

Understanding Newly Covered Populations Health Reform in Washington State

Findings from Augmented WSPS Dataset

Randall R. Bovbjerg, Matthew Buettgens, and Caitlin Carroll
The Urban Institute, Washington, DC

With generous help from our Washington State Partners
Thea Mounts and Wei Yen, Office of Financial Management
Jenny Hamilton, Health Care Authority

Notes: Support for this Urban Institute project comes from the State of Washington, Office of Financial Management, OFM contract no. K885, which is gratefully acknowledged. All conclusions expressed are the authors' alone.



Overview

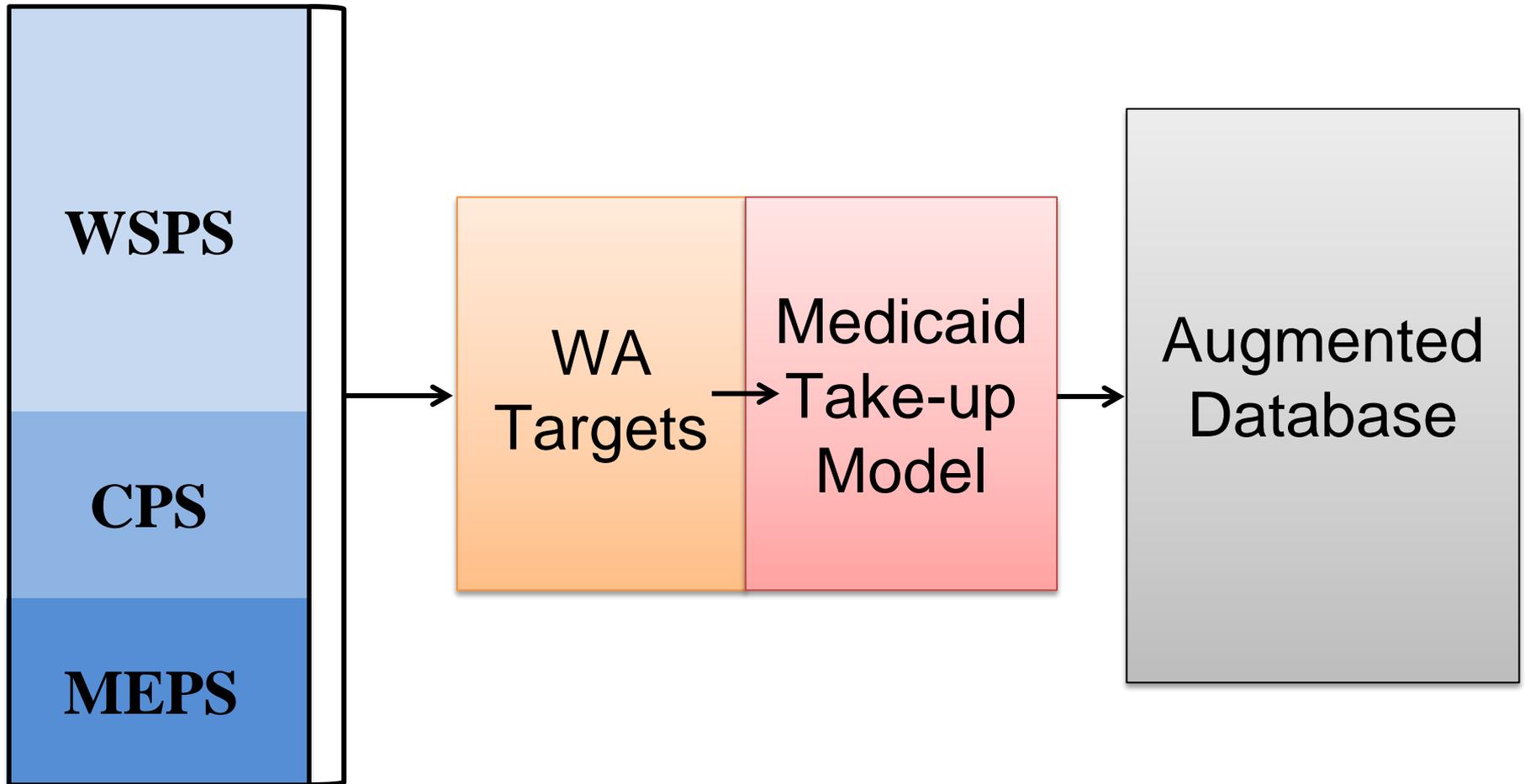
- I. Database Construction
- II. Using the Augmented Dataset
- III. Results
 - I. Profile of the Uninsured
 - II. Impact of the Medicaid Expansion
 - III. Sensitivity of Results to Alternative Medicaid Take-up Assumptions

Section I

DATABASE CONSTRUCTION



Overview of Project's Construction



How Augmentation Improves the Dataset

- 2010 WSPS base assures representativeness
- The CPS and MEPS add new data elements
- Match uses previous work by UI that estimates characteristics of interest such as
 - Detailed immigration status
 - Healthcare expenditure
- A final adjustment assures accuracy around new boundary of 138% of FPL
 - Augmented data maintains consistency with the WSPS and external data on population distribution

