

Summary

As part of comprehensive health care reform efforts, the House and Senate are considering an expansion of the Medicaid program. Specific proposals have not yet been released. However, there is speculation that the proposals will include an expansion of mandatory eligibility under the Medicaid program to include all low-income individuals from anywhere between 100% and 150% of the federal poverty level (FPL).

This *Special Analysis* estimates the impact such an expansion would have on state and federal Medicaid program spending. While this analysis only focuses on Medicaid maintenance payments, it is likely that any expansion would also increase Medicaid administrative costs.

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Eligibility Expansion

FFIS has provided estimates of the state-by-state impact of a Medicaid coverage expansion under various scenarios. Table 1 provides an estimate of the federal and state cost to cover all uninsured individuals below 100%, 133% and 150% FPL by state. These estimates assume current reimbursement levels and that all eligible uninsured individuals enroll in the program. Overall, state spending on Medicaid would increase by \$24 billion in fiscal year (FY) 2009 if all uninsured under 100% FPL were covered by the Medicaid program for the entire year. This amount would increase to \$33 billion if the expansion included all individuals under 133% FPL and \$38 billion if it included all individuals under 150% FPL. The amounts by state vary based on each state's number of uninsured as well as the average cost per enrollee.

It is possible that a large expansion in the Medicaid program could require states to increase their current reimbursement rates to ensure sufficient physician participation. As such, FFIS has prepared estimates that include an increase in existing Medicaid rates to the current Medicare rates. Under this scenario, the state share of spending on Medicaid would increase by approximately \$75 billion, \$87 billion or \$94 billion in FY 2009, depending on the eligibility expansion (100% FPL, 133% FPL or 150% FPL respectively). The chart below provides a summary of the results.

Impact of Medicaid Expansion and Increase in Rates (dollars in billions)				
	Current Baseline	Estimated Increase		
		100% FPL	133% FPL	150% FPL
Federal Share	\$171.5	\$93.8	\$110.0	\$119.4
State Share	\$130.0	\$74.5	\$86.6	\$93.7
Total	\$301.5	\$168.3	\$196.6	\$213.1

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Table 2 illustrates the state-by-state impact of the eligibility expansion as well as an increase in rates for both existing and new enrollees. The variations among states can be explained by the number of uninsured, the average cost per enrollee and the increase in rates required to reach Medicare levels.

Data Limitations

In preparing this analysis, FFIS used the most recent data from the U.S. Census Bureau, Current Population Survey (CPS) Annual Social and Economic Supplement to determine the number of uninsured below certain poverty levels. Since the survey is based on a relatively small sample of households nationwide, FFIS used a three-year average (2005–2007). This data represents all uninsured individuals, including children and adults. In theory, uninsured children should be eligible for the Children’s Health Insurance Program (CHIP) so it is possible that this data overestimates the costs of the proposed expansion. In addition, the CPS only includes uninsured information at specific poverty levels. As such, FFIS used actual data for the number of uninsured below 100% and 150% FPL. However, FFIS prepared its own estimates of the number of unininsured under 133% FPL using CPS data for other income levels. Table 3 provides the number of uninsured by state based on each level.

FFIS relied on state-specific data from The Henry J. Kaiser Family Foundation for existing Medicaid enrollment, the Medicaid-to-Medicare Fee Index and the total Medicaid payments per enrollee. The most recent data available for Medicaid payments per enrollee is FY 2006. This data provided a breakdown of Medicaid payments for children, adults, elderly and the disabled. However, FFIS used the average level of payments across all Medicaid enrollees by state and applied the Consumer Price Index for Medical Care to prepare the FY 2009 estimates (Source: Moody’s Economy.com). The Medicaid-to-Medicare Fee Index was last updated in FY 2003. According to this data, Medicaid rates are higher than Medicare rates in Alaska, Arizona, Delaware and Wyoming, and information was not available for Tennessee. For these states, FFIS assumed existing Medicaid rates, without an increase.

To determine the federal and state share of each scenario, FFIS used the initial FY 2009 Federal Medical Assistance Percentage (FMAP), prior to the temporary increases enacted as part of the American Recovery and Reinvestment Act of 2009.

