LEGISLATIVE RESEARCH SERVICES

30th Alaska Legislature
LRS Report 19.085
February 13, 2019

(907) 465-3991 phone
(907) 465-3908 fax
*research@akleg.gov*

# Selected Potential Impacts of Ending Medicaid Expansion

Chuck Burnham, Manager

***What are the likely impacts of ending Medicaid coverage for individuals who qualified through its expansion under the Patient Protection and Affordable Care Act (ACA) on uncompensated care, public spending on health insurance, on other state programs, and medical debt in Alaska?***

Estimating the impacts of cutting public healthcare programs, particularly on the scale of Medicaid expansion, is complex. There are obvious immediate budgetary savings from eliminating direct costs for program participants. Those savings are relatively modest, however, given that in fiscal year (FY) 18 the federal government paid 93 percent ($404.5 million) of the costs for the expansion population, leaving $15.6 million as the state's portion. Further, reducing public healthcare expenditures does not eliminate healthcare needs and associated costs. It is not possible, therefore, to review impacts on public spending without considering the likely transfer to other payers of the fiscal year (FY) 2018 medical costs of about $420 million for the state's 47,838 Medicaid expansion participants (as of Jan. 1, 2019). Below we review the issue of uncompensated care and its potential impact on health insurance premiums, including for Alaska's state and municipal employees. We then briefly review areas of possible increased costs to state departments or programs due to the reversal of Medicaid expansion, and summarize the issue of medical debt in the state.

## Uncompensated Care and Medicaid Expansion Nationally[1]

"Uncompensated care" (UC) refers to unpaid medical bills, the cost of which is most often initially absorbed by hospitals and other healthcare providers in the form of charity care and/or "bad debt." These costs are then passed on to "private payers," including the insured, in the form of increased fees

[1] It is important to note that the quantitative research on the impact on state budgets and economies of Medicaid expansion that we reviewed, overall, find positive impacts. This is not to say that arguments against expansion do not exist. Legitimate policy debates about the sustainability of the program at the federal level have been ongoing since the idea of expansion first arose. The issue highlights serious disagreements about the role of government, the preferred structure of the U.S. healthcare system, budget priorities, and the likelihood of the federal government to reduce its commitment to funding the program. These are in addition to concerns over who should have priority access to healthcare and whether able-bodied adults should have publicly-funded insurance. These arguments, however, are ideological, philosophical, and/or require substantive levels of speculation. This report focuses on data specific to Alaska, where possible. Although we take no position on the policy of Medicaid expansion, from a data perspective, we find no strong countervailing findings to the research discussed in this document, except that which we have included.

for services. Those increases, in turn, lead insurers to raise premiums to account for the increased costs of doing business. According to the American Hospital Association (AHA), in 2012, the UC provided by 5,367 hospitals nationwide was valued at $45.9 billion. In the years following Medicaid expansion, the amount of UC began dropping. In 2017, uncompensated care among AHA members totaled $38.4 billion, or a decrease from 2012 of 16.3 percent.[2]

A 2018 literature review by the Kaiser Family Foundation (KFF), summarizes findings from over 200 studies on the impact of state Medicaid expansion.[3] The document highlights gains in access to care, utilization, affordability, health outcomes, and the impact of reductions in uncompensated care resulting from program expansion. The review's voluminous findings include the following:

> Medicaid expansions result in reductions in uninsured hospital or other provider visits and uncompensated care costs, whereas providers in non-expansion states have experienced little or no decline in uninsured visits and uncompensated care. One study suggested that Medicaid expansion cut every dollar that a hospital in an expansion state spent on uncompensated care by 41 cents between 2013 and 2015.
>
> Medicaid expansion has significantly improved hospital operating margins. One analysis found that while all types of hospitals in expansion states experienced reductions in uncompensated care costs and increases in Medicaid revenue compared with their counterparts in non-expansion states, expansion's effects on margins were strongest for small hospitals, for-profit and non-federal-government-operated hospitals, and hospitals located in non-metropolitan areas.