Note: WSPS, CPS, and MEPS all exclude the institutionalized population



Additional Variables from External Sources

- Jeffrey Passel's methodology used to impute immigration status of the foreign born in the CPS
- Seven expenditure categories from 2005-07 MEPS
 - Hospital, physician, other provider, home health, dental, drug, other medical equipment
 - All expenditure estimates are aligned to categorical National Health Accounts (NHA) Personal Healthcare Expenditure targets
- Two measures of hospital utilization from the MEPS:
 - Number of hospital discharges
 - Number of nights spent in the hospital
- Medicaid take-up predictions based on full microsimulation from previous work at UI

Section II

USING THE AUGMENTED DATASET



Dataset Has Many Possible Uses

- Variables included were chosen to facilitate policy-relevant analysis
- Now constructed, the database could be updated periodically at very low cost
- Analysis uses non-survey information available for Washington, e.g.,
 - Medicaid enrollment by eligibility pathway for children/adults
 - Hospital utilization rates

This Project's Analyses

- Descriptive analyses of relevant database statistics
 - Often add attendant qualitative interpretation in light of environmental factors in Washington
- The database would support full microsimulation of behavioral changes over time
 - E.g., employers' responses to changes in insurance market
 - Such simulations were beyond the scope of this project
- Assessments utilize findings from UI's previous microsimulations, e.g.:
 - Medicaid take-up rates for different subpopulations in light of economic literature
 - Experience in Massachusetts
- Database is informative but some questions are unanswered

