

Can Virginia Afford the Affordable Care Act?

Senate Finance Committee
Health and Human Resources Subcommittee
September 27, 2010

John McInerney
Health Policy Director
The Commonwealth Institute for Fiscal Analysis



THE
COMMONWEALTH
INSTITUTE

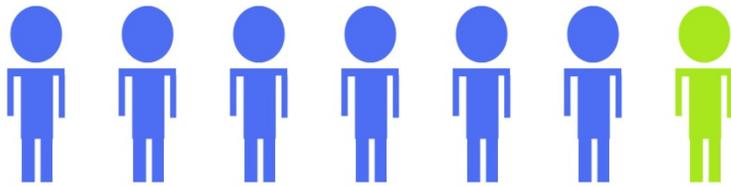
HEALTH CARE COVERAGE PROBLEMS IN VIRGINIA?



Lack of Coverage

Nationwide, over 50 million uninsured according to U.S. Census Bureau

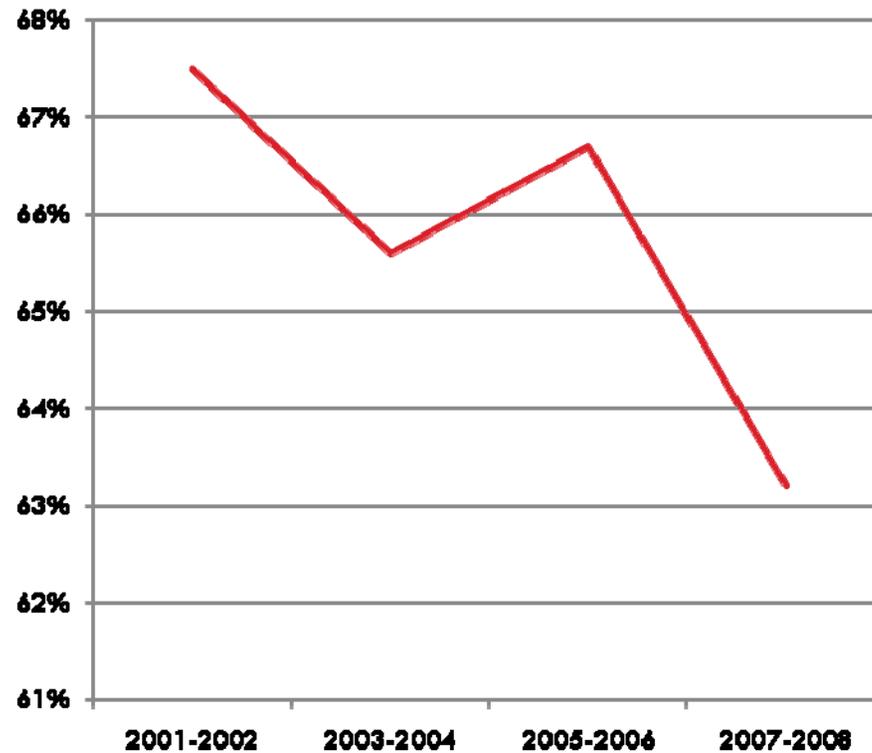
In Virginia alone, over 1 million uninsured



