



## Understanding Medicaid in Pennsylvania

*September 2021*

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### What is Medicaid?

Medicaid is a jointly funded, federal-state health insurance program for low-income populations. Of the roughly \$614 billion spent on Medicaid nationally during 2019,<sup>1</sup> the federal share was 63 percent.<sup>2</sup> Each state government's share varies; in Pennsylvania, it has been 52 percent annually from fiscal year 2015 through fiscal year 2021.<sup>3</sup>

### 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.<sup>4</sup>

The Affordable Care Act (ACA) extended Medicaid eligibility to non-elderly adults with incomes at or below 133 percent of the federal poverty limit (FPL)<sup>5</sup>—during 2021, that is \$35,245 for a family of four.<sup>6</sup> States that choose to participate in this expansion receive enhanced federal matching payments. Pennsylvania opted to expand its Medicaid coverage during 2015.<sup>7</sup>

### Medicaid Services

Federal law requires state Medicaid programs to cover 15 basic health care-related services, but states also can choose to cover up to 28 optional benefits.<sup>8</sup> Pennsylvania covers 24 optional benefits, including prescription drugs, vision, dental, physical therapy, home health, and hospice care.<sup>9</sup> 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.<sup>10</sup>

### Adequacy of Medicaid Payments

The Hospital and Healthsystem Association of Pennsylvania (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 the 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.<sup>11</sup>

### 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**<sup>12</sup>
- During 2019, **35.0 percent** of Pennsylvania's 134,247 births were funded by Medicaid<sup>13,14</sup>
- **Two-thirds** of all nursing home residents are covered by Medicaid<sup>15</sup>
- As of February 2021, approximately **3.1 million people were enrolled in Medicaid in Pennsylvania**<sup>16</sup>

- **Approximately 871,000 Pennsylvanians have benefited from health insurance coverage under Medicaid expansion**, as of December 2020<sup>17</sup>
- Uncompensated care foregone revenue for Pennsylvania hospitals decreased 32 percent between 2014 and 2020, following Medicaid expansion<sup>18</sup>

## 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.<sup>19,20</sup>

**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%).<sup>21</sup>

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

**FACT:** During 2018, approximately half of the state's Medicaid expansion population was working full- or part-time, but made less than the Medicaid eligibility threshold of 138 percent of the FPL.<sup>22</sup>

**FACT:** Many newly eligible adults suffer from significant chronic conditions. During 2017, there were more than 130,000 newly eligible Medicaid enrollees with a substance use disorder, and more than 72,000 with an opioid use disorder.<sup>23</sup>

*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 an infant, child, HIV, adult, and disease-related mortality, and mental health status/rates of depression.<sup>24</sup>

**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.<sup>25</sup>

**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 expansion<sup>26</sup>
- An estimated 37,100 Pennsylvanians did not have to borrow to pay bills or skip payments, thanks to Medicaid expansion<sup>27</sup>
- By December 2020, the Medicaid expansion in Pennsylvania increased eligibility to nearly 917,000 individuals<sup>28</sup>

*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.<sup>29</sup>

**FACT:** 2018 Medicaid surveys and program measures validate that consumers have access to care—82 percent of adults and nearly 92 percent of children report getting an appointment for routine care “usually or always.”<sup>30</sup>

**FACT:** Pennsylvania’s Medicaid expansion enrollees gained access to life-saving care, including nearly 230,000 emergency room visits, 425,000 primary care visits, and preventive screenings that diagnosed 37,000 instances of cancer.<sup>31</sup>

**FACT:** The COVID-19 pandemic forced states to increase utilization of telehealth visits by adding temporary authorization of services delivered remotely allowing more people to receive care without having to leave their homes.<sup>32</sup>

*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.<sup>33</sup>

**FACT:** Pennsylvania’s managed care program includes significant controls to detect payments that does not meet statutory, regulatory, or administrative requirements.<sup>34</sup>

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<sup>1</sup> [National Health Expenditure Fact Sheet](#). Centers for Medicare & Medicaid Services. File last updated: 12/16/2020. Last Accessed: 7/27/2021.

<sup>2</sup> HAP’s analysis of NHE Tables, Table 3: National Health Expenditures, by Source of Funds, from CMS, [NHE Fact Sheet](#). Last accessed: 8/16/2021.

<sup>3</sup> [Medicaid’s Federal Medical Assistance Percentage \(FMAP\)](#), Congressional Research Service, July 29, 2020. See Appendix A, *FMAP Rates for Medicaid, By State*, p. 17. Last accessed: 7/27/2021.

<sup>4</sup> [Medical Assistance General Eligibility Requirements](#). Pennsylvania Department of Human Services. Last accessed 7/27/2021. See also: [Pennsylvania Medicaid Program](#). Published by Benefits.gov. Last accessed: 7/27/2021.

<sup>5</sup> [Medicaid Expansion to the New Adult Group](#). Medicaid and CHIP Payment and Access Commission. Last updated: 07/2021. Last accessed: 7/27/2021.

