Medicaid Funding and Policies

Is There a Medicaid Crisis? A Financial Diagnosis for State and Local Government

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March 15, 2007
Main Points

- Medicaid Remains a Workhorse - has Evolved into a Very Different Program
- States & Health Reform – leading the charge, balancing public/private
- Early lessons learned in state-based health reform initiatives
- Hard Questions
Medicaid Remains the “Utility Man” …

- **Mental health**: over half of publicly financed care
- **Public health and schools**
- **Hospitals that serve the safety net**: special Medicaid “DSH” payments $16 billion in 2007
- **Community Health Centers**: Medicaid averages 40% of CHC revenues
- 7 million low-income elderly and disabled are “dual eligibles”– on both Medicaid and Medicare
  - “Duals” account for 40% of Medicaid spending

….But Medicaid Has Fundamentally Changed

- Coverage @ much higher income levels
- Entitlement has changed with Waivers - Florida
- Match for Preventive/Wellness/Enhanced Benefits
- Government subsidized commercial insurance
- SCHIP
Is this a Business Cycle or is the “Defined Contribution” Having an Impact?

United States - Statistical Perspective

<table>
<thead>
<tr>
<th>Category</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-Elderly Population</td>
<td>257,442,650</td>
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<tr>
<td>Employer Sponsored Coverage</td>
<td>61%</td>
</tr>
<tr>
<td>Medicaid/SCHIP Coverage</td>
<td>16%</td>
</tr>
<tr>
<td>Uninsured</td>
<td>18%</td>
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<tr>
<td>Individual/High-Risk Pool/Other Coverage</td>
<td>5%</td>
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<tr>
<td>Uninsured Population</td>
<td>46,118,230</td>
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<td>Uninsured Population 18-30</td>
<td>15,068,735</td>
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<tr>
<td>Population Undocumented</td>
<td>11,100,000</td>
</tr>
<tr>
<td>Uninsured Eligible for Medicaid/SCHIP</td>
<td>11,391,203</td>
</tr>
<tr>
<td>2007 Total Health Care Spending</td>
<td>$2,325,700,000,000</td>
</tr>
<tr>
<td>Employer Sponsored Coverage</td>
<td>$347,300,000,000</td>
</tr>
</tbody>
</table>

All numbers represent the non-elderly population, age 0-64.

Current State Coverage Initiatives

- Comprehensive Reform
- Medicaid/SCHIP Expansion
- Premium Support/HSA
- Currently No Major Initiative
Early Lessons Learned

- Do We Nearly Have Universal Access, Only Delivered in a Very Inefficient Way Given the Roles of EMTALA, FQHC, Charity Hospitals?
- Is This a Crisis or Several Sub-Crises?
- Voluntary (e.g. Maine) Helps but Individual and Business Components Help Affordable Rates and Level Playing Field
- Concept to Implementation Issues
My Case for Coverage Issues Being Less of a Partisan Issue than in Past

- Government routinely subsidizes commercial insurance
- Individual and Business mandate are a unique blend of “big government” and “personal responsibility”
- Bipartisan blend leading charge from Executive branches
- Broad recognition that uninsured shift costs
Hard Questions

- Ultimate Juggling–Assessment, NPRM, Payment Methodology, Cook Pressures, Community Benefit, Uninsured Plan
- The Stomach to Tolerate Set-Backs and Tweaks?
- Will the Beltway Trump this with a Big Plan? [Be nice to our guests – Wisconsin]
- Winner Take All Mentality - Single Payor or Private?
- Can we Cover More and Control Costs?
- Revenue?