

# The Hilltop Institute



*analysis to advance the health of vulnerable populations*

## Maryland Health Care Reform Simulation Model: Projections

Version 2.1

February 24, 2014

## Version History

### Version 2.0

Version 2.0 was published July 13, 2012.

### Version 2.1

Version 2.1, published February 24, 2014, corrects two incorrectly labeled tables and an erroneous footnote.

- The heading for “Number and Percent Population Uninsured, Number of New Jobs, and Unemployment Rate” on page 1 and “Table VII. Enrollment Projections” on pages 5-6 has been corrected to read “Calendar Years” instead of “Fiscal Years.”
- Note 1 that appeared on page 6 has been deleted because it was incorrect. Note 1 stated, “Health Care Reform programs start on January 2014. Medicaid enrollment data for FY 2014 correspond to 6 months of enrollments. However, Exchange enrollment reflect ‘Open Enrollment’ period, which is from October 2013 through March 2014.”



## Maryland Health Care Reform Simulation Model: Projections

### The Economic Impact of the ACA

#### Additional Economic Activity Generated from Implementing the ACA (in million \$)

	FY 14	FY 15	FY 16	FY 17	FY 18	FY 19	FY 20
Federal Subsidies to Individuals (Tax Credits)	\$224	\$535	\$607	\$716	\$849	\$987	\$1,153
Federal Cost-Sharing Payments to Individuals	\$30	\$72	\$80	\$92	\$108	\$124	\$142
Total Federal Payments for Cost Sharing and Subsidies (Tax Credits)	\$254	\$607	\$687	\$808	\$957	\$1,111	\$1,295
Increase in Total Health Care Expenditures	\$1,057	\$2,085	\$2,321	\$2,719	\$3,111	\$3,497	\$3,930
<b>Additional Output Generated</b>	<b>\$1,174</b>	<b>\$2,020</b>	<b>\$2,123</b>	<b>\$2,421</b>	<b>\$2,693</b>	<b>\$2,965</b>	<b>\$3,283</b>
Total Additional State and Local Taxes Generated (Including Premium Assessments)	\$61	\$140	\$147	\$169	\$191	\$212	\$237

#### Number and Percent Population Uninsured, Number of New Jobs, and Unemployment Rate

	CY 14	CY 15	CY 16	CY 17	CY 18	CY 19	CY 20
Total Uninsured without ACA	746,337	735,620	727,950	719,148	718,664	722,369	723,957
Total Uninsured with ACA	599,003	514,388	488,539	472,749	439,614	415,441	390,352
<b>Decrease in Number of Uninsured with ACA</b>	<b>147,334</b>	<b>221,232</b>	<b>239,411</b>	<b>246,399</b>	<b>279,050</b>	<b>306,928</b>	<b>333,605</b>
Uninsured as % of Total Population (without ACA)	12.6%	12.3%	12.1%	11.9%	11.8%	11.7%	11.6%
Uninsured as % of Total Population (with ACA)	10.1%	8.6%	8.1%	7.8%	7.2%	6.7%	6.3%
<b>New Employment Due to ACA</b>	<b>9,122</b>	<b>16,117</b>	<b>17,065</b>	<b>19,582</b>	<b>21,895</b>	<b>24,238</b>	<b>26,970</b>
Unemployment Rate without ACA	6.9%	5.8%	5.0%	4.5%	4.3%	4.3%	4.3%
Unemployment Rate with ACA	6.7%	5.5%	4.6%	4.1%	3.9%	3.8%	3.7%
<b>Change in Unemployment Rate</b>	<b>-0.2%</b>	<b>-0.4%</b>	<b>-0.4%</b>	<b>-0.4%</b>	<b>-0.5%</b>	<b>-0.5%</b>	<b>-0.6%</b>



## Maryland New Health Care Expenditures

*Analysis excludes baseline programs that predated federal health care reform and were not altered by the Affordable Care Act*

(Total funds, midpoint of range, in million \$)

