

Medicaid Expansions

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Medicaid Expansions – Pregnant women

- Before late 1980s, Medicaid was available for non-elderly people in cash assistance programs, e.g. AFDC
- AFDC eligibility was determined by income/asset/expenses test and lack of spouse
- Could also become eligible if 'medically needy' e.g., high medical bills 'spend down' income past income limit
- Income line was well below poverty level (average across states was 60% of PL)
- States have always had the option to expand Medicaid past federal mandates

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- Prior to 1985, some states covered women pregnant for the 1st time if they would be eligible with a child
- Some states had AFDC –UP – allowed Medicaid coverage for 2-parent families w/ unemployed parent.
- DEFRA 84 (effective 1985)
 - mandated 1st baby coverage in all states
 - Coverage in AFDC UP families even if no AFDC UP program

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- OBRA 86 gave states option to cover pregnant moms up to 100% of FPL beginning in 4/1987
- OBRA 87 increased this level to 185% FPL
- Medicare Cat Care Act mandated coverage for women up to 75% FPL July 1 1989
- OBRA 89 required coverage up to 133% FPL by April 1990
- Variation across states in FPL levels used

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2 type of expansions

- Targeted– specific income groups like AFDC UP or
- Broad – increase eligibility due to raise fraction of FPL

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Expansions -- Kids

- DEFRA 84 – expand Medicaid to kids born after 9/30/83 is income eligible for AFDC
- OBRA 86 – Effective 4/1/87. Permit states to expand Medicaid to kids < FPL. Increase age by 1 per year until kids <5 covered
- OBRA 87 – Effective 7/1/88.
 - Allows states to cover kids <5 if born after 9/30/83
 - Eff 10/1/88, expand coverage to <8 for those born after 9/30/83
 - Allow states to extend Medicaid elig. for infants <1 if <185% of FPL
 - States required to cover kids <5(1989) <6 (by 1990) if income eligible for AFDC

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- Medicare Catastrophic Cov Act 1988
 - Eff 7/1/89, states required to cover infants <1 if family income < 75% FPL
 - Eff 7/1/90, income level increased to 100% FPL
- Family support act
 - Eff 4/1/90, required to cover elig. kids for 12 months if they become inelig for Medicaid because of higher earnings

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- OBRA 89
 - Eff 4/1/90, cover kids <7 if income < 133% FPL
- OBRA 90
 - Eff 7/1/91, cover all kids < 9 born after 9/30/83 and <100% FPL

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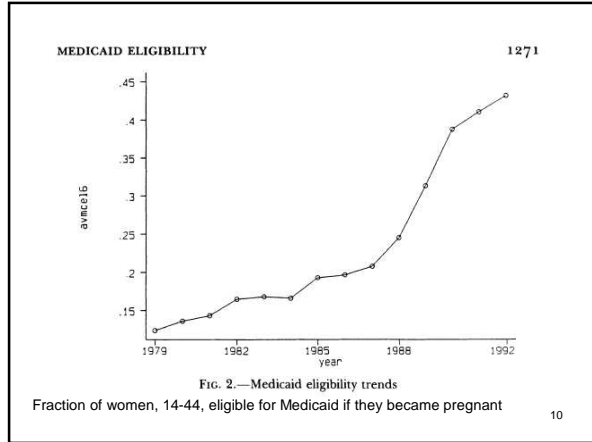
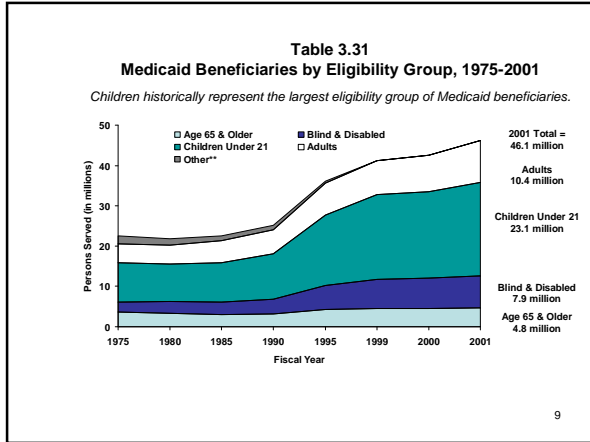


