



Kansas:

Impact of Federal Health Reform

Preliminary Estimates on Cost and Coverage

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Discussion Outline

- Funding and Background
- SHRP Model
 - Data and Baseline
 - Structure
 - Flowchart
- Federal Health Care Reform – Key Drivers
 - Coverage
 - Cost
- Scenario Modeling
- Impact
 - Coverage
 - Cost
- Questions

Funding and Background

- Funding - generously provided by the United Methodist Health Ministry Fund

The Health Fund's Mission

Healthy Kansans through cooperative and strategic philanthropy guided by Christian principles.

- Background – **srHS** has conducted statewide health reform analyses/modeling in multiple states, including:
 - Connecticut
 - Kansas
 - Maine
 - Massachusetts

SHRP Model

Data and Baseline

■ Data Sources

- Current Population Survey (CPS) (2008 Data)
- Medical Expenditure Panel Survey (MEPS) (2006-2008 Data)
- Kansas Insurance Department Survey (2006 Data)
- Medicaid Expenditure Data (2008-2010 Data)

■ Baseline – Point-in-Time Model

- 2011 Dollars
- Full Implementation as of 2020

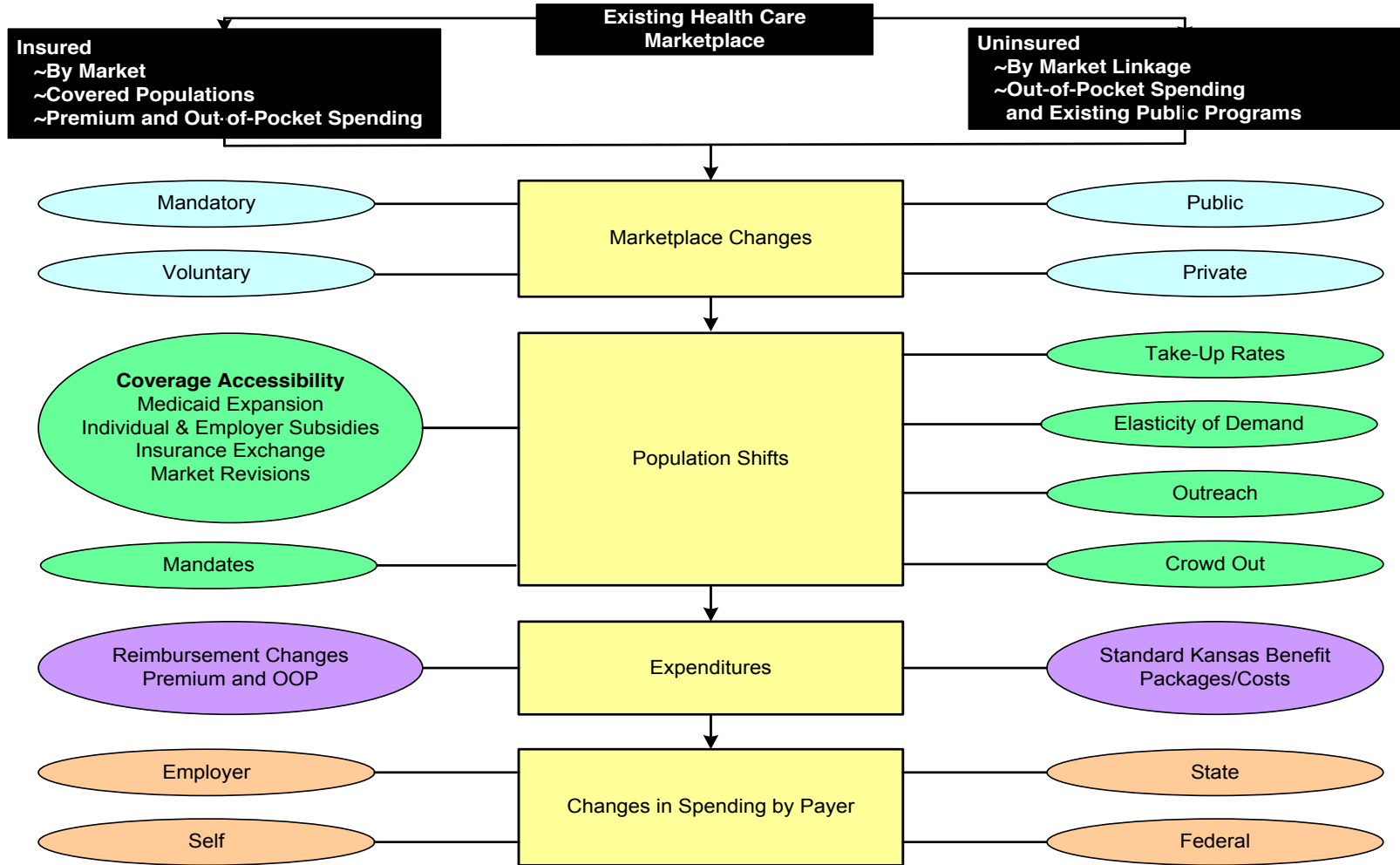
SHRP Model

Structure

- Components within the Model
 - Employer (ER) Size (1-9 ,10-24, 25-49, 50+)
 - Medicaid/CHIP Programs
 - Program Expansion/Contraction by Federal Poverty Level (FPL)
 - FMAP Changes
