



Chase Center/Circle  
111 Monument Circle  
Suite 601  
Indianapolis, IN 46204-5128  
USA

Tel +1 317 639 1000  
Fax +1 317 639 1001

milliman.com

April 6, 2012

Mr. Anthony Keck  
Director  
State of South Carolina  
Department of Health and Human Services  
1801 Main Street  
Columbia, SC 29202-8206

**RE: AFFORDABLE CARE ACT – FINANCIAL IMPACT SFY 2014 THROUGH SFY 2020**

Dear Tony:

Milliman, Inc. (Milliman) has been retained by the State of South Carolina, Department of Health and Human Services (SCDHHS) to provide consulting services related to the financial review of the Affordable Care Act (ACA) as it relates to the provisions impacting the State's Medicaid program and budget. This letter documents the projected financial impact of the ACA on SFY 2014 through SFY 2020 Medicaid Assistance expenditures.

Projected expenditures and enrollment are developed from baseline SFY 2013 estimated values. Baseline projections for fiscal year 2013 are reliant upon financial assumptions documented in our Winter 2012 Medicaid Assistance Forecast dated April 6, 2012.

This version of the letter is an update to our January 3, 2012 letter. Enclosure 1 has been expanded to illustrate SFY 2011 through SFY 2013, in addition to illustrating projected values for SFY 2014 through SFY 2020.

**LIMITATIONS**

Milliman has prepared this report for the specific purpose of assisting in the analysis of the financial impact of the Patient Protection and Affordable Care Act on DHHS Medicaid Assistance expenditures. This report should not be used for any other purpose. This report has been prepared solely for the internal business use of and is only to be relied upon by the South Carolina Department of Health and Human Services. No portion of this report may be provided to any other party without Milliman's prior written consent. Milliman does not intend to benefit or create a legal duty to any third party recipient of its work. The terms of Milliman's contract with SCDHHS effective July 1, 2011 apply to this letter and its use. To the extent that Milliman consents to the distribution of this letter, we make no representations or warranties regarding the contents of this letter to third parties. Likewise, third parties are instructed that

they are to place no reliance upon this letter prepared for SCDHHS by Milliman that would result in the creation of any duty or liability under any theory of law by Milliman or its employees to third parties.

Differences between our projections and actual amounts will depend on the extent to which future experience conforms to the assumptions made for this analysis. It is certain that actual experience will not conform exactly to the assumptions used in this analysis. Actual amounts will differ from projected amounts to the extent that actual experience deviates from expected experience.

In performing this analysis, we relied on data and other information provided by the State of South Carolina and their vendors. We have not audited or verified this data and other information. If the underlying data or information is inaccurate or incomplete, the results of our analysis may likewise be inaccurate or incomplete. We performed a limited review of the data used directly in our analysis for reasonableness and consistency and have not found material defects in the data. If there are material defects in the data, it is possible that they would be uncovered by a detailed, systematic review and comparison of the data to search for data values that are questionable or for relationships that are materially inconsistent. Such a review was beyond the scope of our assignment.

### **EXECUTIVE SUMMARY**

We developed an estimate of the enrollment and fiscal impact associated with the Medicaid expansion and other related provisions of the Affordable Care Act for SFY 2014 through SFY 2020. The enclosed projection estimates vary from the results presented in our October 20, 2010 and December 15, 2010 ACA correspondences due to the following updates:

- The enclosed analysis is summarized on a SFY basis rather than calendar year basis.
- The financial projections have been modified to rely upon American Community Survey (ACS) census data for calendar year 2009 rather than the calendar year 2007 Current Population Survey (CPS) census data used in our prior projections. We have excluded college and graduate students from the ACS data because it was determined that they were not appropriately grouped with their parents causing an inappropriate match between FPL and insurance coverage.
- The recent economic recession is significantly reflected in the baseline 2009 census data. In recognition of the new baseline eligibility, the expansion, crowd-out and eligible but unenrolled populations have been modified to assume 0% eligibility trend for SFY 2014 through SFY 2016 in anticipation of an improving economy. A 1.5% annual enrollment trend is assumed for current Medicaid enrollees, expansion SSI eligibles and for all populations in SFY 2017 and future years.
- Participation assumptions for children have been reduced by 10%. We have adjusted the participation rates based on a review of the total effective penetration of current and new enrollees.

