



PPACA in Connecticut: Initial Cost and Coverage Estimates

SustiNet Partnership Board

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Overview

- Putting modeling results in perspective
- Results
- Next steps



Part I

Putting modeling results in
perspective

Methodological comments

- Overview of Gruber Microsimulation Model (Dr. Jonathan Gruber of M.I.T., presenting by phone)
- Notes
 - Only goes through age 64
 - Does not consider new federal categorical grants, demonstration projects, etc.
 - Shows results in 2010 dollars
 - Shows results in 2014-2019, when most of PPACA becomes effective
 - As new research and data become available, model may be tweaked

What changes in federal law are being modeled? A brief reminder

- Patient Protection and Affordable Care Act (PPACA)
- Medicaid/CHIP
 - New Medicaid coverage of adults up to 133% of federal poverty level (FPL)
 - Childless adults receive 90-100% federal match, depending on the year
 - For CHIP, federal matching rates rise beginning in FY '16
- The exchange
 - Offers plans to small groups and individuals
 - Tax credits and other subsidies for non-Medicaid eligibles without access to employer-sponsored coverage (ESI), 133-400% FPL
- Shared responsibility
 - Individual mandate
 - Possible penalties for companies with > 50 workers not offering ESI
 - Increased Medicare payroll taxes for households with incomes above \$250,000 (\$200,000 for single tax filers)
- Insurance reforms



Part II

Modeling results

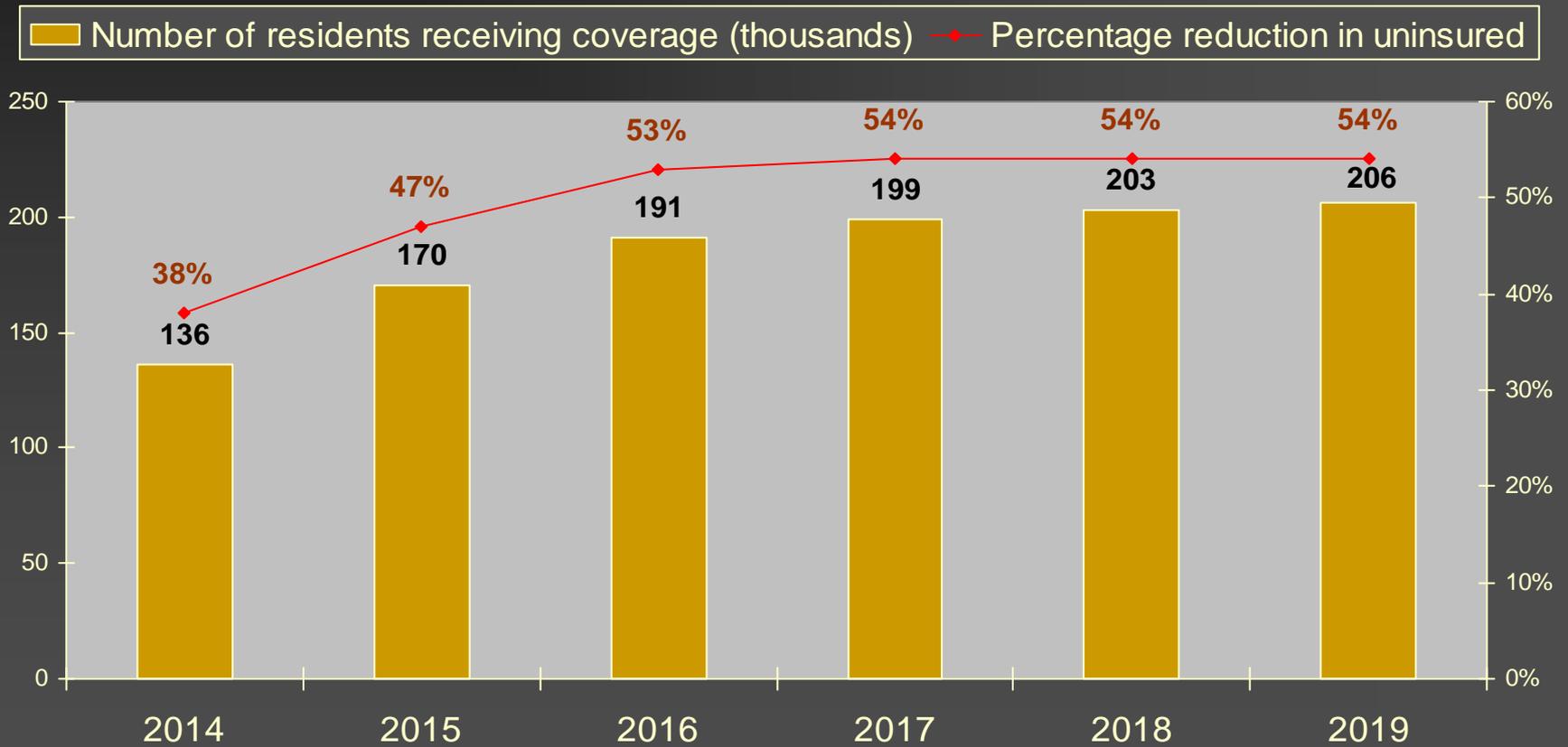
Summary: key headlines

1. 200,000 uninsured state residents gain coverage, cutting the number of Connecticut uninsured by more than 50%.
2. Between Medicaid and the exchange, federal support for low-income residents increases by more than \$1.5 billion a year.
3. The state's budget deficit drops by more than \$250 million a year. That is because most new Medicaid costs are paid federally, including almost all costs formerly born by SAGA.
4. Small employers' health care costs fall in excess of \$300 million a year. This reflects more than a 10% drop in the number of workers and dependents covered by such firms.
5. Net post-tax purchasing power of Connecticut households does not change.

