

Medicaid Expansion Option in the State of Alaska

Data and Decisions

February 19, 2015

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Health System Analytics



Medicaid Expansion: Use of Data to Advocate

“Changes in AI/AN Medicaid Enrollment and Payments”

- Roughly, 29 states have not yet implemented Medicaid Expansion option under the Affordable Care Act (ACA)
 - No Medicaid Expansion, no changes in Medicaid enrollment and payments
- Data make an incredibly strong case for Medicaid Expansion option
 - Rigid ideology, politics and partisanship have, so far, been a significant counter weight to the data
- With Medicaid Expansion in full effect in some states, data are available on actual results achieved to date



Medicaid Expansion: Use of Data to Advocate

- Data are becoming too obvious and too real to ignore...



The screenshot shows the top of the Santa Fe New Mexican website. The main header reads "BUSINESS SANTA FE + NEW MEXICAN". Below this is a navigation bar with links for HOME, NEWS, SPORTS, OPINION, PASATIEMPO, MAGAZINES, MULTIMEDIA, LIFE, and CALENDAR. A promotional banner for a 7-day print subscriber offer is visible, with a "4 Remaining" counter. The main article headline is "'Obamacare' helps drive state's job growth".



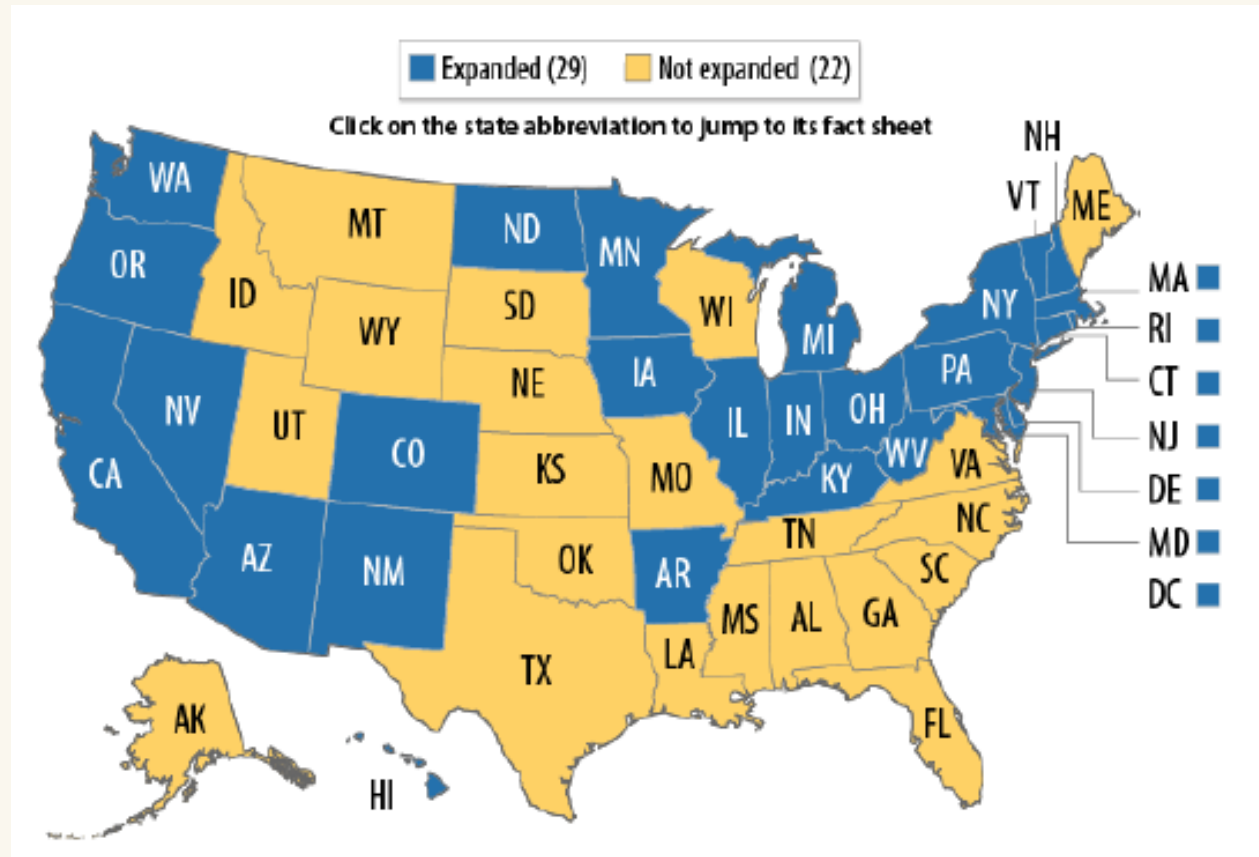
The screenshot shows the top of the Modern Healthcare website. The main header reads "Modern Healthcare" with the tagline "The leader in healthcare business news, research & data". Below this is a navigation bar with links for Opinion & Editorial, Research, Interactive Data Products, and Education & Events. A search bar is located on the right. The main article headline is "Kentucky hospitals gain \$506 million in Medicaid expansion's first year". The article is by Beth Kutscher and dated February 12, 2015. The text of the article discusses the positive economic impact of Medicaid expansion in Kentucky, including job gains and the Affordable Care Act.

