The Hilltop Institute

The Economic Impact of Medicaid Expansion in MS

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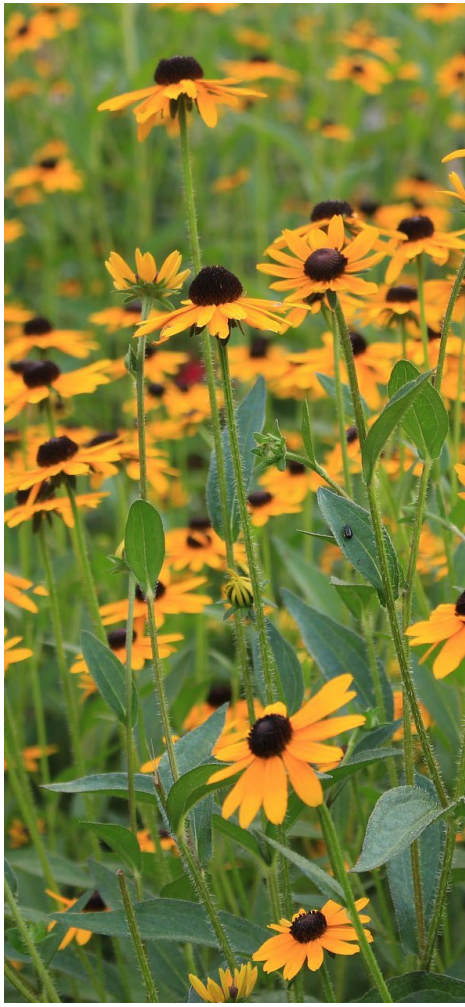
February 20, 2024



UMBC

Overview/ Assumptions

- Literature review
- Three sets of impacts
  - Fiscal impact of expansion
  - Impact on MS state economy
  - Impact on MS hospitals
- "Traditional" 138% FPL expansion
  - 90% FMAP for expansion group
- Publicly available data
- Written in 2021

Sources: Literature Review and Technical Report

https://www.hilltopinstitute.org/wp-content/uploads/publications/MedicaidExpansionInMississippi-LitReview-April2021.pdf

https://www.hilltopinstitute.org/wp-content/uploads/publications/EconomicImpactMedicaidExpansionMississippi-TechnicalReport-Jan2022.pdf

Other States

State	Date Expanded	Net Budgetary Cost
Arkansas[1]	January 2014	$97 million in net budgetary savings in SFY 2020
Lousiana[2]	July 2016	$16.4 million in net budgetary savings in SFY 2018
Kentucky[3]	January 2014	$14.7 million in net budgetary savings in SFY 2020
Michigan[4]	April 2014	$202.2 million in net budgetary savings in FY 2020
Montana[5]	January 2016	Approximately budget neutral in FY 2020

1: Arkansas Health Reform Legislative Task Force, 2016
2: Richardson et al., 2019.
3: Commonwealth of Kentucky, 2015.
4: Levy et al., 2020
5: Ward, 2021; Montana Healthcare Foundation, 2021

Fiscal Impact of Expansion

Fiscal Impact of Expansion Model and Summary

Net cost to state = (Direct state costs of expansion) – (increase in direct tax revenue) – (increase in indirect tax revenue) – (cost offsets due to Medicaid eligibility shifts) – (cost offsets due to service funding shifts) – (reduction in uncompensated care for state and local hospitals) – (ARP Act enhanced federal match)

Table 18. Summary of Results of Mississippi Medicaid Expansion State Costs, 2023–2028 ($ Millions)

	2023	2024	2025	2026	2027	2028
1) New Medicaid enrollment	192,065	205,085	217,969	216,879	215,795	214,716
2) State costs before offsets	$159	$174	$190	$194	$197	$201
3) Increase in direct tax revenue	$38.3	$39.1	$40.0	$40.8	$41.6	$42.4
4) Increase in indirect tax revenue	$51.5	$53.1	$54.8	$56.0	$57.2	$58.4
5) Cost offsets: Eligibility shifts	$8.4	$7.1	$13.3	$12.4	$11.4	$10.4
6) Cost offsets: Service funding shifts	$16.2	$17.0	$17.8	$18.6	$19.5	$20.4
7) Reduction in uncompensated care for state and local hospitals	$62.0	$61.4	$60.8	$60.2	$59.6	$59.0
8) Net cost to state prior to ARP Act enhanced federal match (2 – 3 – 4 – 5 – 6 – 7)	-$17.7	-$3.8	$3.1	$5.6	$8.2	$10.7
9) ARP Act enhanced federal match	$338	$339				
10) Net cost to state including ARP Act enhanced federal match (8 – 9)	-$355	-$343	$3.1	$5.6	$8.2	$10.7

Impact on Medicaid Enrollment

Table 3. Estimates of New Medicaid Enrollment, 2023–2028

	2023	2024	2025	2026	2027	2028
New Enrollment	192,065	205,085	217,969	216,879	215,795	214,716
Expansion Group	181,827	194,897	207,833	206,794	205,760	204,731
Welcome Mat	10,238	10,187	10,136	10,086	10,035	9,985

