Overview of Medicaid

Presented to the Medicaid Cost Containment Task Force

July 19, 2010

WHAT IS MEDICAID?

- Authorized in 1965
- Title XIX of the Social Security Act
- Means-tested entitlement program
- Initially focused coverage on public assistance population
- Expanded over time to cover other groups
  - Elderly
  - Disabled

- **3 general types of Medicaid health coverage**
  - Health insurance
    - low-income families with children
    - people with disabilities who cannot obtain or afford private-sector coverage
  - Supplemental coverage
    - low-income Medicare recipients
      - Medicare premiums
      - services not covered by Medicare
  - Long-term coverage
    - people of all ages with disabilities

- Financed by federal and state governments
- Administered by states
- Federal government establishes and monitors
  - funding,
  - eligibility standards,
  - and quality and scope of medical services
- States have flexibility over
  - eligibility,
  - reimbursement rates,
  - benefits,
  - and service delivery

WHO DOES MEDICAID COVER?

Individuals must meet several requirements to be eligible:

- Categorical,
- Income,
- Resource, and
- Citizenship.

Categorical Eligibility Requirements

Medicaid eligibility is limited to individuals who fall into specified categories as provided by federal statute

- Six broad population groups
  - Children
  - Pregnant women
  - Adults in families with dependent children
  - Disabled
  - Blind
  - Elderly
- Some eligibility categories based on a specific disease or condition
  - Tuberculosis
  - Breast or cervical cancer
  - Lou Gehrig's disease

Income Eligibility Requirements

Family income must be below a certain level to be eligible.

- Varies by category and state

Level often based on:

- A percentage of the Federal Poverty Guidelines (FPG)
- The 1996 eligibility standards for AFDC

Income Eligibility Requirements

Some applicants with income exceeding the requirements can qualify by “spending down”

- Health care costs incurred by an individual are deducted from the individual’s income

Resources Eligibility Requirements

Value of financial resources must be less than a specified amount

- Varies by category and state

Resources include

- bank accounts,
- real property,
- cars,
- other items that can be sold for cash.

Pregnant Women
(Kentucky)

	Income Limits (185% of Federal Poverty Guidelines)	
Family Size	**Monthly**	**Annual**
1	$1,670	$20,040
2	$2,247	$26,964
3	$2,823	$33,876
4	$3,400	$40,800

Resources not considered in Medicaid eligibility determination for pregnant women.

Source: Cabinet for Health and Family Services

Children
(Kentucky)

Age	Family Income as a Percent of Federal Poverty Guidelines	Covered Under
0 – 1	Less than 185%	Medicaid
1 – 5	Less than 133%	Medicaid
6 – 18	Less than 100%	Medicaid
0 – 1	185% to 200%	KCHIP
1 – 5	133% to 200%	KCHIP
6 – 18	100% to 200%	KCHIP

Source: Commonwealth. Department of Medicaid. "Kentucky Children's Health Insurance Program ." <http://chfs.ky.gov/NR/rdonlyres/5DF0521B-47E4-4179-BE30-FD14B6133D1D/0/KCHIPApplication10308.pdf> .

Kentucky Children's Health Insurance Program (KCHIP)

	Income Limits (200% of Federal Poverty Guidelines)	
Family Size	**Monthly**	**Annual**
1	$1,805	$21,660
2	$2,429	$29,148
3	$3,052	$36,624
4	$3,675	$44,100

Resources are not considered in Medicaid eligibility determination for children.

Source: Cabinet for Health and Family Services

Citizenship Requirements

- **U.S. citizens**
  - Must meet categorical and financial requirements
- **Illegal immigrants**
  - Cannot qualify for basic Medicaid benefits
  - Can qualify for Medicaid for emergency medical care if they meet the financial and non-financial requirements
- **Immigrants who are legal residents of the U.S.**
  - Can qualify for Medicaid for emergency medical care if they meet the financial and non-financial requirements
  - At state option, can qualify for the full package of benefits if they were legal residents of the U.S. prior to August 22, 1996

Residency Requirements

- An individual must be a resident of the state offering the Medicaid coverage for which the individual is applying

- States are prohibited from denying Medicaid coverage based on length of residency within the state

Redetermination

- States required to redetermine eligibility at least once every 12 months

- Designed to ensure that the beneficiary continues to meet eligibility requirements

Mandatory Eligibility Groups

- Families who meet states' AFDC eligibility requirements in effect on July 16, 1996
- Pregnant women and children whose income is at or below 133% of the federal poverty guidelines (FPG)
- Children ages 6 to 19 with family income up to 100% FPG
- Qualifying caretaker relatives – relatives or legal guardians who take care of children under age 18 or 19 if still in high school
- Supplemental Security Income (SSI) recipients
- Individuals and couples who are living in medical institutions and who have monthly income up to 300% of the SSI income standard

Optional Eligibility Groups

Medically needy includes:

- Pregnant women through a 60 day postpartum period (must have been previously eligible for Medicaid)
- Children under age 18
- Certain newborns for one year – deemed eligible due to Medicaid eligibility of mother
- Certain protected blind persons – Medicare related eligibility
- States have the option to cover other individuals in their medically needy program:
  - Aged persons – age 65 and older
  - Blind persons - as determined using the SSI program standards or state standards
  - Disabled persons – as determined using SSI program or state standards

