

Idaho Medicaid Expansion Population and Cost Forecast Including Option 3.5

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Outline

- I. Option 3.5 is a blend of Option 3 and 4
 - Under 100% FPL is covered under Medicaid Managed Care (Option 3)
 - 100-138% FPL is covered thru the Exchange (Option 4)
- II. Option 3.5 Details
- III. Comparison of the Costs for each Option – 3 year snapshot
- IV. Summary Comparison of State and Local Costs

Addendum:

- V. Option 1 – State & Local Funds
- VI. Option 3 - Projected Cost
- VII. Option 3 - Total State, County, and Federal Funds Graph
- VIII. Option 4 - Projected Cost
- VIX. All Options - Total Projected State, County and Federal Cost

Option 3.5: State and County Only

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

Option # 3.5: Medicaid/Private Option Split	SFY 2016	SFY 2017	SFY 2018	SFY 2019	SFY 2020	.....	SFY 2025	Cumulative Total
<u>Additional Expanding Spending:</u>								
Optional Expansion Claim Costs:	\$0.0	\$16.8	\$38.8	\$47.8	\$65.2		\$95.5	\$606.5
Administration (DHW) Costs:	\$12.1	\$12.4	\$12.7	\$13.0	\$13.3		\$15.1	\$135.5
Total Additional Expansion Costs	\$12.1	\$29.2	\$51.5	\$60.9	\$78.6		\$110.6	\$742.0
<u>Projected Offsets and Savings</u>								
CAT Program (State)	(\$35.6)	(\$37.3)	(\$39.1)	(\$40.9)	(\$42.9)		(\$54.2)	(\$443.1)
Medical Indigent (County)	(\$24.7)	(\$25.7)	(\$26.7)	(\$27.8)	(\$28.9)		(\$35.1)	(\$296.5)
Medical Ind (County Admin)	(\$6.1)	(\$6.3)	(\$6.6)	(\$6.8)	(\$7.0)		(\$8.0)	(\$71.3)
Behavior Health (DHW)	(\$9.7)	(\$9.7)	(\$9.7)	(\$9.7)	(\$9.7)		(\$9.7)	(\$96.5)
Public Health (DHW)	(\$0.8)	(\$0.8)	(\$0.8)	(\$0.8)	(\$0.8)		(\$0.8)	(\$8.0)
Total County and State Offset:	(\$76.8)	(\$79.7)	(\$82.8)	(\$86.0)	(\$89.3)		(\$107.8)	(\$915.4)
Option # 3.5: Medicaid/Private Option Split (Excluding Mandatory Expansion)								
Marginal Cost	(\$64.7)	(\$50.5)	(\$31.2)	(\$25.1)	(\$10.7)		\$2.7	(\$173.4)

**DHW indicated an administrative load of 3.5% of medical costs is a reasonable assumption. This figure is consistent with our experience in other states. Current FMAP rate assumption is 50%. However, CMS has issued communications that costs associated with the expansion population may receive enhanced FMAP rate of 75%.*

