2015 Financial Impact of the Medicaid Expansion on the Idaho Medicaid Budget Including State and County Cost Offsets

Prepared for:
Idaho Department of Health and Welfare

Prepared by:
Milliman, Inc.

Justin C. Birrell, FSA, MAAA
Principal and Consulting Actuary

Benjamin J. Diederich, FSA, MAAA
Consulting Actuary

Cheryle C. Wong, ASA, MAAA
Associate Actuary

1301 Fifth Avenue
Suite 3800
Seattle, WA 98101-2646
USA
Tel +1 206 624 7940
Fax +1 262 682 1295

milliman.com

January 8, 2016

TABLE OF CONTENTS

EXHIBITS

I. SUMMARY OF RESULTS

INTRODUCTION

At the request of the Idaho Department of Health and Welfare (DHW), Milliman revised its December 3, 2014 report of the Financial Impact of the Patient Protection and Affordable Care Act (ACA) on the Idaho Medicaid Budget. This update presents results only for Option 3.5 and it is updated with 2013 census data, 2016 Idaho Exchange rates, 2015 projected Medicaid managed care rates, and updated County and CAT fund offsets. The reported time period was updated by dropping SFY 2016 and adding SFY 2026. The new report period is SFY2017-SFY2026. For SFY 2017 the full year of costs are estimated while the actual expansion would be implemented within the year.

Change in estimated number of Medicaid eligible: As a result of the updated 2013 census data the optional Medicaid expansion population increases to 117,644 adults from 102,873 adults forecasted in the December 2014 report. These individuals would gain access to coverage in expansion under Option 3.5 through both Managed Medicaid and the Individual Exchange. This report no longer includes the results from Option 1 (Mandatory Expansion or status quo) as the costs relating to the Affordable Care Act without expansion is recognized within DHW's current enrollment levels and budgets.

Change in estimated cost/savings to Medicaid: The Mandatory Expansion estimate is no longer made with this report. Changes in estimated cost/savings to Medicaid are only for the optional expansion under Option 3.5. The ten year costs/savings in state and county funds under Option 3.5 changed from the previous report of a ($173.4M) savings to a forecasted cost of $186.9M under these updated assumptions. The principal reason of for this difference is the lower cost experienced by the County Medically Indigent and Catastrophic Health Care Cost (CAT) Programs since the opening of the state's health insurance exchange in January 2014 and the loss of 100% federal match due to the passage of time.

Throughout this report we refer to state and county offsets. We assumed that if Idaho expands Medicaid coverage, the state and county taxes supporting these programs will no longer be used to cover these healthcare expenses. The savings from elimination of these programs are the offsets referred to throughout this report.

Description of Option 3.5:

- Option 3.5 – Is a blend of Option 3 and Option 4 where 0-100% federal poverty level (FPL) members receive care through Managed Medicaid (Option 3) and 101-138% FPL members receive care through the Exchange (Option 4). For reference, below are descriptions of Options 3 and 4 (these are not priced out in the report):
    - Option 3 – Expanding Medicaid to 138% of FPL using a Managed Medicaid approach and level of cost assumptions. The updates to the estimates for this option reflect a change in population as well as the shift in time horizon for the projection.
    - Option 4 – Private Plan models the cost of having the expansion population receive care through the exchange (commercial rates). This model is similar to the approach implemented by Arkansas.

The scope of our report is limited to a projection of the financial impact of the ACA (Option 3.5 only) on the Idaho Medicaid budget including state and county cost offsets. DHW can use the

results of this report, along with its own determination of the potential benefits of expanding Medicaid coverage, as it considers whether or not to expand Medicaid eligibility under the ACA.

SUMMARY

In its June 28, 2012 decision, the Supreme Court of the United States upheld most of the ACA, but gave States the flexibility to decide whether to expand Medicaid program eligibility to 138% of FPL. This report evaluates the financial impact of the ACA on the Idaho Medicaid program for one of the potential ACA Medicaid expansion options:

- **Option 3.5 – Option 3/Option 4 Blend:** This scenario presents the cost of expansion assuming 0-100% FPL members enroll with Medicaid Managed Care (same assumptions as Option 3) and 101-138% FPL members enroll with plans in the commercial exchange (same assumptions as Option 4). This option assumes that CMS approval would be feasible for Medicaid Expansion[1]

Table 1 on the following pages summarize by year total costs including state and county cost offsets as well as total federal costs for Option 3.5. Note that the costs identified under Option 3.5 include only net costs of expansion. The total at the bottom now includes the entire cost, not just marginal cost of Option 3.5 as was reported in the December 2014 report.

The costs shown below are only those costs associated with changes due to the optional expansion of the Medicaid program. We have not included current historical Medicaid costs in these tables. Exhibit 6 later in this report presents projections of costs including the current Medicaid costs under an Option 3.5 scenario.

