Comparing Marketplace Virginia with Other State Alternatives

Christie Herrera
Senior Fellow, Foundation for Government Accountability
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<table>
<thead>
<tr>
<th>Marketplace Virginia</th>
<th>Similar State</th>
</tr>
</thead>
<tbody>
<tr>
<td>Provide premium assistance through QHP</td>
<td>AR, IA, NH, PA</td>
</tr>
<tr>
<td>Require “skin-in-the-game” cost-sharing</td>
<td>AR, IA, NH, PA</td>
</tr>
<tr>
<td>Impose personal responsibility for ER use</td>
<td>IA</td>
</tr>
<tr>
<td>Require work search activities</td>
<td>PA</td>
</tr>
<tr>
<td>Establish state or partnership exchange</td>
<td>AR, IA, NH</td>
</tr>
</tbody>
</table>
Concerns About the Arkansas Model

- Cost-sharing and wrap-around benefits are expensive and unpredictable, as enrollees can choose any Silver plan at virtually no cost.

- Enrollees have even less “skin in the game” than traditional Medicaid.

- It’s a new entitlement, not a block grant.

- Flawed assumptions led to non-existent “savings” and “budget neutrality.”
Arkansas is already over budget

The Private Option Medicaid Expansion Already Costs More Than Initial Projections

Average monthly per-person costs for the Private Option in 2014

Federal cap $477.63

$476.59 $483.15

Projected costs (Optumis) Actual costs (January 2014) Actual costs (February 2014)

Source: Arkansas Department of Human Services; Arkansas Legislative Joint Auditing Committee
Arkansas Is Already Over Budget

**STATE TAXPAYERS COULD BE LIABLE FOR MILLIONS OF DOLLARS IN 2014 FOR PRIVATE OPTION COST OVERRUNS**

*Potential 2014 cost overruns based on average per-person costs in February, by potential average monthly enrollment*

<table>
<thead>
<tr>
<th>Average monthly enrollment</th>
<th>Potential cost overruns</th>
</tr>
</thead>
<tbody>
<tr>
<td>100,000</td>
<td>$6.6 million</td>
</tr>
<tr>
<td>125,000</td>
<td>$8.3 million</td>
</tr>
<tr>
<td>150,000</td>
<td>$9.9 million</td>
</tr>
<tr>
<td>175,000</td>
<td>$11.6 million</td>
</tr>
<tr>
<td>200,000</td>
<td>$13.2 million</td>
</tr>
<tr>
<td>225,000</td>
<td>$14.9 million</td>
</tr>
<tr>
<td>250,000</td>
<td>$16.6 million</td>
</tr>
</tbody>
</table>

*Source: Foundation for Government Accountability*
## Iowa: Requested vs. Received

<table>
<thead>
<tr>
<th>Requested by Iowa</th>
<th>Received from CMS</th>
</tr>
</thead>
<tbody>
<tr>
<td>“Skin in the game” for all patients</td>
<td>No cost-sharing under 50% FPL</td>
</tr>
<tr>
<td></td>
<td>All cost-sharing waived in the first year</td>
</tr>
<tr>
<td>Premiums up to 3% of income</td>
<td>Premiums up to 1% of income</td>
</tr>
<tr>
<td>Enforce personal responsibility</td>
<td>50-100% FPL can’t be disenrolled</td>
</tr>
<tr>
<td></td>
<td>100-138% FPL can self-attest “hardship”</td>
</tr>
<tr>
<td>Exclude NEMT services</td>
<td>Only allowed for first year</td>
</tr>
<tr>
<td>Exclude EPSDT services</td>
<td>DENIED</td>
</tr>
<tr>
<td>Charge $10 ER copay for non-ER care</td>
<td>DENIED</td>
</tr>
<tr>
<td>Exclude retroactive eligibility</td>
<td>DENIED</td>
</tr>
</tbody>
</table>
Flexibility Is Harder In Practice

As Medicaid talks stumble, Corbett warns of 'breaking point'

By Amy Weldon, Inquirer Harrisburg Bureau
POSTED: April 04, 2014

HARRISBURG Gov. Corbett said Wednesday that he might be nearing a decision on whether to pull the plug on his proposal to offer health insurance for hundreds of thousands of uninsured Pennsylvanians.

