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State Health Reform Assistance Network

Charting the Road to Coverage

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Repealing Medicaid Expansion: Implications for States

State Health Reform Assistance Network

Manatt Health Presenters:

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Patti Boozang, Senior Managing Director

Friday, December 16

3:00-4:00 pm ET

Agenda



Medicaid Expansion: Today

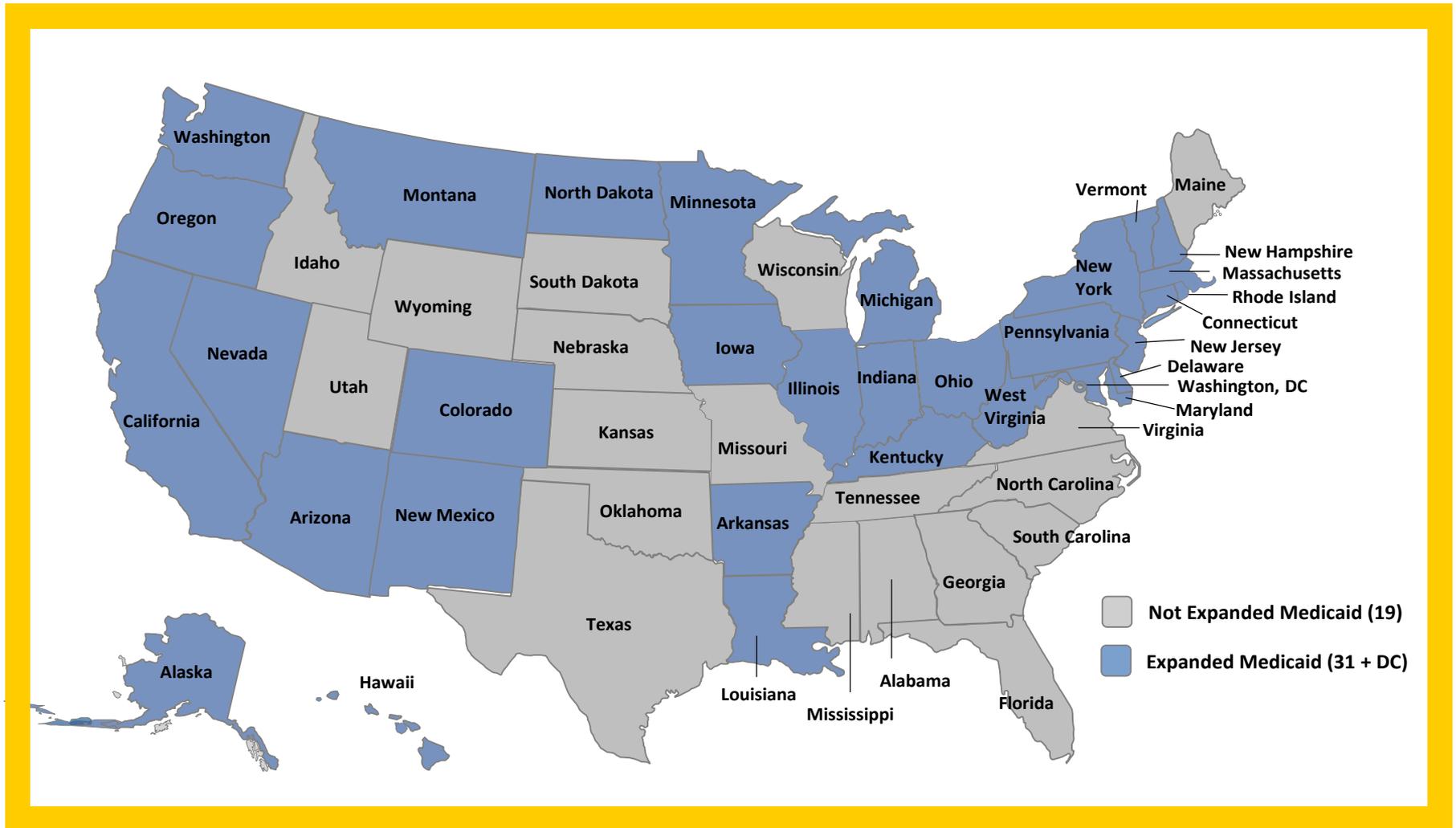
Medicaid Expansion Repeal: Proposals & Process