Month Year	Children	Aged	Disabled & Blind	Adults	Other	TOTAL	CHIP	Total Medicaid & CHIP
	(Includes all children except those who qualify based on disability)			Parents, Caretakers, Pregnant Women, and Adult Refugees	Family Planning Waiver	For All Populations	Children's Health Insurance Program	For Medicaid & CHIP
Jan-23	446,047	78,556	175,052	120,499	26,110	846,264	42,000	888,264
Feb-23	448,379	78,395	174,907	121,804	26,274	849,759	42,196	891,955
Mar-23	450,931	78,862	174,381	123,152	26,260	853,586	42,242	895,828
Apr-23	452,652	79,022	174,575	123,922	26,368	856,539	42,277	898,816
May-23	454,673	80,657	172,814	125,180	26,522	859,846	42,236	902,082
Jun-23	456,314	80,493	173,107	125,633	26,830	862,377	42,213	904,590
Jul-23	437,604	80,086	172,677	117,212	26,908	834,487	42,333	876,820
Aug-23	424,722	79,587	171,948	111,715	26,814	814,786	42,781	857,567
Sep-23	411,520	79,297	171,100	106,408	26,238	794,563	43,291	837,854
Oct-23	401,396	79,096	170,376	102,500	25,960	779,328	44,088	823,416
Nov-23	394,620	78,949	170,075	99,823	25,704	769,171	45,420	814,591
Dec-23	386,268	78,249	169,243	97,057	25,520	756,337	46,192	802,529

Source: https://medicaid.ms.gov/wp-content/uploads/2024/01/Enrollment-Report-2023_December.pdf

Impact on Gross State Costs

Table 6. Cost Projections for Mississippi Medicaid Expansion, 2023–2028

	2023	2024	2025	2026	2027	2028
Annual Cost per Participant	$8,262	$8,482	$8,705	$8,923	$9,146	$9,375
Enrollment	192,065	205,085	217,969	216,879	215,795	214,716
Total Cost (millions)	$1,587	$1,739	$1,898	$1,935	$1,974	$2,013
Mississippi Cost (millions)	$159	$174	$190	$194	$197	$201

Note: the gross costs will be mitigated by cost offsets

Impact of American Rescue Plan (ARP) FMAP Subsidy

Table 7. Estimates American Recovery Plan Act Bonus Payment

	2023	2024
Estimated Traditional Medicaid Enrollment	689,072	674,787
Per-Person Traditional Medicaid Cost	$9,798	$10,043
Projected Total Spending (millions)	$6,752	$6,777
ARP Act Enhanced FMAP (millions)	$338	$339

North Carolina expanded December 2023, set to receive $1.8 billion in ARP funding

In addition to becoming the 40th state, along with D.C., to adopt the ACA's Medicaid expansion, North Carolina projects it will receive almost $1.8 billion in additional federal funding thanks to President Biden's American Rescue Plan (ARP).

https://www.cms.gov/newsroom/press-releases/600000-north-carolinians-now-have-access-medicaid-expansion-coverage

Impact on Direct Tax Revenue (Premium Tax)

Table 8. Additional Premium Tax Revenue Due to Mississippi Medicaid Expansion, 2023–2028

	2023	2024	2025	2026	2027	2028
Additional Tax Revenue (millions)	$38.3	$39.1	$40.0	$40.8	$41.6	$42.4

- Insurers in Mississippi pay premium taxes
- Additional Medicaid funding would generate additional premium tax revenue
  - Significant majority funded by federal government because of 90% FMAP

Milliman

PREMIUM TAX SAVINGS

Table 4 displays the estimated net financial impact to the State of Mississippi from the payment and collection of capitation premium taxes. Capitation rates include a 3.0% allowance for the state premium tax CCOs must pay to the Mississippi Department of Insurance (DOI). Since the capitation rates are funded by federal and state money based upon the Federal Medical Assistance Percentage (FMAP), the federal government pays an equivalent of 2.3% (assuming the FMAPs and e-FMAPs shown in Table 5 below) and the state government (DOM) pays 0.7%. Therefore, the State realizes net proceeds from the MississippiCAN premium tax (DOI collections less DOM costs) equivalent to the 2.3% federal contribution.

Takeaway 2: Premium taxes can be a source of savings.

Medicaid MCOs are typically subject to *premium taxes*.

Premium taxes are included in MCO capitation rates, so the federal government pays a share of state premium tax.[6]

Example: for $100 of additional *federal* premium spending in state *s* with premium tax rate *p*, the state will retain (*p*/100)*$100 in premium tax revenue.

Arkansas estimated that its premium tax led to $27 million in savings in 2021 due to Medicaid expansion.[7]

Table 3. Insurer Premium Tax by State, 2021

State	Premium Tax Rate[8]
AL	1.6%
FL	1.75%
GA	2.25%
KS	2%
MS	**3%**
NC	1.9%
SC	1.25%
SD	2.5%
TN	2.5%
TX	1.75%
WI	-
WY	0.75%

Impact of Expansion on Indirect Tax Revenue

Table 11. Indirect Tax Revenue resulting from Medicaid Expansion, 2023–2028

	2023	2024	2025	2026	2027	2028
Indirect tax revenue (millions)	$51.5	$53.1	$54.8	$56.0	$57.2	$58.4

- Expansion would generate additional economic activity in Mississippi, which would generate state and local tax revenue

Takeaway 4: Tax revenue due to economic stimulus is a significant source of additional revenue.

