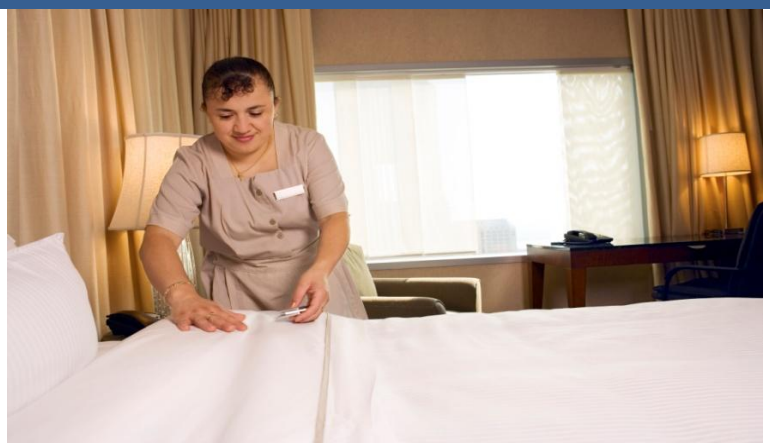
Expanding Colorado Medicaid: Caseload and Cost Projections



The Affordable Care Act (ACA) provides states the opportunity to expand Medicaid eligibility up to 133 percent of the Federal Poverty Level (FPL)* starting in January 2014. In 2012, 133 percent of the FPL was $30,657 for a family of four and $14,856 for an individual.

*Federal law allows for a 5 percent income disregard so those earning up to 138 percent FPL may be eligible.

How many Coloradans will be covered by the Medicaid expansion?
The Department of Health Care Policy and Financing (Department) estimates that pursuing the Medicaid expansion will allow **more than 160,000** Coloradans to gain access to health care coverage beginning January 1, 2014.

Why expand Medicaid?
Societal Impacts – Coverage Impacts Health
Studies by the Institute of Medicine and others show that those without insurance are more likely to die after a heart attack, suffer poorer outcomes after stroke, and have cancer diagnosed at a more advanced stage, when treatment may be less effective and more costly.

Coverage by public insurance programs is effective at improving health. States that have expanded Medicaid have had a reduction in mortality rates and Medicaid enrollees are more likely to receive preventive health care than people without insurance.

Economic Impacts – Coverage Benefits the Economy
The costs of caring for the uninsured are passed along to those who are insured, raising insurance premiums.

Covering more Coloradans can reduce cost shifting to businesses and to individuals with private insurance, and can reduce uncompensated care for hospitals.

