



Governor's Office of Health Transformation

John R. Kasich, Governor

Greg Moody, Director

April 1, 2011

Eric Poklar, Director of Communications

614-752-1554 | eric.poklar@governor.ohio.gov

Office of Health Transformation Announces Medicaid Impact of Federal Health Care Law

COLUMBUS – Today Greg Moody, director of the Governor's Office of Health Transformation, released updated estimates of the impact on state Medicaid caseloads and costs from the federal Affordable Care Act (ACA). The new projections are for an additional 935,977 Ohioans to join the Medicaid rolls beginning in 2014 at a total all-funds cost of \$4.07 billion (FFY2014). By FFY19, the all-funds cost of serving new enrollees in Ohio will grow to \$6.68 billion.

(See the attached table for the updated projections and the original estimates from April 2010.)

The ACA increases Medicaid eligibility to 138 percent of poverty for all Ohioans beginning in January 2014. The federal government will pay 100 percent of the cost of insuring newly eligible enrollees between 2014 and 2016, with the federal share decreasing every year thereafter until leveling off at 90 percent in 2020 and beyond. In addition to the newly eligible individuals, people who are currently eligible but who have not yet enrolled in Medicaid are expected to do so, because of increased awareness about their eligibility and/or the ACA requirement that all people maintain health coverage. This is sometimes called the "welcome mat effect." For people new to the program because of the welcome mat effect, the federal government will only provide its standard reimbursement to states. States will be required to make up the difference.

"Medicaid spending in Ohio has increased 30 percent over the last three years and already comprises 30 percent of Ohio's budget, and that is before the impact of the federal health care law," said Moody. "These new estimates are an urgent reminder of why we must implement the Medicaid system reform and cost containment strategies that Governor Kasich has proposed in his executive budget."

The new cost and caseload estimates are higher than previous projections because they are based on new data from the Ohio Family Health Survey, which was released on March 8 and tracked respondents' 2009 income. The original estimates (from April 2010) were based on the Ohio Family Health Survey conducted in 2008, which captured 2007 income levels. Most of the income erosion from the recent recession was not captured in the original estimates. Another factor contributing to higher projected costs and caseloads is the erosion of private health insurance coverage for low-income Ohioans. According to the Ohio Family Health Survey, the number of working-age adults at or under 138 percent of the federal poverty level who do not have health insurance increased from 17 percent in 2008 to 19 percent in 2010.

“At the same time that we are witnessing an increase in the number of low-income Ohioans, we are seeing a substantial increase in the percentage of Ohioans that have jobs, but do not have health care insurance,” said Ohio Medicaid Director John McCarthy. “Combined with the impact of the federal health care law, which increases Medicaid eligibility and requires all Ohioans to be covered by Medicaid or private insurance, these trends will substantially increase the fiscal pressure on Ohio’s Medicaid system.”

“We developed the Medicaid modernization strategies in the budget to transform Ohio’s Medicaid system and provide better value for Medicaid recipients and the taxpayer,” Moody said. “These same strategies are needed to prepare for the impact of the federal health care law. Unfortunately, we have learned that the federal government will not be providing Ohio with a planning grant to create a person-centered approach to improving care coordination. We are disappointed in this outcome, but we are prepared to move forward with this project using other resources to fund the creation of an individual-centered, integrated care delivery system.”

Ohio’s Medicaid program currently provides health coverage to approximately 2.2 million low-income children, parents, seniors and people with disabilities. Ohio will continue to update these estimates as federal rules governing implementation of the ACA are released and as updated demographic data become available.

