

Medicaid in Louisiana: Improving Health, Protecting Children

By Steve Spires

This is the first of two papers providing basic information about Louisiana’s Medicaid program. It is intended as a primer for policymakers, the media and the general public as the program prepares for rapid change: a privatized managed-care program being launched in 2012, and federal health-care reforms that will be implemented beginning in 2014.

...

Introduction

Louisianans, on average, are poorer and less healthy than other Americans. But they would be even worse off if not for Medicaid, the federal-state program that finances health-care services for the elderly, disabled and families with low incomes. Medicaid improves health and reduces financial hardship for thousands of Louisiana families.

Two major national surveys rank Louisiana 49th in various measures of health and well-being, behind only Mississippi.¹ Louisianans suffer from above-average rates of obesity, smoking, diabetes and other chronic conditions that shorten life-spans and decrease quality of life.

Nearly 20 percent of Louisiana residents are poor,² with annual income below the federal benchmark of \$22,350 for a family of four. One-quarter of non-elderly adults lack health insurance, making it likely they have no regular primary care physician and delay needed health care, worsening their conditions.³

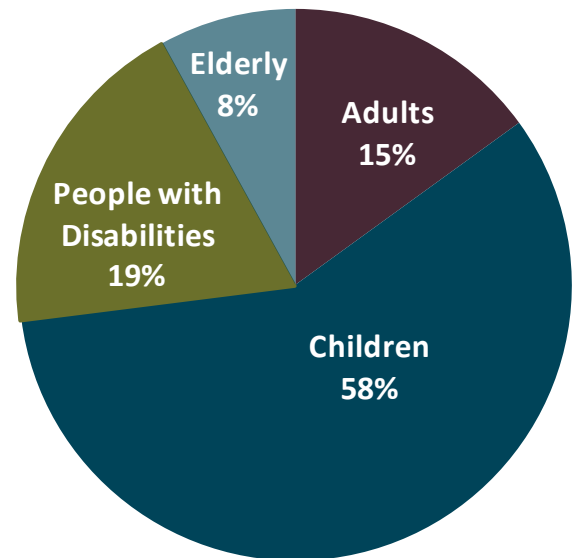
The positive impact of Medicaid is particularly dramatic in coverage for children, who are far more likely to be eligible for the program than adults. While 25 percent of Louisiana adults are uninsured, only 5.5 percent of Louisiana kids lack coverage, compared to a national rate of 8 percent. Expansions in Medicaid have increased annual children’s enrollment by 300,000 over the past decade, cutting the uninsured rate by more than half.⁴

More than 1.3 million Louisianans—around 30 percent of the population—were able to get the health care they needed in 2010 thanks to Medicaid. About 60 percent were 18 or under.⁵

Over the years, Medicaid has plugged other gaps in Louisiana’s health care system. For example, the federal Medicare program (which provides health care to people over the age of 65) often does not pay for nursing home care. Medicaid covers most nursing home care in Louisiana for seniors and people with disabilities.⁶

Last year, Medicaid covered nearly a quarter million Louisianans with disabilities, and another 100,000 people over 65. It also helps thousands of low-income seniors pay their Medicare premiums and prescription drug costs.

