KANSAS HEALTH INSTITUTE

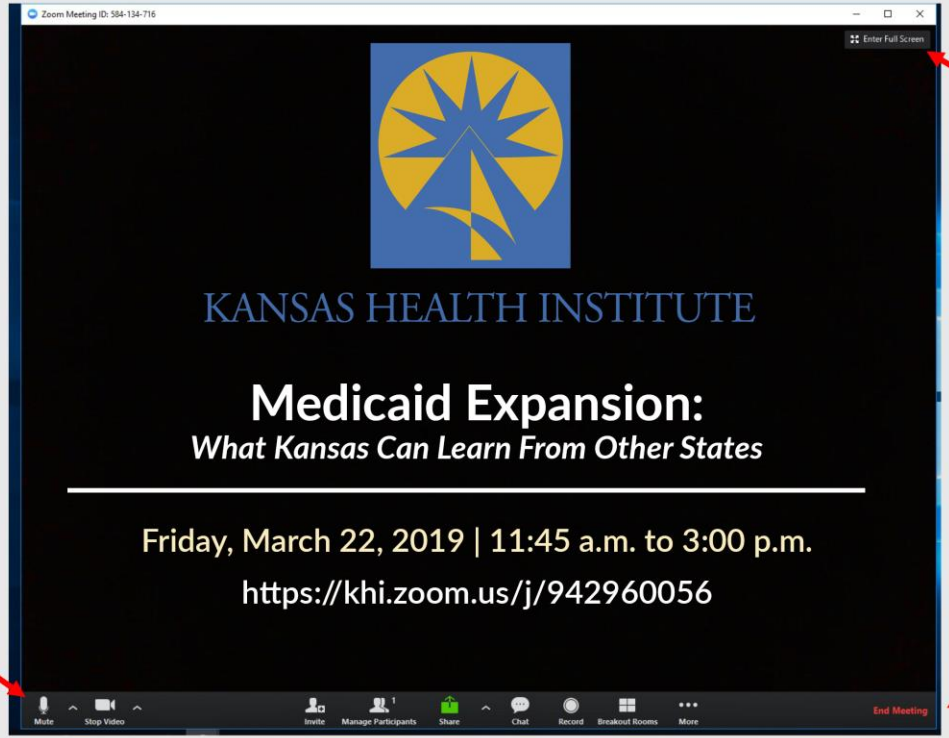
Medicaid Expansion:

What Kansas Can Learn From Other States

Friday, March 22, 2019 | 11:45 a.m. to 3:00 p.m.

https://khi.zoom.us/j/942960056

Helpful Zoom Hints for the KHI Symposium



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Please use the chat function to ask questions.

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Medicaid Expansion: What Kansas Can Learn from Other States

Kansas Health Institute

March 22, 2019

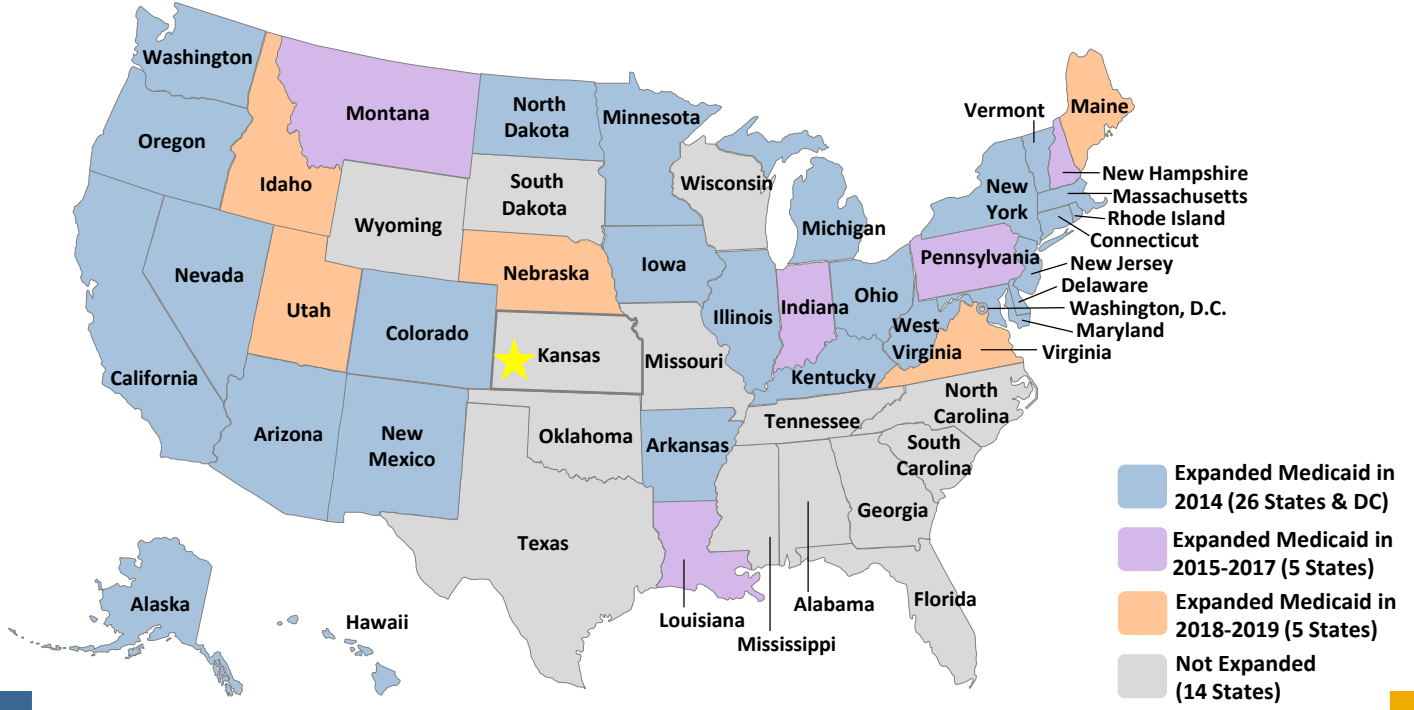
Overview

- Medicaid Expansion: Where We Are Today
- National Evidence on the Effects of Expansion
- 1115 Demonstration Waivers and Medicaid Expansion

Medicaid Expansion: Where We Are Today

Medicaid Expansion: Where We Are Today

Over 12.6 million individuals have enrolled in Medicaid in the 37 expansion states (including D.C.). If the remaining 14 states expanded Medicaid, an additional 2.2 million low-income adults would be eligible to enroll in Medicaid, including over 130,000 Kansans.



Sources: Kaiser Family Foundation, "Medicaid Expansion Enrollment," Kaiser Family Foundation. 2017. https://www.kff.org/health-reform/state-indicator/medicaid-expansion-enrollment/?currentTimeframe=0&sortModel=%7B%22colId%22:%22Location%22,%22sort%22:%22asc%22%7D. Published 2017. Accessed March 21, 2019.; Garfield R, Orgera K, Damico A, "The Coverage Gap: Uninsured Poor Adults in States that do Not Expand Medicaid," Kaiser Family Foundation. 2019. https://www.kff.org/medicaid/issue-brief/the-coverage-gap-uninsured-poor-adults-in-states-that-do-not-expand-medicaid/. Published March 2019. Accessed March 21, 2019.; Goldman A, Sommers B, "Kansas and Medicaid: New Evidence on Potential Expansion and Work Requirements," The Commonwealth Fund. 2018. https://www.commonwealthfund.org/publications/issue-briefs/2018/sep/kansas-medicaid-expansion-work-requirements. Published September 2018. Accessed March 21, 2019.

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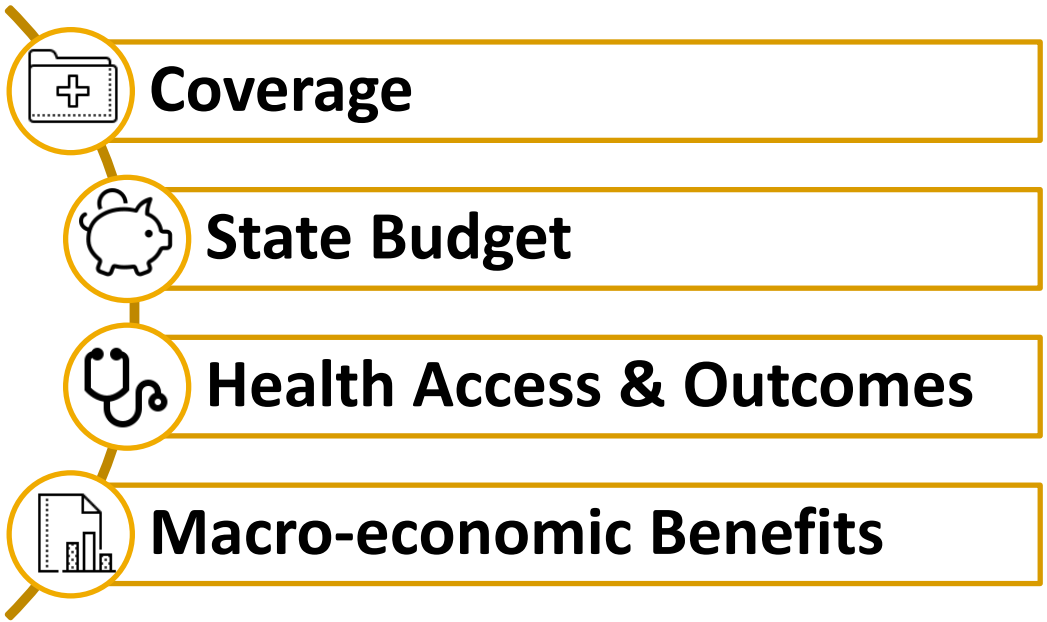
National Evidence on the Effects of Expansion

Medicaid Expansion: Evidence of Impacts

With nearly six years of experience with Medicaid expansion nationally, the body of evidence regarding expansion impacts is increasingly compelling. Researchers and states observe impacts in four key areas:



Coverage

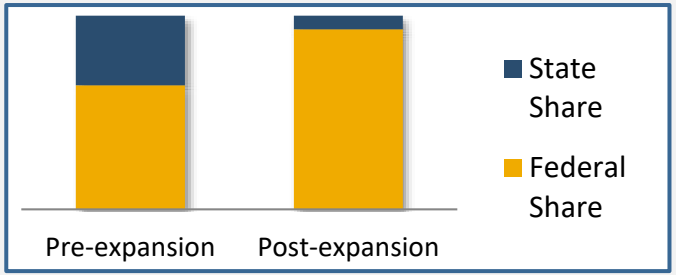
- Expansion states report adult uninsurance rates of 7.5%, compared to 16.1% in non-expansion states.
- Medicaid expansion decreased uninsurance among low-income women of reproductive age (19 to 44 years old) by 13.2 percentage points.

