Medicaid at a Crossroad

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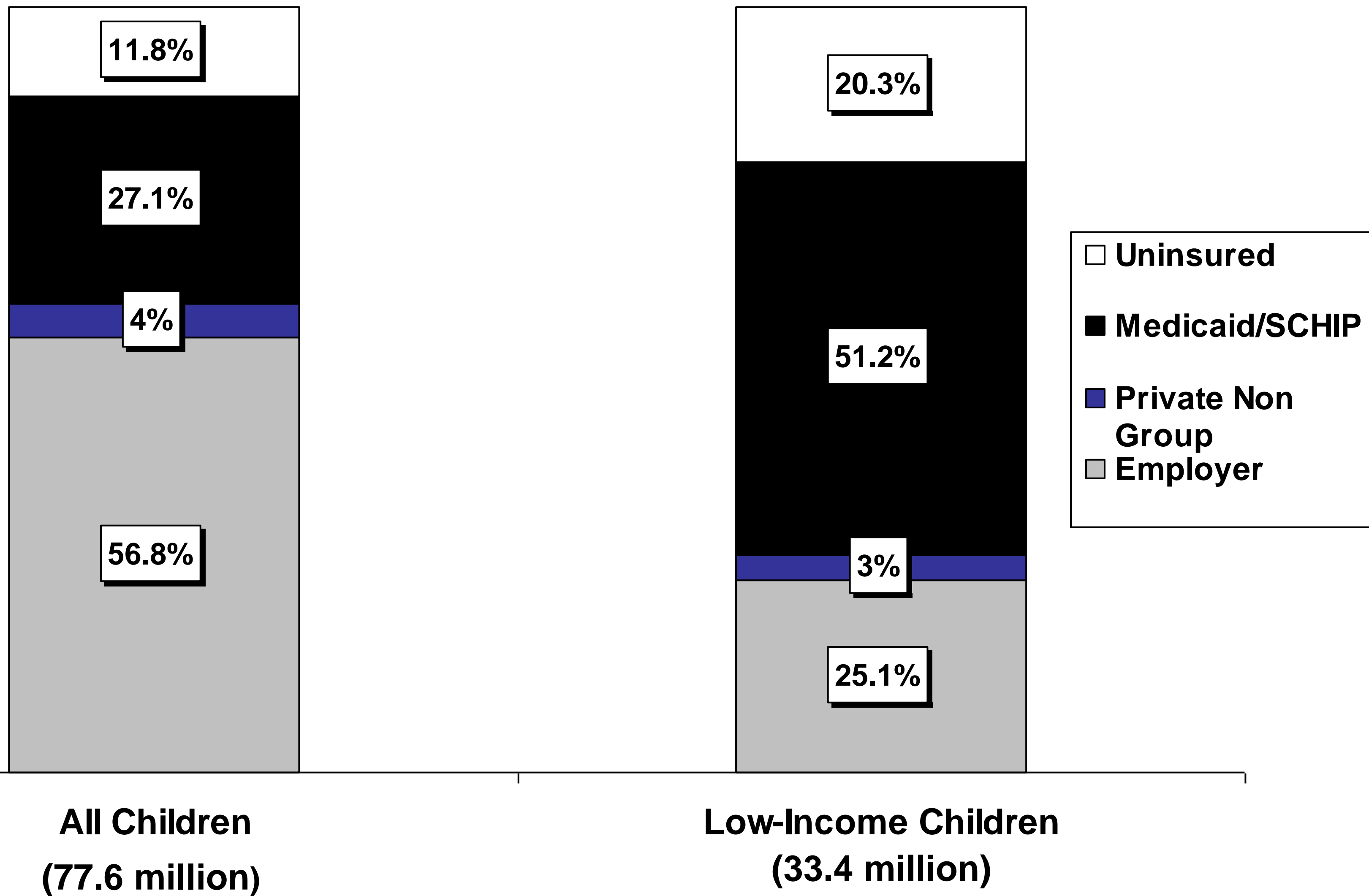
Medicaid’s Role for Children and Pregnant Women

