



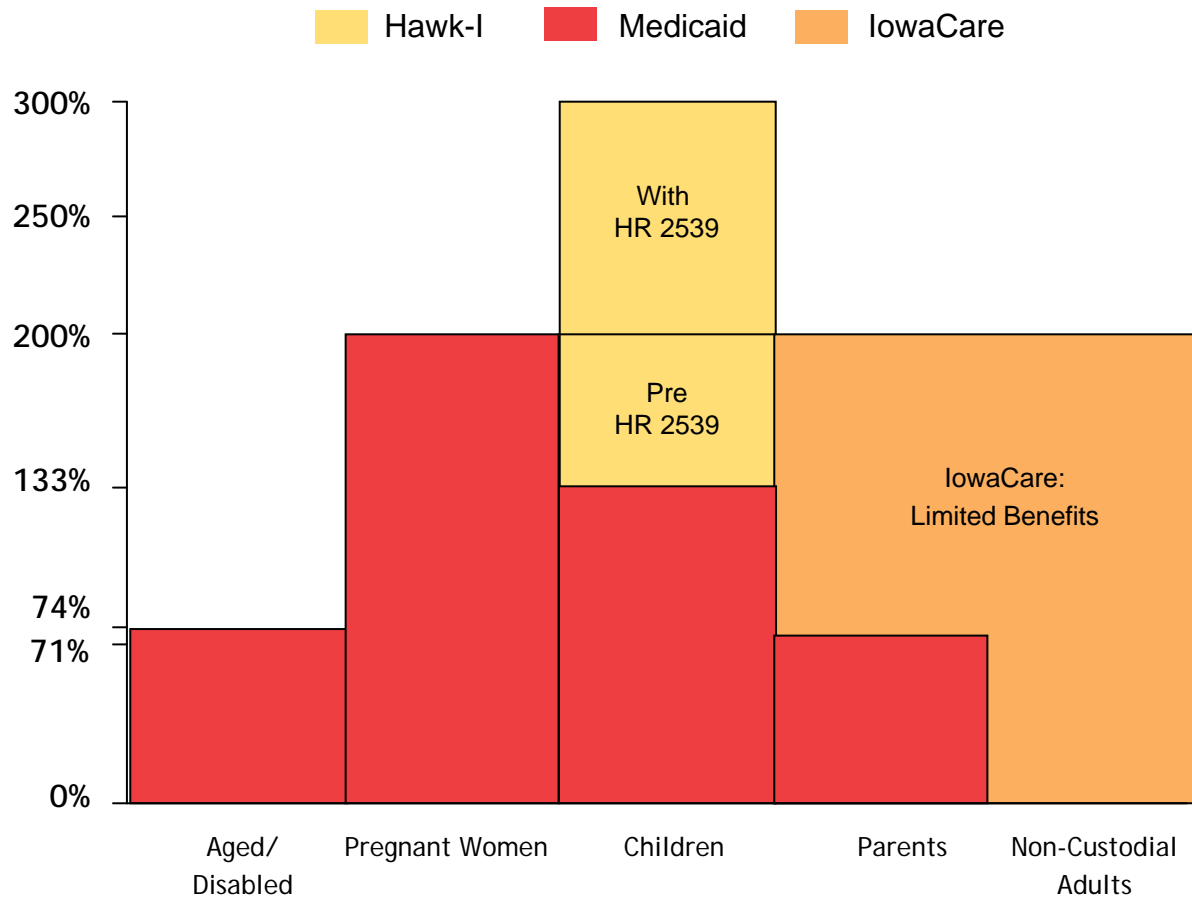
Cost and Coverage Impacts of Options for Expanding Health Insurance Coverage in Iowa

