ADDRESSING THE "COVERAGE GAP"

Presentation to the Health Reform Task Force

by Rep. Jim Dunnigan

December 18, 2014

Medicaid:
15-Year Changes

13%

Percentage of
General Fund, FY 1999

23%

Percentage of
General Fund, FY 2014

5.5%

Percentage of
Utah Population, FY 1999

8.9%

Percentage of
Utah Population, FY 2014

$6,643

Total Cost
Per Client, FY 1999

$9,685

Total Cost
Per Client, FY 2014

Sources:
1) Medicaid General Fund Spending as a percentage of all General Fund spending: Office of the legislative Fiscal Analyst, http://le.utah.gov/interim/2014/pdf/00004912.pdf. Excludes federal funds and non-state sources used to draw down federal funds (for excluded non-state sources, see "Medicaid Statewide Spending" at http://le.utah.gov/interim/2014/pdf/00001212.pdf).
2) Medicaid enrollment as a percentage of the Utah population: Office of the Legislative Fiscal Analyst, memo to Rep. Jim Dunnigan, 10/29/14.
3) Medicaid cost per client: Office of the Legislative Fiscal Analyst, memo to Rep. Jim Dunnigan, 10/29/14.
4) FY 2014 figures are estimates.

12/04/14

Medicaid:
Mandatory Eligibility Expansion Under The Affordable Care Act

7,000

Medicaid Enrollment Increase
FY 2015

17,900

CHIP Children Moved to Medicaid
FY 2015

$7.5 million

General Fund Increase
FY 2015

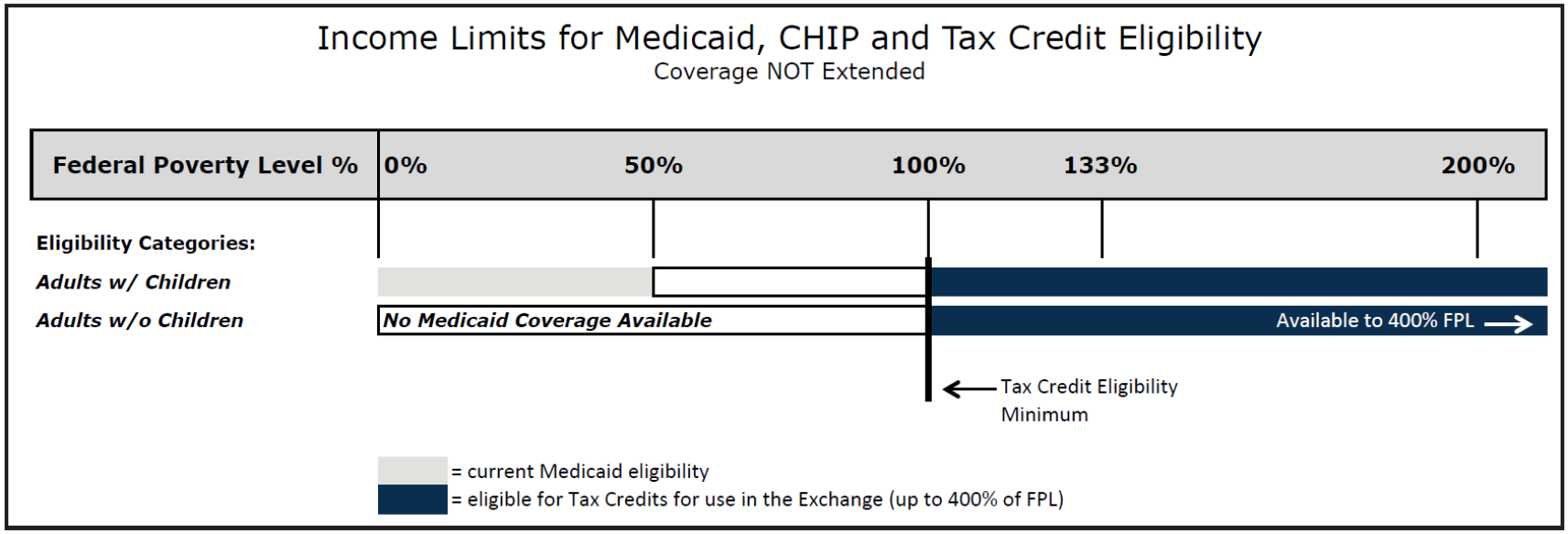
$15.1 million

General Fund Increase
FY 2021

Source: Office of the Legislative Fiscal Analyst, memos to Rep. Jim Dunnigan, 12/03/14 and 12/04/14.

