

Medicaid in a Nutshell



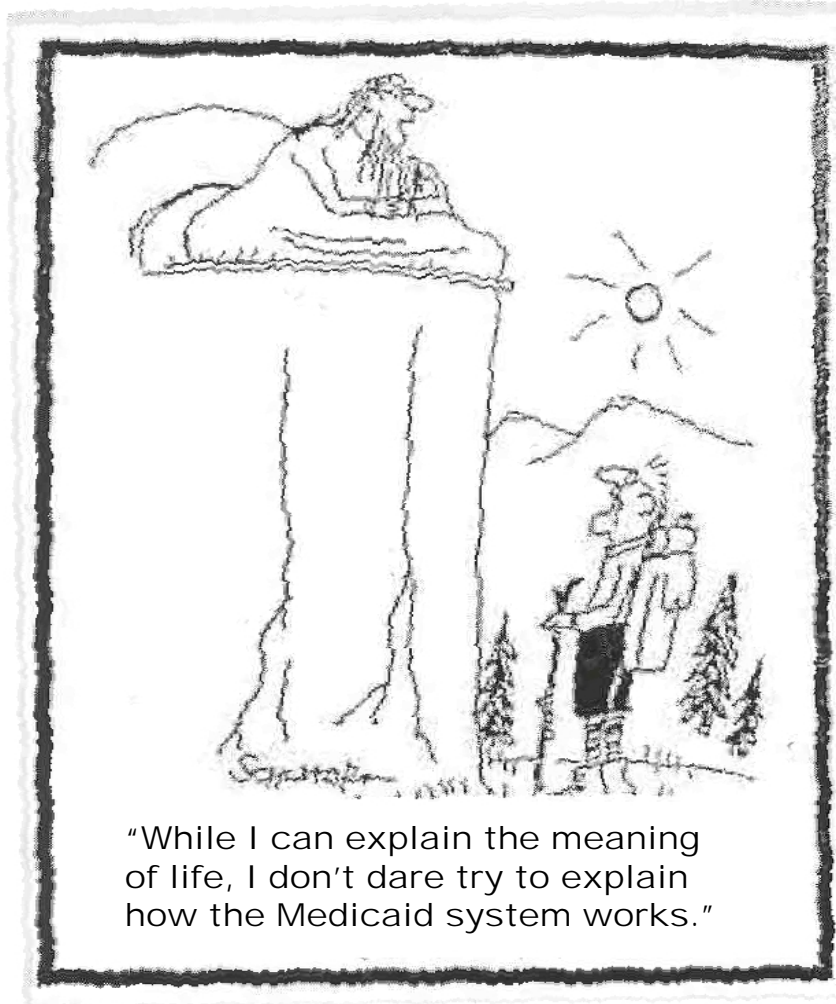
Wisconsin Family Impact Seminar

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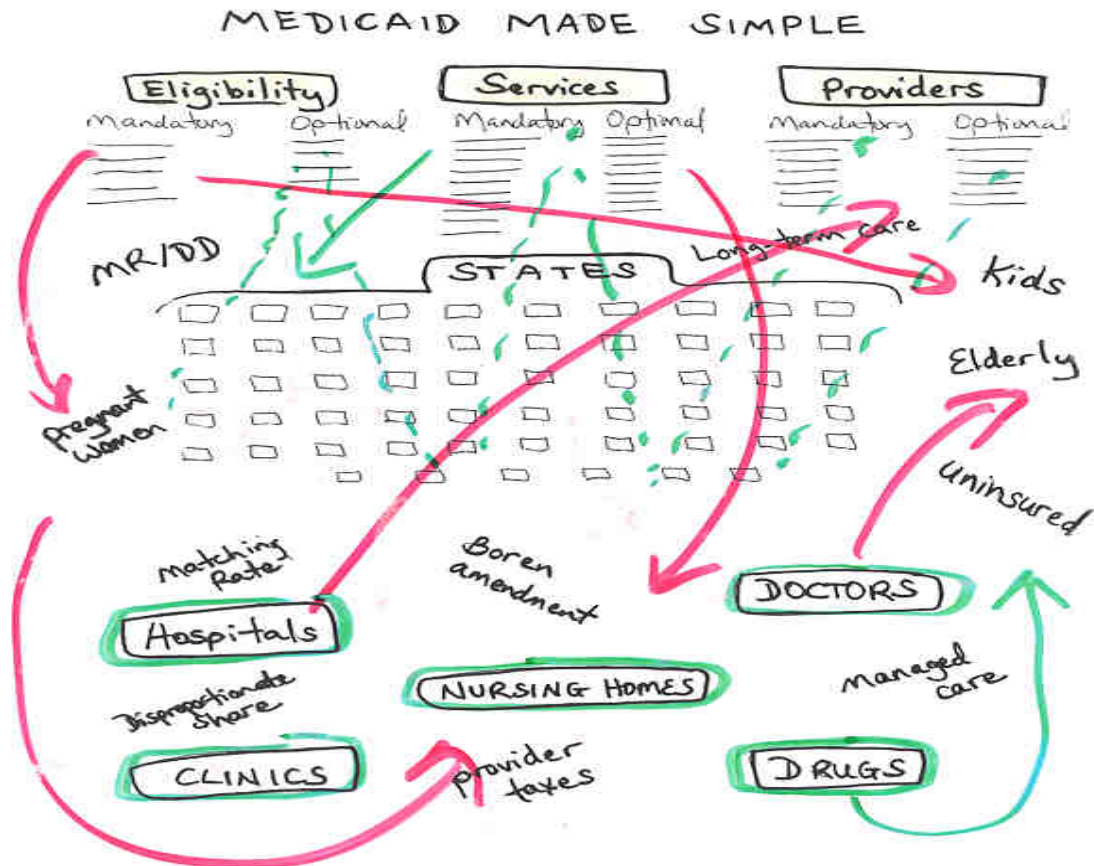
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Medicaid “Experts”



“While I can explain the meaning of life, I don’t dare try to explain how the Medicaid system works.”

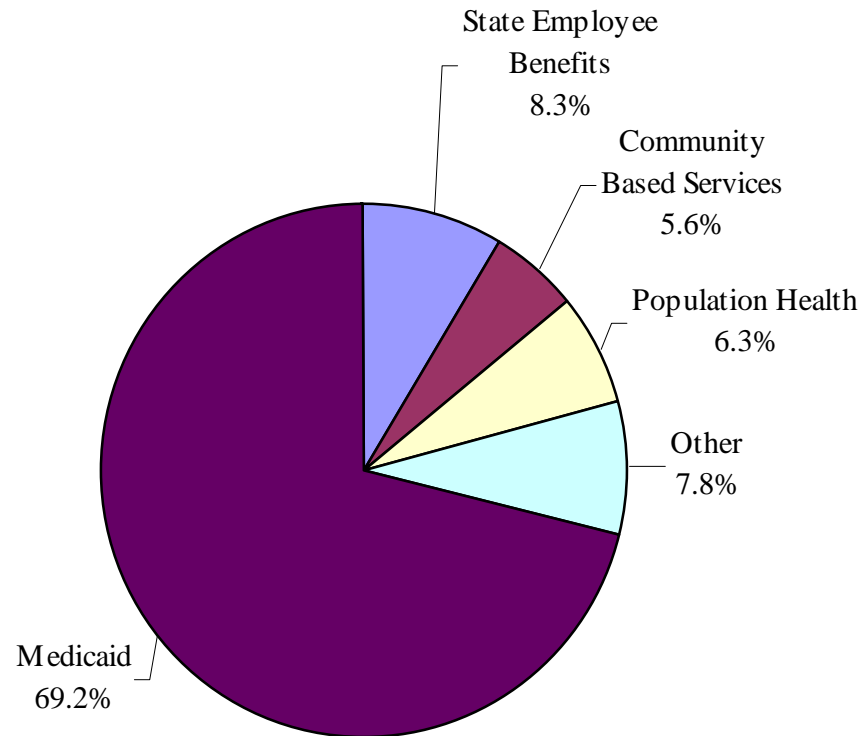
Medicaid Made Simple



Medicaid: Why Should You Care?