“The added health care jobs accounted for 1 in 4 of all the job gains in the state during the governor’s first term and 35 percent of all the private-sector gains, according to the data.” – Santa Fe New Mexican, February 10, 2015



Medicaid Expansion Status

- **Current Non-/Expansion States**



Starting Point: Uninsured Rates in the State of Alaska

- Pre-ACA, 20.6% of all Alaska residents were uninsured
- Pre-ACA, 35.8% of Alaska Natives and American Indians in Alaska were uninsured

Uninsured American Indians / Alaska Natives, State of Alaska

	American Indians / Alaska Natives*	As a % of Total Uninsured AI/AN*	# IHS Users**	% IHS Users**
under 138% FPL	15,696	33%		
138% - 300%**	19,518	41%	17,907	92%
301% - 400%	4,921	10%		
over 400%	8,000	17%		
Total Uninsured AI/AN in State	48,135	100%		

*Source: Ed Fox and Verne Boerner database compiled from research by the California Rural Indian Health Board. Data drawn from the American Community Survey 2008-2010.

**Source: Korenbrot, Carol, California Rural Indian Health Board, "Uninsured American Indians and Alaska Natives with Incomes 133% to 300% Poverty: Data for Health Insurance Exchange Outreach," draft, November 29, 2010.



Medicaid Expansion: Activity in the State of Alaska

Three reports prepared on Medicaid Expansion in Alaska

- ANTHC-commissioned report: Urban Institute
 - February, 2013
- State of Alaska-commissioned report (#1): Lewin Group
 - In October 2012, the State of Alaska issued a request for proposals, with a due date of December 2012
 - State released the report in November, 2013, which indicated it was “updated on April 12, 2013”
- State of Alaska-commissioned report (#2): Evergreen Economics
 - February, 2015



Components of Comprehensive Analysis

- Direct impact of Medicaid Expansion on:
 - Residents (number of uninsured, mortality rates, etc.)
 - Providers
 - State budget
- Broader impact of Medicaid Expansion on state economy
- Cost of (daily) decision to not expand Medicaid



ANTHC-commissioned report(s)

- **In January, 2013, the Alaska Native Tribal Health Consortium (ANTHC) released three reports –**
 - An analysis of the Medicaid expansion option by the Urban Institute (UI)
 - A report titled “Fiscal and Economic Impacts of Medicaid Expansion in Alaska” prepared by Alaska-based Northern Economics (NE)
 - A companion document prepared by the ANTHC summarizing the UI and NE reports and providing additional analysis of the data



Overall Findings: Expanded Coverage

- By 2017, approximately 38,500 individuals are anticipated to newly enroll in Medicaid as a result of the Medicaid expansion, including 14,000 Alaska Natives and American Indians

Enrollment: Additional Medicaid Program Enrollment from Implementation of Medicaid Expansion Option by the State of Alaska, 2014 - 2020

With Medicaid Expansion	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Total Expansion Enrollment	19,392	28,970	34,862	38,532	38,953	39,148	39,344
Annual Change		49.4%	20.3%	10.5%	1.1%	0.5%	0.5%

Source: Urban Institute, Medicaid in Alaska under the ACA, February 1, 2013, UI Table 1.

