Medicaid Landscape: What We Learned and What to Watch

Council of State Governments
Medicaid Policy Academy
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The basic foundations of Medicaid are related to the entitlement and the federal-state partnership.

**Figure 1**

**Entitlement**

- Eligible Individuals are entitled to a defined set of benefits
- States are entitled to federal matching funds

**Federal**

Sets core requirements on eligibility and benefits

**State**

Flexibility to administer the program within federal guidelines

**Partnership**
Medicaid plays a central role in our health care system.
Medicaid spending is mostly for the elderly and people with disabilities, FY 2014.

Enrollees
Total = 80.7 Million

Expenditures
Total = $462.8 Billion

NOTE: Totals may not sum to 100% due to rounding.

SOURCE: KFF estimates based on analysis of data from the FFY2014 Medicaid Statistical Information System (MSIS) and CMS-64 reports. Because FFY2014 data was missing some or all quarters for some states, we adjusted the data using secondary data to represent a full fiscal year of enrollment.
Medicaid is the major source of health coverage for 20% of people in the US.

Employer: 48%
Non-Group: 7%
Medicaid/CHIP: 20%
Medicare: 14%
Other Public: 2%
Uninsured: 9%

Medicaid’s 74.4 million beneficiaries include:

- 1 in 2 low-income individuals
- 2 in 5 children
- 3 in 5 nursing home residents
- 2 in 5 people with disabilities
- 1 in 5 Medicare beneficiaries

Total Population: 318.9 million

SOURCE: Health insurance coverage: KCMU analysis of 2015 data from the 2016 ASEC Supplement to the CPS.
Medicaid is a major purchaser of health care.

**Figure 5**

- Managed Care: 43%
- Long-term Care*: 22%
- Hospital*: 11%
- Physician & Outpatient*: 8%
- Rx Drugs*: 2%
- Other*: 8%
- Payments to Medicare: 3%
- Disproportionate Share Hospital Payments: 3%

$532.1B in FY 2015

*Fee-for-service

Figure 6

Nationally, Medicaid is comparable to private insurance for access and satisfaction – the uninsured fare far less well.

Percent reporting in the last year:

- Well-Child Checkup: Medicaid 85%, ESI 86%, Uninsured 53%
- Doctor Visit Among Adults: Medicaid 74%, ESI 69%, Uninsured 36%
- Specialist Visit Among Adults: Medicaid 30%, ESI 24%, Uninsured 9%
- Adults Satisfied With Their Health Care: Medicaid 85%, ESI 87%, Uninsured 44%

NOTES: Access measures reflect experience in past 12 months. Respondents who said usual source of care was the emergency room are not counted as having a usual source of care.

SOURCE: KCMU analysis of 2015 NHIS data.
Evidence of Medicaid’s impacts on health outcomes is growing.

- Better birth outcomes
- Improved child health
- Improved adult mental health
- Increased screening & preventive care
- Increased chronic disease detection & treatment
- Reduced mortality
States have considerable flexibility under current law to design their programs.
Medicaid LTSS Spending is increasingly devoted to HCBS as opposed to institutional care.

NOTE: Home and community-based care includes state plan home health, state plan personal care services and § 1915(c) HCBS waivers. Institutional care includes intermediate care facilities for individuals with intellectual/developmental disabilities, nursing facilities, and mental health facilities.

Over half of all Medicaid beneficiaries receive their care in comprehensive risk-based MCOs.

Share of Medicaid beneficiaries enrolled in risk-based managed care plans

U.S. Overall = 61%

0% (6 states)
>0-50% (16 states)
51-80% (18 states, including DC)
>80% (11 states)

NOTE: The June 2012 Supreme Court decision in National Federation of Independent Business v. Sebelius maintained the Medicaid expansion, but limited the Secretary's authority to enforce it, effectively making the expansion optional for states. 138% FPL = $16,643 for an individual and $28,180 for a family of three in 2017.
Spending and enrollment growth has been moderate in FY 2016 and FY 2017 2 years after implementation of the ACA.

Annual Percentage Changes, FY 1998 – FY 2017

- Total Medicaid Spending
- Medicaid Enrollment


NOTE: For FY 1998-2013, enrollment percentage changes are from June to June of each year. FY 2014-2016 reflects growth in average monthly enrollment. Spending growth percentages refer to state fiscal year. FY 2017 data are projections based on enacted budgets.