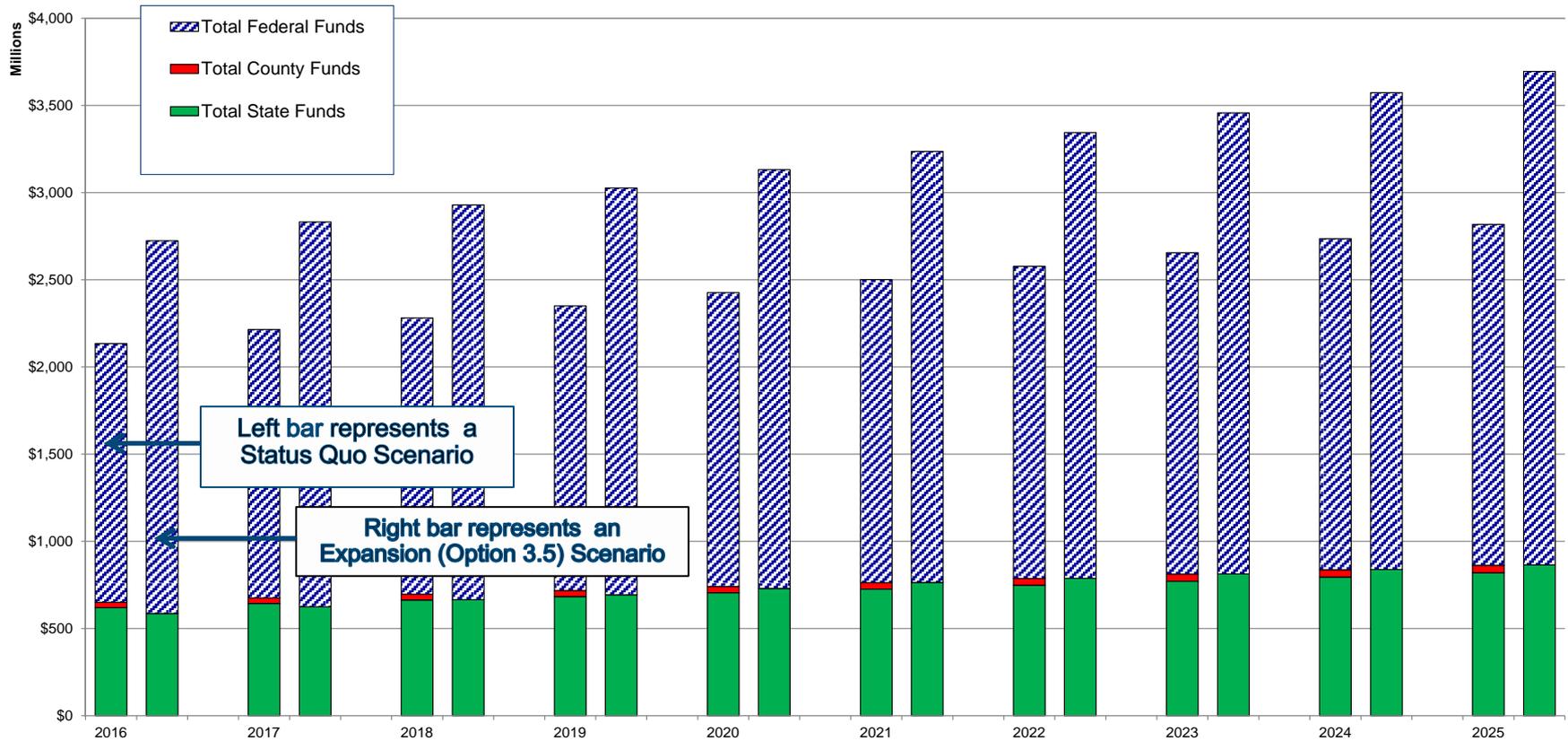
Option 3.5 - Projected Cost (Values in Millions)

	<u>SFY 2016</u>	<u>SFY 2017</u>	<u>SFY 2018</u>	<u>SFY 2019</u>	<u>SFY 2020</u>	.....	<u>SFY 2025</u>	<u>Cumulative Total</u>
Total Costs of Status Quo - No Expansion (1)								
County Funds:	\$30.8	\$32.0	\$33.3	\$34.6	\$35.9		\$43.2	\$367.8
State Funds:	\$620.2	\$643.7	\$663.4	\$683.7	\$704.6		\$819.7	\$7,176.8
Federal Funds	\$1,483.9	\$1,538.7	\$1,584.7	\$1,632.2	\$1,685.7		\$1,955.2	\$17,149.6
State, County and Federal Funds	<u>\$2,134.8</u>	<u>\$2,214.4</u>	<u>\$2,281.4</u>	<u>\$2,350.5</u>	<u>\$2,426.3</u>		<u>\$2,818.1</u>	<u>\$24,694.3</u>
Total Costs with Expansion (2)								
County Funds:	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0		\$0.0	\$0.0
State Funds:	\$586.3	\$625.2	\$665.4	\$693.2	\$729.9		\$865.6	\$7,371.2
Federal Funds	\$2,137.3	\$2,206.8	\$2,264.7	\$2,333.4	\$2,401.4		\$2,829.4	\$24,579.9
State, County and Federal Funds	<u>\$2,723.6</u>	<u>\$2,832.0</u>	<u>\$2,930.1</u>	<u>\$3,026.5</u>	<u>\$3,131.2</u>		<u>\$3,695.0</u>	<u>\$31,951.1</u>
Total "Swing" Cost <Savings> - No Expansion vs. Expansion								
County Funds:	(\$30.8)	(\$32.0)	(\$33.3)	(\$34.6)	(\$35.9)		(\$43.2)	(\$367.8)
State Funds:	(\$33.9)	(\$18.5)	\$2.0	\$9.5	\$25.2		\$45.9	\$194.4
Federal Funds	\$653.4	\$668.1	\$679.9	\$701.2	\$715.6		\$874.2	\$7,430.2
State, County and Federal Funds	<u>\$588.7</u>	<u>\$617.6</u>	<u>\$648.7</u>	<u>\$676.1</u>	<u>\$705.0</u>		<u>\$876.9</u>	<u>\$7,256.8</u>

(1) Includes Current Medicaid (Historical Base), State and County Programs, and Option #1: Additional ACA costs.

