

FISCAL IMPACT OF THE AFFORDABLE CARE ACT ON MEDICAID ENROLLMENT AND PROGRAM COST

STATE OF OHIO OFFICE OF MEDICAL
ASSISTANCE

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Introduction

The State of Ohio's (State) Office of Medical Assistance (OMA) contracted with Mercer Health and Benefits LLC (Mercer) to provide an updated estimate of the size and cost of the potential expansion to the Medicaid population as a result of the Affordable Care Act (ACA). This potential expansion is, for purposes of this report, assumed to be effective January 1, 2014. Mercer has collaborated with OMA to develop projections for both Medicaid expansion and currently eligible but not enrolled (woodwork effect) populations, using the following scenarios:

- *No expansion* — Reflects only enrollment growth due to the woodwork effect.
- *Option 1* — Medicaid expansion up to 138% of the federal poverty level (FPL), consisting of an increase to 133% FPL plus a 5% automatic income disregard as described in the ACA. This option includes increased federal medical assistance percentage (FMAP) levels per the ACA.
- *Option 2* — Medicaid expansion up to 100% FPL with federal support, including increased FMAP levels per the ACA.
- *Option 2a* — Medicaid expansion up to 100% FPL with no enhanced federal support (no increase to FMAP levels) based on a frequently asked questions attachment included in a December 10, 2012 letter to state governors from the Secretary of Health and Human Services (HHS).¹

Mercer is pleased to present this report, which includes our projections of the financial impact of the ACA on Ohio's Medicaid programs for state fiscal years (SFY) 2014 (July 1, 2013–June 30, 2014) through SFY 2020 (July 1, 2019–June 30, 2020). We are grateful to OMA representatives for their tireless assistance throughout the completion of this initiative.

¹ Kathleen Sebelius, *Letter to State Governors with Frequently Asked Questions Enclosure*, United States Department of Health and Human Services, December 10, 2012

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Executive Summary

Mercer developed estimates and projections for the impact of the ACA on Medicaid enrollment and program cost. Based on the June 28, 2012 United States Supreme Court decision, each state has the option to expand or not to expand Medicaid eligibility to the new eligibility group. This new group includes certain adults with income up to 138% (133% plus an automatic 5% income disregard) of the FPL.

OMA asked Mercer to cost the following Medicaid expansion scenarios:

- *No expansion* — Reflects only enrollment growth due to the woodwork effect.
- *Option 1* — Medicaid expansion up to 138% of the FPL, consisting of an increase to 133% FPL plus a 5% automatic income disregard as described in the ACA. This option includes increased FMAP levels per the ACA.
- *Option 2* — Medicaid expansion up to 100% FPL with federal support, including increased FMAP levels per the ACA.
- *Option 2a* — Medicaid expansion up to 100% FPL with no enhanced federal support (no increase to FMAP levels) based on a frequently asked questions attachment included in a December 10, 2012 letter to state governors from the Secretary of Health and Human Services.

As with previous cost projections, this report includes the woodwork effect, which reflects the impact of an increase in Medicaid enrollment and cost because of the ACA publicity and individuals' heightened awareness of coverage requirements/opportunities. Many currently eligible but not enrolled Ohioans may apply for coverage on or before January 2014.

Even if Ohio were not to expand its Medicaid program to cover groups that are not currently eligible, the woodwork effect could occur because of coverage requirements and program publicity. Because of the ACA's mandate, individuals will seek health insurance to avoid penalties/taxes. The health insurance exchange will refer applicants to Medicaid programs based on income levels. If employers drop health insurance coverage, more people will seek coverage from the exchange and be eligible for partial or full government-subsidized coverage. This effect is sometimes referred to as "crowd out" and is considered in our woodwork effect projections. We have projected the impact of this woodwork effect enrollment to begin on July 1, 2013, initially ramping up through December 2013, and continuing throughout the projected SFYs.

This report also discusses other ACA provisions that affect Medicaid cost, including:

- The ACA's Section 1202 primary care physician fee increase, which will be in place during calendar years (CYs) 2013 and 2014.
- Medicaid expansion and the exchange providing an adequate replacement for certain Medicaid eligibility categories, such as the limited-benefit Family Planning Eligibility Group (Family Planning group).
- The impact of the ACA on prisoner inpatient cost.
- The financial impact of changes to prescription drug rebates.
- Implementation of health insurer fees.
- Impact of the ACA on federal, state, and county taxes.

This report provides detailed discussion of the differences between these projections and previous ones performed by both Mercer and other consulting firms. One reason for differences between previous studies and this one is that we now have access to new information, such as the recently released 2012 Ohio Medicaid Assessment Survey (OMAS). Data from Ohio's comprehensive family health survey became available on November 15, 2012. They show significant differences in population status from a similar survey conducted in 2010. The results of the 2010 survey were used in prior projections by Mercer and by Milliman, Inc.² (Milliman).

The exhibit on the following page shows total projected cost of Medicaid expansion from SFY 2014 through SFY 2020. It includes an increase in cost to existing Medicaid programs due to the ACA, the financial impact of woodwork effect, and the impact of newly eligible individuals if Ohio expanded Medicaid, either as a full expansion or as a partial expansion to 100% of FPL. Please note that although Option 2 in the exhibit shows enhanced federal support, the federal government stated in a December 10, 2012 letter that it will not provide enhanced FMAP funds for a partial expansion.

² Jeremy D. Palmer, *Patient Protection and Affordable Care Act (ACA) Fiscal Estimates for Ohio Medicaid*, Milliman, Inc., June 30, 2011.

Total Impact of the ACA: SFY 2014 – SFY 2020 Totals

ALL FUNDS (\$ Millions)	SCENARIOS				
	Base Impact to Existing Medicaid Programs	Current Policy (No Expansion) Woodwork Effect Only	Option 1 ACA Expansion Newly Eligible Individuals ≤ 138% FPL	Option 2 Newly Eligible Individuals ≤ 100% FPL (With Enhanced Federal Support)	Option 2a Newly Eligible Individuals ≤ 100% FPL (No Enhanced Federal Support)
ACA Cost Component					
Medicaid Expansion Enrollment Cost	\$ -	\$ -	\$ 15,465.8	\$ 9,489.7	\$ 9,489.7
Woodwork Effect Enrollment Cost	-	9,803.4	-	-	-
Primary Care Physician Fee Increase	555.7	27.1	39.3	25.5	25.5
CHIP FMAP Enhancement	-	-	-	-	-
Family Planning Group	(28.8)	-	-	-	-
Prisoner Inpatient Cost	-	-	-	-	-
Prescription Drug Rebates	-	(642.2)	(1,024.2)	(629.7)	(629.7)
Total Medicaid Spend	\$ 526.9	\$ 9,188.4	\$ 14,481.0	\$ 8,885.6	\$ 8,885.6
Low Estimate		\$ 7,978.2	\$ 12,587.9	\$ 7,730.1	\$ 7,730.1
High Estimate		\$ 10,478.9	\$ 16,489.9	\$ 10,112.6	\$ 10,112.6

STATE SHARE

Medicaid Expansion Enrollment Cost	\$ -	\$ -	\$ 631.0	\$ 378.1	\$ 3,508.7
Woodwork Effect Enrollment Cost	-	3,342.9	-	-	-
Primary Care Physician Fee Increase	-	-	-	-	-
CHIP FMAP Enhancement	(2,581.4)	(95.2)	-	-	-
Family Planning Group	(2.9)	-	-	-	-
Prisoner Inpatient Cost	(117.0)	-	-	-	-
Prescription Drug Rebates	-	(229.8)	(44.9)	(27.0)	(233.0)
Total Medicaid Spend Before Taxes	\$ (2,701.3)	\$ 3,017.9	\$ 586.1	\$ 351.1	\$ 3,275.7
Low Estimate		\$ 2,621.1	\$ 502.3	\$ 301.0	\$ 2,858.0
High Estimate		\$ 3,440.0	\$ 676.4	\$ 405.2	\$ 3,739.0

TAX AND FEE REVENUE

HIC (State revenue)	\$ 5.8	\$ 63.7	\$ 120.1	\$ 73.9	\$ 73.9
State Sales & Use (State revenue)	25.0	383.2	718.1	440.8	440.8
County Sales & Use (County revenue)	6.2	94.1	176.3	108.2	108.2
Health Insurer Fee (Federal revenue)	3.2	97.3	183.0	111.7	111.7

Notes

All Funds includes taxes and fees in managed care premiums.

Options 1, 2, and 2a costs are additive to the base and woodwork effect.

Options 1, 2, and 2a include a slight increase (<0.5%) to cost of newly eligible individuals to reflect required essential health benefits (EHBs) not included in the existing Medicaid programs.

The primary care physician increase is in effect for CY 2013 and 2014 per the ACA. Taxes in the base impact reflect collection of these pre-SFY 2014 taxes.

State Sales & Use tax reflects current 5.5% tax rate.

Some values may not sum due to rounding.

As part of these long-range financial projections, we included a range of low to high estimates to reflect the fact that changes in certain assumptions may produce a range of financial projections. For example, actual results will be different from the best estimate projections if trend, take up, adverse selection, or other assumptions vary from those we have used in this analysis.

Some factors that could cause future costs to be closer to the low or high estimates of the range include:

- Trend variation due to more or less effectively managed medical cost.
- Different number of people enrolling in Medicaid (lower or higher take up rate).
- Morbidity of people enrolling varying from our assumptions, resulting in either a more or less favorable health status factor.
- Pent up demand for services being different than assumed.

Please note that this summary projection is for SFY 2014 through SFY 2020. Additional summaries reflecting the impact of the ACA on each specific SFY are included in Appendix A. These summaries show the projected financial impact of new and woodwork effect enrollment, along with cost considerations and the impact of several cost components due to the ACA.

The projected enrollment used in these financial projections is summarized as follows:

Enrollment Projections: SFY 2014 – SFY 2020

Enrollment Population	AVERAGE MONTHLY ENROLLMENT							
	SFY 2014 *		SFY 2015	SFY 2016	SFY 2017	SFY 2018	SFY 2019	SFY 2020
	<i>Jul-Dec 13</i>	<i>Jan-Jun 14</i>						
Woodwork Effect Includes: Children ages 0-18 years old ≤ 200% FPL Adult Parents ages 19-64 years old ≤ 90% FPL Aged Adults 65 years and older 0-64% FPL, Qualified Medicare Beneficiaries (QMBs) ≤ 100% FPL, Special Low Income Medicare Beneficiaries (SLMBs) 101-120% FPL, and Qualified Individuals-1 (QI-1) 121-135% FPL	74,108	184,211	230,793	281,609	332,426	376,354	380,533	384,759
Medicaid Expansion Option 1 - Newly Eligible Individuals ≤ 138% FPL Includes: Adult Non-Parents ages 19-64 years old ≤ 138% FPL Adult Parents ages 19-64 years 91-138% FPL	205,332		365,616	390,759	415,902	437,991	442,371	446,795
Medicaid Expansion Options 2/2a - Newly Eligible Individuals ≤ 100% FPL Includes: Adult Non-Parents ages 19-64 years old ≤ 100% FPL Adult Parents ages 19-64 years 91-100% FPL	135,905		237,535	245,944	254,352	261,820	264,438	267,082

* For SFY 2014, we estimate woodwork effect enrollment begins July 1, 2013.
Enrollment for newly eligible individuals begins January 1, 2014.

The report outlines our development of these enrollment projections. Additional enrollment projection exhibits are included in Appendix G.

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Overview and Background

In an effort to reduce the number of uninsured individuals across the country, the ACA required expansion of the Medicaid population to certain adults beginning January 1, 2014. However, following the Supreme Court decision in June 2012, states have a choice of whether to implement the ACA Medicaid expansion.

Ohio's Medicaid program currently covers a variety of population groups, including children, parents/families, and disabled adults at certain FPL percentages. The following table summarizes the State's current Medicaid eligibility levels.

Current Medicaid Eligibility Income Levels	
Population Group	FPL Level
Children (0–18 years)	≤ 200%
Pregnant women	≤ 200%
Families	≤ 90%
Disabled individuals Individuals at higher incomes have the ability to spend down their income to 64% FPL if they meet certain requirements	≤ 64%
Aged adults (age 65 and over)	≤ 64%
Medicaid Buy-In for Workers with Disabilities (MBIWD)	≤ 250%
Medicare Premium Assistance Program Individuals who qualify for coverage as a Qualified Medicare Beneficiary (QMB) receive assistance with Medicare deductibles and co-insurance in addition to the payment of their Medicare premium. Specified Low-Income Medicare Beneficiary (SLMB) and Qualified Individual-1 (QI-1) cover only payment of the Medicare Part B premium.	≤ 100% for QMB ≤ 120% for SLMB ≤ 135% for QI-1

The following table summarizes the State’s proposed expansion eligibility options by FPL.

Composition of Medicaid Expansion Groups	
Woodwork Effect	FPL Level
Children (0–18 years)	≤ 200%
Adult parents (19–64 years)	≤ 90%
Aged adults (age 65 and older)	≤ 64%
Medicare Premium Assistance Program	≤ 100% QMB ≤ 120% SLMB ≤ 135% QI-1
Medicaid Expansion Option 1 — Newly Eligible — 138% FPL	
Adult non-parents (19–64 years)	≤ 138%
Adult parents (19–64 years)	91–138%
Medicaid Expansion Options 2 and 2a — Newly Eligible — 100% FPL	
Adult non-parents (19–64 years)	≤ 100%
Adult parents (19–64 years)	91–100%

To assist the State in evaluating these Medicaid expansion options, Mercer developed preliminary cost estimates for the expansion populations from SFY 2014 through SFY 2020. Consistent with the ACA expansion provisions and Ohio’s current Medicaid eligibility income levels, Mercer assumed that the State’s expansion would be primarily composed of 1) adults not eligible for coverage on the basis of pregnancy, age, or disability and 2) some individuals eligible for coverage as parents except for income in excess of current Medicaid eligibility limits for this group. We also projected the cost for a woodwork effect population consisting of adults and children who are currently eligible but not enrolled in Medicaid. We expect that a share of this population will apply for Medicaid coverage because of a heightened awareness of their potential eligibility through health insurance exchanges, advertisements, and outreach efforts performed by advocacy groups.

Mercer has developed Medicaid expansion cost projections based on several factors and assumptions, which we describe in detail in the next section of this report. Source data, assumptions, and factors we used include:

- Current State population and the OMAS results.
- Expansion population take up rates and population increase assumptions.
- Current Medicaid cost and health cost trend assumptions.
- Health status assumptions.
- Pent up demand and adverse selection factors.
- Tax and fee assumptions.
- FMAP assumptions.
- Results from Mercer and OMA analyses of the ACA’s impact on additional cost components, such as family planning, prisoner inpatient costs, and prescription drug rebates.

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Methodology, Cost Components, and Assumptions

These projections and our underlying methodologies were developed in a manner consistent with estimates Mercer has prepared for other states. Please note, however, that enrollment and cost projections may vary for several reasons, such as:

- Use of different base population surveys and survey years. State-specific surveys (e.g., OMAS) may produce different results from national surveys such as the American Community Survey (ACS), or the Current Population Survey (CPS). The most recent OMAS results represent 2012 self-reported information, while the latest CPS and ACS data include 2011 estimations.
- Projections to different years. Some estimates project through CY 2014, the first year of Medicaid expansion under the ACA, while others project several years into the future. Mercer has projected enrollment and cost through SFY 2020.
- Newly eligible versus woodwork effect individuals. As defined by the ACA, certain adults will become newly eligible for Medicaid based on income thresholds, while others who are currently eligible but not enrolled may enroll as woodwork effect individuals. Some studies have projected the cost of newly eligible individuals, while others have estimated the cost of both populations. These populations may have different costs based on the health needs and willingness of potential participants to enroll. Mercer's projections include enrollment and cost estimates for both populations.
- Cost projection methodology and assumptions. Different projections may reflect various assumptions about the participation (take up) rates and cost of the populations that may enroll, including medical trend, adverse selection/pent up demand, health status differences, and other factors.
- New or additional guidance. Two examples are the June 2012 Supreme Court decision and the December 10, 2012 HHS letter.

This section of the report outlines the methods, assumptions, and sources used to project the financial impact various cost components may have under Medicaid expansion options available to the State of Ohio.

Methodology, Assumptions, and Sources

Mercer developed the per member per month (PMPM) cost for newly eligible enrollees using current Medicaid rates and applied adjustments to account for differences in the population expected to enroll under the Medicaid expansion. In addition to a best estimate, we have also included low and high estimates as bounds for a range within which actual costs are likely to fall.

Eligibility Source Data

The populations included in the base data analysis are those currently covered under Ohio's Medicaid managed care and fee-for-service (FFS) programs. We also include enrollment

projections for newly eligible and woodwork effect individuals based on the most recently released OMAS. Due to the timing of this survey data release (November 15, 2012) and limited time available to fully study the outcomes, additional analysis of the population and health status results produced for this report may provide greater insight into its impact. The population distribution from this survey's results by demographic categories, FPL, and type of current medical insurance was applied to 2010 census information from the U.S. Census Bureau's American Community Survey data to project the total number of eligible Ohioans for this Medicaid expansion. The OMAS source data was also used to develop health status factor assumptions.

It is important to note that OMAS data includes limited FPL information. Through discussion with OMA, due to the self-reported nature of that source, Mercer has applied some simplifying assumptions. For example, with the ACA transition to modified adjusted gross income (MAGI), we have assumed that for parents, self-reported income at 100% FPL is representative of the current Medicaid eligibility income threshold of 90% FPL, after accounting for applicable income disregards.

Summaries of Ohio's projected base eligible population are included in Appendix F.

Take Up Rates

Take up rates are defined as the proportion of the eligible individuals who would actually enroll in Medicaid as a result of the ACA. We have applied take up rates to the source eligibility data. Take up rates were developed from the following sources:

- The Assistant Secretary for Planning and Evaluation's Office of Health Policy (part of HHS), which developed an issue brief discussing the results of several studies that analyzed past Medicaid expansions for the rates at which previously ineligible individuals applied for and accepted Medicaid coverage.³
- A *Health Affairs* article that reviewed the reasons that Medicaid participation rates vary and what that could mean for Medicaid expansion.⁴
- Studies Mercer has performed for other states' Medicaid expansion projections.

³ Ben Sommers, Rick Kronick, Kenneth Finegold, Rosa Po, Karyn Schwartz, and Sherry Glied, *Understanding Participation Rates in Medicaid: Implications for the Affordable Care Act*, ASPE Issue Brief: March 16, 2012.

⁴ Benjamin D. Sommers, Meredith Roberts Tomasi, Katherine Swartz, and Arnold M. Epstein, *Reasons For The Wide Variation In Medicaid Participation Rates Among States Hold Lessons For Coverage Expansion In 2014*, Health Affairs: May 2012.

After reviewing these sources of potential take up rate assumptions, we have applied actuarial judgment to develop take up rates within reasonable ranges consistent with these sources, as follows:

SFY 2014 to 2020 Take Up Rate Into Medicaid			
Population	Current Source of Coverage	Ultimate* Take Up Rates	
Children (0–18 years)			
Woodwork Effect	Individual, uninsured	80%	
	Employer, Medicare, other, unknown	15%	
Adults (19–64 years)			
Woodwork Effect	Individual, uninsured	65%	
	Employer, Medicare, other, unknown	20%	
Adults (age 65 and over)			
Woodwork Effect	Individual, uninsured	20%	
	Employer, Medicare, other, unknown	10%	
Adults (19–64 years) to 138% FPL (Option 1)		Non-parents 0–138%	Parents 101–138%
Newly eligible	Individual, uninsured	55%	70%
	Employer, Medicare, other, unknown	15%	20%
Adults (19–64 years) to 100% FPL (Option 2)			
Newly eligible	Individual, uninsured	55%	
	Employer, Medicare, other, unknown	15%	

* Ultimate take up rates are reached by December 2017.

In addition to these take up rate assumptions, Mercer considered the effect of health status due to age (morbidity generally increases with age) and how this could affect potential enrollment patterns. Based on the OMAS self-reported information, approximately 43% of the newly eligible population (prior to applying take up rate assumptions) fall into the healthier 19–44 age range, with 57% in the 45–64 age brackets. We expect a greater share of 45–64 year old individuals will need and seek out coverage in the Medicaid expansion program. After considering the likelihood that less healthy older individuals would seek Medicaid coverage, we revised our take up rate assumptions, projecting that 75% of the newly eligible adults will be in the 45–64 age range, with 25% in the healthier 19–44 age brackets. The assumption change reflects our expectation that there will be a greater concentration of newly eligible individuals in the 45–64 age range. Our increased enrollment assumption for the higher age range impacts health status adjustment factors, which we outline in the *Medicaid Expansion Adjustments* section below. For further detail, please refer to Appendix H.