SOURCE: Enrollment growth rates for FY 1998-2013 are as reported in Medicaid Enrollment June 2013 Data Snapshot, KCMU, January 2014. FY 2014-2016 are based on KCMU analysis of CMS, Medicaid & CHIP Monthly Applications, Eligibility Determinations, and Enrollment Reports, accessed October 2016. Historic Medicaid spending growth rates are derived from KCMU Analysis of CMS Form 64 Data. FY 2016-2017 data are derived from the KCMU survey of Medicaid officials in 50 states and DC conducted by Health Management Associates, October 2016.
Figure 13

Lessons learned from the recent debate.

#1: More than half of the states have a strong stake in continuing the ACA Medicaid expansion as it has provided coverage to millions of low-income residents and yielded net fiscal benefits.

#2: While most states favor enhanced flexibility, financing caps through a block grant or per capita cap may not be a good deal for states.

#3: Proposals to cap federal funding could lock-in current state spending patterns that reflect historic Medicaid policy choices.

#4: Uncertain future health care costs and needs make it difficult to implement a pre-set growth rate for Medicaid under a capped financing structure.

#5: Medicaid has broad support and also strong support among the many special populations that rely on Medicaid.
To date, 32 states have implemented the Medicaid expansion.

NOTES: *AR, AZ, IA, IN, MI, MT, and NH have approved Section 1115 expansion waivers. ^The Governor in West Virginia switched parties from Democrat to Republican in August 2017.
The uninsured rate has decreased everywhere, but especially in Medicaid expansion states.

NOTE: Uninsured rates for 2016 are as of June 2016.

The Medicaid expansion has coverage and fiscal implications for states.

**Federal + State Funds**

**Increased Economic Activity**
- ↑ General fund revenue and GDP
- ↑ or neutral effects on employment

**Increased Access to Care and Service Utilization**
- ↑ Affordability and Financial Security

**Reduction in the Number of Uninsured**

**Increased State Savings**
- ↓ Uncompensated care costs
- ↓ State-funded health programs (e.g. behavioral health and corrections)

Medicaid block grants or per capita caps are designed to cap federal spending.

- **Current law**: Reflects increases in health care cost, changes in enrollment, and state policy choices.
- **Block grant**: Does not account for changes in enrollment or changes in health care costs.
- **Per capita cap**: Does not account for changes in health care costs.

Dollars in Billions (Reduction in Federal Medicaid Spending 2017-2026 = $772 billion)

<table>
<thead>
<tr>
<th>Year</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
<th>2024</th>
<th>2025</th>
<th>2026</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reductions</td>
<td>-$12</td>
<td>-$23</td>
<td>-$52</td>
<td>-$70</td>
<td>-$87</td>
<td>-$103</td>
<td>-$124</td>
<td>-$143</td>
<td>-$158</td>
<td></td>
</tr>
</tbody>
</table>

In 2026
- 15 million ↓ Medicaid enrollees
- 26% ↓ in federal funds
- 22 million ↑ in uninsured → 49 million uninsured

Medicaid accounts for 57% of federal revenue to states; reductions in federal Medicaid would have large budget implications.

**State General Fund**
- Medicaid: 18.7%
- Elem. & Sec. Edu.: 35.6%
- Higher Edu.: 10.0%
- Transportation: 0.8%
- Corrections: 6.9%
- Other: 28.0%

**Federal Funds**
- Medicaid: 56.8%
- Elem. & Sec. Edu.: 8.8%
- Higher Edu.: 3.5%
- Transportation: 7.1%
- Corrections: 0.1%
- Other: 23.7%

**SOURCE:** Kaiser Family Foundation estimates based on the NASBO’s November 2016 State Expenditure Report (data for Actual FY 2015.)
States have few easy options to respond to caps and reductions in federal Medicaid funding.

- Reduce Other State Spending
- Cut Medicaid (Reduce enrollment, cut provider reimbursement or cut services)
- Raise State Revenues

Choices for States Faced with Reductions in Federal Medicaid Funding
The CBO predicts cuts in federal Medicaid spending will increase over the longer-term.

Changes In Medicaid Spending Under the BCRA compared with CBO’s Extended Baseline

<table>
<thead>
<tr>
<th>Year</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>2026</td>
<td>-26%</td>
</tr>
<tr>
<td>2036</td>
<td>-35%</td>
</tr>
</tbody>
</table>

Figure 22

Full-benefit per enrollee spending by enrollment group varies significantly across states.

