MISSOURI HOSPITAL ASSOCIATION

Medicaid Spending by State Expansion Status, 2000-2025: ACA vs AHCA

Questions of Equity in the AHCA and Implications for State Expansion Decisions Prior to 2020

Study & Data

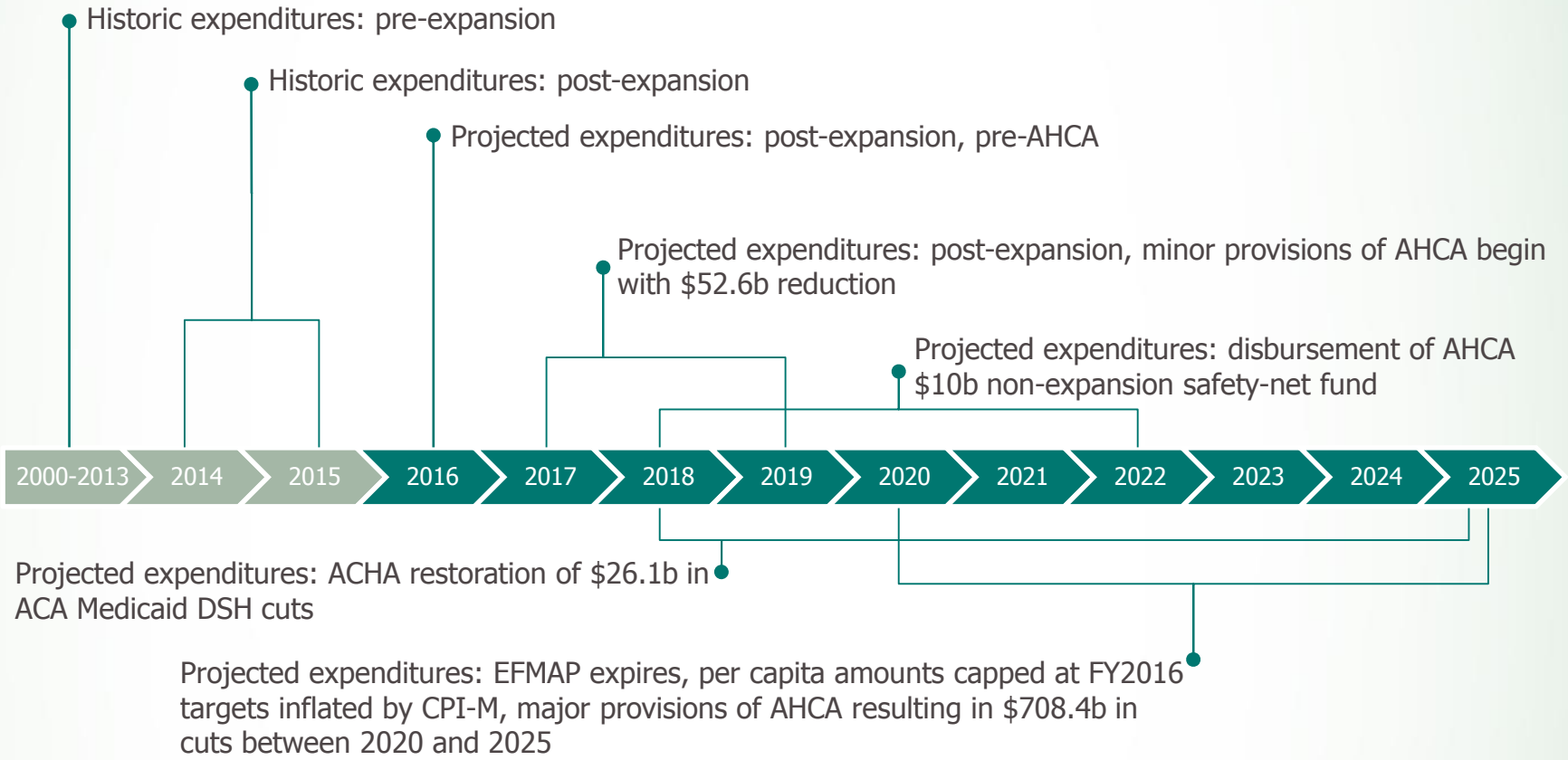
- Evaluation of historic and projected state and federal Medicaid spending under provisions of the ACA and AHCA, 2000-2025:
  - By state expansion type (full-expansion, 1115 waiver & non-expansion)
  - By three peer states from each expansion type (Ohio, Iowa & Missouri)
- Data:
  - Historical state & federal Medicaid expenditures, 2000-2015: CMS-64 Expenditure Reports
  - Projected total Medicaid expenditures, 2016-2025: CMS-Office of the Actuary, National Health Expenditure Accounts
  - Projected Medicaid budgetary effects of the AHCA, 2017-2025: CBO and JCT, Cost Estimate of the American Health Care Act
  - Historical & projected state population estimates, 2000-2025: U.S. Census Bureau-Population Estimates Program
  - Population below 138% FPL, 2015: U.S. Census Bureau-Small Area Health Insurance Estimates Program

Key Provisions of ACHA (version dated 3/13/17)

- 21 million more uninsured by 2020 and 24 million by 2024 (vs. ACA), primarily caused by reductions in Medicaid resulting from discontinued or preempted expansion decisions by states:
  - 9m fewer Medicaid beneficiaries in 2020, 14m fewer in 2026
- Enhanced FMAP for Medicaid expansion expires in 2020 for newly-eligible beneficiaries after 12/31/2019:
  - Grandfathered expansion beneficiaries must maintain continuous enrollment for EFMAP
  - Less than 1/3 would maintain continuous enrollment for 2 years
  - Less than 5% would maintain continuous enrollment by 2025
- Federal spending capped in 2020 at the average spending per enrollee in 2016 inflated by the CPI-Medical:
  - 3.7% average annual CPI-M growth between 2017 and 2026 vs. 4.4% growth under ACA
- Safety net fund for non-expansion states of $2 billion per year between 2018 and 2021 ($8-10 billion total, conflicting language in bill)
- Federal spending on Medicaid reduced by $880 billion between 2017 and 2026
  - Resulting in 14 million fewer beneficiaries (17% reduction), most of the reduction occurs between 2020 and 2026.

Source: CBO https://www.cbo.gov/system/files/115th-congress-2017-2018/costestimate/americanhealthcareact.pdf

Study Timeline with Key Provisions of the AHCA



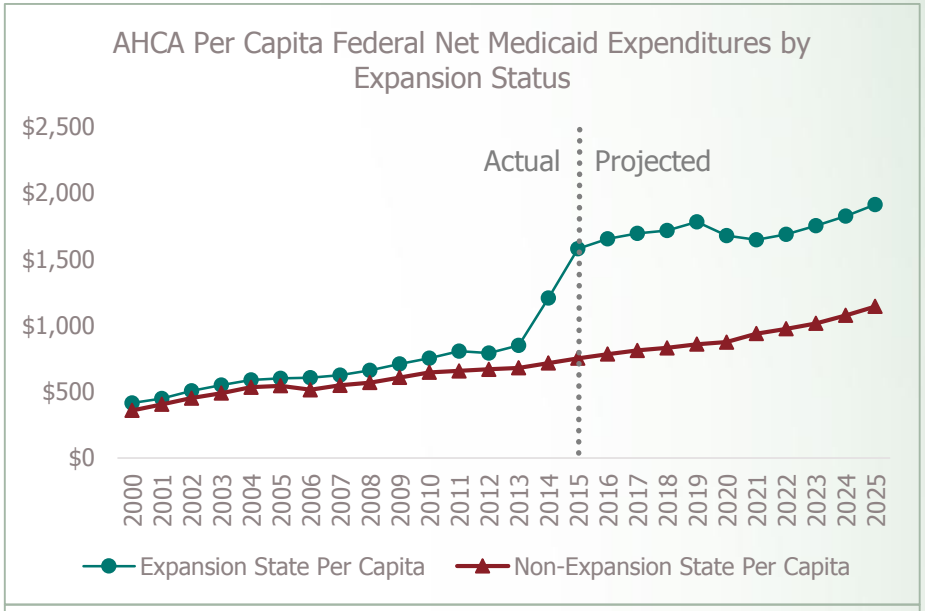
Total Impact on Federal Medicaid Outlays: 2017-2026
$41.1 billion restored + $921.1 billion cut =
$880,000,000,000 reduction (CBO/JCT)