- Starting average annual cost per child as of SFY 2013 declined from \$1,950 (after adjustment for trend) to \$1,500 reflecting emerging experience and cost savings initiatives. Starting average annual cost per adult as of SFY 2013 declined from approximately \$4,800 (after adjustment for trend) to \$4,600 in recognition of emerging experience and cost savings initiatives.
- Annual cost per enrollee trends for the expansion, crowd-out and eligible but unenrolled populations have been reduced by approximately 1.5%
- The CHIP/SCHIP populations are now modeled separately from the Medicaid population to ease the development of State versus Federal funds.
- Federal Medical Assistance Percentages (FMAPs) have been updated to 70.43% for Medicaid Assistance and 79.3% for the CHIP enhanced FMAP prior to reflecting the impact associated with ACA.
- Pharmacy Rebate savings associated with the application of the rebates to the managed care expenditures has been updated assuming a 48% rebate on approximately 18.5% of managed care expenditures.
- Health Insurer Assessment Fee of 1.4% in 2014 and 2.5% in 2015+ on the capitation payments made to risk based managed care plans.
- Reductions to Disproportionate Share Hospital payments (DSH) are directly included in the financial model.
- Modified the federal participation percentage on the current administrative costs from 50% to 61%.
- Updated administrative expenditures for the expansion populations to reflect an FMAP of 70.0%. Further, assumed administrative costs would be \$240 per person in 2014 and \$160 per person in subsequent periods.

Table 1 illustrates the anticipated expenditure impacts to the State of South Carolina budget during SFY 2014 – SFY 2020. The fiscal impact was developed using the “Baseline Participation” scenario (as defined in our prior correspondence letters), which assumes an average of 71% of the eligible population enrolls in the Medicaid program. The 71% represents an average across the following eligible population groups: the expansion population, the potential crowd-out (*i.e.*, currently insured but newly eligible) population and those currently eligible but not enrolled. Enclosure 1 contains additional detail which corresponds to the fiscal impact projection illustrated in Table 1. Enclosure 1 has been expanded to include SFY 2011 through SFY 2013.

**Table 1**  
  
**State of South Carolina**  
**Department of Health and Human Services**  
**Fiscal Impact – SFY 2014 through SFY 2020**  
**State Budget Dollars**  
**{values shown in millions}**

	<b>Baseline Participation</b>	<b>Full Participation</b>
Medicaid Assistance Expansion to 138%		
• Expansion Population	\$303.8	\$376.4
• Crowd-out Population	558.9	844.5
• Eligible but Unenrolled Population	598.4	854.8
SSI Eligible	13.2	13.2
Pharmacy Rebate Savings – MCO	(335.5)	(335.5)
Health Insurer Assessment Fee	101.7	109.8
DSH Payment Reductions	(217.5)	(217.5)
CHIP Program – Enhanced FMAP	(130.2)	(130.2)
Physician Fee Schedule Change	0.0	0.0
Administrative Expenses	192.6	271.2
<b>Total</b>	<b>\$1,085.4</b>	<b>\$1,786.5</b>
<b>Additional Sensitivity</b>		
Increase Fee Schedule to 100% Medicare All Physicians and All Services	589.5	624.2
<b>Total with Sensitivity</b>	<b>\$1,674.9</b>	<b>\$2,410.7</b>

Note: Values have been rounded

As previously indicated, the values in Table 1 reflect an overall participation rate of approximately 71%. We have also provided additional sensitivity analysis in Table 1 to test the impact of the following two assumptions: (1) Increasing participation to 100% or full participation and (2) Increasing the physician fee schedule to 100% Medicare for all physicians and all services.

## **MODELING AND ASSUMPTIONS**

Effective in January 2014, the ACA expands Medicaid eligibility to individuals under age 65 up to 133% of the federal poverty level (FPL) with no asset test. Our analysis alternatively assumes an effective eligibility limit of 138% of FPL due to the income deduction allowance of five percentage points. To project the Medicaid expansion population, we relied upon American Community Survey (ACS) census data from the U.S. Census Bureau for South Carolina for calendar year 2009. The ACA data provided information regarding the number of children, parents and childless adults with and without health insurance within different stratified bands of the federal poverty level. We assumed that different percentages of the populations below 138% of FPL that are either currently insured or uninsured would convert to the Medicaid program.

The federal government will be providing a 100% FMAP for calendar years 2014 through 2016 to individuals who were not previously eligible for Medicaid. Beginning in calendar year 2017, the 100% FMAP decreases for the expansion populations. The Affordable Care Act reflects the following FMAP for the expansion populations.

- 100% FMAP in CY 2014, 2015, and 2016
- 95% FMAP in CY 2017
- 94% FMAP in CY 2018
- 93% FMAP in CY 2019
- 90% FMAP in CY 2020+

## **Enrollment Impact**

The fiscal impact has been modeled to correspond to three separate enrollment populations.