Medicaid Expansion Repeal: Impact on States

Questions

Medicaid Expansion: Today

31 States Have Expanded Medicaid



Impact of Medicaid Expansion

Coverage Gains and Federal Funding



14.5 million are covered under Medicaid expansion

- 11.26 million newly eligible adults and 3.25 million adults who would have qualified for Medicaid pre-ACA ¹



Adult **uninsured rate dropped an average of 8.3 percentage points** in expansion states compared to an average of 5.7 percentage points in non-expansion states, 2013-2015

- Largest decrease of 19.9 percentage points in West Virginia ^{2,3}



Expansion states received an estimated **\$60.4 billion** in federal funding in 2016 for coverage of newly eligible adults

- Over half of expansion states received more than \$1 billion each ⁴

1. Centers for Medicare & Medicaid Services, [January - March 2016 Medicaid MBES Enrollment Report](#). 2. National Health Interview Survey Early Release Program for adults aged 18-64, [Health Insurance Coverage: Early Release of Estimates from the National Health Interview Survey, 2015](#). 3. Data on the uninsured in 2013 was not available for six expansion and two non-expansion states. 4. [Manatt analysis based on Dec. 2016 CMS-64 data](#). \$60.4 billion was for the newly eligible adults.

Medicaid Expansion Repeal: Proposals & Process

Potential Approach to Medicaid Expansion Repeal

Medicaid expansion included in the larger repeal efforts in early 2017 with a delayed effective date (2-3 years); replacement plan to follow

- Likely vehicle: budget reconciliation bill*
 - Only requires simple majority support
 - Offers filibuster protection
- Expansion funding and the eligibility category for low-income adults (the “VIII” group) may be eliminated
- States may not have the option to expand during the delay period



Little concrete information on a replacement plan, but could include sweeping changes to Medicaid

- Discussion of a block grant or per capita cap
- Changes not presumed to be limited to expansion population

*A special legislative process that allows for expedited consideration of certain changes to taxes, mandatory spending (other than Social Security) and debt limit legislation.

Medicaid Expansion in Recent “Repeal and Replace” Proposals

H.R. 3762 2015 (Tom Price)

- Passed by Congress in late 2015 but vetoed by President Obama
- Eliminates Medicaid expansion and enhanced FMAP with a two-year delay

A Better Way 2016 (Paul Ryan)

- Concept paper
- Limits Medicaid expansion to current expansion states and phases down enhanced FMAP starting in 2019
- Permits reduced eligibility thresholds and enrollment freezes for expansion adults
- If state opts for block grant, baseline funding excludes costs for expansion adults

Patient CARE Act of 2015 (Sen. Richard Burr, Sen. Orrin Hatch, Rep. Fred Upton)

- Concept paper
- Eliminates Medicaid expansion and enhanced FMAP immediately as part of full ACA repeal except for Medicare provisions

A Blueprint for Reform 2016 (Heritage Foundation)

- Concept paper
- Eliminates Medicaid expansion and enhanced FMAP immediately as part of full ACA repeal

Potential Implications of Repeal for Future Congressional Action

Reduction in Medicaid Baseline

- **If expansion is eliminated, federal expansion dollars are removed from the Medicaid “baseline” and so may be unavailable to finance a future replacement**
 - Congress could raise taxes, increase debt or cut spending to restore funding, but is not obligated to do so

Elimination of ACA Revenue Provisions

- **ACA repeal may eliminate revenue provisions that finance the expansion**
 - Cadillac tax
 - Fee imposed on health insurers
 - Medical device tax

Medicaid Expansion Repeal: Impact on States

Coverage Implications

31 expansion states stand to lose enhanced funding, affecting coverage for 11.26 million adults ¹

- 8 of these states have legislation that automatically reduces or eliminates eligibility and/or benefits if enhanced FMAP reduced