- Coverage
- Support for related programs

Sources of Health Coverage for Children, 2003

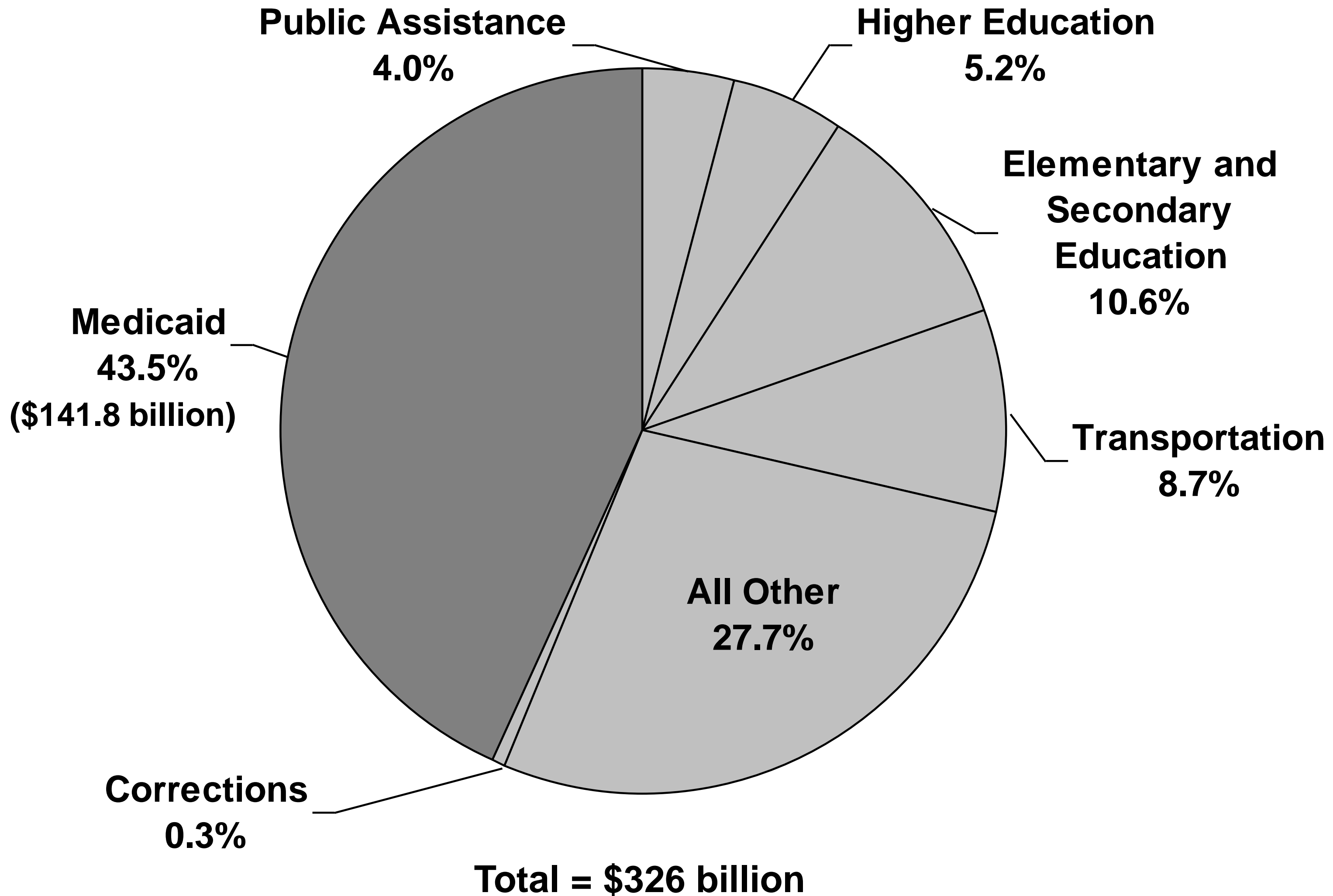


Source: Data taken from Hoffman et al, *Health Insurance Coverage in America: 2003 Data Update*, Kaiser Commission on Medicaid and the Uninsured, November 2004. "Medicaid/SCHIP" includes children enrolled in other state coverage programs, the military health care system, and Medicare.

Medicaid Supports Other Systems of Care for Children

- Foster care/child welfare
- Early intervention
- Special education
- Child care/Head Start

Medicaid is the Largest Single Source of Federal Support to States, 2003

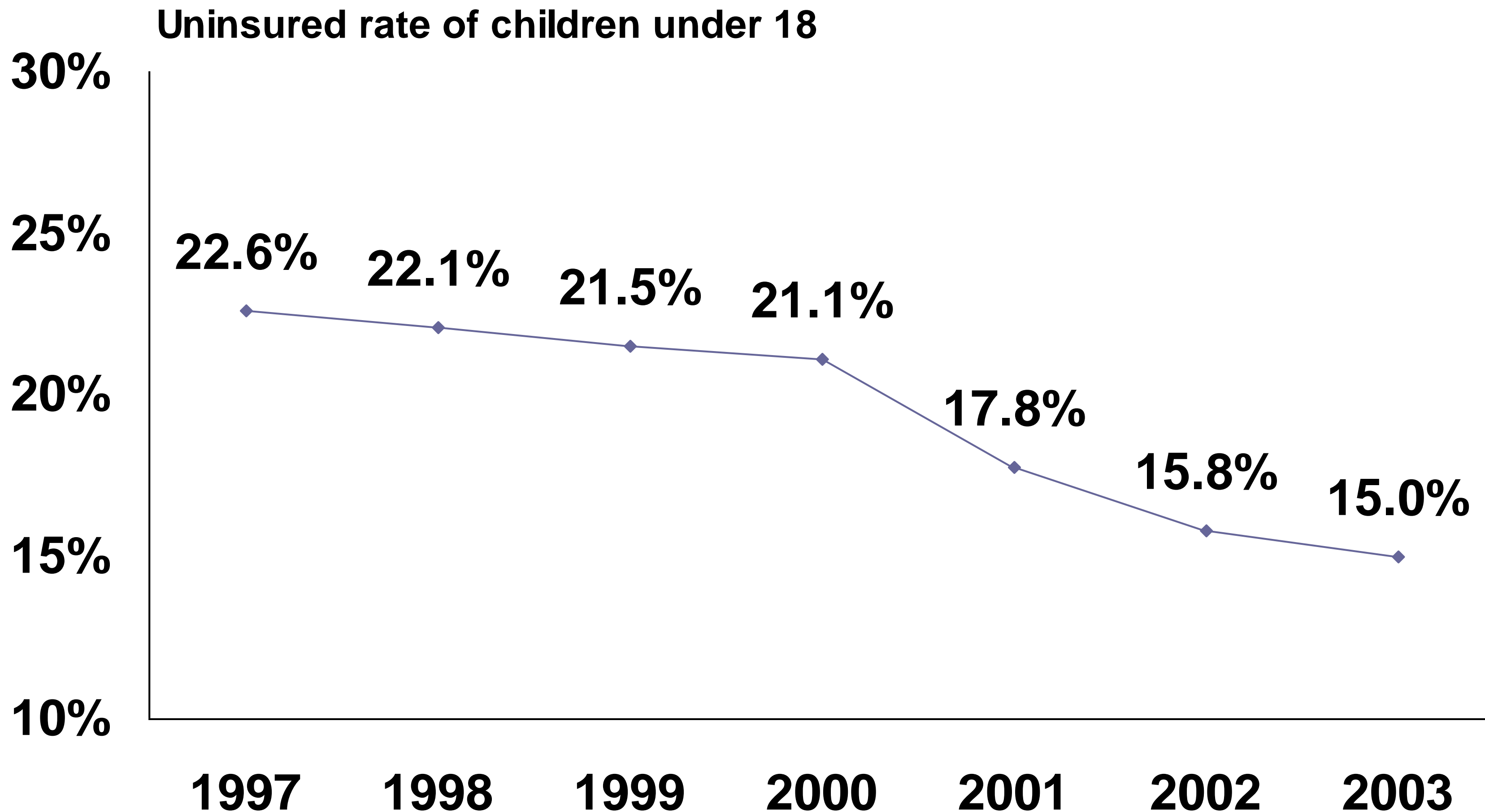


Source: Georgetown Health Policy Institute analysis based on National Association of State Budget Officers, 2003 State Expenditure Report, Fall 2004.

