

UNDERSTANDING MEDICAID IN LOUISIANA



A chart book about the operation and impact of the
state's Medicaid insurance program

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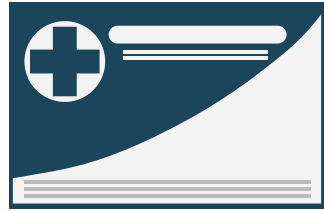
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Section 1

UNDERSTANDING LOUISIANA'S MEDICAID PROGRAM TODAY

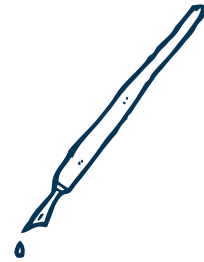
What is Medicaid?



Medicaid is a public health insurance program for low-income people.



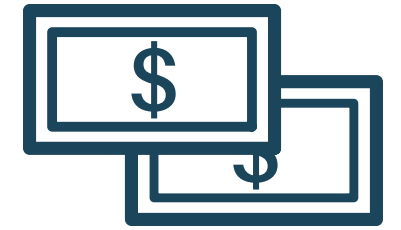
Created in 1965 as part of the Social Security Act, the traditional Medicaid program continues to serve low-income children, pregnant women, people with disabilities, and seniors over age 65.



Louisiana adopted Medicaid expansion in 2016 after the Affordable Care Act gave states the option to extend eligibility to low-income adults who don't qualify for traditional Medicaid.



Medicaid is a partnership between federal and state governments. The federal government provides the majority of funding while states design and administer the program.



For every dollar Louisiana spent on Medicaid coverage in FY 2017, the federal government matched \$2.40.

Medicaid plays an important role in health care coverage for Louisianans



1 in 2 Louisiana children



1 in 3 of all Louisianans



1 in 5 Louisiana seniors

- In 2017, 1,790,956 Louisianans, or 38 percent of the state's total population, got health insurance through Louisiana's Medicaid program.¹
- Medicaid covers more than half of all Louisiana children, including 56 percent of children with special health care needs.²
- More than 125,000 seniors in Louisiana are covered by Medicaid, including 1 in 4 Medicare beneficiaries.^{1, 2}

Source: Louisiana Department of Health Medicaid 2017 Annual Report

Who is eligible to receive Medicaid in Louisiana?

	Household income limit as percentage of federal poverty line (FPL)	Maximum monthly household income (household of 2)	Maximum annual household income (household of 2)
Workers with disabilities	100% FPL	\$ 1,372	\$ 16,464
Adults	138% FPL	\$ 1,893	\$ 22,716
Pregnant women (includes LaCHIP coverage)	214% FPL	\$ 3,706	\$ 44,472
Children (includes LaCHIP coverage)	255% FPL	\$ 3,498	\$ 41,976
Children with developmental disabilities	300% FPL	\$ 4,115	\$ 49,380

