Medicaid Tomorrow

The Implications of Federal Policy Developments

University of New Hampshire
Institute for Health Policy and Practice
Medicaid Symposium

May 31, 2017

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Agenda

- New Hampshire Medicaid Today
- The American Health Care Act
- Implications for New Hampshire
- Discussion

New Hampshire Medicaid Today

Current New Hampshire Eligibility Levels

KEY FACTS

- 188,000 Medicaid enrollees (March 2016)
- $1.98 B Total Spending (FY16)
  - $0.79B State Spending
  - $1.2B Federal Spending
- 50% regular and 100% expansion Federal Match Rate (FMAP) (FY16)

NH Medicaid Covers People with Diverse Health Care and Long Term Care Needs: NH Eligibility Groups

- Children
- Pregnant Women
- Parents
- Other Adults
- People with Disabilities (children/adults)
- Seniors (age 65+)
- Medicare beneficiaries
- Family Planning
- Breast and Cervical Cancer

Sources: *NH Medicaid Enrollment Demographic Trends and Geography, April 5, 2017, Enrollment as of 3/31/16, available at: https://www.dhhs.nh.gov/ombp/medicaid/documents/medicaid-enrollment-03312017.pdf; Kaiser Family Foundation, Federal and State Share of Medicaid Spending, FMAP and *Non-administrative Medicaid spending for FY16, available at: http://kff.org/state-category/medicaid-chip/medicaid-spending/;* Office of Medicaid Services, Agency 47 – Activity 4700, Presentation for the Senate Finance Committee, May 1, 2017, accessed at: https://www.dhhs.nh.gov/ocom/documents/senate-finance-oms-05012017.pdf

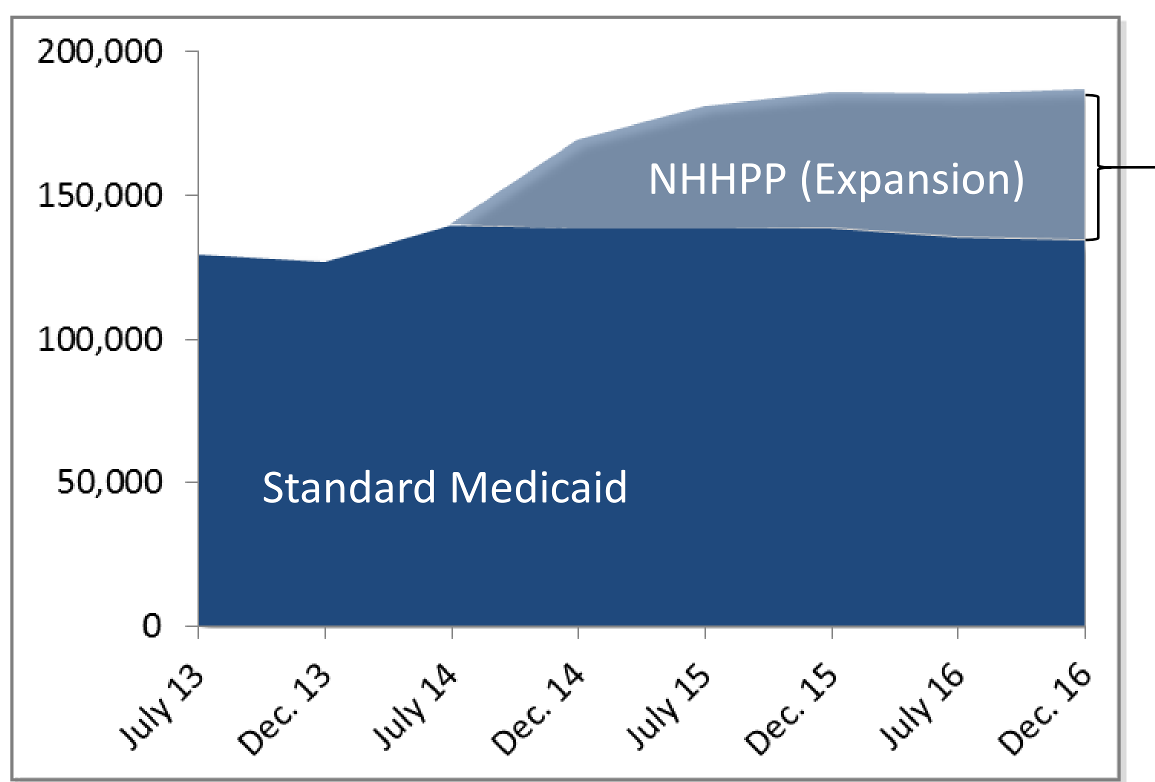
New Hampshire's Medicaid Financing Structure Today

New Hampshire receives federal funding for all allowable program costs

- Federal dollars are guaranteed as match to state benefits spending that is consistent with federal Medicaid law, rules and the terms and conditions of any state waivers
  - New Hampshire received $1.2 billion in federal Medicaid funds in FY 2016, a "match" to a $790 million in state non-administrative spending
  - New Hampshire's "regular" FMAP was 50% in FY 2016 (i.e. on average, for each dollar that New Hampshire spent, the federal government provided another in federal match)
  - For the expansion adults, the FMAP was 100% in 2016 and 95% in 2017; under law it declines to 90% by 2020 where it stays (absent a change in law)
- Medicaid services provided through three delivery systems: Fee-for-Service; Medicaid Managed Care (MMC); and Premium Assistance & NH Health Protection Program (NHHPP)
  - Implementation of statewide Medicaid Care Management and the expansion of coverage under NHHPP are core to New Hampshire's proposed 1115 Waiver health system reform efforts

