Moving Medicaid Forward in Florida

Florida Health Care Affordability Summit

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Agenda

- The *New* Medicaid
- Medicaid in Florida: Current State Landscape
- The Road Ahead
- Impact of Expansion

The *New* Medicaid

Not Your Grandmother's Medicaid Program

1965

Welfare Program

- Only available to "deserving poor"
  - Children and their parents
  - Elderly, blind, or disabled
- Linked to cash assistance programs
- Hard to get on and stay on

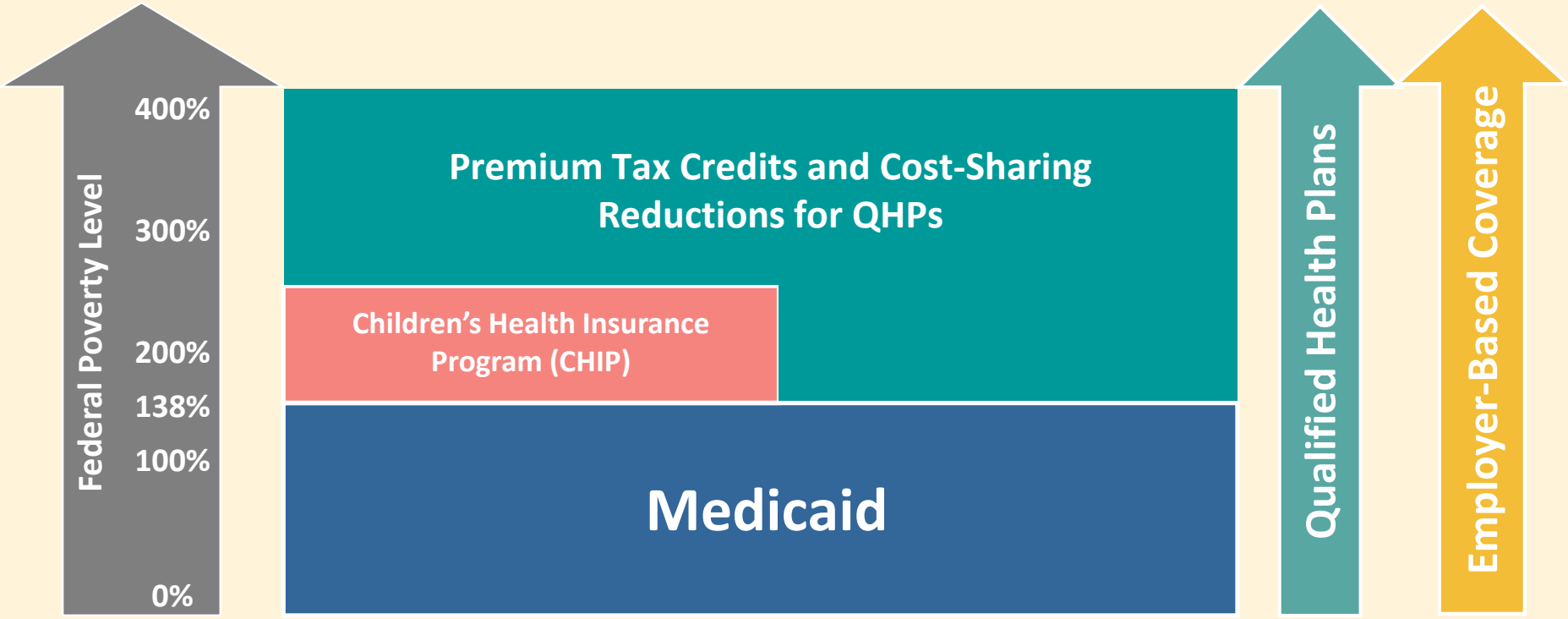
2016

Health Insurer

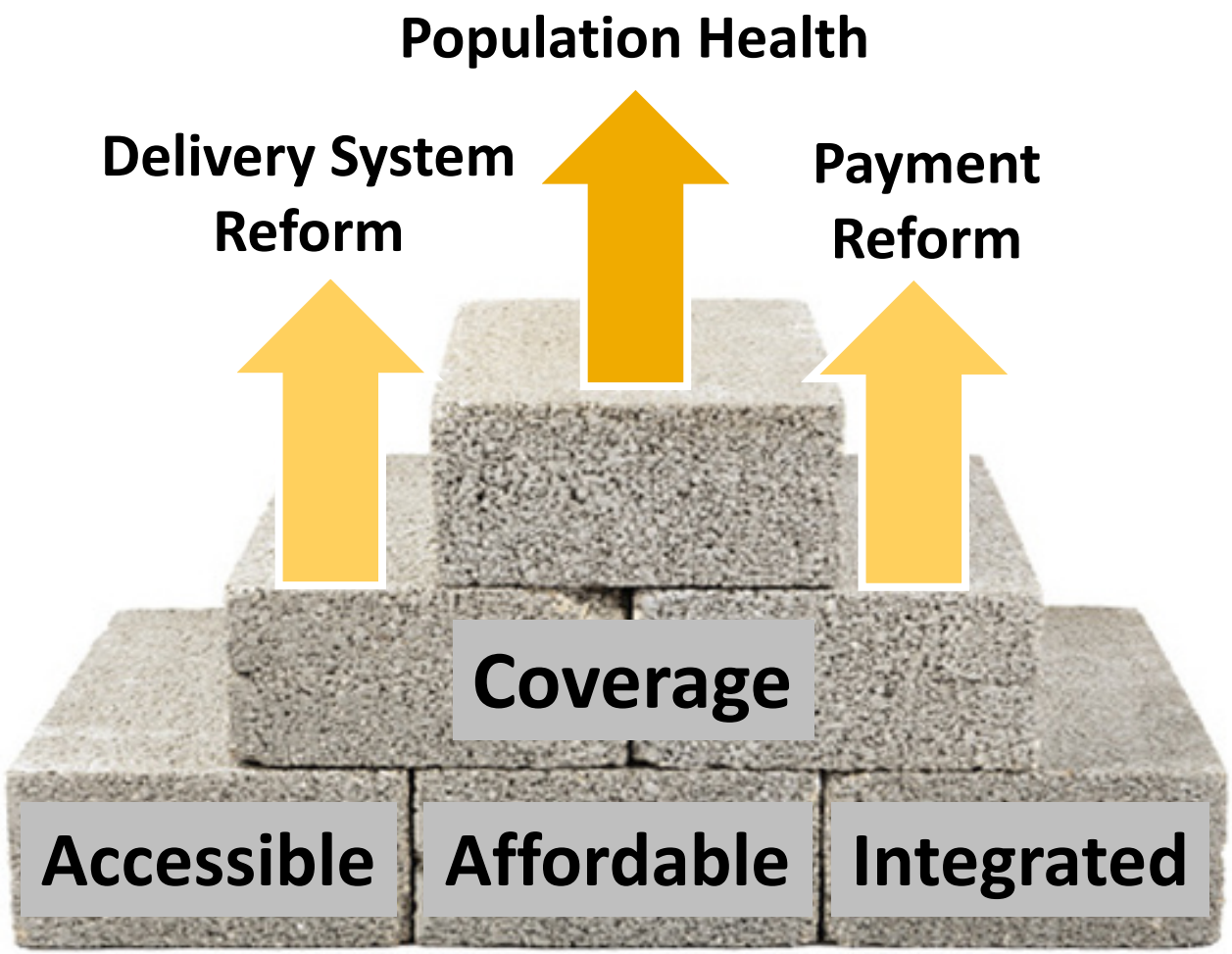
- Covers over 65 million – or nearly 1 in 4 – Americans
- Largest single insurer
- Streamlined eligibility and enrollment process
- Driver of payment and delivery reform

