Agenda

- Medicaid in New York
- Federal Proposals to Alter Medicaid Financing
- Impact on New York
- Discussion
Medicaid in New York
New York: Medicaid Enrollment

Medicaid covers nearly **one in three** New Yorkers

**Average Monthly Medicaid Enrollment, SFY 2017**

6,041,939

**Share of New York Medicaid Enrollees in Working Households, 2015**

Nearly Eight in Ten

**Medicaid Enrollment by Eligibility Category, SFY 2017**

- **Children**: 1,983,861 (33%)
  - Includes 2 million individuals categorized as expansion adults
- **Parents**: 1,079,935 (18%)
- **Childless adults**: 1,467,458 (24%)
- **Seniors**: 686,011 (11%)
- **People with disabilities**: 629,945 (11%)
- **Pregnant women**: 108,578 (2%)
- **All other**: 86,150 (1%)

Total Medicaid: 6,041,939

**Note:** Medicaid child group includes CHIP-funded children.

**Sources:**
- New York State Department of Health: https://health.data.ny.gov/Health/Child-Health-Plus-Program-Enrollment-by-Month-and-/cucz-jjkg
- http://kff.org/medicaid/state-indicator/distribution-by-employment-status-4/?currentTimeframe=0&sortModel=%7B%22colId%22:%22Location%22,%22sort%22:%22asc%22%7D
Medicaid is Major State Budget Item and Largest Source of Federal Revenue for New York

Expenditures by Eligibility Group

Most of New York’s enrollees are children and non-disabled adults, but most program spending is on seniors and people with disabilities

New York Medicaid Enrollment and Spending by Eligibility Group, SFY 2017

- **Enrollment (thousands)**: Total = 6,042
  - Children: 630
  - Adults: 2,742
  - Disabled: 1,984
  - Aged: 686

- **Spending (billions)**: Total = $57.427
  - Children: $16.180
  - Adults: $17.785
  - Disabled: $17.361
  - Aged: $6.100

Note: Includes CHIP-funded Medicaid children. Excludes supplemental payments. Sources: New York State Department of Health
Impact of Medicaid Expansion in New York

In FY 2015, New York received $7.72 billion in federal funding for the Medicaid expansion population

- The State receives enhanced federal funding for low-income adults who were:
  - “Newly eligible” under the Affordable Care Act (ACA) expansion
  - Eligible under pre-ACA rules because New York was a “leader state” that expanded coverage

- More than 2 million New Yorkers were covered under Medicaid expansion in FY 2016, representing 43% of the New York’s total Medicaid population

- The State’s adult uninsured rate dropped by nearly 35% between 2013 and 2015, from 10.8% to 7%, partially as a result of the Medicaid expansion

NY is Shifting People & Costs into Medicaid Managed Care

Change in Medicaid FFS and Managed Care Spending

Distribution of New York State Medicaid Spending

Transition of Behavioral Health Services to Managed Care

- New York submitted a Section 1115 waiver amendment in 2013 to enable Medicaid Managed Care (MMC) plans to provide behavioral health services
  - Behavioral health services for adults transitioned from FFS to MMC on October 1, 2015 in NYC and July 1, 2016 for the rest of the state
  - Children’s behavioral health services will be transitioned to MMC plans by July 1, 2018
- In 2015, New York State introduced Health and Recovery Plans (HARP) as specialty plans for adults age 21 years or older with SMI or SUD diagnoses
  - 97,747 adults were enrolled in HARPs as of September 2017

NY HARP Enrollment Working Group Meeting
Federal Proposals to Alter Medicaid Financing
Tracking Repeal and Replace Proposals

- **Graham-Cassidy**
  - September 2017
  - Failed in the Senate

- **Better Care Reconciliation Act (BCRA)**
  - July 2017
  - Failed in the Senate

- **American Health Care Act (AHCA)**
  - May 2017
  - Passed in the House of Representatives

- **2011-2016**
  - 70+ votes in Congress to repeal the ACA

2018?
- Medicaid remains at risk

Proposed Senate budget resolution seeks to reduce federal Medicaid spending by over $1 trillion over the next decade

Sources:
- https://www.washingtonpost.com/news/the-fix/wp/2014/03/21/the-house-has-voted-54-times-in-four-years-on-obamacare-heres-the-full-list/?utm_term=.07a777dd6e70
Key Features of Repeal and Replace Proposals