- ***Expansion Population (Newly Eligibles)*** – All childless adults who are currently uninsured and under 138% FPL will be newly eligible for Medicaid coverage. Similarly, parents and those eligible for SSI with incomes between South Carolina's current 89% FPL limit and the new 138% FPL limit will be newly eligible. The model assumes an average participation rate of 80% for newly eligible childless adults and 85% for newly eligible parents. We initially assumed 7,000 non-Dual SSI eligible individuals will become newly Medicaid eligible due to the expansion to 138% of FPL with no asset test. The newly eligible SSI eligibles are assumed to grow to 8,000 by SFY 2016 and hold flat thereafter.

- ***Crowd-out Population (Currently Insured)*** – The analysis anticipates that employees who are less than 138% FPL who are currently insured may voluntarily enroll in Medicaid or lose employer sponsored insurance. The crowd-out population includes individuals who meet current eligibility requirements (*i.e.*, parents <89% FPL) as well as those who are newly eligible. Consistent with the other eligibility categories, those meeting current eligibility requirements will receive the current FMAP and those who are newly eligible will receive the expansion FMAP of 100% for 2014 through 2016. The model assumes that 75% of parents, 65% of children and 50% of childless adults who are currently insured but will be eligible for Medicaid will transition from employer sponsored health insurance and enroll in Medicaid.
- ***Currently Medicaid Eligible but Not Enrolled*** - Eligibility levels for children and pregnant women already exceed the 138% FPL requirement. As such, increases in Medicaid enrollment for children and pregnant women who are currently eligible will be funded at the current FMAP rate. Similarly, parents and SSI eligible individuals who meet the current FPL limits and asset test will be funded at the current FMAP rate. The enclosed analysis assumes that 70% of parents and children who are currently eligible but not enrolled will enroll in Medicaid.

A summary of the participation assumptions indicated for the various sub-populations within the three enrollment populations is provided below.

- 85% for Expansion Uninsured Parents
- 80% for Expansion Childless Adults
- 70% for Currently Eligible Children but not Enrolled
- 70% for Currently Eligible Parents but not Enrolled
- 75% for Crowd-out Parents
- 65% for Crowd-out Children
- 50% for Crowd-out Childless Adults

The participation rates for the uninsured are consistent with other independent analyses related to the ACA. The participation rates for the insured were based on our experience with other state Medicaid expansions, including the Children's Health Insurance Program.

Table 2 illustrates the summary distribution of the number of lives by Federal Poverty Level (FPL) and insurance coverage from the American Community Survey for calendar year 2009. This was the data used as the baseline for the population projections.

**Table 2**

**State of South Carolina  
Department of Health and Human Services  
American Community Survey Results for CY 2009  
Population by FPL and Insured Status  
{values rounded to 100's}**

**Population: Insured – Non-Medicaid**

<b>FPL Range</b>	<b>Children</b>	<b>Parents</b>	<b>Adults</b>
< 89%	42,500	27,700	69,200
89% - 138%	42,600	43,700	53,600
138% - 200%	80,300	74,700	90,200
200% +	457,300	509,100	795,200
<b>Total</b>	<b>622,700</b>	<b>655,200</b>	<b>1,008,200</b>

**Population: Uninsured**

<b>FPL Range</b>	<b>Children</b>	<b>Parents</b>	<b>Adults</b>
< 89%	42,500	55,300	169,000
89% - 138%	28,400	40,000	73,500
138% - 200%	28,500	27,700	81,200
200% +	30,000	36,100	129,800
<b>Total</b>	<b>129,400</b>	<b>159,100</b>	<b>453,500</b>

- Note:
1. Values exclude children enrolled in colleges / universities.
  2. Values exclude individuals over the age of 65 and those enrolled in Medicare for all ages.
  3. Children were defined as age 19 and younger.
  4. Values have been rounded.

The participation rate for the children was developed by analyzing the overall penetration of the children population. Table 3 illustrates the total penetration of the children population, including the current enrolled population.

**Table 3**

**State of South Carolina  
 Department of Health and Human Services  
 Estimated Penetration Rates – Children  
 Values Based on 2009 Information**

<b>Population</b>	<b>Value</b>
Current Medicaid Enrolled	413,200
Eligible but Not Enrolled < 138%	70,900
Participation Assumption	70%
Estimated Participating	49,600
Eligible but Have Other Insurance < 138%	85,100
Participation Assumption	65%
Estimated Participating	55,300
Total Participating including Current Medicaid	518,100
Total Eligible	569,200
Overall Penetration Percentage	91.0%

Note: Values have been rounded

Additionally, the participation rates were reviewed for consistency with participation in the Medicare program which exceeds 95% and the Medicaid / CHIP programs for children which exceeds 85%. Actual participation in the Medicaid program may exceed these referenced participation rates due to the following:

- A portion of the Medicaid eligible will be subject to the individual mandate.
- Implementation of a streamlined Medicaid enrollment process.
- Consistent Medicaid eligibility standards for all family members.