Medicaid expansion entails significant inflow of federal dollars into a state that would not have otherwise occurred, which generates additional economic activity (spillover). This, in turn, is subject to **state and local taxes**.

Shown to be a significant source of additional tax revenue in Michigan.[1]

Table 5. Effective Total State and Local Tax Rates 2022[14]

State	Rate	State	Rate
AL	9.8%	SC	8.9%
FL	9.1%	SD	8.4%
GA	8.9%	TN	7.6%
KS	11.2%	TX	8.6%
MS	**9.8%**	WI	10.9%
NC	9.9%	WY	7.5%

Cost Offsets

- Two types of cost offsets
  - Eligibility Shifts
    - Certain individuals who would have been eligible under lower-FMAP groups switch to expansion group
  - Service Changes
    - Other state expenditure replaced with matched Medicaid expenditure

Cost Offsets Summary

Table 13. Estimate of Savings due to Medicaid Eligibility Shifts, 2023-2028 ($ millions)

	2023	2024	2025	2026	2027	2028
Pregnant Women	$2.4	$2.1	$4.1	$3.8	$3.5	$3.3
Individuals w/ Disability	$1.2	$1.1	$2.0	$1.9	$1.8	$1.6
Healthier MS Waiver	$4.8	$3.9	$7.2	$6.6	$6.1	$5.5
Total	**$8.4**	**$7.1**	**$13.3**	**$12.4**	**$11.4**	**$10.4**

Table 14. Estimate of Savings from Service Funding Changes, 2023–2028

	2023	2024	2025	2026	2027	2028
Corrections (millions)	$8.0	$8.3	$8.6	$9.0	$9.3	$9.7
Mental Health (millions)	$8.2	$8.7	$9.2	$9.7	$10.2	$10.7
Total (millions)	**$16.2**	**$17.0**	**$17.8**	**$18.6**	**$19.5**	**$20.4**

Cost offsets due to reduction in uncompensated care for state- and locally owned hospitals

- Substantial literature documenting that Medicaid expansion leads to reductions in uncompensated care for hospitals
- Estimates range from 28%-53% reduction
  - Hilltop assumption: 25% reduction
- Approximately 40% of Mississippi hospitals are state- or locally owned, relative to 10% nationally

Table 17. Reduction in Uncompensated Care by Hospital Type, 2023–2028

Ownership Type	2023	2024	2025	2026	2027	2028
Private nonprofit	$63.8	$67.7	$71.9	$76.3	$81.1	$86.0
Private for-profit	$15.8	$15.4	$15.0	$14.6	$14.3	$13.9
State- or locally owned	$62.0	$61.4	$60.8	$60.2	$59.6	$59.0
Other	$22.8	$24.4	$26.1	$27.9	$29.9	$32.0
Total	**$164.4**	**$169.0**	**$173.8**	**$179.1**	**$184.8**	**$190.9**

Summary: Impact of Medicaid Expansion on State Costs

Table 18. Summary of Results of Mississippi Medicaid Expansion State Costs, 2023–2028 ($ Millions)

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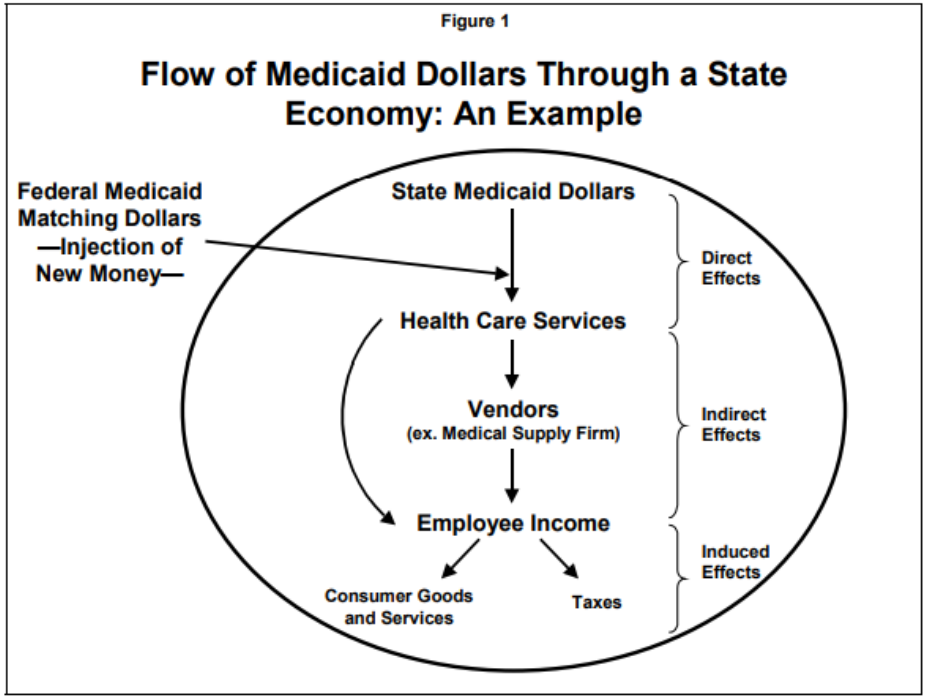
Impact of Expansion on the Mississippi Economy