**RANGE**  
(plus/minus 25%)

	FY 12	FY 13	FY 14	FY 15	FY 16	FY 17	FY 18	FY 19	FY 20	TOTAL	LOW	HIGH
<b>I. Total New Health Care Expenditures</b>												
1. Medicaid Coverage Expansion	\$0	\$0	\$144	\$292	\$345	\$404	\$448	\$491	\$524	\$2,649	\$1,987	\$3,311
2. Transfer of PAC Enrollees to MA Expansion	\$0	\$0	\$126	\$272	\$296	\$318	\$348	\$383	\$422	\$2,165	\$1,624	\$2,706
3. Medicaid "Woodwork" Effect	\$0	\$0	\$40	\$182	\$267	\$340	\$373	\$401	\$431	\$2,033	\$1,525	\$2,541
4. Medicaid and CHIP Administration	\$20	\$40	\$55	\$37	\$45	\$53	\$58	\$64	\$69	\$442	\$332	\$553
5. Total Expenditures through the Exchange	\$0	\$0	\$481	\$1,156	\$1,312	\$1,545	\$1,820	\$2,092	\$2,414	\$10,819	\$8,115	\$13,524
6. Insurance Exchange Administration	\$0	\$15	\$30	\$31	\$31	\$32	\$32	\$33	\$34	\$238	\$179	\$298
7. Increase in PCPs Payments to 100% of Medicare Fees	\$0	\$75	\$166	\$91	\$0	\$0	\$0	\$0	\$0	\$332	\$249	\$415
8. State Employees/Retirees Health Insurance	\$0	\$9	\$11	\$20	\$21	\$22	\$27	\$30	\$33	\$173	\$130	\$216
9. Admin costs (non-DHMH agencies, outreach, etc.)	\$2	\$2	\$4	\$4	\$4	\$4	\$4	\$4	\$4	\$32	\$24	\$40
<b>Increase in Total Health Care Expenditures</b>	<b>\$22</b>	<b>\$141</b>	<b>\$1,057</b>	<b>\$2,085</b>	<b>\$2,321</b>	<b>\$2,719</b>	<b>\$3,111</b>	<b>\$3,497</b>	<b>\$3,930</b>	<b>\$18,883</b>	<b>\$14,163</b>	<b>\$23,604</b>

Note: Increase in Total Health Care Expenditures includes out-of pocket expenditures of individuals with new health care coverage

<b>II. Federal Assessments, Subsidies, and Cost Sharing</b>												
1. Federal Assessment of Employers	\$0	\$0	\$148	\$316	\$340	\$364	\$389	\$419	\$454	\$2,429	\$1,822	\$3,036
2. Federal Subsidies (Tax Credits) (Million \$)	\$0	\$0	\$224	\$535	\$607	\$716	\$849	\$987	\$1,153	\$5,071	\$3,803	\$6,339
3. Federal Cost Share Payments (Million \$)	\$0	\$0	\$30	\$72	\$80	\$92	\$108	\$124	\$142	\$648	\$486	\$810
<b>Net New Federal Funds for Insurance Coverage through the Exchange (Million \$) (row 2 + row 3 - row 1)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$107</b>	<b>\$291</b>	<b>\$347</b>	<b>\$444</b>	<b>\$567</b>	<b>\$692</b>	<b>\$842</b>	<b>\$3,290</b>	<b>\$2,468</b>	<b>\$4,113</b>

## Maryland New Health Care Expenditures continued

*Analysis excludes baseline programs that predated federal health care reform and were not altered by the Affordable Care Act*

**RANGE**  
(plus/minus 25%)

(Total funds, midpoint of range, in million \$)

	FY 12	FY 13	FY 14	FY 15	FY 16	FY 17	FY 18	FY 19	FY 20	TOTAL	LOW	HIGH
<b>III. Flow of New Funds through the State Economy ( in millions, used for economic impact analysis)</b>												
<i>Includes physician expenditures and expenditures for insurance coverage through Exchange</i>												
1. Total Professional Services + PCP to 100% Mc Fees	\$0	\$75	\$293	\$397	\$360	\$423	\$480	\$539	\$604	\$3,172	\$2,379	\$3,965
2. Total Additional Hospital Services	\$0	\$0	\$239	\$541	\$628	\$733	\$839	\$929	\$1,040	\$4,949	\$3,712	\$6,186
3. Total Pharmacy	\$0	\$0	\$42	\$104	\$124	\$149	\$172	\$197	\$224	\$1,012	\$759	\$1,265
4. Other Health Services	\$0	\$0	\$47	\$123	\$158	\$200	\$244	\$293	\$350	\$1,416	\$1,062	\$1,770
5. Administrative Costs	\$0	\$15	\$61	\$68	\$77	\$85	\$91	\$97	\$103	\$596	\$447	\$745
<b>Total</b>	<b>\$0</b>	<b>\$90</b>	<b>\$682</b>	<b>\$1,233</b>	<b>\$1,347</b>	<b>\$1,589</b>	<b>\$1,827</b>	<b>\$2,055</b>	<b>\$2,321</b>	<b>\$11,145</b>	<b>\$8,359</b>	<b>\$13,932</b>

