The Milliman Report

Financial Impact Review of the Patient Protection and Affordable Care Act on the Mississippi Medicaid Budget

December 10, 2012
Introduction and Overview

• Describe the financial impact of the Affordable Care Act (ACA) mandates without expansion

• Describe the financial impact of expanding to 100% of the Federal Poverty Level (FPL)

• Describe the financial impact of full expansion to 138% of the FPL

• All financial impacts are to the state budget for a period of seven years (2014 – 2020)
ACA Mandates Without Expansion

Coverage of foster care children
- Increase coverage from age 21 to age 26
- Estimated cost $12 million

Children 6-18 years of age
- Increase from 100% to 138% of the FPL

Eligibility Modernization
- Modified Adjusted Gross Income (MAGI)
  - Changes in income disregards and household composition result in greater eligibility
ACA Mandates Without Expansion

“woodwork effect”

- Increased enrollment for those already eligible for Medicaid due to:
  - Pressure from the individual mandate
  - Referrals from the new Health Insurance Exchange
  - Loss of employer coverage
- Largest driver of ACA spending growth without expansion
Primary care fee increase

• Pay primary care physicians 100% of Medicare

• 100% covered by federal funds for 2013 and 2014; no additional federal funding allocated after 2014

• State will cover these costs 2015 – 2020

• Estimated Cost = $74 – $76 million
ACA Mandates Without Expansion

Health Insurer Fee

• ACA places $8 billion annual fee on the health insurance industry

• Net result is a 1.4% increase in managed care fees in 2014 and 2.5% increase for 2015 – 2020

• Estimated cost $92 million

Administrative expenditures

• $15 – $23 million
ACA Mandates Without Expansion

• Starting in 2014 estimated new beneficiaries range from 48,000 to 72,000
  – 60% – 100% participation

• Estimated cost of mandatory changes without expansion: $272 – $436 million
Total Estimated Financial Impact of ACA

• ACA Mandates (No Adult Expansion):
  $272 – $436 million

• ACA Mandates and Partial Adult Expansion up to 100% FPL:
  $480 – $802 million

• ACA Mandates and Full Adult Expansion up to 138% FPL:
  $609 million – $1.032 billion