Optional Eligibility Groups

- Medicare beneficiaries – Medicaid pays Medicare premiums, deductibles, and coinsurance for Medicare beneficiaries

- Working disabled individuals

- Those with certain medical conditions – as mentioned previously, specifically tuberculosis, Lou Gehrig's Disease, and women with breast or cervical cancer

Kentucky Medicaid Recipient Groups

Includes:

- Individuals who receive SSI, K-TAP, or state supplementation payments – qualifying individuals are typically elderly, disabled, or families with children
- Other low-income individuals who do not receive SSI or K-TAP but qualify because they meet the required income and resource criteria
- Foster care children
- Low-income blind or permanently and totally disabled
- Pregnant women and infants in households with income less than 185% FPG
- Children under age 6 with household income under 133% FPG
- Children ages 6 to 19 years with income not exceeding 100% FPG
- Low-income Medicare eligibles

Mandatory Services
Physician services
Hospital services (outpatient and inpatient)
Laboratory and X-ray services
Early Periodic Screening, Diagnosis, and Treatment Services (for individuals under 21)
Federally qualified health center and rural health clinic services
Pediatric and family nurse practitioner services
Nurse midwife services
Nursing facility services for individuals 21 and older
Home health care for persons eligible for nursing facility services
Transportation services

Optional Services	
	Provided in Kentucky
Prescription drugs	Yes
Clinic services	Yes
Care furnished by other licensed practitioners	Yes
Dental services and dentures	Yes
Prosthetic devices, eyeglasses, and durable medical equipment	Yes
Rehabilitation and other therapies	Yes
Case management	Yes
Nursing facility services for individuals under age 21	Yes

Optional Services	
	Provided in Kentucky
ICF/MR services	Yes
Home and community based services – by waiver	Yes
Inpatient psychiatric services for individuals under age 21	Yes
Respiratory care services for ventilator-dependent individuals	Yes
Personal care services	No
Hospice services	Yes

- Kentucky's Medicaid program pays the co-payments and deductibles for qualified Medicare beneficiaries who receive certain services:
  - Physical therapy
  - Occupational therapy
  - Psychological
  - Licensed clinical social worker
  - Physician assistant
  - Comprehensive outpatient rehabilitative facility services

Waivers – allow states certain exceptions to the service requirements

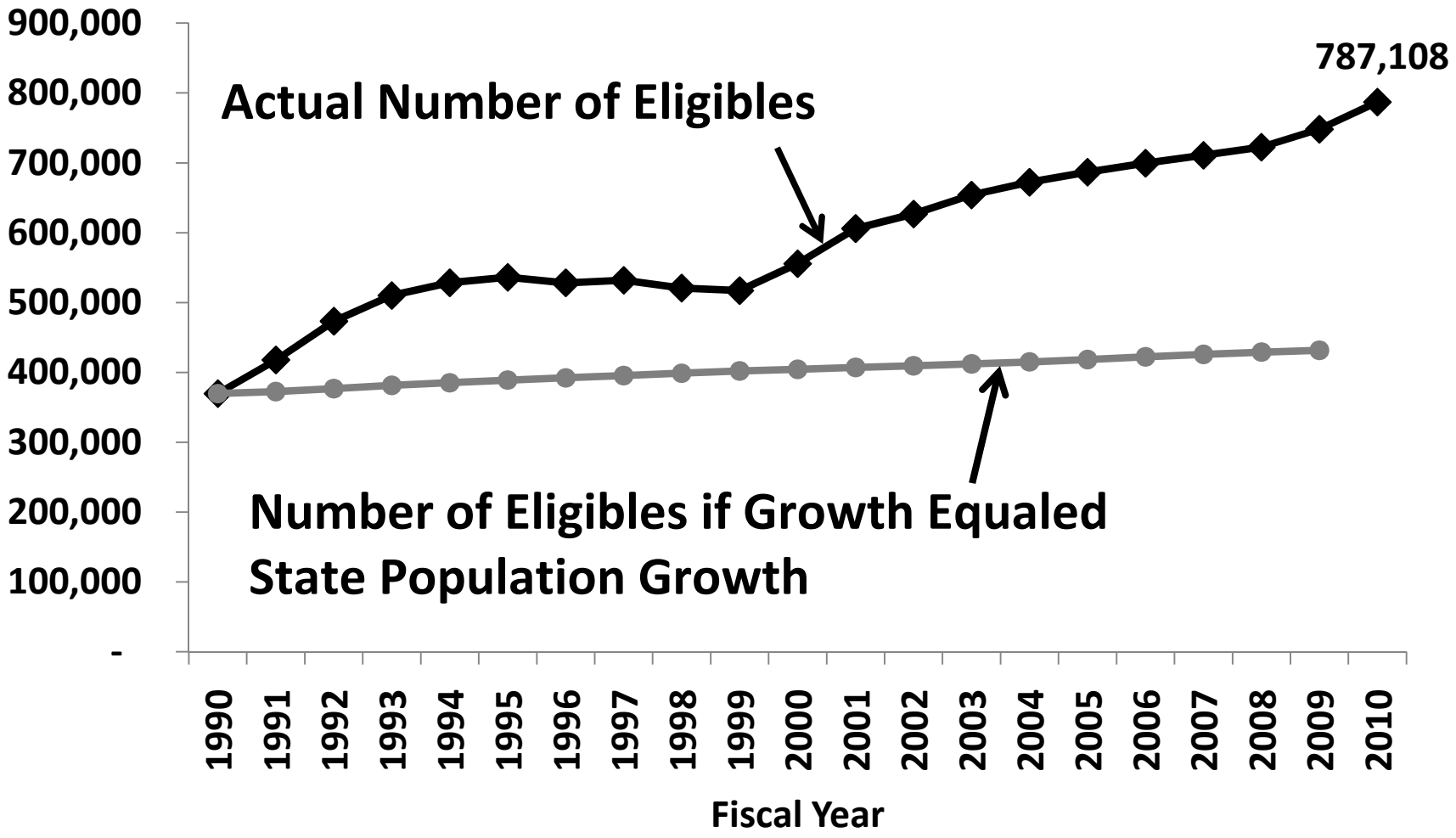
Current Kentucky waiver programs:

