



What Does a Debate on National Health Care Reform Mean for Medicaid in New York?

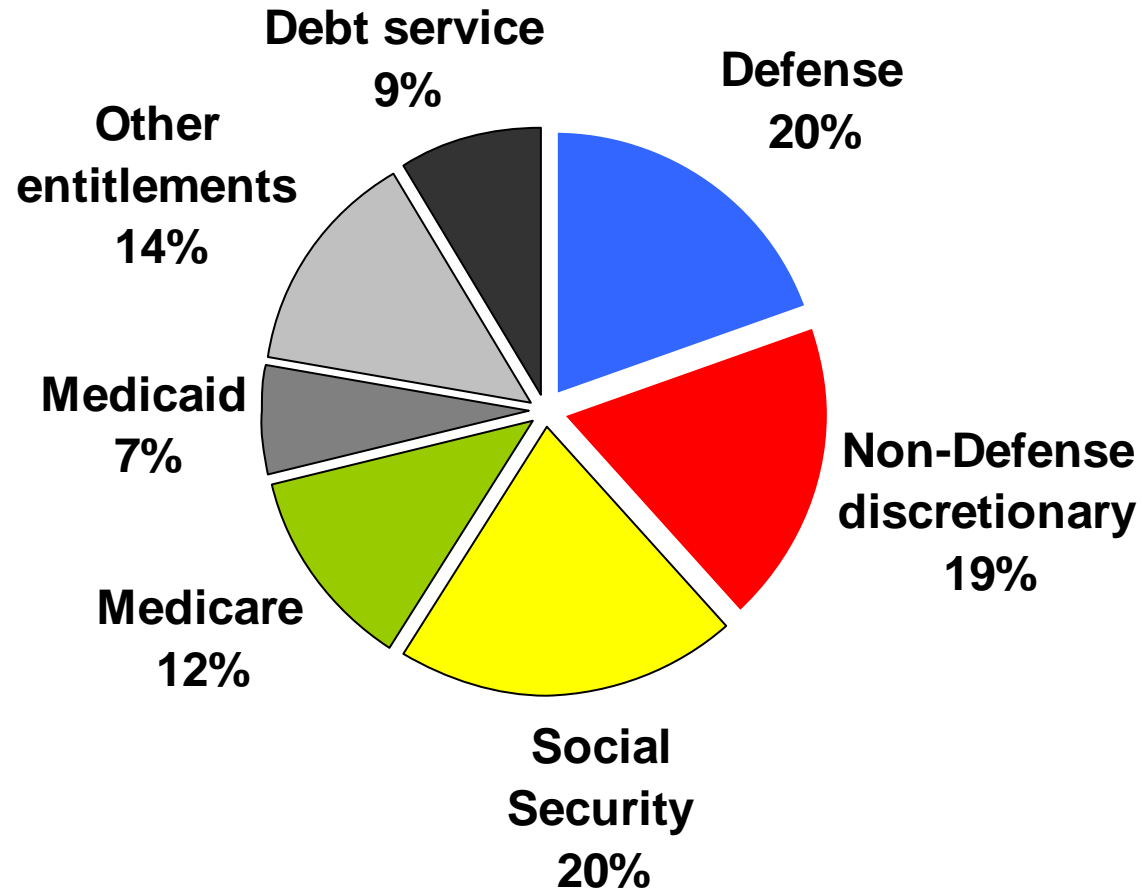
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July 10, 2008

Outline

- **Medicaid's key roles**
- **The national health care reform debate**
- **Medicaid in the coverage debate**