Most In Medicaid Are Children



A Closer Look at Eligibility and Enrollment

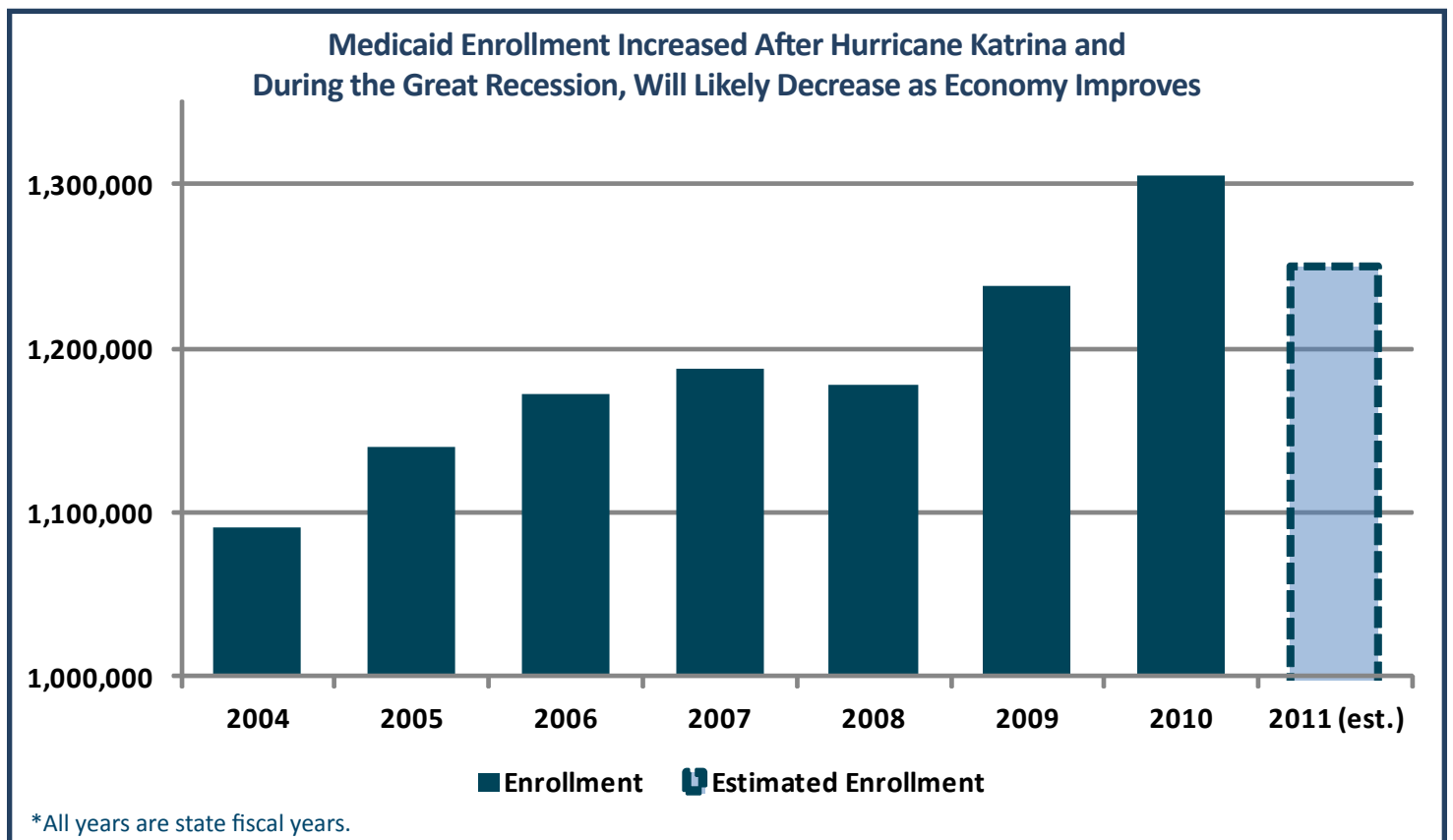
Federal law sets basic income eligibility levels, but states have the option to expand coverage to additional groups with higher incomes, which Louisiana has done numerous times for children, pregnant women, and people with disabilities.⁷

Income is key to Medicaid eligibility. Certain groups, like children and pregnant women, can have higher family incomes than other adults and qualify for coverage. Childless adults are excluded altogether, regardless of income, unless they are disabled.