- 22% of average state's total budget
- Largest financing source for low-income (43% of federal allocations to states)
- Pays nearly half of U.S. nursing home costs
- Covers nearly 1/3 of U.S. population 85+
- Funds about 37% of U.S. births
- Subsidizes care for the uninsured
- Subsidizes graduate medical education

Distribution of the Average State's Budget for Health Services, 2001



Source: Milbank Memorial Fund, National Association of State Budget Officers and The Reforming States Group, 2000-2001 *State Health Care Expenditure Report* (New York: Milbank Memorial Fund, April 2003), <http://www.milbank.org/reports/2000shcer/index.html>

Medicaid at a Glance



- Federal/state program (55 variations)
- Optional—large financial incentive
 - Federal gov't pays 57.65% of WI's services
 - Wisconsin 2005-06:
 - ✓ **\$2.6** Billion for MA
 - ✓ **\$121** Million for BadgerCare
 - ✓ **\$51** Million for SeniorCare

Medicaid at a Glance



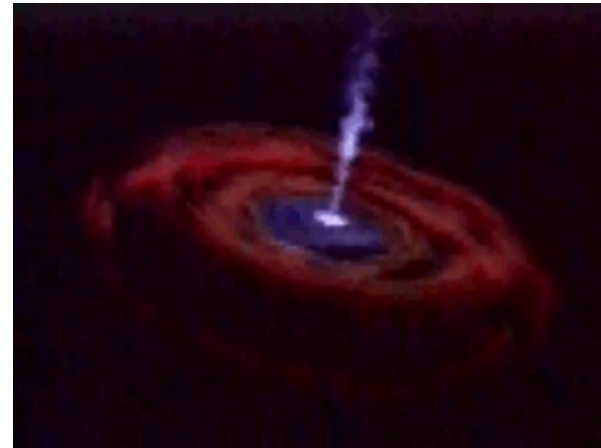
Three programs in one:

- ✓ A health insurance program for low-income parents (mostly mothers) and children
- ✓ A funding source to provide services to people with significant disabilities (nation's "High Risk Pool")
- ✓ A long-term care program for the elderly

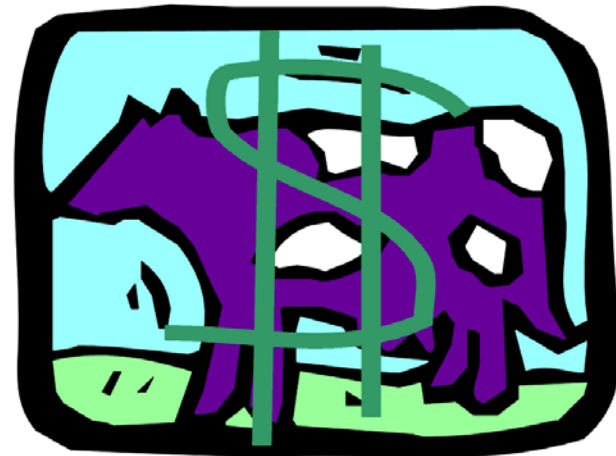
"Medicaid makes Medicare work"

Medicaid Perceptions

One view:
A black hole



Another view:
A cash cow



People & Services

Entitlement: all who qualify are eligible

PEOPLE:

Mandatory “categories” (e.g., children & PG women to 133% of poverty; SSI* recipients)

Optional (e.g., additional children & PG women; “medically needy”)

SERVICES:

Mandatory (e.g., hospital, nursing facility, physician, rural health)

Optional (e.g., Prescription drugs, hospice)

BadgerCare



“Combo” State Children’s Health Insurance Program (SCHIP) and expanded MA

- Covers additional children & low-income families
- Enhanced federal matching rate
- Federal share \$121 million in FY 2005-06

Who's Not Covered?