Section III

RESULTS

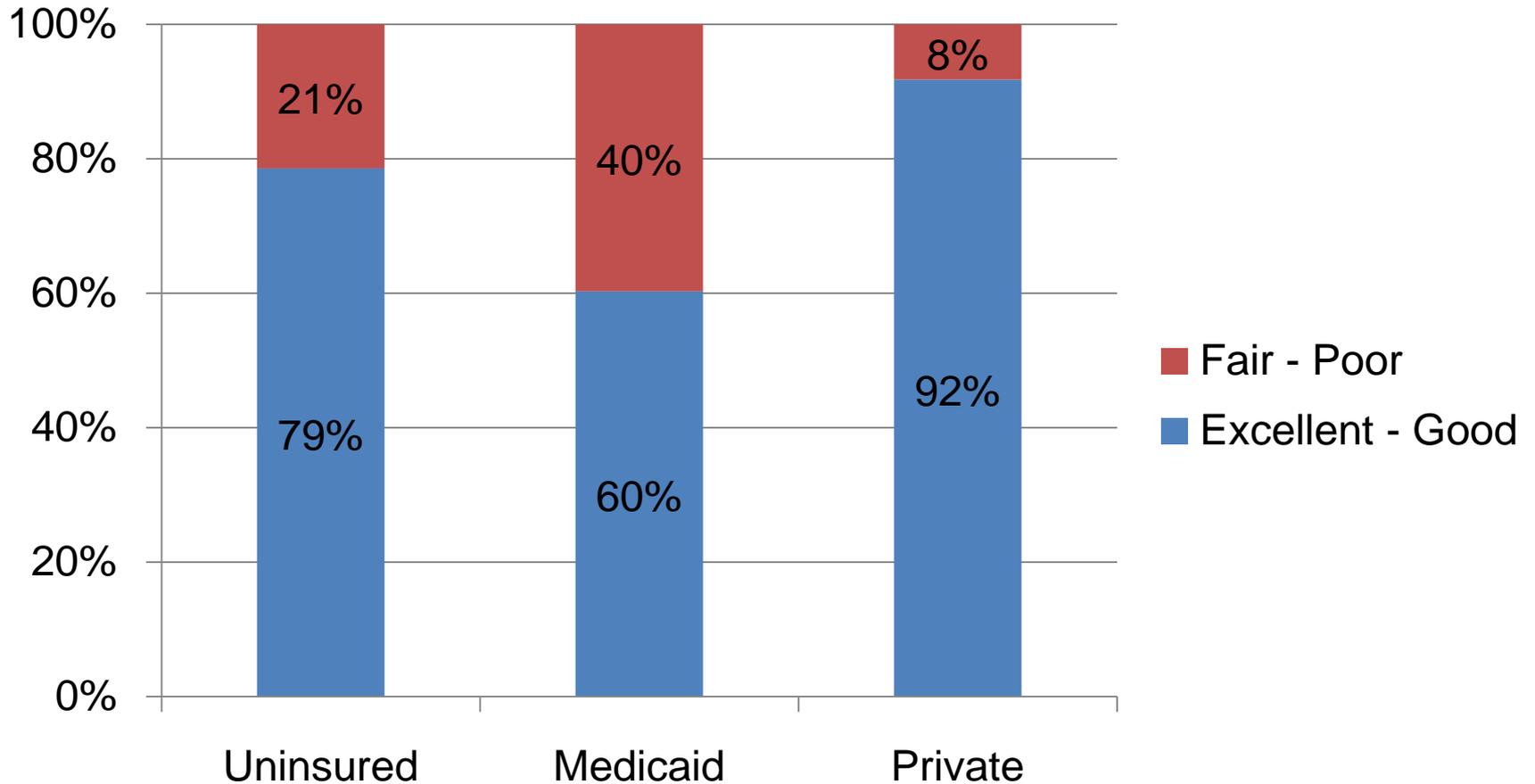


Section III.I

PROFILE OF THE UNINSURED



Health Status of Nonelderly Adults by Current Coverage



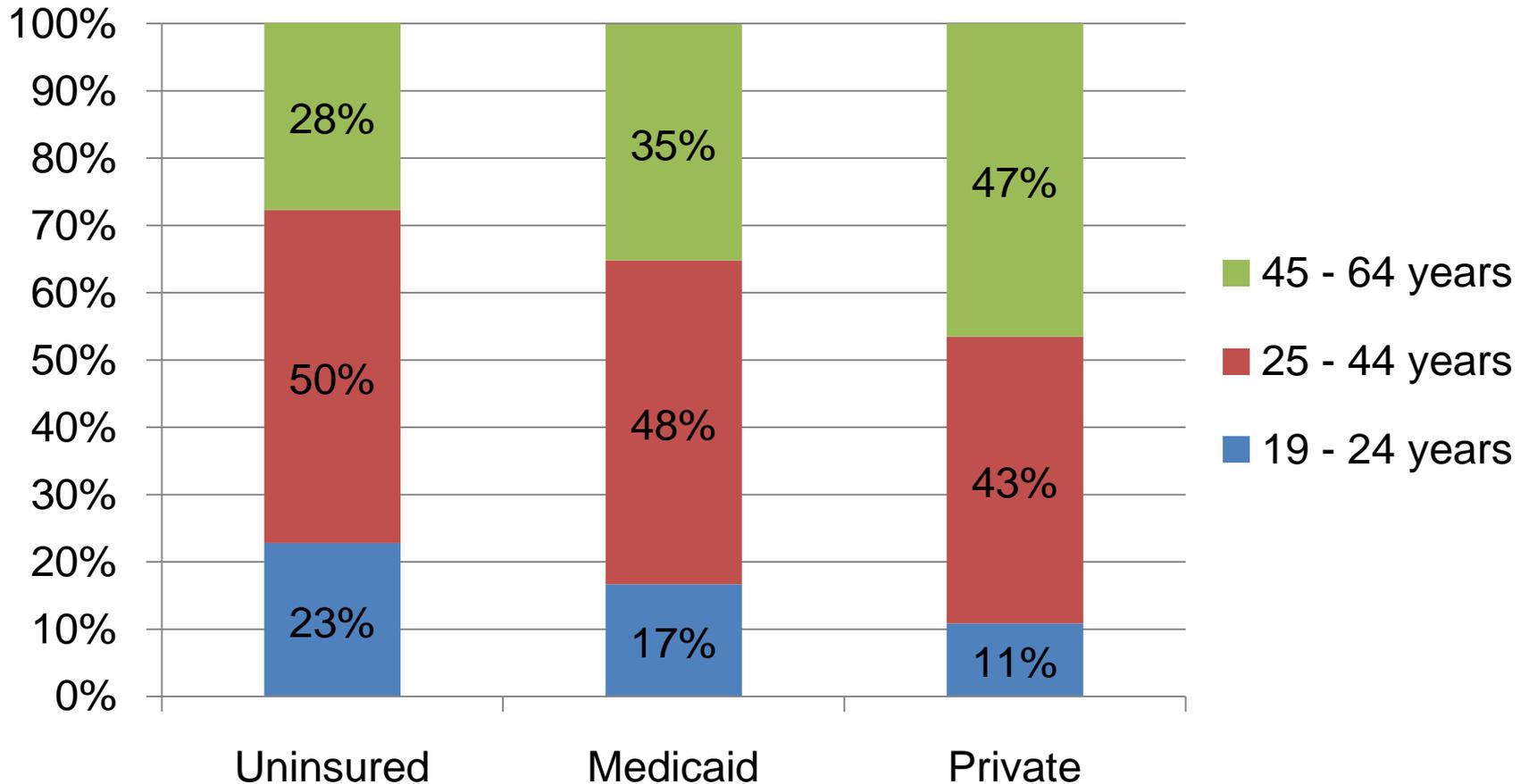
Source: UI Analysis of Augmented WA State Database

Health Status by Current Coverage

- Uninsured adults average better health than adult Medicaid enrollees
 - ~40% of adult Medicaid enrollees report fair/poor health vs. ~20% of the uninsured
 - Suggests that the uninsured do not have a high risk profile
- Uninsured adults average worse health than the privately insured

Age of Nonelderly Adults, by Current Coverage

Current Uninsured Adults are Younger than Medicaid or Private



Source: UI Analysis of Augmented WA State Database



Age Distribution of Adults by Coverage Type

- Uninsured adults are younger than Medicaid enrollees or the privately insured
- Almost 23% of uninsured adults are between 19 - 24
 - Only 11% of the privately insured fall in this range