Table 4 illustrates the projected enrollment assuming an average of 71% of the eligible population enrolls where the eligible population includes the expansion population, the potential crowd-out population and those currently eligible but unenrolled. This assumption is consistent with the “Baseline Participation” scenario in our prior correspondence letters.



**Table 4**

**State of South Carolina  
Department of Health and Human Services  
Enrollment Projections  
(rounded to 000's)**

<b>Population</b>	<b>SFY 2013</b>	<b>SFY 2014</b>	<b>SFY 2015</b>	<b>SFY 2020</b>
<b>Current Programs</b>				
Medicaid	867,000	880,000	893,000	962,000
CHIP	70,000	71,000	73,000	78,000
<b>Total</b>	<b>937,000</b>	<b>951,000</b>	<b>966,000</b>	<b>1,040,000</b>
<b>After Expansion – 71% Average Participation</b>				
Expansion Population				
Parents / Childless Adults		236,000	236,000	251,000
Currently Insured Population (Crowd-out)				
Children/Currently Eligible Parents		79,000	79,000	84,000
Newly Eligible Parents / Childless Adults		97,000	97,000	103,000
Currently Uninsured (Eligible but Unenrolled)				
Children		51,000	51,000	55,000
Parents		40,000	40,000	43,000
SSI Disabled Eligible		7,000	7,000	8,000
<b>Total Medicaid Population After Expansion</b>	<b>937,000</b>	<b>1,461,000</b>	<b>1,476,000</b>	<b>1,584,000</b>

**Cost per Eligible and Expenditure Trends**

For the expansion and newly enrolled populations, the total health care expenditures were assumed at approximately \$4,600 per year for an Adult or Parent and \$1,500 per year for a Child as of SFY 2013. The total expenditures for the expansion, crowd-out and eligible but unenrolled populations were projected forward at a rate of 3.0% per year for SFY 2014 through SFY 2016 and 4.5% thereafter, including health care inflation and anticipated 0% enrollment growth.

Expenditures for existing Medicaid enrollees and the SSI expansion population were projected forward at a composite rate of approximately 4.5% per year for all years. Expenditures for existing CHIP enrollees were trended at 5% annually. Medicaid Assistance for Other State Agencies was projected forward assuming a 2% annual expenditure trend and DSH payments were trended at 1% per year.

The trend rates illustrated above include enrollment growth, utilization trend, mix / intensity trend, and cost per unit trend. The trend rates used in our projection models assume that SCDHHS will implement policy actions to maintain trend rates at the levels assumed in our projection model. These trend rates are significantly below the trend rates projected by the CMS Office of the Actuary in their national projection models. For Federal Fiscal Year (FFY) 2009 to FFY 2013, national Medicaid expenditures are projected to increase at an annual rate of 6.7%. For FFY 2015 to FFY 2019, national Medicaid expenditures are

projected to increase at an annual rate of 7.9%. {Note: The rate of growth between FFYs 2013, 2014 and 2015 were excluded from this summary due to the impact of Medicaid expansion during calendar year 2014.}

Mental health services were not modeled separately for the ACA analysis. The financial projection assumes that utilization of mental health services will be consistent with the low-income adult population. It may be anticipated that services currently paid using state only funding will be paid through federally matched Medicaid program. Further, increased demand for substance abuse services or treatment for serious mental illness may be incurred for a subset of the low income adult population that will be newly eligible under Medicaid. This will increase the projected expenditures in total but may be temporarily funded at 100% under ACA.

### **Pharmacy Rebate Modifications**

The ACA increases Medicaid brand name and generic prescription drug rebates. The ACA indicates that the impact will be accrued 100% to the Federal government. Based on instructions regarding the Pharmacy Rebate offset from Department of Health and Human Services to the state Medicaid Directors dated September 28, 2010, we have estimated that no impact will occur to the rebates accruing to the state budget prior to the enactment of ACA.

The ACA also extended the federal rebates to pharmacy expenditures incurred under Medicaid managed care plans. We have included the additional savings associated with the application of the rebates to the managed care expenditures. The savings was estimated assuming a 48% rebate on approximately 18.5% of managed care expenditures. The extension of the pharmacy rebates to the Medicaid managed care program became effective on March 23, 2010.

