How Medicaid Works

A Chartbook for Understanding Utah’s Medicaid Insurance and the Opportunity to Improve it
Medicaid is a public health insurance program for low-income people that was started in 1965.

Medicaid covers children, pregnant women, seniors over age 65, and people with disabilities.

In Utah, over 400,000 people received health coverage through Medicaid in 2013.

Medicaid is jointly financed through federal and state dollars, and is administrated by the state.

Utah currently pays 30% of Medicaid costs, and the federal government pays 70% of Medicaid costs.

Source: 2014 Utah Annual Report of Medicaid & CHIP
Who Gets Medicaid in Utah?

Medicaid eligibility levels determine who can receive coverage. States set eligibility levels based on personal income and assets. Eligibility levels for children, parents, and pregnant women include a 5 percent income disregard.

Childless adults are not eligible for Medicaid in Utah. Some may qualify for the Primary Care Network (PCN).

PCN covers only primary care services:
- Visits to a primary care doctor
- Limits four prescriptions per month
- Dental exams, dental x-rays, cleanings, and fillings
- Immunizations
- Eye exam; no glasses or contacts
- Routine lab services and x-rays
- Emergency room visits (case-by-case)
- Emergency medical transportation
- Birth control methods

PCN does not cover:
- Inpatient hospital care
- Mental health services
- Substance Use Disorder Services
- Specialty care (even with a primary care doctor’s referral)

To be eligible, countable income cannot be higher than:

- Pregnant Women: $20,921 (family of 2)
- Children 0-18: $20,921 (family of 2)
- The Elderly (65+): $11,670 (family of 1)
- People w/ Disabilities: $11,670 (family of 1)
- Parents: $9,895 (family of 3)
- Adults w/o Children: Not Eligible at any Level

Percent of the Federal Poverty Level

Source: Utah Department of Health
How Do Medicaid Costs Compare?

Because health care costs have been rising across the economy for many years, Medicaid costs have been rising, too. When compared to the state budget, which shrunk during the recession, it can look like Medicaid costs are rising rapidly.

Far from broken, Medicaid is actually very efficient. Medicaid has lower administrative costs than private insurance, and its rate of growth has been much slower than private insurance.

Source: Center on Budget and Policy Priorities Analysis
The Affordable Care Act (ACA) offers states an option to expand Medicaid eligibility for adults to 133 percent of the Federal Poverty Level (FPL). This is equal to an annual income of $15,521 for an individual, and $26,321 for a family of three.

This expanded eligibility would primarily help parents and other working adults who are not offered coverage through their jobs and cannot afford other coverage.
What is the “Coverage Gap”?  

53,000 uninsured Utahns live in the coverage gap. They make too much money or otherwise don’t qualify for Medicaid in Utah, yet earn too little to qualify for help on healthcare.gov.

<table>
<thead>
<tr>
<th>Parents</th>
<th>Annual Income for a Family of 3</th>
<th>Medicaid</th>
<th>Coverage Gap</th>
<th>ACA Tax Credits</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Annual Income: $0</td>
<td>$9,895</td>
<td>$19,790</td>
<td>$79,160</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Adults w/o kids</th>
<th>Annual Income for a single adult</th>
<th>Coverage Gap</th>
<th>ACA Tax Credits</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Annual Income: $0</td>
<td>$11,670</td>
<td>$46,680</td>
</tr>
</tbody>
</table>

Source: Utah Department of Health
Closing the coverage gap is a smart investment in the hard-working people that call Utah home, raise their families here, and make the economy tick. More and more Utahns are working but not getting the health coverage they need through their jobs.

In fact, 66 percent of Utahns who would be newly eligible for healthcare coverage are working. And they are working the most important sectors of our economy.

Workers in five of the state’s largest employment sectors have the most to gain: Food Service Workers; Sales; Office and Administrative Support; Construction and Cleaning and Maintenance.

Expanding coverage is a sound investment for Utah, creating a healthier workforce and strengthening the state’s economy.

Top 9 occupations of the employed but uninsured in Utah who would benefit from expanding health coverage

- Food Service Workers: 13K
- Sales: 13K
- Office and Administrative Support: 11K
- Construction: 10K
- Cleaning and Maintenance: 9K
- Production: 7K
- Transportation: 6K
- Personal Care: 5K
- Management: 4K
- All Other: 15K

Note: People are classified according to the job they now have or the last job they held in the prior 12 months.

Top 9 occupations that would benefit from expanding coverage in Utah

- Butchers
- Laundry workers
- Tailors
- Bus drivers
- Taxi drivers
- Parking attendants
- Barbers
- Child care workers
- Personal care aides
- Sales
- Food service
- Child care

Expanding coverage is a sound investment for Utah, creating a healthier workforce and strengthening the state’s economy.