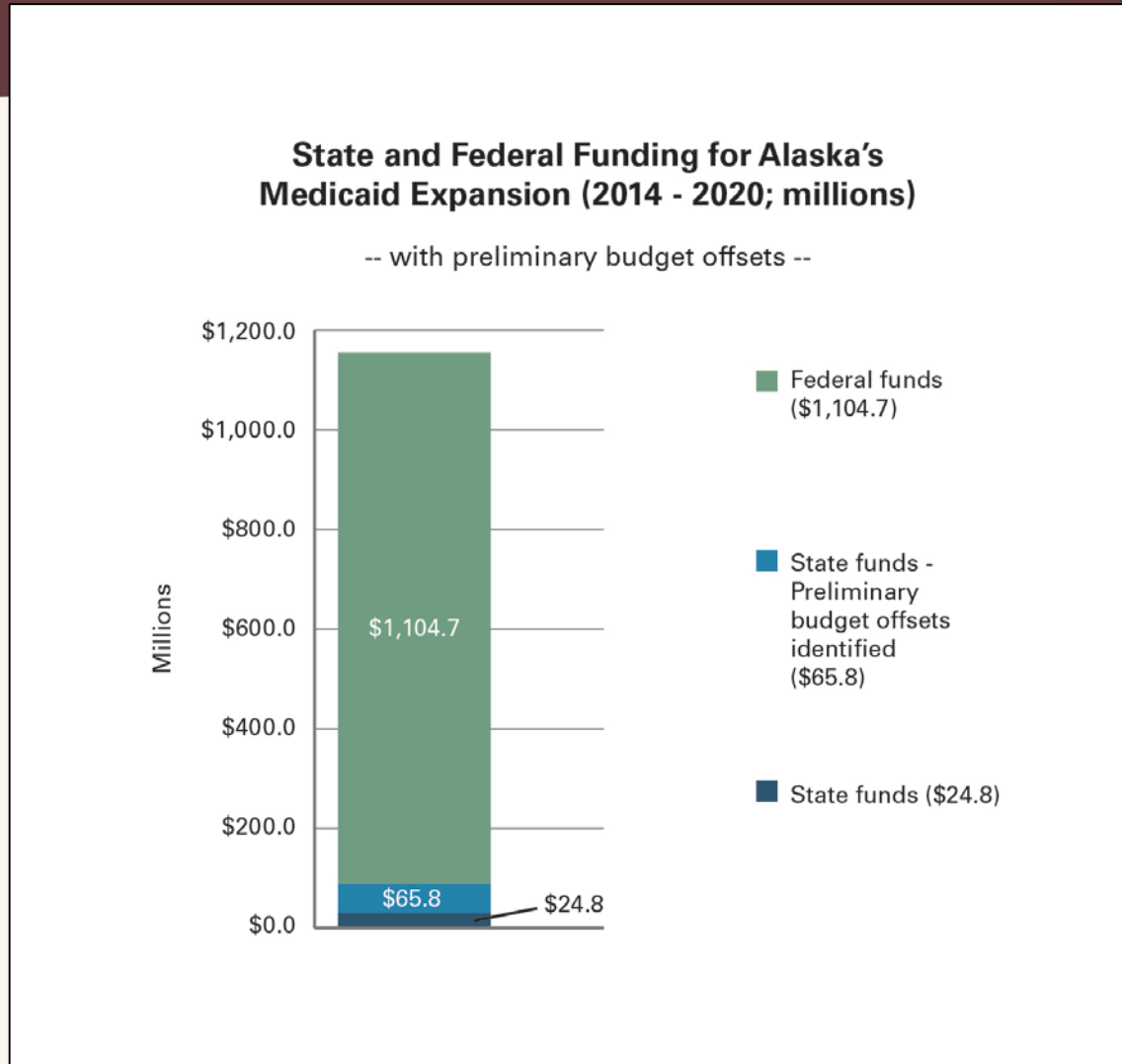


Overall Findings: Uninsured Rates to Fall

- Uninsured rate will fall from 20.6% pre-ACA, to 14.5% with ACA (without Medicaid Expansion), to 9.5% with ACA and Medicaid Expansion
- For AN/AI, uninsured rate to fall from 35.8%, to 26.6% (with ACA), to 16.3% (with Medicaid Expansion)



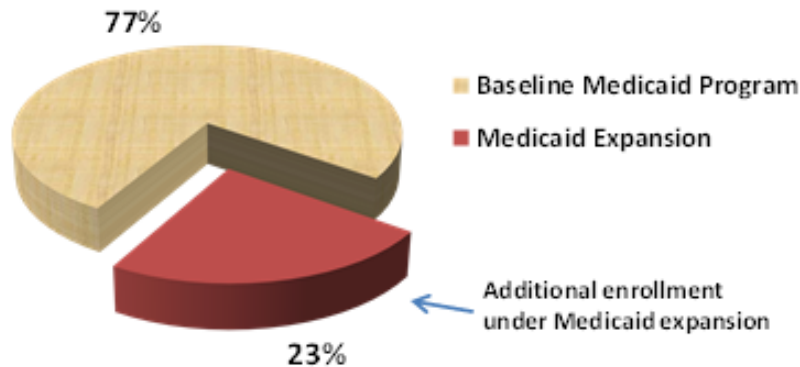
Overall Findings: Tremendous Leveraging of State Funds to Secure Federal Funds