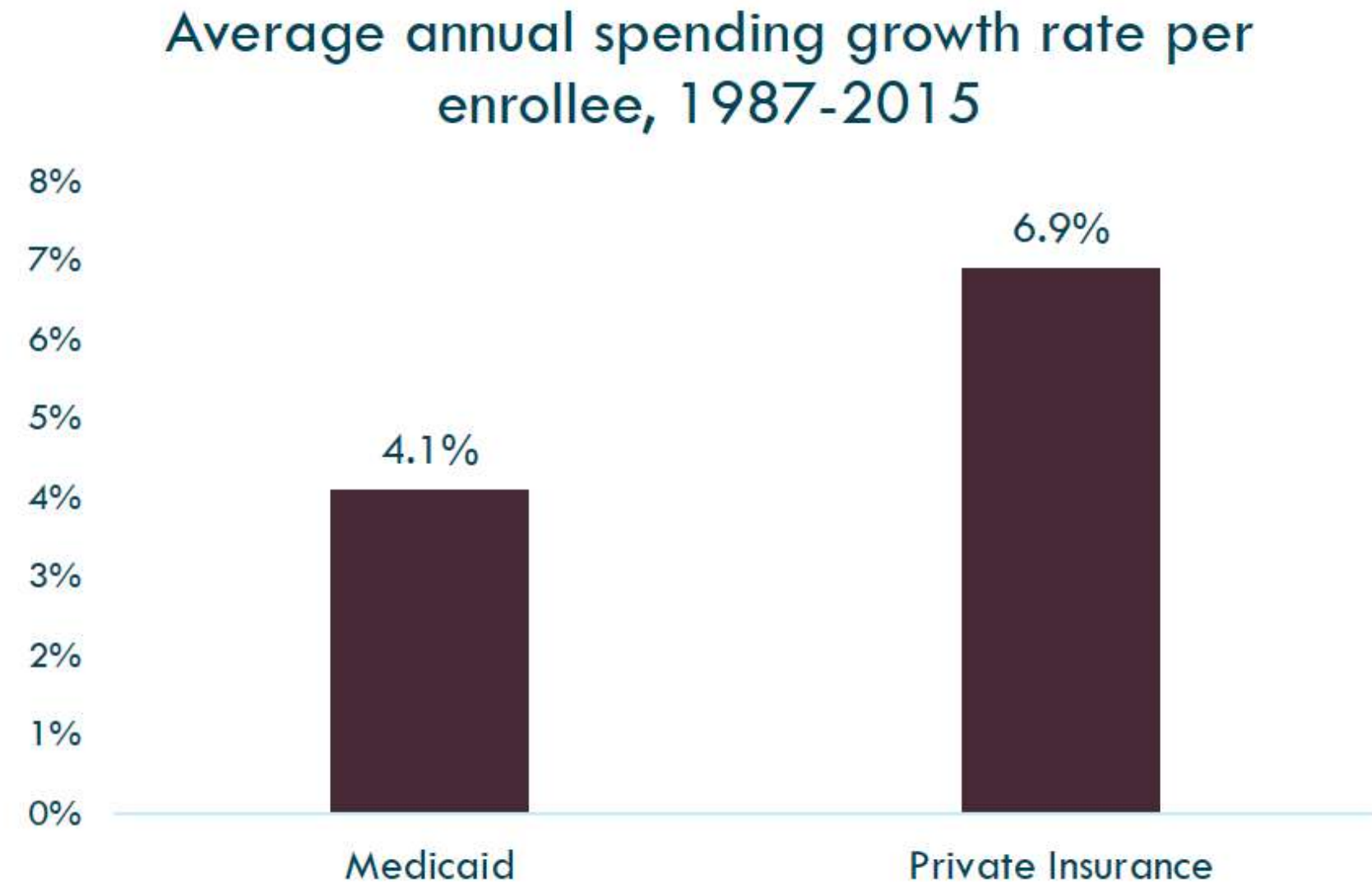
Source: Louisiana Medicaid Eligibility Manual, 2018

Federal Poverty Level (FPL): A measure of income issued by the Department of Health and Human Services that is used to determine eligibility for programs and benefits, including Medicaid coverage.

- Traditional Medicaid covers seniors, people with disabilities, and pregnant women up to certain income thresholds.
- Medicaid expansion covers adults ages 18 to 65 who earn below 138 percent of the federal poverty line, or \$1,012 per month for a single adult.
- Medicaid acts as a safety-net to Louisiana families by providing health coverage during times of unemployment, underemployment, loss of employer-related health coverage, or reduced income.⁵

Medicaid spending growth outpaced by spending growth in private insurance

- On a per-enrollee basis, Medicaid costs less than private insurance, which is mostly attributable to lower Medicaid payments to providers.
- Spending per Medicaid enrollee has grown more slowly than private insurance spending.
- Between 1987-2014, costs per Medicaid enrollee grew by an average of 4.1 percent per year, while cost per private insurance enrollee grew by an average 6.9 percent annually.⁶



