

Medicaid, Private Health Insurance and The Uninsured

John Holahan

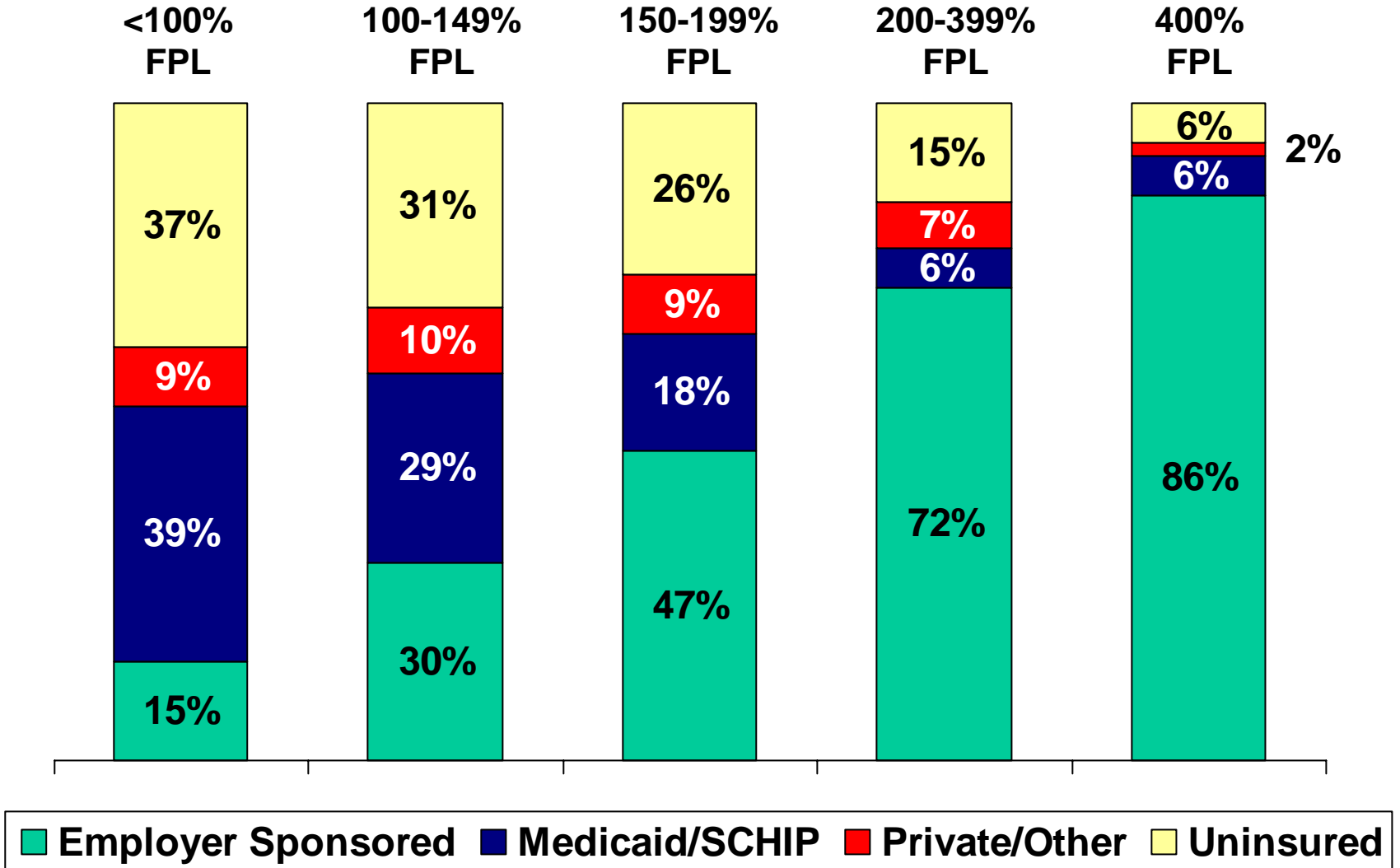
The Urban Institute

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Figure 1

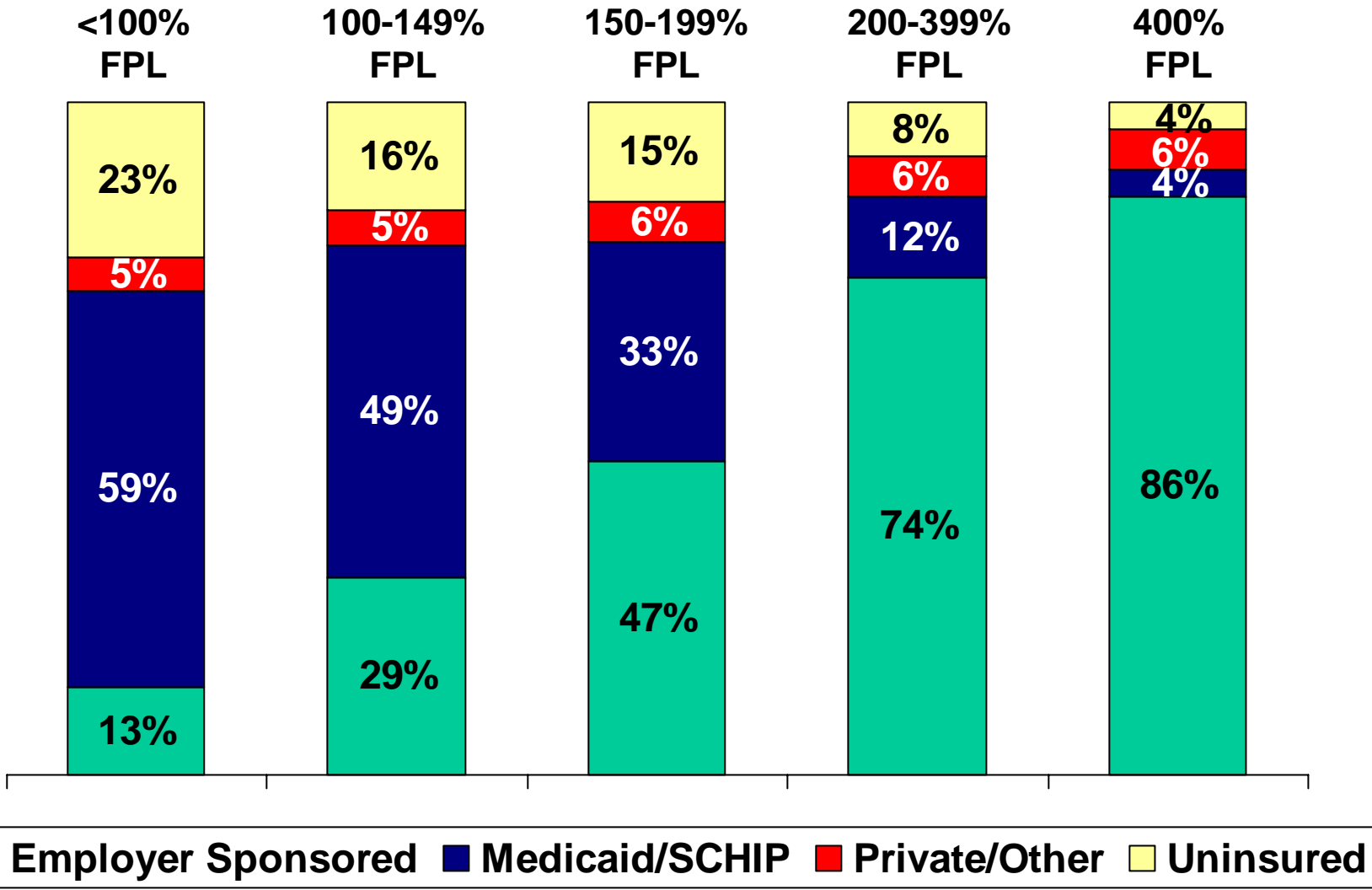
Distribution of Health Insurance Coverage, 2004, Nonelderly



SOURCE: Urban Institute analysis of 2005 Current Population Survey.

