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Secretaries' Innovation Group Meeting

July 10, 2024

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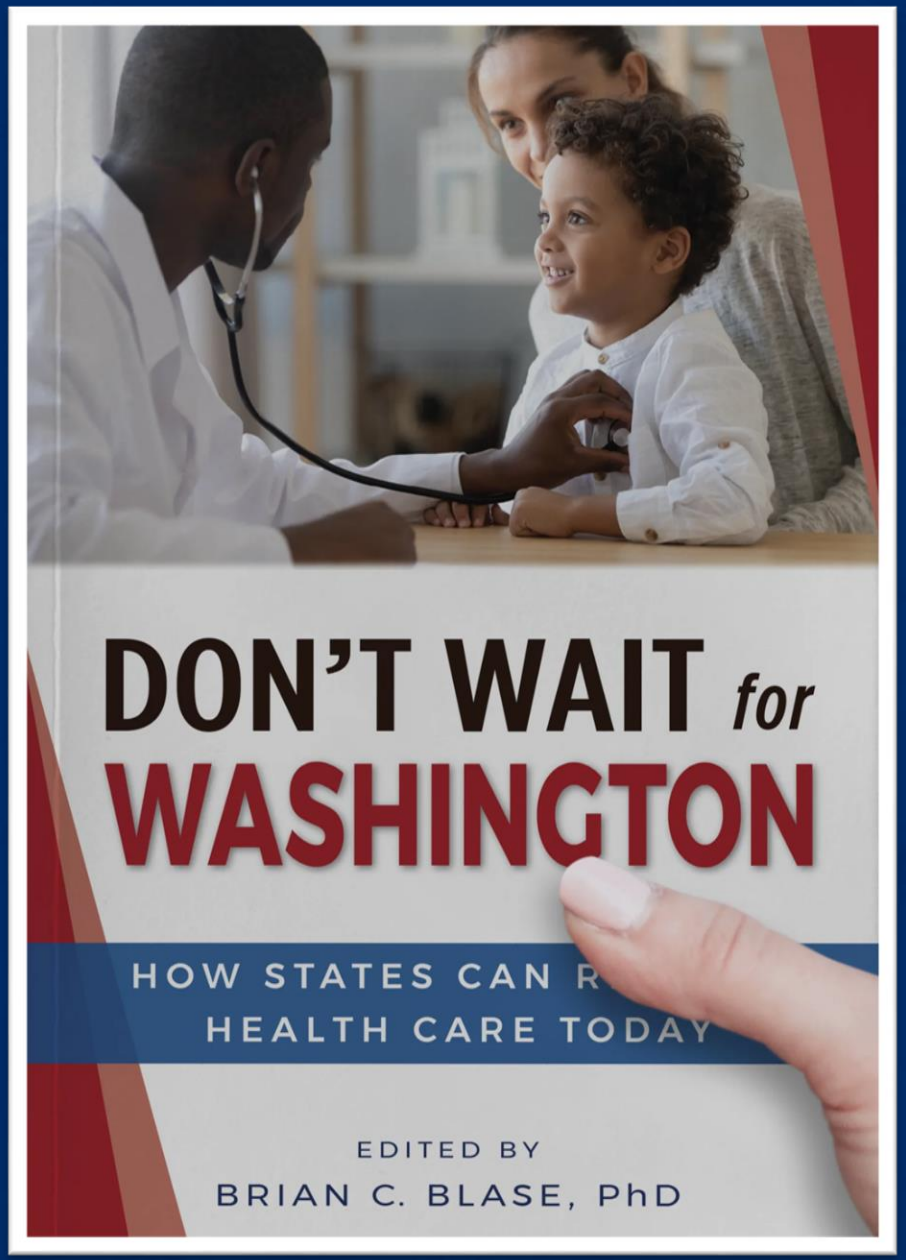

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Why Conservatives Must Prioritize Medicaid Reform

- Too many enrollees
- Too few workers to finance the program
- Open-ended federal reimbursement produces massive amount of wasteful spending
- Medicaid crowds out other programs
- Medicaid significantly increases federal deficits
- Richer and profligate states benefit from Medicaid's financing structure
- Medicaid expansion takes resources away from the most vulnerable
- Medicaid long-term care rules permit virtually anyone to qualify