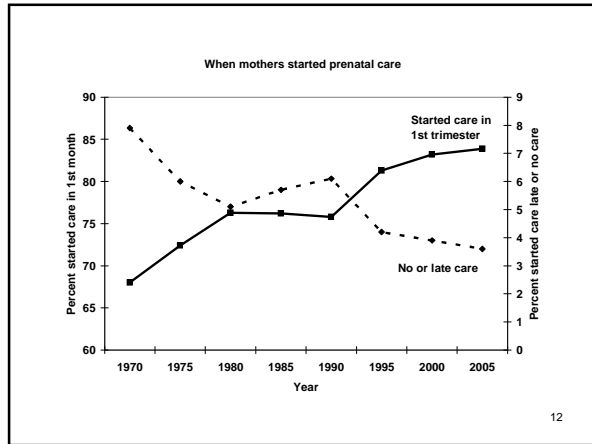
TABLE I
MEDICAID ELIGIBILITY AND COVERAGE

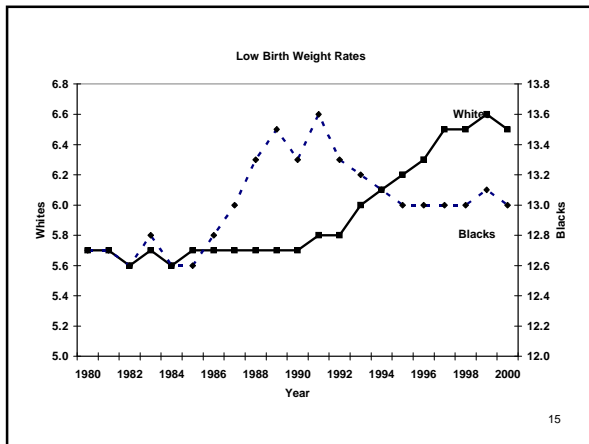
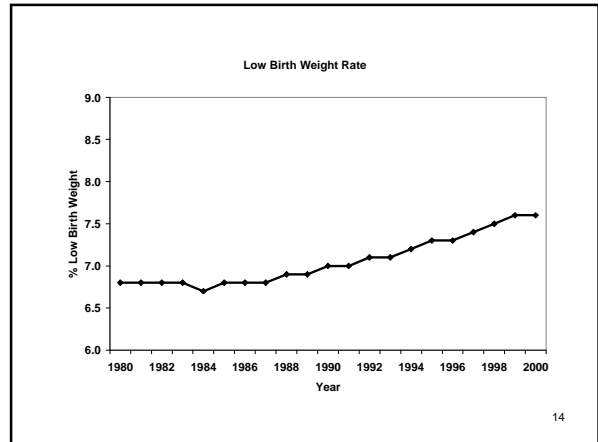
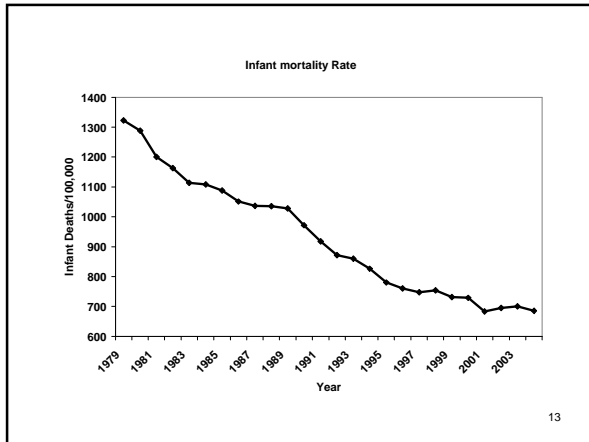
Year	% of children eligible	% of children eligible—fixed population	% of children covered
1984	18.1	16.1	13.2
1985	18.2	18.4	13.5
1986	19.0	18.9	13.8
1987	19.3	19.7	13.5
1988	18.8	20.3	12.8
1989	20.4	21.6	13.9
1990	25.7	26.2	16.5
1991	28.7	28.1	19.3
1992	31.2	30.3	20.6

Based on data from March 1985–March 1993 CPS. Column 1 shows the percent of children eligible for Medicaid in each year. Column 2 shows the percentage of the 1984 sample that would have been eligible for Medicaid in each subsequent year (holding their characteristics constant and inflating income appropriately). Column 3 gives the percentage of children actually covered in each year. Figures are from the author's calculations as described in the text and in Appendix 1.

