

The Coverage and Cost Impacts of Expanding Medicaid

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Methods for Cost and Coverage Estimates

- Cost and Coverage Estimates Show:
 - Increase in eligibility for children, parents and non-parents
 - Impact of alternative assumptions about participation
 - Impact of options by region
 - Cost impact of increasing Medicaid provider payment rates
- Health Insurance Policy Simulation Model (HIPSM):
 - Captures responses of business and individuals/families to policy changes
 - Incorporates detailed state-level Medicaid eligibility rates
 - Includes an adjustment for the Medicaid undercount
 - Projects coverage changes to 2009 based on econometric analyses of impact of unemployment
 - Take-up / substitution rates consistent with published literature
 - Expenditure estimates are in 2009 dollars

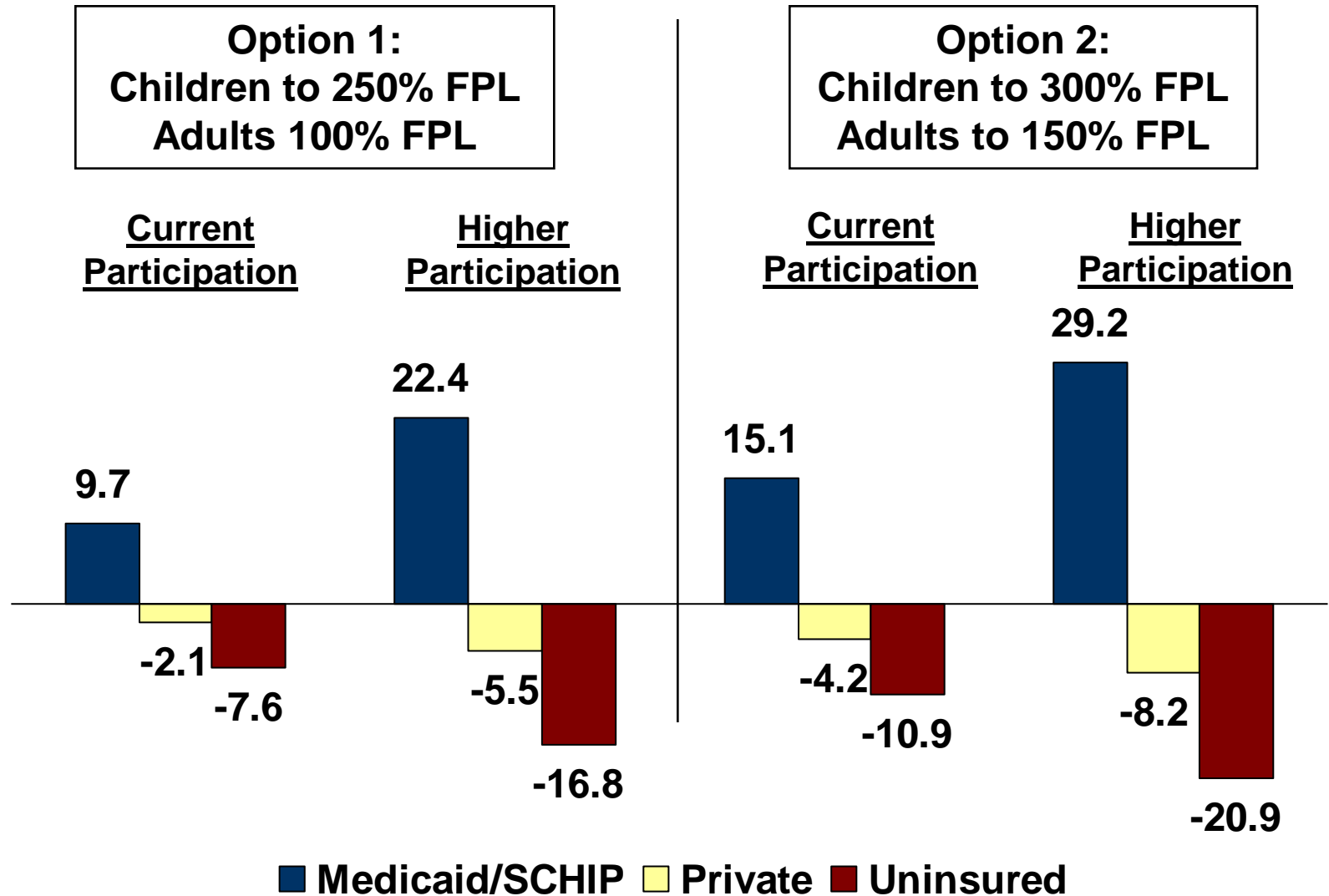
Paper Analyzes Four Options for Expanding Medicaid