Sources: *Kaiser Family Foundation, Federal and State Share of Medicaid Spending, FMAP and *Non-administrative Medicaid spending for FY16, available at: http://kff.org/state-category/medicaid-chip/medicaid-spending/*; NH Waiver, available at: https://www.dhhs.nh.gov/section-1115-waiver/approved-docs.htm

New Hampshire Medicaid Enrollment Trends



New Hampshire Health Protection Program (NHHPP)

+52,000 Members

CY15/16: 100% FMAP
CY17: 95% FMAP
CY18: 94% FMAP

Sources: *NH DHHS, Medicaid Enrollment Data, April 2017 Report, accessed at: https://www.dhhs.nh.gov/ombp/medicaid/enrollment-data.htm ; "The Medicaid Expansion in New Hampshire", NH House of Representatives presentation (10/8/13), Expansion FMAPs, accessed at: http://nhfpi.org/wp-content/uploads/2013/11/Fournier-Medicaid-Expansion-Presentation-to-New-Hampshire-House-October-8-2013.pdf; "Hassan Signs NH's Expanded Medicaid Program Into Law Until 2018," NHPR.org, April 5, 2016, accessed at: http://nhpr.org/post/hassan-signs-nhs-expanded-medicaid-program-law-until-2018#stream/0*

New Hampshire ACA Expansion Effects

NH Hospitals and Municipalities Reported Positive Cost Effects from Newly Insured

Patient Utilization	Oct 2013 - Sep 2014	Oct 2014 - Sept 2015	% Change
Inpatient Admissions			
Total	112,209	115,499	2.93%
Uninsured	5,458	3,342	-38.78%
Emergency Visits			
Total	435,377	457,263	5.03%
Uninsured	75,075	52,305	-30.33%
Outpatient Hospital Services*			
Total	3,895,064	3,916,900	0.56%
Uninsured	201,419	143,341	-28.83%

* Outpatient services include labs, imaging, observations, etc. Excludes Emergency Department and professional services.

Source: NHPR.org via the New Hampshire Hospital Association

- Hospitals reported uninsured ER visits declined 30% between FFY14 and FFY15
- Municipalities reported "quantifiable" declines in prescription drug costs (in NH cities and town are required to provide "general assistance" to those who cannot provide it for themselves)
- 6,000 NHHPP enrollees received substance abuse treatment (e.g. opioid treatment) in program's first 13 months

Sources: *"At Local Welfare Offices, Medicaid Expansion Spurs Small But Significant Savings", NHPR, March 2016, accessed at: http://nhpr.org/post/local-welfare-offices-medicaid-expansion-spurs-small-significant-savings#stream/0; "N.H.'s Medicaid Expansion: Where It Stands, and Where It Could Be Heading" NHPR, January 2016, accessed at: http://nhpr.org/post/nhs-medicaid-expansion-where-it-stands-and-where-it-could-be-heading#stream/0*

Medicaid's Role in the New Hampshire Budget

Medicaid and Other Spending as a Share of All *State Fund* Spending in NH (SFY 2015)

Sources of *Federal Funds* in NH's Budget (SFY 2015)

	Medicaid	Non-Medicaid
Share of All State Fund Spending in NH (SFY 2015)	19%	80%
Sources of Federal Funds in NH's Budget (SFY 2015)	48%	52%

* Percentages may not sum due to rounding

Sources: Manatt analysis of National Association of State Budget Officers (NASBO) State Expenditure Report, 2014-2016, as included in the Robert Wood Johnson Foundation, "Data Points to Consider When Assessing Proposals to Cap Federal Medicaid Funding: A Toolkit for States", available at: http://www.statenetwork.org/resource/data-points-to-consider-when-assessing-proposals-to-cap-federal-medicaid-funding-a-toolkit-for-states/

The American Health Care Act

Key Medicaid Provisions of American Health Care Act

<table>
<tr><td>Medicaid Financing</td><td>

Aggregate cap on federal Medicaid funding starting FY 2020

Built from per capita caps on spending in five categories: aged, blind and disabled, children, expansion adults, and non-disabled/non-elderly adults
Uses FFY 2016 as base year to establish a target spending amount for FY 2019
DSH payments excluded under cap; UPL and waiver payments included under cap

The AHCA proposes to establish and grow base year spending by:

Establishing a per capita cap for each eligibility group based on state historical spending in FY16 trended forward to FY19, and actual FY19 spending and enrollment
Using growth in medical CPI + 1 percentage point as a trend factor for aged, blind and disabled after FY19; using growth in medical CPI as trend factor for children and adults

If state spending exceeds cap, state would re-pay excess expenditures to the federal government the following year
State block grant option for children and certain adults; lower trend rate (CPI) and higher FMAP

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<tr><td>Medicaid Expansion</td><td>

Maintains legal authority for Medicaid expansion, but <u>eliminates enhanced federal funding effective CY 2020 for all but grandfathered enrollees</u> (if they maintain continuous coverage after Dec. 31, 2019)
Terminates EHB requirement for expansion adult coverage
$2 billion per year in supplemental funds annually for non-expansion states available FY 2018-2022 for payments to Medicaid providers

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<tr><td>DSH</td><td>

ACA DSH cuts repealed beginning in FY 2020
Non-expansion states exempt from cuts beginning in FY 2018

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Note: FY refers to Federal Fiscal Year

