



Medicaid Expansion in Alaska: Coverage, Spending, and Program Offsets Through SFY 2020

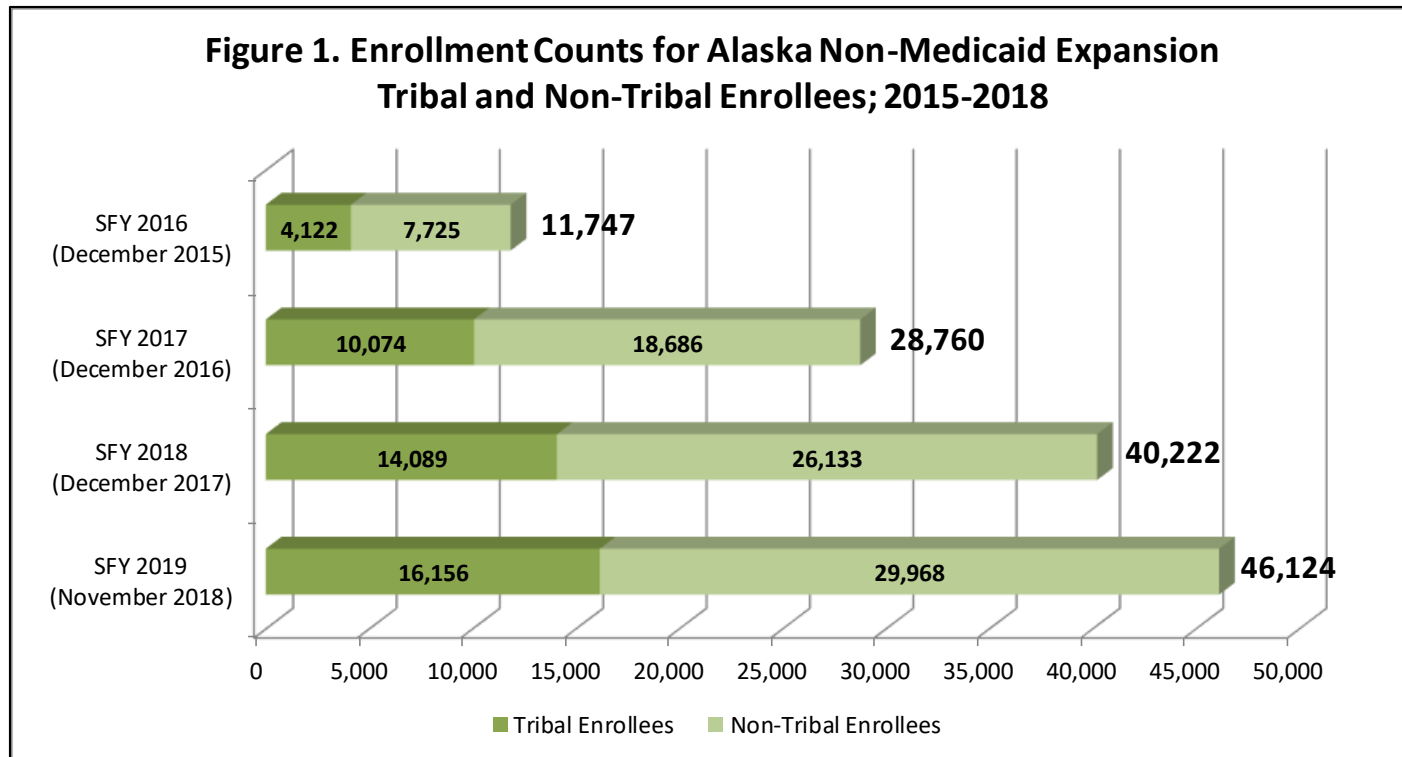
February 13, 2019

Presented by Doneg McDonough, CEO, Health System Analytics

DonegMcD@outlook.com

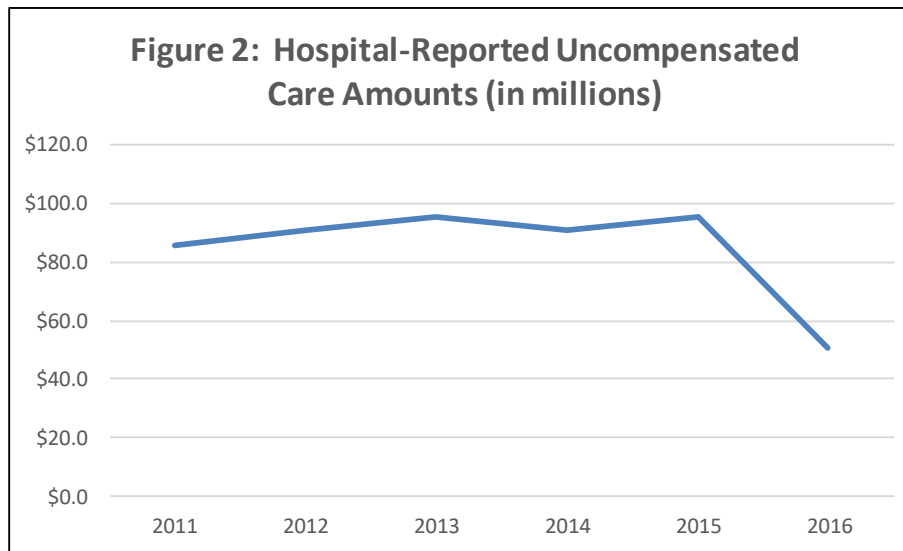
Coverage Gains Under the Medicaid Expansion

- 46,124 Alaska residents enrolled under the Medicaid expansion through November 2018
 - 16,156 (35% of total) are Alaska Natives / American Indians (AN/AIs)