Prepared for:
The Iowa General Assembly

August 13, 2008



Coverage Under Iowa Health Care Programs as of July 1, 2009

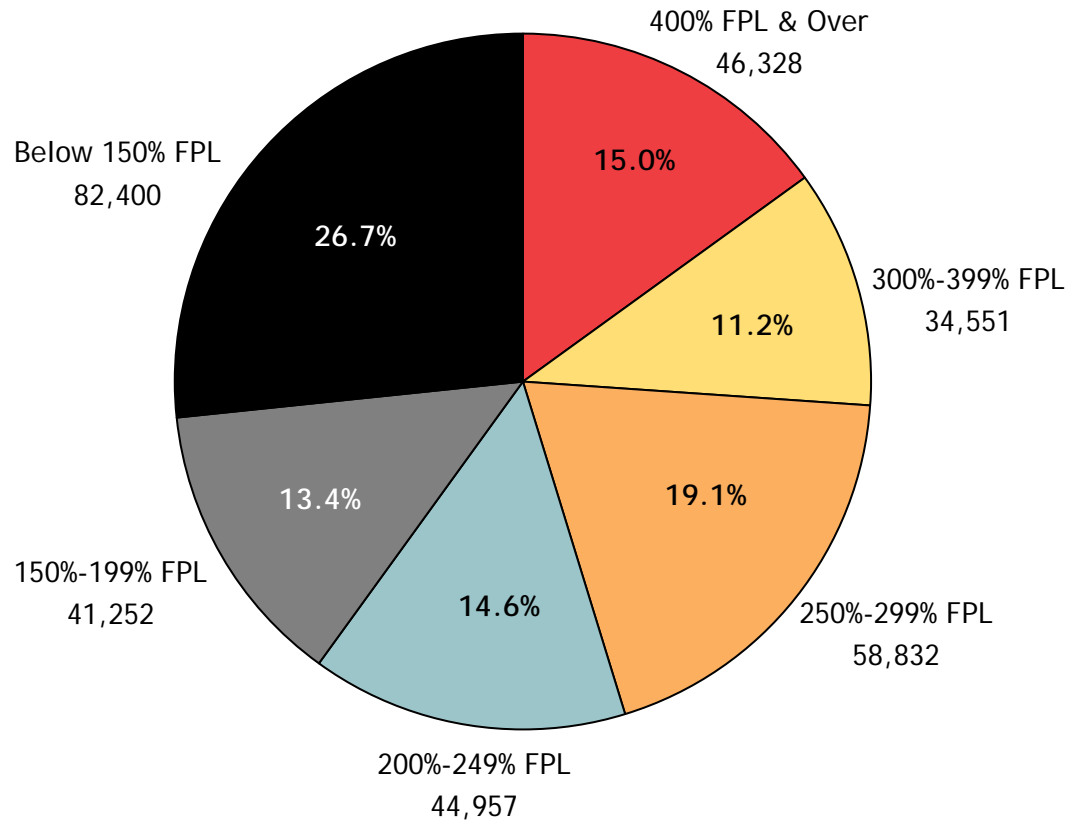


Children Under Age 19 by Income as a Percent of the Federal Poverty Level (FPL) in 2009

Income as a Percent of the Federal poverty Level (FPL)	Total Children in 2009	Uninsured Children: Without HF 2539	Number of Newly Insured under HF 2539	Children Remaining Uninsured With HF 2539
Below 150% FPL	203,181	17,623	14,740	2,883
150-199% FPL	74,550	7,639	7,347	292
200-249% FPL	78,210	4,252	3,934	318
250-299% FPL	70,007	4,546	3,835	711
300-399% FPL	108,770	7,633	Na	7,633
400% FPL & over +	240,225	11,132	Na	11,132
Total	774,943	52,825	29,856	22,969

Source: Lewin Group Analysis of the Iowa sub-sample of the Current Population Survey data for 2005 through 2007, which is corrected for an underreporting of Medicaid/hawk-i enrollees using the Health Benefits Simulation Model (HBSM).

