

Medicaid Expansion: Virginia has Better Alternatives

**Virginia Medicaid Innovation and Reform
Commission**

October 21, 2013

by

Devon M. Herrick Ph.D.

Senior Fellow

National Center for Policy Analysis



National Center for Policy Analysis
Ideas Changing the World

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*

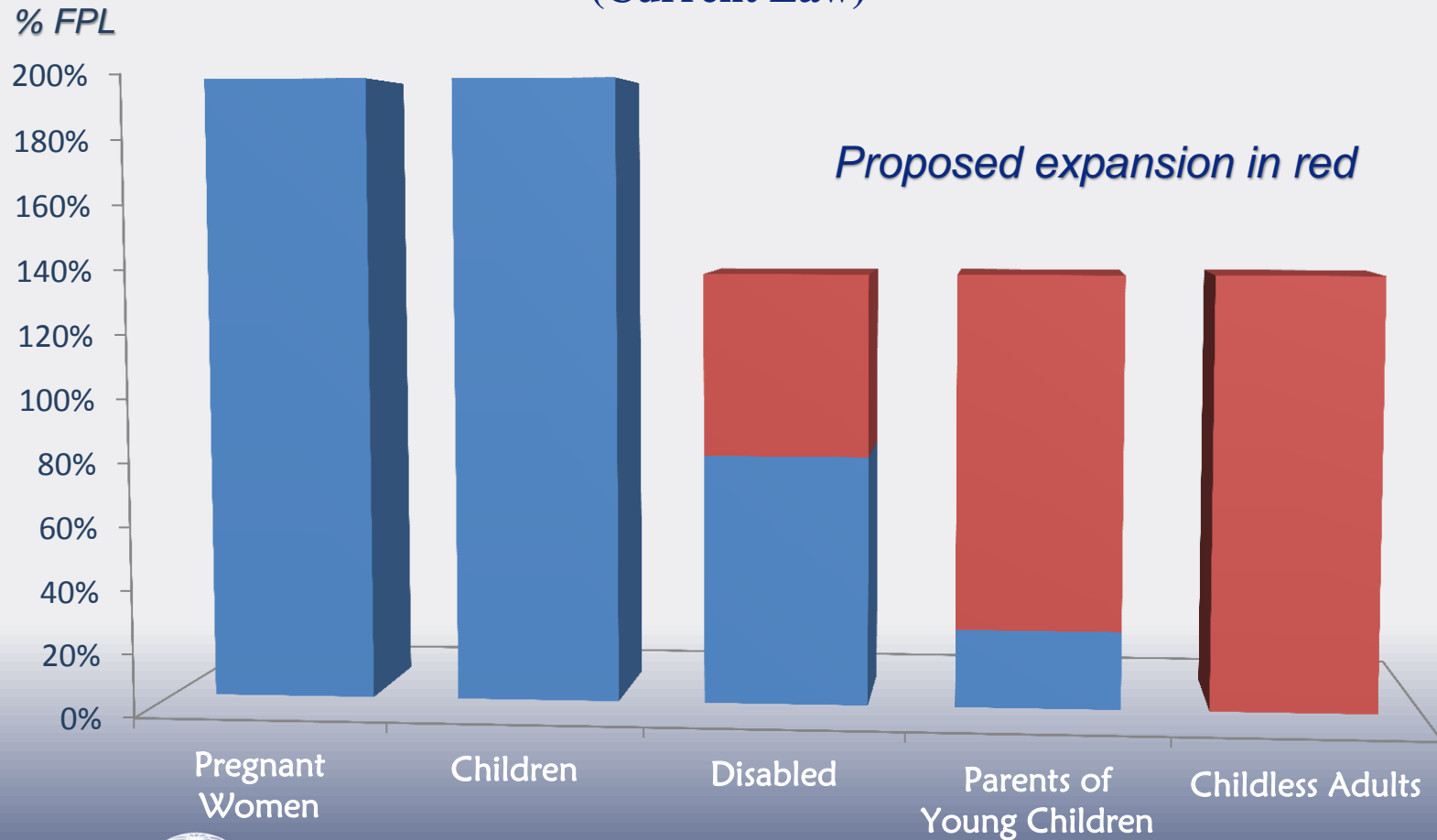
Federal Poverty Level

(2013)

