Myths and Facts about Medicaid

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When talking about Medicaid Expansion it is easy to get myths mixed with facts. We want to clarify some common myths about Medicaid and provide truths regarding this salient topic.

☹ ***Myth 1—Medicaid spending is out of control.***
✓ **FACT: Medicaid does a better job of containing costs than private insurance.**
Medicaid is most in demand during economic recessions. The per enrollee cost growth of Medicaid (6.1%) is lower than the per enrollee cost growth of Medicare (6.9%), private insurance (10.6%) and premiums for employer-sponsored coverage (12.6%).

☹ ***Myth 2—Medicaid provides "Cadillac" insurance coverage that is more than a person needs.***
✓ **FACT: Medicaid serves people that require services not available in standard insurance plans.**
Medicaid is the only option available for many individuals with disabilities and low-income elderly—both of whom require more intensive services. The benefits offered in Medicaid reflect its role as a safety net in our health system. States can choose to give the Medicaid expansion population a more limited benefit package based on the Essential Health Benefit standard chosen for the new exchange markets.[i]

	Traditional Medicaid	Medicaid Expansion	Exchanges
Population	Varies (mandatory and optional)	Uninsured up to 133% FPL	Individuals above 133% FPL
Benefits	Mandatory and optional benefits with EPSDT requirements for children.	Benchmark or equivalent that must include EHB and some traditional Medicaid services	Essential health benefits as a floor for qualified health plans
Delivery System	Mix of fee-for service and managed care	Same as traditional Medicaid	Qualified health plans
EHB Issues	Comprehensive EHB could be more generous than traditional Medicaid	EHB promotes coordination with exchanges, but may be different from "benchmarks"	Fine line between comprehensiveness and affordability

☹ ***Myth 3—Medicaid covers too many people and crowds out private health insurance.***
✓ **FACT: Medicaid is a "safety net" that covers populations excluded by the private system.**
Most people covered by Medicaid are denied access to other insurance due to four reasons: their employers do not offer it, they are ineligible for it, they cannot afford it, or they are too ill or disabled to qualify.

☹ ***Myth 4—Medicaid is a welfare system for people who don't work.***
✓ **FACT: Sixty-five percent of Medicaid recipients come from working families.**
Medicaid was separated from the welfare system in 1996. Low-income workers are at the greatest risk of being uninsured because their incomes are often too high for Medicaid, but too low for private coverage.

☹ ***Myth 5—Medicaid is too costly for Utah in today's fiscal environment.***
✓ **FACT: Expanding Medicaid will save Utah money and keep tax dollars in Utah.**
Medicaid expansion saves state tax dollars spent on the uninsured. It reduces ER costs, uncompensated care costs for hospitals, and state spending on the uninsured. When the uninsured receive care, their costs are paid by the privately insured.

☹ ***Myth 6—The Medicaid program is inefficient.***

✓ **FACT: Medicaid is more efficient and thrifty than private sector plans.**
Medicaid has lower administrative costs per claims paid when compared to private sector plans. Medicaid per capita growth has been consistently about half the rate of growth in private insurance premiums. Both of these factors show that as Medicaid grows, it can remain an efficient program.

☹ **Myth *7—Medicaid is a poor-quality program that has little impact on access to care or health.***
✓ **FACT: Medicaid delivers life-saving preventative care and improves overall public health.**
In states that have already expanded Medicaid, mortality rates have been reduced significantly.[1] Adults also experienced significant reductions in delays getting health care due to cost.[2]

[1] http://www.nejm.org/doi/full/10.1056/NEJMsa1202099#t=articleMethods; Benjamin D. Sommers, M.D., Ph.D. et al., *Mortality and Access to Care Among Adults After Medicaid Expansions*, N. ENG. J. MED. (published on line July 25, 2012).
[2] http://www.chcs.org/usr_doc/C_Ingram_IOM_Slides_Draft_1_v2_%5BRead-Only%5D.pdf; Carolyn Ingram Senior Vice President, CHCS; The Intersection of Essential Health Benefits and Medicaid, published March 2, 2011.