[1] Note August 8, 2014 Letter from the U.S. Government Accountability Office "Medicaid Demonstrations: HHS's Approval Process for Arkansas's Medicaid Expansion Waiver Raises Cost Concerns".

Table 1
Idaho Department of Health and Welfare
Total Projected Additional County, State, and Federal Costs <Savings> (Values in Millions)

	SFY 2017	SFY 2018	SFY 2019	SFY 2020	SFY 2021	SFY 2022	SFY 2023	SFY 2024	SFY 2025	SFY 2026	Cumulative Total
Option 3.5: Option 3/Option 4 Blend											
State Funds - Option 3.5:	$24.7	$45.4	$55.1	$73.0	$89.4	$95.5	$102.1	$109.2	$116.9	$125.2	$836.6
Projected State Offsets:	($32.5)	($33.3)	($34.2)	($35.2)	($36.2)	($37.2)	($38.3)	($39.4)	($40.6)	($41.8)	($368.6)
Projected Impact of State Funds:	($7.7)	$12.0	$20.8	$37.8	$53.2	$58.3	$63.8	$69.8	$76.4	$83.5	$468.0
Projected County Offsets:	($23.4)	($24.3)	($25.3)	($26.3)	($27.4)	($28.5)	($29.6)	($30.8)	($32.0)	($33.3)	($281.1)
Total State and County <Savings>:	($31.1)	($12.3)	($4.5)	$11.5	$25.8	$29.8	$34.2	$39.0	$44.3	$50.1	$186.9
Federal Funds - Options 3.5:	$577.2	$602.2	$635.8	$664.3	$698.1	$745.9	$797.5	$853.1	$913.1	$977.9	$7,465.0
Total Net Cost Option 3.5:	$546.1	$589.9	$631.3	$675.8	$723.9	$775.7	$831.7	$892.1	$957.4	$1,028.0	$7,651.9

This projection does not include costs for historical Medicaid populations including any mandatory expansion that may have r esulted from the passage of the Affordable Care Act.

We estimate the total financial impact of Medicaid expansion (Option 3.5) on the state of Idaho, including Medicaid costs and non-Medicaid state and county cost offsets, during state fiscal years 2017 – 2026 to be an approximate cost to the state of $186.9M (From Table 1, the sum of the projected impact of state funds $486.0M and projected county offset savings of ($281.1M). It should be noted that this model includes the costs and impacts for all 12 months of SFY 2017.

Although a full economic impact to the state is beyond the scope of this analysis, under Option 3.5, we projected a total state and federal spending increase in Idaho of approximately $7.65 billion over state fiscal years 2017 – 2026.

Table 2 shows the enrollment projections by FPL categories.

Table 2
Idaho Department of Health and Welfare
Estimated Impact on Projected 1/1/2017 Enrollment

			Total
Optional Expansion (138% FPL)	0-100%	101-138%	
Adults, Parents**	24,103	21,941	46,044
Adults, Non-Caregivers	54,478	17,122	71,600
Total	78,581	39,063	117,644

**Eligible due to increased FPL to 138%.

Note that these enrollment projections assume the full impact of expansion in all years. Population growth factors are applied to the enrollment estimate over the horizon of the projection.

The 2017 projected gap population is 78,581 which include adult parent and adult non-caregivers in the 0-100% FPL.

Note that we provided point estimates for both costs and enrollment changes. Actual results will vary from our projections for many reasons, including differences from assumptions regarding take up rates, projected members by FPL levels, cost trends, enrollment trends, future FMAP rates, and state and county cost offsets, as well as other random and non-random factors. Experience should continue to be monitored on a regular basis, with modifications to projections as necessary.

The attached Exhibits 1 – 6 present the results of our projections in more detail, and Exhibit 6 highlights the cumulative Medicaid spending, including the current Medicaid program, over the horizon of interest:

- **Exhibit 1:** Impact of Option 3.5 on the Idaho Medicaid Budget
- **Exhibit 2:** Impact of Option 3.5 on the Idaho Medicaid Budget - Savings/Costs Graphs
- **Exhibit 3:** 2017 Projections of PMPM Cost and Membership Distributions by Age/Gender
- **Exhibit 4:** Potential and Projected State and County Cost Offsets
- **Exhibit 5:** Hospital Impact – Projected Loss of Federal Funds due to DSH Reductions
- **Exhibit 6:** Idaho Projected Costs Table for Option 3.5 – Including Current Medicaid Costs

The remaining sections of this report document our methodology and assumptions in more detail.