Source: CMS OACT, "2014 Report on the Financial Outlook for Medicaid"; C Mann & D Bachrach (July 2015) "The Commonwealth Fund Blog: Medicaid as Health Insurer: Evolution and Implications"

Medicaid Foundational to New Coverage Continuum

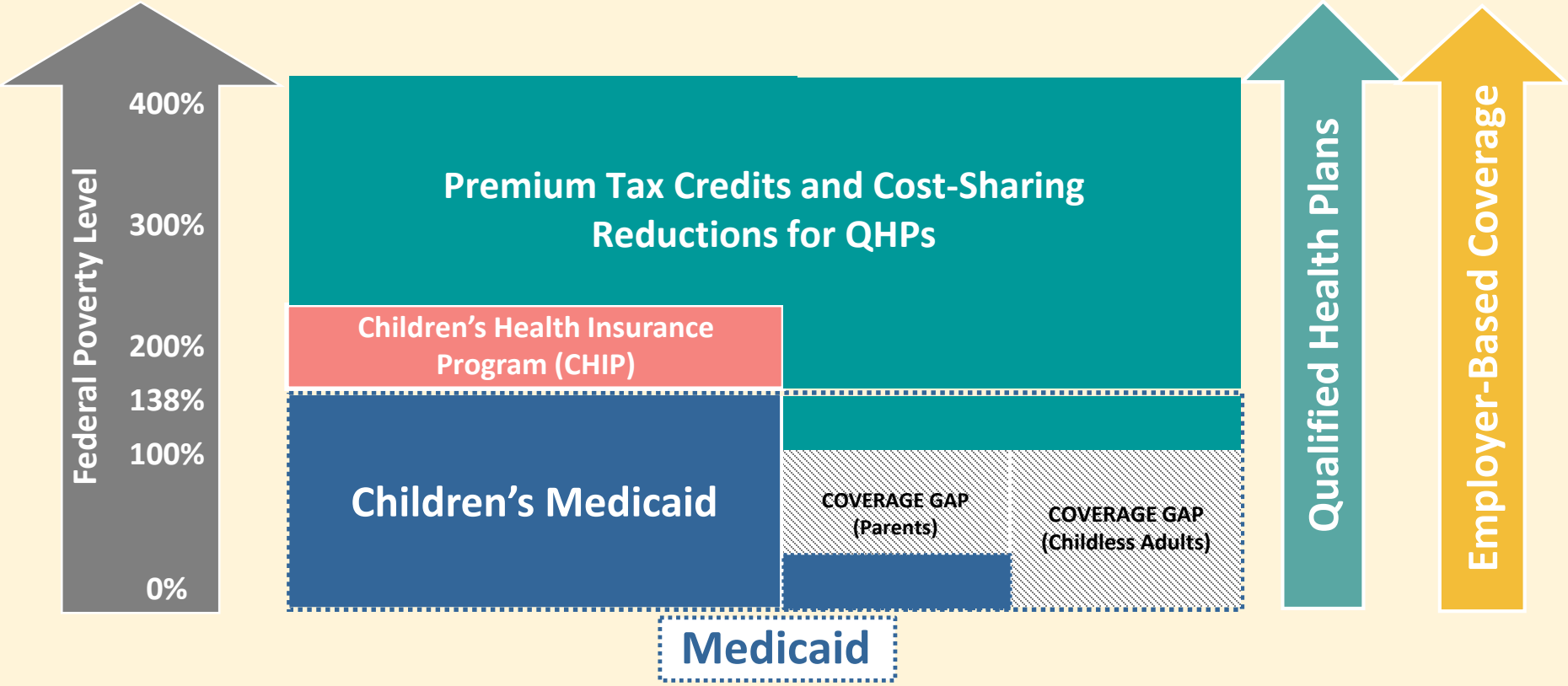


Coverage Foundational to Healthcare Transformation



Medicaid in Florida: Current State Landscape

The Gap in the Florida's Coverage Continuum



Over 900,000 Adults in Florida Are Expected to Gain Coverage Under Expansion

In the Coverage Gap: Too Much Earnings To Qualify for Medicaid and Too Little Earnings to Qualify for the Tax Credit through the Marketplace