Mercer modeled these take up rates assuming a ramp up over time for newly eligible and woodwork effect individuals, with the expectation that all will reach ultimate take up rates by December 2017. However, we expect a steeper ramp up early on, with newly eligible individuals reaching 80% of their ultimate take up rate after about six months (by July 1, 2014) and woodwork effect reaching half of their ultimate take up rate in nine months (by April 1, 2014). Subsequently, we assume that both populations will more slowly achieve full take up rate over

time. Although we have applied these assumptions, actual participation rates may differ, and financial results would vary accordingly.

These assumptions include the current Family Planning eligible population with MAGI-based income below 138% FPL. We assume this population will enroll as newly eligible individuals in managed care on January 1, 2014.

These projections exclude estimation of the impact on Medicaid enrollment of individuals who may be eligible on the basis of pregnancy or disability. We expect that very few individuals in these population cohorts who are currently eligible are not already enrolled in Medicaid.

A breakout of the populations to which the take up assumptions are applied is included in Appendix G.

Enrollment Increases

On top of the expected take up rates, Medicaid enrollment tends to increase naturally over time. Based on Mercer’s experience observing typical annual increases in Medicaid enrollment, we assume that enrollment will increase at the following rates:

Annual Enrollment Increases		
Population	CY 2012 to SFY 2014	SFY 2014 to 2020
Children (0–18 years)	0.0%	1.0%
Adults (19–64 years)	0.0%	1.0%
Aged adults (age 65 and over)	0.5%	1.5%

Although we have applied these enrollment increase assumptions, the actual enrollment may increase at different rates for different ages or coverage levels available and the financial results would vary accordingly.

Additional Enrollment Assumptions

After considering the current distribution of enrolled children in Medicaid and the OMAS results based on income level, our model assumes that approximately 38% of the woodwork effect children that apply will have household income that qualifies for the Children’s Health Insurance Program (CHIP), and 62% will have income that qualifies for standard Medicaid coverage. As noted on page 19, the FMAP for CHIP and Medicaid differ. These differences have been reflected in our analysis.

Medical Cost

Mercer used Ohio’s January–June 2013 managed care rates, including Healthy Families (HF) and Healthy Start (HST), as the basis of the PMPM cost estimate for newly eligible and woodwork effect individuals who would potentially apply under the ACA’s Medicaid expansion. We have made adjustments to these rates based on Ohio’s budget assumptions to develop equivalent PMPM cost projections for FFS eligible individuals. The most recent data available was used for our budget estimates.

The State makes other payments to providers for both managed care and FFS eligible individuals, such as cost settlements, graduate medical education, or disproportionate share hospital supplemental payments. These additional costs were not included in the projected PMPM cost for the Medicaid expansion populations. Payments from provider taxes and any associated revenues are reflected in the cost projections. The following chart shows base PMPM cost by rating category, which was used to develop our projections.

PMPM Base Costs — First Half CY 2013				
Rating Category	Estimated First Half CY 2013 Member Months from Rates	First Half 2013 PMPM with Administration	Behavioral Health Add-On	Total First Half CY 2013 Base Rate Before Premium Based Taxes
HF/HST <1 M+F	437,024	\$651.55	\$19.98	\$671.52
HF/HST 1 M+F	404,822	159.98	19.98	179.96
HF/HST 2–13 M+F	4,317,926	111.23	19.98	131.21
HF/HST 14–18 M	658,306	145.29	19.98	165.27
HF/HST 14–18 F	677,795	181.35	19.98	201.33
HF 19–44 M	641,800	257.41	15.44	272.85
HF 19–44 F	1,913,364	367.54	15.44	382.98
HF 45+ M+F	280,799	548.36	15.44	563.80

Under the ACA, the Medicaid expansion population that becomes eligible on January 1, 2014 must be provided with at least essential health benefits (EHBs). The Medicaid benchmark must include the 10 EHBs designated in the ACA, in addition to other federally mandated coverage levels. The 10 EHBs are:

1. Ambulatory patient services.
2. Emergency services.
3. Hospitalization.
4. Maternity and newborn care.
5. Mental health and substance use disorder services, including behavioral health services.
6. Prescription drugs.
7. Rehabilitative and habilitative services and devices.
8. Laboratory services.
9. Preventive and wellness services and chronic disease management.
10. Pediatric services, including oral and vision care.

For options 1 and 2 (described in Chapter 2), Mercer has applied a nominal <0.5% factor to the January–June 2013 managed care rates for newly eligible individuals, estimating the difference in cost between the current Medicaid package and additional services required from this list as a Medicaid benchmark benefit package.

In addition, a 1% pay for performance add-on has been applied to these base PMPM rates to account for the fact that Ohio’s managed care plans (MCPs) have the opportunity to earn an additional 1% above the rates for meeting certain quality metrics.

Regarding the development of cost for the aged woodwork effect population (versus woodwork effect adults in the 19–64 age range), it was necessary for Mercer to apply some simplifying assumptions to project PMPM cost estimates due to time constraints. We recognized that the aged woodwork effect enrollment would constitute only about 10% of the total Medicaid expansion projected enrollment. Since this is a relatively small population and would have a low impact on overall results, we applied the same health status, adverse selection/pent up demand, and trend factors as the rest of the woodwork effect adults.

Our calculations recognize the importance of including some conservatism since, although small, the aged woodwork effect group could include some people with disabilities and/or with Medicare (with access to all long term services and supports and long term care services, if necessary), who have not already enrolled. It would require additional analysis to determine what portion of participating woodwork effect seniors would be higher cost individuals versus the portion that would fall into the lower cost premium assistance categories. Applying actuarial judgment, we used a relatively low (20%) take up rate for seniors compared with the expected non-elderly woodwork effect growth. We also assumed that the financial impact of the small percentage of high cost seniors not already enrolled would be offset by the larger number of lower cost seniors expected to enroll.

OMA may, in the coming months, want to consider having more detailed modeling performed for this population (including SLMB/QMB/QI-1) and its potential financial impact on the overall Medicaid expansion.

Health Cost Trend

Trend accounts for changes in health care utilization and the cost of services over time. In order to project costs from the base years to the projection years, Mercer has applied the trend rates provided in the following table.

PMPM Annual Trend		
Population	CY 2013 to SFY 2014	SFY 2014 to SFY 2020
Children (0–18 years)	4.4%	4.4%
Adults (19–64 years)	4.4%	4.4%
Adults (age 65 and over)	4.4%	4.4%

Assumed trend does not vary by year. These trends are primarily based on recent, overall trends seen in Ohio’s Medicaid program. Mercer assists Ohio with its annual managed care rate-setting process and has access to all relevant claim experience used to develop the trend assumptions. A trend factor is developed and applied to the base PMPM rates. This factor is developed using the number of months between the midpoint of the period for which base

PMPM rates are applicable (first half of CY 2013) and the midpoint of the projection period (e.g., SFY 2014).

Medicaid Expansion Adjustments

To develop the PMPM cost projections for Ohio's Medicaid expansion population, Mercer applied several adjustments to the base data described above. These adjustments are described in the following paragraphs.

Health Status Adjustment

To estimate the cost for projected woodwork effect and newly eligible enrollees under Medicaid expansion, Mercer used the OMAS source data to evaluate the expected health status of these individuals compared to the health status of Ohio's current Medicaid population. We have also considered research showing a positive correlation between health status and income level. In general, the health status of individuals tends to increase and medical costs decrease as income level increases.⁵ This is a result of a higher standard of living, better nutrition, increased access to preventive health care, and an increased use of these services. Mercer developed an estimate of the health status effect by comparing the average FPL of the adult Medicaid population to the average FPL of the newly eligible population using Mercer's modeling on relative utilization by FPL.

In addition to the impact of income on health status, another strong indication of expected risk is the current level of general health for an individual. Mercer reviewed 2009 Medical Expenditure Panel Survey (MEPS) data compiled by the Agency for Healthcare Research and Quality to develop health status factors by using surveyed individuals' self-reported health status (excellent, very good, good, fair, and poor). The MEPS data contains information regarding self-reported health status and health costs. Mercer then used results from the OMAS to develop a composite health status factor. We aggregated projected enrollment by self-reported category of health, then analyzed chronic condition information from the 2012 OMAS. Based on our initial analysis, it appears that the additional chronic condition information corresponds well with the primary health status categories. Therefore, there seems to be negligible impact to the health status factors developed beyond relying on the primary categories. However, this is an area Ohio may want to consider for future analysis.

Based on average spending by health status for the Medicaid population and the health status mix of the uninsured population, Mercer determined that the projected population enrolling through Medicaid expansion, including those individuals who are eligible but not currently enrolled, would have lower health expenditures than the current Medicaid population absent all other factors.

Mercer's measurement of medical cost acuity is expressed as a factor, with 1.00 representing the current non-elderly Medicaid enrollment. Our analysis of the OMAS data resulted in a

⁵ Holahan, John. *Health Status and the Cost of Expanding Insurance Coverage*. Health Affairs: November/December 2001.

preliminary health status factor for all adults of 0.90 (using currently enrolled parents as a basis across woodwork effect and newly eligible individuals). After considering analysis Mercer has performed in other states, and the unknowns intrinsic in this broad Medicaid expansion, we increased our initial factor to 0.91 for both woodwork effect and newly eligible adults. As explained in our *Take Up Rates* section of this report, we assume a high concentration of less healthy newly eligible individuals in the 45–64 age range would enroll, resulting in a health status factor for newly eligible adults of 0.96.

OMAS data for children who are not currently enrolled in Ohio’s Medicaid programs show a slightly lower health status than children currently enrolled in Medicaid. However, this has not always been our experience in other states. Every effort was made to appropriately reflect Ohio’s child population while recognizing the limited information available through the survey’s self-reported data. These facts, coupled with Mercer’s experience analyzing cost by age, led us to assume that children’s actual underlying health is similar, regardless of type of insurance coverage.

Based on this information, Medicaid expansion health status factors are summarized as follows:

Health Status Adjustment Factors	
Population	Factor
Woodwork effect children	1.00
Woodwork effect adults	0.91
Newly eligible adults	0.96

We applied these factors to adjust the base data to more accurately reflect expected cost for these eligibility groups. Please note that other factors, such as adverse selection/pent up demand, are applied to account for necessary adjustments beyond an individual's underlying health status. Please see Appendix H for additional detail on health status factor development.

Adverse Selection and Pent Up Demand Adjustments

Typically, individuals will delay preventive office visits and limit use of costly prescription drugs if insurance is not available to share the cost. A pent up demand adjustment is needed in the calculation of pricing for the uninsured population in order to better align expected health costs of individuals in the initial years after enrollment.

While somewhat related to pent up demand, adverse selection is another issue that must be considered in coverage expansions that will not cover all the uninsured. This includes individuals above 138% FPL and those who do not initially take advantage of Medicaid expansion because they are currently healthy. During the initial years of the Medicaid expansion, individuals with more complex needs are likely to enroll more quickly and therefore will have higher costs than the average uninsured person. For these calculations, we have assumed a 5% combined adverse selection and pent up demand factor for woodwork effect enrollees and 8% for newly eligible adult enrollees. This assumes that newly eligible individuals may be less healthy than

woodwork effect individuals who currently have access, but due to their good health have not enrolled. These factors are applied to the SFY 2014 and 2015 PMPM cost estimates.

Taxes and Health Insurer Fees

Taxes listed below only apply to managed care premiums in the cost projections. Amounts are shown on an accrued basis for the period; the actual collection of this revenue is typically delayed.

Tax Rates	
Tax	Rate
State Sales & Use	5.50% ⁶
County Sales & Use	1.35% ⁷
Health insuring corporation (HIC)	1.00%

As required by the ACA, an annual fee will be assessed on the premiums of health insurers, including Medicaid MCPs. The nationwide health insurer fee target starts at \$8 billion in 2014 and grows to \$14.3 billion in 2018, indexed to grow with premiums in subsequent years. Commercial, Medicaid, Medicare, and CHIP premiums are included. Premiums for long term care, disability, Medicare supplement, fixed indemnity, and specified disease are among those excluded. The fee is considered an excise tax and is not deductible for income tax purposes. This fee will be allocated based on market share of premium revenue. Since Medicaid managed care capitation rates must be actuarially sound, capitation rates would need to be increased to cover the cost of this fee and the additional federal taxes that the increase in capitation revenue would generate. For-profit health insurers are subject to the full tax rate. The first \$25 million of premiums and 50% of premiums between \$25 million and \$50 million are removed from the calculations to determine market share, which is a benefit to smaller insurers. Non-profit insurers with more than 80% of premium revenue from government programs for Medicaid, Medicare, Medicare/Medicaid duals, and CHIP are exempt from the health insurer fee. CareSource, for example, may qualify for this exemption. Other non-profits are subject to a 50% reduction in premium revenue used to determine market share. Mercer used the 2012 premium revenue, modified to account for those MCPs that will be in place in SFY 2014, to estimate the average percentage of premium that the health insurer fee will represent in 2014 and later calendar years.

The health insurer fee assumptions that we have made by CY (as the MCPs will pay them) and by SFY (as we have used in the model) are shown in the table below. As shown on the following page, the percentage of premium health insurer fee understates its effect on the premium, because when the health insurer fee increases the premium it also increases the dollar amounts of the Sales & Use and HIC taxes, which are calculated as a percentage of premium.

⁶ The current tax rate was used, not the 5.0% rate contained in Governor Kasich's Executive Budget proposal.

⁷ To determine County Sales & Use tax rates for capitation purposes, Mercer evaluates county level enrollment for each region to determine the county level tax rate. The resulting tax rate is then applied to the base capitation rates.

Mercer's model incorporates the effect of the health insurer fee shown in the table below by CY and SFY on the added persons covered (the woodwork effect and newly eligible) as well as new costs (such as the primary care physician fee increase for CYs 2013 and 2014). We have not included the effect of the health insurer fee on the baseline costs.

Health Insurer Fee					
CY	Projected % of Avg Ohio MCP Premiums	Premium % Increase Due to Health Insurer Fee	SFY	Projected % of Avg Ohio MCP Premiums	Premium % Increase Due to Health Insurer Fee
2014	1.00%	1.10%	2014	0.50%	0.54%
2015	1.35%	1.49%	2015	1.17%	1.29%
2016	1.29%	1.42%	2016	1.32%	1.45%
2017	1.51%	1.67%	2017	1.40%	1.54%
2018	1.49%	1.64%	2018	1.50%	1.66%
2019	1.50%	1.65%	2019	1.49%	1.65%
2020	1.50%	1.65%	2020	1.50%	1.65%

As stated above, the health insurer fee will increase the amounts of other portions of the premium calculated as a percentage of premium, namely the HIC, State Sales & Use, and County Sales & Use taxes. This is illustrated in the following example, using the CY 2017 health insurer fee.

Premium Component Dollars					
	% of Premium	Without Incorporating Health Insurer Fee	With Incorporating Health Insurer Fee	Increase in Premium Due to Health Insurer Fee	% Increase Due to Health Insurer Fee
Medical expense, admin expense and underwriting gain	92.15%	\$921,500			
HIC tax	90.64%		\$921,500	\$0	0.00%
State Sales & Use tax	1.00%	10,000	10,167	167	1.67%
County Sales & Use tax	5.50%	55,000	55,916	916	1.67%
Federal health insurer fee	1.35%	13,500	13,725	225	1.67%
Premium without health ins fee	1.51%		15,352	15,352	
Premium with health ins fee	100.00%	\$1,000,000			
Premium with health ins fee	100.00%		\$1,016,659	16,659	1.67%

Calculated Medicaid Expansion Per Member Per Month Cost

Our resulting PMPM cost projections by year are shown in the following table:

PMPM Cost Projections by SFY						
SFY	Managed Care			FFS		
	Newly Eligible Adults	Woodwork Effect Adults	Woodwork Effect Children	Newly Eligible Adults	Woodwork Effect Adults	Woodwork Effect Children
2014	\$445.42	\$408.87	\$216.75	\$500.14	\$460.92	\$244.34
2015	468.47	430.02	227.96	522.14	481.20	255.09
2016*	453.57	428.24	227.02	504.74	478.45	253.64
2017	473.97	447.50	237.23	526.95	499.50	264.80
2018	495.37	467.71	247.94	550.13	521.48	276.45
2019	517.11	488.24	258.82	574.34	544.43	288.61
2020	539.81	509.66	270.18	599.61	568.38	301.31

*Note: The reduced PMPM cost in SFY 2016 is because the adverse selection/pent up demand factor is only applied to SFY 2014 and SFY 2015.

We used the following formula to calculate these PMPM cost projections:

Base PMPM rate (first half of CY 2013)
 x Trend factor for each projection period (SFY)
 x Health status factor
 x (1 + 1% pay for performance add-on)
 x (1 + Medicaid benchmark adjustment) applied only to newly eligible individuals' cost
 x (1 + adverse selection/pent up demand factor) applied only to SFY 2014 and 2015
 ÷ (1 – taxes and fees) applied only to managed care rates

Consistent with historical financial information provided by OMA, we have calculated the PMPM cost of the Medicaid expansion members who would be enrolled in FFS to be approximately 23% higher than the managed care cost. We expect that 89.5% of woodwork effect children and woodwork effect and newly eligible adults under age 65 in the Medicaid expansion group will be enrolled in managed care in SFY 2013, growing to 95.0% in SFY 2020, with the remainder in FFS. Upon discussion with OMA, we have estimated that 40% of the aged woodwork effect group will be in managed care (due to the implementation of Ohio's new integrated care delivery system demonstration project),⁸ with the remainder in FFS.

Federal Medical Assistance Percentages

FMAP is the percentage of program service cost that the federal government provides to each state's Medicaid program. This percentage varies based on per-capita income in a state. The

⁸ Memorandum of Understanding (MOU) Between The Centers for Medicare & Medicaid Services (CMS) And The State of Ohio Regarding A Federal-State Partnership to Test a Capitated Financial Alignment Model for Medicare-Medicaid Enrollees, Demonstration to Develop an Integrated Care Delivery System, December 11, 2012.

following table outlines the FMAP percentages that apply to currently eligible but not enrolled individuals and also to newly eligible enrollees as a result of the Medicaid expansion. It also shows the effect of further enhanced FMAP for CHIP enrollment (an additional 23%) beginning in October 2016 as prescribed by the ACA.

FMAP Percentages			
SFY	Currently Eligible (Regular FMAP)	Newly Eligible	CHIP (Enhanced FMAP)
2013	63.72%	--	74.61%
2014	63.16%	100.00%	74.21%
2015	63.02%	100.00%	74.11%
2016	63.02%	100.00%	91.36%
2017	63.02%	97.50%	97.11%
2018	63.02%	94.50%	97.11%
2019	63.02%	93.50%	97.11%
2020	63.02%	91.50%	97.11%

Please note that SFY 2016 shows a blended FMAP for CHIP because the enhanced rate starts during that SFY. Assumed FMAP rates for 2015 through 2020 are based on published rates through federal fiscal year 2014 (October 2013 through September 2014)⁹.

Impact of the Affordable Care Act on Additional Cost Components

Primary Care Physician Fee Increase (Affordable Care Act Section 1202)

We have projected the impact of the primary care physician fee increase as described in Section 1202 of the ACA. This provision requires states to increase Medicaid reimbursement for certain primary care service codes billed by certain primary care providers to 100% of the Medicare fee schedule. The difference between Medicaid and Medicare reimbursement rates for these codes is 100% federally funded. This increase is in effect for CYs 2013 and 2014, but to date, is not in effect for subsequent years. Our projections are based on estimates provided to OMA by the MCPs who offer Medicaid coverage in Ohio, which we adjusted to also include the expected financial impact due to increasing FFS reimbursements.¹⁰ Our estimates include a calculation of differences between FFS and managed care cost. The primary care physician rate increase is intended to improve access to primary care physicians across the Medicaid populations, potentially affecting the cost for both current Medicaid recipients and those brought on by expansion.

Family Planning Group

Ohio began providing certain Medicaid benefits to the Family Planning group in January 2012.¹¹ Medicaid coverage for this group is limited to specified family planning services. Beginning

⁹ "Federal Financial Participation in State Assistance Expenditures; Federal Matching Shares for Medicaid, the Children's Health Insurance Program, and Aid to Needy Aged, Blind, or Disabled Persons for October 1, 2013 Through September 30, 2014, Notice." Federal Register 77 (30 November 2012): 71420-71423.

¹⁰ Ohio Administrative Code 5101:3-1-60.3

¹¹ Ohio Administrative Code 5101:1-41-40

January 1, 2014, individuals who would otherwise be eligible for family planning services, who qualify at or below the indicated FPL, will be able to receive more comprehensive services through the Medicaid expansion or an exchange insurance package.