###

**March 2011 Estimated Impact on Ohio's Medicaid Program
by the Affordable Care Act (ACA)**

FFY	Brief Description of Changes by Federal Fiscal Year	Projected Expenditures			Projected Enrollment		
		State Share	Federal Share	All Funds	New Eligibles	Welcome Mat Individuals	Total
2013	Primary Care rate increase beginning 1/1/13 (100% federal)	\$0	\$200,953,034	200,953,034			
2014	Expansion to 138% beginning 1/1/14 (100% federal), Welcome Mat effect and Primary Care rate increase (100% federal)	\$247,740,269	\$3,825,522,133	4,073,262,402	644,576	291,401	935,977
2015	Expansion to 138% (100% federal), Welcome Mat effect and Primary Care rate increase through 12/31/15 (100% federal)*	\$327,437,747	\$5,066,913,548	5,394,351,296	662,330	295,964	958,294
2016	Expansion to 138% (100% federal) and Welcome Mat effect offset by savings from 23% point increase in CHIP match.	\$199,808,222	\$5,468,983,500	5,668,791,721	668,509	297,539	966,048
2017	Expansion to 138% (95% federal beginning 1/1/17) and Welcome Mat effect offset by savings from 23% point increase in CHIP match.	\$397,875,507	\$5,627,699,799	6,025,575,307	672,117	298,377	970,494
2018	Expansion to 138% (94% federal beginning 1/1/18) and Welcome Mat effect offset by savings from 23% point increase in CHIP match.	\$525,671,606	\$5,846,374,281	6,372,045,887	672,117	298,377	970,494
2019	Expansion to 138% (93% federal beginning 1/1/19) and Welcome Mat effect offset by savings from 23% point increase in CHIP match. (The federal match after 2019 will be 90%.)	\$611,609,742	\$6,071,573,371	6,683,183,113	672,117	298,377	970,494
Total		\$2,310,143,093	\$32,108,019,666	\$34,418,162,759			

Subject to revision as more information becomes available

New Eligibles are consumers not meeting Medicaid eligibility requirements in 2010. Welcome Mat Individuals would have been eligible for Medicaid in 2010 but were not enrolled.

Includes impacts to ODMH and ODADAS

* Assumes Primary Care rates return to 7/1/09 levels beginning 1/1/16

A Federal Fiscal Year (FFY) runs from October through September. FFY2013 is October 1, 2012 - September 30, 2013.

Updated 3/31/2011

**April 2010 Estimated Impact on Ohio's Medicaid Program
by the Affordable Care Act (ACA)**

FFY	Brief Description of Changes by Federal Fiscal Year	Projected Expenditures			Projected Enrollment		
		State Share	Federal Share	All Funds	New Eligibles	Welcome Mat Individuals	Total
2013	Primary Care rate increase beginning 1/1/13 (100% federal)	\$0	\$200,953,034	200,953,034			
2014	Expansion to 138% beginning 1/1/14 (100% federal), Welcome Mat effect and Primary Care rate increase (100% federal)	\$190,173,687	\$2,139,021,662	2,329,195,349	373,569	180,737	554,306
2015	Expansion to 138% (100% federal), Welcome Mat effect and Primary Care rate increase through 12/31/15 (100% federal)*	\$267,030,054	\$2,671,395,224	2,938,425,278	390,068	186,391	576,459
2016	Expansion to 138% (100% federal) and Welcome Mat effect offset by savings from 23% point increase in CHIP match.	\$136,433,154	\$2,868,108,466	3,004,541,620	393,947	192,327	586,274
2017	Expansion to 138% (95% federal beginning 1/1/17) and Welcome Mat effect offset by savings from 23% point increase in CHIP match.	\$231,291,704	\$2,930,930,881	3,162,222,585	396,045	193,885	589,930
2018	Expansion to 138% (94% federal beginning 1/1/18) and Welcome Mat effect offset by savings from 23% point increase in CHIP match.	\$292,228,287	\$3,001,679,334	3,293,907,621	396,045	193,885	589,930
2019	Expansion to 138% (93% federal beginning 1/1/19) and Welcome Mat effect offset by savings from 23% point increase in CHIP match. (The federal match after 2019 will be 90%.)	\$332,846,592	\$3,125,756,410	3,458,603,002	396,045	193,885	589,930
Total		\$1,450,003,479	\$16,937,845,010	\$18,387,848,489			

Subject to revision as more information becomes available

New Eligibles are consumers not meeting Medicaid eligibility requirements in 2010. Welcome Mat Individuals would have been eligible for Medicaid in 2010 but were not enrolled.

Includes impacts to ODMH and ODADAS

* Assumes Primary Care rates return to 7/1/09 levels beginning 1/1/16

A Federal Fiscal Year (FFY) runs from October through September. FFY2013 is October 1, 2012 - September 30, 2013.

Based on Analysis Completed 4/1/2010