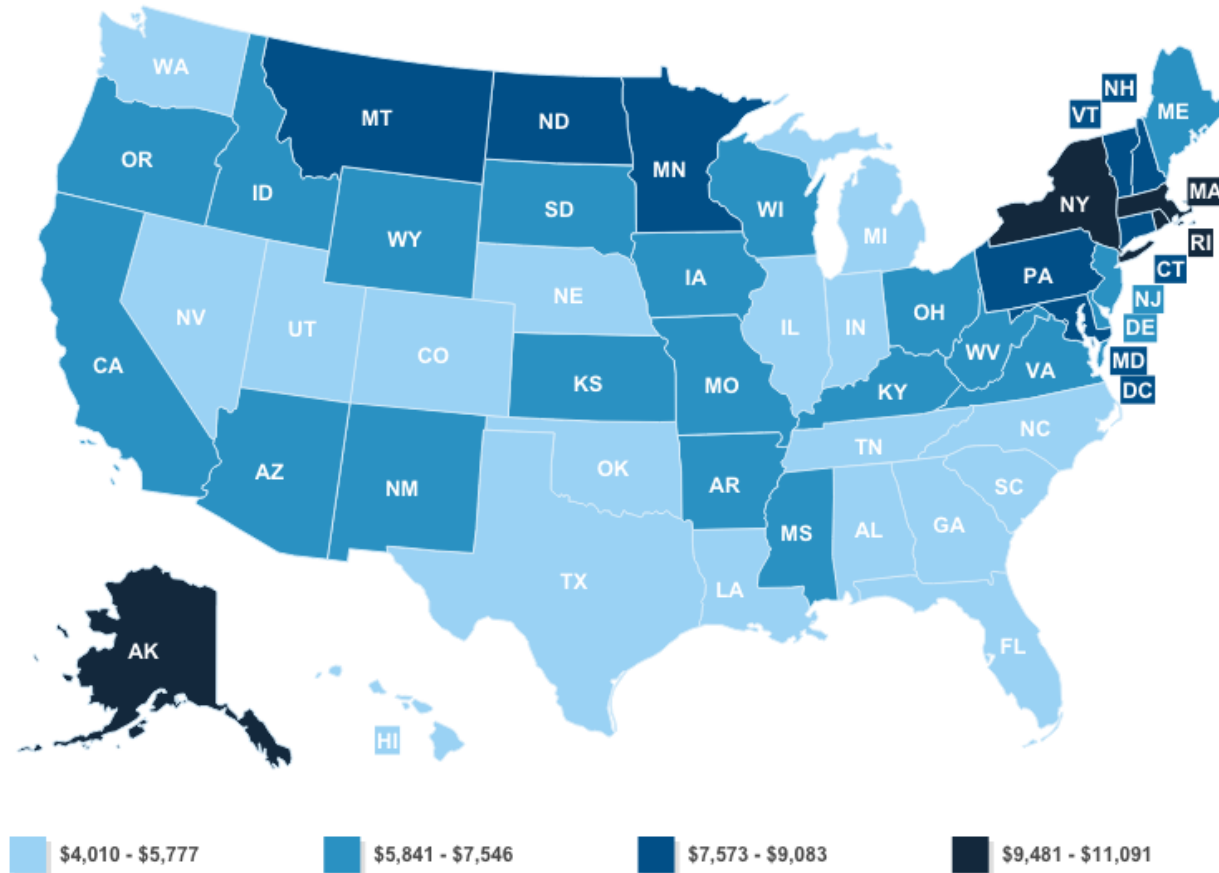
■ Medicaid Enrollment ■ Total Medicaid Spending ■ State Medicaid Spending



Medicaid Enrollment & Spending Growth: FY 2015 & 2016. The Henry J Kaiser Family Foundation. October 2015. Accessed online on March 22, 2016 at <http://kff.org/medicaid/issue-brief/medicaid-enrollment-spending-growth-fy-2015-2016/>