In his strongest statement on the yearlong Medicaid negotiations, Corbett said he was "reaching his breaking point" with the federal government.

In March, Gov. Bill Haslam fielded questions from physicians attending the Tennessee Medical Association's Day in Nashville. When the subject of a possible expansion of TennCare, the state's Medicaid program, came up, Haslam told the collection of physicians that he's "been more encouraged" by his recent

DOCUMENTS SHOW SLOW PACE OF TENNESSEE MEDICAID EXPANSION TALKS

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Digital producer and social engagement manager
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## Proposed Expansion Alternatives

### “Must Haves”

- Prioritize the safety net for low-income parents.
- Reject borrowed federal funds that drive our nation’s debt.
- Offer a defined taxpayer contribution, not an entitlement.
- Focus on uninsured to stop erosion of private coverage.
- Incorporate TANF work requirements (20-35 hours/week).
- Require patient contributions of $25/month.
- Allow access to quality private coverage, not Medicaid.
Thank You!

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Thoughts on “The Healthies”
Who Benefits Most from Medicaid Expansion?

Mostly Non-Disabled, Childless Adults Benefit from Expansion

Virginia’s Medicaid Expansion Population by Parental Status

- 20.3% Low-Income Parents
- 79.7% Childless Adults

Source: Urban Institute
Expansion Will Crowd Out Private Coverage

30% of the Expansion Population Already Have Private Coverage

*Virginia’s Medicaid Expansion Population by Insurance Type*

- 32% Uninsured
- 32% Medicaid
- 22% Employer
- 8% Other Private
- 6% Other Public

Source: Kaiser Family Foundation
Expansion Will Crowd Out Private Coverage

Nearly Half of the Expansion Population Would Forgo Exchange Subsidies

*Virginia’s Uninsured Adults by Income as % of FPL*

- 49.3%: 100-138% FPL: Eligible for Exchange Subsidy
- 50.7%: 200-250% FPL: Not Eligible for Exchange Subsidy

Source: DMAS
Lessons from Arizona

Twice As Many Parents Enrolled

Arizona’s Optional 2000 Medicaid Expansion Enrollment: Projected vs. Actual

Lessons from Arizona

Three Times As Many Childless Adults Enrolled

Arizona’s Optional 2000 Medicaid Expansion Enrollment: Projected vs. Actual

Lessons from Arizona

No Change in Uninsured; More Medicaid; Less Private Coverage

Non-Elderly Arizonans’ Insurance Coverage, 1999-2011

Source: U.S. Census Bureau
Lessons from Maine

Skyrocketing Enrollment and Charity Care

Maine’s Optional 2002 Medicaid Expansion

Source: Maine Legislature’s Fiscal Office (projections, enrollment); Maine Hospital Association (charity care)
Lessons from Maine

No Change in Uninsured; More Medicaid; Less Private Coverage

Non-Elderly Mainers’ Insurance Coverage, 1999-2011

Source: U.S. Census Bureau
Lessons from Delaware, Oregon, and Arizona

Childless Adults Cost Nearly Twice As Much As Low-Income Parents

*Average Per-Person Costs of Childless Adults in Medicaid Expansion*

Source: Centers for Medicare & Medicaid Services; Arizona Legislature’s Joint Legislative Budget Committee; Arizona Health Care Cost Containment System

<table>
<thead>
<tr>
<th>State</th>
<th>Parents</th>
<th>Childless Adults</th>
</tr>
</thead>
<tbody>
<tr>
<td>Delaware</td>
<td>$3,483</td>
<td>$6,599</td>
</tr>
<tr>
<td>Oregon</td>
<td>$3,684</td>
<td>$6,144</td>
</tr>
<tr>
<td>Arizona</td>
<td>$3,417</td>
<td>$7,361</td>
</tr>
</tbody>
</table>
“CBO estimates that the ACA will reduce the total number of hours worked, on net, by about 1.5 percent to 2.0 percent during the period from 2017 to 2024, almost entirely because workers will choose to supply less labor—given the new taxes and other incentives they will face and the financial benefits some will receive.”

“In states that choose not to expand Medicaid, the availability of exchange subsidies also will lead some people to work more. Specifically, some people who would otherwise have income below the FPL will work more so that they can qualify for the substantial exchange subsidies that become available when income is equal to or just above the FPL.”