



Projecting Oklahoma's Medicaid Expenditure Growth Under the Patient Protection and Affordable Care Act (PPACA)

Jason Sutton, J.D.

Oklahoma Council of Public Affairs, Inc.



Where We Are: 2010

885,000 Oklahomans on Medicaid

Total Medicaid Spending:

\$4,350,788,295

Total State Medicaid Spending:

\$1,174,302,459

66.56%

66.56 percent of Oklahoma's children under age 5 have been enrolled in SoonerCare at some point during SFY2010.



Approximately **65%** of all Oklahoma births are paid for by Medicaid

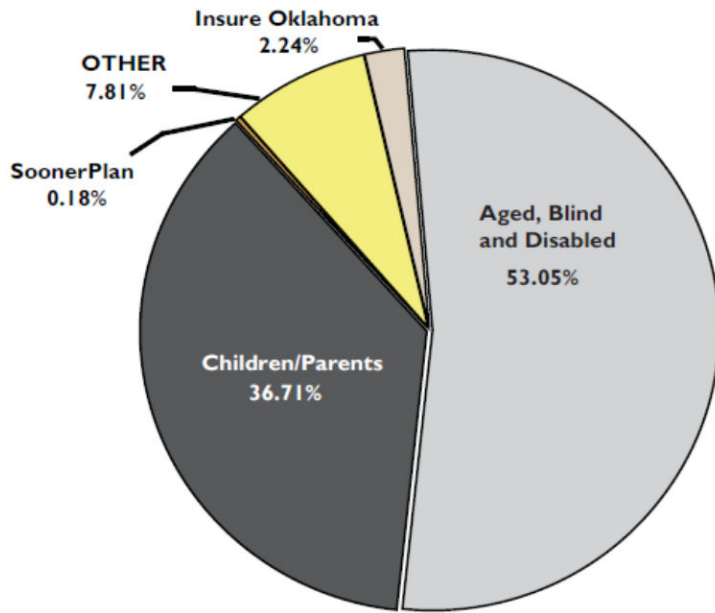
885,000+
or 24%
of Oklahomans
enrolled in
SoonerCare



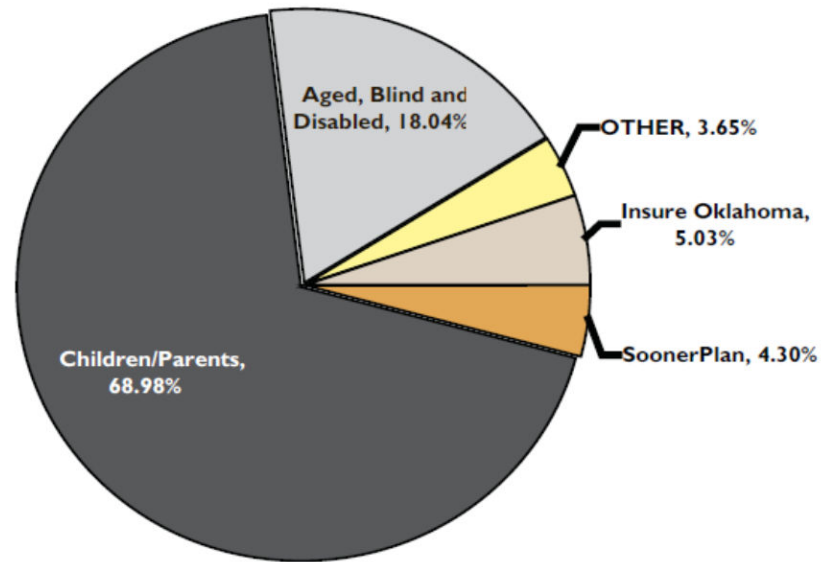
Nearly 1 in 4 Oklahomans Enrolled in SoonerCare

188%

Since the implementation of the SoonerCare qualification expansion programs in 1997, the number of children enrolled in SoonerCare has increased more than 188 percent.