Note: Flow of new funds through the state economy excludes out-of-pocket expenditures of individuals with new health care coverage

Reduction in Uncompensated Hospital Care	\$0	\$0	\$118	\$306	\$404	\$452	\$519	\$613	\$714	\$3,126	\$2,345	\$3,908
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<b>IV. Additional Health Expenditures by Individuals (OoP Costs)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$227</b>	<b>\$549</b>	<b>\$625</b>	<b>\$737</b>	<b>\$863</b>	<b>\$981</b>	<b>\$1,119</b>	<b>\$5,100</b>	<b>\$3,825</b>	<b>\$6,375</b>
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<b>V. Additional Economic Activity Generated from Implementing the ACA (from the IMPLAN Model Output)</b>												
1. Additional Output Generated	\$0	\$138	\$1,174	\$2,020	\$2,123	\$2,421	\$2,693	\$2,965	\$3,283	\$16,817	\$12,613	\$21,022
2. Additional Taxes Generated (Exclude Premium Assessments)	\$0	\$7	\$53	\$98	\$103	\$118	\$132	\$146	\$163	\$819	\$614	\$1,024

<b>VI. Total Additional Federal Health Expenditures by Provider Type (in million \$)</b>												
1. Total, All Professional Services (+ Federal PCP Payments)	\$0	\$58	\$219	\$285	\$253	\$296	\$340	\$386	\$433	\$2,271	\$1,703	\$2,839
2. Total Additional Hospital Services	\$0	\$0	\$140	\$305	\$358	\$418	\$497	\$562	\$639	\$2,918	\$2,188	\$3,647
3. Total Pharmacy	\$0	\$0	\$40	\$96	\$117	\$139	\$162	\$188	\$215	\$956	\$717	\$1,196
4. Other Health Services	\$0	\$0	\$33	\$86	\$111	\$140	\$173	\$210	\$251	\$1,004	\$753	\$1,255
<b>Total</b>	<b>\$0</b>	<b>\$58</b>	<b>\$432</b>	<b>\$772</b>	<b>\$839</b>	<b>\$993</b>	<b>\$1,172</b>	<b>\$1,345</b>	<b>\$1,537</b>	<b>\$7,149</b>	<b>\$5,362</b>	<b>\$8,936</b>

## Maryland Health Care Reform Financial Modeling Tool

*Analysis excludes baseline programs that predated federal health care reform and were not altered by the Affordable Care Act*

(State funds only, midpoint of range, in million \$)

