

# Review of 2019 Medicaid Expansion Financial Discussion

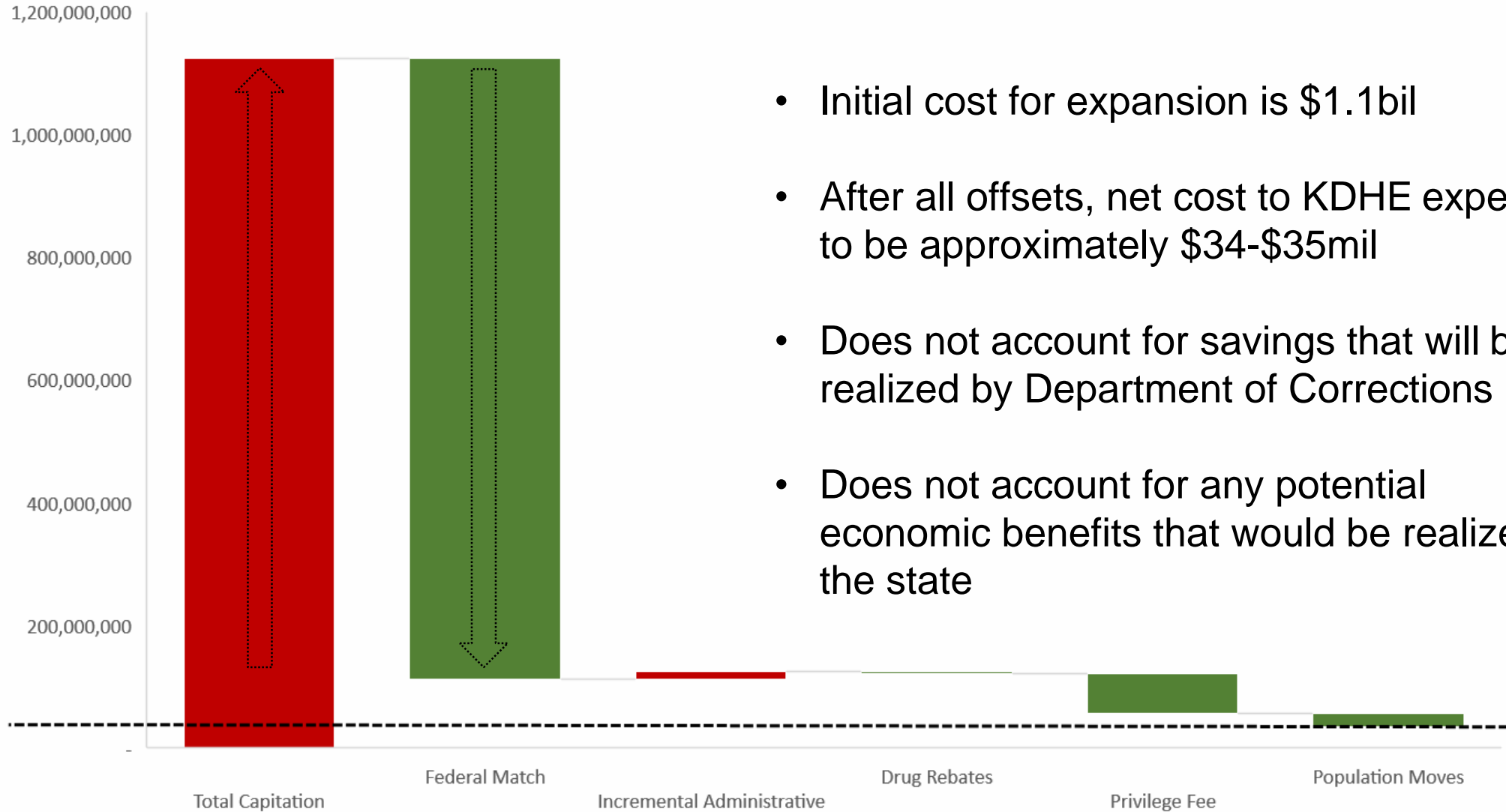
For Illustrative Purposes Only

Not to be Used as Fiscal Note for Any 2021 Expansion Policy

## Key Assumptions from Current Expansion Bills (HB2066)

- 150k newly eligible
  - Would equate to a 36% increase in total population; this is in line with national average (35%), but above states that have most recently expanded (22%)
  - KEES system has information on approximately 80k potential members in Kansas
- \$625 PMPM capitation payment
  - Base for calculation was TAF population, then indexed up/down for Childless Adult/Parent cohorts, and accounts for mix of costs between the two cohorts
- Offsets – including privilege fee, incremental drug rebates, etc. – to reduce total cost
  - Also in official fiscal note is the savings that will be realized in the Department of Corrections, due to increased ability to draw down federal funds for expansion population
- Only looks at KDHE budget; does not account for other economic benefits realized across the state