Source: 2017 Center on Budget and Policy Priorities Analysis

The state contracts with managed care organizations to insure Medicaid enrollees

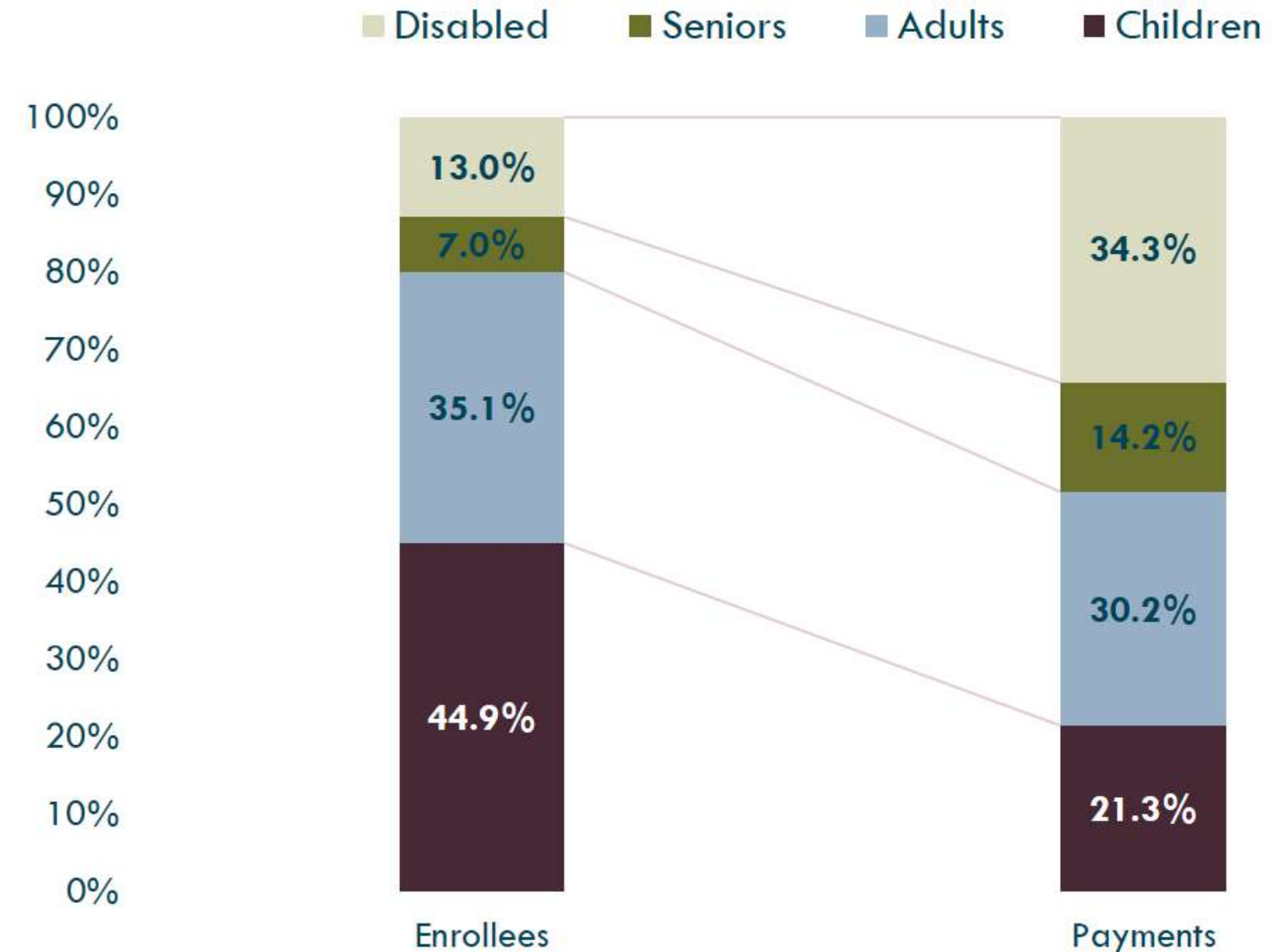
- In 2012, Louisiana transitioned from a fee-for-service Medicaid model, in which the state directly reimbursed health care providers, to a Medicaid managed care model.
- Under managed care, the state contracts with private insurance companies, known as managed care organizations (MCOs) that receive a capped "per-member per-month" (PMPM) payment from the state for each individual they insure.
- The MCOs are responsible for coordinating the care of Medicaid enrollees and paying medical claims from health care providers, including hospitals, physicians.
- The average per-member per-month payment in state fiscal year 2017 was between \$389 and \$484, depending on the MCO.



Source: LDH Medicaid Managed Care Transparency Report, 2017

Seniors and people with disabilities are costliest Medicaid enrollees

- Children make up the majority of Louisiana's Medicaid population at 44.9 percent, but only account for 21.3 percent of program costs.¹
- Seniors and people with disabilities make up 20 percent of enrollees but account for nearly half of all program costs.¹
- The state is not federally required to pay for nursing home care or home and community-based services for elderly and disabled Medicaid enrollees, making those costly programs most vulnerable when funding for Medicaid is reduced.



Source: LDH Medicaid Annual Report FY 2016/2017

Medicaid has long-term benefits for children

Children with Medicaid coverage...



