

# *Medicaid Funding and Policies*

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

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# 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**



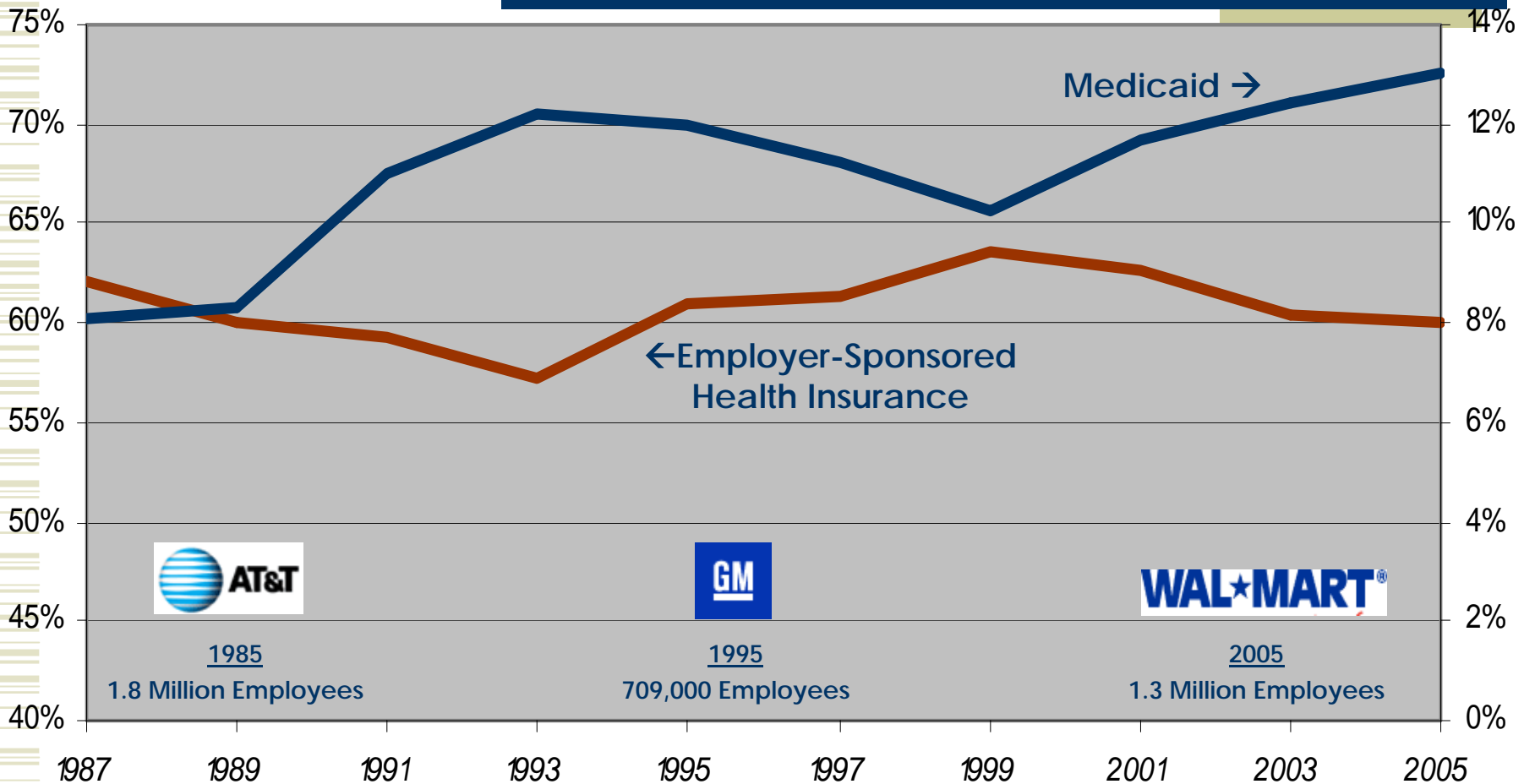
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# ....But Medicaid Has Fundamentally Changed