Based on PMPM cost and enrollment data provided by OMA, no longer covering the Family Planning group would result in a slight reduction to current Medicaid costs. The State currently receives a 90% match from the federal government for family planning services and regular FMAP for the family planning-related services, such as the diagnosis of sexually transmitted diseases and infections, or vaccinations against human papillomavirus or hepatitis B.

Individuals enrolled in the Family Planning group are already in the Ohio Medicaid system. As such, we assume that individuals in this group who are eligible for the expansion will enroll by January 1, 2014. We also assume that all former Family Planning group members that enroll as newly eligible individuals under the ACA will immediately enroll in a Medicaid MCP. The State expects these individuals will qualify for 100% FMAP match from the federal government. We have modified our take up rates to ensure no double-counting of this population.

Coverage of Prisoner Inpatient Cost

The ACA did not change Medicaid rules regarding prisoners. Medicaid will not pay for services to prisoners while they are incarcerated, but could be used to cover medical services for prisoners who spend the night in a medical institution that is outside the penal system. Thus, if the State expands Medicaid eligibility under the ACA, there would be more non-elderly adult prisoners for whom the State could claim Medicaid match for inpatient stays that are overnight or longer in duration. In order to do this, the prisoner must meet Medicaid requirements (e.g., citizenship), the stay must be in an institution that is outside the penal system, and the institution must be an Ohio Medicaid provider (to receive Medicaid reimbursement). Ohio would not receive a 100% match for prisoners who could meet current eligibility requirements (e.g. pregnant women or people with disabilities) so their expenditures are not impacted by the ACA. The State has a separate contract with hospitals, so we have not applied Medicaid trends to determine future costs in our projections. We relied on financial estimates provided by the State to reflect the financial impact of cost shifting from the State to the federal government.

Prescription Drug Rebates

Prescription drug rebates are invoiced and collected by the states and then shared with the federal government at the same proportion as the particular state's FMAP level. Before the ACA, states could claim the federal drug rebate only on FFS drugs. The ACA allows states to claim federal rebates based on MCP drug encounters as well. The ACA raised the minimum rebate amounts effective January 1, 2010 (adding 8% to brand name drugs and 2% to generics) and required that the amounts "attributable" to the increased rebates be returned to the federal government (federal offset). The new federal minimums are 23.1% for brand name drugs and 13% for generics.

Per the ACA, the entire value of the rebate "increase" is the property of the federal government. The actual rebate percentage of a brand name drug may be much higher than the minimum 23.1% due to the price-inflation component of the rebate calculation. For example, if a brand drug has a 56% rebate, and state FMAP is 60%, the federal government would claim the first

8% of the cost of the drug as part of the ACA provision; they also would be entitled to 60% of the remaining 48% of the drug's cost (56% minus 8%).

OMA provided Mercer with quarterly drug rebate information for the first quarter of 2011 through the second quarter of 2012. This data includes the effect of the above changes. Drug rebates are higher on brand name drugs than generics. MCPs do not receive the benefit of the federal drug rebate, although they may receive a smaller rebate, so they work to reduce drug cost through increased use of generics. As expected, the Ohio data showed FFS rebates as a percentage of drug cost to be higher than MCP rebates as a percentage of drug cost.

Generic drugs represent a higher portion of children's drug utilization compared to generic utilization rates for adults; the rebate percentage for children is significantly less than that for adults. The Ohio drug rebate data was not split between adults and children. Mercer used analysis of other data sources for the adult/child rebate relationship.

Mercer has not seen any CMS guidance stating that states may not retain rebates for Medicaid expansion populations. However, since the FMAP is 100%, it is assumed that the federal government will claim the entire rebate for prescription drugs provided to expansion individuals.

For our projections of the impact of prescription drug rebates on the woodwork effect and newly eligible individuals, we have assumed the following percent of drug cost, returned as rebate percentages, apply to the managed care premium drug claim component and FFS drug claims.

Prescription Drug Rebate Assumptions	
Population	Rebate %
Managed care adults	46.65%
Managed care children	21.64%
FFS adults	54.20%
FFS children	25.14%

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Significant Sources of Change from Previous Analyses

Source Population Data Differences — Ohio Medicaid Assessment Survey Results for 2012 Versus 2010 Ohio Family Health Survey Results

Based on the most recent OMAS results, the underlying eligible population data has been updated to provide a more accurate picture than was available two years ago. This resulted in significant differences in projected enrollment.

The 2012 OMAS relies on 2010 census information, whereas the 2010 Ohio Family Health Survey relied on the 2000 census adjusted according to U.S. Census Bureau annual projections. This results in a minor downward correction to the full underlying population.

Current results show that the portion of the underlying population already enrolled in Medicaid is almost 20% higher than the previous survey. This increase results in fewer potentially eligible individuals who could enroll as woodwork effect under Medicaid expansion. Current data also show the number of elderly individuals (65+ years of age) is almost 4% higher than previously thought. Although a smaller cohort, the survey shows that the portion of the population purchasing individual insurance is also 4% higher than previous estimates. Conversely, the survey also shows that the portion of Ohio's population who are uninsured or who have job-based insurance has decreased by about 9% and 2%, respectively.

These underlying population changes have a more dramatic impact on our projected Medicaid expansion enrollment and cost projections than any other component.

Take Up Rate Assumption Differences

Previous analyses had take up rates set by year, reaching ultimate participation rates within three years. Milliman described the development of their assumptions in their June 30, 2011 report.

Mercer applied take up rates, developed by comparing information from sources outlined in Chapter 4 of this report, which were not all available for previous projections. We used this data as the basis for setting ultimate take up rates as described in Chapter 4, with two levels of ramp up, depending on how quickly we expect the specific population to enroll over time. Some of our current assumptions are higher than those previously used and some are lower. However, our current ramp up assumptions are slower than those used in previous analyses (performed by both Milliman and Mercer), which results in a lower cost over time.

Health Status Factor Differences

Previous analysis relied on health status factors developed using Milliman's proprietary Health Cost Guidelines. Mercer outlines the development of our factors based on other available

sources and actuarial judgment in Chapter 4. Mercer's health status adjustment factors are slightly lower than those previously used for woodwork effect adults, but higher for woodwork effect children and newly eligible adults.

Base Per Member Per Month Cost Differences

The following items related to base PMPM cost estimates have been changed from the previous analyses as follows:

- Managed care rates previously used were from CY 2011. These have been updated to reflect the most recently developed managed care capitation rates for January–June 2013.
- Previous analyses treated all expansion members as managed care. As described in Chapter 4, we are now applying separate projections for estimated FFS enrollment using cost relativities to develop FFS PMPM cost consistent with Ohio's historical financial information.
- We have used the most recent claim cost information to estimate behavioral health add-on cost not included in the base capitation rates.

Changes to Other Assumptions and Cost Components

The following are other cost components outlined in this report, which have been updated to reflect changes from previous analyses:

- Estimated primary care physician fee increase for CY 2013 and CY 2014 has been updated to reflect recent understanding of the cost impact of the ACA Section 1202 requirements. This has been calculated as a cash basis impact.
- Family Planning impact, reflecting a reduced State share cost since many individuals currently enrolled in this program would be 100% federally funded under a Medicaid expansion beginning on January 1, 2014. These individuals were not previously eligible for full Medicaid.
- Impact of covering prisoner inpatient cost has been included, which reflects a shift from State to federal responsibility.
- The impact of prescription drug rebates has been included, which were not accounted for in previous projections. This has been calculated as a cash basis impact.
- The health insurer fee impact has also been included in this projection. This has been calculated as a cash basis impact.
- Tax revenue has also been estimated in this projection using a cash basis approach.

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Base Scenario — No Expansion (Woodwork Effect Only)

The base scenario of *no expansion* includes only the woodwork effect, which reflects the impact of an increase in Medicaid eligibles/cost because of the ACA publicity and individuals' heightened awareness of coverage requirements/opportunities. Many Ohioans, who are newly eligible, may enroll for coverage in or before January 2014. We have projected the impact of this enrollment to begin on July 1, 2013, ramping up through December 2013.

Even if Ohio does not expand its Medicaid program to cover groups that are not currently eligible, this woodwork effect would be expected to occur because of coverage requirements and program publicity. Because of the ACA's mandate, individuals will seek health insurance to avoid penalties/taxes. The health insurance exchange, whether federally-facilitated or state-based, will refer applicants to Medicaid programs, based on income levels. If employers drop health insurance coverage, more people will seek coverage from the exchange and realize their eligibility for partial or full government-subsidized coverage. Please refer to Chapter 4 for enrollment take up rate assumptions. Within our woodwork effect projections, the model combines aged Medicare Premium Assistance Program participants with the rest of the aged adults (due to the small size of these populations) to estimate both enrollment and cost.

The following chart summarizes the financial impact (in millions) of the ACA even if Ohio opted not to expand Medicaid.

Current Policy (No Expansion) Woodwork Effect Only				
Medicaid Spend	SFY 2014	SFY 2015	SFY 2016–2020	All SFYs
All funds	\$528.8	\$952.2	\$7,707.4	\$9,188.4
State share before taxes	186.3	334.8	2,496.8	3,017.9
Revenue				
HIC (state revenue)	1.9	5.5	56.3	63.7
State Sales & Use tax (state revenue)	19.4	38.1	325.7	383.2
County Sales & Use tax (county revenue)	4.8	9.3	80.0	94.1
Health insurer fee (federal revenue)	1.9	8.4	87.0	97.3

Also please refer to charts in Appendix B for further detail and for low and high range estimates for these projections. The charts show the impact of the ACA on each SFY and in total for SFY 2014 through SFY 2020 due to woodwork effect enrollment. The charts include the financial impact of other cost components due to this woodwork effect, which would be affected even if Ohio chose not to expand its Medicaid program.

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Option 1 — Medicaid Expansion to 138% Federal Poverty Level

Option 1 illustrates the financial impact if Ohio opts to expand Medicaid to 138% FPL (an increase to 133% FPL plus a 5% automatic income disregard as described in the ACA). These projections for Medicaid expansion show the impact on cost due to newly eligible individuals enrolling in Medicaid. The base Medicaid PMPM has been increased slightly (<0.5%) to estimate the cost of required EHBs that may not be included in Ohio's existing Medicaid programs.

As stated previously in our methodology section, enrollment includes non-parents with income at or below 138% FPL and parents with income between 91% and 138% FPL. We have also included in Chapter 4 of this report the expected take up rates for these populations.

The newly eligible population includes qualifying individuals who may currently be eligible for or enrolled in the Family Planning group. We assume they will enroll in Medicaid and be subject to 100% FMAP match on January 1, 2014. Thus, the take up rate is higher for this population than for the woodwork effect population.

The following chart summarizes the financial impact (in millions) of the ACA if Ohio opted for full Medicaid expansion to 138% FPL.

ACA Expansion - Newly Eligible individuals ≤ 138% FPL				
Medicaid Spend	SFY 2014	SFY 2015	SFY 2016–2020	All SFYs
All funds	\$561.7	\$1,999.5	\$11,919.8	\$14,481.0
State share before taxes	0.0	0.0	586.1	586.1
Revenue				
HIC (State revenue)	0.0	13.6	106.5	120.1
State Sales & Use tax (State revenue)	21.3	93.6	603.2	718.1
County Sales & Use tax (county revenue)	5.3	23.0	148.0	176.3
Health insurer fee (federal revenue)	2.3	20.8	159.9	183.0

Please refer to charts in Appendix C for further detail, and for low and high range estimates for these projections. The charts show the impact of the ACA (under the assumption that full FMAP match is provided by the federal government) on each SFY and in total for SFY 2014 through SFY 2020 due to Medicaid expansion.

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Option 2 — Medicaid Expansion to 100% Federal Poverty Level With Enhanced Federal Support

Option 2 illustrates the financial impact of Ohio opting to expand Medicaid to 100% FPL and receiving 100% FMAP. This scenario would require negotiations with CMS because the federal government has said that enhanced FMAP is not possible at less than the full Medicaid expansion.

These projections show the impact on cost due to newly eligible individuals enrolling in Medicaid. The base Medicaid PMPM has been increased slightly (<0.5%) to estimate the cost of required EHBs that may not be included in Ohio's existing Medicaid programs.

Projected expansion enrollment includes only individuals not otherwise eligible for Medicaid coverage. This option assumes income disregards would bring parents to approximately 100% under the ACA's MAGI-based income rules. Some individuals previously ineligible due to their income could become Medicaid eligible while others may no longer qualify under the new MAGI-based eligibility rules. We do not expect parents to materially impact the projections.

The newly eligible population includes qualifying individuals who may currently be eligible for the Family Planning group. We assume they will enroll in Medicaid and be subject to 100% FMAP match on January 1, 2014. Take up rate is higher for this population than for the woodwork effect population.

The following chart summarizes the financial impact (in millions) of the ACA if Ohio opted for partial Medicaid expansion to 100% FPL, and if the federal government were to allow enhanced FMAP for partial expansion.

ACA Expansion — Newly Eligible individuals ≤ 100% FPL With Federal Support				
Medicaid Spend	SFY 2014	SFY 2015	SFY 2016–2020	All SFYs
All funds	\$371.7	\$1,298.7	\$7,215.2	\$8,885.6
State share before taxes	0.0	0.0	351.1	351.1
Revenue				
HIC (State revenue)	0.0	8.9	65.0	73.9
State Sales & Use tax (State revenue)	14.2	60.9	365.7	440.8
County Sales & Use tax (county revenue)	3.5	14.9	89.8	108.2
Health insurer fee (federal revenue)	1.5	13.5	96.7	111.7

Also please refer to charts in Appendix D for further detail, and for low and high range estimates for these projections. The charts show the impact of the ACA (under the assumption that full FMAP match is provided by the federal government) on each SFY and in total for SFY 2014 through SFY 2020 due to Medicaid expansion and woodwork effect enrollment.

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Option 2a — Medicaid Expansion to 100% Federal Poverty Level With No Enhanced Federal Support

Option 2a is identical to Option 2, except it shows what the financial impact would be if Ohio opted to expand Medicaid to 100% FPL but received no additional FMAP.

The following chart summarizes the financial impact (in millions) of the ACA if Ohio opted for partial Medicaid expansion to 100% FPL, and if the federal government were to allow enhanced FMAP for partial expansion.

ACA Expansion — Newly Eligible individuals ≤ 100% FPL With No Enhanced Federal Support				
Medicaid Spend	SFY 2014	SFY 2015	SFY 2016–2020	All SFYs
All funds	\$371.7	\$1,298.7	\$7,215.2	\$8,885.6
State share before taxes	136.9	480.2	2,668.0	3,285.1
Revenue				
HIC (State revenue)	0.0	8.9	65.0	73.9
State Sales & Use tax (State revenue)	14.2	60.9	365.7	440.8
County Sales & Use tax (county revenue)	3.5	14.9	89.8	108.2
Health insurer fee (federal revenue)	1.5	13.5	96.7	111.7

Please refer to charts in Appendix E for further detail, and for low and high range estimates for these projections. The charts show the impact of the ACA on each SFY and in total for SFY 2014 through SFY 2020 due to Medicaid expansion.

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Caveats

Mercer has prepared these projections exclusively for OMA to estimate the potential impact of federal health care reform. The estimates may not be used or relied upon by any other party or for any other purpose than for which they were issued by Mercer. Mercer is not responsible for the consequences of any unauthorized use.

All projections are based on the information and data available at a point in time and projections are not a guarantee of results that might be achieved. The projections are subject to unforeseen and random events and therefore must be interpreted as having a potentially wide range of variability from the estimates.

Further, the estimates set forth in the report have been prepared before all regulations needed to implement the Patient Protection and Affordable Care Act and Health Care Education and Reconciliation Act, in combination known as the ACA, have been issued, without guidance on the complex financial calculations that may be required. (For example, some health care reform provisions will likely involve calculations at the individual recipient level.) OMA is responsible for all financial and design decisions regarding the ACA. Such decisions should be made only after OMA's careful consideration of alternative future financial conditions and legislative scenarios and not solely on the basis of the estimates provided herein.

Lastly, Mercer is not engaged in the practice of law. This report, which may include commenting on legal issues or regulations, does not constitute and is not a substitute for legal advice. Accordingly, Mercer recommends that OMA secure the advice of competent legal counsel with respect to any legal matters related to this report or otherwise.

The information contained in this document is not intended by Mercer to be used and cannot be used for the purpose of avoiding penalties under the Internal Revenue Code or imposed by any legislative body on the taxpayer.

In performing financial projections, Mercer has relied on reports, calculations, and data from Ohio, including conversations with OMA representatives.

APPENDIX A

Fiscal Impact of the Affordable Care Act for Each State Fiscal Year

Total Impact of the ACA: SFY 2014

ALL FUNDS (\$ Millions)	SCENARIOS				
	Base Impact to Existing Medicaid Programs	Current Policy (No Expansion) Woodwork Effect Only	Option 1 ACA Expansion Newly Eligible Individuals ≤ 138% FPL	Option 2 Newly Eligible Individuals ≤ 100% FPL (With Enhanced Federal Support)	Option 2a Newly Eligible Individuals ≤ 100% FPL (No Enhanced Federal Support)
ACA Cost Component					
Medicaid Expansion Enrollment Cost	\$ -	\$ -	\$ 555.7	\$ 367.8	\$ 367.8
Woodwork Effect Enrollment Cost	-	531.3	-	-	-
Primary Care Physician Fee Increase	312.5	8.4	6.0	3.9	3.9
CHIP FMAP Enhancement	-	-	-	-	-
Family Planning Group	(1.9)	-	-	-	-
Prisoner Inpatient Cost	-	-	-	-	-
Prescription Drug Rebates	-	(10.9)	-	-	-
Total Medicaid Spend	\$ 310.6	\$ 528.8	\$ 561.7	\$ 371.7	\$ 371.7
Low Estimate		\$ 476.1	\$ 505.5	\$ 334.5	\$ 334.5
High Estimate		\$ 581.9	\$ 617.7	\$ 409.0	\$ 409.0

STATE SHARE

Medicaid Expansion Enrollment Cost	\$ -	\$ -	\$ -	\$ -	\$ 135.5
Woodwork Effect Enrollment Cost	-	190.2	-	-	-
Primary Care Physician Fee Increase	-	-	-	-	-
CHIP FMAP Enhancement	-	-	-	-	-
Family Planning Group	(0.2)	-	-	-	-
Prisoner Inpatient Cost	(9.0)	-	-	-	-
Prescription Drug Rebates	-	(3.9)	-	-	-
Total Medicaid Spend Before Taxes	\$ (9.2)	\$ 186.3	\$ -	\$ -	\$ 135.5
Low Estimate		\$ 167.5	\$ -	\$ -	\$ 123.2
High Estimate		\$ 204.9	\$ -	\$ -	\$ 150.6

TAX AND FEE REVENUE

HIC (State revenue)	\$ 2.8	\$ 1.9	\$ -	\$ -	\$ -
State Sales & Use (State revenue)	15.7	19.4	21.3	14.2	14.2
County Sales & Use (County revenue)	3.9	4.8	5.3	3.5	3.5
Health Insurer Fee (Federal revenue)	1.4	1.9	2.3	1.5	1.5

Notes

All Funds includes taxes and fees in managed care premiums.

Options 1, 2, and 2a costs are additive to the base and woodwork effect.

Options 1, 2, and 2a include a slight increase (<0.5%) to cost of newly eligible individuals to reflect required EHBs not included in the existing Medicaid programs.

The primary care physician increase is in effect for CY 2013 and 2014 per the ACA. Taxes in the base impact reflect collection of these pre-SFY 2014 taxes.

State Sales & Use tax reflects current 5.5% tax rate.

Some values may not sum due to rounding.