Medicaid’s Track Record

- Coverage
- Access to care

Trends in the Uninsured Rate of Low-Income Children, 1997 - 2003



Source: CCF calculations based on Cohen, R. et al., *Health Insurance Coverage: Estimates from the National Health Interview Survey, January – September 2004,* Centers for Disease Control, March 2005 and *Trends in Health Insurance and Access to Medical Care for Children Under Age 19 Years: United States, 1998 – 2003*, April, 2005.

Percent of Children with One or More Doctor or Health Professionals Visits, 1999 and 2002

Source of Coverage	1999	2002	Change
ESI	86.6%	88.6%	2.0%
Medicaid/SCHIP	84.1%	86.3%	2.2%
Other	83.8%	84.3%	0.5%
Uninsured	57.7%	57.8%	0.1%

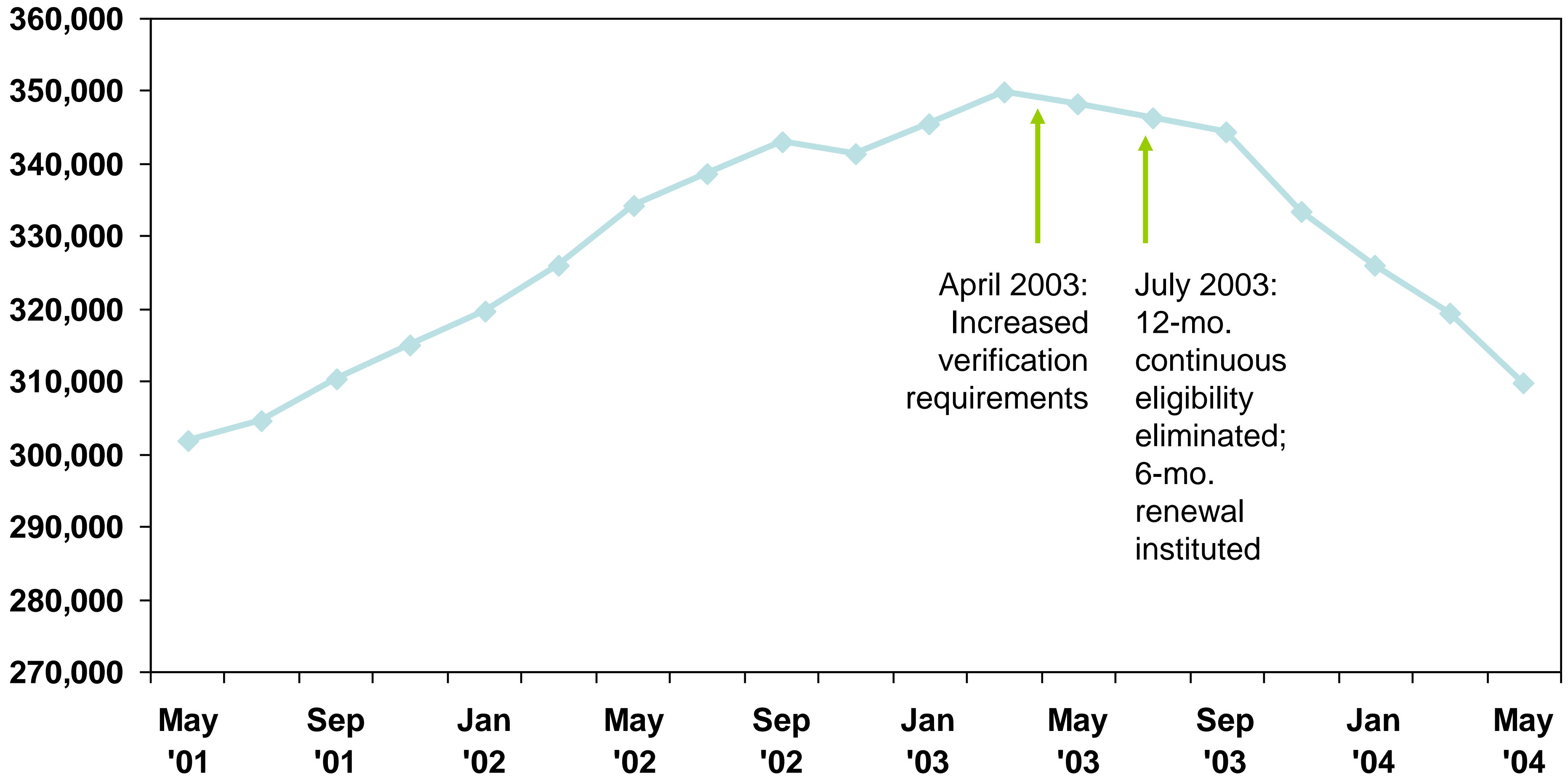
Income	1999	2002	Change
Low-Income Children	75.6%	80.1%	4.5%
Higher Income Children	87.1%	87.6%	0.5%

Source: Kenney G, Haley J, Tebay A. “Children’s Insurance Coverage and Service Use Improve.” Urban Institute, July 2003. Data based on National Survey of America’s Families 1999, 2002.

But State Fiscal Pressures Have Prompted Changes

- Cost containment measures, particularly relating to drugs
- Rate cuts/freezes with implications for access to care
- Re-imposition of some enrollment barriers
- Enrollment freezes in 6 state SCHIP programs
- Eligibility and benefit cuts for adults
- Far-reaching waiver proposals in some states

Washington State Medicaid Enrollment of Low-Income Children*



*Children under 200% of the Federal Poverty Line (FPL) who are not eligible for TANF or SSI.
SOURCE: Data from Washington's Caseload Forecast Council website

Federal Budget

- President– FY2006 proposal
- Congress– Budget Resolution and "Reconciliation"
  - Committees develop policy to meet spending targets
- Governors
- Commission?