19 non-expansion states may no longer have the ACA expansion opportunity

Absent expansion, states may have little or no flexibility to secure regular match for low-income adults above pre-ACA levels

- No eligibility pathway for adults without children (unless elderly, disabled or pregnant)
- No state plan option to cover low-income parents above pre-ACA levels
- Only path to expansion may be 1115 waivers; will require cutting spending or generating offsetting savings to achieve federal budget neutrality

1. Centers for Medicare & Medicaid Services, [January – March 2016 Medicaid MBES Enrollment Report](#).

Budget Implications: Expansion States

Repealing expansion will create a hole in state budgets

- Expansion states stand to lose approximately \$60.4 billion in federal funding each year ¹
- Expansion funding is “baked” into state budgets and how states operate key programs
 - States are accessing enhanced federal match for populations for which they previously received regular match (e.g. some pregnant women and waiver populations)
 - Federal expansion dollars now paying for uncompensated care, mental health/substance abuse services, public health programs and/or inpatient costs of inmates
 - States are benefiting from increased revenue from provider and health plan assessments
 - In some states, expansion funding represents close to 10 percent of state budgets

1. [Manatt analysis based on Dec. 2016 CMS-64 data](#). \$60.4 billion was for the newly eligible adults.

Tool for Assessing State Budget Impact of Expansion Repeal

- Provides a check list for gathering data and assessing budgetary implications of the potential loss of federal expansion funding
- Designed to help states document the revenue generation and reductions to state general fund spending on Medicaid and other health-related programs and services resulting from expansion

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ISSUE BRIEF
December 2016

Assessment Tool: State Budget Impact of Medicaid Expansion

Prepared by Deborah Bachrach, Patricia Boozang, and Dori Glanz Reyneri, Manatt Health

States that have expanded Medicaid received over \$55 billion in federal funds in 2015¹ and covered approximately 11 million newly eligible people. Among other things, these federal funds have generated state savings and new revenues, which states have used to finance spending priorities and to offset state Medicaid costs. The positive budget impacts of expansion fall into three major categories: savings from accessing enhanced federal matching funds for some previously eligible Medicaid populations, savings from replacing state general funds with Medicaid funds, and revenue gains from provider or health plan assessments or taxes.

This tool was designed to help states document the impacts of Medicaid expansion on state budgets, including revenue generation and reductions to state general fund spending on Medicaid and other health related programs and services. As the Trump administration and new Congress develop proposals to repeal the Affordable Care Act (ACA), potentially including the Medicaid expansion, state policymakers and other stakeholders can use this tool to evaluate the budgetary implications of repeal. While the impacts of expansion reversal will vary by state, all states can use this tool as a guide and checklist to gather data and assess impacts to state budgets of the potential loss of federal expansion funding.

The tool is a starting point for states to evaluate the implications of reversing expansion, primarily because those implications will be highly influenced by state policy decisions related to filling the coverage gaps created by elimination of expansion. For example, if a state decides that it will no longer cover any of the newly eligible adults, it will no longer have to expend state dollars on the state share. But, the state will have to make decisions regarding allocation of state dollars to services for uninsured residents (such as mental health and substance use disorder services) and to uninsured populations such as prisoners and pregnant women. States like New York, New Jersey, Arizona, and Massachusetts that previously covered some expansion adults will have to decide whether to again provide coverage to this population with less or perhaps no federal dollars. In short, the tool provides a roadmap to the numbers; how they play out will depend on the final repeal legislation and the choices states make. An accompanying index provides detailed explanations of expansion related costs, savings, and revenue sources outlined in this tool.

ABOUT STATE NETWORK

State Health Reform Assistance Network, a program of the Robert Wood Johnson Foundation, provides in-depth technical support to states to maximize coverage gains as they implement key provisions of the Affordable Care Act. The program is managed by the Woodrow Wilson School of Public and International Affairs at Princeton University. For more information, visit www.statenetwork.org.

