

Facts About Medicaid in Pennsylvania



Medicaid-At-A-Glance

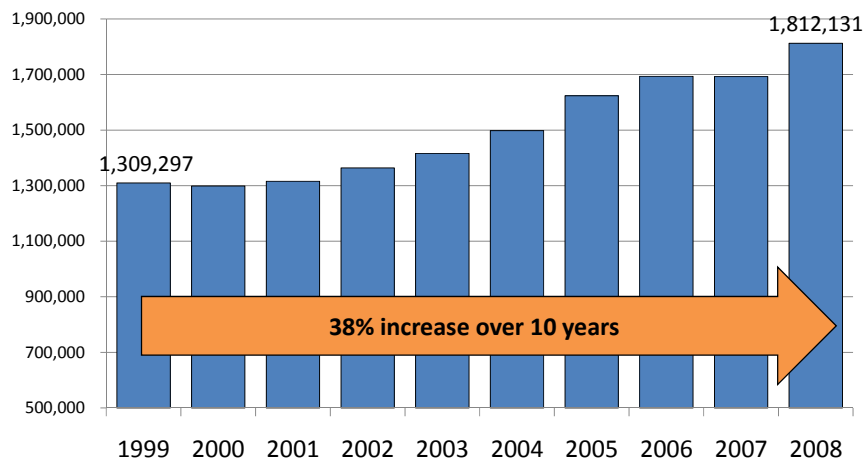
Medicaid is funded by both the federal and state government, and provides safety net health care to the elderly, the disabled, low-income children, and families who are eligible financially and have no insurance. The Pennsylvania Medicaid program is called **Medical Assistance**.

- Medicaid accounts for 30 percent of the state’s budget¹ and covers 14 percent of Pennsylvanians, or 1.8 million individuals.
- In addition to providing primary and hospital care, Medicaid functions as the **main payer** of nursing home and other long-term care.

Medicaid enrollment rises when the economy is weak due to rising unemployment and declining incomes, requiring state funding of these increases in enrollment to sustain access to health care.

- In the midst of the economic downturn, Pennsylvania Medicaid spending and enrollment continued to grow in 2008, and is expected to grow faster in 2009.
- On average, Medicaid comprises 11 percent of a hospital’s net patient revenue.²
- Cutting this safety-net health insurance program will have a devastating impact on millions of vulnerable people and the state’s economy.

Medicaid enrollment continues to grow in Pennsylvania . . .



Source: DPW, Client Information System, "Cash/Medical Statistical Analysis", #ARM568RO5

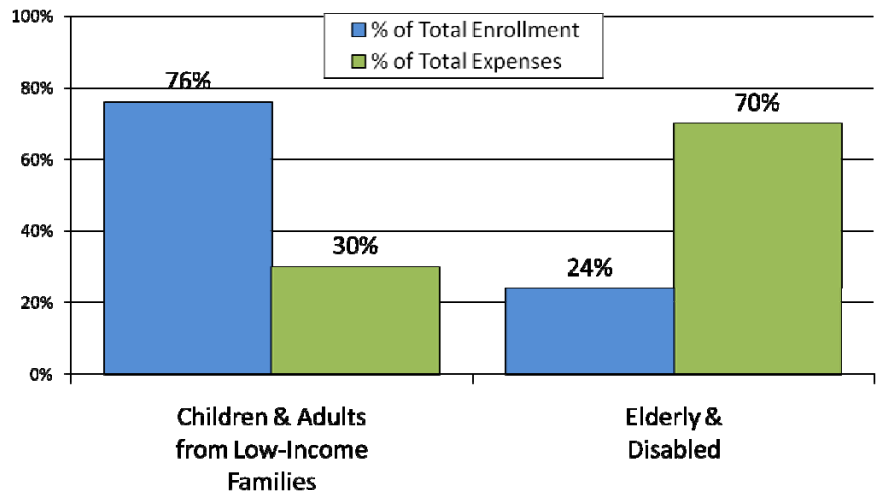
Facts About Medicaid in Pennsylvania

In Pennsylvania, senior citizens and people with disabilities comprise one-third (34%) of Medicaid recipients, and account for more than 70 percent of the state’s Medicaid spending. The majority of these people has chronic and complex medical conditions and cannot secure jobs.