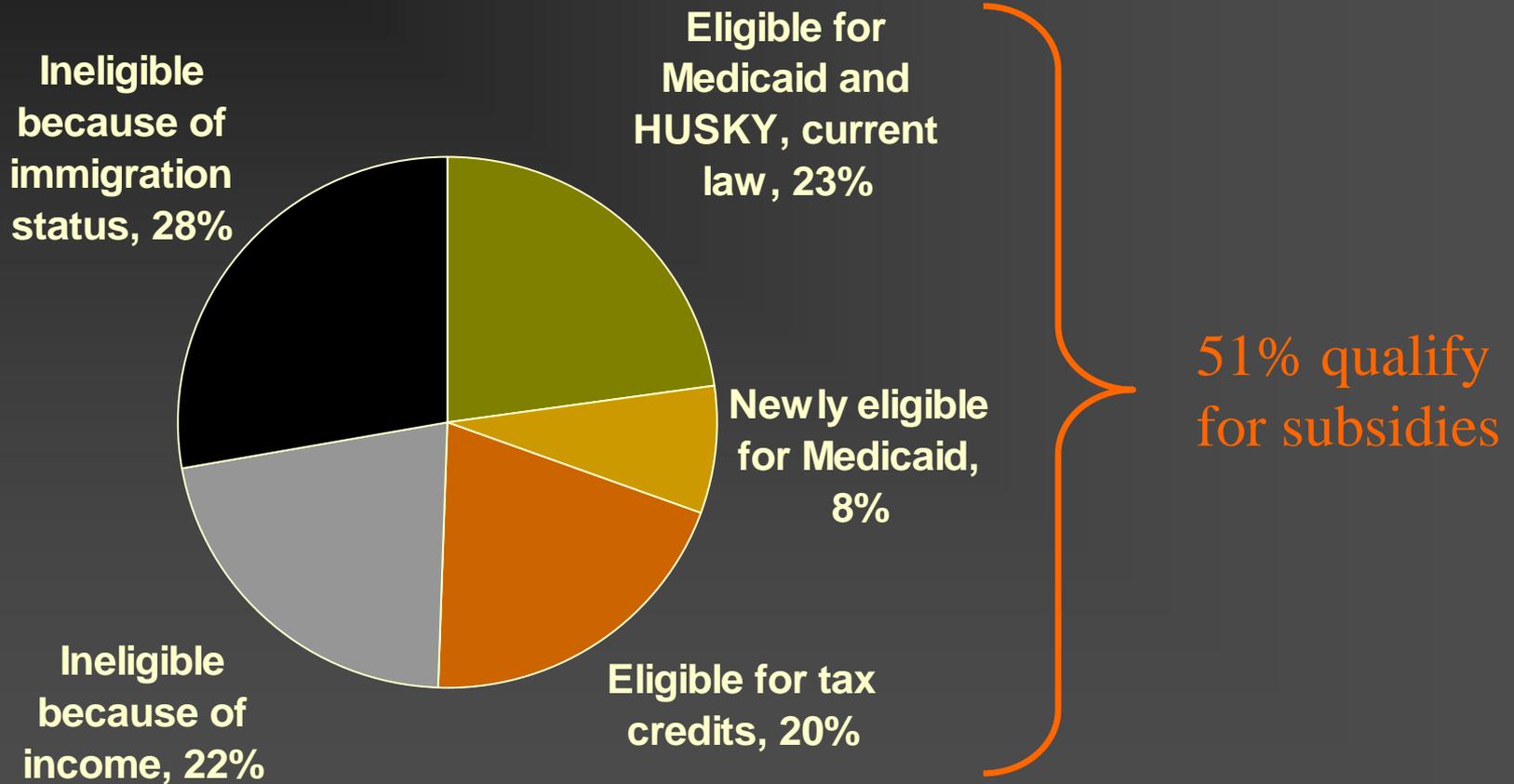


Coverage effects

Effect of PPACA on uninsured Connecticut residents under age 65: 2014-2019

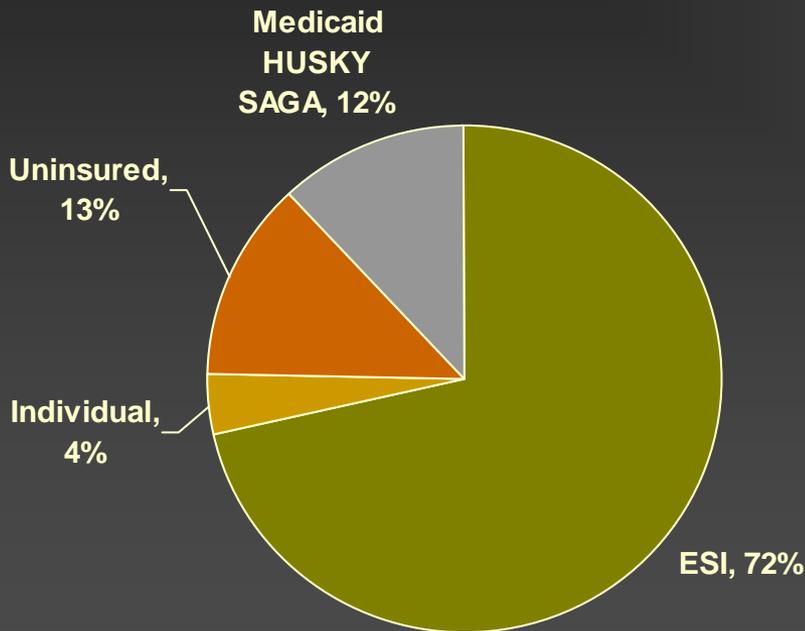


Distribution of remaining uninsured: 2016

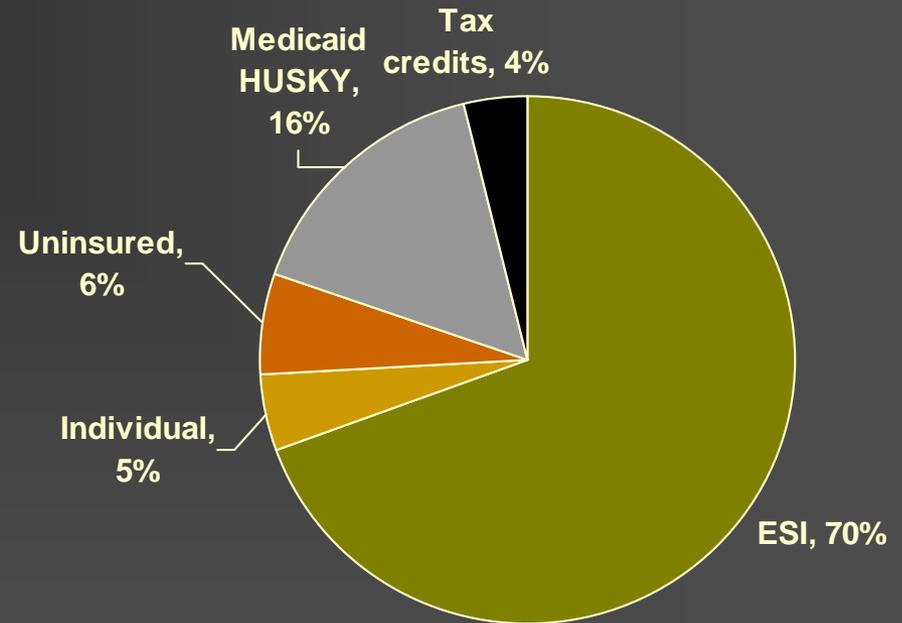