### **Health Insurer Assessment Fee**

ACA has created an annual fee on health insurance providers. The health insurer assessment fee has been established as \$8 billion in calendar year 2014. The assessment fee increases on an annual basis to \$14.3 billion in calendar year 2018 and then by the rate of growth in the health insurance premium rates for subsequent periods. The health insurer assessment fee is imposed on entities that provide health insurance coverage with specific exceptions. In general, for profit Medicaid health plans will be required to participate in paying the health insurance assessment fee. Currently, all Medicaid health plans in South Carolina would be required to pay the health insurance assessment fee. It would be expected that the capitation rates will be increased to reflect the health insurance assessment fee to maintain actuarial sound capitation rates. The exact portion of the total health insurance assessment fee that will be allocated to the Medicaid health plans is not currently a known factor. For purposes of this report, we have utilized an estimate of 1.4% in 2014 and 2.5% in 2015+ the capitation payments. The health insurer assessment fee is not a tax deductible expense.

**Disproportionate Share Hospital (DSH) payment Reductions**

Based upon the aggregate DSH payment reductions indicated in the Affordable Care Act, we developed average Federal fiscal year DSH reduction percentages. The reduction percentages are in relation to baseline projected DSH values for each federal fiscal year. The Federal fiscal year percentages were adjusted to a State fiscal year basis for use in the financial model.

<b>Federal Fiscal Year</b>	<b>DSH Percentage Reduction</b>
2014	4.4%
2015	5.3%
2016	5.3%
2017	15.9%
2018	44.1%
2019	49.4%
2020	35.3%

**CHIP Program Enhanced FMAP**

Under the Affordable Care Act, the CHIP program is required to continue to 2019. This analysis has been developed assuming that the standard enhanced federal share for the CHIP program will be maintained throughout the entire projection period and renewed beyond 2019; however, the 23% enhanced FMAP add-on amount was limited to the four year funding period. The ACA legislation provides additional Federal matching rate of up to an additional 23% beginning on October 1, 2015 and ending September 30, 2019. The additional FMAP will increase the total FMAP for the CHIP program in South Carolina to 100.0% during the effective period. The attached financial model assumes an additional 20.7% to reach the 100% FMAP level.

**Physician Fee Schedule**

The ACA reflects an increase in payments to 100% of the Medicare fee schedule for primary care practitioners for evaluation and management services. The increase to 100% of the Medicare fee schedule is effective for CY 2013 and CY 2014. The increase to meet the minimum payment rate will be funded at a 100% federal matching rate for each of the two calendar years. In our fiscal analysis, we have assumed that the fee schedule would return to current levels in CY 2015. The financial impact analysis does not assume any further increases in the physician fee schedule, due to the current Medicaid reimbursement levels in the State of South Carolina. While the State will incur administrative costs to implement the modification, the State will not incur additional medical expenditure since the fee schedule increase will be paid at 100% FMAP. Therefore, the values in Table 1 are shown at \$0 State impact.

In addition to illustrating a baseline analysis reflecting that the physician fee schedule would return to current levels, we have performed a sensitivity analysis estimating the fiscal impact of permanently increasing the Medicaid fee schedules to 100% of the Medicare physician fee schedule for all providers

and all services. This is an expansion of the current ACA requirement that only increases reimbursement to primary care physicians for evaluation and management services. The ACA requirement is to increase physician services to a limited group of physicians for a limited set of services to 100% of the Medicare fee schedule. The legislation provides for federal matching at 100% for the limited increase. Table 5 illustrates the annual impact of the increase to 100% of Medicare for all physicians and all services beginning on January 1, 2014.

**Table 5**

**State of South Carolina**  
**Department of Health and Human Services**  
**Fiscal Impact of Permanent Increase in Physician Fee Schedule to 100% of Medicare**  
**{values shown in millions}**

State Fiscal Year	Total Expenditure	State Share	Federal Share
2014	\$181.2	\$26.6	\$154.5
2015	376.9	69.4	307.5
2016	392.1	85.7	306.4
2017	409.8	91.6	318.2
2018	428.2	98.9	329.4
2019	447.6	104.4	343.1
2020	467.7	112.9	354.9
Total	\$2,703.5	\$589.5	\$2,114.0

Note: Values have been rounded.

The values shown in Table 5 were developed using the baseline enrollment assumptions. To further test the sensitivity of the analysis, we have prepared the fiscal impact under the full participation assumption, as well. Under the full participation, the fiscal impact for 2014 to 2020 would increase from the \$2,703.5 to \$3,053.2 million (Total) and would be distributed \$624.2 million (State) and \$2,429.0 (Federal).