Overall Findings: Rorschach Test

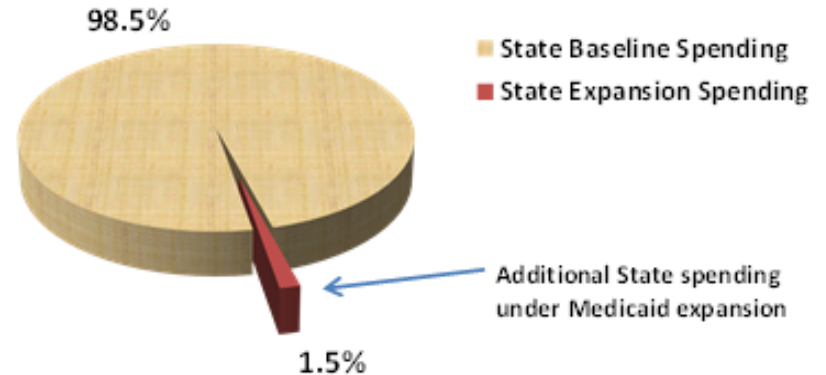
- **23% increase in Medicaid-covered persons**
- **1.5% increase in State-supported Medicaid funding**

Projected Medicaid Enrollment under Expansion
(as a % of total Medicaid enrollment: 2022)



Source: John Holahan et al., *The Cost and Coverage Implications of the ACA Medicaid Expansion: National and State-by-State Analysis* (Washington, DC: Urban Institute/Kaiser Family Foundation, Nov. 2012), Table ES-3.

Projected State Medicaid Spending on Expansion
(as a % of total State Medicaid spending: 2013-2022)



Source: John Holahan et al., *The Cost and Coverage Implications of the ACA Medicaid Expansion: National and State-by-State Analysis* (Washington, DC: Urban Institute/Kaiser Family Foundation, Nov. 2012), Table ES-2.



Comparison of Urban Institute and Lewin Group Findings

- **The State-commissioned Lewin report projected \$200.6 million in State-funded costs and the UI report projected \$90.7 million**
 - The roughly \$110 million difference is almost exclusively attributable to higher administrative costs projected under the Lewin report

Comparison of Lewin and Urban Institute (UI) Reports: Medicaid Expansion Option in the State of Alaska (2014 - 2020)				
Unless otherwise noted, figures exclude non-Medicaid expansion baseline program changes.				
	Item	Lewin Report	UI Report	Difference
Enrollment and Per Person Costs	Medicaid Expansion (ME) Enrollment (2020)	42,537	39,344	3,193 (8%)
	Baseline enrollment increase (non-ME) (2020)	779	10,418	9,639
	Per Person ME Costs (2020)	\$13,060	\$6,667	Lewin estimate nearly twice UI estimate.



Comparison of Per Enroll Costs: Lewin, UI and CBO

- Data from the Congressional Budget Office (CBO) provide a comparative per capita cost estimate
 - The UI-adjusted estimate of \$6,532 is within 2 percent of the adjusted CBO estimate of the national average per capita costs in 2022
 - In contrast, at \$13,060, the Lewin-adjusted estimate is nearly double the CBO estimate

Figure 4b: Comparison of Projections of Per Capita Costs

	2022	Difference from CBO	% Difference from CBO
Congressional Budget Office (adjusted)	\$6,667		
Lewin (adjusted)	\$14,258	+\$7,591	+ 114%
UI (adjusted)	\$6,532	-\$134	-2%



Projected Administrative Costs

Figure 6: Program Administrative Costs

Administrative Costs (%)		2014 - 2020 (millions)		
		<u>State</u>	<u>Federal</u>	<u>Total</u>
Lewin	8.2%	\$106.06	\$131.7	\$237.8
UI	2.0%	\$11.7	\$11.7	\$23.4
Difference		\$94.3	\$120.0	\$214.4



Alaska Medicaid Agency Budgeted Administrative Costs

Figure 7: Medicaid Administrative Costs, State of Alaska Budget Documents

(millions)	State of Alaska Budget Overview	State of Alaska Budget Overview
Projected Alaska Medicaid Program Expenditures	<u>FY 2011</u>	<u>FY2013</u>
Total Medicaid health service costs*	\$1,363.3	\$1,645.0
Total administrative costs**	\$32.3	\$32.3
Admin Costs as percentage of health services	2.37%	1.96%

