

The Utah Department of Health (UDOH) commissioned the Public Consulting Group (PCG) to produce a cost-benefit analysis to provide information for policy makers as they consider the pros and cons of potential expansion options for the state's Medicaid program under the Affordable Care Act (ACA). This report provides a model of the future for Utah's Medicaid program under five scenarios. The five scenarios are:

- Scenario 1 **Mandatory Only**
No optional expansion – only includes the expected increases in Medicaid enrollment due to the mandatory changes to the program required by ACA and to an increase in the number of currently eligible individuals that enroll in the program
- Scenario 2 **Full Optional Expansion, Full Benefits**
Medicaid expanded for adults to 138% federal poverty level (FPL) with Traditional Medicaid Benefits
- Scenario 3 **Full Optional Expansion, Benchmark Benefits**
Medicaid expanded for adults to 138% FPL with benefits that meet the ACA's Essential Health Benefits requirements
- Scenario 4 **Partial Optional Expansion, Full Benefits**
Medicaid expanded for adults to 100% FPL with Traditional Medicaid Benefits
- Scenario 5 **Partial Optional Expansion, Benchmark Benefits**
Medicaid expanded for adults to 100% FPL with benefits that meet the ACA's Essential Health Benefits requirements

Total Cost/(Savings) to Utah State Government for Mandatory Expansion Added to Optional Expansion Scenarios			
	One Year Total 2014	Three Year Total 2014-2016	Ten Year Total 2014-2023
Mandatory Only	\$7,272,797	\$39,082,298	\$220,563,690
Mandatory + Scenario 2	\$(11,349,052)	\$(9,678,599)	\$378,437,803
Mandatory + Scenario 3	\$(11,349,052)	\$(9,678,599)	\$336,872,046
Mandatory + Scenario 4	\$11,657,707	\$95,862,577	\$582,119,372
Mandatory + Scenario 5	\$7,354,271	\$72,240,715	\$512,664,652

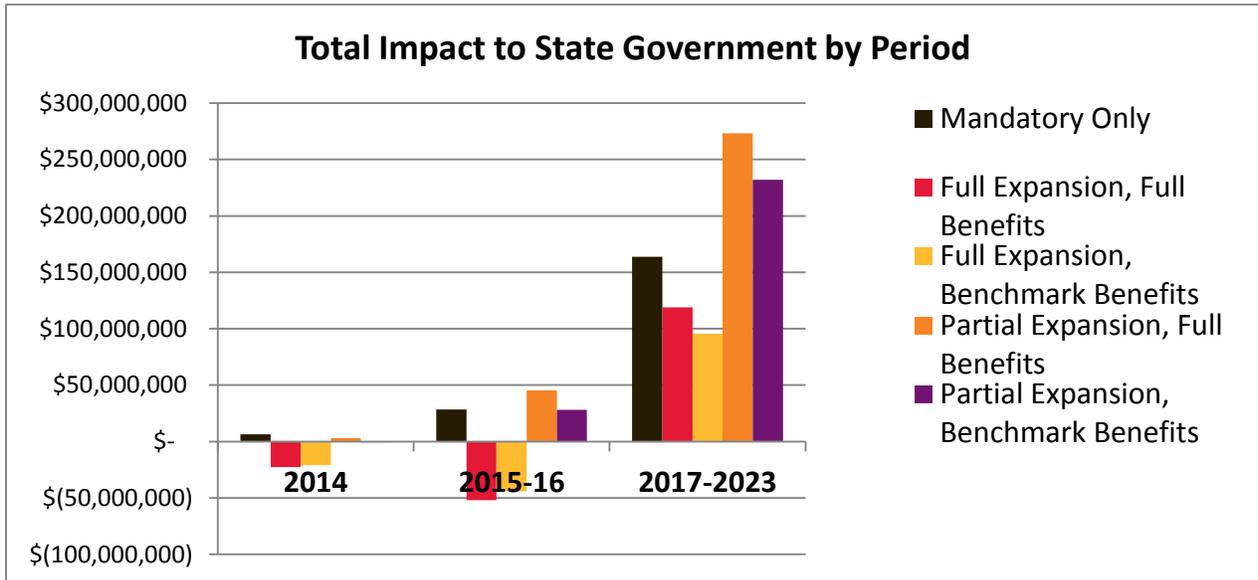
Costs to the State:

PCG has found that the impacts of the ACA on Medicaid eligibility and enrollment will initially save the state money but will eventually have an overall cost to the state. These costs include the administrative costs to state agencies of providing services to the increased client load.

Additionally, under a full expansion (Scenarios 2 and 3), the cost increases over time as the Federal Financial Participation (FFP) declines from covering 100% of the expansion population in 2014 to an eventual federal coverage of 90% of the costs in 2020 and beyond. The enhanced cost sharing from the federal government will not be available for the partial expansion (Scenarios 4 and 5) to 100% FPL, thus the current FMAP is applied for these scenarios – which results in higher costs to the state.

Savings to the State:

Potential savings coming to the state are accounted through individuals gaining insurance and no longer generating uncompensated care; savings to current public assistance programs (the state's share of Mental Health and Substance Abuse Services, Primary Care Network, Inmate Inpatient Services, High Risk Pool Savings); and finally changes to the state's medically needy program.



Estimated Highlights Over the Next Ten Years:

Mandatory Only:

- Increase Medicaid enrollment by 60,202 adults and children
- Increase Medicaid service and administration costs by \$805 million (due to federal matching money, the state share of this increase will be \$221 million)
- Generate an additional \$22 million in state tax revenues
- Generate an additional \$17 million in county tax revenues
- Generate \$554 million statewide in economic impact, create 802 new jobs

Full Optional Expansion, Full Benefits:

- 123,586 additional adults would enroll in Medicaid
- Medicaid service and administration costs will increase by \$3.2 billion (due to federal matching money, the state share of this increase would be \$260 million)
- State public assistance programs would save \$110 million
- County public assistance programs would save \$2 million
- Generate an additional \$113 million in state tax revenues
- Generate an additional \$90 million in county tax revenues
- Hospitals and community health centers would save \$814 million in uncompensated care
- Generate \$2.9 billion statewide in economic impact, create 4,160 new jobs

Data Sources:

This report relies on state and public sources for its data. The State of Utah provided a significant amount of data, including information from the Department of Human Services, Department of Workforce Services, Department of Health, and the Department of Corrections. Data from state agencies was supplemented with Utah specific data from public sources – specifically the Current Population Survey (CPS), the Medical Expenditure Panel Survey (MEPS), and the Kaiser Family Foundation.