 - Individual and Employer Subsidies by FPL and ER Size
 - Market Revisions
 - Combination of Markets
 - Guarantee Issue and Pre-Existing Conditions Exclusions
 - Government-Sponsored Public Plan
 - Individual and Employer Mandate by FPL and ER Size
 - Reimbursement Adjustments and Cost Sharing Provisions
 - Residual Uninsurance by FPL

Kansas SHRP Model

Flow Chart - srHS State Health Reform Projection (SHRP) Model



Federal Health Care Reform

Key Drivers of Coverage and Cost Impacts

Coverage	Cost
<u>Economics of Options</u> <ul style="list-style-type: none"> • Choices Available to Individuals • (Dis)Incentives to Small Businesses 	<u>Subsidies *</u> <ul style="list-style-type: none"> • Eligibility • Affordability of Coverage
<u>Changes in FPL Eligibility Levels *</u> <ul style="list-style-type: none"> • Medicaid Expansion to 138% FPL 	<u>FMAP *</u> <ul style="list-style-type: none"> • CHIP FMAP of 95% • Expansion FMAP of 90%
<u>Economics of Penalties</u> <ul style="list-style-type: none"> • Individuals - \$695 vs. \$5,500 premium • Employers - \$2,000 vs. \$3,600 premium 	<u>Reimbursement</u> <ul style="list-style-type: none"> • One-Time Adjustment or Beginning of Fundamental Shift

* Fixed Parameters with FHCR Legislation

SHRP Scenario Modeling - Results

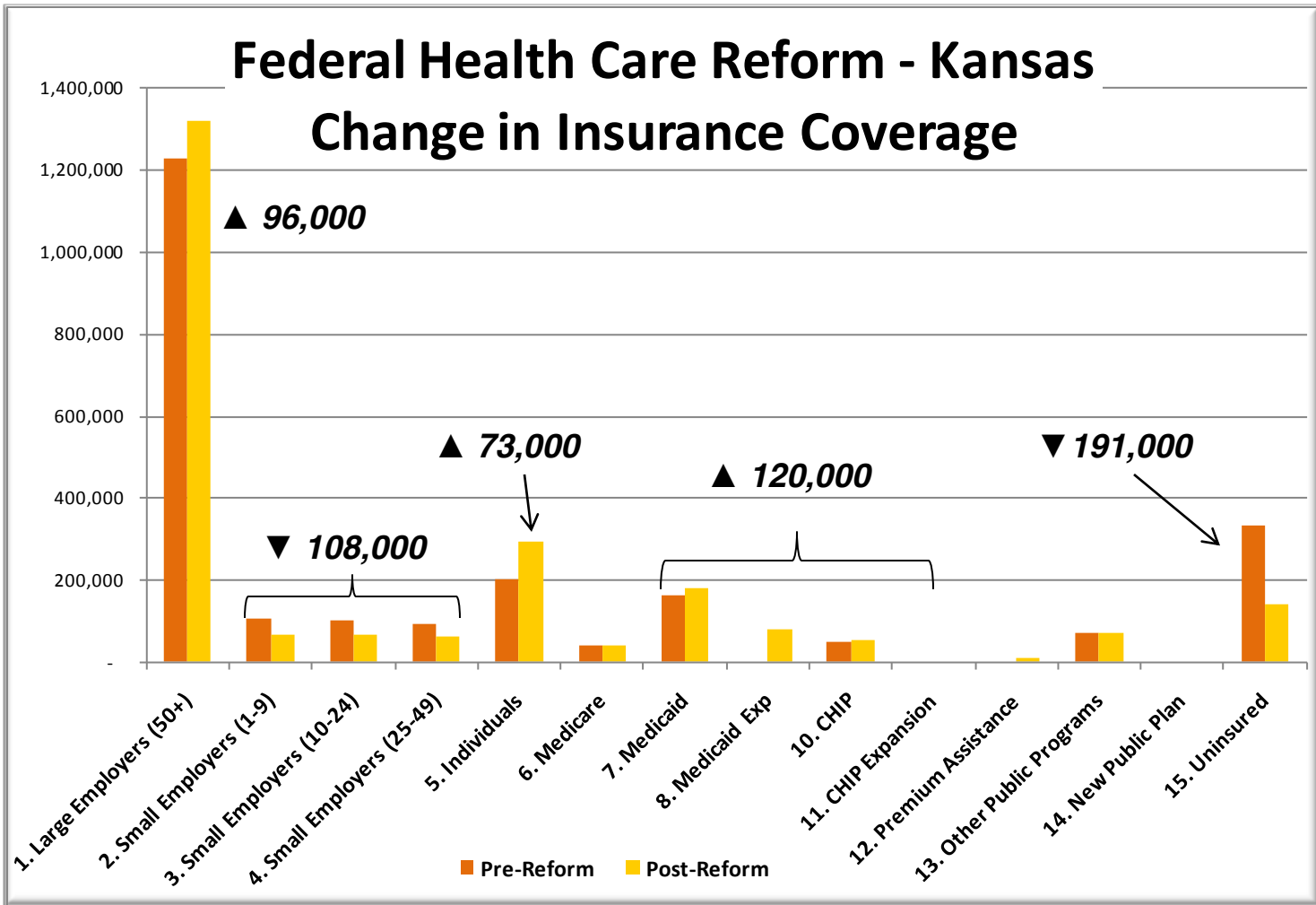
Provider Reimbursement and Residual Uninsurance