Expenditures



Enrollment

18%

18 percent of enrollees were Aged, Blind and Disabled

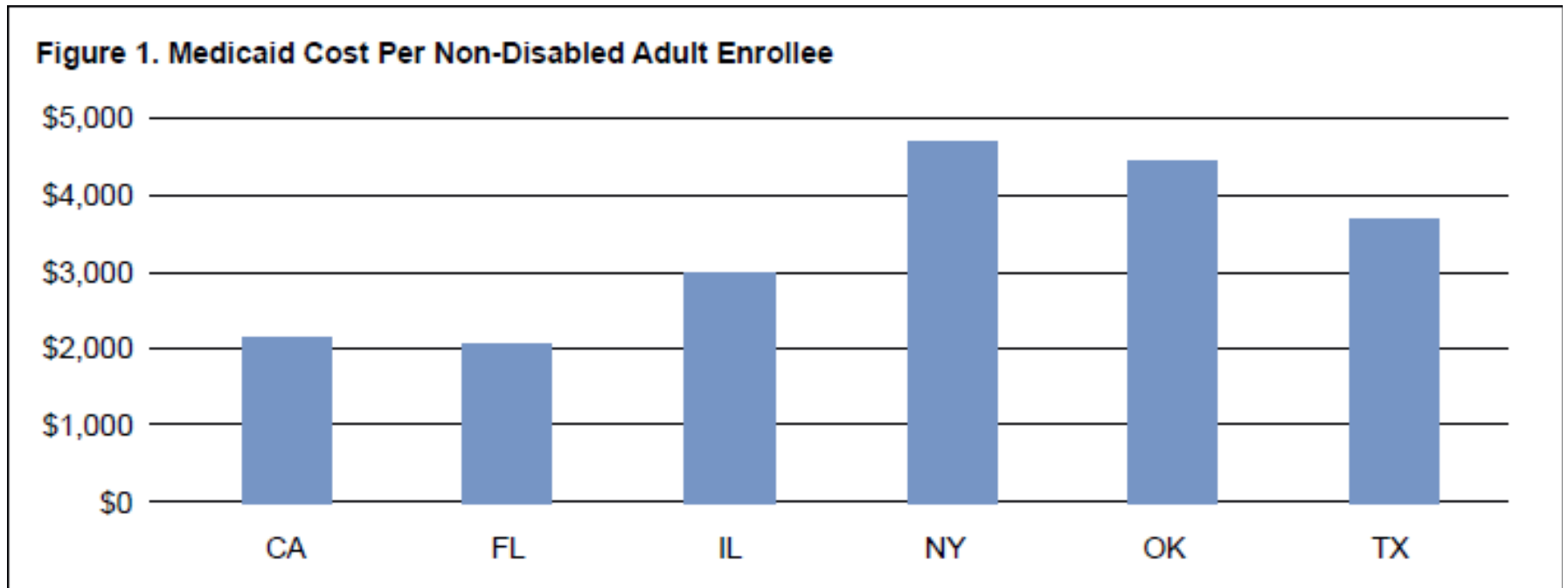