A May 2017 Issue Brief by the Commonwealth Fund finds that:

> Uncompensated care burdens fell sharply in expansion states between 2013 and 2015, from 3.9 percent to 2.3 percent of operating costs. Estimated savings across all hospitals in Medicaid expansion states totaled $6.2 billion. The largest reductions in uncompensated care were found for hospitals in expansion states that care for the highest proportion of low-income and uninsured patients. Legislation that scales back or eliminates Medicaid expansion is likely to expose these safety-net hospitals to large cost increases. Conversely, if the 19 states that

[2] American Hospital Association, "Uncompensated Hospital Care Fact Sheet," January 2019, *https://www.aha.org/system/files/2019-01/uncompensated-care-fact-sheet-jan-2019.pdf*.

[3] "The Effects of Medicaid Expansion under the ACA: Updated Findings from a Literature Review, March 28, 2018," *https://www.kff.org/medicaid/issue-brief/the-effects-of-medicaid-expansion-under-the-aca-updated-findings-from-a-literature-review-march-2018/*.

chose not to expand Medicaid were to adopt expansion, their uncompensated care costs would also decrease by an estimated $6.2 billion.[4]

Although there is widespread agreement that uncompensated care leads to increases in insurance premiums, we found varying results of nationwide studies attempting to measure the degree to which premiums increase, ranging from under one percent to eight percent.[5]

## Uncompensated Care in Alaska

According to a 2013 study prepared for the Alaska State Hospital and Nursing Home Association (ASHNHA), prior to Medicaid expansion, private payers in Alaska—including insured individuals—were charged 53 percent above the costs of treatment to cover shortfalls from Medicare, Medicaid, other government programs, and uncompensated care.[6] Other findings of the study include the following, based on data from 2009:

- Uncompensated care accounted for 7.1 percent of total costs in non-tribal hospitals in Alaska.
- The underpayment to non-tribal hospitals by public programs and the provision of uncompensated care by these hospitals potentially increased private health insurance premiums in Alaska by $628 per privately insured individual in Alaska.
- Uncompensated care provided by non-tribal hospitals increased private health insurance premiums in Alaska by $257 per privately insured individual.

Becky Hultberg, President and CEO of ASHNHA, recently published an opinion piece in Alaska newspapers stating that uncompensated care in Alaska would increase by $173 million should Medicaid expansion be eliminated.[7] This figure, however, represents the total amount of hospital services provided to the expansion population in FY 2017. Research from the KFF indicates that the uninsured

[4] Dave Dranove, Craig Garthwaite, and Christopher Ody, "The Impact of Medicaid expansion on Hospitals' Uncompensated Care Burden and the Potential Effects of Repeal," *https://www.commonwealthfund.org/sites/default/files/documents/___media_files_publications_issue_brief_2017_may_dranove_aca_medicaid_expansion_hospital_uncomp_care_ib.pdf*.

[5] On the low end, see, John F. Cogan, R. Glenn Hubbard, and Daniel P. Kessler, "Cost Shifting from the Uninsured: Assessing the Evidence," *http://www.glennhubbard.net/images/stories/pdfs/cost-shift-longpaper-0310.pdf*. On the high side, see, for example, Ben Furnas and Peter Harbage, "The Cost Shift from the Uninsured," March 4, 2009, *https://cdn.americanprogress.org/wp-content/uploads/issues/2009/03/pdf/cost_shift.pdf*.

[6] University of Missouri School of Medicine, Department of Health Management and Informatics, "Impact of Cost Shifting on Private Insurance," p. IV, *http://www.ashnha.com/wp-content/uploads/2012/11/Impact-of-Medicaid-Expansion-on-Private-Health-Insurance-04-15-2013-Final.pdf*.

[7] Ms. Hultberg's opinion piece can be accessed at *https://www.juneauempire.com/opinion/opinion-debunking-the-myths-of-medicaid-expansion/*.

actually pay a portion of their medical costs. The year-round uninsured in the U.S. paid, on average, 12.5 percent of those costs in 2013.[8] Nonetheless, Ms. Hultberg's larger point stands—there is strong evidence to suggest that a significant portion of medical costs for the expansion population will be borne by hospitals and private payers due to uncompensated medical costs.