Administration's Policy Proposals

- Change rules for how states are paid ($40b)
  - Change in "IGT," provider taxes
  - Cap on administrative costs, shifting "targeted case management" spending to admin.
- Changes that would result in federal and state savings ($20b)
  - Drug pricing
  - Change in rules on asset transfers re: eligibility for nursing home care
- Initiatives that could increase federal (and state) spending ($16b)

Note: Estimated cost savings are for 10 years as projected by OMB

Administration's Policy Proposals

- Medicaid "modernization"
  - Undefined new "flexibility"
  - Budget neutral (to the federal government)
- Move up SCHIP reauthorization
  - No additional federal funds for SCHIP for the next ten years

NGA Policy

- Bipartisan group of 11 Governors
- Opposes caps on federal payments
- Recommends
  - Drug benefit and pricing changes
  - LTC eligibility changes
  - More flexibility to states
    - Cost sharing
    - Benefits/EPSDT
  - Less judicial intervention
  - Other initiatives to reduce need for people to turn to Medicaid
  - Operational/IT improvements
  - Waiver reform
  - “Clawback” payments

Source: http://www.nga.org/cda/files/0506medicaid.pdf

NGA Policy: Cost Sharing

- Many open questions
- Identifies SCHIP rules as a model
- Generally proposes to allow cost sharing (eg., premiums, copayments) as long as total costs do not exceed 5% of income or perhaps 7.5% for those with incomes above 150% of the federal poverty level (FPL)

Issues

- Are the SCHIP rules appropriate given differences between Medicaid and SCHIP?
- Proposal appears to provide even less protection than SCHIP

Differences Between SCHIP and NGA Proposal

Issue	SCHIP rule	NGA proposal
Exemption based on income ?	Only applies to children with incomes above Medicaid levels	No income exemption identified
100-150% FPL	Limits the amount states can charge, plus an overall 5% cap	No limits on amounts that could be charged; only an overall 5% cap
150% FPL and above	5% cap	Possibly a 7.5% cap

Most Children and Parents Covered by Medicaid Have Very Low Incomes

- 79% of all children covered by Medicaid have incomes below 100% or (for children under six) 133% of FPL
- 59% of parents/pregnant women have incomes below 133% of FPL

Source: Urban Institute estimates of 2001 MSIS data from A. Sommers, A. Ghosh, & D. Rousseau (June 2005) for the Kaiser Commission on Medicaid and the Uninsured

What Can Low-Income Families Afford? Federal Poverty Level, 2005

	Gross Monthly Income				
Family Size	50% FPL	75% FPL	100% FPL	133% FPL	200% FPL
3	$670	$1,006	$1,341	$1,783	$2,682

Source: Georgetown Health Policy Institute analysis based on *Federal Register*, Vol. 70, No. 33, February 18, 2005, pp. 8373-8375.

NGA Policy:
Benefits

- Benefits could vary by group
- Proposal would eliminate EPSDT, at least for some children; looks to SCHIP as a model