Medicaid's Financing Structure: Current v Proposed

	Current	Block Grants	Per Capita Cap
Federal Funding	Open ended	Aggregate cap	Per enrollee cap (by eligibility group)
Risk	Federal government and state share enrollment and spending risk	States bear risk of both higher enrollment and health care costs	States bears spending risk of higher health care costs
Trend Rates	Determined by health care costs in the state and individual state spending decisions	National trend rate	National trend rate
Ability to Accommodate Medical Advances or Public Health Crises	Federal payments automatically responsive	Federal payments not responsive	Federal payments not responsive
Spending Outside of Cap	N/A	Unknown/TBD	Unknown/TBD
State Flexibility	State flexibility subject to federal minimum standards; Section 1115 waivers provide additional flexibility	Increased flexibility, but some minimal standards and accountability	Increased flexibility, but some minimal standards and accountability

Implications for New Hampshire

Key Considerations for Capped Funding

Base Funding

- State historical costs
- Base year

State Share

- State Match Requirements
- Enhanced Federal Match
- IGTs & Provider Tax Restrictions

Trend Rates

- National Benchmark Selection
- Other adjusters?

Supplemental Payments & Waivers

- Included in the base?
- Counted under the cap?

Flexibility?

New Hampshire Medicaid Base Rate Spending

State Ranking of Medicaid Spending per Full Benefit Enrollee, FY 2011

#	Total	Aged	Adults*	Children	Disabilities
U.S.	$6,502	$17,522	$4,141	$2,492	$18,518
1	MA ($11,091)	WY ($32,199)	NM ($6,928)	VT ($5,214)	NY ($33,808)
2	NY ($10,307)	ND ($31,155)	MT ($6,539)	AK ($4,682)	CT ($31,004)
3	RI ($9,541)	CT ($30,560)	AK ($6,471)	NM ($4,550)	AK ($28,790)
4	AK ($9,481)	NY ($28,336)	AZ ($6,460)	RI ($4,290)	ND ($28,692)
5	DC ($9,083)	DE ($27,666)	VT ($6,062)	MA ($4,173)	DC ($28,604)
6	ND ($8,645)	OH ($27,494)	RI ($5,778)	MN ($3,461)	MN ($26,890)
7	PA ($8,508)	DC ($27,336)	OR ($5,631)	**NH ($3,241)**	WY ($25,346)
8	CT ($8,122)	MA ($27,205)	DE ($5,430)	PA ($3,194)	MD ($23,798)
9	MN ($8,057)	**NH ($26,794)**	MD ($5,385)	CT ($3,158)	DE ($22,972)
10	VT ($7,951)	MT ($26,704)	NY ($5,339)	AZ ($3,052)	AZ ($22,040)
11	MD ($7,878)	MN ($25,030)	KY ($5,055)	TX ($3,010)	OH ($21,892)
12	**NH ($7,705)**	AK ($24,288)	ID ($4,878)	MO ($2,978)	ID ($21,781)
13	MT ($7,573)	OR ($24,253)	TN ($4,852)	DE ($2,942)	**NH ($21,545)**
14	NJ ($7,546)	MD ($23,491)	VA ($4,781)	MT ($2,919)	RI ($21,417)
(…)					
37	TN ($5,607)	ID ($15,558)	KS ($3,762)	WA ($2,111)	WA ($16,208)
38	IN ($5,600)	LA ($15,491)	**NH ($3,662)**	OH ($2,110)	NV ($15,706)
39	LA ($5,567)	NE ($14,997)	ND ($3,652)	OR ($2,085)	MI ($15,109)
(…)					
50	GA ($4,245)	NC ($10,518)	ME ($2,194)	FL ($1,707)	GA ($10,639)
51	NV ($4,010)	NM (N/A)	IA ($2,056)	WI ($1,656)	AL ($10,142)

* Includes low-income parents and pregnant women.

Considerations

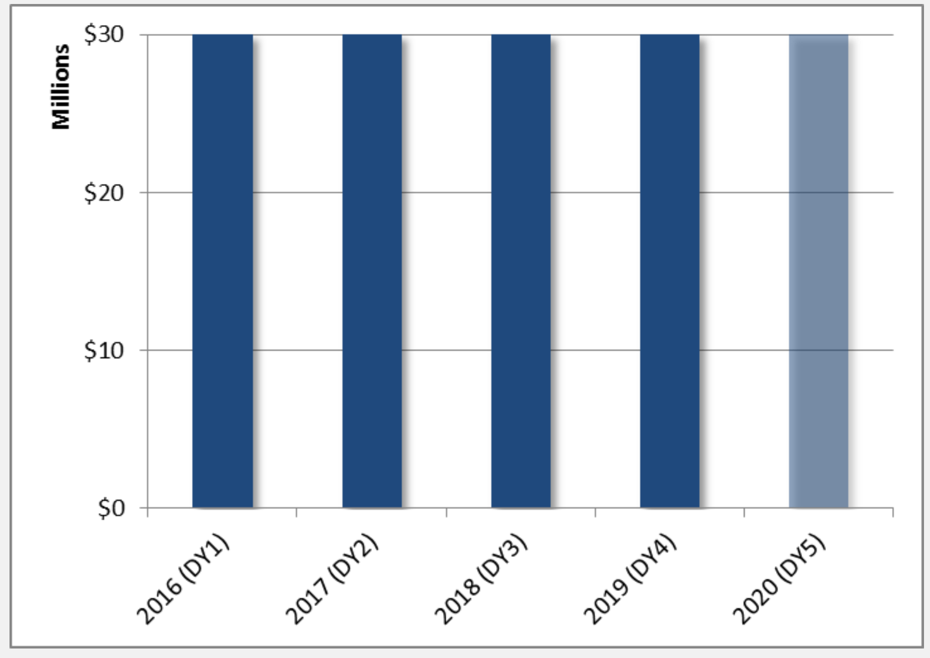
- In 2011, New Hampshire's spending per enrollee was 12th overall, though spending per enrollee varied by eligibility category
- New Hampshire spent more than most states on the Aged, Children, and Disabled
- New Hampshire spent less than most states on Adults

