Comparison of ACA Financial Impact Studies

	Milliman, Inc. **Financial Impact Review of the PPACA On the Mississippi Medicaid Budget** By John D. Meerschaert, FSA, MAAA December 2012	**University Research Center** Mississippi Institutions of Higher Learning **The Fiscal and Economic Impacts of Medicaid Expansion in Mississippi, 2014-2025** By Bob Neal, Ph.D. October 2012	**Kaiser Commission on Medicaid and the Uninsured** The Henry J. Kaiser Family Foundation **The Cost and Coverage Implications of the ACA Medicaid Expansion: National and State-by-State Analysis** By John Holahan, et. al. (The Urban Institute) November 2012
1) State or national study:	Mississippi only.	Mississippi only.	National and Mississippi.
2) Study years: *Important difference.	SFYs 2014 - 2020	FYs 2014-2025	2013 - 2022
3) Population Groups included: *Important difference.	Adults and children.	Adults only.	Adults and children.
4) Reform provisions modeled: *Important difference.	Enrollment of the "woodwork population", Medicaid expansion provisions, MS-CAN pharmacy rebates, primary care fee increase, CHIP enhanced FMAP, foster children expansion, health insurer fee, and related administrative cost.	Medicaid expansion provisions and related administrative costs. Study excludes the impact of enrollment of the "woodwork effect" population, MS-CAN pharmacy rebates, CHIP enhanced FMAP, primary care fee increase, foster children expansion, and health insurer fee.	Enrollment of the "woodwork population", Medicaid expansion provisions, and enhanced CHIP FMAP. The study excludes the impact of MS-CAN pharmacy rebates, primary care fee increase, foster children expansion, health insurer fee, and related administrative costs.
5) Data sources: *Important difference.	Detailed Mississippi Medicaid data, budgets, and 2011 census data.	Public data and Mississippi Medicaid data.	Public data.
6) Purpose and intended use:	• To provide an analysis related to changes to the Medicaid program resulting from federal healthcare reform; results show Mississippi's	• To provide fiscal and economic projections of Medicaid expansion in Mississippi.	• Uses the Urban Institute's Health Insurance Policy Simulation Model (HIPSM) to provide national as well

Comparison of ACA Financial Impact Studies

	Medicaid budget exposure, but not a full economic impact. • For internal use of the Mississippi Division of Medicaid; Milliman recognizes that the materials may be public records subject to disclosure to third parties. • Study should only be reviewed in its entirety; users should possess a certain level of expertise in actuarial science and healthcare modeling so as not to misinterpret data.	• May not be appropriate for other purposes.	as state-by-state estimates of the impact of the ACA on federal and state Medicaid costs, Medicaid enrollment, and the number of uninsured.
7) Financial impact scenarios: *Important difference.	• ACA with no adult expansion. • ACA with adult expansion up to 100% FPL. • ACA with adult expansion up to 138% FPL. ***Study includes adults and children.**	• Adult expansion up to 138% FPL. ***Study only includes adults.**	• No ACA baseline (as if ACA not enacted). • ACA with all states expanding Medicaid. • ACA with no states expanding Medicaid. ***Study includes adults and children.**
8) Participation scenarios: *Important difference.	• Full – 100% (unlikely to occur). • Higher - 80%. • Lower - 60%. ***Study includes adults and children.**	• High – 95% (most likely to occur). • Moderate – 85%. • Low – 75%. ***Study includes only adults.**	One scenario with an average participation rate of 60.5% for new eligibles and 23.4% for the "woodwork effect" population. ***Study includes adults and children.**
9) Consideration of Non-Medicaid financial impact to Mississippi:	Not modeled.	Modeled regarding economic activity, jobs, personal income, state revenue, and state expenditures.	Modeled regarding uncompensated care costs.