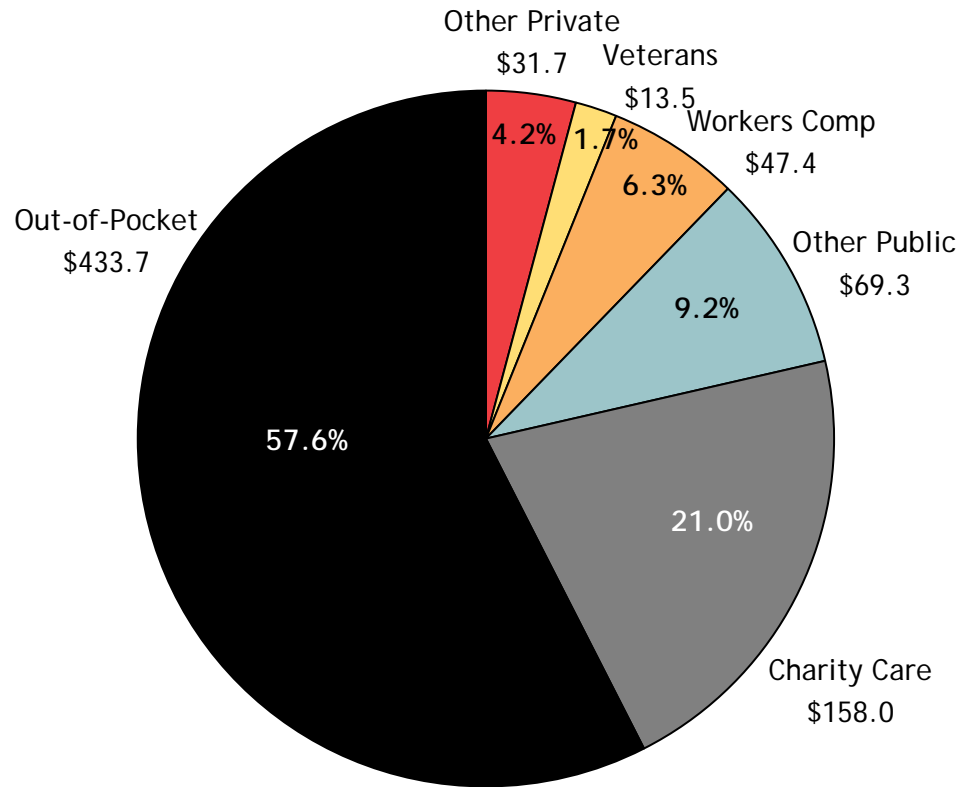
Uninsured Adults in Iowa By Income as a Percent of FPL: CY2009



Total Uninsured Adults = 308,320

Source: The Lewin Group projections based on the Iowa sub-sample of the Current Population Survey (CPS).

Health Spending for the Uninsured by Source of Payment under Current Law in CY2009 (millions) /a

