Kansas:
Impact of Federal Health Reform

Preliminary Estimates on Cost and Coverage

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Discussion Outline

- Funding and Background
- SHRP Model
  - Data and Baseline
  - Structure
  - Flowchart
- Federal Health Care Reform – Key Drivers
  - Coverage
  - Cost
- Scenario Modeling
- Impact
  - Coverage
  - Cost
- Questions

Funding and Background

- Funding - generously provided by the United Methodist Health Ministry Fund

The Health Fund's Mission
Healthy Kansans through cooperative and strategic philanthropy guided by Christian principles.

- Background – **srHS** has conducted statewide health reform analyses/modeling in multiple states, including:
  - Connecticut
  - Kansas
  - Maine
  - Massachusetts

SHRP Model

Data and Baseline

- Data Sources
  - Current Population Survey (CPS) (2008 Data)
  - Medical Expenditure Panel Survey (MEPS) (2006-2008 Data)
  - Kansas Insurance Department Survey (2006 Data)
  - Medicaid Expenditure Data (2008-2010 Data)

- Baseline – Point-in-Time Model
  - 2011 Dollars
  - Full Implementation as of 2020

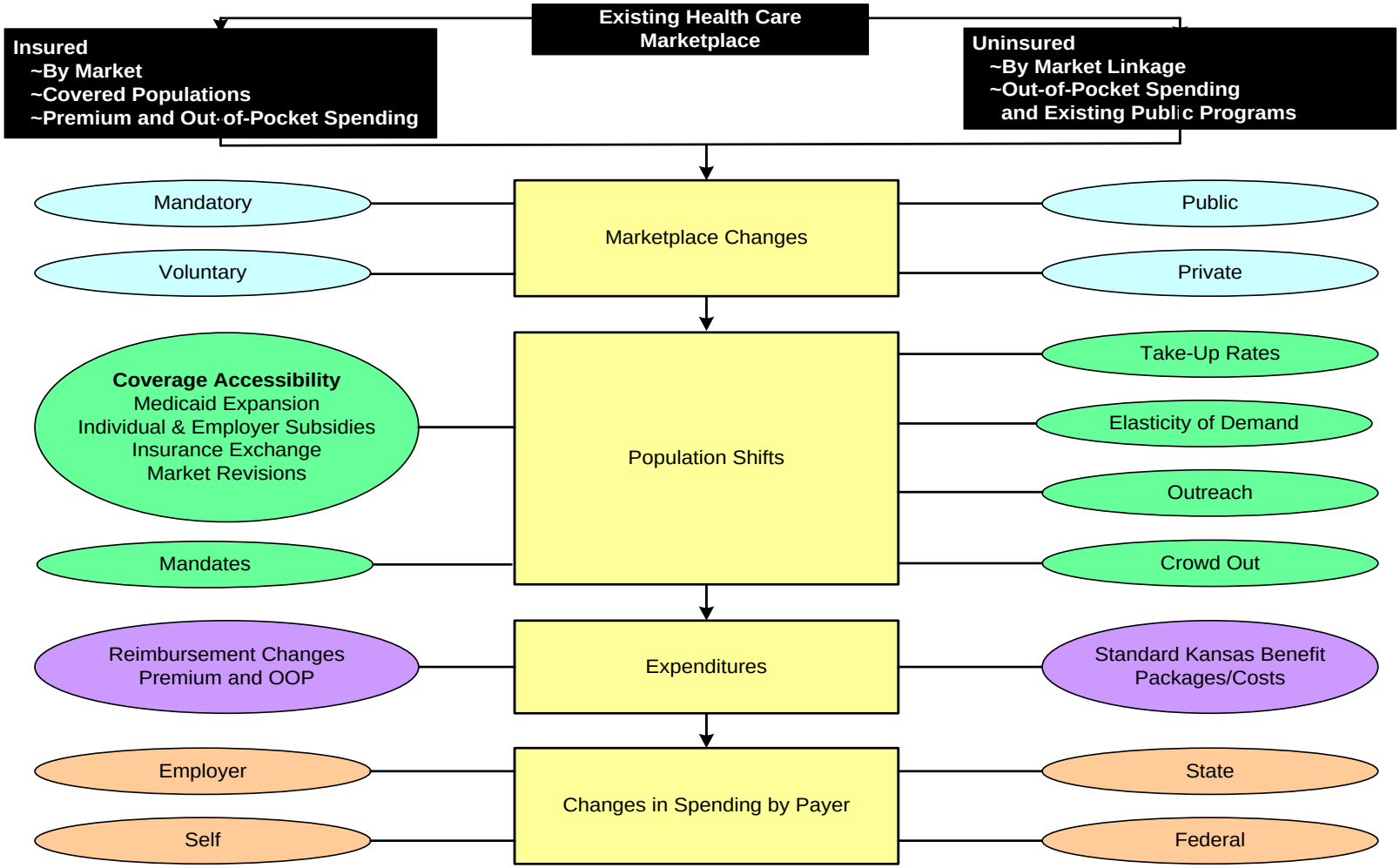
SHRP Model

Structure

- Components within the Model
  - Employer (ER) Size (1-9 ,10-24, 25-49, 50+)