Sources: Haley J, Zuckerman S, Karpman M, Long S, Bart L, Aarons J, "Adults' Uninsurance Rates Increased by 2018, Especially in States that did Not Expand Medicaid – Leaving Gaps in Coverage, Access, and Affordability," Health Affairs. September 2018. https://www.healthaffairs.org/do/10.1377/hblog20180924.928969/full/. Published September 2018. Accessed March 21, 2019.; Johnston E, Strahan A, Joski P, Dunlop A, and Adams EK, "Impacts of the Affordable Care Act's Medicaid expansion on women of reproductive age: Differences by parental status and state policies," Women's Health Issues. 2018; 28(2):122-129. http://www.whijournal.com/article/S1049-3867(17)30242-6/pdf. Published February 2018. Accessed August 27, 2018.

State Budget

Financial Considerations for States Expanding Medicaid:

1. Higher federal matching rate for some existing Medicaid populations
2. Access to new federal dollars that replace State-only spending for certain other health care services and programs
3. Increased revenue from insurer and provider taxes



State Budget (Cont.)

Louisiana

As of March 2018, Medicaid expansion has:

- Created nearly 19,000 jobs;
- Enhanced state revenues by more than $100 million; and
- Enhanced local revenues by nearly $75 million across Louisiana and political sub-divisions*.

*Political sub-divisions refers to state departments, agencies, boards, and commissions in Louisiana.

Montana

- Montana's state budget savings through state fiscal year 2017 exceed $36 million as a result of Medicaid expansion.
- Medicaid expansion also helped to reduce hospitals' uncompensated care costs by more than $100 million in 2016.

Sources: Richardson J, Llorens J, and Heidelberg R, "Medicaid expansion and the Louisiana economy," Louisiana State University. 2018. http://gov.louisiana.gov/assets/MedicaidExpansion/MedicaidExpansionStudy.pdf. Published March 2018. Accessed August 27, 2018.; Manatt Health, "Medicaid expansion: How it affects Montana's state budget, economy, and residents," Montana Healthcare Foundation. 2018. https://mthcf.org/wp-content/uploads/2018/06/Manatt-MedEx_FINAL_6.1.18.pdf. Published June 2018. Accessed August 27, 2018.

Health Access & Outcomes

Infant mortality declined in Medicaid expansion states (5.9 to 5.6 deaths per 1,000 live births) from 2014 to 2016; the rate rose in non-expansion states (6.4 to 6.5 deaths per 1,000 live births) during the same time period.

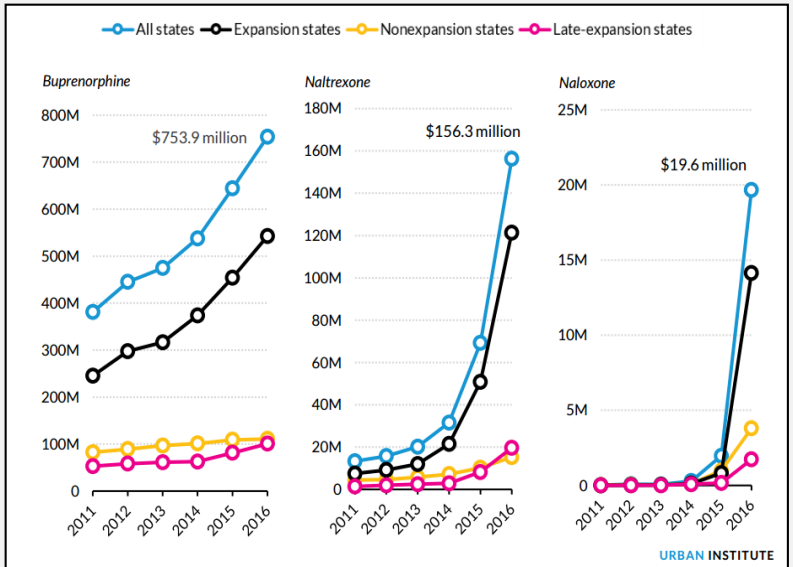
Medicaid expansion was associated with 30 additional diabetes prescriptions filled per 1,000 population among adults ages 20 to 64 in 2014-2015, relative to experience in states that did not expand Medicaid eligibility.

Sources: Bhatt C, Beck-Sague C, "Medicaid expansion and infant mortality in the United States," Am J Public Health. 2018; 108(4): e1-e3. http://ajph.aphapublications.org/doi/pdf/10.2105/AJPH.2017.304218. Published April 2018. Accessed August 27, 2018.; Myerson R, Lu T, Tonnu-Mihara I, and Huang E, "Medicaid eligibility expansions may address gaps in access to diabetes medications," Health Affairs. 2018; 37(8), abstract only. https://www.healthaffairs.org/doi/abs/10.1377/hlthaff.2018.0154. Published August 2018. Accessed August 27, 2018.

Medicaid Expansion and the SUD Crisis

- Medicaid covers a **range of substance use disorder (SUD) treatment services**
- Most Medicaid spending for opioid use disorder (OUD) prescriptions is on buprenorphine
  - In 2016, Medicaid paid for **24%** of buprenorphine prescriptions; nearly **double** that amount in some states
  - In Ohio, nearly **50%** of buprenorphine prescriptions were paid by Medicaid
- Medicaid spending on MAT drugs has more than **doubled** over the past five years, to nearly **$1 billion** in 2016
- Growth rates have been highest in states that **expanded Medicaid**

Medicaid Spending on Buprenorphine, Naltrexone, and Naloxone Prescriptions for OUD, by State Expansion Status (in millions)



Source: Urban Institute analysis of State Drug Utilization data from the Centers for Medicare & Medicaid Services.

MAT pairs medication with psychosocial therapies and remains the gold standard for treating people with OUDs

Sources: Clemans-Cope L, Epstein M, Kenney G, "Rapid Growth in Medicaid Spending on Medications to Treat Opioid Use Disorder and Overdose," The Urban Institute. 2017. https://www.urban.org/sites/default/files/publication/91521/2001386-rapid-growth-in-medicaid-spending-on-medications-to-treat-opioid-use-disorder-and-overdose_2.pdf. Published June 2017. Accessed March 21, 2019.; Manatt Health, "Medicaid: The Linchpin in State Strategies to Prevent and Address Opioid Use Disorders," State health & Value Strategies. 2018. https://www.shvs.org/resource/medicaid-the-linchpin-in-state-strategies-to-prevent-and-address-opioid-use-disorder/. Published March 2018. Accessed March 21, 2019.

Provider Impacts

- Medicaid expansion is associated with significant reductions in the probability of hospital closures, particularly in rural markets and counties with large numbers of uninsured adults before Medicaid expansion.

- In Medicaid expansion states, community health centers were found to have higher average revenue than community health centers in non-expansion states. These health centers, as compared to health centers in non-expansion states, were more likely to provide:
  - Substance use disorder services;
  - Mental health services; and
  - Vision care services.

Sources: Lindrooth R, Perraillon M, Hardy R, and Tung G, "Understanding the relationship between Medicaid expansions and hospital closures," Health Affairs. 2018; 37(1), abstract only https://www.healthaffairs.org/doi/abs/10.1377/hlthaff.2017.0976. Published January 2018. Accessed August 27, 2018.; Rosenbaum S, et al., "Community health centers: Growing importance in a changing health care system," Henry J. Kaiser Family Foundation. 2018. https://www.kff.org/report-section/community-health-centers-growing-importance-in-a-changing-health-care-system-issue-brief/. Published March 2018. Accessed August 27, 2018.

State Spotlight: Ohio

Following Ohio's Medicaid Expansion:

- The uninsured rate among Ohio's adults fell by 50 percent.
- Enrollees were more than three times as likely to report that their physical and mental health had improved since enrolling in Medicaid.
- Use of primary care among enrollees as a usual source of care increased from 71.2 percent in 2016 to 78.7 percent in 2018.
- Emergency department utilization decreased by nearly 17 percent after two years of continuous enrollment in Medicaid expansion.
- The percentage of expansion enrollees with a primary opioid use disorder diagnosis receiving treatment increased from 93.7 percent in 2015 to 95.6 percent in 2017.
- 80 percent of employed Medicaid expansion enrollees reported that Medicaid made it easier to work, while 60 percent of unemployed expansion enrollees reported that Medicaid made it easier to look for work.

1115 Demonstration Waivers and Medicaid Expansion

Additional Flexibility via Section 1115 Waivers

Section 1115 of the Social Security Act gives the Secretary of Health and Human Services authority to approve State Medicaid demonstration projects. These demonstrations, which are subject to evaluation, give states additional flexibility to design and improve their programs, and are intended to demonstrate and evaluate policy approaches not typically allowed under Medicaid program rules.

