

Patient Protection and Affordable Care Act with House Reconciliation – Financial Analysis Family and Social Services Administration State of Indiana

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Patient Protection and Affordable Care Act (PPACA) Care Reform

- **Overall cost for Indiana: \$3.58B** for SFY 2011 through SFY 2020
 - Medicaid Expansion:
 - **\$1.33B** for Expansion Population at Enhanced Federal match rate
 - Potentially an **additional \$0.48B** for current HIP population at Standard Federal match rate
 - Updates from December 3, 2009 Analysis
 - Eligibility threshold increased from 133% FPL to 138% FPL
 - Enhanced Federal match rate for expansion population has decreased
 - Prior fiscal analysis offset cost of Medicaid expansion with projected HIP program expenditures

Patient Protection and Affordable Care Act (PPACA) Care Reform

- **Eligible Population after Expansion**
 - 1 of 4 Hoosiers will be eligible for Medicaid (Currently 1 of 6 Hoosiers are enrolled)
 - Enrollment may increase from 1,065,000 to 1,554,100
 - 413,000 Adults
 - 237,000 uninsured (including HIP)
 - 176,000 currently insured
 - 109,000 Children
 - 37,000 uninsured children
 - 72,000 with insurance coverage
 - 23,100 SSI Disabled Lives

Patient Protection and Affordable Care Act (PPACA) Care Reform

– CBO Estimate Differences

- CBO's projection assumes 15.0 to 17.0 million of the 28.0 million newly eligible will enroll in Medicaid
- CMS Actuary projects that Medicaid enrollment will increase by 20.0 million lives due to expansion
- CMS Actuary assumes that people will choose to use Medicaid as supplemental to employer coverage

– PPACA does not have crowd-out provisions:

- Employers may choose not to offer health insurance and pay penalties instead of maintaining employer sponsored insurance
- Employees may opt out of employer's plan because Medicaid typically has richer benefits and has limited or no cost sharing

Other Health Care Reform Costs

- **Loss of Pharmacy Rebates: \$298M**
 - Minimum pharmacy rebate offered to States will be increased and the impact will be accrued 100% to the federal government.
 - Indiana has negotiated rebates that are higher than the minimum
 - Retroactive to January 1, 2010
 - **Immediate negative fiscal impact – Estimated at \$20+ million fiscal impact to Indiana in FY 2011**

Additional Costs

- **Administrative Costs: \$303M**
 - Law only provides money to set up the Exchange (\$30M for all States)
 - No funding for new IT systems, staffing, etc.
- **Full Medicaid Eligibility for Spend-down Population : \$576M**
 - Adds 23,000 Aged, Blind, Disabled Hoosiers to Medicaid
 - Indiana currently only pays for partial coverage for these participants
- **Other Costs: \$847M**
 - Physician Costs – increase rates to assure adequate provider access
 - Medicaid Expansion of Foster Kids for current age of 21 to age 26

State Budget Fiscal Impact – SFY 2011 through SFY 2020

Item	Estimate
Medicaid Assistance Expansion to 138%	\$1,330.3 million
Impact of Reduced FMAP on HIP Eligibles	482.5 million
Spend-down and SSI Eligible	575.8 million
Pharmacy Rebate Loss	298.0 million
Physician Fee Schedule Increase to 80% Medicare	831.8 million
Foster Children – Expansion to Age 26	14.8 million
Administrative Expenses	302.5 million
CHIP Program – Enhanced FMAP	(195.2) million
Breast and Cervical Cancer Program	(14.2) million
Pregnant Women > 138% FPL	(46.8) million
Total	\$3,579.4 million