The Affordable Care Act and Medicaid

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ACA builds on Medicaid model

- Medicaid dominates ACA expansion

CBO Coverage Estimates, 2016

	Medicaid Increase	Uninsured Decrease	% Medicaid
Pre-SCOTUS[a]	17 million	30 million	57%
Current[b]	12 million	25 million	48%

[a]CBO, Letter to Nancy Pelosi, March 20, 2010.
[b]CBO, Updated Estimates of the Effects of the Insurance Coverage Provisions of the ACA, April 2014.

- ACA rules favor Medicaid expansion
  - Loss of federal Medicaid funds for noncompliance
  - 100% match for new enrollees
  - Mind the gap: No enhanced match for partial expansion

Why 138% instead of 100% FPL?

- Exchange subsidies not available to Medicaid eligibles

	100% FPL	Max. Premium	Max. Cost-Share
Individual	$11,670	$233.40	$700.20
Family of 4	$23,850	$477.00	$1,431.00

- Medicaid is 42% cheaper than exchange subsidy

Federal Subsidy Cost, 2014

	Federal Cost Per Adult[a]
Exchange Subsidy	$6,348
Medicaid Expansion	$3,677

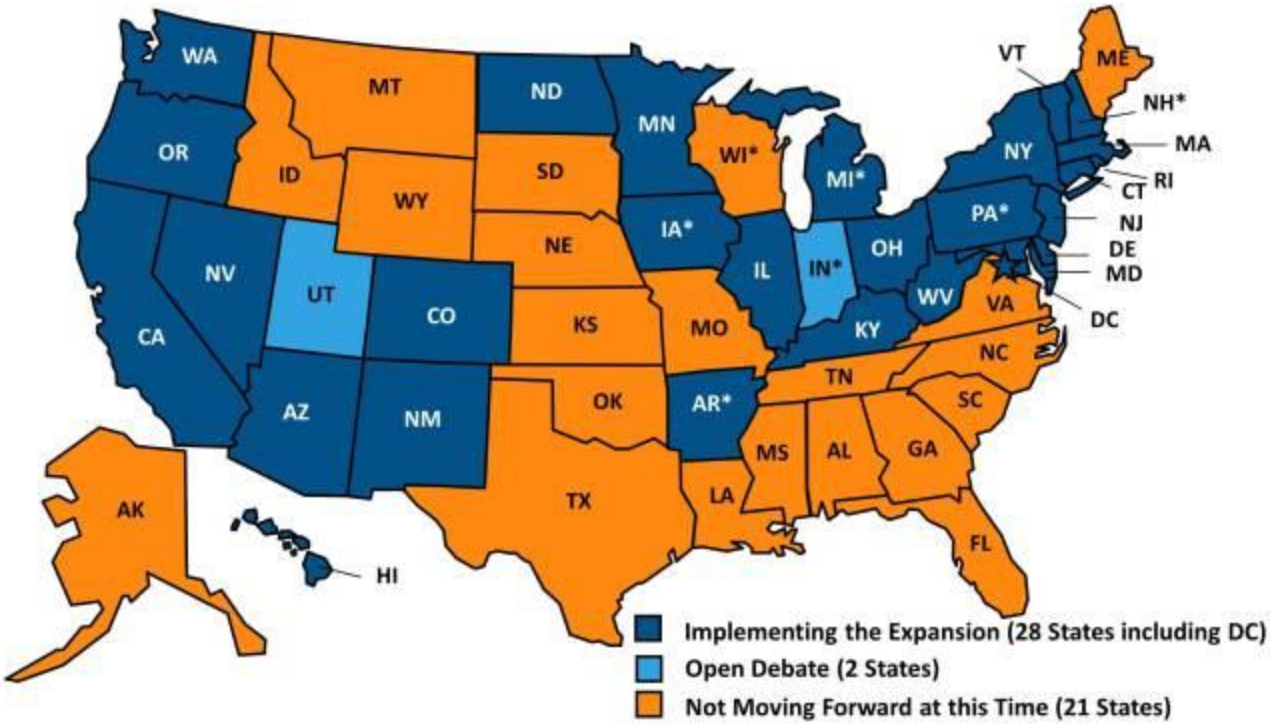
[a]Author's calculation based on CBO May 2013 baseline.