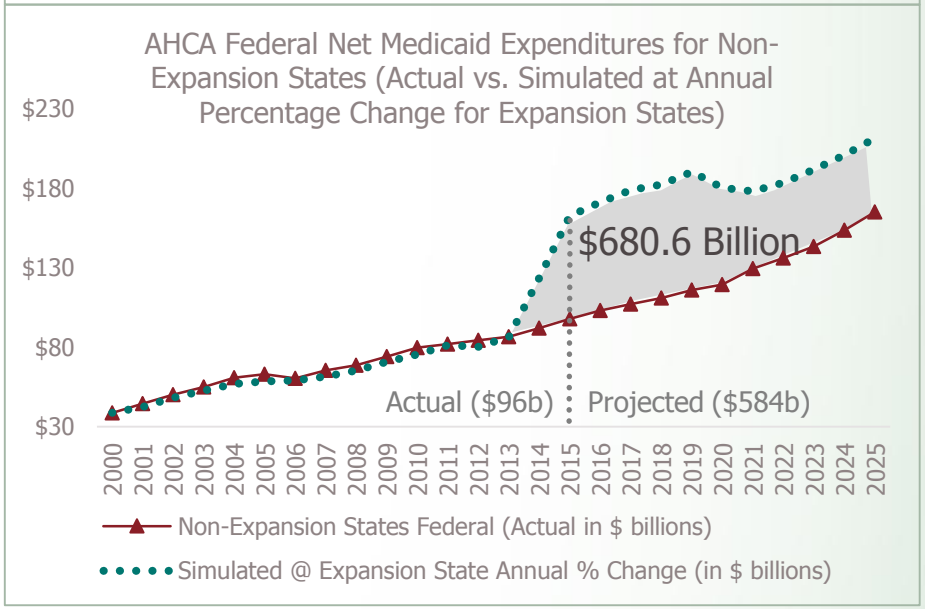
Study Data

Actual | Projected

Summary of Findings: AHCA Enactment

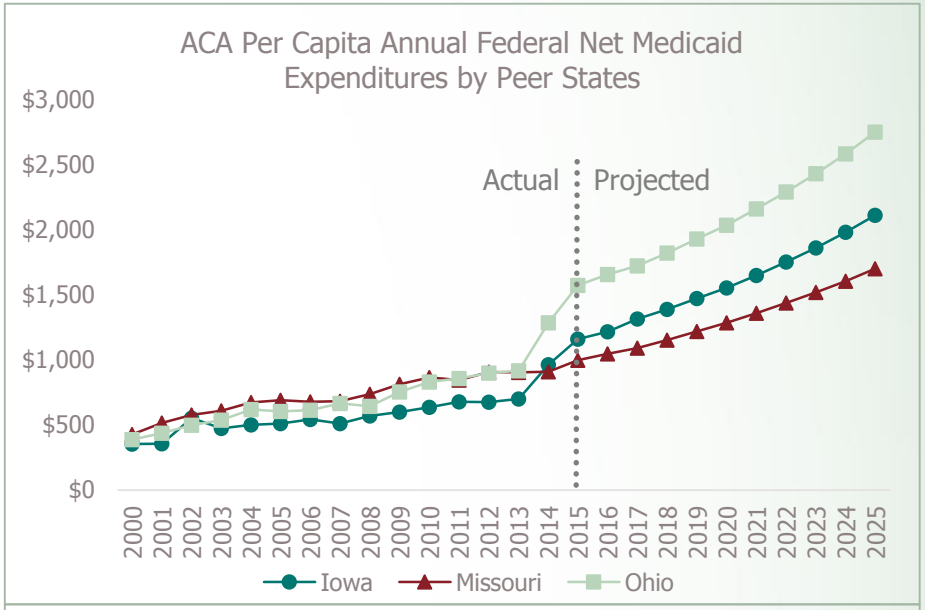
- The American Health Care Act is projected by the CBO and JCT to reduce federal outlays on Medicaid by $880 billion between fiscal years 2017 and 2026.
- During the same period, the AHCA restores $31.2 billion in DSH cuts enacted by the Affordable Care Act, and provides $8-$10 billion in compensatory safety-net funding to states not expanding Medicaid.
- Expansion states will bear the brunt of the total reductions in federal Medicaid outlays attributable to the AHCA because of expiring enhanced FMAP and attrition of grandfathered EFMAP beneficiaries resulting from continuous eligibility clauses.
- It is estimated that expansion states will experience $806 billion in reduced federal Medicaid spending while non-expansion states will see $74 billion in cuts by 2026.
- Despite this disproportionate burden of AHCA cuts for expansion states and the compensatory safety-net fund, Medicaid non-expansion states are projected to forego $680.6 billion in federal Medicaid spending under AHCA by 2025 (at right).

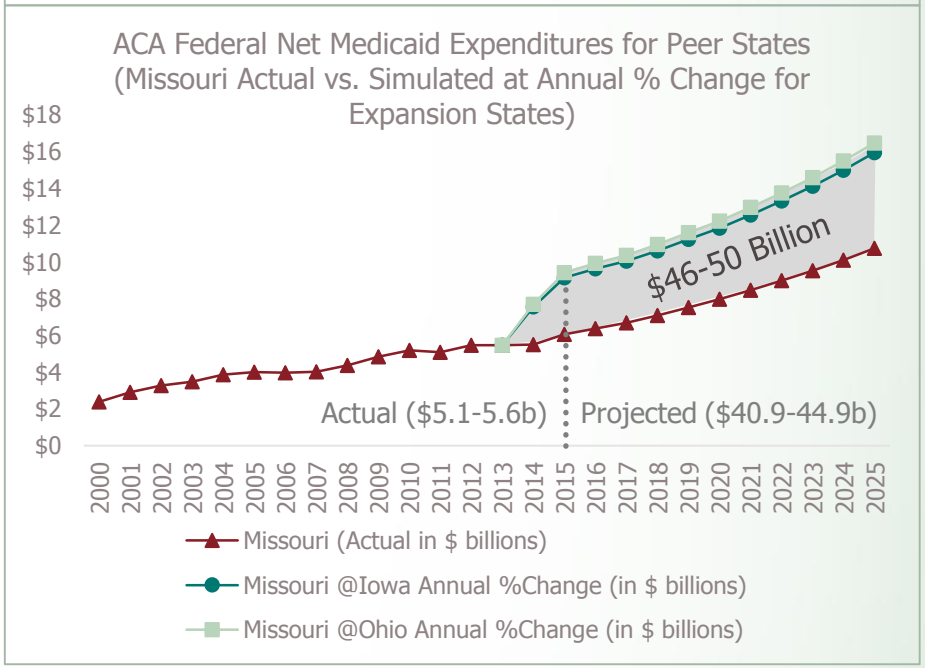




Summary of Findings: ACA Status Quo

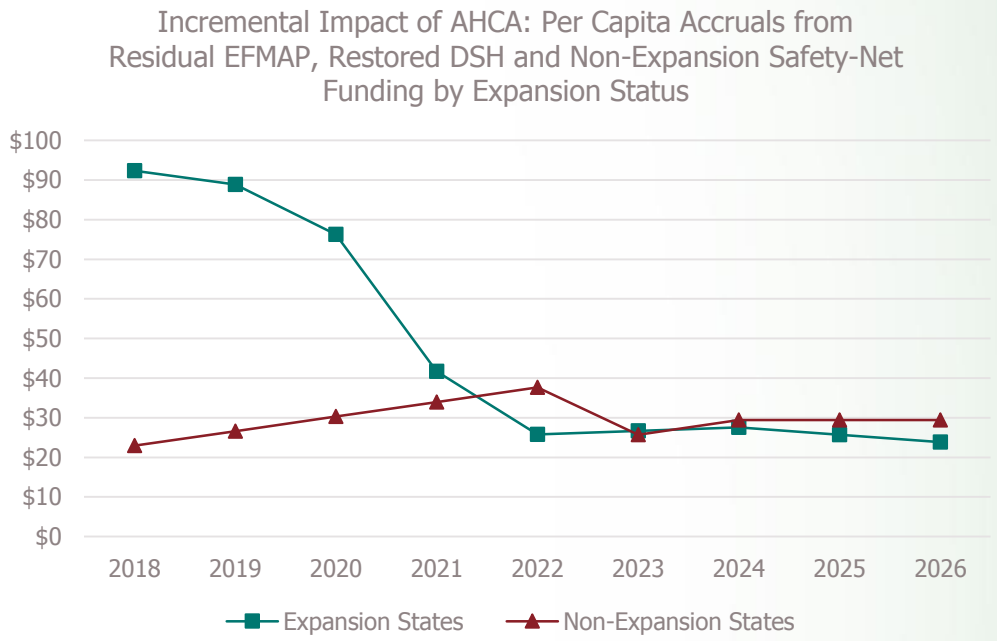
- The expansion of Medicaid under the Affordable Care Act has had large impacts on federal Medicaid outlays in states by individual state decisions on participation.
- As a whole, between fiscal years 2013 and 2015 federal outlays for non-expansion states increased:
  - 13% in non-expansion states
  - 71% in 1115 waiver expansion states
  - 91% in full-expansion states
- State matching funds for Medicaid are projected to remain relatively constant for expansion and non-expansion states, even after accounting for reductions in enhanced FMAP to 90% by 2020 (slides 12 and 18 below, and Sommers & Gruber *Health Affairs*, May 2017).
- Comparing Missouri to its two closest peer 1115 waiver and full-expansion states in terms of state share of total Medicaid spending in FY 2013 (Iowa and Ohio) suggest that non-expansion will have resulted in $46 to $50 billion less in federal Medicaid spending in Missouri by 2025 under the ACA (at right).