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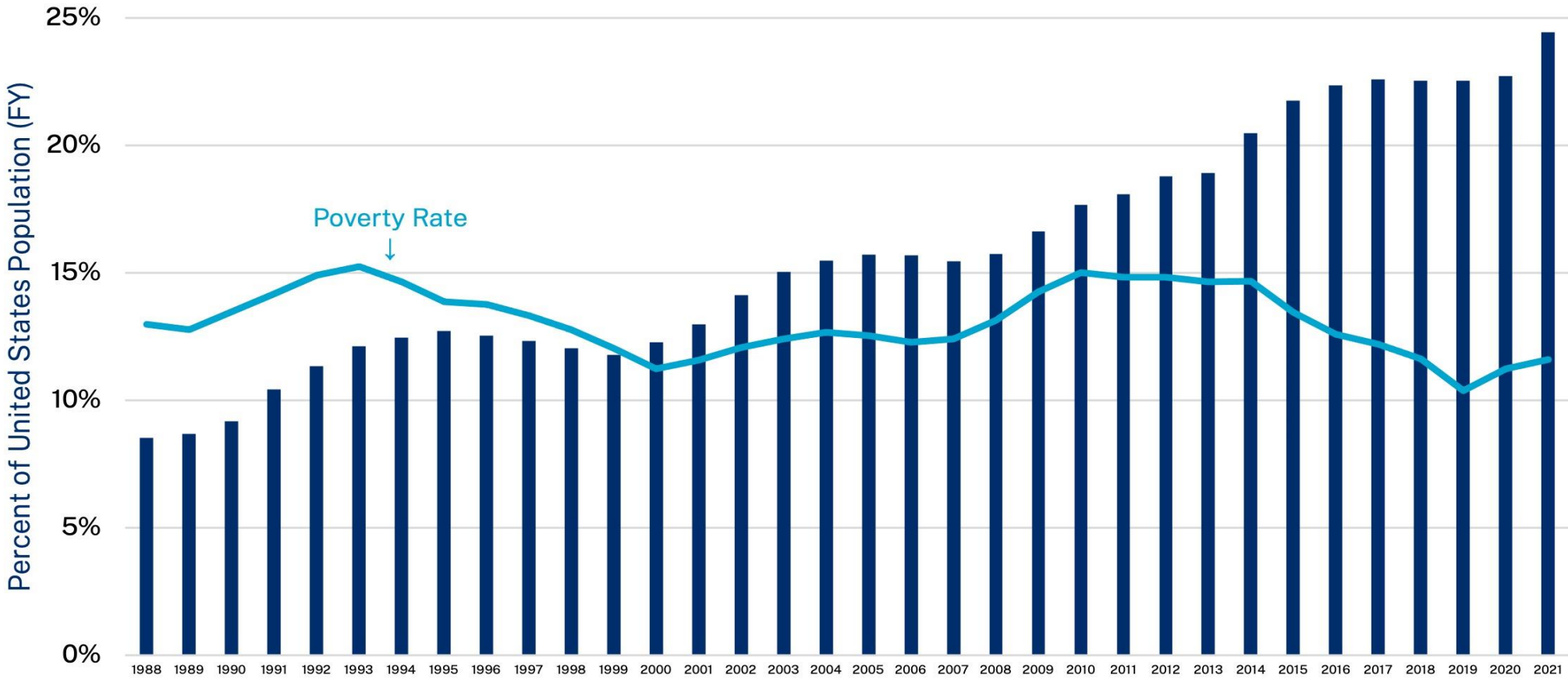
Medicaid is No Longer for the Poor

Enrollment Has Tripled over Last Three Decades as Enrollees Now Double People in Poverty



Source: MACStats - Medicaid and CHIP Databook 2021 Edition, Census Bureau, Centers for Medicare & Medicaid Services