  - Medicaid/CHIP Programs
    - Program Expansion/Contraction by Federal Poverty Level (FPL)
    - FMAP Changes
  - Individual and Employer Subsidies by FPL and ER Size
  - Market Revisions
    - Combination of Markets
    - Guarantee Issue and Pre-Existing Conditions Exclusions
  - Government-Sponsored Public Plan
  - Individual and Employer Mandate by FPL and ER Size
  - Reimbursement Adjustments and Cost Sharing Provisions
  - Residual Uninsurance by FPL

Kansas SHRP Model

Flow Chart - srHS State Health Reform Projection (SHRP) Model



Federal Health Care Reform

Key Drivers of Coverage and Cost Impacts

Coverage	Cost
Economics of Options • Choices Available to Individuals • (Dis)Incentives to Small Businesses	Subsidies * • Eligibility • Affordability of Coverage
Changes in FPL Eligibility Levels * • Medicaid Expansion to 138% FPL	FMAP * • CHIP FMAP of 95% • Expansion FMAP of 90%
Economics of Penalties • Individuals - $695 vs. $5,500 premium • Employers - $2,000 vs. $3,600 premium	Reimbursement • One-Time Adjustment or Beginning of Fundamental Shift

** Fixed Parameters with FHCR Legislation*

SHRP Scenario Modeling - Results

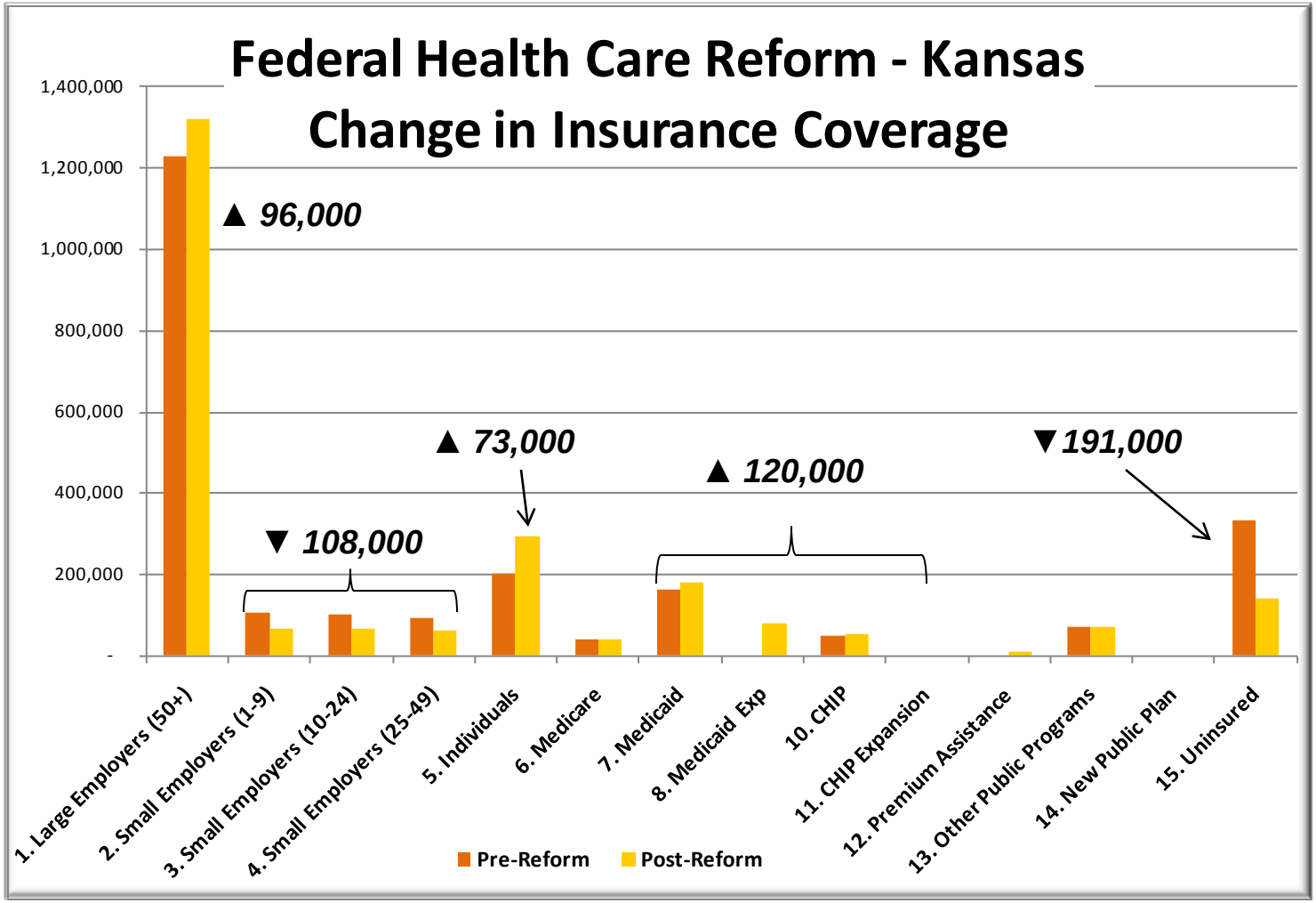
Provider Reimbursement and Residual Uninsurance