- Option 1: 250% FPL for children, 100% FPL for all adults
 - Option 1A: No change for children, 100% FPL for all adults
- Option 2: 300% FPL for children, 150% FPL for all adults
 - Option 2A: No change for children, 150% FPL for all adults

Figure 1

Simulation Model Results: Coverage in 2009

Millions of People

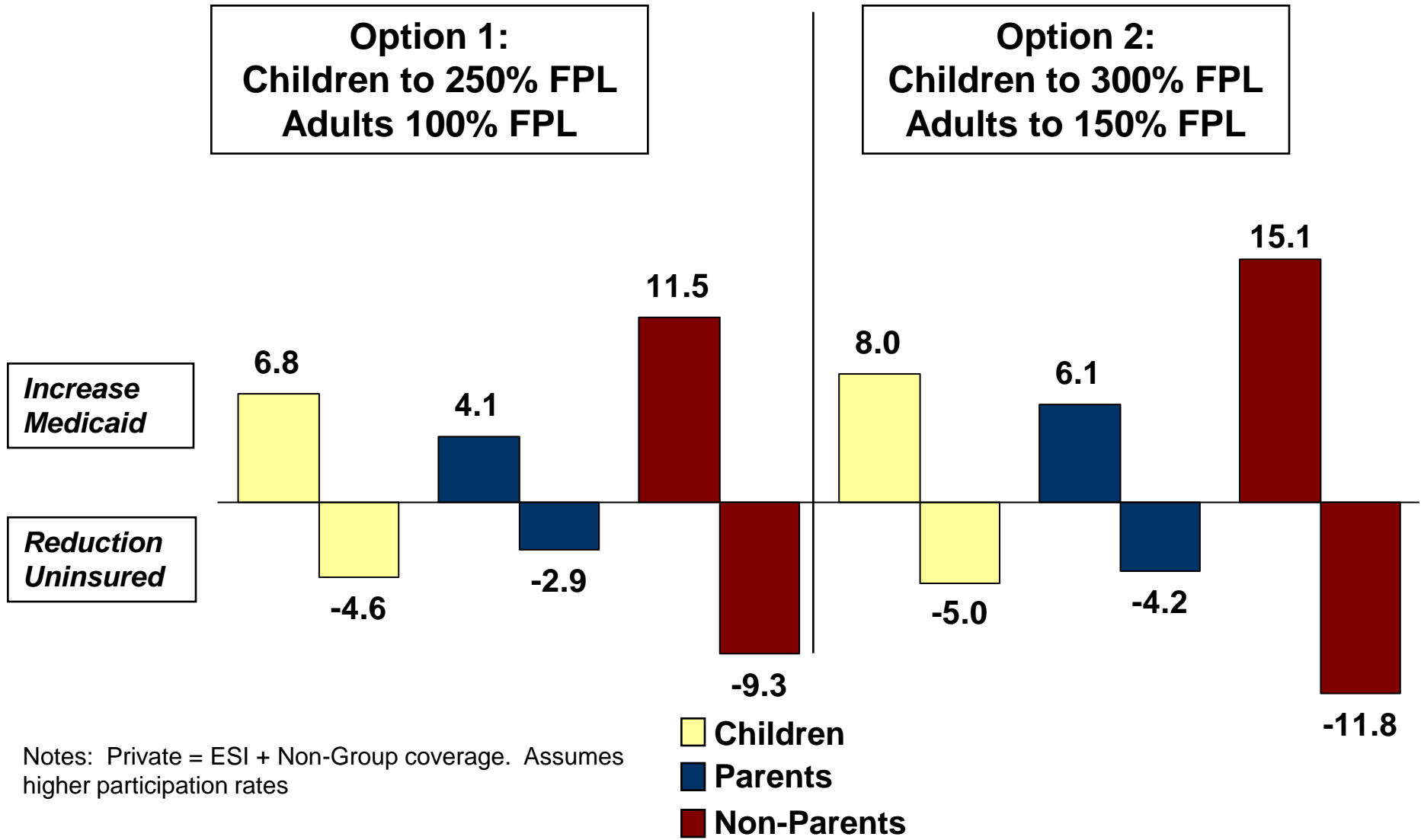


Notes: Private = ESI + Non-Group coverage.