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Total Impact of the ACA: SFY 2015

ALL FUNDS (\$ Millions)	SCENARIOS				
	Base Impact to Existing Medicaid Programs	Current Policy (No Expansion) Woodwork Effect Only	Option 1 ACA Expansion Newly Eligible Individuals ≤ 138% FPL	Option 2 Newly Eligible Individuals ≤ 100% FPL (With Enhanced Federal Support)	Option 2a Newly Eligible Individuals ≤ 100% FPL (No Enhanced Federal Support)
ACA Cost Component					
Medicaid Expansion Enrollment Cost	\$ -	\$ -	\$ 2,077.8	\$ 1,350.0	\$ 1,350.0
Woodwork Effect Enrollment Cost	-	995.6	-	-	-
Primary Care Physician Fee Increase	243.2	18.7	33.3	21.6	21.6
CHIP FMAP Enhancement	-	-	-	-	-
Family Planning Group	(3.9)	-	-	-	-
Prisoner Inpatient Cost	-	-	-	-	-
Prescription Drug Rebates	-	(62.2)	(111.7)	(73.0)	(73.0)
Total Medicaid Spend	\$ 239.3	\$ 952.2	\$ 1,999.5	\$ 1,298.7	\$ 1,298.7
Low Estimate		\$ 848.6	\$ 1,781.9	\$ 1,157.0	\$ 1,157.0
High Estimate		\$ 1,058.2	\$ 2,221.0	\$ 1,442.5	\$ 1,442.5

STATE SHARE

Medicaid Expansion Enrollment Cost	\$ -	\$ -	\$ -	\$ -	\$ 499.2
Woodwork Effect Enrollment Cost	-	357.5	-	-	-
Primary Care Physician Fee Increase	-	-	-	-	-
CHIP FMAP Enhancement	-	-	-	-	-
Family Planning Group	(0.4)	-	-	-	-
Prisoner Inpatient Cost	(18.0)	-	-	-	-
Prescription Drug Rebates	-	(22.7)	-	-	(27.0)
Total Medicaid Spend Before Taxes	\$ (18.4)	\$ 334.8	\$ -	\$ -	\$ 472.2
Low Estimate		\$ 298.4	\$ -	\$ -	\$ 427.9
High Estimate		\$ 372.0	\$ -	\$ -	\$ 533.4

TAX AND FEE REVENUE

HIC (State revenue)	\$ 3.0	\$ 5.5	\$ 13.6	\$ 8.9	\$ 8.9
State Sales & Use (State revenue)	9.3	38.1	93.6	60.9	60.9
County Sales & Use (County revenue)	2.3	9.3	23.0	14.9	14.9
Health Insurer Fee (Federal revenue)	1.8	8.4	20.8	13.5	13.5

Notes

All Funds includes taxes and fees in managed care premiums.

Options 1, 2, and 2a costs are additive to the base and woodwork effect.

Options 1, 2, and 2a include a slight increase (<0.5%) to cost of newly eligible individuals to reflect required EHBs not included in the existing Medicaid programs.

The primary care physician increase is in effect for CY 2013 and 2014 per the ACA. Taxes in the base impact reflect collection of these pre-SFY 2014 taxes.

State Sales & Use tax reflects current 5.5% tax rate.

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Total Impact of the ACA: SFY 2016

ALL FUNDS (\$ Millions)	SCENARIOS				
	Base Impact to Existing Medicaid Programs	Current Policy (No Expansion) Woodwork Effect Only	Option 1 ACA Expansion Newly Eligible Individuals ≤ 138% FPL	Option 2 Newly Eligible Individuals ≤ 100% FPL (With Enhanced Federal Support)	Option 2a Newly Eligible Individuals ≤ 100% FPL (No Enhanced Federal Support)
ACA Cost Component					
Medicaid Expansion Enrollment Cost	\$ -	\$ -	\$ 2,148.4	\$ 1,352.3	\$ 1,352.3
Woodwork Effect Enrollment Cost	-	1,208.8	-	-	-
Primary Care Physician Fee Increase	-	-	-	-	-
CHIP FMAP Enhancement	-	-	-	-	-
Family Planning Group	(4.1)	-	-	-	-
Prisoner Inpatient Cost	-	-	-	-	-
Prescription Drug Rebates	-	(79.7)	(152.9)	(97.7)	(97.7)
Total Medicaid Spend	\$ (4.1)	\$ 1,129.2	\$ 1,995.5	\$ 1,254.6	\$ 1,254.6
Low Estimate		\$ 996.2	\$ 1,760.9	\$ 1,107.0	\$ 1,107.0
High Estimate		\$ 1,266.9	\$ 2,238.6	\$ 1,407.4	\$ 1,407.4

STATE SHARE

Medicaid Expansion Enrollment Cost	\$ -	\$ -	\$ -	\$ -	\$ 500.1
Woodwork Effect Enrollment Cost	-	413.9	-	-	-
Primary Care Physician Fee Increase	-	-	-	-	-
CHIP FMAP Enhancement	(364.0)	(10.3)	-	-	-
Family Planning Group	(0.4)	-	-	-	-
Prisoner Inpatient Cost	(18.0)	-	-	-	-
Prescription Drug Rebates	-	(28.6)	-	-	(36.2)
Total Medicaid Spend Before Taxes	\$ (382.4)	\$ 375.0	\$ -	\$ -	\$ 463.9
Low Estimate		\$ 330.9	\$ -	\$ -	\$ 409.3
High Estimate		\$ 420.9	\$ -	\$ -	\$ 520.5

TAX AND FEE REVENUE

HIC (State revenue)	\$ -	\$ 7.9	\$ 17.9	\$ 11.4	\$ 11.4
State Sales & Use (State revenue)	-	46.4	98.9	62.4	62.4
County Sales & Use (County revenue)	-	11.4	24.3	15.3	15.3
Health Insurer Fee (Federal revenue)	-	11.2	23.7	14.9	14.9

Notes

All Funds includes taxes and fees in managed care premiums.

Options 1, 2, and 2a costs are additive to the base and woodwork effect.

Options 1, 2, and 2a include a slight increase (<0.5%) to cost of newly eligible individuals to reflect required EHBs not included in the existing Medicaid programs.

The primary care physician increase is in effect for CY 2013 and 2014 per the ACA. Taxes in the base impact reflect collection of these pre-SFY 2014 taxes.

State Sales & Use tax reflects current 5.5% tax rate.

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Total Impact of the ACA: SFY 2017

ALL FUNDS (\$ Millions)	SCENARIOS				
	Base Impact to Existing Medicaid Programs	Current Policy (No Expansion) Woodwork Effect Only	Option 1 ACA Expansion Newly Eligible Individuals ≤ 138% FPL	Option 2 Newly Eligible Individuals ≤ 100% FPL (With Enhanced Federal Support)	Option 2a Newly Eligible Individuals ≤ 100% FPL (No Enhanced Federal Support)
ACA Cost Component					
Medicaid Expansion Enrollment Cost	\$ -	\$ -	\$ 2,386.6	\$ 1,459.6	\$ 1,459.6
Woodwork Effect Enrollment Cost	-	1,489.7	-	-	-
Primary Care Physician Fee Increase	-	-	-	-	-
CHIP FMAP Enhancement	-	-	-	-	-
Family Planning Group	(4.4)	-	-	-	-
Prisoner Inpatient Cost	-	-	-	-	-
Prescription Drug Rebates	-	(99.3)	(169.2)	(104.9)	(104.9)
Total Medicaid Spend	\$ (4.4)	\$ 1,390.4	\$ 2,217.5	\$ 1,354.7	\$ 1,354.7
Low Estimate		\$ 1,214.6	\$ 1,937.8	\$ 1,183.8	\$ 1,183.8
High Estimate		\$ 1,575.0	\$ 2,511.4	\$ 1,534.3	\$ 1,534.3

STATE SHARE

Medicaid Expansion Enrollment Cost	\$ -	\$ -	\$ 59.7	\$ 36.5	\$ 539.8
Woodwork Effect Enrollment Cost	-	501.9	-	-	-
Primary Care Physician Fee Increase	-	-	-	-	-
CHIP FMAP Enhancement	(511.7)	(17.3)	-	-	-
Family Planning Group	(0.4)	-	-	-	-
Prisoner Inpatient Cost	(18.0)	-	-	-	-
Prescription Drug Rebates	-	(35.4)	(4.2)	(2.6)	(38.8)
Total Medicaid Spend Before Taxes	\$ (530.1)	\$ 449.2	\$ 55.5	\$ 33.9	\$ 501.0
Low Estimate		\$ 392.1	\$ 48.4	\$ 29.6	\$ 437.7
High Estimate		\$ 508.6	\$ 62.8	\$ 38.4	\$ 567.4

TAX AND FEE REVENUE

HIC (State revenue)	\$ -	\$ 9.6	\$ 19.1	\$ 11.9	\$ 11.9
State Sales & Use (State revenue)	-	57.5	110.3	67.6	67.6
County Sales & Use (County revenue)	-	14.2	27.1	16.6	16.6
Health Insurer Fee (Federal revenue)	-	14.9	28.3	17.3	17.3

Notes

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Options 1, 2, and 2a include a slight increase (<0.5%) to cost of newly eligible individuals to reflect required EHBs not included in the existing Medicaid programs.

The primary care physician increase is in effect for CY 2013 and 2014 per the ACA. Taxes in the base impact reflect collection of these pre-SFY 2014 taxes.

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Total Impact of the ACA: SFY 2018

ALL FUNDS (\$ Millions)	SCENARIOS				
	Base Impact to Existing Medicaid Programs	Current Policy (No Expansion) Woodwork Effect Only	Option 1 ACA Expansion Newly Eligible Individuals ≤ 138% FPL	Option 2 Newly Eligible Individuals ≤ 100% FPL (With Enhanced Federal Support)	Option 2a Newly Eligible Individuals ≤ 100% FPL (No Enhanced Federal Support)
ACA Cost Component					
Medicaid Expansion Enrollment Cost	\$ -	\$ -	\$ 2,623.8	\$ 1,568.4	\$ 1,568.4
Woodwork Effect Enrollment Cost	-	1,760.7	-	-	-
Primary Care Physician Fee Increase	-	-	-	-	-
CHIP FMAP Enhancement	-	-	-	-	-
Family Planning Group	(4.6)	-	-	-	-
Prisoner Inpatient Cost	-	-	-	-	-
Prescription Drug Rebates	-	(119.1)	(185.5)	(112.1)	(112.1)
Total Medicaid Spend	\$ (4.6)	\$ 1,641.6	\$ 2,438.4	\$ 1,456.4	\$ 1,456.4
Low Estimate		\$ 1,420.4	\$ 2,109.6	\$ 1,260.9	\$ 1,260.9
High Estimate		\$ 1,878.5	\$ 2,788.4	\$ 1,665.4	\$ 1,665.4

STATE SHARE

Medicaid Expansion Enrollment Cost	\$ -	\$ -	\$ 144.3	\$ 86.3	\$ 579.9
Woodwork Effect Enrollment Cost	-	593.1	-	-	-
Primary Care Physician Fee Increase	-	-	-	-	-
CHIP FMAP Enhancement	(539.4)	(20.9)	-	-	-
Family Planning Group	(0.5)	-	-	-	-
Prisoner Inpatient Cost	(18.0)	-	-	-	-
Prescription Drug Rebates	-	(42.5)	(10.2)	(6.2)	(41.5)
Total Medicaid Spend Before Taxes	\$ (557.9)	\$ 529.7	\$ 134.1	\$ 80.1	\$ 538.4
Low Estimate		\$ 458.3	\$ 116.0	\$ 69.4	\$ 466.3
High Estimate		\$ 606.1	\$ 153.3	\$ 91.6	\$ 615.8

TAX AND FEE REVENUE

HIC (State revenue)	\$ -	\$ 11.7	\$ 21.4	\$ 13.0	\$ 13.0
State Sales & Use (State revenue)	-	69.0	122.8	73.5	73.5
County Sales & Use (County revenue)	-	16.9	30.1	18.1	18.1
Health Insurer Fee (Federal revenue)	-	19.1	33.8	20.2	20.2

Notes

All Funds includes taxes and fees in managed care premiums.

Options 1, 2, and 2a costs are additive to the base and woodwork effect.

Options 1, 2, and 2a include a slight increase (<0.5%) to cost of newly eligible individuals to reflect required EHBs not included in the existing Medicaid programs.

The primary care physician increase is in effect for CY 2013 and 2014 per the ACA. Taxes in the base impact reflect collection of these pre-SFY 2014 taxes.

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Total Impact of the ACA: SFY 2019

ALL FUNDS (\$ Millions)	SCENARIOS				
	Base Impact to Existing Medicaid Programs	Current Policy (No Expansion) Woodwork Effect Only	Option 1 ACA Expansion Newly Eligible Individuals ≤ 138% FPL	Option 2 Newly Eligible Individuals ≤ 100% FPL (With Enhanced Federal Support)	Option 2a Newly Eligible Individuals ≤ 100% FPL (No Enhanced Federal Support)
ACA Cost Component					
Medicaid Expansion Enrollment Cost	\$ -	\$ -	\$ 2,763.3	\$ 1,651.9	\$ 1,651.9
Woodwork Effect Enrollment Cost	-	1,857.5	-	-	-
Primary Care Physician Fee Increase	-	-	-	-	-
CHIP FMAP Enhancement	-	-	-	-	-
Family Planning Group	(4.8)	-	-	-	-
Prisoner Inpatient Cost	-	-	-	-	-
Prescription Drug Rebates	-	(132.1)	(198.0)	(118.3)	(118.3)
Total Medicaid Spend	\$ (4.8)	\$ 1,725.4	\$ 2,565.4	\$ 1,533.6	\$ 1,533.6
Low Estimate		\$ 1,478.1	\$ 2,198.2	\$ 1,314.8	\$ 1,314.8
High Estimate		\$ 1,993.9	\$ 2,962.0	\$ 1,770.6	\$ 1,770.6

STATE SHARE

Medicaid Expansion Enrollment Cost	\$ -	\$ -	\$ 179.6	\$ 107.4	\$ 610.9
Woodwork Effect Enrollment Cost	-	625.8	-	-	-
Primary Care Physician Fee Increase	-	-	-	-	-
CHIP FMAP Enhancement	(568.0)	(22.5)	-	-	-
Family Planning Group	(0.5)	-	-	-	-
Prisoner Inpatient Cost	(18.0)	-	-	-	-
Prescription Drug Rebates	-	(47.2)	(12.9)	(7.7)	(43.8)
Total Medicaid Spend Before Taxes	\$ (586.5)	\$ 556.1	\$ 166.7	\$ 99.7	\$ 567.1
Low Estimate		\$ 476.4	\$ 142.9	\$ 85.4	\$ 486.2
High Estimate		\$ 642.9	\$ 192.5	\$ 115.1	\$ 654.8

TAX AND FEE REVENUE

HIC (State revenue)	\$ -	\$ 13.1	\$ 23.3	\$ 13.9	\$ 13.9
State Sales & Use (State revenue)	-	74.0	131.3	78.5	78.5
County Sales & Use (County revenue)	-	18.2	32.2	19.3	19.3
Health Insurer Fee (Federal revenue)	-	20.2	35.8	21.4	21.4

Notes

All Funds includes taxes and fees in managed care premiums.

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Options 1, 2, and 2a include a slight increase (<0.5%) to cost of newly eligible individuals to reflect required EHBs not included in the existing Medicaid programs.

The primary care physician increase is in effect for CY 2013 and 2014 per the ACA. Taxes in the base impact reflect collection of these pre-SFY 2014 taxes.

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Total Impact of the ACA: SFY 2020

ALL FUNDS (\$ Millions)	SCENARIOS				
	Base Impact to Existing Medicaid Programs	Current Policy (No Expansion) Woodwork Effect Only	Option 1 ACA Expansion Newly Eligible Individuals ≤ 138% FPL	Option 2 Newly Eligible Individuals ≤ 100% FPL (With Enhanced Federal Support)	Option 2a Newly Eligible Individuals ≤ 100% FPL (No Enhanced Federal Support)
ACA Cost Component					
Medicaid Expansion Enrollment Cost	\$ -	\$ -	\$ 2,910.2	\$ 1,739.7	\$ 1,739.7
Woodwork Effect Enrollment Cost	-	1,959.8	-	-	-
Primary Care Physician Fee Increase	-	-	-	-	-
CHIP FMAP Enhancement	-	-	-	-	-
Family Planning Group	(5.1)	-	-	-	-
Prisoner Inpatient Cost	-	-	-	-	-
Prescription Drug Rebates	-	(139.0)	(207.1)	(123.8)	(123.8)
Total Medicaid Spend	\$ (5.1)	\$ 1,820.9	\$ 2,703.2	\$ 1,616.0	\$ 1,616.0
Low Estimate		\$ 1,544.4	\$ 2,294.1	\$ 1,372.2	\$ 1,372.2
High Estimate		\$ 2,124.7	\$ 3,150.9	\$ 1,883.5	\$ 1,883.5

STATE SHARE

Medicaid Expansion Enrollment Cost	\$ -	\$ -	\$ 247.4	\$ 147.9	\$ 643.3
Woodwork Effect Enrollment Cost	-	660.5	-	-	-
Primary Care Physician Fee Increase	-	-	-	-	-
CHIP FMAP Enhancement	(598.3)	(24.2)	-	-	-
Family Planning Group	(0.5)	-	-	-	-
Prisoner Inpatient Cost	(18.0)	-	-	-	-
Prescription Drug Rebates	-	(49.5)	(17.6)	(10.5)	(45.7)
Total Medicaid Spend Before Taxes	\$ (616.8)	\$ 586.8	\$ 229.8	\$ 137.4	\$ 597.6
Low Estimate		\$ 497.5	\$ 195.0	\$ 116.6	\$ 507.4
High Estimate		\$ 684.6	\$ 267.8	\$ 160.1	\$ 696.5

TAX AND FEE REVENUE

HIC (State revenue)	\$ -	\$ 14.0	\$ 24.8	\$ 14.8	\$ 14.8
State Sales & Use (State revenue)	-	78.8	139.9	83.7	83.7
County Sales & Use (County revenue)	-	19.3	34.3	20.5	20.5
Health Insurer Fee (Federal revenue)	-	21.6	38.3	22.9	22.9

Notes

All Funds includes taxes and fees in managed care premiums.

Options 1, 2, and 2a costs are additive to the base and woodwork effect.

Options 1, 2, and 2a include a slight increase (<0.5%) to cost of newly eligible individuals to reflect required EHBs not included in the existing Medicaid programs.

The primary care physician increase is in effect for CY 2013 and 2014 per the ACA. Taxes in the base impact reflect collection of these pre-SFY 2014 taxes.

State Sales & Use tax reflects current 5.5% tax rate.

Some values may not sum due to rounding.

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APPENDIX B

Base Scenario — No Expansion (Woodwork Effect Only)

**Impact of the ACA
Current Policy (No Expansion, Woodwork Effect Only)**

ALL FUNDS (\$ Millions)

ACA Cost Component	SFY 2014			SFY 2015		
	Managed Care	FFS	Total	Managed Care	FFS	Total
Medicaid Expansion Enrollment Cost	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Woodwork Effect Enrollment Cost	392.7	138.6	531.3	744.0	251.6	995.6
Primary Care Physician Fee Increase	8.2	0.2	8.4	18.2	0.5	18.7
CHIP FMAP Enhancement	-	-	-	-	-	-
Family Planning Group	-	-	-	-	-	-
Prisoner Inpatient Cost	-	-	-	-	-	-
Prescription Drug Rebates	(6.5)	(4.4)	(10.9)	(37.6)	(24.6)	(62.2)
Total Medicaid Spend	\$ 394.4	\$ 134.4	\$ 528.8	\$ 724.6	\$ 227.6	\$ 952.2
Low Estimate	\$ 355.1	\$ 121.0	\$ 476.1	\$ 645.9	\$ 202.7	\$ 848.6
High Estimate	\$ 433.9	\$ 148.0	\$ 581.9	\$ 805.1	\$ 253.1	\$ 1,058.2

STATE SHARE

Medicaid Expansion Enrollment Cost	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Woodwork Effect Enrollment Cost	139.7	50.5	190.2	265.6	91.9	357.5
Primary Care Physician Fee Increase	-	-	-	-	-	-
CHIP FMAP Enhancement	-	-	-	-	-	-
Family Planning Group	-	-	-	-	-	-
Prisoner Inpatient Cost	-	-	-	-	-	-
Prescription Drug Rebates	(2.4)	(1.5)	(3.9)	(13.7)	(9.0)	(22.7)
Total Medicaid Spend Before Taxes	\$ 137.3	\$ 49.0	\$ 186.3	\$ 251.9	\$ 82.9	\$ 334.8
Low Estimate	\$ 123.5	\$ 44.0	\$ 167.5	\$ 224.6	\$ 73.8	\$ 298.4
High Estimate	\$ 151.1	\$ 53.8	\$ 204.9	\$ 279.9	\$ 92.1	\$ 372.0

TAX AND FEE REVENUE

HIC (State revenue)	\$ 1.9	\$ -	\$ 1.9	\$ 5.5	\$ -	\$ 5.5
State Sales & Use (State revenue)	19.4	-	19.4	38.1	-	38.1
County Sales & Use (County revenue)	4.8	-	4.8	9.3	-	9.3
Health Insurer Fee (Federal revenue)	1.9	-	1.9	8.4	-	8.4

Notes

All Funds includes taxes and fees in managed care premiums.

The primary care physician increase is in effect for CY 2013 and 2014 per the ACA. Taxes in the base impact reflect collection of these pre-SFY 2014 taxes.