53%

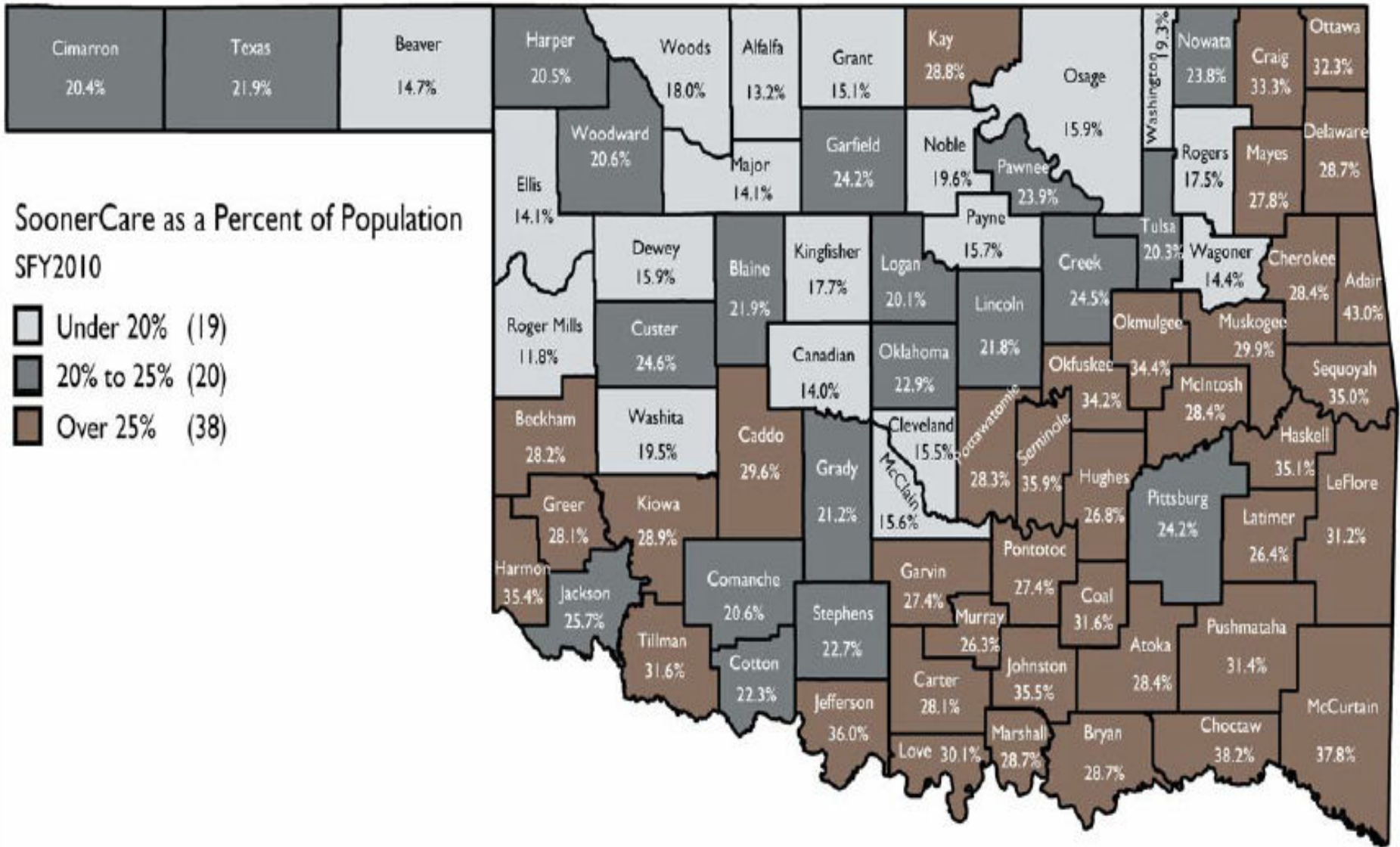
53 percent of expenditures were on behalf of Aged, Blind and Disabled