II. METHODOLOGY AND KEY ASSUMPTIONS

In the development of these financial impact estimates, we created a model that projects enrollment and healthcare expenditures for the expansion population. The following summarizes the cost assumption used for each population:

- For the Option 3 expansion population, we based our assumptions on the State of Washington experience for managed care costs under the optional expansion. We have not evaluated the feasibility of achieving these cost levels within the State of Idaho. A more thorough evaluation will be required to perform any relevant rate setting activities.
  - Costs are trended at a per member per month (PMPM) annual rate of 2.50%
  - Annual enrollment growth rate of 2.05%

- For the Option 3.5 expansion population, the same assumptions were used as Option 3 and Option 4. The assumptions are applied as:
  - For 0-100% FPL members:
    - Costs are trended at a PMPM annual rate of 2.50%
    - Annual enrollment growth rate of 2.05%
  - For 101-138% members:
    - Costs are trended at PMPM annual rates of 10% for 2017 to 2018, and 7.50% beyond that point.
    - Annual enrollment growth rate of 2.05%

- For Option 4, the assumptions for 2016 Idaho Silver Plan rates were surveyed from the Exchange.
  - Costs are trended at 10% for 2017 to 2018 and 7.50% beyond that year.
    - We assumed that given the projected increased level of morbidity for the expansion population, as this population is integrated into the exchange population there will be increased trends in the early years of transition.
  - Annual enrollment growth rate of 2.05%
  - Other adjustments included:
    - Including Cost sharing subsidies (94% actuarial plan value for the 101-138% FPL population and 100% actuarial plan value for the <100% FPL population.
    - Induced utilization impact from lower cost sharing assumptions.
    - Cost of wraparound services that are excluded by the qualified health plan (QHP), but covered under Medicaid.

- Updated the following assumptions from December 3, 2014 report:
  - Updated census from 2012 to 2013
  - Updated Exchange rates from 2014 to 2016
  - Updated Medicaid Managed Care Rate Assumptions from 2014 to 2015
  - Updated CAT and Indigent County Fund Budget estimates
  - Dropped SFY 2016 financial information
  - Added SFY 2026 forecasted impact
  - Modified take-up rates (See section in Other Assumptions)
  - Removed the following costs from projected costs:
    - Currently eligible but not enrolled ("Woodwork") population
    - CHIP program with enhanced FMAP
    - PCP increase from the cost estimate because this ended in 2014

- Foster care expansion to age 26

MEDICAID EXPANSION SCENARIOS

The fiscal impact associated with the ACA Medicaid optional expansion includes currently insured and uninsured adults and children who are not currently enrolled in Medicaid.

We relied on 2013 U.S. Census Bureau data for Idaho to estimate the Medicaid expansion population and the currently eligible but not enrolled population. The U.S. Census Bureau data provided information regarding the number of children, parents, and adults with and without health insurance below a stratified set of federal poverty levels.

Idaho's current Medicaid income eligibility standards are summarized below:

- Children age under 6: up to 142% of FPL
- Children age 6 – 18: up to 133% of FPL
- Pregnant women: up to 133% of FPL
- Parents: ~20% of FPL
- Childless adults: not covered
- CHIP: children up to 185% of FPL not covered under regular Medicaid

Implementation of Option 3.5 would increase all of the FPL limits listed above to at least 138% of FPL with the exception of CHIP which will remain at 185% FPL. Option 3.5 would cover some of the expansion population through the Idaho Health Insurance Exchange.

The ACA reflects the following Federal Medical Assistance Percentages (FMAP) for the expansion populations by calendar year (CY):

- 95% FMAP in CY 2017
- 94% FMAP in CY 2018
- 93% FMAP in CY 2019
- 90% FMAP in CY 2020+

We anticipate that, during the first one to two years of the program, the new enrollees may have costs that are higher due to pent-up demand, a characteristic of other Medicaid-expansion programs such as the Healthy Indiana Plan.[2] Through higher trends, we accounted for pent-up demand.

INCREASED ADMINISTRATIVE EXPENDITURES

In addition to the expenditures associated with providing medical services to the expansion population, the state of Idaho will incur additional ongoing administrative expenditures related to expansion. We estimated the additional ongoing administrative costs as 3.5% of total expected medical expenditures for the population-based ACA changes under Option 3.5.

[2] Damler, R. (Aug. 26, 2009). Experience under the Healthy Indiana Plan: The short-term cost challenges of expanding coverage to the uninsured. Retrieved Sept. 17, 2014, from http://publications.milliman.com/research/health-rr/pdfs/experience-under-healthy-indiana.pdf.

DHW indicated an administrative load of 3.5% of Option 3.5 medical costs is a reasonable assumption. This figure is consistent with our experience in other states. We assumed that these additional administrative costs would be subject to the current FMAP rate of 50%.