- Non-emergency Medical Transportation Program
- Health Care Partnership (Passport Health Plan)
- Home and Community Based Waiver for Elderly and Disabled Individuals
- Supports for Community Living
- Brain Injuries Waiver
- Model II Waiver (respirator dependent individuals)

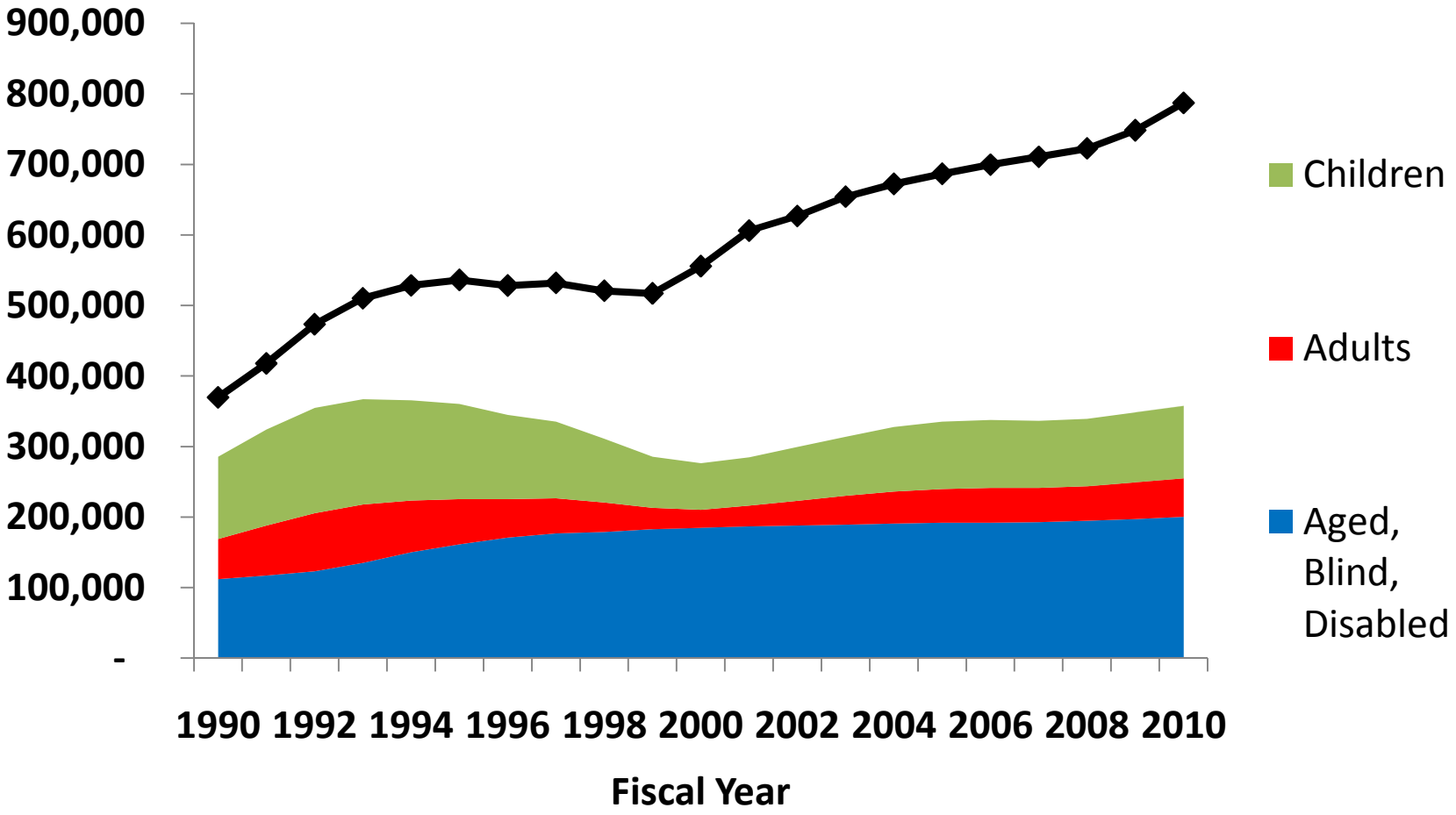
WHO PROVIDES KENTUCKY MEDICAID SERVICES?

