

Alaska Medicaid Outlook: An Economic Cost & Benefit Perspective

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Prepared for Commonwealth North Health Care Study
Group

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Disclosures & Limitations

- This material was prepared in response to a request from Commonwealth North Programs to provide an overview of Medicaid Spending in Alaska.
- This presentation contains estimates of Medicaid spending in Alaska based on the State of Alaska Long Term Forecast of Medicaid Enrollment and Spending in Alaska (January 2011) and independent high level reconnaissance estimates of current trends in Alaska medical care. The estimates are subject to a high level of uncertainty.
- The information and analysis presented herein has been independently developed by MAFA and does not necessarily reflect the views of any of our clients.
- Any errors of omission or commission remain the responsibility of the primary author, Mark A. Foster. Please direct any questions or comments to mafa@gci.net

Overview

- What are we buying?
- How much does it cost?
- What value are we getting for the investment?
- Baseline Trends
- Outlook

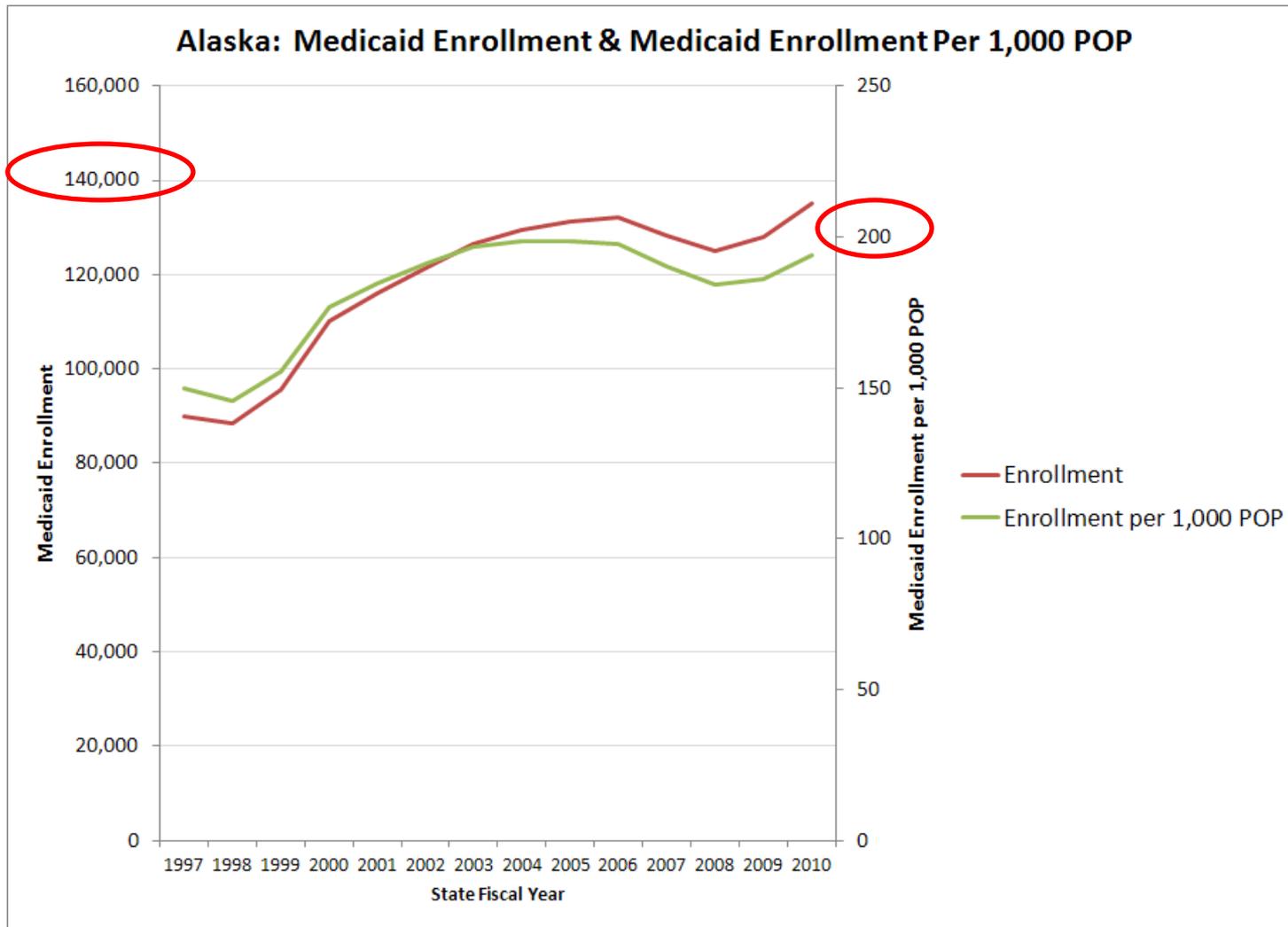
What are we buying?