# Financial Estimate of Medicaid Expansion



- Initial cost for expansion is \$1.1bil
- After all offsets, net cost to KDHE expected to be approximately \$34-\$35mil
- Does not account for savings that will be realized by Department of Corrections
- Does not account for any potential economic benefits that would be realized by the state

## Share of Medicaid Expansion Costs (in millions)

### Ohio Actual and Forecasted Experience

	SFY 2019	SFY 2020	SFY 2021
Total Group VIII cost	\$4,814	\$5,074	\$5,348
Match rate (state fiscal year)	6.5%	8.5%	10.0%
<b>Ohio share of Group VIII cost</b>	<b>\$313</b>	<b>\$431</b>	<b>\$534</b>
Drug rebates	(\$43)	(\$58)	(\$72)
DRC medical expense savings	(\$18)	(\$18)	(\$18)
Enhanced FMAP for hospital UPL	(\$40)	(\$38)	(\$36)
MCO member-month tax	(\$198)	(\$198)	(\$198)
MCO HIC tax	(\$45)	(\$48)	(\$50)
<b>Net Impact on Ohio</b>	<b>(\$31)</b>	<b>\$72</b>	<b>\$161</b>
Effective match rate	0.0%	1.4%	3.0%

- Net gain to state in SFY19
- In SFY20, Fed match drops by 2ppts, increasing effective state match by corresponding amount

### Kansas Projected Experience

<b>Total Capitation</b>	<b>1,125</b>
FMAP	90%
Federal Share Capitation	(1,013)
Incremental Administrative	13
Drug Rebates	(4)
Privilege Fee	(65)
Population Moves	(21)
<b>Net State Share</b>	<b>35</b>
<b>Effective Match Rate</b>	<b>3.1%</b>

Similar Effective Match rate projection in 90/10 year

## What is MediKan

- MediKan Medical Assistance Program
  - MediKan is a state-only funded medical assistance program for disabled adults with very low resources and income
  - Assistance under the program is time-limited to a fixed 12 month coverage period
  - Provides a limited benefit package
  - Eligibility handled through dedicated unit of State staff
- With Expansion, the MediKan population likely to move to an Expansion population
  - Goes from 100% State funded to 10% State funded
  - Provides full State Plan benefit package

## Dept of Corrections to save approx. \$2mil with Medicaid Expansion

- Fiscal notes for SB54 and HB2102 contained analysis from Department of Corrections showing that they would realize savings of approximately \$2mil with Expansion
  - Since July 1, 2012, KDHE and KDOC have had a process in place to use Medicaid funding to pay for inpatient services when an inmate is in a hospital for more than 24 hours
  - Inmate must meet all required eligibility criteria and have a qualifying event
  - Requires an application and supporting documentation
  - Many cases today require presumptive disability determination, but that need would diminish under Expansion
  - Both agencies have dedicated staff to work on these cases