Risks

- Capped funding sets payments based on historic spending
- No adjustment for costs above trend rates: e.g., provider rates, wage increases, new therapies, drug costs

Source: Manatt analysis of Kaiser Family Foundation, *Medicaid Spending per Full-Benefit Enrollee*, as included in the Robert Wood Johnson Foundation, "Data Points to Consider When Assessing Proposals to Cap Federal Medicaid Funding: A Toolkit for States", available at: http://www.statenetwork.org/resource/data-points-to-consider-when-assessing-proposals-to-cap-federal-medicaid-funding-a-toolkit-for-states/ . New Mexico's spending per aged enrollee was not available. Enrollees were identified as having full benefits if for each month they were enrolled in Medicaid they also received full benefits or received Medicaid benefits through an alternative package of benchmark equivalent coverage.

New Hampshire's Supplemental & Waiver Payments

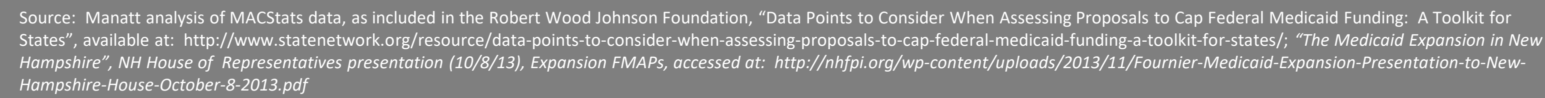


Considerations

- New Hampshire had $115 million in Medicaid supplemental payments in 2015 (6.7% of its Medicaid benefit spending)
  - DSH Payments: $109 Million
  - Non-DSH Payments: $6 Million
- New Hampshire secured a 5-year $150 million DSRIP Waiver in 2016, including the first payment ($19.5 million) in September 2016.

Risks

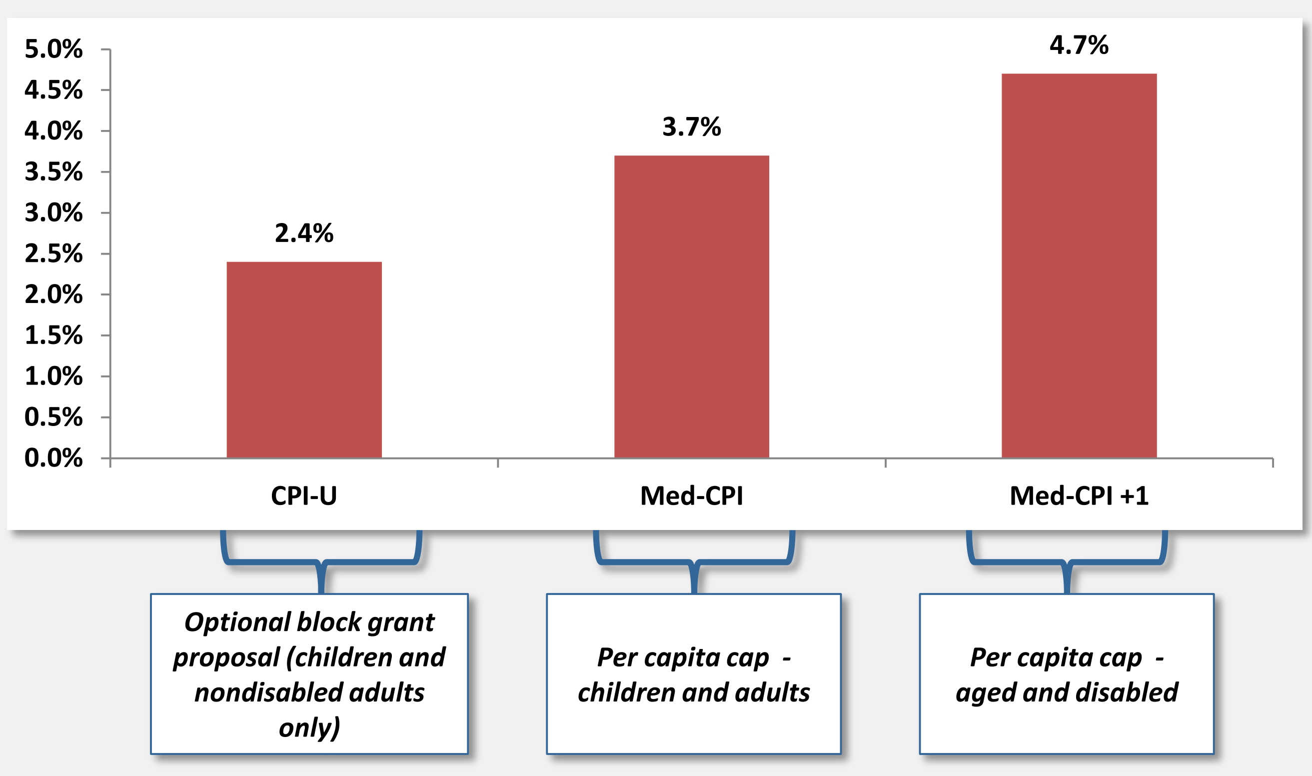
- Only $19.5 million of the DSRIP Waiver funding would be factored into the cap; the $30 million waiver funding in 2020 would compete against other spending when the cap becomes effective