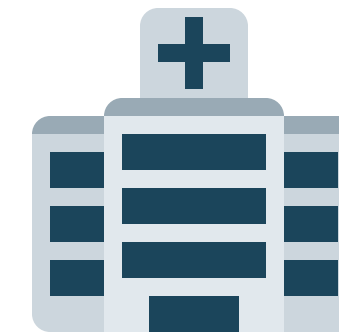
Have an increased use of prevention services and reduced family medical debt



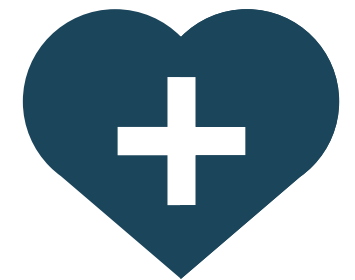
Are more likely to complete high school and receive a Bachelor's degree



Earn higher incomes and pay more in taxes as adults



Have fewer hospitalizations as adults



Experience a reduction in mortality in adulthood

Source: Center on Budget and Policy Priorities: Medicaid Works for Children

Medicaid is popular among Louisianans

85 percent of Louisianans support maintaining the amount the state spends on health care, and 53 percent of Louisianans would be willing to pay additional taxes to fund healthcare.¹⁰

A national survey found that Americans who receive health coverage from Medicaid are overwhelmingly satisfied with their coverage and care.¹¹

Over 70 percent of Louisiana residents receiving Medicaid indicate that their coverage always offers benefits or covered services that met their health needs.¹²

Section 2

MEDICAID EXPANSION IS WORKING IN LOUISIANA

Who is eligible for Medicaid expansion?

