Top 5 Things To Know About Medicaid
#1: Medicaid is an integral piece of the health care system.
Medicaid provides support for providers and services in the health care system.

Medicaid as a share of national health care spending:

<table>
<thead>
<tr>
<th>Category</th>
<th>Share</th>
<th>Total National Spending (billions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Health Services and Supplies</td>
<td>16%</td>
<td>$2,330</td>
</tr>
<tr>
<td>Hospital Care</td>
<td>18%</td>
<td>$759</td>
</tr>
<tr>
<td>Professional Services</td>
<td>8%</td>
<td>$675</td>
</tr>
<tr>
<td>Nursing Home Care</td>
<td>33%</td>
<td>$137</td>
</tr>
<tr>
<td>Prescription Drugs</td>
<td>8%</td>
<td>$250</td>
</tr>
</tbody>
</table>

NOTE: Does not include spending on CHIP. Definition of nursing home care was revised from previous years and no longer includes residential care facilities for mental retardation, mental health or substance abuse. SOURCE: CMS, Office of the Actuary, National Health Statistics Group, National Health Expenditure Accounts, January 2011. Data for 2009.
Figure 3
Medicaid has many vital roles in our health care system.

Health Insurance Coverage
29.5 million children & 15 million adults in low-income families; 14 million elderly and persons with disabilities

Assistance to Medicare Beneficiaries
8.8 million aged and disabled — 19% of Medicare beneficiaries

Long-Term Care Assistance
1 million nursing home residents; 2.8 million community-based residents

Support for Health Care System and Safety-net
16% of national health spending; 40% of long-term care services

State Capacity for Health Coverage
Federal share ranges 50% to 76%; ARRA FMAP ranges 62% to 85%

MEDICAID
Figure 4

Medicaid has a critical role for selected populations.

Percent with Medicaid Coverage:

### Aged & Disabled
- Nursing Home Residents: 70%
- People Living with HIV/AIDS: 44%
- People with Severe Disabilities: 20%
- Medicare Beneficiaries: 17%

### Families
- Low-Income Children: 56%
- Births (Pregnant Women): 41%
- All Children: 30%
- Low-Income Adults: 21%

### All Individuals
- Poor: 42%
- Near Poor: 24%

SOURCE: Kaiser Commission on Medicaid and the Uninsured and Urban Institute analysis of 2009 ASEC Supplement to the CPS; Birth data from Maternal and Child Health Update: States Increase Eligibility for Children’s Health in 2007, National Governors Association, 2008; Medicare data from USDHHS.
Figure 5

Medicaid’s benefits reflect the needs of the population it serves.

| Low-Income Families                  | • Pregnant Women: Pre-natal care and delivery costs  
|                                      | • Children: Routine and specialized care for childhood development (immunizations, dental, vision, speech therapy)  
|                                      | • Families: Affordable coverage to prepare for the unexpected (emergency dental, hospitalizations, antibiotics)  
| Individuals with Disabilities        | • Autistic Child: In-home therapy, speech/occupational therapy  
|                                      | • Cerebral Palsy: Assistance to gain independence (personal care, case management and assistive technology)  
|                                      | • HIV/AIDS: Physician services, prescription drugs  
|                                      | • Mental Illness: Prescription drugs, physicians services  
| Elderly Individuals                  | • Medicare beneficiary: help paying for Medicare premiums and cost sharing  
|                                      | • Community Waiver Participant: community based care and personal care  
|                                      | • Nursing Home Resident: care paid by Medicaid since Medicare does not cover institutional care  

K A I S E R   C O M M I S S I O N O N  
Medicaid and the Uninsured
Figure 6

Medicaid is the primary payer for long-term care services.

Total in 2009 = $240 billion

NOTE: Total LTC expenditures includes spending on nursing home, home health services, and home and community-based waiver services. All home and community-based waiver services are attributed to Medicaid. Total excludes residential care facilities for mental retardation, mental health, or substance abuse.

SOURCE: KCMU estimates based on CMS National Health Accounts data, 2008.
The number of Medicaid enrollees and the uninsured rise during economic downturns.

Since the start of the recession more than 7 million more enrolled in Medicaid.

Monthly Enrollment in Millions

<table>
<thead>
<tr>
<th></th>
<th>Jun-07</th>
<th>Dec-07</th>
<th>Jun-08</th>
<th>Dec-08</th>
<th>Jun-09</th>
<th>Dec-09</th>
<th>Jun-10</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>42.3</td>
<td>42.7</td>
<td>43.6</td>
<td>44.8</td>
<td>46.9</td>
<td>48.7</td>
<td>50.3</td>
</tr>
</tbody>
</table>

SOURCE: Analysis for KCMU by Health Management Associates, using compiled state Medicaid enrollment reports
Enrollment processes and procedures matter.