Not everyone who gets health care through Medicaid starts out poor. In the case of seniors who require nursing home care, many were middle-class until they spent so much of their own income and assets that they qualified for Medicaid.⁸

The program covers a diverse population, and some patients cost more than others. For example, the average child insured through Medicaid in 2010 cost Louisiana \$1,690, compared to more than \$11,000 for a disabled person. Seniors and people with disabilities are more likely than children to have serious health conditions that require more expensive care.⁹

Medicaid is especially important during economic downturns, because when people lose their jobs, they often lose their health insurance. During the most recent recession, Louisiana's unemployment rate doubled¹⁰ and Medicaid enrollment increased by 11 percent.¹¹ Medicaid is more effective at helping children than adults during an economic crisis because parents face stricter eligibility limits and childless adults generally are not eligible at all. This will change starting in 2014, when Medicaid will expand to cover everyone below 133 percent of the federal poverty level as part of national health insurance reform.



Medicaid Expansions Significantly Increased Coverage for Children

For many years, Louisiana kept its Medicaid income eligibility at the federal minimum. However, between 1998 and 2003, the state expanded coverage to children and to pregnant women at relatively higher income levels, through the Louisiana Children’s Health Insurance Program (LaCHIP) and LaMOMS. In 2010, 157,000 children—many from low-income working families—were enrolled in LaCHIP, and LaMOMS enrolled 68,000 pregnant women. That year, Medicaid paid for 70 percent of all Louisiana births.¹²

The expansion of children’s coverage has been a success story. From 2003 to 2010, the percentage of children in the state without health insurance coverage fell to 5 percent from 11 percent,* mostly due to Medicaid and LaCHIP expansions.¹³ Thanks to Medicaid, the percentage of children without insurance did not rise during the recent Great Recession. In fact, from 2008 to 2010 it continued to decline, as Medicaid and LaCHIP offset the loss of employer-sponsored coverage.¹⁴ “The Medicaid/LaCHIP program shields children from the effects of poverty,” drastically reducing disparities in children’s health coverage due to income and race, a 2009 study of health insurance in Louisiana by researchers at LSU found.¹⁵ Altogether, in 2010 around three of every five Louisiana children relied on Medicaid or LaCHIP for health care at some point during the year.¹⁶

Medicaid Coverage Improves Health Outcomes

Medicaid provides a package of benefits, including doctor visits, inpatient and outpatient hospital services, X-ray and laboratory services, prescription drug coverage, nursing home and long-term care.¹⁷ There are no premium payments or co-pays in most instances.¹⁸

Medicaid also provides specialized services such as early screenings and recommended immunizations for children (known as KIDMED). As part of KIDMED, the state set up a database to record immunizations and gave bonus payments to doctors who increased the immunization rate of their patients.¹⁹ The initiative appears to have paid off.²⁰ In contrast to its low national rankings in other health areas, Louisiana is 5th in the percentage of children who have received recommended immunizations and 6th in the percentage of kids who have received developmental screenings.²¹ Last year, nearly 400,000 Louisiana children received KIDMED services.²²

Medicaid has measurable positive effects on health and well-being. A landmark study conducted in Oregon shows that Medicaid recipients are more likely than people without insurance to receive preventive care, have a regular primary care physician, and take necessary prescription drugs.²³ They also report a better overall state of well-being, were less likely to show signs of depression, and less likely than the uninsured to face financial troubles due to medical bills. This last finding is good news for medical providers as well, since it reduces the likelihood that bills will go unpaid.²⁴

Health Care Reform Will Help Louisiana

When the 2010 federal health reform law takes full effect, more than 500,000 Louisianans who otherwise would not have health insurance will be eligible for some type of coverage, most of them through the expansion of Medicaid.²⁵ That includes parents, who will be eligible at higher income levels than the current rules allow, and childless adults who will be covered for the first time if they have annual incomes up to 133 percent of the federal poverty line (\$14,484 in 2011). Parents making up to 133 percent of the federal poverty line (\$29,726 for a family of four in 2011) will also be eligible,²⁶ compared to an income limit of only 15 percent of the federal poverty line today (\$3,353).²⁷