Maximum income levels for Medicaid expansion eligibility by household size

Individual
\$16,674

Family of two
\$22,716

Family of three
\$28,680

Family of four
\$34,644

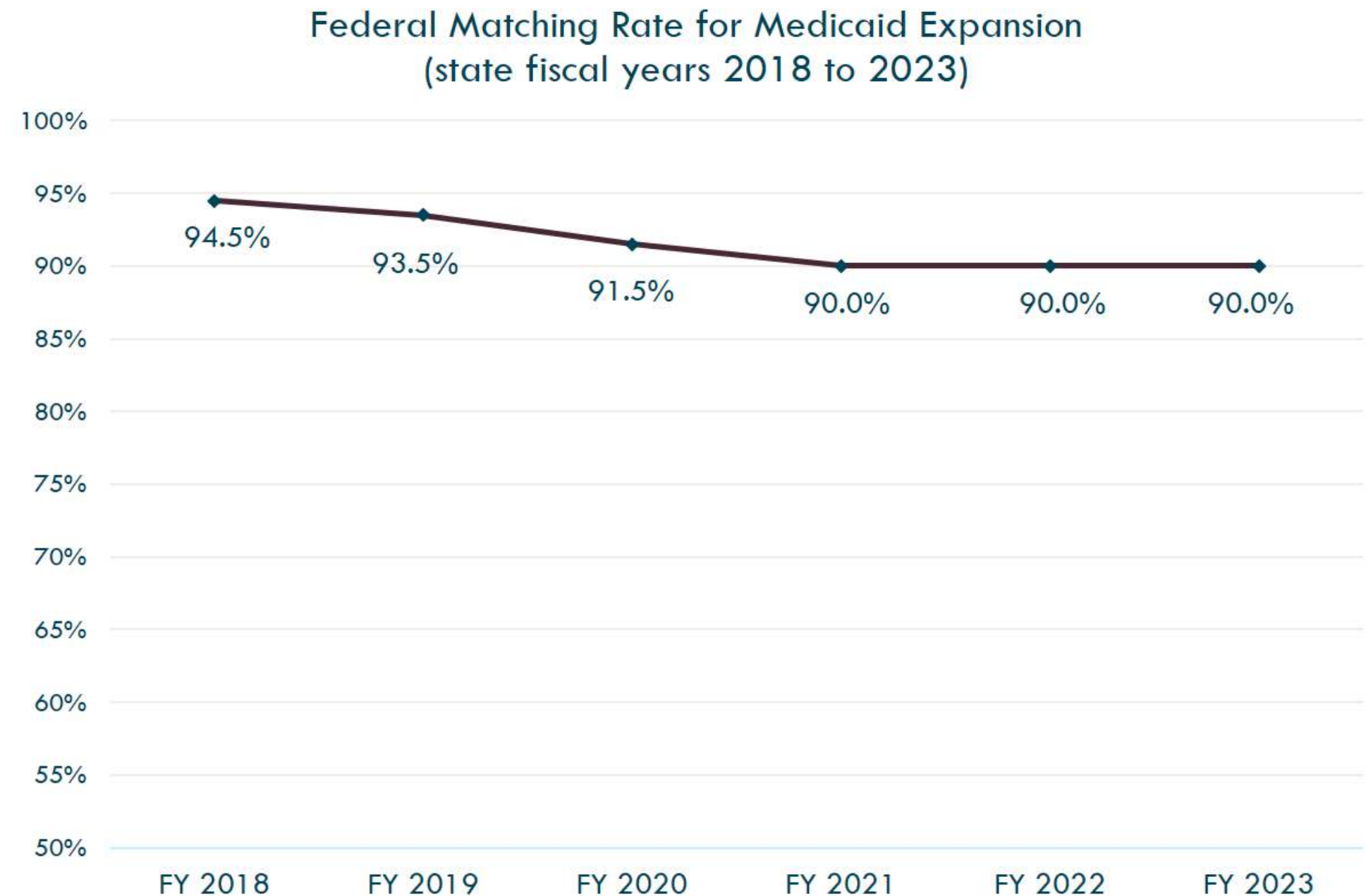
Family of five
\$40,608

- In 2016, Louisiana became the 31st state to expand Medicaid. Since then, five other states have voted to expand Medicaid, based on the positive health and economic outcomes in Louisiana and other expansion states.
- Under Medicaid expansion, low-income adults who previously did not qualify for Medicaid are eligible to receive health care coverage.
- Adults ages 18 to 64 living in a household with income less than 138 percent of the federal poverty line are eligible for Medicaid expansion.¹³

Source: LDH Healthy Louisiana

State and federal financing of Medicaid expansion

- In state fiscal year 2018-19, the federal government pays 93.5 percent of the state's Medicaid expansion costs. In fiscal year 2021 and beyond, the federal matching rate for expansion will drop to and remain at 90 percent.⁸
- To cover its share of Medicaid expansion costs, Louisiana levies a fee on its Medicaid managed care insurance companies and hospitals, which has largely kept the state from spending state general funds for Medicaid expansion.
- Medicaid expansion has generated a substantial influx of federal funds to Louisiana health care providers and local economies that otherwise would not have occurred.