Significant Drop in Uncompensated Care

- From 2013 to 2016, uncompensated care volumes at Alaska hospitals first moderated, then dropped dramatically



Source: Alaska State Hospital and Nursing Home Association

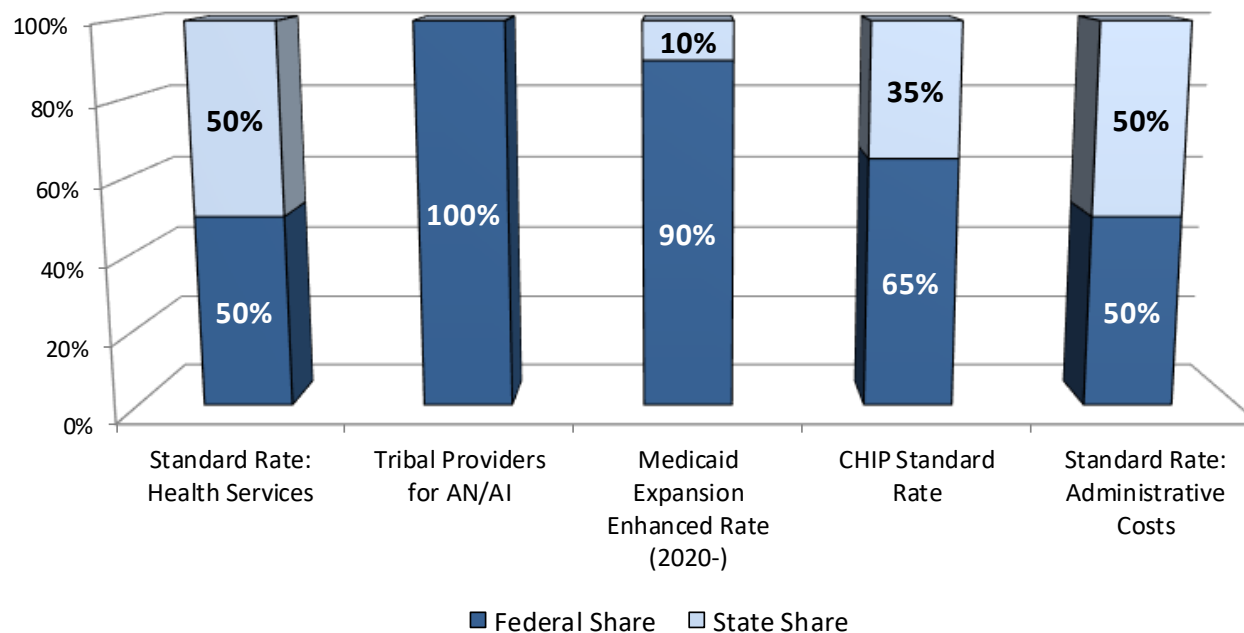
- Result of a combination of factors
 - Health Insurance Marketplace established in 2014
 - Medicaid expansion initiated in late 2015
 - Stabilization efforts for individual-market risk pool