Theoretical Impacts



https://www.kff.org/wp-content/uploads/2013/01/the-role-of-medicaid-in-state-economies-a-look-at-the-research-policy-brief.pdf

- Expansion stimulates the economy
- "Multiplier effect": more spending, more jobs

Impact of Medicaid Expansion on Economic Outcomes

Table 10. Estimated Effect of Medicaid Expansion on Value Added and Jobs, 2023–2028

	2023	2024	2025	2026	2027	2028
Value added (millions)	$814	$840	$866	$884	$902	$921
Employment	10,532	10,729	10,927	11,017	11,109	11,201

- Does not include ARP funding impact
- Effects likely to be proportional to location of sites of care for new enrollees
- Similar to other Mississippi expansion study estimate (Miller and Collins, 2021)
- Louisiana estimate: 19,195 jobs created
  - *https://gov.louisiana.gov/page/impacts-of-expansion*
- In line with other research (Levy et al, 2020)

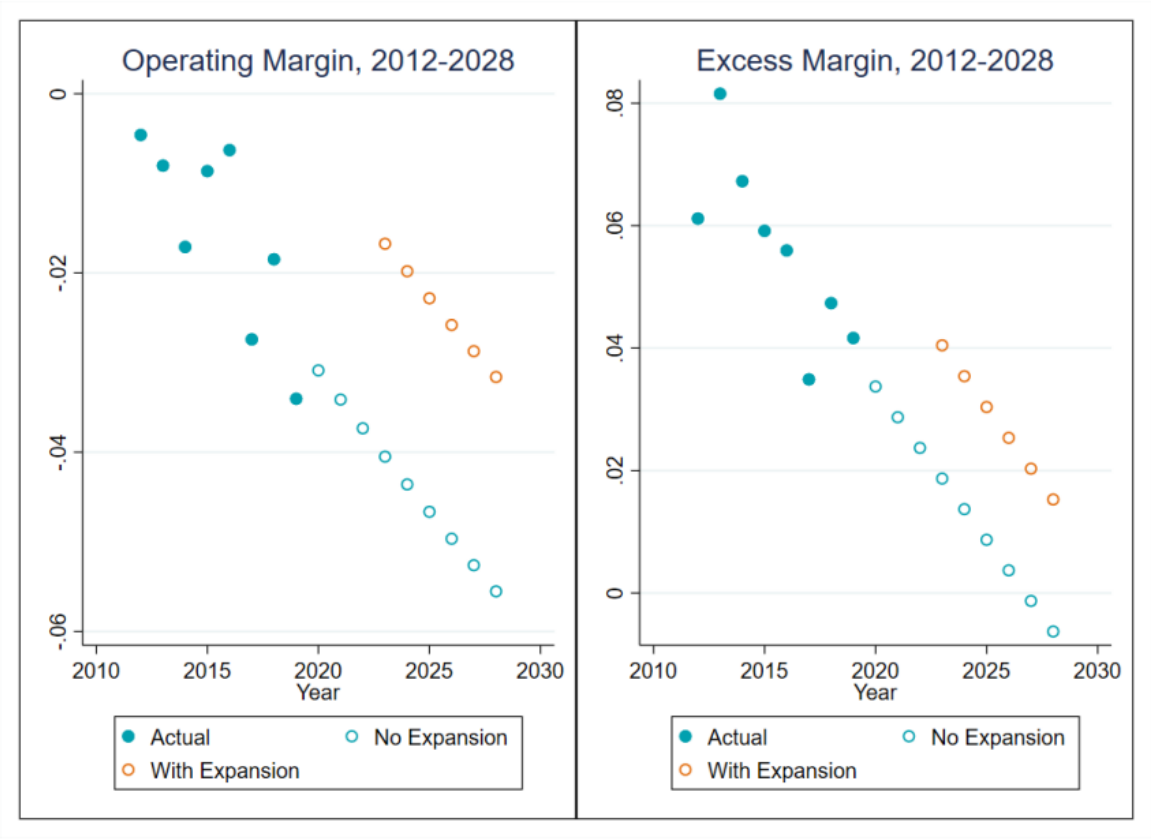
Impact of Expansion on Mississippi Hospitals

Mississippi Hospitals

- 113 licensed hospitals (93 acute care)
- 71% rural
- Almost half of rural hospitals at "high" financial risk (Navigant, 2019)
- Median profit margin for rural hospitals fell from 6.73% in 2011 to -0.08% in 2017 (Bai et al., 2020)
  - Third-largest drop across all states