State Expenditures (▲Increase/▼Decrease) and Uninsured Remaining		
Scenarios	6% Residual Uninsurance	4% Residual Uninsurance
5% Increase to Reimbursement	*Scenario 1 (Sc1)* ▲ $32.9 Million 143,000 Uninsured	*Scenario 3 (Sc3)* ▲ $36.3 Million 98,000 Uninsured
0% Increase to Reimbursement	*Scenario 2 (Sc2)** ▲ $2.0 Million 143,000 Uninsured	*Scenario 4 (Sc4)* ▲ $5.3 Million 98,000 Uninsured

** The remainder of the graphs and figures represent Scenario 2 (Sc2)*

Kansas – Pre-FHCR vs. Post-FHCR

Distribution of Insurance Coverage by Payor (Sc2)



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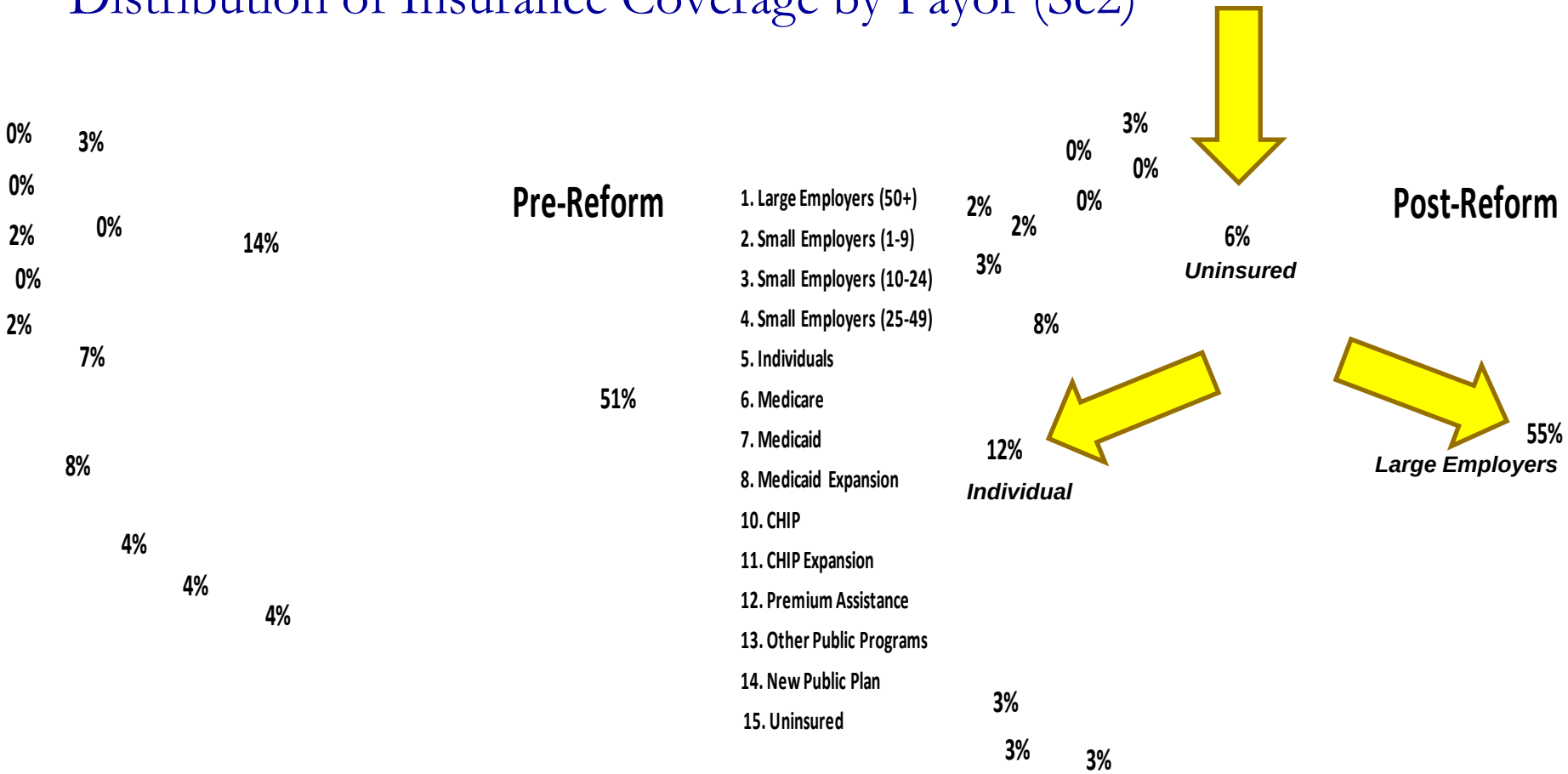

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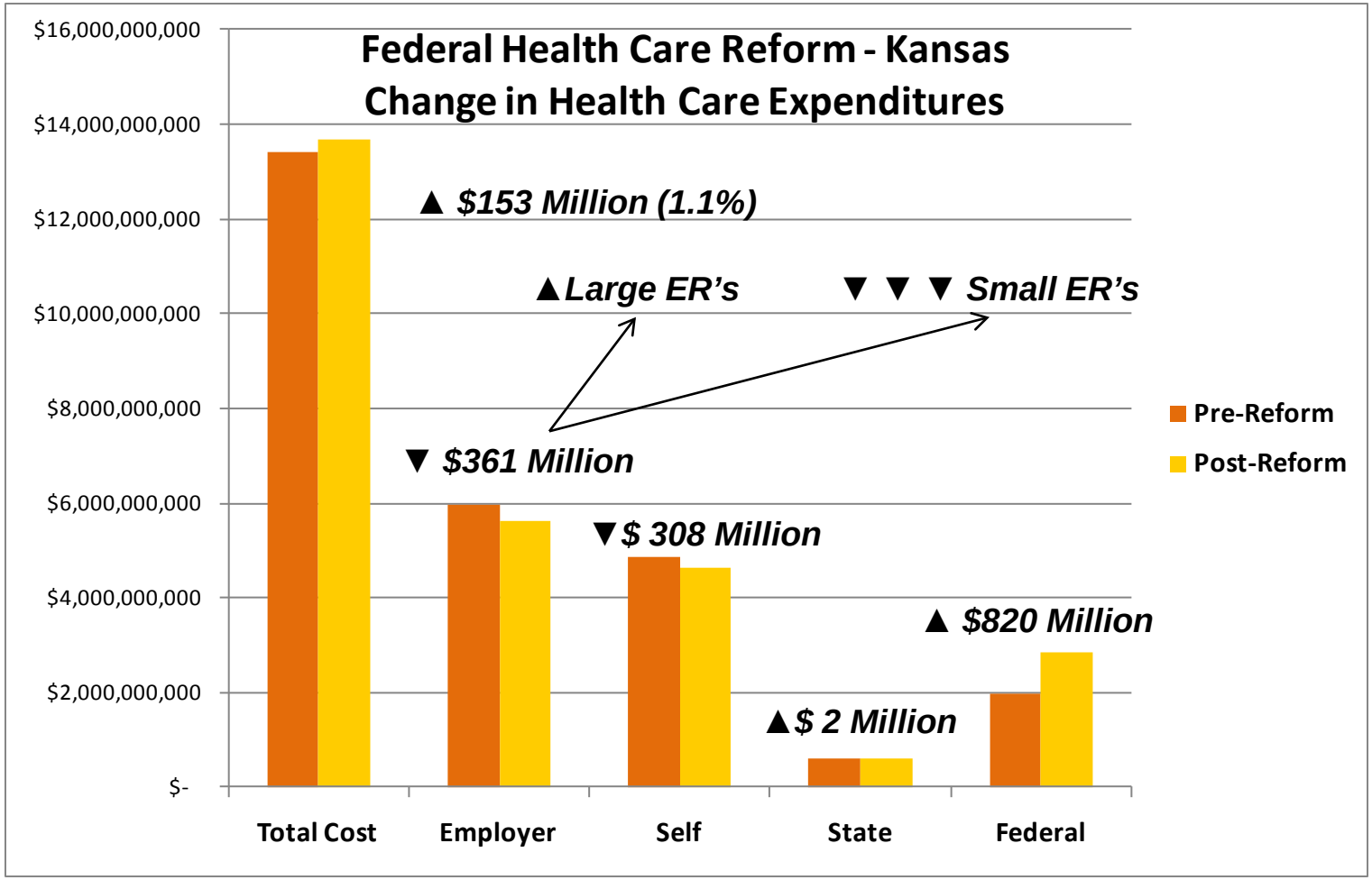
Health Care Expenditures by Payor (Sc2)



