



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

October 18, 2010

Ms. Anne W. Murphy
Secretary
State of Indiana
Family and Social Services Administration
402 W. Washington Street
Indianapolis, IN 46204

RE: AFFORDABLE CARE ACT (ACA) – FINANCIAL ANALYSIS UPDATE

Dear Secretary Murphy:

Milliman, Inc. (Milliman) has been retained by the State of Indiana, Family and Social Services Administration 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. Milliman had provided several prior analyses, with the most recent version dated May 21, 2010. This letter reflects an update to our analysis reflecting the instructions for the Federal offset of Medicaid prescription drug rebates, as outlined in the September 28, 2010 letter from Department of Health and Human Services October 2010 update to State Medicaid Directors.

SUMMARY OF RESULTS

Milliman has developed an estimate of the enrollment and fiscal impact associated with the Medicaid expansion and other related provisions of the Affordable Care Act.

Enclosures 1 and 2 provide the fiscal impact projection results of the Medicaid Assistance expansion under an alternate participation scenario (Enclosure 1) and a full participation scenario (Enclosure 2). Table 1 illustrates the anticipated expenditure impacts to the State of Indiana budget for the period of SFY 2012 through SFY 2020.

Table 1

**State of Indiana
 Family and Social Services Administration**

**State Budget Fiscal Impact – SFY 2012 through SFY 2020
 {values shown in millions}**

	Alternate Participation	Full Participation
	SFY 2014 – SFY 2020	SFY 2014 – SFY 2020
Medicaid Assistance Expansion to 138%		
• Uninsured – Children	\$199.7	\$235.0
• Uninsured – Parents / Adults	286.0	351.0
• Insured – Children	339.4	452.6
• Insured – Parents / Adults	126.5	278.1
Impact of Reduced FMAP on HIP Eligibles	482.5	482.5
Spend-down and SSI Eligible	568.4	568.4
Pharmacy Rebate Loss	0.0	0.0
Physician Fee Schedule Increase to 80% Medicare	592.6	675.8
Foster Children – Expansion to Age 26	14.8	14.8
Administrative Expenses – 2014+	192.5	262.5
CHIP Program – Enhanced FMAP	(195.2)	(195.2)
Breast and Cervical Cancer Program	(14.2)	(14.2)
Pregnant Women > 138% FPL	(46.2)	(46.2)
Sub-Total	2,546.8	3,065.0
Administrative Expenses – Pre-2014	40.0	40.0
Sub-Total	2,586.8	3,105.0

The results shown in Table 1 and the enclosures vary from our May 21, 2010 letter based on the following assumption changes:

- Pharmacy rebate loss has been removed based on recent guidance from CMS
- Administrative expenses for SFY 2012 and SFY 2013 have been shown separately
- The Federal Medicaid Assistance Percentage (FMAP) is updated and published on an annual basis. Since the release of the May 21, 2010 letter, a new estimate of the FMAP for FFY 2012 was published. This letter has been updated for the new FMAP.
- Populations have been further delineated

The results of our analysis are highlighted below, as well as additional detail information regarding enrollment and other key assumptions.

Current Medicaid and CHIP Enrollment – Projected SFY 2010 Average Monthly Enrollment

- Medicaid 930,000
- CHIP 79,000
- Healthy Indiana Plan 56,000
- Total 1,065,000

Estimated Medicaid Enrollment under Patient Protection and Affordable Care Act

The following values reflect enrollment as of SFY 2010 for comparison with current Medicaid enrollment.

- Alternate Participation Scenario - Increase in Medicaid enrollment reflecting 138% FPL limit:
 - 302,000 Adults: This reflects 195,000 Parents and Childless Adults that are uninsured and 107,000 that are currently insured through employer or other insurance.
 - 86,000 Children: This reflects 32,000 Children that are currently uninsured and 54,000 with insurance coverage.
- Full Participation Scenario - Increase in Medicaid enrollment reflecting 138% FPL limit:
 - 413,000 Adults: This reflects 237,000 Parents and Childless Adults that are uninsured and 176,000 that are currently insured through employer or other insurance.
 - 109,000 Children: This reflects 37,000 Children that are currently uninsured and 72,000 with insurance coverage.

The alternate participation scenario includes participation assumptions as noted below.

- Milliman assumed the following participation rates:
 - 75% for Insured Parents and Children
 - 85% for Uninsured Parents and Children
 - 50% for Insured Adults
 - 80% for Uninsured Adults

Participation rates for the uninsured are consistent with other independent analyses performed of the Medicaid Health Care Reform legislation. The participation rates for the insured were based on a review of the Children population participation and Parent and Childless Adult applications submitted for the Healthy Indiana Plan.