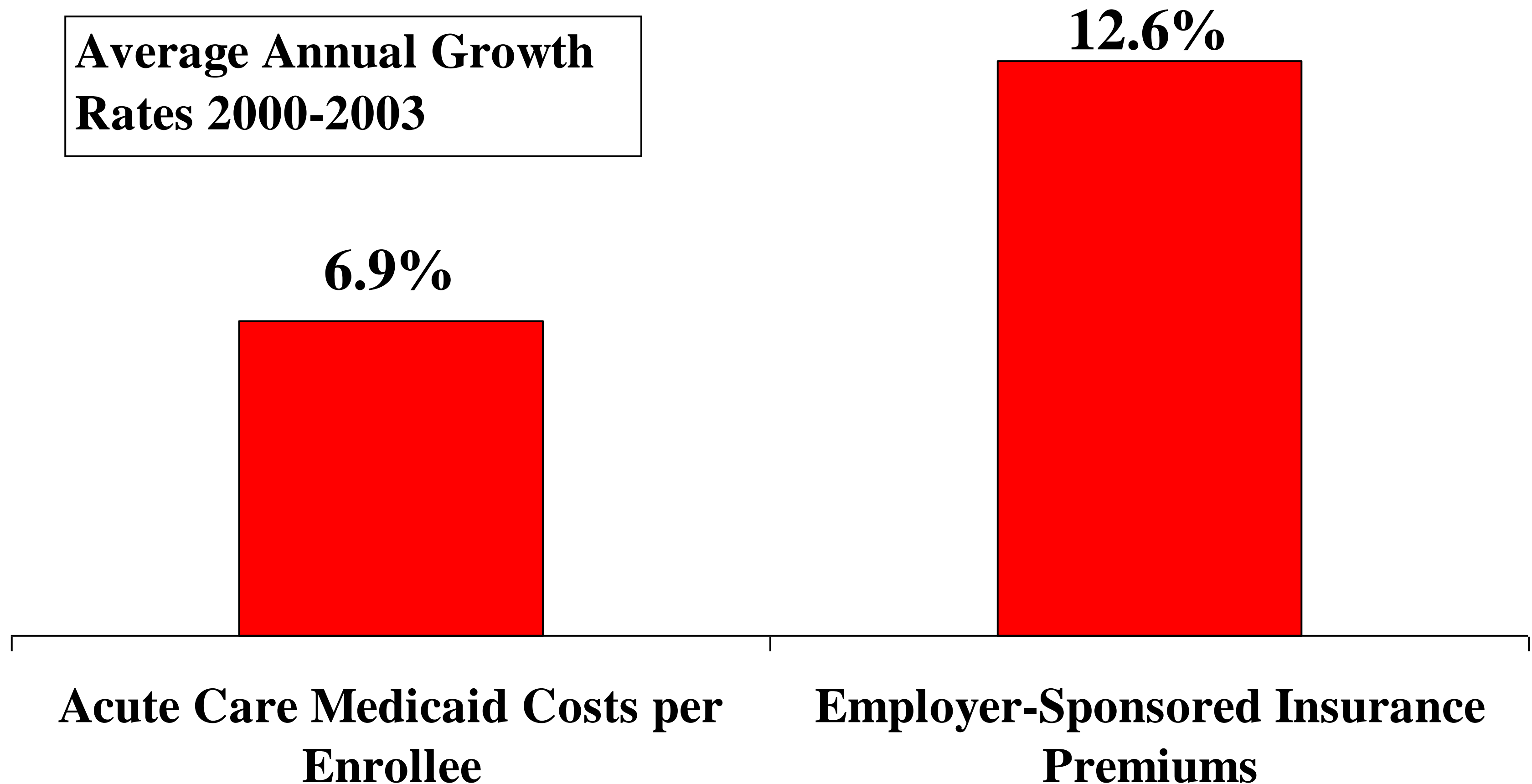
Issues

- Children (including those with special health care needs), pregnant women, and very low-income parents could be most affected
- Savings can be achieved only by not covering services/treatment that people need (and that are now covered by Medicaid)
- “Tiered” benefits could make the program more complicated and costly to administer, harder for beneficiaries and providers to navigate

Real issues facing Medicaid

- State revenue system issues
  - Added pressures during downturns
- Broader issues relating to health care costs
- Cost of “dual” eligibles and aging population
- Millions of people who are uninsured

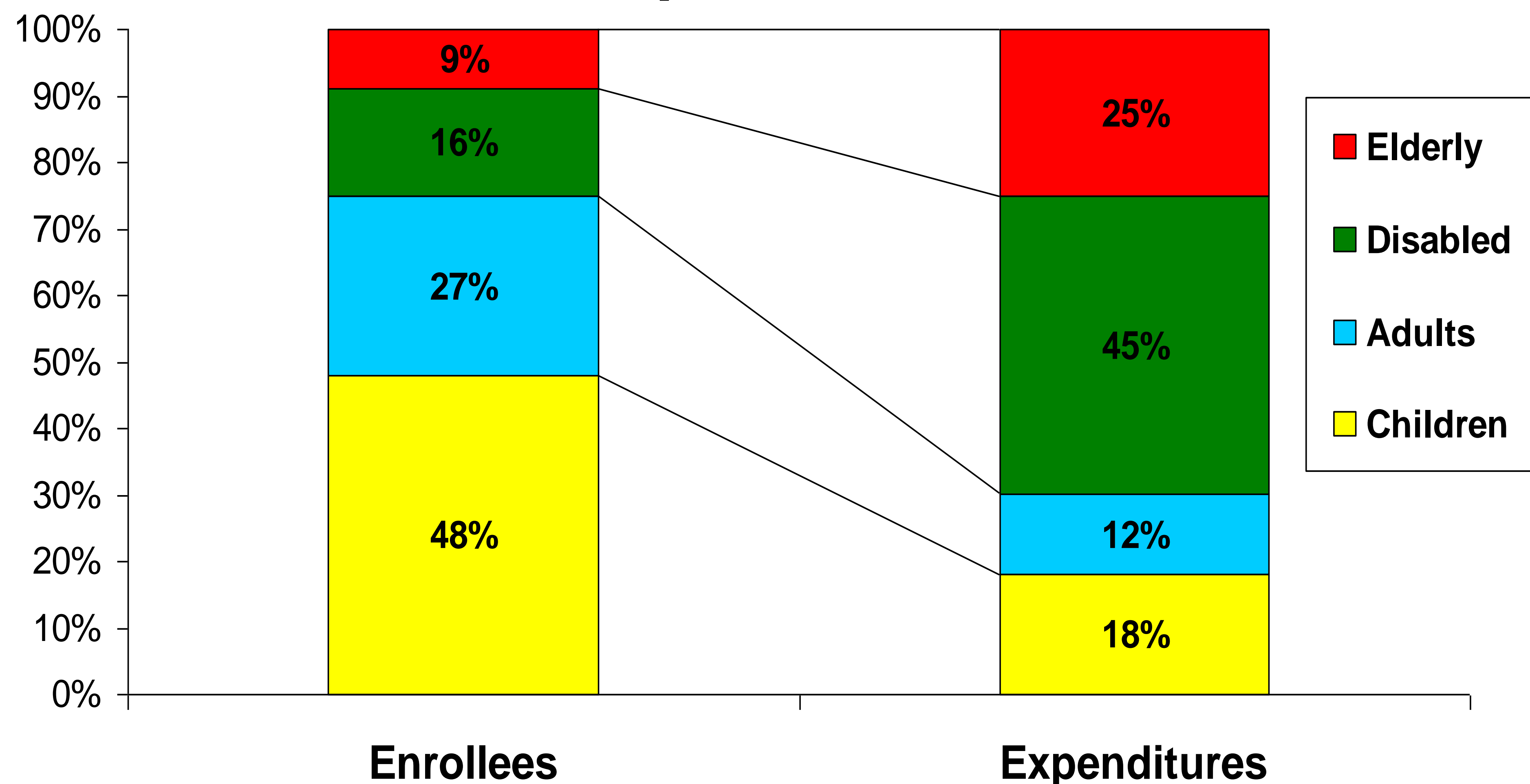
Medicaid Expenditures Per Person Have Grown More Slowly Than Private Insurance Costs