Medicaid Spending Per Full-Benefit Enrollee, FY 2011

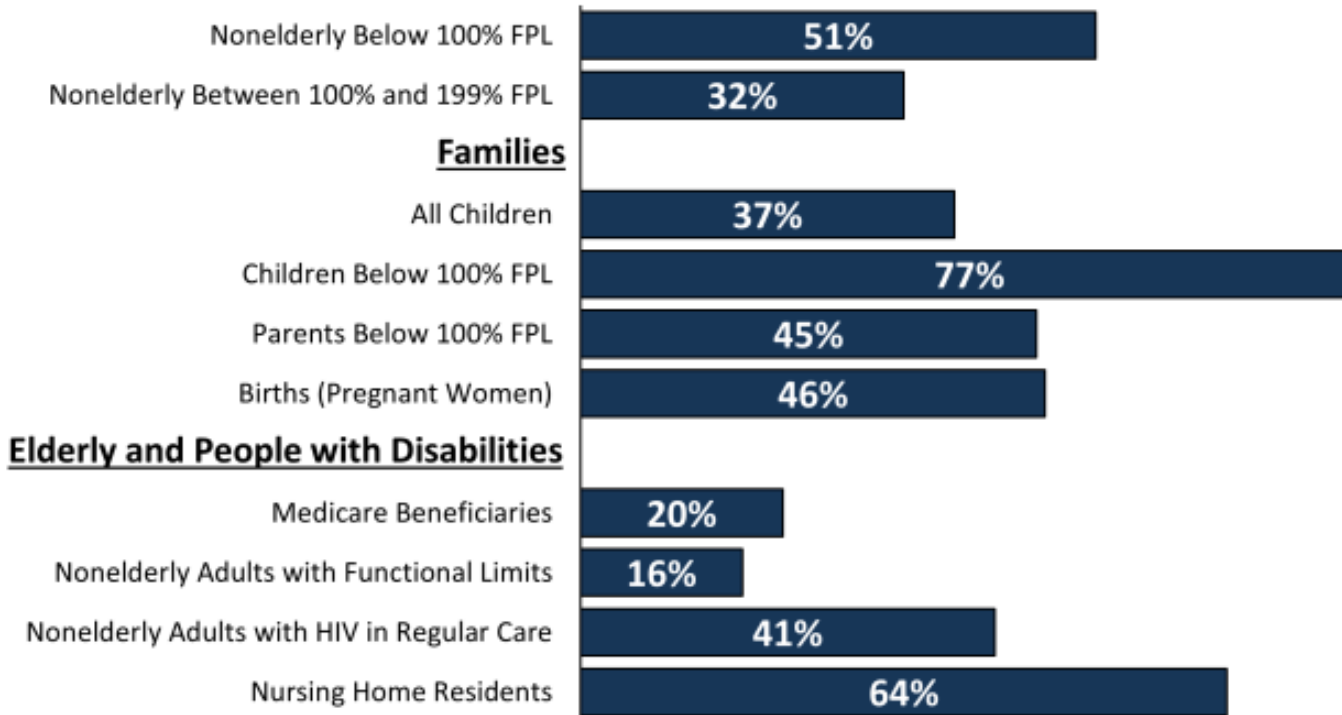
Total Spend



State Health Facts: Medicaid Spending Per Full-Benefit Enrollee. Henry J. Kaiser Family Foundation. Accessed online on July 23, 2015 at: <http://kff.org/medicaid/state-indicator/medicaid-spending-per-full-benefit-enrollee/#map>

Medicaid's role for selected populations.