Incremental Impact of the AHCA

- Illustrates the projected incremental impact of transitioning from the ACA to AHCA
- Based on CBO projections from the March 13, 2017 Cost Estimate report
- Restores the Medicaid DSH cuts in non-expansion states beginning in 2018 and expansion states beginning in 2020
- Non-expansion states would receive $2 billion per year from 2018 - 2022



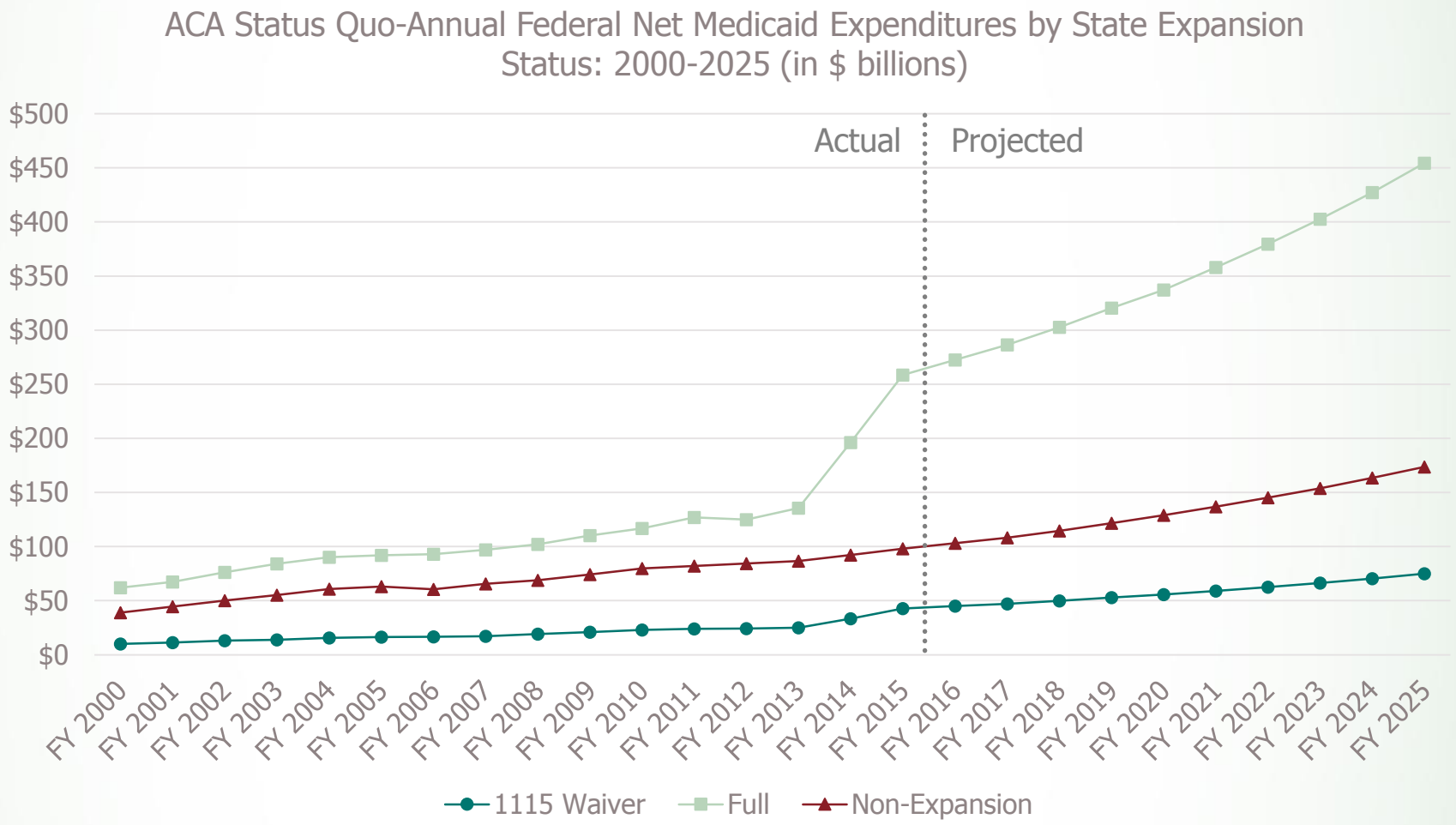
Total Incremental Impact 2018 – 2026	Expansion States		Non-expansion States		Net Per Capita % Difference
	Additional Funds ($ billions)	Per Capita Amount	Additional Funds ($ billions)	Per Capita Amount	
Estimated amount of EFMAP above normal FMAP	$60.64	$314.76	$0.00	$0.00	
Net Change in Medicaid DSH reductions	$21.96	$114.01	$24.04	$187.42	
Non-Expansion Safety-Net Fund	$0.00	$0.00	$10.00	$77.97	
Net Impact	**$82.60**	**$428.77**	**$34.04**	**$265.39**	**-38.1%**

Affordable Care Act Status Quo Scenario

ACA Status Quo

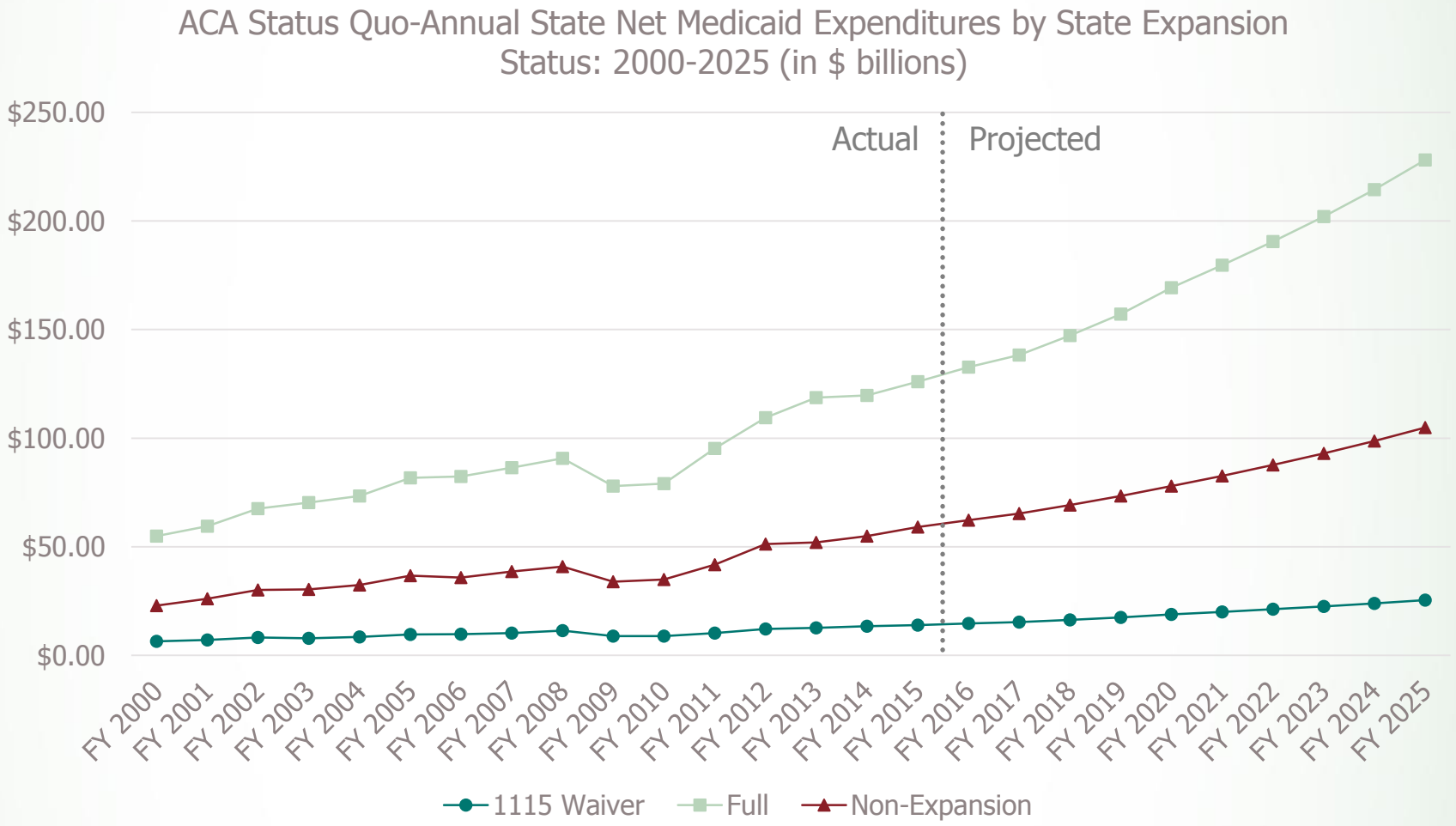
- Projection Methods & Assumptions:
  - Observed FY 2015 state and federal Medicaid expenditures adjusted proportionally by the annual growth in total Medicaid expenditures projected by CMS-Office of the Actuary
    - Average of 5.9% per year between 2016 and 2025
  - Enhanced FMAP for Title VIII Medicaid expansion funds reduced to 90% by 2020
    - 100% in 2016, 95% in 2017, 94% in 2018, 93% in 2019, 90% in 2020-2025
  - Expansion categories reflect state decisions in 2015, the latest year of historic data available
    - Treats late-adoption states (Alaska, Louisiana & Montana) as non-expansion to maintain fidelity with observable impacts of expansion