State Sales & Use tax reflects current 5.5% tax rate.

Some values may not sum due to rounding.

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Impact of the ACA
Current Policy (No Expansion, Woodwork Effect Only)

ALL FUNDS (\$ Millions)

ACA Cost Component	SFY 2016			SFY 2017		
	Managed Care	FFS	Total	Managed Care	FFS	Total
Medicaid Expansion Enrollment Cost	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Woodwork Effect Enrollment Cost	908.6	300.2	1,208.8	1,131.5	358.2	1,489.7
Primary Care Physician Fee Increase	-	-	-	-	-	-
CHIP FMAP Enhancement	-	-	-	-	-	-
Family Planning Group	-	-	-	-	-	-
Prisoner Inpatient Cost	-	-	-	-	-	-
Prescription Drug Rebates	(48.6)	(31.1)	(79.7)	(61.3)	(38.1)	(99.3)
Total Medicaid Spend	\$ 860.0	\$ 269.2	\$ 1,129.2	\$ 1,070.3	\$ 320.2	\$ 1,390.4
Low Estimate	\$ 759.1	\$ 237.1	\$ 996.2	\$ 935.6	\$ 279.0	\$ 1,214.6
High Estimate	\$ 964.5	\$ 302.4	\$ 1,266.9	\$ 1,211.5	\$ 363.5	\$ 1,575.0

STATE SHARE

Medicaid Expansion Enrollment Cost	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Woodwork Effect Enrollment Cost	306.2	107.7	413.9	373.7	128.2	501.9
Primary Care Physician Fee Increase	-	-	-	-	-	-
CHIP FMAP Enhancement	(10.2)	(0.1)	(10.3)	(17.2)	(0.1)	(17.3)
Family Planning Group	-	-	-	-	-	-
Prisoner Inpatient Cost	-	-	-	-	-	-
Prescription Drug Rebates	(17.3)	(11.3)	(28.6)	(21.5)	(13.9)	(35.4)
Total Medicaid Spend Before Taxes	\$ 278.7	\$ 96.3	\$ 375.0	\$ 335.0	\$ 114.2	\$ 449.2
Low Estimate	\$ 246.1	\$ 84.8	\$ 330.9	\$ 292.7	\$ 99.4	\$ 392.1
High Estimate	\$ 312.6	\$ 108.3	\$ 420.9	\$ 379.1	\$ 129.5	\$ 508.6

TAX AND FEE REVENUE

HIC (State revenue)	\$ 7.9	\$ -	\$ 7.9	\$ 9.6	\$ -	\$ 9.6
State Sales & Use (State revenue)	46.4	-	46.4	57.5	-	57.5
County Sales & Use (County revenue)	11.4	-	11.4	14.2	-	14.2
Health Insurer Fee (Federal revenue)	11.2	-	11.2	14.9	-	14.9

Notes

All Funds includes taxes and fees in managed care premiums.

The primary care physician increase is in effect for CY 2013 and 2014 per the ACA. Taxes in the base impact reflect collection of these pre-SFY 2014 taxes.

State Sales & Use tax reflects current 5.5% tax rate.

Some values may not sum due to rounding.

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Impact of the ACA
Current Policy (No Expansion, Woodwork Effect Only)

ALL FUNDS (\$ Millions)

ACA Cost Component	SFY 2018			SFY 2019		
	Managed Care	FFS	Total	Managed Care	FFS	Total
Medicaid Expansion Enrollment Cost	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Woodwork Effect Enrollment Cost	1,351.2	409.5	1,760.7	1,438.9	418.6	1,857.5
Primary Care Physician Fee Increase	-	-	-	-	-	-
CHIP FMAP Enhancement	-	-	-	-	-	-
Family Planning Group	-	-	-	-	-	-
Prisoner Inpatient Cost	-	-	-	-	-	-
Prescription Drug Rebates	(74.5)	(44.7)	(119.1)	(83.6)	(48.5)	(132.1)
Total Medicaid Spend	\$ 1,276.8	\$ 364.9	\$ 1,641.6	\$ 1,355.3	\$ 370.1	\$ 1,725.4
Low Estimate	\$ 1,105.8	\$ 314.6	\$ 1,420.4	\$ 1,162.4	\$ 315.7	\$ 1,478.1
High Estimate	\$ 1,459.4	\$ 419.1	\$ 1,878.5	\$ 1,564.0	\$ 429.9	\$ 1,993.9

STATE SHARE

Medicaid Expansion Enrollment Cost	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Woodwork Effect Enrollment Cost	446.1	147.0	593.1	475.1	150.7	625.8
Primary Care Physician Fee Increase	-	-	-	-	-	-
CHIP FMAP Enhancement	(20.8)	(0.1)	(20.9)	(22.4)	(0.1)	(22.5)
Family Planning Group	-	-	-	-	-	-
Prisoner Inpatient Cost	-	-	-	-	-	-
Prescription Drug Rebates	(26.2)	(16.3)	(42.5)	(29.4)	(17.8)	(47.2)
Total Medicaid Spend Before Taxes	\$ 399.1	\$ 130.6	\$ 529.7	\$ 423.3	\$ 132.8	\$ 556.1
Low Estimate	\$ 345.7	\$ 112.6	\$ 458.3	\$ 363.0	\$ 113.4	\$ 476.4
High Estimate	\$ 456.3	\$ 149.8	\$ 606.1	\$ 488.5	\$ 154.4	\$ 642.9

TAX AND FEE REVENUE

HIC (State revenue)	\$ 11.7	\$ -	\$ 11.7	\$ 13.1	\$ -	\$ 13.1
State Sales & Use (State revenue)	69.0	-	69.0	74.0	-	74.0
County Sales & Use (County revenue)	16.9	-	16.9	18.2	-	18.2
Health Insurer Fee (Federal revenue)	19.1	-	19.1	20.2	-	20.2

Notes

All Funds includes taxes and fees in managed care premiums.

The primary care physician increase is in effect for CY 2013 and 2014 per the ACA. Taxes in the base impact reflect collection of these pre-SFY 2014 taxes.

State Sales & Use tax reflects current 5.5% tax rate.

Some values may not sum due to rounding.

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**Impact of the ACA
Current Policy (No Expansion, Woodwork Effect Only)**

ALL FUNDS (\$ Millions)

ACA Cost Component	SFY 2020			SFY 2014 – 2020		
	Managed Care	FFS	Total	Managed Care	FFS	Total
Medicaid Expansion Enrollment Cost	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Woodwork Effect Enrollment Cost	1,532.1	427.7	1,959.8	7,499.0	2,304.4	9,803.4
Primary Care Physician Fee Increase	-	-	-	26.4	0.7	27.1
CHIP FMAP Enhancement	-	-	-	-	-	-
Family Planning Group	-	-	-	-	-	-
Prisoner Inpatient Cost	-	-	-	-	-	-
Prescription Drug Rebates	(89.0)	(50.0)	(139.0)	(401.0)	(241.2)	(642.2)
Total Medicaid Spend	\$ 1,443.1	\$ 377.8	\$ 1,820.9	\$ 7,124.4	\$ 2,064.0	\$ 9,188.4
Low Estimate	\$ 1,225.8	\$ 318.6	\$ 1,544.4	\$ 6,189.7	\$ 1,788.6	\$ 7,978.2
High Estimate	\$ 1,681.1	\$ 443.6	\$ 2,124.7	\$ 8,119.4	\$ 2,359.5	\$ 10,478.9

STATE SHARE

Medicaid Expansion Enrollment Cost	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Woodwork Effect Enrollment Cost	505.9	154.6	660.5	2,512.3	830.6	3,342.9
Primary Care Physician Fee Increase	-	-	-	-	-	-
CHIP FMAP Enhancement	(24.1)	(0.1)	(24.2)	(94.7)	(0.5)	(95.2)
Family Planning Group	-	-	-	-	-	-
Prisoner Inpatient Cost	-	-	-	-	-	-
Prescription Drug Rebates	(31.2)	(18.3)	(49.5)	(141.7)	(88.1)	(229.8)
Total Medicaid Spend Before Taxes	\$ 450.6	\$ 136.2	\$ 586.8	\$ 2,275.9	\$ 742.0	\$ 3,017.9
Low Estimate	\$ 382.6	\$ 114.9	\$ 497.5	\$ 1,978.2	\$ 642.9	\$ 2,621.1
High Estimate	\$ 524.6	\$ 160.0	\$ 684.6	\$ 2,592.1	\$ 847.9	\$ 3,440.0

TAX AND FEE REVENUE

HIC (State revenue)	\$ 14.0	\$ -	\$ 14.0	\$ 63.7	\$ -	\$ 63.7
State Sales & Use (State revenue)	78.8	-	78.8	383.2	-	383.2
County Sales & Use (County revenue)	19.3	-	19.3	94.1	-	94.1
Health Insurer Fee (Federal revenue)	21.6	-	21.6	97.3	-	97.3

Notes

All Funds includes taxes and fees in managed care premiums.

The primary care physician increase is in effect for CY 2013 and 2014 per the ACA. Taxes in the base impact reflect collection of these pre-SFY 2014 taxes.

State Sales & Use tax reflects current 5.5% tax rate.

Some values may not sum due to rounding.

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APPENDIX C

Option 1 Tables — Medicaid Expansion to 138% Federal Poverty Level

Impact of the ACA

Option 1 - ACA Expansion - Newly Eligible Individuals ≤ 138% FPL (Excludes Woodwork Effect)

ALL FUNDS (\$ Millions)

ACA Cost Component	SFY 2014			SFY 2015		
	Managed Care	FFS	Total	Managed Care	FFS	Total
Medicaid Expansion Enrollment Cost	\$ 492.7	\$ 63.0	\$ 555.7	\$ 1,859.3	\$ 218.5	\$ 2,077.8
Woodwork Effect Enrollment Cost	-	-	-	-	-	-
Primary Care Physician Fee Increase	5.9	0.1	6.0	32.9	0.4	33.3
CHIP FMAP Enhancement	-	-	-	-	-	-
Family Planning Group	-	-	-	-	-	-
Prisoner Inpatient Cost	-	-	-	-	-	-
Prescription Drug Rebates	-	-	-	(93.0)	(18.7)	(111.7)
Total Medicaid Spend	\$ 498.6	\$ 63.1	\$ 561.7	\$ 1,799.2	\$ 200.3	\$ 1,999.5
Low Estimate	\$ 448.7	\$ 56.8	\$ 505.5	\$ 1,603.6	\$ 178.3	\$ 1,781.9
High Estimate	\$ 548.3	\$ 69.4	\$ 617.7	\$ 1,998.5	\$ 222.5	\$ 2,221.0

STATE SHARE

Medicaid Expansion Enrollment Cost	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Woodwork Effect Enrollment Cost	-	-	-	-	-	-
Primary Care Physician Fee Increase	-	-	-	-	-	-
CHIP FMAP Enhancement	-	-	-	-	-	-
Family Planning Group	-	-	-	-	-	-
Prisoner Inpatient Cost	-	-	-	-	-	-
Prescription Drug Rebates	-	-	-	-	-	-
Total Medicaid Spend Before Taxes	\$ -					
Low Estimate	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
High Estimate	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

TAX AND FEE REVENUE

HIC (State revenue)	\$ -	\$ -	\$ -	\$ 13.6	\$ -	\$ 13.6
State Sales & Use (State revenue)	21.3	-	21.3	93.6	-	93.6
County Sales & Use (County revenue)	5.3	-	5.3	23.0	-	23.0
Health Insurer Fee (Federal revenue)	2.3	-	2.3	20.8	-	20.8

Notes

All Funds includes taxes and fees in managed care premiums.

Option 1 includes a slight increase (<0.5%) to cost of newly eligible individuals to reflect required EHBs not included in the existing Medicaid programs.

The primary care physician increase is in effect for CY 2013 and 2014 per the ACA. Taxes in the base impact reflect collection of these pre-SFY 2014 taxes.

State Sales & Use tax reflects current 5.5% tax rate.

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Impact of the ACA

Option 1 - ACA Expansion - Newly Eligible Individuals ≤ 138% FPL (Excludes Woodwork Effect)

ALL FUNDS (\$ Millions)

ACA Cost Component	SFY 2016			SFY 2017		
	Managed Care	FFS	Total	Managed Care	FFS	Total
Medicaid Expansion Enrollment Cost	\$ 1,935.4	\$ 213.0	\$ 2,148.4	\$ 2,176.2	\$ 210.4	\$ 2,386.6
Woodwork Effect Enrollment Cost	-	-	-	-	-	-
Primary Care Physician Fee Increase	-	-	-	-	-	-
CHIP FMAP Enhancement	-	-	-	-	-	-
Family Planning Group	-	-	-	-	-	-
Prisoner Inpatient Cost	-	-	-	-	-	-
Prescription Drug Rebates	(128.6)	(24.3)	(152.9)	(144.4)	(24.8)	(169.2)
Total Medicaid Spend	\$ 1,806.8	\$ 188.7	\$ 1,995.5	\$ 2,031.8	\$ 185.7	\$ 2,217.5
Low Estimate	\$ 1,594.7	\$ 166.3	\$ 1,760.9	\$ 1,776.1	\$ 161.8	\$ 1,937.8
High Estimate	\$ 2,026.5	\$ 212.1	\$ 2,238.6	\$ 2,300.6	\$ 210.9	\$ 2,511.4

STATE SHARE

Medicaid Expansion Enrollment Cost	\$ -	\$ -	\$ -	\$ 54.4	\$ 5.3	\$ 59.7
Woodwork Effect Enrollment Cost	-	-	-	-	-	-
Primary Care Physician Fee Increase	-	-	-	-	-	-
CHIP FMAP Enhancement	-	-	-	-	-	-
Family Planning Group	-	-	-	-	-	-
Prisoner Inpatient Cost	-	-	-	-	-	-
Prescription Drug Rebates	-	-	-	(3.6)	(0.6)	(4.2)
Total Medicaid Spend Before Taxes	\$ -	\$ -	\$ -	\$ 50.8	\$ 4.7	\$ 55.5
Low Estimate	\$ -	\$ -	\$ -	\$ 44.4	\$ 4.0	\$ 48.4
High Estimate	\$ -	\$ -	\$ -	\$ 57.5	\$ 5.3	\$ 62.8

TAX AND FEE REVENUE

HIC (State revenue)	\$ 17.9	\$ -	\$ 17.9	\$ 19.1	\$ -	\$ 19.1
State Sales & Use (State revenue)	98.9	-	98.9	110.3	-	110.3
County Sales & Use (County revenue)	24.3	-	24.3	27.1	-	27.1
Health Insurer Fee (Federal revenue)	23.7	-	23.7	28.3	-	28.3

Notes

All Funds includes taxes and fees in managed care premiums.

Option 1 includes a slight increase (<0.5%) to cost of newly eligible individuals to reflect required EHBs not included in the existing Medicaid programs.

The primary care physician increase is in effect for CY 2013 and 2014 per the ACA. Taxes in the base impact reflect collection of these pre-SFY 2014 taxes.

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Impact of the ACA

Option 1 - ACA Expansion - Newly Eligible Individuals ≤ 138% FPL (Excludes Woodwork Effect)

ALL FUNDS (\$ Millions)

ACA Cost Component	SFY 2018			SFY 2019		
	Managed Care	FFS	Total	Managed Care	FFS	Total
Medicaid Expansion Enrollment Cost	\$ 2,421.4	\$ 202.4	\$ 2,623.8	\$ 2,580.4	\$ 182.9	\$ 2,763.3
Woodwork Effect Enrollment Cost	-	-	-	-	-	-
Primary Care Physician Fee Increase	-	-	-	-	-	-
CHIP FMAP Enhancement	-	-	-	-	-	-
Family Planning Group	-	-	-	-	-	-
Prisoner Inpatient Cost	-	-	-	-	-	-
Prescription Drug Rebates	(161.3)	(24.2)	(185.5)	(175.4)	(22.6)	(198.0)
Total Medicaid Spend	\$ 2,260.1	\$ 178.3	\$ 2,438.4	\$ 2,405.0	\$ 160.4	\$ 2,565.4
Low Estimate	\$ 1,956.1	\$ 153.5	\$ 2,109.6	\$ 2,061.6	\$ 136.7	\$ 2,198.2
High Estimate	\$ 2,583.7	\$ 204.8	\$ 2,788.4	\$ 2,775.6	\$ 186.4	\$ 2,962.0

STATE SHARE

Medicaid Expansion Enrollment Cost	\$ 133.2	\$ 11.1	\$ 144.3	\$ 167.7	\$ 11.9	\$ 179.6
Woodwork Effect Enrollment Cost	-	-	-	-	-	-
Primary Care Physician Fee Increase	-	-	-	-	-	-
CHIP FMAP Enhancement	-	-	-	-	-	-
Family Planning Group	-	-	-	-	-	-
Prisoner Inpatient Cost	-	-	-	-	-	-
Prescription Drug Rebates	(8.9)	(1.3)	(10.2)	(11.4)	(1.5)	(12.9)
Total Medicaid Spend Before Taxes	\$ 124.3	\$ 9.8	\$ 134.1	\$ 156.3	\$ 10.4	\$ 166.7
Low Estimate	\$ 107.6	\$ 8.4	\$ 116.0	\$ 134.0	\$ 8.9	\$ 142.9
High Estimate	\$ 142.1	\$ 11.2	\$ 153.3	\$ 180.4	\$ 12.1	\$ 192.5

TAX AND FEE REVENUE

HIC (State revenue)	\$ 21.4	\$ -	\$ 21.4	\$ 23.3	\$ -	\$ 23.3
State Sales & Use (State revenue)	122.8	-	122.8	131.3	-	131.3
County Sales & Use (County revenue)	30.1	-	30.1	32.2	-	32.2
Health Insurer Fee (Federal revenue)	33.8	-	33.8	35.8	-	35.8

Notes

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Impact of the ACA

Option 1 - ACA Expansion - Newly Eligible Individuals ≤ 138% FPL (Excludes Woodwork Effect)

ALL FUNDS (\$ Millions)

ACA Cost Component	SFY 2020			SFY 2014 – 2020		
	Managed Care	FFS	Total	Managed Care	FFS	Total
Medicaid Expansion Enrollment Cost	\$ 2,749.5	\$ 160.7	\$ 2,910.2	\$ 14,214.9	\$ 1,250.9	\$ 15,465.8
Woodwork Effect Enrollment Cost	-	-	-	-	-	-
Primary Care Physician Fee Increase	-	-	-	38.8	0.5	39.3
CHIP FMAP Enhancement	-	-	-	-	-	-
Family Planning Group	-	-	-	-	-	-
Prisoner Inpatient Cost	-	-	-	-	-	-
Prescription Drug Rebates	(187.0)	(20.1)	(207.1)	(889.7)	(134.5)	(1,024.2)
Total Medicaid Spend	\$ 2,562.6	\$ 140.6	\$ 2,703.2	\$ 13,364.1	\$ 1,116.9	\$ 14,481.0
Low Estimate	\$ 2,175.6	\$ 118.5	\$ 2,294.1	\$ 11,616.2	\$ 971.7	\$ 12,587.9
High Estimate	\$ 2,985.8	\$ 165.1	\$ 3,150.9	\$ 15,218.9	\$ 1,271.1	\$ 16,489.9

STATE SHARE

Medicaid Expansion Enrollment Cost	\$ 233.7	\$ 13.7	\$ 247.4	\$ 589.0	\$ 42.0	\$ 631.0
Woodwork Effect Enrollment Cost	-	-	-	-	-	-
Primary Care Physician Fee Increase	-	-	-	-	-	-
CHIP FMAP Enhancement	-	-	-	-	-	-
Family Planning Group	-	-	-	-	-	-
Prisoner Inpatient Cost	-	-	-	-	-	-
Prescription Drug Rebates	(15.9)	(1.7)	(17.6)	(39.8)	(5.1)	(44.9)
Total Medicaid Spend Before Taxes	\$ 217.8	\$ 12.0	\$ 229.8	\$ 549.2	\$ 36.9	\$ 586.1
Low Estimate	\$ 184.9	\$ 10.1	\$ 195.0	\$ 470.9	\$ 31.4	\$ 502.3
High Estimate	\$ 253.8	\$ 14.0	\$ 267.8	\$ 633.8	\$ 42.6	\$ 676.4

TAX AND FEE REVENUE

HIC (State revenue)	\$ 24.8	\$ -	\$ 24.8	\$ 120.1	\$ -	\$ 120.1
State Sales & Use (State revenue)	139.9	-	139.9	718.1	-	718.1
County Sales & Use (County revenue)	34.3	-	34.3	176.3	-	176.3
Health Insurer Fee (Federal revenue)	38.3	-	38.3	183.0	-	183.0

Notes

All Funds includes taxes and fees in managed care premiums.