Figure 2

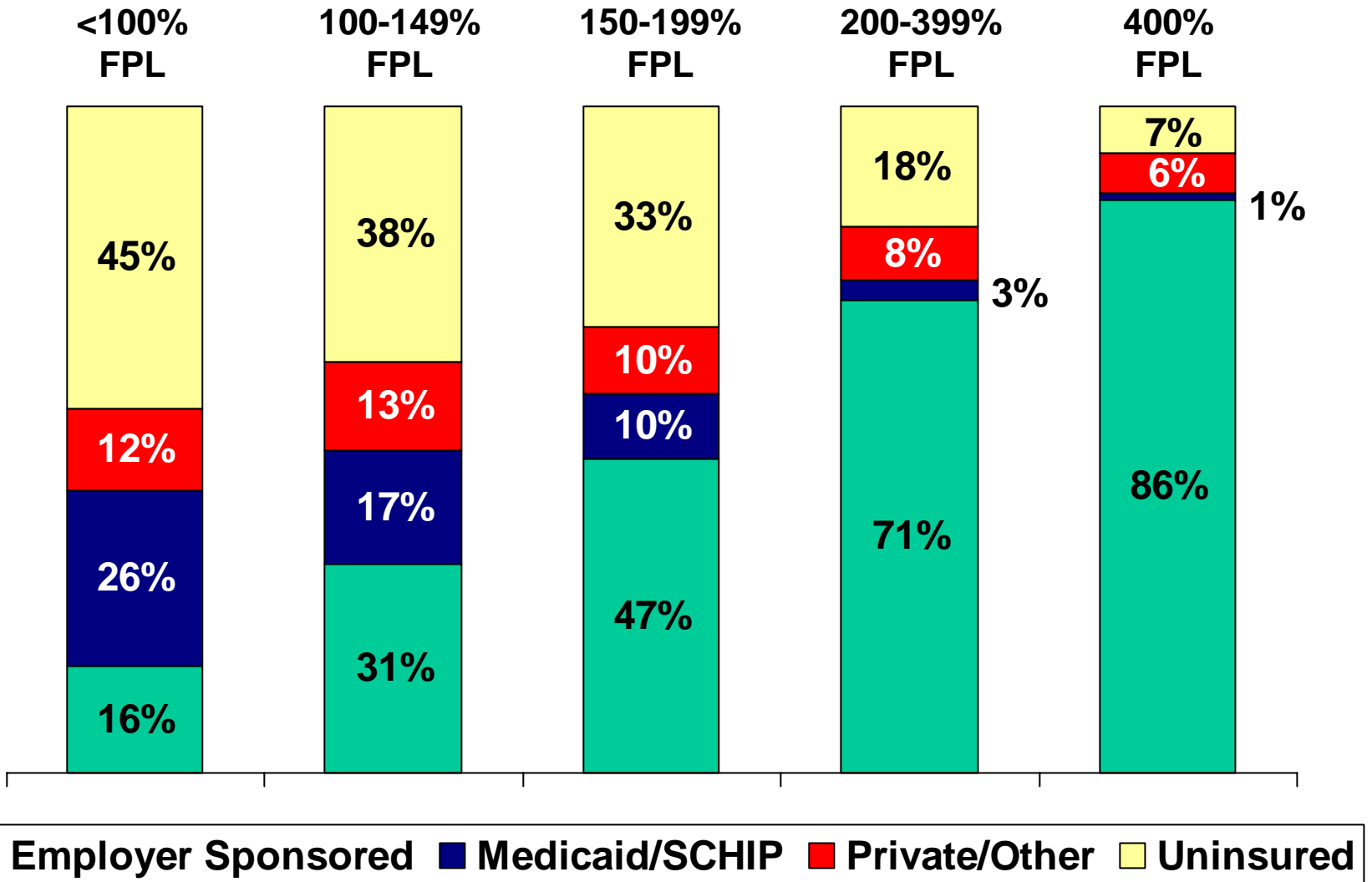
Distribution of Health Insurance Coverage, 2004, Children



SOURCE: Urban Institute analysis of 2005 Current Population Survey.

Figure 3

Distribution of Health Insurance Coverage, 2004, Adults



SOURCE: Urban Institute analysis of 2005 Current Population Survey.

Figure 4

Medicaid and SCHIP Has Led To Some Crowding Out Of Employer-Sponsored Coverage

- Small effects generally found for poor families (Dubay and Kenney 1996; Blumberg et al. 2000)
- Larger effects found for higher-income populations (Hudson et al. 2005; Dubay and Kenney 2005; Lo Sasso and Buchmueller 2003)
- Effects vary with state environments and policies (Kronick and Gilmore 2002; Long et al. 2006)
- Little evidence that firms changed offer decisions in response to SCHIP expansions (Buchmueller et al. 2005)

Figure 5

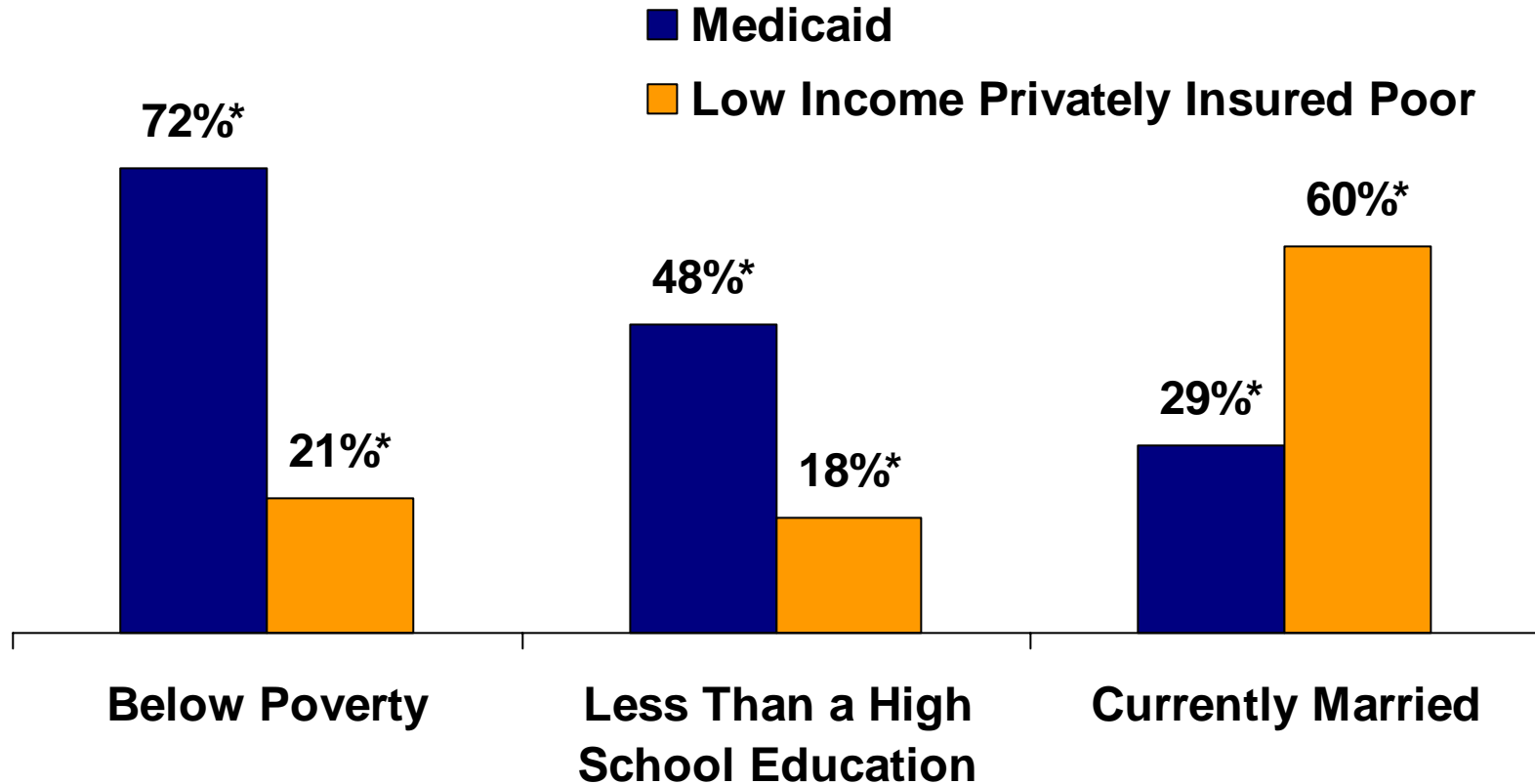
Worker Offer and Take Up Rates, By Income

Income	Worker Has Offer/Eligible	Worker Takes Up Offer	Own ESI Coverage
Under 100% FPL	44.1%	70.9%	31.3%
100-199% FPL	65.6%	81.5%	53.4%
200%-399% FPL	82.1%	88.0%	72.2%
400% FPL and above	90.8%	84.2%	76.5%

SOURCE: Bowen Garrett, "Employer-Sponsored Health Insurance Coverage: Sponsorship, Eligibility, and Participation Patterns in 2001," July 2004.

