



Update on the Affordable Care Act and Medicaid Expansion in Kansas

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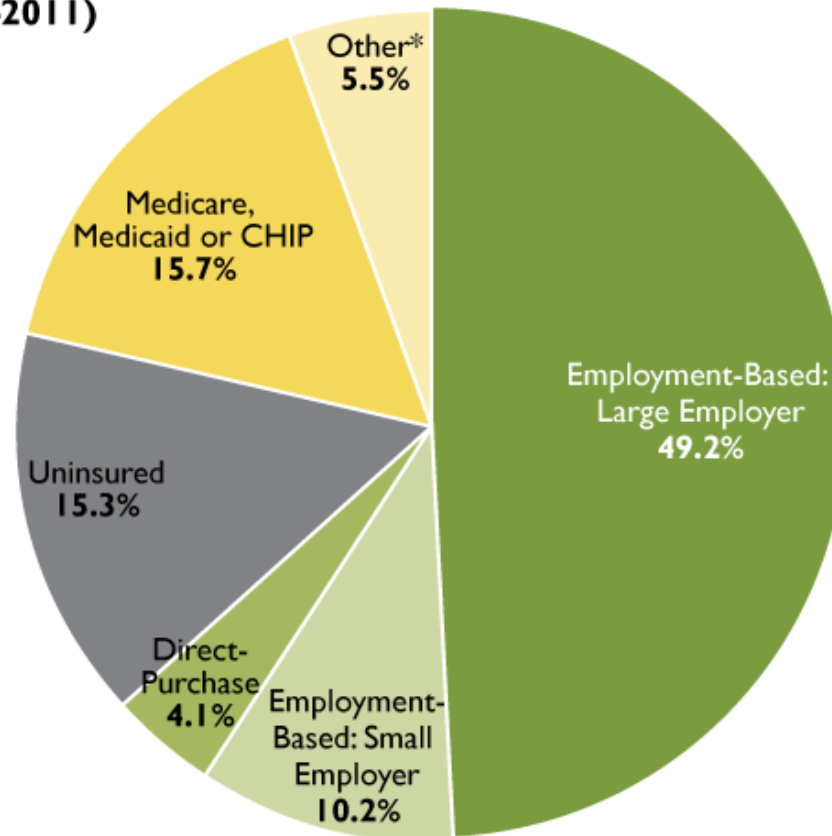
ACA Provisions Implemented 2010-2013

Provision	Impact in Kansas
Medical Loss Ratio Rebates	\$4 million total, \$3.5 million in individual market
Preventive services at no cost	529,000 Kansans in private plans and 313,000 Kansans in Medicare have received free preventive care through this provision
Medicare Part D Coverage Discounts	\$33 million in discounts 2011-2012, average discount per person \$610 in 2011, \$578 in 2012
Dependent Coverage to Age 26	As of December 2011, 3.1 million young adults nationwide
ACA Spending	\$18.3 billion nationwide, \$113 million in Kansas



