Medicaid Expansion: Virginia has Better Alternatives

Virginia Medicaid Innovation and Reform Commission

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by

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The Patient Protection and Affordable Care Act

Medicaid Under the PPACA

✓ ACA Expands Medicaid to 138% of FPL
✓ CBO: originally estimated 16 million to 17 million covered
✓ Supreme Court: States have a choice
✓ CBO: After SCOTUS ~11 million
### Federal Poverty Level (2013)

<table>
<thead>
<tr>
<th>FPL</th>
<th>Individual</th>
<th>Family of Two</th>
<th>Family of Four</th>
</tr>
</thead>
<tbody>
<tr>
<td>100%</td>
<td>$11,490</td>
<td>$15,510</td>
<td>$23,550</td>
</tr>
<tr>
<td>138%</td>
<td>$15,856</td>
<td>$21,404</td>
<td>$32,499</td>
</tr>
<tr>
<td>200%</td>
<td>$22,980</td>
<td>$31,020</td>
<td>$47,100</td>
</tr>
<tr>
<td>300%</td>
<td>$34,470</td>
<td>$46,530</td>
<td>$70,650</td>
</tr>
<tr>
<td>400%</td>
<td>$45,960</td>
<td>$62,040</td>
<td>$94,200</td>
</tr>
</tbody>
</table>
Virginia Medicaid Eligibility
(Current Law)

% FPL

- Pregnant Women
- Children
- Disabled
- Parents of Young Children
- Childless Adults

Proposed expansion in red
Potential Medicaid Population

Who is theoretically eligible?

1.7 million with Income < 139% FPL

- **Uninsured < 139% FPL**: 485,800
- **Employer coverage**: 339,400
- **Other coverage**: 208,400
- **Medicaid enrolled**: 423,200
Virginia Medicaid Expansion

**Challenges to Overcome**

- Medicaid Displaces Private Insurance
- Physician Shortage
- Low Medicaid Provider Fees
- Poor Access to Care
- Medicaid and Emergency Room Overuse
- Poor Outcomes
Virginia Medicaid
(Fee for Service Physician Fees)

- Medicaid: 65%
- Medicare: 81%
- Private Insurers: 100%
State Subsidy per Family Member

(Family Size)

100% FPL

133% FPL

$0

$50

$100

$150

$200

$250

$300

$350

One

Two

Three

Four
Alternatives to Medicaid Expansion

**Tailor Medicaid to Meet Virginia’s Needs**

- Uninsured <100%: FMAP ~50%
- Uninsured 100%-138%: Health Insurance Exchange
- Premiums cannot exceed 2% of income
- Private insurers reimbursement is about 1.4 times Medicaid fees
- Virginia could subsidize cost ~200-$300
Exchanging Medicaid for Private Coverage

Population: 100%-138% (2014-2023)

- Federal Medicaid Spending ~ $7.6 billion
- Virginia would spend about $0.5 billion
- Approximate value of private spending ~ $10.3 billion.
- Potentially $280 million more medical funding annually.
- After 2016 tailor Medicaid program to meet needs of those earning <100% FPL.
Conclusion

- Medicaid is not the best way to reduce the uninsured.
- Perhaps 30% of new Medicaid enrollees may be those who dropped private coverage.
- Low provider payments will create a barrier to access.
- Enrollees without access will use ER.
- Subsidized coverage through the exchange is a better option for moderate-income uninsured.
Ideas Changing the World