

## Potential Impacts of Medicaid Expansion on DHW Programs

Here is a summary of the potential impact of Medicaid expansion on the Department of Health and Welfare. A summarized impact on each Division is under each question used in the evaluation process.

**1. *If the State of Idaho elects to expand Medicaid coverage to individuals with an income at or below 138% of the federal poverty level, which services that are paid for with General Funds will become eligible for Medicaid reimbursement? If Medicaid covers these services, what is the estimated General Fund amount that will be freed for other purposes?***

**a. Behavioral Health (Estimate \$11 million in annual General Fund savings):**

- i. The impact on services to children and adolescents will be extremely limited or nonexistent. Therefore, we project no financial impact on General Funds for this population because of Medicaid expansion.
- ii. The majority of adults in the Adult Mental Health (AMH) and Substance Use Disorder (SUD) programs will be a part of the newly eligible population.
  1. Estimate 50% (\$6.8 million) of the current AMH General Fund appropriation (\$13.7 million) could be available for other purposes.
  2. Estimate 100% of the \$2.5 million of the current General Fund appropriation in Substance Abuse Treatment could be made available for other purposes.
  3. Estimate 60% (\$1.7 million) of the \$2.8 million of the current General Fund appropriation in Community Hospitalization could be available for other purposes.
- iii. State Hospital South and State Hospital North:
  1. Medicaid will not pay for any patients in our state hospitals between the ages of 21-65 because of the Institute for Mental Disorder (IMD) Exclusion. As it currently stands, this exclusion continues for the Medicaid expansion population. The vast majority of our State Hospital patients fall in this age group.
  2. If Idaho elects to expand Medicaid it would only impact those patients between the ages of 18-21 who are considered "minor adults." Over the past five years we have averaged one patient per month who fit this category and who did not qualify for Medicaid.
- iv. Additional considerations as we continue to evaluate and test these estimates:

1. Behavioral Health will need to evaluate any changes to make sure it doesn't violate Idaho's current statutory requirements.
  - a. Sec 39-304 – State's substance abuse authority
  - b. Sec 39-3124 – State's Mental Health authority
2. Maintenance of Effort (MOE) requirements: Will federal government modify, waive or leave the current requirements in place?
  - a. Substance Abuse – statewide approx. - \$19 million / IDHW - \$3.2 million.
  - b. Adult Mental Health - \_\_\_\_\_

**b. Family and Community Services (FACS):**

- i. The impact of Medicaid expansion on services provided to children and adolescents will be extremely limited or nonexistent. Therefore, we project no financial impact on General Funds for the Division of Family and Community Services because of Medicaid expansion.

**c. Licensing and Certification:**

- i. No General Funds will be made available from the Licensing and Certification budget if the State of Idaho elects to proceed with Medicaid expansion.

**d. Medicaid:**

- i. No General Funds will be made available from the Medicaid budget if the State of Idaho elects to proceed with Medicaid expansion.

**e. Public Health Services:**

- i. In Public Health, the AIDS Drug Assistance Program (ADAP) is the only service that would be significantly affected by an expansion of Medicaid.

1. It is estimated 75% of the ADAP clients will be eligible for expanded Medicaid services.

- a. However, there is currently a waiting list for the program, so it is assumed that a minimal amount of general funds will be made available for other purposes if Medicaid is expanded.

- i. ADAP currently receives \$800,000 in General Funds.

1. These funds are used as match against a \$1.3 million federal grant.

- f. **Welfare:**
- i. No General Funds will be made available from the Welfare budget if the State of Idaho elects to proceed with Medicaid expansion.
2. ***Are there services that could require additional general funds because of reduced federal funding based on the assumption that expanded Medicaid now pays for that service? For example, Idaho does not expand Medicaid coverage, but the feds assume a state will expand coverage and therefore reduce or eliminate federal funding for a service because they expect that service to be paid for by Medicaid.***
- a. **Behavioral Health:**
    - i. It is anticipated that this scenario will not affect the Behavioral Health Division.
  - b. **Family and Community Services (FACS):**
    - i. It is anticipated that this scenario will not affect the Division of Family and Community Services.
  - c. **Licensing and Certification:**
    - i. It is anticipated that this scenario will not affect the Licensing and Certification Division.
  - d. **Medicaid:**
    - i. The Affordable Care Act (ACA) reduced disproportionate share hospital (DSH) allotments on the assumption that with the expansion of health care coverage, there would be fewer uninsured and less uncompensated care. These DSH reductions will take place even if a state decides not to participate in the ACA Medicaid eligibility expansion. (Source: *Federal Financial Information for States - Issue Brief 12-30, July 27, 2012*)
      - 1. ACA directs the secretary of the Department of Health and Human Services (HHS) to make the reductions using a methodology that focuses on the percentage of uninsured and the amount of uncompensated care provided by hospitals in each state.
        - a. HHS has not yet released a proposed methodology.
      - 2. In SFY 2012, Idaho Hospitals received approximately \$23.4 million in DSH payments.
        - a. Hospitals provided just under \$7 million in matching funds.

e. **Public Health Services:**

- i. The Bureau of Laboratories receives a federal grant of \$85,000 per year to conduct STD chlamydia/gonorrhea testing to support the Infertility Prevention Program (IPP). The grant pays for laboratory testing for people who have an income of less than 250% Federal Poverty Level. It is possible this grant could be reduced or eliminated because of an assumption of Medicaid expansion.
- ii. The Division of Public Health's Refugee Health Screening Program and the Division of Welfare receive Refugee Medical Assistance (RMA) from the Department of Health and Human Services' (HHS) Office of Refugee Resettlement to ensure that the approximately 1,000 refugees per year resettling in Idaho are given a comprehensive health screening and healthcare coverage during their first eight months in country.
  1. Health screenings under the RMA program are estimated at \$216,000 per year.
  2. Direct healthcare services provided to refugees covered under RMA last year is about \$1.5 million.
  3. It is possible these funds could be reduced or eliminated because of an assumption of Medicaid expansion.

f. **Welfare:**

- i. It is anticipated that this scenario will not impact the Welfare Division.

3. ***Other considerations.***

a. **Support Services:**

- i. Will need to review the resources (software and personnel) available in the Department's revenue unit. We may see a significant increase need for billing Medicaid and third party insurers for services provided by the Department.

b. **Welfare:**

- i. The Division will need additional General Funds for Operating and Personnel costs associated with Medicaid Expansion. An estimation of these costs will be developed.