State Health Reform Assistance Network
Charting the Road to Coverage
Repealing Medicaid Expansion: Implications for States

State Health Reform Assistance Network

Manatt Health Presenters:
Jocelyn Guyer, Managing Director
Deborah Bachrach, Partner
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

- California
- Nevada
- Arizona
- Utah
- Idaho
- Montana
- Wyoming
- Maine
- Vermont
- New York
- North Carolina
- South Carolina
- Alabama
- Nebraska
- Georgia
- Mississippi
- Louisiana
- Texas
- Oklahoma
- Pennsylvania
- Wisconsin
- Minnesota
- North Dakota
- South Dakota
- Nebraska
- Iowa
- Illinois
- Indiana
- Ohio
- Kentucky
- Washington, DC
- Arkansas
- Louisiana
- Mississippi
- Michigan
- Indiana
- New Hampshire
- Massachusetts
- Rhode Island
- Connecticut
- Delaware
- Washington, DC
- Maryland
- Virginia
- Alaska
- West Virginia
- Colorado
- New Mexico
- Oregon
- Washington
- Michigan
- Iowa
- Kansas
- Oklahoma
- Texas
- Florida
- Alabama
- Louisiana
- Mississippi

Not Expanded Medicaid (19)

Expanded Medicaid (31 + DC)
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

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

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

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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

<table>
<thead>
<tr>
<th>Proposal</th>
<th>Sponsor</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>H.R. 3762</strong>&lt;br&gt;2015&lt;br&gt;(Tom Price)</td>
<td>- Passed by Congress in late 2015 but vetoed by President Obama&lt;br&gt;- Eliminates Medicaid expansion and enhanced FMAP with a two-year delay</td>
<td></td>
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<tr>
<td><strong>A Better Way</strong>&lt;br&gt;2016&lt;br&gt;(Paul Ryan)</td>
<td>- Concept paper&lt;br&gt;- Limits Medicaid expansion to current expansion states and phases down enhanced FMAP starting in 2019&lt;br&gt;- Permits reduced eligibility thresholds and enrollment freezes for expansion adults&lt;br&gt;- If state opts for block grant, baseline funding excludes costs for expansion adults</td>
<td></td>
</tr>
<tr>
<td><strong>A Blueprint for Reform</strong>&lt;br&gt;2016&lt;br&gt;(Heritage Foundation)</td>
<td>- Concept paper&lt;br&gt;- Eliminates Medicaid expansion and enhanced FMAP immediately as part of full ACA repeal</td>
<td></td>
</tr>
</tbody>
</table>
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
31 expansion states stand to lose enhanced funding, affecting coverage for 11.26 million adults

- 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

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

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
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!

Jocelyn Guyer  
jguyer@manatt.com  
202-585-6501

Deborah Bachrach  
dbachrach@manatt.com  
212-790-4594

Patti Boozang  
pboozang@manatt.com  
212-790-4523
Appendix
# Medicaid Expansion:
## Key Data on Coverage, Enrollment and Federal Funding

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

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

* 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


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


10. No CMS or State data source is publicly available for North Dakota’s Medicaid expansion enrollment.