Federal Contribution Rates (FMAP) Differ by Program and Expenditure Type

**Table 1: Medicaid Expansion
"Enhanced FMAP" Rates**
(calendar years)

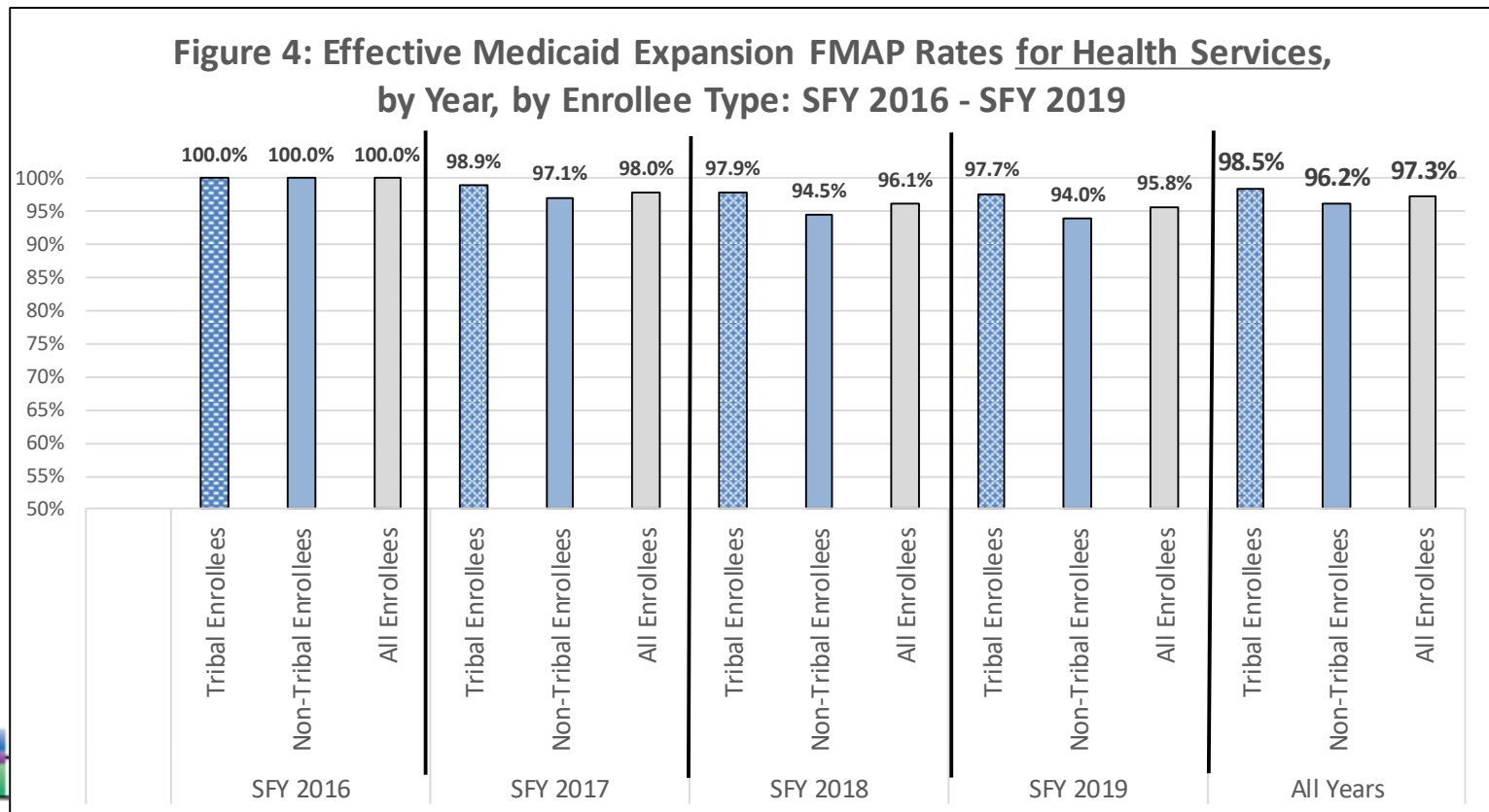
2015	2016	2017	2018	2019	2020 - forward
100%	100%	95%	94%	93%	90%

