

Idaho Medicaid Expansion Population and Cost Forecast

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Scope of Work

- Two Scenarios:
 - No Expansion (Option 1)
 - 138% Expansion (Option 3)
- Enrollment Forecast
 - Woodwork
 - Surge
 - Expansion
 - CHIP
 - 85% Take-up Rate for Uninsured; 30% for Insured

Scope of Work (continued)

- Cost Projection
 - FMAP Variation Over Time
 - Demographic Mix
 - Cost Offsets
 - Administration
 - Foster Care
 - CHIP
 - Physician PCP Increase

Enrollment Forecast

- Sources
 - 2010 Census Data
 - Idaho Division of Welfare
 - Leavitt Partners Report
 - Idaho Department of Health and Welfare

- Woodwork (currently eligible but not enrolled)
 - Mostly children
 - Independent of expansion decision
 - Currently uninsured and insured populations

Enrollment Forecast (continued)

- Mandatory Enrollment (newly eligible through MAGI)
 - Mostly parents
- Expansion (newly eligible band on 138% FPL)
 - Childless adults and additional parents
 - Currently insured and uninsured
- Other
 - CHIP
 - Foster care
- Trend (Annual enrollment growth of 2.05%)

Idaho Division of Medicaid
Estimated Impact on Projected 1/1/2014 Enrollment

Mandatory Expansion		
Children (CHIP conversion to Medicaid)		10,800
Adults, Parents		24,500
Optional Expansion (138% FPL)		
Adults, Parents		35,300
Adults, Non-Caregivers		44,500
Expansion Subtotal (Mandatory and Optional)		
Children		10,800
Adults		104,300
Currently Eligible, Not Enrolled		
Children		28,500
Adults, Parents		6,500
Total		150,100

Cost Projections

FMAP Variations

- Currently Eligible, not enrolled (Woodwork) @ standard rates
- Mandatory Expansion @ 100% 2014-2016 scaling to 90% as of 1/1/2020
- Optional Expansion (138% FPL) same as Mandatory Expansion
- CHIP @ 100% 10/1/15 through 9/30/19
- Foster care @ standard rates

<u>FMAP Rates</u>	<u>SFY 2014</u>	<u>SFY 2015</u>	<u>SFY 2016</u>	<u>SFY 2017</u>	<u>SFY 2018</u>	<u>SFY 2019</u>	<u>SFY 2020</u>	<u>SFY 2021</u>
Current Medicaid FMAP	70%	70%	70%	70%	70%	70%	70%	70%
Expansion FMAP	100%	100%	100%	98%	95%	94%	92%	90%
Current CHIP FMAP	80%	80%	80%	80%	80%	80%	80%	80%
Enhanced CHIP FMAP	80%	80%	95%	100%	100%	100%	85%	80%

No Change After SFY 2021

Cost Projections (continued)

- Starting Medical Costs
 - State Fiscal Year 2011 Medicaid Costs (Basic)
 - Age/Gender Specific
 - Cost range: \$140 PMPM young male adults
\$950 PMPM 55+
- Cost Projection Trends
 - 5% annually to calendar year 2014
 - 2.5% annually beyond calendar year 2014

Cost Projections (continued)

- Idaho Department of Health and Welfare Administrative Costs
 - 3.5% of additional medical service costs
 - 50% FMAP
 - Administrative costs increase even if FMAP at 100% of medical cost

State and Local Cost Offsets

- Expanded Medicaid coverage will reduce costs in other programs (90% reduction)
- No impact from Woodwork or covered populations
- Optional (138% FPL) and Mandatory Expansion populations will impact these programs

<u>Potential State and Local Offsets</u>	<u>SFY 2014*</u>	<u>SFY 2015</u>	<u>SFY 2016</u>	<u>SFY 2017</u>	<u>.....</u>	<u>SFY 2024</u>	<u>Cumulative Total</u>
CAT Program (State)	\$21.2	\$43.1	\$43.8	\$46.0		\$62.5	\$539.6
Medical Indigent (County)	\$15.7	\$32.8	\$34.1	\$35.5		\$45.7	\$406.2
Medical Ind (County Admin)	\$2.8	\$5.8	\$6.1	\$6.3		\$8.0	\$71.9
Behavior Health (DHW)	\$4.8	\$9.7	\$9.7	\$9.7		\$9.7	\$101.3
Public Health (DHW)	\$0.4	\$0.8	\$0.8	\$0.8		\$0.8	\$8.4
Total Local and State Spend:	\$59.1	\$124.3	\$126.2	\$134.2		\$193.6	\$1,643.8