Percent with Medicaid Coverage

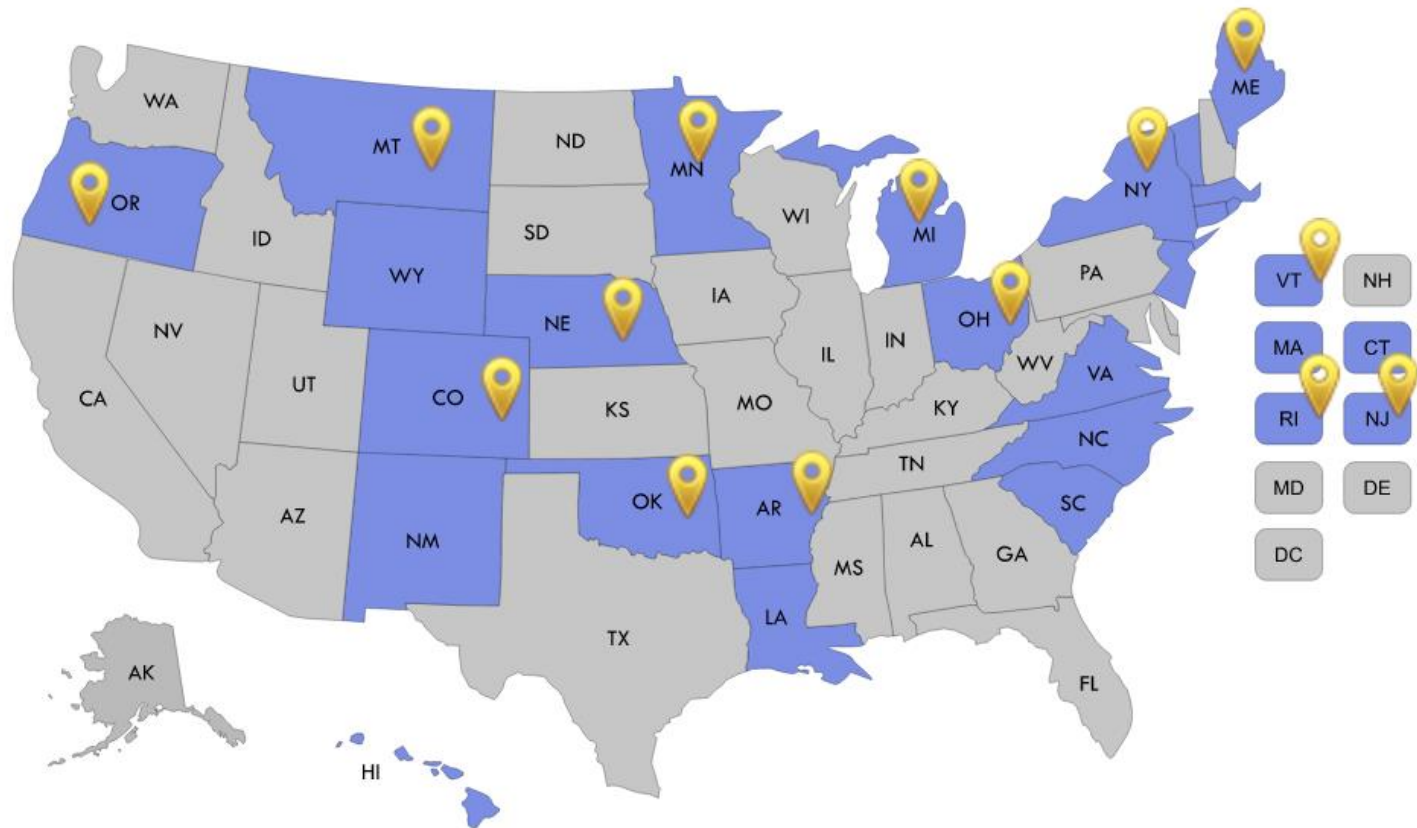


Medicaid Reform – aka Alphabet Soup

- 73 % of states have 4 or more payment and delivery system reforms underway
 - 23 PCMH
 - 33 SIM
 - 9 DSRIP
 - 10 MPCID
 - 9 ACOS
 - 13 Dual Eligibles

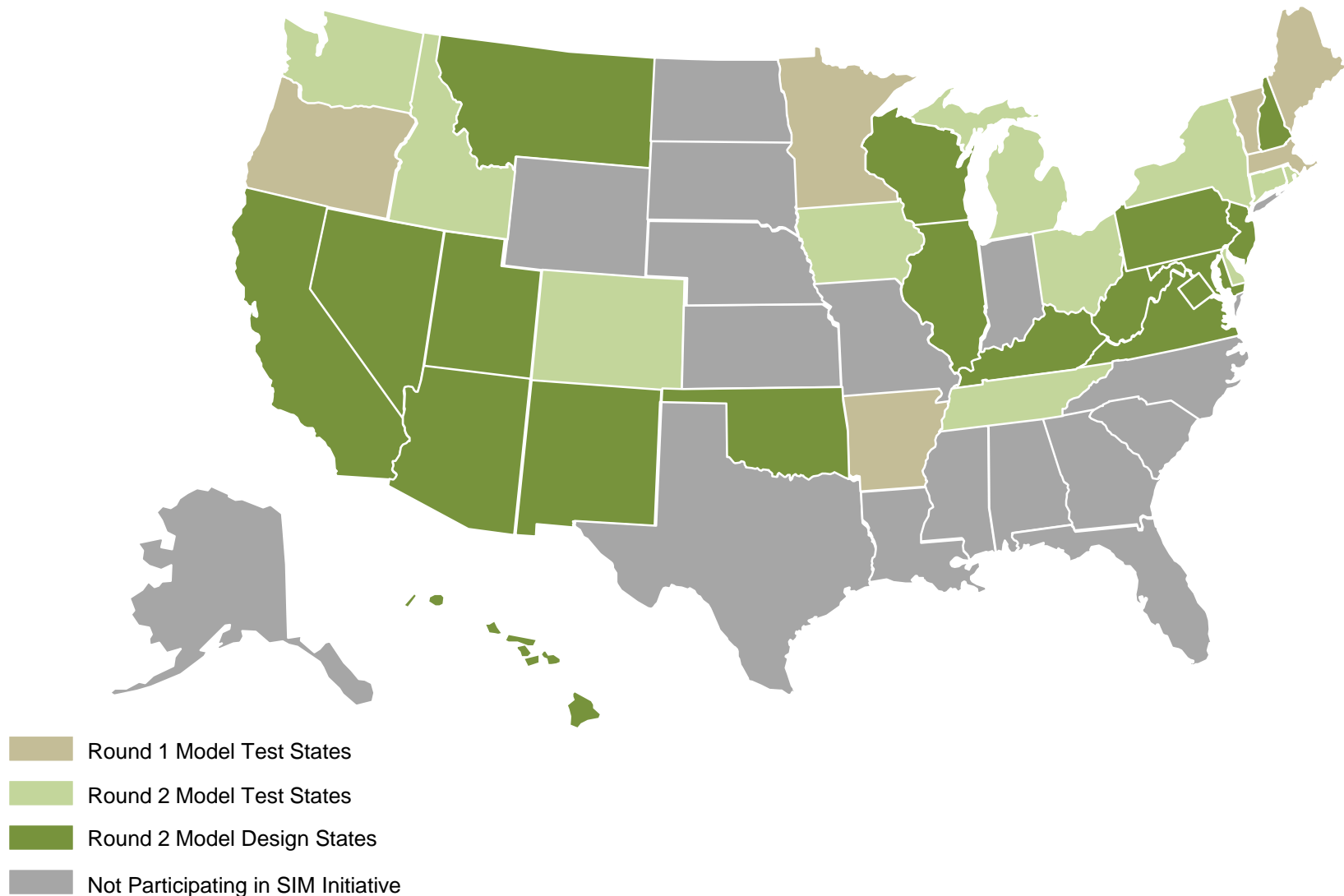
State Patient Centered Medical Home (PCMH) Activity

