



To: Kansas Health Benefits Exchange Background Research Work Group

From: Kansas Health Institute

Date: March 30, 2011

Re: Preliminary estimates for Medicaid/CHIP or subsidy eligibility through the Health Insurance Exchange

Staff from the Kansas Health Institute are participating in each of the Health Benefits Exchange Work Groups as well as leading the Background Research Work Group. This memo provides estimates for six basic Exchange planning questions. Estimates were compiled using publically available data from the Current Population Survey (CPS) which is conducted annually by the U.S. Census Bureau. The estimates were derived from two-year averages from the most recent CPS data and are not intended to be projections for 2014. KHI is providing these estimates as a starting point, and is looking for input from the work groups in order to refine the estimates. To project more precise estimates would take sophisticated modeling, based on a number of assumptions about the nature of employer-sponsored insurance (adequacy and affordability of insurance) and employer and individual behavior.

1. What is the total Kansas non-elderly population?

Most current CPS data indicates 2.4 million Kansans are 64 years of age or younger.

- For this fact sheet, we assumed that Kansans over age 65 will use Medicare rather than purchase health insurance through the Exchange. All number estimates are based on Kansans 64 years of age or younger.

2. Based on income levels, how many Kansans are estimated to be eligible for Medicaid or CHIP in 2014?

Approximately 665,000, comprised of 460,000 Medicaid eligible, and 205,000 CHIP eligible. Historically, not all eligible individuals enroll in Medicaid/CHIP; it is anticipated that this trend will continue

- Kansans will be eligible for Medicaid up to 133% of the Federal Poverty Level (FPL).
- Estimate provided is based on CPS data, which has pre-built poverty level partitions. The partition closest to 133% FPL is 125% of FPL, and this partition is used throughout our estimates.
- 460,000 Kansans have incomes under 125% of FPL. In 2014, all of those individuals will meet income eligibility guidelines for Medicaid. Current Medicaid enrollment is approximately 300,000 in any given month (including some who are eligible due to health status rather than income alone and a small number who are over age 64). Changes in income or health status are common, making “churning” a routine occurrence in the Medicaid population. Although Medicaid enrollment in any given month is approximately 300,000, in state fiscal year 2010 a total of 410,000 unique Kansans were enrolled in Medicaid at some point.
- 205,000 Kansas children age 0-18 are between 125-250% FPL. In Kansas, CHIP eligibility is set at 250% of the 2008 FPL, which is 241% FPL for 2009-2010. Using CPS data, the closest partition to 241% is 250%. CHIP enrollment is fairly low in comparison to eligibility, with only approximately 40,000 Kansans enrolled in any given month and a total of 59,000 unique enrollees at some point in state fiscal year 2010. CPS data indicates that about half of Kansans eligible for CHIP have employer-sponsored healthcare. The 60,000 children remaining in this category are likely uninsured or have a different source of insurance (i.e. military, direct purchase, etc.).

3. How many Kansans are estimated to be eligible for federal subsidies through the Exchange?

At most, 765,000. Actual subsidy eligibility is greatly impacted by other factors, particularly employer-sponsored coverage, and is likely to be much less than 765,000.

- Subsidies are available only to people between 100-400% of FPL who do not have access to healthcare that meets federal requirements for sufficiency and affordability (employer-sponsored coverage, etc.), and who are not eligible for coverage under the military, Medicare, or Medicaid/CHIP.
- 1,090,000 Kansans (ages 0-64) are between 125-400% FPL. We assume those between 100-125% FPL will utilize Medicaid coverage (see above for use of 125% of FPL rather than 133% of FPL). Of Kansans with incomes between 125-400% FPL, 120,000 are eligible for military or Medicare coverage, and 205,000 are CHIP eligible, meaning at least 325,000 would not be eligible for subsidized coverage on those two factors alone. That leaves 765,000 Kansans potentially eligible for federal subsidies.
- Based on available data, it is safe to say one-half to two-thirds of people between 125-400% FPL will have access to employer-sponsored healthcare. Available estimates vary widely depending on what specific measure is used, and a more