Figure 6

Medicaid families are poorer, less educated, and less likely to be married than low income people with private coverage



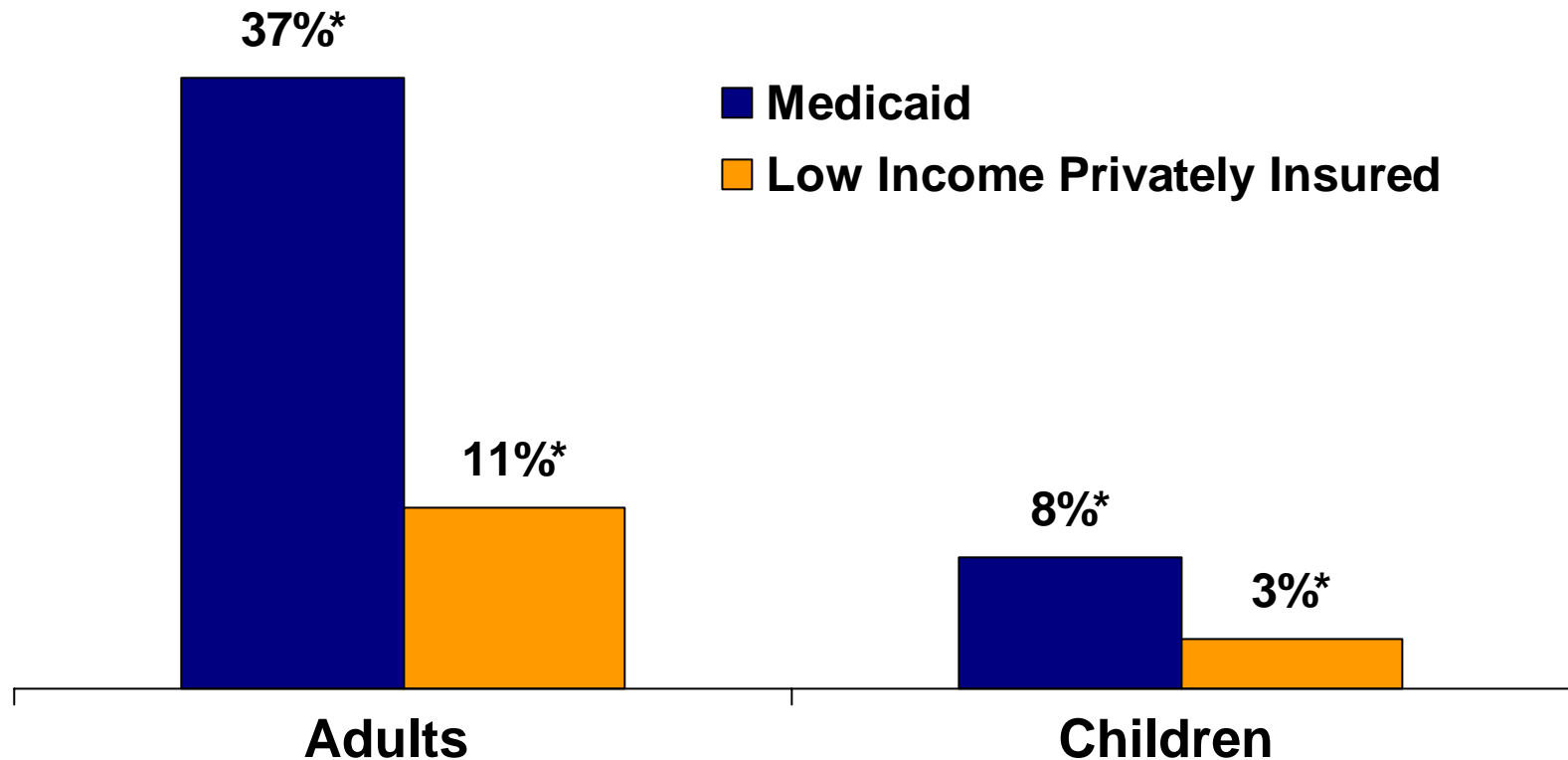
SOURCE: Hadley and Holahan, "Is Health Care Spending Higher Under Medicaid or Private Insurance?" *Inquiry*. Winter 2003/2004.

Note: *All differences are significant at the .05 level. This chart compares families with income below 200% of the Federal Poverty Level that were covered by Medicaid or private insurance between 1996 and 1999.

Figure 7

Adults and children on Medicaid are in worse health than those with private insurance