## Impacts on Insurance Premiums

As we mentioned, there is widespread agreement that uncompensated care increases insurance premiums. However, we are aware of no previously published research that estimates the degree of premium hikes that would result from uncompensated care related to the elimination of Medicaid expansion in Alaska.

We asked Alaska Division of Insurance Director Lori Wing-Heier for her perspective on the issue. Her detailed response, which we include as Attachment A, begins by describing premium increases that reached 35 percent in both 2015 and 2016, following the implementation of the ACA, and years of medical claims that exceeded the insurance premiums collected. This led to three of the state's four insurers that operated prior to enactment of the ACA to exit the Alaska market. The implementation of a federally funded reinsurance program in 2017 stabilized premiums and led to a 26.5 percent decrease in 2018, but the individual market remains fragile. It is important to note that while Medicaid expansion is part of the ACA, this volatility in premiums and destabilization of the Alaska health insurance market occurred prior to Medicaid expansion. In contrast to the problems that arose in the early years of the ACA, Ms. Wing-Heier estimates that Medicaid expansion reduced premiums for individuals by one to two percent.

In the scenarios below, Director Wing-Heier assumes that cost shifting from the elimination of Medicaid expansion will impact only the commercial market. This market is worth about $3.4 billion, in aggregate, and averaged health costs of $796.36 per member, per month (PMPM), in 2017. This compared to $956 PMPM for the Medicaid expansion group.[9] Given these data, Ms. Wing-Heier offers the following scenarios regarding premium increases should Medicaid expansion be reversed:

- **Scenario 1**. Optimistically, if there is a smooth transition and no other action taken, anyone cut from Medicaid expansion who becomes insured could add a minimum of $1,926.48 to claim costs per year [($956.90-796.36)*12 = 1,926.48 annually]. For simplicity, we have assumed no

[8] Theresa A. Coughlin, John Holahan, Kyle Caswell, and Megan McGrath, "Uncompensated Care for the Uninsured in 2013: A Detailed Examination," Kaiser Family Foundation, May 30, 2014, *https://www.kff.org/uninsured/report/uncompensated-care-for-the-uninsured-in-2013-a-detailed-examination/*.

[9] The commercial market includes self-funded employer, insured employer, and individually insured. Ms. Wing-Heier assumes the relationship in costs between the commercial market and Medicaid expansion remained similar in 2018.

medical inflation. This would represent about a 3% increase in individual health premium. This assumes the insurer could pass the increase to consumers.

- **Scenario 2**. If the insurer can't pass the increase to the consumer in Scenario 1, but there is additional pass-through funding or another funding source, then the cost increase would be borne by [those payers].
- **Scenario 3**. If there is no additional funding and the insurer can't accommodate large individual healthcare losses, then the insurer may exit the Alaska individual market and no other insurers would be expected to enter. This would put Alaska individual health insurance coverage in jeopardy.
- **Scenario 4**. If individuals who are affected by Medicaid expansion cuts buy insurance and match the health of the existing individual market, then individual health insurance premiums could remain stable or decrease because of increased market size and reduced uncompensated care. This is unlikely.
- **Scenario 5**. If the population affected by Medicaid expansion termination chose no health insurance, the additional cost of health claims due to uncompensated care would be approximately $11,482 per uninsured person. If all Alaska Medicaid expansion was rolled back and there was proportionate cost shifting, this would represent about a 17% increase in individual premium. If there is no smooth transition because insured and self-funded employers have different contract periods (healthcare providers sign contracts with commercial payers at different times so that the contracts expiring first would be bear most cost shifting), then the individual health market could be destabilized as people move into the individual market.
- **Scenario 6**. If the healthcare providers cost shift more to insurers than self-funded employers in Scenario 5, then premium increases would be much larger, or the insurer may exit the Alaska individual health market. The latter could put Alaska individual health coverage in jeopardy.
- **Scenario 7**. If 40% of the Medicaid expansion population have claims right after moving to the individual market, this would generate $35 million in additional claims. The insurer will need to appropriately price its individual health insurance, or it may need to exit the individual market.