Source: Manatt analysis of MACStats data, as included in the Robert Wood Johnson Foundation, "Data Points to Consider When Assessing Proposals to Cap Federal Medicaid Funding: A Toolkit for States", available at: http://www.statenetwork.org/resource/data-points-to-consider-when-assessing-proposals-to-cap-federal-medicaid-funding-a-toolkit-for-states/; *"The Medicaid Expansion in New Hampshire", NH House of Representatives presentation (10/8/13), Expansion FMAPs, accessed at: http://nhfpi.org/wp-content/uploads/2013/11/Fournier-Medicaid-Expansion-Presentation-to-New-Hampshire-House-October-8-2013.pdf*

AHCA: Capped Funding Trend Rates

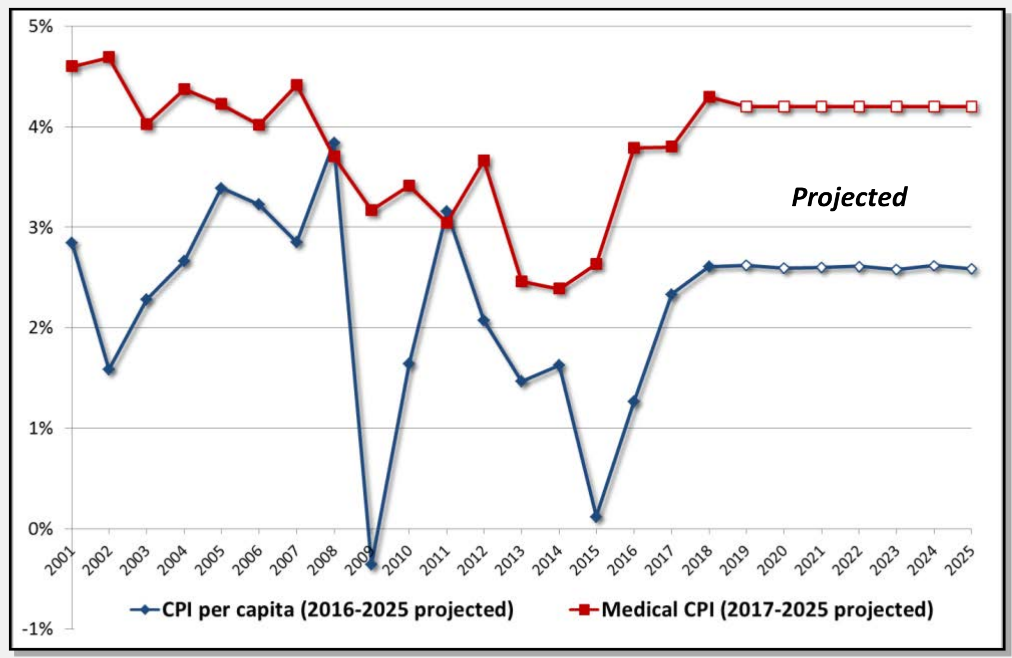
Trend rates limit federal Medicaid spending growth to defined benchmarks not linked to actual costs

AHCA Trend Rate Proposals



The Trend Rate Matters but They are All Unpredictable

Annual Growth in the Consumer Price Index and Medical Consumer Price Index , CY 2000-25



Considerations

- Medical CPI measures how much consumers are spending out-of-pocket on a representative "basket" of medical goods and services over time.

Risks

- As an out-of-pocket spending measure, MCPI is not designed to monitor how much is spent on behalf of Medicaid beneficiaries and does not reflect local price growth variation
- States will not know what MCPI is before the state of the year it applies
- MCPI growth rates vary considerably. From 2008 to 2016, MCPI values varied by as much as 2.3 percentage points within a year; over two percentage points between annual averages.

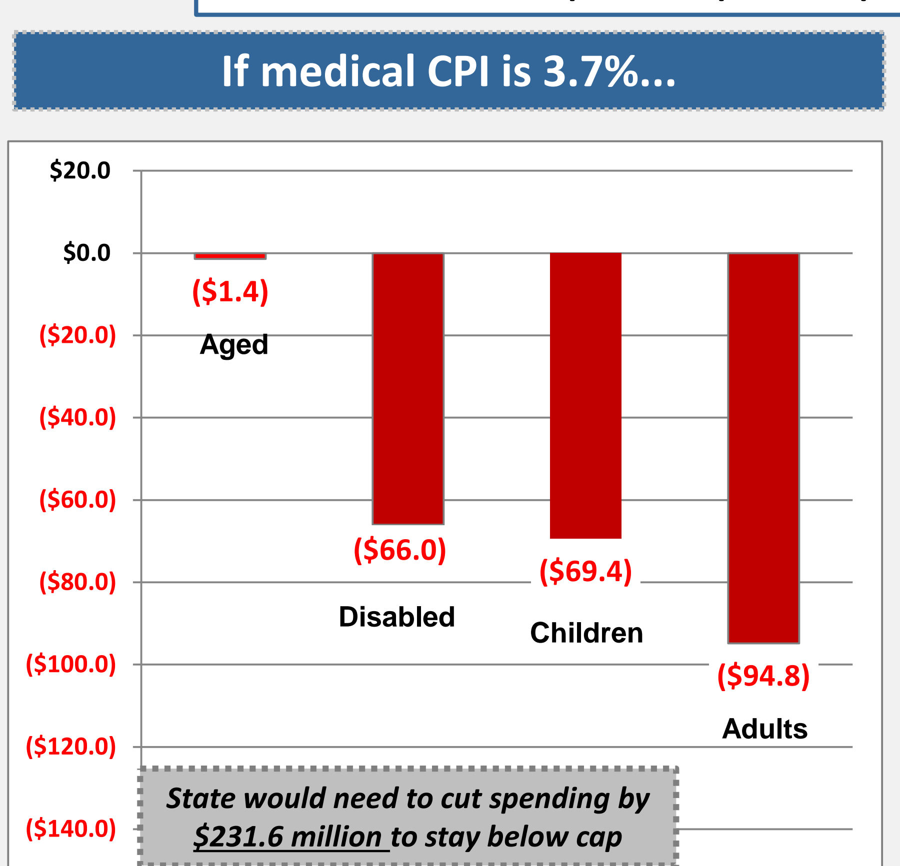
Source: Manatt analysis of Bureau of Labor Statistics, CPI Databases, https://www.bls.gov/cpi/data.htm; HHS, CMS, Office of the Acutary, 2016 Actuarial Report on the Financial Outlook for Medicaid, https://www.medicaid.gov/medicaid/financing-and-reimbursement/downloads/medicaid-actuarial-report-2016.pdf