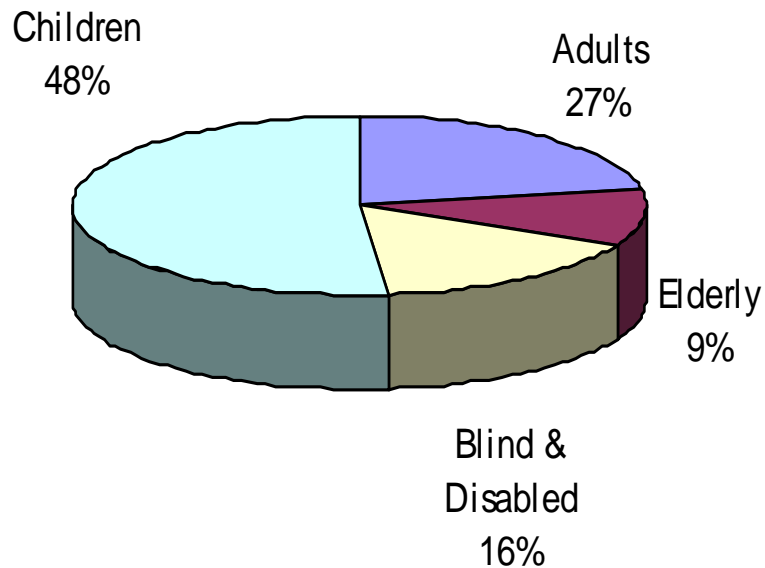
Everybody else . . .

Anyone not in a “category”

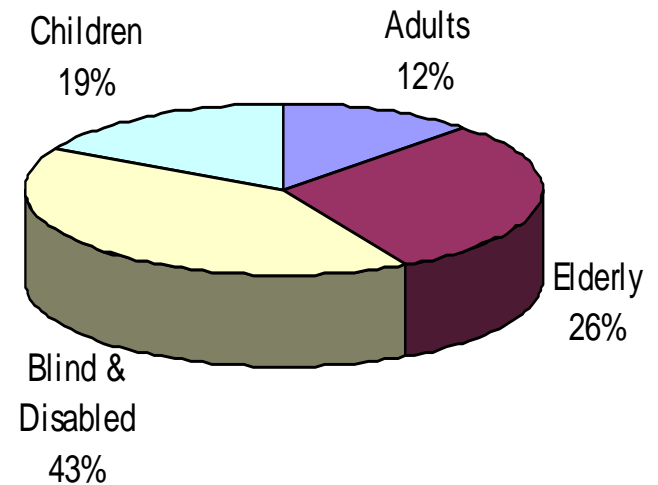
- 500,000+ uninsured in Wisconsin
- Adults without children or SSI eligibility
- Elderly or people with disabilities who don't meet SSI or other criteria
- High medical users who don't meet criteria
- etc.

Beneficiaries and Expenditures

(U.S. 2003)