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APPENDIX D

Option 2 Tables — Partial Medicaid Expansion to 100% Federal Poverty Level, With Enhanced Federal Support

Impact of the ACA
Option 2: Newly Eligible Individuals ≤ 100% FPL (With Enhanced Federal Support)

ALL FUNDS (\$ Millions)

ACA Cost Component	SFY 2014			SFY 2015		
	Managed Care	FFS	Total	Managed Care	FFS	Total
Medicaid Expansion Enrollment Cost	\$ 326.1	\$ 41.7	\$ 367.8	\$ 1,208.0	\$ 142.0	\$ 1,350.0
Woodwork Effect Enrollment Cost	-	-	-	-	-	-
Primary Care Physician Fee Increase	3.9	-	3.9	21.4	0.2	21.6
CHIP FMAP Enhancement	-	-	-	-	-	-
Family Planning Group	-	-	-	-	-	-
Prisoner Inpatient Cost	-	-	-	-	-	-
Prescription Drug Rebates	-	-	-	(60.8)	(12.2)	(73.0)
Total Medicaid Spend	\$ 330.0	\$ 41.7	\$ 371.7	\$ 1,168.7	\$ 130.0	\$ 1,298.7
Low Estimate	\$ 297.0	\$ 37.5	\$ 334.5	\$ 1,041.3	\$ 115.7	\$ 1,157.0
High Estimate	\$ 363.0	\$ 46.0	\$ 409.0	\$ 1,297.9	\$ 144.6	\$ 1,442.5

STATE SHARE

Medicaid Expansion Enrollment Cost	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Woodwork Effect Enrollment Cost	-	-	-	-	-	-
Primary Care Physician Fee Increase	-	-	-	-	-	-
CHIP FMAP Enhancement	-	-	-	-	-	-
Family Planning Group	-	-	-	-	-	-
Prisoner Inpatient Cost	-	-	-	-	-	-
Prescription Drug Rebates	-	-	-	-	-	-
Total Medicaid Spend Before Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Low Estimate	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
High Estimate	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

TAX AND FEE REVENUE

HIC (State revenue)	\$ -	\$ -	\$ -	\$ 8.9	\$ -	\$ 8.9
State Sales & Use (State revenue)	14.2	-	14.2	60.9	-	60.9
County Sales & Use (County revenue)	3.5	-	3.5	14.9	-	14.9
Health Insurer Fee (Federal revenue)	1.5	-	1.5	13.5	-	13.5

Notes

All Funds includes taxes and fees in managed care premiums.

Option 2 includes a slight increase (<0.5%) to cost of newly eligible individuals to reflect required EHBs not included in the existing Medicaid programs.

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Impact of the ACA
Option 2: Newly Eligible Individuals ≤ 100% FPL (With Enhanced Federal Support)

ALL FUNDS (\$ Millions)

ACA Cost Component	SFY 2016			SFY 2017		
	Managed Care	FFS	Total	Managed Care	FFS	Total
Medicaid Expansion Enrollment Cost	\$ 1,218.2	\$ 134.1	\$ 1,352.3	\$ 1,330.9	\$ 128.7	\$ 1,459.6
Woodwork Effect Enrollment Cost	-	-	-	-	-	-
Primary Care Physician Fee Increase	-	-	-	-	-	-
CHIP FMAP Enhancement	-	-	-	-	-	-
Family Planning Group	-	-	-	-	-	-
Prisoner Inpatient Cost	-	-	-	-	-	-
Prescription Drug Rebates	(82.2)	(15.6)	(97.7)	(89.6)	(15.4)	(104.9)
Total Medicaid Spend	\$ 1,136.1	\$ 118.6	\$ 1,254.6	\$ 1,241.4	\$ 113.4	\$ 1,354.7
Low Estimate	\$ 1,002.5	\$ 104.5	\$ 1,107.0	\$ 1,085.1	\$ 98.7	\$ 1,183.8
High Estimate	\$ 1,274.1	\$ 133.3	\$ 1,407.4	\$ 1,405.6	\$ 128.7	\$ 1,534.3

STATE SHARE

Medicaid Expansion Enrollment Cost	\$ -	\$ -	\$ -	\$ 33.3	\$ 3.2	\$ 36.5
Woodwork Effect Enrollment Cost	-	-	-	-	-	-
Primary Care Physician Fee Increase	-	-	-	-	-	-
CHIP FMAP Enhancement	-	-	-	-	-	-
Family Planning Group	-	-	-	-	-	-
Prisoner Inpatient Cost	-	-	-	-	-	-
Prescription Drug Rebates	-	-	-	(2.2)	(0.4)	(2.6)
Total Medicaid Spend Before Taxes	\$ -	\$ -	\$ -	\$ 31.1	\$ 2.8	\$ 33.9
Low Estimate	\$ -	\$ -	\$ -	\$ 27.1	\$ 2.5	\$ 29.6
High Estimate	\$ -	\$ -	\$ -	\$ 35.2	\$ 3.2	\$ 38.4

TAX AND FEE REVENUE

HIC (State revenue)	\$ 11.4	\$ -	\$ 11.4	\$ 11.9	\$ -	\$ 11.9
State Sales & Use (State revenue)	62.4	-	62.4	67.6	-	67.6
County Sales & Use (County revenue)	15.3	-	15.3	16.6	-	16.6
Health Insurer Fee (Federal revenue)	14.9	-	14.9	17.3	-	17.3

Notes

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Impact of the ACA
Option 2: Newly Eligible Individuals ≤ 100% FPL (With Enhanced Federal Support)

ALL FUNDS (\$ Millions)

ACA Cost Component	SFY 2018			SFY 2019		
	Managed Care	FFS	Total	Managed Care	FFS	Total
Medicaid Expansion Enrollment Cost	\$ 1,447.4	\$ 121.0	\$ 1,568.4	\$ 1,542.5	\$ 109.4	\$ 1,651.9
Woodwork Effect Enrollment Cost	-	-	-	-	-	-
Primary Care Physician Fee Increase	-	-	-	-	-	-
CHIP FMAP Enhancement	-	-	-	-	-	-
Family Planning Group	-	-	-	-	-	-
Prisoner Inpatient Cost	-	-	-	-	-	-
Prescription Drug Rebates	(97.5)	(14.6)	(112.1)	(104.9)	(13.5)	(118.3)
Total Medicaid Spend	\$ 1,349.9	\$ 106.5	\$ 1,456.4	\$ 1,437.7	\$ 96.0	\$ 1,533.6
Low Estimate	\$ 1,169.2	\$ 91.7	\$ 1,260.9	\$ 1,233.1	\$ 81.7	\$ 1,314.8
High Estimate	\$ 1,543.2	\$ 122.2	\$ 1,665.4	\$ 1,659.2	\$ 111.4	\$ 1,770.6

STATE SHARE

Medicaid Expansion Enrollment Cost	\$ 79.6	\$ 6.7	\$ 86.3	\$ 100.3	\$ 7.1	\$ 107.4
Woodwork Effect Enrollment Cost	-	-	-	-	-	-
Primary Care Physician Fee Increase	-	-	-	-	-	-
CHIP FMAP Enhancement	-	-	-	-	-	-
Family Planning Group	-	-	-	-	-	-
Prisoner Inpatient Cost	-	-	-	-	-	-
Prescription Drug Rebates	(5.4)	(0.8)	(6.2)	(6.8)	(0.9)	(7.7)
Total Medicaid Spend Before Taxes	\$ 74.2	\$ 5.9	\$ 80.1	\$ 93.5	\$ 6.2	\$ 99.7
Low Estimate	\$ 64.3	\$ 5.1	\$ 69.4	\$ 80.1	\$ 5.3	\$ 85.4
High Estimate	\$ 84.9	\$ 6.7	\$ 91.6	\$ 107.9	\$ 7.2	\$ 115.1

TAX AND FEE REVENUE

HIC (State revenue)	\$ 13.0	\$ -	\$ 13.0	\$ 13.9	\$ -	\$ 13.9
State Sales & Use (State revenue)	73.5	-	73.5	78.5	-	78.5
County Sales & Use (County revenue)	18.1	-	18.1	19.3	-	19.3
Health Insurer Fee (Federal revenue)	20.2	-	20.2	21.4	-	21.4

Notes

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Impact of the ACA
Option 2: Newly Eligible Individuals ≤ 100% FPL (With Enhanced Federal Support)

ALL FUNDS (\$ Millions)

ACA Cost Component	SFY 2020			SFY 2014 – 2020		
	Managed Care	FFS	Total	Managed Care	FFS	Total
Medicaid Expansion Enrollment Cost	\$ 1,643.6	\$ 96.1	\$ 1,739.7	\$ 8,716.7	\$ 773.0	\$ 9,489.7
Woodwork Effect Enrollment Cost	-	-	-	-	-	-
Primary Care Physician Fee Increase	-	-	-	25.3	0.2	25.5
CHIP FMAP Enhancement	-	-	-	-	-	-
Family Planning Group	-	-	-	-	-	-
Prisoner Inpatient Cost	-	-	-	-	-	-
Prescription Drug Rebates	(111.8)	(12.0)	(123.8)	(546.6)	(83.1)	(629.7)
Total Medicaid Spend	\$ 1,531.9	\$ 84.1	\$ 1,616.0	\$ 8,195.5	\$ 690.1	\$ 8,885.6
Low Estimate	\$ 1,301.3	\$ 70.9	\$ 1,372.2	\$ 7,129.4	\$ 600.7	\$ 7,730.1
High Estimate	\$ 1,784.9	\$ 98.7	\$ 1,883.5	\$ 9,327.9	\$ 784.7	\$ 10,112.6

STATE SHARE

Medicaid Expansion Enrollment Cost	\$ 139.7	\$ 8.2	\$ 147.9	\$ 352.9	\$ 25.2	\$ 378.1
Woodwork Effect Enrollment Cost	-	-	-	-	-	-
Primary Care Physician Fee Increase	-	-	-	-	-	-
CHIP FMAP Enhancement	-	-	-	-	-	-
Family Planning Group	-	-	-	-	-	-
Prisoner Inpatient Cost	-	-	-	-	-	-
Prescription Drug Rebates	(9.5)	(1.0)	(10.5)	(23.9)	(3.1)	(27.0)
Total Medicaid Spend Before Taxes	\$ 130.2	\$ 7.2	\$ 137.4	\$ 329.0	\$ 22.1	\$ 351.1
Low Estimate	\$ 110.6	\$ 6.0	\$ 116.6	\$ 282.1	\$ 18.9	\$ 301.0
High Estimate	\$ 151.7	\$ 8.4	\$ 160.1	\$ 379.7	\$ 25.5	\$ 405.2

TAX AND FEE REVENUE

HIC (State revenue)	\$ 14.8	\$ -	\$ 14.8	\$ 73.9	\$ -	\$ 73.9
State Sales & Use (State revenue)	83.7	-	83.7	440.8	-	440.8
County Sales & Use (County revenue)	20.5	-	20.5	108.2	-	108.2
Health Insurer Fee (Federal revenue)	22.9	-	22.9	111.7	-	111.7

Notes

All Funds includes taxes and fees in managed care premiums.

Option 2 includes a slight increase (<0.5%) to cost of newly eligible individuals to reflect required EHBS not included in the existing Medicaid programs.

The primary care physician increase is in effect for CY 2013 and 2014 per the ACA. Taxes in the base impact reflect collection of these pre-SFY 2014 taxes.

State Sales & Use tax reflects current 5.5% tax rate.

Some values may not sum due to rounding.

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APPENDIX E

Option 2a Tables — Partial Medicaid Expansion to 100% Federal Poverty Level, With No Enhanced Federal Support

Impact of the ACA
Option 2a: Newly Eligible Individuals ≤ 100% FPL (With No Enhanced Federal Support)

ALL FUNDS (\$ Millions)

ACA Cost Component	SFY 2014			SFY 2015		
	Managed Care	FFS	Total	Managed Care	FFS	Total
Medicaid Expansion Enrollment Cost	\$ 326.1	\$ 41.7	\$ 367.8	\$ 1,208.0	\$ 142.0	\$ 1,350.0
Woodwork Effect Enrollment Cost	-	-	-	-	-	-
Primary Care Physician Fee Increase	3.9	-	3.9	21.4	0.2	21.6
CHIP FMAP Enhancement	-	-	-	-	-	-
Family Planning Group	-	-	-	-	-	-
Prisoner Inpatient Cost	-	-	-	-	-	-
Prescription Drug Rebates	-	-	-	(60.8)	(12.2)	(73.0)
Total Medicaid Spend	\$ 330.0	\$ 41.7	\$ 371.7	\$ 1,168.7	\$ 130.0	\$ 1,298.7
Low Estimate	\$ 297.0	\$ 37.5	\$ 334.5	\$ 1,041.3	\$ 115.7	\$ 1,157.0
High Estimate	\$ 363.0	\$ 46.0	\$ 409.0	\$ 1,297.9	\$ 144.6	\$ 1,442.5

STATE SHARE

Medicaid Expansion Enrollment Cost	\$ 120.1	\$ 15.4	\$ 135.5	\$ 446.7	\$ 52.5	\$ 499.2
Woodwork Effect Enrollment Cost	-	-	-	-	-	-
Primary Care Physician Fee Increase	-	-	-	-	-	-
CHIP FMAP Enhancement	-	-	-	-	-	-
Family Planning Group	-	-	-	-	-	-
Prisoner Inpatient Cost	-	-	-	-	-	-
Prescription Drug Rebates	-	-	-	(22.5)	(4.5)	(27.0)
Total Medicaid Spend Before Taxes	\$ 120.1	\$ 15.4	\$ 135.5	\$ 424.2	\$ 48.0	\$ 472.2
Low Estimate	\$ 109.4	\$ 13.8	\$ 123.2	\$ 385.1	\$ 42.8	\$ 427.9
High Estimate	\$ 133.7	\$ 16.9	\$ 150.6	\$ 480.0	\$ 53.4	\$ 533.4

TAX AND FEE REVENUE

HIC (State revenue)	\$ -	\$ -	\$ -	\$ 8.9	\$ -	\$ 8.9
State Sales & Use (State revenue)	14.2	-	14.2	60.9	-	60.9
County Sales & Use (County revenue)	3.5	-	3.5	14.9	-	14.9
Health Insurer Fee (Federal revenue)	1.5	-	1.5	13.5	-	13.5

Notes

All Funds includes taxes and fees in managed care premiums.

Option 2a includes a slight increase (<0.5%) to cost of newly eligible individuals to reflect required EHBs not included in the existing Medicaid programs.

The primary care physician increase is in effect for CY 2013 and 2014 per the ACA. Taxes in the base impact reflect collection of these pre-SFY 2014 taxes.

State Sales & Use tax reflects current 5.5% tax rate.

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Impact of the ACA
Option 2a: Newly Eligible Individuals ≤ 100% FPL (With No Enhanced Federal Support)

ALL FUNDS (\$ Millions)

ACA Cost Component	SFY 2016			SFY 2017		
	Managed Care	FFS	Total	Managed Care	FFS	Total
Medicaid Expansion Enrollment Cost	\$ 1,218.2	\$ 134.1	\$ 1,352.3	\$ 1,330.9	\$ 128.7	\$ 1,459.6
Woodwork Effect Enrollment Cost	-	-	-	-	-	-
Primary Care Physician Fee Increase	-	-	-	-	-	-
CHIP FMAP Enhancement	-	-	-	-	-	-
Family Planning Group	-	-	-	-	-	-
Prisoner Inpatient Cost	-	-	-	-	-	-
Prescription Drug Rebates	(82.2)	(15.6)	(97.7)	(89.6)	(15.4)	(104.9)
Total Medicaid Spend	\$ 1,136.1	\$ 118.6	\$ 1,254.6	\$ 1,241.4	\$ 113.4	\$ 1,354.7
Low Estimate	\$ 1,002.5	\$ 104.5	\$ 1,107.0	\$ 1,085.1	\$ 98.7	\$ 1,183.8
High Estimate	\$ 1,274.1	\$ 133.3	\$ 1,407.4	\$ 1,405.6	\$ 128.7	\$ 1,534.3

STATE SHARE

Medicaid Expansion Enrollment Cost	\$ 450.5	\$ 49.6	\$ 500.1	\$ 492.2	\$ 47.6	\$ 539.8
Woodwork Effect Enrollment Cost	-	-	-	-	-	-
Primary Care Physician Fee Increase	-	-	-	-	-	-
CHIP FMAP Enhancement	-	-	-	-	-	-
Family Planning Group	-	-	-	-	-	-
Prisoner Inpatient Cost	-	-	-	-	-	-
Prescription Drug Rebates	(30.4)	(5.8)	(36.2)	(33.1)	(5.7)	(38.8)
Total Medicaid Spend Before Taxes	\$ 420.1	\$ 43.8	\$ 463.9	\$ 459.1	\$ 41.9	\$ 501.0
Low Estimate	\$ 370.7	\$ 38.6	\$ 409.3	\$ 401.2	\$ 36.5	\$ 437.7
High Estimate	\$ 471.2	\$ 49.3	\$ 520.5	\$ 519.8	\$ 47.6	\$ 567.4

TAX AND FEE REVENUE

HIC (State revenue)	\$ 11.4	\$ -	\$ 11.4	\$ 11.9	\$ -	\$ 11.9
State Sales & Use (State revenue)	62.4	-	62.4	67.6	-	67.6
County Sales & Use (County revenue)	15.3	-	15.3	16.6	-	16.6
Health Insurer Fee (Federal revenue)	14.9	-	14.9	17.3	-	17.3

Notes

All Funds includes taxes and fees in managed care premiums.

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The primary care physician increase is in effect for CY 2013 and 2014 per the ACA. Taxes in the base impact reflect collection of these pre-SFY 2014 taxes.

State Sales & Use tax reflects current 5.5% tax rate.

