

Costs and Savings from Potential Changes to Missouri Medicaid Eligibility and Transformation

Presentation to the Missouri House Interim Committee on Medicaid Transformation

Rep. Jay Barnes

Wednesday, November 5, 2013

The following presentation outlines estimated costs and savings from potential changes to both Missouri's Medicaid eligibility standards and potential Medicaid transformation proposals. As with other presentations, these proposals are to serve as a vehicle for discussion and do not represent the chairman or the committee's endorsement of any particular proposal.

Overview of Estimated General Revenue Costs

CATEGORY	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	TOTAL
Parents and Childless Adults to 100; and Medically Frail to 138%	\$0	\$0	\$0	\$23,180,513	\$53,331,382	\$66,685,206	\$90,361,356	\$109,914,530	\$343,472,987
Exchange Subsidies for Parents and Childless Adults to 138%	\$0	\$0	\$0	\$7,607,081	\$17,678,953	\$22,351,163	\$30,477,360	\$37,215,051	\$115,329,608
Foster Kids to 26	\$0	\$0	\$0	\$102,841	\$231,186	\$284,070	\$385,407	\$468,552	\$1,472,056
Transferred Eligibility	(\$17,484,317)	(\$44,956,945)	(\$56,078,687)	(\$54,508,970)	(\$52,143,379)	(\$52,766,414)	(\$51,528,969)	(\$51,076,593)	(\$380,544,274)
< Eligibility – Cancer	\$0	(\$479,528)	(\$501,106)	(\$523,656)	(\$547,221)	(\$571,846)	(\$597,579)	(\$624,470)	(\$3,845,406)
< Eligibility – Blind	\$0	(\$28,986,111)	(\$30,290,486)	(\$31,653,558)	(\$33,077,968)	(\$34,566,477)	(\$36,121,968)	(\$37,747,457)	(\$232,444,025)
< Eligibility – Women’s	\$0	(\$931,518)	(\$973,437)	(\$1,017,242)	(\$1,063,018)	(\$1,110,853)	(\$1,160,842)	(\$1,213,080)	(\$7,469,990)
Managed Care	(\$2,458,466)	(\$5,027,562)	(\$5,253,801)	(\$5,490,222)	(\$5,737,283)	(\$5,995,460)	(\$6,265,255)	(\$6,547,191)	(\$42,775,240)
Increased Services Plus Commercial Rates for Adults	\$852,019	\$1,580,518	\$1,252,965	\$825,265	\$398,856	(\$28,106)	(\$495,819)	(\$986,177)	\$3,399,521
Children at Commercial	\$11,641,953	\$23,184,507	\$23,068,673	\$23,017,772	\$23,074,492	\$23,333,523	\$22,143,597	\$23,281,775	\$172,746,292
Health Home – Existing	(\$970,952)	(\$2,547,727)	(\$3,806,352)	(\$4,548,399)	(\$4,730,396)	(\$4,919,611)	(\$5,116,396)	(\$5,321,051)	(\$31,960,884)
Health Home – Increase	\$0	\$0	\$0	(\$155,982)	(\$350,647)	(\$430,859)	(\$587,111)	(\$715,870)	(\$2,240,469)
Tax Credits Avoided	(\$3,000,000)	(\$17,013,832)	(\$18,513,832)	(\$21,971,082)	(\$23,471,082)	(\$24,971,082)	(\$26,471,082)	(\$27,971,082)	(\$163,383,074)
Mental Health	(\$11,299,835)	(\$22,599,671)	(\$22,599,671)	(\$22,599,671)	(\$22,599,671)	(\$22,599,671)	(\$22,599,671)	(\$22,599,671)	(\$169,497,532)
Corrections	(\$1,559,556)	(\$3,119,112)	(\$3,119,112)	(\$3,119,112)	(\$3,119,112)	(\$3,119,112)	(\$3,119,112)	(\$3,119,112)	(\$23,393,340)
Increased Revenue	(\$12,539,239)	(\$35,721,648)	(\$37,564,929)	(\$38,893,911)	(\$38,825,255)	(\$39,287,995)	(\$40,168,935)	(\$41,010,254)	(\$284,012,166)
Avoided Incarcerations	\$0	(\$9,361,369)	(\$9,361,369)	(\$9,361,369)	(\$9,361,369)	(\$9,361,369)	(\$9,361,369)	(\$9,361,369)	(\$65,529,583)
CHIP Reduction	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$4,988,491)	(\$8,585,960)
TOTAL	(36,818,393)	(145,979,998)	(163,741,144)	(139,109,702)	(100,311,532)	(87,074,893)	(63,823,857)	(42,401,960)	(779,261,479)