■ 23 states with active Medicaid payments to medical homes underway | 📍 14 include multi-payer programs
■ 28 states with no Medicaid payment activity



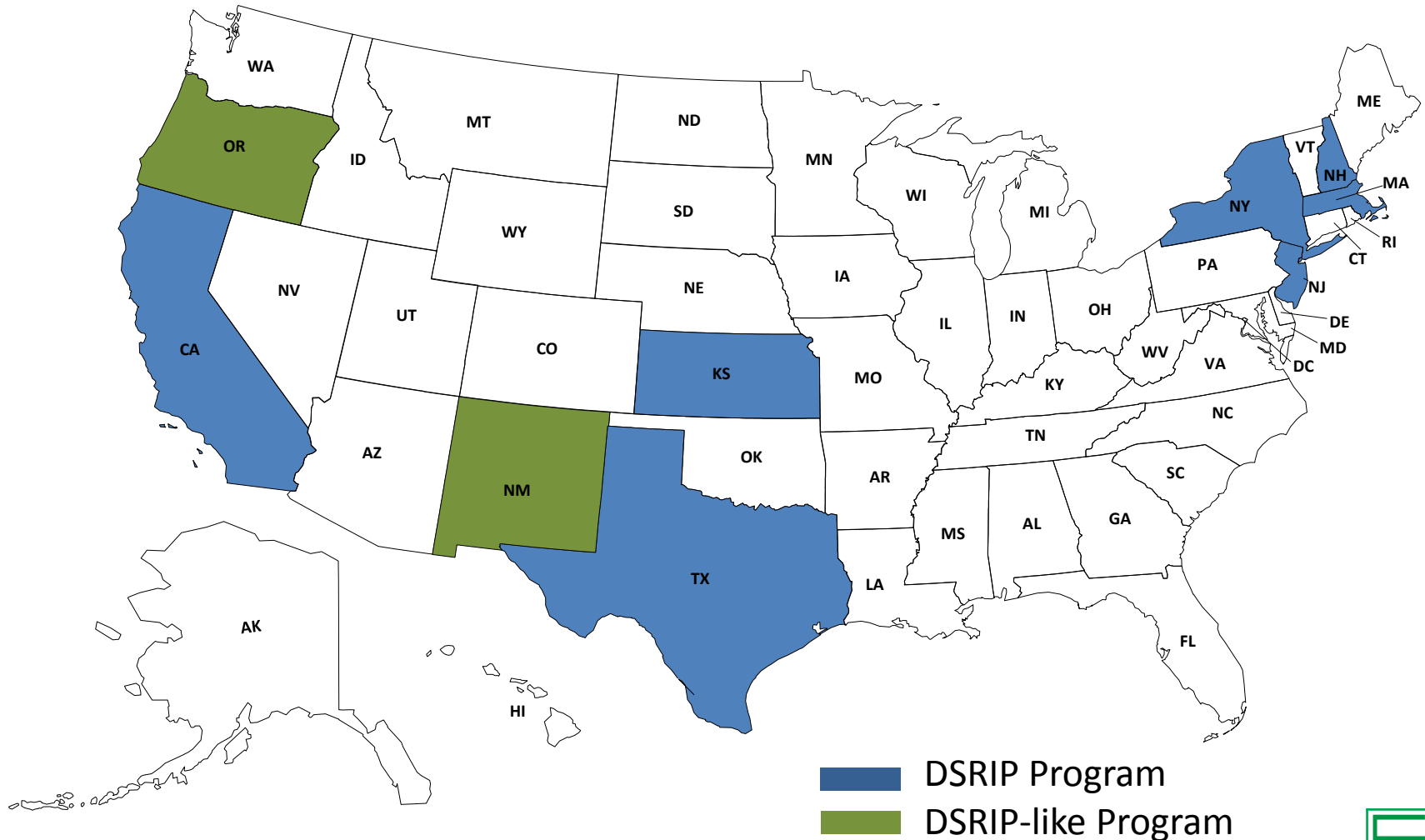
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State Innovation Models Initiative Design and Test States