Immigration Status of Nonelderly WA Residents

Undocumented Are Far Less Likely to Have Coverage

	Coverage Type			
	Insured		Uninsured	
	N	%	N	%
Total	5,125,329	100.0	786,404	100.0
Natural-Born Citizen	4,646,185	90.7	616,916	78.5
Naturalized Citizen	233,549	4.6	35,366	4.5
Non-Citizen Legal Resident	112,296	2.2	50,516	6.4
Undocumented Immigrant	133,299	2.6	83,606	10.6

Source: UI Analysis of Augmented WA State Database



Citizenship Status and Uninsurance

- Only ~13% of the all nonelderly are uninsured, but nearly 40% of undocumented lack coverage
- Undocumented immigrants will not be eligible for Medicaid-CHIP or the subsidized Exchange
 - As a result, these uninsured will likely remain so
- Legal adult immigrants will remain Medicaid ineligible for 5 yrs, but can get Exchange subsidies
- Remaining uninsured will get uncompensated care

Costs¹ of the Nonelderly Uninsured

Half Spend Little or Nothing, but Average is Substantial

Uninsured Costs (\$)				
Out-Of-Pocket Costs			Uncompensated Care Costs	
Mean	811		Mean	1,811
Percentiles			Percentiles	
10%	0		10%	0
25%	0		25%	0
50%	126		50%	20
75%	858		75%	611
90%	2,240		90%	3,764

Source: UI Analysis of Augmented WA State Database

1. Spending excludes Long Term Care and spending on the institutionalized population



The Uninsured and Uncompensated Care

- Over half of uninsured get uncompensated care
 - UC is funded by the federal government (~35%), state and local governments (~35%), and private sources such as providers (~30%)
- Average UC costs for the uninsured are over twice their average out-of-pocket costs
- Average uninsured costs are ~2/3 of Medicaid
 - can be expected to rise for those newly covered under the ACA (next slides)

Section III.II

IMPACT OF THE MEDICAID EXPANSION



Medicaid Enrollment - Baseline and Projected Totals

New Eligibles Take-up Medicaid at Higher Rates

	N
Currently Enrolled	1,095,254
Potential New Enrollees	1,039,228
Currently Eligible, Not Enrolled ¹	544,921
Newly Eligible Under Reform	494,307
Projected New Enrollment ²	328,221
Currently Eligible, Not Enrolled	77,913
Newly Eligible	250,308

Source: UI Analysis of Augmented WA State Database

1. This estimate may be an overstatement. Our data represent a single point in time; crowd-out provisions and other aspects of eligibility that require knowledge of an applicant's history could not be modeled.
2. We simulate the Medicaid expansion as if fully implemented in 2011

Medicaid Eligibility and Enrollment

- Nearly 500,000 nonelderly persons will gain eligibility under health reform
 - ~250,000 will enroll in Medicaid in reform
- Of ~545,000 currently eligible yet not enrolled, most will not enroll in reform
 - Fewer than 78,000 will enroll in Medicaid since many already have private coverage

Age of Likely Nonelderly Medicaid Enrollees

Newly Eligible New Enrollees are Almost All Adults

	Eligibility of Projected New Enrollees					
	Currently Eligible, Not Enrolled		Newly Eligible		Total	
	N	%	N	%	N	%
Total	77,913	100.0%	250,308	100.0%	328,221	100.0%
Age						
0 - 18 years	49,115	63.0%	5,512	2.2%	54,627	16.6%
19 - 24 years	2,400	3.1%	80,037	32.0%	82,437	25.1%
25 - 44 years	23,281	29.9%	75,553	30.2%	98,834	30.1%
45 - 64 years	3,117	4.0%	89,206	35.6%	92,323	28.1%

Source: UI Analysis of Augmented WA State Database



Age of New Medicaid Enrollees

- Newly eligible new Medicaid enrollees are almost exclusively adults
 - Unsurprising given current generosity of children's Medicaid/CHIP coverage
- New outreach under health reform will encourage currently eligible yet not enrolled children to take up Medicaid
 - 63% of currently eligible new Medicaid enrollees are 18 or under

Health Status of Likely New Medicaid Enrollees

New Medicaid Enrollees Report Good Health Overall

	Eligibility of Projected New Enrollees					
	Currently Eligible, Not Enrolled		Newly Eligible		Total	
	N	%	N	%	N	%
Total	77,913	100.0%	250,308	100.0%	328,221	100.0%
Health Status						
Excellent - Good	58,726	75.4%	180,407	72.1%	239,133	72.9%
Fair - Poor	19,187	24.6%	69,901	27.9%	89,088	27.1%