State of Alaska Medicaid Web Site:

- Medicaid, an entitlement program created by the federal government, is the **primary public program for financing basic health and long-term care services for low-income Alaskans**. It is funded fifty percent by federal funds and fifty percent by State general funds. The program focuses on **coverage for low-income children, pregnant women, families, the elderly, blind and the permanently disabled**. The federal government establishes guidelines that requires the state to cover specific categories of people and types of benefits. It is, however, the legislature's responsibility to determine which services are to be covered, the qualifying standards and the categories of people who will be eligible for benefits under the Medicaid program. Within these guidelines and constraints, the Department of Health Services has considerable flexibility in establishing financial eligibility criteria, benefit packages and payment policies.

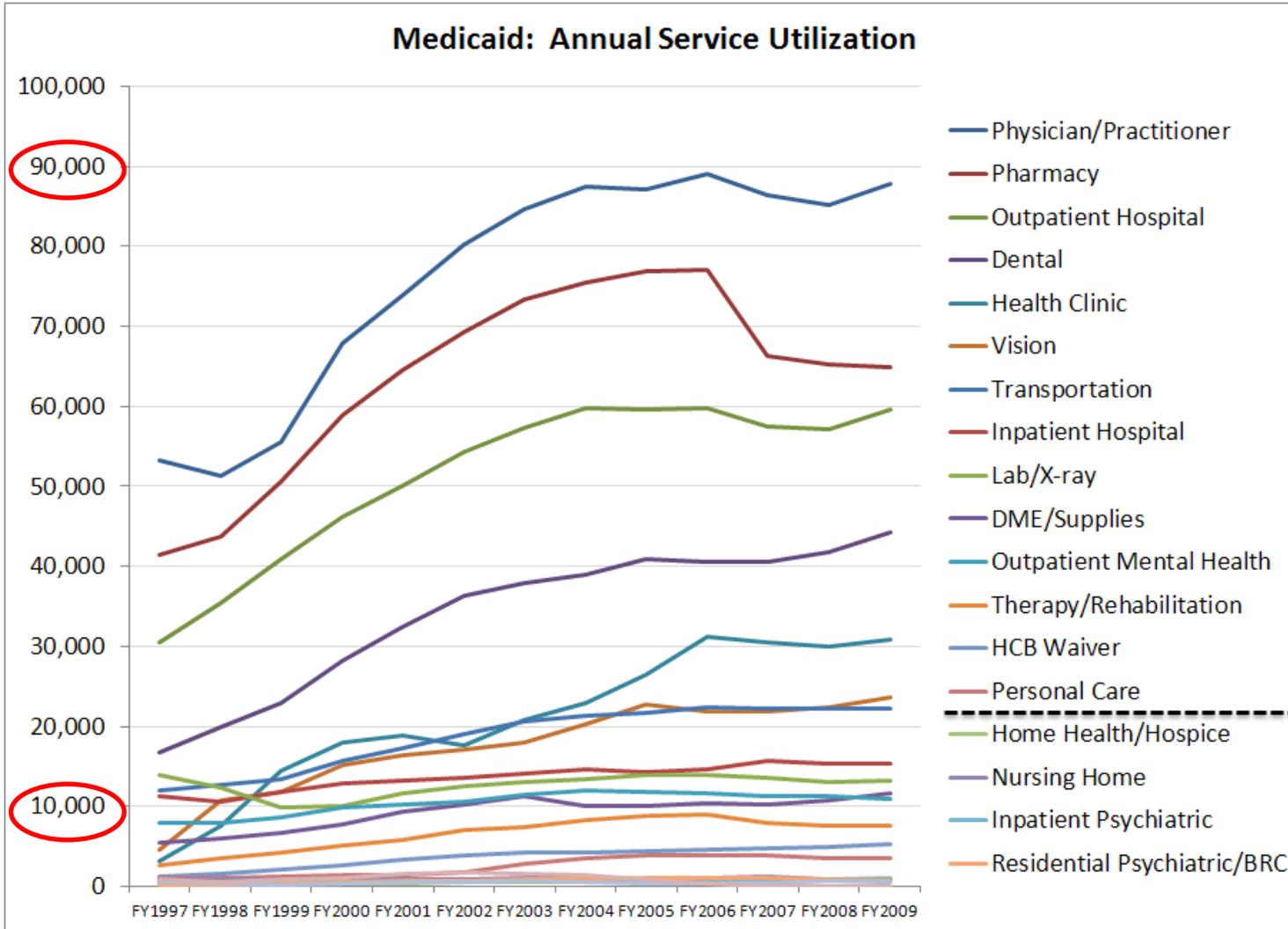
How much does it cost?