- Under the Obama Administration, priorities for demonstrations included:
  - Expanding eligibility to populations not otherwise eligible for Medicaid;
  - Providing services not typically covered by Medicaid; and
  - Using innovative payment and delivery models.
- Under the Trump Administration, priorities include:
  - Permitting states to impose work and community engagement requirements as a condition of Medicaid eligibility; and
  - Expanding access to and quality of substance use disorder services.
- Waivers are initially approved for a period of three or five years.

WAIVERS MUST:

- ✓ **Be approved by the Secretary**
- ✓ **Promote the objectives of the Medicaid program**
- ✓ **Be budget neutral**
- ✓ **Receive stakeholder input during development process**

New “Coverage” Waivers

Past waivers expanded coverage, allowed for new delivery systems, and/or provided new funding for uncompensated care or delivery system change, for example:

- Expanding coverage for adults
- Implementing managed care
- Establishing “DSRIP” programs
- Uncompensated care pools

New “coverage” waivers cut back eligibility for expansion group and also, in some cases, for traditional Medicaid populations through policies such as:

- Work requirements
- Premiums
- Lockouts
- Health risk assessments as a condition of eligibility

1115 Flexibilities: National State of Play

Status	Flexibility
Approved	▪ Work/community engagement requirements
	▪ Premiums as a condition of Medicaid eligibility
	▪ Health risk assessment as a condition of Medicaid eligibility
	▪ Lockouts from coverage for failure to: – Comply with work requirements – Pay premiums in a timely manner – Complete a health risk assessment – Submit redetermination paperwork in a timely manner
	▪ Elimination of or limits on NEMT
	▪ Elimination of retroactive eligibility
Under Review	▪ Partial expansion with enhanced FMAP ▪ Block grants/per capita caps

Approved/Pending Coverage Waivers

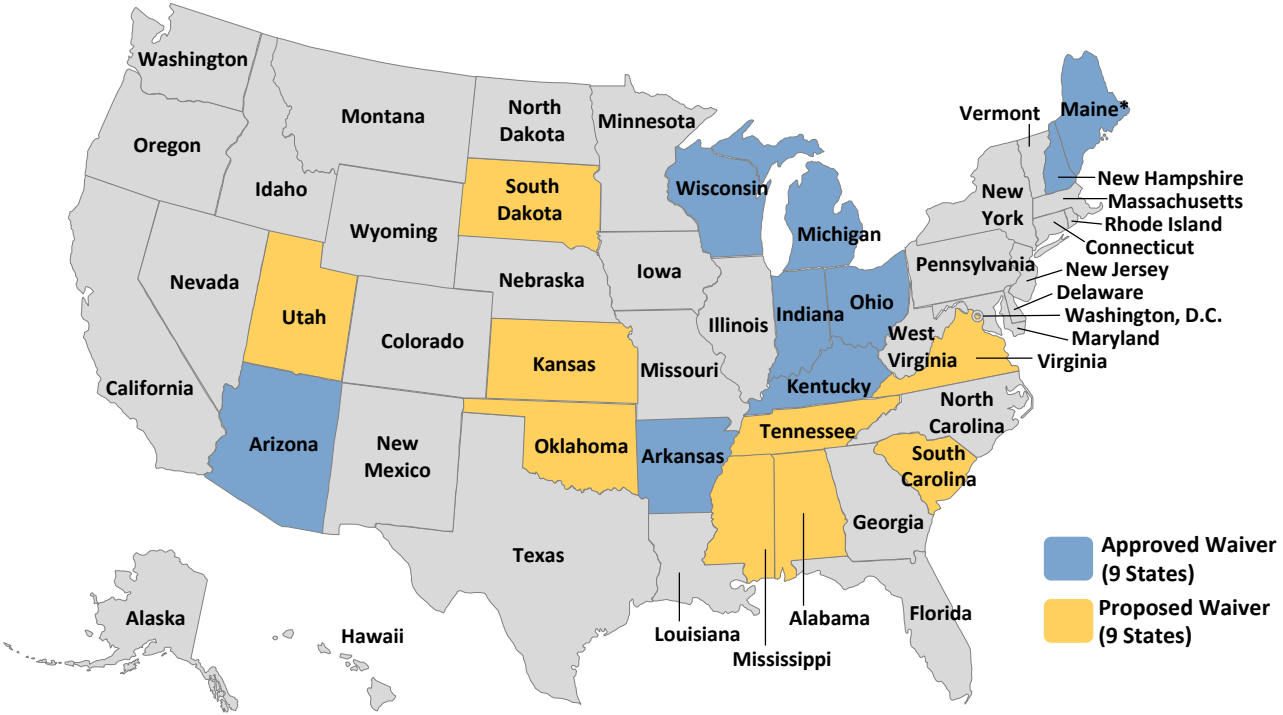
	Approved											Pending							
Features	**AZ**	**AR**	**IN**	**KY**	**ME***	**MI**	**NH**	**OH**	**NM**	**UT**	**WI**	**AL**	**MS**	**OK**	**SC**	**SD**	**TN**	**UT**	**VA**
Work Requirements	✓	✓	✓	✓	✓	✓	✓	✓			✓	✓	✓	✓	✓	✓	✓	✓	✓
Premiums *(some states with lockout)*		✓	✓	✓	✓	✓			✓		✓								✓
Cost Sharing	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓						✓	✓	✓
Healthy Behavior Incentives	✓	✓	✓	✓		✓			✓		✓								✓
Healthy Risk Assessment as Condition of Eligibility						✓					✓								
Non-Emergency Medical Transportation Waiver			✓	✓															
Retroactive Coverage Waiver	✓	✓	✓	✓	✓		✓		✓	✓				✓				✓	
Prompt Enrollment Waiver			✓	✓					✓										✓
Partial Expansion with Enhanced Match																		✓	
Limits on Enrollment Duration																		✓	
Health Savings-Like Accounts	✓		✓	✓		✓			✓										✓
Late Renewal Paperwork Penalty/Lockout			✓	✓															

*On January 22, 2019, Maine's Governor Janet Mills rejected the Special Terms and Conditions approved by CMS on December 21, 2019

Approved: AZ, AR, IN, KY, ME, MI, NH, NM, OH, UT, WI; submitted to CMS: AL, MS, OK, SD, TN, UT, VA; released and undergoing public comment or pending submission to CMS: SC. Note: Chart includes approved and pending waiver features; some states are seeking amendments or extensions to current demonstrations while others are seeking new demonstrations; populations impacted by waiver features vary across states; chart does not include all waiver features.

As of 3/21/2019

State Approved/Pending Work Waivers



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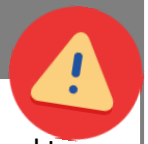
Work/CE Requirements: Theory vs. Reality

Theory

- Personal responsibility
- Improved health outcomes and well-being
- Increased "dignity" and independence of enrollees
- Access to private coverage

Reality



- **Loss of Coverage**
  - In Arkansas, 75% of those required to report on work activities lost coverage; less than 8% re-enrolled
  - In Michigan, up to 27% of the expansion population could lose coverage due to work/CE requirements in 1 year
  - Alabama's waiver application estimated a 20% reduction in the parent/caretaker group due to work/CE requirements
- **No evidence of increased access to employment or private coverage**
- **Administrative Costs**
  - Kentucky and Michigan each expect to spend close to $18 M in state share to implement

Thank You!

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Manatt Health

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Appendix

Resources

- Antonisse L, Garfield R, Rudowitz R, Artiga S, "The Effects of Medicaid Expansion under the ACA: Updated Findings from a Literature Review," Kaiser Family Foundation. 2018. https://www.kff.org/medicaid/issue-brief/the-effects-of-medicaid-expansion-under-the-aca-updated-findings-from-a-literature-review-march-2018. Published March 2018. Accessed March 21, 2018.
- Bhatt C, Beck-Sague C, "Medicaid expansion and infant mortality in the United States," Am J Public Health. 2018; 108(4): e1-e3. http://ajph.aphapublications.org/doi/pdf/10.2105/AJPH.2017.304218. Published April 2018. Accessed August 27, 2018.
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Resources (Cont.)

- Lindrooth R, Perraillon M, Hardy R, and Tung G, "Understanding the relationship between Medicaid expansions and hospital closures," Health Affairs. 2018; 37(1), abstract only https://www.healthaffairs.org/doi/abs/10.1377/hlthaff.2017.0976. Published January 2018. Accessed August 27, 2018.
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- Rosenbaum S, et al., "Community health centers: Growing importance in a changing health care system," Henry J. Kaiser Family Foundation. 2018. https://www.kff.org/report-section/community-health-centers-growing-importance-in-a-changing-health-care-system-issue-brief/. Published March 2018. Accessed August 27, 2018.