Effect of PPACA on coverage distribution, residents under age 65: 2016

Projection without PPACA



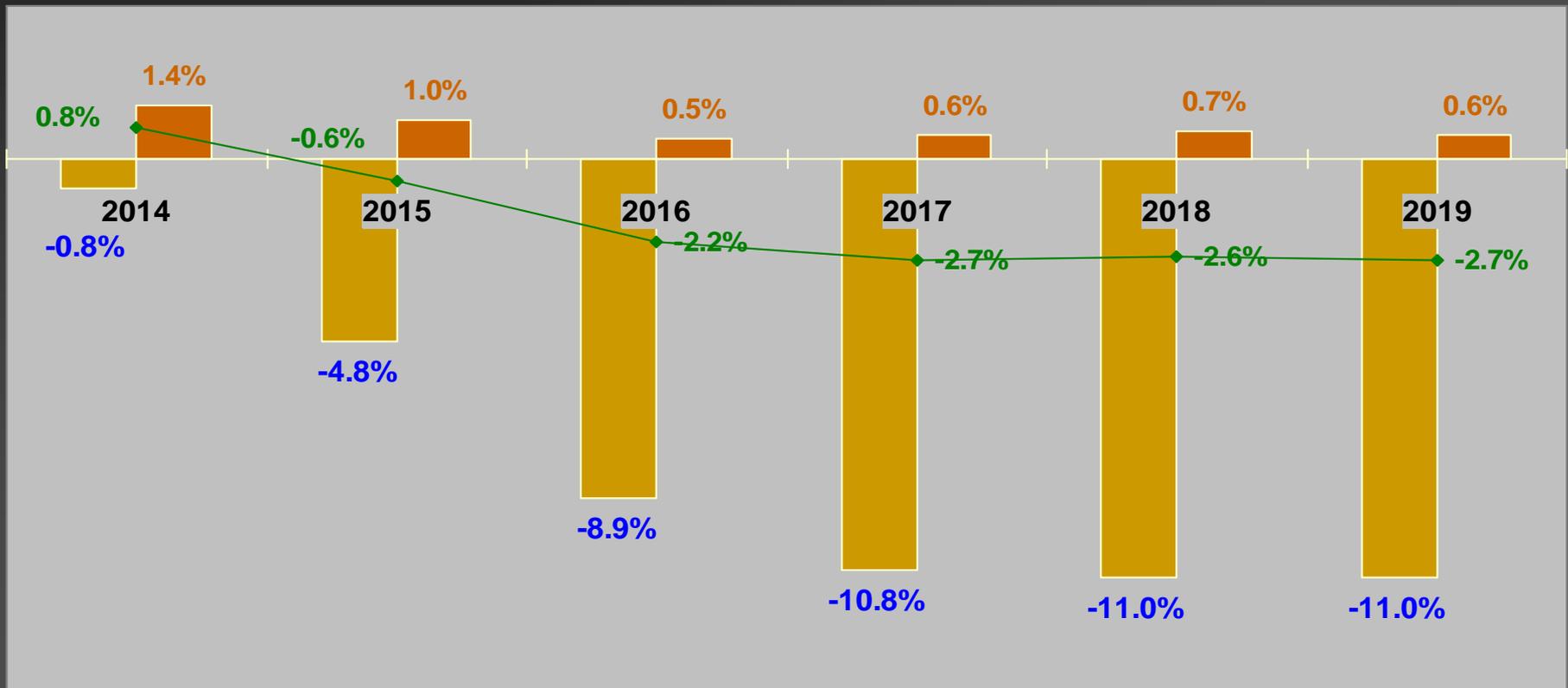
PPACA



Note: "Individual" coverage includes unsubsidized coverage in the exchange.