Figure 3: Federal and State Shares of Medicaid Health Services and Administrative Expenditures in Alaska Under Various FMAP Rates



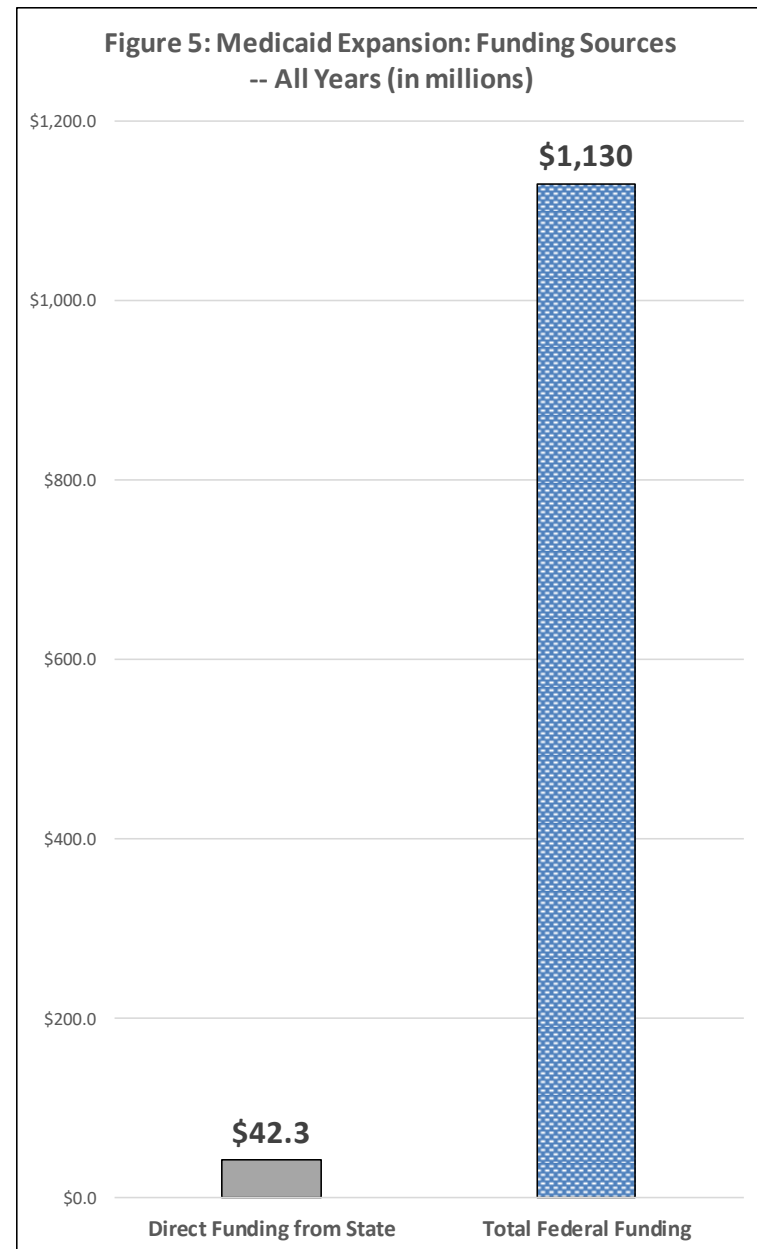
“Enhanced FMAP” Greatly Minimizes Medicaid Expansion Cost to the State