Source: Holahan and Ghosh 2005 and Kaiser-HRET Surveys 2004

Figure 4

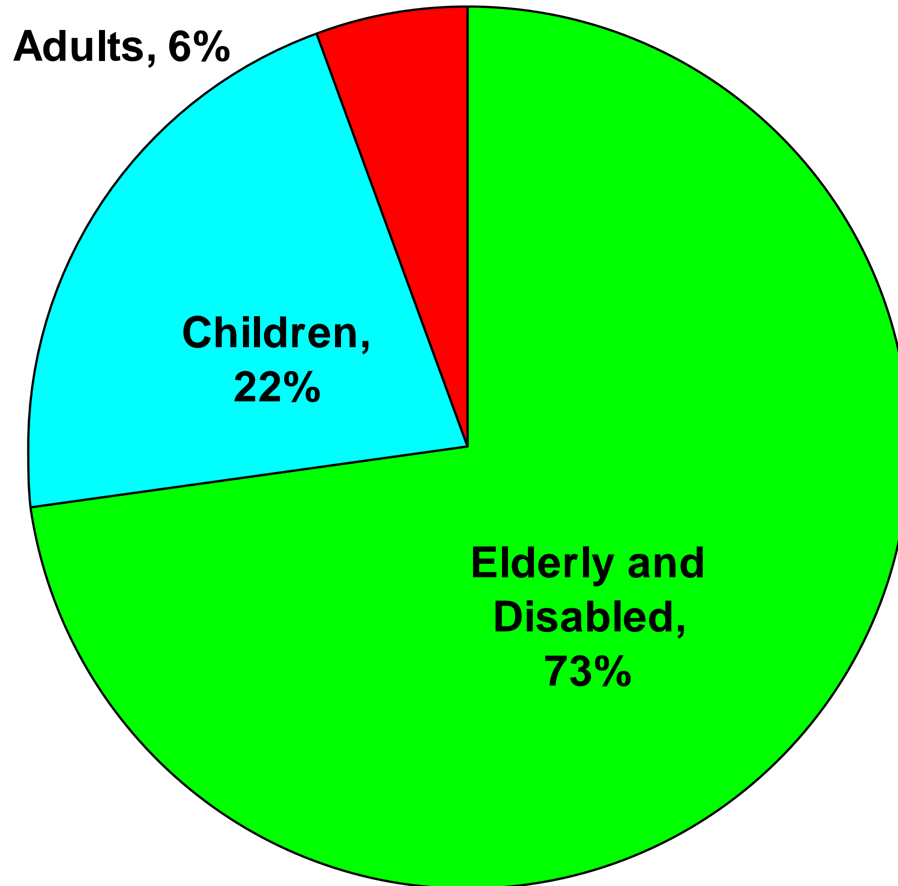
Children Account for Almost Half of Medicaid Beneficiaries but Less than 20% of Expenditures



Note: "Disabled" includes children and adults with a disability.

Source: CCF analysis based on CBO March 2005 Medicaid Baseline estimates for 2005. Expenditures exclude spending on DSH payments, administrative costs and vaccines for children..

Sources of Growth in Federal Medicaid Expenditures On Benefits, 2002-2004

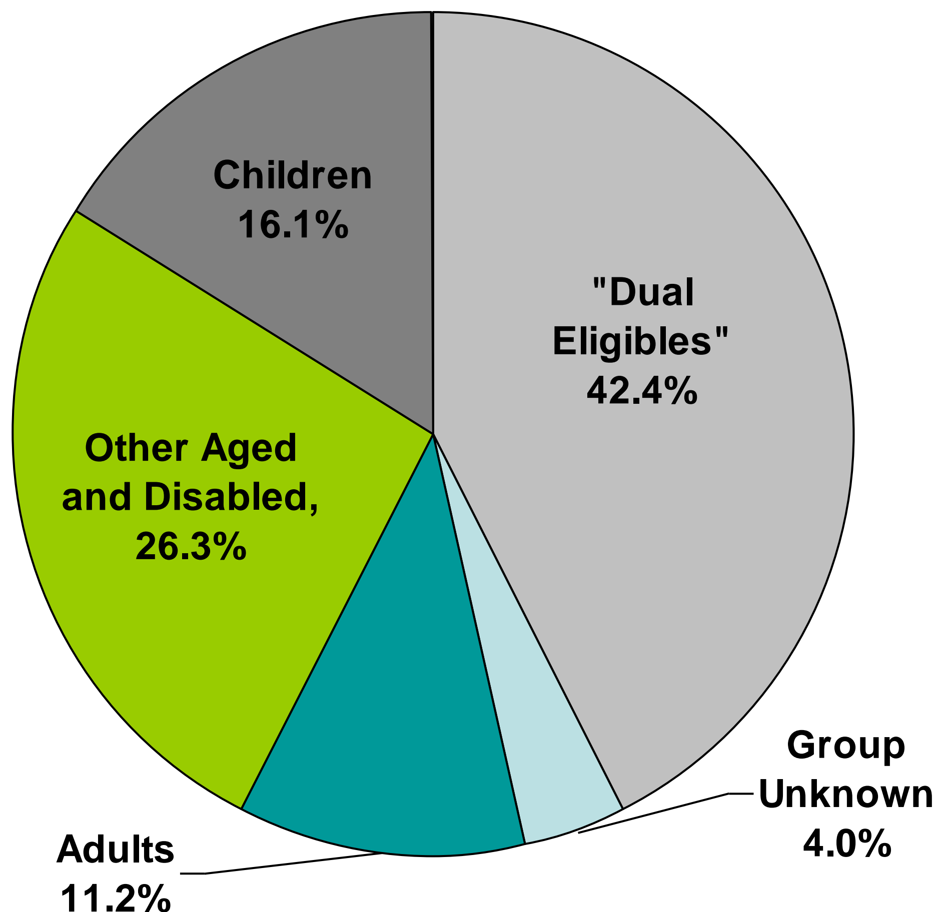


$21.7 billion Increase in Federal Expenditures on Benefits

Source: Georgetown Health Policy Institute analysis of March 2003, 2004 Congressional Budget Office (CBO) Medicaid Baselines. Excludes administrative costs and DSH payments.