Changes in Enrollment Processes for Children in Washington State

April 2003: State begins income verification
July 2003: 12-month continuous eligibility policy ends; 6-month renewal cycle replaces 12-month cycle
January 2005: Administrative order to return to 12-month renewal cycle and establishes continuous eligibility policy

Medicaid eligibility levels are more limited for adults than for children.

Median Medicaid/CHIP Eligibility Threshold
January 2011

Percent of Poverty:

- Children: 241%
- Pregnant Women: 185%
- Working Parents: 64%
- Jobless Parents: 37%
- Childless Adults: 0%

SOURCE: Based on a national survey conducted by KCMU with the Georgetown University Center for Children and Families, 2011.
The increases in the uninsured are driven by more uninsured adults.

<table>
<thead>
<tr>
<th>Year</th>
<th>Adults &lt;65 (in millions)</th>
<th>Children (in millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004</td>
<td>34.6</td>
<td>8.4</td>
</tr>
<tr>
<td>2005</td>
<td>35.7</td>
<td>8.7</td>
</tr>
<tr>
<td>2006</td>
<td>37.1</td>
<td>9.4</td>
</tr>
<tr>
<td>2007</td>
<td>36.1</td>
<td>8.9</td>
</tr>
<tr>
<td>2008</td>
<td>37.6</td>
<td>8.1</td>
</tr>
<tr>
<td>2009</td>
<td>41.7</td>
<td>8.3</td>
</tr>
</tbody>
</table>

Over half of Americans say that Medicaid is important to them.

How important for you and your family is **MEDICAID**, the government program that provides health insurance and long-term care to certain low-income adults and children?

![Bar chart showing the importance of Medicaid](chart.jpg)

**Very Important**  **Somewhat Important**

<table>
<thead>
<tr>
<th>Group</th>
<th>Very Important</th>
<th>Somewhat Important</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall Medicaid</td>
<td>59%</td>
<td>20%</td>
</tr>
<tr>
<td>65+</td>
<td>60%</td>
<td>17%</td>
</tr>
<tr>
<td>Fair / Poor Health Status</td>
<td>74%</td>
<td>15%</td>
</tr>
<tr>
<td>Black</td>
<td>81%</td>
<td>21%</td>
</tr>
<tr>
<td>Hispanic</td>
<td>81%</td>
<td>20%</td>
</tr>
</tbody>
</table>

SOURCE: Kaiser Family Foundation/Harvard School of Public Health *The Public’s Health Care Agenda for the 112th Congress* (conducted January 4-14, 2011)
#2: Medicaid spending is driven by enrollment growth and by spending for seniors and individuals with disabilities.
Enrollment was the largest driver of Medicaid spending during this last recession.

**Average Annual Growth 2007 - 2009**

- Total Spending: 7.5%
- Enrollment: 5.3%
- Spending Per Enrollee: 3.8%

**SOURCE:** Urban Institute, 2010. Estimates based on data from Medicaid Financial Management Reports (HCFA/CMS Form 64), Medicaid Statistical Information System (MSIS), and KCMU/HMA enrollment data. Expenditures exclude prescription drug spending for dual eligibles to remove the effect of their transition to Medicare Part D in 2006.
Figure 15

Medicaid spending growth per enrollee has been slower than growth in private health spending.

Spending Growth 2000-2009

<table>
<thead>
<tr>
<th>Category</th>
<th>Medicaid LTC Per Capita</th>
<th>Total Medicaid Per Capita</th>
<th>Medicaid Acute Care Per Capita</th>
<th>NHE Per Capita</th>
<th>Monthly Premiums for Employer Sponsored Coverage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Spending Growth 2000-2009</td>
<td>3.0%</td>
<td>4.6%</td>
<td>5.6%</td>
<td>5.9%</td>
<td>7.7%</td>
</tr>
</tbody>
</table>

SOURCE: Urban Institute, 2010. Estimates based on data from Medicaid Financial Management Reports (HCFA/CMS Form 64), Medicaid Statistical Information System (MSIS), and KCMU/HMA enrollment data. Expenditures exclude prescription drug spending for dual eligibles to remove the effect of their transition to Medicare Part D in 2006.
The elderly and disabled account for the majority of Medicaid spending.

**FFY 2007**

- **Enrollees**
  - Total = 58 million

- **Expenditures on benefits**
  - Total = $300 billion

**SOURCE:** KCMU and Urban Institute estimates based on 2007 MSIS and CMS64 data.
Duals account for 40% of Medicaid spending.