## All processes handled by dedicated unit of State staff

Prisons incarceration/Pre-Release planning:	State hospital releases	Mental Health Institutions- Discharge planning	County jails incarceration/releases
<p>Incarcerations:</p> <ul style="list-style-type: none"> <li>The Dept of Correction sends a monthly file to KDHE which contains a list of people incarcerated in State Prisons.</li> <li>KDHE performs a data match against its Medicaid database.</li> <li>Matches are reported to the dedicated specialized unit who performs a secondary validation of the report through KASPER before terminating eligibility.</li> </ul> <p>Releases:</p> <ul style="list-style-type: none"> <li>The Dept of Corrections staff sends applications and supporting documents to a Specialty email box managed by the specialty unit.</li> <li>Application is processed and remains on hold until the Release notification is received from KDOC (Kansas Department of Corrections)</li> <li>When the unit is notified of the release, staff completes processing of the application.</li> <li>The unit also has a monthly conference call with KDOC to monitor the cases in process.</li> </ul>	<ul style="list-style-type: none"> <li>Applications, Discharge plan paperwork and PMDT (Presumptive Medical Disability Team) paperwork are emailed to the specialized unit by the KDADS (Kansas Department for Aging and Disability Services) contact up to 90 days prior to the release date</li> <li>The specialized unit processes the application, notifies the KDADS contact and waits until notified of the actual discharge</li> <li>Upon discharge, KDADS notifies the KDHE staff of the release; KDHE completes processing of the application and notifies KDADS and the beneficiary of the outcome.</li> </ul>	<ul style="list-style-type: none"> <li>Applications, Discharge plan paperwork and PMDT paperwork are emailed to the specialized unit by the KDADS (Kansas Department for Aging and Disability Services) contact up to 90 days prior to the release date</li> <li>The specialized unit processes the application, notifies the KDADS contact and waits until notified of the actual discharge</li> <li>Upon discharge, KDADS notifies the KDHE staff of the release; KDHE completes processing of the application and notifies KDADS and the beneficiary of the outcome.</li> </ul>	<p>KDHE secured a contract with a company named APPRISS who provides a daily file of people entering and exiting the jails. The interface with APPRISS was implemented August 5<sup>th</sup>, 2019. KDHE performs a data match against its Medicaid database and generates a report for its specialized unit to work:</p> <ul style="list-style-type: none"> <li>All newly incarcerated individuals who have Medicaid/Medikan coverage, have their coverage terminated in accordance with program guidelines until KDHE receives notice of their release.</li> <li>Newly released inmates that were Medicaid/Medikan prior to incarceration are treated as follows: <ul style="list-style-type: none"> <li>Incarcerated less than 90 days---- Eligibility is reinstated within the same Medical program</li> <li>Incarcerated more than 90 days---- are deemed eligible for Medikan for 3 months until a review is conducted.</li> </ul> </li> </ul>



# Impact of Premiums (from HB2066)

- If premiums are assessed to the expansion population, states are required to return 90% of the premiums to the Federal government
- Once Federal share is returned, and administrative cost to operate the program is accounted for, the impact is expected to be between -\$900k and +\$900k (if against entire population)

## Medicaid Expansion Premium \$25 Fee Impact

Premium assessed on population between 0% and 138% of FPL

Bene Type by Payment Habits	Benes by Bucket		Premium Months Paid		Bene Suspensions		Premium Received		Capitation Avoidance		Total Impact	
	% Total	Count	Per Bene	Total	# Benes	# Months	All Funds	State Share	All Funds	State Share	All Funds	State Share
Pays 3/3 Months	42%	62,625	12	751,500	-	-	\$ 18,787,500	\$ 1,878,750	\$ -	\$ -	\$ 18,787,500	\$ 1,878,750
Pays 2/3 Months	42%	62,625	8	501,000	-	-	\$ 12,525,000	\$ 1,252,500	\$ -	\$ -	\$ 12,525,000	\$ 1,252,500
Pays 1/3 Months	10%	15,000	4	60,000	-	-	\$ 1,500,000	\$ 150,000	\$ -	\$ -	\$ 1,500,000	\$ 150,000
Pays 1/3 Months Suspended Once	6%	8,250	3	24,750	8,250	3	\$ 618,750	\$ 61,875	\$ 15,468,750	\$ 1,546,875	\$ 16,087,500	\$ 1,608,750
Pays 0/3 Months Suspended Permanently	1%	1,500	-	-	1,500	6	\$ -	\$ -	\$ 5,625,000	\$ 562,500	\$ 5,625,000	\$ 562,500
<b>Total</b>	<b>100%</b>	<b>150,000</b>	<b>9</b>	<b>1,337,250</b>	<b>9,750</b>		<b>\$ 33,431,250</b>	<b>\$ 3,343,125</b>	<b>\$ 21,093,750</b>	<b>\$ 2,109,375</b>	<b>\$ 54,525,000</b>	<b>\$ 5,452,500</b>
									Less Administrative Cost		\$ (9,090,803)	\$ (4,545,402)
									<b>Net Impact</b>		<b>\$ 45,434,197</b>	<b>\$ 907,099</b>

\*From CHIP data, Assumed 5.5% of Bene's will become non-compliant but reinstate and 1% will become Non-compliant and not reinstate.

\*Didn't account for the \$100 Family max, due to children being covered on CHIP.

\*Assumed 150,000 Expanded Beneficiaries from KDHE Expansion analysis.

\*Assumed \$625 PMPM capitation