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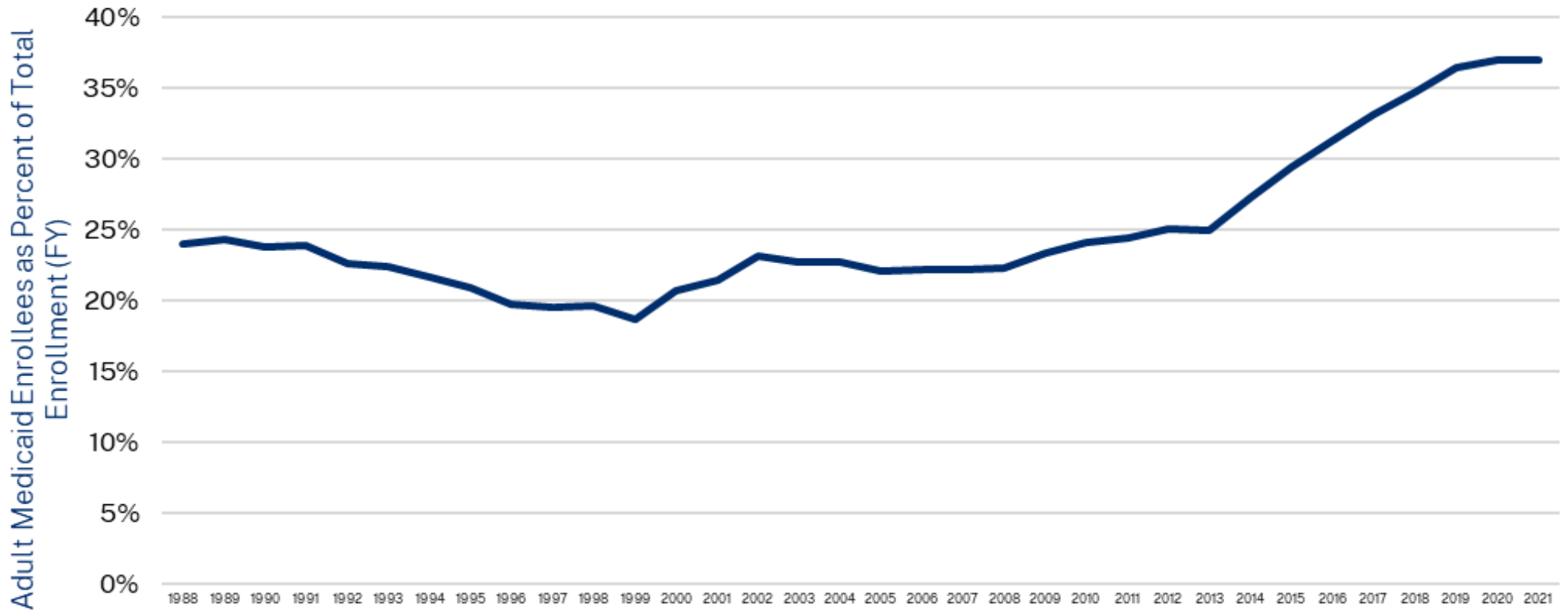
Medicaid Enrollment Driven By Growth in Able-Bodied, Working-Age Adults



Source: MACStats

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Diminished Capacity to Finance Medicaid: Now Only Two Workers Support a Medicaid Enrollee—Down from Five Workers Three Decades Ago