Medicare and Medicaid: one-fifth of the federal budget



\$2,655 billion in gross federal outlays, 2006

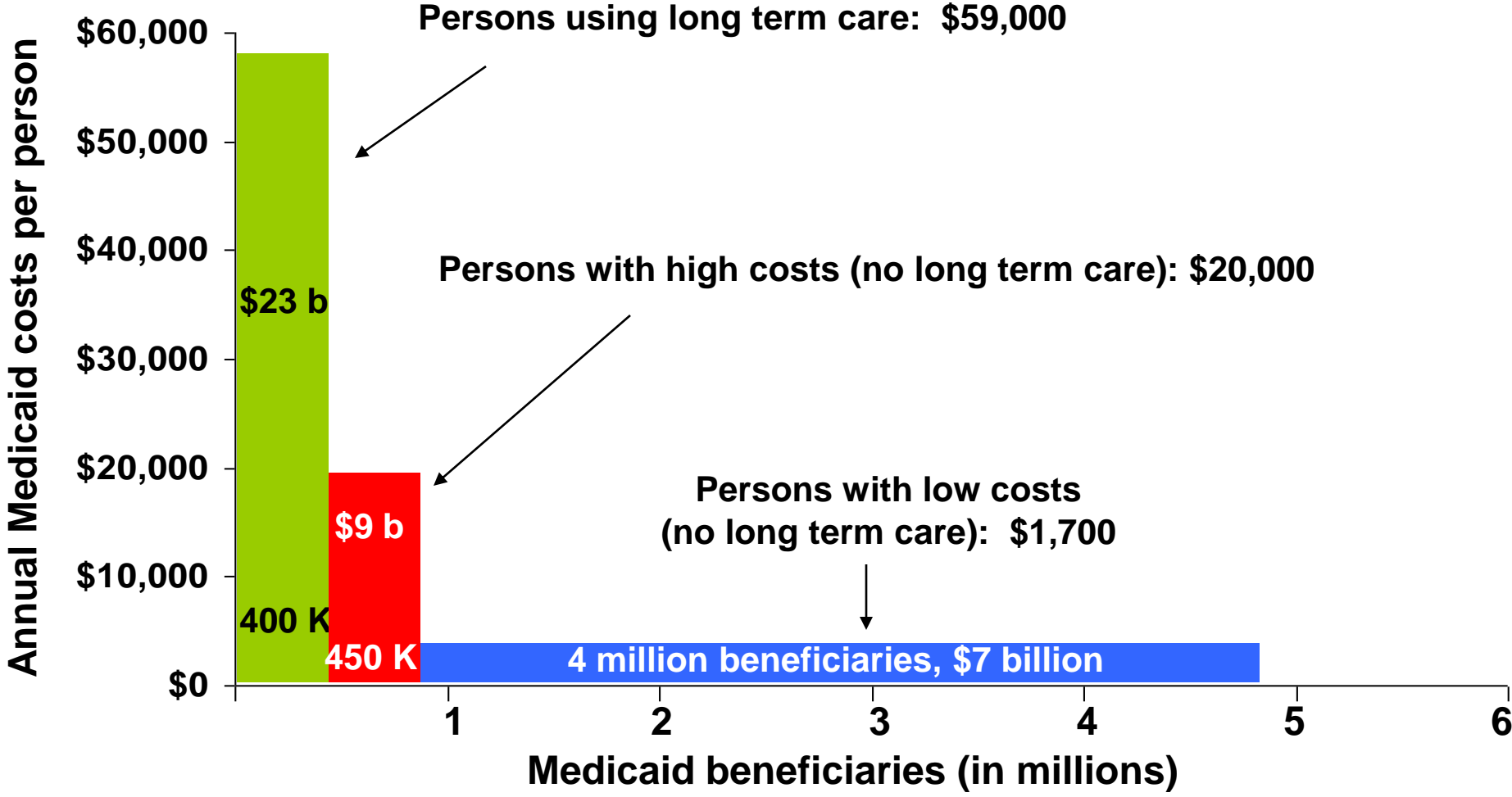
Medicaid's key roles

- **Health insurance for low-income families**
- **Health and long term care for people with physical and mental disabilities**
- **Supplement to Medicare for duals**
- **Major source of long term care financing**
- **Support for safety net providers**

Health insurance for low-income families

- **About one in four New Yorkers (24 percent) are enrolled in Medicaid (and SCHIP).**
- **2.0 million children**
 - **45% of all children in New York State**
- **1.5 million (non-elderly, non-disabled) adults**
 - **Only 600,000 were enrolled in 2001**
- **In addition, over 1 million elderly and disabled enrollees**

Medicaid spending is heavily concentrated on a small minority of beneficiaries; the vast majority of enrollees are low-cost.