Sources of Health Insurance

**Sources of Health Insurance: Kansans Under Age 65
(2010–2011)**



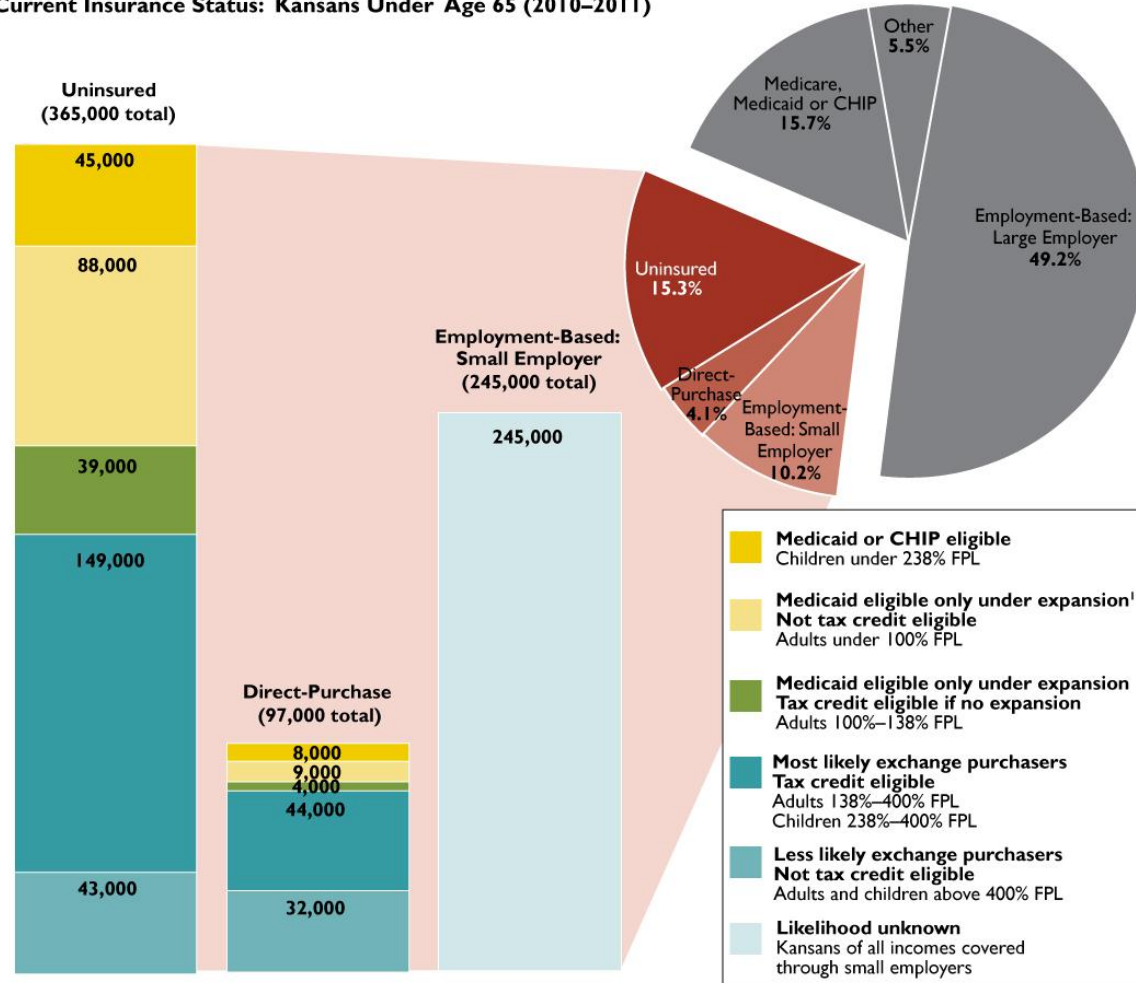
* Other includes private and public coverage not captured elsewhere (e.g., Department of Veterans Affairs, Indian Health Service, and coverage through someone outside the home).

Source: Estimates based on KHI analysis of 2011 and 2012 U.S. Census Bureau Current Population Survey data.



Potential Health Insurance Exchange Users

2014 Coverage Eligibility and Likelihood of Purchasing Coverage in the Exchange Based on Age, Income and Current Insurance Status: Kansans Under Age 65 (2010–2011)



1. Caregiver adults under 32% FPL are currently Medicaid eligible, and would remain eligible under expansion.

Note: Counts for subgroups may not sum to totals because of rounding.

Source: Estimates based on KHI analysis of 2011 and 2012 U.S. Census Bureau Current Population Survey data.



