

Office of the Governor | Mississippi Division of Medicaid

**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

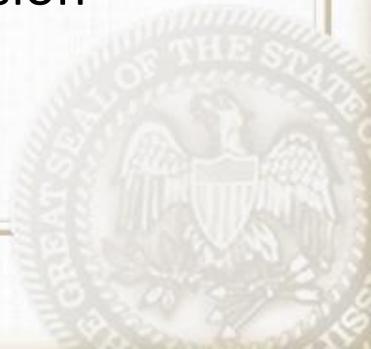
- Modified Adjusted Gross Income (MAGI)
  - Changes in income disregards and household composition result in greater eligibility



# 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



# ACA Mandates 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**