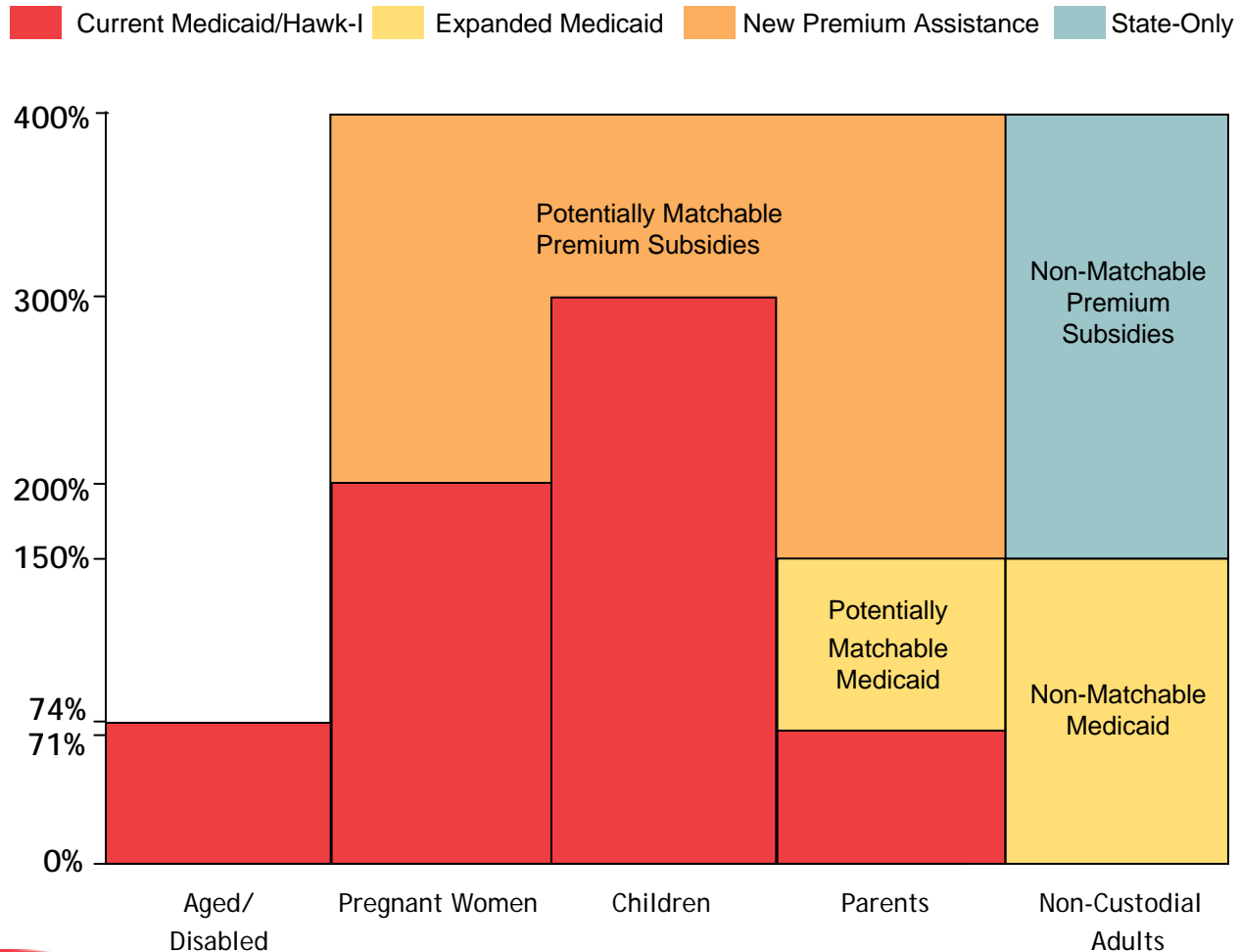


Total Spending under Current Law: \$753.6

/a Spending for the uninsured equals 2.9 percent of the \$22.1 billion that will be spent by lowans on health in CY2009

Source: The Lewin Group estimates using the Health Benefits Simulation Model (HBSM).

Potential Expansions in Eligibility for Adults in Iowa



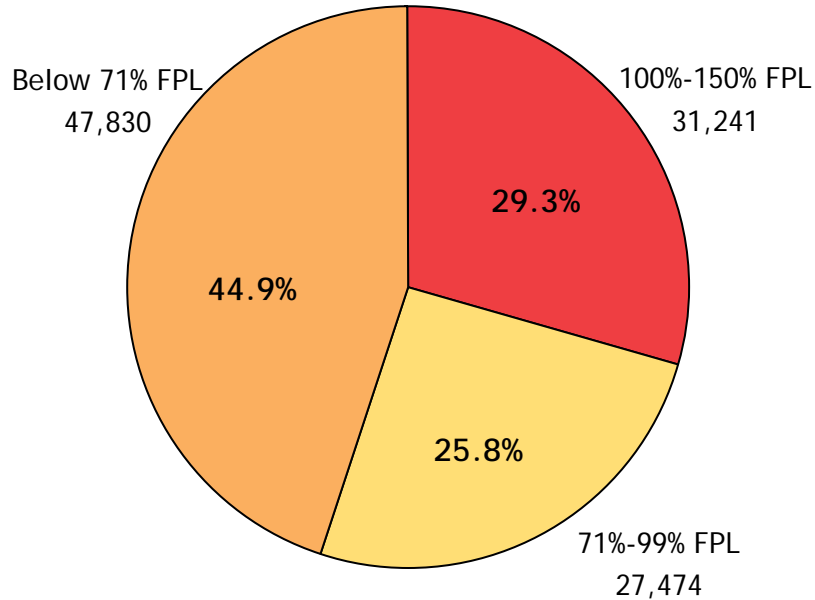
Enrollment and Costs Under Medicaid Expansion Assuming Full Implementation in 2009

Eligibility Group	Number of Eligible People	Number of People Enrolled	Reduction in Uninsured	Total Costs per Enrollee Month	Total Costs (\$1,000s)	State Costs (\$1,000s)	Federal Costs ^{1a} (\$1,000s)
All Below 150 Percent of FPL							
Children	4,594	4,594	3,944	\$175	\$9,647	\$3,666	\$5,981
Parents	40,849	26,417	23,544	\$391	\$123,949	\$47,100	\$76,848
Non-Custodial Adults	185,085	110,691	79,057	\$439	\$583,120	\$583,120	\$0
Total	230,528	141,702	106,545	\$421	\$716,716	\$633,887	\$82,829