Potential Impact of PCC Depends on Trend Rate and Actual Costs

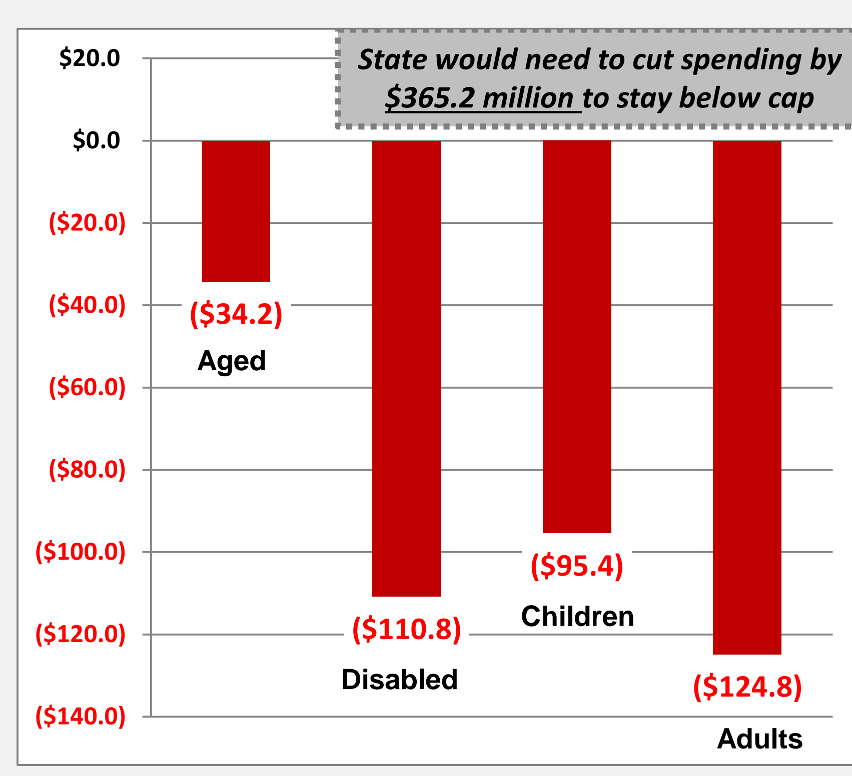
New Hampshire would need to cut spending to stay below its cap, and the size of cuts are highly uncertain.

Contribution to impact of cap with expansion coverage maintained, 2026 (in millions)

If medical CPI is 3.7%...



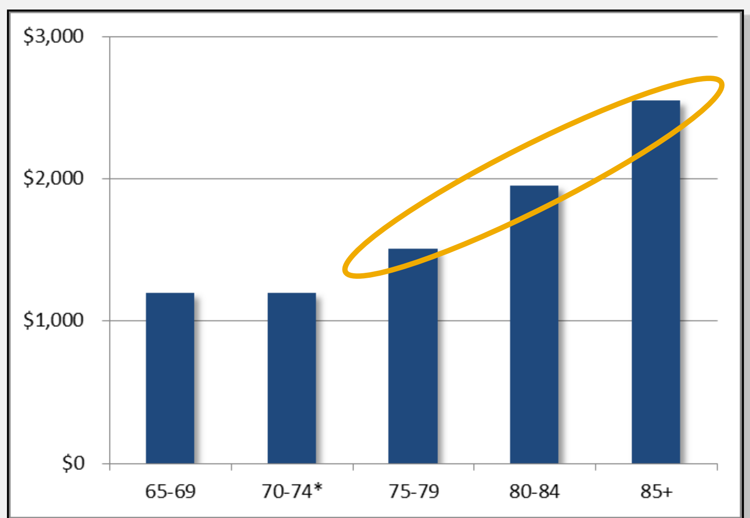
If medical CPI is 3.2%...



