

Introduction

Laura Bates

Mr. Z. is a middle-aged resident of a mid-sized city who was diagnosed with Multiple Sclerosis which has progressed very rapidly. A former factory supervisor, Mr. Z. is now challenged and exhausted by virtually every activity of daily living. Despite his very significant and progressive disability, Mr. Z. feared and dreaded nursing home placement because it would take him away from his three children. Though normally a genial and optimistic person, Mr. Z. repeatedly stated he would refuse food and water if forced to enter a nursing home. He cried with joy when he learned that he would be able to stay in his home and receive services from the MI Choice program.

Ms. M. is an elderly woman who suffers from Alzheimer's Disease. Her devoted husband of many years took care of her until his own declining health forced him to place her in a nursing home. Both Mr. and Mrs. M. wanted only to spend their last days together in their own home. Because of home and community-based services, they were able to do so.

As these stories illustrate, Medicaid can make important improvements in the quality of life for elderly and disabled citizens of Michigan. However, although we tend to think of Medicaid as a program primarily for poor elderly persons, in fact, Medicaid has become a major player in other aspects of the health care system. It provides coverage for over 53 million people nationwide and 1.4 million in Michigan.

In the area of maternal and child health, Medicaid pays for:

- Prenatal care and delivery for 37% of U.S. births
- Comprehensive health coverage for 1 in 4 children

In relation to care for seniors and people with disabilities, Medicaid:

- Covers 2/3 of nursing home patients
- Pays for home and community based services
- Fills gaps in Medicare coverage for 7 million low-income seniors

The growth in Medicaid spending is a cause for concern among states, as spending grew at an annual rate of 9.5% in FY 2004. Although this is down from the average annual growth of 11.9% in FYs 2000-2002, the Medicaid budget is constraining state spending for a number of other programs. In Michigan, Medicaid made up 28% of general fund spending in FY 2004.

What can policymakers do to slow the growth of Medicaid spending? States are trying various short- and long-term strategies to slow the growth of spending. Some of these will be discussed in this brief. Dr. Vernon Smith (Health Management Associates) presents the most recent data on Medicaid spending and the strategies states are using in the short term to contain growth. Ms. Lynn Friss Feinberg (National Center on Caregiving) talks about programs that offer alternatives to nursing home care to reduce spending and support families in their own homes. Finally, Dr. Nigel Paneth (College of Human Medicine, MSU) discusses long term cost control strategies through prevention of childhood obesity to reduce the risks of chronic disease in the population. The brief describes Michigan programs to address these concerns.

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