1988
5.1 to 1

2004
2.9 to 1

2021
1.9 to 1

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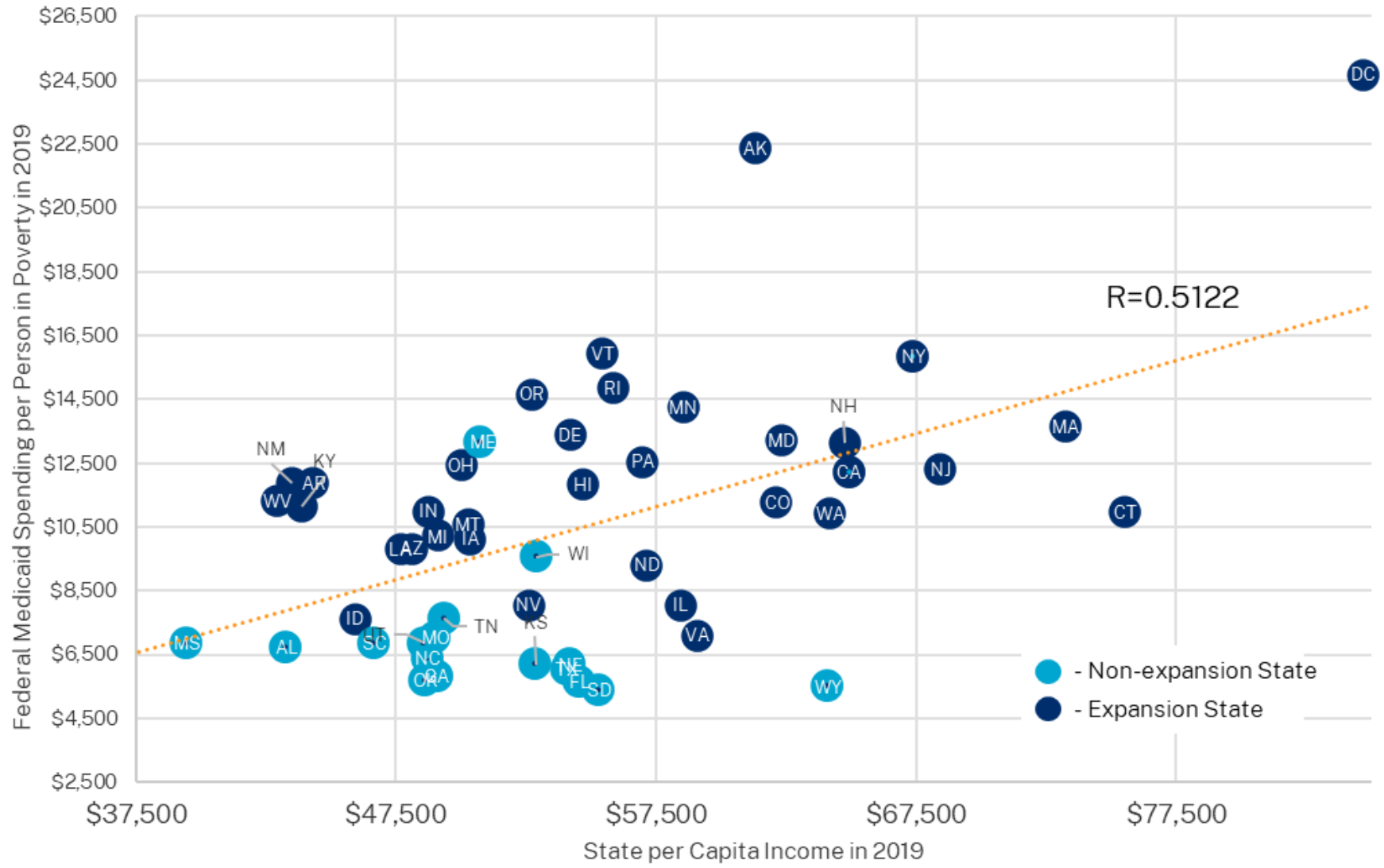
Federal Medicaid Spending per Person in Poverty vs. State per Capita Income



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Resisting the Wave of Medicaid Expansion

Why Florida Is Right

Brian Blase Drew Gonshorowski

PARAGON HEALTH INSTITUTE

NOVEMBER 2023

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What We've Learned from Expansion States?

1) Surging Enrollment and Costs

- Actual Enrollment Was Generally Much Higher than States Expected.
  - We found that states average enrollment in 2020 was 52% higher than Urban Institute projected it would be for 2022.

- Actual Spending Was Generally Much Higher than States Expected.
  - We found that overall spending in 2020 was 32% higher than Urban Institute projected it would be for 2022.