Medicaid Fills in for Medicare's Gaps

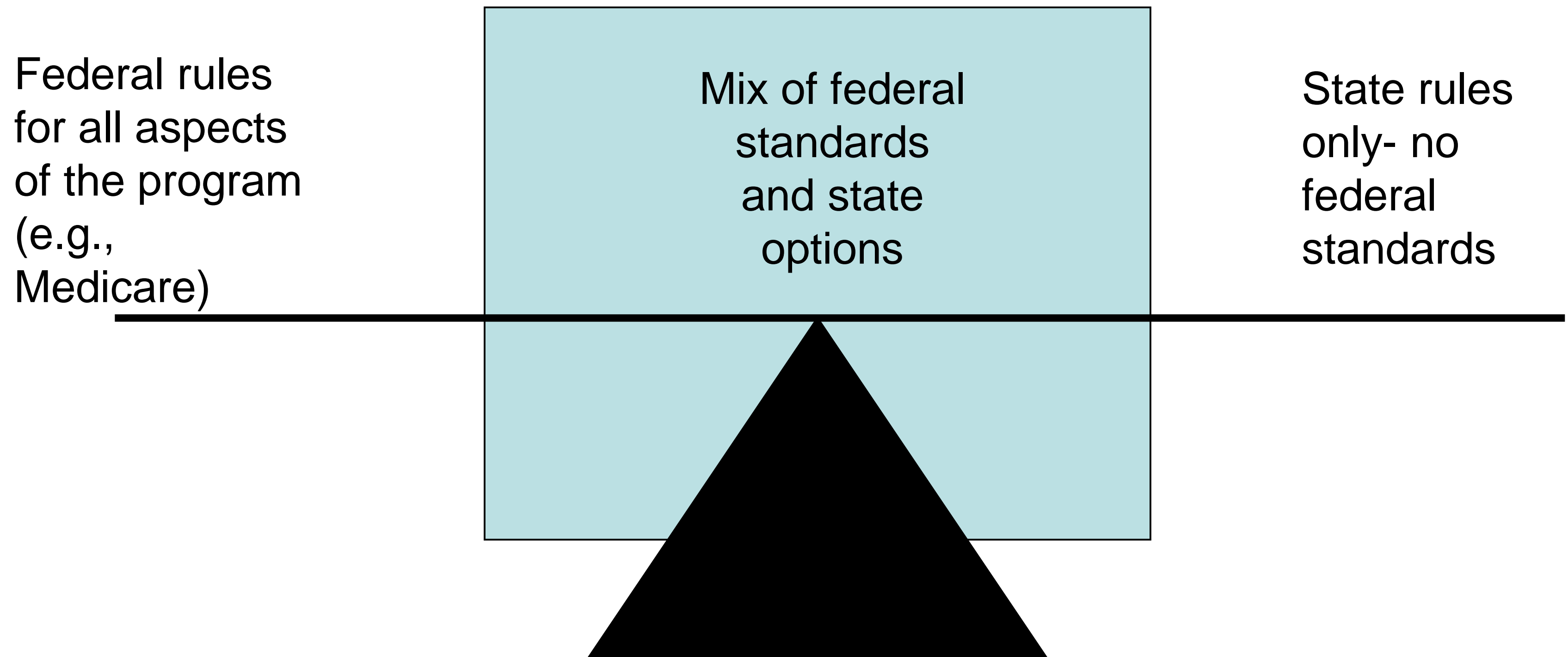
Over 42% of Medicaid Benefit Spending Nationwide -- $91 billion – is for Services for Medicare Beneficiaries (2002)