* Governor's Operating Budget for the State of Alaska, Budget Overview, Medical Assistance Administration, page 45 for FY 2011 and page 40 for FY2013 (released 12/15/2011)

** Governor's Operating Budget for the State of Alaska, Budget Overview, Medical Assistance Administration, Administrative Component, page 5 for FY 2011 and page 255 for FY2013 (released 12/15/2011)



Identifying Offsets to State Contribution

**Figure 3c: Direct State Spending on Medicaid Expansion Option:
COMPARISON OF LEWIN AND UI PROJECTIONS, WITH OFFSETS AND ADJUSTMENTS, 2014 - 2020**

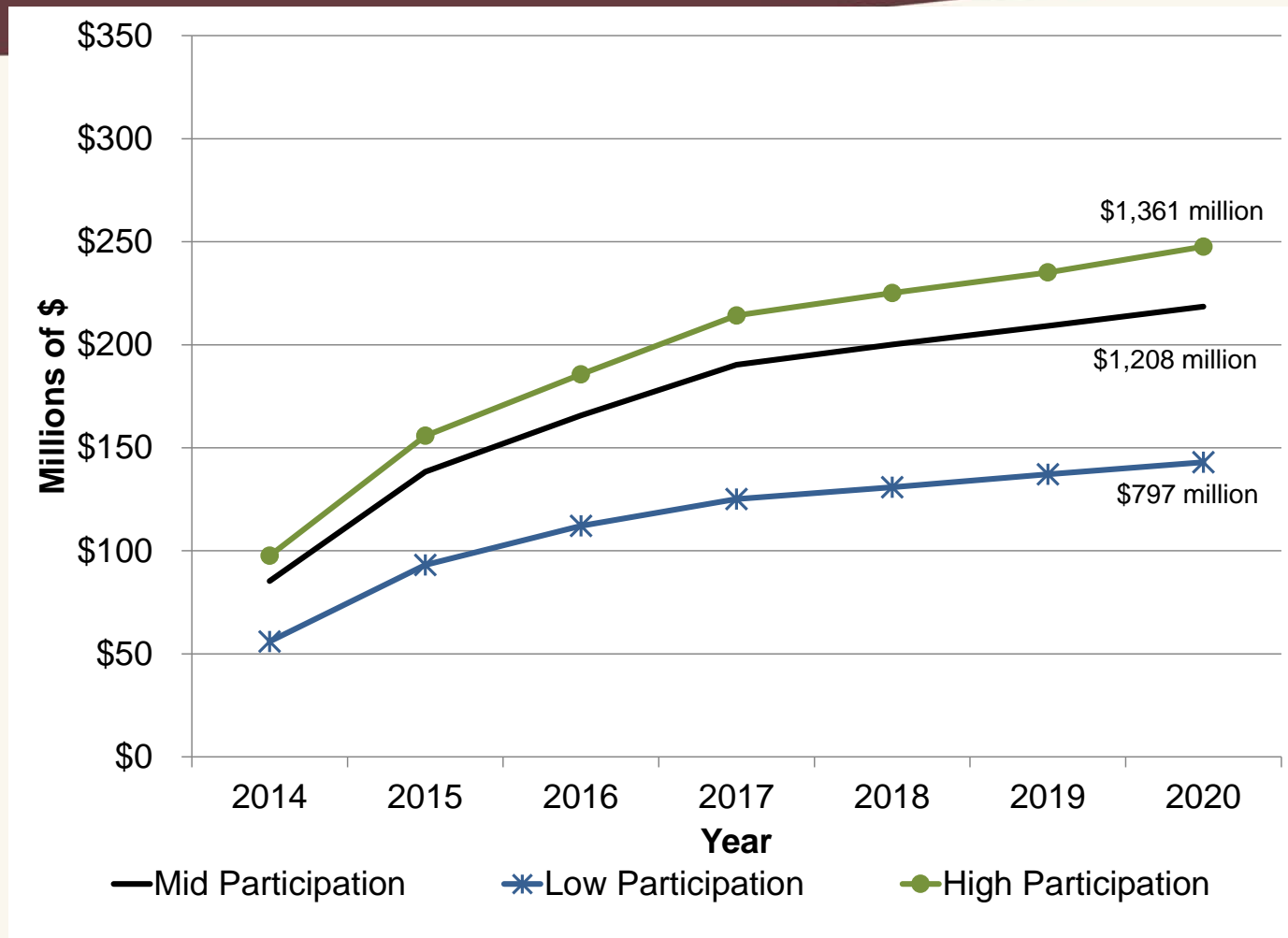
Negative numbers indicate savings to State of Alaska budget;
in millions;
source of estimate shown in parenthesis



