Medicaid Eligible Populations

October 26-27th, 2005

Charles Milligan, JD, MPH

Medicaid Commission Meeting
Preview of Presentation

- Medicaid eligibility groups
- Important eligibility rules
- Medicaid enrollment growth
- Preview of some key questions for the January 2006 session
Medicaid Eligibility Groups: Being Poor, By Itself, Isn’t Enough to be Covered
Mandatory pathways to Medicaid emerged from discreet policy goals . . .

- Provide health benefits to **accompany cash assistance**, akin to providing health benefits attached to a government-issued “paycheck”:
  - Aid to Families with Dependent Children (welfare), retained in 1996 welfare reform law
  - Supplemental Security Income (SSI) (federal benefits to aged, blind and disabled)
    - The eleven “209(b)” states use disability rules grandfathered in from 1972 (CT, HI, IL, IN, MN, MO, NH, ND, OH, OK, VA)
including jump-starting care for children and pregnant women . . .

- Children below age six, to 133% of the federal poverty level (FPL)
- Children ages 6 to 18, to 100% FPL
- Pregnant women to 133% FPL

In 2005, for a family of four:
100% FPL = $19,350
133% FPL = $25,736
... and with other mandates to meet other goals ... 

- Assist Medicare beneficiaries with their Medicare cost-sharing:
  - Qualified Medicare Beneficiaries (QMB) from 74% to 100% FPL
    - No Medicaid benefits, but all Medicare cost sharing
  - Specified Low-Income Medicare Beneficiaries (SLMB) and Qualified Individuals (QI), from 100-135% FPL
    - Limited to Medicare Part B premium payments only

- Reduce disincentive for welfare recipients to work:
  - Transitional Medical Assistance, on a time-limited basis
... and the result is that Medicaid does not cover “the poor,” but instead requires states to cover targeted groups . . .
... which is one reason many people below the poverty level are uninsured.
States also may cover “optional” groups, without a waiver, such as . . .

- Many of the previous mandatory groups, but to higher income levels:
  - Children up to 185% FPL
  - S-CHIP covers children to 200% FPL, or 50% above the state’s level before S-CHIP, whichever is higher
  - Pregnant women up to 185% FPL
  - Low-income parents above AFDC
  - Aged, blind, and disabled (“SSI”) up to 100% FPL
... and new groups best described as people who otherwise would fall through the cracks of the current insurance underwriting system.

- People in nursing facilities below 300% of the SSI payment levels
- Working individuals with disabilities
  - For this group, states may impose sliding scale cost-sharing, subject to federal approval
- The “Medically Needy”
- Disease-specific groups (tuberculosis, and breast and cervical cancer)
resulting in a picture where almost one-third of beneficiaries are in optional eligibility groups.
Expenditures vary by eligibility category...
so states must be cautious about expanding and contracting eligibility.

Figure 11
Medicaid Optional Enrollees and Their Expenditures, by Group, 2001

- Elderly 18%
- Disabled 11%
- Adults 35%
- Children 36%

"Optional" Enrollees
Total = 13.8 million

Expenditures for "Optional" Enrollees
Total = $86.5 billion

Kaiser Commission on Medicaid and the Uninsured
In more detail, Medicaid covers a large number of children . . .

- Covers 25 million or 1 out of 4 children
- Some states cover S-CHIP beneficiaries through their Medicaid programs
- Covers recipients of adoption assistance and foster care children who are eligible for Title IV-E
... more than one-third of all births by covering pregnant women ... 

- Funds over 1/3 of all births in the U.S.
- Is the largest source of public funding for family planning
- Most states offer coverage beyond the mandatory income level of 133% of poverty
- Coverage is limited to pregnancy-related services and ends 60 days after pregnancy
more people with disabilities than the combined residents of Maryland and the District of Columbia . . .

- Medicaid covers over 8 million low-income persons with disabilities and chronic illnesses
- About 20% of non-elderly persons with a disability who are living in the community have Medicaid
- Primary source of coverage for low-income children with disabilities
- Approx. 20% of adults with disabilities who receive Medicaid are also employed
... and over 7 million dual eligibles.

- 18% of Medicare beneficiaries are also eligible for Medicaid
- Fills in the gap for services not covered by Medicare (e.g., long term care, vision, dental, and *prescription drugs until Jan. 2006*)
- Subsidizes Medicare premiums and cost-sharing requirements
So who is not covered by Medicaid?