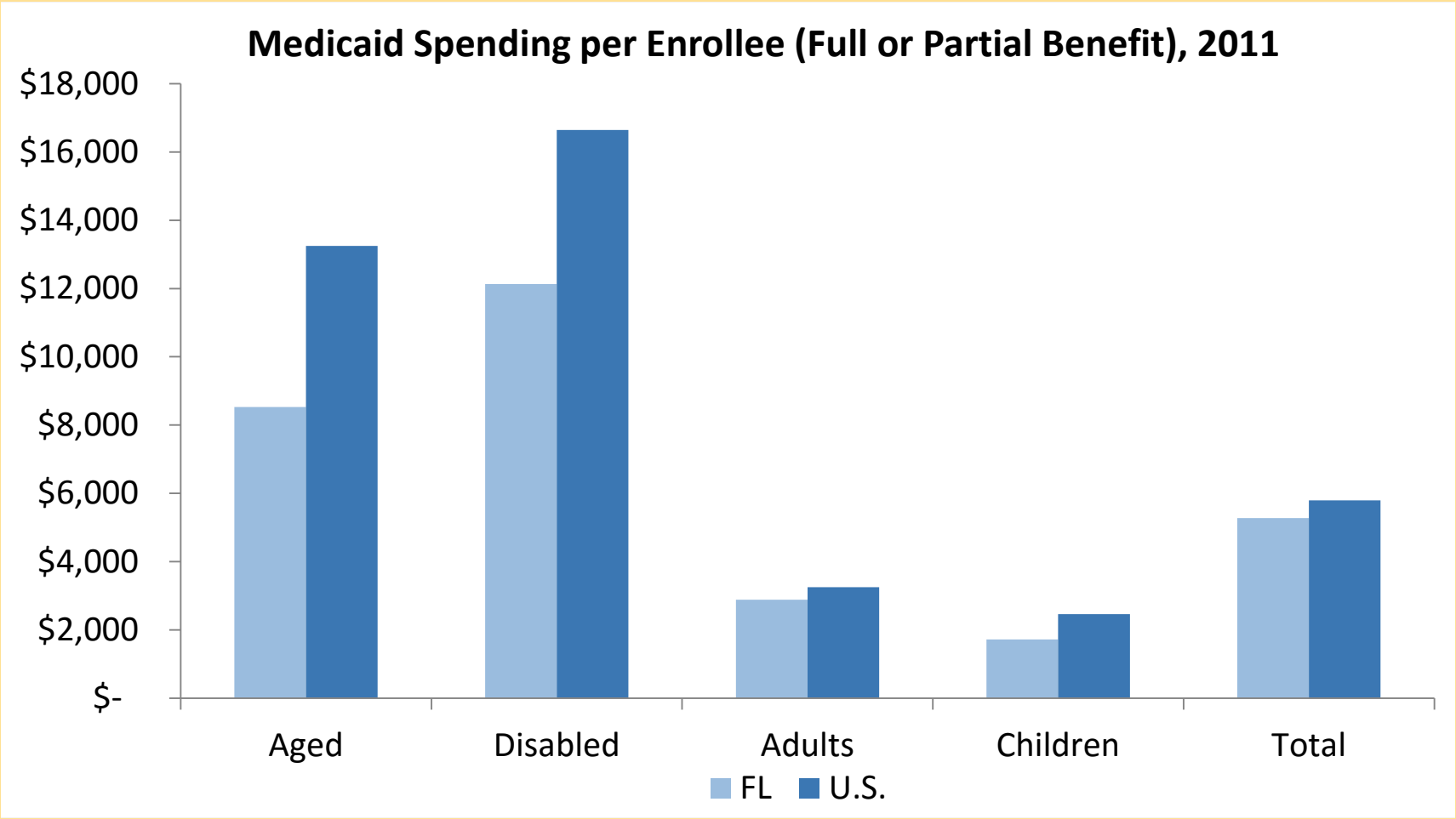
Maria:
31-year-old single parent with two children who earns an annual salary of $20,000 as a daycare worker

Sonia and John:
62-year-old couple who annually earn $16,000 working part-time as grocery baggers at their local market

Michael:
45-year-old childless adult who annually earns $14,000 working as a landscaper and other seasonal jobs

SOURCE: Social Services Estimating Conference, March 7, 2013, http://edr.state.fl.us/Content/conferences/medicaid/FederalAffordableHealthCareActEstimates.pdf

Florida Spending Per Enrollee Below U.S. Average



Source: Kaiser Family Foundation, "Medicaid Spending per Enrollee", 2011.
http://kff.org/medicaid/state-indicator/medicaid-spending-per-enrollee//