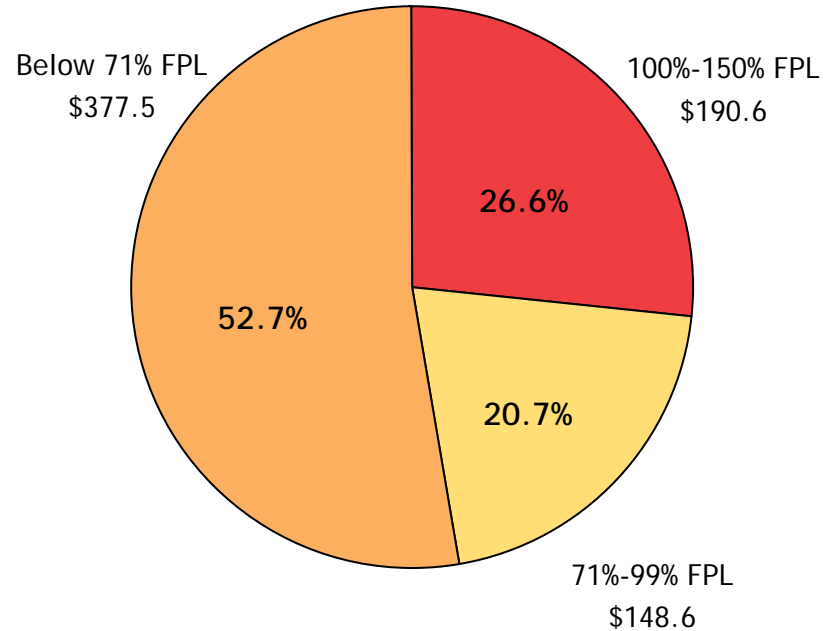
a/ Assumes federal matching funds are available for Medicaid children and parents only.

Source: The Lewin Group estimates using the Health Benefits Simulation Model (HBSM).

Medicaid Expansion for Adults in Iowa by Income Group



Reduction in Uninsured = 106,545



Total Cost (millions) = \$716.7

Source: The Lewin Group estimates.

Key Specifications for the Illustrative Health Reform Plan

Illustrative Health Reform Plan

Medicaid Less than 150% FPL

- Expansion to 150% FPL
- Hawk-I Benefit package
- Full subsidies
- 6-month waiting periods
- Voluntary Enrollment (i.e., no auto enrollment)

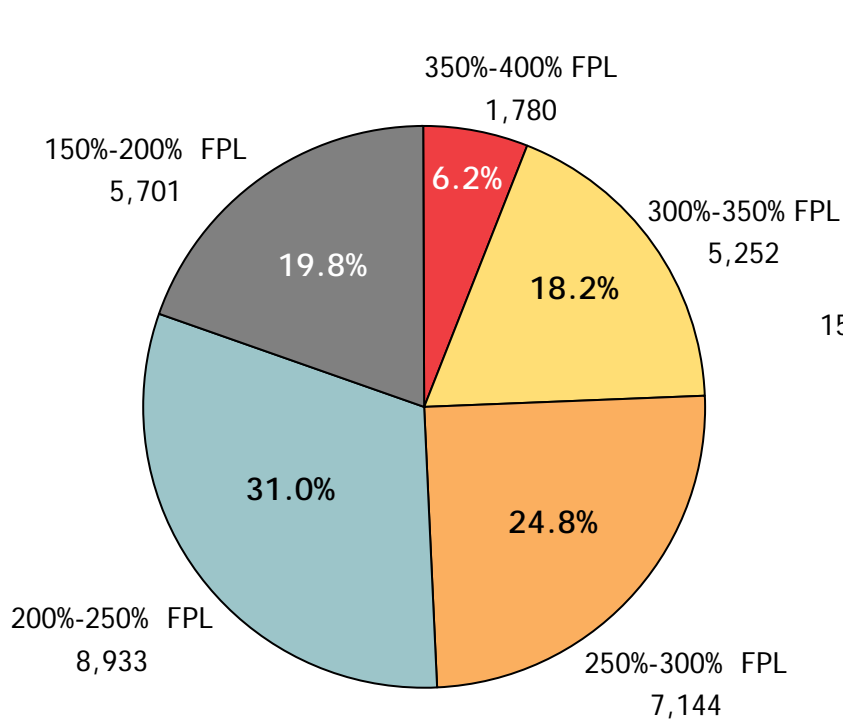
Premium Subsidies Between 150% and 400% FPL

- Blue Cross/Blue Shield Benefit Package
- HF 2539 Subsidy Structure (i.e., Premium cap of 2.0% - 6.5 Percent of Family Income)
- 6-month waiting period
- Voluntary Enrollment (i.e., no auto enrollment)