Federal Spend Under ACA



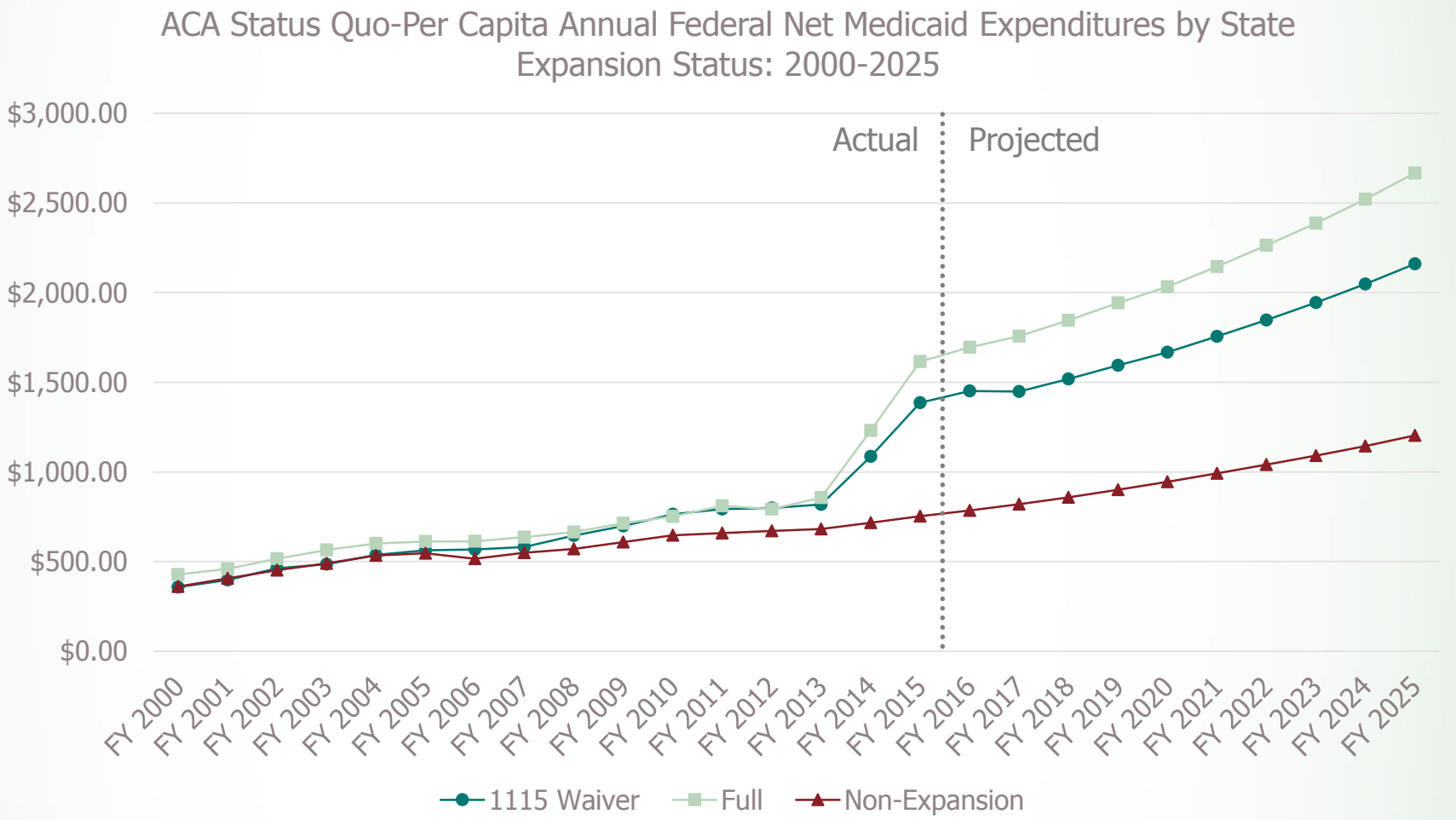
Notes: Data intended to reveal overall scale of Medicaid spending. Large differences in the total population by expansion status influence this scale. In 2015, full-expansion state population was 160.1m; non-expansion state population was 130.0m; and 1115 waiver state population was 30.7m. **Refer to per-capita figures for comparative purposes.**

State Spend Under ACA

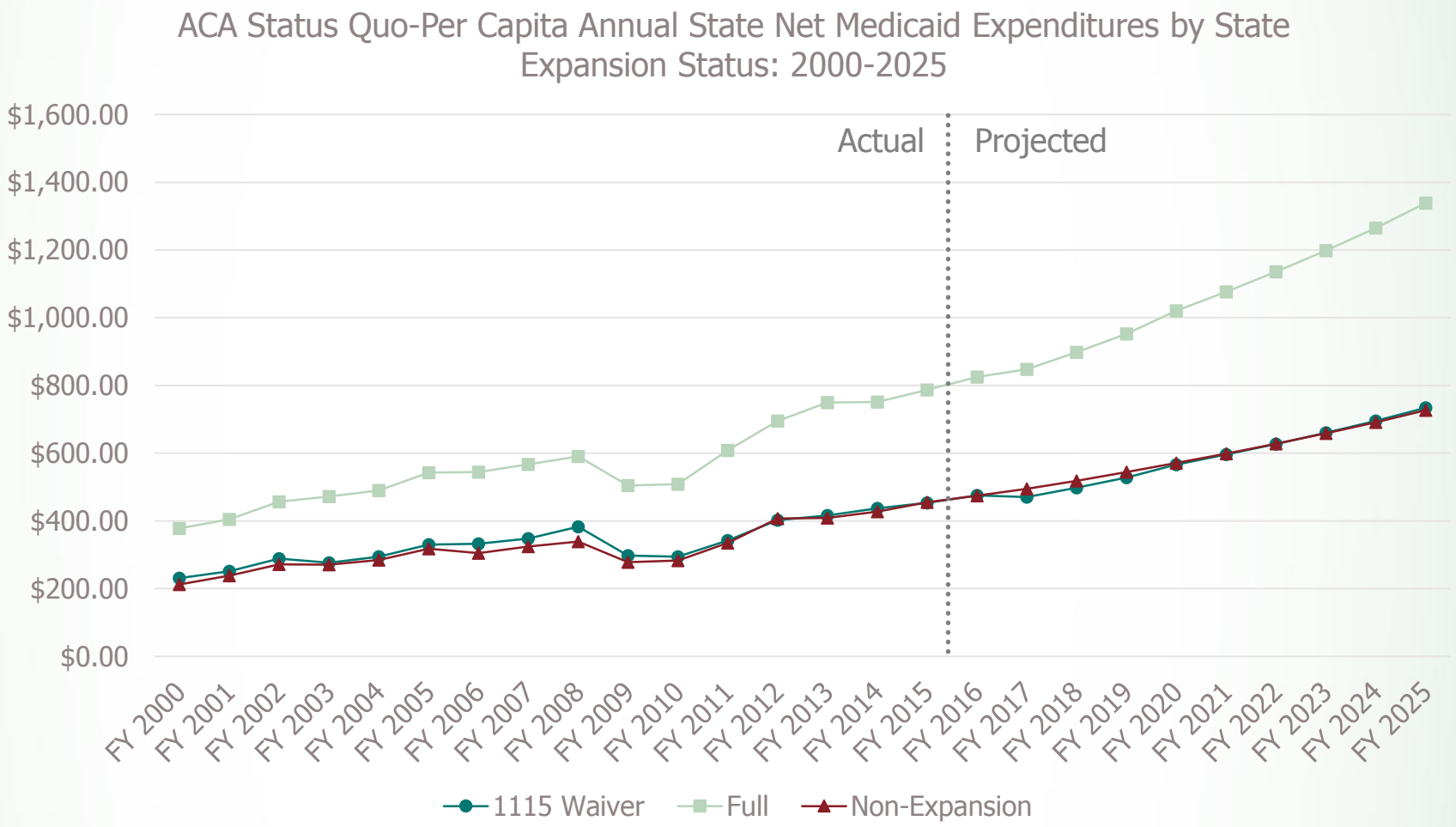


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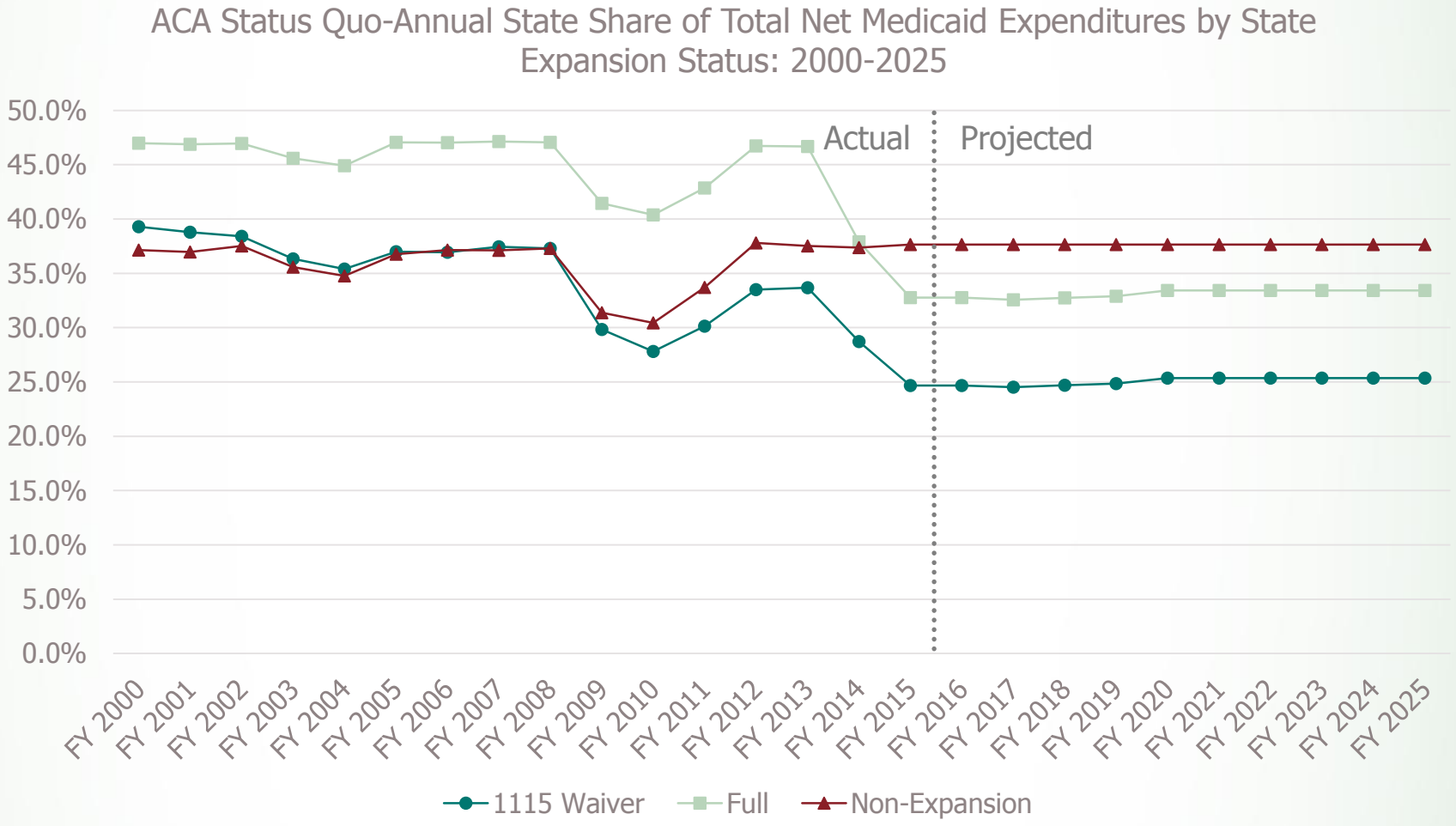
Per Capita Federal Spend Under ACA