Effect of PPACA on the number of state residents under age 65 with ESI: 2014-2019

Firms with 0-100 workers Firms with 101+ workers Total ESI



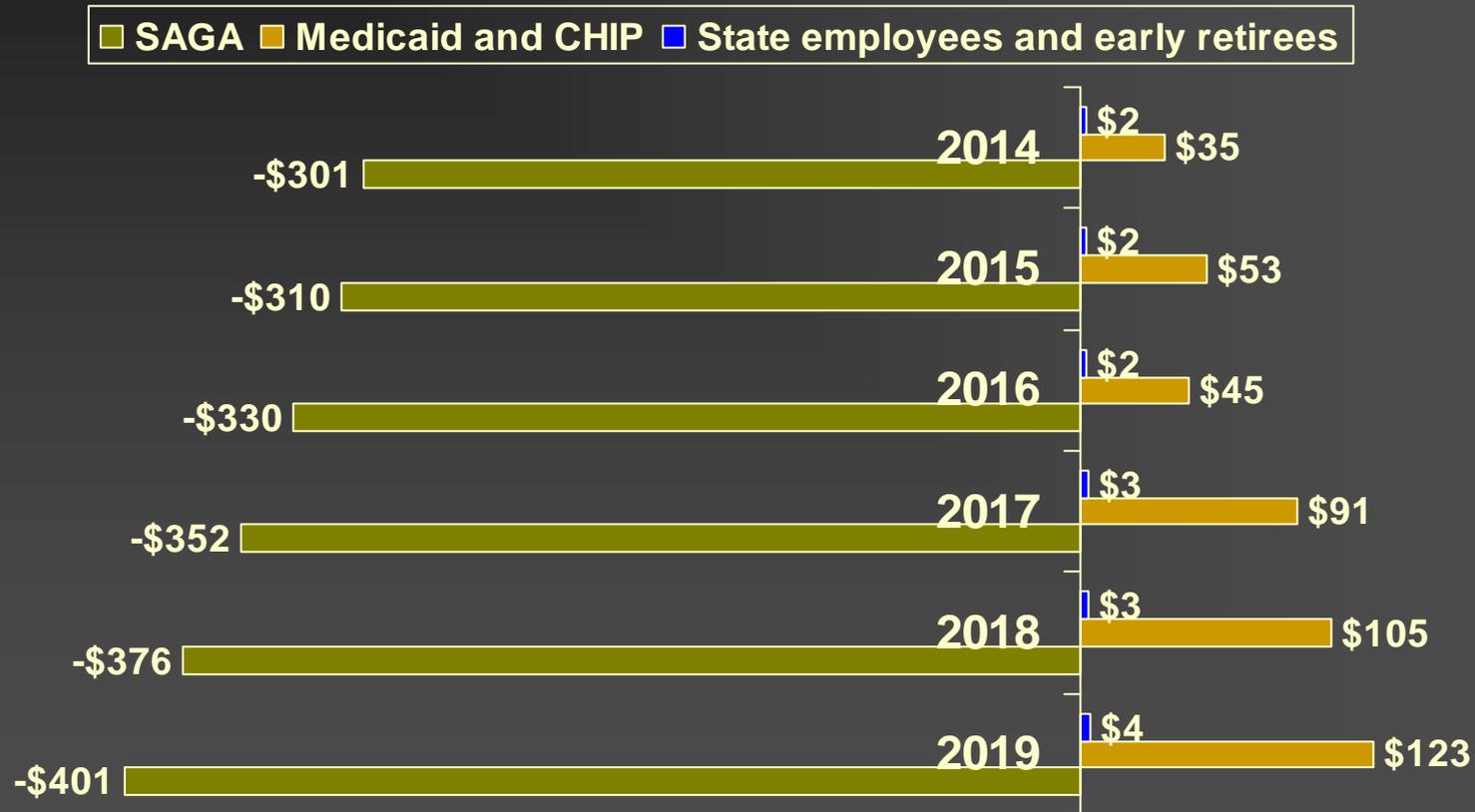


Federal and state effects

Effect of PPACA on federal health care spending in Connecticut: 2014-2019 (millions)



Effect of PPACA on state general fund costs: 2014-2019 (millions)



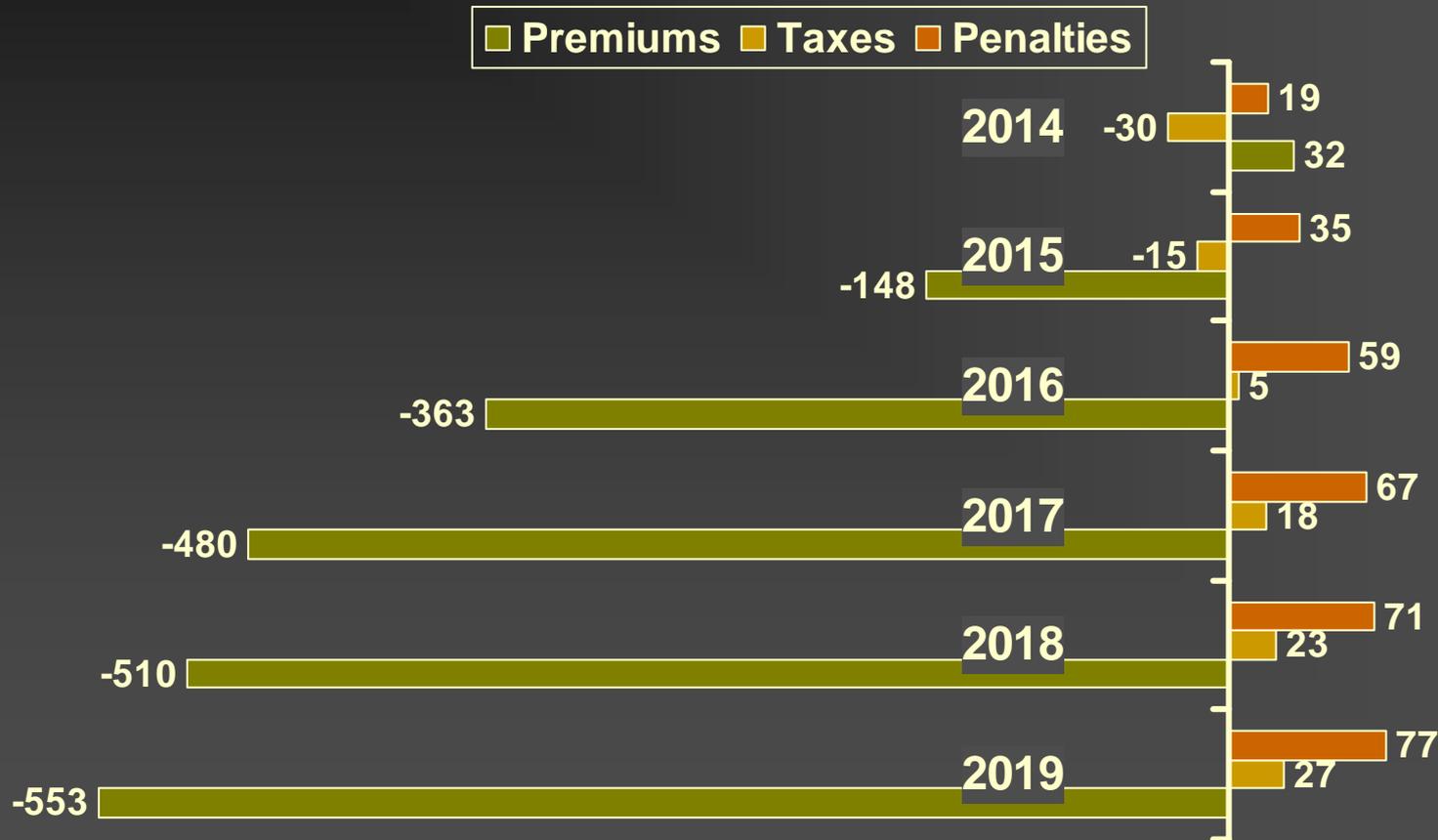
Effect of PPACA on state budget deficits: 2014-2019 (millions)

