



UNDERSTANDING MEDICAID IN PENNSYLVANIA 2019

What is Medicaid?

Medicaid is a jointly funded, federal-state health insurance program for low-income populations. Of the roughly \$581.9 billion spent on Medicaid nationally in 2017, ¹ the federal share was 63 percent.² Each state government's share varies; in Pennsylvania, it has been 52 percent annually from fiscal year (FY) 2015 through FY 2019.³

Medicaid Eligibility

All states must meet federal minimum requirements, but can opt for broader eligibility. Pennsylvania's Medicaid program covers children, pregnant women, parents, seniors, and individuals with disabilities, as well as other adults who are eligible for federally assisted income maintenance payments.⁴

The Affordable Care Act (ACA) extended Medicaid eligibility to non-elderly adults with incomes at or below 138 percent of the federal poverty limit (FPL)⁵—during 2019, that is \$35,535 for a family of four.⁶ States that choose to participate in this expansion receive enhanced federal matching payments. Pennsylvania opted to expand its Medicaid coverage during 2015.⁷

Medicaid Services

Federal law requires state Medicaid programs to cover 15 basic services, but states also can choose to cover up to 28 optional benefits.⁸ Pennsylvania covers 24 optional benefits, including prescription drugs, vision, dental, physical therapy, home health, and hospice care.⁹ It also includes the ACA's ten essential health benefits, such as preventive care, as well as expanded mental health and substance use treatment services.¹⁰

Adequacy of Medicaid Payments

HAP commissioned the health care economics and consulting firm Dobson DaVanzo & Associates LLC to complete a report about the adequacy of Medicaid program payments to Pennsylvania hospitals. Based upon fiscal year 2016 data, Medicaid paid only 81.1 cents on the dollar of cost, which resulted in a \$1.2 billion Medicaid payment shortfall.

Medicaid Facts

- While the elderly and people with disabilities comprise only 30 percent of the total Pennsylvania Medicaid population, they account for **78 percent of Medicaid expenditures**.¹¹
- During 2017, **34.2 percent** of Pennsylvania's 137,771 births were funded by Medicaid.^{12,13}

- **Two-thirds** of all nursing home residents are covered by Medicaid.¹⁴
- As of December 2018, approximately **2.8 million people were enrolled in Medicaid in Pennsylvania.**¹⁵
- **More than 750,000 Pennsylvanians have benefited from health insurance coverage under Medicaid expansion,** as of November 2018.¹⁶
- Uncompensated care foregone revenue for Pennsylvania hospitals decreased 29 percent between 2014 and 2017, following Medicaid expansion.¹⁷

Medicaid Myths

Myth 1: Pennsylvania Medicaid is not cost effective.

FACT: Per capita spending in Medicaid is lower compared to private insurers. For example, one study found that Medicaid provides access to comparable care at significantly lower costs and calculated that private insurance costs would be 25 percent higher than Medicaid costs for the same low-income adult.^{18,19}

FACT: Medicaid managed care rate increases have been consistently below the medical trend.

FACT: Nationally, between 2006 and 2013, per enrollee cost growth in Medicaid (1.9%) was lower than the per enrollee cost growth in comparable coverage under Medicare (2.6%), or private health insurance (4.4%).²⁰

Myth 2: The expansion population consists of able-bodied adults who can get private insurance.

FACT: Nearly half (43 percent) of the state's Medicaid expansion population works full or part time, but makes less than the Medicaid eligibility threshold of 138 percent of the FPL.²¹

FACT: Many newly eligible adults suffer from chronic conditions. Between March 2015 and April 2016:

- 31 percent of the expansion population were diagnosed with and/or treated for substance use disorder and/or mental health conditions²²
- 17 percent had a cardiovascular condition; 5% had Type 2 Diabetes²³
- 130,000 newly eligible Medicaid enrollees suffer from substance use disorder, and during 2017, more than 72,000 were diagnosed with opioid use disorder.

Myth 3: Medicaid is a poor-quality program that has little impact on people's health and financial security.

FACT: National studies show that having health insurance coverage under Medicaid has positive impacts on infant, child, HIV, adult, and disease-related mortality, and mental health status/rates of depression.²⁴

FACT: State Medicaid expansions are associated with improved access to preventive care, self-reported improved health (for example, blood pressure screening, flu shots, and annual check-ups), and reduced mortality among adults.²⁵

FACT: Medicaid expansion has led to major improvements in the financial security of eligible low-income adults. For example:

- An estimated 11,700 Pennsylvanians were saved from catastrophic out-of-pocket medical costs because of Medicaid expansion²⁶
- An estimated 37,100 Pennsylvanians did not have to borrow to pay bills or skip payments, thanks to Medicaid expansion²⁷

Myth 4: Pennsylvania Medicaid does not provide access to care to recipients.

FACT: Contractual safeguards require Managed Care Organizations (MCO) to have an adequate network of providers in place to serve their enrollees.²⁸

FACT: 2016 Medicaid surveys and program measures validate that consumers have access to care—76 percent of adults and nearly 86 percent of children report getting an appointment for routine care “usually or always.”²⁹

FACT: Pennsylvania’s Medicaid expansion enrollees gained access to live-saving care, including nearly 230,000 emergency room visits, 425,000 primary care visits and preventive screenings that diagnosed 37,000 instances of cancer.³⁰

Myth 5: Fraud is rampant in Pennsylvania’s Medicaid Program.

FACT: Pennsylvania Medicaid’s error rates in fee-for-service and managed care are well below the national average.³¹

FACT: Pennsylvania’s managed care program includes significant controls to detect and deter fraud, abuse, and waste

References

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