

Estimated Medicaid-related impact of the ACA with expansion
7/27/2012

Assumptions

	No. of persons	Cost PMPM	Projected new spending (annual; AF)	Notes and sources
New eligibles				
New eligibles (Medicaid-only: no job-based coverage)	208,000	\$ 325	811,200,000	Sources for per-person costs: Urban Institute 2011 estimates, ARHealthNetworks 2011 experience
New eligibles (Medicaid and job-based coverage)	7,000	\$ 195	16,380,000	Approximately 3% of new eligibles are assumed to be bought-in to their employer plan
Woodwork increase in participation				
Adults	25,000	\$ 250	75,000,000	Assumes current enrollees are in greater need of services and are more costly
Children	10,000	\$ 75	9,000,000	Comparable to Urban Institute's estimate of woodwork costs
Total, newly covered lives in Medicaid	250,000	-		Compares to Urban Institute March 2011 est. of increase of 219,000
Standard state share (1-FMAP)	30%			
Enhanced FMAP for expansion (applies on calendar year basis)	100%	100%	100%	95%
Standard admin cost per claim	\$ 0.40			94%
Standard admin match rate	55%			93%
Economic multiplier on new federal spending	1.00			90%
State tax rate applied to all new federal spending	4.0%			90%
Current State spending on Medicaid transition populations	(60,000,000)		300,000,000	Includes transitioning Medicaid populations such as ARHealthNetworks, the Medically Needy (spenddown) population as well as the enhanced ARKids B match rate increase to 100% in FFY 2015. First number reflects current state share of spending that is saved; second number reflects total costs of these individuals under the expansion (state share varies by year).
Current State spending on the uninsured	(90,000,000)			Includes state payments to hospitals, clinics, and others currently used to provide services to the uninsured
<i>Percentage of state spending on uninsured claimed as offset</i>	33%	40%	45%	50%
				55%
				60%
				66%
				66%

Costs (savings) in Each Year With Reform (by state fiscal year; expressed in constant 2012 \$)

	2014*		2015		2016		2017		2018		2019		2020		2021	
	AF	SF	AF	SF	AF	SF	AF	SF	AF	SF	AF	SF	AF	SF	AF	SF
Federal Reforms																
Medicaid Expansion																
New eligibles (Medicaid-only: no job-based coverage)	405,600,000	-	811,200,000	-	811,200,000	-	811,200,000	20,280,000	811,200,000	44,616,000	811,200,000	52,728,000	811,200,000	68,952,000	811,200,000	81,120,000
New eligibles (Medicaid and job-based coverage)	8,190,000	-	16,380,000	-	16,380,000	-	16,380,000	409,500	16,380,000	900,900	16,380,000	1,064,700	16,380,000	1,392,300	16,380,000	1,638,000
Transitioned eligibles (current Medicaid)	150,000,000	-	300,000,000	-	300,000,000	-	300,000,000	7,500,000	300,000,000	16,500,000	300,000,000	19,500,000	300,000,000	25,500,000	300,000,000	30,000,000
Woodwork -- existing eligibles																
Adults	37,500,000	11,250,000	75,000,000	22,500,000	75,000,000	22,500,000	75,000,000	22,500,000	75,000,000	22,500,000	75,000,000	22,500,000	75,000,000	22,500,000	75,000,000	22,500,000
Children	4,500,000	1,350,000	9,000,000	2,700,000	9,000,000	2,700,000	9,000,000	2,700,000	9,000,000	2,700,000	9,000,000	2,700,000	9,000,000	2,700,000	9,000,000	2,700,000
Additional Medicaid operational costs																
Standard claims processing	3,461,538	1,557,692	6,923,077	6,923,077	6,923,077	6,923,077	6,923,077	6,923,077	6,923,077	6,923,077	6,923,077	6,923,077	6,923,077	6,923,077	6,923,077	6,923,077
Additional provider and customer support, oversight and engagement, and eligibility processing	5,062,500	2,278,125	10,125,000	10,125,000	10,125,000	10,125,000	10,125,000	10,125,000	10,125,000	10,125,000	10,125,000	10,125,000	10,125,000	10,125,000	10,125,000	10,125,000
Additional state tax revenue		(17,915,129)		(35,455,200)		(35,455,200)		(34,627,620)		(33,634,524)		(33,303,492)		(32,641,428)		(32,144,880)
Offset savings for Medicaid transition populations		(22,500,000)		(60,000,000)		(60,000,000)		(60,000,000)		(60,000,000)		(60,000,000)		(60,000,000)		(60,000,000)
Offset savings for state spending on uninsured		(14,850,000)		(36,000,000)		(40,500,000)		(45,000,000)		(49,500,000)		(54,000,000)		(59,400,000)		(59,400,000)
Total net cost (savings)	614,314,038	(38,829,312)	1,228,628,077	(89,207,123)	1,228,628,077	(93,707,123)	1,228,628,077	(69,190,043)	1,228,628,077	(38,869,547)	1,228,628,077	(31,762,715)	1,228,628,077	(13,949,051)	1,228,628,077	3,461,197

SUMMARY OF COSTS (SAVINGS) TO STATE GENERAL REVENUE

Multi-year totals	
FY 2014-2015	(128,036,435)
FY 2014-2021	(372,053,717)
FY 2014-2025	(361,670,126)

*All spending and savings totals in FY 2014 have been adjusted to reflect mid-year (January) implementation of the expansion