- Eliminates enhanced federal funding for the Medicaid expansion
- Caps federal Medicaid funding
- Block grants of Medicaid expansion funding and Marketplace subsidies (Graham-Cassidy)

If not enacted through repeal and replace legislation, proposals impacting federal Medicaid funding to states are likely to re-emerge in other legislative vehicles.
### Overview of Medicaid Federal Funding Models

<table>
<thead>
<tr>
<th></th>
<th>Current</th>
<th>Block Grants</th>
<th>Per Capita Cap</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Federal Funding</strong></td>
<td>Open ended</td>
<td>Aggregate cap</td>
<td>Per enrollee cap (by eligibility group)</td>
</tr>
<tr>
<td><strong>Risk</strong></td>
<td>Federal government and state share enrollment and spending risk</td>
<td>States bear risk of both enrollment and spending risk</td>
<td>States bear spending risk</td>
</tr>
<tr>
<td><strong>Annual Trend</strong></td>
<td>Determined by health care costs in the state and individual state spending decisions</td>
<td>National trend rate</td>
<td>National trend rate</td>
</tr>
<tr>
<td><strong>Ability to Accommodate Medical Advances or Public Health Crises</strong></td>
<td>Federal payments automatically responsive</td>
<td>Federal payments not responsive</td>
<td>Federal payments not responsive</td>
</tr>
<tr>
<td><strong>Spending Outside of Cap</strong></td>
<td>N/A</td>
<td>Under BCRA, state option to block grant adults; limited exclusions</td>
<td>Under BCRA, limited exclusions for certain enrollees, including children with disabilities, as well as certain payment types</td>
</tr>
<tr>
<td><strong>State Flexibility</strong></td>
<td>State flexibility subject to federal minimum standards; Section 1115 waivers provide additional flexibility</td>
<td>Limited additional flexibility</td>
<td>Tracks current law, but limits federal funding</td>
</tr>
<tr>
<td><strong>State Spending Requirements</strong></td>
<td>State spending required; match rates vary by population, services</td>
<td>Reduces state match requirement</td>
<td>Maintains state match requirement</td>
</tr>
</tbody>
</table>
Medicaid Per Capita Cap Under BCRA

**Aggregate cap** on Medicaid funding is built up from *per capita caps* for five different eligibility groups.

- **Aged**: M-CPI + 1 / CPI
- **Blind & Disabled**: M-CPI + 1 / CPI
- **Children**: M-CPI / CPI
- **Expansion Adults**: M-CPI / CPI
- **Other Adults**: M-CPI / CPI

If a state spends above its aggregate cap, the excess federal dollars are deducted from the state’s federal Medicaid payment the following year (“claw back”).

Cap calculation excludes certain enrollees (i.e., those receiving any Medicaid-funded services through an Indian Health Service or Tribal facility, children enrolled based on disability, CHIP-financed children, and partial benefit enrollees). Cap also excludes certain types of payments, including administrative funds and disproportionate share hospital (DSH) payments.

*To calculate states’ starting caps in FY 2020, base year spending is trended forward by M-CPI; starting in 2020, M-CPI+1 is used to trend and calculate the aged and disabled spending caps, while M-CPI continues to apply to children, expansion adults, and other adults; beginning in FY 2025, CPI is used for all eligibility groups.*
Even if New York’s global cap keeps growth at or below medical CPI, the state is likely to face a significant federal cut in FY 2025 and beyond when the trend moves to CPI.

**BCRA Trend Rates**

- **FY 2020-2024**
  - Children and adults: medical CPI
  - Aged and disabled: medical CPI + 1 percentage point
- **FY 2025+**
  - All groups: CPI
Range of Per Enrollee Spending Subject to “High/Low” Redistribution Provision Under BCRA

Projected Medicaid Spending Per Enrollee, FY 2019

Note: Reflects full-benefit enrollees.
Source: Manatt Medicaid Financing Model.
States Gaining or Losing Federal Funding Under Graham-Cassidy’s Block Grant

In 2026, national funding for the block grant of Medicaid expansion funding and marketplace subsidies is 8.9 percent below current law spending projections.