Enrollees
52 million

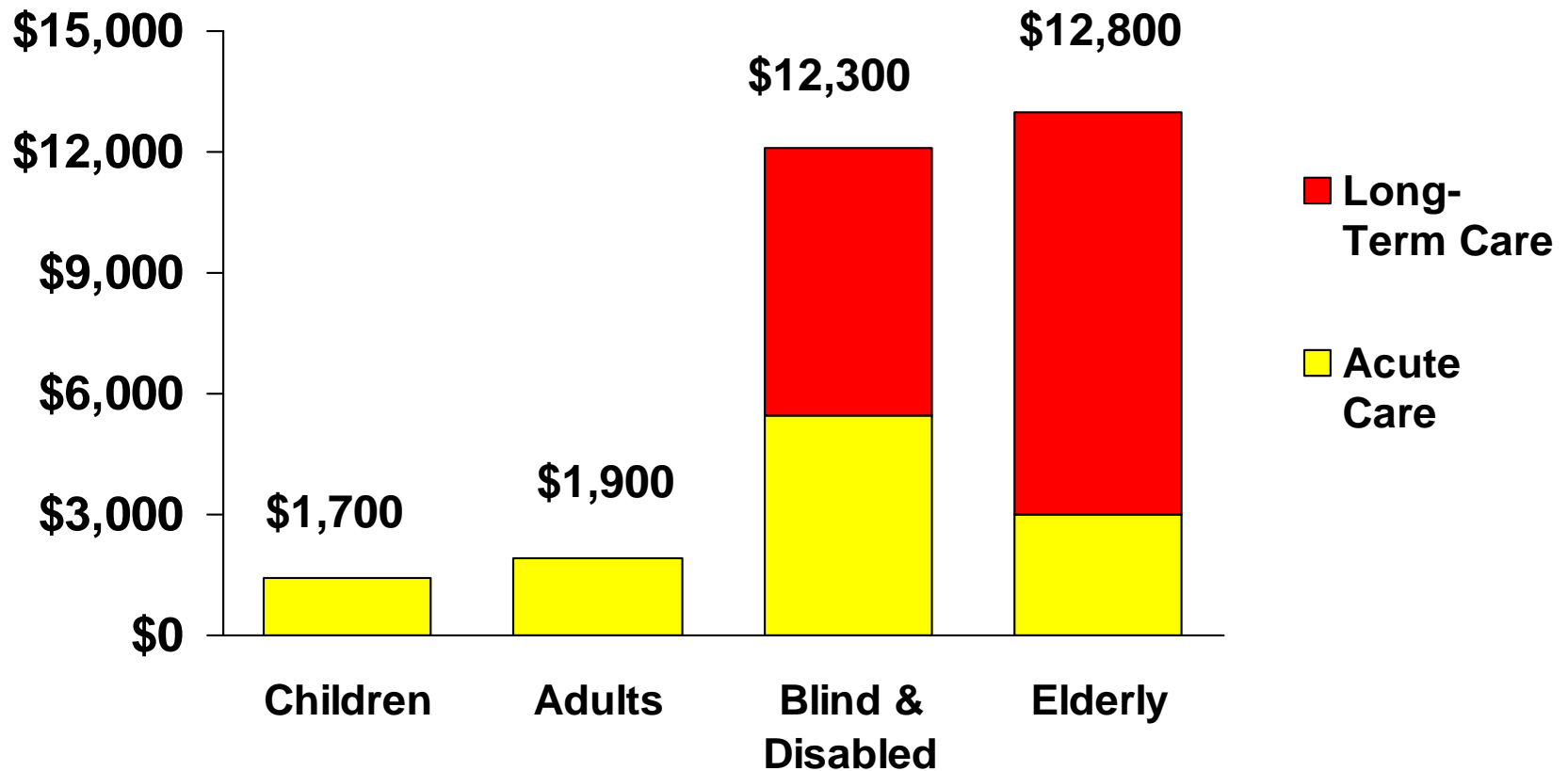


Expenditures*
\$252 billion

Source: Kaiser Commission on the Future of Medicaid and the Uninsured, January 2005

* Excludes disproportionate share hospital payments, vaccines for children, and administrative costs.

Expenditures Per Enrollee by Acute and Long-Term Care, 2003



SOURCE: Kaiser Commission on Medicaid and the Uninsured, January 2005

Understanding the Costs



Kids & Families are relatively cheap!

Elderly & people with disabilities

- Qualify based on both income & disability
- Medicaid has become the nation's LTC "program of last resort" (pays for 60% of N.H. residents)
- Medicaid serves as the nation's "high risk pool" for low-income people with serious disabilities and chronic conditions
- What other options exist?