Historic Medicaid Enrollment (SOA MESA, January 2011)



How much does it cost?

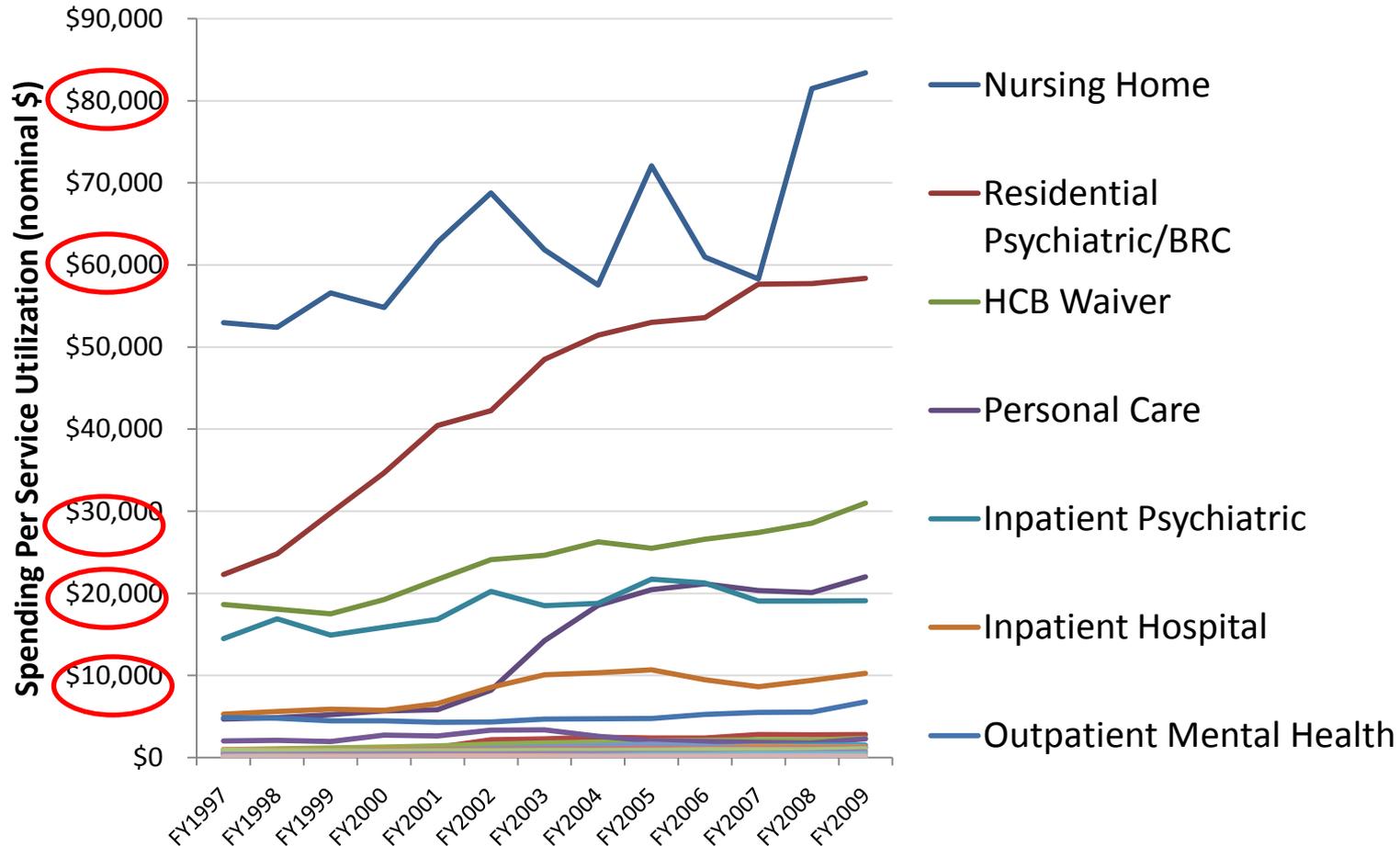
Historic Service Utilization By Category (SOA MESA, January 2011)



How much does it cost?