precise measure is difficult to produce without sophisticated modeling. How many of these plans will meet federal requirements is not yet known, and that variability greatly impacts potential subsidy use. If, for example, two-thirds of Kansans in this income bracket have available employer-sponsored coverage (510,000) and two-thirds of those plans meet requirements (340,000 plans), there could be 425,000 Kansans eligible for subsidies. If a slightly less optimistic estimate is used and only half of Kansans in this income bracket have available employer-sponsored coverage (380,000), and only a quarter of those plans meet federal requirements (95,000), as many as 670,000 Kansas could be eligible for subsidies. This unknown factor is represented on the graph with a color gradient in the 125-400% section. KHI hopes to provide more exact estimates as part of the additional information that will be provided with guidance by the Background Research Work Group.

4. How many Kansans may be eligible for Medicaid/CHIP or federally subsidized coverage through the Exchange?

At most, 1,430,000. Actual enrollment in Medicaid/CHIP and subsidized health plans will likely be lower.

- Medicaid/CHIP eligibility is estimated to be 665,000; subsidy eligibility is estimated to be at most 765,000.
- As illustrated above, enrollment in Medicaid/CHIP and use of subsidized coverage is greatly impacted by availability of adequate employer-sponsored coverage and by uptake of available healthcare options. Therefore, the number of Kansans enrolled in Medicaid/CHIP or subsidized coverage will likely be much lower than the number eligible.

5. How many Kansans will use the Exchange to purchase insurance, regardless of whether they qualify for subsidized coverage?

Participation could be as high as all 2,400,000 non-elderly Kansans or as low as just those who enroll in Medicaid/CHIP or subsidized coverage.

- Eligibility for federally supported coverage (Medicaid/CHIP, premium credits or subsidies) is limited to those meeting income guidelines as well as other requirements, but the Exchange itself is open to any individual or small employer seeking coverage, regardless of income.
- The total number of Exchange users depends greatly on two major state-level policy decisions; a) whether or not an individual and small group market will exist outside of the Exchange, and b) whether or not large employers (employing more than 100 employees) will be able to purchase coverage through the Exchange after 2017.