OTHER ASSUMPTIONS

We used the following key assumptions in our analysis:

FMAP Rates by State Fiscal Year (SFY):

Table 3
Idaho Department of Health and Welfare
Assumed FMAP Rate by Year and Population

FMAP Rates	SFY 2017	SFY 2018	SFY 2019	SFY 2020	SFY 2021	SFY 2022	SFY 2023	SFY 2024	SFY 2025	SFY 2026
Current Medicaid FMAP	70%	70%	70%	70%	70%	70%	70%	70%	70%	70%
Expansion FMAP	98%	95%	94%	92%	90%	90%	90%	90%	90%	90%

Note the following regarding the figures in Table 3:

1. We assumed no changes to FMAP rates after SFY 2021.

Take-Up Rates:

For those newly eligible for Medicaid coverage we assumed an 85% take-up rate for the 0-100% FPL population. The insured 101-138% FPL members have take-up rate of 35% and uninsured 101-138% FPL have take-up rate of 90%.

State and County Cost Offsets:

The state of Idaho has several state and county programs (not funded by federal dollars) that assist the medical needs of those in the state. We assumed that Medicaid expansion would replace most of the need for these programs. The largest cost offset or savings with the Medicaid expansion are from the County Medically Indigent and Catastrophic Health Care Cost (CAT) Programs. Based on information provided by DHW we modeled that all of the County Medically Indigent programs and State CAT program would be eliminated under Medicaid expansion on average over the projection period. We reflected the costs for CAT as a State offset separately from the county offset of the County Medically Indigent programs. The offset includes any associated administrative costs. It is important that the budgets for these programs be monitored separately since the administrative costs may not scale directly with the benefits.

In addition to these primary offsets, DHW also identified several other programs which could generate savings under the scenario of Medicaid expansion. We assumed that all of the savings opportunities for Behavioral Health (DHW) and Public Health (DHW) would be achieved.

The State and County Cost Offsets are not a complete economic model; these are programs identified within the state which will be impacted by the decision to expand Medicaid. We reviewed the cost projections for reasonableness but did not modify the values provided by the program, and where necessary, extrapolated the projected growth rate through the end of the modeling horizon.

III. OTHER IMPACTS NOT MODELED

The following outlines additional financial impacts under the current provisions of the federal legislation. The issues highlighted below ***have not*** been included in the financial projections shown in our analysis.

- **Changes to Medicaid Eligibility Levels for Certain Eligibility Categories:** Several states evaluated whether to reduce eligibility levels for certain Medicaid beneficiaries starting on January 1, 2014, such as pregnant women and breast and cervical cancer program enrollees, due to the availability of subsidized coverage through the health benefit exchange. We assumed that DHW would maintain its current 133% of FPL eligibility level for pregnant women and continue to operate the breast and cervical cancer program.

- **Reductions in DSH Allotments:** Legislation delayed Medicaid Disproportionate Share (DSH) funding reductions until 2018. Exhibit 5 presents the loss of federal funds to hospitals due to DSH reductions. Changes to DSH funding are not part of our primary state cost exhibits.

- **Start-up Administrative Costs:** We did not include any additional administrative costs related to reform prior to SFY 2017. These additional costs could be substantial.

- **Impact on Other State Agencies:** We did not consider the impact of the ACA on any other Idaho state agencies, except for those programs listed.

- **Economic Ripple Effect or Multiplier:** We did not consider the multiplied impact of the additional state and federal dollars spent in the state.

- **Maintenance of Effort:** We did not consider the impact of Maintenance of Effort (MOE) requirements. Our model assumes the federal government will modify or waive current MOE requirements in place for the Department's Behavioral Health and Public Health programs.

IV. CAVEATS AND LIMITATIONS

This report is intended for the internal use of the Idaho Department of Health and Welfare (DHW) in accordance with its statutory and regulatory requirements. Milliman recognizes that the materials may be public records subject to disclosure to third parties; however, Milliman does not intend to benefit, and assumes no duty or liability to, any third parties who receive this report and related materials. The materials should only be reviewed in their entirety. Any user of this report should possess a certain level of expertise in actuarial science and healthcare modeling so as not to misinterpret the data presented.

In the development of the data and information presented in this report, Milliman relied upon certain data from the state of Idaho and its vendors. In addition, we placed significant reliance on census data. To the extent that the data was not complete or accurate, the values presented in the report will need to be reviewed for consistency and revised to meet any revised data. Although we performed several reasonableness checks we have not audited these data sources. The data and information included in this report was developed to assist in the analysis of the financial impact of the ACA on state of Idaho Medicaid and related expenditures. The data and information presented may not be appropriate for any other purpose. It should be emphasized that the results presented in this correspondence are a projection of future costs based on a set of assumptions. Results will differ if actual experience is different from the assumptions contained in this report.

Guidelines issued by the American Academy of Actuaries require actuaries to include their professional qualifications in all actuarial communications. Justin Birrell and Ben Diederich are members of the American Academy of Actuaries, and meet the qualification standards for performing the analyses in this report. This analysis – the assumptions, methodology, and calculations – has been thoroughly peer reviewed by qualified actuaries as of 1/4/2016. The terms of Milliman's contract with DHW, dated 7/1/2015 apply to this report and its use.