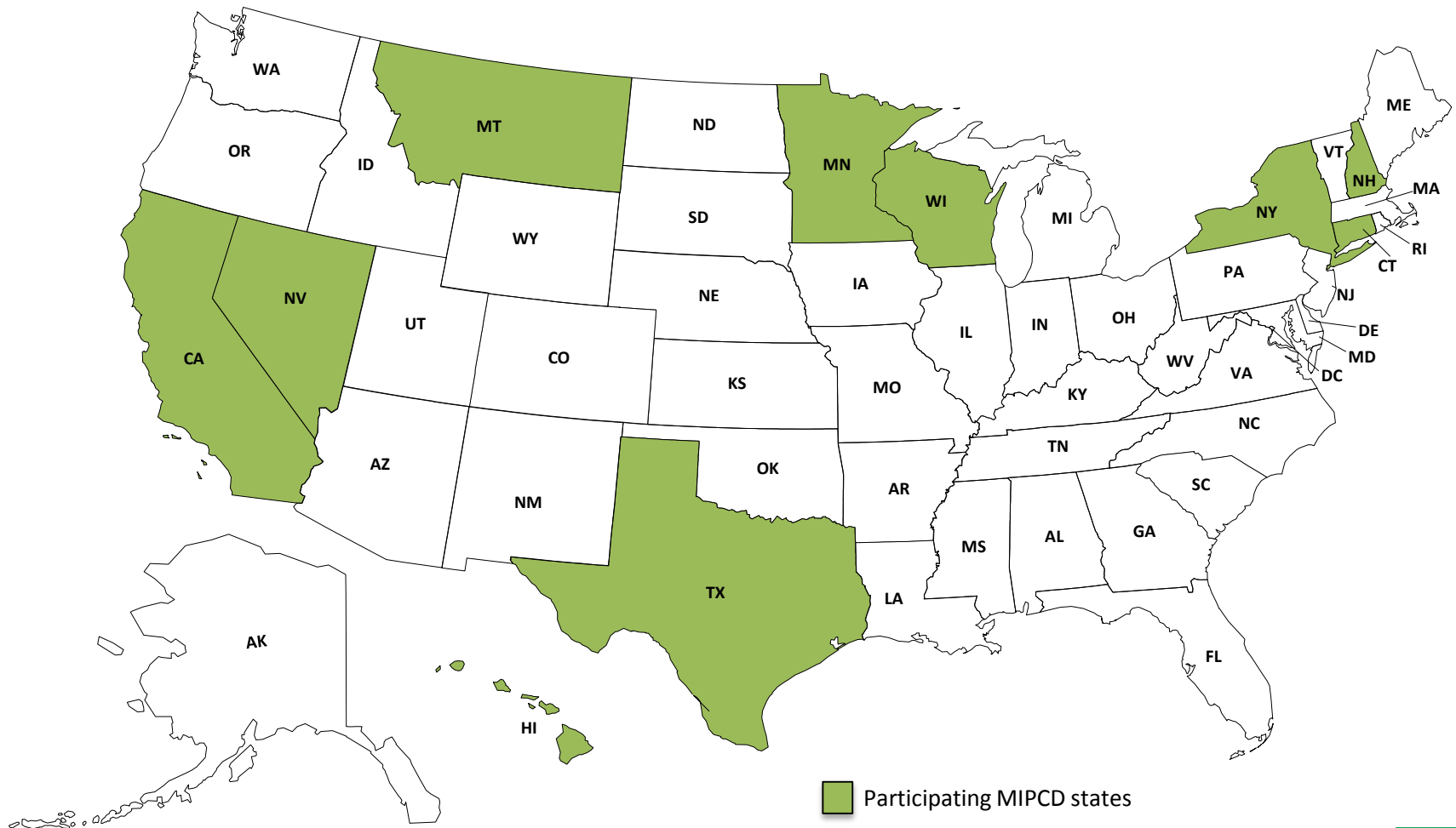


SOURCE: Centers for Medicare and Medicaid Services. "State Innovation Models Initiative: General Information." Available at: <http://innovation.cms.gov/initiatives/state-innovations/>