Percent of reporting fair or poor health

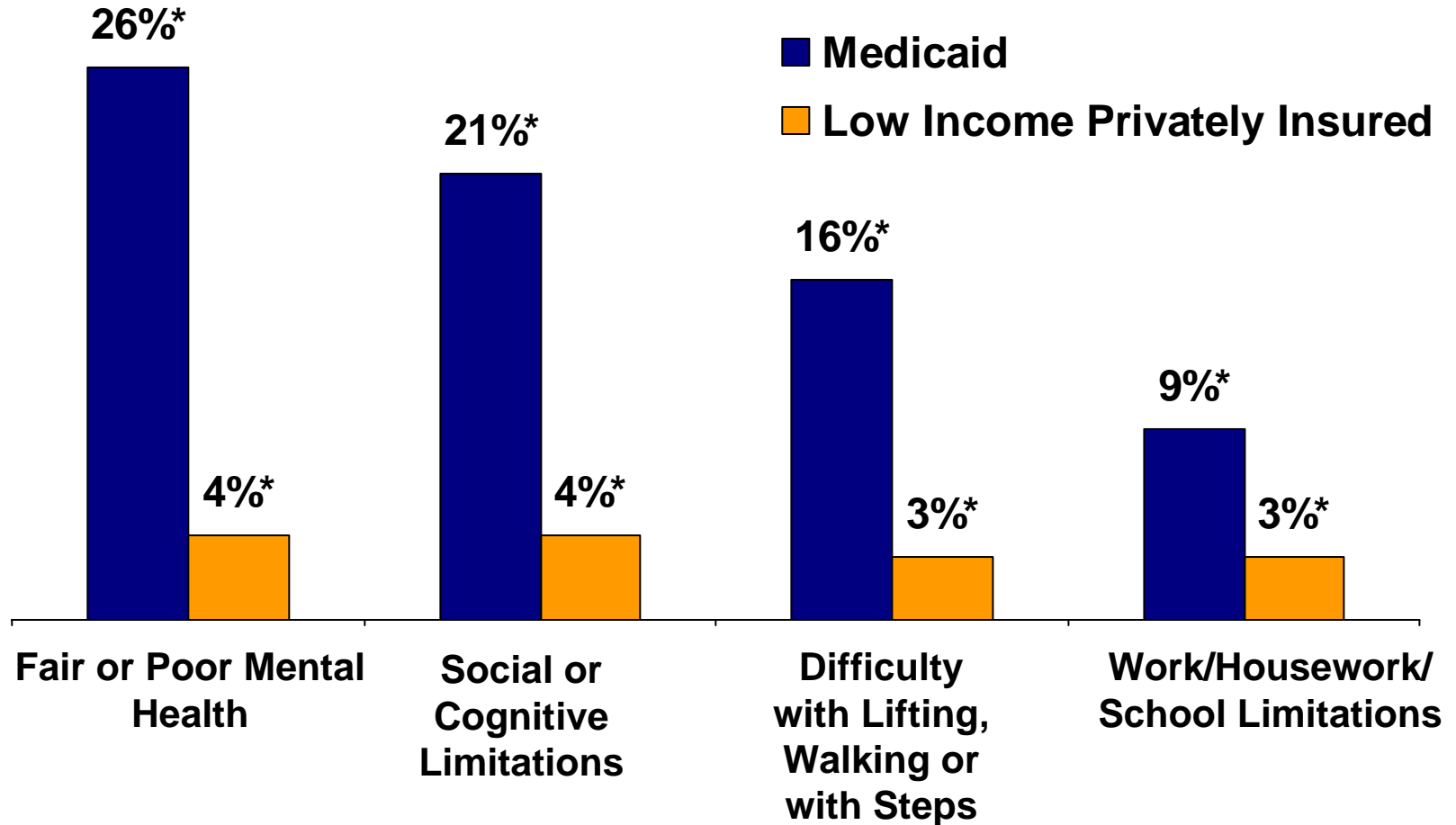


SOURCE: Hadley and Holahan, "Is Health Care Spending Higher Under Medicaid or Private Insurance?" *Inquiry*. Winter 2003/2004.

Note: *All differences are significant at the .05 level. This chart compares families with income below 200% of the Federal Poverty Level that were covered by Medicaid or private insurance between 1996 and 1999.

Figure 8

Medicaid adults are more apt to have physical and cognitive limitations than low income people with private coverage



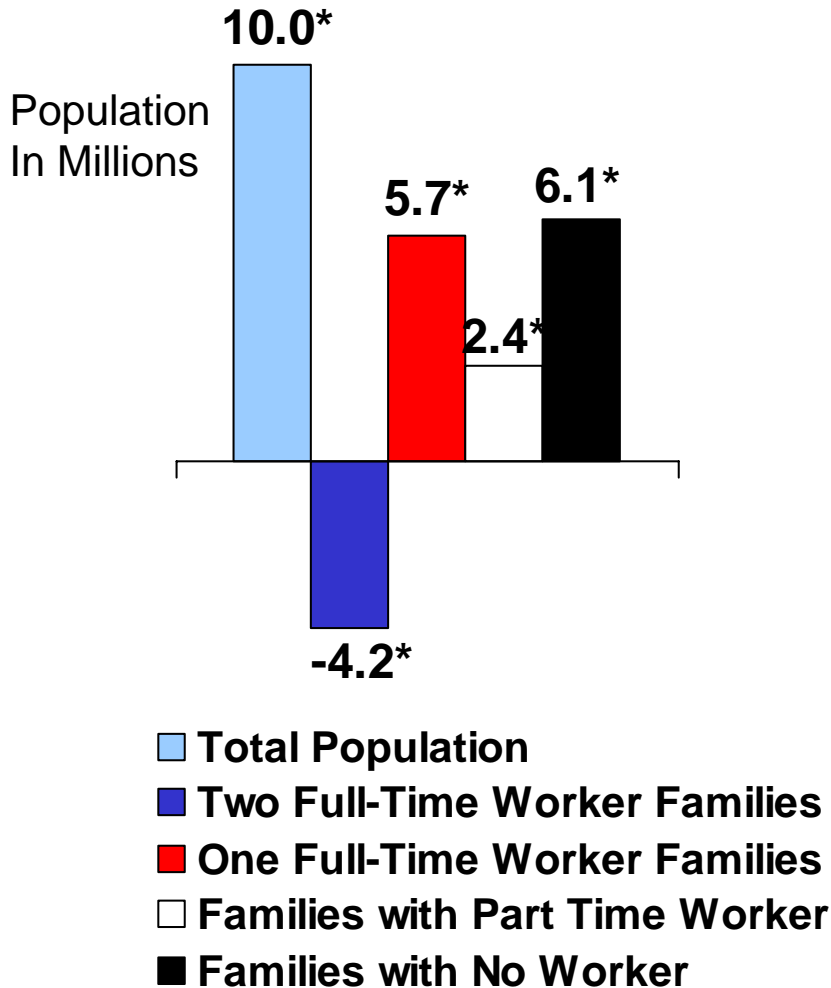
SOURCE: Hadley and Holahan, "Is Health Care Spending Higher Under Medicaid or Private Insurance?" *Inquiry*. Winter 2003/2004.

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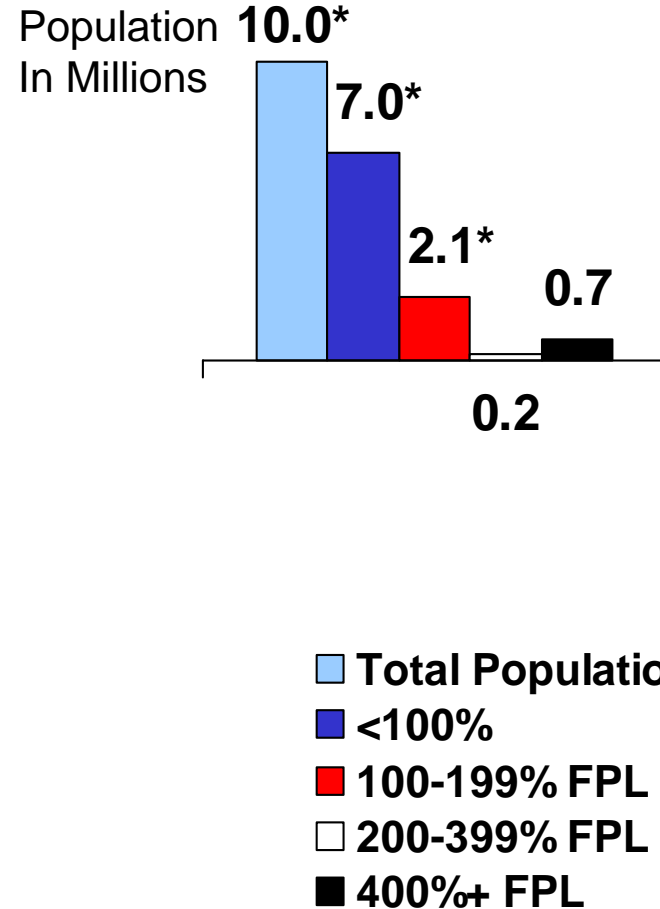
Figure 9

