



Senate Public Health and Welfare

Medicaid Expansion Testimony
February 18, 2013

Medicaid Expansion

- **Affordable Care Act (ACA, “ObamaCare”)** mandated Medicaid Expansion to 138% federal poverty level (FPL)
- **Supreme Court decision in summer 2012** removed penalties on States that elect not to expand adult Medicaid

Existing Studies

Several external studies identified a wide range of projected effects on:

- a) Enrollment**
- b) Cost**

- **Kansas Policy Institute:**
 - a) \$4.7B in state funds over 10 yrs**
- **Kaiser Family Foundation:**
 - a) \$525B in state funds over 10 yrs**
- **Kansas Health Institute:**
 - a) \$171-\$710M in state funds over 6 yrs**

KDHE State Study

Contracted with Aon Hewitt for an independent analysis using:

- **Medicaid/CHIP enrollment counts by county, aid category, and age group**
- **Actual capitation rates and projected members counts by region and rate cell**
- **5-yr projection of Medicaid/CHIP enrollment and budget as included in KanCare 1115 waiver documents**
- **State-specific Current Population Survey (CPS) data for 5-yr average income distribution by age group**
- **State-specific Census data for population counts by age group and other demographics**

What is the “Woodwork Effect?”

- **Expected increase in enrollment of those currently eligible but not enrolled in the Medicaid/CHIP program**
- **State study:**
 - a) Woodwork without expansion**
 - b) Increased Woodwork with expansion**
 - c) “Crowd-Out Effect”—enrollment shifts from private to public insurance as result of expansion**

Enrollment Rate Assumptions

State study established experience-based enrollment rate assumptions and applied to both scenarios:

- a) ACA without expansion**
- b) ACA with expansion**

Assumed a phasing-in of enrollment effects:

- a) 50% of full impact in CY 2014**
- b) 80% of full impact in CY 2015**
- c) 100% of full impact in CY 2016**

Federal Share Assumptions

State study assumes Federal share for newly eligible members:

- a) 100% in 2014-2016**
- b) 95% in 2017**
- c) 94% in 2018**
- d) 93% in 2019**
- e) 90% in 2020-2023**

State study also assumes enhanced CHIP match rate in 2016-2019

Enrollment Increases:

- a) Without Expansion 41,538 CY 2016
 - All woodwork effect
- b) With Expansion 226,003 CY 2016
 - 74,800 woodwork effect
 - 151,203 newly eligible

10 year Cost Increase:

- a) Without Expansion \$513.5 M
- b) With Expansion \$1.14 B

Otherwise eligible individuals:

- a) \$200 M of the State cost from expansion would be on adults 100-138% of FPL.
- b) Federal subsidies

Not Included In Study

- **Additional administrative expenses:**
 - a) **These expenses would NOT be matched at an enhanced rate**
- **Options to reclassify currently eligible beneficiaries**
- **Reductions in state-only programs**
- **Quantification of other impacts on health insurance market or provider community**
 - a) **Example: Utilization effect on costs**
- **Assumes no material effect on those over age 65**

A Final Note

The State study was conducted in an effort to aid in the decision-making process. The findings and commentary from the report are not intended to persuade for, or against, Medicaid expansion.

The intent of the study was to offer an unbiased, objective tool to aid the policy-makers and elected leadership of the State of Kansas.

The full report can be accessed online at:

http://www.kdheks.gov/hcf/kancare/download/KS_Medicaid_Expansion_Analysis_Report.pdf