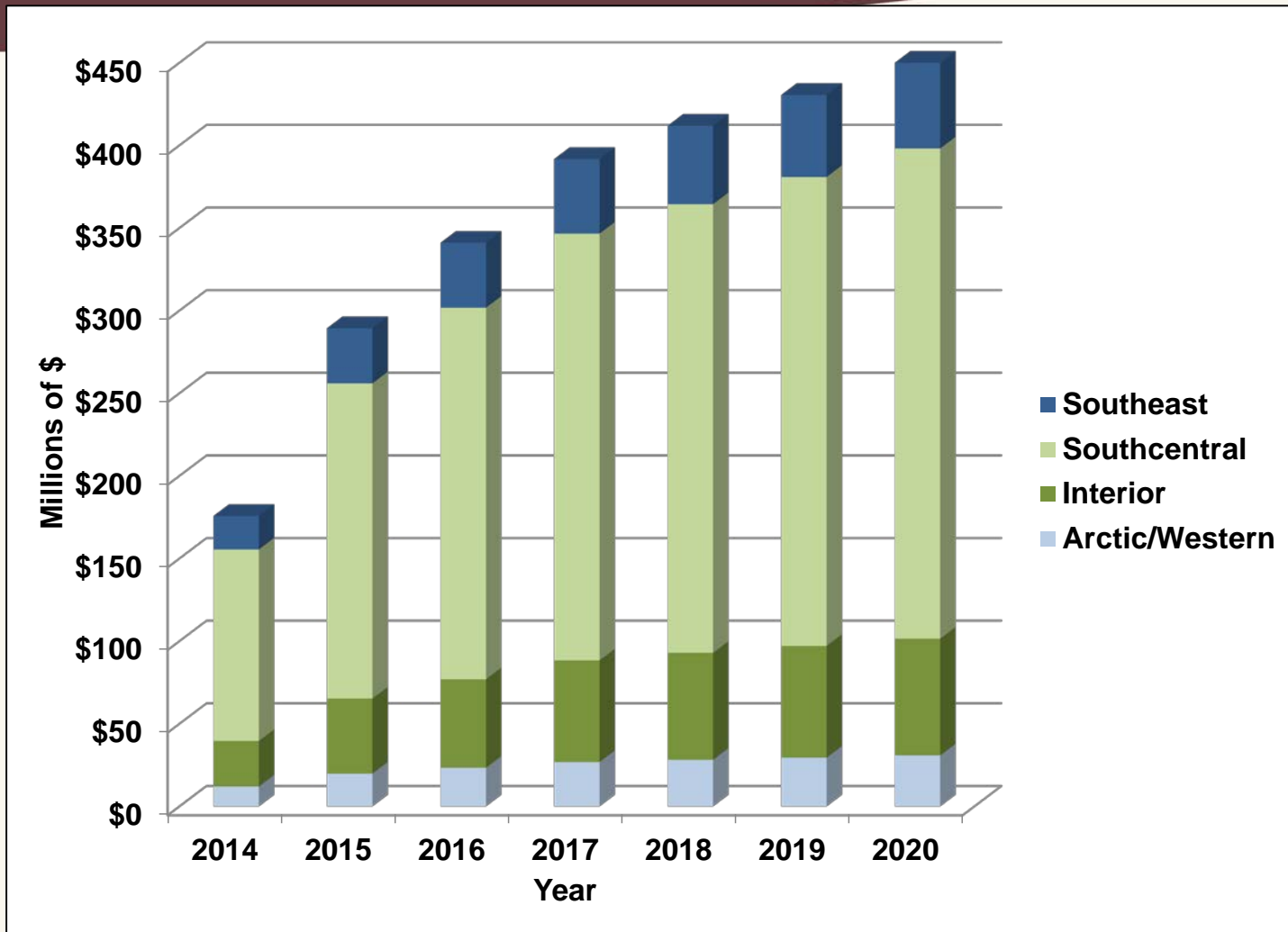
								Lewin Projection	UI Projection
	2014	2015	2016	2017	2018	2019	2020	Expansion-only costs, adjustments and offsets	Expansion-only costs, adjustments and offsets
Lewin Projections (with adjustments and offsets)									
a Medicaid Expansion Option (and adjustments to projections):	\$6.3	\$7.7	\$9.3	\$31.2	\$37.7	\$45.0	\$63.5	\$200.6	\$90.7
b - 100% FMAP for services to AN/AI by THOs (ANTHC)	\$0.0	\$0.0	\$0.0	-\$3.9	-\$4.6	-\$5.5	-\$7.5	-\$21.5	--
c - Adjustment to admin. cost projections (from 8.2% to 5.1%) (ANTHC)	<u>-\$3.9</u>	<u>-\$4.6</u>	<u>-\$5.5</u>	<u>-\$5.9</u>	<u>-\$6.3</u>	<u>-\$6.7</u>	<u>-\$7.2</u>	<u>-\$40.1</u>	--
d Total Adjusted State-funded Expenditures (a+b+c)	\$2.4	\$3.1	\$3.7	\$21.4	\$26.8	\$32.8	\$48.9	\$139.0	\$90.7
e Budget Offsets:									
f - Denali KidCare Program (Lewin)	-\$0.9	-\$0.9	-\$0.9	-\$0.9	-\$0.9	-\$0.9	-\$0.9	-\$6.6	-\$6.6
g - CAMA: Chronic & Acute Care Med. Assist. (Lewin)	-\$1.4	-\$1.5	-\$1.6	-\$1.6	-\$1.7	-\$1.8	-\$1.8	-\$11.3	-\$11.3
h - Move Breast and Cervical Cancer Enrollees to Medicaid (Lewin)	-\$1.8	-\$1.9	-\$2.0	-\$1.9	-\$1.9	-\$2.0	-\$1.9	-\$13.5	-\$13.5