Changes in the Nonelderly Population, 2000-2004

Employment Shifts



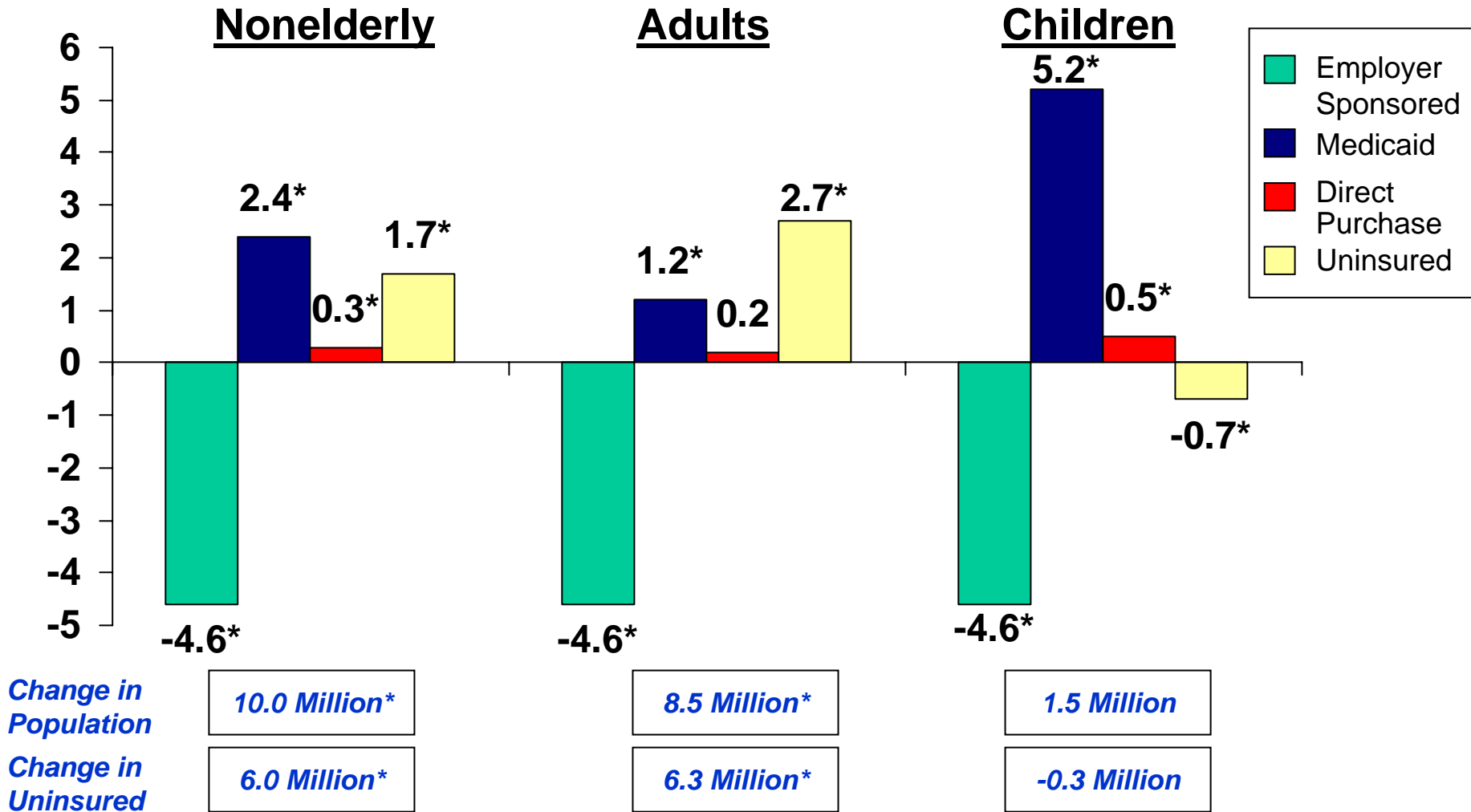
Income Shifts



*Statistically significant change between 2000 and 2004 (p<.05).

Figure 10

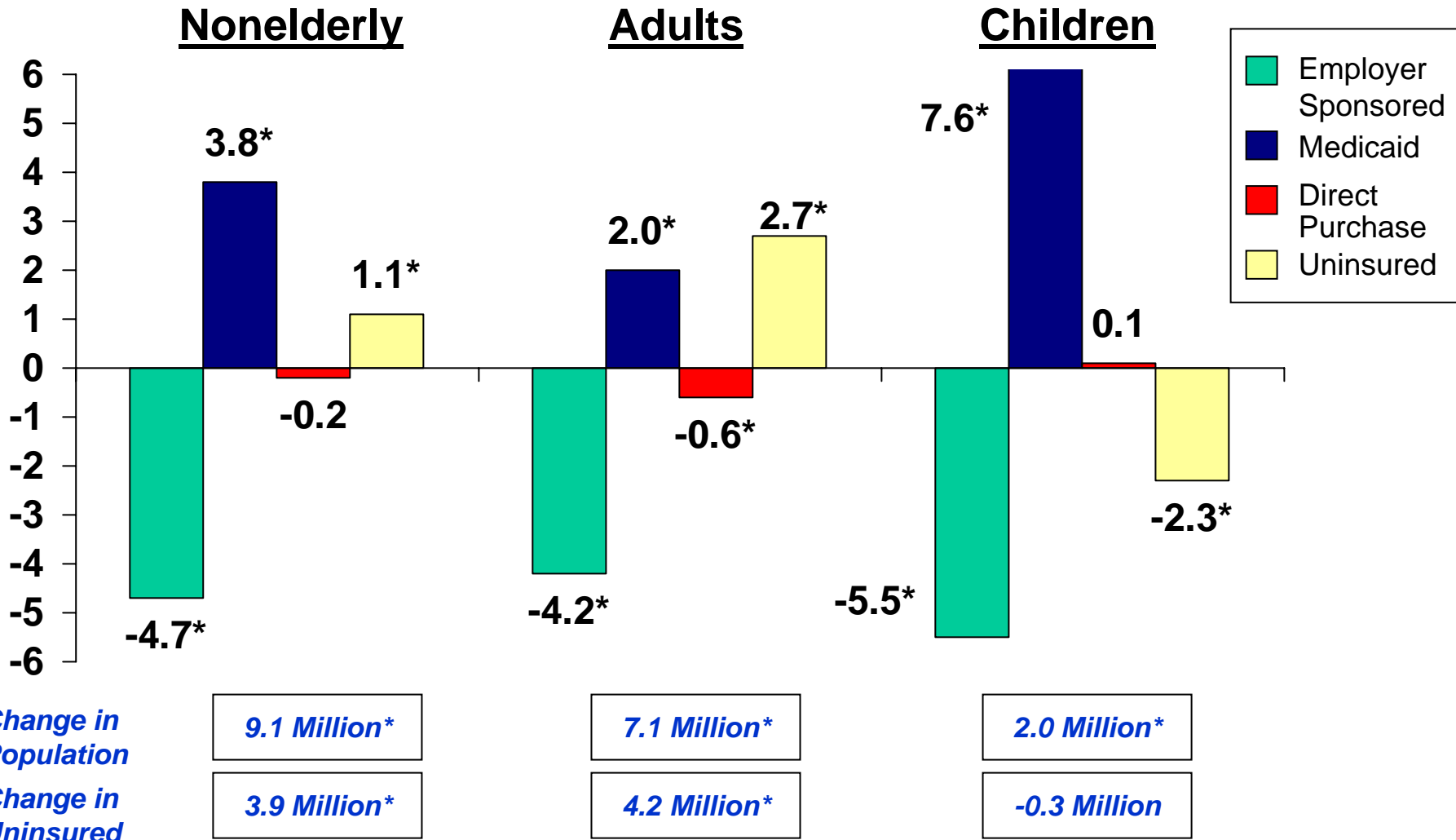
Health Insurance Coverage of the Nonelderly Population Percentage Point Changes, 2000 – 2004



*Statistically significant change between 2000 and 2004 ($p < .05$).
Medicaid also includes S-CHIP and other state programs.

Figure 11

Health Insurance Coverage of the Low-Income Nonelderly Population, Percentage Point Changes, 2000 – 2004