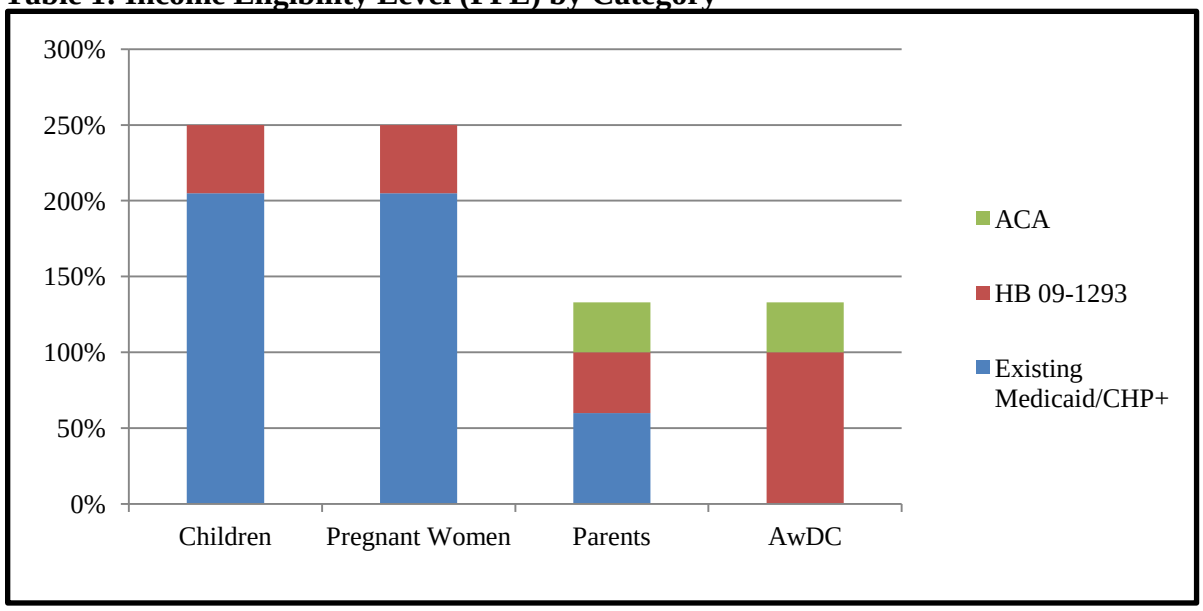
Financing the Expansion

Analysis on the cost of the Medicaid expansion is complex and involves many variables: federal matching fund structure, caseload projections, interactions with existing state programs, Hospital Provider Fee funding, estimated enrollment rates, and benefit packages. While estimates will evolve based on new data and additional federal guidance, the Department has calculated projections to help inform policymakers about the estimated costs and benefits of the Medicaid expansion.

INCOME ELIGIBILITY & CASELOAD

Colorado Medicaid already covers children and pregnant women up to 133 percent FPL. The Department has been implementing expansions of coverage for parents and adults without dependent children (AwDC) through the Hospital Provider Fee (HB 09-1293). Currently, limited funds have capped the coverage for adults without dependent children at 10,000 clients. By pursuing the expansion provider fee dollars can go further and cover more adults.

Table 1: Income Eligibility Level (FPL) by Category



It is estimated that not everyone who is eligible will enroll immediately; rather there will be a phase in rate in which caseload increases over time. The Department's caseload and cost projections take this into account.

COST PROJECTIONS

How much will expanding Medicaid cost the State?
The Department calculated 10 year projected costs. The Medicaid expansion is expected to have a minimal impact on the state General Fund (see Table 2).

How will the expansion be financed?
As federal funding tapers, we anticipate savings from cost containment initiatives, provider fee structure and other public funding will cover the expansions.

Federal/State Funding
How do federal matching funds work under the ACA?
Colorado currently splits Medicaid costs at approximately 50 percent with the federal government. States expanding their Medicaid programs to 133 percent FPL will have the costs for the newly eligible population covered 100 percent by the federal government through 2016. After 2016, the federal matching rates taper off until 2020 when the state will cover 10 percent of the cost. States that do not expand are not eligible for the enhanced matching funds.

State/Federal Share for Newly Eligible Populations

Year	Federal Share of Cost	State Share of Cost
2014	100%	N/A
2015	100%	N/A
2016	100%	N/A
2017	95%	5%
2018	94%	6%
2019	93%	7%
2020	90%	10%

How will the State's share be funded when the 100 percent federal match begins to taper in 2017?
Parents and adults without dependent children currently covered by the hospital provider fee will qualify for enhanced federal matching funds. Instead of the federal government paying 50 percent of the costs, it will pay 95 percent of the costs in 2017 tapering down to 90 percent in 2020.

As federal funding tapers, savings from cost containment initiatives, provider fee structure and other public funding will cover the additional caseload.

In addition to the enhanced matching funds, the Department will enhance its cost containment initiatives which focus on improving quality of care while containing costs.

Medicaid Expansion Caseload and Costs

Table 2

Preliminary 10-YEAR ESTIMATE* Caseload and Cumulative Expenditure Projections, 2013-2022 (Representing Net Change, Costs in Millions)			
	09-1293	ACA	Total**
Caseload[1]	220,300	59,500	271,000
Total Cost	$11,709.7	$2,039.2	$13,548.3
State Share: Provider Fee/Other[2]	$1,267.3	**$128.3**	$1,395.6
State Share: General Fund/Other[2]	$0	$0	**($179.5)**
Federal	$10,382.3	$1,910.9	$12,280

*This is a preliminary estimate of caseload and expenditures and does not include administrative costs or effects of other programs.

**The total estimates column above takes into account calculations for eligible but not enrolled individuals and changes to the CHP+ costs and caseload.

[1] An estimated more than 160,000 Coloradans will be enrolled as a result of the expansion. This is the difference between 271,000 (above) and an estimated 110,200 parents and adults without dependent children currently authorized under the provider fee.

[2] As federal funding tapers, savings, the provider fee structure and other public funding will cover the additional caseload.

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