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 after the expansion may exceed the participation rates noted in these other programs, since there will be an individual mandate for health insurance coverage under federal health care reform legislation.

- Increase Medicaid enrollment for the SSI eligible that are not currently eligible for Indiana Medicaid program by approximately 23,100 lives
- Move 56,000 Healthy Indiana Plan enrollees to Medicaid (included in Adult assumptions identified above)
- Total Medicaid enrollment would increase to 1,420,100 under the alternate participation scenario or 1,554,100 under the full participation scenario

Percentage increase in Medicaid in relation to the total number of Hoosiers

- Calendar Year 2008 Indiana Census Estimate 6,377,000
- Increase would be approximately 5.6% (alternate participation) or 7.7% (full participation) more Hoosiers on Medicaid
- Increase from 16.7% to 22.3% (alternate participation) or 24.4% (full participation) - or nearly 1 in 4 Hoosiers
- Note, Milliman utilized population statistics prior to the full impact of the recession in the State of Indiana. While we have allowed for long-term growth rates in the population below the 138% FPL eligibility threshold, the actual population that will qualify due to the income threshold may be greater in 2014 depending on the impact of the economic recovery.

Table 2 illustrates the average monthly enrollment for the current Medicaid program, as well as projected enrollment under the Medicaid expansion. We have shown values in 5 year intervals. The projected enrollment has been trended at a long-term enrollment growth rate of 2.0% per year.

Table 2
State of Indiana
Family and Social Services Administration
Enrollment Projections

Population	SFY 2010	SFY 2014	SFY 2019	SFY 2024
Current Programs				
Medicaid	930,000	1,007,000	1,112,000	1,228,000
CHIP	79,000	86,000	95,000	105,000
Healthy Indiana Plan	56,000	0	0	0
Total	1,065,000	1,093,000	1,207,000	1,333,000
After Expansion – Alternate Participation				
Expansion Population				
Parents / Childless Adults		211,000	233,000	257,000
Currently Insured Population (Crowd-out)				
Children		58,000	64,000	71,000
Parents / Childless Adults		116,000	128,000	141,000
Currently Uninsured (Eligible but Unenrolled)				
Children		35,000	39,000	43,000
SSI Disabled Eligible		25,000	28,000	31,000
Total Medicaid Population After Expansion		1,538,000	1,699,000	1,876,000
After Expansion – Full Participation				
Expansion Population				
Parents / Childless Adults		257,000	284,000	314,000
Currently Insured Population (Crowd-out)				
Children		78,000	86,000	95,000
Parents / Childless Adults		191,000	211,000	233,000
Currently Uninsured (Eligible but Unenrolled)				
Children		40,000	44,000	49,000
SSI Disabled Eligible		25,000	28,000	31,000
Total Medicaid Population After Expansion		1,684,000	1,860,000	2,055,000

The remainder of this letter outlines the assumptions and methodologies used to develop the projections shown in the enclosures, as well as throughout the letter.

a. Medicaid Assistance Expansion to 138% FPL

The fiscal impact associated the Parent and Adult expansion to 138% includes both currently insured and uninsured individuals below the 138% FPL amount and children not currently covered under Medicaid, who are also below the 138% FPL. The 138% FPL reflects the 133% FPL indicated in the Act with the additional 5% allowance. The analysis presented in this report reflects modified participation assumptions.

Note, in prior analysis, the estimated fiscal impact reflected an offsetting savings associated with the current costs of the Healthy Indiana Plan. Under the scenario presented in this letter, the fiscal impact assumes that the Healthy Indiana Plan (HIP) will be terminated on December 31, 2012. Therefore, there are no savings associated with the termination of HIP.

The Act reflects the following Federal Medical Assistance Percentages (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+

We have also illustrated the additional impact of the reduced FMAP on HIP eligibles. Although Indiana is not an early expansion state, CMS has informally indicated that the standard FMAP will apply to the first 36,500 expansion enrollees.

Milliman has not included any fiscal impact associated with the potential for some children to move from the higher enhanced federal match rate under CHIP to the standard federal match rate under Medicaid. Due to the new coverage provisions, movement between these populations may occur. This has not been included in our fiscal analysis.

b. Spend-down and SSI Eligible Populations

Currently, the State of Indiana performs the disability eligibility determination. In addition to the disability determination, Indiana provides eligibility on a spend-down basis. It is anticipated that Indiana would need to modify the eligibility provision for the disabled population and convert to SSI eligibility standards. Milliman has estimated an additional 23,100 lives would be enrolled in the program with this expansion. Additionally, approximately 75% of individuals currently classified as spend-down would convert to full Medicaid eligibility due to the increase to 138% FPL standard. The expenditures associated with the modification reflect an offset due to savings associated with the current spend-down eligible above 138% FPL.

