



Thinking the Unthinkable- State Withdrawal from Medicaid?

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New Burdens + New Alternative = Tipping Point?

- New Burdens:
 - Expansion costs (benefits & administration).
 - State “doc fix” costs.
- New Alternative:
 - Federally subsidized exchange coverage under 400% FPL.



Calculus

- **Fiscal:** Do state savings exceed additional state costs?
- **Political:** Will existing enrollees not be significantly disadvantaged?



With no Medicaid program

- Children, adults and disabled who otherwise qualify for Medicaid/CHIP are instead eligible for subsidized exchange coverage. (Below 133% FPL enrollee premiums not to exceed 2% of income).
- Duals with Medicare are not eligible for subsidized exchange coverage.
- State loses Federal funding for long-term care.



State savings

- Elimination of existing spending on acute care for non-duals (benefits and administration).
- Avoidance of future spending on expansion population (benefits and administration).
- Elimination of Medicare Part D “claw back” payments to Federal government.
- State DSH payments?



Offsets to state savings

- New state costs (replacement of federal funds)
 - Long-term care.
 - Wrap-around coverage for Medicare-Medicaid duals.
 - Federal DSH payments?
- Foregone revenue: Loss of Medicaid Rx rebates for long-term care enrollees.

Other possible state savings

- Changes that reduce cost of new, state-only funded, long-term care program (new and/or current beneficiaries).
- Reduce spending on duals by enrolling them in Medicare Advantage plans.



Initial results and caveats

- 40 states and DC would achieve net savings.
- 9 states would save over \$2 billion in first year.
- 8 states would save \$1- 2 billion in first year.
- More precise estimates might move:
 - 1-7 states from “no savings” to “savings.”
 - 1-10 states from “savings” to “no savings.”

Net State Savings (\$ millions)

State	2014	2014-19	State	2014	2014-19
AL	175	1,105	FL	3,805	27,937
AK	176	1,246	GA	2,288	16,720
AZ	1,343	9,722	HI	237	1,685
AR	(255)	(1,923)	ID	(8)	(60)
CA	13,782	99,786	IL	5,998	43,366
CO	721	5,242	IN	570	3,963
CT	(26)	(476)	IA	(172)	(1,345)
DE	278	1,991	KS	96	658
DC	142	948	KY	384	2,707

Net State Savings (\$ millions)

State	2014	2014-19	State	2014	2014-19
LA	90	386	NE	64	424
ME	176	1,171	NV	411	3,046
MD	1,610	11,530	NH	137	881
MA	4,531	32,301	NJ	1,915	13,261
MI	3,109	22,272	NM	199	1,414
MN	846	5,850	NY	6,813	46,540
MS	(290)	(2,130)	NC	1,696	12,121
MO	1,784	12,631	ND	(193)	(1,423)
MT	(76)	(563)	OH	623	3,752

Net State Savings (\$ millions)

State	2014	2014-19	State	2014	2014-19
OK	104	710	UT	150	1,093
OR	461	3,359	VT	(34)	(309)
PA	2,401	16,572	VA	1,087	7,883
RI	518	3,683	WA	1,860	13,296
SC	621	4,419	WV	(310)	(2,342)
SD	0.4	(11)	WI	330	2,228
TN	1,541	11,108	WY	6	39
TX	6,353	46,473			