	2014	2015	2016	2017	2018	2019
Effect on outlays	-\$264	-\$255	-\$283	-\$258	-\$268	-\$274
Effect on revenues	-\$2	\$4	\$11	\$15	\$16	\$17
Net effect on budget deficit	-\$262	-\$259	-\$294	-\$273	-\$284	-\$291



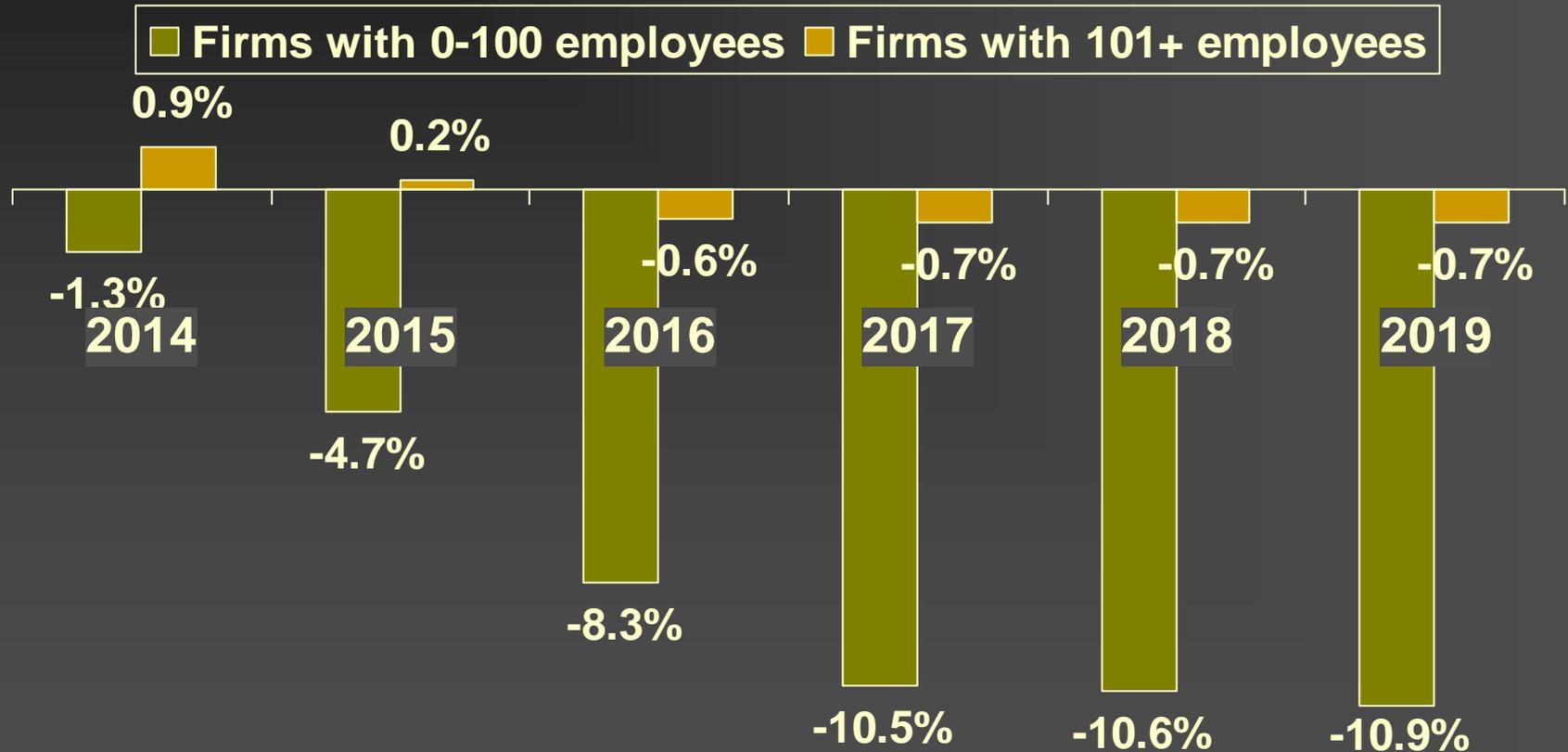
Effects on employers

Effect of PPACA on employer costs: 2014-2019 (millions)