**Medicaid Enrollment**
- Adults: 25%
- Other Aged & Disabled: 10%
- Duals: 15%
- Children: 50%

Total = 58 Million

**Medicaid Spending**
- Non-Dual Spending: 60%
- Medicare Acute: 6%
- Other Acute: 2%
- Long-Term Care: 28%
- Prescribed Drugs: 0.4%
- Dual Spending: 40%

Total = $300 Billion

SOURCE: Urban Institute estimates based on data from MSIS and CMS Form 64, prepared for the Kaiser Commission on Medicaid and the Uninsured, 2010.
Figure 18

Top 5% of Enrollees Accounted for More than Half of Medicaid Spending, FY 2008

Enrollees
Total = 60.6 million

Expenditures
Total = $292.2 billion

SOURCE: Centers for Medicare and Medicaid Services, FY MSIS 2008, FY MSIS 2007 for AZ, NC, ND, HI, UT, VT, WI.

Top 5% of Spendners
- Children 0.4%
- Adults 0.2%
- Disabled 2.6%
- Elderly 1.8%

Bottom 95% of Spendners
- Children 3.7%
- Disabled 31.8%
- Elderly 16.8%
- Total = 54%

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Medicaid and the Uninsured
#3: Medicaid brings in federal revenue and helps to create jobs.
Medicaid costs are shared by the states and the federal government.

NOTE: Statutory FMAP for FY 2011. Does not reflect the enhanced FMAPs granted to states under ARRA.
States must cut at least $2 from Medicaid to save $1 of state funds.

<table>
<thead>
<tr>
<th>FMAP</th>
<th>State Funds</th>
<th>Federal Dollars</th>
</tr>
</thead>
<tbody>
<tr>
<td>70%</td>
<td>-$1.00</td>
<td>-$2.33</td>
</tr>
<tr>
<td>65%</td>
<td>-$1.00</td>
<td>-$1.86</td>
</tr>
<tr>
<td>50%</td>
<td>-$1.00</td>
<td>-$2.00</td>
</tr>
</tbody>
</table>

FMAP = Family Medical Assistance Program ratio.
Medicaid is the largest source of federal revenue for states (data for FY 2008).

<table>
<thead>
<tr>
<th>Source</th>
<th>Medicaid</th>
<th>Elementary &amp; Secondary Education</th>
<th>All Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Spending</td>
<td>21.6%</td>
<td>34.5%</td>
<td>43.6%</td>
</tr>
<tr>
<td>General Fund</td>
<td>20.7%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Federal Funds</td>
<td></td>
<td>11.5%</td>
<td>44.9%</td>
</tr>
</tbody>
</table>
Medicaid helps to generate jobs in state economies.

Figure 23

Federal Medicaid Matching Dollars
—Injection of New Money—

State Medicaid Dollars

Health Care Services

Vendors
(ex. Medical Supply Firm)

Employee Income

Consumer Goods and Services

Taxes

Direct Effects

Indirect Effects

Induced Effects

JOBS

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Medicaid and the Uninsured
Nearly half of Americans do not support reductions in Medicaid to reduce the federal deficit.

If Congress decides to reduce the deficit by reducing spending on federal programs and services, I’d like to know in which programs you would be willing to see spending reduced. Percent reporting they would support no reductions.

<table>
<thead>
<tr>
<th>Program</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social security</td>
<td>64%</td>
</tr>
<tr>
<td>Public education</td>
<td>63%</td>
</tr>
<tr>
<td>Medicare</td>
<td>56%</td>
</tr>
<tr>
<td>Medicaid</td>
<td>47%</td>
</tr>
<tr>
<td>National defense</td>
<td>38%</td>
</tr>
<tr>
<td>Unemployment insurance</td>
<td>37%</td>
</tr>
<tr>
<td>Aid to farmers</td>
<td>36%</td>
</tr>
<tr>
<td>Food stamps</td>
<td>35%</td>
</tr>
<tr>
<td>Expanding insurance coverage under the health</td>
<td>26%</td>
</tr>
<tr>
<td>reform law</td>
<td></td>
</tr>
<tr>
<td>Funding for the conflict in Afghanistan</td>
<td>23%</td>
</tr>
<tr>
<td>Salaries and benefits for federal government</td>
<td>15%</td>
</tr>
<tr>
<td>workers</td>
<td></td>
</tr>
<tr>
<td>Foreign aid</td>
<td>11%</td>
</tr>
</tbody>
</table>

NOTE: Don’t know/Refused answers not shown.
SOURCE: Kaiser Family Foundation/Harvard School of Public Health The Public’s Health Care Agenda for the 112th Congress (conducted January 4-14, 2011)
#4: Medicaid increases access to care using private providers.
Figure 26

Medicaid provides access to care that is comparable to private insurance and far better than access for the uninsured.