- Over the SFY 2016 – SFY 2019 period, effective “Federal Medical Assistance Percentage” (FMAP) rates ranged from 100% federal (2016) to 95.8% federal (2019)
 - Average federal contribution over all years is 97.3%**, with a 98.5% average federal contribution for health services to Tribal enrollees



Medicaid Expansion: Funding Sources

- From September 2015 through November 2018, **\$1.13 billion** in federal funds secured through an investment of **\$42.3 million** from the State of Alaska



Critical Increase in Economic Output: Calendar Years 2015 – 2018

The **\$42.3 million in direct State investment** under the Medicaid expansion secured **\$1.13 billion in federal revenues** to date. In turn, the \$1.13 billion in new federal revenues generated more than **\$2.0 billion boost in economic output** for the State's struggling economy, funding thousands of permanent job gains and millions of dollars in increased earnings

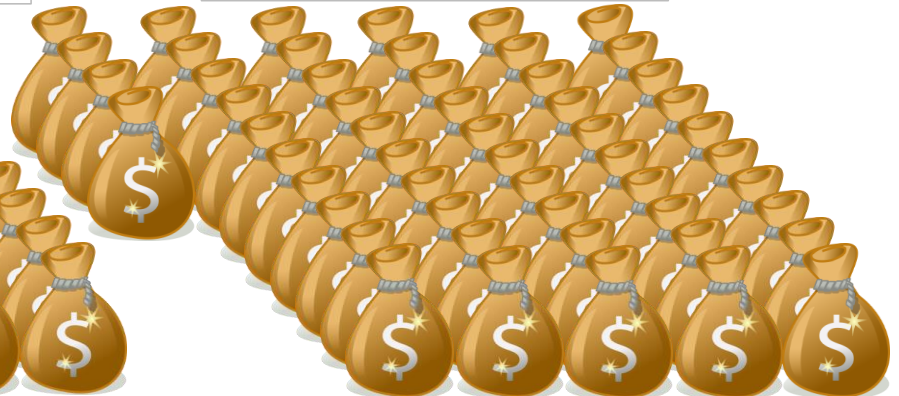
Every \$1 the State of Alaska invested in the Medicaid Expansion...



Leveraged \$27 in new federal revenues...



And, increased economic output in the State by more than \$54



Direct State Spending on Medicaid Expansion Offset in Other Components of Medicaid and State Programs

- Offsets have been generated by the Medicaid expansion to fully cover the State's direct funding of the Medicaid expansion
 - **\$42.3 million in direct State spending** on Medicaid expansion through November 2018; **\$58.4 million in direct State spending** projected by end of SFY 2019
- Two types of offsets to State direct funding have resulted from implementation of Medicaid expansion
 - A. Some offsets accrue directly to the Medicaid program—resulting from applying the “enhanced FMAP” to pre-expansion coverage groups
 - B. Additional offsets from reducing State funding requirements for other State-funded programs—resulting from applying enhanced FMAP funding to previously 100% State-funded services, while maintaining service levels

Offsets to State's General Fund (GF) Generated from Medicaid Expansion

- **Over SFY 2016 – SFY 2019, \$71.6 million in savings** fully offset \$58.4 million in State GF spending
 - Direct Medicaid program offsets total **\$18.6 million** through SFY 2019 for enhanced FMAP for certain women during pregnancy and Breast and Cervical Cancer Program patients
 - Other State program offsets total **\$52.9 million** through SFY 2019 for enhanced FMAP for programs that were previously solely funded by the State

