Medicaid Expansion: Cost Update

Health Reform Task Force
October 20, 2016

What are the estimates for the
federal health insurance exchange FY 2021?

		additional people covered	new General Fund (million $)	federal subsidies (million $)
Affordable Care Act (2010)	exchange, 100–138% FPL	44,500	0	700

FY 2021 Updated Estimates

Where will we be after implementation of the Health Coverage Improvement Program?

		additional people covered	new General Fund (million $)	federal subsidies (million $)
Affordable Care Act (2010)	exchange, 100–138% FPL	44,500	0	700
Health Coverage Improvement Program (2016 H.B. 437)	Medicaid, 0–100% FPL	16,000	22	90
	Total	60,500	22	790

FY 2021 Updated Estimates Including Woodwork

Where would we be
if 2015 S.B. 154 (*full expansion, Healthy Utah*)
were implemented instead?

		additional people covered	new General Fund (million $)	federal subsidies (million $)
Healthy Utah (2015 S.B. 164)	Medicaid, 0–100% FPL	102,000	60	527
	Medicaid, 100–138% FPL	53,000	30	300
	Total	155,000	90	827

FY 2021 Updated Estimates Including Woodwork

Where would we be if 2016 S.B. 77
(*full expansion, traditional Medicaid model*)
were implemented instead?

		additional people covered	new General Fund (million $)	federal subsidies (million $)
Full Expansion, Traditional Medicaid Model (2016 S.B. 77)	Medicaid, 0–100% FPL	102,000	50	439
	Medicaid, 100–138% FPL	53,000	25	249
	Total	155,000	75	688

FY 2021 Updated Estimates Including Woodwork

How do the expansion strategies compare?

	additional people covered	new General Fund (million $)	federal subsidies (million $)
Healthy Utah (2015 S.B. 164)	155,000	90 = $580/person	827
Health Coverage Improvement Program (2016 H.B. 437)	60,500	22 = $360/person	790
Difference	94,500	68 = $720/person (94,500 difference only)	37

FY 2021 Updated Estimates Including Woodwork

	additional people covered	new General Fund (million $)	federal subsidies (million $)
Full Expansion, Traditional Medicaid Model (2016 S.B. 77)	155,000	75 = $480/person	688
Health Coverage Improvement Program (2016 H.B. 437)	60,500	22 = $360/person	790
Difference	94,500	53 = $560/person (94,500 difference only)	-102

FY 2021 Updated Estimates Including Woodwork

Healthy Utah Proposal[1]	FY 2021 ($ in millions)		Change	% Change
	2015 General Session[3]	2016 Interim		
Clients[2]	109,000	127,000	18,000	17%
Match Required[4]	$65.4	$88.8	$23.4	36%
Other Reductions[5]	$13.0	$17.0	$4.0	31%
General Fund (GF)	$52.4	$71.8	$19.4	37%
Federal Funds (FF)	$587.6	$783.5	$195.9	33%
Woodwork	37,000	28,000	(9,000)	-24%
Woodwork (GF)	$27.8	$17.9	($9.9)	-36%
Woodwork (FF)	$65.7	$43.6	($22.1)	-34%
Total General Fund	**$80.2**	**$89.7**	**$9.5**	**12%**
Total Federal Funds	**$653.3**	**$827.1**	**$173.8**	**27%**

(1) Model based on information provided in Milliman study released on December 15, 2014, see http://health.utah.gov/mcac/Files/2014Minutes/Handout-Director's_Report.pdf. Assumptions match those in S.B. 164, *Access to Health Care Amendments (Shiozawa)* for the original bill submitted in the 2015 General Session, see http://le.utah.gov/lfa/fnotes/2015/SB0164.fn.pdf.

(2) The Milliman December 2014 model estimated 8,700 clients signing up for Medicaid expansion with incomes between 100% and 138% of the federal poverty limit in 2015. The Fiscal Analyst estimates 11,200 clients were on the federal health exchange with incomes between 100% and 138% of the federal poverty limit in 2014.