- Medicaid finances the care of 65 percent of all Pennsylvanians being cared for in nursing homes.
- Medicaid fills in gaps in Medicare coverage, including outpatient prescription drugs and cost-sharing for almost 320,000 low-income elderly and disabled people who are enrolled in both Medicare and Medicaid.

- Many of the nations’ sickest and frailest people depend on Medicaid for their health coverage and care. Although these enrollees make up a smaller share of the Medicaid population, spending is focused on them. The one percent of Medicaid enrollees with the highest health and long-term care costs accounted for one-fourth (25%) of Medicaid spending and the highest five percent accounted for more than half (57%) of all Medicaid spending.³

Nationwide Medicaid Enrollment & Spending



Source: Kaiser Commission on Medicaid & The Uninsured, *The Medicaid Program At A Glance*, November 2008

- Medicaid funds two of every five births in the United States (41%) each year; in **Pennsylvania**, Medicaid funds one of every three births (30%).⁴
- Nationally, more than one in four children (28%), including over 60 percent of poor children and 40 percent of those near poverty rely on the program for coverage. In **Pennsylvania**, 24.9 percent of all children are insured by the Medicaid program.⁵

These are our most vulnerable populations of people—maintaining Medicaid is essential.

Facts About Medicaid in Pennsylvania

Cutting Medicaid spending during an economic crisis can worsen the economy—Medicaid spending generates economic activity.

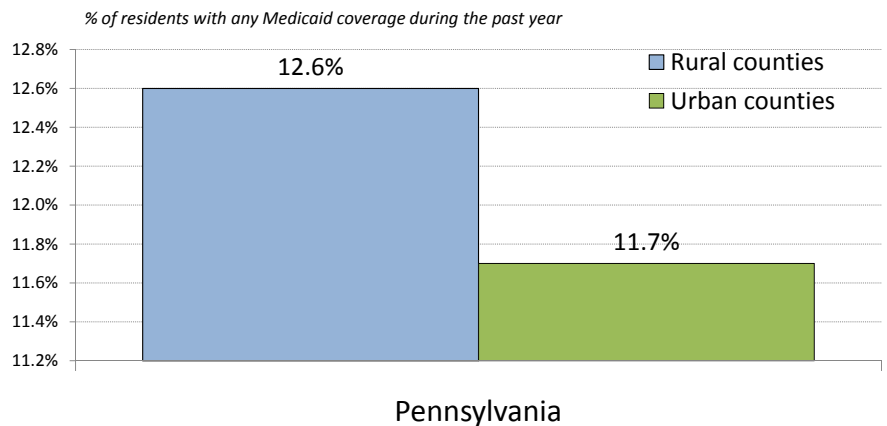
- **Medicaid is the largest form of a federal grant to states.** In Pennsylvania, currently the federal government pays 54 percent of Medicaid costs, as a result, any cuts to Medicaid payments would affect communities and economies.
 - For every \$1 million that Pennsylvania decreases in Medicaid state spending, an additional \$1.2 million in federal funding is lost; additionally, the commonwealth would lose \$2.7 million in business activity, 22 jobs, and \$950,000 in salaries and wages.⁶
- In addition to providing health care coverage, **Medicaid spending generates economic activity at the state level.** Medicaid funding supports jobs and generates income and tax revenues within the health sector and other sectors of the economy due to the multiplier effect. Medicaid’s economic impact is intensified because of federal matching dollars.
- Reductions in state spending for Medicaid would result in declines in federal dollars, for example, a state with a 60 percent federal match must cut Medicaid spending by \$2.40 to save \$1 in state Medicaid spending. **Cutting Medicaid during an economic downturn will worsen the state economy.**
- In addition, Medicaid’s ability to reduce the burden of uncompensated care, especially in an economic downturn, relieves the pressure on other parts of state’s and local government’s budgets.

Sustaining Medicaid is an economic investment.

A significant percentage of the Medical Assistance insured population in Pennsylvania resides in more rural counties.

- Medicaid provides health coverage to a larger share of the population in rural areas than in urban areas.
- Medicaid is a critical source of income for rural health care providers who contribute to the economic development in rural communities.⁷

In many states, including Pennsylvania, the share of total persons covered by Medicaid is higher in rural counties than in urban counties.