Table 2: Federal and State Funding of Total Expenditures for Alaska Medicaid Expansion Population & Offsets to State Funding; SFYs 2016-2019 ("(")" indicates offsets to State of Alaska General Fund (GF))					
	SFY 2016	SFY 2017	SFY 2018	SFY 2019 (full- year projection)	All Years
Total Expenditures					
Federal Funding	\$189,807,222	\$363,010,692	\$393,077,441	\$451,844,507	\$1,397,739,862
Direct State Funding	\$1,801,544	\$11,014,513	\$19,632,377	\$25,951,849	\$58,400,283
Offsets to Direct State Funding					
A. Medicaid Program Offsets	(\$3,122,592)	(\$5,250,380)	(\$5,091,253)	(\$5,181,382)	(\$18,645,608)
B. Other State Program Offsets	(\$7,819,500)	(\$15,428,900)	(\$16,847,100)	(\$12,856,467)	(\$52,951,967)
Total Offsets	(\$10,942,092)	(\$20,679,280)	(\$21,938,353)	(\$18,037,849)	(\$71,597,574)
Net Offsets/Costs to State GF	(\$9,140,548)	(\$9,664,767)	(\$2,305,976)	\$7,914,000	(\$13,197,291)

- Figures for SFY 2019 incorporate actual expenditures through November 2018 and projected expenditures and offsets for remainder of year

(A) Applying Enhanced FMAP to Pre-Expansion Coverage Groups

- For women who enroll in the Medicaid expansion and subsequently become pregnant, the pregnancy (plus 60 days of postpartum care) is reimbursed at the enhanced FMAP rate rather than the standard FMAP rate (50%)
- Persons previously eligible for the Breast and Cervical Cancer Program (BCCP) are able to transition to full Medicaid coverage under the Medicaid expansion, which is reimbursed at the enhanced FMAP rate, rather than the (enhanced) CHIP rate

Table 3: Estimated Offsets to State of Alaska Medicaid Expansion Funding, SFY 2016 - SFY 2019

("(")" indicates offsets to State of Alaska general fund (GF))

Medicaid Program Offsets	SFY 2016	SFY 2017	SFY 2018	SFY 2019 (full-year projection)	All Years
A. Pre-Medicaid expansion populations newly subject to enhanced FMAP rate					
Certain pregnant women	(2,654,256)	(4,842,418)	(4,742,424)	(4,846,200)	(17,085,298)
Breast and Cervical Cancer Program patients	(468,336)	(407,962)	(348,830)	(335,182)	(1,560,310)
Total Annual Budgetary Offsets	(3,122,592)	(5,250,380)	(5,091,253)	(5,181,382)	(18,645,608)

(B) Applying Enhanced FMAP Funding to Previously 100% State-Funded Services

- While maintaining service levels, the State was able to replace State funding with federal Medicaid revenues funded at the enhanced FMAP rate
- In some cases, overall volume of health services increased as federal funds increased with the level of need for Medicaid program enrollees

Table 4: Estimated Offsets to State of Alaska Medicaid Expansion Funding (Budgetary Savings), SFY 2016 - SFY 2019

("(")" indicates offsets to State of Alaska general fund (GF))

Additional Budgetary Offsets	SFY 2016	SFY 2017	SFY 2018	SFY 2019	All Years
B. Other State Program Offsets (90% FMAP for previously 100% state-funded health services)					
Behavioral health services/grants	(\$1,000,000)	(\$6,800,000)	(\$9,779,600)	(\$4,993,700)	(\$22,573,300)
Chronic & Acute Medical Assistance (CAMA) program	(\$992,100)	(\$1,388,600)	(\$1,446,900)	(\$1,400,000)	(\$5,227,600)
Immunizations	(\$500,000)	(\$1,000,000)	(\$1,100,000)	(\$1,100,000)	(\$3,700,000)
Department of Corrections	(\$5,327,400)	(\$6,240,300)	(\$4,520,600)	(\$5,362,767)	(\$21,451,067)
Total Annual Budgetary Offsets	(\$7,819,500)	(\$15,428,900)	(\$16,847,100)	(\$12,856,467)	(\$52,951,967)

