Overview

- Where to Start?
- California Context
- Evaluating the Fiscal Implications of ACA
  - Near-Term
  - Longer-Term
- California: Preliminary Fiscal Estimates
Where to Start?

- **Understand Your State’s Baseline**
  - What is your state’s fiscal picture?
  - What are you spending now on health care administration, coverage, etc?
  - How are health insurance and care regulated?

- **Understand the ACA**
  - What is required and what opportunities exist?

- **Understand That Your State’s Implementation Approach Will Impact Costs/Savings**
  - Will you simply meet federal requirements or make transformative changes?

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California Context
California Context: Dire State Budget Situation

General Fund Operating Deficits (In Billions)

California Context: Health is 20 Percent of State Budget

State General Fund Spending
California Context:
State Health Coverage Programs

- Medicaid (Medi-Cal): 7 million enrollees, $47 billion
- CHIP (Healthy Families): 900,000 enrollees, $1.2 billion
- State High Risk Pool: 7,000 enrollees, $34 million
- County health programs for uninsured
- Others

California Context

- Income eligibility for state programs varies
- Provision of publicly subsidized health care is a state-local partnership
- Significant regional variation
- Fairly high regulatory bar for health plans
Near-Term and Long-Term Fiscal Implications: Questions to Consider

Near-Term Fiscal Implications (next 1-2 years)

- How might federal MOE/other requirements restrict state budget flexibility?
- How might state insurance laws and regulatory structures need to change?
- What administrative and systems changes may be necessary?
- What other major policy changes are in play?
- What do you need to do to maximize federal dollars and chose strategic projects?
Longer-Term Fiscal Implications
(2014 and beyond)

- How will mandatory coverage expansions affect your state?
- What might take-up rates be of various coverage options?
- How might the implementation and design of exchange impact enrollment?
- How extensive is the woodwork effect?
- What are long term capacity and access issues?
- Are cost savings identifiable?
- Who is left out, and how are their needs addressed?

California:
Preliminary Fiscal Estimates
Implications for State Health Programs in the Near Term

- Federal MOE requirements restrict budget flexibility
- Prescription drug rebates could be reduced
- Federal waiver could expedite expansion of Medicaid coverage
- New programs will generate additional federal health care funds
  - High-risk pool
  - Public health and prevention
  - Demonstration projects

Implications for State Health Programs in the Longer Term

- State Medicaid costs will increase
  - Eligibility expansion
  - Woodwork effect
  - Provider rates
  - Eligibility processing changes
- Cost savings from scaling down or eliminating state programs
- Fiscal implications of new insurance exchange depend on federal requirements and state choices
- Certain populations will continue to be uninsured
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