Oklahoma Medicaid Costs v. Five Most Populous States

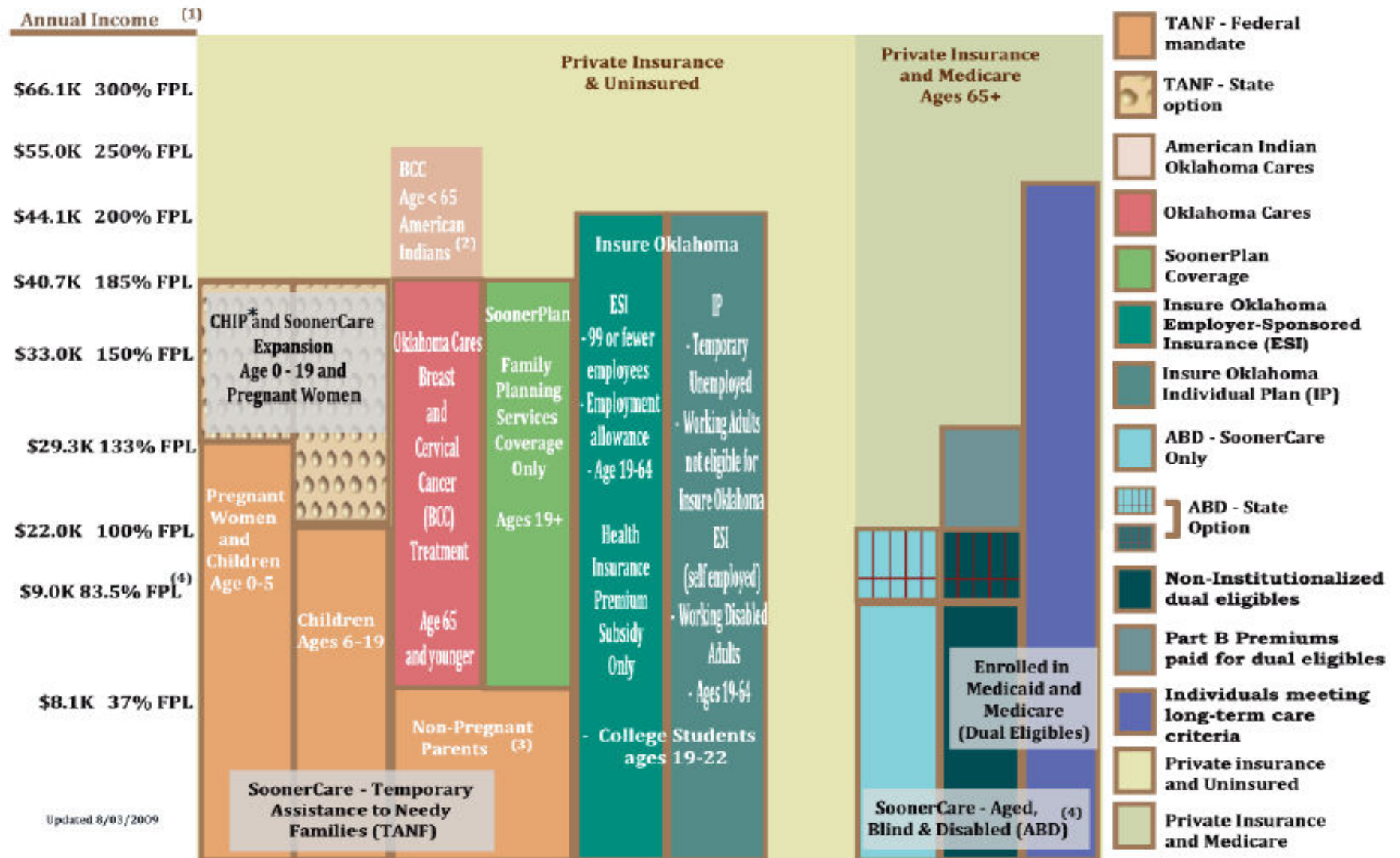


SFY2010 SOONERCARE ENROLLEES AS A PERCENT OF THE TOTAL ESTIMATED 2009 OKLAHOMA POPULATION



Source: Population Division, U.S. Census Bureau. July 2009 population estimates by county. Enrollees are the unduplicated count per last county on record for the entire state fiscal year (July-June).

FIGURE 2 2010 FEDERAL POVERTY GUIDELINES (FPL) AND COVERAGE



(1) Federal Poverty Guidelines. U.S. Department of Health and Human Services. Based on a family of four.

(2) Oklahoma Cares qualifications are up to 250% FPL for American Indians only.

(3) Approximately 37 percent of federal poverty level (FPL) based on single parent family.

(4) Income shown is for single individuals.

* CHIP is the Children's Health Insurance Program.

IMPORTANT - the above information is a very basic overview of the federal poverty level and coverage groups. Each group has varying qualifying criteria. Specific details can be found at www.okhca.org under Individuals.