Figure 2

Simulation Model Results: Coverage in 2009

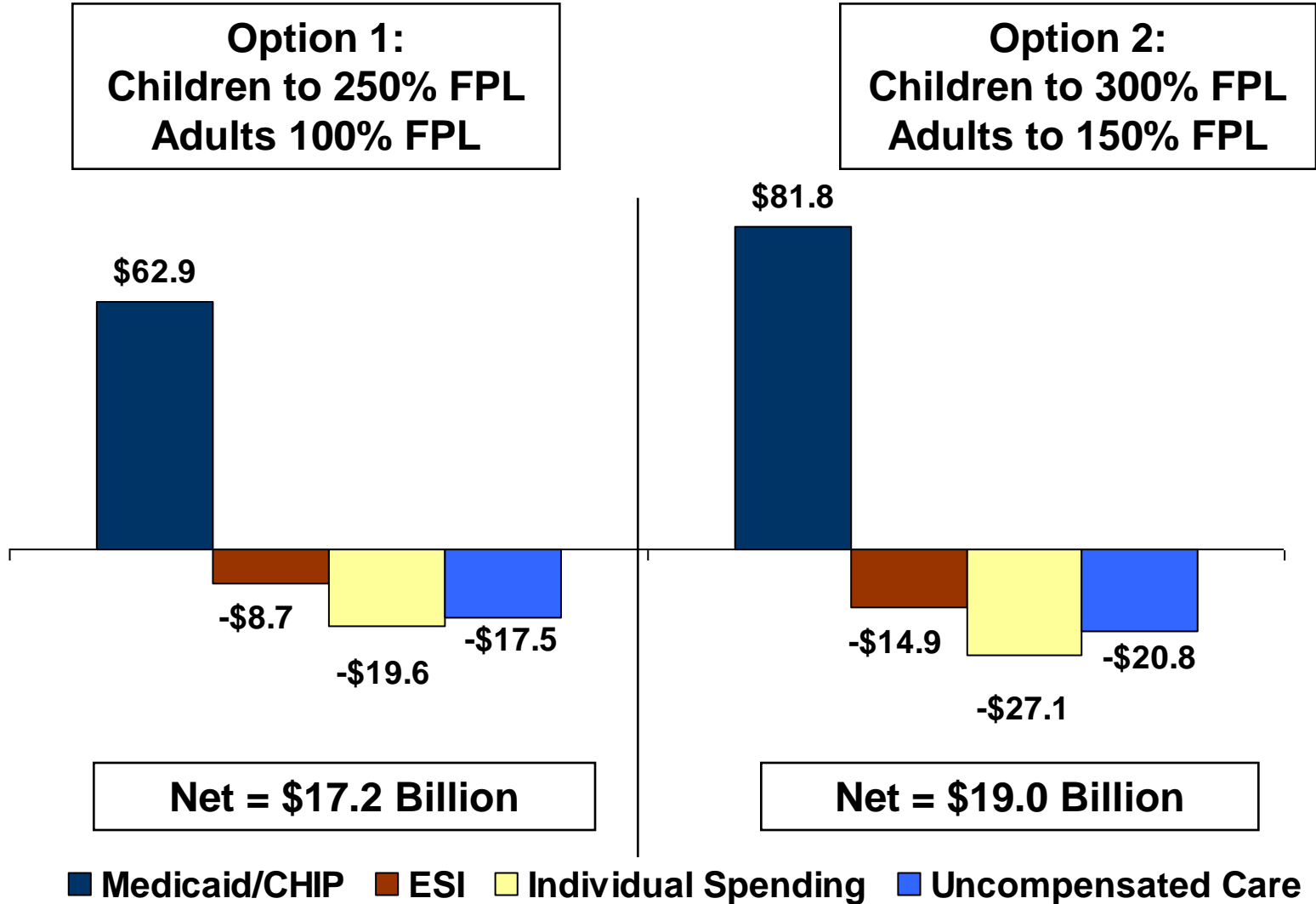
By Children, Parents, Non Parents
Millions of People



