
MEMORANDUM

TO: Rep. Jim McClendon, O.D., Co-chair
Sen. Greg Reed, Co-chair
Members of the Insurance Exchange Study Commission

FROM: Deborah Chollet

DATE: 10/28/11

SUBJECT: Explanation of Mathematica's Medicaid and ALL KIDS
eligibility estimates under the ACA

At the October 7, 2011 meeting of the Insurance Exchange Study Commission, Commissioner R. Bob Mullins, MD had asked that we explain how our estimates of potential new Medicaid and ALL Kids enrollment reconciled to the agency data that were provided as 2010 benchmarks. This memorandum responds to Commissioner Mullins' request.

As you know, our report estimates the number of Alabamians who would become eligible for Medicaid or ALL Kids and for coverage in the Exchange, had the Patient Protection and Affordable Care Act (ACA) been fully effective in 2010 (versus the actual effective date of 2014). Table 1 (on the following page) provides a line-by-line reconciliation of our estimates to the June 2010 Medicaid and ALL Kids enrollment data we were provided and used to benchmark our annual estimates for 2010. Three factors make our final estimates different from what Commissioner Mullins might have expected:

- First, our estimates exclude elderly Medicaid beneficiaries as well as institutionalized beneficiaries below age 65. The ACA will not change the number of elderly Alabamians who might qualify for Medicaid. We omitted institutionalized individuals from the analysis because we are skeptical both that income is reported accurately for these individuals and that the ACA will significantly change their eligibility for and enrollment in Medicaid.
- Second, we have many more Medicaid enrollees assigned to employer coverage than Medicaid estimates. Nearly 10 percent of adult Medicaid enrollees reported employer coverage at some time during the year in the ACS. We assigned these adults to employer coverage as primary, not Medicaid.
- Third, we assigned many more children to ALL Kids than the benchmark we received, based on their having reported Medicaid or ALL Kids coverage in the American Community Survey (ACS), and also reporting family income above Medicaid eligibility levels. The ACS indicates that 168,958 children were enrolled in Medicaid or ALL Kids, but had annual income above Medicaid eligibility levels. This adjustment added nearly 94,000 children to the benchmark enrollment in ALL Kids (75,112). We did not reassign these 94,000 children back to Medicaid, making our estimate of the number of children in Medicaid (and, therefore, total Medicaid enrollment) lower than the administrative figure, although total enrollment in either Medicaid or ALL Kids matches the administrative figure.

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PAGE: 2

TABLE 1: ACTUAL AND ESTIMATED MEDICAID AND ALL KIDS ELIGIBILITY, 2010-2013

Population	2010 data source	June 2010 actual and estimated enrollment	June 2011 actual enrollment	August 2011 actual enrollment	September 2013 projected enrollment
Medicaid	Alabama Medicaid	862,949	922,321	939,943	1,017,855
ALL Kids	Alabama ALL Kids	75,112	81,136	82,043	88,114
Total, Medicaid + ALL Kids		938,061	1,003,457	1,021,986	1,105,969
<i>Net Medicaid + ALL Kid, after subtracting:</i>					
Family planning enrollees	Alabama Medicaid	858,198	---	---	---
Elderly or institutionalized	American Community Survey (ACS), Alabama	759,085	---	---	---
Employer coverage	ACS, Alabama	685,945	---	---	---
Adjustment for adult Medicaid ineligibility	ACS, Alabama	684,977	---	---	---
<i>Net, final estimates:</i>					
Nonelderly adult Medicaid + nonelderly duals*		516,018	---	---	---
Medicaid children + ALL Kids		168,958	---	---	---
Total nonelderly non-institutionalized Medicaid + ALL Kids		684,977	---	---	---

Source: Mathematica Policy Research.

*Dually eligible for Medicare and Medicaid.

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PAGE: 3

Finally, Table 1 offers new Medicaid and ALL Kids actual enrollment figures for June and August 2011, as well as projected enrollment to September 2013. These estimates show substantial growth in enrollment since the benchmark available for our study. Actual August 2011 combined Medicaid and ALL Kids enrollment was 8.9 percent greater than actual combined enrollment in June 2010; projected September 2013 combined enrollment is 17.9 percent greater than actual combined enrollment in June 2010.

We cannot make simple adjustments to our estimates to reflect the current and much higher enrollment in Medicaid and ALL Kids. However, we assume that much of the growth in Medicaid and ALL Kids enrollment relates to loss of employer-based coverage in Alabama—a trend that might be confirmed when the 2011 ACS data become available early next year. If job loss and loss of employer coverage are the principal drivers of growing enrollment in Medicaid and ALL Kids, the absolute number of individuals who might enroll in Medicaid, in particular, in 2014 could be significantly higher than we estimated based on 2010 data, as could be the number of individuals who might enroll in the Exchange.

cc: David Helms