

Medicaid at 50

A Louisiana Success

By Steve Spires
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Louisiana Budget Project



Fifty years ago this month (July 30, 1965), President Lyndon Johnson signed the law that created Medicaid. While the program has evolved over the years as the country’s health needs changed, its creation transformed health care for millions of Americans as seniors, people with disabilities, children, pregnant women and parents from low-income families gained better access to health care and more economic security. In a state like Louisiana—with low wages, high rates of poverty, and not nearly enough jobs that offer health insurance—Medicaid has been especially vital. It is hard to imagine what the state of health care and quality of life in Louisiana would be without Medicaid.

Crucial source of coverage

Medicaid provides essential health coverage to 1.4 million Louisianans —around 30 percent of our citizens — who need health care services but can’t afford private coverage. More than half of enrollees are children from low-income families, while seniors and people with disabilities comprise another 26 percent. Like most private insurance plans, Medicaid covers basic doctor visits, inpatient hospital stays and outpatient visits, behavioral health care, lab work and prescription drug coverage.

“White and black children in Louisiana are insured at nearly identical rates because of Medicaid.”

Medicaid pays for 70 percent of the births in Louisiana and 70 percent of the nursing home beds, including for many middle-class seniors who

About LBP

The Louisiana Budget Project (LBP) monitors and reports on public policy and how it affects Louisiana’s low- to moderate-income families.

LBP was formed in 2006 by the Louisiana Association of Nonprofit Organizations (LANO) and is among more than 40 state-level policy organizations that participate in the State Priorities Partnership, coordinated by the Center on Budget and Policy Priorities.

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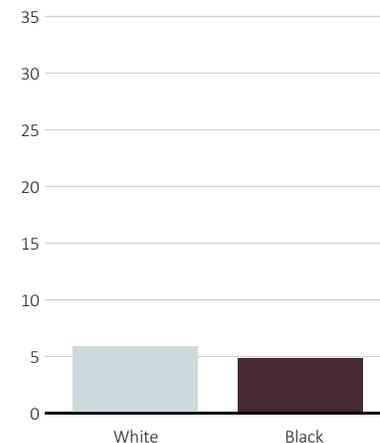
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Medicaid expansion for children has reduced racial disparities

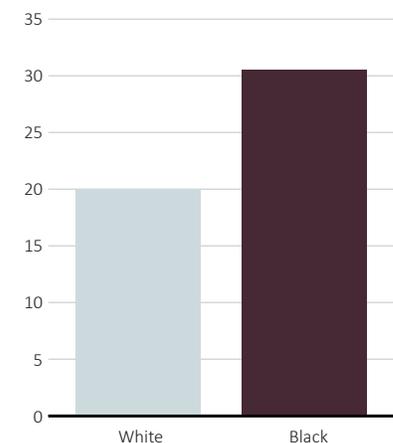
Under 18

Percent uninsured



Age 18-64

Percent uninsured



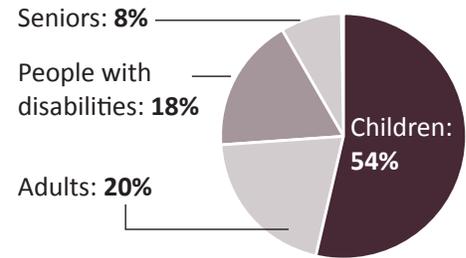
Source: LBP analysis of U.S. Census Bureau data

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spent down their financial resources before turning to Medicaid. In recent years, a series of innovative Medicaid “waivers” has given tens of thousands of Louisianans with disabilities the ability to live in their homes and communities, instead of being institutionalized. Medicaid is the largest provider of long-term care for seniors and people with disabilities, and the largest source of funding for our charity hospitals.

Medicaid has successfully reduced stark racial disparities in health coverage among children. White and black children in Louisiana are insured at nearly identical rates because of Medicaid. But among adults—most of whom are not eligible for Medicaid regardless of income—large racial gaps in coverage (and health outcomes) persist. Without Medicaid, health care inequality would be far worse than it is today.