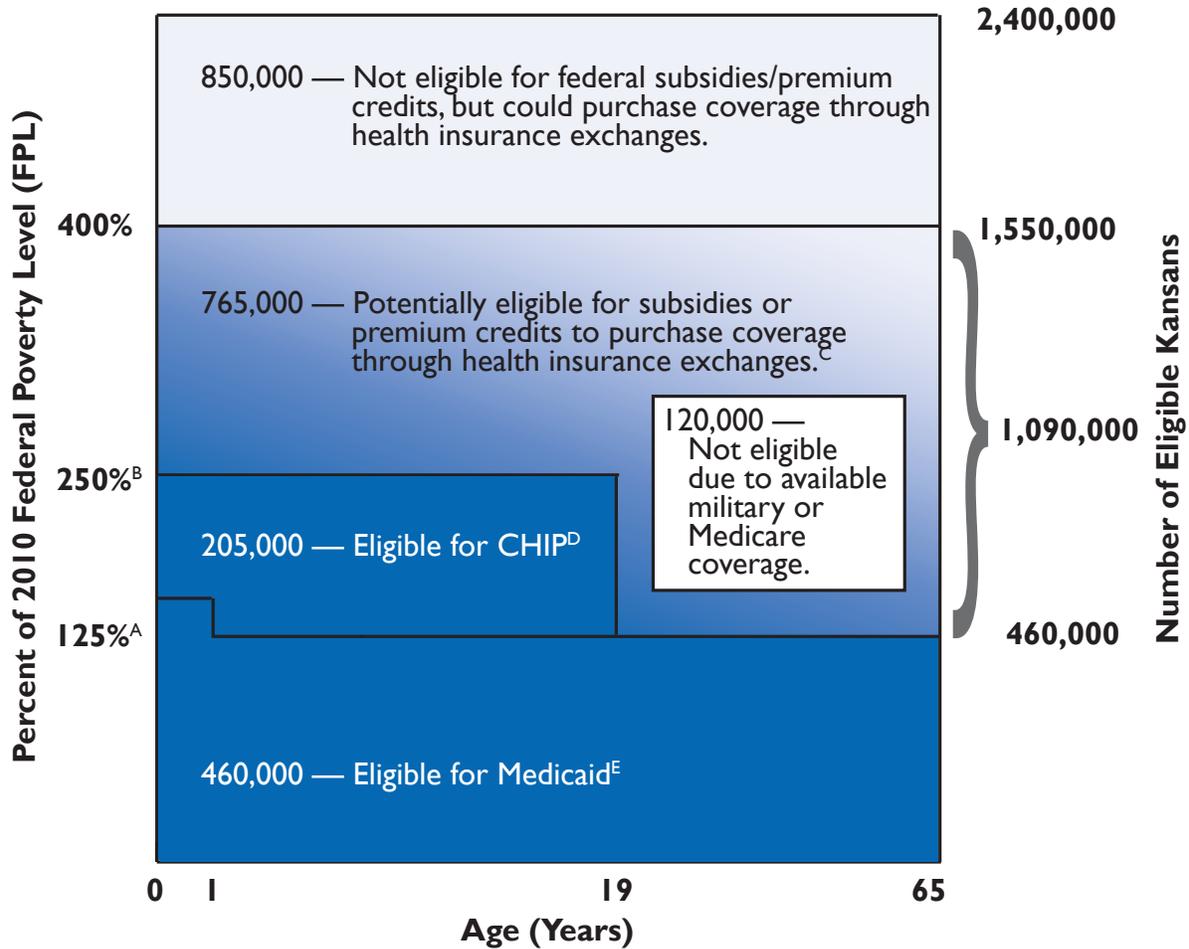
- If no market exists outside of the Exchange and if all employers—including the very largest—are able to purchase through the Exchange, the total number of Exchange users will be closer to the higher estimate of 2.4 million, but this is unlikely for many reasons.
- Conversely, if individual and small-group market(s) continue to exist outside of the Exchange and if a large number of Kansans continue to receive coverage through a large employer outside of the Exchange, the number of Exchange users will be closer to only those who are eligible for and enroll in Medicaid/CHIP or subsidies.

6. How many of the 347,000 Kansans who are currently uninsured will be eligible for Medicaid/CHIP or federally subsidized coverage through the Exchange?

Nearly 90 percent of the 347,000 currently uninsured Kansans are below 400% of FPL and may be eligible for Medicaid/CHIP or federally subsidized coverage.

- Of those uninsured Kansans below 400% of FPL, roughly half meet the income eligibility guidelines for Medicaid in 2014; another 40% meet income eligibility guidelines for either CHIP (must be 0-18) or federally subsidized coverage through the Exchange.
- Only ten percent of the uninsured population in Kansas exceeds 400% of FPL; these individuals will be able to purchase coverage in the Exchange, but will not be eligible for federal subsidies.
- A very small number of the uninsured in Kansas are age 65 or older and will likely use Medicare instead of coverage purchased through the Exchange.

PROJECTED MEDICAID, CHIP AND SUBSIDY ELIGIBILITY IN KANSAS



■ Gradient shading signifies unknown portion of those who because of other coverage options may be ineligible for subsidies.

Notes:

- A. Estimates based on Current Population Survey (CPS) data. CPS has pre-built partitions; the partition closest to 133 percent FPL is 125 percent.
- B. Estimates based on CPS data. CPS has pre-built partitions; the partition closest to 241 percent FPL is 250 percent.
- C. Eligibility for subsidies is tied to the lack of other affordable coverage options.
- D. A monthly premium between \$20 to \$75 applies to families with incomes between 150 percent to 241 percent FPL.
- E. Estimates represent eligibility based on income, but does not capture eligibility due to disability or other criteria.



KANSAS HEALTH INSTITUTE

The Kansas Health Institute is an independent, nonprofit health policy and research organization based in Topeka, Kansas. Established in 1995 with a multiyear grant from the Kansas Health Foundation, the Kansas Health Institute conducts research and policy analysis on issues that affect the health of Kansans.

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