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Table 1

FY 2009 Estimated Impact of Increase in Mandatory Medicaid Eligibility
(dollars in thousands)

State	100% FPL - Mandatory Coverage		133% FPL - Mandatory Coverage		150% FPL - Mandatory Coverage	
	Federal Share	State Share	Federal Share	State Share	Federal Share	State Share
Alabama	\$621,863	\$292,910	\$834,411	\$393,025	\$925,136	\$435,758
Alaska	99,708	97,616	129,152	126,443	147,394	144,302
Arizona	534,120	277,983	760,626	395,868	889,115	462,740
Arkansas	414,550	154,809	581,716	217,235	654,869	244,553
California	2,400,243	2,400,243	3,437,320	3,437,320	4,127,003	4,127,003
Colorado	558,166	558,166	761,542	761,542	878,645	878,645
Connecticut	289,941	289,941	412,842	412,842	486,078	486,078
Delaware	57,824	57,824	76,906	76,906	95,409	95,409
District of Columbia	106,647	45,706	141,841	60,789	153,306	65,702
Florida	2,185,297	1,759,282	3,037,166	2,445,083	3,704,026	2,981,942
Georgia	1,021,069	562,229	1,439,249	792,491	1,689,058	930,043
Hawaii	61,017	49,702	79,677	64,901	91,525	74,552
Idaho	161,592	70,015	259,900	112,610	319,426	138,401
Illinois	1,002,734	989,981	1,409,312	1,391,388	1,609,038	1,588,573
Indiana	711,352	395,638	941,391	523,581	1,104,188	614,125
Iowa	291,249	173,856	397,830	237,478	440,809	263,134
Kansas	346,041	229,926	484,247	321,757	522,823	347,389
Kentucky	666,981	284,083	933,989	397,808	1,046,471	445,716
Louisiana	692,954	278,795	946,660	380,868	1,112,148	447,448
Maine	146,137	80,748	191,371	105,743	236,067	130,440
Maryland	603,717	603,717	796,047	796,047	940,761	940,761
Massachusetts	402,356	402,356	548,642	548,642	613,300	613,300
Michigan	795,311	524,269	1,081,941	713,216	1,229,891	810,745
Minnesota	392,064	392,064	532,086	532,086	616,100	616,100
Mississippi	716,054	228,110	930,772	296,512	1,047,626	333,737
Missouri	584,932	340,740	827,617	482,111	983,184	572,733
Montana	193,025	90,668	269,274	126,484	300,261	141,040
Nebraska	217,399	147,732	294,398	200,056	347,839	236,371
Nevada	277,167	277,167	391,420	391,420	440,947	440,947
New Hampshire	78,049	78,049	111,930	111,930	132,345	132,345
New Jersey	1,174,635	1,174,635	1,625,695	1,625,695	1,850,271	1,850,271
New Mexico	377,641	155,148	562,534	231,109	676,157	277,789
New York	2,673,530	2,673,530	3,687,140	3,687,140	4,177,113	4,177,113
North Carolina	1,433,557	785,571	1,960,016	1,074,064	2,247,100	1,231,383
North Dakota	88,348	51,554	125,337	73,138	147,247	85,923
Ohio	1,311,432	799,015	1,801,988	1,097,896	2,035,536	1,240,190
Oklahoma	564,965	292,342	802,563	415,287	898,535	464,948
Oregon	461,122	277,264	659,489	396,538	760,552	457,306
Pennsylvania	854,501	712,815	1,157,721	965,759	1,336,451	1,114,853
Rhode Island	104,949	94,611	137,044	123,545	162,193	146,218
South Carolina	533,908	228,056	787,642	336,437	933,520	398,748
South Dakota	78,336	46,901	109,870	65,781	135,308	81,011
Tennessee	659,588	366,529	903,188	501,896	1,052,473	584,853
Texas	3,587,225	2,447,810	4,978,340	3,397,064	5,777,296	3,942,246
Utah	321,737	133,272	473,343	196,072	603,754	250,091
Vermont	34,003	23,193	47,032	32,080	57,805	39,428
Virginia	578,531	578,531	797,623	797,623	988,663	988,663
Washington	391,365	376,921	531,193	511,588	652,275	628,202
West Virginia	338,540	120,622	455,261	162,209	531,319	189,309
Wisconsin	381,720	261,123	506,900	346,755	571,100	390,672
Wyoming	42,560	42,560	57,359	57,359	68,096	68,096
TOTAL	\$32,621,751	\$23,776,329	\$45,208,554	\$32,949,215	\$52,547,552	\$38,347,344

Note: Estimates based on entire uninsured population and the average level of payments across all Medicaid enrollees (FY 2006 payments adjusted by Medical Care CPI).