Comparison of ACA Financial Impact Studies

*Important difference.			
10) Summary of findings (financial impact in Mississippi):	Financial impact of ACA implementation on the MS Medicaid budget (FYs 2014 - 2020) (60% - 100% participation): **Segment 1 - ACA mandates (no adult expansion)** • Total additional state cost: $272 – $436 million (2.3% - 3.7% of baseline state Medicaid expenditures). • Total additional federal spending: $1.7 – $2.1 billion. • Total state Medicaid spending: $12 – $12.2 billion. • Total federal Medicaid spending in MS: $33.5 – $33.9 billion. • FY 2014 additional enrollment: 48,000 – 72,000. • 26% - 27% of Mississippi's total population will be enrolled in Medicaid and CHIP. • Additional cost and increase in enrollment due to: (1) expansion of foster care coverage up to age 26; (2) new Modified Adjusted Gross Income (MAGI) income counting rule; (3) new minimum FPL for Medicaid children up to 138%; (4) new health insurer fee;	Costs of Medicaid expansion only (FYs 2014 – 2025) (75% - 95% participation): • State: $1 - $1.1 billion. • Federal: $10.8 - $12.1 billion. Total additions to employment, personal income, and general fund revenue from federal Medicaid funding (FYs 2014 – 2025) (75% - 95% participation): • $508 - $567.6 million. Net fiscal impact of Medicaid expansion (FYs 2014 – 2025) (75% - 95% participation): • $497.1 - $555.9 million.	Under the ACA, Medicaid spending in Mississippi (2013 – 2022): **If Mississippi does not expand Medicaid (and no other states expand)** • Total additional state cost (mandatory ACA implementation only): $153 million. • Total additional federal spending (mandatory ACA implementation only): $1.2 billion. • Total state Medicaid spending: $15.9 billion. • Total federal Medicaid spending: $48.7 billion. **If Mississippi expands Medicaid (and all other states expand)** • Total additional state cost (mandatory ACA implementation and expansion): $1.2 billion; this includes a total of $979 million on new eligibles and $222 million on current eligibles. • Total additional federal

Comparison of ACA Financial Impact Studies

	(5) an increase of primary care fees; (6) an increase in administrative costs; and (7) the "woodwork effect" population. **Segments 1 and 2 – ACA mandates and partial adult expansion up to 100% FPL** *Guidance issued by HHS on December 10, 2012, clarified that if Mississippi chooses to cover the new adult group up to 100% FPL, it will not receive the enhanced federal funding made available for the new group under the ACA. **Segments 1, 2, and 3 – ACA mandates and full adult expansion up to 138% FPL** • Total additional state cost: $609 - 1 billion (5.2% - 8.8% of baseline state Medicaid expenditures). • Total additional federal spending: $8.1 - $13.4 billion. • Total state Medicaid spending: $12.4 – $12.8 billion. • Total federal Medicaid spending in MS: $39.9 – $45.3 billion. • 2014 increased enrollment: 220,000 to 370,000 beneficiaries. • 31% to 36% of Mississippi's total population will be enrolled in Medicaid and CHIP.		spending (mandatory ACA implementation and expansion): $15.7 billion. • Total state Medicaid spending: $16.9 billion. • Total federal Medicaid spending: $63.2 billion.
11) Projected adult	SFY 2014 (60% to 100% participation):	2014 (75% to 95% participation):	2022:

Comparison of ACA Financial Impact Studies

expansion population enrollment in Mississippi:	• 172,000 - 298,000.	• 214,716 - 280,782.	• 231,000.
12) State population growth:	Included in analysis.	Included in analysis.	Included in analysis.
13) Baseline expenditures: *Important difference.	Modeled.	Not modeled.	Modeled.
14) Per enrollee cost: *Important difference.	• Starting point: FY 2011 - $4,250/year for adults; $2,300/year for child. • Then projected forward at a rate of 6.0%/year, including 4% for healthcare inflation and 2% for anticipated enrollment growth. ***Study includes adults and children.**	• 95% Scenario – $2,957 (75% average annual cost of current enrollees). • 85% Scenario - $3,154 (80% average annual cost of current enrollees). • 75% Scenario - $3,351 (85% of average annual cost of current enrollees). Note: Study assumes that average annual costs for newly eligible Medicaid enrollees are expected to be lower than existing enrollees because they are expected to have fewer health problems. Estimated annual Medicaid cost of inflation is 3.5%. ***Study only includes adults.**	Does not apply a uniform cost per enrollee under Medicaid; the cost varies by individual health status, previous coverage, year, etc.; the resulting average cost per enrollee rises from $5,440 - $7,399 between 2016 – 2022. ***Study includes adults and children.**
15) Expansion FMAP	Modeled.	Modeled.	Modeled.
16) Non-expansion FMAP:	Modeled.	Not modeled.	Modeled.
17) Woodwork effect expenditures on currently eligible populations:	Modeled. Study sees this as the largest driver of spending growth.	Not modeled. ***Study only includes adults affected by expansion.**	Modeled.

