Potential Impacts of Medicaid Expansion in Mississippi

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Center for Mississippi Health Policy

- Independent, non-profit organization
- Mission is to inform health policy decisions by providing sound research and analysis
- Do not advocate or lobby for particular solutions
- Do not have a position in support of or opposition to Medicaid expansion
- Issue Brief provides overview
Federal Poverty Level

Annual Incomes Associated with 2012 Federal Poverty Percentages

<table>
<thead>
<tr>
<th>% FEDERAL POVERTY LEVEL</th>
<th>SINGLE</th>
<th>FAMILY OF FOUR</th>
</tr>
</thead>
<tbody>
<tr>
<td>24%</td>
<td>$2,681</td>
<td>$5,532</td>
</tr>
<tr>
<td>44%</td>
<td>$4,915</td>
<td>$10,142</td>
</tr>
<tr>
<td>100%</td>
<td>$11,170</td>
<td>$23,050</td>
</tr>
<tr>
<td>138%</td>
<td>$15,415</td>
<td>$31,809</td>
</tr>
<tr>
<td>185%</td>
<td>$20,665</td>
<td>$42,643</td>
</tr>
</tbody>
</table>

Source: The poverty guidelines updated periodically in the Federal Register by the U.S. Department of Health and Human Services under the authority of 42 USC 9002 (2).
Medicaid & CHIP
Eligibility for Children by Age

<table>
<thead>
<tr>
<th>FPL Range</th>
<th>0 – 100% FPL</th>
<th>101 – 133% FPL</th>
<th>134 – 185% FPL</th>
<th>186 – 200% FPL</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt;1 year</td>
<td>Medicaid</td>
<td>Medicaid</td>
<td>Medicaid</td>
<td>CHIP</td>
</tr>
<tr>
<td>1 – 5 years</td>
<td>Medicaid</td>
<td>CHIP</td>
<td>CHIP</td>
<td>CHIP</td>
</tr>
<tr>
<td>6 – 18 years</td>
<td>Medicaid</td>
<td>CHIP</td>
<td>CHIP</td>
<td>CHIP</td>
</tr>
</tbody>
</table>

 CHIP -> Medicaid
# Medicaid Eligibility for Adults Pre & Post ACA

<table>
<thead>
<tr>
<th>Population</th>
<th>Current Federal Requirements</th>
<th>Current MS Eligibility Levels</th>
<th>Post-2014 Federal Requirements</th>
<th>Post-2014 Optional Expansion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Elderly &amp; Disabled</td>
<td></td>
<td>Varies by category – all near or above 133% FPL</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pregnant Women</td>
<td>Up to 133% FPL</td>
<td>Up to 185% FPL</td>
<td>Up to 185% FPL*</td>
<td>Up to 185% FPL</td>
</tr>
<tr>
<td>Working Low-income Parents</td>
<td>Up to 24% FPL</td>
<td>Up to 44% FPL</td>
<td>Up to 24% FPL**</td>
<td></td>
</tr>
<tr>
<td>Non-working Low-income Parents</td>
<td>Up to 24% FPL</td>
<td>Up to 24% FPL</td>
<td>Up to 24% FPL**</td>
<td></td>
</tr>
<tr>
<td>Childless Adults</td>
<td>None</td>
<td>None</td>
<td>None</td>
<td></td>
</tr>
</tbody>
</table>

* Determined by the state’s eligibility level on July 1, 1989.

** Determined by the state’s AFDC income standard in effect on May 1, 1988, for the applicable family size.
Health Coverage:
MS Adults 19-64 at or below 138% FPL

Source: American Community Survey 2010 data compiled by the C4MHP using IPUMS-ACS
Percentage of Adults Under 138% of the Federal Poverty Level Without Health Insurance

“Woodwork Effect”

- Potential increase in enrollment by people who are already eligible, but not enrolled
- Will occur regardless of whether Medicaid expansion is approved
- Claims for these enrollees are covered under the current FMAP
Expansion Population

- New group primarily younger, not disabled
- Not likely to have same claims experience as existing Medicaid enrollees
- May have different benefits (benchmark or benchmark-equivalent)
- May have alternative delivery model
- Most are low wage workers
## Uninsured Workers in MS

<table>
<thead>
<tr>
<th>Occupation</th>
<th>Number</th>
<th>Occupation</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cashiers</td>
<td>14,445</td>
<td>Medical Aides</td>
<td>4,084</td>
</tr>
<tr>
<td>Cooks</td>
<td>8,731</td>
<td>Laborers &amp; Movers</td>
<td>3,984</td>
</tr>
<tr>
<td>Construction Workers</td>
<td>6,869</td>
<td>Store Clerks</td>
<td>3,915</td>
</tr>
<tr>
<td>Maids &amp; Housekeeping</td>
<td>6,021</td>
<td>Retail Salespersons</td>
<td>3,092</td>
</tr>
<tr>
<td>Truck &amp; Other Drivers</td>
<td>5,950</td>
<td>Food Service Managers</td>
<td>3,088</td>
</tr>
<tr>
<td>Waiters &amp; Waitresses</td>
<td>5,280</td>
<td>Agriculture Workers</td>
<td>2,993</td>
</tr>
<tr>
<td>Janitors &amp; Cleaners</td>
<td>5,178</td>
<td>Assemblers &amp; Fabricators</td>
<td>2,954</td>
</tr>
<tr>
<td>Grounds Maintenance Workers</td>
<td>5,067</td>
<td>Childcare Workers</td>
<td>2,803</td>
</tr>
<tr>
<td>Other Production Workers</td>
<td>4,724</td>
<td>Painters &amp; Maintenance</td>
<td>2,704</td>
</tr>
<tr>
<td>Carpenters</td>
<td>4,472</td>
<td>Retail Sales Supervisors</td>
<td>2,552</td>
</tr>
</tbody>
</table>