c. Pharmacy Rebate Modifications

The Act includes increasing the brand name and generic rebates. The Act 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 currently accruing to the state budget.

d. Increase Physician Fee Schedule to 80% of Medicare Physician Fee Schedule

The current Indiana Medicaid fee schedule reimburses at approximately 60% to 65% of the Medicare fee schedule. It would be anticipated that OMPP would need to increase the physician fee schedule to assure access to physician care. We have estimated that the minimum increase for physicians would be to 80% of the current Medicare fee schedule. The Affordable Care Act includes 100% Federal funding to increase primary care physician reimbursement to 100% of Medicare for a limited set of primary and preventive care services. However, the 100% Federal funding is only available for 2013 and 2014. No additional funding is available for other physician specialists or the full set of physician services.

The increased cost would be an additional \$300 to \$350 million per year for the current Medicaid program and expansion populations. The increased cost would be estimated at \$2.2 billion (State and Federal) or \$0.6 billion (State only) for the period beginning on January 1, 2014.

e. Foster Children Expansion to Age 26

Indiana currently provides Medicaid eligibility coverage to Foster Children to age 21. The Affordable Care Act includes mandatory coverage for Foster Children to age 26 beginning on January 1, 2014. The annual cost has been estimated at \$6.5 million per year (State and Federal) or \$2.3 million per year (State only).

f. Administrative Expenditures

In addition to the expenditures associated with providing medical services, the State of Indiana will incur additional administrative expenditures. The expenditures for the initial modifications to the current administrative systems, as well as integration of Medicaid eligibility with an Exchange, are estimated to be \$80 million (State and Federal) or \$40 million (State only). On-going costs for the coverage of the additional 388,000 enrollees are estimated to be \$55 million per year (State and Federal) or \$27.5 million per year (State only). The on-going costs were developed assuming approximately \$150 per recipient per year or approximately 3.75% of total expected medical expenditures. Based on my experience with Medicaid programs, the state Medicaid administrative costs range from 3.5% to 6.0% of the total medical costs. The administrative expenses would be anticipated to be incurred in 2012 and 2013 for the initial administrative expenditures and in 2014 forward for the on-going expenditures. The administrative expenses include, but are not limited to, the following items: changes to the MMIS system, additional staffing, integration with the Exchange, upgrades to the eligibility systems, claims and eligibility processing, and contracting. The administration expenses were assumed to be matched at 50%.

g. CHIP Program Enhanced FMAP

Under the Act, the CHIP program provides additional Federal matching rate of 23% beginning on October 1, 2015 and ending September 30, 2019. The additional 23% FMAP will increase the total FMAP for the CHIP program to approximately 99.57%. The enhanced FMAP will decrease expenditures for Indiana and increase expenditures for the Federal share.

h. Breast and Cervical Cancer Program

The State of Indiana currently provides eligibility under the Breast and Cervical Cancer program. The total annual expenditures under the program are approximately \$7.0 million (State and Federal) or \$1.7 million (State only). It is not anticipated that this program will be required to be continued with the expansion requirements below 138% FPL and insurance reforms for individuals above 138% FPL. Therefore, we have estimated that this program may be terminated beginning on January 1, 2014; although, some of these individuals will become eligible under the new Medicaid eligibility requirements.

i. Pregnant Women above 138% FPL

The State of Indiana currently provides eligibility for pregnant women up to 200% FPL. As with the Breast and Cervical Cancer Program, it would be anticipated that the pregnant women between 138% FPL and 200% FPL will have access to care through the insurance exchange. We have estimated that 9.5% of the current expenditures for the pregnant women population will no longer be incurred by the Indiana Medicaid program. We have estimated the annual savings to be approximately \$18.5 million (State and Federal) per year or \$6.2 million (State only) per year beginning on January 1, 2014.

j. Premium Assistance Program

The fiscal analysis did not consider the implementation of a premium assistance program which is required under Affordable Care Act. The implementation of a premium assistance program may be expected to increase the fiscal analysis results presented in this report.

KEY ASSUMPTIONS

- Medicaid Expansion up to 138% FPL including Adults, Parents, Children, and Disabled.
- Implementation of expansion on January 1, 2014.
- Assumed that Indiana would cover all individuals eligible for SSI disability at the standard FMAP.
- Healthy Indiana Plan would be discontinued on January 1, 2013.
- Assumed that the current spend-down population for the Aged, Blind and Disabled eligibility categories below 138% FPL would be converted to full benefit Medicaid. Assumed that the spend-down population above 138% FPL would be transferred to the insurance exchange.

