



Department of Medical Assistance Services



Revised Estimates of Covering Virginia's Uninsured

January 28-29, 2014



<http://dmas.virginia.gov>

Agenda

➤ Introduction

Dr. Bill Hazel, Secretary of Health and Human Resources

➤ Updates in Estimated Costs for Newly Eligible Population

Sandra Hunt, PwC

➤ Updates in Estimated Indigent Care Savings

Scott Crawford, Deputy Director, DMAS

➤ Additional Updates on Estimates

Scott Crawford, Deputy Director, DMAS



Department of Medical Assistance Services



Introduction

Secretary of Health and Human Resources

Dr. Bill Hazel

Timeline of Estimates

- **August 2010** - Initial estimate completed

- **December 2012** – Second estimate completed

- **August 2013**
 - Presented 2012 estimate to MIRC, noting revised estimate was coming
 - Began work on revised estimate

- **September/October 2013**
 - Identified components of estimate requiring significant revision due to updated information and assumptions—PMPM (the cost of care) assumption not yet among them

Timeline of ACA Estimates, cont.

➤ **November 2013**

- Received national study information with new data regarding population health and utilization
- Requested actuary (PwC) to review new data and reconsider PMPM assumptions

➤ **December 2013**

- Received from actuary (PwC) the revised PMPM assumption recommendations (12/18)

➤ **January 2014**

- DMAS estimate complete (1/17), met with DPB
- Presented new estimates to Secretaries Hazel and Brown (1/20)
- Presented to Governor McAuliffe (1/21)
- Presented to Chairs of HAC and SFC (1/22), delivered to MIRC

Differences in 2010 and 2012 Estimates

Estimated State Fund Costs of the ACA for Virginia: 2014-2022

		2010 Estimate	2012 Estimate	
Mandatory Provisions	Woodwork Costs	✓	✓	
	Foster Care Alumni		✓	
	ACA Insurance Tax		✓	
	Changes in Medicaid Drug Rebate Program	✓	✓	
	Increase in Title XXI FMAP	✓	✓	
	Elimination of Public Coverage Programs (FAMIS MOMS, Family Planning 133%+)		✓	
Optional Expansion	Medicaid Expansion Costs	✓	✓	
	# people estimated to enroll	378,018	247,923	
	Behavioral Health Savings		✓	
	Inmate Inpatient Hospital Savings		✓	
	Indigent Care Savings		✓	
	Other Savings		✓	
	Administrative Costs	✓	✓	
Total Estimated GF ACA Costs for Virginia 2014-2022		\$2,158,646,389	\$137,485,859	

Differences in 2012 and 2013 Estimates

- No change in population estimates
 - Implementation timing dates only
 - Estimates and take-up rate assumption (69%) reviewed with new data and state experiences and no changes determined necessary

- No change in fundamental methodology or structure of estimate

- Two primary drivers of the significant change in the revised estimate
 1. Estimated PMPM rates for the newly eligible population
 2. Estimated indigent care savings

Differences in 2012 and 2013 Estimates

Estimated State Fund Costs of the ACA for Virginia: 2014-2022

		2010 Estimate	2012 Estimate	2013 Estimate
Mandatory Provisions	Woodwork Costs	✓	✓	✓
	Foster Care Alumni		✓	✓
	ACA Insurance Tax		✓	✓
	Changes in Medicaid Drug Rebate Program	✓	✓	✓
	Increase in Title XXI FMAP	✓	✓	✓
	Elimination of Public Coverage Programs (FAMIS MOMS, Family Planning 133%+)		✓	✓
Optional Expansion	Medicaid Expansion Costs	✓	✓ \$1.3b	✓ \$933m
	# people estimated to enroll	378,018	247,923	247,923
	Behavioral Health Savings		✓	✓
	Inmate Inpatient Hospital Savings		✓	✓
	Indigent Care Savings		✓ (\$637m)	✓ (\$1.1b)
	Other Savings		✓	✓
	Administrative Costs	✓	✓	✓
Total Estimated GF ACA Costs for Virginia 2014-2022		\$2,158,646,389	\$137,485,859	(\$1,021,083,686)