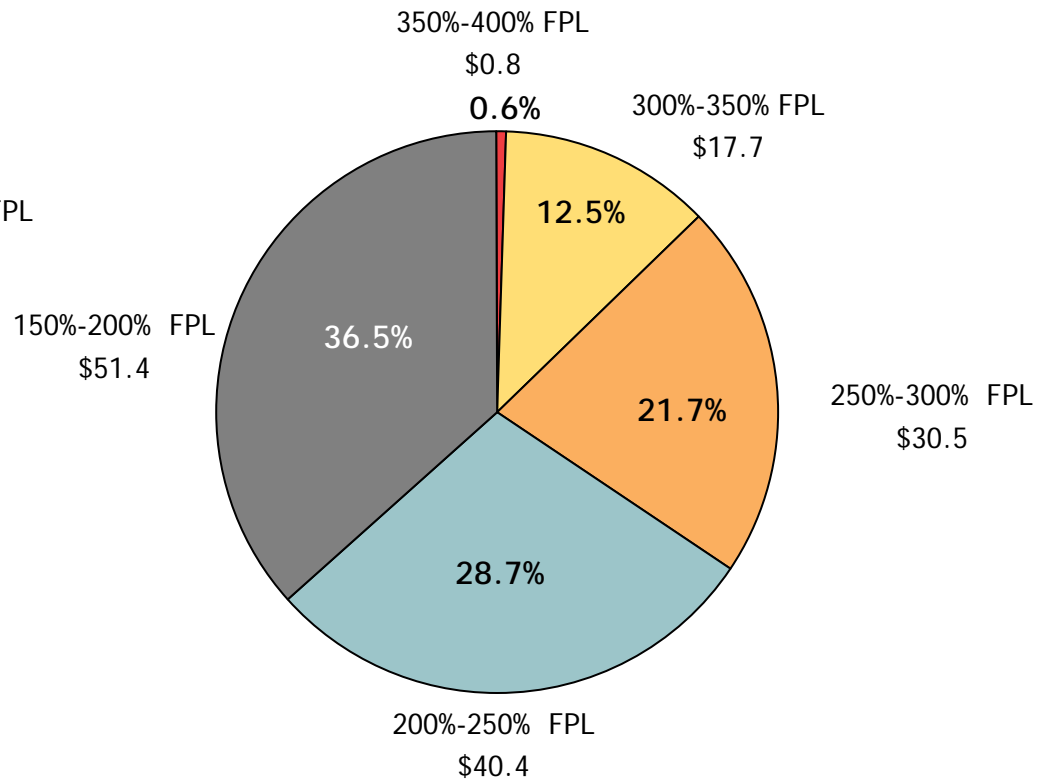
Enrollment and Costs Under an Illustrative Medicaid Expansion Coupled with a Premium Subsidy Program For Iowa: CY2009

Program	Enroll	Reduction in Uninsured	Total Program Cost (millions)
Medicaid Expansion (less than 150% FPL)	141,702	106,545	\$716.7
Premium Subsidy (150% - 400%)			
Used For Non-Group	39,862	28,334	\$132.9
Used For Employer	4,725	476	\$7.9
Total Enrolled	44,587	28,810	\$140.8
Total Program	186,289	135,355	\$857.5