LIMITATIONS

The information contained in this correspondence, including any enclosures, has been prepared for the State of Indiana, Family and Social Services Administration, related Divisions, and their advisors. These results may not be distributed to any other party without the prior consent of Milliman. To the extent that the information contained in this correspondence is provided to any approved third parties, the correspondence should be distributed in its entirety. Any user of the data must possess a certain level of expertise in actuarial science and health care modeling that will allow appropriate use of the data presented.

Milliman makes no representations or warranties regarding the contents of this correspondence to third parties. Likewise, third parties are instructed that they are to place no reliance upon this correspondence prepared for FSSA 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.

Milliman has relied upon certain data and information provided by FSSA and its vendors. The values presented in this correspondence are dependent upon this reliance. To the extent that the data was not complete or was inaccurate, the values presented will need to be reviewed for consistency and revised to meet any revised data. The data and information included in the report has been developed to assist in the analysis of the financial impact of Indiana Medicaid Assistance expenditures. The data and information presented may not be appropriate for any other purpose. It should be emphasized that the results presented in this correspondence are a projection of future costs based on a set of assumptions. Results will differ if actual experience is different from the assumptions contained in this letter.



If you have any questions or comments regarding the enclosed information, please do not hesitate to contact me at (317) 524-3512.

Sincerely,


ELECTRONIC
SIGNATURE

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

RMD/lrb
Enclosures



ENCLOSURE 1

STATE OF INDIANA
 Family and Social Services Administration
 Health Care Reform Projection - Affordable Care Act
 Alternate Participation Scenario
 (Values in Millions)