SAVINGS AND COSTS NOT SCORED: Price competition in bidding and participant plan selection; cost-consciousness through HSAs; wellness programs, ER diversion, school-based clinics, and wrap-around services for blind and Ticket-to-Work recipients no longer Medicaid eligible

Costs of Increasing Medicaid Eligibility

Running GR Total FY 2021: -- \$109,914,530

FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
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Parents > 19% FPL to 100% FPL

Participants	82,480	82,480	82,480	87,485	92,490	92,490	92,490
GR	\$0	\$0	\$0	\$6,584,076	\$15,263,765	\$19,191,170	\$25,990,375
Federal	\$210,790,559	\$423,610,750	\$430,433,946	\$442,186,509	\$468,684,908	\$494,813,942	\$502,618,692
Other	\$0	\$0	\$0	\$5,235,543	\$12,137,481	\$15,260,485	\$20,870,420
Total	\$210,790,559	\$423,610,750	\$430,433,946	\$454,006,127	\$496,086,154	\$529,265,596	\$549,479,486

Childless Adults 0% FPL to 100% FPL

Participants	88,372	94,488	100,603	106,719	112,834	112,834	112,834
GR	\$0	\$0	\$0	\$10,717,920	\$24,850,922	\$31,249,185	\$42,321,774
Federal	\$300,260,111	\$624,982,403	\$678,863,944	\$719,713,499	\$763,055,835	\$805,709,806	\$818,443,376
Other	\$0	\$0	\$0	\$8,522,704	\$19,761,021	\$24,848,808	\$33,984,630
Total	\$300,260,111	\$624,982,403	\$678,863,944	\$738,954,122	\$807,667,777	\$861,807,799	\$894,749,780

Medically Frail 0% FPL to 138% FPL

Participants	19,782	19,782	19,782	19,782	19,782	19,782	19,782
GR	\$0	\$0	\$0	\$5,878,517	\$13,216,696	\$16,244,852	\$22,049,208
Federal	\$191,135,895	\$388,100,805	\$400,843,961	\$404,386,269	\$406,890,017	\$418,809,474	\$426,319,655
Other	\$0	\$0	\$0	\$4,674,495	\$10,509,686	\$12,917,623	\$17,705,783
Total	\$191,135,895	\$388,100,805	\$400,843,961	\$414,939,280	\$430,616,399	\$447,971,948	\$466,074,646

TOTAL

Participants	190,634	196,750	202,865	213,986	225,106	225,106	225,106
GR	\$0	\$0	\$0	\$23,180,513	\$53,331,382	\$66,685,206	\$90,361,356
Federal	\$702,186,564	\$1,436,693,958	\$1,510,141,851	\$1,566,286,276	\$1,638,630,760	\$1,719,333,221	\$1,747,381,723
Other	\$0	\$0	\$0	\$18,432,741	\$42,408,187	\$53,026,916	\$72,560,833
Total	\$702,186,564	\$1,436,693,958	\$1,510,141,851	\$1,607,899,529	\$1,734,370,329	\$1,839,045,342	\$1,910,303,911

Costs and Savings from Potential Changes to Missouri Medicaid Eligibility and Transformation

NOTES ON CHART FROM PAGE 3

PER MEMBER PER MONTH COSTS (PMPM)

- PMPM cost estimated by Mercer, assuming commercial rates. These forecasts are based on estimates completed before 2013 session. Mercer in process of updating estimates, should be available before 2014 session.
 - Medically frail estimate completed by DSS based on analysis of existing population.
 - **PMPM Rate Estimates**
- | | | |
|----------------|---------------|-------------------|
| Parents | Adults | Med. Frail |
| \$436 | \$583 | \$1,635 |

STATE SHARE OF COSTS BY YEAR

2014	2015	2016	2017	2018	2019	2020
0	0	0	5	6	7	10

TAKE-UP RATES

- Population of Missouri uninsured derived from Census Bureau 2011 American Community Survey.
- Take-up rate model based on prior increases in Missouri and other states. Assumes the following take-up rates:

Category	2014	2015	2016	2017	2018	2019	2020
Parents	70	70	70	75	80	80	80
Adults	60	65	70	75	80	80	80
Med. Frail	95	95	95	95	95	95	95

WHY 138% FOR MEDICALLY FRAIL?