Exhibit 1

Impact of Option 3.5 on the Idaho Medicaid Budget, Including State and County Cost Offsets

Exhibit 1
STATE OF IDAHO
Division of Medicaid
Health Care Reform Projection - Senate Bill with Reconciliation Act
Total Projected Additional Local, State, and Federal Costs <Savings>
State and Local Dollars Only (Values in Millions)

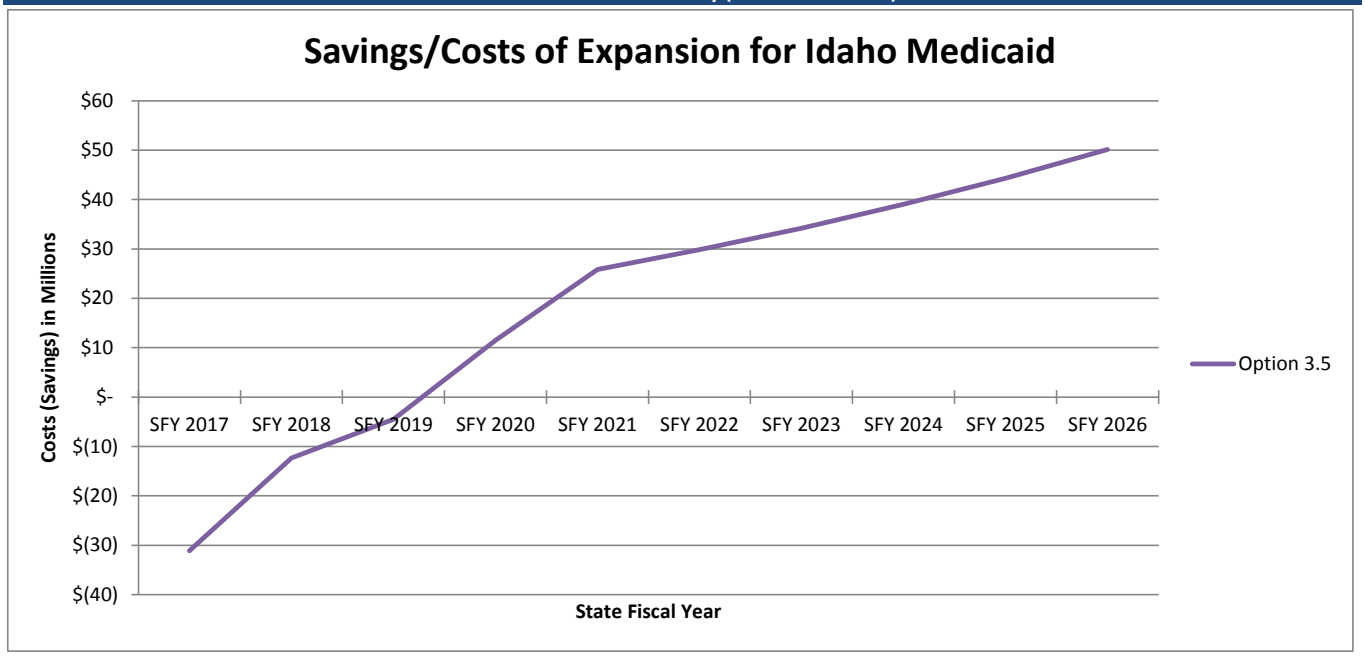
Option 3.5: Option 3/Option 4 Blend	SFY 2017	SFY 2018	SFY 2019	SFY 2020	SFY 2021	SFY 2022	SFY 2023	SFY 2024	SFY 2025	SFY 2026	Total
Expansion Spending:											
Optional Expansion Claim Costs:	$14.5	$34.4	$43.4	$60.6	$76.1	$81.3	$86.9	$93.0	$99.5	$106.6	$696.3
Administration (DHW) Costs*:	$10.2	$10.9	$11.7	$12.5	$13.3	$14.2	$15.2	$16.3	$17.4	$18.7	$140.4
Total Additional Expansion Costs	$24.7	$45.4	$55.1	$73.0	$89.4	$95.5	$102.1	$109.2	$116.9	$125.2	$836.6
Projected Offsets and Savings											
CAT Program (State)	($22.0)	($22.9)	($23.8)	($24.7)	($25.7)	($26.8)	($27.8)	($29.0)	($30.1)	($31.3)	($264.1)
Medical Indigent (County)	($18.8)	($19.5)	($20.3)	($21.1)	($22.0)	($22.8)	($23.8)	($24.7)	($25.7)	($26.7)	($225.4)
Medical Ind (County Admin)	($4.6)	($4.8)	($5.0)	($5.2)	($5.4)	($5.6)	($5.9)	($6.1)	($6.3)	($6.6)	($55.7)
Behavioral Health (DHW)	($9.7)	($9.7)	($9.7)	($9.7)	($9.7)	($9.7)	($9.7)	($9.7)	($9.7)	($9.7)	($96.5)
Public Health (DHW)	($0.8)	($0.8)	($0.8)	($0.8)	($0.8)	($0.8)	($0.8)	($0.8)	($0.8)	($0.8)	($8.0)
Total Local and State Offsets:	($55.9)	($57.7)	($59.6)	($61.5)	($63.6)	($65.7)	($67.9)	($70.2)	($72.6)	($75.1)	($649.7)
Net State & Local (Total Costs)											
Spending <Savings>	($31.1)	($12.3)	($4.5)	$11.5	$25.8	$29.8	$34.2	$39.0	$44.3	$50.1	$186.9