### **Administrative Costs**

The projection assumes first year administrative costs of \$240 per recipient per year beginning on October 1, 2013. This equates to approximately 6.0% of health care expenditures. We have assumed that this is reduced to \$160 per person, or approximately 4.0% of health care expenditures, in ongoing administration costs beginning in October 2014 and beyond. We have included a 2% inflation adjustment beginning in 2015. Based on our experience with Medicaid programs, the state Medicaid administrative costs range from 3.5% to 6.0% of the total medical costs. We have developed our estimated administrative costs based on discussions with SC DHHS. The assumed value reflects administrative costs below the average Medicaid to account for economies of scale and participation of the expansion population in managed care plans. In addition to CPI increases, we assumed the administration expenses will grow at 0% for SFY 2014 through SFY 2016 and 1.5% per year thereafter for the expansion, crowd-out and eligible but unenrolled populations, which reflects the assumed growth in population

enrollment. All other Administrative costs were assumed to trend at 1.5% per year. We assumed a federal financial participation rate of 70.0%.

### **Medical Care for Individuals Incarcerated**

Individuals that are currently incarcerated may receive health care services in an acute care hospital setting. Under current Medicaid rules, most individuals receiving temporary health care services in an acute care hospital setting will not qualify for Medicaid eligibility. Therefore, the hospital services are primarily paid for using state general funds. However, under the ACA expansion, these individuals will receive Medicaid eligibility beginning on January 1, 2014 for the period of time that the individual is not incarcerated and in a hospital setting. These expenditures will transfer from a state general fund basis to being eligible for Federal matching under Medicaid. We have not included an estimate in our report for the state general fund savings associated with this expansion.



Guidelines issued by the American Academy of Actuaries require actuaries to include their professional qualifications in all actuarial communications. I am a member of the American Academy of Actuaries, and I meet the qualification standards for performing the analyses in this report.

If you have any questions regarding the enclosed information, please contact me at (317) 524-3512.

Sincerely,



Robert M. Damler, FSA, MAAA  
Principal and Consulting Actuary

RMD/lrb  
Enclosure



## **ENCLOSURE 1**

STATE OF SOUTH CAROLINA  
Department of Health and Human Services  
Affordable Care Act Projection - Baseline Participation  
(Values in Millions)

EXPENDITURES	SFY 2011	SFY 2012	SFY 2013	SFY 2014	SFY 2015	SFY 2016	SFY 2017	SFY 2018	SFY 2019	SFY 2020	SFY 2014 - SFY 2020
<b>Current Programs</b>											
<b>Medicaid after Rx Rebates</b>											
Total (State and Federal)	\$5,604.5	\$5,229.8	\$5,613.7	\$5,439.9	\$5,642.3	\$5,853.5	\$6,073.9	\$6,304.0	\$6,544.1	\$6,794.9	\$42,652.7
Federal Funds	\$4,263.1	\$3,593.0	\$3,848.8	\$3,743.4	\$3,882.2	\$4,027.1	\$4,178.4	\$4,336.2	\$4,501.0	\$4,673.1	\$29,341.5
State Funds	\$1,341.4	\$1,636.8	\$1,764.9	\$1,696.6	\$1,760.1	\$1,826.4	\$1,895.5	\$1,967.7	\$2,043.1	\$2,121.8	\$13,311.2
<b>CHIP / SCHIP</b>											
Total (State and Federal)	\$110.9	\$108.7	\$113.4	\$130.8	\$137.3	\$144.2	\$151.4	\$158.9	\$166.9	\$175.2	\$1,064.7
Federal Funds	\$87.7	\$86.1	\$89.9	\$103.7	\$108.9	\$114.3	\$120.0	\$126.0	\$132.3	\$139.0	\$844.3
State Funds	\$23.2	\$23.5	\$23.5	\$27.1	\$28.4	\$29.8	\$31.3	\$32.9	\$34.5	\$36.3	\$220.4
<b>Contracts and Operating Expenditures</b>											
Total (State and Federal)	\$175.6	\$179.6	\$233.1	\$240.9	\$249.3	\$258.0	\$267.0	\$276.4	\$286.1	\$296.1	\$1,873.7
Federal Funds	\$108.1	\$109.2	\$142.9	\$146.9	\$152.1	\$157.4	\$162.9	\$168.6	\$174.5	\$180.6	\$1,143.0
State Funds	\$67.6	\$70.5	\$90.2	\$93.9	\$97.2	\$100.6	\$104.1	\$107.8	\$111.6	\$115.5	\$730.8
<b>All Programs</b>											
Total (State and Federal)	\$5,891.1	\$5,518.2	\$5,960.1	\$5,811.6	\$6,028.9	\$6,255.7	\$6,492.3	\$6,739.3	\$6,997.1	\$7,266.2	\$45,591.2
Federal Funds	\$4,458.9	\$3,788.2	\$4,081.6	\$3,994.0	\$4,143.2	\$4,298.8	\$4,461.3	\$4,630.9	\$4,807.9	\$4,992.7	\$31,328.8
State Funds	\$1,432.2	\$1,730.8	\$1,878.5	\$1,817.6	\$1,885.7	\$1,956.8	\$2,031.0	\$2,108.4	\$2,189.2	\$2,273.5	\$14,262.4