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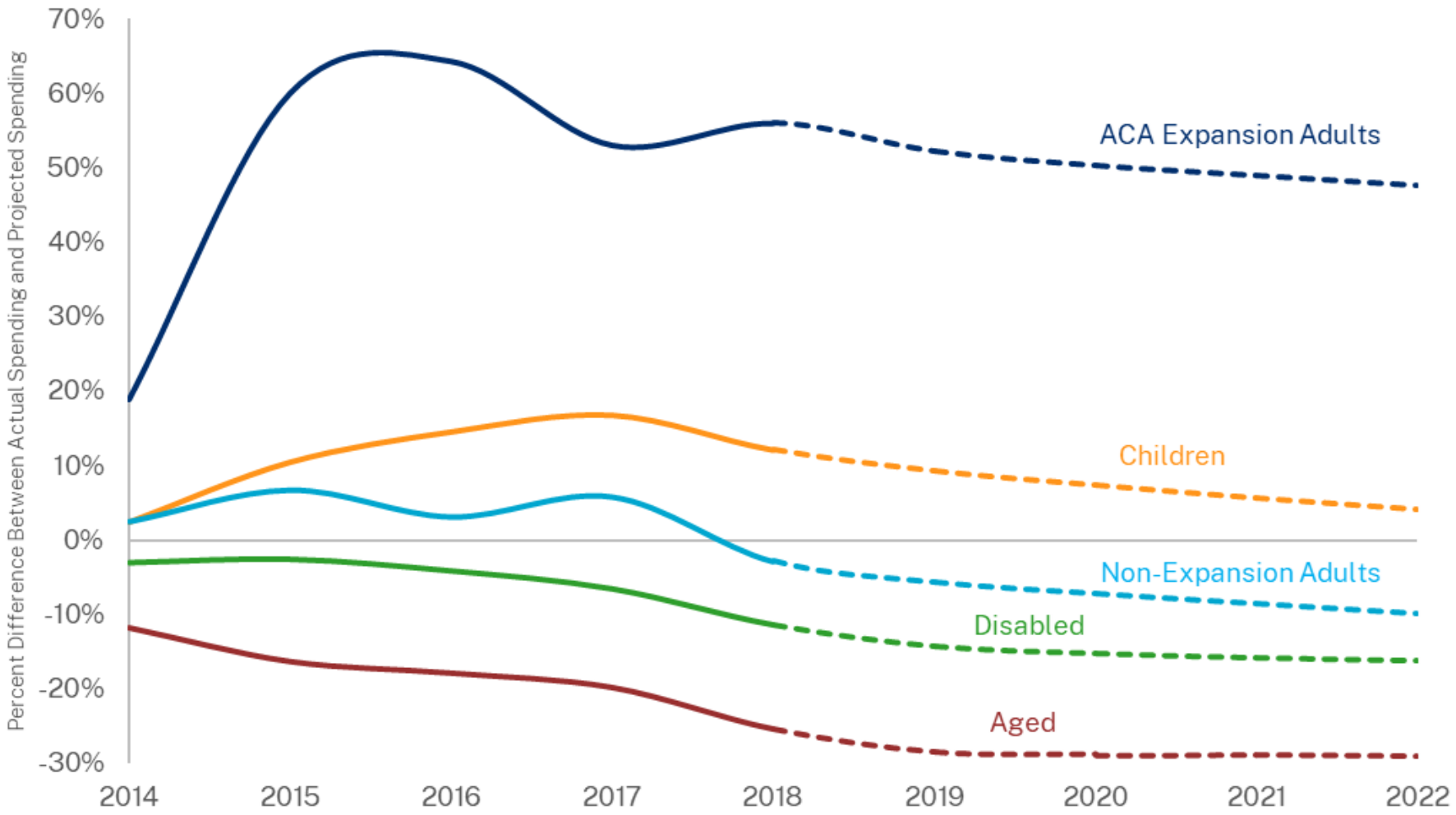
Figure 1: Medicaid Expansion Enrollees Cost Much More than Expected



Source: CMS Office of the Actuary 2013 and 2018 Actuarial Report of the Finacial Outlook for Medicaid

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What We've Learned from Expansion States?

2) Negative Effect on Existing Enrollees

People most harmed from Medicaid expansion were existing program enrollees.

1) Longer wait times for care
2) Longer ambulance response times
3) Resources redirected to expansion adults

Emergency room use for non-emergent services soared after expansion

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What We've Learned from Expansion States?