Most of the expansion will be federally financed. For the first three years, the federal government will pay the entire cost for newly eligible participants, with the state beginning to chip in after that. Even when fully implemented, the federal government will still pay 90 percent of the cost of the expansion in 2020 and beyond.²⁸

* According to the U.S. Census Bureau’s American Community Survey (ACS), which began to track health insurance status in 2008, the percentage of uninsured children in Louisiana was 7.2 percent in 2008, 6.5 percent in 2009, and dropped to 5.5 percent in 2010. The LSU and ACS data differ slightly due to differences in methodology. However, both surveys together show a steady downward trend in the percentage of uninsured children over the last decade.

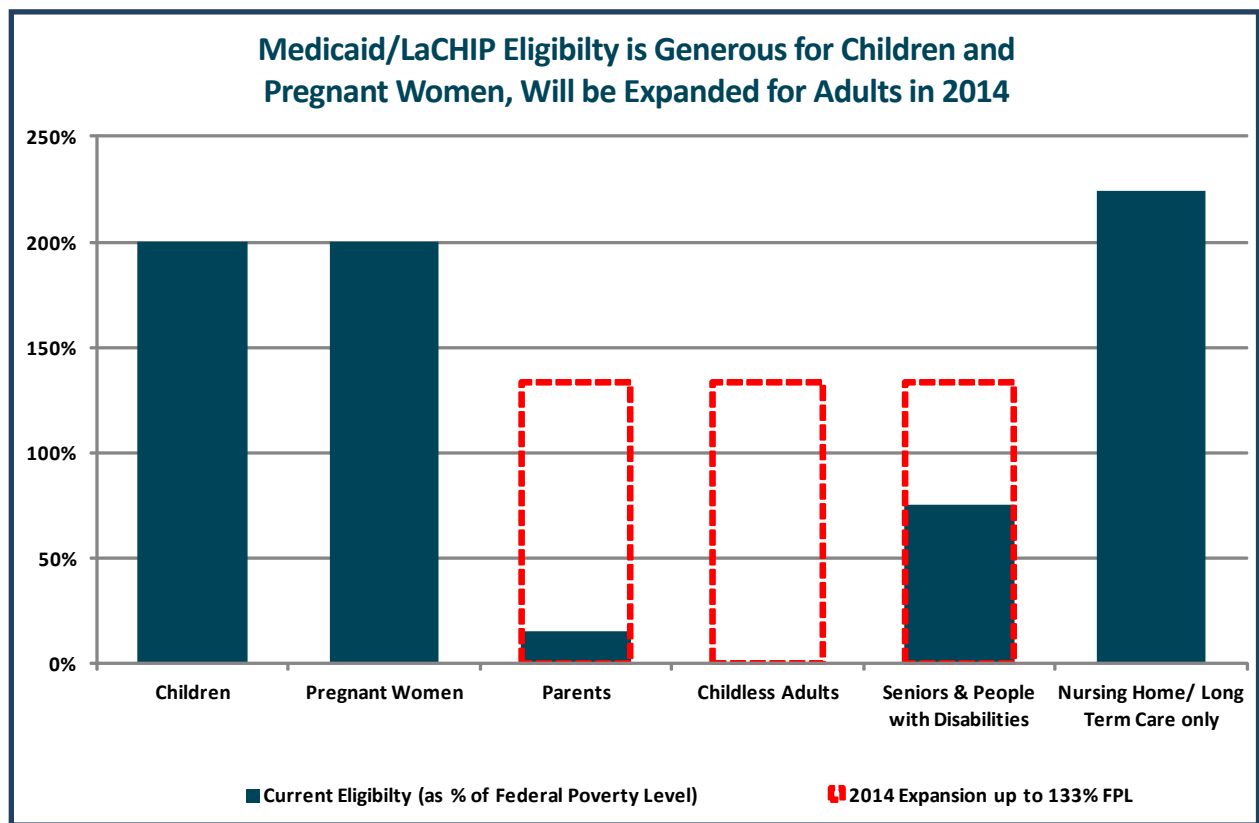
Conclusion

Medicaid is the major source of health care for nearly 30 percent of Louisianans. It provides medical services for hundreds of thousands of Louisiana’s children, pregnant women, low-income seniors and people with disabilities. It is effective in reducing the number of Louisianans who lack insurance coverage, and has been shown to improve health and quality of life.