Medicaid Expansion Through the Healthy Michigan Plan

John Z. Ayanian, MD, MPP
Institute Director
Alice Hamilton Professor of Medicine

Medicaid Expansion: What Kansas Can Learn From Other States
March 22, 2019

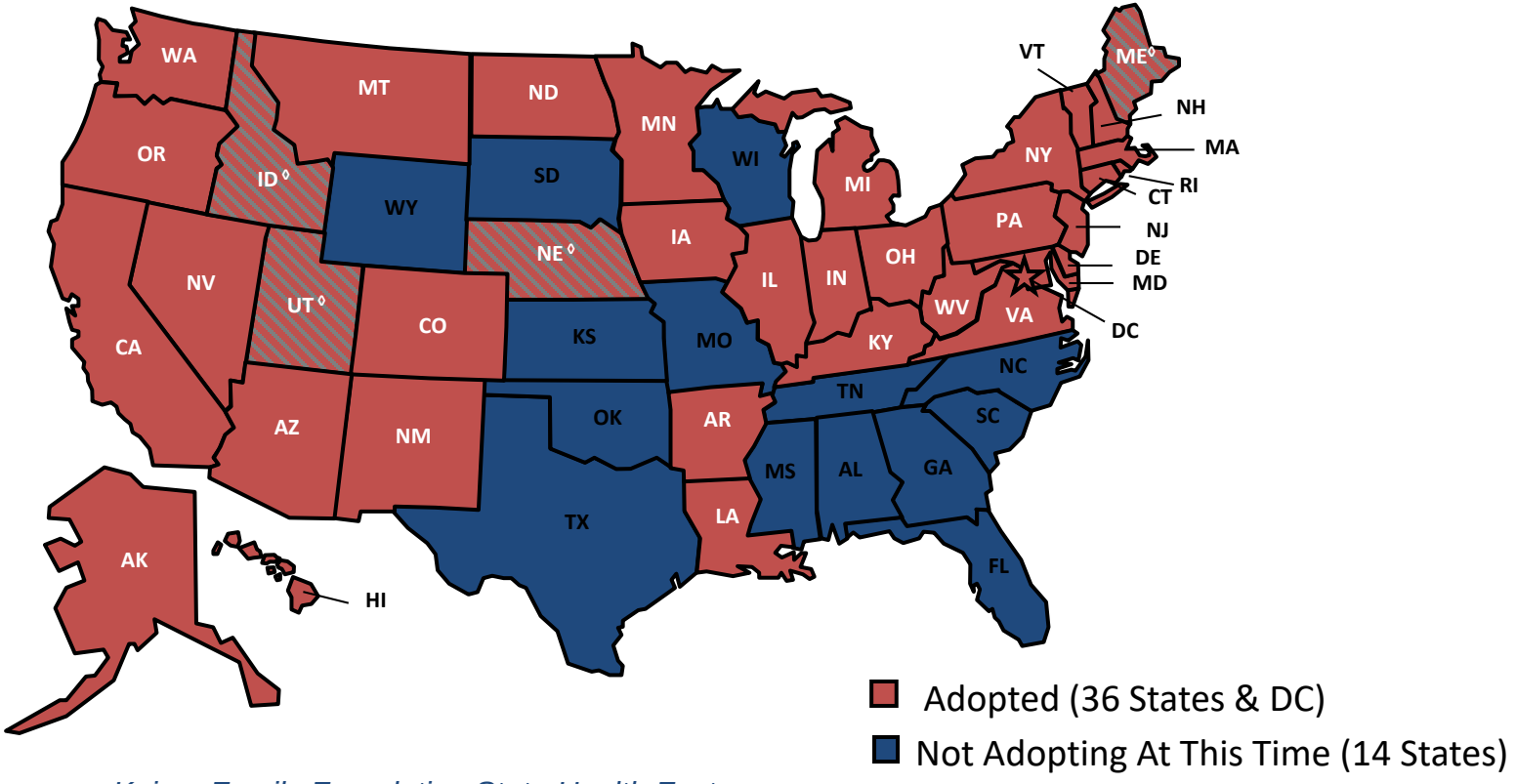
3 take-home points about HEALTHY MICHIGAN PLAN

1) **Access to care has improved for low-income adults**

2) **Enrollees report improved physical & mental health and better ability to work**

3) **Financial outcomes have improved substantially for enrollees & Michigan hospitals with costs offset in state budget**

Michigan is one of 36 states to expand Medicaid



Kaiser Family Foundation State Health Facts

Healthy Michigan Plan signing, September 2013

The NEW ENGLAND JOURNAL of MEDICINE

Perspective

NOVEMBER 7, 2013

Michigan's Approach to Medicaid Expansion and Reform

John Z. Ayanian, M.D., M.P.P.

A cornerstone of the Affordable Care Act (ACA) is the expansion of Medicaid coverage in 2014 to adults with incomes up to 133% of the federal poverty level (approximately $15,500 for a single adult in 2014).

aid, as have 7 of 12 states in which control of state government is split between Democrats and Republicans. Conversely, of the 24 states in which Republicans control the governor's office and both cham-

HEALTHY MICHIGAN PLAN

Section 1115 waiver to expand Medicaid

Emphasis on primary care

Market-oriented reforms

- Cost-sharing
- Financial incentives
- MI Health accounts

Better access to care for >650,000 low-income adults

↑ federal $ to pay providers

Key Features of the Healthy Michigan Plan

Co-payments and monthly contributions

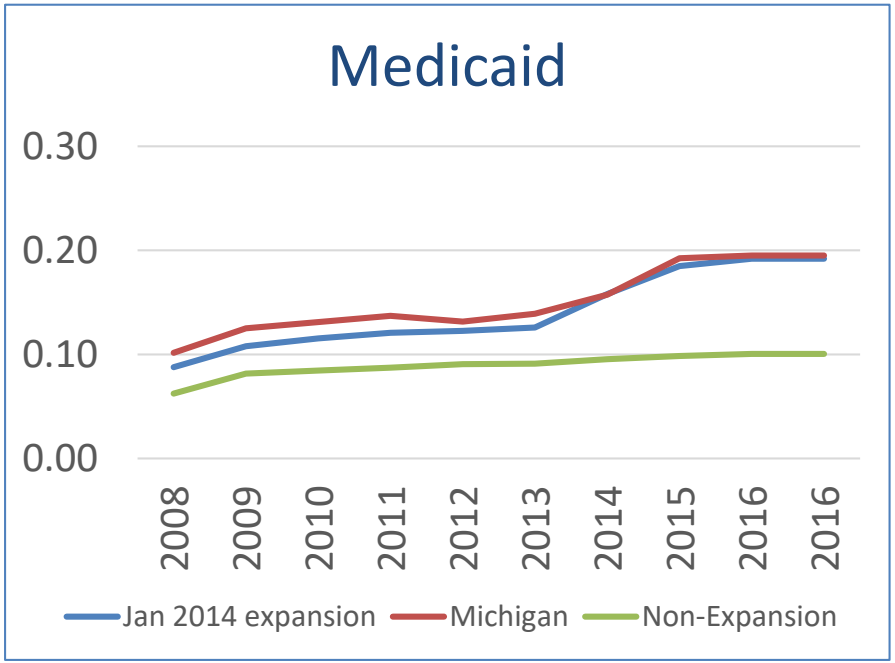
- Co-payments for outpatient services & drugs of $1-$8 for all enrollees
- Contributions of 2% of income for enrollees at 100-138% FPL
- Paid into “MI Health Account”

Healthy behavior incentive

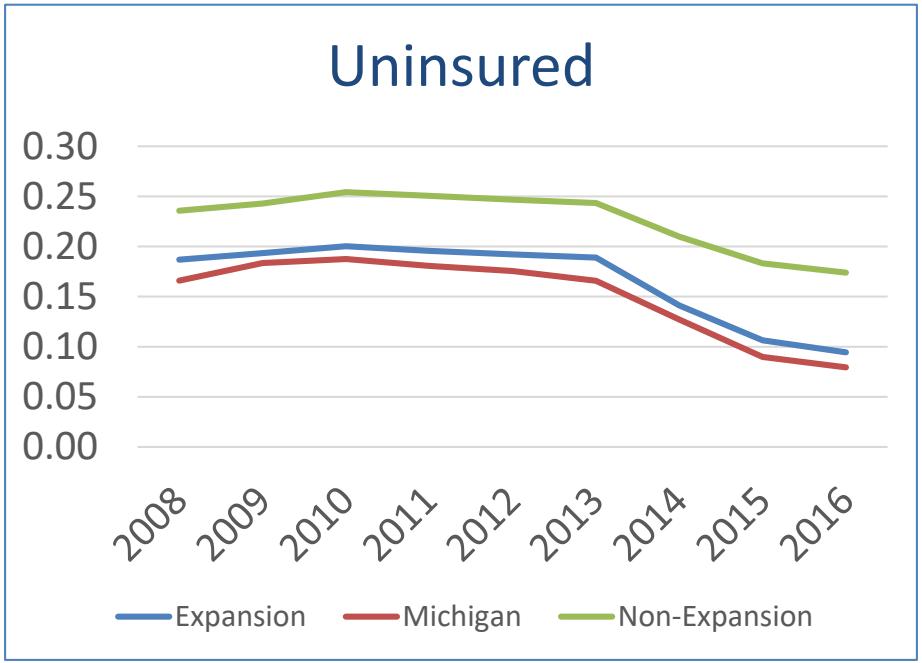
- Health Risk Assessment (HRA) w/ PCP & agree to healthy behavior
- Reduces cost-sharing

Changes in health insurance coverage for adults ages 19-64: Michigan, other expansion states & non-expansion states

Medicaid ↑ significantly more in Michigan & expansion states than non-expansion states