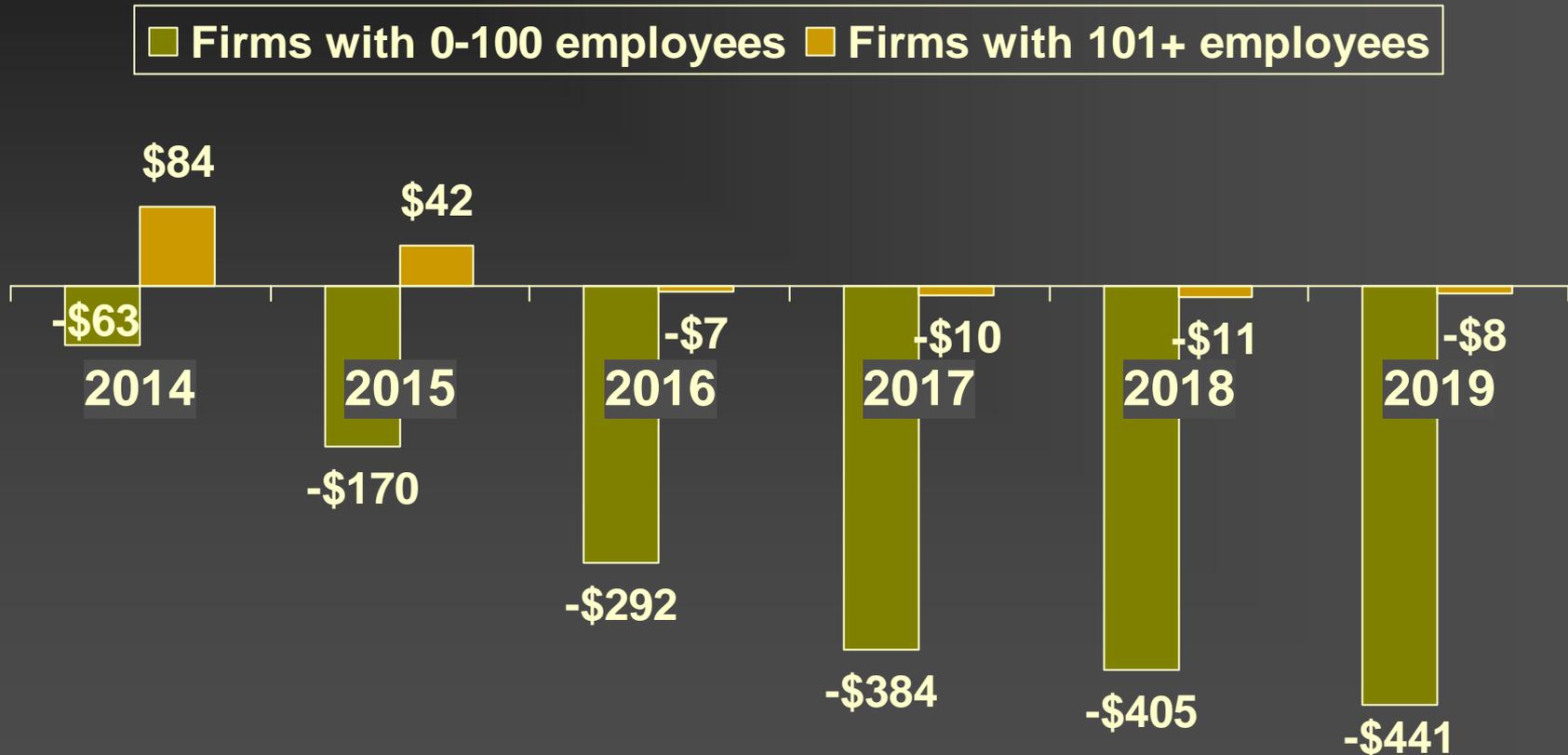


Note: "taxes" show net effects on firm tax liability, taking into account changes to payroll taxes and new tax credits for small firms.