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EXPENDITURES	SFY 2014	SFY 2015	SFY 2016	SFY 2017	SFY 2018	SFY 2019	SFY 2020	SFY 2021	SFY 2022	SFY 2023	SFY 2024	SFY 2014 - SFY2020	SFY 2021 - SFY2024
Medicaid													
Total (State and Federal)	\$7,674.2	\$8,025.0	\$8,394.5	\$8,783.7	\$9,193.9	\$9,626.2	\$10,082.1	\$10,562.8	\$11,069.9	\$11,604.9	\$12,169.6	\$61,779.7	\$45,407.1
Federal Funds	\$5,138.7	\$5,373.6	\$5,621.0	\$5,881.6	\$6,156.2	\$6,445.7	\$6,750.9	\$7,072.8	\$7,412.4	\$7,770.6	\$8,148.8	\$41,367.7	\$30,404.6
State Funds	\$2,535.6	\$2,651.5	\$2,773.5	\$2,902.1	\$3,037.7	\$3,180.5	\$3,331.1	\$3,489.9	\$3,657.5	\$3,834.3	\$4,020.8	\$20,412.0	\$15,002.5
CHIP													
Total (State and Federal)	\$170.1	\$180.3	\$191.1	\$202.6	\$214.8	\$227.7	\$241.3	\$255.8	\$271.1	\$287.4	\$304.6	\$1,427.9	\$1,119.0
Federal Funds	\$130.3	\$138.1	\$146.4	\$155.1	\$164.4	\$174.3	\$184.8	\$195.9	\$207.6	\$220.1	\$233.3	\$1,093.3	\$856.8
State Funds	\$39.9	\$42.2	\$44.8	\$47.5	\$50.3	\$53.3	\$56.5	\$59.9	\$63.5	\$67.3	\$71.4	\$334.6	\$262.2
Healthy Indiana Plan													
Total (State and Federal)	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Federal Funds	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
State Funds	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
All Programs													
Total (State and Federal)	\$7,844.4	\$8,205.4	\$8,585.6	\$8,986.3	\$9,408.7	\$9,853.9	\$10,323.4	\$10,818.6	\$11,341.0	\$11,892.3	\$12,474.2	\$63,207.6	\$46,526.1
Federal Funds	\$5,268.9	\$5,511.6	\$5,767.3	\$6,036.7	\$6,320.7	\$6,620.0	\$6,935.7	\$7,268.7	\$7,620.0	\$7,990.7	\$8,382.0	\$42,461.1	\$31,261.4
State Funds	\$2,575.4	\$2,693.7	\$2,818.3	\$2,949.6	\$3,088.0	\$3,233.8	\$3,387.7	\$3,549.9	\$3,721.0	\$3,901.6	\$4,092.2	\$20,746.6	\$15,264.7
Parents / Adults / Children (< 138% FPL)													
Uninsured (State and Federal)													
Children	\$38.3	\$81.2	\$86.0	\$91.2	\$96.7	\$102.5	\$108.6	\$115.1	\$122.1	\$129.4	\$137.1	\$604.5	\$503.7
Parents / Adults	\$473.9	\$1,004.8	\$1,065.1	\$1,129.0	\$1,196.7	\$1,268.5	\$1,344.6	\$1,425.3	\$1,510.8	\$1,601.4	\$1,697.5	\$7,482.5	\$6,235.1
Insured (State and Federal)													
Children	\$65.1	\$138.0	\$146.2	\$155.0	\$164.3	\$174.2	\$184.6	\$195.7	\$207.4	\$219.9	\$233.1	\$1,027.4	\$856.1
Parents / Adults	\$270.4	\$573.3	\$607.7	\$644.2	\$682.9	\$723.8	\$767.3	\$813.3	\$862.1	\$913.8	\$968.6	\$4,269.7	\$3,557.8
Uninsured (Federal)													
Children	\$25.6	\$54.4	\$57.6	\$61.1	\$64.7	\$68.6	\$72.7	\$77.1	\$81.7	\$86.6	\$91.8	\$404.8	\$337.3
Parents / Adults	\$454.7	\$963.9	\$1,021.7	\$1,059.4	\$1,091.3	\$1,145.6	\$1,190.7	\$1,243.3	\$1,317.9	\$1,397.0	\$1,480.8	\$6,927.3	\$5,439.2
Insured (Federal)													
Children	\$43.6	\$92.4	\$97.9	\$103.8	\$110.0	\$116.6	\$123.6	\$131.0	\$138.9	\$147.2	\$156.1	\$687.9	\$573.2
Parents / Adults	\$255.2	\$540.9	\$573.4	\$604.5	\$622.7	\$653.7	\$679.4	\$709.5	\$752.0	\$797.2	\$845.0	\$3,929.9	\$3,103.7
Uninsured (State)													
Children	\$12.7	\$26.8	\$28.4	\$30.1	\$31.9	\$33.9	\$35.9	\$38.0	\$40.3	\$42.7	\$45.3	\$199.7	\$166.4
Parents / Adults	\$0.0	\$0.0	\$0.0	\$27.1	\$64.7	\$81.2	\$113.1	\$141.3	\$149.7	\$158.7	\$168.2	\$286.0	\$617.9
Insured (State)													
Children	\$21.5	\$45.6	\$48.3	\$51.2	\$54.3	\$57.5	\$61.0	\$64.7	\$68.5	\$72.6	\$77.0	\$339.4	\$282.9
Parents / Adults	\$0.0	\$0.0	\$0.0	\$6.0	\$27.9	\$37.1	\$55.5	\$71.6	\$75.9	\$80.4	\$85.3	\$126.5	\$313.2
State Funds - Reduced FMAP on HIP Eligible	\$34.6	\$73.3	\$77.7	\$76.2	\$73.0	\$74.6	\$73.2	\$72.9	\$77.3	\$81.9	\$86.8	\$482.5	\$319.0
Spend-down and SSI Eligible													
Total (State and Federal)	\$107.2	\$228.4	\$243.2	\$259.0	\$275.8	\$293.8	\$312.9	\$333.2	\$354.9	\$377.9	\$402.5	\$1,720.3	\$1,468.5
Federal Funds	\$71.8	\$152.9	\$162.9	\$173.4	\$184.7	\$196.7	\$209.5	\$223.1	\$237.6	\$253.1	\$269.5	\$1,151.9	\$983.3
State Funds	\$35.4	\$75.5	\$80.4	\$85.6	\$91.1	\$97.1	\$103.4	\$110.1	\$117.2	\$124.9	\$133.0	\$568.4	\$485.2

STATE OF INDIANA
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 Alternate Participation Scenario
 (Values in Millions)

