


Legislative Fiscal Bureau 2003 Session



## Medicaid Overview


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- ◆ This information has been provided to answer questions regarding the Medical Assistance program (Medicaid).
- ◆ If you have any further questions, please call or e-mail:



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## Medicaid Overview

- ◆ What is Medicaid?
- ◆ Who is eligible?
- ◆ What services are covered?
- ◆ What drives Medicaid spending?

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## What is Medicaid?

- ◆ Health insurance program for low-income people (technically, a "medical assistance" program)
- ◆ Long-term care program for low-income elderly
- ◆ Funded by a combination of State and federal funds
  - ◆ Federal match is 63.50% for FFY 2003
- ◆ Medicaid is an "entitlement" program - everyone who meets the eligibility criteria must be served

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## Other Medicaid facts

- ◆ Created in 1965 by Title XIX of the Social Security Act
- ◆ Federal Government's second largest health care program (Medicare is the largest)
- ◆ Largest federal funding source to states (42.0% of all federal funds provided to states)
- ◆ In Iowa, Medicaid served 333,319 people in FY 2002
- ◆ Iowa expended \$521.9 million for Medicaid in FY 2002 or \$1.4 billion with federal funds

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## Medicaid has two programs:

- ◆ A medical assistance program for low-income people
  - ◆ Provides benefits similar to health insurance plan - covers full range of health care services
  - ◆ Primarily children, mothers, aged and disabled persons
- ◆ A long-term care program for low-income people
  - ◆ Covers nursing home costs and home and community based services
  - ◆ Primarily elderly and disabled persons

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## Who is eligible?

- ◆ In general, Medicaid covers 4 main groups:
  - ◆ Pregnant women and children
  - ◆ Members of families with a dependent child
  - ◆ Age 65 and over
  - ◆ Blind and disabled
- ◆ Must meet income limits and other criteria – not just low-income

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## Eligibility Categories

- ◆ There are many different eligibility categories and criteria for Medicaid
- ◆ Federal law requires coverage of some groups – “mandatory”
- ◆ States may choose to cover additional populations, within federal guidelines – “optional”

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## Mandatory Eligibility Categories

- ◆ Families with dependent children (“Family Medical Assistance Program (FMAP) - related”)
- ◆ Children under age 19
- ◆ Pregnant women
- ◆ People who receive Supplemental Security Income (SSI), includes aged, blind, and disabled
- ◆ Certain Medicare beneficiaries
- ◆ Other “protected classes,” such as Transitional Medical Assistance

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## Optional eligibility categories

- ◆ Iowa has opted to cover additional groups, including:
  - ◆ Children under age 21 and adults over age 65 in institutions for mental disease
  - ◆ Individuals on the Home and Community Based Services Waiver who would be eligible if in an institution
  - ◆ Individuals needing breast or cervical cancer treatment
  - ◆ Medicaid for Employed People with Disabilities (sometimes called “Medicaid Buy-in”)
  - ◆ Medically Needy program

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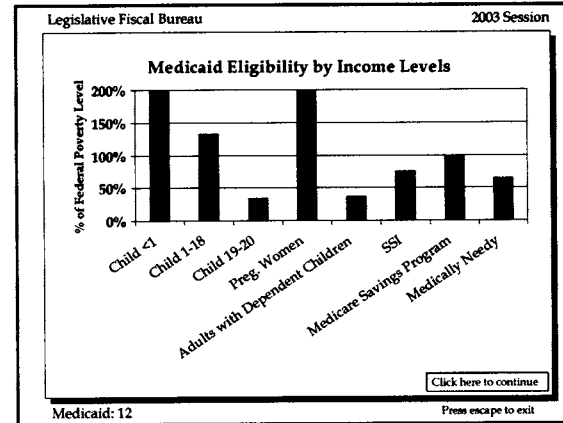
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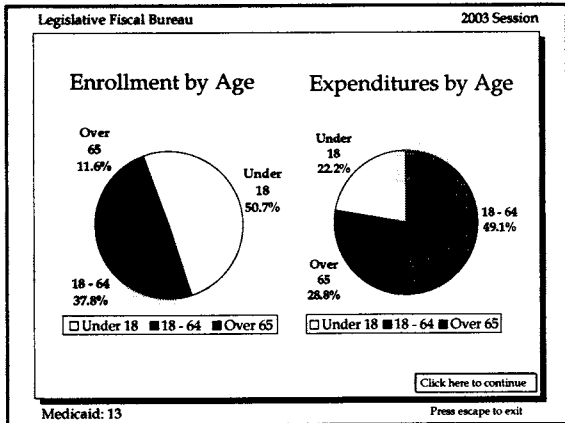
## Eligibility varies by program

- ◆ The required income level varies by eligibility category
- ◆ May also vary by age
- ◆ Long-term care eligibility also has a medical component
- ◆ The following chart provides an overview of the required income levels for some eligibility categories

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### Enrollment trends

- ◆ In Iowa, children account for 50.7% of the Medicaid population and 22.2% of expenditures
- ◆ Nationally, the elderly and disabled account for about 25.0% of the Medicaid population and about 70.0% of expenditures
- ◆ About 55.0% of national expenditures on the elderly and disabled is for long-term care services

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### What services are covered?