*Six months of SFY 2014

**Projected Mandatory Expansion Costs
State and Local Dollars Only (Values in Millions)**

Option # 1: No Optional Expansion	SFY 2014*	SFY 2015	SFY 2016	SFY 2017	.....	SFY 2024	Cumulative Total
Mandatory Expansion Claim Costs:							
Currently Eligible, Not Enrolled	\$12.4	\$25.3	\$26.0	\$26.6		\$31.6	\$296.3
Mandatory Expansion	\$0.0	\$0.0	\$0.0	\$4.3		\$20.4	\$120.1
Foster Care	\$1.7	\$3.5	\$3.6	\$3.7		\$4.4	\$41.0
Physician	\$0.0	\$3.0	\$6.1	\$6.4		\$8.1	\$67.5
CHIP	(\$1.5)	(\$3.1)	(\$7.5)	(\$8.7)		(\$1.9)	(\$48.8)
Administration (DHW) Costs:	\$1.7	\$3.4	\$3.5	\$3.6		\$4.3	\$40.2
Total Mandatory Expansion Costs	\$14.2	\$32.2	\$31.8	\$35.9		\$66.9	\$516.3
Projected Offsets and Savings							
CAT Program (State)	(\$4.32)	(\$8.8)	(\$8.9)	(\$9.4)		(\$12.8)	(\$110.2)
Medical Indigent (County)	(\$3.2)	(\$6.7)	(\$7.0)	(\$7.2)		(\$9.3)	(\$82.9)
Medical Ind (County Admin)	(\$0.3)	(\$1.2)	(\$1.2)	(\$1.3)		(\$1.6)	(\$14.4)
Behavior Health (DHW)	(\$1.1)	(\$2.2)	(\$2.2)	(\$2.2)		(\$2.2)	(\$23.0)
Public Health (DHW)	(\$0.1)	(\$0.2)	(\$0.2)	(\$0.2)		(\$0.2)	(\$1.9)
Total Local and State Offset:	(\$9.0)	(\$19.0)	(\$19.5)	(\$20.3)		(\$26.1)	(\$232.4)
Option # 1: No Optional Expansion							
Total Cost	\$5.2	\$13.1	\$12.2	\$15.6		\$40.8	\$283.9

*Six months of SFY 2014

**Projected Additional Optional Expansion Costs
State and Local Dollars Only (Values in Millions)**

Option # 3: 138% Expansion	SFY 2014*	SFY 2015	SFY 2016	SFY 2017	.....	SFY 2024	Cumulative Total
<u>Additional Expanding Spending:</u>							
Optional Expansion Claim Costs:	\$0.0	\$0.0	\$0.0	\$15.0		\$71.4	\$420.2
Administration (DHW) Costs:	\$3.4	\$7.0	\$7.1	\$7.3		\$8.7	\$81.4
Total Additional Expansion Costs	\$3.4	\$7.0	\$7.1	\$22.3		\$80.1	\$501.6
<u>Projected Offsets and Savings</u>							
CAT Program (State)	(\$14.7)	(\$30.0)	(\$30.5)	(\$32.0)		(\$43.5)	(\$375.5)
Medical Indigent (County)	(\$10.9)	(\$22.8)	(\$23.7)	(\$24.7)		(\$31.8)	(\$282.7)
Medical Ind (County Admin)	(\$1.0)	(\$4.1)	(\$4.2)	(\$4.4)		(\$5.6)	(\$49.1)
Behavior Health (DHW)	(\$3.7)	(\$7.5)	(\$7.5)	(\$7.5)		(\$7.5)	(\$78.3)
Public Health (DHW)	(\$0.3)	(\$0.6)	(\$0.6)	(\$0.6)		(\$0.6)	(\$6.5)
Total Local and State Offset:	(\$30.7)	(\$64.9)	(\$66.5)	(\$69.2)		(\$89.0)	(\$792.0)
Option # 3: 138% Optional Expansion Only (Excluding Mandatory Expansion)							
Marginal Cost	(\$27.3)	(\$57.9)	(\$59.4)	(\$46.8)		(\$8.9)	(\$290.4)