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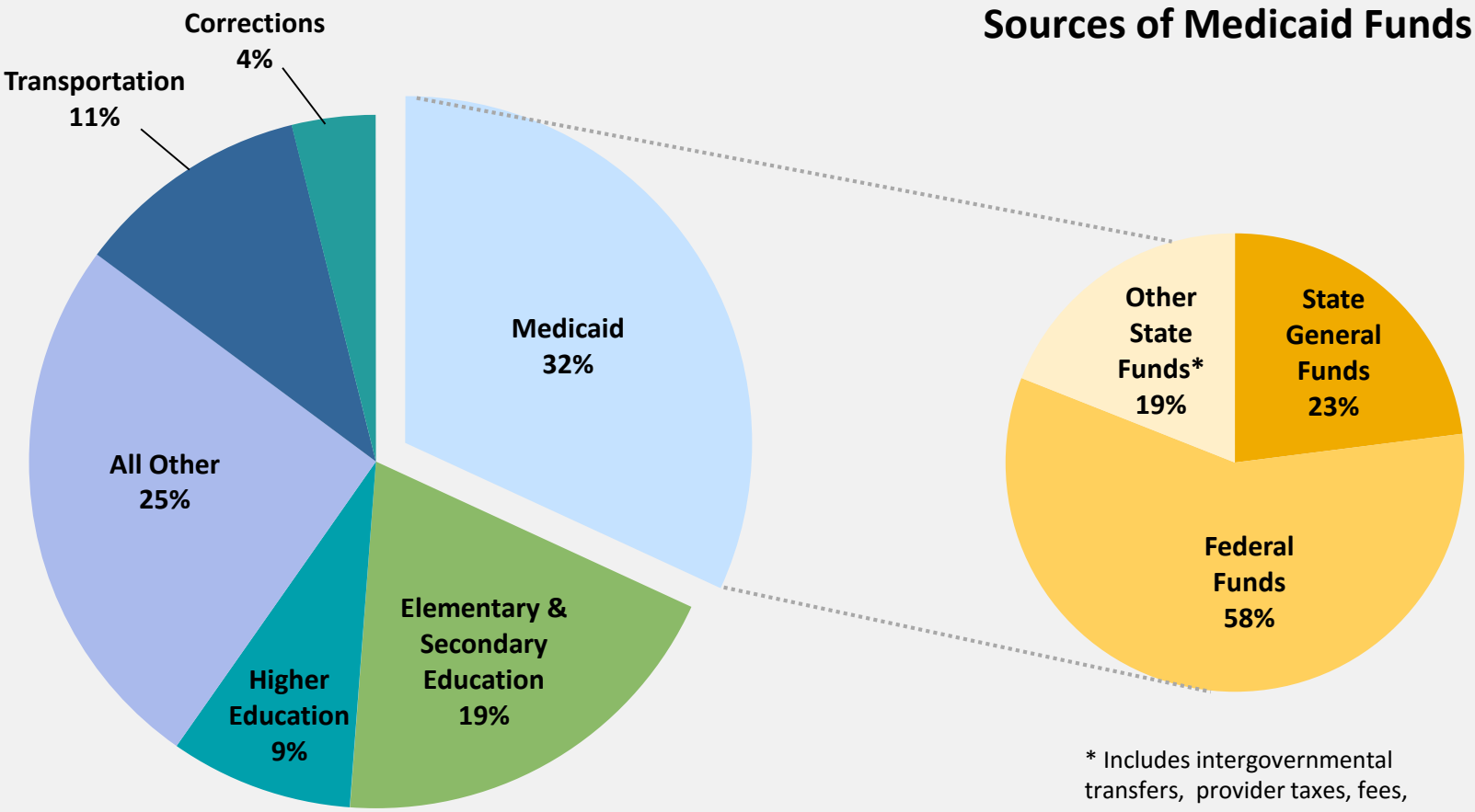
Medicaid Accounts for 32% of the Florida State Budget When State and Federal Funds are Considered

Florida State Budget (State & Federal Funds), FY 2013



* Includes intergovernmental transfers, provider taxes, fees, donations, assessments

Source: National Association of State Budget Officers, State Expenditure Report, Examining Fiscal 2012-2014 Spending
http://www.nasbo.org/publications-data/state-expenditure-report/state-expenditure-report-fiscal-2012-2014-data

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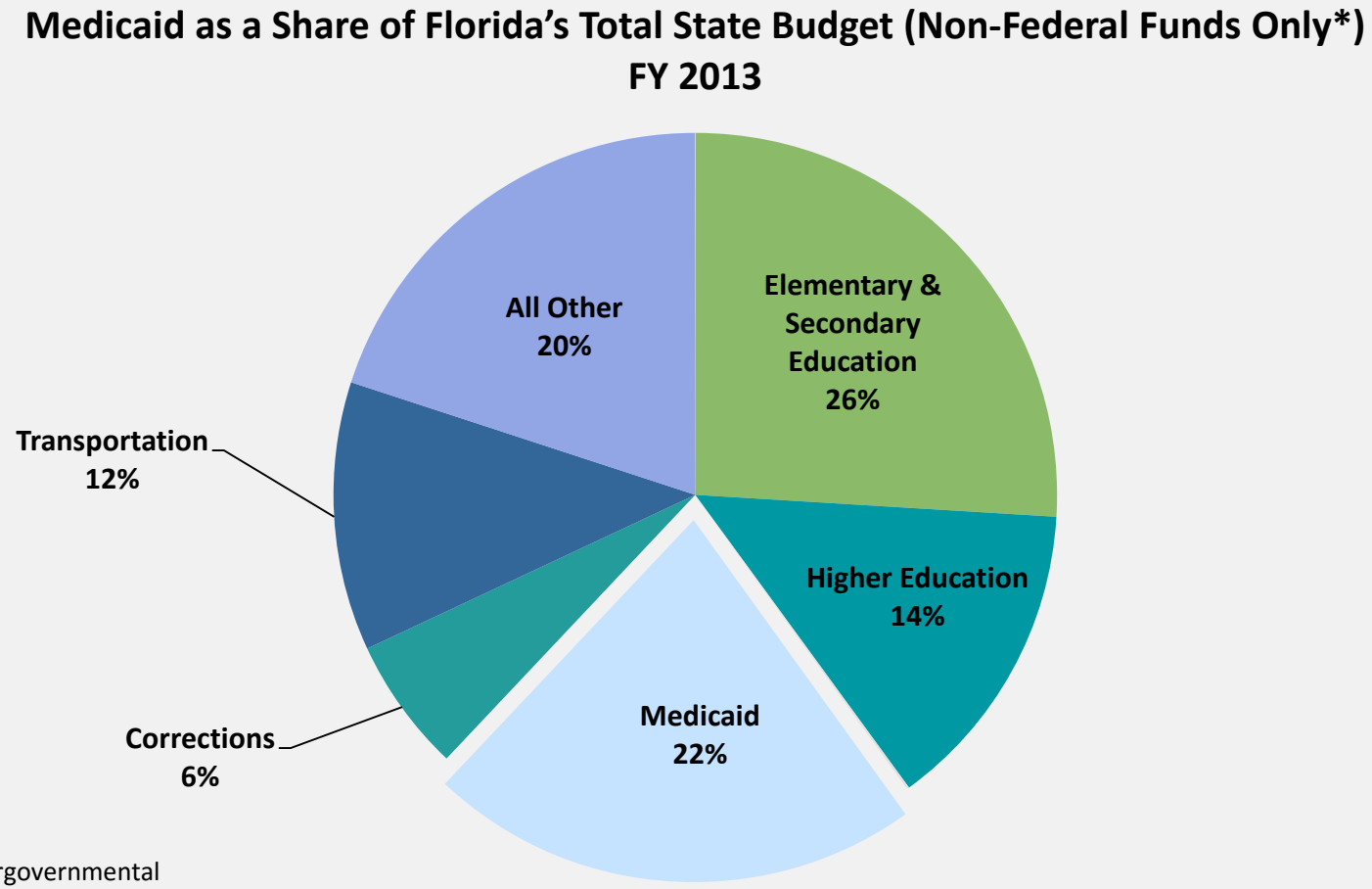
And 22% When Looking Only at Non-Federal Funds