Full-Benefit Per Enrollee Spending by Enrollment Group, 2014

<table>
<thead>
<tr>
<th>Enrollment Group</th>
<th>Spending Per Enrollee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>$10,721 (ND)</td>
</tr>
<tr>
<td>Children</td>
<td>$4,003 (NV)</td>
</tr>
<tr>
<td>Adults</td>
<td>$5,137 (NM)</td>
</tr>
<tr>
<td>Individuals with Disabilities</td>
<td>$9,135 (MT)</td>
</tr>
<tr>
<td>Aged</td>
<td>$8,623 (SC)</td>
</tr>
<tr>
<td>Total US</td>
<td>$9,448 (AL)</td>
</tr>
<tr>
<td>US</td>
<td>$1,657 (AR)</td>
</tr>
</tbody>
</table>

NOTE: Spending per capita was calculated only for Medicaid enrollees with unrestricted benefits or those enrolled in an alternative package of benchmark equivalent coverage. Outliers are included in the figure, but not marked as outliers.

SOURCE: KFF estimates based on analysis of data from the FFY 2014 Medicaid Statistical Information System (MSIS) and Urban Institute estimates from CMS-64 reports. Because FFY 2014 data was missing some or all quarters for some states, we adjusted the data using secondary data to represent a full fiscal year of enrollment.
Between 2005 and 2015, national opioid death rate increased from 5.1 to 10.4 per 100,000, with the highest increases in a few states (CT, DE, MS, NH, NY, OH and WV).

NOTE: Data for AK, ND, and WY are not available.
SOURCE: Kaiser Family Foundation analysis of Centers for Disease Control and Prevention (CDC), National Center for Health Statistics. Multiple Cause of Death 1999-2015 on CDC WONDER Online Database
Limiting Medicaid spending growth to CPI-U would mean significant reductions compared to current law for all groups.

Certain characteristics put some states at higher risk than others under federal Medicaid cuts and caps.

- Medicaid Expansion Decision / Limited Medicaid Programs
- Challenging Demographics
- Poor Health Status
- High Cost Health Markets
- Low Spending and Low Tax Capacity

Figure 26

Medicaid policy choices place some states at higher risk with federal Medicaid cuts or caps and could lock in historic decisions.

**Low Eligibility for Parents**
- Alabama
- Texas
- Missouri
- Idaho
- Mississippi

**No Adult Dental Health Coverage**
- Alabama
- Arizona
- Delaware
- Tennessee

**Low Physician Fee Index**
- Rhode Island
- New Jersey
- Michigan
- California
- Missouri

**High MCO Penetration**
- Tennessee
- Hawaii
- Iowa
- New Hampshire
- Kansas
- Mississippi

**Low Share of Community-Based LTC Care**
- Mississippi
- Florida
- Indiana
- Louisiana
- Hawaii

NOTE: States in multiple categories are shown in orange. Only four states had no dental health coverage.
Nationally, Medicaid covers 44% of children with special health care needs.

NOTE: Medicaid/CHIP also includes Medicare and Medigap. Includes children with special health care needs with Medicaid/CHIP only and Medicaid/CHIP and private insurance.

Figure 28

Majorities across political parties say Medicaid is working well for most low-income people covered by the program.

Would you say the current Medicaid program is working well for most low-income people covered by the program, or not?

By Political Party ID

<table>
<thead>
<tr>
<th></th>
<th>Working well</th>
<th>Not working well</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total</strong></td>
<td>61%</td>
<td>26%</td>
</tr>
<tr>
<td><strong>in the nation, overall?</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>in your state?</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Democrats</strong></td>
<td>68%</td>
<td>20%</td>
</tr>
<tr>
<td><strong>Independents</strong></td>
<td>62%</td>
<td>28%</td>
</tr>
<tr>
<td><strong>Republicans</strong></td>
<td>52%</td>
<td>35%</td>
</tr>
</tbody>
</table>

NOTE: Don’t know/Refused responses not shown. Question wording abbreviated. See topline for full question wording.
SOURCE: Kaiser Family Foundation Health Tracking Poll (conducted June 14-19, 2017)
Figure 29

What to Watch

• State revenues, cost containment and delivery system reforms
• Federal issues
  – Broader budget debate
    • Budget Resolution for FY 2018
    • Debt Limit
  – Health care legislation
    • ACA Repeal and Replace
    • Market Stabilization
    • CHIP
  – Administrative actions
    • Waivers
    • Regulations
  – Other initiatives
    • Disaster Relief
    • Opioid Harm Reduction Initiatives