Updates in Estimated Cost per Person for Newly Eligible Population

Sandra Hunt, PwC



Updates in Estimated Indigent Care Savings

Scott Crawford, DMAS

Indigent Care at UVA and VCU

- Coverage of persons <138% of poverty would reduce indigent care cost to the state
 - Indigent care is 50% GF funded
 - Alternate coverage is 0% to 10% GF funded
- DMAS has made two different estimates of the possible reduction in GF cost through 2022
 - 2012 estimate - \$637 million
 - 2013 estimate - \$1,096 million

Basis of Estimates

➤ 2012

- Less information available
- Used conservative assumptions to avoid overstating savings

➤ 2013

- Obtained and analyzed data on indigent care trends and population
- Estimates are based on data and experience

Comparison of Two Estimates

2012 Estimate	2013 Estimate
Began with assumption of 2014 indigent care cost of \$290 million	Began with assumption of 2015 indigent care cost of \$291 million
Assumed indigent care cost growth of 2% per year (assumption)	Assumed indigent care cost growth of 7% per year (based on actual trends)
Assumed 5% of indigent care replaced by Exchange insurance	Assumed 7.8% of indigent care replaced by Exchange insurance
Assumed 50% of remaining indigent care would be replaced if coverage gap were closed (assumption)	Assumed 80% of remaining indigent care would be replaced if coverage gap were closed (based on analysis of indigent care population)
Possible GF savings = (\$637 million)	Possible GF savings = (\$1,096 million)



Additional Updates on Estimates

Differences in 2012 and 2013 Estimates

-Mandatory Provisions-

		2012 Estimate	2013 Estimate	Notes
Mandatory Provisions	Exchange Woodwork Costs	\$539	\$688	Increase in estimated per person costs
	Administrative Costs	\$7	\$11	Revision in estimate
	Primary Care Physician Rate Increase	\$0	(\$24)	Implementation of the rate increase identified procedures where federal funds supplant state funds
	ACA Insurance Tax	\$256	\$112	Additional information changed estimated tax rate from 1.9% to 1.03%
	Changes in Medicaid Drug Rebate Program	(\$529)	(\$726)	Updated estimate based on FY13 actual MCO rebate collections
	Increase in Title XXI FMAP	(\$322)	(\$337)	Updated estimate based on 2013 Consensus Title XXI expenditure forecast
	Elimination of Public Coverage Programs (FAMIS MOMS, Family Planning 100%+)	(\$60)	(\$60)	No change
	Indigent Care Savings (100-200% FPL)	(\$34)	(\$84)	--> Updated Estimates of Indigent Care Savings
	Subtotal: Mandatory Provisions	(\$142)	(\$420)	

Differences in 2012 and 2013 Estimates

-Optional Provisions-

		2012 Estimate	2013 Estimate	Notes
	Subtotal: Mandatory Provisions	(\$142)	(\$420)	
Optional Expansion	Medicaid Expansion Costs	\$1,339	\$933	--> Updated Estimates of Costs of Newly Eligible Population
	# people estimated to enroll	247,923	247,923	No change
	Woodwork Costs	\$85	\$75	Revised based on updated per person costs and enrollment start date
	Administrative Costs	\$161	\$100	Revision in estimate
	ACA Insurance Tax	\$17	\$9	Additional information changed estimated tax rate from 1.9% to 1.03%
	Elimination of Public Coverage Programs and Coverage of Current Populations as Newly Eligible	(\$104)	(\$139)	Additional savings from coverage of some currently eligible pregnant women as newly eligible
	Inmate Inpatient Hospital Savings	(\$290)	(\$255)	No change in assumptions, reduction in savings associated with change in implementation date
	Savings in State-only Funding of Community Behavioral Health Services	(\$292)	(\$227)	Updated based on additional analysis with DBHDS
	Indigent Care Savings	(\$637)	(\$1,096)	--> Updated Estimates of Indigent Care Savings
		Subtotal: Optional Expansion	\$280	(\$601)
	Total Estimated GF ACA Costs for Virginia 2014-	\$137	(\$1,021)	

