Where Medicaid Stands: From AHCA to State Waivers

Alliance for Health Reform Webinar
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Conference of Governors
The White House, 1908
Health Division Guiding Principles

The Health Division grounds all of its work in the following guiding principles:

• **Helping Governors Succeed**: Harnessing unbiased expertise to surface and disseminate the most promising evidence-based practices that can assist governors as they strive to improve the lives of their residents

• **Moving Beyond Theory**: Moving beyond theory by breaking down complex challenges and translating best practices into actionable steps governors can take to effectively and efficiently solve problems and create change

• **Breaking Down Silos**: Leveraging expertise across the NGA Center to help governors and their state leaders break down silos and develop integrated, innovative, whole-person solutions that are sustainable over time
“It is critical that any changes to Medicaid and the private health insurance market reflect states’ experience as major health care purchasers, regulators and administrators who will be responsible for carrying out new reforms.” - 2017 NGA LETTER TO CONGRESS
Stated Path for Health Care Reform

Phase 1: Repeal and Replace Through Reconciliation

- AHCA Introduced (3/6)
- CBO Score Released (3/13)
- Manager’s Amendments (3/20)
- Updated CBO Score Released (3/22)
- Additional Amendments (3/23)
- AHCA Pulled from House Floor (3/24)
- HHS 1332 Letter to Governors (3/14)
- HHS/CMS Medicaid Letter to Governors (3/14)

Phase 2: Administrative Actions

- AHCA Passes House; Senate Forms Working Group (5/4)

Phase 3: Other Legislative Action
Factors Related to State Impact

- Current federal match rate
- Medicaid expansion
- Eligibility criteria
- Population growth & demographics
- Scope of benefits
- Regional costs of healthcare
- Annual spending growth
- Role of managed care
- Use of provider taxes
How Might States Respond to Limited Support for Medicaid Expansion?

State Example: Ohio

- **Keep expansion to 138% FPL at regular FMAP**
  - 123,000 people lose coverage
  - $6.4 billion reduction in total Medicaid spending
  - $7.8 billion increase in state share

- **Limit expansion to 100% FPL at regular FMAP**
  - 284,000 people lose coverage
  - $14 billion reduction in total Medicaid spending
  - $4.9 billion increase in state share

- **Phase out expansion**
  - 750,000 people would lose coverage
  - $37 billion reduction in total Medicaid spending
  - $3.7 billion decrease in state share

How Might States Respond to Medicaid Caps?

State Example: Virginia

Raise taxes, increase state share of spending

$1.8 billion

Reduction in Medicaid funding between 2020-2026

Cut enrollment, benefits & provider payments

Impact on State Efforts to Address the Opioid Crisis

INSURANCE STATUS OF ADULTS WITH OPIOID ADDICTION

- Medicaid: 30%
- Uninsured: 20%
- Private: 40%
- Other/Unknown: 10%

Total: 2.2 million people

Source: Kaiser Family Foundation analysis of the 2015 National Survey of Drug Use and Health (NSDUH)
How Do Medicaid Caps Address Rising Drug Costs?

AVERAGE CPI MEDICAL VS. PERCENT INCREASE IN MEDICAID PRESCRIPTION DRUG SPENDING PER YEAR

Sources: Centers for Medicare & Medicaid Services, Office of the Actuary, National Health Statistics Group
US Department of Labor, Bureau of Labor Statistics, CPI- Medical Care
# States Welcome New Flexibilities

## Health Care Executive Order (Jan. 20)

- Affirms the Executive Branch’s commitment to repealing the Affordable Care Act
- Directs federal agencies to take actions aimed at reducing the fiscal burden of the law on states, patients, providers and insurers

## HHS/CMS Letter to Governors on Medicaid (Mar. 14)

- Commits to improving collaboration with states in several areas:
  - Streamlining the approval of state plan amendments and waiver applications
  - Implementing work requirements and community engagement incentives
  - Aligning benefit designs with private health insurance products
  - Allowing additional time to comply with the 2014 home and community-based services rule
  - Providing states with more tools to combat the opioid crisis
Questions?

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