Per Capita State Spend Under ACA



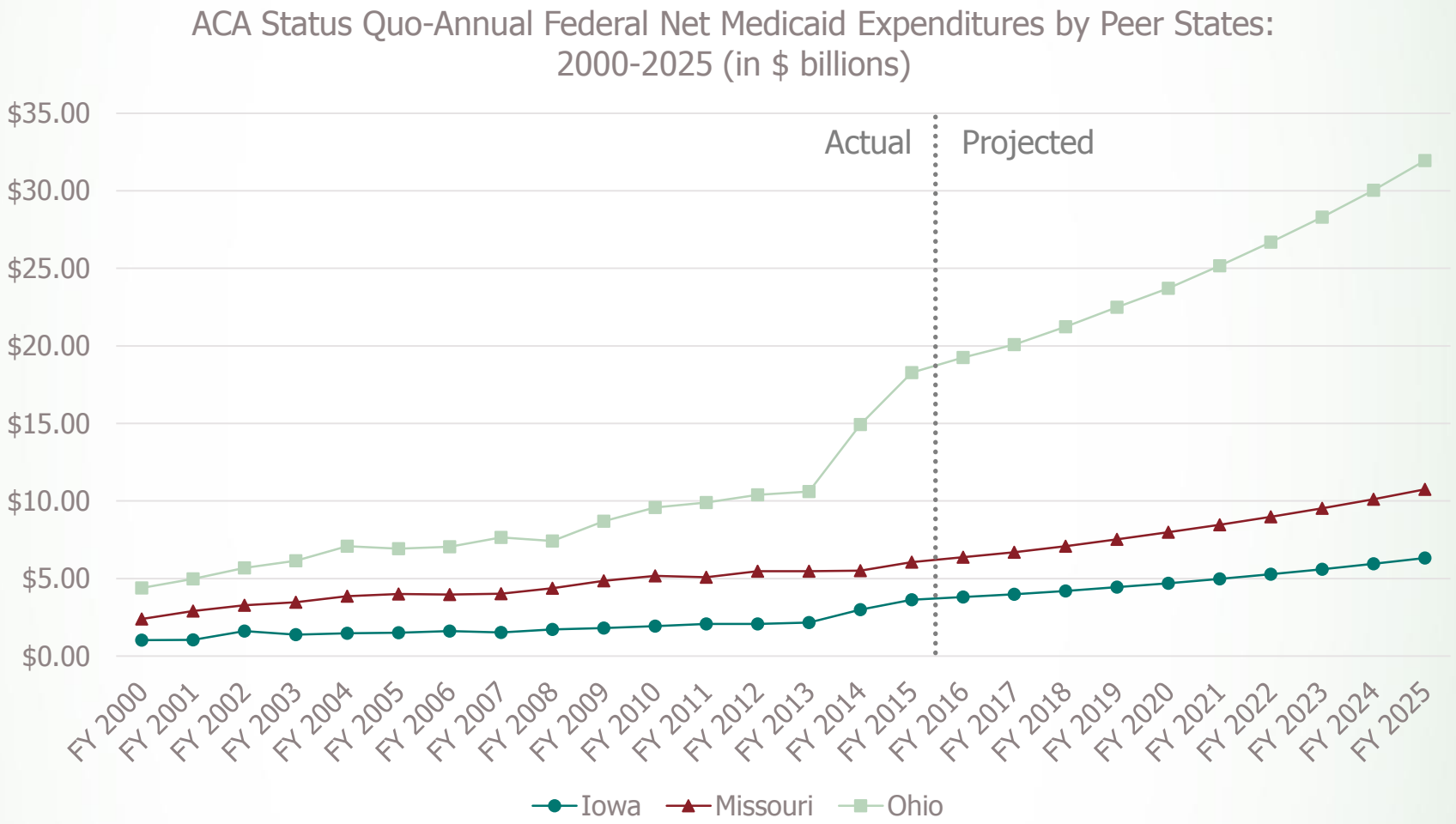
State Share of Total Spend Under ACA



ACA Status Quo: Peer State Comparisons

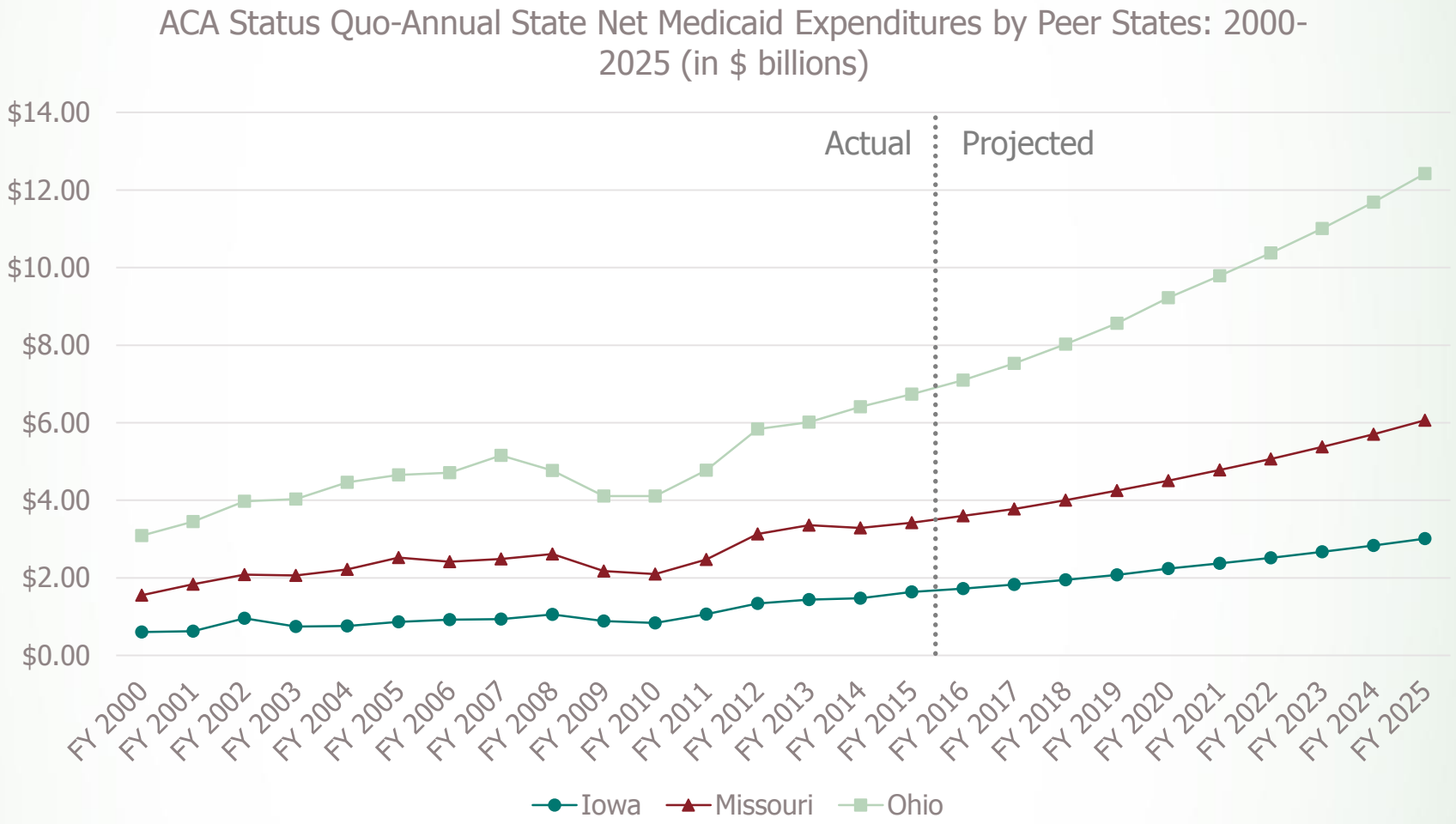
- Missouri compared to full-expansion and 1115 waiver states with most similar federal contribution in FY2013 (year prior to expansion):
  - Missouri (non-expansion)
    - 62% federal contribution pre-ACA
    - $906 federal per capita FY13
  - Iowa (1115 waiver)
    - 60% federal contribution pre-ACA
    - $701 federal per capita FY13
  - Ohio (full-expansion)
    - 64% federal contribution pre-ACA
    - $916 federal per capita FY13