Where We Have Been: 2000-2010

169% Growth in State Medicaid Expenditures

47% Growth in Medicaid Enrollment



169% Growth 2000 - 2010

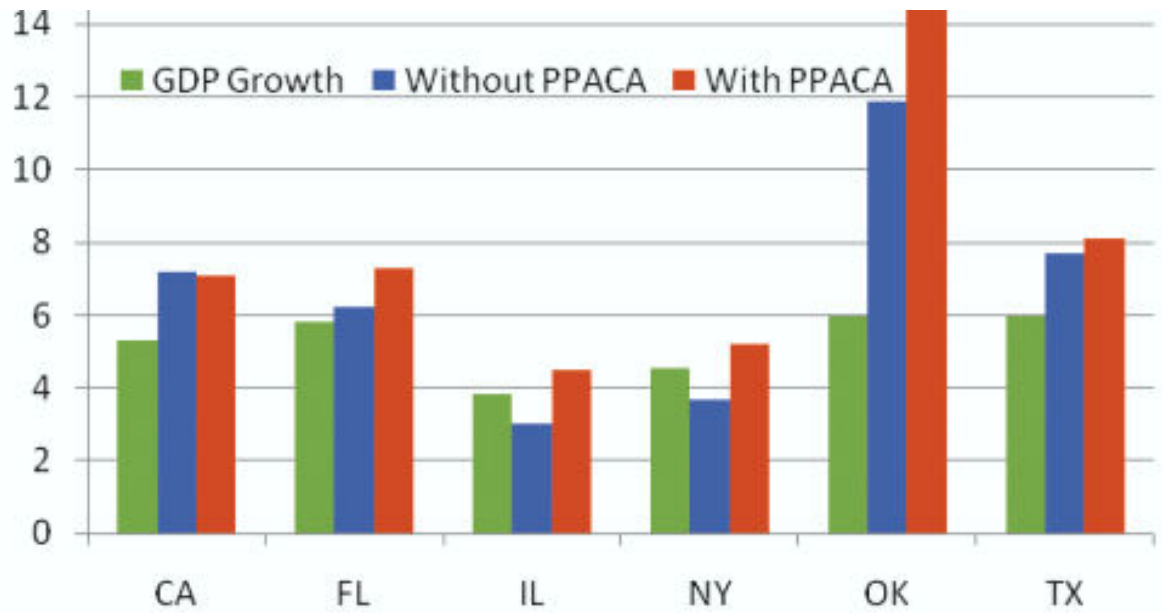
Federal Fiscal Year	Total Expenditures	Federal Share	Other Revenue	State Share — OHCA	State Share — Other Agencies	Total State Medicaid Spending
2000	\$1,639,609,396	\$1,147,484,713	\$56,170,892	\$328,705,610	\$107,248,181	
2001	\$2,002,335,338	\$1,416,570,113	\$90,213,424	\$358,174,870	\$137,376,931	
2002	\$2,372,098,884	\$1,649,376,278	\$119,799,311	\$445,842,697	\$157,080,598	2000:
2003	\$2,384,136,980	\$1,669,197,685	\$136,781,999	\$388,181,072	\$189,976,224	\$435,953,791
2004	\$2,642,481,484	\$1,897,667,825	\$166,596,539	\$408,889,974	\$169,327,146	↓
2005	\$2,805,599,500	\$1,920,731,328	\$183,584,054	\$492,641,139	\$208,642,979	↓
2006	\$3,086,916,991	\$2,029,524,772	\$210,005,646	\$626,418,336	\$220,968,237	↓
2007	\$3,391,417,550	\$2,238,775,881	\$240,533,188	\$671,201,181	\$240,907,299	↓
2008	\$3,719,999,267	\$2,419,909,782	\$290,956,731	\$734,195,329	\$274,937,424	
2009	\$3,967,791,899	\$2,498,199,599	\$463,954,197	\$712,114,305	\$293,523,798	2010:
2010	\$4,350,788,295	\$2,667,539,569	\$508,946,267	\$938,718,686	\$235,583,773	\$1,174,302,459

Source: OHCA Financial Services Division. Federal fiscal years are between October 1 and September 30. Financial statement data represents actual cash expenditures as reported to the Office of State Finance while MMIS data warehouse expenditure data is net of overpayments and adjustments. For revenue details go to page 62 of this report.



Oklahoma's Medicaid Expenditure Growth is Outstripping Almost Every Other State

Medicaid Growth With and Without PPACA and Historical Growth in Gross State Products (%)



Medicaid v. Gross State Product (GSP) 2000-2010

Medicaid: 169% Increase

GSP: 63% Increase



Where We Are Going: 2014 & Beyond

Patient Protection and Affordable Care Act

- Expands coverage to all individuals at or below **138%** of the Federal Poverty Level (FPL)
- 133% + 5%** income disregard
- Estimated to expand Medicaid coverage to more than **20 million** Americans

Only 20 Million?

- Perverse incentives in PPACA will induce employers to drop coverage forcing millions more into either federal health insurance exchanges or Medicaid
- If half of U.S. employers with 50 or more employees dropped coverage, **more than 78 million** Americans would lose employer sponsored insurance
- Studies show most employers WILL drop coverage



Where We Are Going: 2014 & Beyond

OCPA Report

Projecting Oklahoma's Medicaid Expenditure Growth Under the Patient Protection and Affordable Care Act, Gokhale and Sutton, 2011

Methodology

Jagadeesh Gokhale, Ph.D.

- Senior Research Economist, Cato Institute
- Member, Social Security Advisory Board
- Author, *Estimating ObamaCare's Effect on State Medicaid Expenditure Growth: A Study of the Five Most Populous States*, 2010
- Author, *Final Notice: A Medicaid Crisis, A Forecast of Texas' Medicaid Expenditures Growth*, 2010



We considered ALL the relevant factors that contribute to rapidly rising Medicaid costs...