SFY 2020 Projections for Medicaid Expansion Continue to Identify Significant Spending Offsets

- \$465.4 million in federal revenues is projected to be received in SFY 2020 to fund comprehensive health care services for 47,800 Medicaid expansion enrollees
- Direct State spending on Medicaid expansion projected to total \$34 million in SFY 2020, with \$23.9 million in projected Medicaid and other State program offsets, covering all but \$10 million of the direct State spending

Table 5: Federal and State Funding of Total Expenditures for Alaska Medicaid Expansion Population & Offsets to State Funding; SFYs 2016-2020

("(")" indicates offsets to State of Alaska General Fund (GF))

	SFY 2016	SFY 2017	SFY 2018	SFY 2019 (full-year projection)	SFY 2020 (projection)	All Years
Total Expenditures						
Federal Funding	\$189,807,222	\$363,010,692	\$393,077,441	\$451,844,507	\$465,443,972	\$1,863,183,834
Direct State Funding	\$1,801,544	\$11,014,513	\$19,632,377	\$25,951,849	\$34,031,916	\$92,432,199
Offsets to Direct State Funding						
A. Medicaid Program Offsets	(\$3,122,592)	(\$5,250,380)	(\$5,091,253)	(\$5,181,382)	(\$5,663,788)	(\$24,309,395)
B. Other State Program Offsets	(\$7,819,500)	(\$15,428,900)	(\$16,847,100)	(\$12,856,467)	(\$18,241,767)	(\$71,193,733)
Total Offsets	(\$10,942,092)	(\$20,679,280)	(\$21,938,353)	(\$18,037,849)	(\$23,905,554)	(\$95,503,129)
Net Offsets/Costs to State GF	(\$9,140,548)	(\$9,664,767)	(\$2,305,976)	\$7,914,000	\$10,126,362	(\$3,070,929)

- In SFY 2020, State's investment in Medicaid expansion will generate \$14 in federal funds for every \$1 invested by the State, with an even greater return (\$46 per \$1 invested) if measured against net State spending

Potential for Additional Offsets Is Substantial

- Five additional areas have been identified as potential offsets to State of Alaska General Fund spending on the Medicaid expansion population
- Significant aggregate, and ongoing, savings are possible from these five areas
- Additional efforts to quantify these savings would serve to better inform policymakers

**Table 6. Potential Additional Offsets to State of Alaska Medicaid Expansion Funding,
SFY 2016 - SFY 2020**

C. Potential Additional Offsets	SFY 2016	SFY 2017	SFY 2018	SFY 2019	SFY 2020
Medicaid enrollment of state employees	-Not quantified-				
Adult Public Assistance/Disability Coverage	-Not quantified-				
Corporate income tax revenues	-Not quantified-				
Reduction in Marketplace premiums: reduced uncompensated care	-Not quantified-				
Reduction in State employee costs: reduced uncompensated care	-Not quantified-				

THOs Have Expanded Service Capacity and Provide Greater Share of Services to AN/AIs

- Supported by substantial increases in revenues from the Medicaid expansion, THOs expanded service capacity, generating substantial—and real—savings to the State
- A greater percentage of health services accessed by (non-expansion) AN/AI Medicaid enrollees are now provided by THOs, resulting in additional 100% federal (FMAP) contributions—lessening the need for State matching funds
- For the non-Medicaid expansion population, total share of health service expenditures for services provided to AN/AIs by THOs has increased from **17.4%** in SFY 2015 to **20.2%** in SFY 2017