Uninsured ↓ more in Michigan & expansion states than in non-expansion states



Data from American Community Survey

Improved Access to Care After HMP Enrollment

40%

saw a primary care provider in the 12 months **before enrollment**

2 in 6

reported forgone care

85%

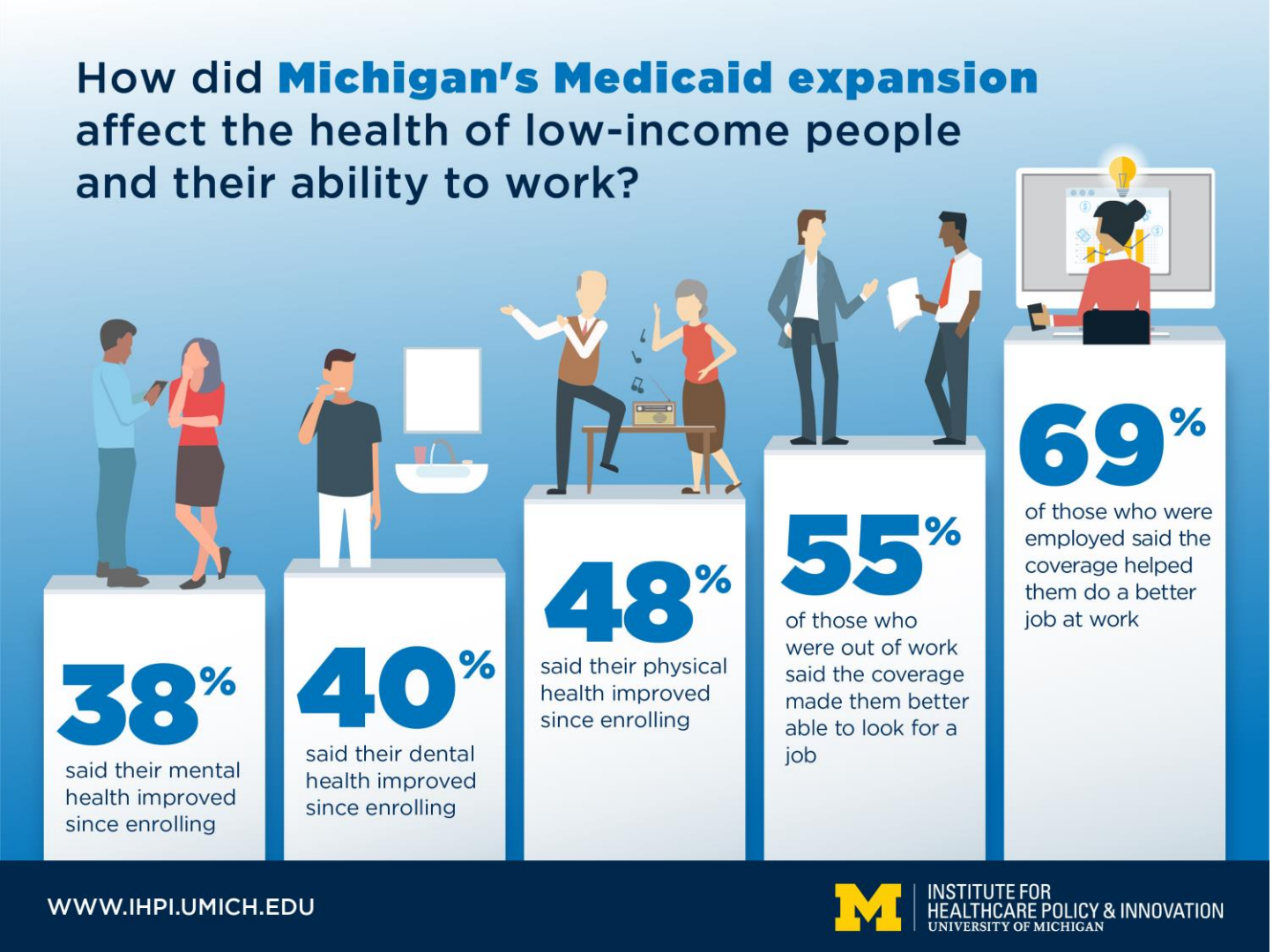
saw a primary care provider in the 12 months **after enrollment**

1 in 6

reported forgone care

Most said they have equal or better access to primary care (94%) and prescription medications (85%) since enrolling in HMP

Goold et al. 2016 Enrollee Survey Report



Tipirneni, Goold & Ayanian
JAMA Intern Med 2017

Tipirneni et al.
J Gen Intern Med 2019

Personal stories of improved physical health & ability to work

"If you don't know you got it, and you don't know what's causing your ailment, then you're not able to get the medications that you need or the care that you need, then that prevents you from being employable…I start school on the 22nd for a semi truck driver. So I plan on driving trucks, and I need to know what's going on with me if I'm being careful myself on the road as well as others."

(Man, age 35-50, Detroit Metro)

Personal stories of improved mental health & ability to work

I have personally gotten better since being able to seek help for my mental issues, and that falls out over the rest of my life. I'm happier. I'm more able to work. I can function."

(Woman, age 19-34, Northern Michigan)

Personal stories of improved dental health & ability to work

"My teeth were pretty bad…and they fixed it up fine, and now…I feel better when I am looking for a job…I feel better because my appearance has changed a lot. That has helped me a lot, physically and mentally."

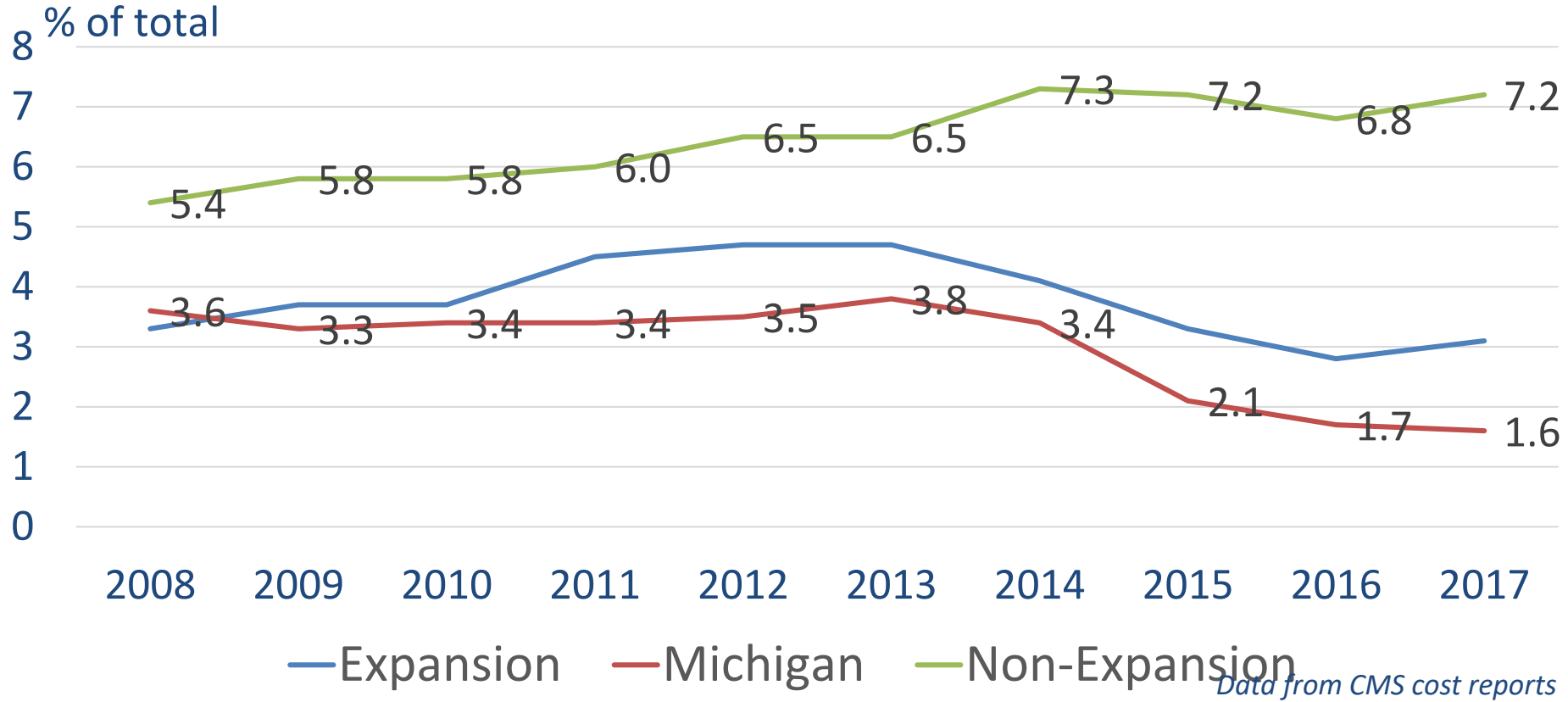
(Man, age 51-64, Detroit Metro)

Financial outcomes improved for Healthy Michigan Plan Enrollees

- Unpaid credit cards & loans : ↓ $233
- Unpaid medical bills : ↓ $515
- Fewer bills sent to collection, home evictions & bankruptcies

Miller et al. National Bureau of Economic Research 2018

Hospital uncompensated care in Michigan vs. other states by Medicaid expansion status



Data from CMS cost reports

The NEW ENGLAND JOURNAL of MEDICINE

February 2, 2017

Perspective

Economic Effects of Medicaid Expansion in Michigan

John Z. Ayanian, M.D., M.P.P., Gabriel M. Ehrlich, Ph.D., Donald R. Grimes, M.A., and Helen Levy, Ph.D.

Under the Affordable Care Act, 31 U.S. states have opted to expand Medicaid coverage to nonelderly adults with annual incomes up to 138% of the federal poverty level (approximately