Source: These data are based on information from the American Community Survey, which is conducted by the U.S. Census Bureau. Data are based on an analysis of uninsured Utah residents ages 19-54 with family incomes up to 139 percent of poverty ($27,316 for a family of three in 2015).
Utah’s ethnic communities are disproportionately uninsured, yet they are not enrolling for Medicaid at the same rate as their Caucasian counterparts.

*Other includes all other responses not included in the “White,” “Black or African American,” “American Indian/Alaska Native,” “Asian,” and “Native Hawaiian or other Pacific Islander” race categories. Respondents reporting entries such as multiracial, mixed, interracial, or a Hispanic, Latino, or Spanish group in response to the race question are included in Other.

Source: US Census

Source: Utah Annual Report of Medicaid & CHIP
Military veterans and their spouses could get quality, affordable healthcare coverage through Medicaid expansion.

- 4,800
  Military veterans and their spouses could get quality, affordable healthcare coverage through Medicaid expansion.

- 3,800
  Uninsured Veterans

- 1,000
  Uninsured Veteran Spouses

Uninsured Veterans and Family Members: State and National Estimates of Expanded Medicaid Eligibility Under the ACA (2013)
How Does Medicaid Expansion Effect Uninsured Rates?

States that closed their coverage gaps have seen the number of adults without health insurance coverage drop by 37.7 percent over the last nine months. Compare that with just a 9 percent drop in states, like Utah, that didn’t close the coverage gap.

This graph shows states that have expanded their Medicaid programs, and how that has impacted their uninsured rates.


Source: Urban Institute survey results released July 10, 2014
The federal government will cover the vast majority of the costs of closing the coverage gap. Other public health programs require far more state investment.

**How is the Healthy Utah Plan Paid For?**

- **Current Medicaid**: 70:30
  - Federal: $7
  - Utah: $3

- **Closing the Coverage Gap 2014-2016**: 100:0
  - Federal: $10
  - Utah: $0

- **Closing the Coverage Gap 2020 and Beyond**: 90:10
  - Federal: $9
  - Utah: $1

What Happens if the Feds Back Out?

The federal funds are available now and are being used by 27 other states (including Arizona, Colorado, New Mexico).

If the promised federal match rate is reduced, Utah can end the new coverage.

The federal government’s commitment to Medicaid has been strong for decades. Averaging 72.92 percent match from the federal government for the last eleven years.

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Federal Participation for Utah Medicaid</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY2004</td>
<td>74.67%</td>
</tr>
<tr>
<td>FY2005</td>
<td>72.14%</td>
</tr>
<tr>
<td>FY2006</td>
<td>70.76%</td>
</tr>
<tr>
<td>FY2007</td>
<td>70.14%</td>
</tr>
<tr>
<td>FY2008</td>
<td>71.63%</td>
</tr>
<tr>
<td>FY2009</td>
<td>79.98%</td>
</tr>
<tr>
<td>FY2010</td>
<td>80.78%</td>
</tr>
<tr>
<td>FY2011</td>
<td>71.13%</td>
</tr>
<tr>
<td>FY2012</td>
<td>70.99%</td>
</tr>
<tr>
<td>FY2013</td>
<td>69.61%</td>
</tr>
<tr>
<td>FY2014</td>
<td>70.34%</td>
</tr>
<tr>
<td>Average</td>
<td>72.92%</td>
</tr>
</tbody>
</table>

Source: Kaiser Family Foundation, Federal Medical Assistance Percentage (FMAP) for Medicaid and Multiplier
Twenty-seven states have chosen to reject federal money intended to provide health coverage to low-income Americans. This decision means those states are leaving billions of tax dollars on the table, and that 5 million Americans will remain uninsured. This counter quantifies the amount of money Utah has lost out on to date.

Since January 1st, 2014, Utah has rejected nearly $800,000 per day that would provide coverage to 110,000 Utahns.

**Take Back Our Tax Dollars**

$311,147,174.26

Since January 1, 2014, Utah has rejected $796,789 per day that would provide coverage to 110,000 uninsured people.

*We can make a better choice.*

**Source:** Public Consulting Group, State of Utah Medicaid Expansion Assessment
With all of the savings that the Healthy Utah Plan can bring to the state, including behavioral health savings, inpatient services for prisoners, and savings from ending old programs (PCN), the state will not have to pay to run the Healthy Utah Plan until FY18.

The cost to run the program will gradually increase per year, as the federal match rate gradually decreases from 100% match in FY17 to 90% match in FY2020.

(*) Revised consensus numbers (12/16/14)
(*) Savings assumes a $10m/year provider assessment
How Do We Pay For An Expansion?

Assess healthcare providers that will receive increased payments from the increase in the number of covered individuals ($10 M annually)

Savings to public assistance programs ($18.7 M annually)

New tax revenues created from new federal spending ($15.4-20.3 M annually)

Re-appropriate savings from programs paid for at lower match rates ($6.2 M annually) i.e. Primary Care Network (PCN), Utah Premium Partnership (UPP), and Primary Care Grants

Master Settlement Agreement (MSA) or the Tobacco Settlement Payments ($14.5 M annually)

Source: Governor’s Medicaid Expansion Work Group
What Would the Healthy Utah Plan do for the Health of Utahns?