Eligibility rates double (94%) but fraction insured increases by 56%
 Big increase in eligibility after 1989

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- Big changes in eligibility across states (Kids)
 - 3 biggest 1984-92
 - TX (6.9 to 34.8, 27.9)
 - SC (7.9 to 33.5, 25.6)
 - LA (11.7 - 35.7, 25.1)
 - 2 smallest
 - WY (26.6 to 21.8, -4.8)
 - PA (22.3 to 21.8, -0.5)
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Crowd out

- Some with emp. provided private insurance may pay large chunk premiums OOP.
- They may also be eligible for Medicaid under the new expanded coverage
- Could respond to expansions by dropping e.p. coverage, pick up Medicaid
- Expansions could increase eligibility, increase Medicaid use, but not increase coverage

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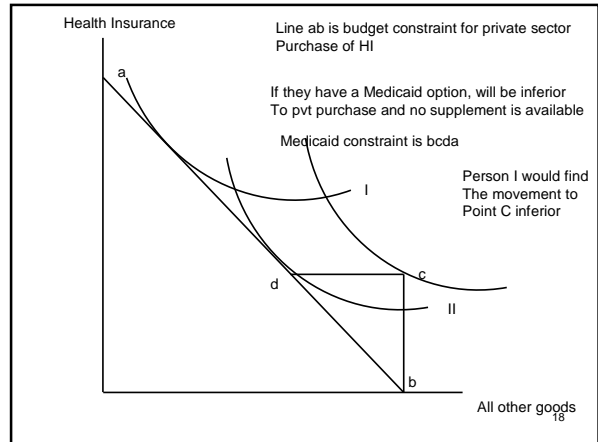


TABLE I
TIME SERIES DATA ON "MEDICAID" ELIGIBILITY AND COVERAGE

Year	Percent of children 0-18		Percent of women 15-44		Percent of HIU dollars
	Eligible	Covered	Eligible	Covered	
1987	17.8%	14.8%	21.1%	8.6%	8.2%
1988	17.8	15.1	25.2	8.7	8.7
1989	18.5	15.3	32.3	8.6	9.3
1990	22.7	18.0	40.3	9.9	11.2
1991	25.0	19.9	42.4	10.8	12.1
1992	27.0	21.0	44.9	11.7	12.5

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TABLE II
SOURCES OF INSURANCE COVERAGE FOR THE NONELDERLY POPULATION, 1987

Group	Insurance status		
	Private	Public	Uninsured
All	76%	14%	14%
Children	74%	19%	13%
Women of child-bearing age	76%	13%	15%
Men with no children or women of child-bearing age in family	84%	8%	11%
Other adults	75%	12%	18%
<u>Children and women of child-bearing age</u>			
Eligible in 1987	31%	50%	25%
Made eligible between 1987 and 1992	65	15	25
Not eligible by 1992	89	6	8