- Over 40,000 providers
- Kentucky Medicaid program delivers services through
  - fee-for-service
  - managed care
- Passport Health Plan is the managed care component
  - Began in 1997
  - Provides services in Jefferson county and 15 surrounding counties
- Kentucky Patient Access and Care (KenPAC) program utilizes a primary care management model
  - Began in 1986
  - Covers counties not under Passport

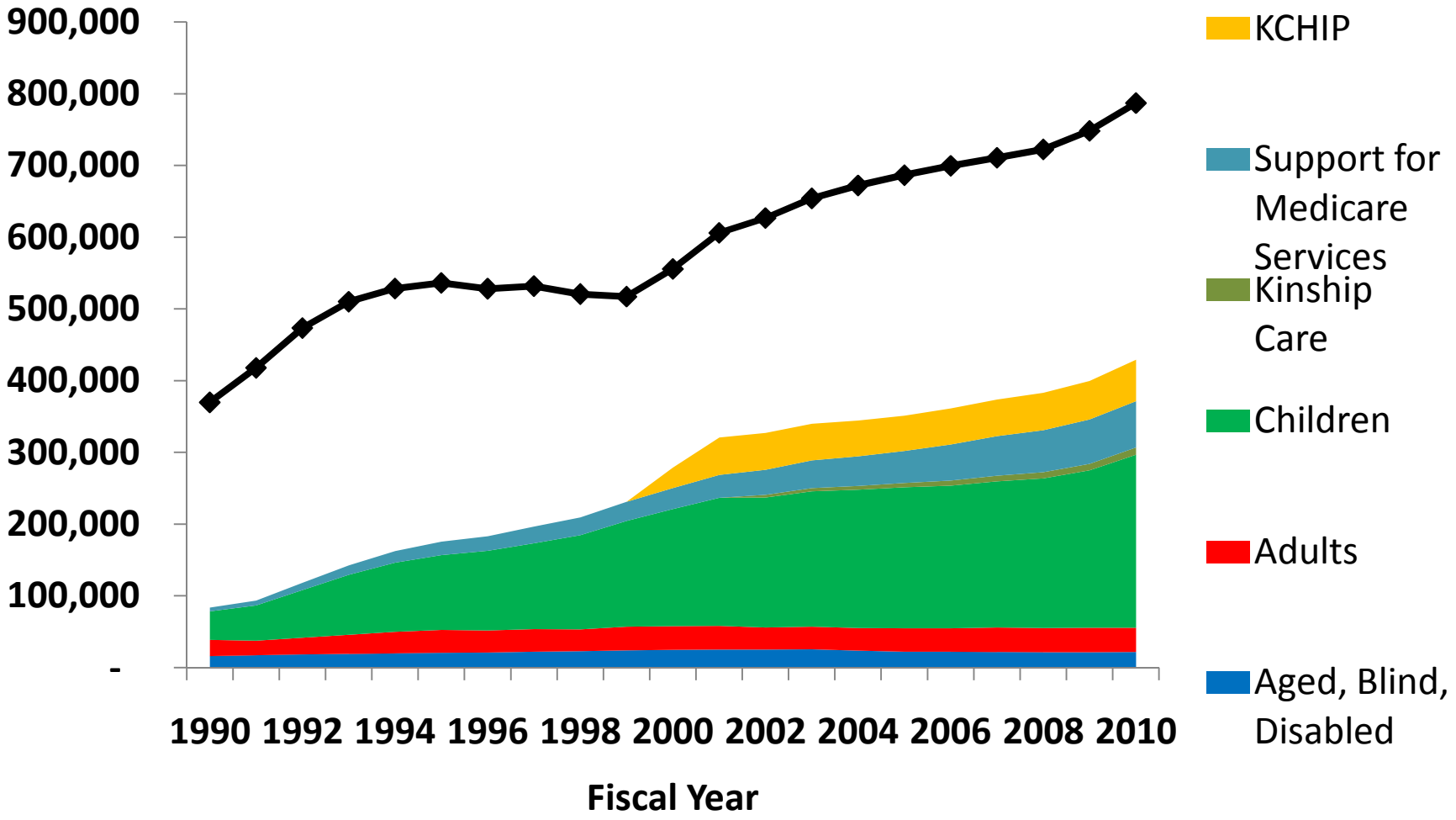
Kentucky Medicaid Eligibles



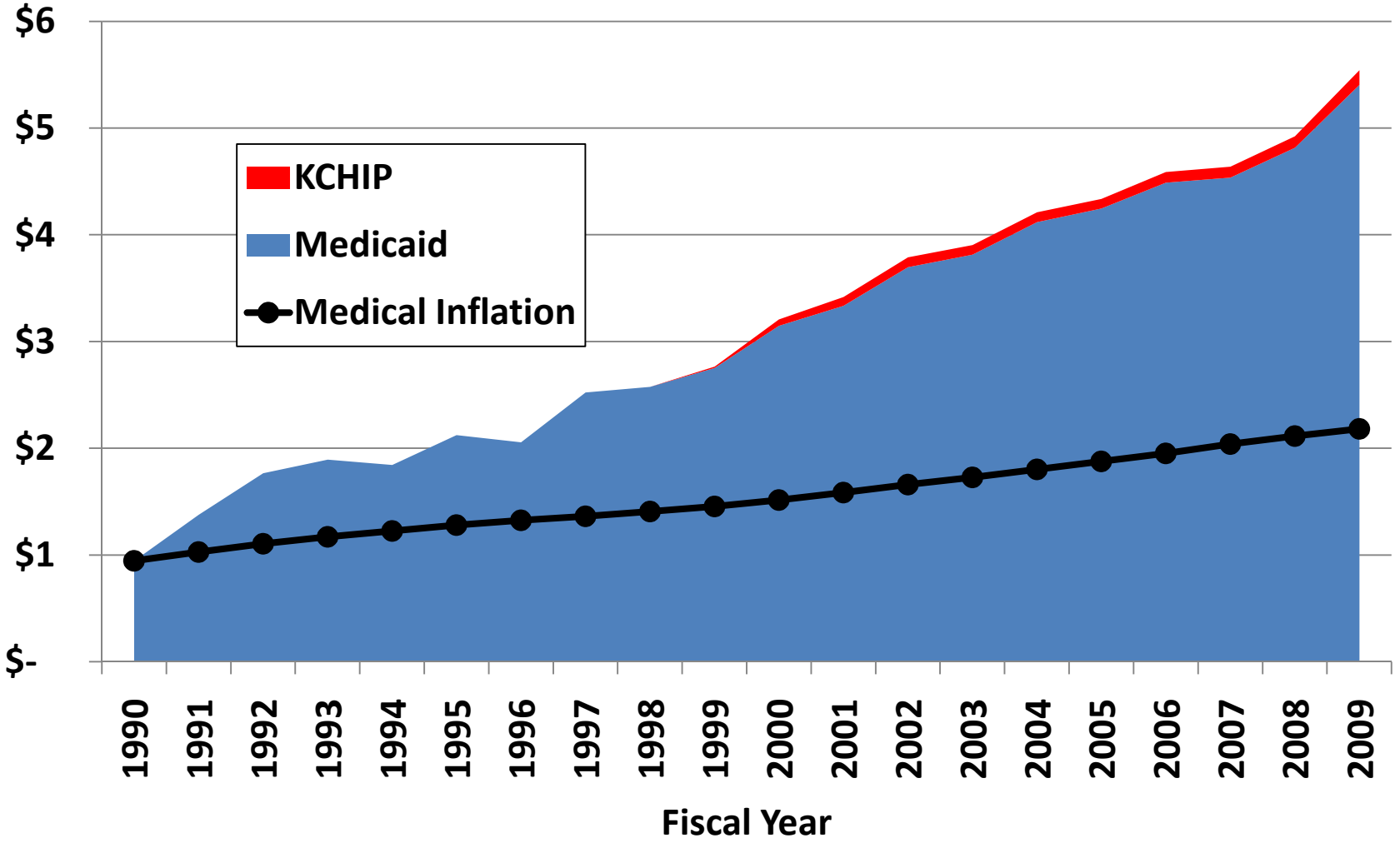
Kentucky Medicaid Eligibles: Categorically Needy (SSI or TANF)



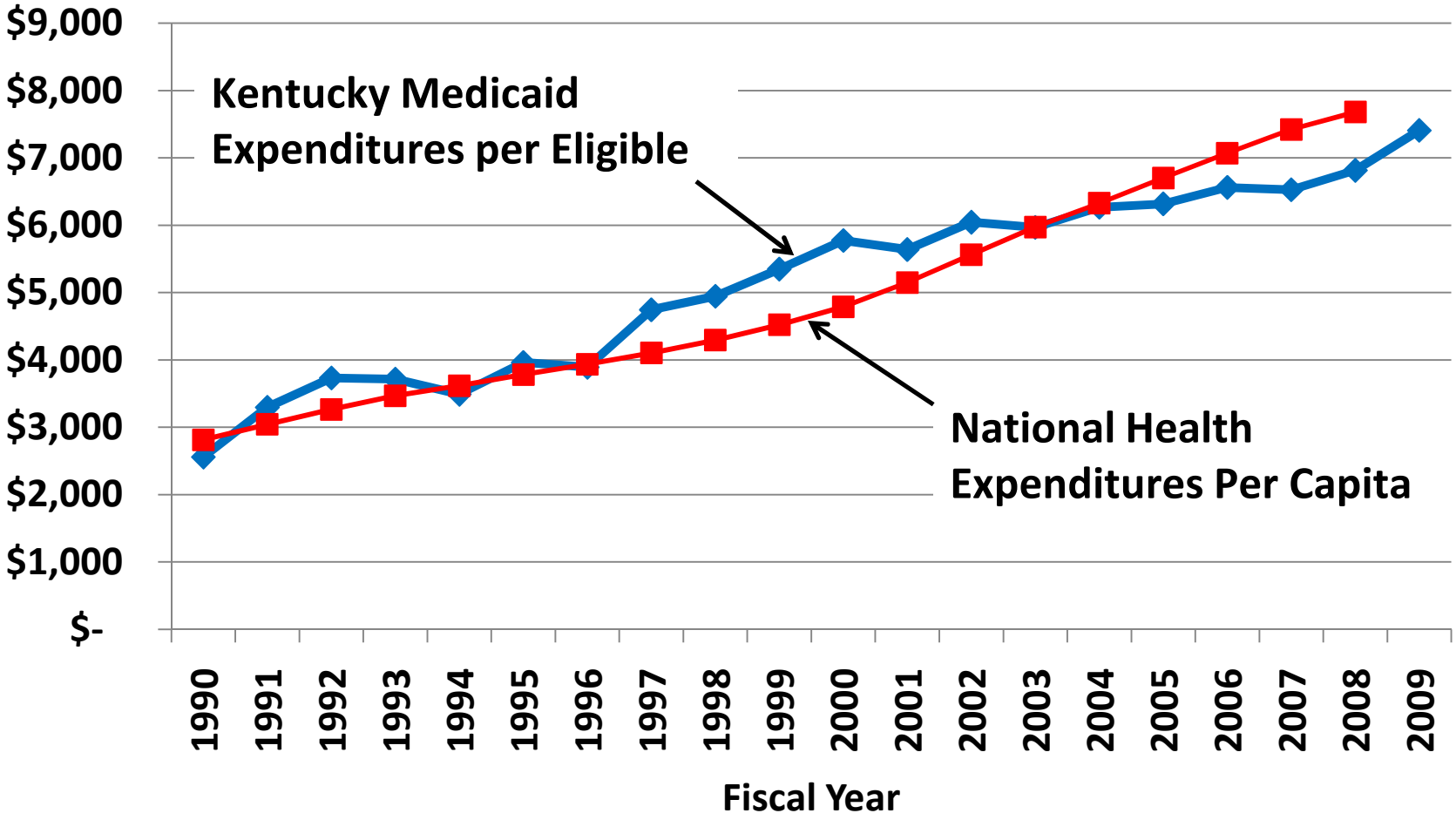
Kentucky Medicaid Eligibles: Medically Needy, Support for Medicare Services, and KCHIP



