Federal Health Care Reform will Save Pennsylvanians $280 Million to $650 Million Through 2018

<table>
<thead>
<tr>
<th>SAVINGS:</th>
<th>$280 Million Savings</th>
<th>$650 Million Savings</th>
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</thead>
<tbody>
<tr>
<td>More Pennsylvanians enrolled in state-funded health care programs</td>
<td>1643</td>
<td>1276</td>
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<tr>
<td>Shift to home and community-based settings</td>
<td>-248</td>
<td>-248</td>
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<tr>
<td>Collect higher drug rebates</td>
<td>-1045</td>
<td>-1045</td>
</tr>
<tr>
<td>Less need for state funding for CHIP</td>
<td>-281</td>
<td>-281</td>
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<tr>
<td>Expansion of Medicare Part D lowers PACE costs</td>
<td>-353</td>
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<tr>
<td><strong>Total Savings over Eight Years</strong></td>
<td><strong>-263</strong></td>
<td><strong>-651</strong></td>
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The two estimates of savings vary due different assumptions for the “woodwork effect.” The lower end estimate of savings assumes all current and newly eligible individuals take advantage of the health care program expansions. The higher end estimate relies on the federal assumptions for the trend of currently and newly eligible individuals who enroll in the expanded programs.
HEALTH CARE REFORM
Cost Savings Charts

Commonwealth is projecting state savings from $283M to $651M for an 8 year period (FY10/11 through FY17/18)

- Range due to woodwork effect – the speed in which the uninsured enter MA.
  - Lower rate estimate assumes all current and newly eligible take advantage of program expansion by 2016
    - New recipients entering: 808,000
  - Upper range estimate relies on federal assumption for trend of current and newly eligible that enroll in the program.
    - Assumes 5% remain uninsured
    - New recipients entering: 625,000

- Savings: shift to home and community based - $248M
  - Balancing Incentive Program – 5% FMAP increase to add or increase their coverage of long-term care services at home or in the community as an alternative to nursing facility for October 1, 2011 – September 30, 2015. MOE: Increase HCBS spending to 25% of total long term care spending by October 1, 2015; PA currently funds HCBS at 22%

- Savings: Collect higher drug rebates - $1,045M
  - MCO Pharmacy Rebate – extends pharmacy rebates to MCO expenditures. Savings are the net of additional costs to FFS pharmacy rebates as a result of federal government increasing rebate percentage from 15.14% to 23.1%.

- Savings: Less need to state funding for CHIP - $281M
  - CHIP savings – savings to CHIP program due to movement of children to MA (59,000).
  - Enhanced CHIP Federal Rate – assumes a 23% increase in CHIP federal share for remaining CHIP enrollees.

- Savings: Expansion of Medicare Part D lowers PACE costs - $353M