

MEDICAID EXPANSION IN ALASKA HAS PROVEN GOOD FOR ALASKANS AND GOOD FOR ALASKA'S ECONOMY

September 2015 – November 2018
(and projected spending and program offsets through SFY 2020)

Key Findings

- The Patient Protection and Affordable Care Act provided states with the ability, beginning in 2014, to expand their Medicaid programs to cover all residents with a household income at or less than 138% of the federal poverty level (FPL), with the federal government covering 90% of health service expenditures beginning in 2020, and an even higher percentage in the initial years.
- Alaska implemented the Medicaid expansion in September 2015 and has provided almost \$1.15 billion (through November 2018) in health services to enrollees.
- The State succeeded in enrolling 46,124 State residents—including 16,000+ Alaska Natives and American Indians (AN/AIs)—as of November 2018, driving down the uninsured rate by 4.9 percentage points (from 17.5% to 12.6%) among all residents and by 8.8 percentage points among AN/AIs (from 35.1% to 26.3%).
- The federal government has borne 96.4% of the health services and administrative costs (providing \$1.13 billion), while the State's investment in direct funding has totaled just \$42.3 million (3.6%).
- Alaska has generated \$27 in federal funds for each \$1 in direct funding invested by the State.
- The \$1.13 billion in federal funding generated to date has fueled more than \$2 billion in increased economic activity in Alaska—strengthening all regions of the State—including thousands of job gains and millions of dollars in expanded earnings for Alaska residents.
- The State's overall direct spending on the Medicaid expansion population to date has been fully offset by two categories of offsets to State spending: (1) offsets to State spending on Medicaid by making some pre-Medicaid expansion populations subject to the enhanced federal medical assistance percentage ("FMAP"), and (2) offsets to State spending by extending the enhanced FMAP to previously solely State-funded health services.
- Although estimated net State spending will be \$10.1 million in SFY 2020, Medicaid expansion will still provide *cumulative* net savings to the State since inception after factoring in Medicaid program offsets and direct offsets to other State programs.
- Additional offsets accrued to the State as a result of Tribal health organizations (THOs)—supported by the substantial increase in Medicaid revenues from the expansion—expanding service capacity, resulting in a greater percentage of health services accessed by AN/AIs Medicaid enrollees being provided by THOs; this development 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.
- The nearly \$500 million in annual federal funding going forward will continue to enable access to comprehensive health services for more than 47,000 Alaska citizens and support thousands of permanent Alaska-based jobs.
- If the State of Alaska were to decide to terminate the Medicaid expansion program, (1) the health insurance coverage gains would be lost; (2) billions in additional federal revenues—and the positive impact on the State economy—would be foregone; and (3) the State would experience substantial increases in non-Medicaid expansion General Fund spending requirements in order to maintain pre-expansion service levels.

Table 1: 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)

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