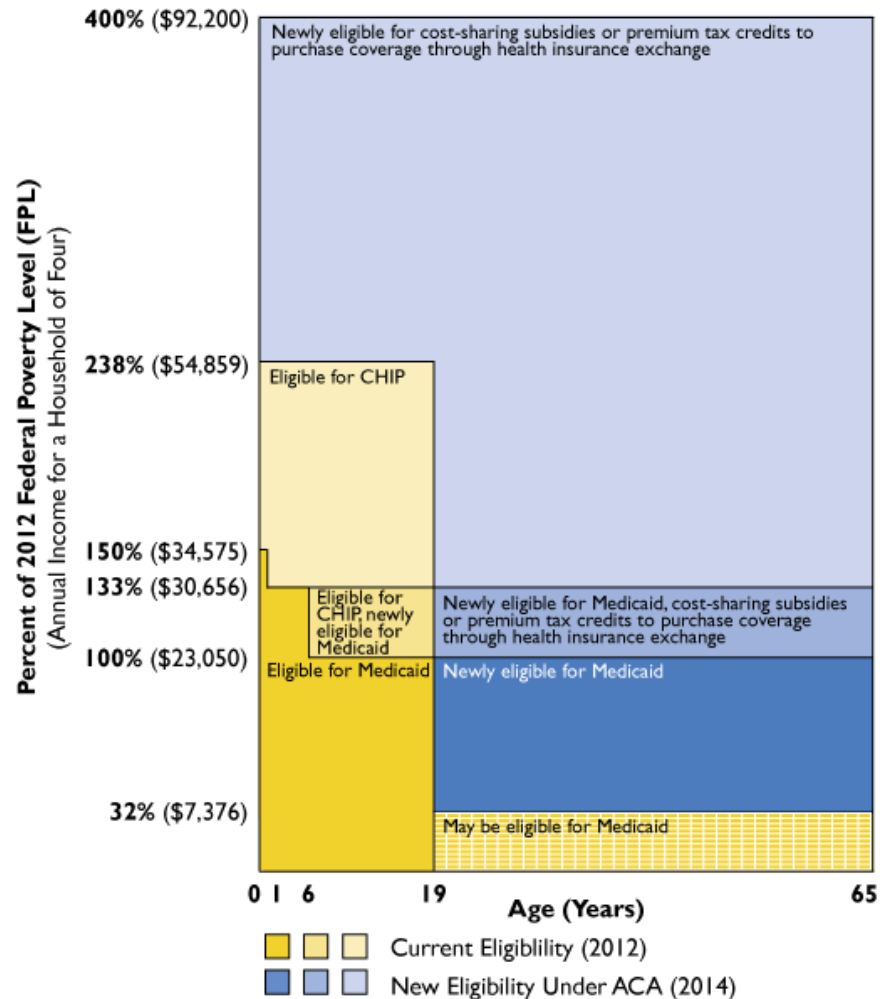
Medicaid Expansion

- The Affordable Care Act creates a new category of Medicaid eligibility for low income adults. States may choose to expand their programs to include this new category.
- The new adult group are non-pregnant, 19 to 64 year olds under 138% of the Federal Poverty Level (FPL) on January 1, 2014. (\$30,660 in annual income for a family of 4)
- The federal government will pay 100% of the costs for newly eligible adults in 2014, 2015, and 2016. The federal share drops to 95% in 2017, 94% in 2018, 93% in 2019, and 90% in 2020.



Program Eligibility under the ACA

Current Eligibility (2012) and New Eligibility Under ACA (2014)





Impact of Medicaid Expansion

- KHI estimates that more than 122,000 adult Kansans under 138% FPL are expected to enroll in Medicaid. Of those, more than 75,000 are currently uninsured.
- About 11,800 of these adults may be eligible for Medicaid under current income guidelines. Services for these adults would not be eligible for 100% federal match.
- KHI estimates that 118,000 children will enroll in Medicaid or CHIP through the woodwork effect. Of those, about 29,500 are currently uninsured.
- About 88,500 are children that have some form of health insurance and would shift to a public program.



State Costs of Medicaid Expansion

- In its first year (2014), the expansion could increase state Medicaid costs between \$21 million and \$111 million. Our analysis indicates the increase will end up totaling about \$70 million.
- All of the state costs in the first year are related to the woodwork effect on adults and children.
- The state's share of the expansion costs from 2014 to 2020 could total between \$221 million and \$912 million. Our analysis indicates it will end up closer to \$518 million.
- The total costs could range between \$2.2 and \$6.5 billion from 2014 to 2020. Our estimate is \$3.4 billion.



State Costs of Medicaid Expansion (continued)

- The cost estimates depend on critical assumptions of enrollment take up rates and cost per person.
- Several other organizations have estimated Kansas impact.
 - Urban Institute estimates Kansas will spend between \$525 and \$537 million for Medicaid expansion between 2013 and 2022.
 - Kansas Policy Institute estimates \$4.7 billion in new state spending with Medicaid expansion between 2014 and 2023.

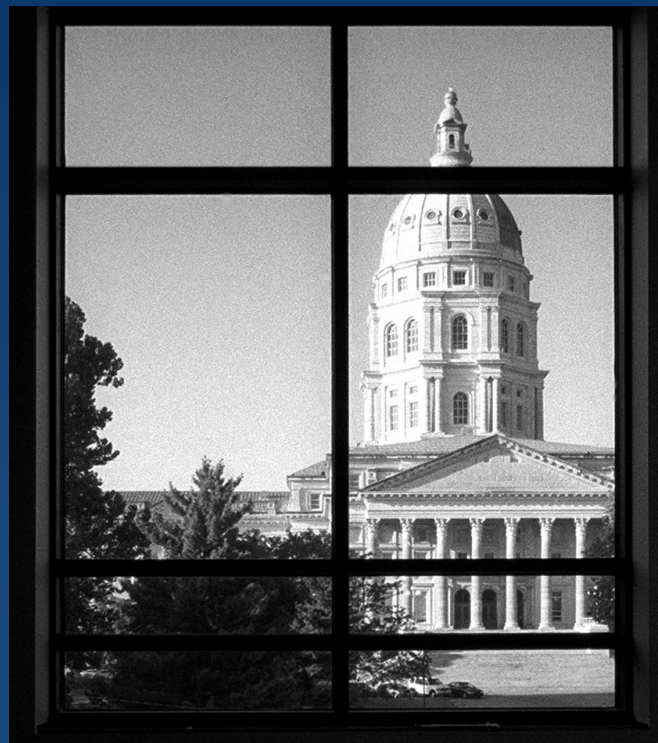


Impact of Medicaid Expansion

- Expanding Medicaid would bring in new federal dollars to purchase health care for low income families and individuals. (100% Federal Match)
- Kansas will have to provide with the state match for the expansion in 2017 and beyond.
- Some currently Medicaid eligible Kansans will enroll, without enhanced federal match.
- There are state savings from expanding Medicaid or offsets to current spending. These include reductions in Disproportionate Share Hospital Payments, savings from in state mental health or substance abuse grants, and elimination of state funded health assistance programs.



Kansas Health Institute



Information for policy makers. Health for Kansans.