Source: UI Analysis of Augmented WA State Database

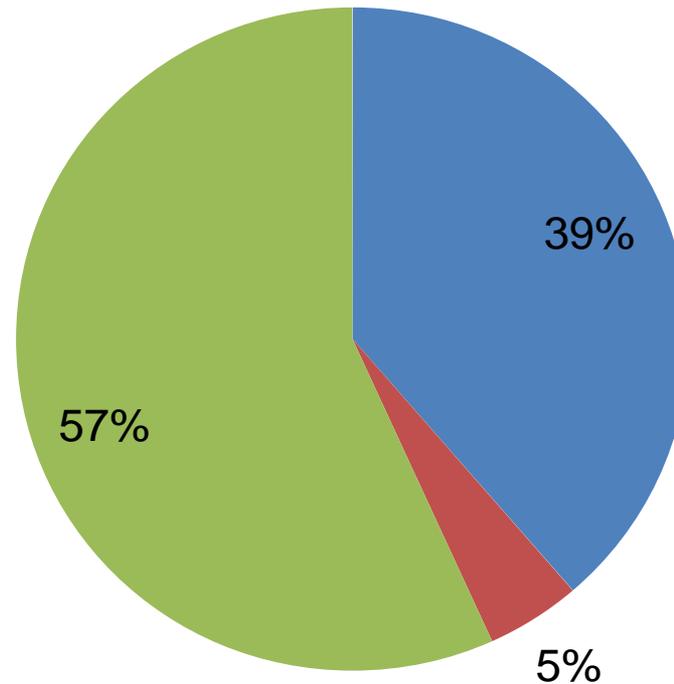
Health of New Medicaid Enrollees

- Most new Medicaid enrollees report good health, regardless of eligibility pathway
- Newly eligible new Medicaid enrollees (~98% adult) report better health than current adult Medicaid enrollees
 - 28% of new Medicaid enrollees are in fair/poor health versus 40% of current adult Medicaid enrollees

Post-Reform Medicaid Enrollment of Nonelderly Adults

With Large Growth in Enrollment, Average Costs Decline

Reform: 633K Enrollees, Avg. Cost \$7,293
(Baseline: 359K Enrollees, Avg. Cost \$7,906)



■ Newly Eligible ■ Currently Eligible, Newly Enrolled ■ Currently Enrolled

Characteristics of Newly Enrolled Adults

- Post-ACA, most adult Medicaid enrollees will be either current enrollees or newly eligible new enrollees
- Because new enrollees cost less than current ones, average adult costs will decline from the baseline.
 - Evidence of the lower risk profile of new Medicaid eligibles and enrollees

Participation Rate for Current Eligibles Increases, Rate for New Eligibles Depends on Current Coverage

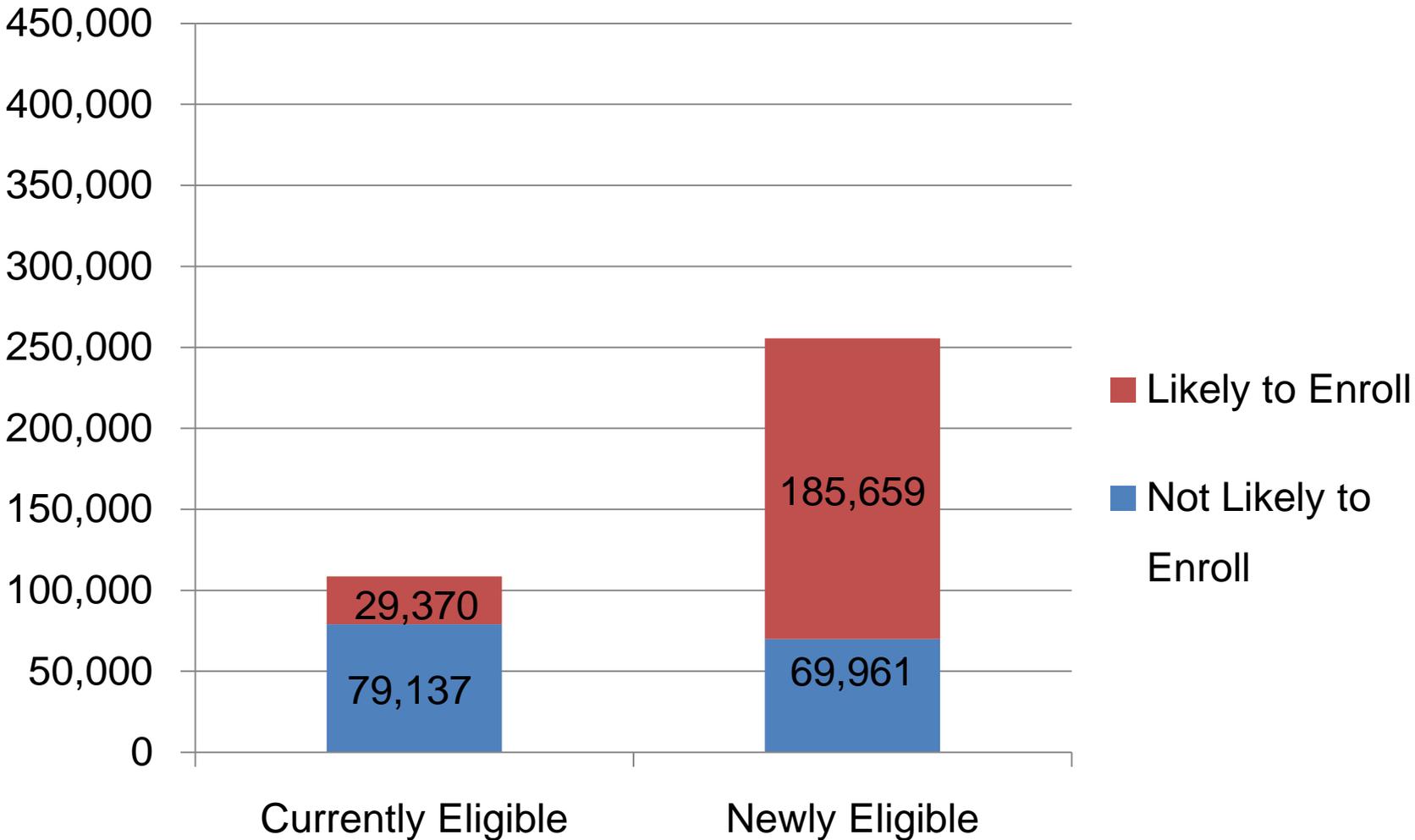
	Pre-Reform	Post-Reform
Nonelderly Current Eligibles		
Participation Rate	66.8%	71.5%
Participation Rate Excluding Privately Insured	91.0%	93.7%
Nonelderly New Eligibles		
Currently Uninsured	--	72.6%
Currently with Private Coverage*	--	35.5%