- “Medically frail” is a new categorical composed of high-cost recipients with complex medical conditions.
- ACA prohibits states from requiring “medically frail” individuals to sign-up for a managed care plan.
- Costs to be controlled and care improved for this categorical via health-care homes.
- Medically frail estimate based on 2010 Census.

Coverage through Exchange Plans Above 100% FPL

Running GR Total FY 2021: - \$147,129,581

FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
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Parents > 100% FPL to 138% FPL

Participants	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
GR	33,204	33,204	33,204	35,140	37,075	37,075	37,075	37,075
Federal	\$0	\$0	\$0	\$3,423,839	\$7,953,756	\$10,052,641	\$13,707,473	\$16,737,811
Other	\$101,786,862	\$208,154,133	\$217,521,069	\$227,935,703	\$244,183,685	\$259,120,312	\$264,924,208	\$272,405,608
Total	\$0	\$0	\$0	\$2,722,577	\$6,324,689	\$7,993,686	\$11,007,456	\$13,529,479
Total	\$101,786,862	\$208,154,133	\$217,521,069	\$234,082,119	\$258,462,129	\$277,166,638	\$289,639,137	\$302,672,898

Childless Adults 100% FPL to 138 FPL

Participants	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
GR	35,660	38,084	40,509	42,934	45,358	45,358	45,358	45,358
Federal	\$0	\$0	\$0	\$4,183,242	\$9,725,197	\$12,298,522	\$16,769,887	\$20,477,240
Other	\$109,315,730	\$231,315,825	\$257,608,130	\$278,291,994	\$298,548,825	\$317,010,899	\$324,111,456	\$333,264,291
Total	\$0	\$0	\$0	\$3,326,441	\$7,733,307	\$9,779,571	\$13,466,654	\$16,552,126
Total	\$109,315,730	\$231,315,825	\$257,608,130	\$285,801,676	\$316,007,329	\$339,088,992	\$354,347,997	\$370,293,657

TOTAL

Participants	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
GR	68,864	71,288	73,713	78,074	82,433	82,433	82,433	82,433
Federal	\$0	\$0	\$0	\$7,607,081	\$17,678,953	\$22,351,163	\$30,477,360	\$37,215,051
Other	\$211,102,592	\$439,469,958	\$475,129,199	\$506,227,696	\$542,732,510	\$576,131,211	\$589,035,664	\$605,669,899
Total	\$0	\$0	\$0	\$6,049,018	\$14,057,996	\$17,773,257	\$24,474,110	\$30,081,605
Total	\$211,102,592	\$439,469,958	\$475,129,199	\$519,883,794	\$574,469,458	\$616,255,630	\$643,987,133	\$672,966,554

NOTE ON ESTIMATES – Same methodology explained on page 4.

Foster Care Coverage Continued to Age 26

Running GR Total FY 2021: -\$147,598,133

Coverage for Foster Kids to Age 26	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Participants	1,880	1,880	1,880	1,880	1,880	1,880	1,880	1,880
GR	\$0	\$0	\$0	\$102,841	\$231,186	\$284,070	\$385,407	\$468,552
Federal	\$4,923,720	\$6,696,259	\$6,964,110	\$7,058,057	\$7,117,362	\$7,323,719	\$7,452,130	\$7,625,614
Other	\$0	\$0	\$0	\$81,776	\$183,834	\$225,887	\$309,486	\$378,739
Total	\$4,923,720	\$6,696,259	\$6,964,110	\$7,242,674	\$7,532,381	\$7,833,676	\$8,147,023	\$8,472,904

- Affordable Care Act mandates Medicaid coverage for foster children up to age 26.
- Places foster kids on equal standing with children in traditional families who now must be offered coverage under parent's plan to 26.
- HB 986 (2013) increased eligibility for Missouri foster children consistent with this requirement.