(3) The two models compare FY 2021 of each estimate. S.B. 164 from the 2015 General Session ended January 2021, but the analyst had calculated FY 2021 expenditures as part of researching the bill's impact.

(4) In general the update to the cost estimates from the 2016 interim come from actual experience such as (1) enrollment on the federal health exchange for those with incomes from 100% to 138% federal poverty level and (2) increases in per member per month costs for individual silver-level health insurance plans on the federal health exchange, Medicaid, and the employee cost of employer-sponsored insurance.

(5) Reductions used to offset the total General Fund cost and come from increased federal funds replacing General Fund expenditures in the following areas: (1) $9 million for behavioral health services, (2) $6 million for Primary Care Network, and (3) $2 million for inpatient medical costs for prisoners.

Comparison of Medicaid Proposals

H.B. 437 Compared to Full Expansion (Healthy Utah)	FY 2021 ($ in millions)[4]								
	Clients	Match Required	Hospital Assess.	Other Reductions	New General Fund (GF)	Federal Funds (FF)	Woodwork	Woodwork (GF)	Woodwork (FF)
H.B. 437 - Health Care Revisions (Dunnigan)[1]	10,000	$ 39.5	$ 13.6	$ 8.4	$ 17.5	$ 79.1	6,000	$ 4.7	$ 11.3
H.B. 437 - Health Care Revisions (Dunnigan), Federal Health Care Exchange[2]	44,500	$ -	$ -	$ -	$ -	$ 700.0	-	$ -	$ -
H.B. 437 Total	**54,500**	**$ 39.5**	**$ 13.6**	**$ 8.4**	**$ 17.5**	**$ 779.1**	**6,000**	**$ 4.7**	**$ 11.3**
Healthy Utah Proposal (S.B. 164, Shiozawa, 2015 General Session), 0-100% FPL[3]	82,500	$ 59.1	$ -	$ 14.0	$ 45.1	$ 492.3	19,500	$ 14.4	$ 34.6
Healthy Utah Proposal (S.B. 164, Shiozawa, 2015 General Session), 100-138% FPL	44,500	$ 29.7	$ -	$ 3.0	$ 26.7	$ 291.2	8,500	$ 3.5	$ 9.0
Total	**127,000**	**$ 88.8**	**$ -**	**$ 17.0**	**$ 71.8**	**$ 783.5**	**28,000**	**$ 17.9**	**$ 43.6**

(1) The original H.B. 437 fiscal note had lower General Fund costs due to double counting of reductions of $2.1M in FY 2017 and $2.5M in FY 2021. General Fund cost estimates are $5.2M in FY 2017 and $17.5M in FY 2021. As of August 2016 the Department of Health estimates about 10,000 clients will be served by the new program, see http://health.utah.gov/MedicaidExpansion/pdfs/Medicaid%20Adult%20Expansion%20Overview%20(August%202016).pdf.

(2) The annual cost increases for plans on the federal health care exchange from 2019 through 2021 use the 5% annual growth factor used by the December 2014 Milliman study for qualified health plans.

(3) All fiscal notes for Medicaid expansion proposals via legislation in the 2015 and 2016 General Sessions were based on the Milliman study released in December 2014. The updated figures here use the same framework but update the enrollment to match current enrollment on the federal health care exchange for those with incomes from 100% to 138% FPL and updated per member per month costs.

(4) FY 2021 was chosen as a comparison year because Title 26, Chapter 36b, Inpatient Hospital Assessment Act, is repealed July 1, 2021 in H.B. 437.