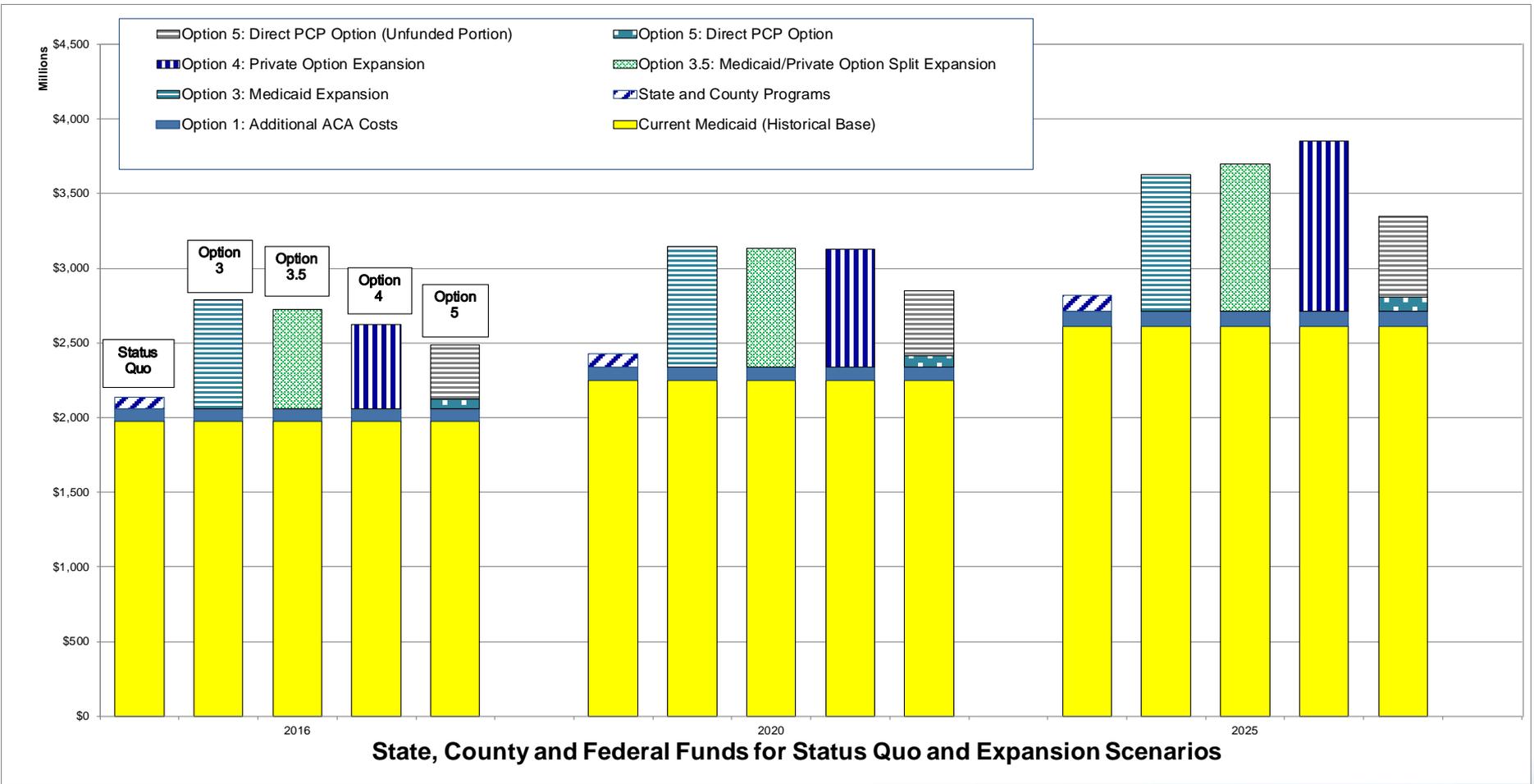
(2) Includes Current Medicaid (Historical Base), Option #1: Additional ACA costs, and Option #3.5 Medicaid Expansion Costs.