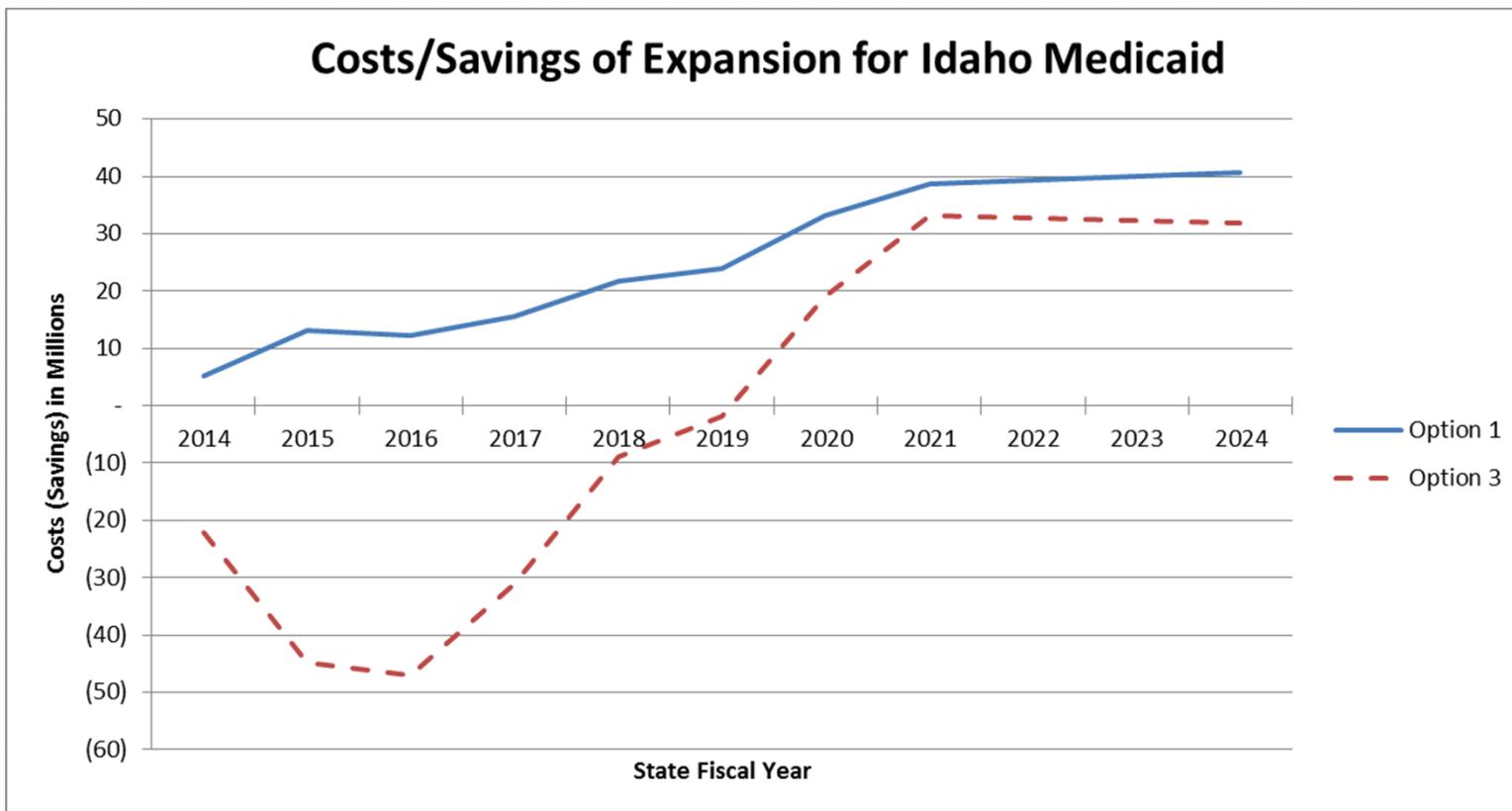
*Six months of SFY 2014

Option #1 and Option #3 Summary
State and Local Dollars Only (Values in Millions)

