Kansas:
Impact of Federal Health Reform
Preliminary Estimates on Cost and Coverage

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Discussion Outline

- Funding and Background
- SHRP Model
  - Data and Baseline
  - Structure
  - Flowchart
- Federal Health Care Reform – Key Drivers
  - Coverage
  - Cost
- Scenario Modeling
- Impact
  - Coverage
  - Cost
- Questions
Funding and Background

- Funding - generously provided by the United Methodist Health Ministry Fund

The Health Fund’s Mission

*Healthy Kansans through cooperative and strategic philanthropy guided by Christian principles.*

- Background – srHS has conducted statewide health reform analyses/modeling in multiple states, including:
  - Connecticut
  - Kansas
  - Maine
  - Massachusetts
SHRP Model
Data and Baseline

- Data Sources
  - Medical Expenditure Panel Survey (MEPS) (2006-2008 Data)
  - Kansas Insurance Department Survey (2006 Data)
  - Medicaid Expenditure Data (2008-2010 Data)

- Baseline – Point-in-Time Model
  - 2011 Dollars
  - Full Implementation as of 2020
SHRP Model

Structure

- Components within the Model
  - Employer (ER) Size (1-9, 10-24, 25-49, 50+)
  - Medicaid/CHIP Programs
    - Program Expansion/Contraction by Federal Poverty Level (FPL)
    - FMAP Changes
  - Individual and Employer Subsidies by FPL and ER Size
  - Market Revisions
    - Combination of Markets
    - Guarantee Issue and Pre-Existing Conditions Exclusions
  - Government-Sponsored Public Plan
  - Individual and Employer Mandate by FPL and ER Size
  - Reimbursement Adjustments and Cost Sharing Provisions
  - Residual Uninsurance by FPL
# Federal Health Care Reform

## Key Drivers of Coverage and Cost Impacts

<table>
<thead>
<tr>
<th>Coverage</th>
<th>Cost</th>
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<tbody>
<tr>
<td><strong>Economics of Options</strong></td>
<td><strong>Subsidies</strong> *</td>
</tr>
<tr>
<td>• Choices Available to Individuals</td>
<td>• Eligibility</td>
</tr>
<tr>
<td>• (Dis)Incentives to Small Businesses</td>
<td>• Affordability of Coverage</td>
</tr>
<tr>
<td><strong>Changes in FPL Eligibility Levels</strong> *</td>
<td><strong>FMAP</strong> *</td>
</tr>
<tr>
<td>• Medicaid Expansion to 138% FPL</td>
<td>• CHIP FMAP of 95%</td>
</tr>
<tr>
<td></td>
<td>• Expansion FMAP of 90%</td>
</tr>
<tr>
<td><strong>Economics of Penalties</strong></td>
<td></td>
</tr>
<tr>
<td>• Individuals - $695 vs. $5,500 premium</td>
<td><strong>Reimbursement</strong></td>
</tr>
<tr>
<td>• Employers - $2,000 vs. $3,600 premium</td>
<td>• One-Time Adjustment or</td>
</tr>
<tr>
<td></td>
<td>Beginning of Fundamental Shift</td>
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</tbody>
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*Fixed Parameters with FHCR Legislation*
### SHRP Scenario Modeling - Results

Provider Reimbursement and Residual Uninsurance

<table>
<thead>
<tr>
<th>Scenarios</th>
<th>6% Residual Uninsurance</th>
<th>4% Residual Uninsurance</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>5% Increase to Reimbursement</strong></td>
<td><strong>Scenario 1 (Sc1)</strong></td>
<td><strong>Scenario 3 (Sc3)</strong></td>
</tr>
<tr>
<td>▲ $32.9 Million</td>
<td>▲ $36.3 Million</td>
<td></td>
</tr>
<tr>
<td>143,000 Uninsured</td>
<td>98,000 Uninsured</td>
<td></td>
</tr>
<tr>
<td><strong>0% Increase to Reimbursement</strong></td>
<td><strong>Scenario 2 (Sc2)</strong></td>
<td><strong>Scenario 4 (Sc4)</strong></td>
</tr>
<tr>
<td>▲ $2.0 Million</td>
<td>▲ $5.3 Million</td>
<td></td>
</tr>
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</tr>
</tbody>
</table>

* *The remainder of the graphs and figures represent Scenario 2 (Sc2)*
Kansas – Pre-FHCR vs. Post-FHCR
Distribution of Insurance Coverage by Payor (Sc2)

Federal Health Care Reform - Kansas
Change in Insurance Coverage

▲ 96,000
▲ 73,000
▲ 120,000
▼ 108,000
▼ 191,000

Pre-Reform Post-Reform

1. Large Employers (50+)
2. Small Employers (1-9)
3. Small Employers (10-24)
4. Small Employers (25-49)
5. Individuals
6. Medicare
7. Medicaid
8. Medicaid Exp
9. CHIP
10. Premium Assistance
11. Other Public Programs
12. New Public Plan
13. Uninsured
Kansas – Pre-FHCR vs. Post-FHCR
Distribution of Insurance Coverage by Payor (Sc2)

Pre-Reform
- Large Employers (50+)
- Small Employers (1-9)
- Small Employers (10-24)
- Small Employers (25-49)
- Individuals
- Medicare
- Medicaid
- Medicaid Expansion
- CHIP
- CHIP Expansion
- Premium Assistance
- Other Public Programs
- New Public Plan
- Uninsured

51%

Post-Reform
- Large Employers

55%

Uninsured
- Individual

12%

0%
Kansas – Pre-FHCR vs. Post-FHCR

Health Care Expenditures by Payor (Sc2)

Federal Health Care Reform - Kansas
Change in Health Care Expenditures

▲ $153 Million (1.1%)

▲ Large ER's
▼ ▼ ▼ Small ER's

▼ $361 Million

▼ $308 Million

▲ $820 Million

▲ $2 Million

Pre-Reform
Post-Reform

Total Cost
Employer
Self
State
Federal

$16,000,000,000
$14,000,000,000
$12,000,000,000
$10,000,000,000
$8,000,000,000
$6,000,000,000
$4,000,000,000
$2,000,000,000
-$
Kansas – Pre-FHCR vs. Post-FHCR

Health Care Expenditures by Payor (Sc2)

Pre-Reform
- Employer: 44%
- Self: 36%
- State: 5%
- Federal: 15%

Post-Reform
- Employer: 41%
- Self: 34%
- State: 5%
- Federal: 20%
Questions