Director Wing-Heier's scenarios indicate that the impact of an immediate elimination of Medicaid expansion would be substantially more impactful than, a) the implementation of the program; and b) the growth of the covered population, which occurred over several years. According to the scenarios in which impact on premiums can be estimated, the result of reversing expansion would be increases in commercial health insurance premiums of 3 to 17 percent, barring additional funding from a source other than the state. Whereas the other scenarios envision serious disruptions to the commercial market in Alaska.

## Direct Impacts on Public Spending for Employee Health Insurance[10]

According to a study prepared for the Alaska Department of Administration, state and municipal employees covered by publicly-funded health insurance numbered roughly 44,000 in 2016, or about 22 percent of all employees covered by employer-sponsored healthcare in Alaska. When the total number of beneficiaries of those employees are included, some 114,000 individuals, or about 15.5 percent of the state's population, receive insurance through a state or municipal employer.

The projected 2019 state and local government spending for employee health coverage is approximately $1.07 billion. Applying Director Wing-Heier's scenarios projecting a range of 3 to 17 percent increases to premiums, the full-year increase on aggregate spending over current projections would be 32.1 million to 181.9 million. Applying these increases evenly to premiums for the 44,000 covered public employees in 2016 equates to an average annual increase in premiums of $730 to $4,143 per individual, or about $61 to $345 per month.

We acknowledge the speculative nature of these projections given the various scenarios and possible outcomes. Nonetheless, it is reasonable to conclude that the elimination of Medicaid expansion would increase the cost of insurance for state and municipal governments and their employees. Possible disruptions to the market and reductions in insurance options may cause additional complications.

## Other Impacts on the State Budget

### Inmates on Medicaid

Section 2001(a)(3) of the ACA included incarcerated individuals among the "newly eligible" who qualify for Medicaid expansion if qualification criteria are met. In order to receive benefits, inmates must be hospitalized for more than 24 hours. According to the Department of Health and Social Services, Medicaid paid claims for Alaska inmates totaling $4.65 million in FY 2018, $4.32 million of which were federal funds. Absent Medicaid expansion, the full amount of such claims would be paid from state general funds.

### Potential Impacts on Other Assistance Programs

Given the uncertainties around what portion of the Medicaid expansion population may acquire health insurance outside of public programs, and the degree to which other assistance programs will be funded and available after FY 19, it is not possible to make accurate holistic estimates of the impact on general fund spending should expansion be eliminated. It is clear, however, that because Medicaid

[10] Counts of the insured and public employee healthcare spending in this section are from Mark A. Foster & Associates, "Estimate of the Potential Value of Consolidating Alaska State, Local, and School District Public Employee Health Plans," *http://doa.alaska.gov/pdfs/MAFAReport.pdf*.

expansion recipients are, by definition, lacking in disposable income, their ability to pay insurance premiums or medical bills in the state with the highest costs for each is, at best, limited.

It appears reasonable to assume, therefore, that the loss of a job, an injury or illness, or any other financial disruption will ultimately make some portion of the Medicaid expansion population eligible for other public services. These services included, for example, housing assistance, food stamps, temporary cash assistance, and traditional Medicaid programs, among others. Although these programs receive federal funding to varying degrees, the state is responsible for matching funds or, at the least, administrative costs. Given the ongoing recession in Alaska, and likely budgetary pressures from both increased need and reduced budgets, any addition of participants from the Medicaid expansion population is likely to further strain already challenged assistance programs.