Most Medicaid enrollees are children



Source: DHH
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Medicaid and the economy

Annual cost per beneficiary

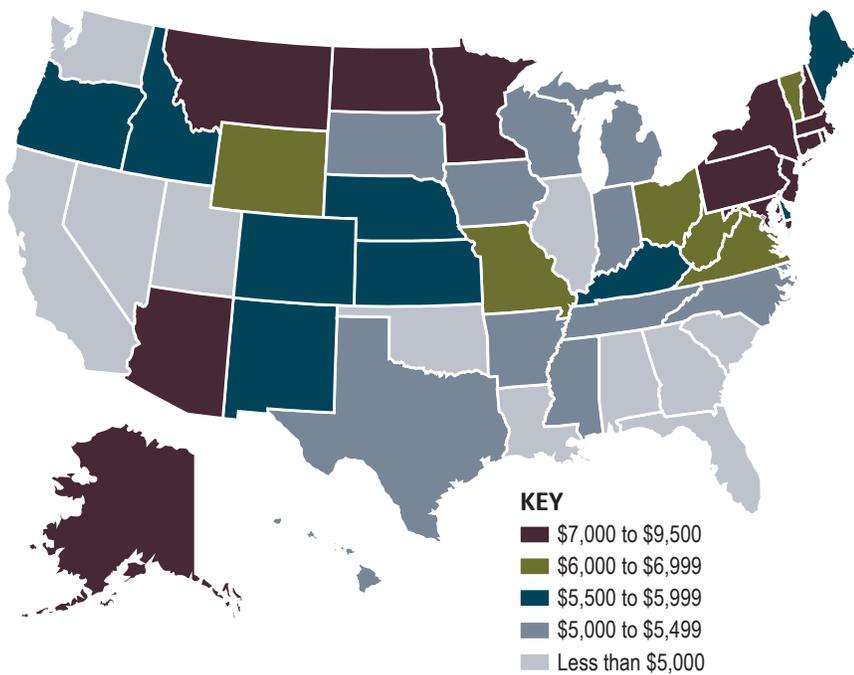
People with disabilities	\$11,080
Seniors	\$9,165
Adults	\$4,001
Children	\$1,738
Overall	\$4,511

Source: DHH

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Medicaid is financed through a state-federal partnership that gives each state broad flexibility to administer its own program within certain guidelines. Of the \$8.1 billion Louisiana spent on Medicaid last year, about 65 percent—more than \$5.1 billion—came from the federal government. By contrast, Medicare—universal health care for people age 65 and over—is financed and administered solely by the federal government.

Average cost per Medicaid patient



Source: Kaiser State Health Facts

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Medicaid coverage is cost-effective, at about \$4,500 per person (less for children, more for people with disabilities and seniors). That puts Louisiana in the bottom fifth among the states in terms of cost. Per-person Medicaid spending has also been growing at a slower rate than the cost of private insurance, a trend that’s expected to continue.

Medicaid is integral to Louisiana’s economy. One in every five dollars spent on health care in Louisiana comes from Medicaid. These dollars pay doctors, hospitals, pharmacies, diagnostic labs and other health care providers in every part of the state and support at least 50,000 jobs. Without these dollars and jobs, care for everyone would be threatened.