3) No Health Benefit

1) Mortality rates worsened in expansion states relative to non-expansion states from 2013 to 2017

2) Health insurance is not strongly correlated with improved health outcomes

3) Medicaid results in the crowd-out of superior private coverage

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COVID-fueled Growth of Medicaid

February 2020:	64.5 million enrollees
March 2023:	87.0 million enrollees
March 2024:	75.6 million enrollees

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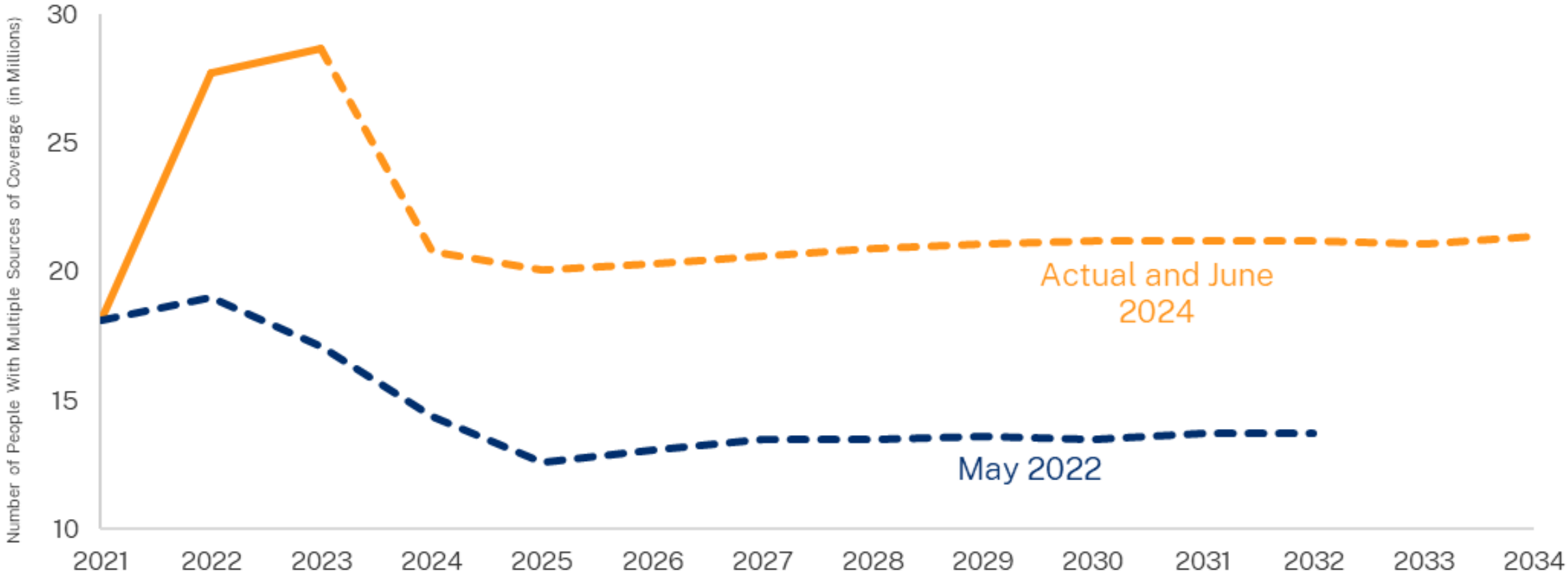
Nearly 12 Million More People Had Multiple Sources of Coverage in 2023 Than CBO Projected in 2022



Sources: Congressional Budget Office "Federal Subsidies for Health Insurance" Baselines 2022-2024

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The Great Obamacare Enrollment Fraud