65% of those who were made eligible for Medicaid had Private insurance in 1987

Ability to crowd out is therefore very high

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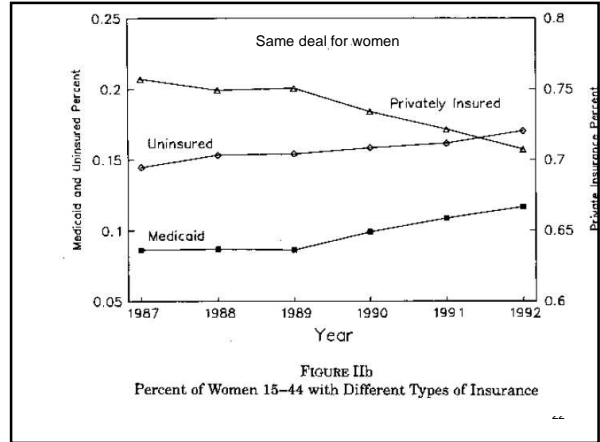
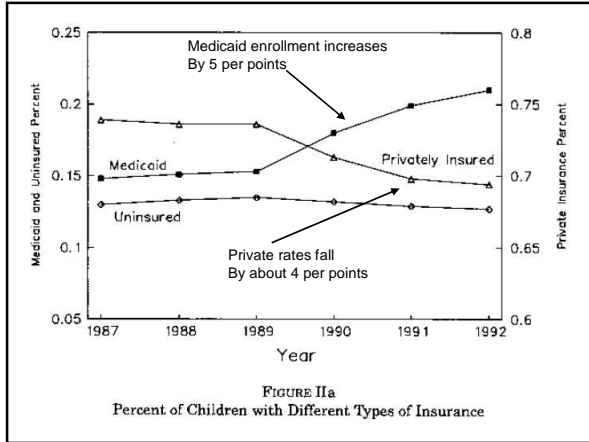


TABLE IV
REGRESSIONS EXPLAINING COVERAGE FOR WOMEN AND CHILDREN

Independent variable	Children		
	Medicaid	Private	Uninsured
Eligible for Medicaid	0.235 (0.017)	-0.074 (0.021)	-0.119 (0.018)

Independent variable	Women		
	Medicaid	Private	Uninsured
Eligible for Medicaid	0.008 (0.019)	-0.045 (0.030)	0.047 (0.028)

Kids: Medicaid increases by 23 per points, but 1/3 of that is wiped out by a reduction in private insurance rates

Results for moms make no sense, no change in Medicaid, reduction in PVT, and an increase in the uninsured.

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- ## SCHIP
- State Children's Health Insurance Plan
 - Designed to provide health insurance to children not poor enough for Medicaid but too poor to purchase health insurance
 - States given autonomy to run program. Can use funds to
 - Run independent program
 - Use funds to expand Medicaid to include more kids
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- 19 states expanded Medicaid, 15 had separate SCHIP programs, rest had combination
- 11 states enacted programs in 1997, 34 states in 1998, 6 states in 1999/2000
- Tremendous variation across states in eligibility

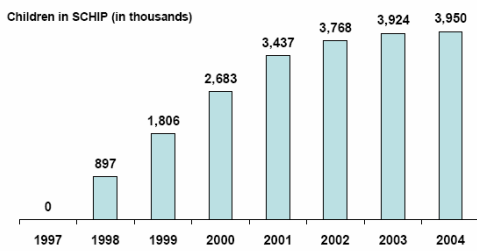
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Variation in coverage levels SCHIP

State	FPL cutoff, 1-5		FPL cutoff, 15 y.o.	
	1996	2000	1996	2000
CT	185	300	81	300
ID	133	150	29	150
NY	133	192	51	192
RI	250	250	51	250
TX	133	133	17	100
TN	400	400	100	400

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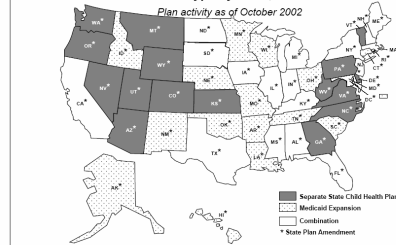
Figure 2
**U.S. SCHIP Enrollment of Children
December of Each Year, 1997 to 2004**



Source: Data provided by state officials to Health Management Associates for the Kaiser Commission on Medicaid and the Uninsured