Notes: Private = ESI + Non-Group coverage. Assumes higher participation rates

Figure 3

Simulation Model Results: Costs in 2009 (Billions of Dollars)

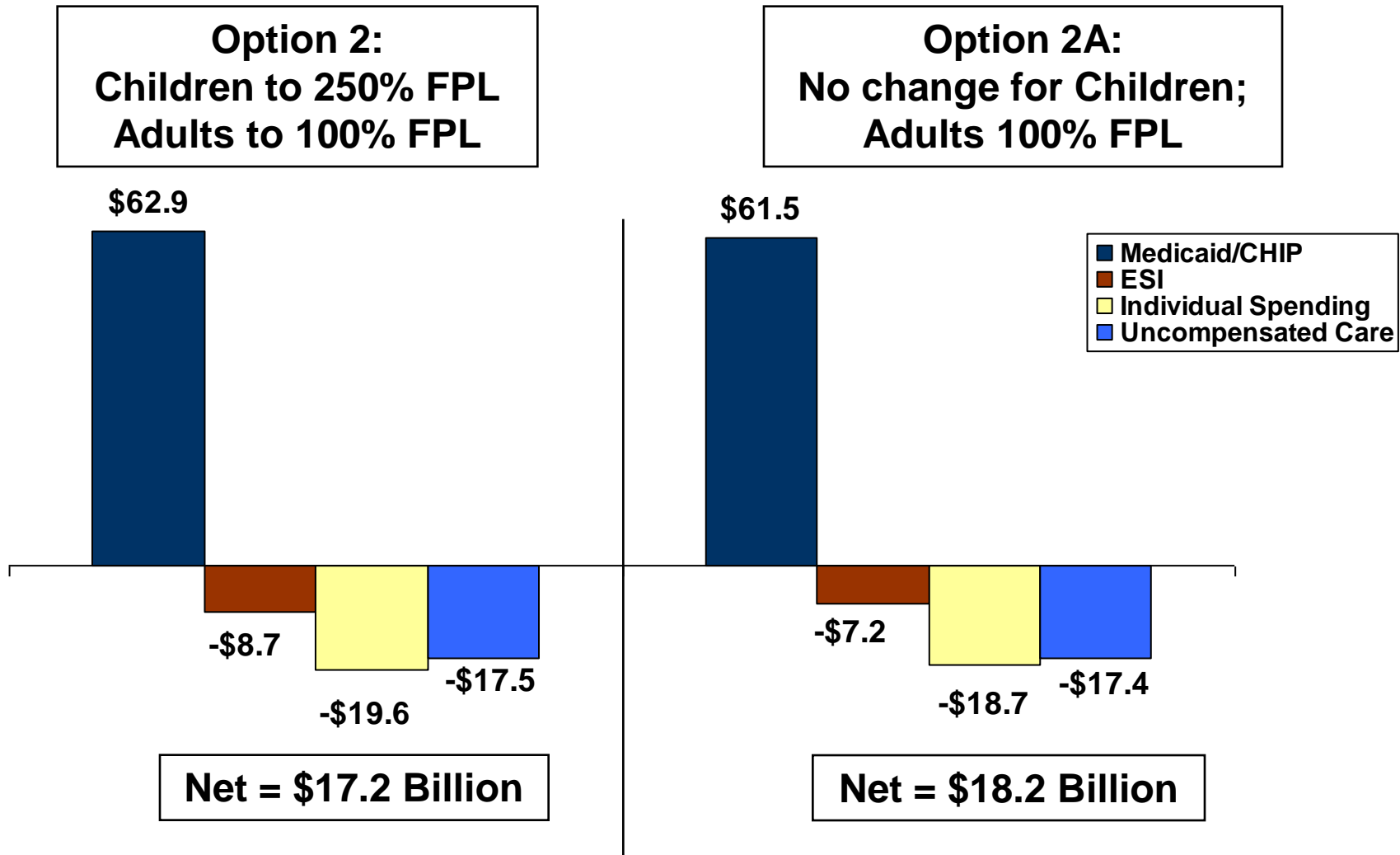