Brian Blase, PhD Drew Gonshorowski

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JUNE 2024

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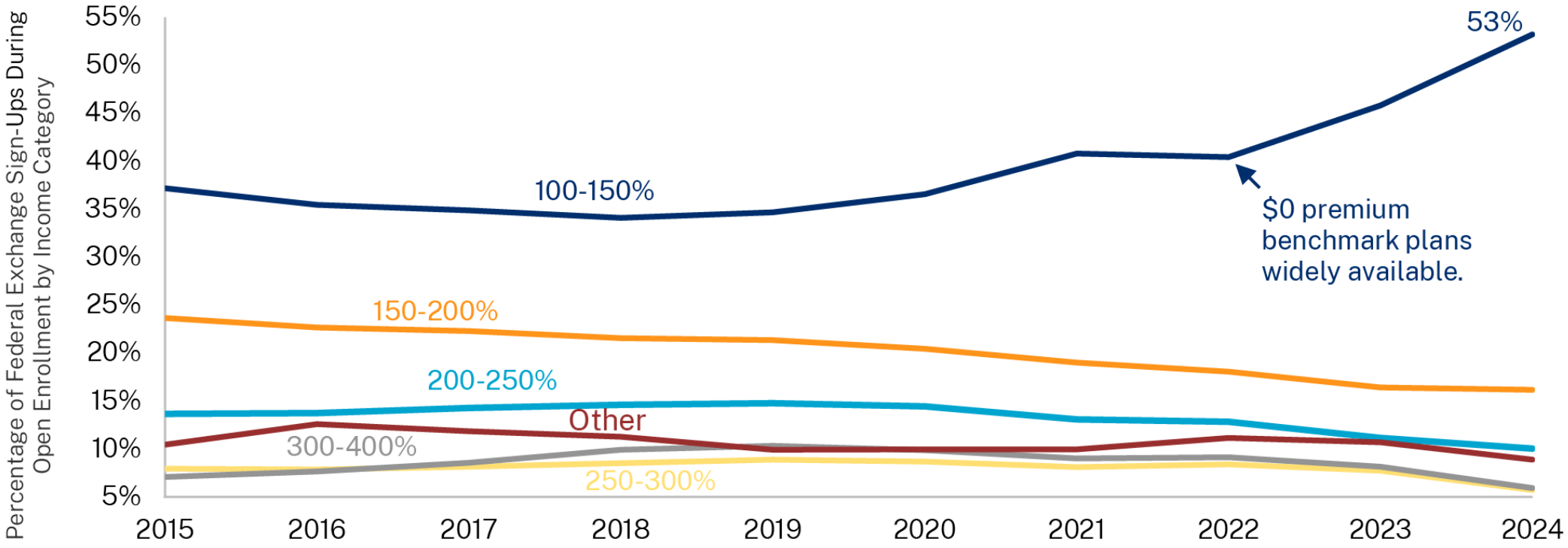
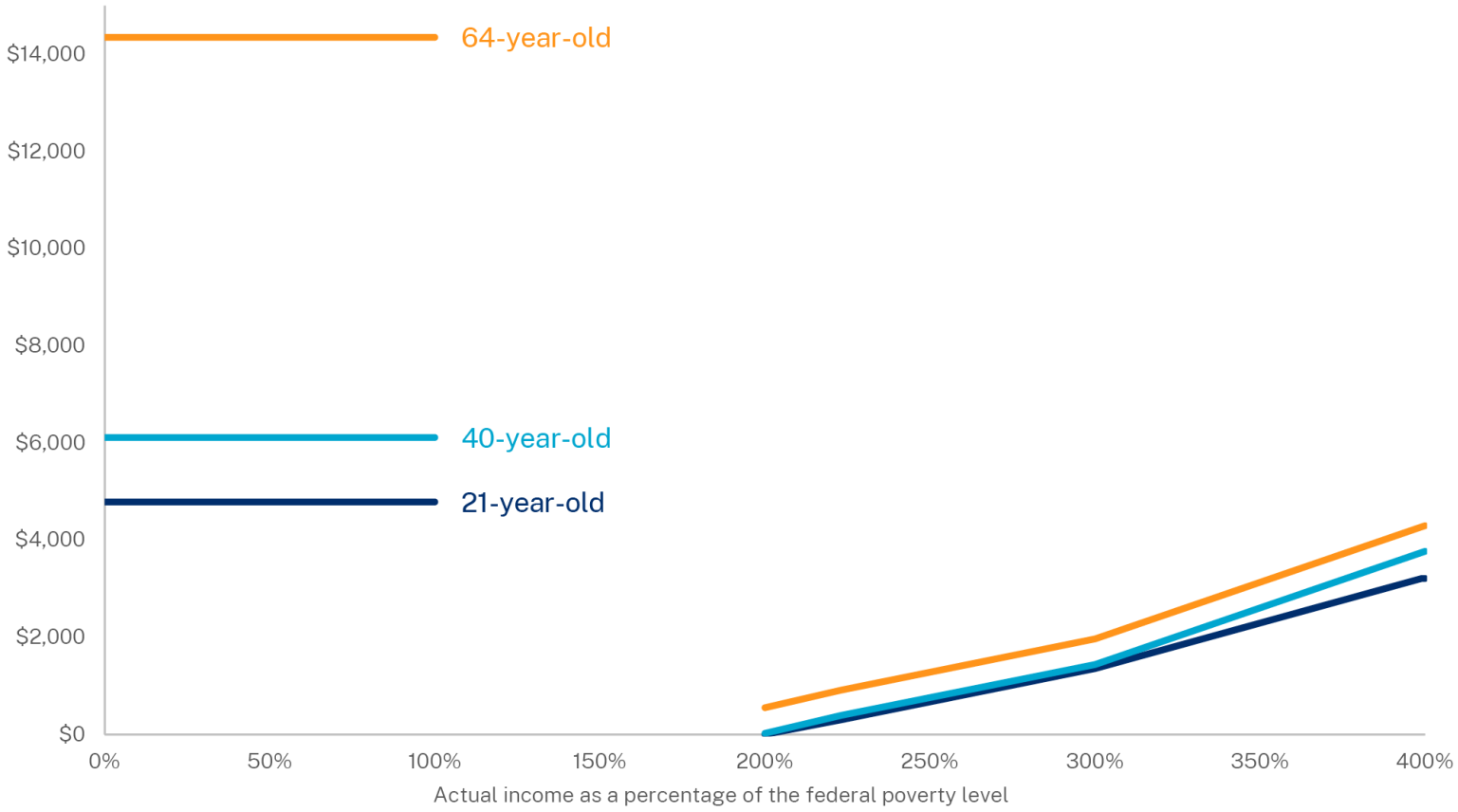
Figure 2: Over Half of Federal Exchange Enrollees Now Report Income Between 100-150% FPL