Source: MACPAC, State and federal spending under the ACA

Economic impact of Medicaid expansion

Economic Activity

\$317 million

state general fund savings in FY 2018

direct economic impact generated by new federal funds

\$1.85 billion

Jobs and Wages

19,000 +

new Louisiana jobs created by Medicaid expansion

wages generated in 2017

\$1.12 billion

State and Local Revenue

\$178 million

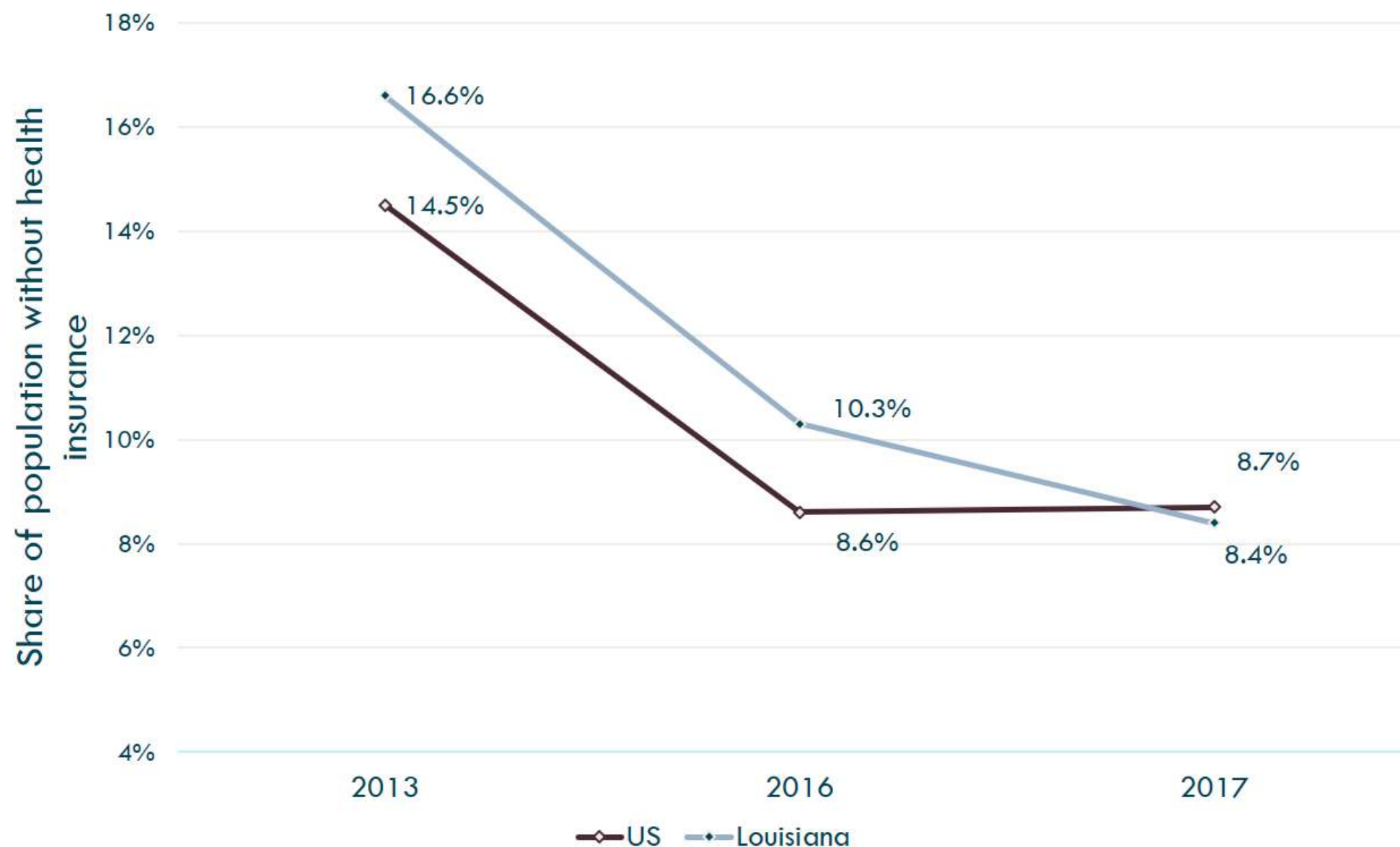
state and local revenue generated in 2017

- Medicaid expansion leads to improved health care access for Louisiana's workers, which in turn improves the labor force participation rate and leads to improved employment and economic growth.
- The federal funds for Medicaid expansion have increased the financial security of the state's health care providers and expanded the health care workforce.
- All ten Louisiana health districts experienced an increase in jobs related to Medicaid expansion.
- Medicaid expansion is estimated to save Louisiana \$1 billion over the next decade.¹³