Federal Spend Under ACA: Peer States



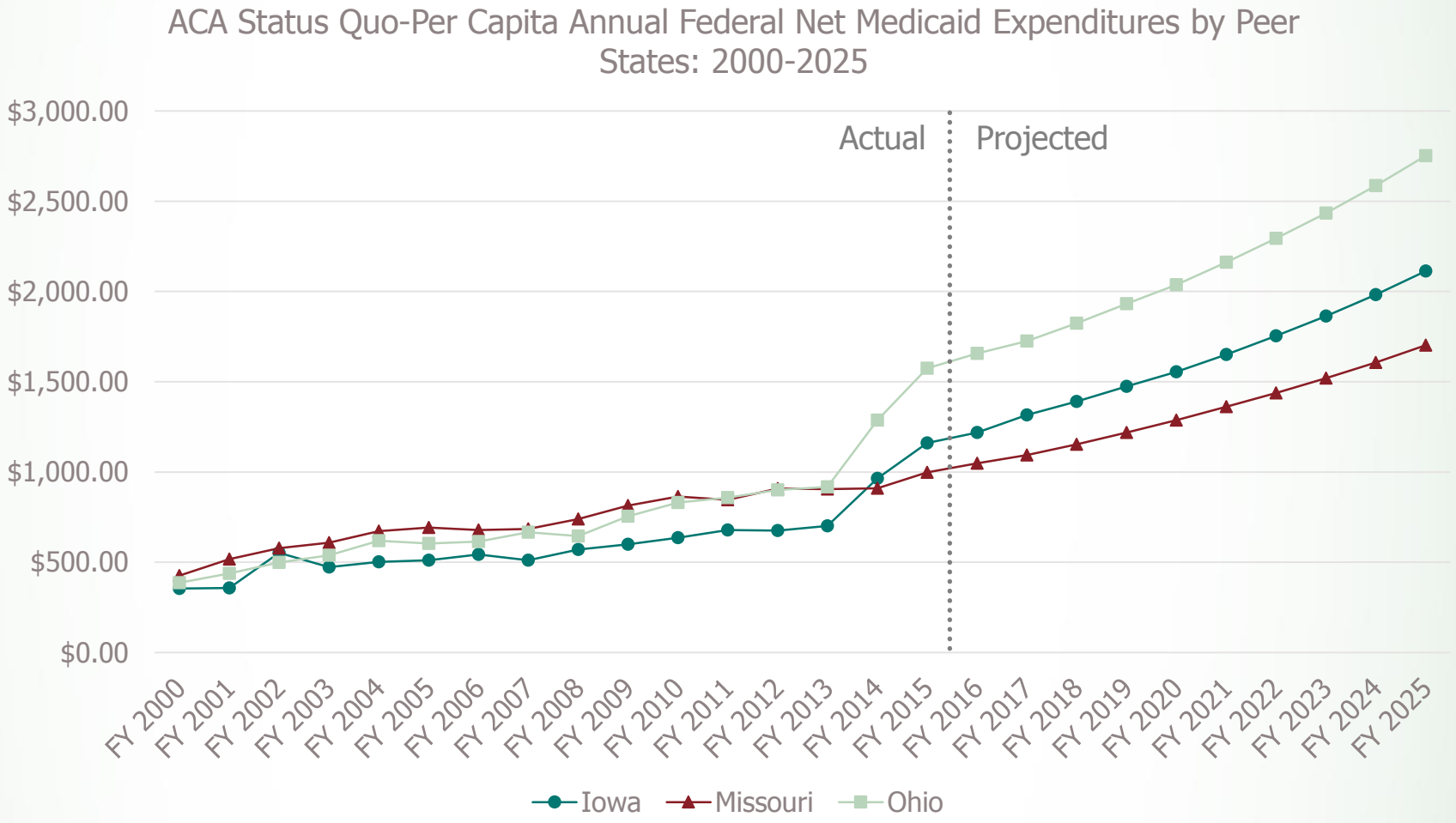
Notes: Data intended to reveal overall scale of Medicaid spending. Large differences in the total population by state influence this scale. In 2015, the Ohio population was 11.6m; the Missouri population was 6.1m; and the Iowa population was 3.1m. **Refer to per-capita figures for comparative purposes.**