i - Dept of Corrections: High cost cases (UI)	-\$5.0	-\$5.1	-\$5.3	-\$5.4	-\$5.5	-\$5.5	-\$5.7	-\$37.5	-\$37.5
j - Selection of Medicaid by some State employees (Lewin)	-\$2.1	-\$2.6	-\$3.2	-\$3.3	-\$3.5	-\$3.8	-\$4.0	-\$22.5	-\$22.5
k - Shift some immunizations costs to Medicaid (UI)	-\$1.0	-\$1.0	-\$1.1	-\$1.1	-\$1.1	-\$1.1	-\$1.1	-\$7.5	-\$7.5
l - Dept. of Corrections: Other inpatient visits				-----	To be estimated	-----		TBD	TBD
m - Adult Public Assistance/Interim Assist.				-----	To be estimated	-----		TBD	TBD
n - Reduced cost-shift to State health benefits plan				-----	To be estimated	-----		TBD	TBD
o - Other								--	--
p Subtotal: Budget Offsets (partial):	-\$12.3	-\$13.0	-\$14.1	-\$14.3	-\$14.7	-\$15.1	-\$15.5	-\$98.9	-\$98.9
q Additional corporate tax revenue (Northern Economics)	-\$0.9	-\$1.4	-\$1.6	-\$1.9	-\$2.0	-\$2.0	-\$2.1	-\$11.9	-\$11.9
r Net impact on State budget: 2014 - 2020 (h + t + u)	-\$10.8	-\$11.4	-\$12.0	\$5.2	\$10.1	\$15.7	\$31.3	\$28.2	-\$20.1
s Cumulative net impact on State budget:	-\$10.8	-\$22.2	-\$34.1	-\$28.9	-\$18.9	-\$3.1	\$28.2		