1 out of 7 Virginians are uninsured



Lack of Coverage



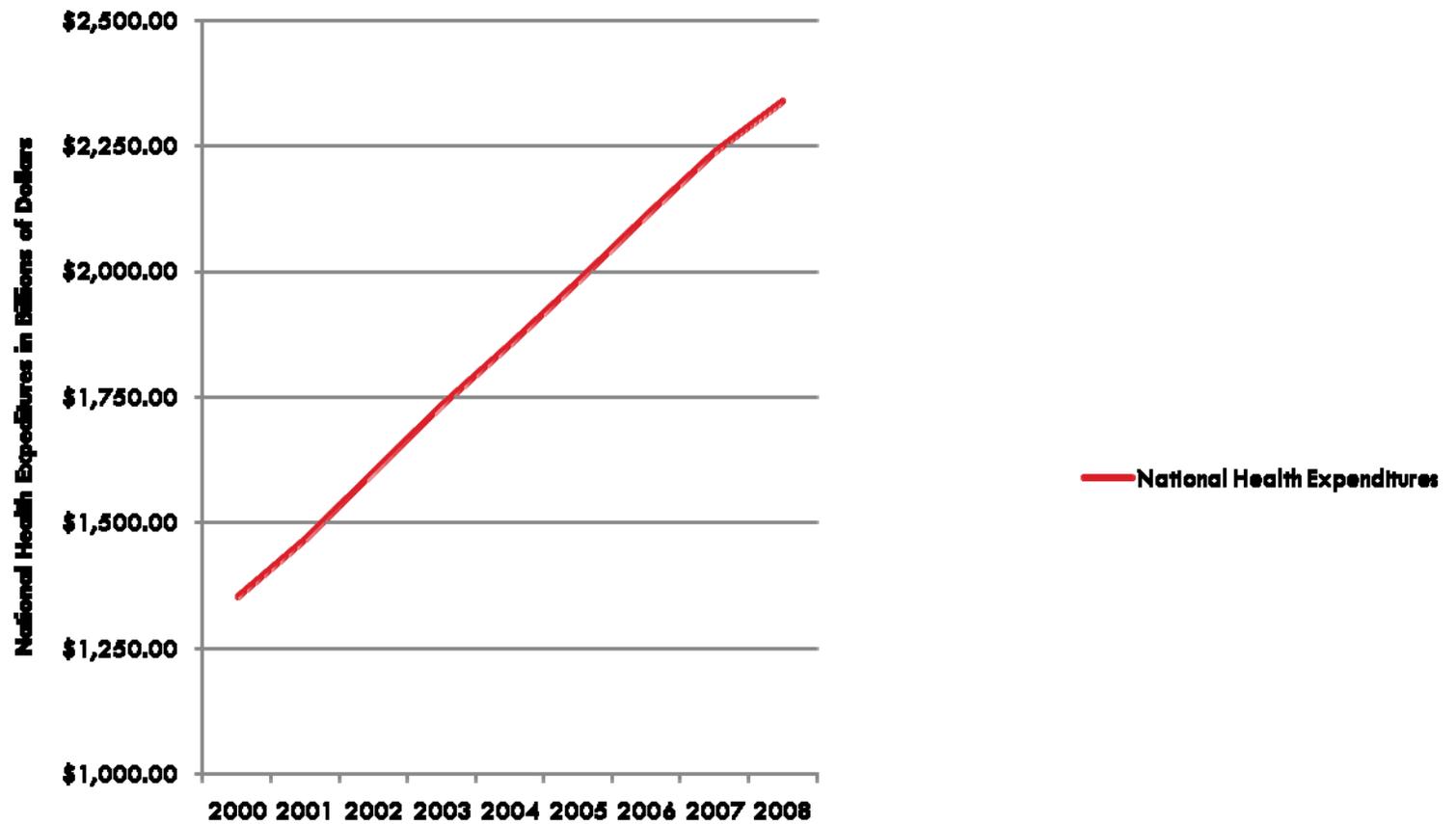
Fewer people are receiving insurance through their employer

Source: United States Census Bureau



THE
COMMONWEALTH
INSTITUTE

Increasing Costs



Health care expenditures continue to grow

source: Centers for Medicare and Medicaid Services



Status Quo Prevails in Virginia

- In recent years, Virginia has approved few coverage and eligibility improvements in Medicaid and FAMIS
- State ranks 48th in Medicaid per capita spending; 43rd in FAMIS eligibility levels
- State attempted to cut FAMIS and some Medicaid eligibility in 2010 General Assembly session



WHAT DOES THE MEDICAID EXPANSION MEAN FOR VIRGINIA?



Expanded Medicaid Coverage

- Extends coverage up to 425,000 additional Virginians
- Largely paid for by federal government
- Increases access to quality care for previously uninsured



Medicaid Expansion is a Good Deal for Virginia

- Federal funds will finance most of the expansion population
 - ▣ 2014-2016: 100 percent federally funded
 - ▣ 2017: 95 percent federal funds/5 percent state funds
 - ▣ By 2020: 90 percent federal funds/10 percent state funds

- With strict eligibility in current program, Virginia will benefit more than most other states



Putting State Share in Context

- Governor estimates \$1.5 billion in additional state funding for Medicaid from FY 2014 to FY 2022 to cover up to 425,000 new Virginians
- Over same time period, state would receive over *\$10 billion* in federal matching funds



Putting State Share in Context

- DMAS estimates for GF Medicaid spending on existing program:
 - Approximately \$3 billion in FY 2011 and over \$3.5 billion in FY 2012

- With modest growth, Virginia will likely spend close to \$50 billion in total GF between FY 2014 and FY 2022.
 - Additional spending on Medicaid expansion is a small percentage of total projected program expenditures.



Other Medicaid Issues for Virginia to Address

- Integrating Current Program with Expansion of Medicaid
 - 50 percent reimbursement rates for current program vs. 90 percent or more for expansion population

- Enrollment procedures: How will newly eligible enroll? Who will administer enrollment?



HEALTH INSURANCE EXCHANGES



New Health Insurance Marketplace

- Health insurance exchanges will provides federally subsidized marketplace for Virginians without workplace coverage to access private health insurance
- Will build on the many insurance reforms, like ban on pre-existing condition exclusions, contained in the Affordable Care Act



Key Issues in Creating Exchanges

- What entity will run the exchanges: Bureau of Insurance, HHR, outside non-profit?
- Create one exchange or regional exchange (e.g. a Northern Virginia, D.C., suburban Maryland regional exchange)?
- Adequate Funding needed for implementation and information technology upgrades
 - ▣ Likely \$1 billion in federal funding
 - ▣ Additional state money for IT improvement and other implementation needs

Contact Information



John McInerney, Health Policy Director
The Commonwealth Institute
for Fiscal Analysis

john@thecommonwealthinstitute.org

804-643-2474 ext. 123