Lower cost = Poorer access

- Low Medicaid payment rates
  - OACT: Medicaid pays 60% of what private insurers pay
  - Gruber, NBER 2007: 75% of physicians paid more by uninsured
- Limited access to providers
  - Decker, Health Affairs 2012: 31% of physicians not taking new Medicaid patients—”**but rising fees may help”**
  - Long, Health Affairs 2013: 75% more problems obtaining a specialty referral for Medicaid than those with commercial insurance (Washington State)

- **Low pay, limited access typical of Exchange plans**

Current Status of State Medicaid Expansion Decisions



NOTES: Data are as of August 28, 2014. *AR, IA, MI, and PA have approved Section 1115 waivers for Medicaid expansion. In PA, coverage will begin in January 2015. NH is implementing the Medicaid expansion, but the state plans to seek a waiver at a later date. IN has a pending waiver to implement the Medicaid expansion. WI amended its Medicaid state plan and existing Section 1115 waiver to cover adults up to 100% FPL in Medicaid, but did not adopt the expansion.

SOURCES: Current status for each state is based on data from the Centers for Medicare and Medicaid Services, available here, and KCMU analysis of current state activity on Medicaid expansion.

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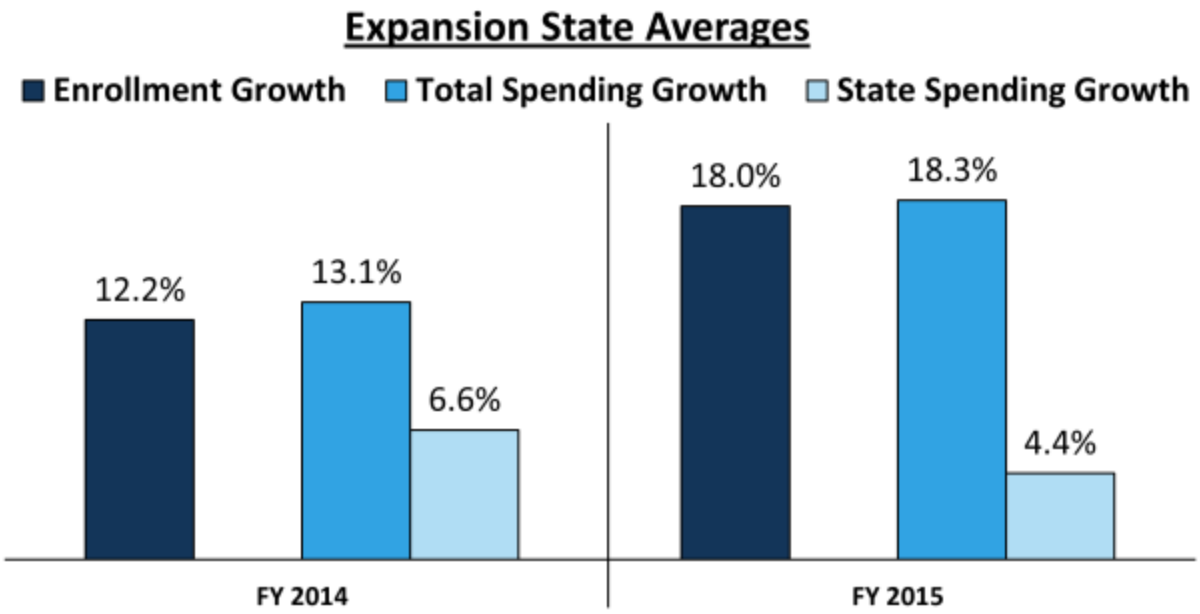
Figure 2

Expansion states report higher enrollment and total spending tied to the ACA, but lower rates of state spending.