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EXPENDITURES	SFY 2014	SFY 2015	SFY 2016	SFY 2017	SFY 2018	SFY 2019	SFY 2020	SFY 2021	SFY 2022	SFY 2023	SFY 2024	SFY 2014 -	SFY 2021 -
												SFY2020	SFY2024
CHIP Program (Enhanced FMAP)	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Federal Funds	\$0.0	\$0.0	\$33.0	\$46.6	\$49.4	\$52.4	\$13.9	\$0.0	\$0.0	\$0.0	\$0.0	\$195.2	\$0.0
State Funds	\$0.0	\$0.0	(\$33.0)	(\$46.6)	(\$49.4)	(\$52.4)	(\$13.9)	\$0.0	\$0.0	\$0.0	\$0.0	(\$195.2)	\$0.0
Breast & Cervical Cancer	(\$4.0)	(\$8.4)	(\$8.8)	(\$9.2)	(\$9.6)	(\$10.1)	(\$10.6)	(\$11.1)	(\$11.6)	(\$12.2)	(\$12.8)	(\$60.8)	(\$47.7)
Federal Funds	(\$3.1)	(\$6.4)	(\$6.7)	(\$7.1)	(\$7.4)	(\$7.7)	(\$8.1)	(\$8.5)	(\$8.9)	(\$9.3)	(\$9.8)	(\$46.6)	(\$36.5)
State Funds	(\$0.9)	(\$2.0)	(\$2.1)	(\$2.2)	(\$2.3)	(\$2.4)	(\$2.5)	(\$2.6)	(\$2.7)	(\$2.9)	(\$3.0)	(\$14.2)	(\$11.2)
Pregnant Women (>138%)	(\$9.3)	(\$19.4)	(\$20.3)	(\$21.2)	(\$22.2)	(\$23.2)	(\$24.3)	(\$25.5)	(\$26.7)	(\$28.0)	(\$29.4)	(\$139.8)	(\$109.6)
Federal Funds	(\$6.2)	(\$13.0)	(\$13.6)	(\$14.2)	(\$14.9)	(\$15.6)	(\$16.3)	(\$17.1)	(\$17.9)	(\$18.8)	(\$19.7)	(\$93.6)	(\$73.4)
State Funds	(\$3.1)	(\$6.4)	(\$6.7)	(\$7.0)	(\$7.3)	(\$7.7)	(\$8.0)	(\$8.4)	(\$8.8)	(\$9.3)	(\$9.7)	(\$46.2)	(\$36.2)
Phys Fee Schedule Inc (80% Medicare)	\$144.3	\$301.8	\$315.7	\$330.4	\$345.8	\$362.0	\$379.2	\$397.3	\$416.3	\$436.5	\$457.7	\$2,179.3	\$1,707.8
Federal Funds	\$106.2	\$222.0	\$232.3	\$241.4	\$250.6	\$261.6	\$272.5	\$284.3	\$298.0	\$312.4	\$327.6	\$1,586.6	\$1,222.2
State Funds	\$38.1	\$79.8	\$83.5	\$89.0	\$95.2	\$100.4	\$106.7	\$113.0	\$118.4	\$124.1	\$130.1	\$592.6	\$485.6
Foster Children Increase	\$3.3	\$6.5	\$6.5	\$6.5	\$6.5	\$6.5	\$6.5	\$6.5	\$6.5	\$6.5	\$6.5	\$42.3	\$26.0
Federal Funds	\$2.1	\$4.2	\$4.2	\$4.2	\$4.2	\$4.2	\$4.2	\$4.2	\$4.2	\$4.2	\$4.2	\$27.5	\$16.9
State Funds	\$1.1	\$2.3	\$2.3	\$2.3	\$2.3	\$2.3	\$2.3	\$2.3	\$2.3	\$2.3	\$2.3	\$14.8	\$9.1
Administrative Expenses	\$55.0	\$55.0	\$55.0	\$55.0	\$55.0	\$55.0	\$55.0	\$55.0	\$55.0	\$55.0	\$55.0	\$385.0	\$220.0
Federal Funds	\$27.5	\$27.5	\$27.5	\$27.5	\$27.5	\$27.5	\$27.5	\$27.5	\$27.5	\$27.5	\$27.5	\$192.5	\$110.0
State Funds	\$27.5	\$27.5	\$27.5	\$27.5	\$27.5	\$27.5	\$27.5	\$27.5	\$27.5	\$27.5	\$27.5	\$192.5	\$110.0
All Programs - After Expansion													
Total (State and Federal)	\$8,988.6	\$10,566.5	\$11,082.1	\$11,626.2	\$12,200.5	\$12,806.9	\$13,447.1	\$14,123.4	\$14,837.8	\$15,592.5	\$16,390.2	\$80,717.9	\$60,943.9
Federal Funds	\$6,246.2	\$7,550.4	\$7,957.5	\$8,337.3	\$8,703.7	\$9,123.8	\$9,505.5	\$9,943.3	\$10,451.1	\$10,987.9	\$11,555.1	\$57,424.4	\$42,937.4
State Funds	\$2,742.4	\$3,016.1	\$3,124.6	\$3,288.8	\$3,496.8	\$3,683.0	\$3,941.7	\$4,180.1	\$4,386.6	\$4,604.7	\$4,835.1	\$23,293.4	\$18,006.5
All Programs - Fiscal Impact													
Total (State and Federal)	\$1,144.2	\$2,361.1	\$2,496.4	\$2,639.8	\$2,791.8	\$2,953.0	\$3,123.8	\$3,304.8	\$3,496.8	\$3,700.2	\$3,916.0	\$17,510.2	\$14,417.8
Federal Funds	\$977.3	\$2,038.8	\$2,190.1	\$2,300.6	\$2,383.0	\$2,503.8	\$2,569.7	\$2,674.6	\$2,831.2	\$2,997.1	\$3,173.1	\$14,963.4	\$11,676.0
State Funds	\$166.9	\$322.3	\$306.3	\$339.2	\$408.9	\$449.2	\$554.0	\$630.3	\$665.6	\$703.1	\$742.9	\$2,546.8	\$2,741.8