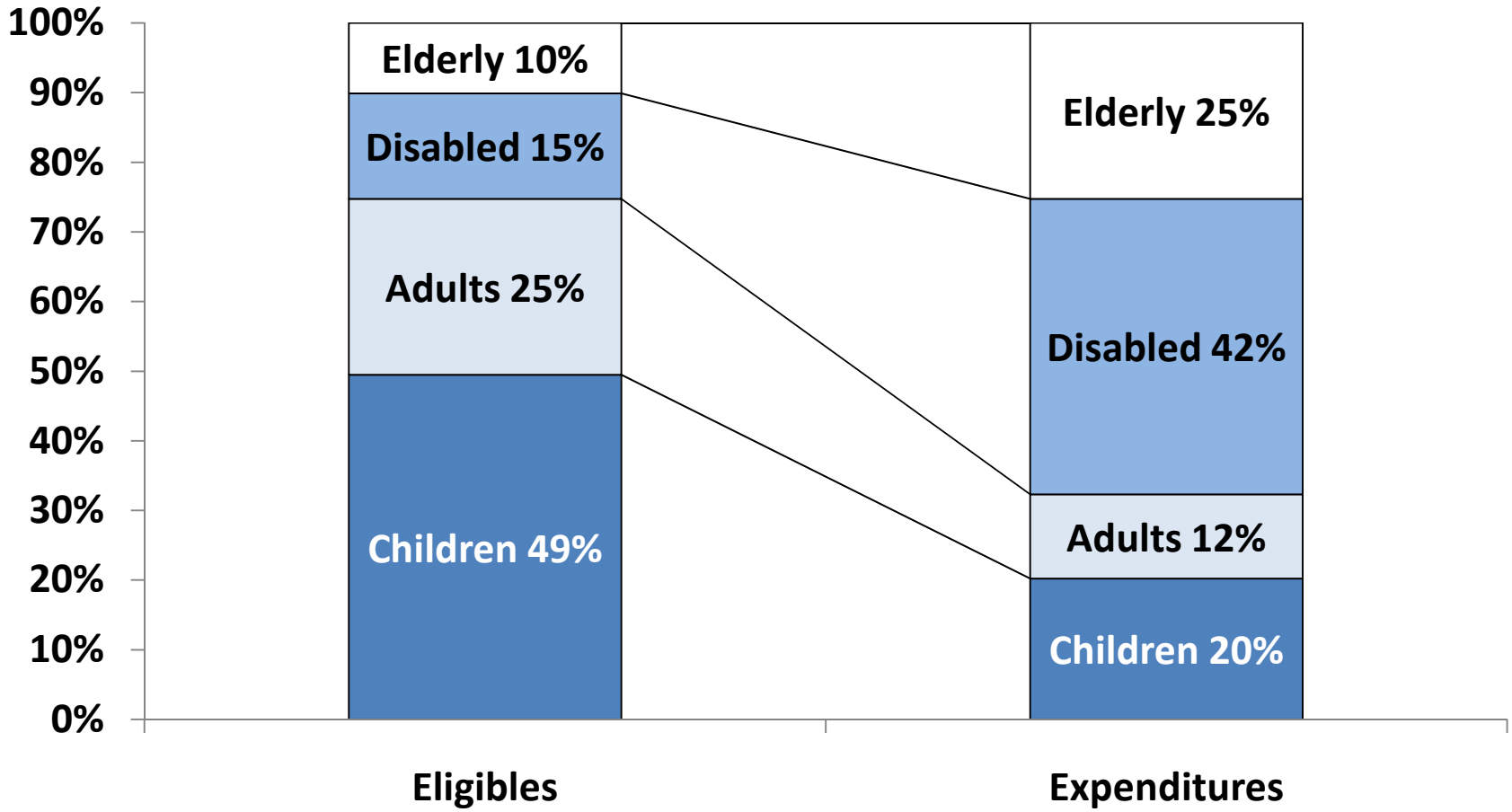
Total Kentucky Medicaid Expenditures
(billions)