Source: Manatt Medicaid model

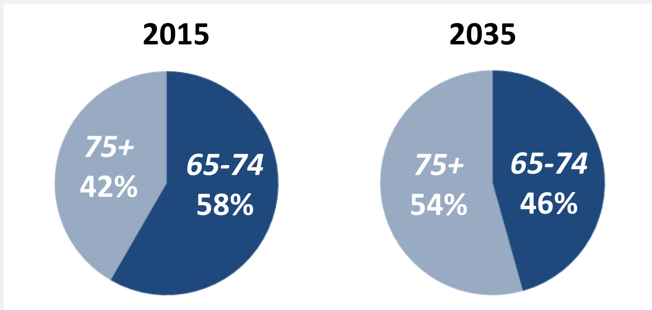
New Hampshire's Aging Demographics Also Put it at Risk

NH Medicaid Expenditures PMPM by Age Group (2010)



Source: "New Hampshire's Silver Tsunami", NH Center for Public Policy, September 2011

NH Population Projections
Distribution of Population Aged 65+



Source: State of New Hampshire, State and County Population Projections, Sept. 2016

Considerations

- New Hampshire Medicaid spending differs among age cohorts among the elderly
- New Hampshire's 65+population is growing and its 75+ population is growing even more steeply
  - Ages 65-74: +54,000 (+42%)
  - Ages 75+: +126,000 (+137%)

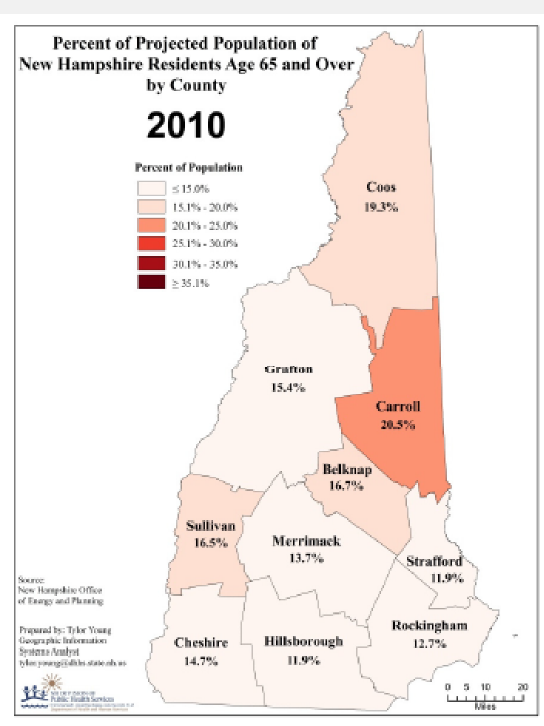
Risks

- With the costs for caring for the aged increasing with age, an "Elderly" cap based on New Hampshire's historic expenditures, will not be reflective of the State's future needs

Source: Census Bureau, Cumulative Estimates of Resident Population Change for the United States, Regions, States, and Puerto Rico, April 1, 2010 to July 1, 2016, available at: https://www2.census.gov/programs-surveys/popest/tables/2010-2016/state/totals/nst-est2016-02.xlsx+&cd=1&hl=en&ct=clnk&gl=us; "New Hampshire's Silver Tsunami", NH Center for Public Policy, Sept. 2011, accessed at: http://www.nhpolicy.org/UploadedFiles/Reports/aging_and_the_healthcare_system_final.pdf

New Hampshire Population Trend Risks

Caps may put counties at risk.

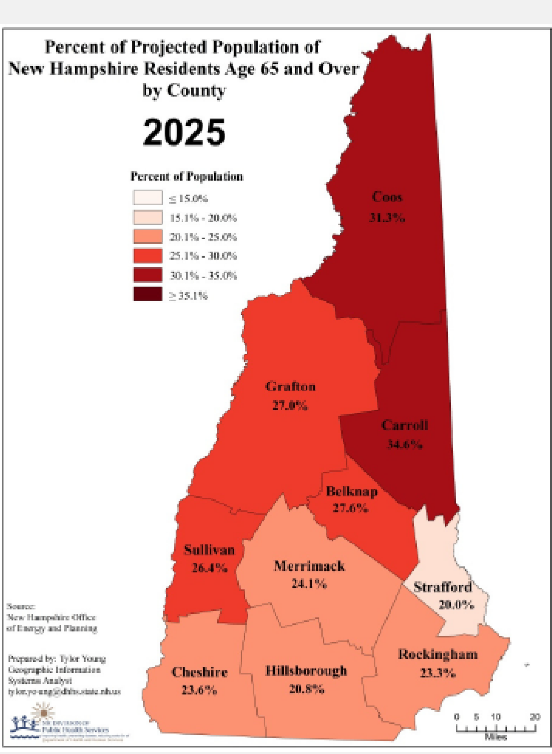


(Additional) Considerations

- Counties are responsible for most of NH Medicaid's nursing home care
- Counties are currently paying for almost half of the non-federal share of Medicaid LTC costs for those in county and private nursing homes
  - Nursing home spending comprised approximately 53% of NH County budgets in CY15*
- Residents in rapidly aging counties may face disproportionate nursing home cost spikes with fewer non-elderly remaining

Risks

- Challenging demographic trends may be further exacerbated by risks brought on by caps and spending pressure under a per capita cap scenario.



Source: New Hampshire Association of Counties, Brochure, accessed at: https://www.nhcounties.org/2016%20Brochure.pdf; * - Some counties reported for FY16; ** Assumes no "offsets " from other categories; "New Hampshire's Silver Tsunami", NH Center for Public Policy, accessed at: http://www.nhpolicy.org/UploadedFiles/Reports/aging_and_the_healthcare_system_final.pdf

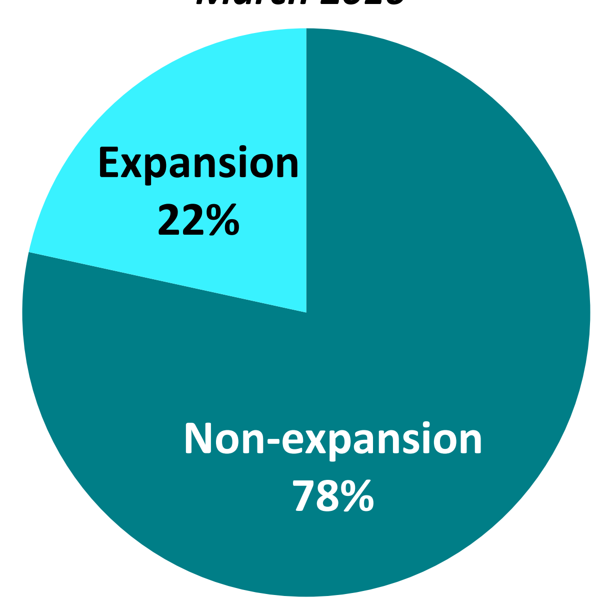
Additional Capped Funding Considerations