FPL	Individual	Family of Two	Family of Four
100%	\$11,490	\$15,510	\$23,550
138%	\$15,856	\$21,404	\$32,499
200%	\$22,980	\$31,020	\$47,100
300%	\$34,470	\$46,530	\$70,650
400%	\$45,960	\$62,040	\$94,200

Virginia Medicaid Eligibility

(Current Law)



Potential Medicaid Population

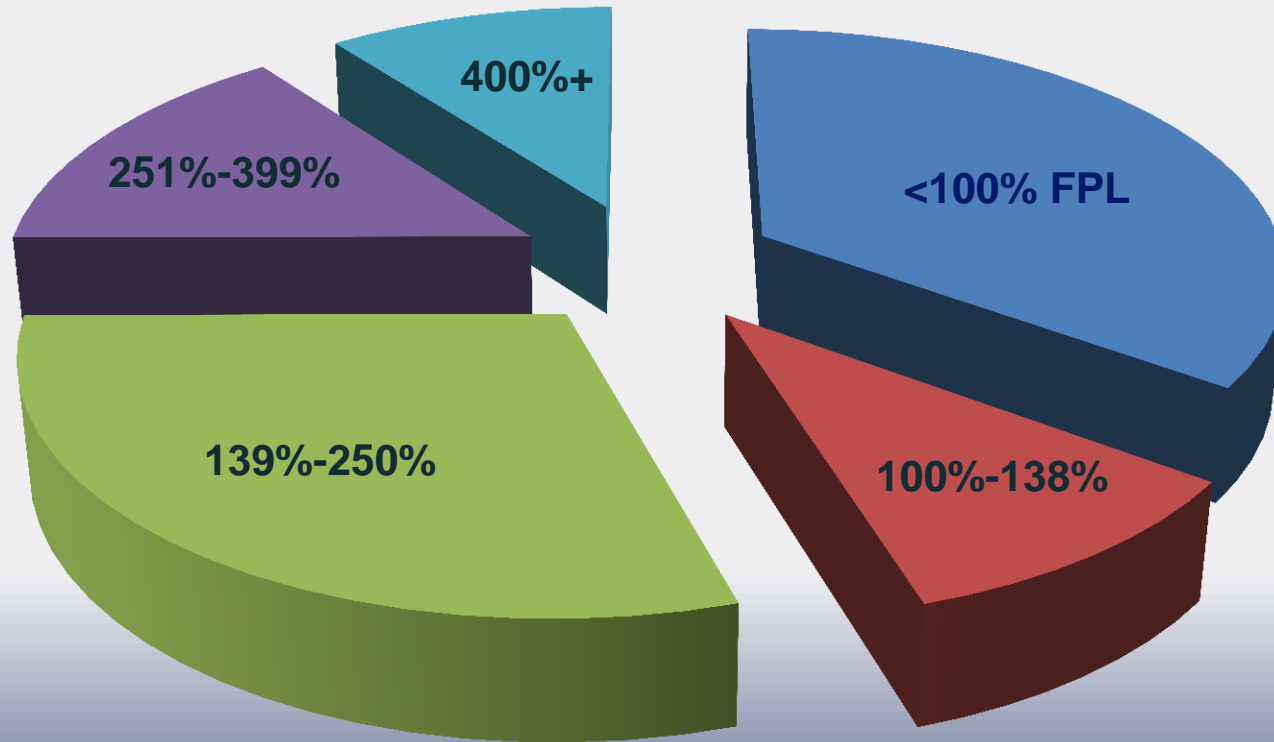
Who is theoretically eligible?