Notes: Assumes higher participation rates

Figure 4

Simulation Model Results: Costs in 2009

Billions of Dollars



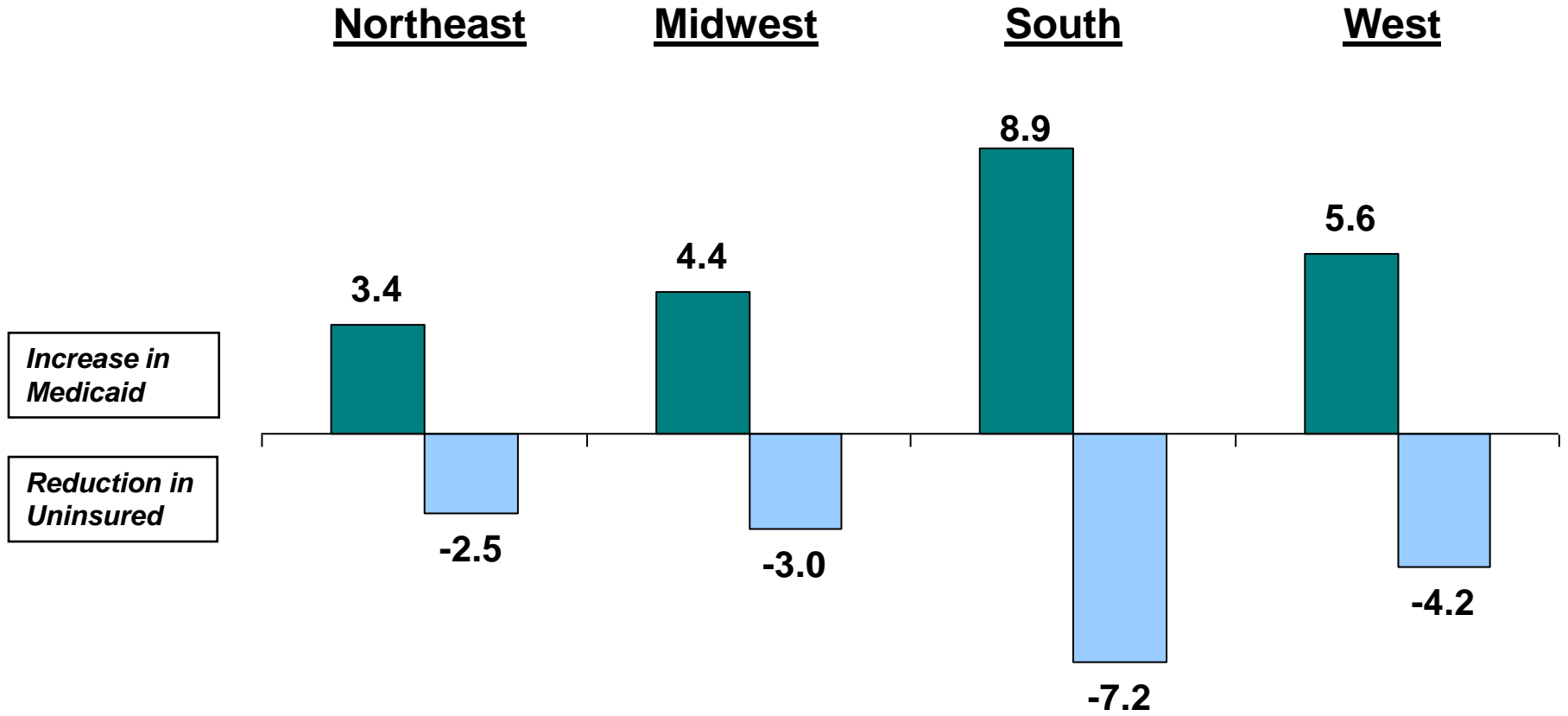
Notes: Assumes higher participation rates.