State Expenditures (▲ Increase/▼ Decrease) and Uninsured Remaining		
<u>Scenarios</u>	6% Residual Uninsurance	4% Residual Uninsurance
5% Increase to Reimbursement	<u>Scenario 1 (Sc1)</u> ▲ \$32.9 Million 143,000 Uninsured	<u>Scenario 3 (Sc3)</u> ▲ \$36.3 Million 98,000 Uninsured
0% Increase to Reimbursement	<u>Scenario 2 (Sc2)*</u> ▲ \$2.0 Million 143,000 Uninsured	<u>Scenario 4 (Sc4)</u> ▲ \$5.3 Million 98,000 Uninsured

* The remainder of the graphs and figures represent Scenario 2 (Sc2)

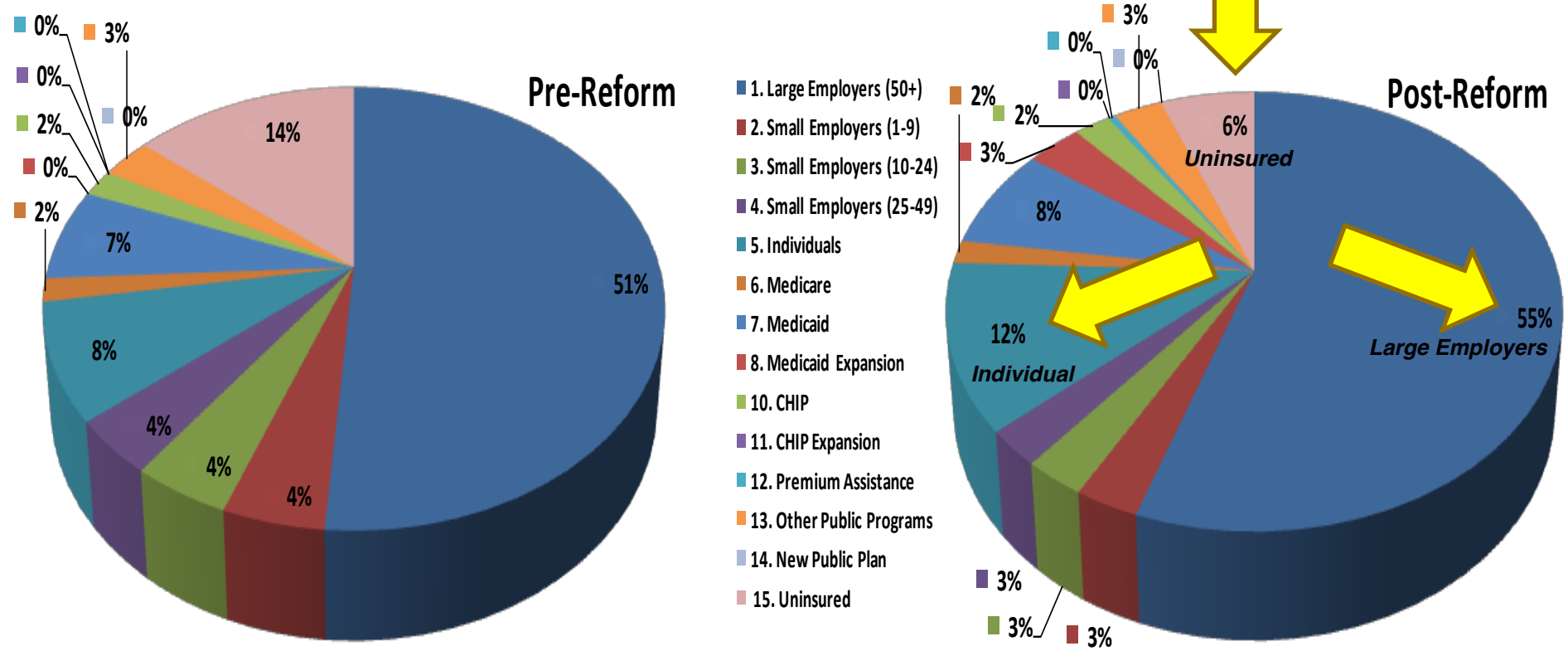
Kansas – Pre-FHCR vs. Post-FHCR

Distribution of Insurance Coverage by Payor (Sc2)



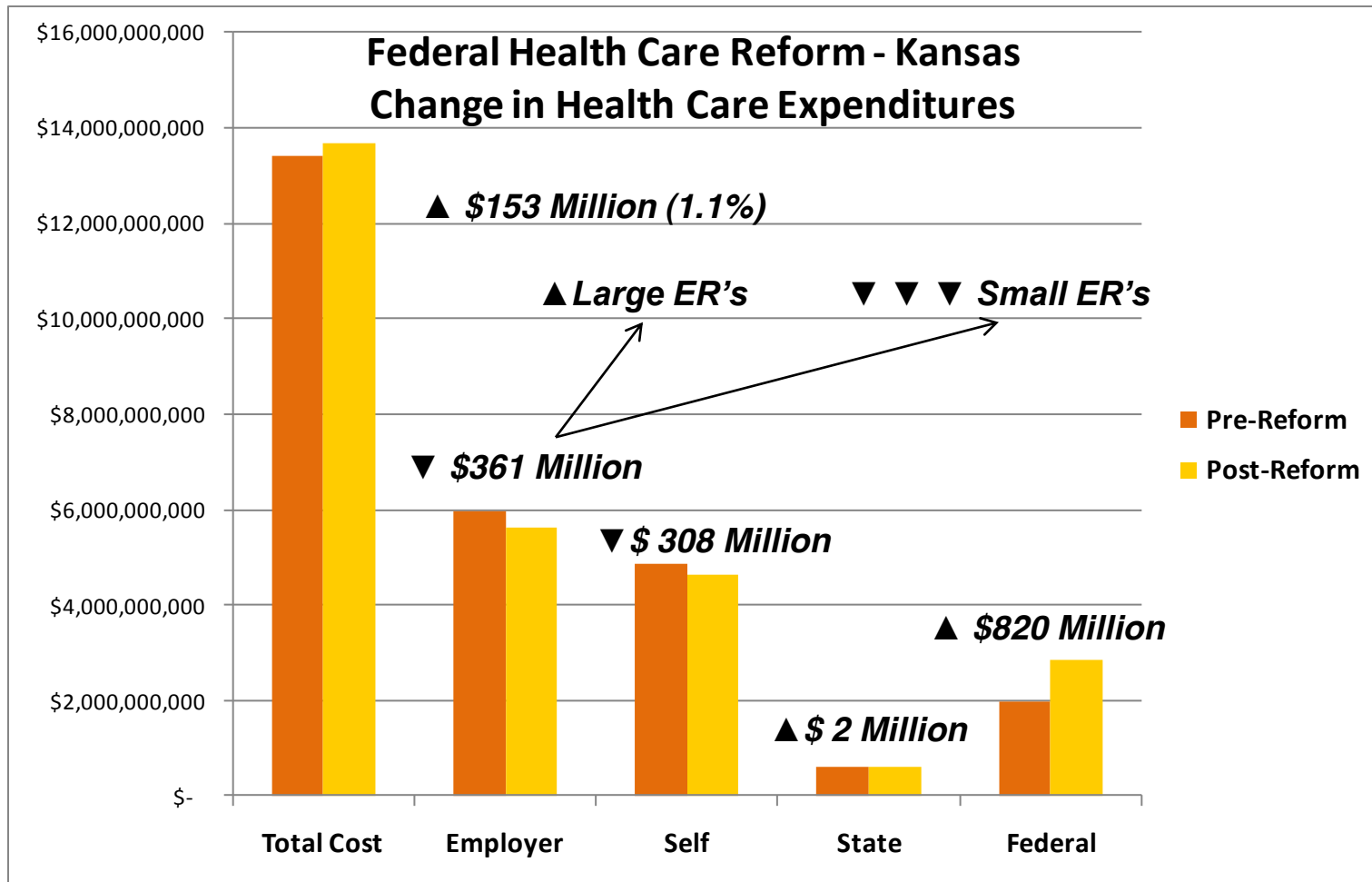
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Kansas – Pre-FHCR vs. Post-FHCR