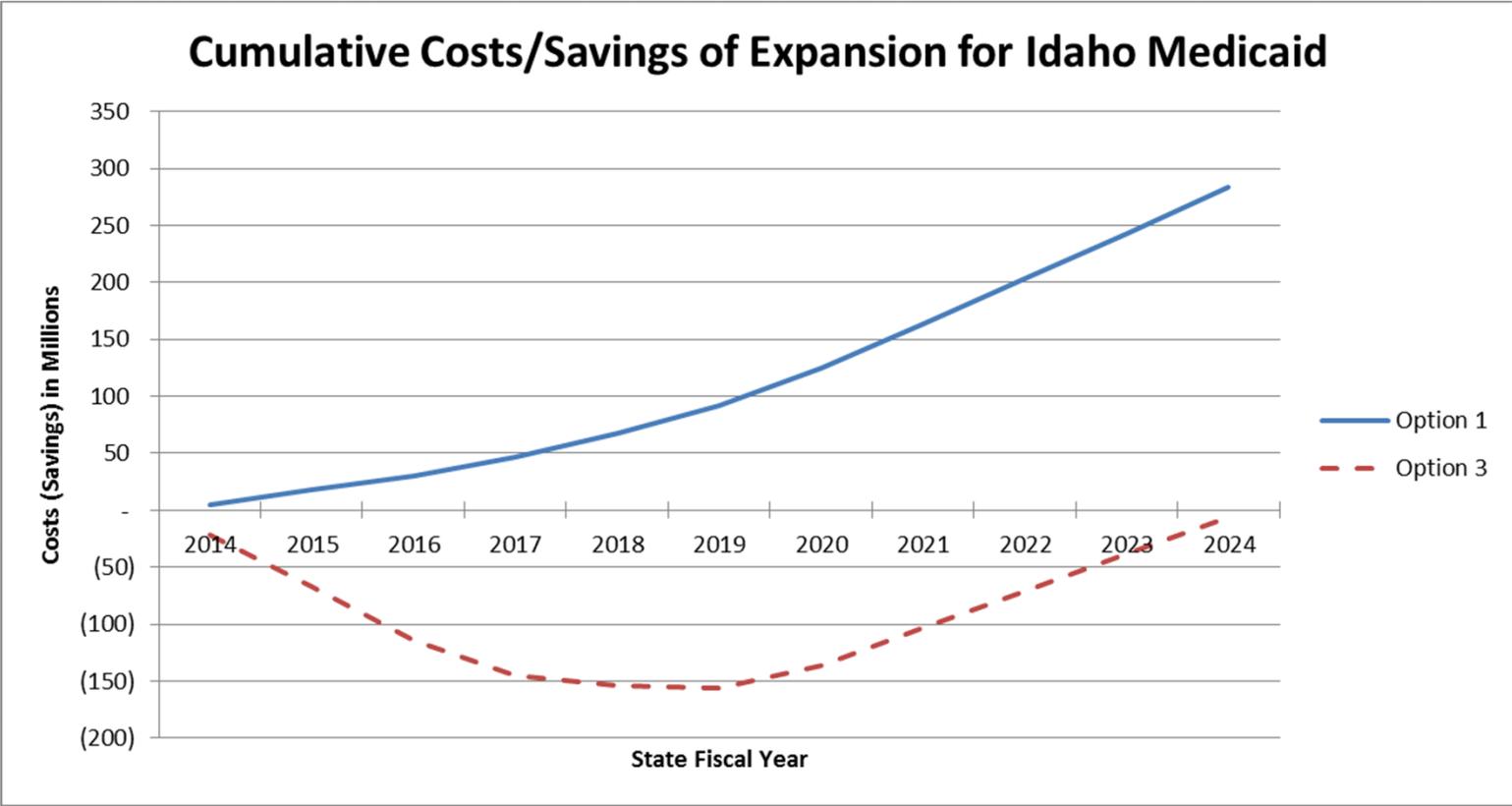
	<u>SFY 2014*</u>	<u>SFY 2015</u>	<u>SFY 2016</u>	<u>SFY 2017</u>	.....	<u>SFY 2024</u>	Cumulative Total
Option # 1: No Optional Expansion							
Total Cost (slide #11)	\$5.2	\$13.1	\$12.2	\$15.6		\$40.8	\$283.9
Option # 3: 138% Optional Expansion Only (Excluding Mandatory Expansion)							
Marginal Cost (slide #12)	(\$27.3)	(\$57.9)	(\$59.4)	(\$46.8)		(\$8.9)	(\$290.4)
Option # 3: 138% Optional Expansion (Including Mandatory Expansion)							
Total Cost	<u>(\$22.0)</u>	<u>(\$44.8)</u>	<u>(\$47.1)</u>	<u>(\$31.2)</u>		<u>\$31.9</u>	<u>(\$6.5)</u>