- ◆ States that choose to participate in Medicaid must provide a minimum set of benefits (mandatory services)
- ◆ States may also provide optional services
- ◆ States have flexibility, subject to federal minimums:
  - ◆ Adequate in duration, amount, and scope
  - ◆ Offered throughout the State
  - ◆ May not vary amount based on diagnosis or condition
  - ◆ May impose nominal cost sharing on some services for some groups

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### Mandatory Services

- ◆ Inpatient and outpatient hospital services
- ◆ Physician services
- ◆ Medical and surgical dental services
- ◆ Nursing home care
- ◆ Home health care
- ◆ Family planning services and supplies
- ◆ Laboratory and x-ray services
- ◆ Early Periodic Screening, Diagnosis, and Treatment
- ◆ Other services

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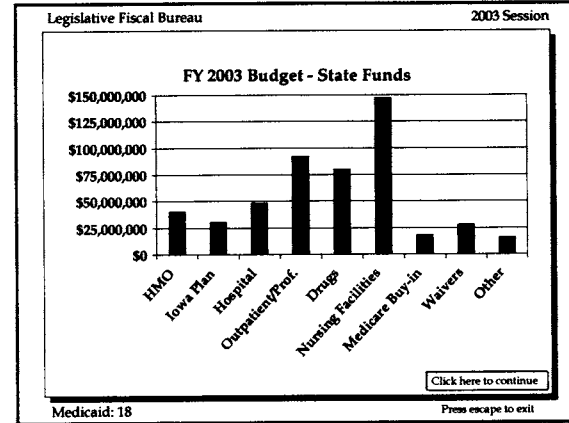
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### Optional Services

- ◆ Prescription drugs
- ◆ Preventive dental services
- ◆ Chiropractic and Podiatric services
- ◆ Durable medical equipment, such as wheelchairs, dentures, eye glasses, and prosthetics
- ◆ Physical, occupational, and speech therapy
- ◆ Hospice
- ◆ Home and Community Based services
- ◆ Other services

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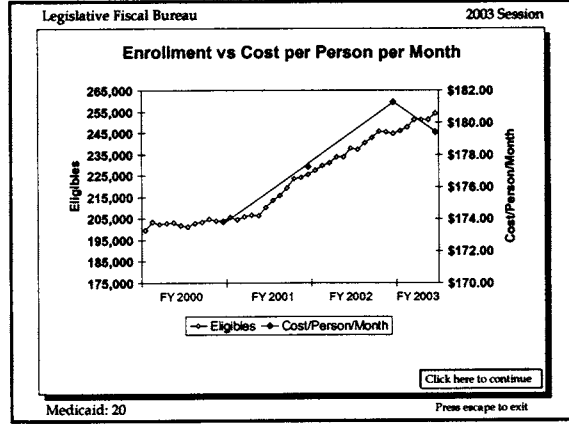
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## What drives Medicaid spending?

- ◆ Enrollment
- ◆ Price of medical and long-term care services
- ◆ Price of prescription drugs
- ◆ Utilization of services

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## Recent Trends

- ◆ From July 1999 through November 2000 Medicaid enrollment grew by about 6,600 or 3.3%
- ◆ During the last 6 months of FY 2001, enrollment grew by over 15,000 or 7.2%
- ◆ For FY 2002, average enrollment was 11.3% higher than the average for FY 2001
- ◆ The cost per person per month has also increased by an average of 2% for the past 2 years

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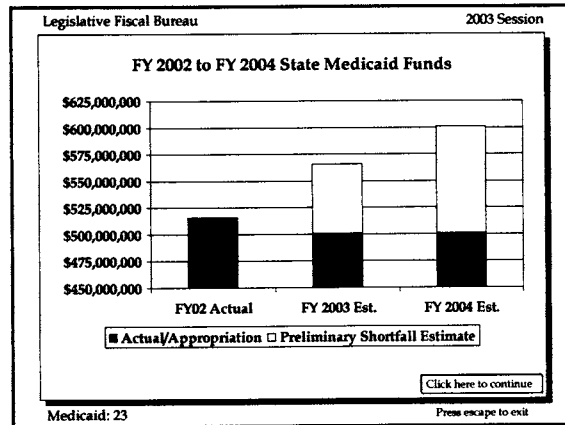
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## Medicaid - FY 2003 and FY 2004

- ◆ Enrollment has increased by 3.9% for the first six months of FY 2003
- ◆ FY 2003 projected shortfall \$55.0 million to \$76.0 million (range jointly agreed to by DOM, DHS, and LFB staff)
- ◆ Governor has requested a supplemental appropriation of \$57.1 million
- ◆ The FY 2004 projected growth may be \$100 million compared to the original FY 2003 appropriation

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## Iowa vs. National trends

- ◆ Nationally, Medicaid increased by 12% in FY 2002
- ◆ In Iowa, expenditures increased by 12.2% in FY 2002
- ◆ Nationally, Medicaid is projected to increase by 7.7% during FY 2003
- ◆ In Iowa, if growth continues at the present level, enrollment would increase by 7.4% for FY 2003

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## Cost-Containment Strategies

- ◆ Slow enrollment growth
- ◆ Reduce cost per person
- ◆ Reduce utilization
  
- ◆ All changes must comply with Federal law, limiting states' choices to some extent

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## Main Sources:

- ◆ Medicaid Survival Kit – National Conference of State Legislatures, Update October 2001
  
- ◆ The Medicaid Resource Book – Kaiser Commission on Medicaid and the Uninsured, July 2002
  
- ◆ Iowa Department of Human Services

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