Source: Current Population Survey, 2008 (Uninsured data; three-year avg. 2005-2007); Kaiser Family Foundation (Medicaid payments per enrollee); Economy.com (CPI for Medical Care)

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Table 2

FY 2009 Estimated Impact of Increase in Medicaid Eligibility at Medicare Rates
(dollars in thousands)

State	Increase in Payments - 100% FPL			Increase in Payments - 133% FPL			Increase in Payments - 150% FPL		
	Federal Share	State Share	% Increase	Federal Share	State Share	% Increase	Federal Share	State Share	% Increase
Alabama	\$982,390	\$462,726	33%	\$1,216,193	\$572,852	41%	\$1,315,990	\$619,859	44%
Alaska	99,708	97,616	19%	129,152	126,443	24%	147,394	144,302	28%
Arizona	534,120	277,983	23%	760,626	395,868	33%	889,115	462,740	38%
Arkansas	548,633	204,880	24%	724,158	270,428	32%	800,968	299,112	35%
California	10,033,603	10,033,603	62%	11,495,882	11,495,882	71%	12,468,335	12,468,335	77%
Colorado	1,085,054	1,085,054	74%	1,341,307	1,341,307	91%	1,488,857	1,488,857	101%
Connecticut	720,214	720,214	32%	864,008	864,008	39%	949,694	949,694	42%
Delaware	57,824	57,824	11%	76,906	76,906	14%	95,409	95,409	18%
District of Columbia	679,984	291,422	63%	732,071	313,745	67%	749,038	321,016	69%
Florida	5,722,381	4,606,826	72%	6,872,403	5,532,657	87%	7,772,665	6,257,416	98%
Georgia	2,036,186	1,121,181	47%	2,533,820	1,395,192	59%	2,831,093	1,558,879	66%
Hawaii	233,578	190,262	39%	257,090	209,413	43%	272,019	221,574	45%
Idaho	239,908	103,947	29%	346,080	149,950	42%	410,368	177,805	50%
Illinois	3,463,748	3,419,694	61%	4,020,761	3,969,622	71%	4,294,385	4,239,767	76%
Indiana	2,089,719	1,162,256	58%	2,393,370	1,331,140	67%	2,608,262	1,450,658	73%
Iowa	353,639	211,099	20%	463,418	276,630	26%	507,686	303,055	28%
Kansas	771,070	512,336	57%	943,828	627,124	70%	992,048	659,164	73%
Kentucky	1,597,536	680,428	50%	1,928,625	821,446	60%	2,068,103	880,853	64%
Louisiana	1,719,911	691,968	55%	2,042,119	821,601	66%	2,252,288	906,158	72%
Maine	791,779	437,501	47%	852,846	471,243	50%	913,185	504,584	54%
Maryland	1,295,584	1,295,584	45%	1,526,380	1,526,380	53%	1,700,037	1,700,037	60%
Massachusetts	1,439,341	1,439,341	30%	1,614,884	1,614,884	34%	1,692,474	1,692,474	35%
Michigan	3,054,715	2,013,669	59%	3,450,264	2,274,415	67%	3,654,436	2,409,005	71%
Minnesota	1,124,830	1,124,830	36%	1,294,258	1,294,258	42%	1,395,914	1,395,914	45%
Mississippi	1,030,564	328,302	37%	1,264,606	402,860	46%	1,391,977	443,436	50%
Missouri	2,307,533	1,344,205	69%	2,656,999	1,547,779	80%	2,881,015	1,678,275	87%
Montana	288,448	135,491	59%	375,372	176,321	77%	410,697	192,914	84%
Nebraska	276,038	187,580	29%	356,887	242,520	37%	412,999	280,651	43%
Nevada	295,701	295,701	46%	412,240	412,240	63%	462,757	462,757	71%
New Hampshire	234,447	234,447	49%	277,813	277,813	58%	303,945	303,945	63%
New Jersey	4,623,359	4,623,359	112%	5,367,607	5,367,607	130%	5,738,158	5,738,158	139%
New Mexico	488,937	200,873	26%	683,075	280,631	37%	802,379	329,646	43%
New York	16,663,032	16,663,032	73%	18,234,128	18,234,128	80%	18,993,585	18,993,585	83%
North Carolina	1,652,923	905,781	28%	2,195,176	1,202,929	37%	2,490,873	1,364,967	42%
North Dakota	128,591	75,037	36%	168,908	98,563	47%	192,790	112,499	54%
Ohio	4,386,781	2,672,731	53%	5,034,315	3,067,254	61%	5,342,598	3,255,081	64%
Oklahoma	1,313,256	679,545	62%	1,617,381	836,915	77%	1,740,226	900,481	83%
Oregon	747,773	449,622	47%	973,910	585,594	61%	1,089,123	654,869	69%
Pennsylvania	4,224,485	3,524,020	69%	4,673,252	3,898,376	76%	4,937,771	4,119,036	80%
Rhode Island	713,097	642,858	76%	763,807	688,574	81%	803,543	724,396	85%
South Carolina	938,820	401,012	30%	1,220,465	521,315	39%	1,382,389	590,480	44%
South Dakota	163,384	97,821	39%	200,278	119,911	47%	230,041	137,730	55%
Tennessee	659,588	366,529	16%	903,188	501,896	21%	1,052,473	584,853	25%
Texas	7,555,959	5,155,951	82%	9,378,321	6,399,473	102%	10,424,953	7,113,662	113%
Utah	734,634	304,305	61%	927,173	384,060	77%	1,092,795	452,665	91%
Vermont	132,097	90,101	24%	147,342	100,500	27%	159,945	109,096	29%
Virginia	1,250,339	1,250,339	53%	1,519,822	1,519,822	65%	1,754,802	1,754,802	75%
Washington	832,237	801,523	28%	990,243	953,697	33%	1,127,066	1,085,470	38%
West Virginia	600,682	214,023	33%	731,410	260,601	40%	816,596	290,953	44%
Wisconsin	811,367	555,031	28%	952,821	651,795	33%	1,025,367	701,422	35%
Wyoming	42,560	42,560	18%	57,359	57,359	25%	68,096	68,096	29%
TOTAL	\$93,772,085	\$74,484,021	57%	\$109,964,345	\$86,563,927	67%	\$119,398,721	\$93,650,590	70%