Change in Federal Funding Under September 13 Version of Graham-Cassidy
Unadjusted Block Grant, 2026

- States that lose >50% of federal funding (6)
- States (and DC) that lose 25-49.9% of federal funding (13)
- States that lose 0.1-24.9% of federal funding (8)
- States that gain 0.1-24.9% of federal funding (8)
- States that gain 25-49.9% of federal funding (3)
- States that gain >50% of federal funding (13)


States that expanded Medicaid and/or spend more on coverage for low-income individuals tend to lose more.

While 22 states would receive more federal funding under their unadjusted block grant amount than under current law, they would still face cuts as a result of the Medicaid per capita cap.
New York Projected to Lose 54% of Federal Funding Under Graham-Cassidy

In 2020, 32 states would receive less federal funding under the unadjusted amount of the block grant. By 2026, some states fare better, but the majority (27 states) continue to face a loss – including 17 states with a loss greater than 25%.

New York has leveraged the Basic Health Program to provide affordable coverage with significant State savings

- New York is one of two states utilizing the ACA Basic Health Program option, creating the “Essential Plan”

- The Essential Plan covers over 665,000 New Yorkers (as of January 2017) who are:
  - Individuals with incomes between 138% and 200% FPL who are ineligible for Medicaid/CHIP and do not have access to affordable employer-sponsored coverage
  - Legal immigrants with incomes below 138% FPL who are eligible for Medicaid but for their immigration status*

- Federal government provides the State with 95% of the premium tax credits and cost-sharing reductions that would have been available for coverage through the New York State of Health

- Implementing the Basic Health Program has resulted in significant State savings due to decreases in State-only Medicaid expenditures for the Aliessa population.
  - State saved $1 billion in its first year alone, and projects savings of $635 million in SFY 2017

*The New York State Court of Appeals decision in Aliessa v. Novello requires the State to provide Medicaid coverage for this population; New York funded this coverage using State-only dollars until 2016 when it transitioned this population, known as the “Aliessa population,” to the Essential Plan, and began funding their coverage through a combination of ACA federal tax subsidy funding and State dollars.

New York Faces Major Federal DSH Reductions

<table>
<thead>
<tr>
<th>Federal Fiscal Year (FFY)</th>
<th>Current Law Federal DSH Reductions</th>
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<tbody>
<tr>
<td>2018</td>
<td>$2.0 billion</td>
</tr>
<tr>
<td>2019</td>
<td>$3.0 billion</td>
</tr>
<tr>
<td>2020</td>
<td>$4.0 billion</td>
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<tr>
<td>2021</td>
<td>$5.0 billion</td>
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<tr>
<td>2022</td>
<td>$6.0 billion</td>
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<tr>
<td>2023</td>
<td>$7.0 billion</td>
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<tr>
<td>2024</td>
<td>$8.0 billion</td>
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<td>2025</td>
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- New York receives $1.7 billion annually in federal Medicaid DSH payments
- 17% of New York’s Medicaid DSH is distributed to Office of Mental Health (OMH) facilities
- The July 2017 proposed rule on DSH allotment reductions estimated the federal Medicaid DSH funding cut for New York would be $329 million for FFY 2018, an 18.7% reduction in federal Medicaid DSH funding to the State

DSH cuts went into effect on October 1, 2017; DSH reductions have been delayed multiple times in the past, at least once retroactively.

Source: Based on the proposed rule published by the Centers for Medicare & Medicaid Services on July 28, 2017, at https://www.federalregister.gov/documents/2017/07/28/2017-15962/medicaid-program-state-disproportionate-share-hospital-allotment-reductions. The actual cut for New York State will be determined by the data and methods used when the rule is finalized.
The Stakes for New York: Recap

Medicaid covers nearly one in three people in New York—more than 6 million individuals.

Under every repeal and replace proposal, New York would have lost federal funds for:

- The Medicaid expansion
- The traditional Medicaid program as a result of a per capita cap
- Marketplace subsidies
- DSH payments
- Essential Plan
- County contributions under Collins-Faso constraints

Under BCRA, cuts to federal funding due to phase out of Medicaid expansion and per capita caps, would have required New York to increase its own Medicaid spending by $40 billion through FY 2026 to maintain its current program.

In order to accommodate Medicaid funding reductions of the magnitude proposed by all repeal and replace bills, New York State would have no choice but to cut eligibility, benefits or provider/plan rates to the detriment of all Medicaid providers and beneficiaries.
Thank You!

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