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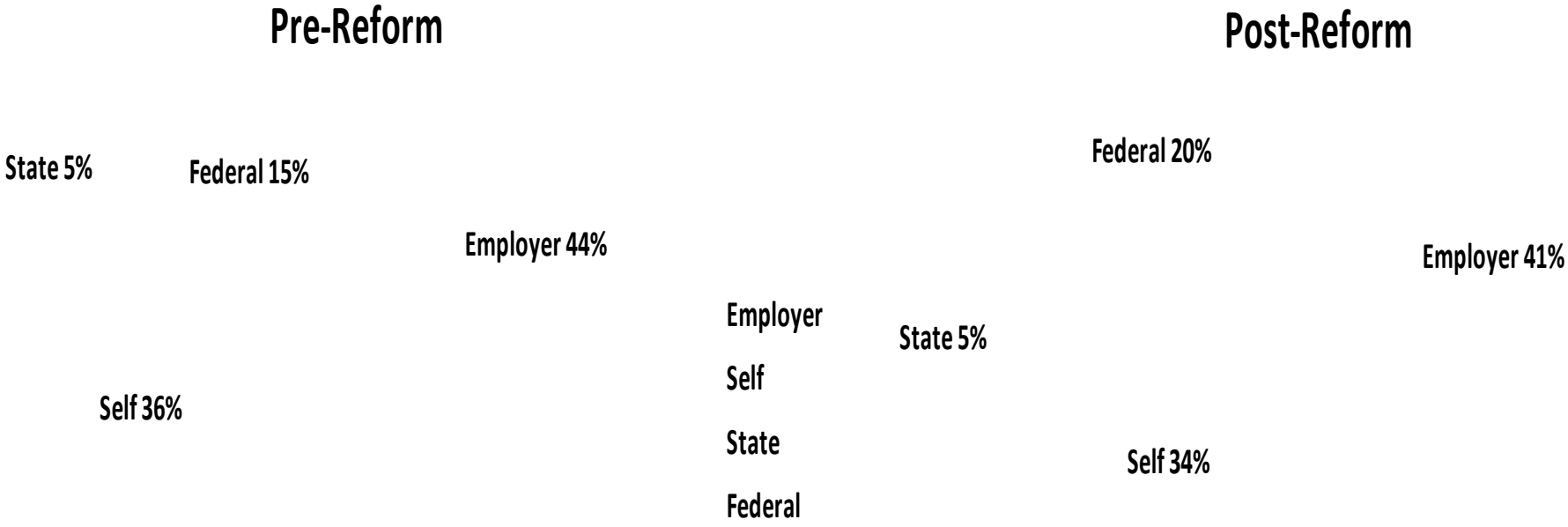

Questions