## News from the Wyoming Department of Health

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## **Report Describes Potential Medicaid Expansion Impacts**

Expanding Wyoming Medicaid as encouraged by the federal Affordable Care Act (ACA) could reduce the number of uninsured residents and save more than \$47 million in state budget funds over six years, according to a new Wyoming Department of Health (WDH) report.

Tom Forslund, WDH director, said his department analyzed ACA costs, benefits and Medicaid impacts. "Based on the information we have so far about the federal healthcare law and how it will work, we determined the full Medicaid expansion made optional by the Supreme Court decision earlier this year could increase the number of insured Wyoming residents and result in state general fund savings."

The WDH report described both positive and negative impacts of expanding Medicaid in Wyoming. On the positive side, reducing the uninsured rate could help more Wyoming residents gain healthcare services and could also support the state's healthcare providers by reducing the amount of uncompensated care they now must cover. The expected increase in federal dollars flowing into the system could help create higher demand for healthcare jobs. Potential negative impacts of expansion included potential healthcare provider shortages and uncertainty about the federal deficit's effect on future federal funding.

As the ACA goes into effect, Wyoming will receive a 50-50 federal cost match to cover newly eligible children and "woodwork" enrollees. Expanded coverage for these groups is not optional. "Woodwork" enrollees are likely already eligible for Medicaid and may be prompted by the ACA to enroll.

The net cost to the state of covering the mandatory groups is estimated by consulting group Milliman to be \$79.4 million for state fiscal years 2014-20 with an additional 10,600 Wyoming individuals expected to enroll in Medicaid by 2016. "We must expect to pay Wyoming's share for these groups regardless of whether decision makers choose to further expand our Medicaid program," Forslund said.

If Wyoming's policymakers decide to further expand Medicaid to cover everyone under age 65 with incomes up to 133 percent of the federal poverty level (FPL), the federal government will cover 100 percent of costs for newly eligible adult enrollees for the first three years beginning in 2014. The federal share would decline to 90 percent by 2020. Milliman's best estimate is for 17,600 new "optional" enrollees if Wyoming fully expands Medicaid.

## According to WDH projections:

- The combined costs of expanding Medicaid to cover both the mandatory and optional groups for state fiscal years 2014-20 would be \$151.1 million.
- The combined budget offsets for the same period would be \$198.5 million.

• The net state general fund impact for the same period if Medicaid is full expanded is \$47.4 million in savings.

"While most of the state's expected ACA-related costs are caused by coverage of mandatory groups due to their lower federal match, the potential savings we found are mostly linked to the optional expansion for adults," Forslund said.

WDH has several state-funded programs that provide certain healthcare services to vulnerable populations. "We may be able to maximize federal financing by shifting funding from programs that are currently paid for with state funds to Medicaid, which will be funded with mostly federal funds for the optional expansion group of adults," Forslund said.

In addition, some services now offered by WDH programs will be available for clients through Medicaid's healthcare coverage or private insurance.

Programs with possible opportunities for cost offsets include mental health and substance abuse outpatient services, Prescription Drug Assistance Program, breast and cervical cancer coverage, Pregnant by Choice waiver, Employed Individuals with Disabilities Program, the Wyoming State Hospital, renal dialysis, colorectal cancer screening, HIV/AIDS medications and tobacco cessation medication/counseling.

Medicaid is a joint federal and state government program that pays for medical care for some low-income and medically needy individuals and families. There are currently four primary categories of Medicaid eligibility in Wyoming: Children; Pregnant Women; Family Care Adults; and individuals who are Aged, Blind or Disabled.

Figures contained in the new report, as well as those in other ACA-related reports, are estimated and based on the best-available data and analysis. The report is available online at www.health.wyo.gov.

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