Comparison of ACA Financial Impact Studies

*Important difference.			
18) Pent up demand costs for expansion group:	Not modeled. Study acknowledges the possibility of pent up demand costs, but does not include a specific amount since government financing for this group will be 100% for the first three years.	Addressed, but unclear whether modeled. Study estimates the new population group to be healthier and have lower health care costs.	Addressed, but unclear whether modeled. Study estimates the new population group to be healthier and have lower health care costs.
19) Medicaid adults, parents/mothers:	Modeled.	Modeled, if fell within the expansion group.	Modeled.
20) Medicaid adults, non-caregivers:	Modeled.	Modeled.	Modeled.
21) Medicaid other:	Modeled.	Not modeled.	Modeled.
22) Medicaid children: *Important difference.	Modeled.	Not modeled.	Modeled.
23) CHIP: *Important difference.	Modeled.	Not modeled.	Modeled.
24) CHIP enhanced FMAP savings: *Important difference.	Modeled. Study sees this as the second largest driver of ACA cost savings.	Not modeled.	Modeled.
25) Increased costs due to Foster children expansion to age 26: *Important difference.	Modeled.	Not modeled.	Not modeled.
26) Increased Medicaid coverage of children ages 6 -18 up to 138% FPL (currently 100% FPL in Mississippi):	Included in analysis.	Not modeled.	Included in analysis.
27) Modified Adjusted Gross Income (MAGI) income counting rule:	Included in analysis.	Included in analysis.	Included in analysis.

Comparison of ACA Financial Impact Studies

28) Increase in payments to primary care physicians continued past 2014: *Important difference.	Modeled.	Not modeled.	Not modeled.
29) Health insurer fee costs: *Important difference.	Modeled.	Not modeled.	Not modeled.
30) MississippiCAN pharmacy rebate savings:	Modeled. Study sees this as the largest driver of ACA cost savings. The savings are reflected in baseline expenditures because the MS Medicaid budget already reflects pharmacy rebate collection for MississippiCAN enrollees.	Not modeled.	Not modeled.
31) Ongoing administrative costs: *Important difference.	Modeled. Study includes the administrative costs of all population based ACA changes; estimated at 2.5%, though other states range from 3% to 6%.	Modeled only in regards to new expansion adult group.	Not modeled.
32) Possible future changes to Medicaid eligibility levels for certain current eligibility categories:	Not modeled.	Not modeled.	Addressed, but not modeled.
33) Effect of reductions in DSH payments to Mississippi:	Addressed, but not modeled.	Addressed, but not modeled.	Addressed, but not modeled.
34) Start-up administrative costs prior to 2014 or Health Insurance Exchange costs:	Addressed, but not modeled. Study notes these costs could be substantial.	Not modeled.	Not modeled.
35) MississippiCAN implementation for adult expansion population (potential	Addressed, but not modeled.	Not modeled.	Not modeled.

Comparison of ACA Financial Impact Studies

cost-savings):			
36) Healthier Mississippi waiver (potential cost-savings):	Addressed, but not modeled.	Not modeled.	Not modeled.
37) Possible state savings in shifting existing prison population health care costs to Medicaid under expansion:	Not modeled.	Modeled.	Possibly addressed, but unclear whether modeled.
38) Effect of possible lack of sufficient number of healthcare professionals to serve increased demand:	Not modeled.	Addressed, but not modeled.	Not modeled.
39) Effect of expansion on uncompensated care:	Not modeled.	Addressed, but not modeled.	Modeled.