Source: UI Analysis of Augmented WA State Database

* A mixture of those with non-group coverage who would be enrolled at a high rate due to the “no wrong door” interface and those with employer coverage who would enroll at a low rate.

Medicaid Eligibility vs. Enrollment Among Baseline Uninsured

Currently Eligible but not Enrolled are Unlikely to Enroll After Reform

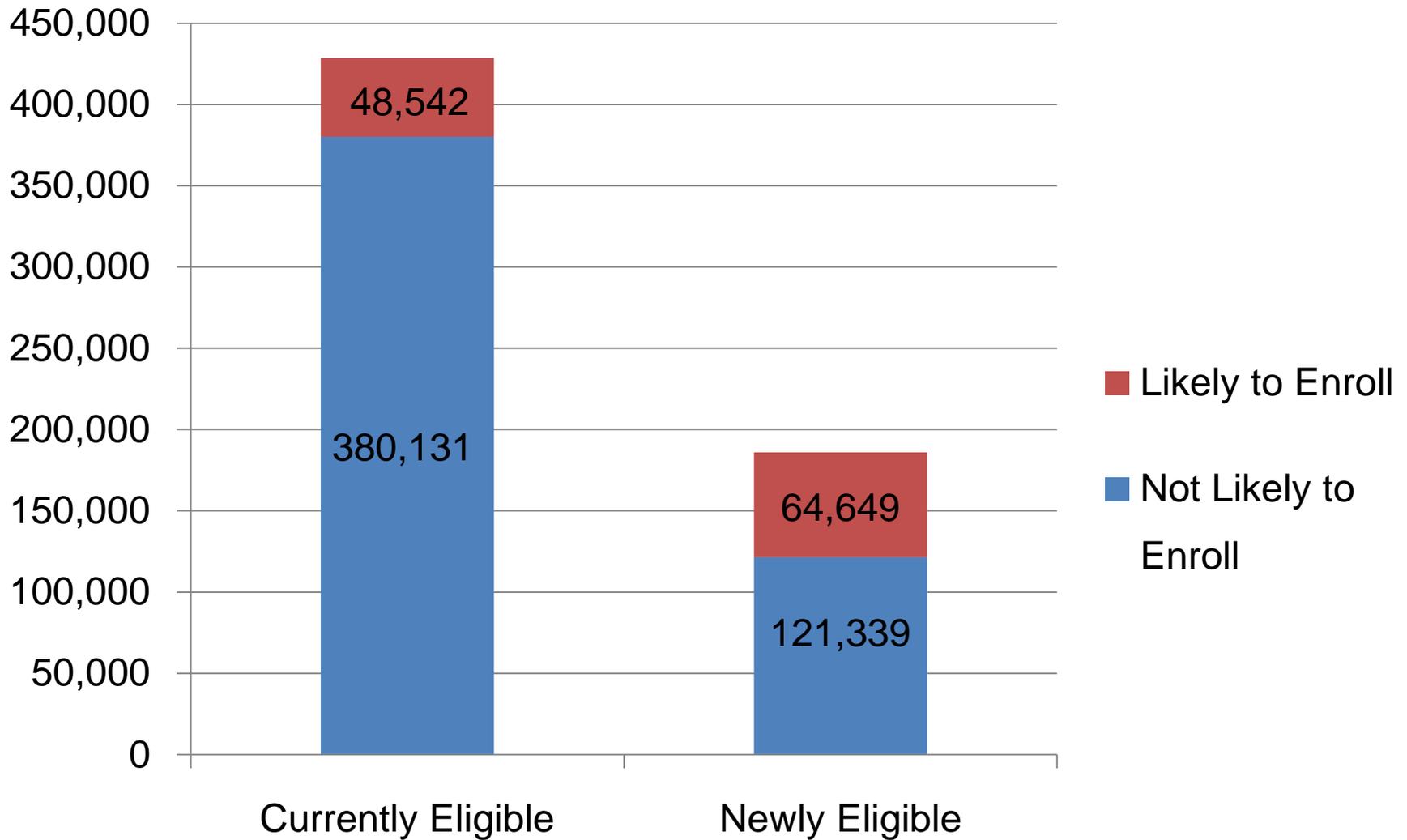


Source: UI Analysis of Augmented WA State Database



Medicaid Eligibility vs. Enrollment Among Baseline Privately Insured

Privately Insured have Lower Take-up Rates than the Uninsured



Source: UI Analysis of Augmented WA State Database

New Medicaid Enrollees Among Baseline Uninsured

- ~256,000 currently uninsured nonelderly persons will become newly eligible for Medicaid in reform
 - Of these, ~186,000 will enroll (~73%)
- ~109,000 nonelderly persons are now uninsured despite being eligible for Medicaid
 - Only 29,000 of this population will enroll in reform
 - May look low but represents a significant increase in participation among the currently eligible

New Medicaid Enrollees - Baseline Privately Insured

- 429,000 of the baseline privately insured are now eligible for Medicaid
 - Given their observed preference against Medicaid, just over 10% of this population will enroll in Medicaid in reform
- Of the 186,000 new eligibles with baseline private insurance, ~65,000 will enroll in Medicaid in reform

Expenditures of New Nonelderly Medicaid Enrollees by Baseline Coverage

Baseline Uninsured See Larger Increases than Private

Average Expenditure of Medicaid Enrollees		
	Current Expenditure	Medicaid Expenditure
Total	\$3,245	\$5,799
Baseline Coverage		
Private	\$4,783	\$5,054
Uninsured	\$2,438	\$6,191

Source: UI Analysis of Augmented WA State Database



Medicaid Expansion Expenditures

- Increased Medicaid spending is largely driven by the currently uninsured
 - Expenditure on the baseline privately insured rises less than \$300 on average
 - Costs of the newly enrolled baseline uninsured increase by almost \$4,000
- Costs of baseline uninsured are about 50% of costs of privately insured

Section III.III

SENSITIVITY TO ALTERNATIVE MEDICAID TAKE-UP ASSUMPTIONS

Assumed Take-up Rates by Baseline Coverage and Eligibility

	Newly eligible		Currently Eligible, Not Enrolled	
	0-18	19-64	0-18	19-64
Low take-up				
Baseline Uninsured	71.9%	60.1%	40.5%	10.6%
Baseline Private	12.1%	12.0%	5.1%	8.3%
Medium take-up				
Baseline Uninsured	75.3%	72.6%	51.8%	14.8%
Baseline Private	25.8%	35.5%	9.6%	16.4%
High take-up				
Baseline Uninsured	90.8%	78.2%	55.5%	31.0%
Baseline Private	31.2%	40.0%	25.0%	25.6%

Source: Evidence from literature



Construction of Take-up Rate Scenarios

- Medium take-up based on HIPSM results
 - Calibrated to results from literature
- For baseline uninsured, lower take-up is consistent with CBO estimates
- For baseline private, the medium/high scenarios assume automatic enrollment through the no wrong door interface
- Take-up above the medium scenario would require very effective outreach

Participation Rate for Current Eligibles Increases Regardless of Take-up Rate

	Pre-Reform	Low	Medium	High
Nonelderly Current Eligibles				
Participation Rate	66.8%	69.7%	71.5%	75.9%
Participation Rate Excluding Privately Insured	91.0%	93.0%	93.7%	95.0%

Source: UI Analysis of Augmented WA State Database .