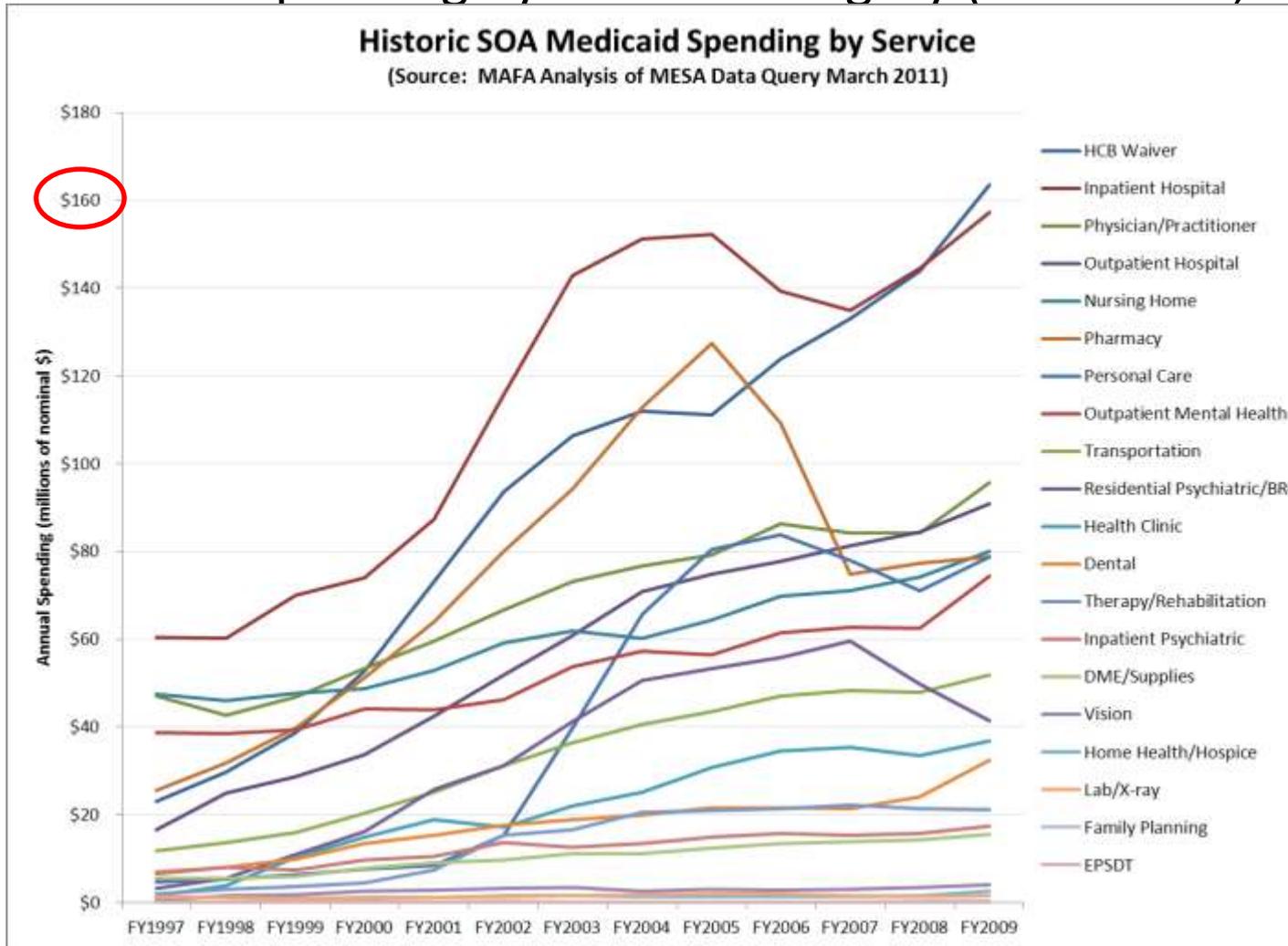
Historic Spending Per Utilization By Service Category (SOA MESA, January 2011)

Medicaid Spending Per Service Utilization



How much does it cost?