### Potential Threat to Overall Medicaid Funding

Absent changes in statute to expressly deny coverage to the expansion group and to limit the authority of the executive to implement expansion in the future, the fiscal threats to traditional Medicaid programs would be heightened if an administration attempts to eliminate Medicaid expansion by simply refusing federal funding. According to Legislative Legal Director Megan Wallace, Alaska Courts have found that,

> the Medicaid expansion group is "required" under AS § 47.07.020(a). Any other interpretation would almost certainly face a legal challenge. Therefore, if insufficient funds were available to cover both traditional and Medicaid expansion recipients, or if the governor refused to accept the funds for Medicaid expansion, AS § 47.07.036 would control, which provides how the department is expected to address budget shortfalls. In other words, Medicaid expansion cannot be stopped through the failure to accept or appropriate full funding, it would instead impact all Medicaid services . . .[11]

### Medical Debt

In addition to uncompensated care, an issue substantially impacted by Medicaid expansion is the preponderance of medical debt in Alaska. According to research by the Urban Institute, in 2012, 30.1 percent of Alaskan adults aged 18 to 64 reported carrying past-due medical debt. That figure fell to 26.2 percent in 2015, and data published in 2017 showed further declines to 17 percent of Alaskan

[11] The full memorandum on the topic from Director Wallace is available at *http://akhouse.org/fields/18-018jat.pdf*.

adults with medical debt—a reduction of 43 percent from 2012 figures.[12] Recent decreases are largely attributed to Medicaid expansion.

The corollary to these findings is that, should Medicaid expansion be eliminated, medical debt in Alaska will likely increase significantly. Individuals who could not afford insurance prior to Medicaid expansion would presumably be those most impacted.

We hope this is helpful. If you have questions or need additional information, please let us know.

[12] The 2012 and 2015 data are from: Michael Karpman and Kyle J. Caswell, "Past-Due Medical Debt among Nonelderly Adults, 2012-2015,"Urban Institute, March 2017, *https://www.urban.org/research/publication/past-due-medical-debt-among-nonelderly-adults-2012-15*. Data from 2017 is from: "Debt in America: An Interactive Map," Urban Institute, *https://apps.urban.org/features/debt-interactive-map/?type=medical&variable=perc_debt_med&state=2*.

Attachment A

State of Alaska
Department of Commerce, Community & Economic Development
Division of Insurance

Director Lori Wing-Heier

# Selected Potential Impacts of Ending Medicaid Expansion – Impacts on Insurance Premiums

**Background**

Prior to the ACA, Alaska had four insurers in the individual market. Due to prohibitions on underwriting and increased benefit mandates under the ACA, beginning in 2014 insurers faced significant challenges in pricing for individual premiums. The market experienced two years (2015 – 2016) of over 35% rate increases and many middle and upper middle class Alaskans expressed that they were priced out of the health insurance market. Consumers sought alternative health coverage options such as short term plans and health care sharing ministries. These plans do not provide the same level of benefits or consumer protections that major medical health insurance plans do.

The ACA has signification impacts on health insurance premiums. After ACA guarantee issue became effective in 2014, the individual market had years of claims higher than premium, leading to three insurers exiting the individual market and high premium increases. Premiums increased by 90 percent from 2014-2017. The individual market of up to 19,000 Alaskans didn't stabilize until 2017, with the roll out of the Alaska Reinsurance Program, which injected $55 million into the individual market. This program resulted in a 7.3% rate increase in 2017 and a 26.5% decrease in premium in 2018[1]. The individual market had premium volume of about $208 million in 2017.

The Alaska Reinsurance Program is currently being funded by federal pass through funds, as the state is saving the federal government the cost of premium tax credits granted to Alaskans with incomes between 138% to 400% of federal poverty level.

The individual market remains fragile and significant changes to the population in the rating pool may have destabilizing impacts on the market.

**Impact on insurance premiums from cutting Medicaid expansion funding**

Health insurance premiums would be affected by:

- the change in general health risk of members (increase in premium if Medicaid patients have worse health than insured population);
- the impact of uncompensated care shifted from healthcare providers to payers;
- the number of people losing Medicaid expansion health coverage and whether they become insured.

This will have a larger impact on the individual market than on the group market. Both markets would be affected by health care premiums changes and number of dependents no longer covered by Medicaid expansion.

[1] https://www.premera.com/ak/visitor/about-premera/press-releases/2017_09_19/

In 2013, ASHNHA estimated the decrease in uncompensated care would be $20-$30 million from Medicaid expansion in Alaska.[2] Figures in 2016 showed the decrease to be about $45 million[3]. Insurers received none of this money via lower health care prices on claims.

