



## Idaho Workgroup on Medicaid Expansion

*Richard M. Armstrong, Chair*

March 22, 2013

The Honorable C.L. "Butch" Otter  
Governor of Idaho  
P.O. Box 83720  
Boise, Idaho, 83720-0034

Dear Governor Otter:

The Medicaid Expansion Workgroup reconvened on Monday, March 18<sup>th</sup> to review developments related to Medicaid Expansion at the state and national level. We have a number of updates and recommendations to share with you regarding expansion timing and related costs, a benefit plan that addresses personal accountability, CMS response to Idaho proposals, and expansion activities in other states.

**Expansion timing and related costs:** Following our 3/18 meeting, our recommendation to you to expand Medicaid has not changed in direction, only in urgency. An independent actuarial analysis of the updated federal policies shows that optional Medicaid expansion will save Idaho more money than previously thought and that no expansion will cost the state more than previously thought. A January 1, 2014 start date for Medicaid Expansion is estimated to result in a net savings to Idaho of \$84M over a ten year period. However postponement beyond the January 2014 date significantly increases costs, due in large part to the continued costs of ineffective state and county programs that currently support incident-based, high cost medical and mental health services.

A six month delay beyond January 1, 2014 will cost Idaho taxpayers an estimated \$40.5 million. In addition, Idaho's economy will experience the loss of \$365.1 million in additional federal dollars. An 18 month delay to July 1, 2015 would result in a loss in state and county savings of nearly \$124 million and forfeiture of \$1.1 billion in new federal funding appropriations.

**Benefit plan and CMS Response:** In our December 3<sup>rd</sup> report our recommendation for expansion was contingent on a benefit plan design that includes personal accountability requirements and redesign of the service delivery system to incentivize prevention and cost containment strategies. At our meeting this week we reviewed the draft Healthy Idaho Plan, a benefit design for expansion that effectively addresses personal accountability. We unanimously support this plan design and recommend DHW continue to refine this model with The Centers for Medicare and Medicaid Services (CMS). CMS has been very responsive to

Idaho's request to move forward with a health plan for Idaho's expansion population that incentivizes personal responsibility and redesigns the health delivery system. CMS has committed to work with our state to incorporate personal accountability into our benefit design for expanded Medicaid.

**Expansion activities in other states:** When we submitted our report last December, approximately 20 other states had opted to expand Medicaid coverage to low-income adults. Today, that number is estimated at 25, with additional states leaning towards expansion. Idaho's bordering states of Montana, Washington, Oregon and Nevada have committed to optional expansion, with Utah and Wyoming still weighing options. This leaves Idaho citizens in the frustrating dilemma of Idaho federal tax dollars supporting expansion in other states, while our taxpayers reap none of the benefits. We urge serious consideration of the negative business ramifications of delaying expansion. This could include workforce migration to states that provide optional coverage, adverse business relocation decisions, and significant loss of revenues to Idaho healthcare providers and hospitals, which stand to lose millions of dollars for uncompensated care to low-income citizens.

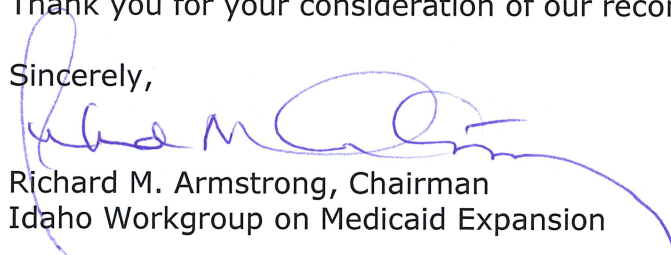
The Idaho Legislature is presently considering legislation that would expand Medicaid to low-income adults, replacing the current inefficient county indigency/state catastrophic healthcare programs. Based on the critical timelines for Medicaid expansion, the workgroup recommends legislative action is taken this session, if at all possible. This would allow Idaho to take advantage of full federal funding to expand Medicaid services to low income adults, while ending the costly indigency programs that are a burden for Idaho taxpayers. This expansion of coverage would also stop a large number of medical bankruptcies as well as provide over 100,000 Idahoans timely access to primary care that will help improve their health care outcomes and lower overall health care costs.

We recognize the role of the legislative process, working in conjunction with the governor to make good public policy. Our recommendations to you reflect our focused mandate to study Medicaid Expansion and do not reflect the broader context of other issues the Legislature has been debating, including the very intensive work that has been done by you and the legislature to establish a State Health Insurance Exchange.

With Medicaid expansion, Idaho has the opportunity to design a benefit plan that builds accountability into health care while changing our health care culture so that patients and health care providers become partners to improve health outcomes and lower costs. If we are unable to expand Medicaid this session we stand ready to continue planning for an improved health care system in Idaho.

Thank you for your consideration of our recommendations.

Sincerely,



Richard M. Armstrong, Chairman  
Idaho Workgroup on Medicaid Expansion