1.7 million with Income < 139% FPL

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

The Uninsured in Virginia

(by percent of poverty)



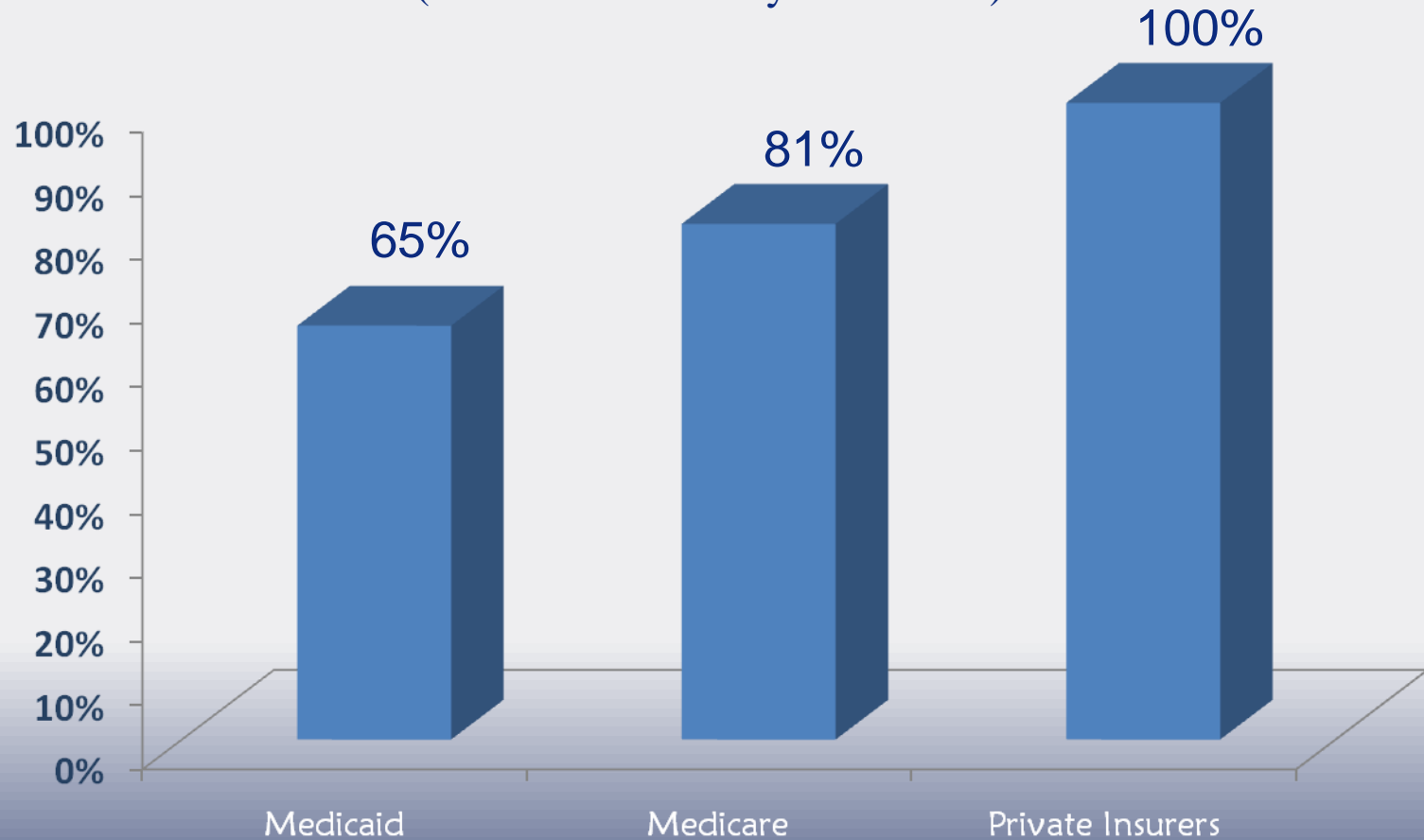
Virginia Medicaid Expansion

Challenges to Overcome

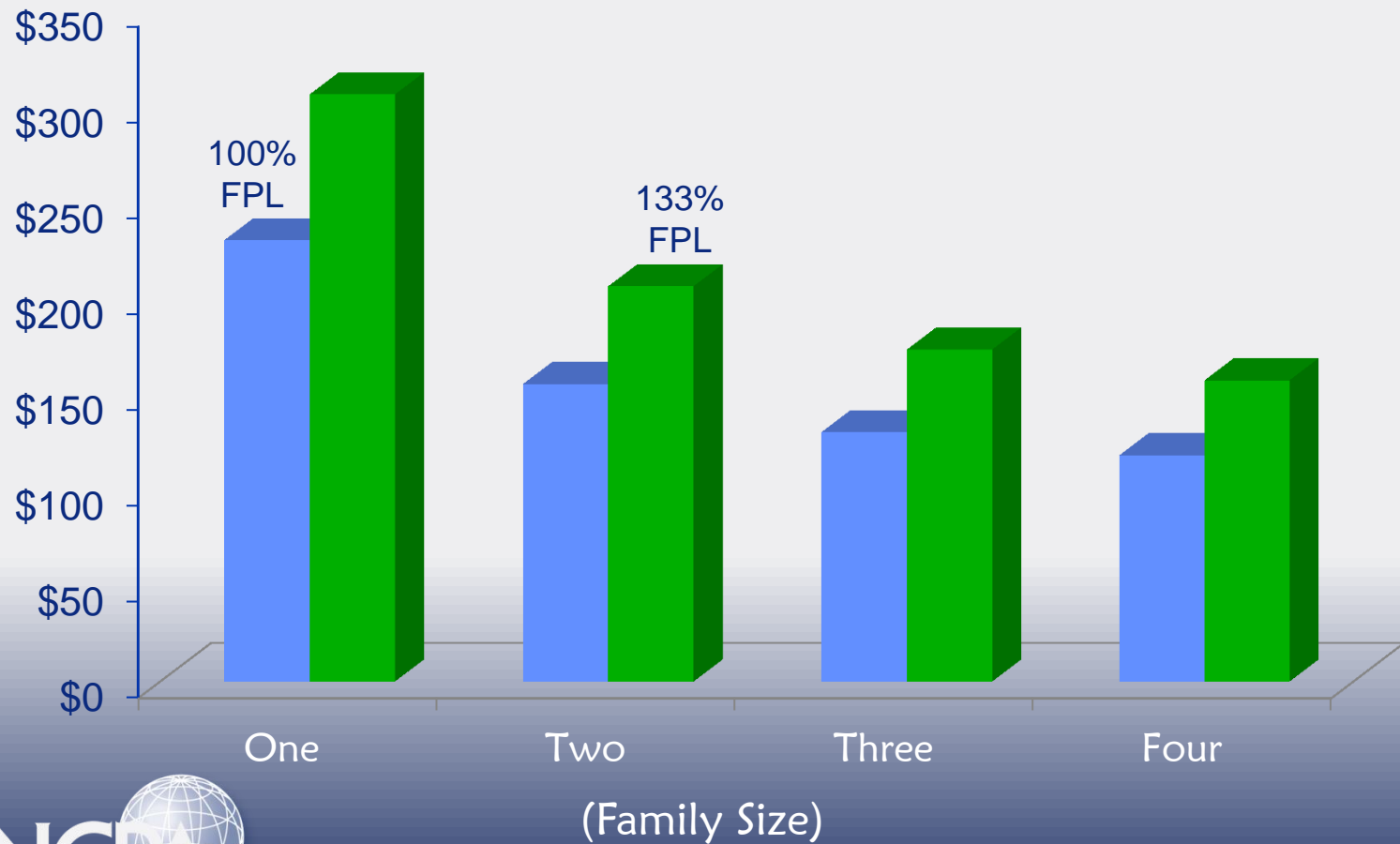
- ✓ *Medicaid Displaces Private Insurance*
- ✓ *Physician Shortage*
- ✓ *Low Medicaid Provider Fees*
- ✓ *Poor Access to Care*
- ✓ *Medicaid and Emergency Room Overuse*
- ✓ *Poor Outcomes*

Virginia Medicaid

(Fee for Service Physician Fees)



State Subsidy per Family Member



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