Medicaid Expansion Proposal[1]	FY 2021 ($ in millions)		Change	% Change
	2016 General Session	2016 Interim		
Clients[2]	109,000	127,000	18,000	17%
Match Required[3]	$64.4	$74.4	$10.0	16%
Other Reductions[4]	$15.0	$17.0	$2.0	13%
General Fund (GF)	$49.4	$57.4	$8.0	16%
Federal Funds (FF)	$576.0	$644.4	$68.4	12%
Woodwork	37,000	28,000	(9,000)	-24%
Woodwork (GF)	$27.8	$17.9	($9.9)	-36%
Woodwork (FF)	$65.7	$43.6	($22.1)	-34%
Total General Fund	**$77.2**	**$75.3**	**($1.9)**	**-2%**
Total Federal Funds	**$641.7**	**$688.0**	**$46.3**	**7%**

(1) Model based on information provided in Milliman study released on December 15, 2014, see http://health.utah.gov/mcac/Files/2014Minutes/Handout-Director's_Report.pdf. Assumptions changed to a Medicaid-only model, like S.B. 77, *Medicaid Expansion Proposal* (Davis).

(2) The Milliman December 2014 model estimated 8,700 clients signing up for Medicaid expansion with incomes between 100% and 138% of the federal poverty limit in 2015. The Fiscal Analyst estimates 11,200 clients were on the federal health exchange with incomes between 100% and 138% of the federal poverty limit in 2014.

(3) In general the update to the cost estimates from the 2016 interim come from actual experience such as (1) enrollment on the federal health exchange for those with incomes from 100% to 138% federal poverty level and (2) increases in Medicaid per member per month costs.

(4) Reductions used to offset the total General Fund cost and come from increased federal funds replacing General Fund expenditures in the following areas: (1) $9 million for behavioral health services, (2) $6 million for Primary Care Network, and (3) $2 million for inpatient medical costs for prisoners.

Comparison of Medicaid Proposals

H.B. 437 Compared to Full Medicaid Expansion	FY 2021 ($ in millions)[4]								
	Clients	Match Required	Hospital Assess.	Other Reductions	New General Fund (GF)	Federal Funds (FF)	Woodwork	Woodwork (GF)	Woodwork (FF)
H.B. 437 - Health Care Revisions (Dunnigan)[1]	10,000	$ 39.5	$ 13.6	$ 8.4	$ 17.5	$ 79.1	6,000	$ 4.7	$ 11.3
H.B. 437 - Health Care Revisions (Dunnigan), Federal Health Care Exchange	44,500	$ -	$ -	$ -	$ -	$ 700.0	-	$ -	$ -
H.B. 437 Total	**54,500**	**$ 39.5**	**$ 13.6**	**$ 8.4**	**$ 17.5**	**$ 779.1**	**6,000**	**$ 4.7**	**$ 11.3**
Medicaid Expansion Proposal (S.B. 77, Davis, 2016 General Session), 0-100% FPL[2]	82,500	$ 50.1	$ -	$ 14.0	$ 36.1	$ 404.9	19,500	$ 14.4	$ 34.6
Medicaid Expansion Proposal (S.B. 77, Davis, 2016 General Session), 100-138% FPL	44,500	$ 24.3	$ -	$ 3.0	$ 21.3	$ 239.5	8,500	$ 3.5	$ 9.0
Total	**127,000**	**$ 74.4**	**$ -**	**$ 17.0**	**$ 57.4**	**$ 644.4**	**28,000**	**$ 17.9**	**$ 43.6**

(1) The original H.B. 437 fiscal note had lower General Fund costs due to double counting of reductions of $2.1M in FY 2017 and $2.5M in FY 2021. General Fund cost estimates are $5.2M in FY 2017 and $17.5M in FY 2021. As of August 2016 the Department of Health estimates about 10,000 clients will be served by the new program, see http://health.utah.gov/MedicaidExpansion/pdfs/Medicaid%20Adult%20Expansion%20Overview%20(August%202016).pdf.
(2) All fiscal notes for Medicaid expansion proposals via legislation in the 2015 and 2016 General Sessions were based on the Milliman study released in December 2014. The updated figures here use the same framework but update the enrollment to match current enrollment on the federal health care exchange for those with incomes from 100% to 138% FPL and updated per member per month costs.
(3) FY 2021 was chosen as a comparison year because Title 26, Chapter 36b, Inpatient Hospital Assessment Act, is repealed July 1, 2021 in H.B. 437.