ENCLOSURE 2

STATE OF INDIANA
 Family and Social Services Administration
 Health Care Reform Projection - Affordable Care Act
 Full Participation Scenario
 (Values in Millions)

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EXPENDITURES	SFY 2014	SFY 2015	SFY 2016	SFY 2017	SFY 2018	SFY 2019	SFY 2020	SFY 2014 - SFY2020
Medicaid								
Total (State and Federal)	\$7,674.2	\$8,025.0	\$8,394.5	\$8,783.7	\$9,193.9	\$9,626.2	\$10,082.1	\$61,779.7
Federal Funds	\$5,138.7	\$5,373.6	\$5,621.0	\$5,881.6	\$6,156.2	\$6,445.7	\$6,750.9	\$41,367.7
State Funds	\$2,535.6	\$2,651.5	\$2,773.5	\$2,902.1	\$3,037.7	\$3,180.5	\$3,331.1	\$20,412.0
CHIP								
Total (State and Federal)	\$170.1	\$180.3	\$191.1	\$202.6	\$214.8	\$227.7	\$241.3	\$1,427.9
Federal Funds	\$130.3	\$138.1	\$146.4	\$155.1	\$164.4	\$174.3	\$184.8	\$1,093.3
State Funds	\$39.9	\$42.2	\$44.8	\$47.5	\$50.3	\$53.3	\$56.5	\$334.6
Healthy Indiana Plan								
Total (State and Federal)	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Federal Funds	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
State Funds	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
All Programs								
Total (State and Federal)	\$7,844.4	\$8,205.4	\$8,585.6	\$8,986.3	\$9,408.7	\$9,853.9	\$10,323.4	\$63,207.6
Federal Funds	\$5,268.9	\$5,511.6	\$5,767.3	\$6,036.7	\$6,320.7	\$6,620.0	\$6,935.7	\$42,461.1
State Funds	\$2,575.4	\$2,693.7	\$2,818.3	\$2,949.6	\$3,088.0	\$3,233.8	\$3,387.7	\$20,746.6
Parents / Adults / Children (< 138% FPL)								
Uninsured (State and Federal)								
Children	\$45.0	\$95.5	\$101.2	\$107.3	\$113.7	\$120.6	\$127.8	\$711.2
Parents / Adults	\$576.4	\$1,221.9	\$1,295.2	\$1,372.9	\$1,455.3	\$1,542.6	\$1,635.1	\$9,099.2
Insured (State and Federal)								
Children	\$86.8	\$183.9	\$195.0	\$206.7	\$219.1	\$232.2	\$246.2	\$1,369.8
Parents / Adults	\$456.7	\$968.1	\$1,026.2	\$1,087.8	\$1,153.0	\$1,222.2	\$1,295.5	\$7,209.5
Uninsured (Federal)								
Children	\$30.2	\$63.9	\$67.8	\$71.8	\$76.2	\$80.7	\$85.6	\$476.2
Parents / Adults	\$557.1	\$1,181.0	\$1,251.8	\$1,296.6	\$1,335.1	\$1,401.4	\$1,456.0	\$8,479.0
Insured (Federal)								
Children	\$58.1	\$123.2	\$130.6	\$138.4	\$146.7	\$155.5	\$164.8	\$917.2
Parents / Adults	\$441.4	\$935.7	\$991.8	\$1,027.3	\$1,057.9	\$1,110.3	\$1,153.6	\$6,718.1
Uninsured (State)								
Children	\$14.9	\$31.6	\$33.4	\$35.5	\$37.6	\$39.8	\$42.2	\$235.0
Parents / Adults	\$0.0	\$0.0	\$0.0	\$33.7	\$79.4	\$99.6	\$138.3	\$351.0
Insured (State)								
Children	\$28.7	\$60.8	\$64.4	\$68.3	\$72.4	\$76.7	\$81.3	\$452.6
Parents / Adults	\$0.0	\$0.0	\$0.0	\$26.7	\$62.9	\$78.9	\$109.6	\$278.1
State Funds - Reduced FMAP on HIP Eligible	\$34.6	\$73.3	\$77.7	\$76.2	\$73.0	\$74.6	\$73.2	\$482.5

STATE OF INDIANA
 Family and Social Services Administration
 Health Care Reform Projection - Affordable Care Act
 Full Participation Scenario
 (Values in Millions)