Savings from Transferred Eligibility

Running GR Total FY 2021: **-\$96,521,540**

	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Pregnant Women								
GR	(\$7,426,709)	(\$22,369,731)	(\$30,513,653)	(\$29,667,968)	(\$28,343,444)	(\$28,628,608)	(\$27,925,045)	(\$27,653,873)
Federal	\$14,031,232	\$42,262,986	\$57,649,242	\$56,051,496	\$53,549,082	\$54,087,841	\$52,758,604	\$52,246,279
Other	(\$6,604,523)	(\$19,893,254)	(\$27,135,590)	(\$26,383,528)	(\$25,205,638)	(\$25,459,232)	(\$24,833,559)	(\$24,592,407)
Total	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Breast and Cervical Cancer Treatment								
GR	(\$563,588)	(\$3,036,256)	(\$5,049,187)	(\$4,838,848)	(\$4,619,676)	(\$4,737,263)	(\$4,620,843)	(\$4,575,971)
Federal	\$1,064,783	\$5,736,378	\$9,539,396	\$9,142,005	\$8,727,923	\$8,950,081	\$8,730,128	\$8,645,352
Other	(\$501,195)	(\$2,700,122)	(\$4,490,209)	(\$4,303,156)	(\$4,108,247)	(\$4,212,817)	(\$4,109,285)	(\$4,069,381)
Total	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Ticket to Work								
GR	(\$276,288)	(\$718,349)	(\$902,688)	(\$875,027)	(\$832,539)	(\$839,600)	(\$816,111)	(\$805,874)
Federal	\$521,989	\$1,357,171	\$1,705,442	\$1,653,183	\$1,572,910	\$1,586,251	\$1,541,873	\$1,522,533
Other	(\$245,701)	(\$638,823)	(\$802,754)	(\$778,156)	(\$740,371)	(\$746,651)	(\$725,762)	(\$716,659)
Total	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Blind Pension								
GR	(\$627,067)	(\$1,280,470)	(\$1,334,250)	(\$1,354,816)	(\$1,368,854)	(\$1,411,251)	(\$1,438,741)	(\$1,475,089)
Federal	\$627,067	\$1,280,470	\$1,334,250	\$1,354,816	\$1,368,854	\$1,411,251	\$1,438,741	\$1,475,089
Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Spenddown								
GR	(\$8,590,666)	(\$17,542,139)	(\$18,278,909)	(\$17,772,310)	(\$16,978,867)	(\$17,149,692)	(\$16,728,229)	(\$16,565,786)
Federal	\$16,230,288	\$33,142,248	\$34,534,222	\$33,577,108	\$32,078,061	\$32,400,799	\$31,604,533	\$31,297,630
Other	(\$7,639,622)	(\$15,600,109)	(\$16,255,313)	(\$15,804,798)	(\$15,099,194)	(\$15,251,107)	(\$14,876,304)	(\$14,731,844)
Total	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
TOTAL								
GR	(\$17,484,317)	(\$44,946,945)	(\$56,078,687)	(\$54,508,970)	(\$52,143,379)	(\$52,766,414)	(\$51,528,969)	(\$51,076,593)
Federal	\$32,475,358	\$83,779,253	\$104,762,553	\$101,778,608	\$97,296,829	\$98,436,222	\$96,073,878	\$95,186,883
Other	(\$14,991,041)	(\$38,832,308)	(\$48,683,866)	(\$47,269,638)	(\$45,153,450)	(\$45,669,808)	(\$44,544,909)	(\$44,110,290)
Total	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

NOTES ON TRANSFERRED ELIGIBILITY SAVINGS FROM PAGE 6

- By increasing eligibility for healthy adults and the medically frail, Missouri will generate GR savings by covering Missourians at the enhanced match rate who were previously eligible under different categoricals at the current match rate. For example, pregnant women in Missouri are eligible up to 185% FPL under existing law. If a pregnant woman signs-up after pregnancy, the GR cost of her care is at the current match rate. If, however, she signs up as a healthy adult, the GR cost of her care is at the enhanced match rate. These savings accrue for every categorical in Missouri where current eligibility is above 19% FPL.
- These savings estimates do not, and cannot, account for medically frail Missourians able to gain or keep employment with income above 19% FPL under a system with increased eligibility as a result of eliminating the “welfare cliff” discussed in prior hearings.
- Assumes the same take-up rates as explained on page 4.
- Savings will accrue in the following portions of HB 10 and HB 11 for each categorical:

11.440 Pharmacy	11.475 Nursing Facilities / Home Health	11.505 Managed Care
11.460 Physicians	11.490 Rehab and Specialty / NEMT	10.695 In-Home Services
11.465 Dental	11.510 Hospitals	11.600 Blind Pension

REDUCTIONS IN ELIGIBILITY

Running GR Total FY 2021: -\$56,936,533

Breast and Cervical Cancer Treatment

	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
GR		(\$479,528)	(\$501,106)	(\$523,656)	(\$547,221)	(\$571,846)	(\$597,579)	(\$624,470)
Federal		(\$1,469,715)	(\$1,535,852)	(\$1,604,965)	(\$1,677,189)	(\$1,752,662)	(\$1,831,532)	(\$1,913,951)
Other		(\$426,438)	(\$445,628)	(\$465,682)	(\$486,637)	(\$508,536)	(\$531,420)	(\$555,334)
Total		(\$2,375,681)	(\$2,482,586)	(\$2,594,303)	(\$2,711,046)	(\$2,833,043)	(\$2,960,530)	(\$3,093,754)

Blind Pension *Medical Benefits*

GR (\$28,986,111) (\$30,290,486) (\$31,653,558) (\$33,077,968) (\$34,566,477) (\$36,121,968) **(\$37,747,457)**

Women's Health Services

GR (\$931,518) (\$973,437) (\$1,017,242) (\$1,063,018) (\$1,110,853) (\$1,160,842) **(\$1,213,080)**
 Federal (\$9,140,589) (\$9,551,915) (\$9,981,752) (\$9,981,752) (\$10,430,931) (\$10,900,322) (\$11,390,837) (\$11,903,425)
 Other (\$198,217) (\$207,137) (\$216,458) (\$226,198) (\$236,378) (\$247,015) (\$247,015) (\$258,130)
 Total (\$10,270,324) (\$10,732,489) (\$11,215,451) (\$11,720,146) (\$12,247,553) (\$12,798,693) (\$13,374,634)

- Missourians in these categoricals with increased eligibility levels will have highly-subsidized plans available to them above 138% FPL through an Exchange.
- As a result, eligibility can be reduced resulting in the GR savings set forth above.
- Savings in HB 10 and HB 11 from elimination of breast and cervical cancer treatment:

11.440 Pharmacy	11.475 Nursing Facilities / Home Health	11.505 Managed Care
11.460 Physicians	11.490 Rehab and Specialty / NEMT	10.695 In-Home Services
11.465 Dental	11.510 Hospitals	11.600 Blind Pension
- Savings in HB 11 – 11.600 for Blind Pension Medical Benefits
- Savings in HB 11 – 11.550 Women's Health Services