Average Across all States	**Enrollment:**	**8.3%**	**Enrollment:**	**13.2%**
	Total Spending:	**10.2%**	**Total Spending:**	**14.3%**
	State Spending:	**6.4%**	**State Spending:**	**5.2%**

NOTE: : Data for graph shows annual growth only for states implementing the ACA Medicaid Expansion in FY 2014 and FY 2015. For FY 2014, includes 26 states. For FY 2015 includes 28 states (two additional states are NH and PA).
SOURCE: KCMU survey of Medicaid officials in 50 states and DC conducted by Health Management Associates, October 2014.

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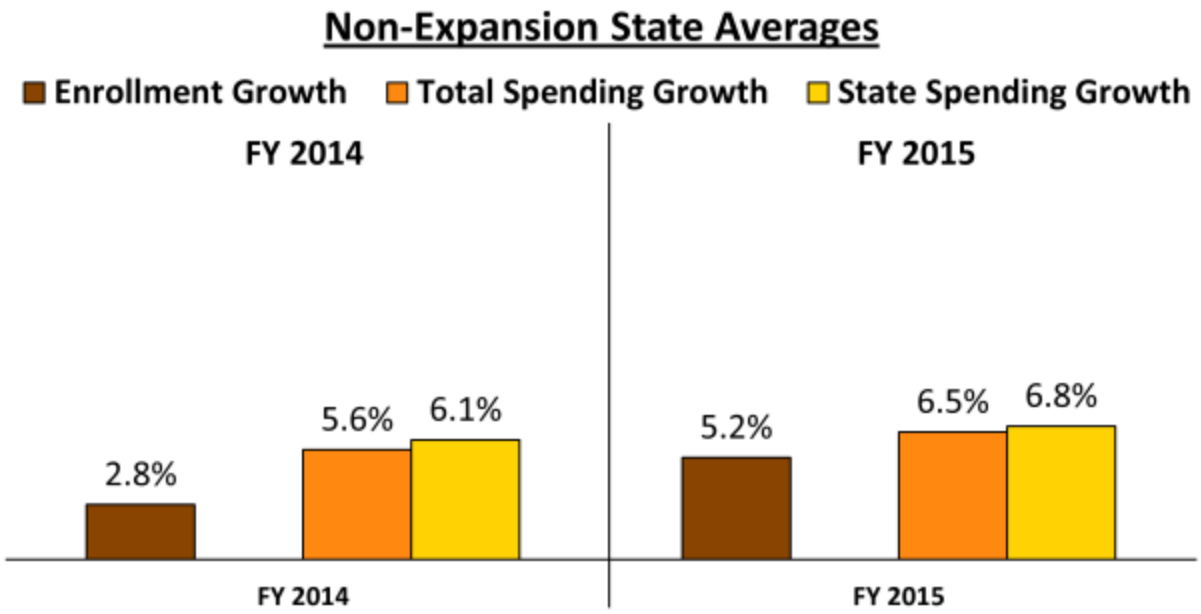
Figure 3

Non expansion states report more consistent growth rates across enrollment, total spending and state spending.



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	State Spending:	**6.4%**	**State Spending:**	**5.2%**

NOTE: Data for graph shows annual growth only for states not implementing the ACA Medicaid Expansion in FY 2014 and FY 2015. For FY 2014, includes 25 states. For FY 2015 includes 23 states (two fewer states are NH and PA).
SOURCE: KCMU survey of Medicaid officials in 50 states and DC conducted by Health Management Associates, October 2014.

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Can States work around Washington?

- Larger reform requires unlikely federal legislation
- Don’t count on waivers in this administration
- Pressure on states to expand Medicaid to 138% FPL or no insurance at all for those not previously eligible
- Case in point: Arkansas
  - Medicaid funds subsidize Exchange coverage for newly eligible adults
  - “Private” coverage looks like Medicaid: full benefits, no premium, little or no cost-sharing per standard Medicaid rules
  - Cost overruns → federal bailout