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Impact of the ACA
Option 2a: Newly Eligible Individuals ≤ 100% FPL (With No Enhanced Federal Support)

ALL FUNDS (\$ Millions)

ACA Cost Component	SFY 2018			SFY 2019		
	Managed Care	FFS	Total	Managed Care	FFS	Total
Medicaid Expansion Enrollment Cost	\$ 1,447.4	\$ 121.0	\$ 1,568.4	\$ 1,542.5	\$ 109.4	\$ 1,651.9
Woodwork Effect Enrollment Cost	-	-	-	-	-	-
Primary Care Physician Fee Increase	-	-	-	-	-	-
CHIP FMAP Enhancement	-	-	-	-	-	-
Family Planning Group	-	-	-	-	-	-
Prisoner Inpatient Cost	-	-	-	-	-	-
Prescription Drug Rebates	(97.5)	(14.6)	(112.1)	(104.9)	(13.5)	(118.3)
Total Medicaid Spend	\$ 1,349.9	\$ 106.5	\$ 1,456.4	\$ 1,437.7	\$ 96.0	\$ 1,533.6
Low Estimate	\$ 1,169.2	\$ 91.7	\$ 1,260.9	\$ 1,233.1	\$ 81.7	\$ 1,314.8
High Estimate	\$ 1,543.2	\$ 122.2	\$ 1,665.4	\$ 1,659.2	\$ 111.4	\$ 1,770.6

STATE SHARE

Medicaid Expansion Enrollment Cost	\$ 535.2	\$ 44.7	\$ 579.9	\$ 570.4	\$ 40.5	\$ 610.9
Woodwork Effect Enrollment Cost	-	-	-	-	-	-
Primary Care Physician Fee Increase	-	-	-	-	-	-
CHIP FMAP Enhancement	-	-	-	-	-	-
Family Planning Group	-	-	-	-	-	-
Prisoner Inpatient Cost	-	-	-	-	-	-
Prescription Drug Rebates	(36.1)	(5.4)	(41.5)	(38.8)	(5.0)	(43.8)
Total Medicaid Spend Before Taxes	\$ 499.1	\$ 39.3	\$ 538.4	\$ 531.6	\$ 35.5	\$ 567.1
Low Estimate	\$ 432.3	\$ 34.0	\$ 466.3	\$ 456.0	\$ 30.2	\$ 486.2
High Estimate	\$ 570.7	\$ 45.1	\$ 615.8	\$ 613.6	\$ 41.2	\$ 654.8

TAX AND FEE REVENUE

HIC (State revenue)	\$ 13.0	\$ -	\$ 13.0	\$ 13.9	\$ -	\$ 13.9
State Sales & Use (State revenue)	73.5	-	73.5	78.5	-	78.5
County Sales & Use (County revenue)	18.1	-	18.1	19.3	-	19.3
Health Insurer Fee (Federal revenue)	20.2	-	20.2	21.4	-	21.4

Notes

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Impact of the ACA
Option 2a: Newly Eligible Individuals ≤ 100% FPL (With No Enhanced Federal Support)

ALL FUNDS (\$ Millions)

ACA Cost Component	SFY 2020			SFY 2014 – 2020		
	Managed Care	FFS	Total	Managed Care	FFS	Total
Medicaid Expansion Enrollment Cost	\$ 1,643.6	\$ 96.1	\$ 1,739.7	\$ 8,716.7	\$ 773.0	\$ 9,489.7
Woodwork Effect Enrollment Cost	-	-	-	-	-	-
Primary Care Physician Fee Increase	-	-	-	25.3	0.2	25.5
CHIP FMAP Enhancement	-	-	-	-	-	-
Family Planning Group	-	-	-	-	-	-
Prisoner Inpatient Cost	-	-	-	-	-	-
Prescription Drug Rebates	(111.8)	(12.0)	(123.8)	(546.6)	(83.1)	(629.7)
Total Medicaid Spend	\$ 1,531.9	\$ 84.1	\$ 1,616.0	\$ 8,195.5	\$ 690.1	\$ 8,885.6
Low Estimate	\$ 1,301.3	\$ 70.9	\$ 1,372.2	\$ 7,129.4	\$ 600.7	\$ 7,730.1
High Estimate	\$ 1,784.9	\$ 98.7	\$ 1,883.5	\$ 9,327.9	\$ 784.7	\$ 10,112.6

STATE SHARE

Medicaid Expansion Enrollment Cost	\$ 607.8	\$ 35.5	\$ 643.3	\$ 3,222.9	\$ 285.8	\$ 3,508.7
Woodwork Effect Enrollment Cost	-	-	-	-	-	-
Primary Care Physician Fee Increase	-	-	-	-	-	-
CHIP FMAP Enhancement	-	-	-	-	-	-
Family Planning Group	-	-	-	-	-	-
Prisoner Inpatient Cost	-	-	-	-	-	-
Prescription Drug Rebates	(41.3)	(4.4)	(45.7)	(202.2)	(30.8)	(233.0)
Total Medicaid Spend Before Taxes	\$ 566.5	\$ 31.1	\$ 597.6	\$ 3,020.7	\$ 255.0	\$ 3,275.7
Low Estimate	\$ 481.2	\$ 26.2	\$ 507.4	\$ 2,635.9	\$ 222.1	\$ 2,858.0
High Estimate	\$ 660.0	\$ 36.5	\$ 696.5	\$ 3,449.0	\$ 290.0	\$ 3,739.0

TAX AND FEE REVENUE

HIC (State revenue)	\$ 14.8	\$ -	\$ 14.8	\$ 73.9	\$ -	\$ 73.9
State Sales & Use (State revenue)	83.7	-	83.7	440.8	-	440.8
County Sales & Use (County revenue)	20.5	-	20.5	108.2	-	108.2
Health Insurer Fee (Federal revenue)	22.9	-	22.9	111.7	-	111.7

Notes

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APPENDIX F

Eligible Expansion Population

SURVEY BASED POPULATION ELEMENTS USED TO DEVELOP ACA FISCAL ESTIMATES

Population Cohort	2010 Ohio Family Health Survey				2012 Ohio Medicaid Assessment Survey (OMAS)				Change (2012 vs 2010) *			
	0-18	19-64	65+	Total	0-18	19-64	65+	Total	0-18	19-64	65+	Total
01-MEDICAID AND MEDICARE	66,340	151,013	141,155	358,508	42,492	199,559	106,517	348,568	-35.9%	32.1%	-24.5%	-2.8%
02-MEDICAID, NO MEDICARE	996,202	631,138	6,599	1,633,939	1,153,213	765,676	15,498	1,934,387	15.8%	21.3%	134.9%	18.4%
03-MEDICARE, NO MEDICAID	17,606	303,092	1,344,958	1,665,656	16,562	268,971	1,368,882	1,654,415	-5.9%	-11.3%	1.8%	-0.7%
04-JOB-BASED COVERAGE	1,343,743	3,928,765	39,221	5,311,729	1,344,054	3,817,722	61,545	5,223,321	0.0%	-2.8%	56.9%	-1.7%
05-DIRECTLY PURCHASED	93,224	352,848	16,227	462,299	89,611	365,986	24,419	480,016	-3.9%	3.7%	50.5%	3.8%
06/07-OTHER/UNKNOWN	243,998	391,281	8,178	643,457	113,168	383,359	29,798	526,325	-53.6%	-2.0%	264.4%	-18.2%
08-UNINSURED	148,151	1,342,991	13,173	1,504,315	139,884	1,214,232	15,356	1,369,472	-5.6%	-9.6%	16.6%	-9.0%
Total Assumed Base Population Applied to Survey Results	2,909,264	7,101,128	1,569,511	11,579,903	2,898,984	7,015,505	1,622,015	11,536,504	-0.4%	-1.2%	3.3%	-0.4%

Source: 2000 Census using ACS information to project to midpoint 2010 *Source: 2010 Census*

* Large percentage changes for small population groups appear because survey estimates for smaller population subgroups have a high degree of variability. Some of these reported changes over time may be due to survey sample results instead of actual population differences. The large percentage variations involving small population groups have limited impact on overall estimates.

ELIGIBLE POPULATION FOR WOODWORK EFFECT AND MEDICAID EXPANSION BASED ON OMAS AND CENSUS DATA

Projecting Total Eligible Population	Uninsured		Direct Purchase (Individual)		Employer (Job Based)		Medicare		Other + Unknown	
	% Total	2014	% Total	2014	% Total	2014	% Total	2014	% Total	2014
Survey Results										
Total (Adult +Child) Population **		11,565,925								
Currently Eligible but not Enrolled										
Child 0-18 (<200% FPL)	0.88%	102,174	0.23%	26,685	2.09%	241,336	0.09%	9,968	0.52%	59,612
Adult Parents 19-64 (0-90% FPL)	1.52%	176,224	0.07%	8,149	0.64%	74,492	0.17%	19,427	0.25%	28,899
65+ (0-138% FPL)	0.08%	9,672	0.08%	9,348	0.11%	12,251	3.18%	367,616	0.13%	15,169
Medicaid Expansion Option 1 - Newly Eligible - 138% FPL										
Adults Non-Parents (0-138%)	4.15%	480,542	0.69%	80,126	1.72%	198,786	0.00%	0	1.10%	126,926
Adults Parents (91-138%)	0.71%	82,185	0.05%	5,887	0.62%	71,457	0.00%	0	0.11%	12,370
Medicaid Expansion Option 2 - Newly Eligible - 100% FPL										
Adults Non-Parents 0-100% FPL and Parents 91-100% FPL	3.14%	363,735	0.44%	51,253	1.04%	120,701	0.00%	0	0.78%	89,755

** Mercer's 2014 population projection is calculated using the 2010 Census data from the US Census Bureau, *Table 1. Annual Estimates of the Population for the United States, Regions, States, and Puerto Rico: April 1, 2010 to July 1, 2011*. We observed the 2010 to 2011 increase and applied that increase to the Census Bureau's 2011 estimate to develop our 2014 projection.

	4/1/2010 Census	2010	2011	Population Increase (2011 vs 2010)	Projected 3 more years (2014)
United States	308,745,538	309,330,219	311,591,917		
Ohio	11,536,504	11,537,968	11,544,951	0.061%	11,565,925

APPENDIX G

Annual Enrollment for State Fiscal Years 2014–2020 and
Monthly Enrollment Ramp for State Fiscal Year
2014–2015

Newly Eligible and Woodwork Effect - SFY 2014 to 2020 Average Monthly Enrollment

Population Cohort	Current Source of Coverage	Best Estimate Participation							
		SFY 14		SFY 15	SFY 16	SFY 17	SFY 18	SFY 19	SFY 20
		Jul-Dec 2013	Jan-Jun 2014						
Children (up to age 19) 0-200% FPL									
- Woodwork Effect	Uninsured	16,053	39,902	49,993	61,000	72,008	81,496	82,311	83,134
	Individual (Direct Purchase)	4,193	10,421	13,057	15,932	18,806	21,293	21,506	21,721
	Employer	7,109	17,672	22,141	27,016	31,891	36,108	36,469	36,833
	Medicare Only	294	730	914	1,116	1,317	1,491	1,506	1,521
	Other/Unknown	1,756	4,365	5,469	6,673	7,877	8,919	9,008	9,098
	Total	29,404	73,091	91,573	111,736	131,899	149,307	150,800	152,308
Adult Parents (19-64 years) 0-90% FPL									
- Woodwork Effect	Uninsured	22,495	55,917	70,057	85,483	100,908	114,252	115,395	116,549
	Individual (Direct Purchase)	1,040	2,586	3,239	3,953	4,666	5,283	5,336	5,389
	Employer	2,926	7,273	9,112	11,118	13,125	14,854	15,003	15,153
	Medicare Only	763	1,897	2,376	2,900	3,423	3,875	3,914	3,953
	Other/Unknown	1,135	2,822	3,535	4,313	5,092	5,763	5,820	5,879
	Total	28,360	70,494	88,320	107,767	127,213	144,027	145,468	146,922
Aged (65 and over) Full Duals 0-64%, SLMB/QMB/QI-1 65-135% FPL									
- Woodwork Effect	Uninsured	382	949	1,189	1,451	1,713	1,940	1,970	1,999
	Individual (Direct Purchase)	369	917	1,149	1,402	1,655	1,875	1,904	1,932
	Employer	484	1,202	1,506	1,838	2,169	2,456	2,493	2,531
	Medicare Only	14,511	36,069	45,190	55,140	65,091	73,706	74,811	75,933
	Other/Unknown	599	1,488	1,865	2,275	2,686	3,041	3,087	3,133
	Total	16,344	40,626	50,899	62,106	73,313	83,019	84,265	85,529
Adult Non-Parents (19-64 years) 0-138% FPL									
- Newly Eligible	Uninsured	0	124,573	221,815	237,069	252,323	265,740	268,398	271,082
	Individual (Direct Purchase)	0	20,771	36,986	39,529	42,072	44,310	44,753	45,200
	Employer	0	14,054	25,025	26,746	28,467	29,981	30,280	30,583
	Other/Unknown	0	8,974	15,979	17,077	18,176	19,143	19,334	19,527
	Total	0	168,372	299,805	320,421	341,038	359,173	362,765	366,393
Adult Parents (19-64 years) 91-138% FPL									
- Newly Eligible	Uninsured	0	27,116	48,282	51,603	54,923	57,819	58,398	58,981
	Individual (Direct Purchase)	0	1,942	3,459	3,696	3,934	4,142	4,183	4,225
	Employer	0	6,736	11,994	12,819	13,644	14,369	14,513	14,658
	Other/Unknown	0	1,166	2,076	2,219	2,362	2,488	2,512	2,538
	Total	0	36,960	65,812	70,337	74,863	78,818	79,606	80,402
Total Woodwork Effect Enrollment		74,108	184,211	230,793	281,609	332,426	376,354	380,533	384,759
Total Expansion Enrollment		0	205,332	365,616	390,759	415,902	437,991	442,371	446,795
Grand Total Enrollment		74,108	389,542	596,409	672,368	748,328	814,345	822,904	831,554

ENROLLMENT RAMP FOR THE ENTIRE POPULATION

Population Cohort	Current Source of Coverage	SFY 2014												
		Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	
Children (up to age 19) - Woodwork Effect	0-200% FPL													
	Uninsured	4,586	9,173	13,759	18,346	22,932	27,519	32,105	36,692	41,278	42,196	43,113	44,030	
	Individual (Direct Purchase)	1,198	2,396	3,594	4,791	5,989	7,187	8,385	9,583	10,781	11,020	11,260	11,500	
	Employer	2,031	4,062	6,094	8,125	10,156	12,187	14,219	16,250	18,281	18,687	19,093	19,500	
	Medicare Only	84	168	252	336	419	503	587	671	755	772	789	805	
	Other/Unknown	502	1,003	1,505	2,007	2,509	3,010	3,512	4,014	4,516	4,616	4,716	4,817	
	Total	8,401	16,802	25,204	33,605	42,006	50,407	58,809	67,210	75,611	77,291	78,972	80,652	
Adult Parents (19-64 years) - Woodwork Effect	0-90% FPL													
	Uninsured	6,427	12,855	19,282	25,709	32,136	38,564	44,991	51,418	57,845	59,131	60,416	61,702	
	Individual (Direct Purchase)	297	594	892	1,189	1,486	1,783	2,080	2,378	2,675	2,734	2,794	2,853	
	Employer	836	1,672	2,508	3,344	4,180	5,016	5,852	6,688	7,524	7,691	7,858	8,025	
	Medicare Only	218	436	654	872	1,090	1,308	1,526	1,744	1,962	2,006	2,049	2,093	
	Other/Unknown	324	649	973	1,297	1,622	1,946	2,270	2,595	2,919	2,984	3,049	3,113	
	Total	8,103	16,206	24,308	32,411	40,514	48,617	56,719	64,822	72,925	74,545	76,166	77,787	
Aged (65 and over) Full - Woodwork Effect	Duals 0-64%, SLMB/QMB/QI-1 65-135% FPL													
	Uninsured	109	218	327	436	545	654	764	873	982	1,004	1,025	1,047	
	Individual (Direct Purchase)	105	211	316	422	527	633	738	843	949	970	991	1,012	
	Employer	138	276	414	553	691	829	967	1,105	1,243	1,271	1,299	1,326	
	Medicare Only	4,146	8,292	12,438	16,584	20,729	24,875	29,021	33,167	37,313	38,142	38,971	39,801	
	Other/Unknown	171	342	513	684	855	1,026	1,198	1,369	1,540	1,574	1,608	1,642	
	Total	4,670	9,339	14,009	18,679	23,348	28,018	32,688	37,357	42,027	42,961	43,895	44,829	
Adult Non-Parents (19-64 years) - Newly Eligible	0-138% FPL													
	Uninsured	0	0	0	0	0	0	35,592	71,184	106,776	142,369	177,961	213,553	
	Individual (Direct Purchase)	0	0	0	0	0	0	5,935	11,869	17,804	23,739	29,673	35,608	
	Employer	0	0	0	0	0	0	4,015	8,031	12,046	16,062	20,077	24,093	
	Other/Unknown	0	0	0	0	0	0	2,564	5,128	7,692	10,256	12,819	15,383	
	Total	0	0	0	0	0	0	48,106	96,212	144,319	192,425	240,531	288,637	
	Adult Parents (19-64 years) - Newly Eligible	91-138% FPL												
Uninsured		0	0	0	0	0	0	7,747	15,495	23,242	30,989	38,737	46,484	
Individual (Direct Purchase)		0	0	0	0	0	0	555	1,110	1,665	2,220	2,775	3,330	
Employer		0	0	0	0	0	0	1,925	3,849	5,774	7,698	9,623	11,548	
Other/Unknown		0	0	0	0	0	0	333	666	1,000	1,333	1,666	1,999	
Total		0	0	0	0	0	0	10,560	21,120	31,680	42,240	52,800	63,360	
Total all Populations		21,174	42,347	63,521	84,695	105,868	127,042	206,882	286,722	366,561	429,462	492,363	555,264	

Re-Distributed Average Monthly Enrollment

	SFY 2014												
	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	
Adults and Parents (19-64 years)													
Woodwork Effect	12,772	25,545	38,317	51,090	63,862	76,634	89,407	102,179	114,952	117,506	120,061	122,615	
Newly Eligible to 138%	0	0	0	0	0	0	58,666	117,332	175,999	234,665	293,331	351,997	
Children (up to age 19)													
Woodwork Effect - Non-CHIP	5,209	10,418	15,626	20,835	26,044	31,253	36,461	41,670	46,879	47,921	48,962	50,004	
Woodwork Effect - CHIP	3,192	6,385	9,577	12,770	15,962	19,155	22,347	25,540	28,732	29,371	30,009	30,648	

ENROLLMENT RAMP FOR THE ENTIRE POPULATION

Population Cohort	Current Source of Coverage	SFY 2015											
		Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15
Children (up to age 19) - Woodwork Effect	0-200% FPL												
	Uninsured	44,948	45,865	46,782	47,700	48,617	49,534	50,451	51,369	52,286	53,203	54,121	55,038
	Individual (Direct Purchase)	11,739	11,979	12,218	12,458	12,697	12,937	13,177	13,416	13,656	13,895	14,135	14,374
	Employer	19,906	20,312	20,719	21,125	21,531	21,937	22,344	22,750	23,156	23,562	23,969	24,375
	Medicare Only	822	839	856	872	889	906	923	940	956	973	990	1,007
	Other/Unknown	4,917	5,017	5,118	5,218	5,318	5,419	5,519	5,619	5,720	5,820	5,921	6,021
	Total	82,332	84,012	85,693	87,373	89,053	90,733	92,414	94,094	95,774	97,454	99,135	100,815
Adult Parents (19-64 years) - Woodwork Effect	0-90% FPL												
	Uninsured	62,987	64,273	65,558	66,844	68,129	69,415	70,700	71,985	73,271	74,556	75,842	77,127
	Individual (Direct Purchase)	2,913	2,972	3,031	3,091	3,150	3,210	3,269	3,329	3,388	3,447	3,507	3,566
	Employer	8,192	8,360	8,527	8,694	8,861	9,028	9,196	9,363	9,530	9,697	9,864	10,032
	Medicare Only	2,137	2,180	2,224	2,267	2,311	2,355	2,398	2,442	2,485	2,529	2,573	2,616
	Other/Unknown	3,178	3,243	3,308	3,373	3,438	3,503	3,567	3,632	3,697	3,762	3,827	3,892
	Total	79,407	81,028	82,648	84,269	85,889	87,510	89,130	90,751	92,371	93,992	95,613	97,233
Aged (65 and over) Full - Woodwork Effect	Duals 0-64%, SLMB/QMB/QI-1 65-135% FPL												
	Uninsured	1,069	1,091	1,113	1,134	1,156	1,178	1,200	1,222	1,244	1,265	1,287	1,309
	Individual (Direct Purchase)	1,033	1,054	1,075	1,096	1,118	1,139	1,160	1,181	1,202	1,223	1,244	1,265
	Employer	1,354	1,382	1,409	1,437	1,465	1,492	1,520	1,547	1,575	1,603	1,630	1,658
	Medicare Only	40,630	41,459	42,288	43,117	43,946	44,775	45,605	46,434	47,263	48,092	48,922	49,751
	Other/Unknown	1,677	1,711	1,745	1,779	1,813	1,848	1,882	1,916	1,950	1,985	2,019	2,053
	Total	45,763	46,696	47,630	48,564	49,498	50,432	51,366	52,300	53,234	54,168	55,102	56,036
Adult Non-Parents (19-64 years) - Newly Eligible	0-138% FPL												
	Uninsured	214,824	216,095	217,366	218,638	219,909	221,180	222,451	223,722	224,993	226,264	227,536	228,807
	Individual (Direct Purchase)	35,820	36,032	36,244	36,456	36,668	36,880	37,092	37,304	37,515	37,727	37,939	38,151
	Employer	24,236	24,380	24,523	24,666	24,810	24,953	25,097	25,240	25,384	25,527	25,670	25,814
	Other/Unknown	15,475	15,567	15,658	15,750	15,841	15,933	16,024	16,116	16,207	16,299	16,391	16,482
	Total	290,355	292,073	293,791	295,509	297,227	298,946	300,664	302,382	304,100	305,818	307,536	309,254
	Adult Parents (19-64 years) - Newly Eligible	91-138% FPL											
Uninsured		46,761	47,037	47,314	47,591	47,867	48,144	48,421	48,697	48,974	49,251	49,527	49,804
Individual (Direct Purchase)		3,350	3,369	3,389	3,409	3,429	3,449	3,469	3,488	3,508	3,528	3,548	3,568
Employer		11,616	11,685	11,754	11,822	11,891	11,960	12,029	12,097	12,166	12,235	12,304	12,372
Other/Unknown		2,011	2,023	2,035	2,047	2,059	2,070	2,082	2,094	2,106	2,118	2,130	2,142
Total		63,737	64,115	64,492	64,869	65,246	65,623	66,000	66,377	66,754	67,131	67,508	67,886
Total all Populations		561,594	567,924	574,254	580,584	586,914	593,244	599,574	605,904	612,234	618,564	624,894	631,224

Re-Distributed Average Monthly Enrollment

	SFY 2015												
	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	
Adults and Parents (19-64 years)													
Woodwork Effect	125,170	127,724	130,279	132,833	135,388	137,942	140,497	143,051	145,605	148,160	150,714	153,269	
Newly Eligible to 138%	354,093	356,188	358,283	360,378	362,473	364,569	366,664	368,759	370,854	372,950	375,045	377,140	
Children (up to age 19)													
Woodwork Effect - Non-CHIP	51,046	52,088	53,129	54,171	55,213	56,255	57,296	58,338	59,380	60,422	61,463	62,505	
Woodwork Effect - CHIP	31,286	31,925	32,563	33,202	33,840	34,479	35,117	35,756	36,394	37,033	37,671	38,310	

