

Medicaid's Impact Reaches Beyond Health

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Stefanie served as full-time caregiver to her husband, James, for more than three years before losing him to amyotrophic lateral sclerosis, which is also known as Lou Gehrig's disease. She lost her health coverage when James passed away, leaving her to deal not just with her grief, but with worry about how to take care of her own health. Enrolling in Medicaid coverage eased her worry: "Life always has a way of throwing us unexpected curveballs," she said. "I am so thankful to have peace of mind when it comes to my own health care until I can get back on my feet."

Seventy percent of Americans say that Medicaid has covered their child, other family member or friend, according to the Kaiser Family Foundation.¹ Medicaid brings improved financial security and access to health care to more than 70 million Americans. Six million are seniors, who need Medicaid to pay for services like extended nursing home care, which Medicare does not cover.² Medicaid also covers more than 3 in 10 non-elderly adults in the United States who have physical, developmental and intellectual disabilities and mental illness.³

Originally enacted by the federal government in 1965, along with Medicare, Medicaid expanded access to health coverage for low-income individuals and families. Medicaid, a federal/state partnership, has evolved to provide benefits for low-income children, pregnant women and some families, people with disabilities and people who need long-term care.

The 2010 Affordable Care Act sought to expand Medicaid. In 2012, the U.S. Supreme Court ruled that Medicaid expansion, which provides coverage to low-income adults, was optional for states. To date, 33 states and the District of Columbia have expanded Medicaid to cover more people, and ballot initiatives in 2018 may result in Utah,

Nebraska and Idaho joining the list. In 2017, Maine voters approved a ballot initiative to expand Medicaid, but it has not yet been implemented.

Since Medicaid expansion took effect in 2014, it has, along with other ACA coverage expansions, driven historic increases in the number and percentage of Americans with health insurance. Extensive research shows individuals who gained Medicaid coverage in expansion states are significantly more likely to get preventive care, obtain regular care for chronic conditions and report

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being in good health. These results are consistent with the evidence of Medicaid's impact on other groups that have long been eligible.⁴

Medicaid coverage yields financial benefits to providers as well. Hospitals in states that expanded Medicaid experienced much larger reductions in uncompensated care costs than those in states that did not.⁵ Non-profit hospitals have benefited financially from Medicaid expansion as a result of lower bad debt and charity care and stronger patient volumes.⁶

Medicaid is primarily a health coverage program, but its impact reaches beyond health, particularly for children. The percentage of children who are uninsured in the U.S. has dropped below 5 percent. The availability of Medicaid and its companion program, the Children's Health Insurance Program (CHIP) played a major role in this success.

Medicaid and CHIP coverage help promote children's school readiness. Medicaid and CHIP cover nearly 80 percent of school-age children in poverty.⁷ Children with Medicaid and CHIP have access to doctors' visits and vaccinations that help keep them healthy enough to attend school. As they grow up, children covered by Medicaid and CHIP are more likely to graduate from high school and college.⁸ For children with special health care needs, Medicaid and CHIP cover services like physical and occupational therapy that support their ability to learn in the classroom.

Medicaid has been a driving force behind a national movement toward community-based and away from institutionally provided long-term care. In 1980, Medicaid long-term care was exclusively institutional. Now, 57 percent of Medicaid spending on long-term care funds home and community-based services, and that proportion continues to grow.⁹ By paying for services like personal care aides, attendants to help with activities like dressing or getting out of bed, power wheelchairs, and supportive services that facilitate community-based housing, Medicaid helps make living independently possible for people whose physical or cognitive functions are limited.

As the nation's health care system revamps payment methods to incentivize health care quality, outcomes and more coordinated care, states, plans and providers have been launching Med-

icaid initiatives to pay for value rather than volume. States that are piloting new delivery system reforms range from Massachusetts' Medicaid accountable care organizations to Arizona's efforts to improve integration and coordination of behavioral health services.¹⁰

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Currently, Medicaid plays a leading role in responding to the national epidemic of opioid addiction. Medicaid covers 4 in every 10 of the 1.9 million adults in the U.S. who were addicted to opioids in 2017.¹¹ For people who are addicted, Medicaid covers services including inpatient and outpatient treatment, mental health counseling, prescription drugs and peer support.

For greater access to effective treatment, 24 states have expanded or are seeking federal approval to expand and strengthen the range of Medicaid substance-use disorder treatment options. Virginia, an early leader, found that after implementing its expanded approach, 63 percent more beneficiaries diagnosed with substance-use disorder received a treatment service, and related emergency department visits declined, according to initial evaluation results.¹²

Recently, Medicaid's progress in covering low-income people has run into headwinds. The Trump administration has encouraged states to erect barriers to Medicaid coverage, including taking coverage away from people who do not work or participate in work-related activities for a set number of hours each month, or who do not complete their required Medicaid paperwork on time.

Arkansas is the first state to implement the new work requirements. Initial implementation data show that significant numbers of people did not meet new reporting requirements, and as a result more than 4,000 people lost coverage in September 2018.¹³ There has been a legal challenge to the

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federal government's approval of the Arkansas work requirements; this challenge and others are currently being considered by the courts.

A second, stronger headwind may blow during 2019 if Congress revisits the failed 2017 ambition to repeal the ACA, block-grant Medicaid and phase out Medicaid expansion. Taking away coverage from low-income Americans would reverse recent gains in providing access and health, as well as financial gains for providers.

Funding Medicaid with block grants would put states at risk for health care cost growth, unpredictable costs due to a new treatment or an epidemic or natural disaster, and the growing long-term care costs that will be incurred by the aging U.S. population. Under a block grant, if states are unable to handle these costs, they will need to choose between raising taxes, cutting other state programs or cutting Medicaid.

Missing from recent policy debates are solutions to the real issues that Medicaid and the rest of the health care system need to tackle. States increasingly are concerned about the high cost of prescription drugs. In particular, high prices for new drugs entering the market are testing Medicaid's drug purchasing power, which historically has driven better deals than Medicare or private insurers can negotiate.

As a country, we also need to identify better ways to address such social factors as access to nutrition, affordable housing and transportation that underpin the health of low-income families, seniors and people with disabilities. Finally, a top priority for the U.S. health care system should be continuing progress in adopting expansion in the 17 states that have not yet done so.

The work ahead is to deliver on practical solu-

tions to the real and complex problems that face the health care system and the low-income people who depend on it.

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NOTES

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