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Source: National Association of State Budget Officers, State Expenditure Report, Examining Fiscal 2012-2014 Spending
http://www.nasbo.org/publications-data/state-expenditure-report/state-expenditure-report-fiscal-2012-2014-data

Florida Medicaid Program at a Crossroads

Florida's "Section 1115" Waiver Expires June 2017

CURRENT FEATURES

Managed Care

Low-Income Pool (LIP)

POTENTIAL OPTIONS

Delivery System Reform Incentive Payment (DSRIP)

Medicaid Expansion

Recent CMS Principles Regarding UC Pools

Nine states, including Florida, have Uncompensated Care (UC) pools as part of their Medicaid Section 1115 Waivers to help healthcare providers absorb costs of unpaid care.

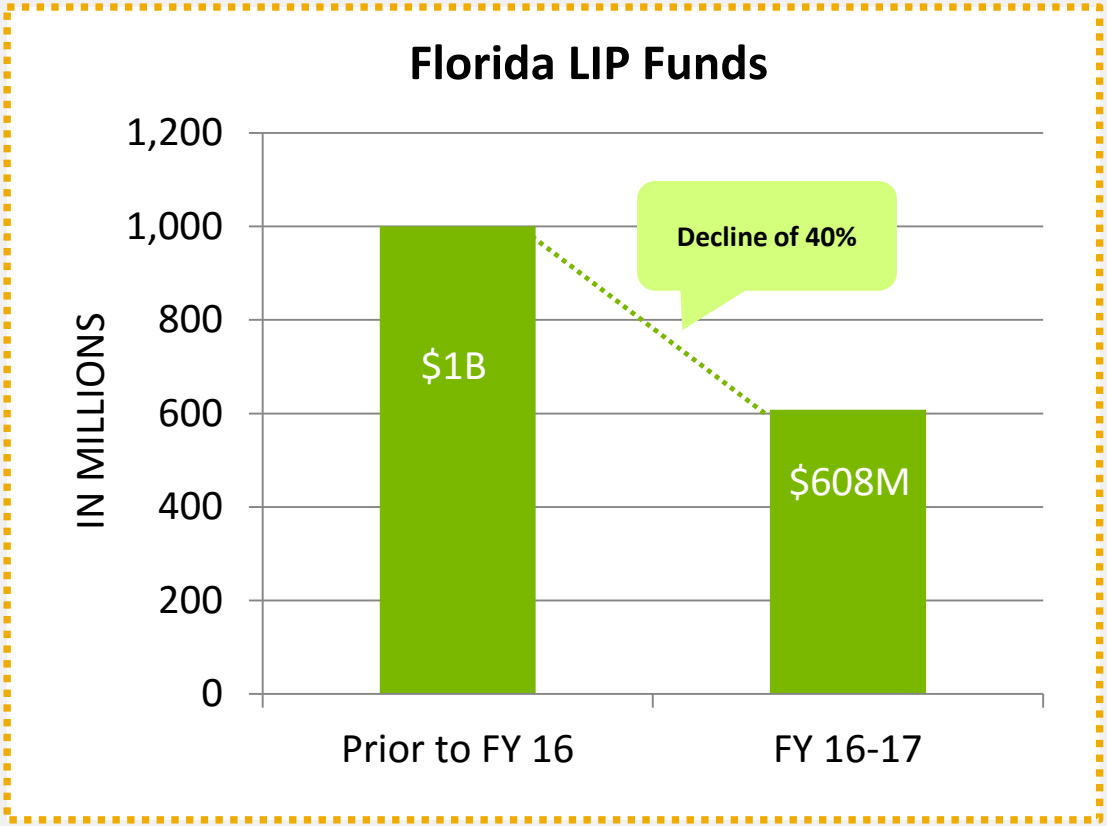
- **UC pools – called the Low Income Pool, or LIP, in Florida – have been used to defray the costs of:**
  - Charity care to low-income and uninsured individuals
  - Bad debt
  - Differences in Medicaid payment rates to providers compared to other payers
- **Recently, CMS has set out new principles affecting the size and use of UC pools:**
  - *Permissible:* Charity care for low-income individuals that would not be covered in a Medicaid expansion
  - *Not Permissible:* Bad Debt
  - *Not Permissible:* Shortfalls due to low Medicaid provider payments

Source: CMS Letter to Justin Senior, May 21, 2015; Texas Transformation and Quality Improvement Waiver, Medicaid.gov