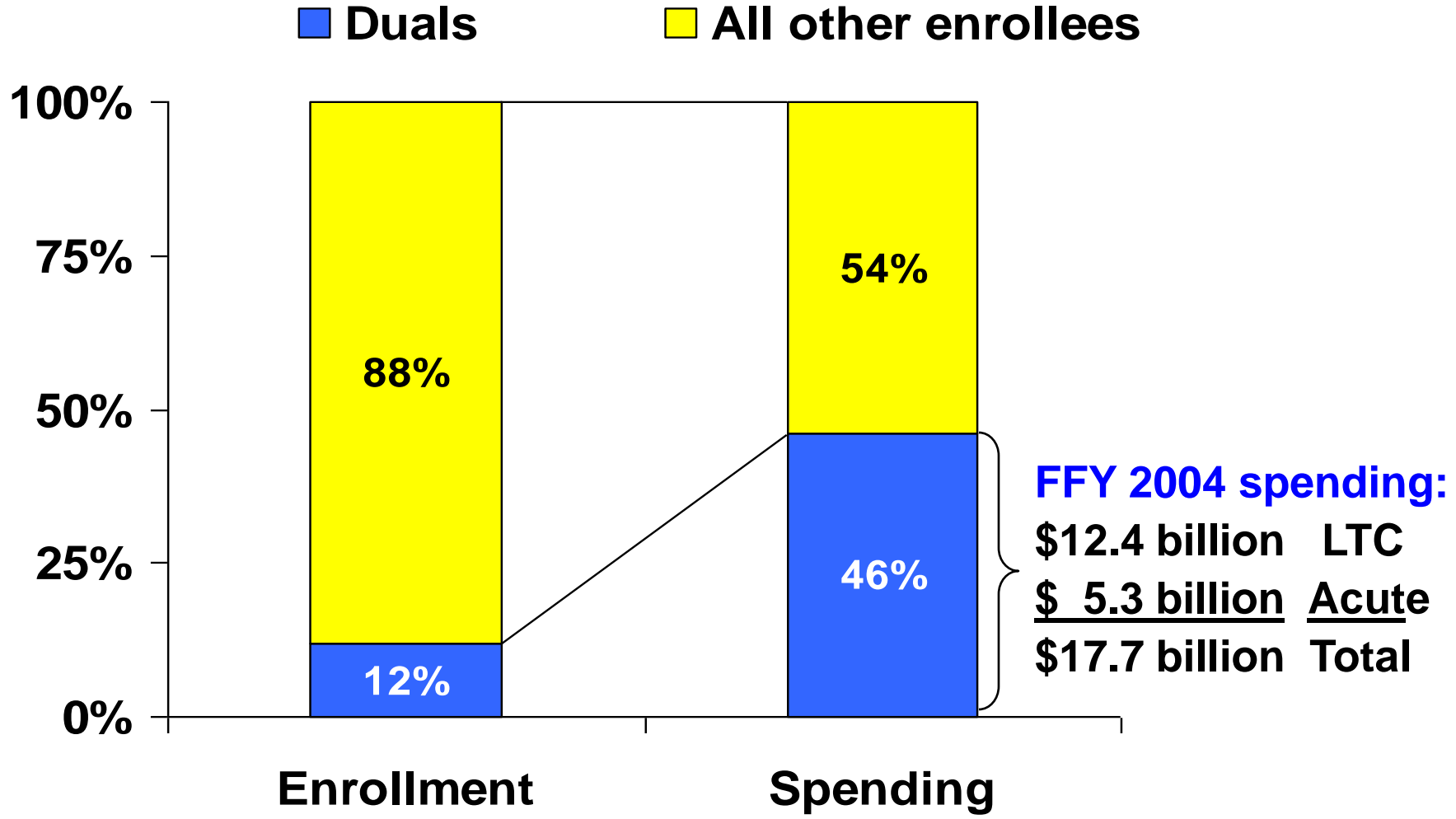
Health and long term care for people with physical and mental disabilities

- **Prevalence of chronic conditions**
 - **Multiple chronic conditions**
 - **Mental illness**
- **Absence of private resources**
 - **Very low incomes and very few assets**
- **Medicaid has different rules**
 - **No waiting periods**
 - **No exclusions for pre-existing conditions**
 - **Few benefit limits for medically necessary services**

Supplement to Medicare for duals

- **For duals, Medicaid is responsible for the services and costs not covered by Medicare.**
- **Medicare covers almost no long term care.**
- **Medicare has a more limited acute care benefit.**
- **Medicare requires significant cost-sharing.**

Supplementing Medicare coverage for duals accounts for more than 40 percent of Medicaid spending in New York.



Major source of long term care financing

- **Medicaid payments account for the majority of nursing home revenue in New York.**
 - **\$6.9 billion in annual payments**
 - **78% of patient days statewide**
- **Apart from family resources, Medicaid is the only major source of financing for intermediate care facilities and home-based services for individuals with mental retardation.**

Support for safety net providers

- **\$13.9 billion in total annual payments to hospitals**
 - **23% of hospitals' net patient revenue statewide**
 - **33% in NYC**
- **\$3.1 billion in disproportionate share hospital (DSH) payments—which help offset the cost of caring for the uninsured—account for 23% of Medicaid's total support for hospitals.**

National health care reform debate

- **Substantial (and continuing) federal budget deficits**
- **Insurance coverage**
 - **Employer or individual**
 - **National or state**
- **Emerging cost and quality debate**
 - **Medicare reimbursement changes**
 - **“Systemness” in health care**
- **The Federal Reserve Board model**
- **Medicaid reform as an afterthought**

Medicaid in the coverage debate

- **Resolve proposed regulatory changes**
- **Reduce state variation**
- **Broaden eligibility, especially for adults**
- **Improve enrollment and retention**
- **Transitions between public and private coverage**
- **Countercyclical financing challenge**

Conclusions

- **National health reform does not focus on Medicaid's special roles.**
- **New York is at the upper end of state variation in Medicaid spending.**
- **New York is entering a period of growing budget deficits.**
- **New York has begun—but not completed—renewal and reform of its Medicaid program.**