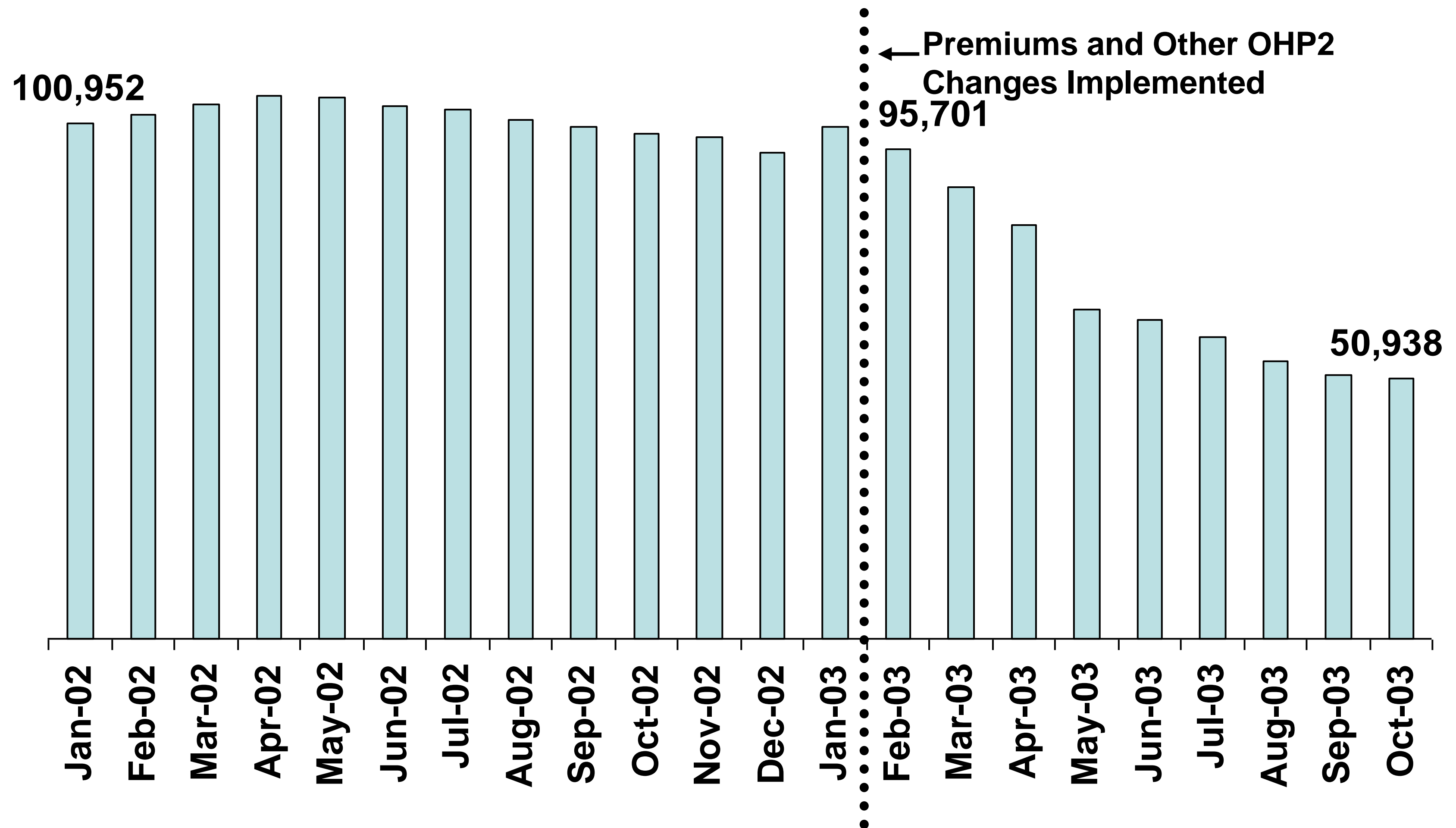
Total Expenditures = $214.9 billion

Source: Bruen B, Holohan J. "Shifting the Cost of Dual Eligibles: Implications for States and the Federal Government." Kaiser Commission on Medicaid and the Uninsured, November 2003.

Flexibility and Program Rules: Finding the Right Balance

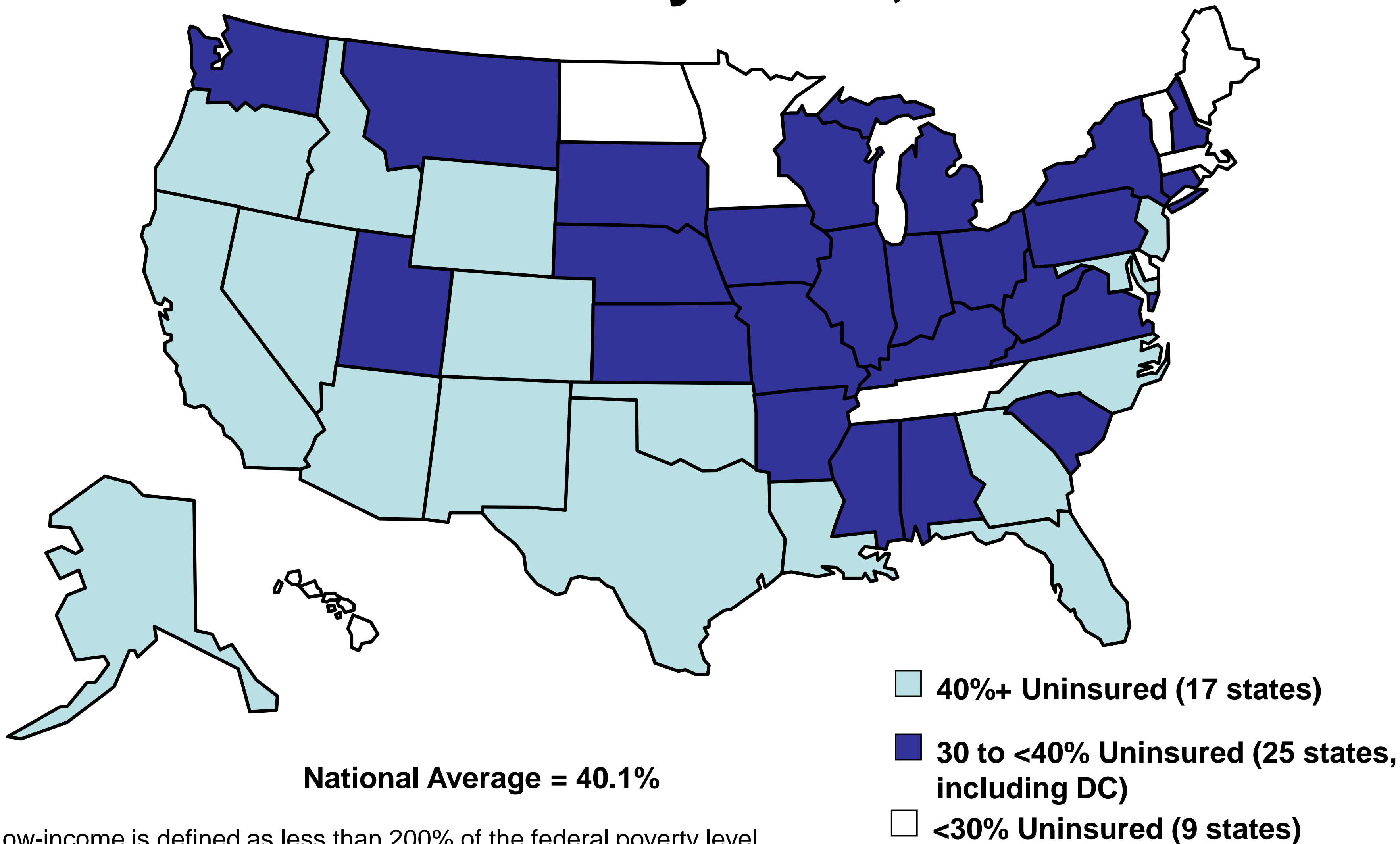


OHP Standard Enrollment January 2002-October 2003



Source: McConnell, J. and N. Wallace, "Impact of Premium Changes in the Oregon Health Plan," Office for Oregon Health Policy and Research, February 2004.

Uninsured Rates Among the Nonelderly Low-Income* by State, 2002-2003



* Low-income is defined as less than 200% of the federal poverty level.

Source: "Health Insurance Coverage in America: 2003 Data Update." Kaiser Commission on Medicaid and the Uninsured, November 2003.