12/04/14, revised 12/10/14

Coverage Gap (Donut Hole)



Source: "Healthy Utah," Utah Department of Health, p. 6. Accessed 12/15/14 at http://healthy.utah.gov

Federal Poverty Guidelines

2014 Federal Poverty Guidelines

Size of Household	Percentage of Federal Poverty Level	
	100%	138%
1	$11,670	$16,105
2	$15,730	$21,707
3	$19,790	$27,310
4	$23,850	$32,913
5	$27,910	$38,516
6	$31,970	$44,119
7	$36,030	$49,721
8	$40,090	$55,324
9	$44,150	$60,927
10	$48,210	$66,530
11	$52,270	$72,133
12	$56,330	$77,735

Source: Based on 2014 Federal Poverty Guidelines, U.S. Department of Health and Human Services, http://aspe.hhs.gov/poverty/14poverty.cfm, 2/10/14.
Office of Legislative Research and General Counsel, 12/15/14.

ACA Taxes

	2013-2022 (in billions)
Medicare taxes on higher income families	$318
"Cadillac tax" on high-cost plans	$111
Employer mandate	$106
Annual tax on health insurance providers	$102
Individual mandate	$55
Annual tax on drug manufacturers/importers	$34
Excise tax on medical device manufacturers/importers	$29

* National figures

Source: "Healthy Utah," Utah Department of Health, p. 9. Accessed 12/15/14 at http://healthy.utah.gov

Federal Match Rate

Calendar Year	Federal Match Rate
2014-2016	100%
2017	95%
2018	94%
2019	93%
2020 and beyond	90%

Source: "Healthy Utah," Utah Department of Health, p. 9. Accessed 12/15/14 at http://healthy.utah.gov

Medically Vulnerable

1) Disabling mental disorder;

2) Chronic substance use disorder;

3) Serious and complex medical condition;

4) Physical, intellectual or developmental disability that impairs at least one activity of daily living;

5) Determined disabled under Social Security;

6) A child in foster care and certain other children otherwise eligible for federal assistance; or

7) Other individuals identified by the state.

42 CFR 440.315

Coverage Options, 0–138% FPL

for adults not currently eligible for Medicaid

Figures are for FY21 Unless Otherwise Noted

Federal subsidies *not* available in the exchange ← 100% FPL → Federal subsidies available in the exchange

138% FPL

10,300	15,900	93,000	146,000
FY16: 8,400	FY16: 12,700	FY16: 64,500	FY16: 89,000

OPTION 1
$28 million FY16: $16 million

70/30 extension of premium assistance to minimum definition of medically vulnerable
(1 in 8 individuals 0–100% FPL)

OPTION 2
$40 million FY16: $24 million

70/30 extension of premium assistance to broader definition of medically vulnerable
(1 in 5 individuals 0–100% FPL)

OPTION 3 (Healthy Utah)
$78 million FY16: ($2.4 million)
$136 million in FY21 if Healthy Utah is scaled back to 100% FPL (70/30)

90/10 expansion of premium assistance to all adults 0–138% FPL that are not currently eligible for Medicaid

See accompanying notes; 12/18/14

Notes About Coverage Options

Notes from the Office of the Legislative Fiscal Analyst, the Utah Department of Health, and the Governor's Office of Management and Budget:

(1) Time constraints - Upon review by staff, the original Milliman report had some errors. An updated report from Milliman was provided Monday 12/15/14 at 1:19 pm. Staff was asked to provide a consensus estimate based on the updated figures by Tuesday 12/16/14 at 8 a.m.

(2) All options are strictly service costs and do not include any costs for administration. Administrative costs would be about $1 to $2 million General Fund.

(3) Milliman did not estimate state savings, these savings were estimated by staff. Staff did not include savings for Medically Vulnerable scenarios because savings estimates often involved policy decisions (e.g., would the state continue to operate PCN?)

(4) Changes in Milliman report since 12/1/14 Version: (A) decreases to PMPM - removal of 14% administrative load for Medicaid PMPMs, removal of cost sharing reduction to 2015 Medicaid rates and (B) increases to PMPM - increase PMPM for children above 100% FPL on ESI and QHP to same as children below 100% FPL and add dental coverage to Medicaid benefits for children.

(5) Future year scenarios of FY 2019 through FY 2021 continued Milliman's growth assumptions of population and PMPM (5%) into future years.

(6) Staff included some woodwork effect for all scenarios.

(7) The up to 30% frail scenario assumes PMPM cost as an average of the 12% frail group and regular adults.

(8) Milliman estimated the enrollment and cost of Healthy Utah. Staff developed the other scenarios based on Milliman data.