Per Capita Expenditures



National
Medicaid Enrollees and Expenditures (2007)



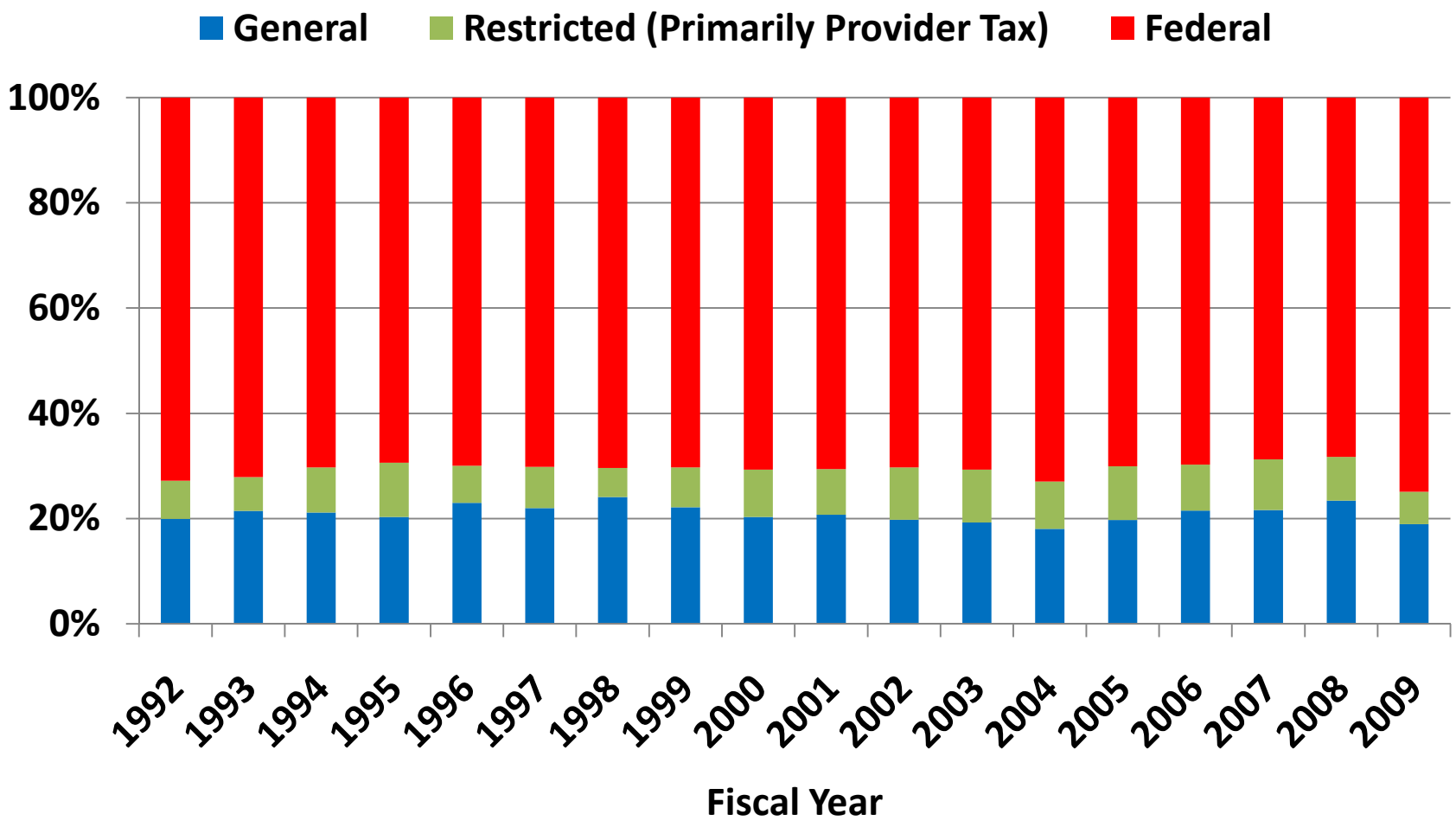
Source: The Kaiser Commission on Medicaid and the Uninsured. "Medicaid: A Primer 2010." June 2010, page 23.

Kentucky Medicaid Funding Sources

- **Federal Matching Funds**
- **Provider Tax Revenues**
- **General Fund (GF) Appropriations**

Total Kentucky Medicaid Expenditures

by Funding Source



Federal Medical Assistance Percentage (FMAP)

FMAP is the percentage of Medicaid costs paid by the federal government

- Based on each state's per capita income relative to the nation's per capita income.
- States with lower per capita income receive a higher FMAP.