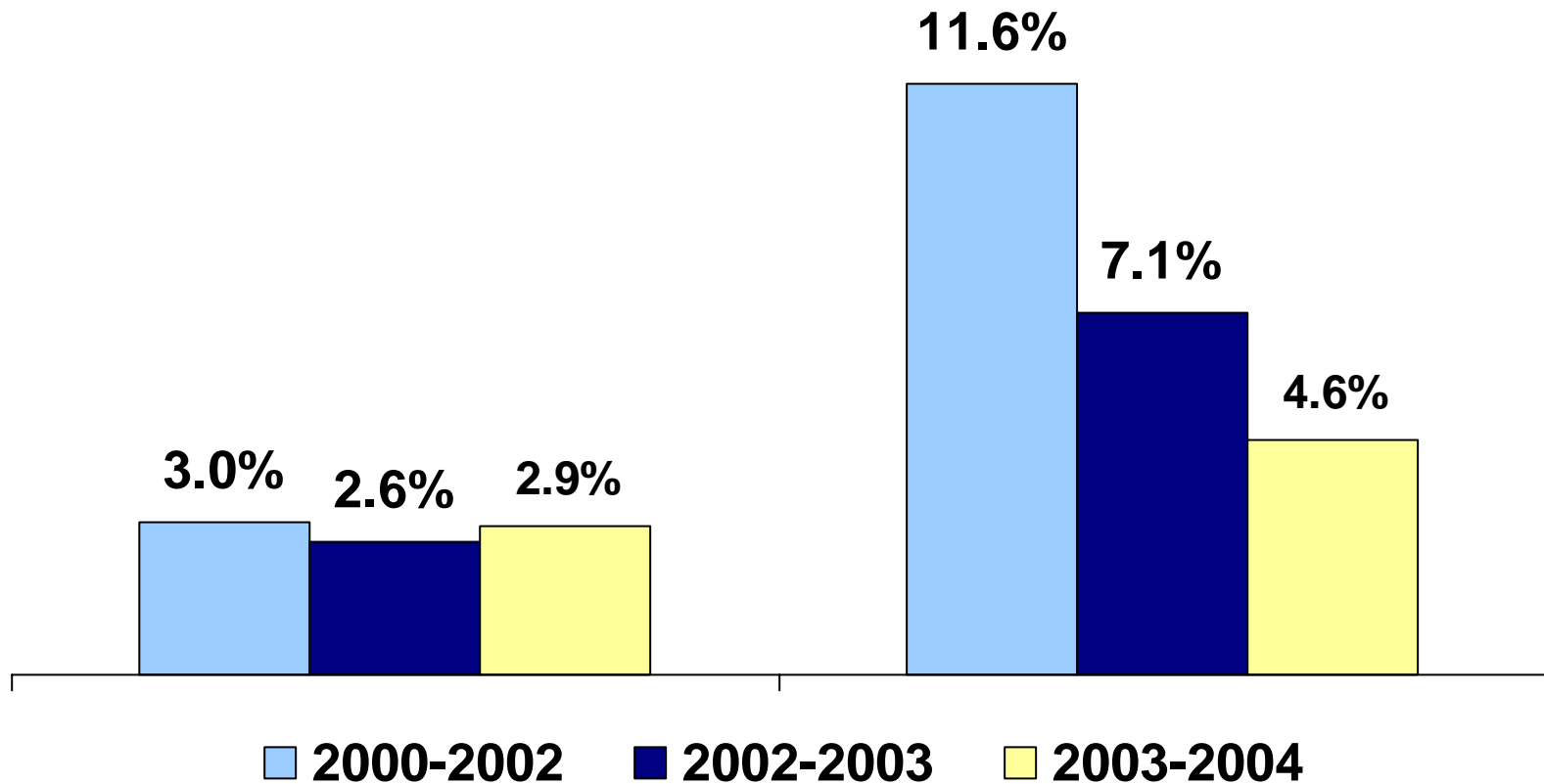
*Statistically significant change between 2000 and 2004 (p<.05).
 Medicaid also includes S-CHIP and other state programs.

Figure 12

Medicaid Enrollment Growth Average Annual Growth Rates, 2000-2003

Aged/Disabled

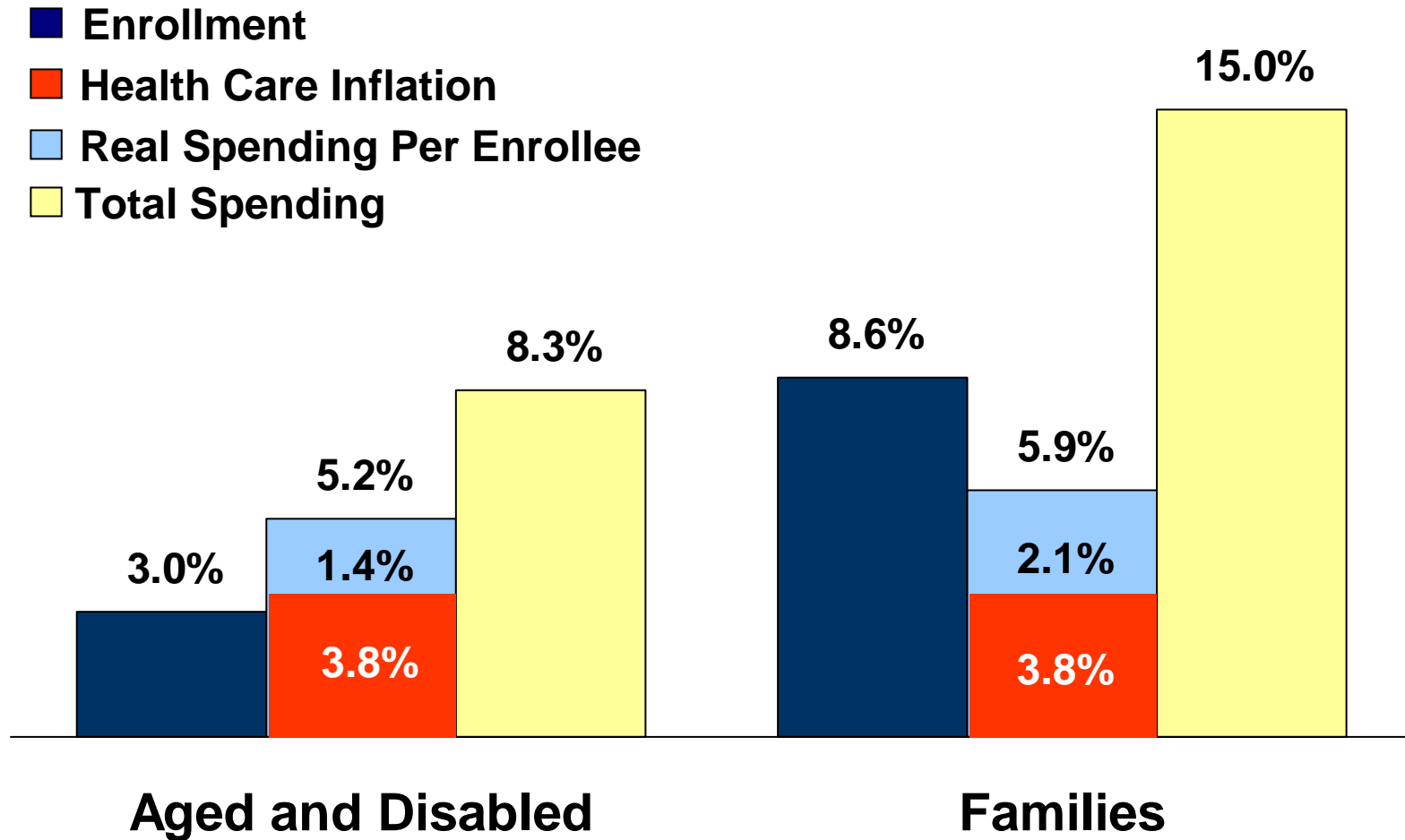
Families



SOURCE: Urban Institute estimates based on KCMU Medicaid enrollment data collected by Health Management Associates from 44 states inflated proportionally to national totals, 2004.

Figure 13

Growth in Enrollment, Spending Per Enrollee, and Total Spending, 2000-2004



SOURCE: Urban Institute, 2005; estimates based on data the Medicaid Statistical Information System (MSIS), HCFA Financial Management Reports (HCFA-64/CMS-64), and KCMU/HMA enrollment data.