Figure 5

Impact of Coverage Expansion By Region

Expansion of Children to 250% FPL and Adults to 100% FPL

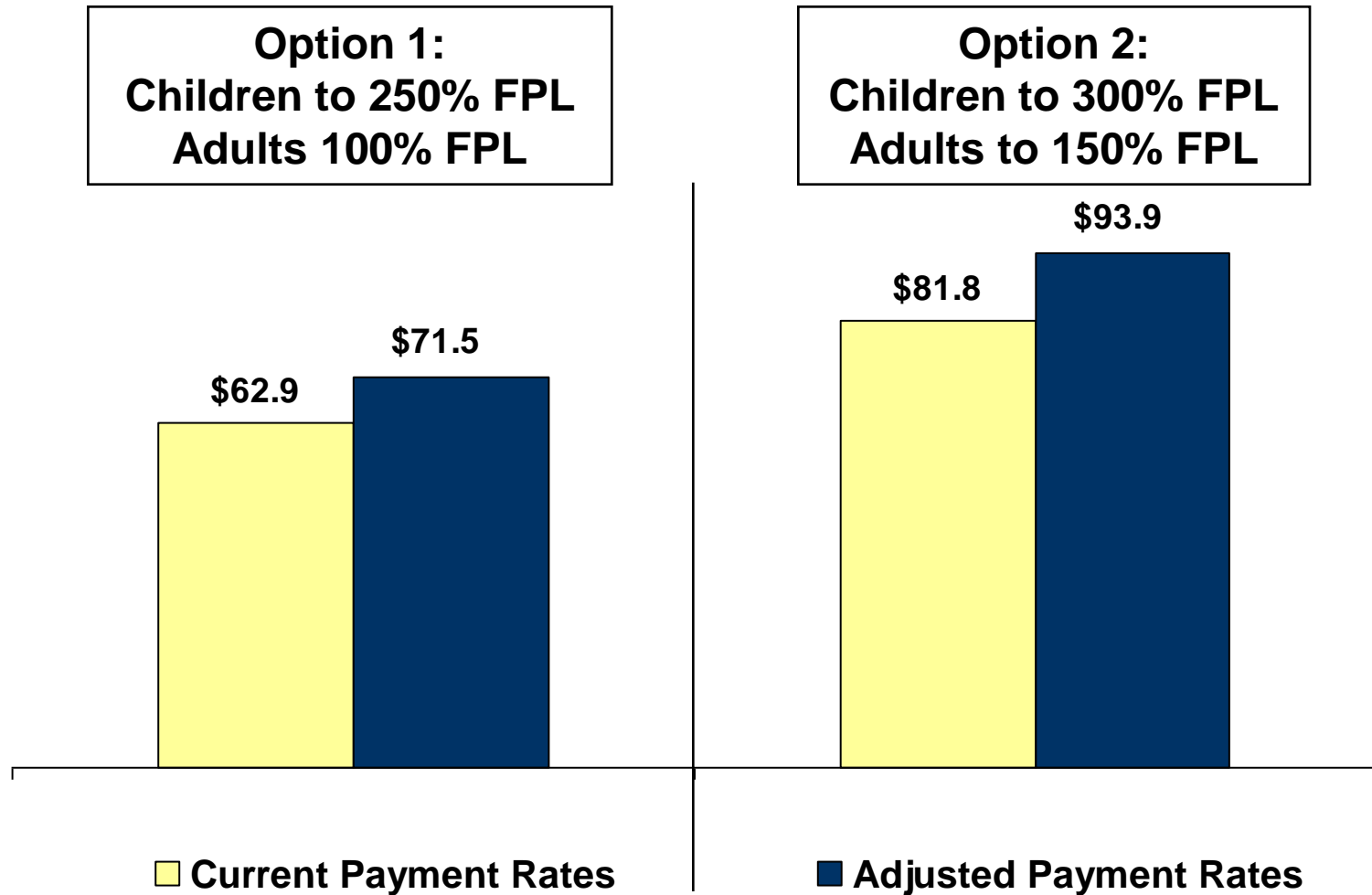
(in millions)



Notes: Assumes higher participation rates.

Figure 6

Costs in 2009 With and Without Medicaid Rates Adjusted to Medicare Payment Rates



Notes: Assumes higher participation rates. Rate increases would add an additional \$20.5 billion to baseline Medicaid costs

Summary

- Establishing eligibility for Medicaid based on income would reduce the number of uninsured
- Achieving participation among the uninsured requires outreach and new policies (maybe a mandate)
- Any new coverage expansion will reduce the number of uninsured by also result in some shifts from private to public coverage
- Increased federal financial support will be necessary to expand Medicaid
 - Pay 100% of Costs of New Enrollees
 - Increase matching rates on acute care or LTC services
 - Shift costs for Medicare premiums & cost-sharing to federal government
 - Eliminate prescription drug clawback payment
 - Eliminate two year waiting period for Medicare
 - Shift all care for dual eligibles to federal government