In rate filings with the Division of Insurance, an insurer reflected that the insured population with higher deductible plans were not paying their out-of-pocket portion to healthcare providers, which increased uncompensated care. Other healthcare providers increased charity care and had losses from Medicaid.

Prior to Medicaid expansion in September 2015, two insurers estimated the proportion of the market that would be eligible for Medicaid expansion using the population in plans with 94% actuarial value[4]. One insurer expected a 2.1% increase in premium in their 2016 rate filing due to Alaska Medicaid expansion. The other insurer assumed the opposite, that the movement of Medicaid expansion eligible would reduce rates by approximately 2%. Insurers do not receive information about income on individual health insurance consumers.

The Medicaid population is expected to be less healthy than the insured population. There are 47,838 Alaskans covered by Medicaid expansion as of January 31, 2019. These people will likely be childless, because Alaska's eligibility requirements for Medicaid were fairly generous for children, pregnant women and young adults before expansion went into effect. Not all people eligible for Medicaid apply, some choose to go uninsured which is part of why uncompensated care continues to be a significant cost to healthcare providers. The Medicaid expansion population has a health cost of $956.90 PMPM in State Fiscal Year 2017 while ACA individual market had a $796.36 PMPM cost in 2017. It is assumed that similar differences between Medicaid and the individual market would be seen in 2018.

Uninsured people use hospital emergency rooms, clinics, alternative treatment or wait for health to deteriorate substantially before seeking help. Some people cut from Medicaid expansion may not need immediate medical attention and so the impact of cutting the program may not be seen for a period of time.

The increase in premium will have to be expressed in a range, as it is subject to many factors and considered against the size of the commercial health market. Assuming cost shifting[5] only happens to the commercial market[6] for healthcare, the size of this market would be about $3.4 billion in 2018. The

[2] http://www.ashnha.com/wp-content/uploads/2012/11/Uncompensated-care-Talking-Points-Revised-3-20-15.pdf
[3] AK DHSS Annual Medicaid Reform Report. FY2018. P 34.
[4] 94% AV plan is an ACA compliant health plan for individuals and families with incomes 100 – 150% Federal Poverty Level (adjusted for Alaska).
[5] Cost shifting is the increase of insurance premium from additional expense transferred by health care providers to private insurance from shortfalls in government payment on public health plans or uncompensated care.
[6] Commercial market for healthcare is comprised of self-funded employer, insured employer, and individually insured. The self-funded employers and insured employers are assumed to have similar health costs of $796.36 PMPM in 2018 as the individually insured.)

Medicaid expansion population dwarfs the individually insured so the individual market could be destabilized.

There are a number of potential scenarios for the premium increase.

- Scenario 1. Optimistically if there is a smooth transition and no other action taken, anyone cut from Medicaid expansion who becomes insured could add a minimum of $1,926.48 to claim costs per year[7]. This would represent about a 3% increase in individual health premium. This assumes the insurer could pass the increase to consumers.
- Scenario 2. If the insurer can't pass the increase to the consumer in Scenario 1, but there is additional pass through funding or other funding source, then the cost increase would be borne by that funding source.
- Scenario 3. If there is no additional funding and the insurer can't accommodate large individual healthcare losses, then the insurer may exit the Alaska individual market and no other insurers would be expected to enter. This would put Alaska individual health insurance coverage in jeopardy.
- Scenario 4. If individuals who are affected by Medicaid expansion cuts buy insurance and match the health of the existing individual market, then individual health insurance premiums could remain stable or decrease because of increased market size and reduced uncompensated care. This is unlikely.
- Scenario 5. If the population affected by Medicaid expansion termination chose no health insurance, the additional cost to health claims due to uncompensated care would be approximately $11,482 per uninsured person. If all Alaska Medicaid expansion was rolled back and there was proportionate cost shifting, this would represent about a 17% increase in individual premium.[8]
- Scenario 6. If the healthcare providers cost shift more to insurers than self-funded employers in Scenario 5, then premium increases would be much larger or the insurer may exit the Alaska individual health market. The latter could put Alaska individual health coverage in jeopardy.
- Scenario 7. If 40% of the Medicaid expansion population have claims right after moving to the individual market, this would generate $35 million in additional claims. The insurer will need to appropriately price its individual health insurance or it may need to exit the individual market.