Map of Nine Current DSRIP and “DSRIP-like” Programs

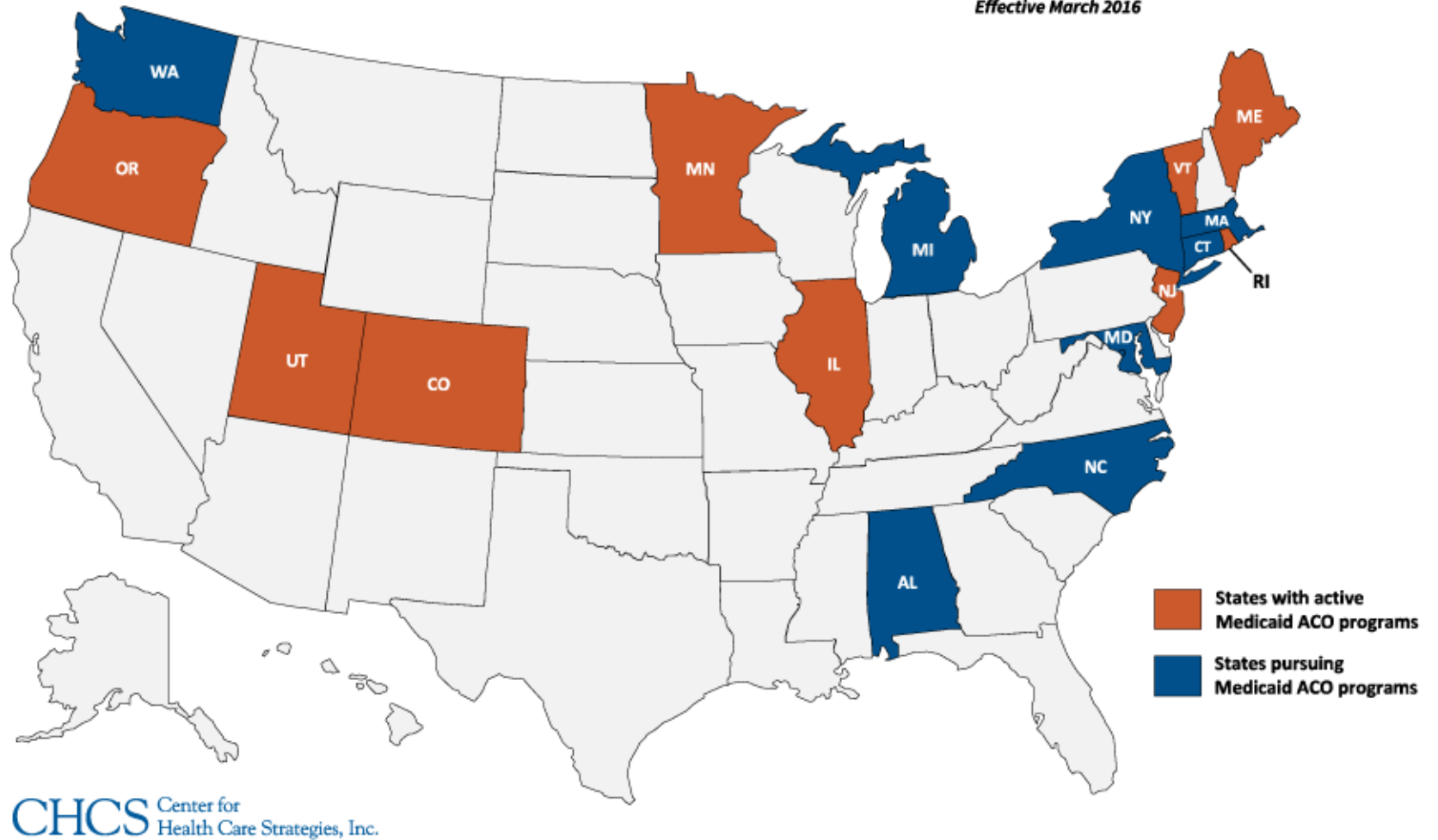


Medicaid Incentives for Prevention of Chronic Disease (MIPCD)