Historic Spending By Service Category (SOA MESA, Jan 2011)



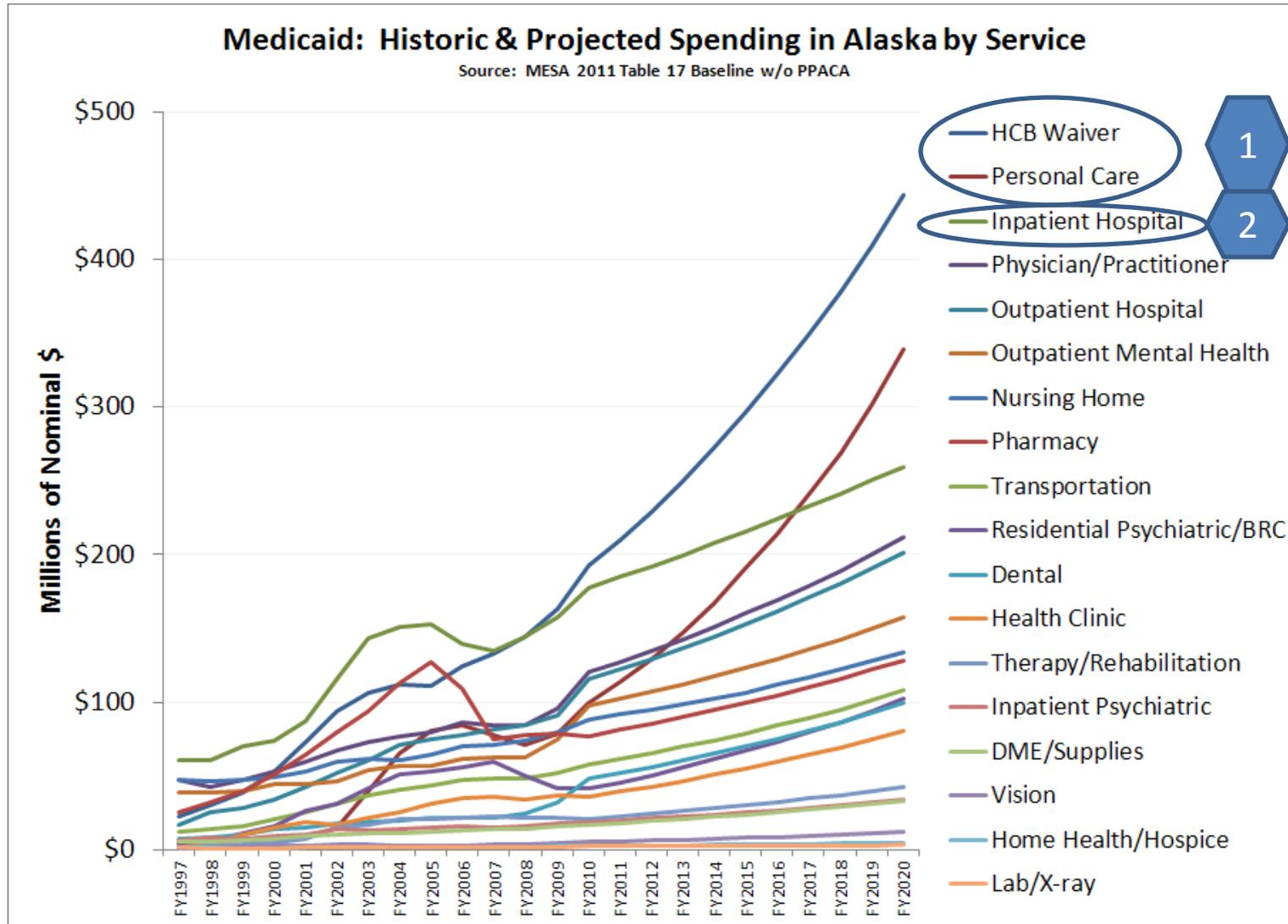
1. Inpatient hospital reductions (04-07)
2. Physicians flat (06-08)
3. Outpatient hospital slow growth (04-08)
4. Nursing home slow growth (97-09)
5. Pharmacy cut by 39% (05-07)
6. Personal care flat (04-09)
7. Outpatient mental health slow growth (97-08)
8. Rez Psych cut (07-09)
9. Dental flat (03-08)
10. Home & Community Based Waiver Growth

What value are we getting?

- Oregon Medicaid Study
- (NBER WP #17190, Finkelstein et, al., July 2011)
- Benefits of Medicaid vs. Uninsured
 - 35% more likely to go to clinic or physician
 - 15% more likely to use prescription drugs
 - 30% more likely to be admitted to a hospital
 - 25% less likely to have an unpaid bill sent to a collection agency
 - 40% less likely to borrow money or fail to pay bills because they had medical bills
 - “Being uninsured is incredibly stressful from a financial perspective, a psychological perspective, a physical perspective, it is a huge relief to people not to have to worry about it day in and day out.” –Dr. K. Baicker
- MAFA Note: Medicaid also substitutes for private insurance, a.k.a. “crowd-out”; estimates range from 10-60% over the past two decades; with more recent studies (last three years) in the 10-30% range

Outlook (2010-2020)

Spending by Type of Service



Seniors
NICU