- **3,100** diabetics could get their medications
- **5,300** Utahns suffering from depression would get coverage
- **2,981** women would have access to pap smears
- **856** women would have access to mammograms
- **1,655** uninsured Utahns would avoid bankruptcy caused by unpayable medical bills
- **110** Utahns would not die prematurely in 2014 because they could access the preventive care they need
- **3,100** Utahns would have access to mammograms

Does Healthy Utah Get Rid of Bad Incentives?

Expanding eligibility limits allows for continuous coverage as Utahns move up the income scale, without having to worry about loss of benefits.

For working parents, maintaining eligibility is a high-wire act. Because the maximum allowable income is so low, working parents can end up losing their eligibility with just a little overtime or even a promotion that comes with a slightly higher salary.

Melissa is a 24-year old Utah mom who works and pays taxes. Last week Melissa’s boss offered her a better job…and a $2,000 raise. Melissa and her daughter receive health insurance through Utah Medicaid. But Melissa turned it down because extra income would cause her to lose her health insurance.

Percent of the Federal Poverty Level

<table>
<thead>
<tr>
<th>Family of Two</th>
<th>Currently Eligible for Medicaid in Utah</th>
<th>No Medicaid available for parents in Utah</th>
<th>Eligible for help on healthcare.gov</th>
</tr>
</thead>
<tbody>
<tr>
<td>$0</td>
<td>50%</td>
<td>100%</td>
<td>400%</td>
</tr>
<tr>
<td>$7,865</td>
<td>$15,730</td>
<td>$62,920</td>
<td></td>
</tr>
</tbody>
</table>
Does the Healthy Utah Plan Impact the Prison System?

When the Public Consulting Group did a cost benefit analysis for Utah—it was estimated that Salt Lake County’s Inmate Medicaid Eligibility would increase 20%-87% if we expand Medicaid—same goes for the Healthy Utah Plan.

This means that the costs would be picked up by the federal government, resulting in county corrections savings. Utah can expect to see higher eligibility numbers in our state prison.

The report also estimated that about 90% of DORA population falls in the coverage gap. By covering these folks with the Healthy Utah Plan, we can expect to see a savings of at least $2 Million per year.

Are Uninsured Utahns Getting the Services They Need?

**Adult Utahns with a Mental Health Issue**

- TOTAL: 105,737
- TREATED: 30,623
- UNTREATED: 75,114

**Adult Utahns with a Substance Use Disorder**

- TOTAL: 135,450
- TREATED: 14,726
- UNTREATED: 120,724

### How Does the FPL Change with Family Size & Income?

<table>
<thead>
<tr>
<th>Household Size</th>
<th>100%</th>
<th>133%</th>
<th>200%</th>
<th>250%</th>
<th>300%</th>
<th>400%</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>$11,670</td>
<td>$15,521</td>
<td>$23,340</td>
<td>$29,175</td>
<td>$35,010</td>
<td>$46,680</td>
</tr>
<tr>
<td>2</td>
<td>$15,730</td>
<td>$20,921</td>
<td>$31,460</td>
<td>$39,325</td>
<td>$47,190</td>
<td>$62,920</td>
</tr>
<tr>
<td>3</td>
<td>$19,790</td>
<td>$26,321</td>
<td>$39,580</td>
<td>$49,475</td>
<td>$59,370</td>
<td>$79,160</td>
</tr>
<tr>
<td>4</td>
<td>$23,850</td>
<td>$31,721</td>
<td>$35,775</td>
<td>$59,625</td>
<td>$71,550</td>
<td>$95,400</td>
</tr>
<tr>
<td>5</td>
<td>$27,910</td>
<td>$37,120</td>
<td>$55,820</td>
<td>$69,775</td>
<td>$83,730</td>
<td>$111,640</td>
</tr>
<tr>
<td>6</td>
<td>$31,970</td>
<td>$42,520</td>
<td>$63,940</td>
<td>$79,925</td>
<td>$95,910</td>
<td>$127,880</td>
</tr>
<tr>
<td>7</td>
<td>$36,030</td>
<td>$47,920</td>
<td>$72,060</td>
<td>$90,075</td>
<td>$108,090</td>
<td>$144,120</td>
</tr>
<tr>
<td>8</td>
<td>$40,090</td>
<td>$53,320</td>
<td>$80,180</td>
<td>$100,225</td>
<td>$120,270</td>
<td>$160,360</td>
</tr>
</tbody>
</table>
How Can I Learn More?

RyLee Curtis | Senior Health Policy Analyst | Utah Health Policy Project
801.706.7831 | rylee@healthpolicyproject.org
Visit | www.healthpolicyproject.org