New CMS Principles Significantly Impact FL's LIP

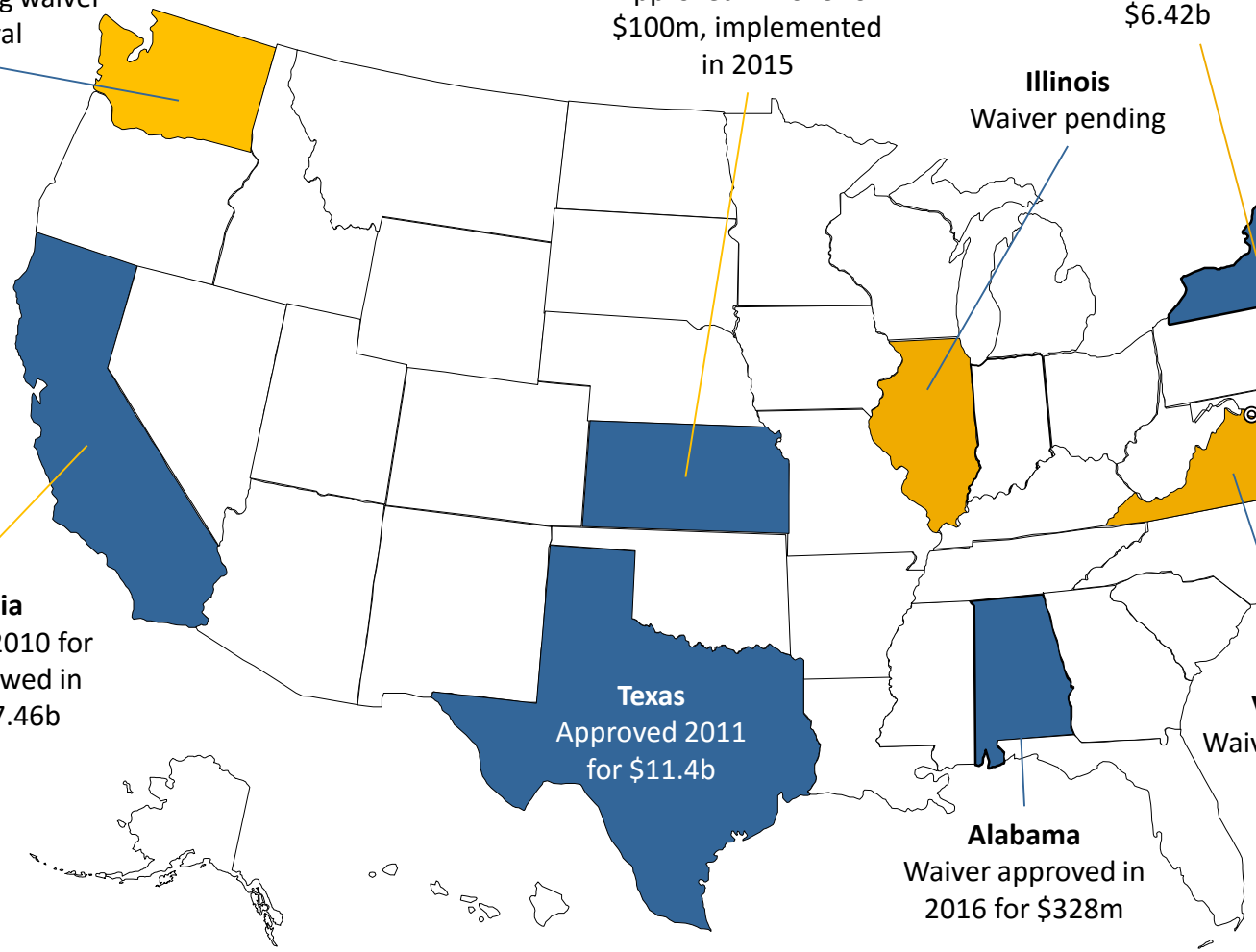
Florida's total LIP funds reduced by 40% from $1 billion to $608 million beginning in FY 16

- Funding allowed for uncompensated care for low-income uninsured
- Funding *not* permitted for Medicaid shortfalls, uncompensated care that could be covered through a Medicaid expansion, or bad debt
- One year transition (FY 2015-2016) permitted



Sources: Navigant, "Study of Hospital Funding and Payment Methodologies for Florida Medicaid," February 2015, http://ahca.myflorida.com/medicaid/Finance/finance/LIP-DSH/LIP/docs/FL_Medicaid_Funding_and_Payment_Study_2015-02-27.pdf. California Department of Health Care Services, "DHCS Update: California's 1115 Medicaid Waiver," October 2015.

Eight States have DSRIP 1115 Waivers



Washington
Plans to implement in 2016, pending waiver approval

Kansas
Approved in 2013 for $100m, implemented in 2015

New York
Approved in 2014 for $6.42b

New Hampshire
Approved in 2016 for $150m

Illinois
Waiver pending

Massachusetts (DSTI)
Approved in 2011 for $630m; extended for 2015-2017 for $690m; pending for renewal (est. $1.5B)

New Jersey
Approved in 2012 for $666m

Virginia
Waiver pending

California
Approved in 2010 for $6.67b; renewed in 2015 for $7.46b

Texas
Approved 2011 for $11.4b

Alabama
Waiver approved in 2016 for $328m

Approved Program (8)

Program in Development (3)

Sources: Kaiser Family Foundation, 2015. *Key Themes from Delivery System Reform Incentive Payment Waivers in 4 States.*
; America's Essential Hospitals, 2013. Medicaid Payments to Incentive Delivery System Reform.
; Department of Health and Human Services, 2015.
; New York: .

Florida's Foregone Federal Expansion Dollars

For every ***$1*** Florida were to invest in Medicaid expansion, ***$12.32*** in federal funds would flow into the state [1]

	Funding ($), (annual)[2]
Federal dollars Florida would receive if the state expands Medicaid	***$5.8 billion***
Low-Income Pool Total	***$608 million***

1) Note: 10-year average spanning 2013 – 2022. **SOURCE**: Urban Institute, August 2014. http://www.urban.org/sites/default/files/alfresco/publication-pdfs/413192-What-is-the-Result-of-States-Not-Expanding-Medicaid-.PDF
2) Forgone federal funds under expansion represents 5-year average for FY 2016 – 2021; LIP funding is for 2016-2017.
SOURCE: Social Services Estimating Conference, March 7, 2013, http://edr.state.fl.us/Content/conferences/medicaid/FederalAffordableHealthCareActEstimates.pdf