Source: LDH Medicaid Expansion and the Economy

Medicaid expansion contributed to substantial drop in Louisiana's uninsured rate

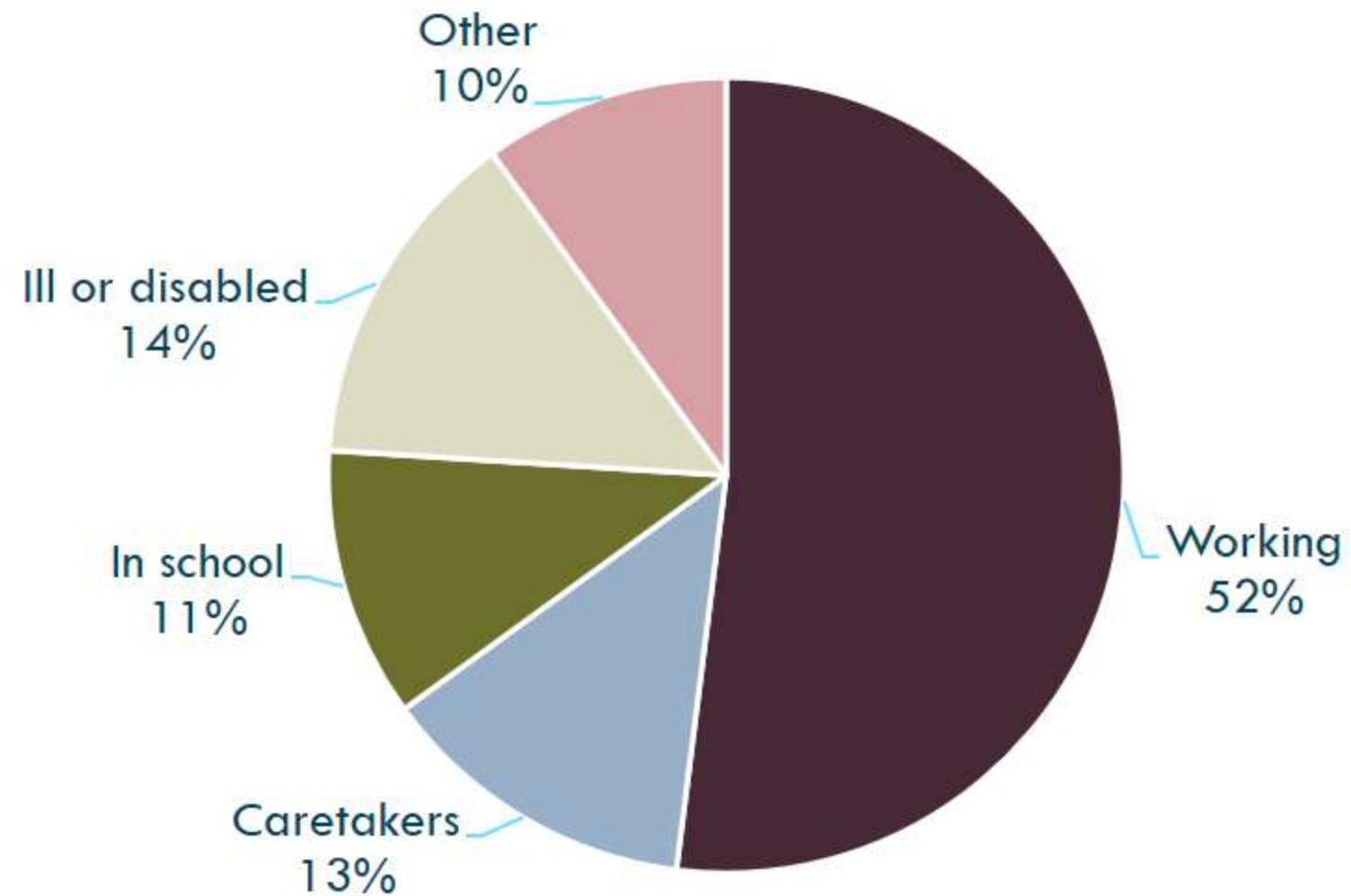
- As of November 2018, nearly 480,000 Louisianans were enrolled in Medicaid expansion.¹⁴
- In 2017, Louisiana's uninsured rate dropped below the national average to 8.4 percent, an improvement largely attributable to Medicaid expansion.¹⁵
- Many of those enrolled in Medicaid expansion previously fell into the "coverage gap" - meaning they earned too much for Medicaid but not enough to afford private insurance.
- Children whose parents gain coverage through Medicaid expansion are significantly more likely to have health insurance coverage than children with uninsured parents.¹⁶



Source: U.S. Census Bureau, Health Insurance Coverage in the U.S. 2017

The majority of Medicaid recipients are working

Work Status of Louisiana Medicaid Expansion Enrollees



Source: Kaiser Family Foundation, Understanding the Intersection of Medicaid and Work, January 2018

- The vast majority (76%) of Louisiana's Medicaid expansion enrollees are working, caring for family members, or in school.
- Nearly 9 in 10 adults enrolled in Medicaid who report not working due to illness or disability have a functional limitation, including limitations caused by cancer, stroke, heart disease, arthritis, or asthma.¹⁷
- Losing coverage — and, with it, access to mental health treatment, medication to manage chronic conditions, or other important care — can make it harder for people to find and maintain employment.¹⁷
- Medicaid work requirements implemented in other states have resulted in increased red tape and reduced health coverage, with no measurable improvements in employment or earnings.¹⁷

Medicaid expansion is saving lives in Louisiana

Since Medicaid expansion began in Louisiana on July 1, 2016:



250,000 adults have received preventative or new patient services



30,000 adults have been screened for colon cancer, and **9,600** adults have had colon polyps removed, averting colon cancer