Expanding Medicaid as part of federal health care reform in 2014 will lead to further benefits for Louisiana, as thousands more will gain access to health insurance.

Children’s coverage, in particular, is a concrete example of Medicaid’s success. Louisiana’s Medicaid expansion for kids cut the number of uninsured children by more than half, and the state now performs relatively better on children’s health rankings than adults’.

The bottom line is that without Medicaid, the number of Louisianans lacking access to health care would significantly increase, and the health and well-being of the state’s population would suffer.



This paper was produced, in part, through the generous support of the Greater New Orleans Foundation. Supported, in part, by a grant from the Open Society Foundations.

About the Louisiana Budget Project

The Louisiana Budget Project (LBP) provides independent, nonpartisan research and analysis of Louisiana fiscal issues and their impact on Louisiana families and businesses. We seek to bring wider prosperity to Louisiana through a deeper understanding of the state budget, broadening fiscal policy debates, and increasing public participation in decision-making. As part of the State Fiscal Analysis Initiative’s 42 state budget projects that are coordinated by the national Center on Budget and Policy Priorities, we uphold a commitment to issuing work that is Credible, Timely, and Accessible.

End Notes

- ¹ “The Commonwealth Fund. *Commonwealth Fund State Scorecard on Health System Performance, 2009*. http://www.commonwealthfund.org/~media/Files/Chart%20Maps/2009%20State%20Scorecard/Louisiana_combined_tables_v2.pdf; United Health Foundation. *America’s Health Rankings, 2010*. <http://www.americashealthrankings.org/yearcompare/2009/2010/LA.aspx>
- ² U.S. Census Bureau. *2010 American Community Survey 1-Year Estimates, Louisiana--Selected Economic Characteristics*. September 22, 2011. <http://www.labudget.org/lbp/wp-content/uploads/2011/09/New.Louisiana-2010-American-Community-Survey-Selected-Economic-Characteristics.pdf>
- ³ U.S. Census Bureau. *2010 American Community Survey 1-Year Estimates, Louisiana—Health Insurance Coverage Status*. September 22, 2011. <http://www.labudget.org/lbp/wp-content/uploads/2011/12/ACS-2010-LA-HICS.pdf>
- ⁴ Barnes et al. “Louisiana’s Uninsured Population: A Report from the 2009 Louisiana Health Insurance Survey.” LSU Public Policy Research Lab & EJ Ourso College of Business (sponsored by the Louisiana Department of Health and Hospitals). December 2009. <http://new.dhh.louisiana.gov/assets/medicaid/LHIS/2009LHIS/2009LHISReportFeb.pdf>
- ⁵ Louisiana Department of Health and Hospitals. *Louisiana Medicaid Annual Report: State Fiscal Year 2009/10*. http://new.dhh.louisiana.gov/assets/medicaid/AnnualReports/Medicaid_09_10_Web.pdf
- ⁶ Louisiana Budget Project analysis of Centers for Medicare & Medicaid Services, *National Health Expenditure Data, by State of Residence and State of Provider, 1991-2004*. https://www.cms.gov/NationalHealthExpendData/05_NationalHealthAccountsStateHealthAccountsResidence.asp#TopOfPage
- ⁷ Linehan, Kathryn. “The Basics: Medicaid Eligibility and Benefits.” National Health Policy Forum. January 28, 2011. http://www.nhpf.org/library/the-basics/Basic_Medicaid_01-28-11.pdf