Option 3.5 - Total State, County, and Federal Funds

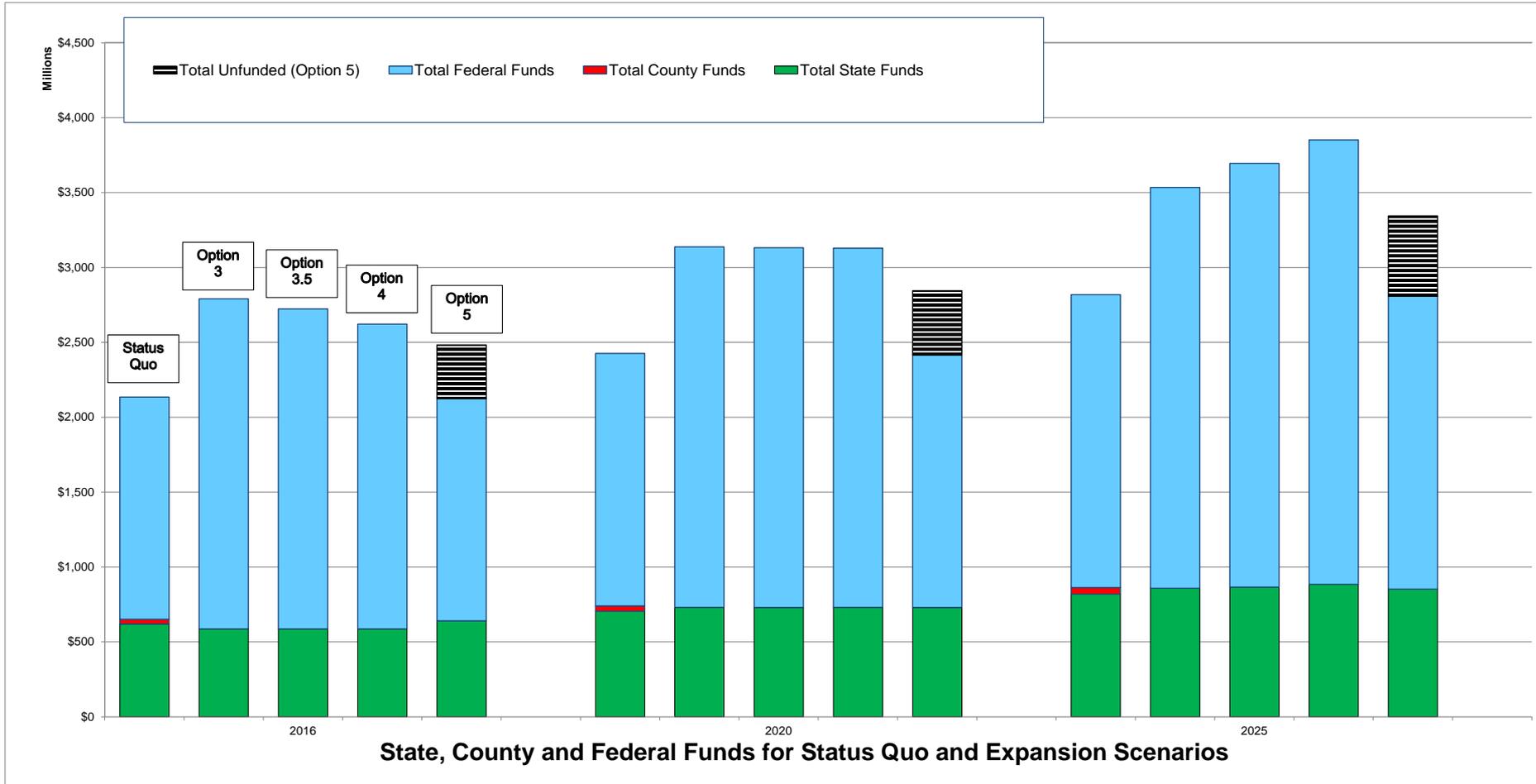


State, County, and Federal Total Funds for Status Quo and Expansion Scenarios

Total Expenditures by Option – 3 year snapshot



State, County, and Federal Expenditures by Option – 3 year snapshot



Summary Comparison of State and Local Costs

	<u>SFY 2016</u>	<u>SFY 2017</u>	<u>SFY 2018</u>	<u>SFY 2019</u>	.....	<u>SFY 2025</u>	<u>Cumulative Total</u>
Option # 1 (No Optional Expansion) with State & Local Funds:							
Expansion Cost (Slide 10)	\$20.8	\$19.9	\$20.4	\$20.9		\$31.3	\$257.0
State & Local Programs (Slide 10)	\$76.8	\$79.7	\$82.8	\$86.0		\$107.8	\$915.4
Total	\$97.6	\$99.6	\$103.2	\$106.9		\$139.1	\$1,172.4
Option # 3: State Plan Option (Managed Care)							
Marginal Cost (Compared to Option 1)	(\$64.7)	(\$49.2)	(\$29.1)	(\$23.3)		(\$4.3)	(\$183.6)
Option # 3: State Plan Option (Managed Care) (Including Mandatory Expansion)							
Total Cost	(\$43.9)	(\$29.3)	(\$8.7)	(\$2.4)		\$27.0	\$73.4
Option # 3.5: Option 3/Option 4 Split							
Marginal Cost (Compared to Option 1) (Slide 3)	(\$64.7)	(\$50.5)	(\$31.2)	(\$25.1)		\$2.7	(\$173.4)
Option # 3.5: Option 3/Option 4 Split (Including Mandatory Expansion)							
Total Cost	(\$43.9)	(\$30.6)	(\$10.8)	(\$4.2)		\$34.0	\$83.5
Option # 4: Private Optional Expansion Only (Excluding Mandatory Expansion)							
Marginal Cost (Compared to Option 1)	(\$64.7)	(\$52.0)	(\$33.1)	(\$25.7)		\$22.0	(\$119.7)
Option # 4: Private Optional Expansion (Including Mandatory Expansion)							
Total Cost	(\$43.9)	(\$32.1)	(\$12.7)	(\$4.8)		\$53.2	\$137.3
Option # 5: Direct PCP + Medical Procedures Fund							
Marginal Cost (Compared to Option 1)	\$0.0	\$0.0	\$0.0	\$0.0		\$0.0	\$0.0
Option 1	\$97.6	\$99.6	\$103.2	\$106.9		\$139.1	\$1,172.4