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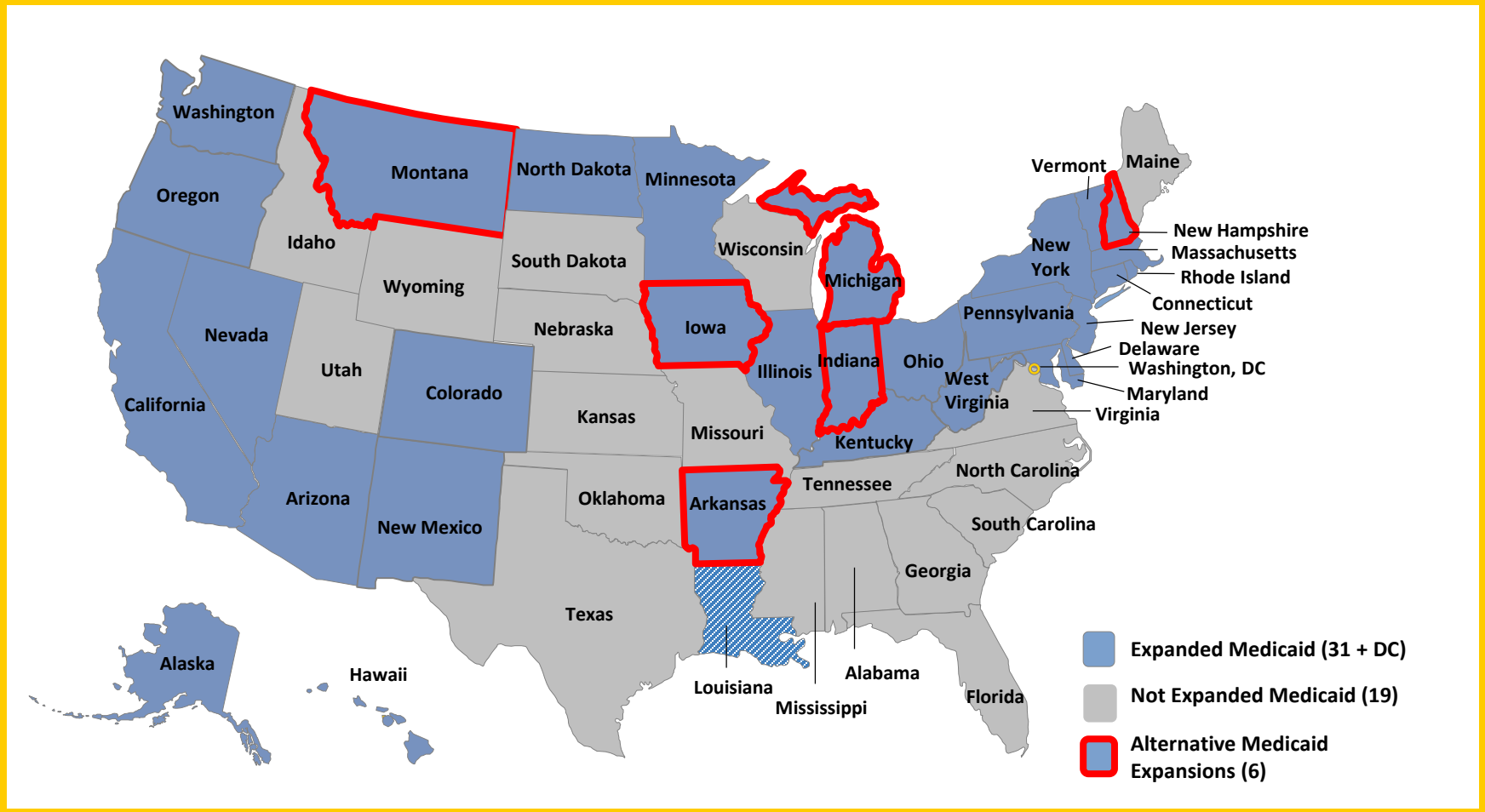
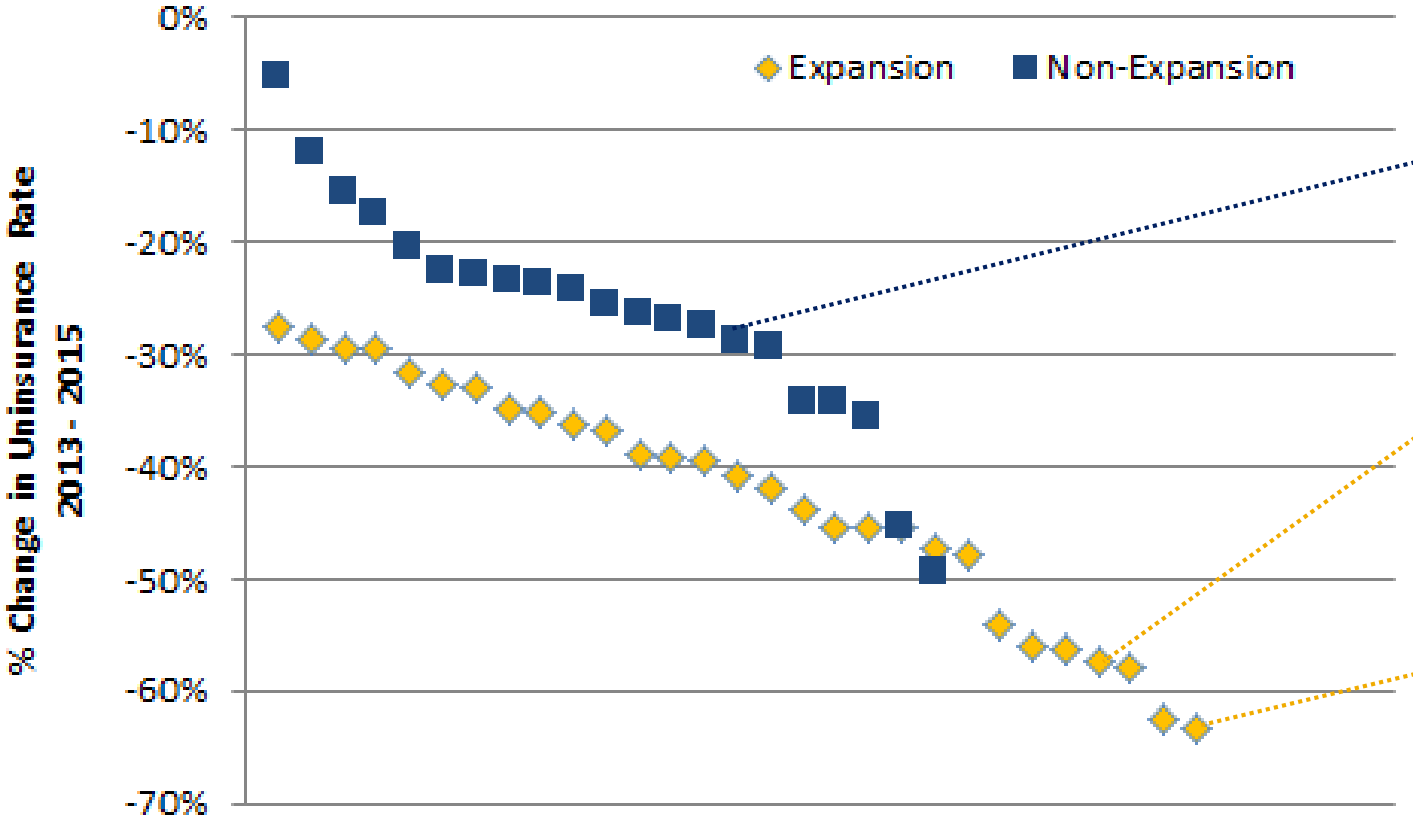
31 States Have Expanded Medicaid, 6 Using 1115 Waivers