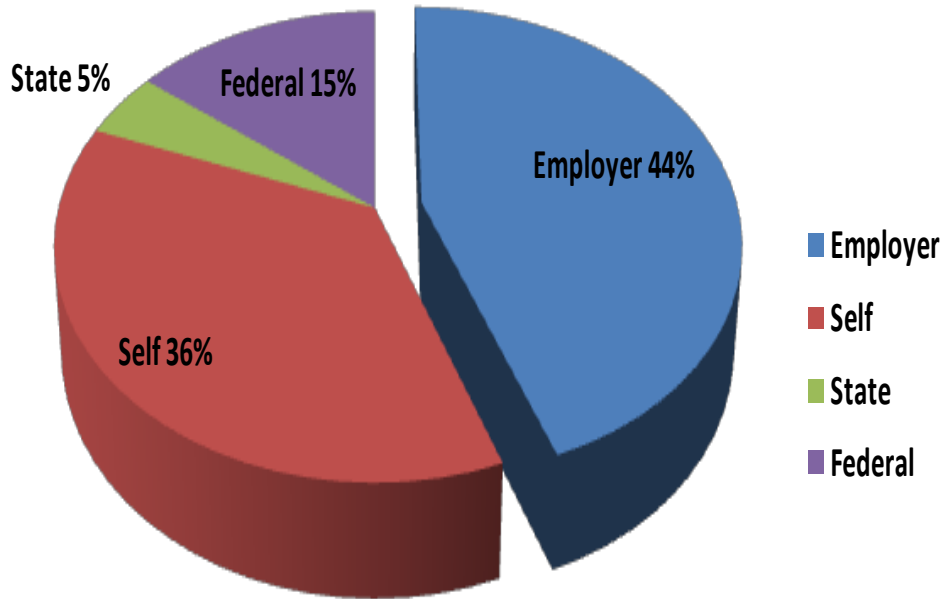
Health Care Expenditures by Payor (Sc2)



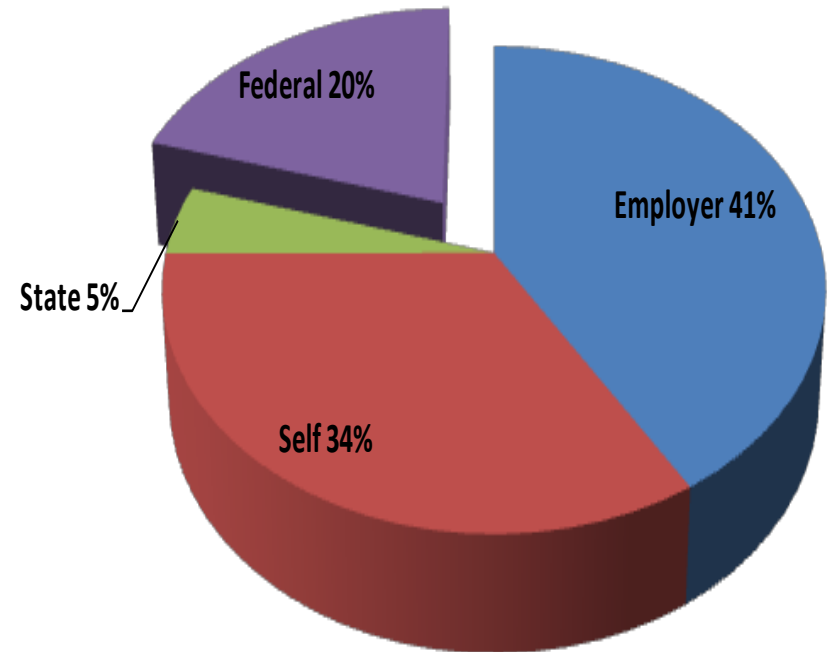
Kansas – Pre-FHCR vs. Post-FHCR

Health Care Expenditures by Payor (Sc2)

Pre-Reform



Post-Reform



Questions