Total	\$97.6	\$99.6	\$103.2	\$106.9		\$139.1	\$1,172.4

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.

Note: Historically, the reports prepared for the Department by Milliman on the “Financial Impact of the Patient Protection and Affordable Care Act (PPACA) on the Idaho Medicaid Budget” have focused on the fiscal impact on state and local taxpayer funds. However, it is important for the reader to understand there is a significant component of unfunded costs for Options #1 & #5.

Option 1: State & Local Funds

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

Option # 1: No Optional Expansion	SFY 2016	SFY 2017	SFY 2018	SFY 2019	SFY 2020	.....	SFY 2025	Cumulative Total
Mandatory Expansion Claim Costs:								
Currently Eligible, Not Enrolled	\$17.8	\$18.3	\$18.7	\$19.2	\$19.7		\$22.3	\$199.6
Mandatory Expansion	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0		\$0.0	\$0.0
Foster Care	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0		\$0.0	\$0.4
Physician	\$5.9	\$6.0	\$6.2	\$6.3	\$6.5		\$7.4	\$66.0
CHIP	(\$4.2)	(\$5.8)	(\$5.9)	(\$6.1)	(\$1.6)		\$0.0	(\$23.5)
Administration (DHW) Costs:	\$1.3	\$1.3	\$1.4	\$1.4	\$1.4		\$1.6	\$14.4
Total Mandatory Expansion Costs	\$20.8	\$19.9	\$20.4	\$20.9	\$26.1		\$31.3	\$257.0
State & Local Programs								
CAT Program (State)	\$35.6	\$37.3	\$39.1	\$40.9	\$42.9		\$54.2	\$443.1
Medical Indigent (County)	\$24.7	\$25.7	\$26.7	\$27.8	\$28.9		\$35.1	\$296.5
Medical Ind (County Admin)	\$6.1	\$6.3	\$6.6	\$6.8	\$7.0		\$8.0	\$71.3
Behavior Health (DHW)	\$9.7	\$9.7	\$9.7	\$9.7	\$9.7		\$9.7	\$96.5
Public Health (DHW)	\$0.8	\$0.8	\$0.8	\$0.8	\$0.8		\$0.8	\$8.0
Total State & Local Programs	\$76.8	\$79.7	\$82.8	\$86.0	\$89.3		\$107.8	\$915.4
Option # 1 (No Optional Expansion) with State & Local Funds:								
Total Cost	\$97.6	\$99.6	\$103.2	\$106.9	\$115.4		\$139.1	\$1,172.4