**DRAFT - FOR INTERNAL DISCUSSIONS ONLY**

4/6/2012  
2:18 PM

STATE OF SOUTH CAROLINA  
Department of Health and Human Services  
Affordable Care Act Projection - Baseline Participation  
(Values in Millions)

<b>EXPENDITURES</b>	<b><u>SFY 2011</u></b>	<b><u>SFY 2012</u></b>	<b><u>SFY 2013</u></b>	<b><u>SFY 2014</u></b>	<b><u>SFY 2015</u></b>	<b><u>SFY 2016</u></b>	<b><u>SFY 2017</u></b>	<b><u>SFY 2018</u></b>	<b><u>SFY 2019</u></b>	<b><u>SFY 2020</u></b>	<b><u>SFY 2014 - SFY 2020</u></b>
<b>Health Care Reform</b>											
<b>Parents/ Adults/ Children (&lt; 138% FPL)</b>											
Expansion Population (State and Federal)											
Parents				\$81.5	\$168.0	\$173.0	\$180.8	\$188.9	\$197.4	\$206.3	\$1,195.9
Childless Adults				\$465.5	\$959.0	\$987.7	\$1,032.2	\$1,078.6	\$1,127.2	\$1,177.9	\$6,828.0
Crowd-out Population (State and Federal)											
Currently Eligible Children / Parents				\$100.0	\$205.9	\$212.1	\$221.6	\$231.6	\$242.0	\$252.9	\$1,466.1
Newly Eligible Parents/ Adults				\$225.8	\$465.2	\$479.1	\$500.7	\$523.2	\$546.8	\$571.4	\$3,312.1
Eligible but Unenrolled (State and Federal)											
Children				\$45.0	\$92.8	\$95.5	\$99.8	\$104.3	\$109.0	\$113.9	\$660.5
Parents				\$92.9	\$191.4	\$197.2	\$206.1	\$215.3	\$225.0	\$235.2	\$1,363.2
Expansion Population (Federal)											
Parents				\$81.5	\$168.0	\$173.0	\$176.3	\$178.5	\$184.6	\$188.8	\$1,150.6
Childless Adults				\$465.5	\$959.0	\$987.7	\$1,006.4	\$1,019.3	\$1,053.9	\$1,077.8	\$6,569.5
Crowd-out Population (Federal)											
Currently Eligible Children / Parents				\$70.4	\$145.0	\$149.4	\$156.1	\$163.1	\$170.5	\$178.1	\$1,032.6
Newly Eligible Parents/ Adults				\$225.8	\$465.2	\$479.1	\$488.2	\$494.4	\$511.2	\$522.8	\$3,186.7
Eligible but Unenrolled (Federal)											
Children				\$31.7	\$65.3	\$67.3	\$70.3	\$73.5	\$76.8	\$80.2	\$465.2
Parents				\$65.5	\$134.8	\$138.9	\$145.1	\$151.7	\$158.5	\$165.6	\$960.1
Expansion Population (State)											
Parents				\$0.0	\$0.0	\$0.0	\$4.5	\$10.4	\$12.8	\$17.5	\$45.3
Childless Adults				\$0.0	\$0.0	\$0.0	\$25.8	\$59.3	\$73.3	\$100.1	\$258.5
Crowd-out Population (State)											
Currently Eligible Children / Parents				\$29.6	\$60.9	\$62.7	\$65.5	\$68.5	\$71.6	\$74.8	\$433.5
Newly Eligible Parents/ Adults				\$0.0	\$0.0	\$0.0	\$12.5	\$28.8	\$35.5	\$48.6	\$125.4
Eligible but Unenrolled (State)											
Children				\$13.3	\$27.4	\$28.3	\$29.5	\$30.9	\$32.2	\$33.7	\$195.3
Parents				\$27.5	\$56.6	\$58.3	\$60.9	\$63.7	\$66.5	\$69.5	\$403.1
Federal Funds				\$940.4	\$1,937.3	\$1,995.4	\$2,042.3	\$2,080.5	\$2,155.4	\$2,213.3	\$13,364.7
State Funds				\$70.4	\$144.9	\$149.3	\$198.8	\$261.5	\$292.0	\$344.2	\$1,461.1



## DRAFT - FOR INTERNAL DISCUSSIONS ONLY

4/6/2012  
2:18 PMSTATE OF SOUTH CAROLINA  
Department of Health and Human Services  
Affordable Care Act Projection - Baseline Participation  
(Values in Millions)