- Demographics
- Population Growth
- Population Health
- Historical Medical Cost Growth
- Historical Enrollment Rate
- Poverty Rates
- Eligibility Guidelines
- Etc.

...and projected those historical growth trends into the future



Medicaid enrollment will surge to 36% of the population by **2023**

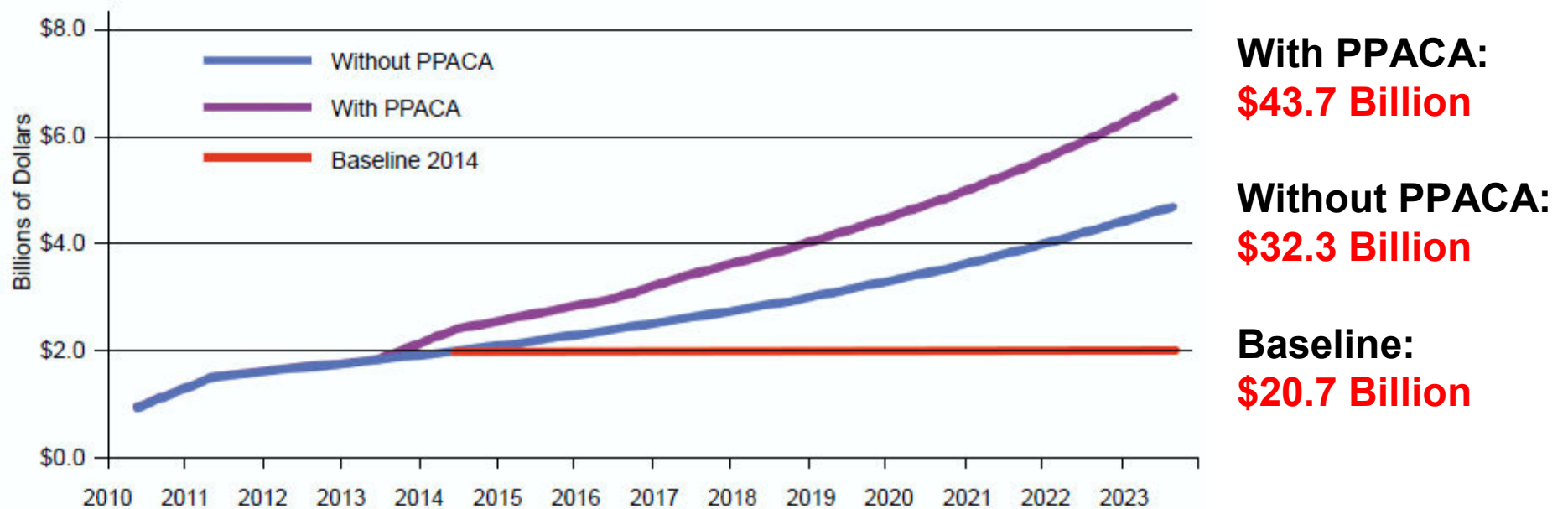
Table 2: Medicaid Enrollments With and Without PPACA by Category (thousands)

	2014		2020		2023	
	Without	With	Without	With	Without	With
Children	476	497	492	521	500	531
Nondisabled Adult	86	362	86	366	88	372
Aged	65	65	82	82	92	92
Disabled/Blind	102	125	109	133	111	135
Other	171	172	215	215	238	239
Total	901	1,222	984	1,317	1,028	1,369
Enrollment Increase	321		333		340	



PPACA will increase State Medicaid expenditures by **\$11.4 Billion** between 2014-2023

Figure 4. Oklahoma's Medicaid Costs





So What Can Be Done?

Unfortunately, Not Much

PPACA “Maintenance of Effort” Clause

- Prohibits states from reducing eligibility from levels in place in March 2010

HHS Guidance

- Cut “optional” benefits
- But NOT “optional” populations

Waivers?

- Arizona

Three Ingredients

For Smarter Medicaid Reform



- **Simplify eligibility** based on one's conditions, and for those who can afford it, reasonable premiums and co-pays.
- **Block grant** Medicaid to gives states flexibility and opportunity to innovate.
- Better leverage marketplace through **premium assistance** to allow Medicaid recipients to have access to the same kind of health coverage as employees of companies and government.
 - Government ***financed*** health care doesn't have to be government ***run***.



Thank You!

Q & A