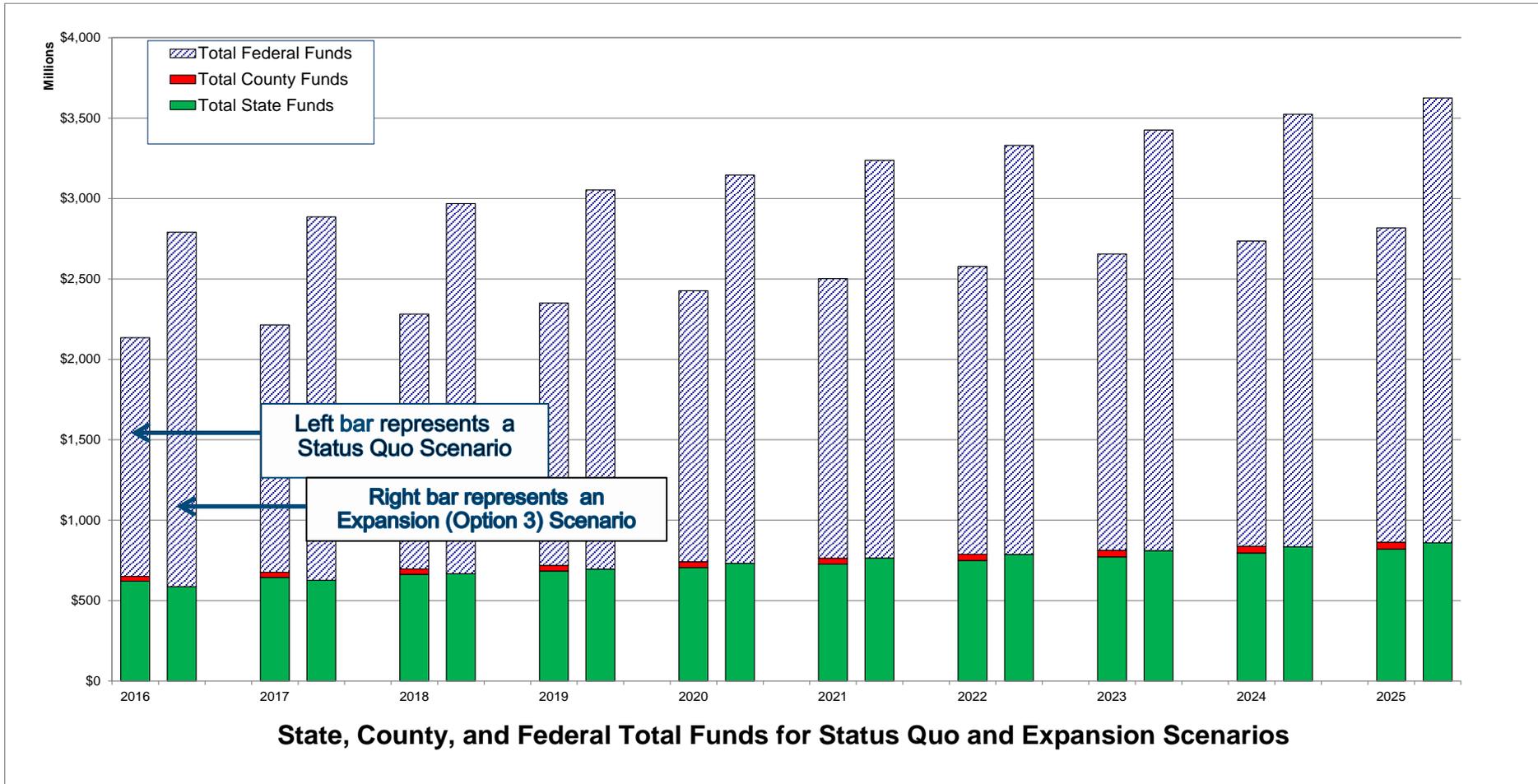
Option 3 - Projected Cost (Values in Millions)