Note: Estimates based on entire uninsured population and the average level of payments across all Medicaid enrollees (FY 2006 payments adjusted by Medical Care CPI and increased to reflect Medicare rates).

Source: Current Population Survey, 2008 (Uninsured data; three-year avg. 2005-2007); Kaiser Family Foundation (Medicaid payments per enrollee, current enrollment data, Medicaid-to-Medicare Fee Index); Economy.com (CPI for Medical Care)

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Table 3

Three-Year Average of Uninsured by Federal Poverty Level
(in thousands)

State	Below 100% FPL	Below 133% FPL	Below 150% FPL
Alabama	203	272	302
Alaska	23	30	34
Arizona	328	467	546
Arkansas	138	194	218
California	1,561	2,235	2,684
Colorado	209	285	329
Connecticut	68	97	114
Delaware	20	27	33
District of Columbia	16	21	23
Florida	836	1,162	1,417
Georgia	428	603	708
Hawaii	22	29	33
Idaho	43	69	85
Illinois	430	604	690
Indiana	201	266	312
Iowa	74	101	112
Kansas	92	129	139
Kentucky	174	244	273
Louisiana	243	332	390
Maine	26	34	42
Maryland	163	215	254
Massachusetts	103	140	157
Michigan	280	381	433
Minnesota	98	133	154
Mississippi	203	264	297
Missouri	188	266	316
Montana	45	63	70
Nebraska	55	74	88
Nevada	110	155	175
New Hampshire	23	33	39
New Jersey	266	368	419
New Mexico	105	156	188
New York	601	829	939
North Carolina	400	547	627
North Dakota	18	26	30
Ohio	326	448	506
Oklahoma	188	267	299
Oregon	154	220	254
Pennsylvania	289	392	452
Rhode Island	22	29	34
South Carolina	163	240	285
South Dakota	22	31	38
Tennessee	230	315	367
Texas	1,597	2,216	2,572
Utah	81	119	152
Vermont	10	14	17
Virginia	213	294	364
Washington	156	212	260
West Virginia	72	97	113
Wisconsin	129	171	193
Wyoming	15	20	24
TOTAL	11,460	15,937	18,600

Note: Uninsured population under 133% FPL estimated by FFIS based on data for other income groups.

Source: Current Population Survey, 2008 (Uninsured data; three-year avg. 2005-2007)

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