Savings to State General Fund from Expanded THO Service Capacity

- The expanded THO capacity is generating tens of millions in new federal funding and has resulted in a \$20.8 million reduction in State spending *for the non-Medicaid expansion population* in SFY 2018 alone
 - Investment by the State in the ANMC-campus housing is subtracted from the net savings to the State (to eliminate double counting)
 - Savings calculations do not include the additional savings resulting from the recent change in federal “provided through” policy whereby 100% FMAP applies when an AN/AI patient is referred and care is coordinated by a THO provider with a non-THO provider
- These THO-generated savings to the State are in addition to offsets identified in prior slides

Table 7: Actual and Estimated State of Alaska Spending on Medicaid Expansion (with Offsets): SFYs 2016 - 2020

(Dollars in millions; "()" indicates offsets to State of Alaska General Fund (GF))

	SFY 2016	SFY 2017	SFY 2018	SFY 2019 (full-year projected)	Totals (SFY 2016-SFY 2019)	Projected SFY 2020
ENROLLMENT (at end of SFY)¹						
Alaska Native	7,844	12,894	15,686	16,156	--	--
Non-Alaska Native	14,550	23,918	29,095	29,968	--	--
TOTAL	22,394	36,812	44,781	46,124	--	--
EXPENDITURES						
Health Services Expenditures						
Federal Share	\$187.9	\$359.2	\$388.9	\$447.0	\$1,382.9	\$460.35
State Share	\$0.0	\$7.5	\$15.8	\$21.5	\$44.7	\$29.34
Subtotal	\$187.9	\$366.7	\$404.6	\$468.4	\$1,427.6	\$490
Administrative Expenditures						
Federal Share	\$2.0	\$3.8	\$4.2	\$4.9	\$14.9	\$5.1
State Share	\$1.8	\$3.5	\$3.9	\$4.5	\$13.7	\$4.7
Subtotal	\$3.8	\$7.3	\$8.1	\$9.4	\$28.6	\$9.8
Total Expenditures (health services and administrative)						
Federal Share	\$189.8	\$363.0	\$393.1	\$451.8	\$1,397.7	\$465.4
State Share	\$1.8	\$11.0	\$19.6	\$26.0	\$58.4	\$34.0
TOTAL	\$191.6	\$374.0	\$412.7	\$477.8	\$1,456.1	\$499.5
OFFSETS TO STATE GENERAL FUND						
A. Medicaid Program Offsets (increase from 50% to 90% FMAP for health services)						
Coverage of women during pregnancy	(2.7)	(4.8)	(4.7)	(4.8)	(17.1)	(4.8)
Breast and cervical cancer patients	(0.5)	(0.4)	(0.3)	(0.3)	(1.6)	(0.8)
Subtotal	(3.1)	(5.3)	(5.1)	(5.2)	(18.6)	(5.7)
B. Other State Program Offsets (90% FMAP for previously 100% state-funded health services)						
Behavioral health services/grants	(\$1.0)	(\$6.8)	(\$9.8)	(\$5.0)	(\$23)	(\$10.4)
Chronic & Acute Medical Assistance (CAMA) Program	(\$1.0)	(\$1.4)	(\$1.4)	(\$1.4)	(\$5.2)	(\$1.4)
Immunizations	(\$0.5)	(\$1.0)	(\$1.1)	(\$1.1)	(\$3.7)	(\$1.1)
Department of Corrections	(\$5.3)	(\$6.2)	(\$4.5)	(\$5.4)	(\$21.5)	(\$5.4)
Subtotal	(\$7.8)	(\$15.4)	(\$16.8)	(\$12.9)	(\$53.0)	(\$18.2)
Total Offsets/Costs to State GF	(\$10.9)	(\$20.7)	(\$21.9)	(\$18.0)	(\$71.6)	(\$23.9)
Net Impact on State GF	(\$9.1)	(\$9.7)	(\$2.3)	\$7.9	(\$13.2)	\$10.1
Cumulative Net Impact on State GF	(\$9.1)	(\$18.8)	(\$21.1)	(\$13.2)	--	(\$3.1)