ENROLLMENT RAMP FOR THE MANAGED CARE POPULATION

Population Cohort	Current Source of Coverage	SFY 2014												
		Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	
Children (up to age 19) - Woodwork Effect	0-200% FPL													
	Uninsured	4,082	8,172	12,269	16,374	20,486	24,607	28,734	32,870	37,013	37,871	38,730	39,591	
	Individual (Direct Purchase)	1,066	2,134	3,204	4,276	5,350	6,427	7,505	8,585	9,667	9,891	10,115	10,340	
	Employer	1,808	3,619	5,434	7,252	9,073	10,898	12,726	14,557	16,392	16,772	17,153	17,534	
	Medicare Only	75	149	224	300	375	450	526	601	677	693	708	724	
	Other/Unknown	447	894	1,342	1,791	2,241	2,692	3,143	3,596	4,049	4,143	4,237	4,331	
	Total	7,477	14,968	22,473	29,992	37,526	45,073	52,634	60,209	67,798	69,369	70,943	72,519	
Adult Parents (19-64 years) - Woodwork Effect	0-90% FPL													
	Uninsured	5,720	11,451	17,193	22,945	28,708	34,482	40,267	46,062	51,868	53,070	54,274	55,480	
	Individual (Direct Purchase)	265	530	795	1,061	1,327	1,594	1,862	2,130	2,398	2,454	2,510	2,565	
	Employer	744	1,489	2,236	2,984	3,734	4,485	5,237	5,991	6,746	6,903	7,059	7,216	
	Medicare Only	194	388	583	778	974	1,170	1,366	1,562	1,759	1,800	1,841	1,882	
	Other/Unknown	289	578	868	1,158	1,449	1,740	2,032	2,324	2,617	2,678	2,739	2,799	
	Total	7,211	14,436	21,675	28,927	36,192	43,471	50,764	58,070	65,389	66,905	68,422	69,943	
Aged (65 and over) Full - Woodwork Effect	Duals 0-64%, SLMB/QMB/QI-1 65-135% FPL													
	Uninsured	44	87	131	175	218	262	305	349	393	401	410	419	
	Individual (Direct Purchase)	42	84	127	169	211	253	295	337	380	388	396	405	
	Employer	55	111	166	221	276	332	387	442	497	508	519	531	
	Medicare Only	1,658	3,317	4,975	6,633	8,292	9,950	11,609	13,267	14,925	15,257	15,589	15,920	
	Other/Unknown	68	137	205	274	342	411	479	547	616	630	643	657	
	Total	1,868	3,736	5,604	7,471	9,339	11,207	13,075	14,943	16,811	17,184	17,558	17,931	
Adult Non-Parents (19-64 years) - Newly Eligible	0-138% FPL													
	Uninsured	0	0	0	0	0	0	31,855	63,769	95,743	127,776	159,868	192,020	
	Individual (Direct Purchase)	0	0	0	0	0	0	5,312	10,633	15,964	21,305	26,656	32,017	
	Employer	0	0	0	0	0	0	3,594	7,194	10,802	14,416	18,036	21,663	
	Medicare Only	0	0	0	0	0	0	2,295	4,594	6,897	9,204	11,516	13,832	
	Other/Unknown	0	0	0	0	0	0	43,055	86,190	129,406	172,701	216,077	259,533	
	Total	0	0	0	0	0	0	43,055	86,190	129,406	172,701	216,077	259,533	
Adult Parents (19-64 years) - Newly Eligible	91-138% FPL													
	Uninsured	0	0	0	0	0	0	6,934	13,881	20,840	27,813	34,798	41,797	
	Individual (Direct Purchase)	0	0	0	0	0	0	497	994	1,493	1,992	2,493	2,994	
	Employer	0	0	0	0	0	0	1,723	3,448	5,177	6,909	8,645	10,383	
	Medicare Only	0	0	0	0	0	0	298	597	896	1,196	1,496	1,797	
	Other/Unknown	0	0	0	0	0	0	9,451	18,920	28,407	37,911	47,432	56,971	
	Total	0	0	0	0	0	0	9,451	18,920	28,407	37,911	47,432	56,971	
Total all Populations	16,556	33,140	49,752	66,391	83,057	99,751	168,979	238,332	307,810	364,070	420,432	476,898		

Re-Distributed Average Monthly Enrollment

	SFY 2014												
	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	
Adults and Parents (19-64 years)													
Woodwork Effect	9,079	18,172	27,278	36,398	45,532	54,678	63,839	73,013	82,200	84,089	85,980	87,874	
Newly Eligible to 138%	0	0	0	0	0	0	52,506	105,110	157,812	210,612	263,509	316,504	
Children (up to age 19)													
Woodwork Effect - Non-CHIP	4,636	9,280	13,933	18,595	23,266	27,945	32,633	37,329	42,035	43,009	43,985	44,962	
Woodwork Effect - CHIP	2,841	5,688	8,540	11,397	14,260	17,128	20,001	22,879	25,763	26,360	26,958	27,557	

ENROLLMENT RAMP FOR THE MANAGED CARE POPULATION

Population Cohort	Current Source of Coverage	SFY 2015											
		Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15
Children (up to age 19) - Woodwork Effect	0-200% FPL												
	Uninsured	40,453	41,317	42,182	43,049	43,917	44,787	45,659	46,531	47,406	48,282	49,160	50,039
	Individual (Direct Purchase)	10,565	10,791	11,017	11,243	11,470	11,697	11,925	12,153	12,381	12,610	12,839	13,069
	Employer	17,916	18,298	18,681	19,065	19,450	19,835	20,221	20,608	20,995	21,383	21,772	22,161
	Medicare Only	740	756	772	787	803	819	835	851	867	883	899	915
	Other/Unknown	4,425	4,520	4,614	4,709	4,804	4,899	4,995	5,090	5,186	5,282	5,378	5,474
	Total	74,099	75,681	77,266	78,854	80,445	82,038	83,634	85,233	86,835	88,440	90,047	91,657
Adult Parents (19-64 years) - Woodwork Effect	0-90% FPL												
	Uninsured	56,689	57,899	59,112	60,326	61,543	62,762	63,984	65,207	66,432	67,660	68,890	70,122
	Individual (Direct Purchase)	2,621	2,677	2,733	2,789	2,846	2,902	2,959	3,015	3,072	3,129	3,185	3,242
	Employer	7,373	7,531	7,688	7,846	8,005	8,163	8,322	8,481	8,641	8,800	8,960	9,120
	Medicare Only	1,923	1,964	2,005	2,046	2,088	2,129	2,170	2,212	2,253	2,295	2,337	2,379
	Other/Unknown	2,860	2,922	2,983	3,044	3,105	3,167	3,229	3,290	3,352	3,414	3,476	3,538
	Total	71,466	72,992	74,521	76,053	77,587	79,123	80,663	82,205	83,750	85,298	86,848	88,401
Aged (65 and over) Full - Woodwork Effect	Duals 0-64%, SLMB/QMB/QI-1 65-135% FPL												
	Uninsured	428	436	445	454	463	471	480	489	497	506	515	524
	Individual (Direct Purchase)	413	422	430	439	447	455	464	472	481	489	498	506
	Employer	542	553	564	575	586	597	608	619	630	641	652	663
	Medicare Only	16,252	16,584	16,915	17,247	17,579	17,910	18,242	18,574	18,905	19,237	19,569	19,900
	Other/Unknown	671	684	698	712	725	739	753	766	780	794	807	821
	Total	18,305	18,679	19,052	19,426	19,799	20,173	20,546	20,920	21,294	21,667	22,041	22,414
Adult Non-Parents (19-64 years) - Newly Eligible	0-138% FPL												
	Uninsured	193,342	194,666	195,992	197,320	198,651	199,983	201,318	202,655	203,994	205,335	206,678	208,023
	Individual (Direct Purchase)	32,238	32,459	32,680	32,901	33,123	33,345	33,568	33,791	34,014	34,238	34,462	34,686
	Employer	21,813	21,962	22,112	22,261	22,412	22,562	22,713	22,863	23,014	23,166	23,317	23,469
	Medicare Only	13,927	14,023	14,118	14,214	14,310	14,406	14,502	14,598	14,695	14,791	14,888	14,985
	Other/Unknown	261,320	263,109	264,902	266,697	268,495	270,297	272,101	273,907	275,717	277,530	279,345	281,163
	Total	261,320	263,109	264,902	266,697	268,495	270,297	272,101	273,907	275,717	277,530	279,345	281,163
Adult Parents (19-64 years) - Newly Eligible	91-138% FPL												
	Uninsured	42,085	42,373	42,661	42,951	43,240	43,530	43,821	44,112	44,403	44,695	44,987	45,280
	Individual (Direct Purchase)	3,015	3,035	3,056	3,077	3,097	3,118	3,139	3,160	3,181	3,202	3,223	3,244
	Employer	10,455	10,526	10,598	10,670	10,742	10,814	10,886	10,958	11,031	11,103	11,176	11,249
	Medicare Only	1,810	1,822	1,835	1,847	1,860	1,872	1,884	1,897	1,910	1,922	1,935	1,947
	Other/Unknown	57,364	57,757	58,150	58,544	58,939	59,334	59,730	60,127	60,524	60,922	61,321	61,720
	Total	57,364	57,757	58,150	58,544	58,939	59,334	59,730	60,127	60,524	60,922	61,321	61,720
Total all Populations	482,554	488,218	493,891	499,574	505,265	510,965	516,675	522,393	528,120	533,856	539,602	545,356	

Re-Distributed Average Monthly Enrollment

	SFY 2015												
	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	
Adults and Parents (19-64 years)													
Woodwork Effect	89,771	91,671	93,573	95,478	97,386	99,296	101,209	103,125	105,044	106,965	108,889	110,815	
Newly Eligible to 138%	318,683	320,866	323,052	325,241	327,434	329,631	331,831	334,034	336,241	338,452	340,666	342,883	
Children (up to age 19)													
Woodwork Effect - Non-CHIP	45,941	46,922	47,905	48,889	49,876	50,864	51,853	52,845	53,838	54,833	55,829	56,828	
Woodwork Effect -													

ENROLLMENT RAMP FOR THE FEE FOR SERVICE POPULATION

Population Cohort	Current Source of Coverage	SFY 2014												
		Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	
Children (up to age 19) - Woodwork Effect	0-200% FPL													
	Uninsured	505	1,001	1,491	1,972	2,446	2,912	3,371	3,822	4,265	4,325	4,383	4,440	
	Individual (Direct Purchase)	132	262	389	515	639	761	880	998	1,114	1,130	1,145	1,160	
	Employer	223	443	660	873	1,083	1,290	1,493	1,693	1,889	1,915	1,941	1,966	
	Medicare Only	9	18	27	36	45	53	62	70	78	79	80	81	
	Other/Unknown	55	110	163	216	268	319	369	418	467	473	479	486	
	Total	924	1,834	2,730	3,613	4,481	5,335	6,175	7,001	7,813	7,922	8,029	8,132	
Adult Parents (19-64 years) - Woodwork Effect	0-90% FPL													
	Uninsured	707	1,403	2,089	2,764	3,428	4,081	4,724	5,356	5,977	6,061	6,142	6,222	
	Individual (Direct Purchase)	33	65	97	128	159	189	218	248	276	280	284	288	
	Employer	92	183	272	359	446	531	614	697	777	788	799	809	
	Medicare Only	24	48	71	94	116	138	160	182	203	206	208	211	
	Other/Unknown	36	71	105	139	173	206	238	270	302	306	310	314	
	Total	891	1,769	2,633	3,484	4,321	5,145	5,956	6,752	7,536	7,641	7,744	7,843	
Aged (65 and over) Full - Woodwork Effect	Duals 0-64%, SLMB/QMB/QI-1 65-135% FPL													
	Uninsured	65	131	196	262	327	393	458	524	589	602	615	628	
	Individual (Direct Purchase)	63	127	190	253	316	380	443	506	569	582	595	607	
	Employer	83	166	249	332	414	497	580	663	746	763	779	796	
	Medicare Only	2,488	4,975	7,463	9,950	12,438	14,925	17,413	19,900	22,388	22,885	23,383	23,880	
	Other/Unknown	103	205	308	411	513	616	719	821	924	944	965	985	
	Total	2,802	5,604	8,405	11,207	14,009	16,811	19,613	22,414	25,216	25,776	26,337	26,897	
Adult Non-Parents (19-64 years) - Newly Eligible	0-138% FPL													
	Uninsured	0	0	0	0	0	0	3,737	7,415	11,034	14,593	18,093	21,533	
	Individual (Direct Purchase)	0	0	0	0	0	0	623	1,236	1,840	2,433	3,017	3,590	
	Employer	0	0	0	0	0	0	422	837	1,245	1,646	2,041	2,429	
	Other/Unknown	0	0	0	0	0	0	269	534	795	1,051	1,303	1,551	
	Total	0	0	0	0	0	0	5,051	10,022	14,913	19,724	24,454	29,104	
	Adult Parents (19-64 years) - Newly Eligible	91-138% FPL												
Uninsured		0	0	0	0	0	0	813	1,614	2,402	3,176	3,938	4,687	
Individual (Direct Purchase)		0	0	0	0	0	0	58	116	172	228	282	336	
Employer		0	0	0	0	0	0	202	401	597	789	978	1,164	
Other/Unknown		0	0	0	0	0	0	35	69	103	137	169	202	
Total		0	0	0	0	0	0	1,109	2,200	3,274	4,330	5,368	6,389	
Total all Populations		4,617	9,207	13,769	18,304	22,811	27,291	37,903	48,390	58,751	65,393	71,931	78,366	

Re-Distributed Average Monthly Enrollment

	SFY 2014												
	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	
Adults and Parents (19-64 years)													
Woodwork Effect	3,693	7,373	11,039	14,691	18,330	21,956	25,568	29,167	32,752	33,417	34,080	34,741	
Newly Eligible to 138%	0	0	0	0	0	0	6,160	12,222	18,187	24,053	29,822	35,493	
Children (up to age 19)													
Woodwork Effect - Non-CHIP	573	1,137	1,693	2,240	2,778	3,308	3,828	4,341	4,844	4,912	4,978	5,042	
Woodwork Effect - CHIP	351	697	1,038	1,373	1,703	2,027	2,346	2,660	2,969	3,010	3,051	3,090	

ENROLLMENT RAMP FOR THE FEE FOR SERVICE POPULATION

Population Cohort	Current Source of Coverage	SFY 2015											
		Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15
Children (up to age 19) - Woodwork Effect	0-200% FPL												
	Uninsured	4,485	4,548	4,600	4,651	4,700	4,747	4,793	4,837	4,880	4,921	4,961	4,999
	Individual (Direct Purchase)	1,174	1,188	1,201	1,215	1,227	1,240	1,252	1,263	1,275	1,285	1,296	1,306
	Employer	1,991	2,014	2,037	2,060	2,081	2,102	2,123	2,142	2,161	2,180	2,197	2,214
	Medicare Only	82	83	84	85	86	87	88	88	89	90	91	91
	Other/Unknown	492	498	503	509	514	519	524	529	534	538	543	547
	Total	8,233	8,331	8,426	8,519	8,608	8,695	8,779	8,860	8,939	9,015	9,087	9,157
Adult Parents (19-64 years) - Woodwork Effect	0-90% FPL												
	Uninsured	6,299	6,374	6,447	6,517	6,586	6,652	6,717	6,779	6,839	6,896	6,952	7,006
	Individual (Direct Purchase)	291	295	298	301	305	308	311	313	316	319	321	324
	Employer	819	829	838	848	857	865	874	882	889	897	904	911
	Medicare Only	214	216	219	221	223	226	228	230	232	234	236	238
	Other/Unknown	319	322	325	329	332	336	339	342	345	348	351	354
	Total	7,941	8,035	8,127	8,216	8,303	8,386	8,467	8,546	8,621	8,694	8,764	8,832
Aged (65 and over) Full - Woodwork Effect	Duals 0-64%, SLMB/QMB/QI-1 65-135% FPL												
	Uninsured	641	654	668	681	694	707	720	733	746	759	772	785
	Individual (Direct Purchase)	620	633	645	658	671	683	696	708	721	734	746	759
	Employer	812	829	846	862	879	895	912	928	945	962	978	995
	Medicare Only	24,378	24,875	25,373	25,870	26,368	26,865	27,363	27,860	28,358	28,855	29,353	29,850
	Other/Unknown	1,006	1,026	1,047	1,068	1,088	1,109	1,129	1,150	1,170	1,191	1,211	1,232
	Total	27,458	28,018	28,578	29,139	29,699	30,259	30,820	31,380	31,940	32,501	33,061	33,621
Adult Non-Parents (19-64 years) - Newly Eligible	0-138% FPL												
	Uninsured	21,482	21,429	21,374	21,317	21,258	21,196	21,133	21,067	20,999	20,929	20,857	20,783
	Individual (Direct Purchase)	3,582	3,573	3,564	3,554	3,545	3,534	3,524	3,513	3,501	3,490	3,478	3,465
	Employer	2,424	2,418	2,411	2,405	2,398	2,391	2,384	2,377	2,369	2,361	2,353	2,345
	Other/Unknown	1,547	1,544	1,540	1,536	1,531	1,527	1,522	1,518	1,513	1,508	1,502	1,497
	Total	29,036	28,964	28,889	28,812	28,732	28,649	28,563	28,474	28,383	28,288	28,191	28,091
	Adult Parents (19-64 years) - Newly Eligible	91-138% FPL											
Uninsured		4,676	4,665	4,653	4,640	4,627	4,614	4,600	4,586	4,571	4,556	4,540	4,524
Individual (Direct Purchase)		335	334	333	332	331	330	328	327	326	325	324	324
Employer		1,162	1,159	1,156	1,153	1,149	1,146	1,143	1,139	1,136	1,132	1,128	1,124
Other/Unknown		201	201	200	200	199	198	198	197	197	196	195	195
Total		6,374	6,358	6,342	6,325	6,307	6,289	6,270	6,251	6,230	6,210	6,188	6,166
Total all Populations		79,041	79,706	80,363	81,011	81,649	82,279	82,899	83,511	84,114	84,707	85,292	85,868

Re-Distributed Average Monthly Enrollment

	SFY 2015												
	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	
Adults and Parents (19-64 years)													
Woodwork Effect	35,398	36,053	36,705	37,355	38,002	38,646	39,287	39,926	40,562	41,195	41,826	42,453	
Newly Eligible to 138%	35,409	35,322	35,231	35,137	35,039	34,938	34,833	34,725	34,613	34,498	34,379	34,257	
Children (up to age 19)													
Woodwork Effect - Non-CHIP	5,105	5,165	5,224	5,282	5,337	5,391	5,443	5,494	5,542	5,589	5,634	5,678	
Woodwork Effect - CHIP	3,129	3,166	3,202	3,237	3,271	3,304	3,336	3,367	3,397	3,426	3,453	3,480	

APPENDIX H

Health Status Factors for Newly Eligible and Woodwork Effect Medicaid Expansion Adults

Newly Eligibles Health Status Factor (HSF) Development

	<u>Excellent</u>	<u>Very Good</u>	<u>Good</u>	<u>Fair/Poor</u>	<u>Disabled</u>	<u>Overall</u>
Relative Health Status Factors, Based on MEPS data	0.21	0.40	0.89	0.99	1.94	1.00
Ohio Current CFC Medicaid Enrollment Distribution (OMAS Parents as proxy)	10.9%	22.3%	26.8%	13.4%	26.5%	
Expansion Enrollment Distribution (Woodwork and Newly Eligibles)	13.7%	22.8%	26.2%	18.9%	18.4%	0.90
<p><i>After considering analysis Mercer has performed in other states and the unknowns intrinsic in this broad Medicaid expansion, we increased our initial health status factor to 0.91 for both woodwork and newly eligible adults.</i></p>						
Calculation of Newly Eligibles Re-modeled Health Status Factors						
					Newly Eligibles Assumption For Projections	
		OMAS-based Newly Eligibles			Re-modeled Enrollment Distribution	Re-modeled CFC-Based Relative HSF
<u>Age Bracket</u>		<u>Enrollment Distribution *</u>				
19-44 years old		45.8%			25.0%	0.87
45-64 years old		54.2%			75.0%	0.99
		100.0%			100.0%	0.96

* Actual enrollment distribution changes slightly over time based on ramp used within the model to reach ultimate take up rate

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