Informational Hearing on Health Care Delivery Systems in California and Other Countries

Public Programs: Medicare, Medicaid and CHIP

Edwin Park
Vice President for Health Policy
Center on Budget and Policy Priorities

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A. Medicare
Medicare Enrollment and Eligibility

• In 2016, Medicare covered 56.8 million (47.8 million seniors and 9.0 million people with disabilities).

• In California, Medicare covered 5.8 million.

Source: Medicare Trustees Report (2017)
Medicare Financing

Sources of Medicare funding, 2016

- **General revenue**: 3%
- **Payroll taxes**: 13%
- **Premiums**: 36%
- **Transfers from states**: 45%
- **Taxation of Social Security benefits**: 3%
- **Interest**: 8%
- **Other**: 9%

**Total**: $710.2 billion

- **Part A**: $290.8 billion
- **Part B**: $313.2 billion
- **Part D**: $106.2 billion

Note: Sections in pie chart not labeled equal 1% or under. Source: Kaiser Family Foundation
Medicare Benefits

Medicare benefit payments by type of service, 2016

- Home health services: 3%
- Skilled nursing facilities: 4%
- Hospital outpatient services: 7%
- Physician payments: 10%
- Other services: 11%
- Outpatient prescriptions: 14%
- Medicare Advantage: 30%
- Hospital inpatient services: 21%

Note: Total benefit payments in 2016 = $675 billion; Source: Kaiser Family Foundation
# Medicare Cost-Sharing

## 2017 Medicare Out-of-Pocket Costs

<table>
<thead>
<tr>
<th></th>
<th>Part A</th>
<th>Part B</th>
<th>Part D</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Premiums</strong></td>
<td>None (for most people)</td>
<td>$109/month (for most)</td>
<td>$42/month (PDP avg.)</td>
</tr>
<tr>
<td><strong>Deductible</strong></td>
<td>$1,316 per benefit period</td>
<td>$183 per year</td>
<td>$400 (for standard benefit)</td>
</tr>
<tr>
<td><strong>Cost Sharing</strong></td>
<td>$0 first 60 days for inpatient hospitalization (more after 60 days)</td>
<td>20% coinsurance</td>
<td>Varies by plan &amp; spending tier</td>
</tr>
</tbody>
</table>

Source: Medicare.gov and Kaiser Family Foundation
Medicare Care Delivery

• In 2016, 3.4 million Californians were enrolled in traditional Medicare and 2.5 million were enrolled in Medicare Advantage plans.

Share of total Medicare enrollment, 2016

Enrollees Nationwide

- 32.4% Medicare Advantage
- 67.5% Traditional Medicare
- 39%

Enrollees in California

- 42.5% Medicare Advantage
- 57.5% Traditional Medicare

Source: Centers for Medicare and Medicaid Services
B. Medicaid
Medicaid Enrollment

- In 2017, Medicaid covers 74 million people.
- In California, Medi-Cal covers 13.4 million people.

Share of total Medicaid enrollment, 2017

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**Enrollees Nationwide**

- 12% Disabled
- 35% Adults
- 44% Children
- 8%-aged

**Enrollees in California**

- 6% Disabled
- 53% Adults
- 32% Children
- 9%-aged

Source: Congressional Budget Office and California Department of Health Care Services
## Medicaid Eligibility

### Medicaid Eligibility Group Examples

<table>
<thead>
<tr>
<th><strong>“Mandatory” Populations</strong></th>
<th><strong>“Optional” Populations</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>• Children (all age groups) ≤138% FPL</td>
<td>• Low income children above federal core minimum income thresholds</td>
</tr>
<tr>
<td>• Pregnant women ≤138% FPL</td>
<td>• Low-income parents &gt; 1996 AFDC limits</td>
</tr>
<tr>
<td>• Parents &lt;state’s AFDC limit as of July 1996 (median = 64% FPL)</td>
<td>• Pregnant women &gt;138% FPL</td>
</tr>
<tr>
<td>• Seniors and people with disabilities receiving Supplemental Security Income (SSI) (&lt;75% FPL)</td>
<td>• ACA Medicaid expansion adults &lt;138% FPL</td>
</tr>
<tr>
<td>• Certain working disabled</td>
<td>• Seniors and people with disabilities, above SSI levels but &lt;100% FPL</td>
</tr>
<tr>
<td>• Medicare Savings Programs (QMB, SLB, QI)</td>
<td>• Nursing home residents above SSI level, but below 300% of SSI</td>
</tr>
<tr>
<td></td>
<td>• Individuals at risk of needing nursing facility or ICF-MR care (HCBS waiver enrollees)</td>
</tr>
<tr>
<td></td>
<td>• Certain working disabled above SSI levels</td>
</tr>
<tr>
<td></td>
<td>• Section 1115 waiver enrollees (including family planning waiver enrollees)</td>
</tr>
<tr>
<td></td>
<td>• Medically needy</td>
</tr>
</tbody>
</table>

Source: Kaiser Family Foundation
Medicaid Financing

Federal funding rises when state costs rise

Most groups and services
50% match rate (in CA)

<table>
<thead>
<tr>
<th>State share</th>
<th>Federal share</th>
<th>Illustrative per enrollee costs</th>
</tr>
</thead>
<tbody>
<tr>
<td>$50</td>
<td>$50</td>
<td>$100</td>
</tr>
<tr>
<td>$65</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Medicaid expansion group
90% match rate