State Spend Under ACA: Peer States

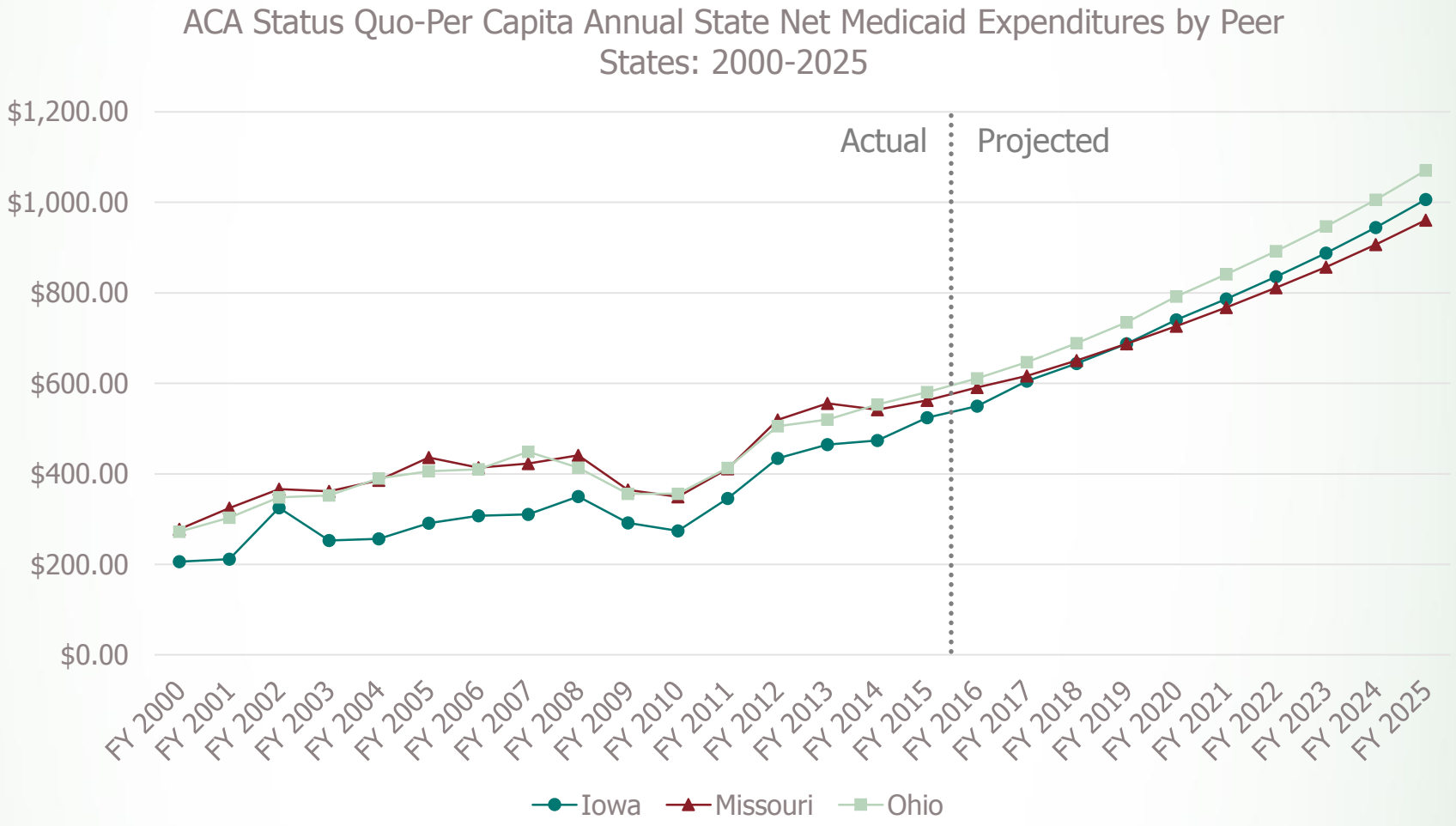


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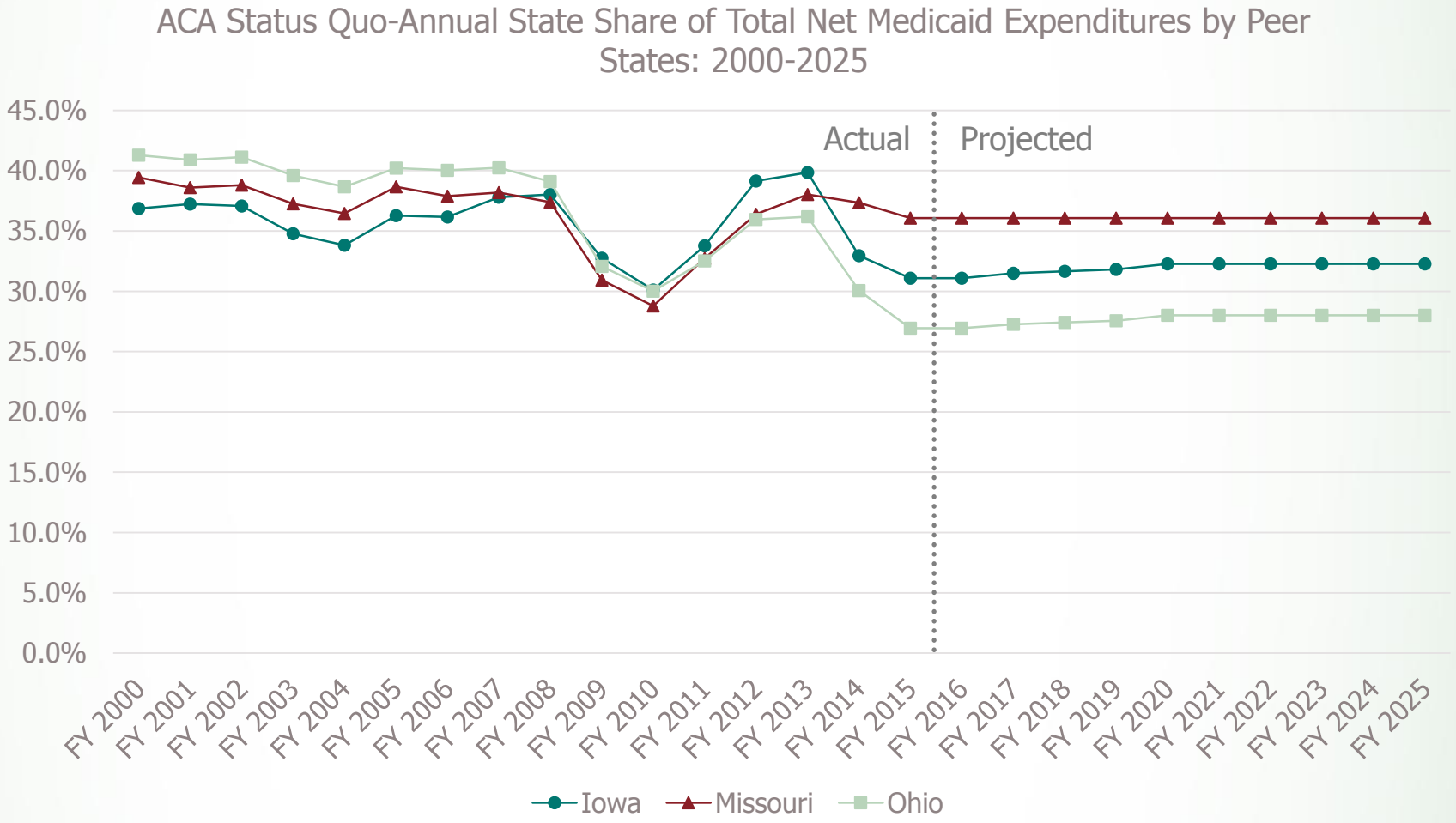
Per Capita Federal Spend Under ACA: Peer States



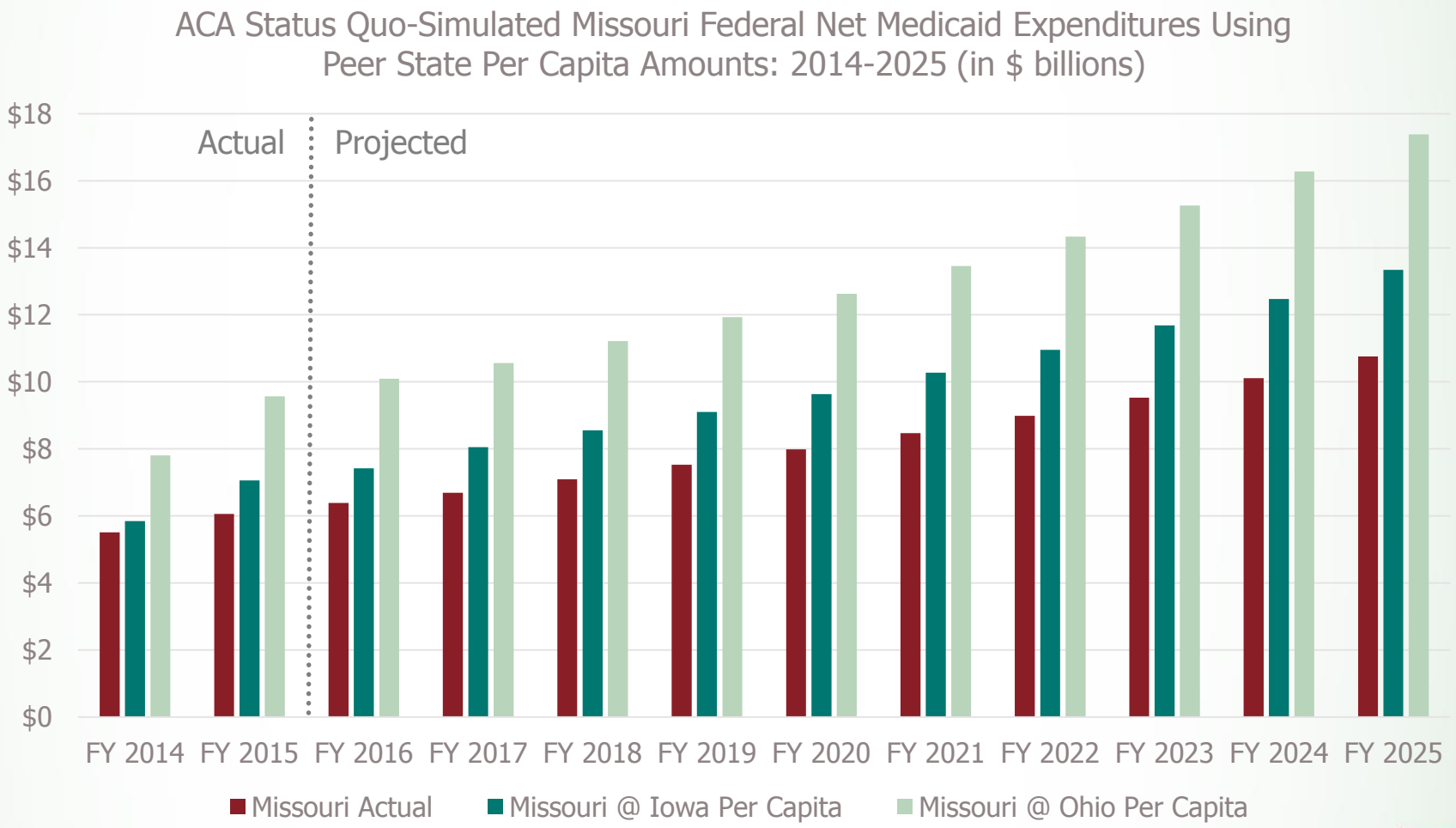
Per Capita State Spend Under ACA: Peer States