- States will be at risk for all costs above the caps; will New Hampshire spend more state dollars without federal match?
  - If not, state spending reductions will add to federal funding reductions
- Cost pressures may cause states to limit enrollment, benefits, and provider rates and create challenges for managing risk and population health
- Reduced funding will increase competition among stakeholders for limited resources

New Hampshire's Expansion Population at Risk

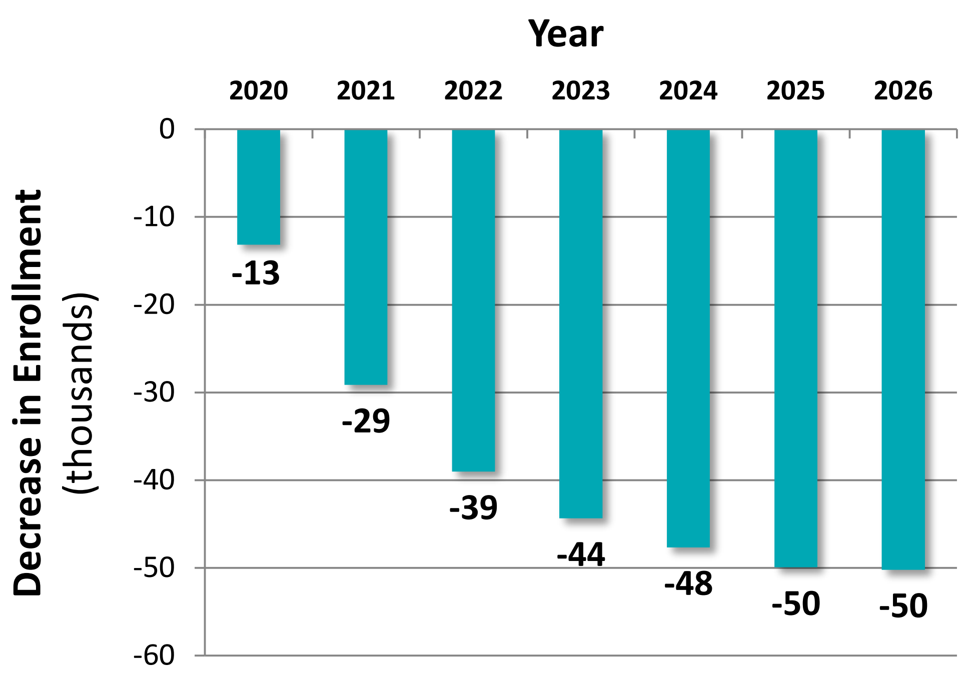
Unless New Hampshire Makes Up for the Loss of Federal Funds, Most Expansion Enrollees Would Lose Coverage

Share of New Adults in New Hampshire's Medicaid Program, March 2016



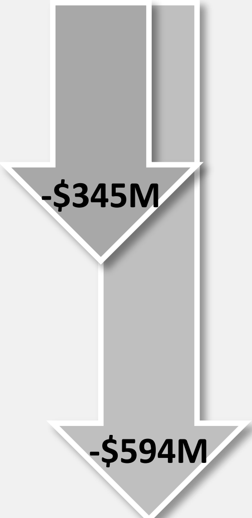
Total Medicaid Enrollees: **192,000**
New Adults: **53,000**

Estimated Decreases in Enrollment Assuming Expansion Adult Coverage Is Maintained Only for "Grandfathered" Enrollees, FY 2020-2026



Sources: J. Guyer, A. Grady, K. McAvey, "Changes to Medicaid Expansion in the American Health Care Act: State-by-State Estimates of the Coverage and Fiscal Impact," Manatt Health, March 2017. Manatt analysis of Centers for Medicare & Medicaid Services, January-March 2016 MBES Medicaid Enrollment Report, October-December 2015 MBES Medicaid Enrollment Report, and October-December 2014 MBES Medicaid Enrollment Report, https://www.medicaid.gov/medicaid/program-information/medicaid-and-chip-enrollment-data/sdis/index.html

Potential Impact of Ending Expansion Funding: Size of Federal Funds Loss Depends on State Response



Maintain: Expansion Adult Coverage

Necessary Offset and Funding Loss: New Hampshire would need to spend an additional $345 million in state funds in 2026 to make up for the reduction of that amount of federal funds

Maintain: Only Expansion Coverage for Grandfathered Individuals with Enhanced Match

Federal Funding Loss: New Hampshire would not spend more state funds but would lose more than $594 million in federal dollars by 2026

Under either scenario,

federal funding would be further reduced by the application of per capita caps.

Source: Manatt Medicaid model

The Trade Off: Flexibility

Current law provides states with a range of options, with additional flexibility possible through waivers

- States have long used 1115 and 1915 Waivers to advance significant delivery system and payment strategy reforms

Additional flexibility could allow states to further modify their spending and populations, and introduce new Medicaid eligibility requirements

- AHCA does not include new flexibility other than option to impose work requirements, or if a state chooses the block grant
- States could still request waivers, but any new waiver funding would be subject to the cap

Discussion

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