**RANGE**  
(plus/minus 25%)

	FY 12	FY 13	FY 14	FY 15	FY 16	FY 17	FY 18	FY 19	FY 20	TOTAL	LOW	HIGH
<b>Impact on State Budget</b>												
<b>A. Increase in Costs Compared to Baseline</b>												
1. Medicaid Coverage Expansion	\$0	\$0	\$0	\$0	\$0	\$15	\$26	\$33	\$49	\$123	\$92	\$153
2. Medicaid "Woodwork" Effect	\$0	\$0	\$20	\$91	\$133	\$170	\$186	\$200	\$215	\$1,016	\$762	\$1,271
3. Medicaid and CHIP Administration	\$2	\$4	\$12	\$19	\$23	\$27	\$29	\$32	\$34	\$181	\$136	\$226
4. Reduction in Medicaid DSH	\$0	\$0	\$0	\$9	\$10	\$11	\$12	\$13	\$15	\$70	\$52	\$87
5. Increase in PCPs Payments to 100% of Medicare Fees	\$0	\$17	\$36	\$20	\$0	\$0	\$0	\$0	\$0	\$73	\$55	\$91
6. State Employees/Retirees Health Insurance	\$0	\$9	\$11	\$20	\$21	\$22	\$27	\$30	\$33	\$173	\$130	\$216
7. Admin costs (non-DHMH agencies, outreach, etc.)	\$3	\$4	\$4	\$4	\$4	\$4	\$4	\$3	\$3	\$33	\$25	\$41
<b>Category Total</b>	<b>\$5</b>	<b>\$34</b>	<b>\$83</b>	<b>\$163</b>	<b>\$191</b>	<b>\$249</b>	<b>\$284</b>	<b>\$312</b>	<b>\$349</b>	<b>\$1,669</b>	<b>\$1,252</b>	<b>\$2,086</b>
<b>B. Reductions in Costs Compared to Baseline</b>												
1. Enhanced Title XXI SCHIP-FMAP rate	\$0	\$0	\$0	\$0	-\$56	-\$78	-\$82	-\$87	-\$23	-\$327	-\$245	-\$409
2. Transfer of PAC Enrollees to MA Expansion	\$0	\$0	-\$71	-\$151	-\$161	-\$146	-\$143	-\$146	-\$135	-\$952	-\$714	-\$1,190
3. Increase in Manufacturers' Drug Rebates	-\$12	-\$12	-\$16	-\$19	-\$22	-\$24	-\$27	-\$29	-\$32	-\$193	-\$144	-\$241
4. Medicaid Drug Rebates extended to MCOs	-\$35	-\$37	-\$43	-\$47	-\$52	-\$57	-\$62	-\$67	-\$72	-\$471	-\$353	-\$589
5. Medicaid: Breast & Cervical Cancer converts to insurance	\$0	\$0	-\$2	-\$4	-\$4	-\$4	-\$4	-\$4	-\$4	-\$26	-\$20	-\$33
6. Seniors Prescript Drug Assist (SPDAP)	-\$2	-\$2	-\$2	-\$2	-\$3	-\$3	-\$4	-\$4	-\$5	-\$27	-\$20	-\$34
<b>Category Total</b>	<b>-\$48</b>	<b>-\$51</b>	<b>-\$133</b>	<b>-\$224</b>	<b>-\$297</b>	<b>-\$313</b>	<b>-\$321</b>	<b>-\$337</b>	<b>-\$271</b>	<b>-\$1,996</b>	<b>-\$1,497</b>	<b>-\$2,495</b>
<b>C. New Revenue</b>												
1. Insurance Premium Assessment	\$0	\$0	-\$8	-\$43	-\$45	-\$51	-\$59	-\$66	-\$74	-\$345	-\$259	-\$432
<b>Overall Total Change in Costs, Compared to Baseline</b>	<b>-\$43</b>	<b>-\$17</b>	<b>-\$58</b>	<b>-\$104</b>	<b>-\$151</b>	<b>-\$115</b>	<b>-\$96</b>	<b>-\$91</b>	<b>\$4</b>	<b>-\$672</b>	<b>-\$504</b>	<b>-\$840</b>

## VII. Enrollment Projections

A. Population Insurance Coverage Status	Calendar Years						
	2014	2015	2016	2017	2018	2019	2020
<b>Total Maryland Population</b>	<b>5,924,320</b>	<b>5,962,013</b>	<b>6,012,841</b>	<b>6,063,669</b>	<b>6,114,498</b>	<b>6,165,326</b>	<b>6,216,155</b>
Medicaid <sup>1</sup>	1,088,032	1,128,677	1,156,494	1,185,380	1,207,779	1,227,410	1,243,952
Medicare <sup>1</sup>	832,755	859,944	892,748	925,551	958,355	991,158	1,023,962
CHAMPUS/Tricare	188,188	187,247	186,311	185,379	184,453	183,530	182,613
Commercial Insurance Coverage <sup>1</sup>	3,247,574	3,279,889	3,282,342	3,282,888	3,285,083	3,284,280	3,284,853
Maryland Exchange	147,233	169,836	184,323	208,145	234,721	257,870	283,743
Total Uninsured <sup>2</sup>	599,003	514,388	488,539	472,749	439,614	415,441	390,352
Adjustment for Dual Coverage	-178,465	-177,968	-177,916	-196,423	-195,507	-194,363	-193,320
<b>Total Coverage including Dual Coverage</b>	<b>6,102,785</b>	<b>6,139,981</b>	<b>6,190,757</b>	<b>6,260,092</b>	<b>6,310,005</b>	<b>6,359,689</b>	<b>6,409,475</b>
<b>B. Medicaid Enrollment</b>							
1. Current Medicaid (Excluding PAC) w/o ACA	986,347	993,275	1,004,559	1,018,234	1,032,785	1,045,455	1,056,676
2. Total Increase in Medicaid (incl. PAC) (D.1.+D.2.)	101,685	135,402	151,935	167,146	174,994	181,955	187,276
3. Medicaid with ACA Law (B.1.+B.2.)	1,088,032	1,128,677	1,156,494	1,185,380	1,207,779	1,227,410	1,243,952
4. MCHP (included in lines 1. and 3.)	107,500	107,500	107,500	107,500	107,500	107,500	107,500
5. Total Uninsured Medicaid Eligible (w/o ACA)	184,224	178,552	174,065	169,056	167,896	168,674	168,473
6. Remaining Medicaid Eligible Not Enrolled	152,453	115,116	96,256	77,749	71,765	68,837	66,469
New Medicaid Take Up Rate	40.0%	54.0%	61.2%	68.3%	70.9%	72.6%	73.8%
Total Medicaid Take Up Rate	87.7%	90.7%	92.3%	93.8%	94.4%	94.7%	94.9%
<b>C. Exchange Enrollment</b>							
<b>1. Total Exchange (Sum of Rows D.3 thru D.6)</b>	<b>147,233</b>	<b>169,836</b>	<b>184,323</b>	<b>208,145</b>	<b>234,721</b>	<b>257,870</b>	<b>283,743</b>
2. Potential Exchange Enrollment (Remaining US Citizens >138% FPL, without coverage)	241,819	213,072	193,918	164,816	137,431	115,727	90,158
Health Insurance Exchange Take Up Rate	37.8%	44.4%	48.7%	55.8%	63.1%	69.0%	75.9%