*Six months of SFY 2014

Costs/Savings of Expansion for Idaho Medicaid



Cumulative Costs/Savings of Expansion for Idaho Medicaid



Other Considerations

- DSH Funding

<u>Other impacts - Hospitals:</u>	<u>SFY 2014*</u>	<u>SFY 2015</u>	<u>SFY 2016</u>	<u>SFY 2017</u>	.....	<u>SFY 2024</u>	<u>Cumulative Total</u>
Loss of Federal Funds							
Medicare DSH	\$0.0	\$7.4	\$8.2	\$10.3		\$11.6	\$101.1
Medicaid DSH	\$16.4	\$16.4	\$16.4	\$16.4		\$16.4	\$180.4
Total Loss of FFs:	<u>\$16.4</u>	<u>\$23.8</u>	<u>\$24.6</u>	<u>\$26.7</u>		<u>\$28.0</u>	<u>\$281.5</u>

- CHIP Cost Offsets
- Adverse Selection / Pent-up Demand
- Point Estimate

Other Considerations (continued)

- Continued state/local costs after Optional (138% FPL) and/or Mandatory Expansion

	<u>SFY 2014*</u>	<u>SFY 2015</u>	<u>SFY 2016</u>	<u>SFY 2017</u>	.....	<u>SFY 2024</u>	<u>Cumulative Total</u>
<u>Continued State/Local Costs with Mandatory Expansion</u>							
CAT Program (State)	\$16.9	\$34.3	\$34.9	\$36.6		\$49.7	\$429.4
Medical Indigent (County)	\$12.5	\$26.1	\$27.1	\$28.3		\$36.4	\$323.3
Medical Ind (County Admin)	\$2.5	\$4.6	\$4.8	\$5.0		\$6.4	\$57.5
Behavior Health (DHW)	\$3.7	\$7.5	\$7.5	\$7.5		\$7.5	\$78.3
Public Health (DHW)	\$0.3	\$0.6	\$0.6	\$0.6		\$0.6	\$6.5
Total Local and State Spend:	<u>\$35.9</u>	<u>\$73.1</u>	<u>\$74.9</u>	<u>\$78.0</u>		<u>\$100.6</u>	<u>\$895.1</u>
<u>Continued State/Local Costs with Mandatory and Optional (138% FPL) Expansion</u>							
CAT Program (State)	\$2.1	\$4.3	\$4.4	\$4.6		\$6.3	\$54.0
Medical Indigent (County)	\$1.6	\$3.3	\$3.4	\$3.6		\$4.6	\$40.6
Medical Ind (County Admin)	\$1.5	\$0.6	\$0.6	\$0.6		\$0.8	\$8.4
Behavior Health (DHW)	\$0.0	\$0.0	\$0.0	\$0.0		\$0.0	\$0.0
Public Health (DHW)	\$0.0	\$0.0	\$0.0	\$0.0		\$0.0	\$0.0
Total Local and State Spend:	<u>\$5.2</u>	<u>\$8.2</u>	<u>\$8.4</u>	<u>\$8.8</u>		<u>\$11.6</u>	<u>\$103.0</u>

Caveats

Limitations

This analysis is intended for the use of State of Idaho in support of the Medicaid expansion program evaluation. Any user of the data must possess a certain level of expertise in actuarial science and health care modeling so as not to misinterpret the data presented.

Milliman makes no representations or warranties regarding the contents of this presentation to third parties. Similarly, third parties are instructed that they are to place no reliance upon this analysis prepared for State of Idaho by Milliman that would result in the creation of any duty or liability under any theory of law by Milliman or its employees to third parties. Other parties receiving this report must rely upon their own experts in drawing conclusions about the individual insurance market rates, assumptions and trends. It is the responsibility of any insurance carrier to establish required revenue levels appropriate for their risk, management and contractual obligations for the prospective population.

This analysis has relied extensively on data provided for the State of Idaho, including population surveys, and carrier data to compute the relative risk scores of the population. Errors in data reporting may flow through the analysis, and as such would impact the results.

Actual results will vary from our projections for many reasons, including differences from assumptions regarding future enrollment within the Idaho Medicaid Program, the relative morbidity of the uninsured population, and the mix of various risk stratifications in the 2014 Individual Insurance Market, as well as other random and non-random factors. Experience should continue to be monitored on a regular basis, with modifications to reinsurance rates or to the program as necessary.

Actuarial Statement of Qualification

Guidelines issued by the American Academy of Actuaries require actuaries to include their professional qualifications in all actuarial communications. We are members of the American Academy of Actuaries, and meet the qualification standards for performing this analysis.

This presentation includes preliminary draft findings. A complete written report will be provided to the State of Idaho Department of Health and Welfare for further Medicaid expansion program evaluation.