State-Based Medicaid Accountable Care Organizations

Effective March 2016



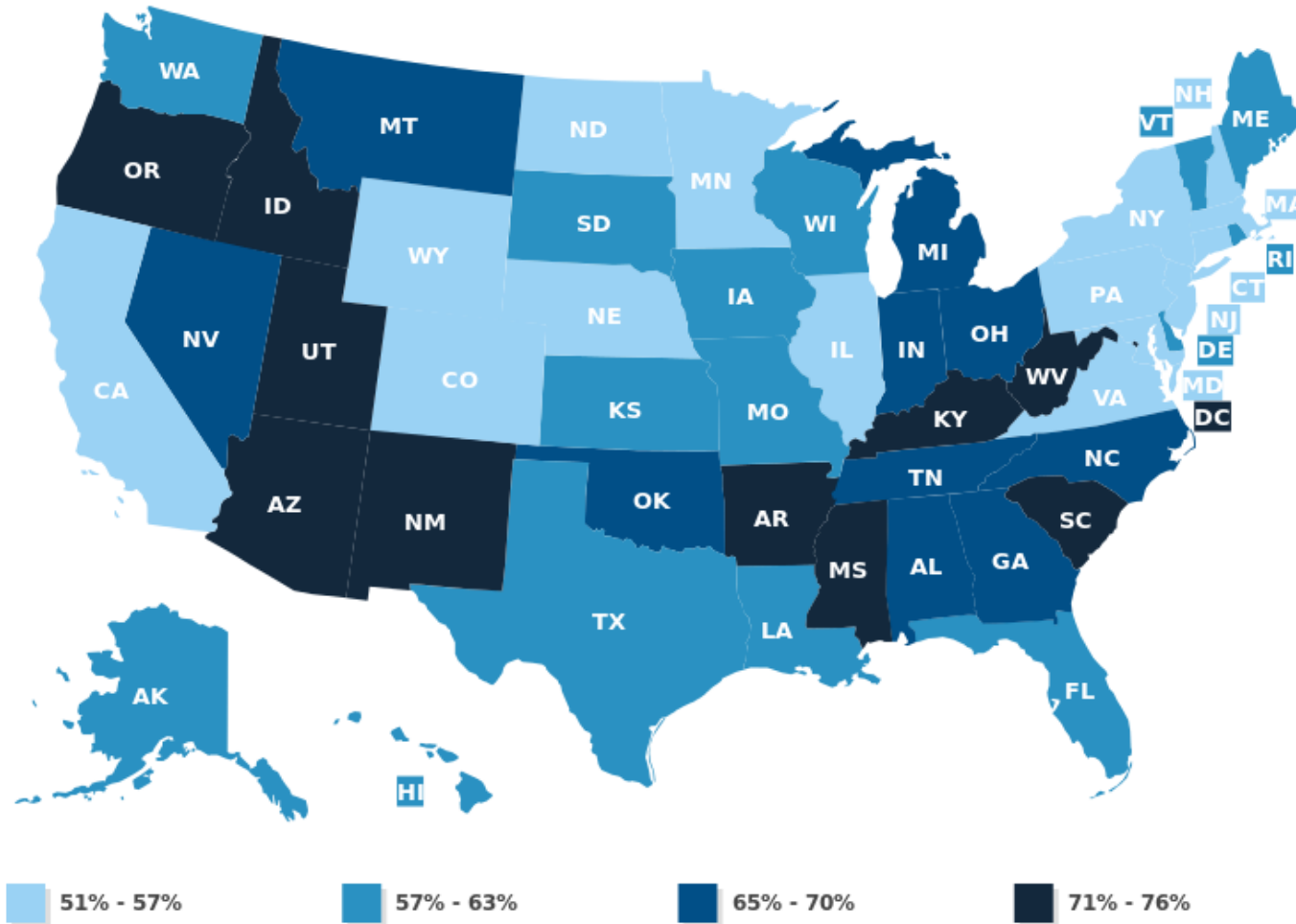
Medicaid & Budget

Medicaid – 24.5% Total State Spending
15.1 % State Spending

2017 – Medicaid Expansion – 10% \$\$

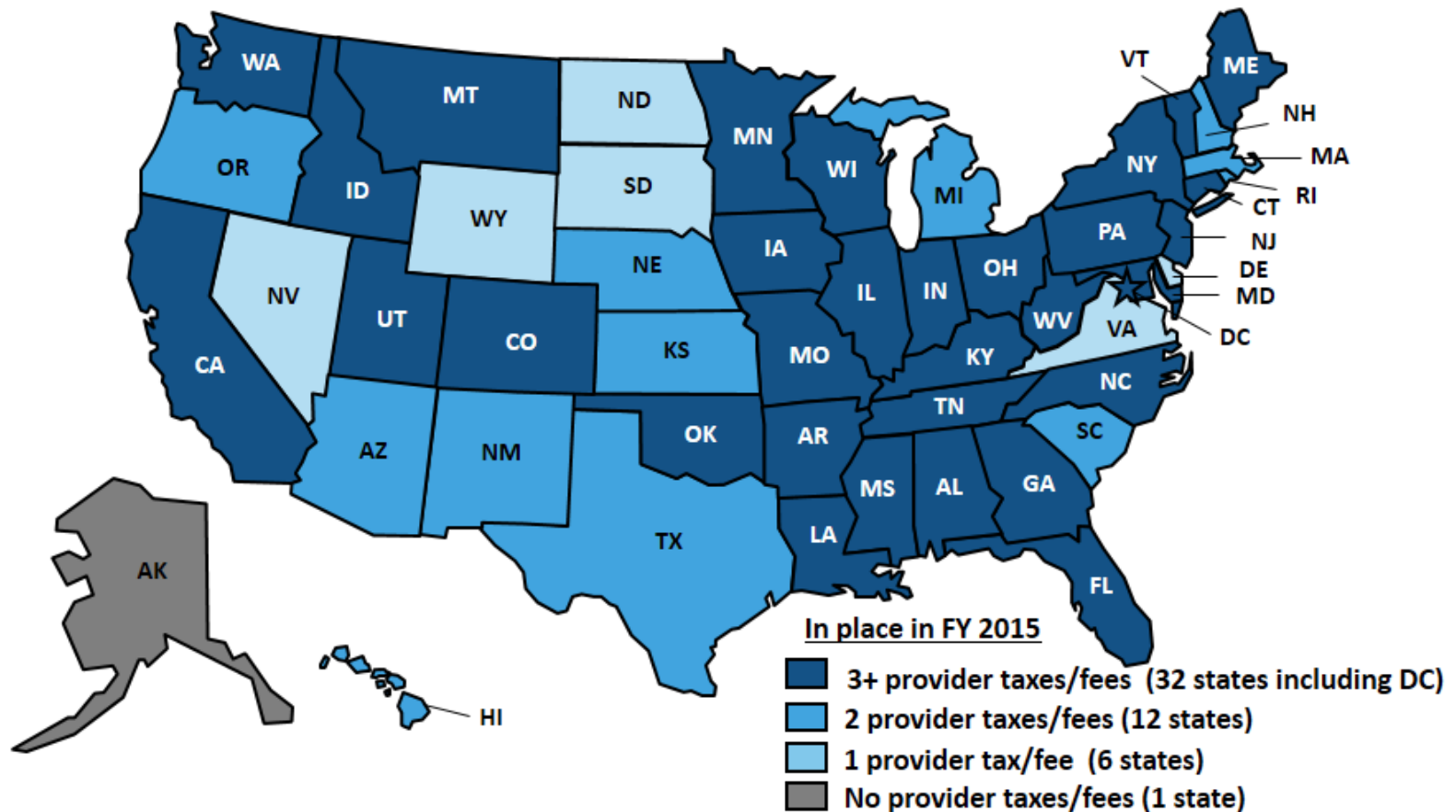
Enrollment exceeding expectations

Federal & State Share of Medicaid Spending 2014



Federal and State Share of Medicaid Spending 2014. The Henry J Kaiser Family Foundation. June 2015. Accessed March 22, 2016 at <http://kff.org/medicaid/state-indicator/federalstate-share-of-spending/#map>