Impact of Medicaid Expansion on Hospitals

Figure 1. Predicted Hospital Financial Performance with and without Medicaid Expansion



- Profitability declining
- Expansion would improve aggregate hospital performance by 2.2 – 2.4 percentage points per year

Recent Developments

- MS Medicaid enrollment falling
  - Currently approx. 750,000
  - Pre-COVID levels: approx. 675,000
- MS FMAP (slightly) falling
  - FY 2024: 77.27%
  - FY 2025: 76.90%
    - This may marginally reduce cost offset savings
- More generous APTC exchange subsidies
  - Inflation Reduction Act: through 2025
  - Low-cost heath insurance for individuals over 100% FPL
    - This may marginally reduce economic impact and indirect tax revenue due to expansion while in effect

Documented Other Impacts

- Positive impact on health
  - Steenland and Wherry, 2023 (Health Affairs); Sommers et al, 2017 (Health Affairs)
- Negative impact on mortality
  - Lee et al, 2022 (Lancet); Miller et al, 2021 (Quarterly Journal of Economics); Borgshulte and Vogler, 2020 (Journal of Health Economics)
- Improvement in financial wellbeing (medical debt, bankruptcy, housing eviction)
  - Lu et al, 2018 (Journal of Health Economics); Caswell and Waidmann, 2019 (Medical Care Research and Review); Allen et al, 2019 (Health Affairs)
- Increased (10%) wait times at emergency departments
  - Allen et al, 2021 (Health Services Research)

Limitations

- Assumptions
- Abstraction
- Publicly available data
- Limited scope

Conclusions

- Expansion would lead to:
  - Roughly 200,000 additional Medicaid recipients
  - Additional tax revenue
  - Significant ARP funding
  - 11,000 additional jobs
  - Aggregate improvement in hospital financial performance

About Hilltop

The Hilltop Institute is a nonpartisan research organization at the University of Maryland, Baltimore County (UMBC) dedicated to improving the health and wellbeing of people and communities. We conduct cutting-edge data analytics and translational research on behalf of government agencies, foundations, and nonprofit organizations to inform public policy at the national, state, and local levels.

www.hilltopinstitute.org

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Additional Slides

MORE INFO

Enrollment Estimates

- **Primary data source**: American Community Survey (ACS) 2019 microdata
- Estimate population of income-eligible individuals
  - Adults aged 19-64 with income 0-138% FPL
- Apply assumptions of take-up rates
  - 72% for uninsured
  - 13% for individuals with employer-sponsored insurance
  - Gradual take-up by individuals with marketplace coverage (50%, 75%, 100%)
  - 33% take-up for individuals eligible for pre-expansion Medicaid coverage, but not enrolled
- Welcome mat effect likely to be small for adults

Cost Estimates

- **Primary data source**: MSCAN capitation certification reports
  - Used SFY 2020 to minimize impact of COVID-19
- Adjust for expected demographic profile of new enrollees
  - Pre-expansion adult enrollees tend be younger and female
  - Data from Ohio and Kentucky to estimate expansion population profile
- Assume 2.5% per-person cost growth
- Costs include medical and non-medical components
  - Administrative costs, targeted margin, and premium tax

ARP Act Supplemental Payment

- Additional 5 percentage point in FMAP for traditional Medicaid populations for two years following expansion
- Magnitude depends on:
  - Size of traditional Medicaid population at time of expansion
  - Per-participant costs at time of expansion
  - Rate of increase (or decrease) in both factors
- Conservative estimate of Medicaid enrollment
  - Peak: 862,377 (June 2023)
  - Assumptions for this study: 689,072 in 2023; 674,787 in 2024
  - Total ARP payment: **$677 million**
- Other estimates for Mississippi ARP payment:
  - $622 million - $739 million

Direct Tax Revenue

- 3 percent tax on health insurers in Mississippi
  - Built into capitation rates for CCOs
- Adjust downward to reflect individuals shifting from prior coverage
  - Premium tax would already have accrued from this population
- For example:
  - 200,000 additional enrollees
  - $9,000 per enrollee per year
  - $1.8 billion additional total spending
  - 3 percent = $54 million premium tax revenue
    - Federal government pays 90% FMAP
    - $48.6 million in additional premium tax revenue to MS funded from federal government
- Premium tax acknowledged by Milliman (2019) as a source of savings for MSCAN

Indirect Tax Revenue

- Expansion would lead to $1.6 – $2.0 billion in health-related expenditures
- This will lead to additional economic activity in the state
  - Multiplier effect
- Three adjustments:
  - Federal portion only (90%)
  - In-state (assume 88%)
  - Net out the marketplace APTC
    - Identify “new” federal funds in Mississippi as a result of expansion
- $1.1 – $1.2 billion in net new federal expenditure
- IMPLAN, input-output economic modeling software
- Adjust direct tax revenue from hospitals to reflect for-profit only

Cost Offsets – Eligibility Shifts (1)