- ⁸ “Medicaid Financial Eligibility: Primary Pathways for the Elderly and People with Disabilities,” Kaiser Commission on Medicaid and the Uninsured. February 2010. <http://www.kff.org/medicaid/upload/8048.pdf>
- ⁹ Louisiana Department of Health and Hospitals. *Louisiana Medicaid Annual Report: State Fiscal Year 2009/10*.
- ¹⁰ U.S. Bureau of Labor Statistics. *Local Area Unemployment Statistics (LAUS), Unemployment Rates for States*. <http://data.bls.gov/timeseries/LASST22000003>
- ¹¹ Louisiana Budget Project analysis of Louisiana Department of Health and Hospitals annual enrollment data. <http://new.dhh.louisiana.gov/index.cfm/newsroom/detail/1699>
- ¹² Louisiana Department of Health and Hospitals. *Louisiana Medicaid Annual Report: State Fiscal Year 2009/10*.
- ¹³ Barnes et al (2009).
- ¹⁴ U.S. Census Bureau. *2010 American Community Survey 1-Year Estimates, Louisiana--Selected Economic Characteristics*.
- ¹⁵ Barnes et al (2009).
- ¹⁶ Louisiana Budget Project analysis of Louisiana Department of Health and Hospitals enrollment data by age and U.S. Census Bureau, Population Estimates Program data: <http://www.census.gov/popest/data/intercensal/state/ST-EST00INT-02.html>
- ¹⁷ Louisiana Department of Health and Hospitals. *Medicaid Services Chart*. July 2011. http://new.dhh.louisiana.gov/assets/medicaid/MedicaidServicesChartJuly2011rev8_17_11.pdf
- ¹⁸ Linehan (2011).
- ¹⁹ Gregory, Don and Clayton Williams. Louisiana Department of Health and Hospitals. *Memorandum: Immunizations Provided in Primary Care Provider Offices*. February 9, 2011. <http://www.la-kidmed.com/Downloads/ImmunizationP4PMemo.pdf>
- ²⁰ U.S. Centers for Medicare & Medicaid Services. *Medicaid and SCHIP Promising Practices: Louisiana Immunization Pay-for-Performance Initiative*. June 18, 2008. <http://www.labudget.org/lbp/wp-content/uploads/2011/12/00-CMS-promising-practices-LA-p4p-2008.pdf>
- ²¹ The Commonwealth Fund. *Commonwealth Fund State Scorecard on Child System Performance, 2011*. http://www.commonwealthfund.org/~media/Files/Chart%20Maps/Child%20Health%20Scorecard/LA_profile.pdf
- ²² Louisiana Department of Health and Hospitals. *Louisiana Medicaid Annual Report: State Fiscal Year 2009/10*.
- ²³ Finkelstein et al. “The Oregon Health Insurance Experiment: Evidence from the First Year (NBER Working Paper No. 17190).” National Bureau of Economic Research. July 2011. <http://www.nber.org/papers/w17190>

- ²⁴ Kolata, Gina. "First Study of Its Kind Shows Benefits of Providing Medical Insurance to Poor." *New York Times*. July 7, 2011. http://www.nytimes.com/2011/07/07/health/policy/07medicaid.html?_r=1&emc=tnt&tntemail0=y
- ²⁵ Buettgens et al. "Health Reform Across the States: Increased Insurance Coverage and Federal Spending on the Exchanges and Medicaid." The Urban Institute. March 2011. <http://www.urban.org/UploadedPDF/412310-Health-Reform-Across-the-States.pdf>
- ²⁶ "Medicaid and Children's Health Insurance Program Provisions in the New Health Reform Law." Kaiser Family Foundation. April 2010. <http://www.kff.org/healthreform/upload/7952-03.pdf>
- ²⁷ Louisiana Department of Health and Hospitals. *Louisiana Medicaid Annual Report: State Fiscal Year 2009/10*.
- ²⁸ "Medicaid and Children's Health Insurance Program Provisions in the New Health Reform Law." Kaiser Family Foundation.