EXPENDITURES	SFY 2011	SFY 2012	SFY 2013	SFY 2014	SFY 2015	SFY 2016	SFY 2017	SFY 2018	SFY 2019	SFY 2020	SFY 2014 - SFY 2020
<b>SSI Eligible</b>											
Total (State and Federal)				\$23.0	\$48.2	\$50.3	\$52.6	\$55.0	\$57.4	\$60.0	\$346.5
Federal Funds				\$23.0	\$48.2	\$50.3	\$51.3	\$51.9	\$53.7	\$54.9	\$333.3
State Funds				\$0.0	\$0.0	\$0.0	\$1.3	\$3.0	\$3.7	\$5.1	\$13.2
<b>Pharmacy Rebate Savings - MCO</b>											
Total Saving Offsets (State and Federal)	(\$105.3)	(\$128.2)	(\$138.1)	(\$141.5)	(\$147.9)	(\$154.5)	(\$161.5)	(\$168.7)	(\$176.3)	(\$184.3)	(\$1,134.7)
Federal Funds	(\$82.3)	(\$93.6)	(\$100.8)	(\$99.7)	(\$104.1)	(\$108.8)	(\$113.7)	(\$118.8)	(\$124.2)	(\$129.8)	(\$799.2)
State Funds	(\$23.0)	(\$34.6)	(\$37.3)	(\$41.8)	(\$43.7)	(\$45.7)	(\$47.7)	(\$49.9)	(\$52.1)	(\$54.5)	(\$335.5)
<b>Health Insurer Assessment Fee</b>											
Total (State and Federal)				\$19.2	\$55.6	\$74.1	\$77.4	\$80.9	\$84.6	\$88.4	\$480.4
Federal Funds				\$15.3	\$44.4	\$59.3	\$61.5	\$63.6	\$66.2	\$68.3	\$378.6
State Funds				\$3.9	\$11.3	\$14.8	\$15.9	\$17.4	\$18.4	\$20.1	\$101.7
<b>DSH Payment Reductions</b>											
Total Saving Offsets (State and Federal)				(\$15.4)	(\$23.9)	(\$25.2)	(\$63.6)	(\$179.7)	(\$235.5)	(\$192.1)	(\$735.4)
Federal Funds				(\$10.8)	(\$16.8)	(\$17.7)	(\$44.8)	(\$126.6)	(\$165.9)	(\$135.3)	(\$518.0)
State Funds				(\$4.5)	(\$7.1)	(\$7.5)	(\$18.8)	(\$53.1)	(\$69.6)	(\$56.8)	(\$217.5)
<b>CHIP &amp; SCHIP Program - Enhanced FMAP</b>				\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Federal Funds				\$0.0	\$0.0	\$22.4	\$31.3	\$32.9	\$34.5	\$9.1	\$130.2
State Funds				\$0.0	\$0.0	(\$22.4)	(\$31.3)	(\$32.9)	(\$34.5)	(\$9.1)	(\$130.2)
<b>Administrative Expenses</b>											
Total (State and Federal)				\$92.0	\$93.8	\$85.1	\$88.1	\$91.1	\$94.3	\$97.6	\$642.1
Federal Funds				\$64.4	\$65.7	\$59.6	\$61.6	\$63.8	\$66.0	\$68.3	\$449.4
State Funds				\$27.6	\$28.2	\$25.5	\$26.4	\$27.3	\$28.3	\$29.3	\$192.6
<b>All Programs - After Expansion</b>											
Total (State and Federal)	\$5,785.8	\$5,390.0	\$5,822.0	\$6,799.7	\$8,137.0	\$8,430.1	\$8,726.5	\$8,959.9	\$9,269.0	\$9,693.5	\$60,015.8
Federal Funds	\$4,376.6	\$3,694.7	\$3,980.8	\$4,926.7	\$6,117.7	\$6,359.3	\$6,550.9	\$6,678.2	\$6,893.7	\$7,141.6	\$44,668.0
State Funds	\$1,409.2	\$1,696.2	\$1,841.3	\$1,873.0	\$2,019.3	\$2,070.9	\$2,175.6	\$2,281.7	\$2,375.3	\$2,551.9	\$15,347.8
<b>All Programs - Fiscal Impact</b>											
Total (State and Federal)	(\$105.3)	(\$128.2)	(\$138.1)	\$988.2	\$2,108.1	\$2,174.5	\$2,234.2	\$2,220.6	\$2,271.9	\$2,427.2	\$14,424.6
Federal Funds	(\$82.3)	(\$93.6)	(\$100.8)	\$932.7	\$1,974.5	\$2,060.4	\$2,089.6	\$2,047.3	\$2,085.8	\$2,148.8	\$13,339.2
State Funds	(\$23.0)	(\$34.6)	(\$37.3)	\$55.4	\$133.6	\$114.0	\$144.6	\$173.3	\$186.1	\$278.4	\$1,085.4