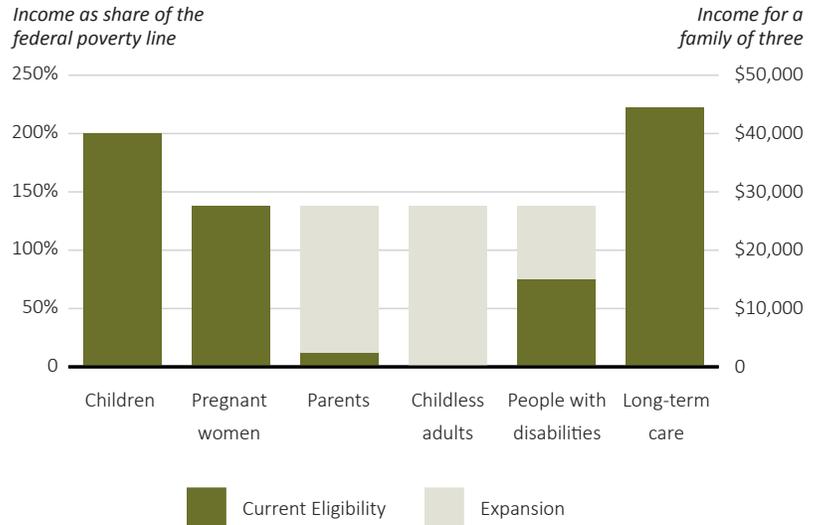
Quality coverage

Research is clear: Medicaid is quality coverage that brings better health outcomes than being uninsured and reduces mortality rates. People with Medicaid coverage are more likely to have a primary care doctor and receive timely preventive services than those who are uninsured. It is especially critical for children, who can't learn if they aren't healthy. Children who were covered by Medicaid are more likely to complete high school and attend college, earn higher wages as adults, and have fewer hospital stays and emergency room visits later in life.

The Louisiana Children's Health Insurance Program (LaCHIP), which covers children in families up to two and a half times the poverty rate, is truly an economic investment. The next step for Louisiana is to fully embrace health reform by expanding coverage to the working poor, which will further strengthen the state's workforce and economy.

Medicaid covers children, but not most adults

Income level that is eligible for Medicaid



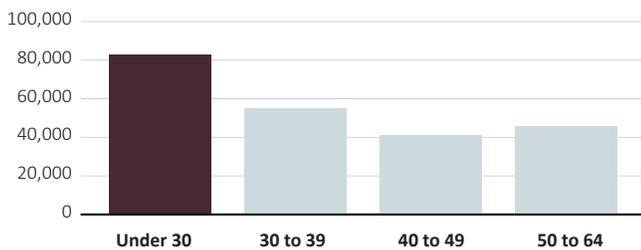
Source DHH

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Stuck in the "Coverage Gap"

Young adults are most likely to be stuck in coverage gap

Number of uninsured eligible for expansion, by age group



Source: LBP analysis of U.S. Census Bureau data

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Twenty-eight states and Washington, D.C. have expanded Medicaid to low-income adults as part of the Affordable Care Act, but Louisiana has refused. That leaves an estimated 225,000

Louisiana adults stuck in a "coverage gap": They make too much to qualify for Medicaid, but not enough to get federal tax credits that offset the cost of private insurance.

"... Louisiana could save hundreds of millions of state dollars and support thousands of jobs by expanding coverage."

Louisiana policymakers can close the gap by taking advantage of the opportunity to expand Medicaid eligibility. Federal dollars would pay for the lion's share of expansion, never less than 90 percent of the cost.

Evidence from other states shows Louisiana could

Of the 224,400 Louisianans stuck in the gap

126,600 are working

17,200 are in college

7,800 are women who gave birth last year

4,100 are military veterans

Source: LBP analysis of U.S. Census Bureau data

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Half of uninsured workers stuck in the coverage gap work in just ten industries

Restaurants & food service	18,000
Construction	17,400
Department & discount stores	4,900
Nursing homes	4,600
Home health agencies	3,900
Grocery stores	3,800
Landscaping companies	3,500
Private homes	3,400
Hotels & motels	3,300
Building services	3,100

Source: LBP analysis of U.S. Census Bureau data
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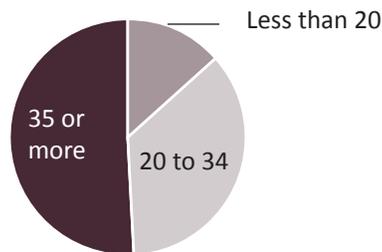
save hundreds of millions of state dollars and support thousands of jobs by expanding coverage, in addition to benefitting from a healthier workforce. Most importantly, Medicaid expansion would save lives.

Louisianans who need health coverage are a diverse group: black and white, young and old, urban and rural, parents and childless adults. They work jobs in every industry, including vital sectors of the Louisiana economy like tourism and construction. Most work full-time.