Percent Reporting:

<table>
<thead>
<tr>
<th></th>
<th>Medicaid</th>
<th>Private</th>
<th>Uninsured</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adults</td>
<td>10%</td>
<td>4%</td>
<td>52%</td>
</tr>
<tr>
<td>Children</td>
<td>10%</td>
<td>3%</td>
<td>30%</td>
</tr>
<tr>
<td>Adults</td>
<td>11%</td>
<td>4%</td>
<td>24%</td>
</tr>
<tr>
<td>Children</td>
<td>2%</td>
<td>1%</td>
<td>14%</td>
</tr>
</tbody>
</table>

No Usual Source of Care

Needed Care but Did Not Get It Due to Cost *

* In the past 12 months

NOTE: Respondents who said usual source of care was the emergency room were included among those not having a usual source of care

SOURCE: KCMU analysis of 2008 NHIS data
Figure 27

Most Medicaid enrollees receive care through private managed care.

U.S. Average June 2009 = 71.7%

NOTE: Unduplicated count. Includes managed care enrollees receiving comprehensive and limited benefits.
Medicaid programs have adopted innovative payment, delivery system and quality improvement models.

- Delivery system models
  - Medical homes
  - Long-term managed care
  - Disease / case management
  - Community based long-term care supports
  - Focus on duals is an emerging priority

- Utilization review and management for prescription drugs

- Quality improvement
  - Pay-for-performance
  - Surveys and data collection on health plan performance

- Focus on health information technology

#5: The Medicaid expansion in health reform will significantly reduce the number of uninsured with the federal government picking up the vast majority of the cost.
Figure 30

Medicaid Today and Tomorrow

- Health Insurance Coverage for Certain Categories
- Minimum floor for Health Insurance Coverage to 133% FPL
- Shared Financing States and Federal Govt.
- Additional Federal Financing for Coverage
- Assistance for Duals / Long-Term Care
- Additional Options Long-Term Care / Coordination for Duals
- Support for Health Care System

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Medicaid and the Uninsured
The federal government will pay for most of the Medicaid coverage costs in health reform. (costs of Medicaid coverage for adults 2014-2019 in billions)

$21.1 State

$443.5 Federal

Total $464.7

SOURCE: Analysis by the Urban Institute for the Kaiser Commission on Medicaid and the Uninsured. Medicaid Coverage and Spending in Health Reform: National and State-by-State Results for Adults at or Below 133% FPL. May 2010.
States are likely to see large reductions in the uninsured and increases in federal revenue under health reform.

Enrollment and Spending Increases Over Baseline 2014-2019

- Enrollment in 2019: 27.4%
- State Spending: 1.4%
- Federal Spending: 22.1%
- Total Spending: 13.2%

SOURCE: Analysis by the Urban Institute for the Kaiser Commission on Medicaid and the Uninsured. Medicaid Coverage and Spending in Health Reform: National and State-by-State Results for Adults at or Below 133% FPL. May 2010.
Individual state estimates about the impact of ACA vary.

- State estimates vary due to current circumstances and key assumptions such as the number of years included and participation rates.
- ACA presents some new costs for states, but also opportunities for savings and new revenues.
- Some state estimates account for more cost elements than savings elements.
- Reductions in uncompensated care are likely to result in significant savings, but many state estimates have not accounted for these reductions.
- Actual impact of ACA on states will vary based on state implementation decisions.

There are new federal financing options and other assistance for Medicaid available now.

- Option for states to expand Medicaid to childless adults as of 4/1/2010
- New regulation for 90% match for new eligibility systems
- Ability for states to recoup prescription drug rebates in MCOs
- Health Home Option - 90% match for care coordination for individuals with chronic care needs
- Demonstrations and grants
- New opportunities through the CMS Innovation Center to test payment and delivery models and the Federal Coordinated Health Care Office to focus on Duals
- New options in LTC: Community First Choice Option, State Incentives Balancing Program and Renewal of Money Follows the Person Funds
Summary: Top 5 Things to Know About Medicaid

1. Medicaid is an integral piece of the health care system.
   - Provides support for providers and services
   - Plays a pivotal role for children, seniors and individuals with disabilities
   - Is the largest payer for long-term care
   - Helps individuals access coverage in downturns and stems increases in the uninsured

2. Medicaid spending is driven by enrollment growth and by spending for seniors and individuals with disabilities.
   - Duals account for 40% of Medicaid spending

3. Medicaid brings in federal revenue and helps to create jobs.

4. Medicaid increases access to care using private providers.

5. The Medicaid expansion in health reform will significantly reduce the number of uninsured with the federal government picking up the vast majority of the cost.
The Kaiser Family Foundation is a non-profit private operating foundation, based in Menlo Park, California, dedicated to producing and communicating the best possible analysis and information on health issues.

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