MANAGED CARE SAVINGS

Running GR Total FY 2021: **-\$50,389,342**

	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Adults								
GR	(\$328,927)	(\$672,656)	(\$702,925)	(\$734,556)	(\$767,612)	(\$802,154)	(\$838,251)	(\$875,972)
Federal	(\$1,008,135)	(\$2,061,635)	(\$2,154,409)	(\$2,251,357)	(\$2,352,668)	(\$2,458,538)	(\$2,569,173)	(\$2,684,786)
Other	(\$292,511)	(\$598,184)	(\$625,103)	(\$653,232)	(\$682,627)	(\$713,346)	(\$745,447)	(\$778,992)
Total	(\$1,629,572)	(\$3,332,475)	(\$3,482,436)	(\$3,639,145)	(\$3,802,907)	(\$3,974,038)	(\$4,152,870)	(\$4,339,749)
Pregnant Women								
GR	(\$300,365)	(\$614,246)	(\$641,887)	(\$670,772)	(\$700,957)	(\$732,500)	(\$765,462)	(\$799,908)
Federal	(\$920,594)	(\$1,882,615)	(\$1,967,333)	(\$2,055,863)	(\$2,148,377)	(\$2,245,054)	(\$2,346,081)	(\$2,451,655)
Other	(\$267,111)	(\$546,241)	(\$570,822)	(\$596,509)	(\$623,352)	(\$651,403)	(\$680,716)	(\$711,348)
Total	(\$1,488,070)	(\$3,043,102)	(\$3,180,042)	(\$3,323,144)	(\$3,472,685)	(\$3,628,956)	(\$3,792,259)	(\$3,962,911)
Children								
GR	(\$1,829,174)	(\$3,740,660)	(\$3,908,990)	(\$4,084,895)	(\$4,268,715)	(\$4,460,807)	(\$4,661,543)	(\$4,871,312)
Federal	(\$5,470,769)	(\$11,187,723)	(\$11,691,170)	(\$12,217,273)	(\$12,767,050)	(\$13,341,567)	(\$13,941,937)	(\$14,569,325)
Other	(\$1,515,218)	(\$3,098,620)	(\$3,238,058)	(\$3,383,771)	(\$3,536,040)	(\$3,695,162)	(\$3,861,444)	(\$4,035,209)
Total	(\$8,815,160)	(\$18,027,003)	(\$18,838,218)	(\$19,685,938)	(\$20,571,804)	(\$21,497,535)	(\$22,464,923)	(\$23,475,845)
TOTAL								
GR	(\$2,458,466)	(\$5,027,562)	(\$5,253,801)	(\$5,490,222)	(\$5,737,283)	(\$5,995,460)	(\$6,265,255)	(\$6,547,191)
Federal	(\$7,399,498)	(\$15,131,973)	(\$15,812,912)	(\$16,524,493)	(\$17,268,094)	(\$18,045,158)	(\$18,857,191)	(\$19,705,765)
Other	(\$2,074,839)	(\$4,243,045)	(\$4,433,983)	(\$4,633,512)	(\$4,842,019)	(\$5,059,910)	(\$5,287,606)	(\$5,525,548)
Total	(\$11,932,802)	(\$24,402,579)	(\$25,500,695)	(\$26,648,226)	(\$27,847,396)	(\$29,100,528)	(\$30,410,052)	(\$31,778,504)

- Savings for increased eligibility populations are already included in cost estimates on page 2.

COSTS AND SAVINGS OF INCREASED BENEFITS

Running GR Total FY 2021: **-\$72,684,940**

Moving Non elderly/ Non disabled adults from Current Managed Care Package to Benchmark Package at Commercial Rates

	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
GR	\$852,019	\$1,580,518	\$1,252,965	\$825,265	\$398,856	(\$28,106)	(\$495,819)	(\$986,177)
Federal	\$1,382,198	\$2,564,016	\$2,032,638	\$1,338,797	\$647,048	(\$45,596)	(\$804,349)	(\$1,599,838)
Total	\$2,234,217	\$4,144,534	\$3,285,603	\$2,164,062	\$1,045,904	(\$73,702)	(\$1,300,167)	(\$2,586,015)

Savings and costs would occur in HB section 11.505

Paying Children's Full Medicaid Benefit Package at Commercial Rates

	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
GR	\$11,641,953	\$23,184,507	\$23,068,673	\$23,017,772	\$23,074,492	\$23,333,523	\$22,143,597	\$23,281,775
Federal	\$19,447,609	\$38,729,174	\$38,535,675	\$38,450,647	\$38,545,398	\$38,976,288	\$35,576,310	\$38,543,366
Total	\$31,089,561	\$61,913,681	\$61,604,348	\$61,468,419	\$61,619,890	\$62,309,811	\$57,719,907	\$61,825,141