ABOUT MANATT HEALTH

Manatt Health is an interdisciplinary policy and business advisory division of Manatt, Phelps & Phillips, LLP, one of the nation's premier law and consulting firms. Manatt Health helps clients develop and implement strategies to address their greatest challenges, improve performance, and position themselves for long-term sustainability and growth. For more information, visit www.manatt.com/ManattHealth.aspx.

ABOUT THE ROBERT WOOD JOHNSON FOUNDATION

For more than 40 years the Robert Wood Johnson Foundation has worked to improve health and health care. We are working with others to build a national Culture of Health enabling everyone in America to live longer, healthier lives. For more information, visit www.rwjf.org. Follow the Foundation on Twitter at [www.rwjf.org/twitter](https://twitter.com/rwjf) or on Facebook at www.rwjf.org/facebook.

Budget Implications: Non-Expansion States

- **Unclear whether authority to expand will exist in the future**
- **Unclear whether federal funding to expand will exist in the future**
- **Unclear how non-expansion states would be treated under block grants**

Key State Questions



- **Will the savings associated with repeal of expansion be available to finance a replacement?**
- **Will states see the replacement plan prior to repeal?**
- **Will the replacement provide a pathway and funding to cover low-income adults?**
- **Will states that already expanded be able to continue their expansions? Will they face a cut in the matching rate or elimination of federal support?**
- **Will non-expansion states be able to expand in the future? If not, how will Congress address the inequities created by freezing states into place based on expansion decisions made during Obama administration?**

Other Medicaid Provisions Likely Affected by ACA Repeal

- Elimination of enhanced matching rate for “leader” states
- Medicaid and CHIP Maintenance of Effort requirement (expiring September 30, 2019)
- Requirement that children ages 6 to 18 with income 100%-138% FPL be eligible for Medicaid
- 23 percentage point increase in CHIP enhanced funding
- State option to establish Health Homes to coordinate care for beneficiaries with chronic conditions
- Medicaid application and enrollment simplifications
- State option to provide long-term services and supports in the community
- Cuts to Disproportionate Share Hospitals payments

Additional Resources

Issue Brief:

[Repeal of the ACA Medicaid Expansion: Critical Questions for States](#)

Upcoming Webinar:

Block Grants and Other Proposals to Cap Federal Medicaid Spending

Wednesday, December 21, 2016

4:00-5:00 pm ET



Questions?

Thank You!

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Appendix

Medicaid Expansion: Key Data on Coverage, Enrollment and Federal Funding

State	Percentage Point Change in Adult Uninsurance 2013 - 2015 ¹	Estimated Federal Funding for Newly Eligible Adults 2016 ^{2, ***}	Estimated Newly Eligible Enrollees ^{3, ***}
Alaska*	-	Not Yet Available	24,354 ⁴
Arizona	-9.6%	\$334,785,015	109,603
Arkansas	-11.8%	\$1,409,941,724	278,060
California	-12.6%	\$20,849,462,356	3,466,100 ⁵
Colorado	-9.8%	\$1,397,211,601	346,164 ⁶
Connecticut	-5.6%	\$1,250,718,871	193,773
Delaware	-5.5%	\$48,562,292	10,752
District of Columbia	-	\$336,139,764	61,993
Hawaii	-	\$412,352,515	31,486
Illinois	-7.9%	\$3,732,841,172	635,774
Indiana	-4.2%	\$643,549,928	240,294
Iowa	-4.2%	\$724,084,279	138,298
Kentucky	-15.7%	\$3,049,945,680	443,200
Louisiana*	-4.3%	Not Yet Available	304,684 ⁷
Maryland	-7.1%	\$1,728,229,389	248,237
Massachusetts**	-3.0%	-	-
Michigan	-7.4%	\$3,335,462,120	598,083
Minnesota	-3.3%	\$1,651,536,671	186,132
Montana*	-	Not Yet Available	61,233 ⁸
Nevada	-14.2%	\$948,049,524	203,929