## VII. Enrollment Projections continued

D. Health Care Reform Components	Calendar Years						
	2014	2015	2016	2017	2018	2019	2020
1. Medicaid Expansion (Includes PAC Enrollees)	90,639	112,285	119,634	126,996	133,201	138,999	143,207
2. Medicaid "Woodwork" Effect	11,046	23,117	32,301	40,150	41,793	42,956	44,069
3. Exchange (138-200% FPL) with Subsidy	37,452	42,308	45,088	49,859	55,823	61,336	67,249
4. Exchange (200-400% FPL) with Subsidy	67,289	77,937	84,888	96,245	108,691	119,423	131,508
5. Exchange (Above 400% FPL) without Subsidy	34,023	41,038	44,240	51,903	60,066	66,974	74,829
6. Small Business Health Options Program (SHOP)	8,469	8,553	10,107	10,138	10,141	10,137	10,157
<b>Total New Medicaid and Exchange Coverage</b>	<b>248,918</b>	<b>305,238</b>	<b>336,258</b>	<b>375,291</b>	<b>409,715</b>	<b>439,825</b>	<b>471,019</b>
<b>E. Uninsured</b>							
1. Total Uninsured without ACA <sup>3</sup>	746,337	735,620	727,950	719,148	718,664	722,369	723,957
2. Total Remaining Uninsured with ACA	599,003	514,388	488,539	472,749	439,614	415,441	390,352
3. Remaining Uninsured US Citizens	394,272	328,188	290,174	242,565	209,196	184,564	156,627
Uninsured as % of Total Population (w/o ACA)	12.6%	12.3%	12.1%	11.9%	11.8%	11.7%	11.6%
Uninsured as % of Total Population (with ACA)	10.1%	8.6%	8.1%	7.8%	7.2%	6.7%	6.3%
Uninsured US Citizens % of Population (w. ACA)	6.7%	5.5%	4.8%	4.0%	3.4%	3.0%	2.5%
<b>F. Economic Impact</b>							
New Employment due to ACA	9,122	16,117	17,065	19,582	21,895	24,238	26,970
Unemployment Rate without ACA	6.9%	5.8%	5.0%	4.5%	4.3%	4.3%	4.3%
Unemployment Rate with ACA	6.7%	5.5%	4.6%	4.1%	3.9%	3.8%	3.7%

### Notes:

1 - There is some overlap in insurance coverage. Medicare coverage includes individuals dually eligible for Medicare and Medicaid. Commercial insurance includes Medicare gap coverage.

2 - Numbers in section A. and section E. take an overall view of insurance coverage in Maryland. They take into account number of uninsured over age 65, and change in coverage from employer sponsored insurance, Medicare, etc.

3 - Changes in Total Uninsured without ACA reflect improvements in the economy through the forecast period.





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