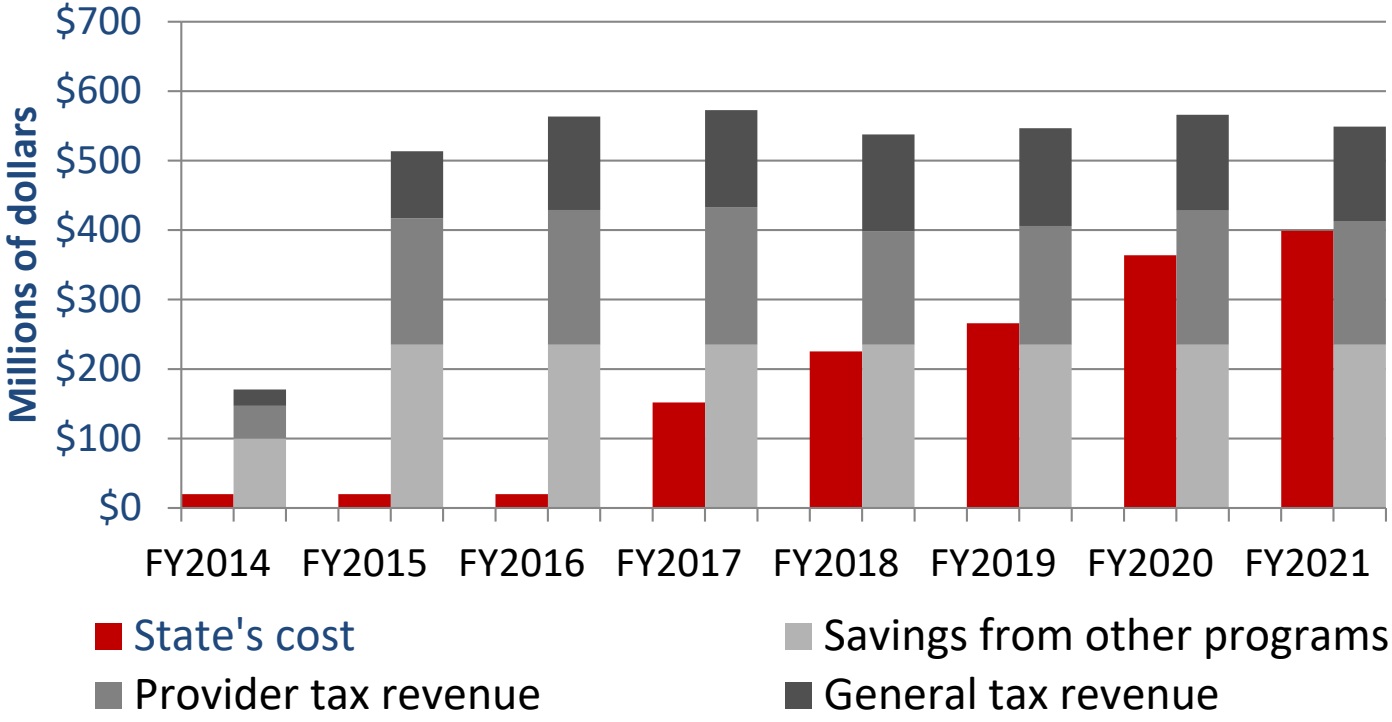
vices covered by the expanded Medicaid program, such as state mental health and correctional health programs for adults who were previously ineligible for Medicaid. Annual state spending for such

Michigan Medicaid expansion increased jobs, income & tax revenue

- ↑ **Employment** peaked at **~39,000 jobs in 2016** & projected to support ~30,000 jobs through 2021
- ↑ **Personal income** with new employment in Michigan **~$2.2-2.4 billion annually**
- ↑ **Economic activity** yields ~**$145-$153 million annually** in new **state tax revenue**

Ayanian et al. N Engl J Med 2017

State costs and savings/revenue associated with Medicaid expansion in Michigan, FY2014 - FY2021



Levy et al. under review

Healthy Michigan Plan Waiver Renewal, 2019-2023

Conditions of eligibility beginning January 1, 2020:

- Ages 19-62 to complete & report 80 hours per month of community engagement, *unless disabled, medically frail, caretaker for disabled dependent or child <age 6, pregnant, full-time student, collecting unemployment, or recently incarcerated*

- Disenrolled after 3-months of non-compliance, can re-enroll after 1 month if compliant

If income >100% FPL & enrolled >48 months:

- Pay ↑ monthly premium of 5% of income, and

- Complete health risk assessment or healthy behavior (e.g. flu shot or mammogram)

3 take-home points about HEALTHY MICHIGAN PLAN

1) **Access to care has improved for low-income adults**

2) **Enrollees report improved physical & mental health and better ability to work**

3) **Financial outcomes have improved substantially for enrollees & Michigan hospitals with costs offset in state budget**

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For more on Healthy Michigan Plan evaluation:

On the web:

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Medicaid Expansion: What Kansas Can Learn from Other States

Lessons from Montana

Kansas Health Institute

March 22, 2019

Support Provided by the Montana Healthcare Foundation

Findings presented here are excerpted from a 2018 analysis, available at: https://mthcf.org/focus-area/medicaid-health-policy/.

About the Montana Healthcare Foundation

The Montana Healthcare Foundation (MHCF) makes strategic investments to improve the health and well-being of all Montanans. Created in 2013, MHCF has approximately $170 million in assets making it Montana's largest health-focused private foundation. MHCF contributes to a measurably healthier state by supporting access to quality and affordable health services, conducting evidence-driven research and analysis, and addressing the upstream influences on health and illness. To learn more about the Foundation and its focus areas, please visit www.mthcf.org.

About Manatt Health

Manatt Health, a division of Manatt, Phelps & Phillips, LLP, is an integrated, multidisciplinary legal, regulatory, advocacy and strategic business advisory healthcare practice. Manatt Health's experience spans the major issues re-inventing healthcare, including payment and delivery system transformation; Medicaid coverage, redesign and innovation; health IT strategy; health reform implementation; healthcare mergers and acquisitions; regulatory compliance; privacy and security; corporate governance and restructuring; pharmaceutical market access, coverage and reimbursement; and game-changing litigation shaping emerging law. With 100 professionals dedicated to healthcare – including attorneys, consultants, analysts and policy advisors – Manatt Health has offices on both coasts and projects in more than 30 states. To learn more about Manatt Health, please visit www.Manatt.com/health.

Montana's Medicaid Expansion

- On January 1, 2016, Montana expanded Medicaid to adults with incomes up to 138% of the federal poverty level (FPL).
- Nearly **9 in 10** of Montana's expansion enrollees have incomes below the federal poverty level ($12,140 per year for a single individual in 2018, with $4,320 added for each additional person in the household).
- More than **96,000** Montanans have enrolled in the expansion group to date.
- The federal government pays most expansion costs, with **100%** funding in 2016 that phases down and levels off at **90%** in 2020 and beyond.
- All but the lowest income enrollees pay premiums for their coverage, and most have copayments for the services they use.

Medicaid Expansion Impact in Montana

- State budget savings
  - Medicaid expansion allowed Montana to receive enhanced federal match for some existing Medicaid populations and gain access to federal match that replaces State spending for some other services and populations. Savings to date have exceeded **$36 million**.
- Economic impacts
  - Health care is Montana's largest source of private sector income and its second largest source of jobs, with growth accelerating in the wake of expansion. Hospitals and other health care providers rely on Montana Medicaid as a critical revenue source, with expansion helping to reduce hospitals' uncompensated care costs by more than **$100 million** in 2016.
- A healthier Montana
  - Medicaid expansion has provided low-income adults with access to affordable preventive, mental health, substance use disorder treatment and other services that promote individual and family health, as well as a healthy Montana workforce. More than **65,000** expansion adults have accessed preventive services to date.

MEDICAID EXPANSION

State Budget Savings

1 Expansion Saved Montana Nearly $20 Million by Moving Some Populations to Enhanced Federal Match

Populations with savings from moving to enhanced federal match include:

Certain enrollees with limited coverage under a waiver

– Savings of **$9.8 million** through SFY 2017

Pregnant women

– Savings of **$5.0 million** through SFY 2017

Medically needy

– Savings of **$4.0 million** through SFY 2017

Breast & cervical cancer enrollees

– Savings of **$1.0 million** through SFY 2017

2 Expansion Saved Montana More Than $16 Million by Replacing Some State Spending with Federal Dollars

Mental Health Services = Savings of $3.1 million

Pre-Expansion	Post-Expansion
The Montana Mental Health Services Program (MHSP) served Montanans up to 150% FPL who would otherwise lack coverage.	A substantial portion of individuals served by the MHSP transferred to full Medicaid coverage of their mental health and other service needs.

Substance Use Disorder (SUD) Treatment = Savings of $3.0 million

Pre-Expansion	Post-Expansion
Montana Medicaid did not play central role, and SUD treatment services were funded by a patchwork of federal block grant, State alcohol tax and State general	Many people receiving State-funded SUD treatment gained Medicaid coverage of those services. State alcohol tax and general funds were freed up as a result of the new federal Medicaid dollars.

Health Care for Inmates = Savings of $10.5 million

Pre-Expansion	Post-Expansion
The State paid for 100% of costs for most inmate hospitalizations, at commercial rates.	Many inmates now qualify for Medicaid, which covers their hospitalizations (over 24 hours) at Medicaid rates.

Montana Medicaid Expansion Has Saved the State More than $36 Million Through SFY 2017

State Savings from Medicaid Expansion (millions)								
	Total	Moving some Medicaid populations to enhanced federal match				Replacing some State spending with federal match		
		Waiver	Pregnant women	Medically needy	Breast & cervical cancer	Mental health services	SUD treatment	Inmate care
Total	**$36.5**	**$9.8**	**$5.0**	**$4.0**	**$1.0**	**$3.1**	**$3.0**	**$10.5**
SFY 2016	$11.3	$2.8	$0.7	$1.9	$0.2	$1.3	$1.5	$2.9
SFY 2017	$25.2	$7.0	$4.3	$2.1	$0.8	$1.8	$1.5	$7.7

State Costs for Medicaid Expansion*	
Total	**$29.4 million in state spending (remaining $706.0 million funded by federal government)**
SFY 2016	$5.0 million in state spending (remaining $153.6 million funded by federal government)
SFY 2017	$24.5 million in state spending (remaining $552.4 million funded by federal government)

Note: Sum of components may not equal total due to rounding.
* Excludes premium revenues, which are shared with the federal government at existing federal matching rates. Includes benefit and administrative spending.

MEDICAID EXPANSION

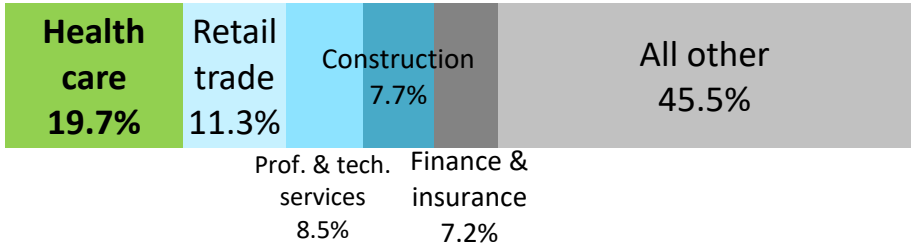
Economic Impacts

Health Care Is Montana's Largest Source of Private Sector Income and Its Second Largest Source of Jobs

- Montana's Medicaid program—including its recent expansion—provides **economic benefits** by generating employment, income, and tax revenues.