Premium Assistance

- Advantages
 - Employers contribute to coverage, reducing Medicaid costs; easier transition to workplace coverage
- Problems
 - Medicaid benefit and cost sharing issues
 - Not likely to affect employer offer rates
 - Take-up rates already high for low wage workers
 - Can crowd out existing employer payments
 - Coverage in small firms costly, not efficient purchasers

Health Savings Accounts

- Intent is to encourage efficient use of services
- No evidence of greater use of services
- Health savings accounts not likely to make a difference
 - Would have to be small, given income levels of typical Medicaid beneficiaries
 - Most Medicaid spending is on beneficiaries with expenditures of more than \$1,000

Figure 16

Distribution of Medicaid Enrollment by Level of Medicaid Expenditures for Non-Dual Eligibles

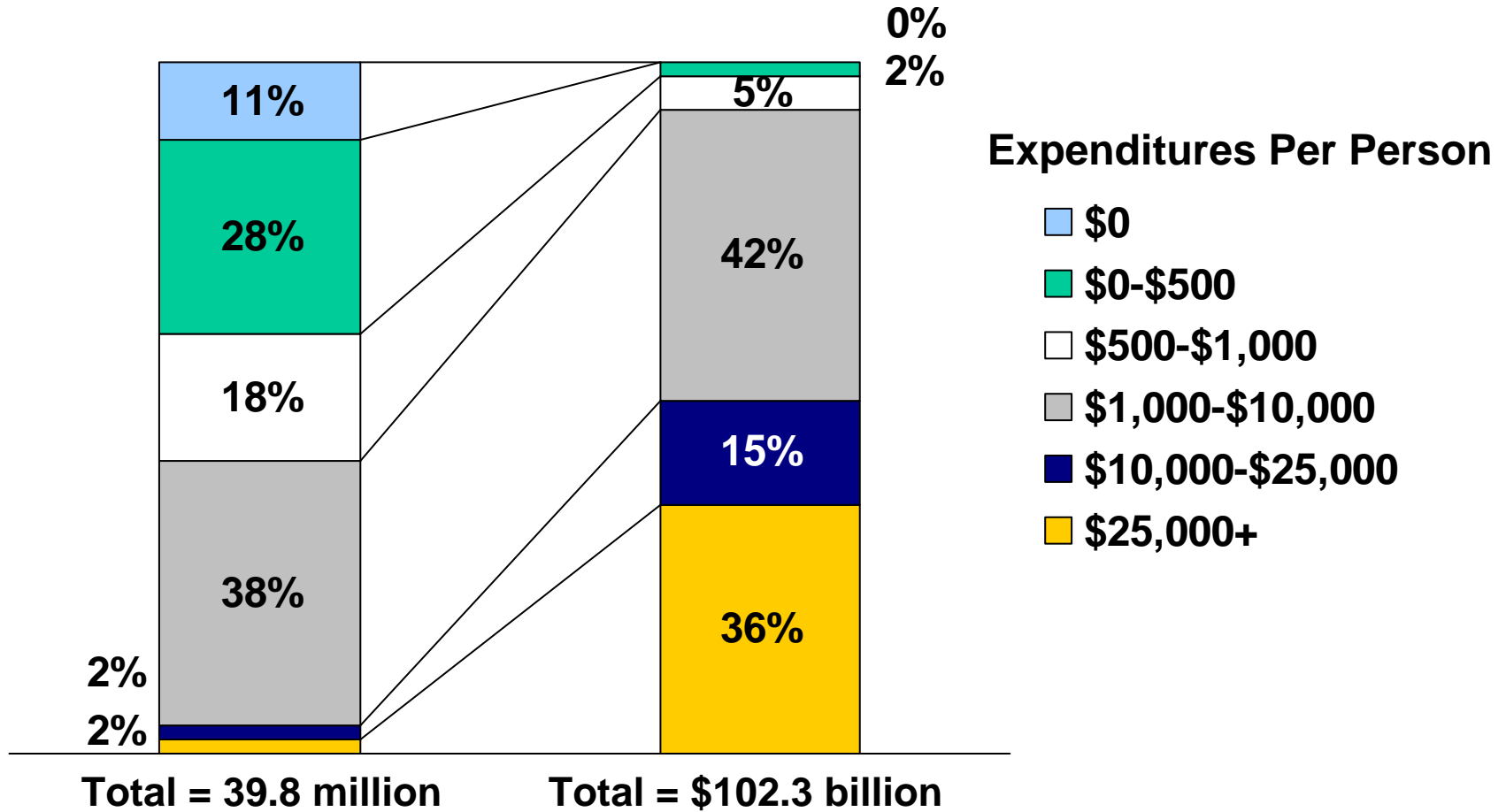
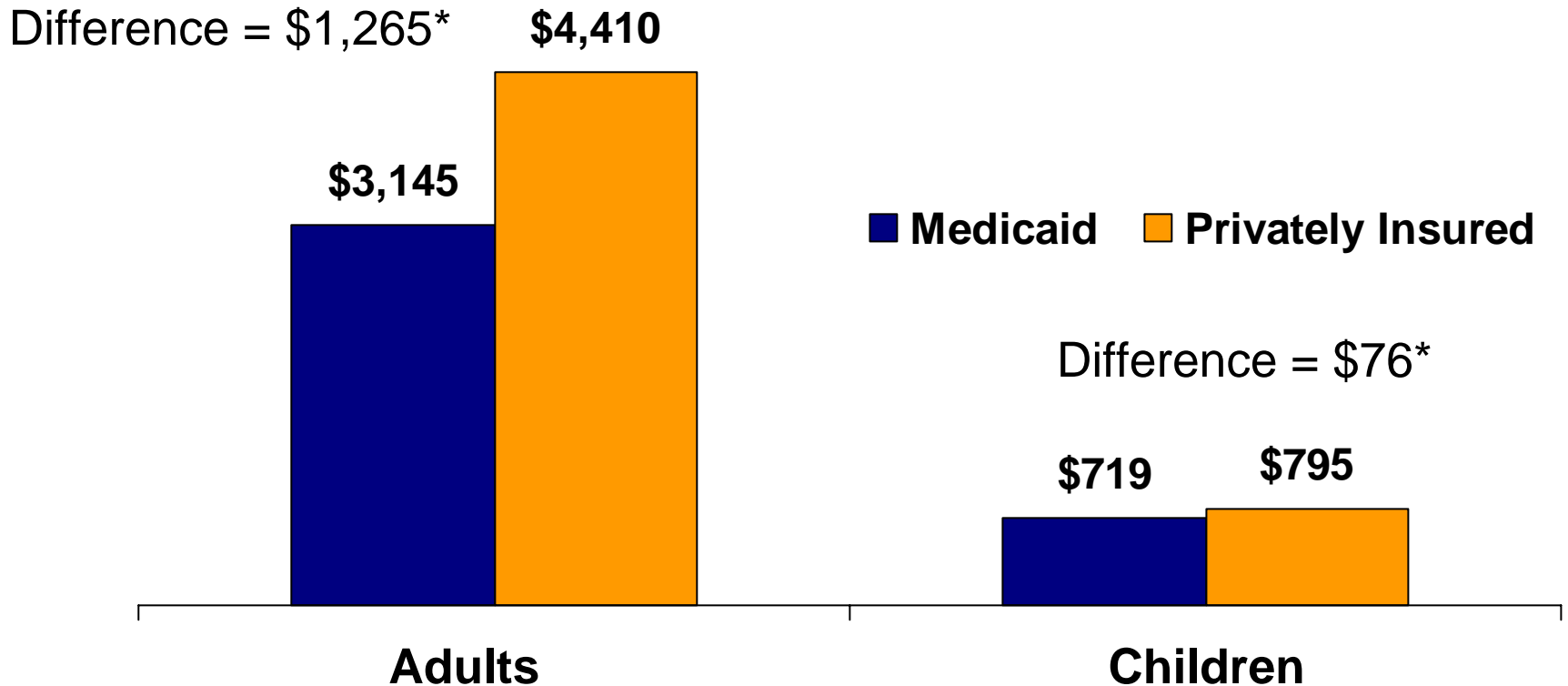


Figure 17

Medicaid costs are less than private insurance for adults and children, controlling for health status

Per capita expenditures (in 2001 dollars)