	<u>SFY 2016</u>	<u>SFY 2017</u>	<u>SFY 2018</u>	<u>SFY 2019</u>	<u>SFY 2020</u>	.....	<u>SFY 2025</u>	<u>Cumulative Total</u>
Total Costs of Status Quo - No Expansion (1)								
County Funds:	\$30.8	\$32.0	\$33.3	\$34.6	\$35.9		\$43.2	\$367.8
State Funds:	\$620.2	\$643.7	\$663.4	\$683.7	\$704.6		\$819.7	\$7,176.8
Federal Funds	\$1,483.9	\$1,538.7	\$1,584.7	\$1,632.2	\$1,685.7		\$1,955.2	\$17,149.6
State, County and Federal Funds	<u>\$2,134.8</u>	<u>\$2,214.4</u>	<u>\$2,281.4</u>	<u>\$2,350.5</u>	<u>\$2,426.3</u>		<u>\$2,818.1</u>	<u>\$24,694.3</u>
Total Costs with Expansion (2)								
County Funds:	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0		\$0.0	\$0.0
State Funds:	\$586.3	\$626.6	\$667.5	\$694.9	\$731.1		\$858.6	\$7,361.1
Federal Funds	\$2,204.3	\$2,258.9	\$2,300.7	\$2,358.4	\$2,414.5		\$2,766.4	\$24,624.3
State, County and Federal Funds	<u>\$2,790.6</u>	<u>\$2,885.5</u>	<u>\$2,968.2</u>	<u>\$3,053.3</u>	<u>\$3,145.5</u>		<u>\$3,625.0</u>	<u>\$31,985.3</u>
Total "Swing" Cost <Savings> - No Expansion vs. Expansion								
County Funds:	(\$30.8)	(\$32.0)	(\$33.3)	(\$34.6)	(\$35.9)		(\$43.2)	(\$367.8)
State Funds:	(\$33.9)	(\$17.2)	\$4.1	\$11.2	\$26.5		\$38.9	\$184.2
Federal Funds	\$720.4	\$720.3	\$715.9	\$726.2	\$728.7		\$811.2	\$7,474.6
State, County and Federal Funds	<u>\$655.7</u>	<u>\$671.1</u>	<u>\$686.8</u>	<u>\$702.9</u>	<u>\$719.3</u>		<u>\$807.0</u>	<u>\$7,291.0</u>

(1) Includes Current Medicaid (Historical Base), State and County Programs, and Option #1: Additional ACA costs.

(2) Includes Current Medicaid (Historical Base), Option #1: Additional ACA costs, and Option #3 Medicaid Expansion Costs.

Option 3 - Total State, County, and Federal Funds



Option 4 - Projected Cost (Values in Millions)

	<u>SFY 2016</u>	<u>SFY 2017</u>	<u>SFY 2018</u>	<u>SFY 2019</u>	<u>SFY 2020</u>	.....	<u>SFY 2025</u>	<u>Cumulative Total</u>
Total Costs of Status Quo - No Expansion (1)								
County Funds:	\$30.8	\$32.0	\$33.3	\$34.6	\$35.9		\$43.2	\$367.8
State Funds:	\$620.2	\$643.7	\$663.4	\$683.7	\$704.6		\$819.7	\$7,176.8
Federal Funds	\$1,483.9	\$1,538.7	\$1,584.7	\$1,632.2	\$1,685.7		\$1,955.2	\$17,149.6
State, County and Federal Funds	<u>\$2,134.8</u>	<u>\$2,214.4</u>	<u>\$2,281.4</u>	<u>\$2,350.5</u>	<u>\$2,426.3</u>		<u>\$2,818.1</u>	<u>\$24,694.3</u>
Total Costs with Expansion (2)								
County Funds:	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0		\$0.0	\$0.0
State Funds:	\$586.3	\$623.7	\$663.5	\$692.6	\$731.1		\$884.8	\$7,424.9
Federal Funds	\$2,035.0	\$2,131.3	\$2,218.2	\$2,307.2	\$2,397.3		\$2,966.7	\$24,703.2
State, County and Federal Funds	<u>\$2,621.3</u>	<u>\$2,755.0</u>	<u>\$2,881.7</u>	<u>\$2,999.8</u>	<u>\$3,128.3</u>		<u>\$3,851.5</u>	<u>\$32,128.1</u>
Total "Swing" Cost <Savings> - No Expansion vs. Expansion								
County Funds:	(\$30.8)	(\$32.0)	(\$33.3)	(\$34.6)	(\$35.9)		(\$43.2)	(\$367.8)
State Funds:	(\$33.9)	(\$20.0)	\$0.1	\$8.9	\$26.4		\$65.1	\$248.1
Federal Funds	\$551.1	\$592.6	\$633.4	\$675.0	\$711.6		\$1,011.4	\$7,553.6
State, County and Federal Funds	<u>\$486.5</u>	<u>\$540.6</u>	<u>\$600.3</u>	<u>\$649.3</u>	<u>\$702.1</u>		<u>\$1,033.4</u>	<u>\$7,433.9</u>

(1) Includes Current Medicaid (Historical Base), State and County Programs, and Option #1: Additional ACA costs.