<table>
<thead>
<tr>
<th>Illustrative per enrollee costs</th>
</tr>
</thead>
<tbody>
<tr>
<td>$10</td>
</tr>
<tr>
<td>$90</td>
</tr>
<tr>
<td>$117</td>
</tr>
</tbody>
</table>

Illustrative per enrollee costs: $100
Illustrative per enrollee costs: $130
## Medicaid Benefits

### Medicaid Benefit Examples

<table>
<thead>
<tr>
<th>“Mandatory” Benefits</th>
<th>“Optional” Benefits</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Physician services</td>
<td>• Prescription drugs</td>
</tr>
<tr>
<td>• Laboratory and x-ray services</td>
<td>• Clinic services</td>
</tr>
<tr>
<td>• Inpatient hospital services</td>
<td>• Dental services, dentures</td>
</tr>
<tr>
<td>• Outpatient hospital services</td>
<td>• Physical therapy and rehab services</td>
</tr>
<tr>
<td>• Early and Periodic Screening, Diagnostic, and Treatment (EPSDT) services for individuals &lt; age 21</td>
<td>• Prosthetic devices, eyeglasses</td>
</tr>
<tr>
<td>• Family planning services</td>
<td>• Primary care case management</td>
</tr>
<tr>
<td>• Rural and federally-qualified health center (FQHC) services</td>
<td>• Intermediate care facilities for the mentally retarded (ICF/MR) services</td>
</tr>
<tr>
<td>• Nurse midwife services</td>
<td>• Inpatient psychiatric care for individuals &lt; age 21</td>
</tr>
<tr>
<td>• Nursing facility services for individuals &gt; age 21</td>
<td>• Home health care and other services provided under home and community-based waivers</td>
</tr>
<tr>
<td>• Home health care services for individuals entitled to nursing facility care</td>
<td>• Personal care services</td>
</tr>
<tr>
<td>• Smoking cessation services for pregnant women</td>
<td>• Hospice services</td>
</tr>
<tr>
<td>• Free-standing birth center services</td>
<td>• Health home’ services for individuals with chronic conditions</td>
</tr>
<tr>
<td></td>
<td>• Home and community-based attendant services and supports</td>
</tr>
</tbody>
</table>

Source: Kaiser Family Foundation
## Medicaid Cost Sharing

### Maximum Allowable Cost Sharing Amounts in Medicaid by Income, 2014

<table>
<thead>
<tr>
<th>Service</th>
<th>&lt;100% FPL</th>
<th>100% - 150% FPL</th>
<th>&gt;150% FPL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Outpatient Services</td>
<td>$4</td>
<td>10% of state cost</td>
<td>20% of state cost</td>
</tr>
<tr>
<td>Non-Emergency Use of ER</td>
<td>$8</td>
<td>$8</td>
<td>No limit (subject to overall 5% of household income limit)</td>
</tr>
<tr>
<td>Prescription Drugs</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Preferred</td>
<td>$4</td>
<td>$4</td>
<td>$4</td>
</tr>
<tr>
<td>Non-Preferred</td>
<td>$8</td>
<td>$8</td>
<td>20% of state cost</td>
</tr>
<tr>
<td>Inpatient Services</td>
<td>$75 per stay</td>
<td>10% of state cost</td>
<td>20% of state cost</td>
</tr>
</tbody>
</table>

Notes: Premiums may not be charged to individuals with incomes below 150% FPL. Some groups and services are exempt from cost sharing, including children in Medicaid through mandatory eligibility pathways, individuals receiving institutional care, emergency services, family planning services, pregnancy-related services, and preventative services for children. Beginning October 1, 2015, maximum allowable amounts increase annually by the % increase in the medical care component of the Consumer Price Index for All Urban Consumers (CPI-U). Overall cap on out-of-pocket costs at 5 percent of family income.

Source: Kaiser Family Foundation
Medicaid Care Delivery

Share of total Medicaid enrollment, 2016

- **Enrollees Nationwide**
  - 61% Managed Care
  - 39% Fee-for-service

- **Enrollees in California**
  - 81% Managed Care
  - 19% Fee-for-service

Source: Kaiser Family Foundation, and California Department of Health Care Services
How Cost-Effective is Medicaid?

Medicaid Costs Less Than Private Insurance
Costs per enrollee, adjusted for health status, 2009

Medicaid Spending Has Grown More Slowly Than Private Insurance
Average growth in per-enrollee spending between 2000-2016

Medicaid’s Administrative Costs Are Low
Share of spending in Medicaid

Source: Urban Institute, Centers for Medicare and Medicaid Services National Health Expenditures data and Center on Budget and Policy Priorities
C. Children’s Health Insurance Program
CHIP Enrollment and Eligibility

• In 2017, there were 1.3 million CHIP-financed children in California.

Income eligibility limits in California for children as a percent of the federal poverty line, 2017

Note: In three counties, children are covered at higher income levels through the County Children's Health Initiative Program (C-Chip).

Source: Kaiser Family Foundation
CHIP Financing

Share of costs for Children’s Health Insurance Program (CHIP)

Regular Federal Matching Rate for CHIP

- Federal share: 30%
- State share: 70%

Matching Rate National Avg.: 70%
Matching Rate California: 65%

Current Federal Matching Rate for CHIP Through 2019

- Federal share: 7%
- State share: 93%

Matching Rate National Avg.: 93%
Matching Rate California: 88%
Edwin Park
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www.cbpp.org