Sensitivity of Medicaid Enrollment to Take-up Assumptions

Take-up Assumption

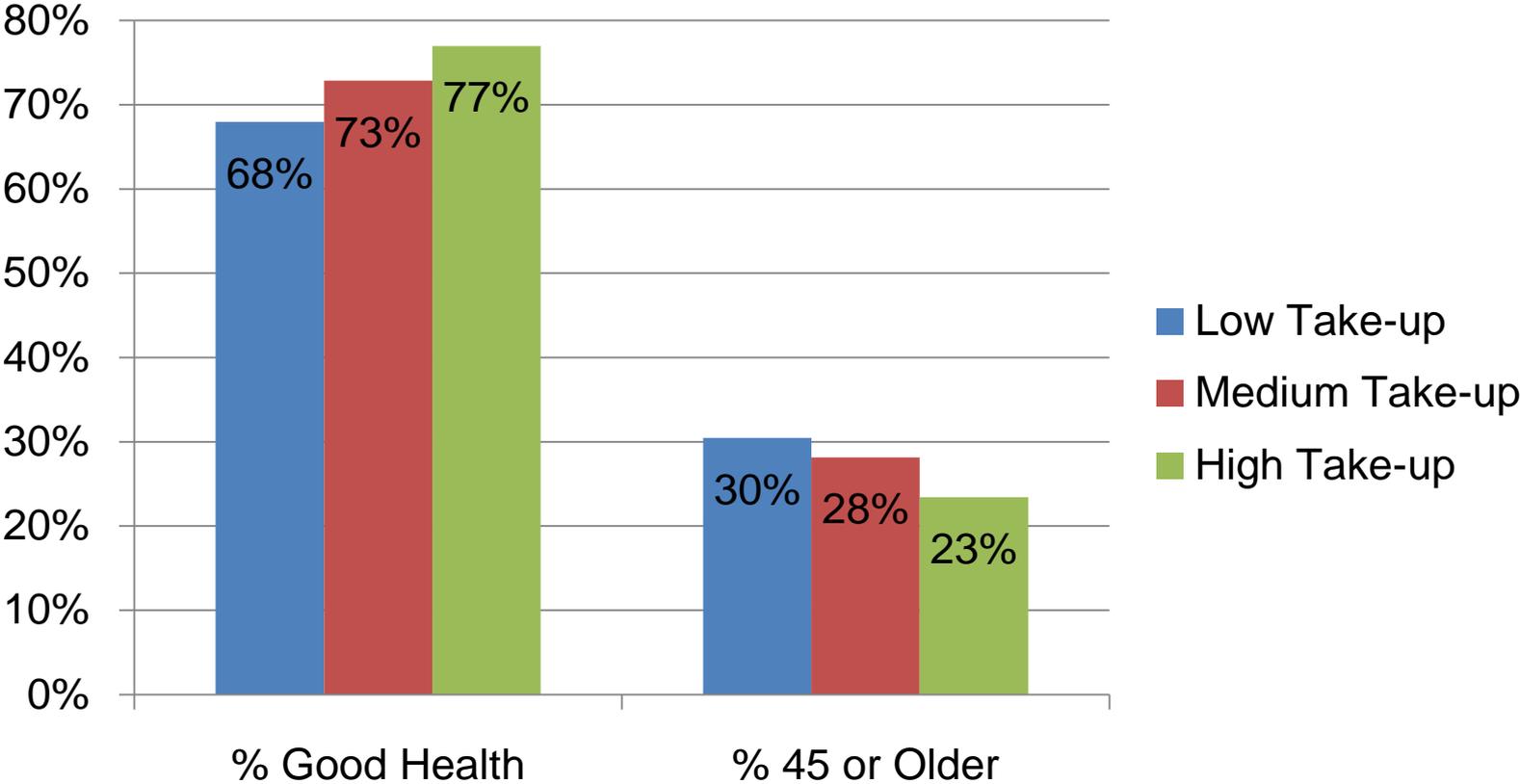
	Low	Medium	High
Total New Enrollment	223,951	328,221	423,935
Newly Eligible, Age 0-18	3,568	5,512	6,658
Newly Eligible, Age 19-64	172,697	244,796	266,927
Currently Eligible, Age 0-18	30,900	49,115	99,612
Currently Eligible, Age 19-64	16,785	28,798	50,736

Source: UI Analysis of Augmented WA State Database .

Take-up Rates and Enrollment

- All scenarios show that few newly eligible children will enroll
- The bulk of new enrollees are newly eligible adults under all scenarios (expect 173K- 267K)
- Scenarios differ widely for the number of *currently eligible* children and adults:
 - For currently eligible children, expect 31K-100K
 - Among currently eligible adults, expect 17K-51K
- Several factors will influence take-up
 - Effectiveness of outreach
 - New intake methods like no wrong door interface

Higher Medicaid Take-up Leads to Lower Risk Profile for New Enrollees



Source: UI Analysis of Augmented WA State Database .



Take-up Rates and Composition of Enrollees

- People differ in their demand for medical care
 - Notably, older and sicker people are more likely to enroll in Medicaid than younger, healthier individuals
- Higher take-up rates imply that younger, healthier people will account for a larger share of Medicaid enrollees than lower take-up assumptions
- Examples to follow
 - Higher rates of take-up imply lower costs and lower hospital utilization per enrollee

Expenditure and Hospital Utilization of New Medicaid Enrollees, by Take-up Assumption

Take-up Assumption

	Low	Medium	High
Average Expenditure	\$6,471	\$5,799	\$5,312
Hospital Days per 1,000	499	607	493

Source: UI Analysis of Augmented WA State Database .

Sensitivity of Cost Measures to Take-up

- Average Medicaid expenditure declines as take-up increases
 - Underscores the earlier finding that new eligibles are in general less costly than existing eligibles
- Hospital utilization rates do not increase as take-up increases
 - High take-up implies that more privately insured enroll in Medicaid
 - Hospital utilization increases only slightly when an individual moves from private insurance to Medicaid
 - Increase in hospital utilization is driven by new Medicaid enrollment of the baseline uninsured