Estimated Fiscal Impact of Covering Virginia's Uninsured

2012 Estimate: 1/1/14 Start Date

2013 Estimate: 7/1/14 Start Date

SFY 2010 - SFY 2022			
	State Funds	Federal Funds	Total Funds
	Cost (Savings) of the Coverage Option by Year		
Total	279,691,353	22,346,037,829	22,625,729,181
FY10-13	-	-	-
SFY2014	(52,050,282)	771,361,205	719,310,923
SFY2015	(115,011,566)	2,219,893,704	2,104,882,138
SFY2016	(119,412,445)	2,417,224,032	2,297,811,587
SFY2017	(57,061,568)	2,512,964,094	2,455,902,526
SFY2018	26,102,995	2,598,493,441	2,624,596,436
SFY2019	61,142,043	2,743,460,362	2,804,602,405
SFY2020	131,754,560	2,864,922,600	2,996,677,160
SFY2021	193,998,515	3,007,629,780	3,201,628,295
SFY2022	210,229,100	3,210,088,612	3,420,317,712

SFY 2010 - SFY 2022		
State Funds	Federal Funds	Total Funds
Cost (Savings) of the Coverage Option by Year		
(600,805,110)	14,462,397,523	13,861,592,413
-	-	-
2,371,250	9,813,750	12,185,000
(151,540,297)	1,254,552,949	1,103,012,652
(171,947,400)	1,655,080,206	1,483,132,806
(133,907,504)	1,714,332,698	1,580,425,195
(82,227,198)	1,812,004,405	1,729,777,207
(65,313,771)	1,898,217,228	1,832,903,457
(22,618,523)	1,947,094,424	1,924,475,901
11,571,004	2,026,431,448	2,038,002,452
12,807,329	2,144,870,415	2,157,677,744

*Estimated Fiscal Impact reflects costs and savings to DMAS, DBHDS, and DOC. Potential costs and savings to other state agencies as well as potential tax revenue implications are not included in this analysis.

Delaying Coverage Decreases Savings

2013 Estimate: 7/1/14 Start Date

2013 Estimate: 7/1/15 Start Date

SFY 2010 - SFY 2022

SFY 2010 - SFY 2022

State Funds Federal Funds Total Funds

State Funds Federal Funds Total Funds

Total	Cost (Savings) of the Coverage Option by Year		
	(600,805,110)	14,462,397,523	13,861,592,413
FY10-13	-	-	-
SFY2014	2,371,250	9,813,750	12,185,000
SFY2015	(151,540,297)	1,254,552,949	1,103,012,652
SFY2016	(171,947,400)	1,655,080,206	1,483,132,806
SFY2017	(133,907,504)	1,714,332,698	1,580,425,195
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SFY2022	12,807,329	2,144,870,415	2,157,677,744

Total	Cost (Savings) of the Coverage Option by Year		
	(435,844,605)	12,928,592,526	12,492,747,920
FY10-13	-	-	-
SFY2014	-	-	-
SFY2015	4,362,240	11,804,740	16,166,981
SFY2016	(160,794,277)	1,368,237,147	1,207,442,869
SFY2017	(133,635,978)	1,719,854,224	1,586,218,246
SFY2018	(82,222,629)	1,812,082,899	1,729,860,270
SFY2019	(65,313,771)	1,898,217,228	1,832,903,457
SFY2020	(22,618,523)	1,947,094,424	1,924,475,901
SFY2021	11,571,004	2,026,431,448	2,038,002,452
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