DHW indicated an administrative load of 3.5% of medical costs is a reasonable assumption. This figure is consistent with our experience in other states. For the purpose of this forecast they have assumed these additional administrative costs would have current FMAP rate of 50%. However, CMS has issued communications that certain administrative costs associated with the expansion population are eligible for an enhanced FMAP rate of 75%. If the state elects to expand its Medicaid coverage, the enhanced federal match will be claimed where allowable. This could result in a lower state fund administrative cost than reflected in this forecast. It should also be noted that even in years where there is a 100% FMAP rate for medical costs for expansion populations there is an increase in the state's costs due to increased administrative costs matched at a lower rate.

Exhibit 2

Impact of Option 3.5 on the Idaho Medicaid Budget, Including State and County Cost Offsets
Savings/Cost Graph

Exhibit 2
STATE OF IDAHO
Division of Medicaid
Health Care Reform Projection - Senate Bill with Reconciliation Act
State and Local Dollars Only (Values in Millions)



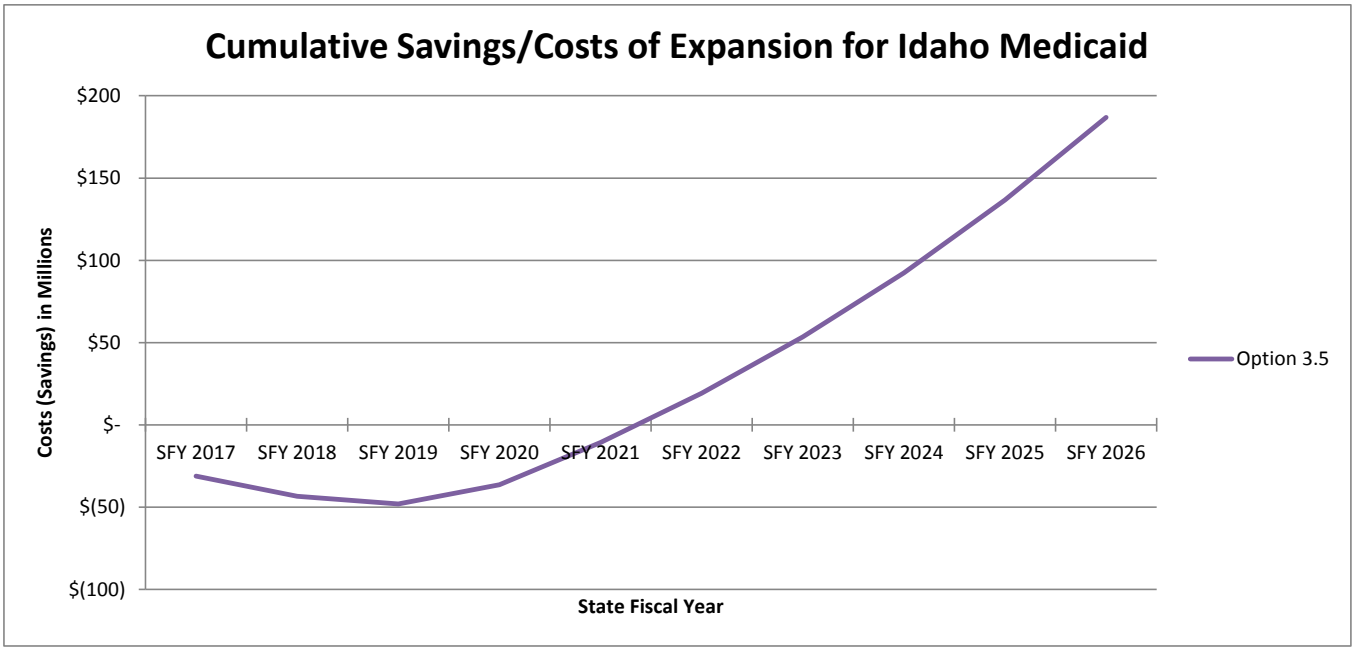


Exhibit 3

2017 Projections of PMPM Cost and Membership Distributions by Age/Gender

Exhibit 3
Idaho Department of Health and Welfare
SFY 2017 PMPM Costs by Age/Gender Band