- Certain groups who *would* have been eligible for Medicaid under a previous coverage group can now qualify in the expansion group
  - Previous FMAP: approx. 77%
  - Expansion FMAP: 90%
- For example:
  - If an individual enrolls in traditional coverage group, the state spends $230 of every $1,000
  - If an individual enrolls in the expansion group, the state spends $100 of every $1,000
    - Savings of $130 of every $1,000
- Scope for this savings in MS is limited
  - Very high non-expansion FMAP (highest in country)
  - Limited non-expansion adult enrollment

Cost Offsets – Eligibility Shifts (2)

- General methodology
  - A: Identify coverage groups that may experience "switching"
  - B: Estimate number of individuals in coverage groups that may "switch"
  - C: Estimate average costs of these groups
  - D: Estimate *difference* in FMAP relative to expansion population
- Savings = B * C * D

Cost Offsets – Services (Corrections)

- Currently, correctional inmates not typically eligible for Medicaid
  - State pays for medical care
  - $77 million in 2020
- Under Medicaid expansion, inmates are income-eligible and state will pay for hospital care for 24+ hours
  - State only bears 10% of the costs
- Estimate of applicable hospital spending for inmates:
  - $8.8 million – $10.8 million
  - State saves 90%, or $8.0 million - $9.7 million

Cost Offsets – Services (Mental Health Services)

- The state currently funds certain health-related services
  - Mental health and substance use disorder
- Medicaid expansion means that some of these state-funded services can be provided via Medicaid (90% federal match)
- Challenging to quantify
  - Identify state-funded services used by low-income uninsured population
  - Make assumptions about the degree to which state funding can be replaced by Medicaid funding
- Assume 80% of CMHC patients are under 138% FPL, 25% uninsured
  - Assume 72% take-up of Medicaid
  - 15% of current CMHC patients would enroll in Medicaid
  - Reduction of 60% of indigent care burden
- Assume 25% of CMHC state funding can be used to offset indigent care
  - State funding can fall by 15% (60% of 25%)
- State funding for CMHCs: $61 - $79 million, 2023-2028
- Savings (incorporating state 10% share): $8.2 million - $10.7 million

Cost Offsets – Services (Mental Health Services)

- Recent research (July 2023) indicates that state funding for SUD treatment and prevention decreased by **$10 million** on average following Medicaid expansion


RESEARCH ARTICLE | SUBSTANCE USE

HEALTH AFFAIRS > VOL. 42, NO. 7: MEDICARE, CANCER CARE & MORE

State Funding For Substance Use Disorder Treatment Declined In The Wake Of Medicaid Expansion

Christina M. Andrews, Olivia M. Hinds, Felipe Lozano-Rojas, Wendy L. Besmann, Amanda J. Abraham, Colleen M. Grogan, and Allie F. Silverman

https://www.healthaffairs.org/doi/abs/10.1377/hlthaff.2022.01568

Cost Offsets – Services – Other states

Exhibit 5. Illustrative Estimates of Savings Outside of Medicaid from Medicaid Expansion for Selected States and Years

State	Year	Savings to state budget areas ($ millions)	Savings as % of expected state expansion costs in 2020
Mental health and substance abuse			
Arkansas	FY2016	$7.1	4%
Kentucky	FY2015	$21	7%
Michigan	FY2022	$168	37%
Montana	FY2017	$3.3	5%
Virginia	FY2020	$25	8%
Washington	FY2016	$51.2	16%
Corrections			
Arkansas	FY2015	$2.8	2%
Colorado	FY2015	$5	3%
Kentucky	FY2015	$11	3%
Michigan	FY2021	$19	4%
Montana	FY2019	$2.8	4%
Ohio	FY2021	$18	3%
Virginia	FY2020	$26.9	9%

Ward, 2020. "The Impact of Medicaid Expansion on States' Budgets", Commonwealth Fun Issue Brief. *https://www.commonwealthfund.org/publications/issue-briefs/2020/may/impact-medicaid-expansion-states-budgets*

Economic Impact

- Expansion will lead to significant federal expenditure that would not otherwise have occurred
- Ripple effects of this spending throughout Mississippi economy
- Three adjustments:
  - Federal portion only (90%)
  - In-state (assume 88%)
  - Net out the marketplace APTC
    - Identify "new" federal funds in Mississippi as a result of expansion
- Estimate of net new federal dollars does **not** include ARP funding
- IMPLAN, input-output economic modeling software
- Four channels: hospitals, offices of physicians, pharmacies, and other medical
- Effects likely to be proportional to location of sites of care for new Medicaid enrollees

Table 9. Net New Federal Spending Due to Mississippi Medicaid Expansion, 2023–2028

	2023	2024	2025	2026	2027	2028
New Federal Spending (millions)	$1,092	$1,125	$1,159	$1,182	$1,206	$1,230

Impact on Hospitals (1)

- **Data sources**: CMS Provider of Services file, Medicare Cost Reports 2012-2019
- Mississippi's hospitals incurred approximately $600 million in uncompensated care in 2019
  - 7.2% of operating costs
  - 3rd highest in nation
- Uncompensated care = charity care + bad debt
- Almost 40% of Mississippi's acute care hospitals are state- or locally-owned
- Trend uncompensated care forward by ownership type, assume 25% reduction

Table 15. Ownership Distribution of Hospitals, Mississippi and National, June 2021

Ownership Type	Mississippi	National
Private nonprofit	0.247	0.460
Private for-profit	0.226	0.171
State- or locally owned	0.398	0.096
Other	0.129	0.272

Source: CMS, 2019.