[7] ($956.90-796.36)*12 = 1,926.48 annually. For simplicity, we have assumed no medical inflation.

[8] If there is no smooth transition because insured and self-funded employers have different contract periods (healthcare providers sign contracts with commercial payers at different times so that the contracts expiring first would be bear most cost shifting), then the individual health market could be destabilized as people move into the individual market.

**Change in average cost of insurance premium after 2015 Medicaid expansion**

The insurance premiums most significantly impacted were the ACA individual market. (Small and large group health premiums were not affected to the same degree.) Only an estimate of the premium change caused by Medicaid expansion is possible because:

- the Medicaid expansion enrollment increased gradually;
- the health insurance market was adjusting to ACA requirements (no pre-existing condition exclusions, additional benefits, etc.) and number of insurance competitors; and
- healthcare providers were adjusting to changes in uncompensated care and impacts of new health benefit coverage for cost shifting.

There were many factors happening simultaneously as health premium can change from: increased healthcare prices; patient utilization; intensity of service (new technology, new procedures, new therapies), selection (changes of members' health); and deductible leveraging[9].

Medicaid expansion in Alaska was effective September 1, 2015, but enrollment happened over a period of two years, as consumers became aware of the option to enroll and eligibility was recalculated by the Marketplace[10]. Based on member months, the Medicaid expansion enrollment was 13,155 in 2016[11] and 31,934 in 2017[12]. The latter is larger than the individual insurance marketplace by number of members. Medicaid patients are expected to have higher claim costs than the general population so removing them from the individual market should have improved the insured population's claim experience, which is consistent with the experience of the insurers in the individual market in 2016. However, health insurance premiums would not fully be reduced because cost shifting of healthcare providers for Medicaid under-payment of healthcare costs increases healthcare prices paid by insurers. The Medicaid proportion between tribal and non-tribal did not change significantly by number after expansion[13].

The stabilization of the individual health market from impacts of ACA's mandatory benefit requirements and restrictions on underwriting pre-existing conditions was on-going during the roll out of Medicaid expansion. Individual health premiums increased at least 38% for the remaining individual market insurers in 2016. This increase was caused by market instability associated with reforms from the ACA, not Medicaid expansion. The Alaska Reinsurance Program, which stabilized the individual health market through reinsurance, was implemented in 2017 and individual market premiums increased by 7.3%. Full

[9] Deductible leveraging is the increase in health claims for insurers when medical inflation increases the proportion of claims paid by insurers above deductible amounts. If deductibles increase with medical inflation, there is no deductible leveraging.
[10] www.healthcare.gov.
[11] From DHSS: Alaska Medicaid Data Book SFY 2016 and SFY 2017, Appendix E, page 3. This number occurred over a 10 month period, so could be annualized.
[12] From DHSS: Alaska Medicaid Data Book SFY 2016 and SFY 2017, Appendix E, page 6. This number occurred over a 12 month period.
[13] From DHSS: Alaska Medicaid Data Book SFY 2016 and SFY 2017, Appendix A, pages 1 and 20.

stabilization happened in 2018 when individual health premiums decreased by 26.5%. This rate reduction is partially attributed to reduced utilization in both the insured and Medicaid expansion populations.

The change in average individual health premium cost after Medicaid expansion can be estimated as a decrease of 1-2%.[14] In a 2015 rate filing, an insurer reported that they received no decrease in hospital prices from changes in uncompensated care from the healthcare providers, which would significantly change the estimate.

[14] This is calculated as the reduction in uncompensated care to the commercial market for healthcare plus the change in insured enrollment times the difference in 2017 healthcare cost between Medicaid patients and insured divided by total individual healthcare claims.