State Share of Total Spend Under ACA: Peer States



Opportunity Cost of Non-Expansion for Missouri Under ACA

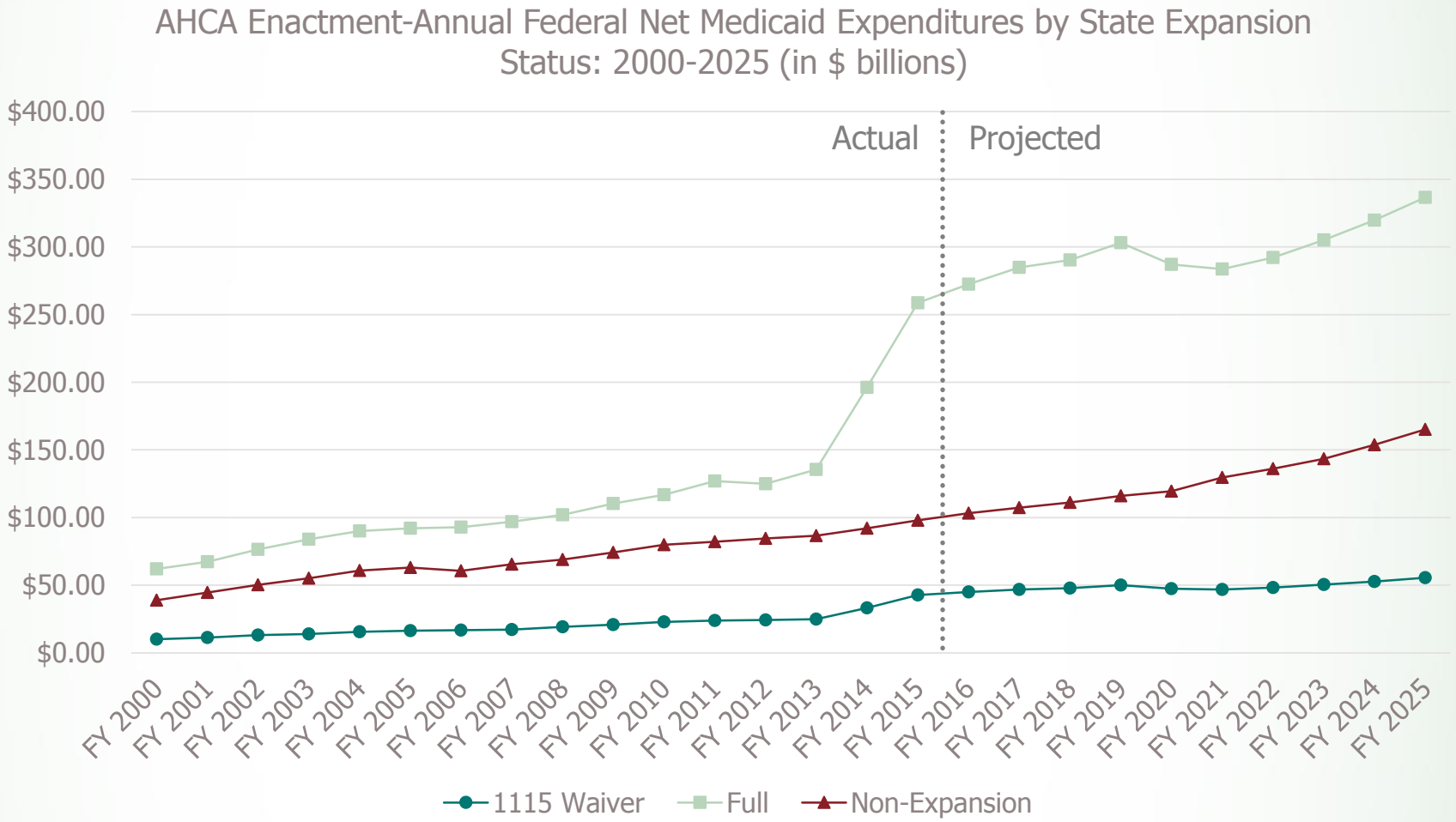


American Health Care Act Enactment Scenario

AHCA Enactment

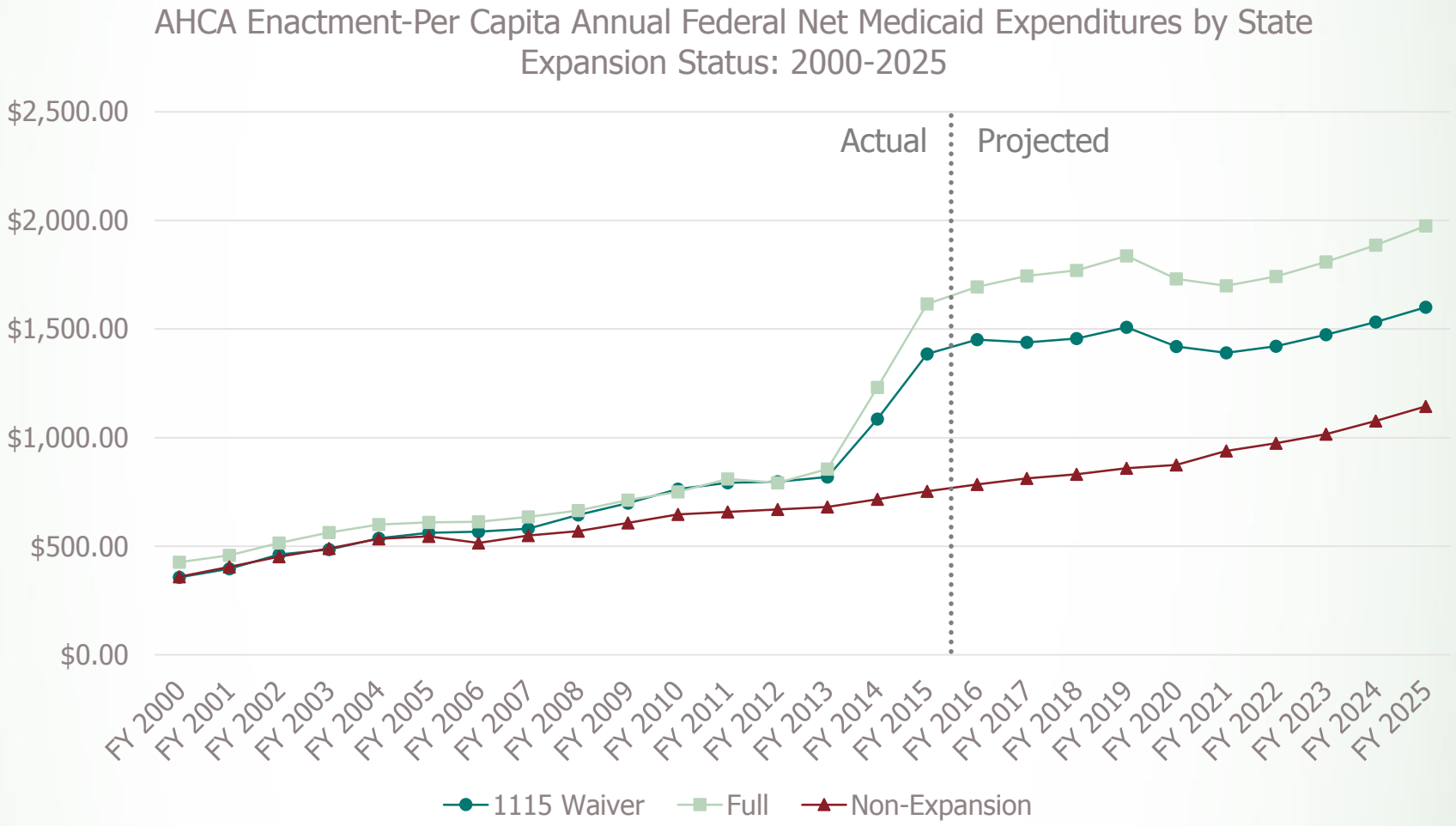
- Projection Methods & Assumptions:
  - CBO/JCT projections categorized into four components:
    - Enhanced FMAP sunset and attrition (-$466 billion 2020-2025)
    - Other cuts related to per capita caps and expansion opt-out (-$295 billion 2017-2025)
    - Restored Medicaid DSH (+26.1 billion 2018-2025)
    - Non-Expansion Safety-Net Fund (+$9.9 billion 2018-2022)
  - Enhanced FMAP sunset and attrition cuts distributed among expansion states in proportion to the total federal expenditures for expansion states in FY2015
  - Other cuts distributed among all states in proportion to the total federal expenditures for all states in FY2015
  - Restored DSH cuts distributed proportionally among expansion and non-expansion states according to CBO projections
  - Non-Expansion Safety-Net Fund distributed among non-expansion states according to each state's proportion of population <138% federal poverty; because of ambiguity in the language of the bill, an additional $2b was distributed in FY2022 using a 95% EFMAP per Sec. 115 (b)(2)
  - State Medicaid spending was not projected due to uncertainty in interstate reactions to provisions of AHCA

Federal Spend Under AHCA

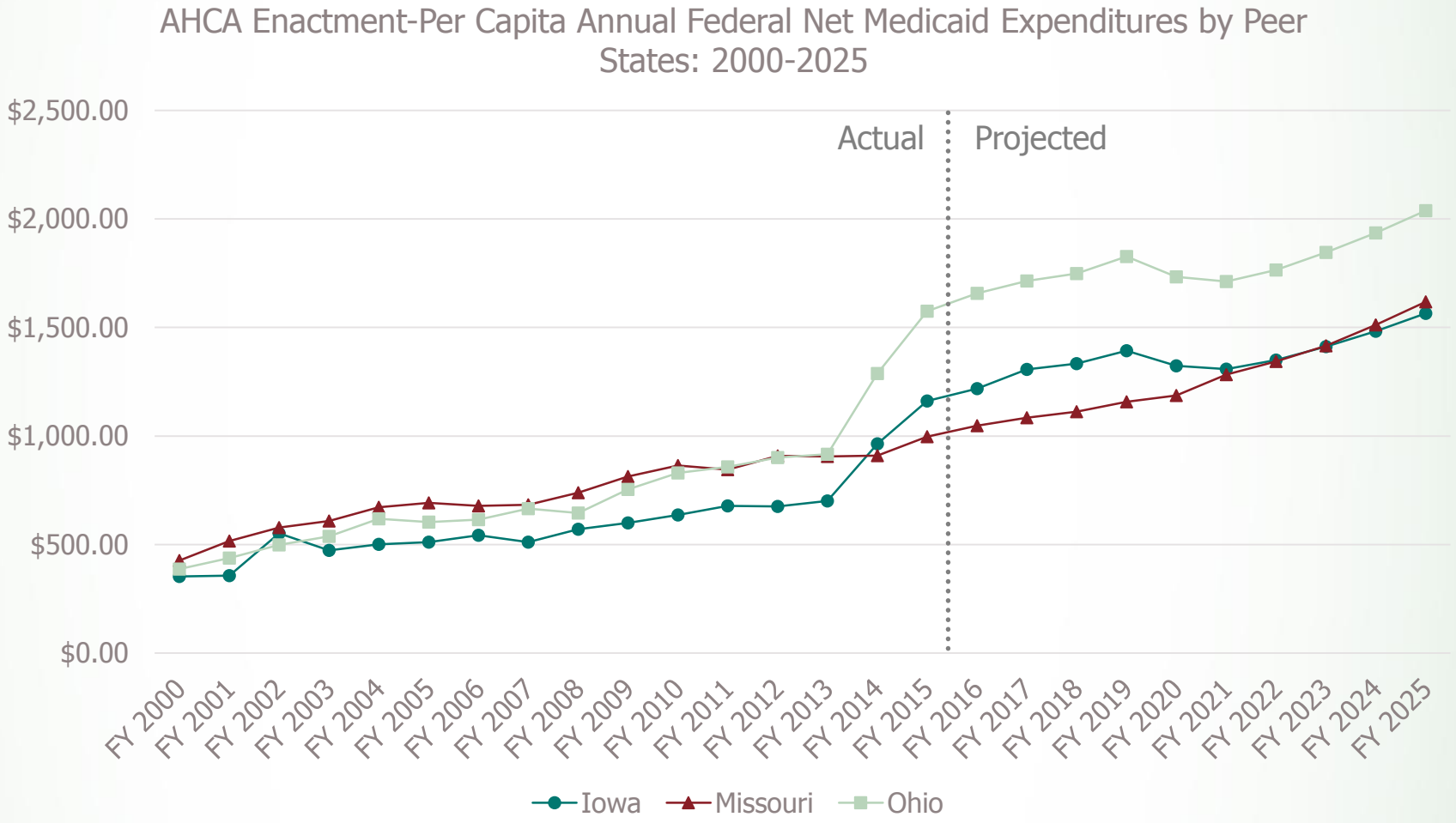


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Per Capita Federal Spend Under AHCA



Per Capita Federal Spend Under AHCA: Peer States



Opportunity Cost of Non-Expansion for Missouri Under AHCA