	Managed Care PMPM[1] Cost			Exchange Rates[2] (2nd Lowest Silver Plan PMPMs)		
Age Band	**Male**	**Female**	**Composite**	**Male**	**Female**	**Composite**
00 to 17	n/a	n/a	n/a	n/a	n/a	n/a
18 to 24	$226.64	$270.45	$242.86	$303.06	$303.06	$303.06
25 to 34	$226.64	$270.45	$245.18	$397.97	$397.97	$397.97
35 to 44	$513.29	$521.62	$518.01	$456.48	$456.48	$456.48
45 to 54	$513.29	$521.62	$518.03	$621.96	$621.96	$621.96
55 to 59	$513.29	$521.62	$518.33	$853.62	$853.62	$853.62
60 to 64	$513.29	$521.62	$519.78	$1,006.17	$1,006.17	$1,006.17
Adult	$328.02	$412.22	$369.19	$447.21	$539.57	$492.37

Membership Distribution (Up to 138% FPL)

Age Band	Male	Female	Total
00 to 17	0%	0%	0%
18 to 24	20%	12%	32%
25 to 34	13%	9%	22%
35 to 44	6%	7%	13%
45 to 54	8%	10%	18%
55 to 59	3%	5%	9%
60 to 64	1%	5%	6%
Total	51%	49%	100%

1. Trended 2015 PMPMs for 2 years at 2.5% annual trend
2. Trended 2016 PMPMs for 1 year at 10% annual trend
3. Enrollment trended at 2.1% annually for 4 years (Census data is 2013)

Exhibit 4

Potential and Projected State and County Cost Offsets

Exhibit 4
Idaho Department of Health and Welfare
Potential and Projected State and Local Cost Offsets
State and Local Dollars Only (Values in Millions)

Continued Costs:	SFY 2017	SFY 2018	SFY 2019	SFY 2020	SFY 2021	SFY 2022	SFY 2023	SFY 2024	SFY 2025	SFY 2026	Total
CAT Program (State)	$22.0	$22.9	$23.8	$24.7	$25.7	$26.8	$27.8	$29.0	$30.1	$31.3	$264.1
Medical Indigent (County)	$18.8	$19.5	$20.3	$21.1	$22.0	$22.8	$23.8	$24.7	$25.7	$26.7	$225.4
Medical Ind (County Admin)	$4.6	$4.8	$5.0	$5.2	$5.4	$5.6	$5.9	$6.1	$6.3	$6.6	$55.7
Behavioral Health (DHW)	$9.7	$9.7	$9.7	$9.7	$9.7	$9.7	$9.7	$9.7	$9.7	$9.7	$96.5
Public Health (DHW)	$0.8	$0.8	$0.8	$0.8	$0.8	$0.8	$0.8	$0.8	$0.8	$0.8	$8.0
Total Local and State Spend:	$55.9	$57.7	$59.6	$61.5	$63.6	$65.7	$67.9	$70.2	$72.6	$75.1	$649.7

Continued Costs after Optional Expansion (Option 3.5):											
CAT Program (State)	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Medical Indigent (County)	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Medical Ind (County Admin)	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Behavioral Health (DHW)	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Public Health (DHW)	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Total Local and State Spend:	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0

Exhibit 5

Hospital Impact – Projected Loss of Federal Funds due to DSH Reductions

Exhibit 5
Idaho Department of Health and Welfare
Potential Loss of Medicaid DSH Funding

Other Impacts - Hospitals:	SFY 2017	SFY 2018	SFY 2019	SFY 2020	SFY 2021	SFY 2022	SFY 2023	SFY 2024	SFY 2025	SFY 2026	Cumulative Total
Potential Loss of Federal Funds Medicaid DSH*	$0.0	$0.0	$0.6	$1.6	$4.5	$5.8	$4.7	$4.7	$4.7	$4.7	$31.3

* Note that these are estimates and many factors will affect final funding reductions. Federal legislation has delayed DSH allotment reductions specified under section 1923(f)(7) of the Social Security Act until FY 2017. The Affordable Care Act (ACA) reduced Medicaid DSH allotments on the assumption that there would be fewer uninsured and less uncompensated care with the expansion of health care coverage. Subsequent federal legislation delayed, extended, and/or modified the reductions. The House bill (H.R. 2) proposes to delay the reductions until FY 2018, modify cuts in future years, and extend the reductions to FY 2025. We do not know the exact impact if a state decides not to participate in the ACA Medicaid eligibility

Exhibit 6

Idaho Projected Costs Table for Option 3.5 – Including Current Medicaid Costs

Exhibit 6
Idaho Department of Health and Welfare
Total Projected County, State, and Federal Costs (Values in Millions)