Medicaid Expansion: Key Data on Coverage, Enrollment and Federal Funding

State	Percentage Point Change in Adult Uninsurance 2013 - 2015 ¹	Estimated Federal Funding for Newly Eligible Adults 2016 ^{2, ***}	Estimated Newly Eligible Enrollees ^{3, ***}
New Hampshire	-7.8%	\$318,165,824	52,654
New Jersey	-7.3%	\$2,983,553,961	532,917 ⁹
New Mexico	-	\$1,436,602,715	243,110
New York	-6.6%	\$1,121,833,520	259,461
North Dakota	-	\$251,479,772	Not Available ¹⁰
Ohio	-7.0%	\$3,414,977,444	630,099
Oregon	-8.7%	\$2,715,297,388	478,568
Pennsylvania	-5.5%	\$2,356,929,985	664,051
Rhode Island	-6.8%	\$461,962,623	60,455
Vermont ^{**}	-	-	-
Washington	-12.3%	\$2,780,293,473	577,915
West Virginia	-19.9%	\$731,599,483	179,972
TOTAL		\$60,425,569,088	11,261,351

* Louisiana expanded in July, 2016, Montana expanded in Jan. 2016, and Alaska expanded in Sept. 2015. Uninsurance rate data does not reflect expansion impacts in these states, and expenditure data on newly eligible enrollees is not yet available.

** In Massachusetts and Vermont, all expansion enrollees were previously eligible for Medicaid, so no federal funding was provided for newly eligible enrollees. Expenditure data does not reflect enhanced funding provided by the ACA to these states and others that expanded before the ACA ("early expansion states").

*** Although not displayed in this table, CMS data indicate that an additional 3.25 million adults are enrolled nationwide through the Medicaid expansion who could have qualified under eligibility rules in place prior to the ACA. The federal funding displayed here does not reflect spending on these enrollees. Total federal funding for all expansion adult enrollees (not just those that were newly eligible) from January 2014 - June 2015 was \$78.8 billion.

Medicaid Expansion: Key Data on Coverage, Enrollment and Federal Funding

1. National Health Interview Survey, 2013 – 2015. Available online at: <http://www.cdc.gov/nchs/fastats/health-insurance.htm>
2. Manatt analysis based on December 2016 CMS-64 expenditure data. Data available online at: <https://www.medicaid.gov/medicaid/financing-and-reimbursement/state-expenditure-reporting/expenditure-reports/index.html>
3. Unless otherwise noted, March 2016 CMS-64 enrollment data. Available online at: <https://www.medicaid.gov/medicaid/program-information/downloads/cms-64-enrollment-report-jan-mar-2016.pdf>.
4. Data shows “lives covered by Medicaid expansion”; October 31, 2016 Medicaid in Alaska Dashboard. Available online at: <http://dhss.alaska.gov/HealthyAlaska/Pages/dashboard.aspx>
5. Kaiser Family Foundation estimate of newly eligible adults based on December 2015 Department of Health Care Services Medi-Cal monthly enrollment data. Kaiser estimate available online at: <http://files.kff.org/attachment/Issue-Brief-What-Coverage-and-Financing-is-at-Risk-Under-a-Repeal-of-the-ACA-Medicaid-Expansion>; Data available online at: http://www.dhcs.ca.gov/dataandstats/statistics/Documents/Fast_Facts_June_2016_ADA.pdf
6. March 2015 CMS-64 enrollment data. Available online at: <https://www.medicaid.gov/medicaid/program-information/downloads/cms-64-enrollment-report-jan-mar-2015.pdf>
7. Data shows “adult group” enrollment; September 2016 Louisiana Medicaid Enrollment Report. Available online at: <http://new.dhh.louisiana.gov/assets/medicaid/MedicaidEnrollmentReports/EnrollmentTrends/EnrollmentTrends-09.2016.pdf>
8. Data shows “HELP Program enrolled” expansion adults; November 15, 2016 HELP Program Enrolled by County. Available online at: <http://dphhs.mt.gov/Portals/85/Documents/MedicaidExpansion/Enrollment%20by%20County.pdf>
9. January 2015 CMS-64 enrollment data. Available online at: <https://www.medicaid.gov/medicaid/program-information/downloads/cms-64-enrollment-report-jan-mar-2015.pdf>
10. No CMS or State data source is publicly available for North Dakota’s Medicaid expansion enrollment.