States with provider taxes or fees in place in FY 2015



Other Concerns & Opportunities

State As Purchaser: Medicaid, State, University Employees and Retirees

Medicaid Administrative Capacity:

- Average Director tenure about 2 years
- 9% unfilled vacancies (0-30% range)
- Heavy reliance on contractors
- Administrative capacity not keeping pace with program growth.

Other Concerns & Opportunities (cont'd)

- Accountability

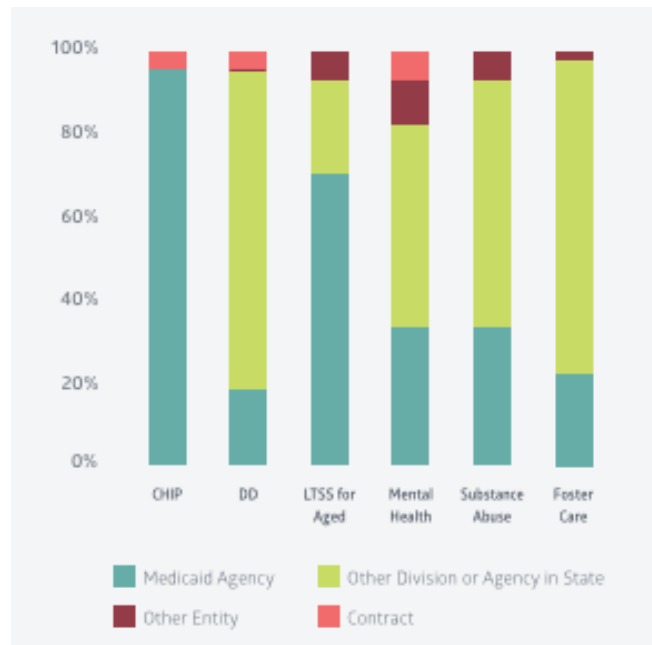


FIGURE 7. Medicaid Service by Operational Entity [2014]