Reduction in Uninsured and Program Costs for the Premium Subsidy Program



Reduction in Uninsured = 28,810



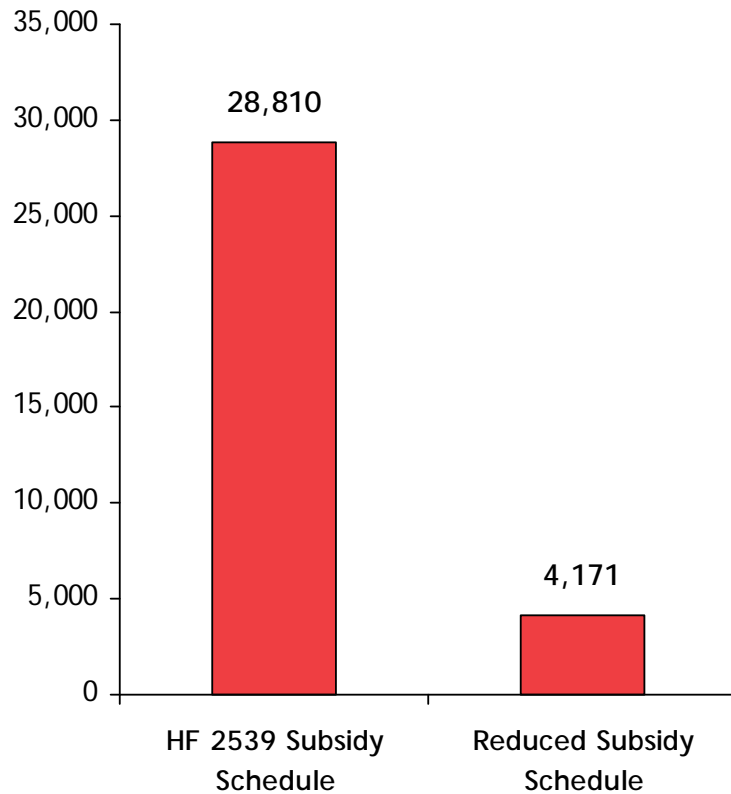
Total Cost (millions) = \$140.8

Maximum Premium as a Percentage of Income for the Premium Subsidy Program Under Alternative Subsidy Schedule

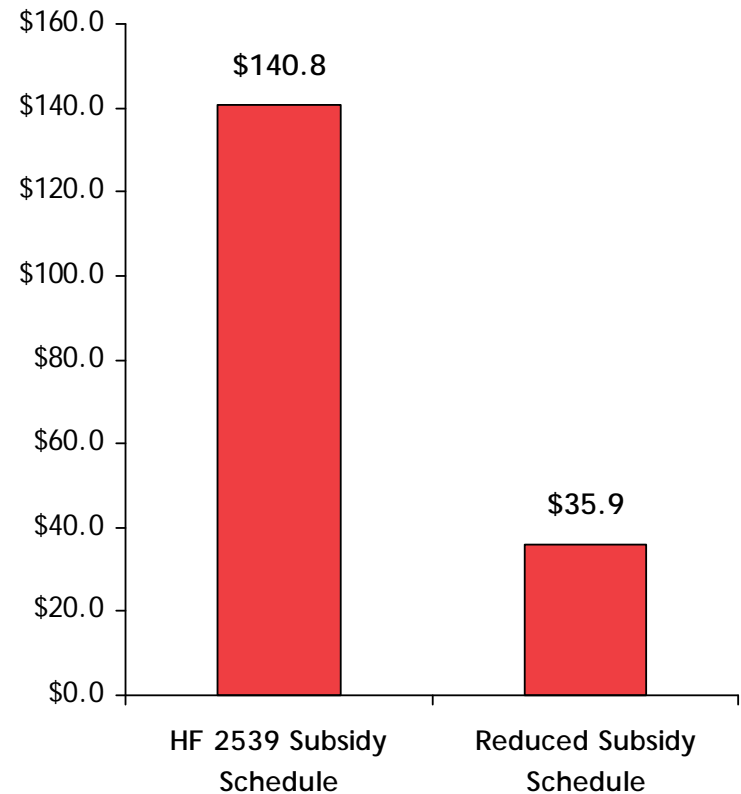
Income as a percent of the FPL	HF 2539	Reduced Premium Subsidy
150% - 199% FPL	2.0%	7.8%
200% - 249% FPL	3.7%	9.1%
250% - 299% FPL	4.5%	9.9%
300% - 349% FPL	5.4%	10.5%
350% - 400% FPL	6.5%	12.5%

Reduction in Uninsured and Premium Subsidy Program Costs Under Alternative Subsidy Schedules