Medicaid expansion decisions as of January 2016. Arizona has submitted a waiver request to move to an alternative expansion approach. Coverage under Louisiana's expansion is targeted to begin on July 1, 2016.

Medicaid Expansion Advances Coverage

Seven expansion states cut their uninsurance rates by > 50% from 2013 to 2015



Manatt Analysis of Gallup-Healthways Well-Being Index (February 2016)

Florida
- 2013: 22.1%
- 2015: 15.7%

Arkansas
- 2013: 22.5%
- 2015: 9.6%

Kentucky
- 2013: 20.4%
- 2015: 7.5%

Note: "Expansion States" includes 29 US States whose expansion was in effect by the end of 2015. Louisiana and Montana are not included.

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Early Results Across Expansion States

Sharp Drops in Hospital Uncompensated Care Costs

- In Arkansas, $1.1 billion reduction in hospital uncompensated care costs is expected between 2017-2021.
- In Connecticut, hospital uncompensated care was 1/3 lower than what it would have been without Medicaid expansion (2011 – 2013)
- The Iowa Hospital Association reported uncompensated care cases declined by 18.5%, saving hospitals approximately $32.5 million (January – June 2014)

Significant Reductions in Non-Medical Debt

- Medicaid expansions that began in 2014 have significantly reduced the number of unpaid non-medical bills and the amount of non-medical debt sent to third-party collection agencies
- Estimates indicate that Medicaid expansions are associated with a decrease in the amount of unpaid balances in collections of between $51 and $85

Economic Benefits to State Budgets

- Arkansas projects a net positive impact on the state budget of $637 million from 2017 – 2021.
- Kentucky has had a $300 million net positive impact on the State General Fund in two years and projects $820 million in savings from 2014-2021
- New Mexico's expansion is expected to create a $300 million surplus for the State's General Fund between 2014 and 2021

Sources: State Health Reform Assistance Network Issue Brief, The Impact of Medicaid Expansion on Uncompensated Care Costs: Early Results and Policy Implications for States, June 2015. Health Affairs, Early Medicaid Expansion in Connecticut Stemmed the Growth in Hospital Uncompensated Care, July 2015; Deloitte Kentucky Expansion One Year Report, February 2015; Luojia, H., et al. "The Effect of the Patient Protection and Affordable Care Act Medicaid Expansions on Financial Well-Being," NBER, April 2016.

The Economics of Expansion: Impact on State Budgets

1 State Costs

- Beginning in 2017, share of newly eligible adults
- Some additional enrollment of already eligible children/adults
- Increased administration costs

ACA Newly Eligible FMAP	
Calendar Year	FMAP
2016	100%
2017	95%
2018	94%
2019	93%
2020 and thereafter	90%

President Obama has proposed to provide all states at least three years of 100% FMAP

2 State Savings

- Enhanced federal matching funds for some previously eligible Medicaid beneficiaries
- Some services historically funded with State or local funds could be refinanced with Medicaid funds (such as spending on inpatient hospital costs of inmates)

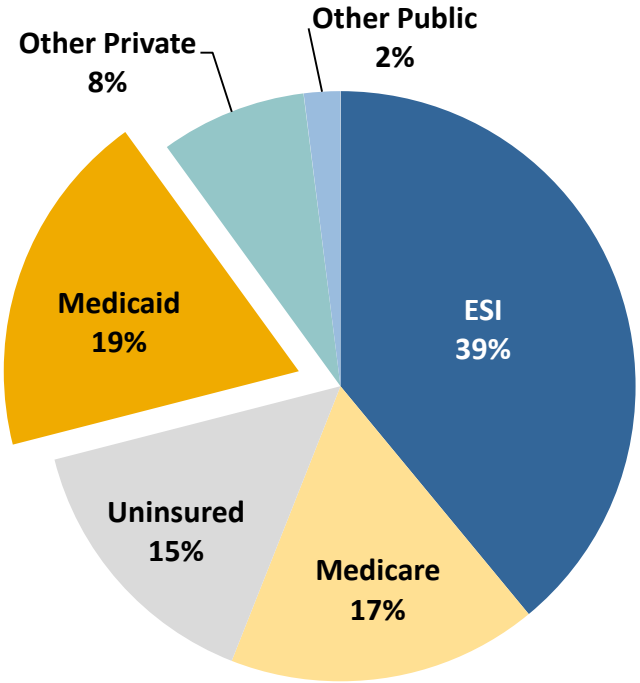
3 Revenue Gains

- Expansion could result in State revenue gains related to existing health plan and/or provider taxes as health plan and provider revenues increase

Improving Health and Controlling Costs: Medicaid Can Help Lead the Way

Medicaid's New Role and Responsibilities Offer Important Opportunities to Improve Health and Lower Costs

FL Health Insurance Enrollment by Source, 2014



Source: Kaiser Family Foundation, "Health Insurance Coverage of the Total Population"
http://kff.org/other/state-indicator/total-population/

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Thank You!

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