(2) Includes Current Medicaid (Historical Base), Option #1: Additional ACA costs, and Option #4 Medicaid Expansion Costs.

Total Projected State, County and Federal Cost (Values in Millions)

	SFY 2016	SFY 2017	SFY 2018	SFY 2019	SFY 2020	.....	SFY 2025	Cumulative Total
Current Medicaid (Historical Base) (1)								
State Funds:	\$553.4	\$576.1	\$593.5	\$611.4	\$625.2		\$723.8	\$6,372.2
Federal Funds:	\$1,422.7	\$1,474.5	\$1,519.0	\$1,564.8	\$1,621.3		\$1,884.1	\$16,488.0
Subtotal:	\$1,976.1	\$2,050.6	\$2,112.5	\$2,176.2	\$2,246.5		\$2,607.9	\$22,860.3
State and County Programs								
CAT Program (State)	\$35.6	\$37.3	\$39.1	\$40.9	\$42.9		\$54.2	\$443.1
Medical Indigent (County)	\$24.7	\$25.7	\$26.7	\$27.8	\$28.9		\$35.1	\$296.5
Medical Ind (County Admin)	\$6.1	\$6.3	\$6.6	\$6.8	\$7.0		\$8.0	\$71.3
Behavior Health (DHW)	\$9.7	\$9.7	\$9.7	\$9.7	\$9.7		\$9.7	\$96.5
Public Health (DHW)	\$0.8	\$0.8	\$0.8	\$0.8	\$0.8		\$0.8	\$8.0
Subtotal:	\$76.8	\$79.7	\$82.8	\$86.0	\$89.3		\$107.8	\$915.4
Option #1: Additional Costs ACA costs - No Expansion								
State Funds:	\$20.8	\$19.9	\$20.4	\$20.9	\$26.1		\$31.3	\$257.0
Federal Funds:	\$61.2	\$64.2	\$65.8	\$67.4	\$64.4		\$71.1	\$661.6
Subtotal:	\$82.0	\$84.1	\$86.2	\$88.3	\$90.5		\$102.3	\$918.6
Option #3: Medicaid Expansion Costs								
State Funds:	\$12.1	\$30.5	\$53.6	\$62.6	\$79.8		\$103.6	\$731.8
Federal Funds:	\$720.4	\$720.3	\$715.9	\$726.2	\$728.7		\$811.2	\$7,474.6
Subtotal:	\$732.5	\$750.8	\$769.6	\$788.8	\$808.5		\$914.8	\$8,206.5
Option #3.5: Medicaid/Private Plan Expansion Costs								
State Funds:	\$12.1	\$29.2	\$51.5	\$60.9	\$78.6		\$110.6	\$742.0
Federal Funds:	\$653.4	\$668.1	\$679.9	\$701.2	\$715.6		\$874.2	\$7,430.2
Subtotal:	\$665.5	\$697.3	\$731.5	\$762.0	\$794.2		\$984.8	\$8,172.2
Option #4: Private Plan Expansion Costs								
State Funds:	\$12.1	\$27.7	\$49.6	\$60.2	\$79.8		\$129.8	\$795.7
Federal Funds:	\$551.1	\$592.6	\$633.4	\$675.0	\$711.6		\$1,011.4	\$7,553.6
Subtotal:	\$563.2	\$620.3	\$683.0	\$735.2	\$791.3		\$1,141.2	\$8,349.3
Option #5: Direct PCP Costs								
State Funds:	\$66.3	\$69.3	\$72.3	\$75.5	\$78.8		\$97.4	\$810.9
Federal Funds:	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0		\$0.0	\$0.0
Subtotal:	\$66.3	\$69.3	\$72.3	\$75.5	\$78.8		\$97.4	\$810.9

(1) This is an expenditure forecast for Idaho's current Medicaid program.