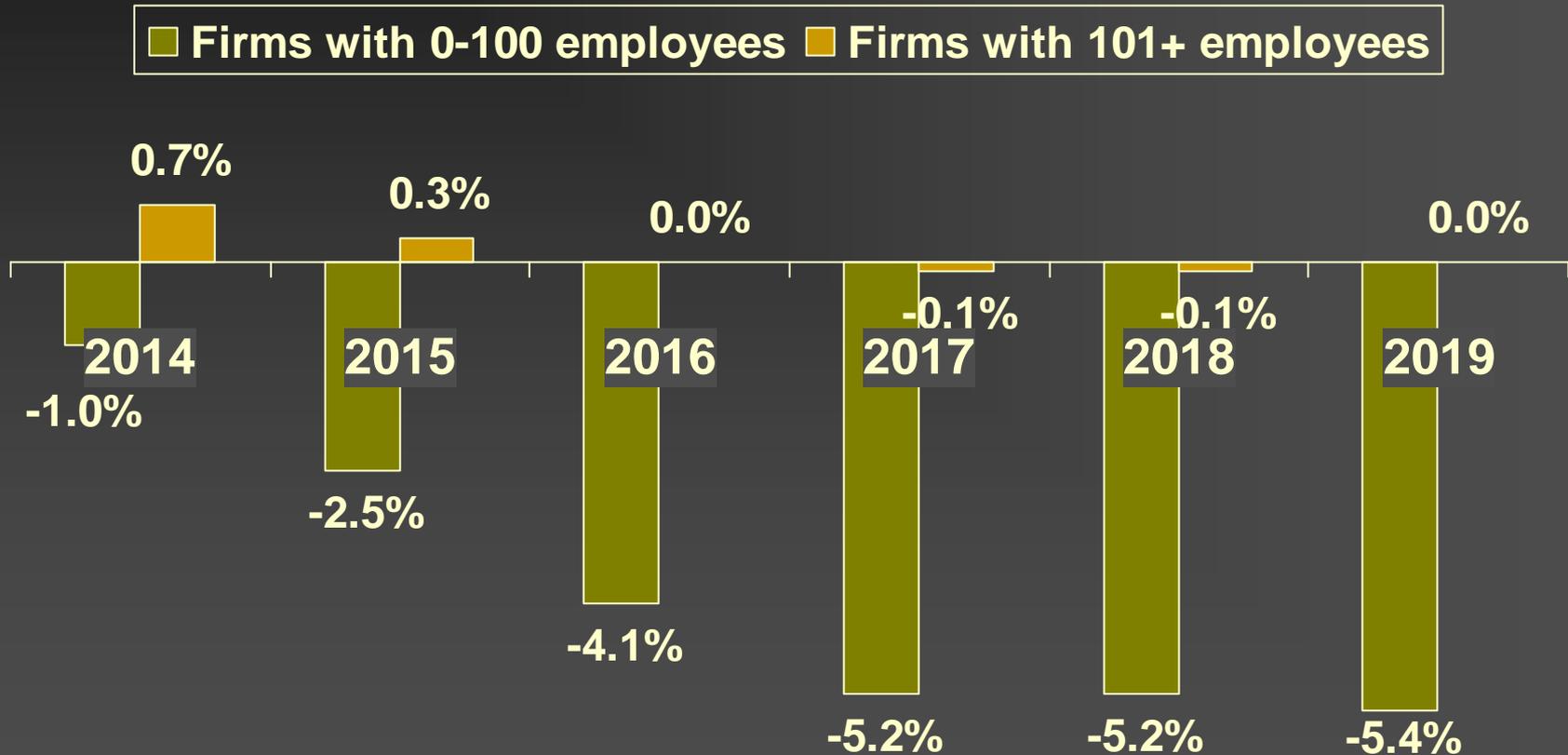
Effect of PPACA on employer premiums, by firm size: 2014-2019



Effect of PPACA on net employer costs (premiums, taxes, and penalties), by firm size: 2014-2019 (millions of dollars)



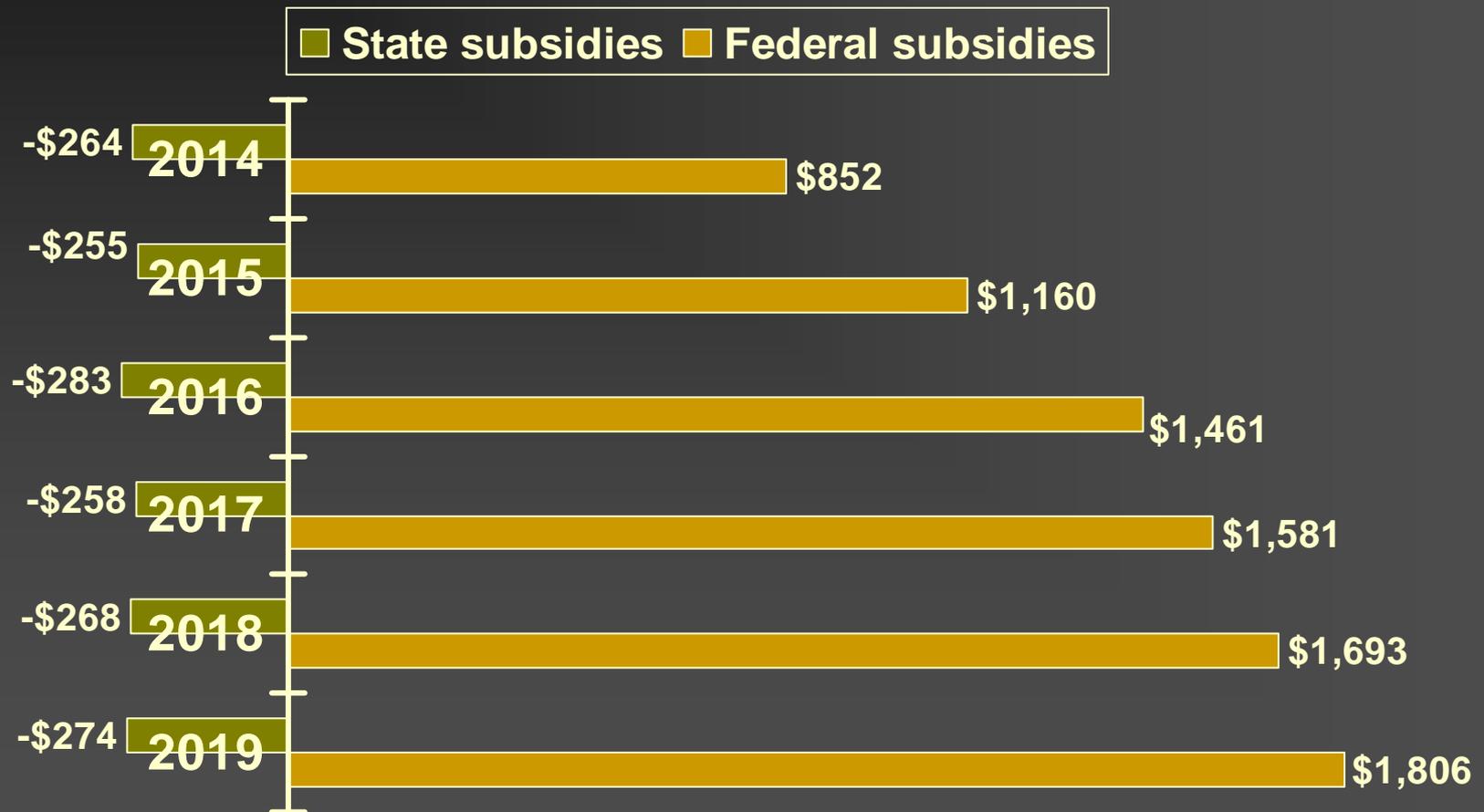
Percentage impact of PPACA on net employer costs (premiums, taxes, and penalties), by firm size: 2014-2019