“Waiver” Options

- ✓ Comprehensive health reform 1115 waivers
(e.g., DE, HI, MA, MN, OR, TN)
- ✓ New twist: Utah’s 1115 waiver
 - Primary and preventive services only for adults to 150% of poverty
- ✓ Specialized 1115 waivers
 - “Pharmacy Plus” — low-income senior prescription drug benefit (only) up to 200% poverty (IL, SC, WI SeniorCare)
 - Family planning services — extend post-partum time for family planning (and primary care)

Medicaid: New Flexibility



HIFA (Health Insurance Flexibility & Accountability initiative)

- Special 1115 demonstration waiver
- Purpose: to expand health insurance coverage to the uninsured
- Targeted to people below 200% of poverty

Medicaid Expansions

Pros and Cons



Pros:

- Federal share (57.65% in Wisconsin)
- Existing administration/provider network
- New flexibility & options
- Could help cover the 500,000+ uninsured

Cons:

- Financing constraints (economy, other priorities)
- Political philosophy: role of government
- Federal mandates
- Potential “maintenance of effort” requirements

Cost-Saving Strategies



Most typical cuts

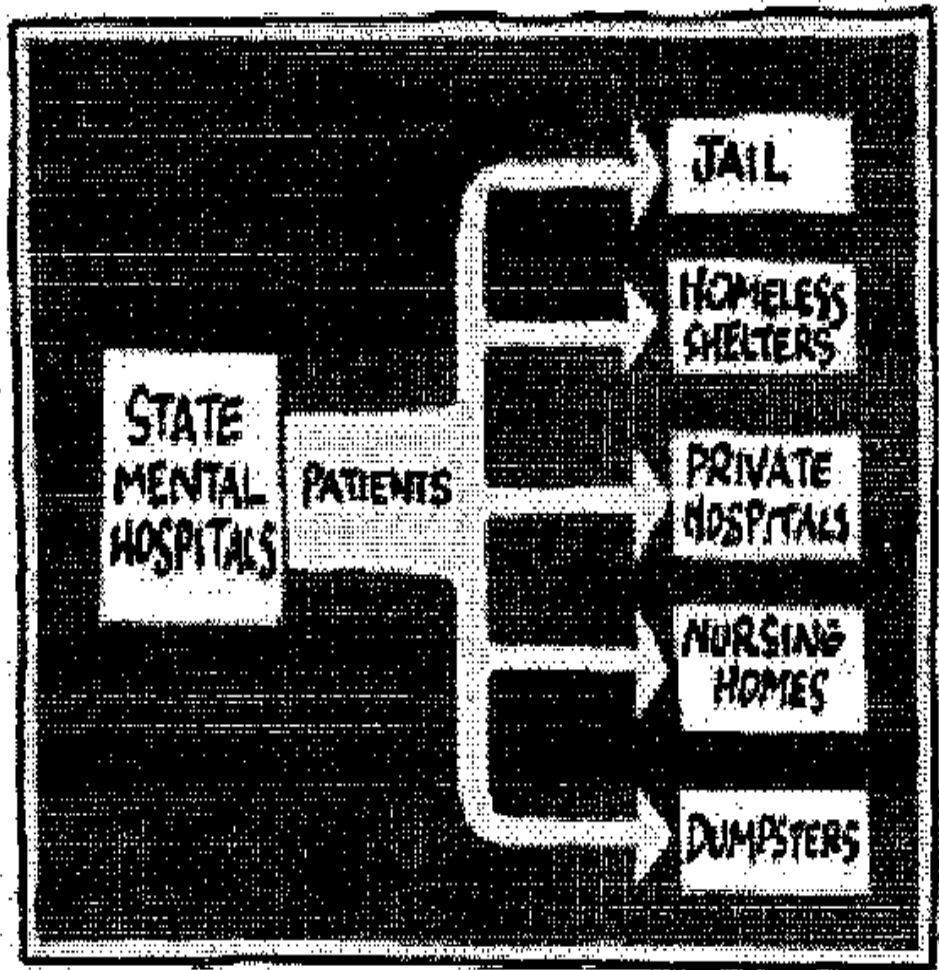
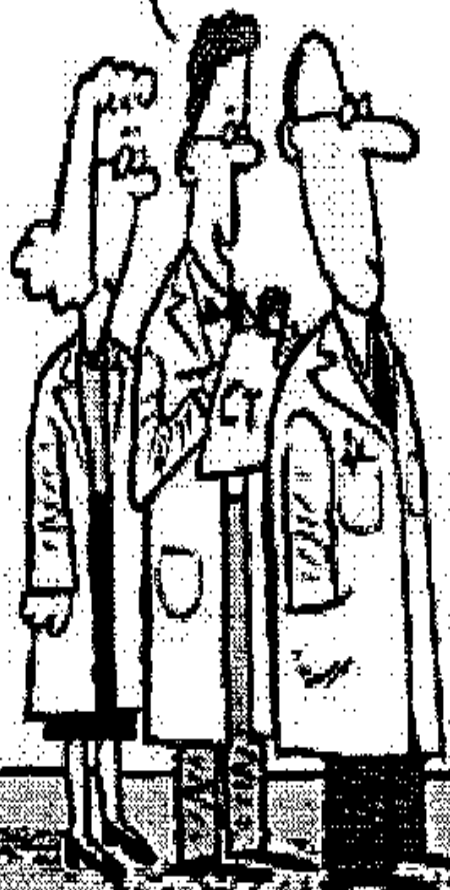
- Cut “optional” groups
- Cut or restrict “optional” services
- Freeze or cut provider reimbursements
- (Could actually eliminate the entire Medicaid program)
- Caveats:
 - ✓ Unintended consequences
 - ✓ “Penny-wise and pound foolish”
 - ✓ Cuts often shift burden: needs don’t disappear