10/18/2010
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EXPENDITURES	SFY 2014	SFY 2015	SFY 2016	SFY 2017	SFY 2018	SFY 2019	SFY 2020	SFY 2014 - SFY2020
Spend-down and SSI Eligible								
Total (State and Federal)	\$107.2	\$228.4	\$243.2	\$259.0	\$275.8	\$293.8	\$312.9	\$1,720.3
Federal Funds	\$71.8	\$152.9	\$162.9	\$173.4	\$184.7	\$196.7	\$209.5	\$1,151.9
State Funds	\$35.4	\$75.5	\$80.4	\$85.6	\$91.1	\$97.1	\$103.4	\$568.4
CHIP Program (Enhanced FMAP)								
Total (State and Federal)	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Federal Funds	\$0.0	\$0.0	\$33.0	\$46.6	\$49.4	\$52.4	\$13.9	\$195.2
State Funds	\$0.0	\$0.0	(\$33.0)	(\$46.6)	(\$49.4)	(\$52.4)	(\$13.9)	(\$195.2)
Breast & Cervical Cancer								
Total (State and Federal)	(\$4.0)	(\$8.4)	(\$8.8)	(\$9.2)	(\$9.6)	(\$10.1)	(\$10.6)	(\$60.8)
Federal Funds	(\$3.1)	(\$6.4)	(\$6.7)	(\$7.1)	(\$7.4)	(\$7.7)	(\$8.1)	(\$46.6)
State Funds	(\$0.9)	(\$2.0)	(\$2.1)	(\$2.2)	(\$2.3)	(\$2.4)	(\$2.5)	(\$14.2)
Pregnant Women (>138%)								
Total (State and Federal)	(\$9.3)	(\$19.4)	(\$20.3)	(\$21.2)	(\$22.2)	(\$23.2)	(\$24.3)	(\$139.8)
Federal Funds	(\$6.2)	(\$13.0)	(\$13.6)	(\$14.2)	(\$14.9)	(\$15.6)	(\$16.3)	(\$93.6)
State Funds	(\$3.1)	(\$6.4)	(\$6.7)	(\$7.0)	(\$7.3)	(\$7.7)	(\$8.0)	(\$46.2)
Phys Fee Schedule Inc (80% Medicare)								
Total (State and Federal)	\$164.6	\$344.2	\$360.0	\$376.7	\$394.3	\$412.9	\$432.4	\$2,485.1
Federal Funds	\$121.1	\$253.2	\$264.9	\$275.3	\$285.8	\$298.4	\$310.8	\$1,809.3
State Funds	\$43.5	\$91.0	\$95.2	\$101.5	\$108.6	\$114.5	\$121.6	\$675.8
Foster Children Increase								
Total (State and Federal)	\$3.3	\$6.5	\$6.5	\$6.5	\$6.5	\$6.5	\$6.5	\$42.3
Federal Funds	\$2.1	\$4.2	\$4.2	\$4.2	\$4.2	\$4.2	\$4.2	\$27.5
State Funds	\$1.1	\$2.3	\$2.3	\$2.3	\$2.3	\$2.3	\$2.3	\$14.8
Administrative Expenses								
Total (State and Federal)	\$75.0	\$75.0	\$75.0	\$75.0	\$75.0	\$75.0	\$75.0	\$525.0
Federal Funds	\$37.5	\$37.5	\$37.5	\$37.5	\$37.5	\$37.5	\$37.5	\$262.5
State Funds	\$37.5	\$37.5	\$37.5	\$37.5	\$37.5	\$37.5	\$37.5	\$262.5
All Programs - After Expansion								
Total (State and Federal)	\$9,345.9	\$11,301.0	\$11,858.9	\$12,447.8	\$13,069.6	\$13,726.3	\$14,419.9	\$86,169.4
Federal Funds	\$6,578.8	\$8,243.9	\$8,691.4	\$9,086.7	\$9,475.9	\$9,933.8	\$10,347.2	\$62,357.8
State Funds	\$2,767.1	\$3,057.2	\$3,167.5	\$3,361.1	\$3,593.7	\$3,792.4	\$4,072.6	\$23,811.6
All Programs - Fiscal Impact								
Total (State and Federal)	\$1,501.6	\$3,095.7	\$3,273.2	\$3,461.5	\$3,660.9	\$3,872.4	\$4,096.5	\$22,961.7
Federal Funds	\$1,309.9	\$2,732.2	\$2,924.1	\$3,050.0	\$3,155.2	\$3,313.8	\$3,411.5	\$19,896.7
State Funds	\$191.7	\$363.5	\$349.1	\$411.5	\$505.7	\$558.6	\$685.0	\$3,065.0