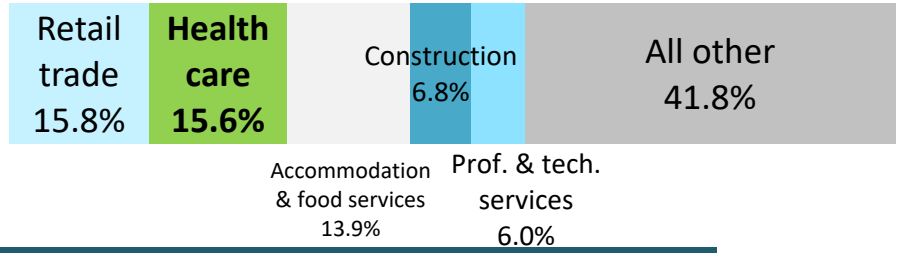
- Health care is the largest source of private sector income in Montana, with 1 in 5 dollars earned from health care jobs.

Montana Private Sector Income by Industry, First Quarter of 2017



- Health care is Montana's second largest source of private sector employment.

Montana Private Sector Jobs by Industry, First Quarter of 2017



Medicaid Expansion Has Reduced the Financial Burden of Uncompensated Care for Montana's Hospitals

- Hospitals' uncompensated care costs continue to decrease in Montana.
  - For calendar year 2016 (the first year of expansion), these costs fell by **$103 million** (44.9%) relative to calendar year 2015.
  - For the 12-month period ending Sep. 2017, these costs fell by **$35 million** (-29.0%) relative to the 12-month period ending Sep. 2016.
- Net patient revenues from all sources increased by **$216 million** (11.6%) between 2016 and 2017, and hospital profitability increased.
- Individual hospital experience varies based on a variety of factors.
  - Some expansion gains are offset by patients moving from other coverage to Medicaid, which typically pays less than commercial or Medicare rates.
  - However, hospitals overall have benefitted from Medicaid expansion. This is consistent with findings from other states that have shown improved hospital financial performance and substantially lower likelihoods of closure, especially in rural areas and counties with high uninsurance prior to expansion.

Montana's Medicaid Expansion Has Improved Financial Stability of Community Health Centers

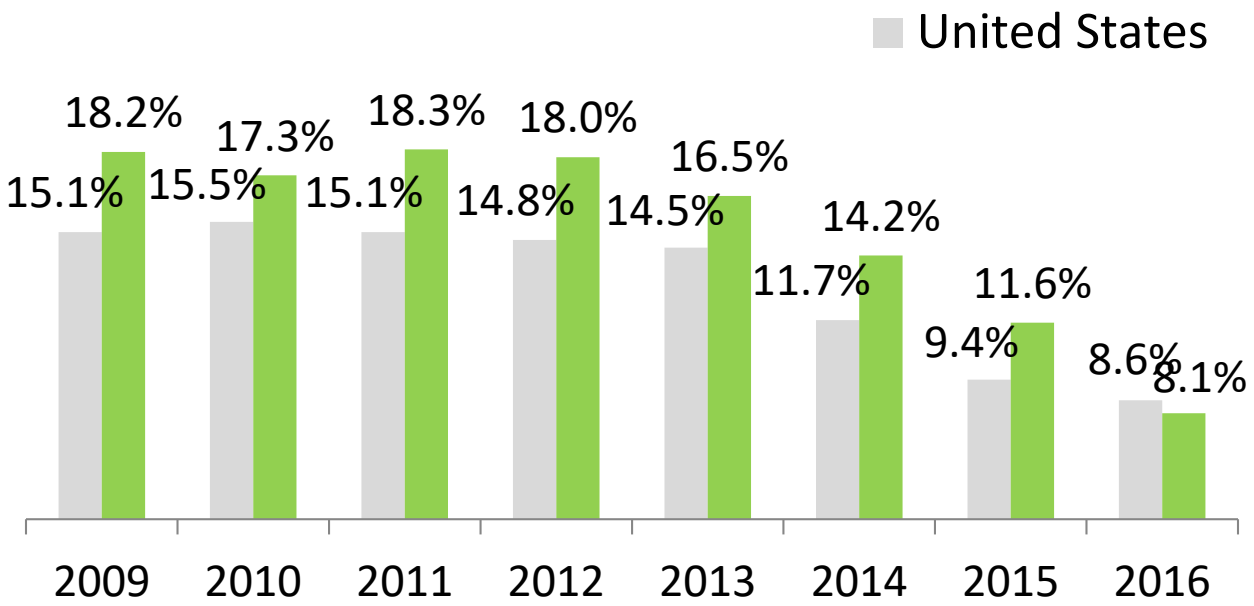
- Montana's 17 community health centers play a key role in ensuring access to primary care throughout the state, particularly in rural areas.
- Between 2015 and 2016, Medicaid revenues for these providers nearly doubled, from $12.2 million to **$23.9 million** (23% of all revenues).
- The number of Medicaid patients served also increased substantially, from 19,000 to more than **35,000** (33% of all patients). The number of uninsured patients decreased by a nearly equivalent amount.
- Medicaid expansion has provided financial stability at a time when health centers are facing substantial uncertainty.
  - Delayed federal action to extend grant funding and loan repayment raises possibility of closures or consolidations and hampers ability to recruit staff.
  - Stability of Medicaid expansion funding would enable health centers to provide Montana's local communities with additional mental health, substance use disorder, dental, and other high-demand services.

MEDICAID EXPANSION

A Healthier Montana

Montana's Uninsured Rate Has Fallen by More Than Half Since 2013

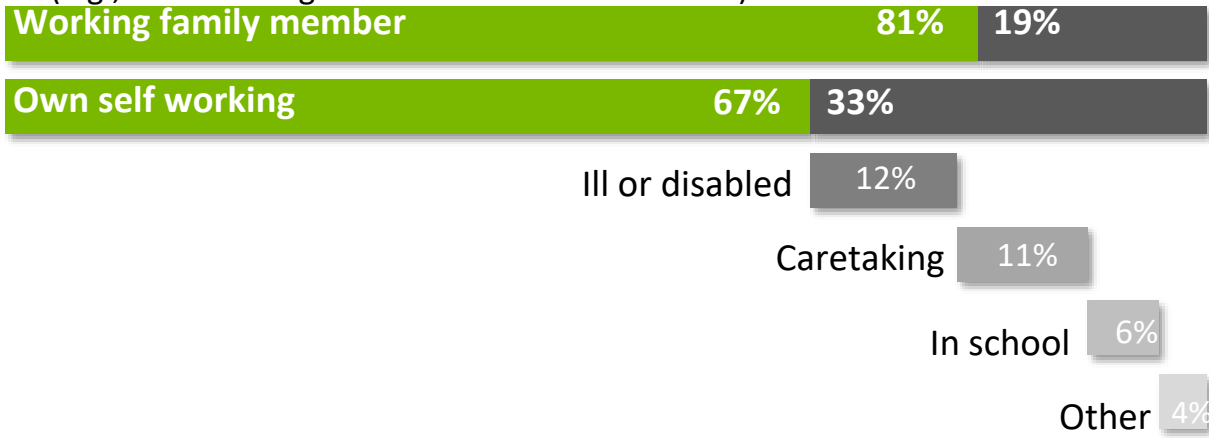
Percentage of Population Uninsured, 2009 – 2016*



* Figures are from the Census Bureau's American Community Survey. A report by the Montana Commissioner of Securities and Insurance places Montana's uninsurance rate at 7.4% in 2016, down from 20% in 2012.

Most Expansion Enrollees Live in Working Families

- Among adults with Medicaid coverage* in Montana:
  - More than **8 in 10** live in working families.
  - Nearly **7 in 10** are themselves working, ranking Montana in the top 10 for all states.
  - Of those not working, more than **1 in 3** are ill or disabled; the remainder reported that they were taking care of family or home, in school, or had another reason (e.g., were looking for work but could not find it).



* Excluding individuals with disabilities who are enrolled on the basis of receiving Supplemental Security Income (SSI).

Expansion Enrollees Are Connected to Work

- **HELP-Link** is a job services program administered by Montana's Department of Labor and Industry that **connects expansion enrollees with workforce training, employment services, and job openings**.
- As of March 2, 2018:
  - Over **22,000** had received employment services.
  - Over **11,500** expansion enrollees had completed HELP-Link surveys.
  - Over **2,500** had received intensive, one-on-one services through HELP-Link.
- Outcomes:
  - **78%** of HELP-Link participants who were unemployed during 2016 found employment after completing the program.
  - **72%** of employed participants who did not need extensive services had higher wages after completing HELP (average increase was $1,680 in 2016).
  - Among the top occupations pursued, the health care industry (nurses, medical assistants, and other jobs) accounted for **half** of HELP-Link participants.

Montana's Medicaid Expansion Has Enabled Access to Critical Preventive Services

Preventing problems before they occur

- Expansion enrollees have received over 15,500 vaccines, 17,600 wellness visits, and 41,200 dental exams.
- High use of dental care suggests that a large number of low-income adults previously did not have access to these services. Community health centers report that the demand for dental services continues to be high.

Preventing problems from worsening

- Over 195,000 screenings have been received by expansion enrollees, for health issues that range from cholesterol and diabetes to cancer and sexually transmitted diseases.
- Screenings help to identify harmful conditions early, maximizing treatment success and minimizing long-term treatment costs.