Costs would occur in HB section 11.505

SAVINGS FROM HEALTH HOME EXPANSION

Running GR Total FY 2021: -\$66,648,019

Health Home Expansion

GR	(\$970,952)	(\$2,547,727)	(\$3,806,352)	(\$4,548,399)	(\$4,730,396)	(\$4,919,611)	(\$5,116,396)	(\$5,321,051)
Federal	(\$2,975,892)	(\$7,808,583)	(\$11,666,172)	(\$13,940,486)	(\$14,498,291)	(\$15,078,223)	(\$15,681,352)	(\$16,308,606)
Other	(\$863,456)	(\$2,265,663)	(\$3,384,942)	(\$4,044,835)	(\$4,206,682)	(\$4,374,950)	(\$4,549,947)	(\$4,731,946)
Total	(\$4,810,300)	(\$12,621,972)	(\$18,857,466)	(\$22,533,720)	(\$23,435,368)	(\$24,372,783)	(\$25,347,694)	(\$26,361,602)
GR	\$0	\$0	\$0	(\$155,982)	(\$350,647)	(\$430,859)	(\$587,111)	(\$715,870)
Federal	(\$2,646,480)	(\$6,747,120)	(\$9,767,700)	(\$11,266,252)	(\$11,361,056)	(\$11,690,453)	(\$11,895,428)	(\$12,172,351)
Other	\$0	\$0	\$0	(\$138,713)	(\$311,826)	(\$383,157)	(\$522,110)	(\$636,614)
Total	(\$2,646,480)	(\$6,747,120)	(\$9,767,700)	(\$11,560,946)	(\$12,023,528)	(\$12,504,469)	(\$13,004,648)	(\$13,524,834)

- Top-line savings for current population; bottom-line for new population

HEALTH INSURANCE POOL TAX CREDITS AVOIDED

Running GR Total FY 2021: -\$38,676,937

Tax Credits Avoided	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
MHIP	\$3,000,000	\$17,013,832	\$18,513,832	\$21,971,082	\$23,471,082	\$24,971,082	\$26,471,082	\$27,971,082

- SB 262 eliminated the Missouri Health Risk Pool designed to help Missourians with pre-existing conditions purchase health insurance
- The health risk pool was funded via tax credits, but is no longer necessary because the ACA prohibits discrimination based on pre-existing conditions, meaning health insurance is now available to these Missourians through other means.

SAVINGS FROM MENTAL HEALTH AND CORRECTIONS

	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
	Department of Mental Health Savings							
GR	(\$11,299,836)	(\$22,599,671)	(\$22,599,671)	(\$22,599,671)	(\$22,599,671)	(\$22,599,671)	(\$22,599,671)	(\$22,599,671)
	Department of Corrections Savings							
GR	(\$1,559,556)	(\$3,119,112)	(\$3,119,112)	(\$3,119,112)	(\$3,119,112)	(\$3,119,112)	(\$3,119,112)	(\$3,119,112)

- Department of Mental Health savings from HB 10 – 10.110 ADA Services and 10.210 Adult Community Programs
 - Missourians below 138% FPL currently receiving mental health services but who are not currently Medicaid eligible will become eligible. Under current law, the services these Missourians receive are paid with 100 % GR. If they become Medicaid eligible, the services will be paid at the enhanced match rate.
- Department of Corrections savings from HB 9 – 9.190 Corrections Medical Contract
 - Costs for inpatient hospital stays would be paid by Medicaid at the enhanced match rate. Currently these services are paid by the DOC contractor using 100% GR. The DOC contractor’s capitated rate would be adjusted downwards to account for this savings. DOC provided actual information on the number of such services covered in the past – 150 inpatient hospital days per month.

INCREASED REVENUES

Running GR Total FY 2021: +\$28,052,100

Revenue Increases	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Income Tax	\$9,748,072	\$30,005,823	\$31,545,721	\$32,714,957	\$32,653,456	\$33,015,589	\$33,778,622	\$34,448,921
Sales Tax	\$1,890,535	\$3,871,487	\$4,076,977	\$4,185,178	\$4,180,331	\$4,248,475	\$4,328,337	\$4,444,173
Misc Sales Tax	\$900,632	\$1,844,337	\$1,942,231	\$1,993,776	\$1,991,468	\$2,023,931	\$2,061,976	\$2,117,159
Total	\$12,539,239	\$35,721,648	\$37,564,929	\$38,893,911	\$38,825,255	\$39,287,995	\$40,168,935	\$41,010,254

Explanation of Methodology for DSS Revenue Calculations

- Income Tax – DSS multiplied the net new federal dollars coming to Missouri from increased eligibility by the percentage of revenues Medicaid providers spend on salary by the percentages of Medicaid each provider receives by an effective income tax rate of 4.5 percent to determine new income tax revenues.
- Sales Tax – DSS then multiplied the amount of new Medicaid revenues anticipated to go to salaries by 19.2 percent (the estimate for percentage of salaries spent on taxable goods) by a sales tax percentage of 3.0 percent to determine new sales tax revenues.