Reduction in Uninsured



Total Premium Subsidy Program Costs

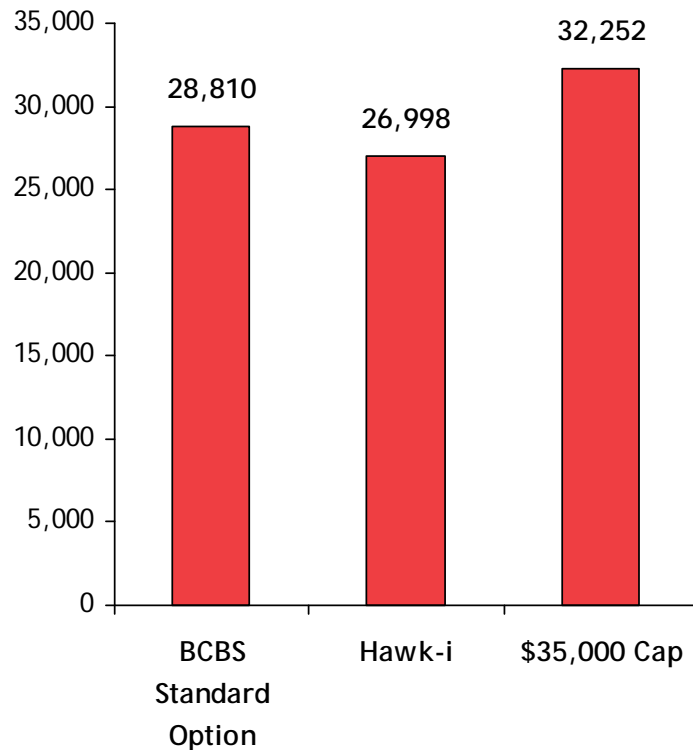


Summary of Benefit Packages Used for the Analysis

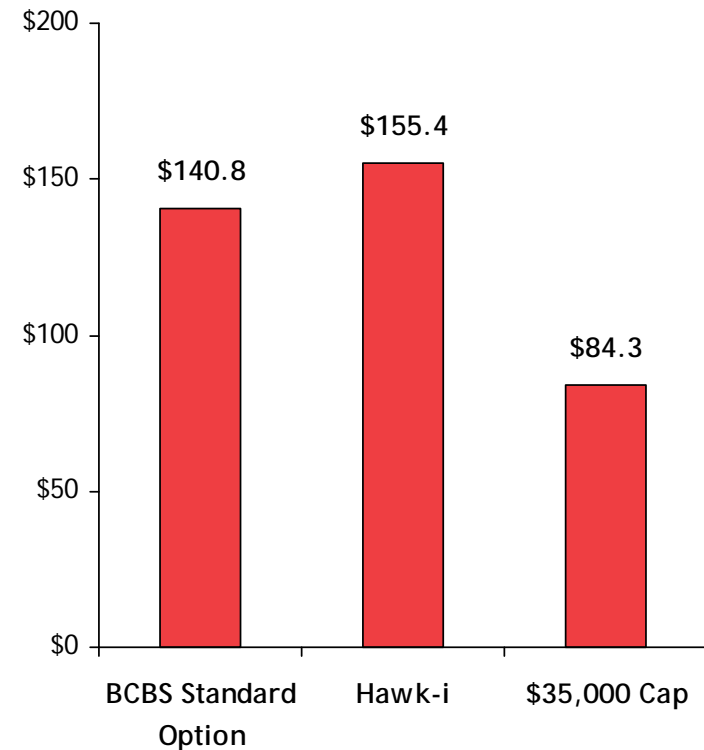
	Option 1: Typical Plan: BCBS "Standard Option"	Option 2: Healthy and Well Kids in Iowa hawk-i Plan	Option 3: Broad benefits with \$35,000 cap
Physician Services	\$15 copay	No copay	\$10-\$20 copay
Inpatient Hospital	\$250 deductible	No copay	\$100 copay; \$25,000 max
Outpatient Hospital	10% copay \$250 deductible	No copay	\$25-\$50 copay
Emergency	\$250 deductible	\$25 copay if not an emergency	\$50 copay; \$1,000 max
Mental Health	\$15 copay	No copay	Sliding Scale
Prescription Drugs	\$10 generic \$15 brand	No copay	\$5 generic; 50% brand; \$2,500 max
Deductible	\$250	None	None
Out-of-Pocket Maximum	\$4,000	None	\$5,000 or 0%-4% of income by income as a percent of FPL
Annual Benefit Limit	\$1 million	None	\$35,000 (reduces premium by 15%)
Premium (PMPM)	\$408	\$454	\$263

Reduction in Uninsured and Premium Subsidy Program Costs Under Alternative Benefits Packages

Reduction in Uninsured



Total Premium Subsidy Program Costs



Medicaid Expansion and Premium Subsidy Program for Adults With and Without a Waiting Period ^{/a}

	Medicaid Expansion		Premium Subsidy Program		Combined Program	
	With Waiting Period	Without Waiting Period	With Waiting Period	Without Waiting Period	With Waiting Period	Without Waiting Period
Number Enrolled	141,702	185,681	44,587	349,900	186,289	535,581
Reduction in Uninsured	106,545	107,126	28,810	30,874	135,355	138,000
Program Cost (millions)	\$716.7	\$927.8	\$140.9	\$796.8	\$857.6	\$1,724.6

a/ Estimates do not reflect expected wage effects.