Over **65,000** Montana Medicaid expansion adults accessed preventive services in CYs 2016-2017.*

Top Ten Preventive Services Among Expansion Adults, CYs 2016-2017

Preventive service	Number using
Dental preventive	41,269
Cholesterol screening	20,284
Preventive or wellness exam	17,637
Vaccines	15,573
Diabetes screening	14,375
Colorectal cancer screening	13,935
Chlamydia screening	13,298
Cervical cancer screening	12,787
Gonorrhea screening	12,611
Abdominal aortic aneurysm screening	6,676

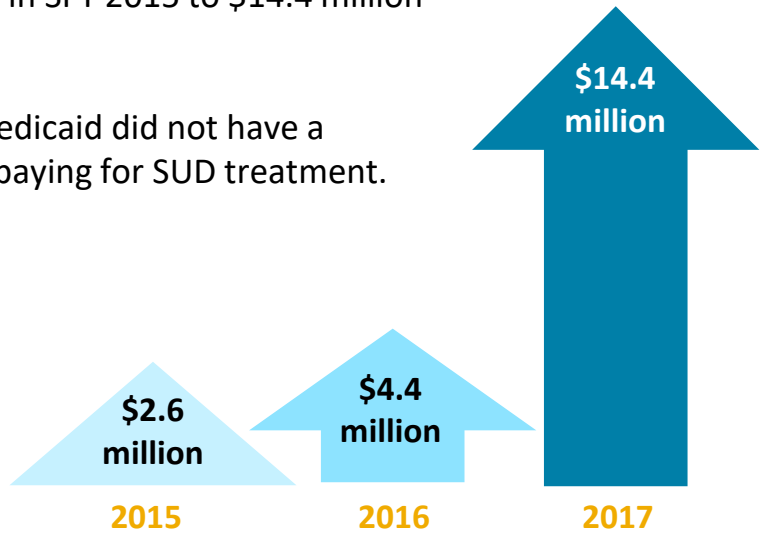
* Expansion enrollment as of Jan. 2018 is more than 96,000; however, the percentage using preventive services cannot be calculated with this figure because the number ever enrolled since CY 2016 is higher.

Medicaid Spending Has Allowed Montanans Needed Access to Substance Use Disorder Treatment

- SUD treatment needs in Montana are high, with more than 90% not receiving treatment for their alcohol and drug problems. Medicaid spending has grown to help meet those needs—from $2.6 million in SFY 2015 to $14.4 million in SFY 2017.

- Prior to expansion, Montana Medicaid did not have a significant role in covering and paying for SUD treatment.

- Nearly **10,000** Montana Medicaid enrollees had a diagnosed SUD in SFY 2017. In addition to SUD treatment for these individuals, Medicaid covers mental and physical health care services that help to enable recovery.



Medicaid Spending on SUD Treatment, SFYs 2015 – 2017

Use of Health Care Services Increased When Montana Expanded Medicaid

- Hospitals have seen an increase in the number of people seeking care. Some of this likely reflects elective services (for example, knee replacements) that would otherwise be unaffordable for people who gained coverage under Montana's Medicaid expansion.
  - Between 2015 and 2016, inpatient acute hospital admissions increased by **3.4%**, and most of the increase appeared to be for Medicaid enrollees. Emergency department visits increased by **3.9%** and other hospital outpatient visits increased by **2.6%**. Ambulatory surgery visits increased by **12.1%**.
  - For the 12-month period ending Sep. 2017, inpatient acute admissions increased by **1.7%** relative to the prior 12 months. Emergency department visits increased by **2.3%** and other hospital outpatient visits decreased by **2.1%**. Ambulatory surgery visits increased by **16.1%**.
- Inpatient and outpatient hospital care accounts for more than **4 in 10 dollars** spent on services for Medicaid expansion enrollees to date.

Thank You!

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MEDICAID EXPANSION

References

Notes and Sources: Background

Notes:

– For groups other than seniors and people with disabilities, income eligibility levels as a percentage of FPL include an income disregard equal to 5% FPL (e.g., 162% FPL eligibility for pregnant women is 157% + 5% disregard).

Sources:

– Montana Department of Public Health and Human Services (DPHHS), "The Montana Medicaid Program: Montana Department of Public Health and Human Services Report to the 2017 Legislature, State Fiscal Years 2015/2016" (Jan. 9, 2017), https://dphhs.mt.gov/Portals/85/Documents/biennialreports/FINAL%20PRINTED%20%201-7-17%202017%20MEDICAID%20REPORT.pdf.

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- Kaiser Family Foundation, "Understanding the Intersection of Medicaid and Work: Appendix" (Dec. 7, 2017), https://www.kff.org/report-section/understanding-the-intersection-of-medicaid-and-work-appendix/

Notes and Sources: Budget Savings

Notes:

– Waiver savings reflect enrollment and per enrollee benefit costs provided by Montana DPHHS.

– Because a figure with full claims-run out (i.e., including payments to providers that occur after the year ends) was not readily available, SFY 2017 savings for MHSP were conservatively estimated using a high spending assumption. Savings for the Medicaid pregnant woman, medically needy, and breast/cervical cancer groups were estimated with spending data reflecting more than 6 months of claims run-out.

– Savings for SUD treatment were conservatively estimated with an assumption that they remain at the SFY 2016 level (see A. Grady et al. in list of sources below).

– Department of Corrections SFY 2016 savings were estimated based on SFY 2017 average savings per hospitalization, multiplied by the increase in Medicaid-funded inmate hospitalizations between SFY 2015 and SFY 2016.

Sources:

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Notes and Sources: Economic Impacts

Notes:

– Health care jobs, income, and average wage figures were calculated by subtracting "social assistance" from the "health care and social assistance" category in Bureau of Labor Statistics data.

– Between the first quarters of 2016 and 2017, health care income growth was largely attributable to the hospital industry.

Sources:

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Notes and Sources: A Healthier Montana

Notes:

– Certain service categories are aggregated. "Hospital" includes inpatient, outpatient, critical access hospital, and other hospital and clinical services; "Other Acute Services" includes Indian Health Service providers, other practitioners, other acute services, other managed care services, and school-based services; and "Long-term care & other supplemental services" includes nursing facilities, durable medical equipment, other home-based services, intellectual and developmental disability facilities, and personal care.

– SUD treatment spending reflects amounts paid for SUD fee schedule codes and for medication-assisted treatment (MAT) drugs prior to application of drug manufacturer rebates.

Sources:

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Sources:

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KANSAS HEALTH INSTITUTE

Informing Policy. Improving Health.

Medicaid Expansion: Considerations in Estimates of Enrollment and Cost

March 22, 2019

LEGISLATIVE ACTION

- In 2017, Legislature passed a Medicaid expansion bill but could not override veto from then-Governor Brownback
- Governor Kelly backed companion bills in the 2019 Kansas House (H.B. 2102) and Senate (S.B. 54) that are similar to the 2017 bill
- Kansas House passed a bill this week with the body of H.B. 2102 inserted into another bill

ENROLLMENT ESTIMATES

- Earlier this month, KHI released estimates of new enrollees (90,000 adults and 39,000 children)
- Many of the adults were uninsured and newly eligible
- Others who were already eligible would be more likely to enroll (“woodwork effect”)
- Still others might be currently insured but more likely to enroll in KanCare if available to them (“crowd-out”)

COST ESTIMATES

- Cost estimate accounts for combined federal and state cost of coverage for new enrollees
- State share calculated then adjusted to account for new revenues, savings and costs associated with expansion
- Offsets estimated in the form of new revenues and savings from some costs moving to higher match rate
- Higher administrative costs because of increased enrollment

COST ESTIMATES

Figure 3. **Estimated Cost of Medicaid Expansion Over 10 Years, by Calendar Year (in Millions)**

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	Total
Combined Federal and State Spending on New Enrollees	$722.6	$740.6	$759.2	$778.1	$797.6	$817.5	$838.0	$858.9	$880.4	$902.4	$8,095.3
State Gross Cost of New Enrollees	$105.0	$112.0	$114.8	$117.6	$120.6	$123.6	$126.7	$129.8	$133.1	$136.4	$1,219.5
New State Revenues, Offsetting Savings, Administrative Costs	($57.6)	($64.5)	($66.1)	($67.7)	($69.4)	($71.1)	($72.8)	($74.6)	($76.5)	($78.4)	($698.7)
State Net Cost	$47.4	$47.5	$48.7	$49.9	$51.2	$52.5	$53.8	$55.2	$56.6	$58.0	$520.8

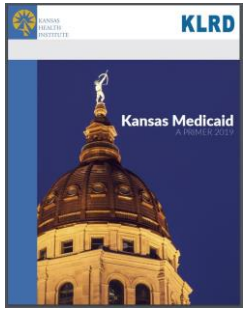
Note: State Fiscal Years run from July to June; this analysis presents results by Calendar Year, assuming a January 1, 2020, implementation. Numbers may not sum due to rounding. New State Revenues do not include taxes related to increased economic activity. Detailed assumptions are available at bit.ly/MedicaidEstimate.

Source: KHI analysis of data from the 2017 American Community Survey, the Fiscal Year 2018 Kansas Medical Assistance Report, the Kansas Department of Health and Environment and the Kansas Department of Corrections.

OFFSET EXAMPLES

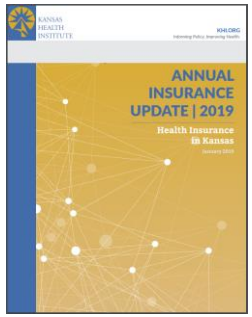
- Higher privilege fees paid to the state by managed care organizations
- Savings associated with some Medically Needy members who currently must meet spend down requirements
- Savings to the correctional system related to hospital inpatient care for inmates
- Savings related to women who become pregnant while already enrolled in KanCare

MORE FROM KHI



Kansas Medicaid: A Primer 2019 is available at:

https://www.khi.org/policy/article/MedicaidPrimer2019



Annual Insurance Update 2019: Health Insurance in Kansas is available at:

https://www.khi.org/policy/article/19-04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