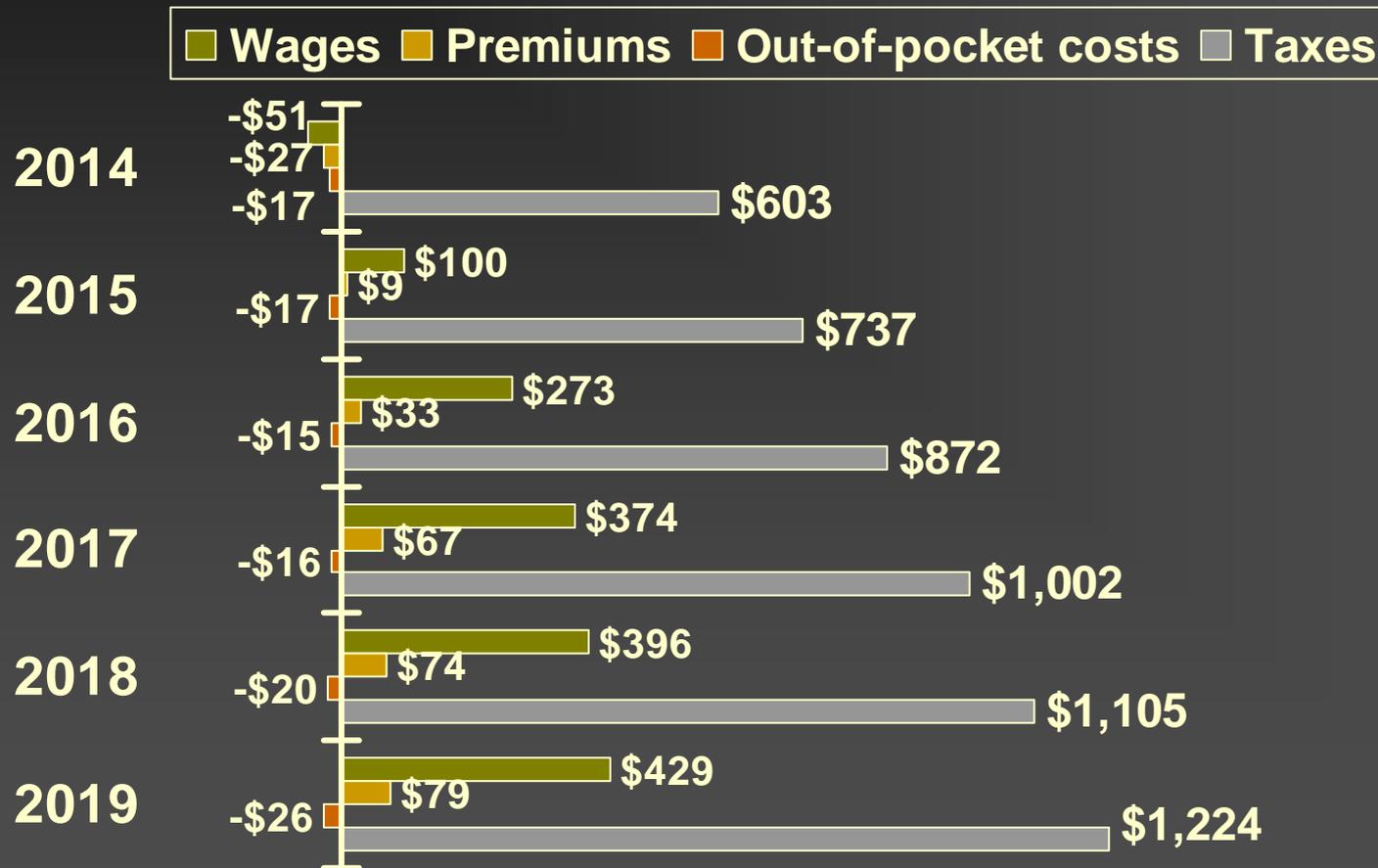


Effects on households

Effect of PPACA on health care subsidies for residents under age 65: 2014-2019 (millions)



Effect of PPACA on costs and earnings for residents under age 65: 2014-2019 (millions)



Net effect of PPACA on post-tax purchasing power of residents under age 65: 2014-2019 (millions)

	2014	2015	2016	2017	2018	2019
Health insurance subsidies for the previously uninsured	\$447	\$642	\$753	\$825	\$890	\$958
Wages	-\$51	\$100	\$273	\$374	\$396	\$429
Costs (including taxes)	\$559	\$729	\$890	\$1,053	\$1,159	\$1,277
Net effect on post-tax purchasing power	-\$163	\$13	\$136	\$146	\$127	\$110
	-0.2%	0.0%	0.1%	0.1%	0.1%	0.1%



Part III

Next steps

PPACA + SustiNet: Scenarios for 2014-2019

- SustiNet for Medicaid, HUSKY, state employees and retirees
- SustiNet as an option for small firms and individuals in the exchange
- Adding Basic Health Program to SustiNet
- Supplementing tax credits in the exchange, for individuals and firms
- Raising Medicaid/HUSKY reimbursement

SustiNet before 2014

- Letting small firms, non-profits, and municipalities buy into SustiNet
- Helping more low-income uninsured before maximal federal resources become available
 - Expanding HUSKY
 - Creating premium subsidies
- Option for individuals to buy SustiNet
 - Insurance market reforms
 - Policies to prevent adverse selection

Conclusion

- PPACA will dramatically change coverage and dollar flows inside Connecticut
- Earlier assessments of SustiNet's cost and coverage effects have now become almost irrelevant, given PPACA's change to the future baseline