Around 17,200 are enrolled in college, working toward degrees or professional certifications that make it more likely they will get a better-paying job (with health insurance) in the future. Nearly 7,800 are women who had a baby last year. And 4,100 are military veterans.

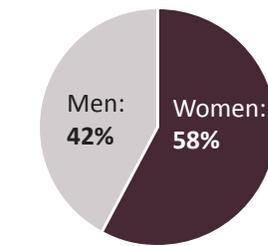
Most workers in the coverage gap are full-time

Usual hours worked per week



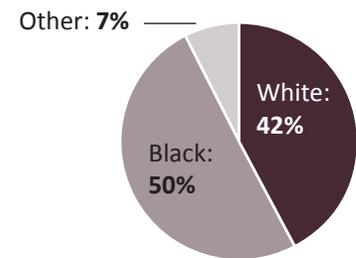
Source: LBP analysis of U.S. Census Bureau data
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Women make up nearly 6 in 10 Louisianans in the coverage gap



Source: LBP analysis of U.S. Census Bureau data
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Louisianans stuck in the gap are racially diverse



Source: LBP analysis of U.S. Census Bureau data
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Medicaid Milestones

July 1965—Medicaid is signed into law. Eight states join within the first 10 months

July 1966—Louisiana implements Medicaid along with 14 other states as the new fiscal year begins. By 1972, every state but Arizona signed up to participate

1981—Home and community-based services (HCBS) waivers and “disproportionate share hospital (DSH)” payments are authorized by Congress. Today, nearly 20,000 Louisianans rely on HCBS waivers to receive care in their homes, not institutions. The DSH program is the main funding source for charity hospitals

1982—Arizona becomes the last state to implement Medicaid

1988—Medicaid is expanded to cover all infants and pregnant women below the poverty line—\$20,100 in annual income for a family of three in today’s dollars

1990—States begin a phased-in coverage expansion to cover all children living in poverty

August 1997—Congress authorizes the Children’s Health Insurance Program (CHIP). States receive an enhanced federal match to provide coverage for kids in families with income up to twice the poverty line—\$40,200 in annual income for a family of three in today’s dollars

November 1998—Louisiana expands Medicaid with the Children’s Health Insurance Program (LaCHIP). Louisiana has since become a leader in children’s health coverage. The uninsured rate for children dropped from 20 percent to just 6 percent, less than the national rate of 8 percent

1999—The U.S. Supreme Court rules that people with disabilities are entitled to community-based services when appropriate, and that keeping people segregated in institutions when community alternatives are available is a form of discrimination. The Olmstead ruling and related cases spurs states, including Louisiana, to offer more HCBS waivers for people who don’t require institutional care

2003—Louisiana expands Medicaid coverage to pregnant women in families with income up to twice the poverty line through LaMOMS

May 2003—Congress temporarily increases federal Medicaid matching funds for states to help them weather an economic downturn

February 2009—Congress passes an even bigger temporary increase in matching funds to help states through the Great Recession, continuing a trend of federal support for Medicaid. The increase helps Louisiana avoid massive cuts to health care and frees up state dollars to help close budget shortfalls

March 2010—President Obama signs the Affordable Care Act. Among other reforms, the law requires states to expand Medicaid coverage to low-income uninsured adults and provides federal funds to do so

February-June 2012—Louisiana transitions nearly one millions children and pregnant women from fee-for-service Medicaid to a new managed care program, Bayou Health, run by five insurance companies

June 2012—The Supreme Court rules that Medicaid expansion under the ACA is optional for states, not mandatory. Louisiana refuses to expand coverage

January 2014-Present—Twenty-eight states and Washington, D.C. expand Medicaid, but not Louisiana. Over the first 15 months, expansion states saw a 53 percent drop in uninsured adults, compared to 31 percent in non-expansion states. Expansion states also saw major budget savings

July 2015—Medicaid turns 50. Louisiana has made great strides, in children’s health coverage especially, but has a long way to go to reduce waiting lists for home-based services, expand coverage to 225,000 low-income adults stuck in the “coverage gap,” and stabilize funding for hospitals

Source: Kaiser Family Foundation and LBP Staff