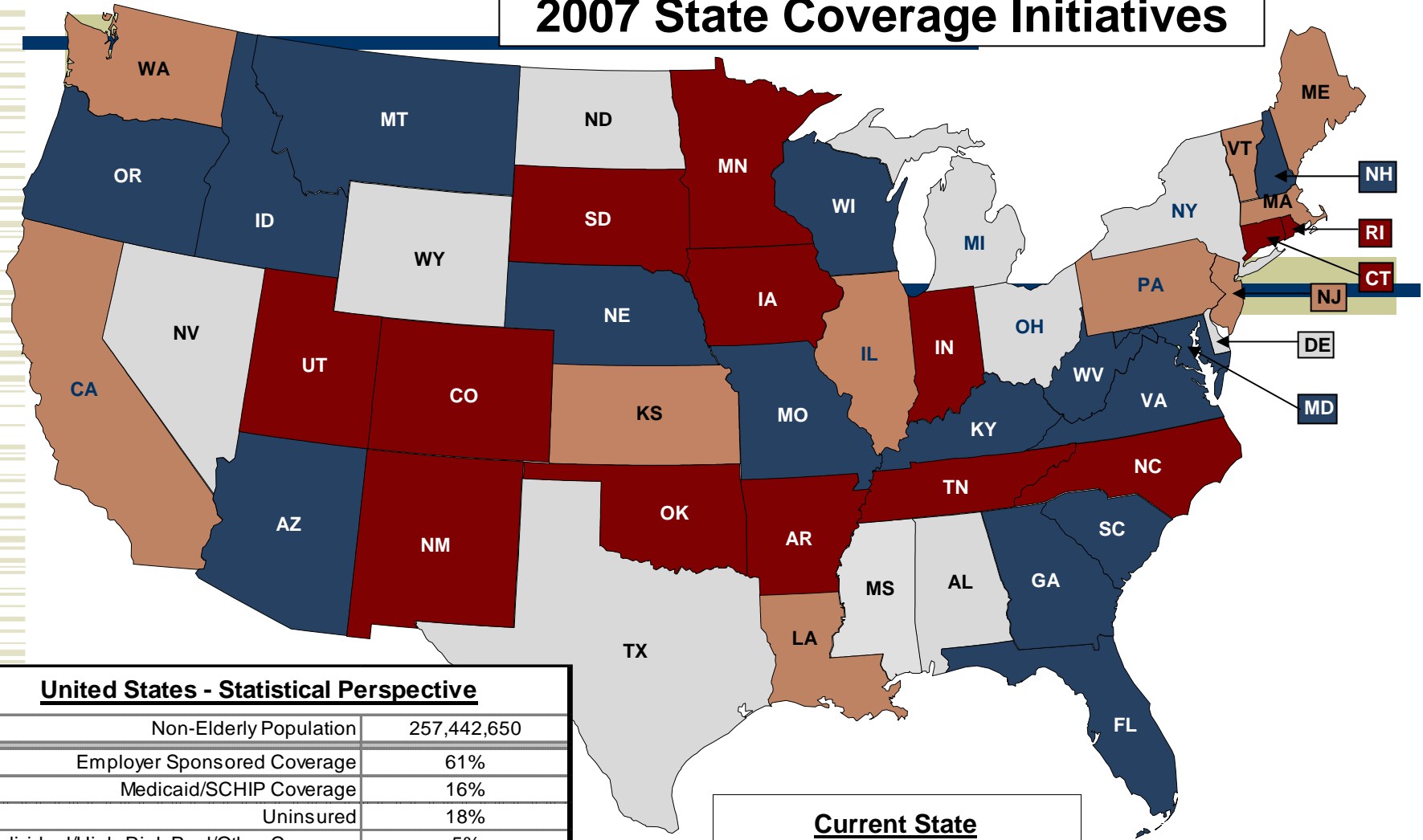
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- ◆ Coverage @ much higher income levels
- ◆ Entitlement has changed with Waivers - Florida
- ◆ Match for Preventive/Wellness/Enhanced Benefits
- ◆ Government subsidized commercial insurance
- ◆ SCHIP

# Is this a Business Cycle or is the “Defined Contribution” Having an Impact?



# 2007 State Coverage Initiatives



## United States - Statistical Perspective

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

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?