Note: If gnrl_cntl_type_cd = 02, private nonprofit; if gnrl_cntl_type_cd = 04, private forprofit; if gnrl_cntl_type_cd = 06 or 07, state and local; all else, other. It is important to note that for the purposes of this analysis, we classify hospitals with ownership "Hospital District or Authority" as ownership type "other" and do not include these in our definition of state- or locally owned hospitals.

Impact on Hospitals (2)

- **Operating margin**: hospital profitability due to activities related to patient care
  - (net patient revenue – operating costs)/(net patient revenue)
- **Excess margin**: broader measure of hospital profitability
  - (net patient revenue + all other income – operating costs)/(net patient revenue + all other income)
- Trend these forward with, and without, applying Medicaid expansion assumptions

Table 20. Assumptions for Impact of Medicaid Expansion on Hospital Financial Performance

	Government-Owned	Private, Nonprofit	Private, For-Profit
Operating Margin	0.047	0[a]	0[a]
Excess Margin	0.023	0.016	0.032

Source: Blavin and Ramos (2021). The superscript "a" indicates that the estimate was not statistically different from zero.

Impact of Medicaid Expansion on Coverage Gap

Table 4. Previous Uninsured Status of New Medicaid Participants, 2023–2028

	2023	2024	2025	2026	2027	2028
Enrollment	192,065	205,085	217,969	216,879	215,795	214,716
Previously Uninsured	140,236	139,535	138,837	138,143	137,452	136,765
From Coverage Gap	106,048	105,518	104,990	104,465	103,943	103,423

- The "coverage gap" indicates **the individuals with under 100% of the FPL** who neither qualify for Medicaid, nor quality for APTC subsidies
- The Inflation Reduction Act expands APTC subsidies until 2025
- Mississippi has a sizable population in the "coverage gap": 103,000 – 106,000
- This population would be covered under expansion

Mississippi-Specific Studies

Table 1. Summary of Mississippi-Specific Medicaid Expansion Studies

Study	Impact on 2020 Enrollment	Impact on State Medicaid Costs in 2020	Net Impact on State Costs in 2020
Neal, 2012[1]	311,750	$117.8 million	$64.6 million cost
Becker & Morrisey, 2013[2]	212,362	$167 million	$34.0 million savings
Milliman, 2010[3]	310,000	$280 million	Not estimated
Milliman, 2012[4]	231,000	$155 million	Not estimated
Holahan et al., 2012[5]	231,000	$180.7 million	Not estimated
Simpson, 2020[6]	207,000	$177 million	Not estimated
The Perryman Group, 2019[7]	Not estimated	Not estimated	Ambiguous

[1] This uses 2020 data from Table 1 (enrollment) and Table 4 (net fiscal impact), "high" participation scenario. Net cost estimates account for additional state tax revenue.

[2] This uses 2020 data from Table 3 and Table 9, "intermediate" take-up scenario. Net cost estimate account for additional state and local tax *revenue*.

[3] The enrollment estimate is from Table 1, Moderate Participation, "Additional Medicaid Enrollees." The cost estimate is from Exhibit 2, Moderate Participation, and is calculated as currently eligible ($110 million) + newly eligible ($171 million) – savings from elimination of breast and cervical cancer program ($1 million). The 310,000 additional enrollees are split between 67,000 additional children, and 243,000 additional adult enrollees. The enrollment estimate applies to SFY 2011.

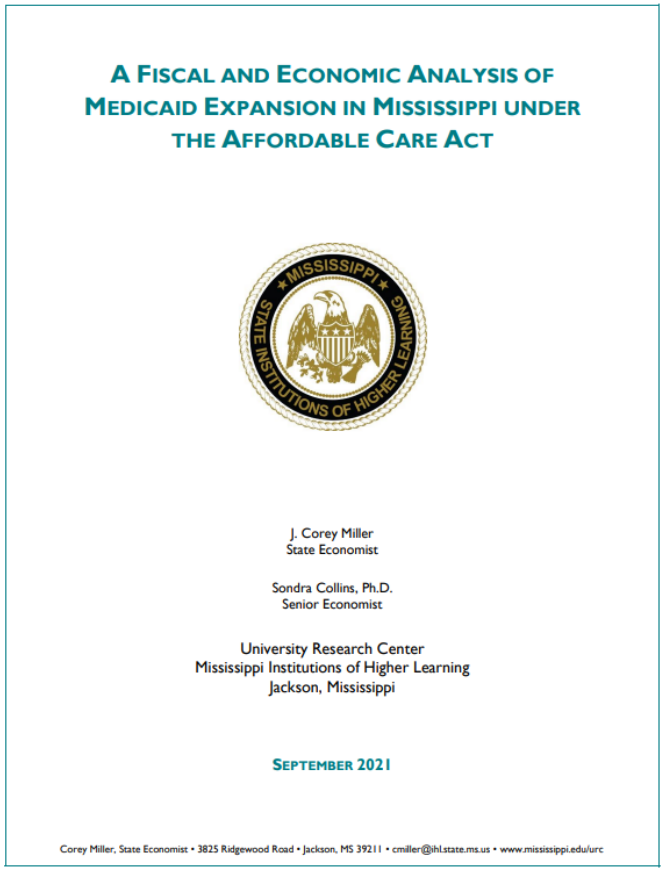
[4] The spending estimate is from Table 1B, higher participation scenario, SFY 2020, Segment 2 ($95 million) + Segment 3 ($60 million). The enrollment estimate is from Table 3b (higher participation scenario), SFY 2014, Segment 2 (135,000) + Segment 3 (96,000). Segment 1 is not included because this is related to non-Medicaid expansion provisions of the ACA that have already gone into effect. The enrollment estimate applies to SFY 2014. Additionally, the cost estimate to Medicaid assumes that the expansion population would be enrolled in Medicaid fee-for-service. If they were enrolled in managed care, projected costs would be approximately 2.5% lower.

