



**House Bill 277 Could Cost State \$32.2 Million More Than Unmodified Expansion**  
**March 26, 2019**

<b>Ongoing Annualized Costs and Savings of Unmodified Implementation of Medicaid Expansion, Senate Bill 1204, and House Bill 277</b>			
	<u><b>Unmodified Expansion</b></u>	<u><b>Senate Bill 1204</b></u>	<u><b>House Bill 277</b></u>
State Costs			
Health Care and Administration of Coverage	\$40,200,000	\$40,200,000	\$64,500,000
Optional Work Program	\$0	\$140,000	\$0
Mandatory Work Program with Reporting Requirements	\$0	\$0	\$2,581,102
Other Provisions <i>(limiting retroactive coverage, family planning waiver, and 101-138% FPL waiver)</i>	\$0	\$0	\$170,900
	<hr/> \$40,200,000	<hr/> \$40,340,000	<hr/> \$67,252,002
State Savings to Existing Programs Providing Services to People without Health Coverage <i>(includes savings to the CAT fund, behavioral health services, and certain hospitalizations)</i>	<hr/> <b>(\$30,300,000)</b>	<hr/> <b>(\$30,300,000)</b>	<hr/> <b>(\$25,149,000)</b>
<b>Net Cost to Idaho<sup>1</sup></b>	<b>\$9,900,000</b>	<b>\$10,040,000</b>	<b>\$42,103,002</b>

Medicaid expansion will generate savings to the state CAT Fund, behavioral health services, community-based substance use disorder treatment for offenders, and mental health services for the probation and parole population. Senate Bill 1204 would keep these projected savings because it would provide health coverage to the same number of people as unmodified implementation. It would also provide the ability to participate in the state’s employment and training program, at an ongoing annual cost of \$140,000 to the state.

House Bill 277 decreases some of the savings anticipated under Senate Bill 1204 and unmodified implementation of Medicaid expansion. The work reporting requirement under House Bill 277 would also require 18 additional employees to administer, cost an additional \$2.6 million, and is expected to result in approximately 10,000 people losing health coverage. The bill also calls for additional provisions that require waiver approval, costing the state \$170,900 annually. One of the provisions called for by House Bill 277 would not allow Medicaid coverage to 32,000 people with incomes between 101-138 percent of Federal Poverty Level (FPL), which jeopardizes the enhanced federal matching rate offered under unmodified implementation of Medicaid expansion.

There is no precedent for a partial Medicaid expansion with the enhanced match rate, in part because these match rates are set in statute and are not under the authority of the Centers for Medicare and

<sup>1</sup> For full line item detail, see appendix table.  
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Medicaid Services (CMS). To date, CMS has only allowed states to have the federal matching rate of 90 percent if the entire population of 0-138 percent FPL is covered. Neither Arkansas nor Massachusetts were allowed to keep their enhanced federal match and decrease their coverage population to people earning 100 percent FPL or less. Utah recently submitted a waiver to do a partial expansion to 100 percent FPL at its 68 percent federal match rate, even though the state hopes to request the enhanced match rate in the future.

If approved by CMS, the waiver would require Idaho to pay for 30 percent of health care costs for the entire remaining Medicaid expansion population instead of the 10 percent it would need to invest under unmodified implementation. Previous analysis by Idaho Center for Fiscal Policy has assumed that CMS would reject this waiver, resulting in the entire expansion population receiving coverage and the state keeping the enhanced federal matching rate of 90 percent. The net cost to Idaho under House Bill 277 if CMS rejects this waiver would be \$2.8 million more than would be seen with unmodified implementation of Medicaid expansion. The state would fare far worse financially if CMS approves the waiver to not allow Medicaid coverage to people from 101-138 percent of FPL and drops our federal matching rate for the remaining people to 70 percent. Under this scenario, the net cost to Idaho of House Bill 277 is \$32.2 million more than unmodified implementation, as seen in the above table.

This analysis differs from the fiscal note for House Bill 277 in part because the fiscal note includes state savings from shifting people off of Medicaid and excludes the cost of losing federal funding by dropping the federal match rate from 90 to 70 percent. This analysis reflects the decreased federal match because **all decisions made by CMS thus far have indicated they would take away the enhanced match if they approved the waiver request.** While the bill's fiscal note excludes savings to the state CAT Fund, it appears to include other savings and costs that would be generated without its passage, under full and unmodified implementation of Medicaid expansion. The above comparison excludes one-time state costs from both bills and ongoing local costs under House Bill 277 from increased indigent care services when compared with unmodified implementation of Medicaid expansion.

Appendix

<b>Ongoing Annualized Costs and Savings of Unmodified Implementation of Medicaid Expansion, Senate Bill 1204, and House Bill 277</b>			
	<u>Unmodified Expansion</u>	<u>Senate Bill 1204</u>	<u>House Bill 277</u>
New people covered through Medicaid	91,000	91,000	49,000
New state employees required to administer program	3	3	22
Federal match	90%	90%	70%
<b>State Costs</b>			
Health Care and Administration of Coverage	\$40,200,000	\$40,200,000	\$64,500,000
Health Risk Assessment	\$0	\$0	\$0
Limiting Retroactive Coverage	\$0	\$0	\$8,500
Exchange Coverage (101-138% FPL)	\$0	\$0	\$81,200
Optional Work Program	\$0	\$140,000	\$0
Mandatory Work Program with Reporting Requirement	\$0	\$0	\$2,581,102
Substance Abuse Treatment - IMD waiver	\$0	\$0	\$0
Family Planning Waiver	\$0	\$0	\$81,200
Total Costs	\$40,200,000	\$40,340,000	\$67,252,002
<b>State Savings</b>			
CAT Program (State)	(\$9,900,000)	(\$9,900,000)	(\$8,217,000)
Substance Use Disorder Services (IDOC)	(\$4,800,000)	(\$4,800,000)	(\$3,984,000)
Behavioral Health (DHW)	(\$8,200,000)	(\$8,200,000)	(\$6,806,000)
Hospitalizations (IDOC)	(\$2,800,000)	(\$2,800,000)	(\$2,324,000)
DHW - DBH - Mental Health Services	(\$4,600,000)	(\$4,600,000)	(\$3,818,000)
Total Savings	(\$30,300,000)	(\$30,300,000)	(\$25,149,000)
Net	\$9,900,000	\$10,040,000	\$42,103,002