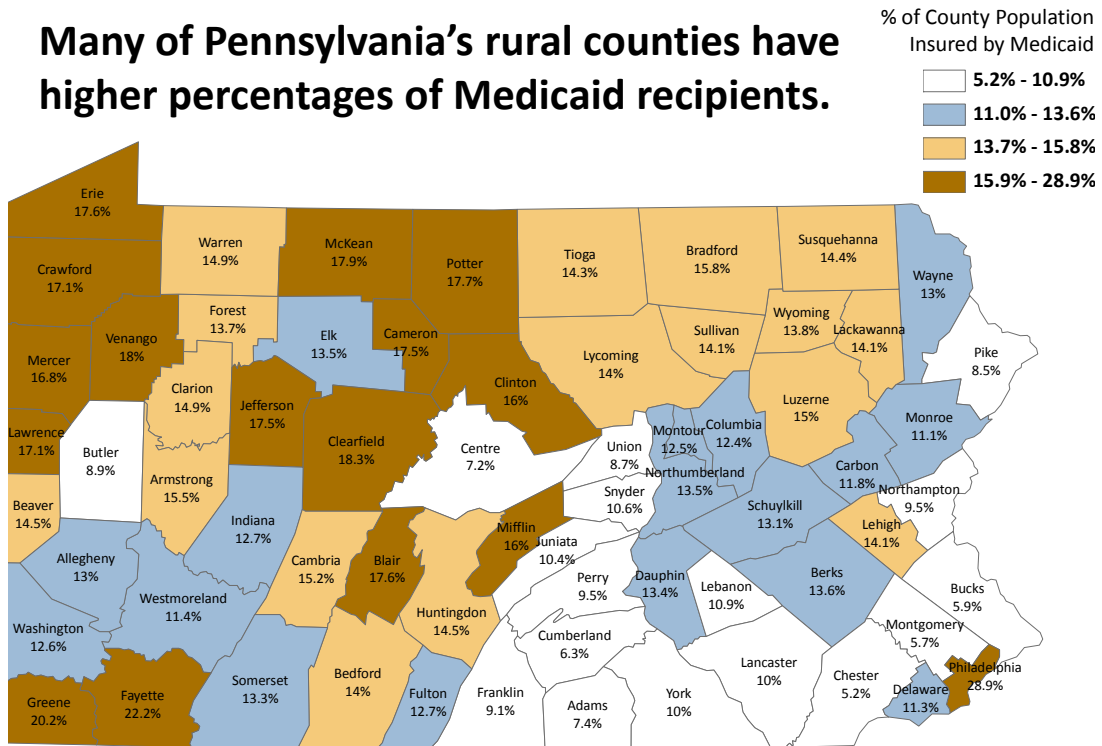


Source: UNC Rural Health Research & Policy Analysis Center, “State Profiles of Medicaid & SCHIP in Rural and Urban Areas,” 2007



Facts About Medicaid in Pennsylvania

Many of Pennsylvania's rural counties have higher percentages of Medicaid recipients.



Source: Data from Pennsylvania DPW, Client Information System, "Cash/Medical Statistical Analysis", #ARM568RO5, map compiled by HAP

Summary:

- Medicaid means health care for Pennsylvania's most vulnerable populations of people—the elderly, persons with disabilities, pregnant women, and children.
- Federal and state Medicaid spending contributes to local economies.
- All regions of Pennsylvania benefit from Medicaid funding; Pennsylvania's rural counties have higher percentages of Medicaid enrollment than do urban counties.

Notes:

¹Medicaid Expenditures as a Percent of Total Expenditures, FY2008, National Association of State Budget Offices (NASBO), 2007 State Expenditure Report.

²HAP analysis of Pennsylvania Health Care Cost Containment Council data

³Kaiser Commission on Medicaid & The Uninsured, "The Medicaid Program At A Glance," November 2008.

⁴Kaiser Family Foundation, www.statehealthfacts.org

⁵U.S. Census Bureau, Health Insurance Table #HIA-5, 2007

⁶Families USA, analysis/economic model from U.S. Department of Commerce. www.familiesusa.org, April 2008

⁷UNC Rural Health Research & Policy Analysis Center, "State Profiles of Medicaid & SCHIP in Rural and Urban Areas," 2007