[5] The enrollment estimate is from Table ES-3, "Incremental Impact of Medicaid Expansion" column. The enrollment estimate applies to 2022. The expenditure estimate is from Table ES-2, "Incremental Impact of Medicaid Expansion." Additionally, the study presents aggregate cost estimates from 2013-2022; we assume costs start in 2014 and apply the annual FMAPs to recover the estimated Mississippi-specific costs in 2020 (source for FMAPs: https://www.macpac.gov/subtopic/state-and-federal-spending-under-the-aca/).

[6] The enrollment estimate is from Table 2 and applies to 2020 (assuming no pandemic). The expenditure estimate is from Table 5.

[7] It is unclear whether this would lead to $200.3 million in additional state revenue *per year* from 2020-2030 or over the entire period.

September 2021 URC Study (Miller and Collins)



A FISCAL AND ECONOMIC ANALYSIS OF MEDICAID EXPANSION IN MISSISSIPPI UNDER THE AFFORDABLE CARE ACT

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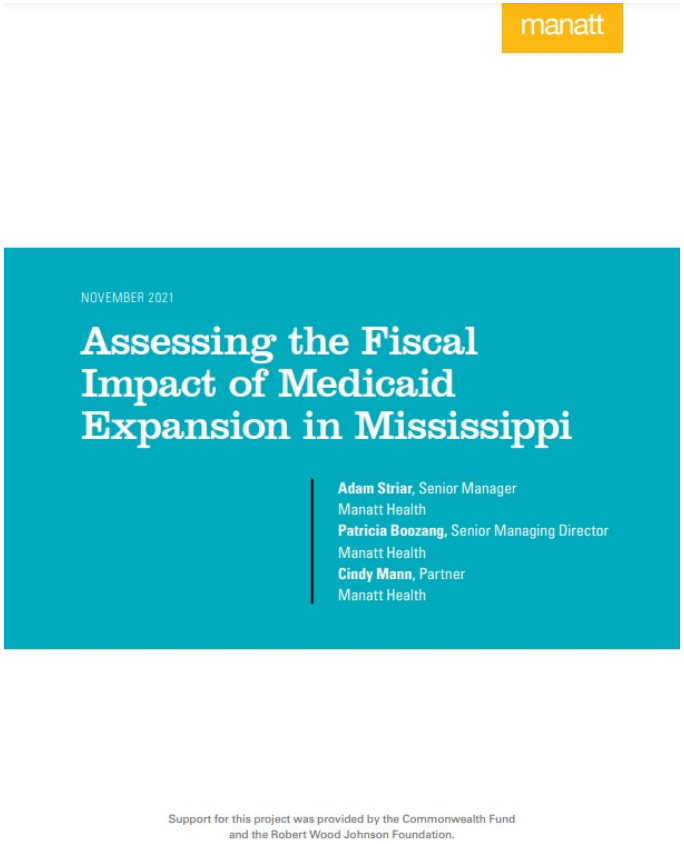
http://www.mississippi.edu/urc/downloads/urcmedicaid2021.pdf

- Enrollment would rise by 228,000 – 233,000
- Gross costs to state (before offsets) range from $186 million - $207 million
- Cost offsets:
  - ARP funding ($623 million over two years)
  - Correctional inmates ($8 million per year)
  - Mental health and SUD ($9 million per year)
  - Eligibility group shifting ($31 million per year)
  - Uncompensated care to hospitals ($159 - $183 million per year)

November 2021 Manatt Study (Striar et al)



- 229,000 additional enrollees
- Gross cost to the state (before offsets): approximately $175 million per year
- Cost offsets:
  - ARP funding ($747 million over two years)
  - Eligibility group shifting (approx. $65 million per year)
  - Correctional inmates (approx. $18 million per year)

https://www.manatt.com/Manatt/media/Documents/Articles/RWJF-CF_Fiscal-Impact-of-Medicaid-Expansion-in-MS-Nov-2021_b.pdf