Source: American Community Survey, U.S. Census Bureau, 2010. Data compiled by C4MHP using IPUMS-ACS.
Potential Impacts

- Economic and Fiscal Impacts
- Coverage Impacts
- Health Impacts
- Private Insurance Impacts
Economic & Fiscal Impact

- Annual cost to the State is projected to be $159 million by 2025, matched by $1.2 billion in federal dollars.
- Approximately 9,000 new jobs are projected to be created by new economic activity associated with the new federal funds coming into the State.
- Accounting for new jobs contributing additional revenue to the State General Fund, net fiscal impact in 2025 is estimated at $96 million.

Medicaid Expansion
Cost by Source, 2014-2025

Potential Shifts in Coverage Projected for Mississippi (Non-elderly Population)

2010

- Uninsured: 20%
- Employer: 48%
- Medicaid/CHIP: 22%
- Individual: 5%
- Other: 5%
- Exchange: 0%

2014

- Uninsured: 7%
- Employer: 45%
- Medicaid/CHIP: 32%
- Individual: 1%
- Other: 4%
- Exchange: 11%

These represent the non-elderly population and are preliminary estimates last revised September 2010.

Source: An Overview of Health Reform, Center for Mississippi Health Policy & the Georgia Health Policy Center, September 2010.
Coverage Impact

- Would substantially reduce the number of uninsured Mississippians
- Most potentially eligible adults do not have access to employer-based insurance
- Adults with incomes below 100% FPL will not be eligible for premium subsidies through the Health Insurance Exchange
- Adults above 100% FPL may trigger employer penalties if they seek subsidies through the Exchange
Health Impact: National Data

- Oregon study provided natural experimental design
  - Overall utilization of services increased (not related to pent up demand)
  - Compliance with recommended preventive care increased
  - Access to primary care services increased
- RAND Health Insurance Experiment
  - Inverse relationship between out-of-pocket cost and utilization
- Uninsured are less likely to seek care
Health Impact: Mississippi

- Mississippians are the most likely to report being unable to see a doctor because of cost compared to other states.
- Health indicators for Mississippi indicate poor access to preventive and primary care and high rates of disability and premature death.
Example: Discharges for Preventable Hospitalizations

Example: Diabetes

Leg Amputation Rates  Hemoglobin A1c Testing Rates

Example: Breast Cancer

Rates are per 100,000 and are age-adjusted to the 2000 U.S. standard population.
Delivery System Issues

- Increased demand for health care services could put pressure on the state’s health care delivery system, which already faces a shortage of primary care providers.

- Medicaid enrollment does not by itself ensure health improvement.
Impact on Private Insurance

- American Academy of Actuaries projections for states that opt out of Medicaid expansion:
  - Individual market premiums to increase due to health status differences of new enrollees
  - Exchange premiums to increase due to spreading fixed reinsurance subsidies over larger number of enrollees
  - Large employers (more than 50 employees) to be at greater risk of penalties due to low-income employees requesting premium subsidies
Federal law mandates reductions in DSH allotments:

- Largest reductions go to states with the lowest percentage of uninsured individuals
- Smaller reductions go to “low DSH” states
- Total national cuts are graduated from $500 million in FY 2014 to $4 billion in FY 2020
## Projected DSH Reductions
### Mississippi, 2014 - 2020

<table>
<thead>
<tr>
<th>Year</th>
<th>DSH Payment Reduction (millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>$7.2</td>
</tr>
<tr>
<td>2015</td>
<td>$8.7</td>
</tr>
<tr>
<td>2016</td>
<td>$8.7</td>
</tr>
<tr>
<td>2017</td>
<td>$26.0</td>
</tr>
<tr>
<td>2018</td>
<td>$72.3</td>
</tr>
<tr>
<td>2019</td>
<td>$81.0</td>
</tr>
<tr>
<td>2020</td>
<td>$57.8</td>
</tr>
<tr>
<td>TOTAL</td>
<td>$261.8</td>
</tr>
</tbody>
</table>

Policy Considerations: DSH

- Uncompensated care under the Medicaid expansion is projected to drop 57%, offsetting the loss of federal DSH payments to hospitals. Without the Medicaid expansion hospitals will be faced with the need to find new sources of funds to replace DSH payments in order to cover the cost of providing uncompensated care to the uninsured.

Resources from C4MHP
Contact Information

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