Economic Impact: Annual and Cumulative Labor Income Effects, 2014 - 2020



Economic Impact: Annual Regional Economic Output Effects



Economic Impact: Job Gains; Comparison to Other Sectors

Economic Output	\$ Millions
Medicaid Expansion Output Effects in year 2020	\$610
Accomodation and Food Services	\$1,200
Utilities	\$600
Arts, Entertainment, and Recreation	\$299
Employment	# of Jobs
Medicaid Expansion Employment Effects in year 2020	5,300
Educational Services	5,805
Oil and Gas Extraction	4,401
Truck Transportation	3,992
Water Transportation	1,079



Reductions in Federal Revenues and State Spending from 2-year Delay: per year and per day

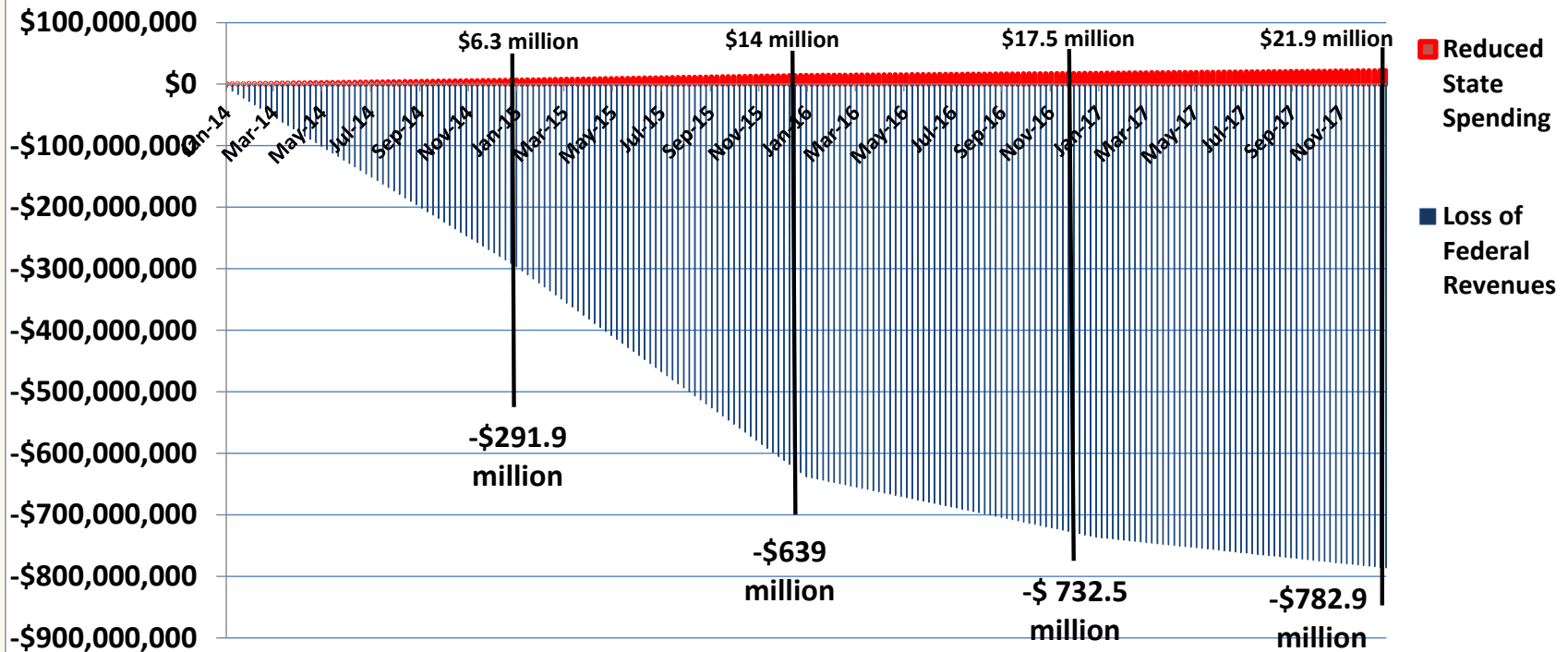
Figure 14: Reductions in Annual Federal Revenues and State Spending to the State of Alaska from a 2-year Delay in Implementation of State's Medicaid Expansion Option (Lewin Report)

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Reduction in Federal revenues: total per year	-\$291,872,720	-\$342,006,985	-\$98,637,634	-\$50,071,940
Reduction in Federal revenues: average per day	-\$799,651	-\$937,005	-\$270,240	-\$137,183
Reduction in direct State spending: total per year	-\$6,282,237	-\$7,677,278	-\$3,499,240	-\$4,391,738
Reduction in direct State spending: average per day	-\$17,212	-\$21,034	-\$9,587	-\$12,032



Cumulative Weekly Impact from 2-year Delay in Implementation

Figure 15: Cumulative Weekly Impact to State of Alaska's Budget from 2-year Delay in Implementing the State's Medicaid Expansion Option (Lewin Report)



Net per Enrollee Costs to State: Lewin projection with offsets and adjustments

Figure 11a: Net Costs to State from Medicaid Expansion (Lewin Report with Offsets and Adjustments)

NET COSTS TO STATE (per enrollee)	State Costs: Medicaid Expansion (2014 - 2020)	2020 Enrollment	Cumulative Enrollee Years	Average State Costs per Enrollee per Year (2014 - 2020)
Total Cost to State: Lewin projections with no budget offsets	\$200,503,000	42,537	276,739	\$724.52
Net Total Costs to State: Lewin projections with calculated offsets from Lewin and UI reports	\$68,292,680	42,537	276,739	\$246.78
Net Total Costs to State: Lewin projections, with calculated offsets from Lewin and UI, and 5.1% administrative costs	\$28,192,680	42,537	276,739	\$101.87