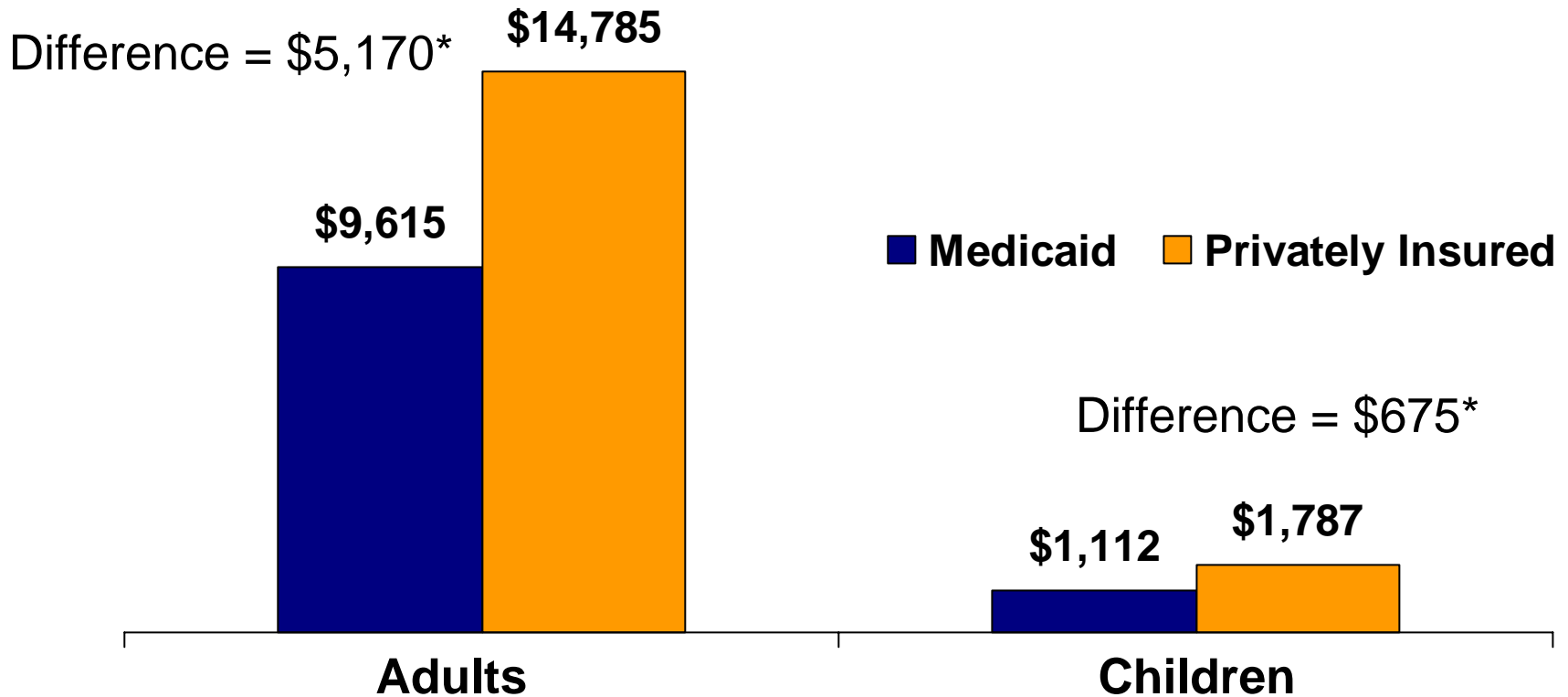
SOURCE: Hadley and Holahan, "Is Health Care Spending Higher Under Medicaid or Private Insurance?" *Inquiry*. Winter 2003/2004.

*Significantly different from zero at 5% level.

Figure 18

Medicaid costs are much less than private insurance for adults and children in fair or poor health, controlling for health status

Per capita expenditures (in 2001 dollars)

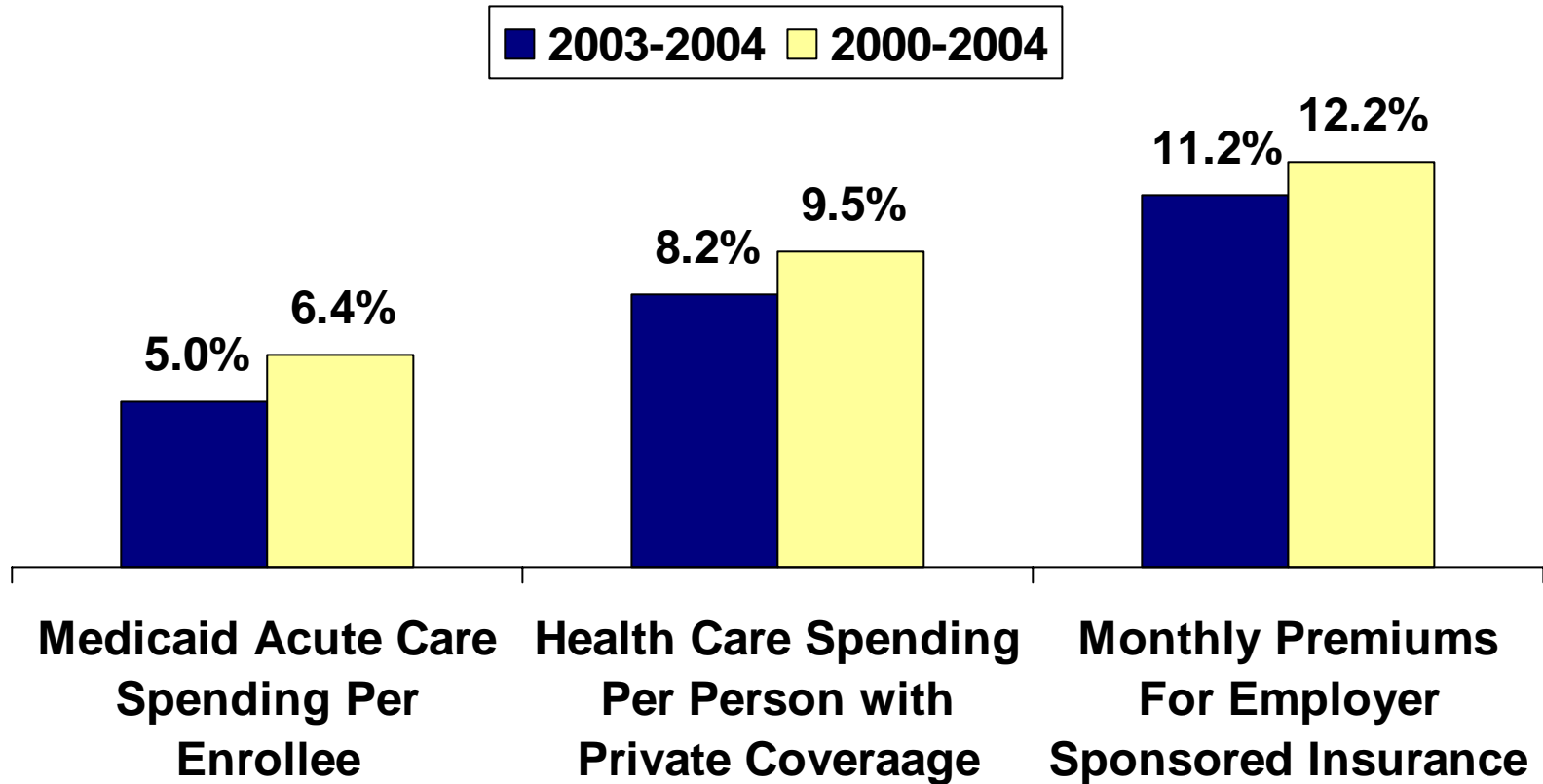


SOURCE: Hadley and Holahan, "Is Health Care Spending Higher Under Medicaid or Private Insurance?" *Inquiry*. Winter 2003/2004.

*Significantly different from zero at 5% level.

Figure 19

Medicaid Spending Growth For Acute Care Services Versus Private Insurance, 2000-2004



SOURCE: Kaiser/HRET Survey of Employer Sponsored Health Benefits, 1999-2005; Bradley C. Strunk, Paul B. Ginsberg and John P. Cookson, "Tracking Health Care Costs: Declining Growth Trend Pauses in 2004" Health Affairs, June 21, 2005

Figure 20

Summary

- 1) Medicaid is less costly than private coverage on a risk adjusted basis and expenditures are growing more slowly
- 2) The Medicaid cost problem is largely due to:
 - **The health status of Medicaid beneficiaries**
 - **Enrollment growth**, because of declines in incomes, employer coverage and increases in disability
 - **Growing needs for long term care**
- 3) Solution to the uninsured likely to be a mix of Medicaid for lowest income people and refundable tax credits for low and moderate income working families