SOURCE: Compiled from CMS Marketplace Open Enrollment Period Public Use Files.

NOTE: The lines represent percentages of the federal poverty level (FPL). The other category includes people with income below 100 percent of FPL, those above 400 percent of FPL, and those with uncertain income.

Figure 3: Taxpayer Costs per Enrollee Misreporting their Income to 100-150% FPL



SOURCES: KFF Marketplace Subsidy Calculator and IRS.

NOTE: For those under 100 percent FPL, incentives for older populations increase, because the cost of a benchmark plan increases by age. Those between 100 and 150 percent of FPL are correctly reporting income and so gain no benefit. There are minimal effects for people 150 percent to 200 percent FPL. Enrollees over 200 percent FPL have an incentive to underestimate income and the differences in the lines account for a greater benefit that older enrollees receive from the 94 percent actuarial value plan through the CSR program.

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Table 1: Exchange Sign-Ups Reporting Income 100-150% FPL Compared to Total Potential Enrollees

State	Platform	Expansion Status	Exchange Sign-Ups (1)	Total Potential Enrollees (2)	Percentage (1)/(2)
Alabama	HC.gov	Not Adopted	228,883	161,622	141.6%
California	SBE	Adopted	278,204	669,243	41.6%
Florida	HC.gov	Not Adopted	2,718,501	694,345	391.5%
Georgia	HC.gov	Not Adopted	834,058	343,074	243.1%
Mississippi	HC.gov	Not Adopted	210,749	103,952	202.7%
North Carolina	HC.gov	Adopted	507,098	310,471	163.3%
South Carolina	HC.gov	Not Adopted	301,553	151,384	199.2%
Tennessee	HC.gov	Not Adopted	310,781	210,558	147.6%
Texas	HC.gov	Not Adopted	2,133,460	1,124,263	189.8%
Utah	HC.gov	Adopted	133,065	81,855	162.6%

SOURCES: American Community Survey 2022 1-year PUMS file and 2024 Open Enrollment File.

NOTES: Total potential enrollees are ages 19-64 and do not report Medicaid or Medicare coverage. NY, MN and DC are excluded from this analysis. NY and MN both have Basic Health Programs and do not provide detailed income information. DC is omitted because the majority share of plan selections in DC do not have income information recorded. The ACS data is adjusted to account for population growth, but this adjustment might not account for changes in distribution by FPL by state.

Cost of Great Obamacare Enrollment Fraud

We estimate 4-5 million fraudulently enrolled people.

We estimate fraudulent spending at $15-$26 billion in 2024.

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