

South Carolina Hospital Association

hfma:sc chapter

to me or not to me: politics of expansion



the new coverage gap

- Families of four making as much as \$97,000 a year receive subsidies to help buy health insurance
- **123,000** working poor South Carolinians receive no coverage assistance through ACA
 - 18,000 uninsured veterans and their spouses
 - 51,500 uninsured citizens age 50-64
 - Parents in low income families of three making between \$12,500 and \$20,090 a year
 - Childless adults making under \$11,770 a year

the new coverage gap

I'm a single 25 year-old non-smoking convenience store worker making \$11,000 a year.



ESTIMATED FINANCIAL HELP

\$0 per month (\$0 per year) as a premium tax credit.
This covers 0% of the monthly costs.

COST FOR A SILVER PLAN

\$217 per month (\$2,600 per year) in premiums
(which equals 23.64% of my household income).

I'm a single 25 year-old non-smoking convenience store worker making \$12,000 a year.



ESTIMATED FINANCIAL HELP

\$197 per month (\$2,359 per year) as a premium tax credit.
This covers 91% of the monthly costs.

COST FOR A SILVER PLAN

\$20 per month (\$241 per year) in premiums
(which equals 2.01% of my household income).

how much will it cost sc? (in millions)

Year	State	Federal
2016	\$16	\$1,445
2017	\$104	\$1,744
2018	\$132	\$1,870
2019	\$156	\$1,908
2020	\$223	\$1,905
2021	\$230	\$1,964
Totals	\$862	\$10,835

the economics of alternatives: impact on state budgets

- **Costs**

- Increased administration
- Costs related to coverage for newly eligible adults starting in 2017 at a 5% State matching rate and leveling off to 10% by 2020

- **State Savings**

- Accessing enhanced federal matching funds for previously eligible beneficiaries now eligible for the new coverage group
- Replacing State General Funds that have supported programs and services for the uninsured with Medicaid funds

- **Revenue Gains** – Provider and Health Plan Revenue Increases, thereby Increasing the Revenue Generated by Provider and Health Plan Taxes

savings from accessing enhanced federal matching funds

- Individuals previously eligible under certain of the pre-ACA eligibility categories are now eligible in new coverage group
- States receive enhanced federal funding to provide coverage to these populations

Savings May be Generated from Accessing Enhanced FMAP for Some or All of the Following Populations:



Pregnant Women	
Washington	Arkansas
SFY 2014: \$6.7M	SFY 2014: \$4.9M
SFY 2015: \$31.5M	SFY 2015: \$19.6M



Disabled
Kentucky
SFY 2014: \$1.7M
SFY 2015: \$7.9M

savings from replacing general funds with new federal funds

Many uninsured state program beneficiaries are eligible for coverage through the new group; these services can now be financed with federal Medicaid funds rather than state general funds.

Categories May Include



Mental/Behavioral Health
\$6.6 million



State Programs Targeted
to the Uninsured (HOP)
\$34.9 million



Inmates
\$13.7 million

existing south carolina taxes

- **Hospital Provider Tax:** Calculated to Raise \$264 Million
 - \$132 million supports the state share of Disproportionate Share Hospital (DSH) payments
 - \$132 million supports the state share of general Medicaid spending
- As federal funding for DSH decreases starting in 2018, the state share can be shifted to fund the non-federal share of an alternative at a higher match rate.
- \$52.3 million in state funding will be available in 2018

offsetting the estimated cost of an alternative

- **Increased coverage for approximately 350,000 uninsured South Carolinians**
 - Improved health status
- **State savings from accessing enhanced federal match for currently eligible populations, including:**
 - Pregnant women
 - Disabled
- **State savings from replacing State General Funds with new federal dollars for:**
 - Mental health and substance abuse services
 - Inpatient services for prisoners
 - Healthy Outcomes Plan

offsetting the estimated cost of an alternative

- **State Revenue from Existing Hospital Provider Taxes:**
 - Shifting funds from supporting DSH to Medicaid as federal DSH dollars decrease
- **Increase in federal funding of \$1.5 billion in 2016 alone**
- **Broad economic and employment consequences resulting from the “multiplier effect” and trickle down of funds into the state economy**
 - Payments for goods and services
 - New jobs

thirty states reporting general fund savings

- *Arkansas: \$637 million net positive impact on the state budget over the next five years*
- *Kentucky: \$820 million, net of costs, savings between 2014 and 2021*
- *New Jersey: \$75 million decrease in state funding for charity care in 2017*
- *New Mexico: \$300 million surplus in state budget, 2014-2021*

defeated amendment to the state budget

- *(LEG: Healthcare Funding for the Uninsured) From the funds appropriated to the House of Representatives and the Senate, there is created an ad hoc study committee to address the issue of determining the amount of state revenue that is being utilized to provide healthcare to the uninsured. The committee shall be comprised of nine members appointed as follows: one member appointed by the Speaker of the House, one member appointed by the Chairman of the House Ways and Means Committee, one member appointed by the House Majority Leader, one member appointed by the House Minority Leader, one member appointed by the President Pro Tempore of the Senate, one member appointed by the Chairman of the Senate Finance Committee, one member appointed by the Senate Majority Leader, one member appointed by the Senate Minority Leader and one member appointed by the Director of the Department of Health and Human Services. Appointees should have knowledge and/or experience in the areas of healthcare and/or health insurance. Staff for the ad hoc study committee shall be provided by the Senate Finance Committee and the House Ways and Means Committee.*
- *The committee shall make recommendations on how the state could leverage federal funds, private grants, provider fees, and existing programs such as the Healthy Outcomes Initiative and the federal Hospital Disproportionate Share program to reduce the demand for state revenue and provide greater stability to all current state funded healthcare. A report on the committee's findings and recommendations shall be submitted to the members of the General Assembly by February 1, 2017./*

what is the political environment?

- *federal budget cannot sustain these programs*
 - all states are responsible for this, so why does SC feel the need to sacrifice coverage and federal dollars
 - why is this argument not used against disaster relief and highway funding?
- *sc cannot afford the 10% match in future years*
 - but we can afford to take \$400 million out of the general fund for roads instead of passing the first gas tax increase in almost 30 years
 - we prefer to pay 100% of the costs of the uninsured instead of letting the other 49 states pick up 90%
- *obamacare will be repealed*
 - do we think that congress is going to:
 - take young adults off of their parents' policies?
 - take coverage away from over 20 million citizens?