67,000 adults have received outpatient mental health services, and over **15,300** have received inpatient mental health care at a psychiatric facility



54,000 women have been screened for breast cancer, resulting in **525** diagnoses



28,500 adults have been diagnosed with hypertension and received hypertension management treatment



12,400 adults have received outpatient specialized substance abuse treatment, and **13,700** have received treatment at a residential facility

Source: LDH Medicaid Expansion Dashboard, October 2018

Medicaid expansion supports work and financial security

16%

decrease in the number of evictions, bankruptcies and wage garnishments among expansion enrollees in Michigan.¹⁸

52.1%

of Medicaid expansion enrollees in Ohio who were working said having health coverage made it easier for them to remain employed.¹⁹

69%

of Medicaid expansion enrollees in Michigan who were employed said they did better at work once they had health insurance.²⁰

74.8%

of Medicaid expansion enrollees in Ohio who were unemployed said having Medicaid coverage made it easier for them to look for work.¹⁹

Medicaid expansion: A success story

72 percent of Louisiana residents approve of Medicaid expansion.¹⁰

States that have not expanded Medicaid have seen increases in their uninsured rates. In Texas, the share of uninsured Texans increased from 16.6 percent in 2016 to 17.3 percent in 2017.¹⁵

Louisiana is the only state in the Gulf South to expand Medicaid, and thus has the lowest uninsured rate in the region.¹⁵

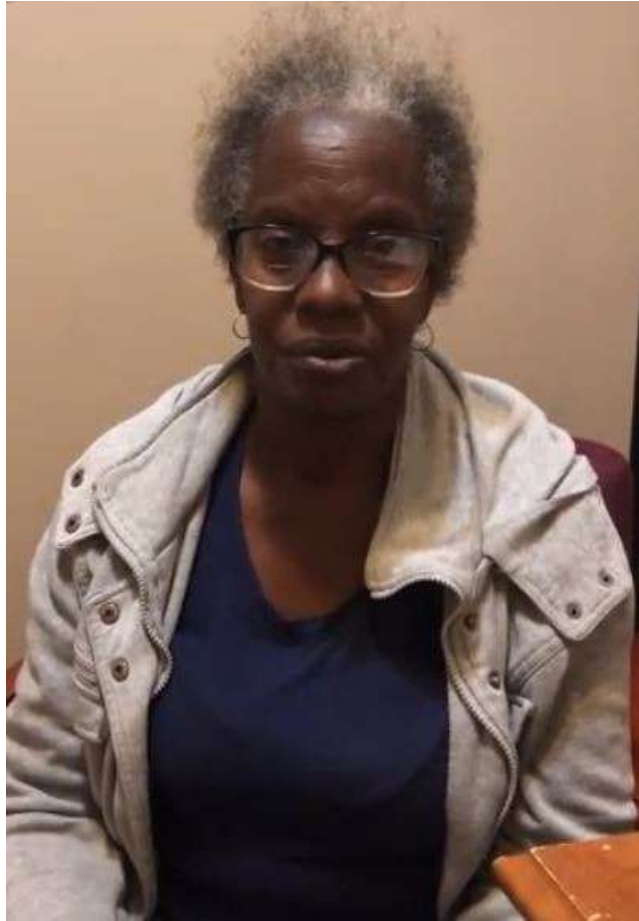
Medicaid expansion: Louisianans are benefitting



Alex is a full-time graduate student in New Orleans. Alex is able to focus on his studies without worrying about how he will pay for a visit to the doctor or his prescriptions because he has coverage through Medicaid.

“I'm grateful for Medicaid expansion. It's helping a lot of people.”

Medicaid expansion: Louisianans are benefitting



Louisiana native Carol Grubbs was living in Texas until a few years ago, a state that did not expand Medicaid to cover adults like Carol. She suffers from asthma and acid reflux, and could not afford her rising medication costs. Carol returned to Louisiana to have access to the quality, affordable health care Medicaid provides.

“ I can go to the doctor and not worry about getting a big hospital bill. ”

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The Louisiana Budget Project (LBP) monitors and reports on public policy and how it affects Louisiana's low- to moderate-income families. We believe that the lives of Louisianans can be improved through profound change in public policy, brought about by: creating a deeper understanding of the state budget and budget-related issues, looking at the big picture of how the budget impacts citizens, encouraging citizens to be vocal about budget issues that are important to them, and providing insight and leadership to drive the policy debate.

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