Beware Unintended Consequences



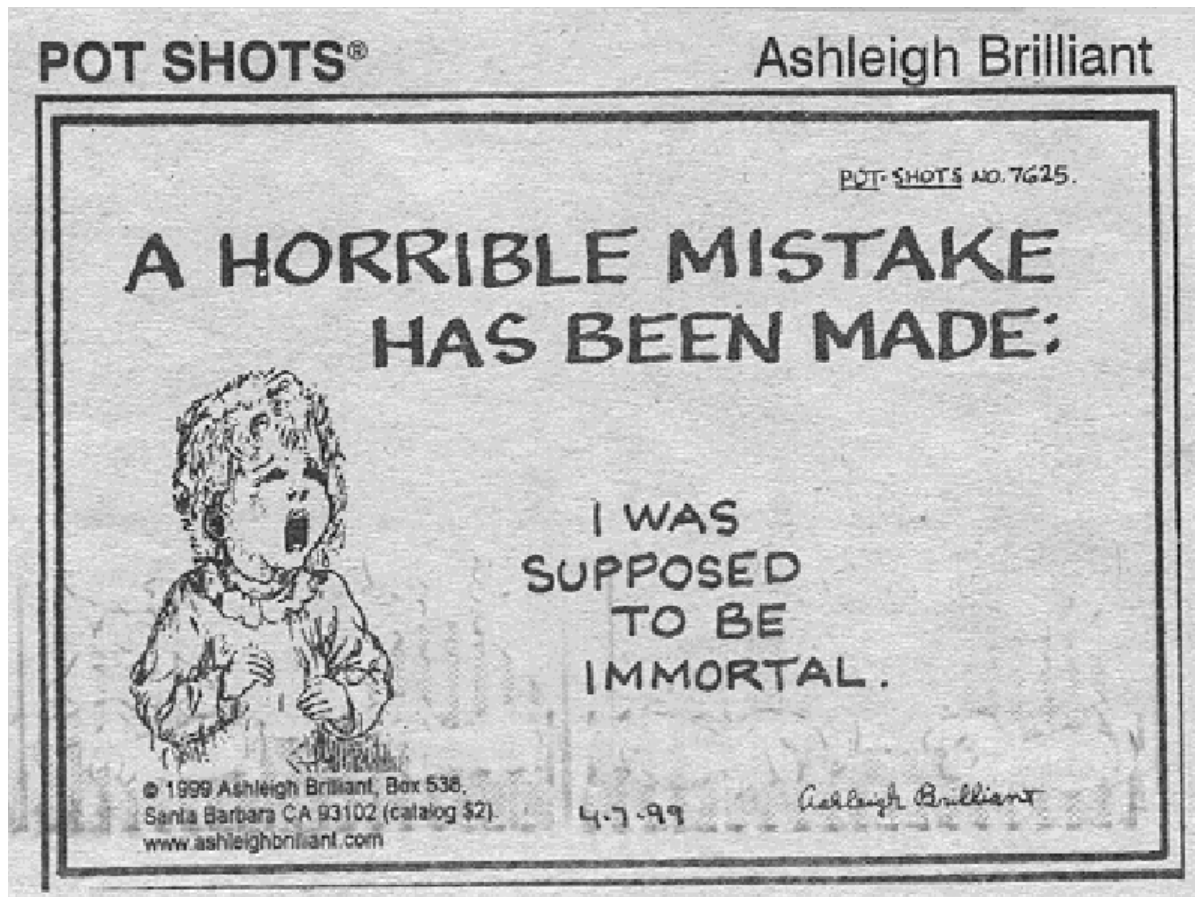
- Eligibility cuts may increase # of uninsured
- Pharmaceutical cuts may result in adverse health conditions & resulting costs
- Provider rate cuts could mean decreased access & increased emergency room visits
- Cuts may result in cost-shifting (e.g., other programs without match, providers, local gov't, insurance premiums)
- Medicaid is a big contributor to the medical services economy

WE HAVE A
PLAN THAT WILL
SAVE EVEN
MORE MONEY!



Fullerton
© 2000

How much \$ goes to "futile" care?



Cost-Saving Strategies



Other reform options

- Evaluate & understand program & options
- Study & reform long-term care
- Emphasize prevention
- Reduce prescription drugs costs
- Take advantage of federal flexibility
- Reduce fraud & abuse
- Use electronic records
- ID any services eligible for federal match
- Make Medicaid the “payer of last resort”

Evaluation/Oversight/Consultation



"Are you just pissing and moaning, or can you verify what you're saying with data?"

Chronic Illness & Disabilities



How much could be prevented/reduced?

- Access to insurance Medicaid “Ticket to Work” Buy-in (<http://www.ncsl.org/legis/health/medicaidbuyin.htm>)
- Access to preventive & primary care
- Prenatal care & counseling
- Focus on wellness/health education
- Smoking (est. 12% of costs for Medicaid in '99)
- Obesity (Est. for WI Medicaid: \$320 million)
- Disease Management/”Care Management”


High-Value Preventive Services

(Adults—Partnership for Prevention)



- Tobacco cessation counseling
- Vision screening age 65+
- Cervical cancer screening
- Colorectal cancer screening
- Hypertension screening
- Influenza vaccination
- Chlamydia screening
- Cholesterol screening
- Problem drinking screening & counseling
- Pneumococcal vaccination age 65+

Opportunities & Challenges



- What are your goals?
 - Universal coverage? Universal access?
 - Healthy population?
 - More personal responsibility?
- What is the appropriate role of government?
 - The private sector?
 - Individuals?
- Are you getting what you pay for?
 - Services, quality, health status improvements?
- How can you control (not shift) costs?