Kentucky's FMAP
FY 2010

	FMAP
Administrative	50%
Medicaid	
Original	70.96%
With Temporary ARRA Adjustments	80.14%
KCHIP	79.76%

Kentucky Provider Taxes

Current Provider Taxes	Rate Applied to Gross Revenues
Hospital	2.5%
Home Health Care	2.0%
HMO	2.0%
ICF/MR	5.5%
Supports for Community Living Waiver Program	5.5%

Kentucky Provider Taxes

Current Provider Taxes	Rate
Nursing Facilities (Non-Medicare)	
Non-hospital Based with 60 or fewer beds	1.0%
Hospital Based	2.0%
Other (Non-hospital based with more than 60 beds)	6.0%

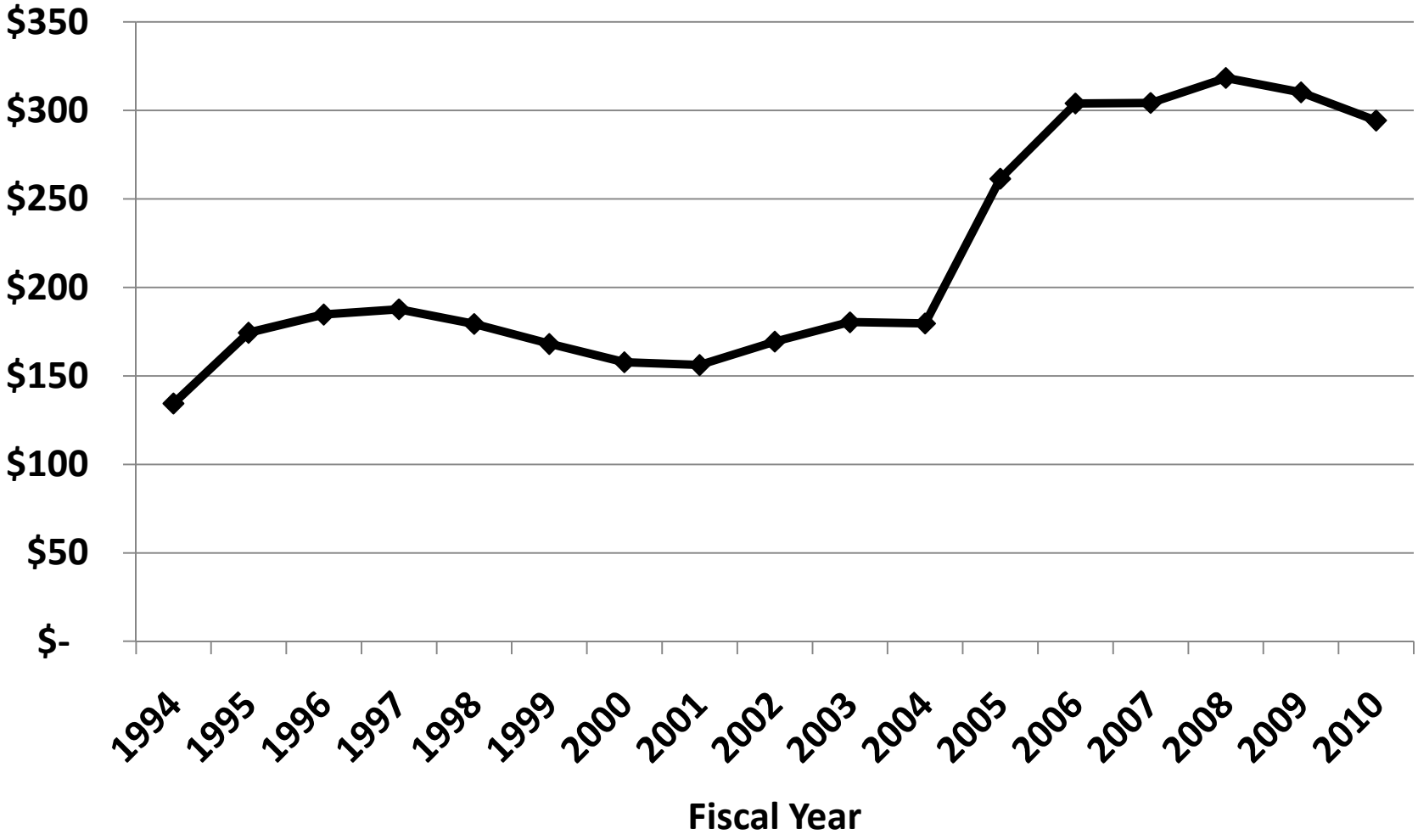
Rate applied to average daily revenues per patient day bed per day.

Kentucky Provider Taxes

Major Legislative Changes

1996 to 2000	**Tax on physician services and outpatient prescriptions phased out**
2004	**Tax on nursing facilities, ICF/MR, and Supports for Community Living providers increased**
2005	**Provider tax extended to Medicaid managed care organizations**
2009	**Provider tax on Medicaid managed care organizations expired**

Kentucky Provider Tax Receipts
(millions)



Share of Total Kentucky Provider Taxes

by Service

(FY 2009-2010)

Hospitals	61.1%
Home Health Care	2.9%
ICF/MR	2.6%
Nursing Facilities	19.2%
Medicaid Managed Care	5.2%
Supports for Community Living	8.9%
Unknown	0.1%
Total	**100%**

Kentucky Medicaid GF Expenditures