	SFY 2017	SFY 2018	SFY 2019	SFY 2020	SFY 2021	SFY 2022	SFY 2023	SFY 2024	SFY 2025	SFY 2026	Cumulative Total
Current Medicaid (Historical Base) [1]											
State Funds:	$501.2	$516.19	$531.68	$547.63	$564.06	$580.98	$598.41	$616.36	$634.85	$653.90	$5,745.2
Federal Funds:	$1,349.8	$1,390.3	$1,432.0	$1,474.9	$1,519.2	$1,564.8	$1,611.7	$1,660.1	$1,709.9	$1,761.2	$15,473.7
Subtotal:	$1,850.9	$1,906.5	$1,963.7	$2,022.6	$2,083.2	$2,145.7	$2,210.1	$2,276.4	$2,344.7	$2,415.1	$21,219.0
State and County Programs											
CAT Program (State)	$22.0	$22.9	$23.8	$24.7	$25.7	$26.8	$27.8	$29.0	$30.1	$31.3	$264.1
Medical Indigent (County)	$18.8	$19.5	$20.3	$21.1	$22.0	$22.8	$23.8	$24.7	$25.7	$26.7	$225.4
Medical Ind (County Admin)	$4.6	$4.8	$5.0	$5.2	$5.4	$5.6	$5.9	$6.1	$6.3	$6.6	$55.7
Behavior Health (DHW)	$9.7	$9.7	$9.7	$9.7	$9.7	$9.7	$9.7	$9.7	$9.7	$9.7	$96.5
Public Health (DHW)	$0.8	$0.8	$0.8	$0.8	$0.8	$0.8	$0.8	$0.8	$0.8	$0.8	$8.0
State & County Subtotal:	$55.9	$57.7	$59.6	$61.5	$63.6	$65.7	$67.9	$70.2	$72.6	$75.1	$649.7
Total Cost with No Expansion [2]											
County Funds:	$23.4	$24.3	$25.3	$26.3	$27.4	$28.5	$29.6	$30.8	$32.0	$33.3	$281.1
State Funds:	$533.6	$549.5	$565.9	$582.8	$600.2	$618.2	$636.7	$655.8	$675.4	$695.7	$6,113.9
Federal Funds	$1,349.8	$1,390.3	$1,432.0	$1,474.9	$1,519.2	$1,564.8	$1,611.7	$1,660.1	$1,709.9	$1,761.2	$15,473.7
Subtotal:	**$1,906.8**	**$1,964.1**	**$2,023.2**	**$2,084.1**	**$2,146.8**	**$2,211.4**	**$2,278.0**	**$2,346.6**	**$2,417.3**	**$2,490.1**	**$21,587.6**
Option #3.5: Medicaid/Private Plan Expansion Costs											
State Funds:	$24.7	$45.4	$55.1	$73.0	$89.4	$95.5	$102.1	$109.2	$116.9	$125.2	$836.6
Federal Funds:	$577.2	$602.2	$635.8	$664.3	$698.1	$745.9	$797.5	$853.1	$913.1	$977.9	$7,465.0
Subtotal:	$601.9	$647.6	$690.8	$737.4	$787.4	$841.4	$899.6	$962.3	$1,030.0	$1,103.1	$8,301.6
Total Cost with Expansion [3]											
County Funds:	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.0
State Funds:	$525.88	$561.56	$586.75	$620.65	$653.46	$676.50	$700.54	$725.61	$751.79	$779.13	$6,581.9
Federal Funds	$1,927.0	$1,992.5	$2,067.7	$2,139.3	$2,217.2	$2,310.7	$2,409.2	$2,513.1	$2,623.0	$2,739.0	$22,938.7
State, County and Federal Funds	**$2,452.9**	**$2,554.1**	**$2,654.5**	**$2,759.9**	**$2,870.7**	**$2,987.2**	**$3,109.7**	**$3,238.8**	**$3,374.7**	**$3,518.2**	**$29,520.6**
Total Net Cost <Savings> - No Expansion vs. Expansion											
County Funds:	($23.4)	($24.3)	($25.3)	($26.3)	($27.4)	($28.5)	($29.6)	($30.8)	($32.0)	($33.3)	($281.1)
State Funds:	($7.7)	$12.0	$20.8	$37.8	$53.2	$58.3	$63.8	$69.8	$76.4	$83.5	$468.0
Federal Funds	$577.2	$602.2	$635.8	$664.3	$698.1	$745.9	$797.5	$853.1	$913.1	$977.9	$7,465.0
State, County and Federal Funds	$546.1	$589.9	$631.3	$675.8	$723.9	$775.7	$831.7	$892.1	$957.4	$1,028.0	$7,651.9

[1] This is an expenditure forecast for Idaho's current Medicaid program.

[2] Includes Current Medicaid (Historical Base) and State and County Program cost.

[3] Includes Current Medicaid (Historical Base) and Option #3.5 Medicaid Expansion Costs.