Conservative Methodology

- There is no disputing that spending on Medicaid will result in revenue for Medicaid providers. This increased revenue will lead to increased levels of income by employees of providers and some increased spending by those employees. This methodology for determining the amount of increases in income and sales tax revenue is conservative because it eschews what I have referred to as the “Brinks truck theory of economics” – the general idea that we should try to grow our economy by ordering a Brinks truck from Washington D.C. and then spread the money around the state. This methodology for determining increased tax revenues eschews the Brinks truck theory because it does not rely on the “multiplier effect” often advocated by proponents of increased spending or tax credits.

SAVINGS FROM AVOIDED INCARCERATIONS

Probation & Parole Treatment

1,800 individuals from Probation & Parole that might be considered High Priority
x 20% of them conservatively kept from prison recidivism if provided intensive treatment
= 360 individuals kept from prison reentry

Cost to treat 1,800 High Priority Offenders = 1,800 x \$2656 x 10% state match = \$478,080

Cost avoidance for 360 individuals @ \$20,736 = \$7,464,960

Estimated Savings = \$6,986,880 GR

Treatment Courts

\$8,000,000 more treatment funding requested than available (OSCA document)
÷ by \$2,656 substance abuse treatment costs
= 3,012 more individuals diverted from jails/prisons

Graduation rate estimated at 50% by OSCA

Treatment costs liberally estimated to cost 3,012 x \$2,656 x 10% = \$799,987

DOC costs avoided at 1,506 @ \$20,736 = \$21,897,216

Estimated Savings = \$21,097,229 GR

- DOC savings typically are fully realized upon closure of a wing or unit. Otherwise, lower savings are realized or costs are avoided like food and medical services until an entire unit can be brought down.
- Conservative Scoring – Only counting one-third of estimated savings (\$9,361,369) in running total and global costs chart on page 2.

SOURCE: Brent McGinty – Missouri Coalition of Community Mental Health Centers.

REDUCTIONS TO CHIP

Running GR Total FY 2021: +\$42,401,960

Children

	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
	--ACA requires a State maintenance of effort on child eligibility through September 2019--							
	--After September 2019, States are required to cover children up to 138% FPL--							
GR							Unknown <	Unknown <
Federal							(\$3,597,469)	(\$4,988,491)
Other							(\$18,053,121)	(\$25,033,661)
Total							(\$24,627,407)	(\$34,150,005)
							11.555 CHIP	

- Change definition of “affordable” in §208.640, children’s health insurance program, to match “affordable” in Exchange plans under the ACA.

Income	Current	Income	Change
150-185	3	100-133	2
		133-150	3-4
185-225	4	150-200	4-6.3
225-300	5	200-250	6.3-8.05
		250-300	8.05-9.5

- Estimate of \$5 million in savings is likely low. By way of reference, total elimination of S-CHIP above 138% FPL would save \$26,694,190 in FY 2021. Changing the definition of “affordable” as mentioned above would limit S-CHIP to children whose families truly had no access to coverage – for example, families where the parent works in a job that offers health insurance for the parent but not the child, and, as a result, the parent is ineligible for an Exchange plan that covers the entire family and the child does not have coverage.
- This change could be made before FY 2020 if the state asked for a determination that changing the definition of affordability was not changing eligibility.

POTENTIAL SAVINGS AND COSTS NOT CAPTURED

Running GR Total FY 2021: +\$42,401,960

MARKET FORCES

- Savings from price competition in bidding process.
- Savings from price incentives in plan selection by participants.
- Savings from cost-conscious health savings accounts provided to participants.

INCENTIVES

- Savings from incentives for wellness programs for both managed care and medically frail.
- Savings from incentives or mandates for urgent care clinics in, adjacent, or near ERs.
- Savings from incentives for clinics in school districts with high Medicaid populations.
- Savings from avoided medical costs by helping low-income working Missourians get preventive care.

WELFARE CLIFF ELIMINATION

- Savings from increasing likelihood of churning out of Medicaid by elimination of “welfare cliff.”
- Increased revenues from removing disincentives to work by removal of the “welfare cliff.”

ELIGIBILITY LEVELS

- Savings from pregnant women and infant children ineligible because they already have an Exchange plan.
- Savings from elimination of Ticket-to-Work above 138 FPL.
- Costs from wrap-around services to Blind Pension and Ticket-to-Work above 138 FPL.