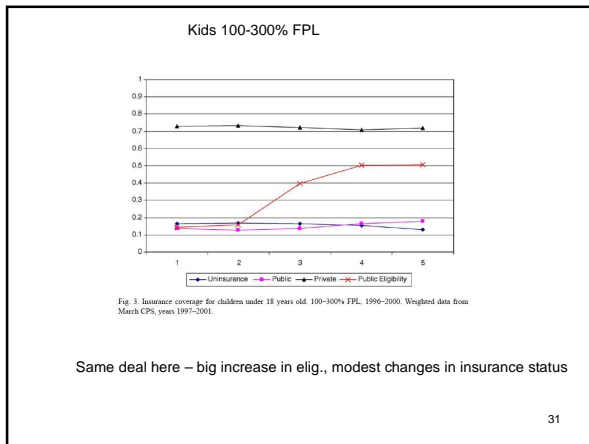
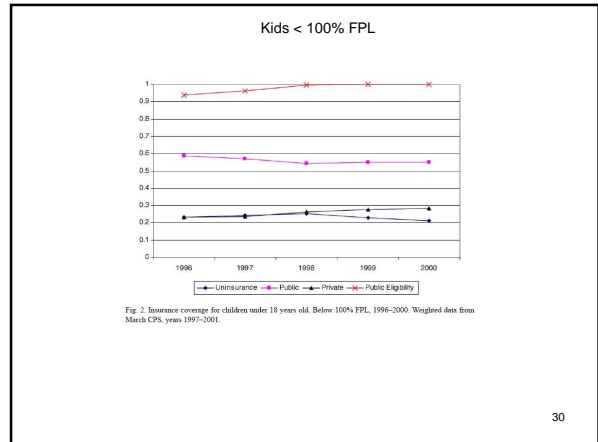
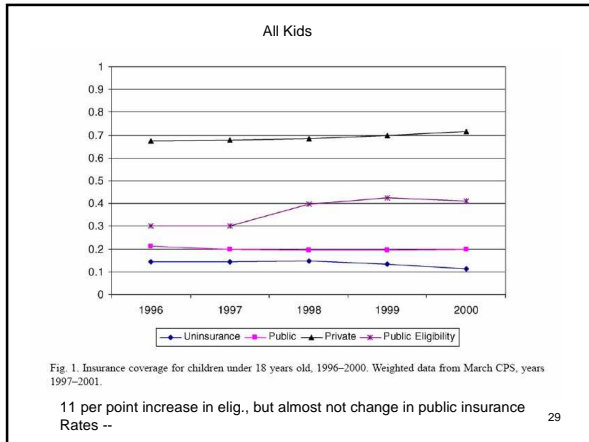
Kaiser Commission on
Medicaid and the Uninsured

Table 3.36
**State Children's Health Insurance Program
Plan Type by State, 2002**



Number of Approved Separate State Child Health Plans: 16 (AZ, CO, DE, GA, KS, MT, NC, NY, OR, PA, UT, VT, WA, WI, WY)
Number of Approved Medicaid Expansions: 21 (AK, HI, IL, IN, IA, MI, MN, MO, NE, NH, OH, OK, PR, RI, SC, TN, VA, WJ)
Number of Approved Combination Plans: 19 (AL, CA, CT, FL, LA, IL, IN, KY, MA, MD, ME, MI, MS, ND, NH, NJ, NY, SC, TX)
Source: CMS Center for Medicaid and State Operations

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Reporting concerns

- Insurance in March CPS self reported
- Rise of Medicaid Managed care, many people enrolled in private plans that service Medicaid
 - May look like private plan but source of coverage is Medicaid
 - People may then respond have private insurance
- Will understate take-up, understate crowd out

Table 6
 Estimates of take-up and crowd-out associated with SCHIP expansions under different assumptions for children less than 18 years of age under 300% of FPL

Assumptions	Percentage	Number of children (in thousands)
Private coverage variable is accurate		
Take-up among income-eligible	5.4%* (1.9)	616
Take-up among income-eligible uninsured ^d	24.2%	616
Crowd-out ^b	10.4% (37.0)	64
Increased non-group coverage is result of SCHIP ^c		
Take-up among income-eligible	9.1%** (2.1)	1037
Take-up among income-eligible uninsured ^d	40.9%	1037
Crowd-out ^b	46.6%* (19.3)	483

Crowd out estimates from Table 3 – modest crowd out

Crowd out assuming some of the increase in private insurance is due to Mis-reporting Medicaid as private coverage – here – authors assume the 4per point increase in private non-group coverage is actually Medicaid