- Homeless woman who has not been evaluated for a disability
- Low-income adults without children (except through a waiver)
- In 14 states, working parents with incomes at 50% of the federal poverty level earn too much to qualify for Medicaid
The overall Medicaid enrollment looks like this.

Medicaid Enrollees by Enrollment Group, 2003

- Children: 48%
- Adults: 27%
- Disabled: 16%
- Elderly: 9%

Source: Kaiser Commission on Medicaid and the Uninsured
Important Eligibility Rules
Medicaid eligibility in mandatory and state-chosen optional groups is an “entitlement.”

- States may not cap the enrollment.
- Everyone who meets the eligibility criteria must be given entry into Medicaid.
Besides mandatory and optional groups, states may cover people via Section 1115 waivers.

- These waivers must be “budget neutral.”
- Therefore, savings must be achieved elsewhere in Medicaid to expand coverage.
- These “expansion” groups may be capped.
- Examples: TennCare, and Utah’s Primary Care Network.
Medicaid eligibility varies by immigration status.

- Medicaid must cover all U.S. citizens
- Certain legal permanent resident aliens qualify as well, such as:
  - Refugees and people seeking asylum, depending on length of time in the country
  - Those who have 40 qualifying quarters in SSA
  - Those connected to military service
- For undocumented aliens, only emergency care is permitted
Retroactive eligibility applies.

- Medicaid coverage may begin three months before the month of formal application, if all eligibility rules are met.
- This protects people who suddenly are injured or become disabled, and who may not immediately pursue Medicaid.
- But it also means that, unlike employer-sponsored insurance, there is adverse selection into Medicaid and the early months often are quite expensive.
Other rules also apply.

- States have the option of providing “continuous” coverage for certain groups, such as children:
  - Eligibility may be guaranteed, if income levels rise.

- And states may allow “presumptive” eligibility for children and pregnant women:
  - Pay for services with Medicaid funds pending the official eligibility determination.
Medicaid Enrollment Growth
Medicaid enrollment growth has occurred because of targeted efforts to reduce the number of uninsured . . .

- Outreach: Enroll eligible but unenrolled individuals (no policy change needed)
- Expand eligibility to optional eligibility groups (no federal approval needed)
- Use a “demonstration” (1115) waiver to cover an expansion group
. . . outreach by itself can swell Medicaid’s rolls, since most uninsured children already qualify for Medicaid or SCHIP.
Medicaid enrollment growth also reflects substitution of coverage of the previously insured . . .

Figure 12

Changes in Health Insurance Coverage for Low-Income Children and Adults, 2000-2003
Percentage Point Changes

<table>
<thead>
<tr>
<th></th>
<th>Children</th>
<th>Adults</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>7.5%</td>
<td>3.2%</td>
</tr>
<tr>
<td></td>
<td>-5.2%</td>
<td>-4.0%</td>
</tr>
<tr>
<td></td>
<td>-1.6%</td>
<td>1.2%</td>
</tr>
</tbody>
</table>

**Employer** | **Medicaid** | **Uninsured**

-2.0 Million | 5.7 Million | 3.9 Million

Change in Population
Change in Uninsured

Note: Low-income is defined as less than 200% of poverty ($29,900 for a family of three)

SOURCE: Urban Institute for the Kaiser Commission on Medicaid and the Uninsured, 2004
and the net effect was growth from 2000-2003 by 8.4 million people.

Figure 10
Contributors to Change in Medicaid Enrollment*, 2000-2003

- Families 90% (7.5 million)
- Aged and Disabled 10% (0.9 million)

Total Enrollment Growth = 8.4 Million

* Monthly enrollment for June of each year.
Preview of Some Key Questions for the January 2006 Session
Key recommendations in “eligibility” from the Commission will include:

- Should minimum national standards of any type be set?
- If so, should the existing minimum national standards be altered?
- How much flexibility should states have?
- Should Medicaid remain an “entitlement” program (non-capped enrollment)?
- What is the federal government’s role in providing policy options to address the “underwriting” failures that have led to Medicaid expansions?
- How can Medicaid enrollment growth be managed in the face of the continuing dynamics leading to the substitution of coverage?
Questions

Charles Milligan
Executive Director, UMBC/CHPDM
410.455.6274
cmilligan@chpdm.umbc.edu
www.chpdm.org