ACA Implementation in the South: The Political Economy of Full Participation in Kentucky

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The Political Economy of Full Participation in Kentucky

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Key ACA implementation decisions

- Medicaid expansion and state-run health insurance exchange (kynect) established by executive authority without legislative support.
- Outreach and enrollment conducted regionally by state primary care association, community action councils, public health agencies and other local agencies.
Progress with coverage expansion

- 640,000 uninsured in 2013 (20.4% of nonelderly)
- 413,407 enrolled through kynect in 2014
  - 70% newly eligible for Medicaid
  - 10% previously eligible for Medicaid (woodwork)
  - 20% purchased private insurance
- 75% of kynect enrollees report previously uninsured
- 630 businesses enrolled in small business exchange
- Estimated additional 110,000 individuals enrolled outside of kynect (Kowalski 2014)
Kentucky uninsured estimates

Estimates prior to ACA, 2013

<5%
5-8%
9-11%
12-14%
15-17%
18-20%
>20%

Gallop uninsured:
2013 → 2014
20.4% → 11.9%

Source: Lawrence Kissner, "ACA Update," presentation to the Interim Joint Committee on Health and Welfare
July 16, 2014.
Market structure and viability in the private exchange

- Anemic enrollment in non-group market (<100k) and negligible small-group enrollment.
- Limited competition: 3 insurers in non-group, 4 insurers in small group. Humana only sells in the 3 metropolitan areas.
- All insurers are publicly-traded national firms except the co-op.
- Kentucky’s co-op holds >50% of the non-group market & is priced ≈20% lower than competitors → adverse selection?
Early signals of access & prevention

One year changes in Medicaid utilization for 2014:

- Preventive dental visit volume up 15.8%
- Breast cancer screening volume up 36.7%
- Cervical cancer screening volume up 3.0%
- Colorectal cancer screening volume up 16.1%
- Hospitals reporting Medicaid revenue growth, reductions in uncompensated care volume

Uncertainties & ongoing challenges

- Political opposition and legal challenges
- Exchange funding as federal grants expire
- Delivery system & payment reform
- Public health & prevention funding
Trends in public health spending

Governmental Expenditures for Public Health Activity, USDHHS National Health Expenditure Accounts

- Percent of NHE
- Percent of GDP (x10)
- Per capita ($100s nominal)
- Per capita ($100s constant)

U.S. Centers for Medicare and Medicaid Services, Office of the Chief Actuary
Dynamics of Medicaid and Public Health Spending

![Graph showing the relationship between Medicaid Spending Share and Public Health Spending Share, categorized by FMAP>60 and FMAP<=60.]
Estimated Effect of Medicaid Spending Growth on Delivery of Recommended Public Health Services

At Median Medicaid Budget Share Growth of 3.9%

Availability | Intensive Margin | Extensive Margin | Perceived Effectiveness

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