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- <sup>6</sup> [HHS Poverty Guidelines for 2021](#) indicate poverty level is \$26,500 for a family of four; \$35,245 is the Pennsylvania threshold. Data published by U.S. Department of Health & Human Services. Office of the Assistant Secretary for Planning and Evaluation. Last updated: 2/1/2021. Last accessed: 7/27/2021.
- <sup>7</sup> [Governor Tom Wolf Launches Medicaid Expansion in Pennsylvania](#). 2/9/2015. Last accessed: 7/27/2021.
- <sup>8</sup> [Mandatory and Optional Medicaid Benefits](#). Medicaid.gov. Last accessed: 8/3/2021.
- <sup>9</sup> [Department of Public Welfare, Medical Assistance](#). Primer from the House Appropriations Committee. 6/26/2013. Last accessed: 8/3/2021.
- <sup>10</sup> [Information on Essential Health Benefits \(EHB\) Benchmark Plans](#). Centers for Medicare & Medicaid Services, Center for Consumer Information and Insurance Oversight. Last accessed: 8/3/2021.
- <sup>11</sup> Dobson DaVanzo & Associates, LLC. [The Adequacy of Medicaid Program Payments to Hospitals in the Commonwealth of Pennsylvania](#). April 2019. Last accessed: 8/16/2021.
- <sup>12</sup> [Who gets Medicaid?](#) Based upon FY 2018-19 non-federal share spending. Pennsylvania Department of Human Services. Last Accessed: 8/5/2021.
- <sup>13</sup> [Vital Statistics Annual Reports, Birth Report](#). Pennsylvania Department of Health. See Table B-17A, *Resident Live Births by Age of Mother and Principal Source of Payment*, p. 34. Last Accessed: 8/5/2021.
- <sup>14</sup> [Vital Statistics Annual Reports, Birth Report](#). Pennsylvania Department of Health. See Table B-1, *Resident Live Births*, p. 18. Last Accessed: 8/5/2021.
- <sup>15</sup> [Medicaid in Pennsylvania](#). Kaiser Family Foundation. 11/2018. Last accessed: 8/5/2021.
- <sup>16</sup> [February 2021 Medicaid & CHIP Enrollment Data Highlights](#). Medicaid.gov. 04/2021. Last Accessed: 8/5/2021.
- <sup>17</sup> [Department Of Human Services Provides Update On Latest Medicaid...Data](#). Pennsylvania Press Room. Last updated: 12/02/2020. Last accessed: 8/5/2021.
- <sup>18</sup> HAP's analysis of data from Pennsylvania Health Care Cost Containment Council. See [Financial Analysis 2014-Volume One-News Release](#) and [Financial Analysis 2020 – Volume One – News Release](#). Last accessed: 08/25/2021.
- <sup>19</sup> [Medicaid Spending Growth Compared to Other Payers: A Look at the Evidence](#), Kaiser Family Foundation, Medicaid Issue Brief, April 13, 2016. Last accessed: 8/5/2021
- <sup>20</sup> Clemans-Cope L, Long, SK, Coughlin TA, et al. (2013) [The Expansion of Medicaid Coverage under the ACA: Implications for Health Care Access, Use, and Spending for Vulnerable Low-income Adults](#). The Journal of Health Care Organization, Provision and Financing 50:135–149. Last accessed: 8/5/2021.
- <sup>21</sup> [Report to Congress on Medicaid and CHIP](#), Medicaid and CHIP Payment and Access Commission, June 2016. See Table1-1 *Average Annual Growth in Medicaid Spending per Enrollee Compared to Various Benchmarks, 1987-2023*, p. 8. Last accessed: 8/5/2021.
- <sup>22</sup> [Analysis of Length of Stay in Pennsylvania Medicaid Program and the Impact of Medicaid Expansion](#). Pennsylvania Department of Human Services. October 2020. Last accessed: 8/16/2021.
- <sup>23</sup> [Medicaid Expansion Report Update](#), p. 6. Pennsylvania Department of Human Services, 2019. Last accessed: 8/16/2021.
- <sup>24</sup> [Medicaid Spending Growth Compared to Other Payers: A Look at the Evidence](#), Kaiser Family Foundation, Medicaid Issue Brief. 4/13/2016. Last accessed: 8/5/2021.
- <sup>25</sup> [What is Medicaid's Impact on Access to Care, Health Outcomes, and Quality of Care?](#) Kaiser Family Foundation. Issue Brief, 2013. Last accessed: 3/20/2019.
- <sup>26</sup> [Affordable Care Act Pennsylvania Fact Sheet](#), Pennsylvania Insurance Department. Last Accessed: 8/5/2021.
- <sup>27</sup> [Affordable Care Act Pennsylvania Fact Sheet](#), Pennsylvania Insurance Department. Last Accessed: 8/5/2021.
- <sup>28</sup> [Health Coverage Under the Affordable Care Act: Enrollment Trends and State Estimates](#), US Department of Health and Human Services, Assistant Secretary for Planning and Evaluation. Issued: 6/5/2021. Last Accessed: 8/5/2021.

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<sup>29</sup> [Pennsylvania Code, Title 28 Health and Safety, Chapter 9 Managed Care Organizations, Section 9.651.](#)

Last accessed: 8/5/2021.

<sup>30</sup> [2018 External Quality Review Report United Healthcare](#), Pennsylvania Department of Human Services, Office of Medical Assistance Programs, April 2019. See Table 3.12 *CAHPS 2018 Adult Survey Results* and Table 3.13 *CAHPS 2018 Child Survey Results*, p. 45. Last accessed: 8/16/2021.

<sup>31</sup> [Medicaid Expansion Report Update](#), p. 5. Pennsylvania Department of Human Services, 2019. Last accessed: 8/5/2021.

<sup>32</sup> [State Medicaid Telehealth Policies Before and During the COVID-19 Public Health Emergency](#), US Department of Health and Human Services, Assistant Secretary for Planning and Evaluation. Issued: July 2021. Last Accessed: 8/5/2021.

<sup>33</sup> [Payment Error Rate Measurement Initiative](#). Pennsylvania Department of Human Services. Last accessed: 8/5/2021.

<sup>34</sup> [Managed Care Regulatory Compliance Guidelines](#), Pennsylvania Department of Human Services. Last accessed: 8/5/2021.