

Medicaid Expansion

Health care reform extends Medicaid eligibility to many low-income Americans who do not currently meet income or other status requirements. Medicaid expansion may be the most appropriate way to deliver comprehensive, low-cost health care coverage to certain uninsured people. However, in the past Medicaid beneficiaries have had difficulty accessing care due to a shortage of health care professionals able to treat patients at the low reimbursement rates for services provided under Medicaid. To encourage health care professionals to accept Medicaid patients, the reimbursement rates must be increased. Refining Medicaid eligibility standards and improving Medicaid reimbursement for physicians will help ensure that low-income patients have access to quality, affordable care, and will save the health care system money by preventing costly emergency room visits. Expanded Medicaid coverage provides more patients have access to treatments and services they need.

Background

The U.S. health care reform debate had two primary goals: to minimize growth in health care spending and to expand access to affordable health insurance. As part of the discussion on expanding access, many policy-makers have supported the expansion of Medicaid: the jointly-funded federal and state safety net health insurance program for low-income people.

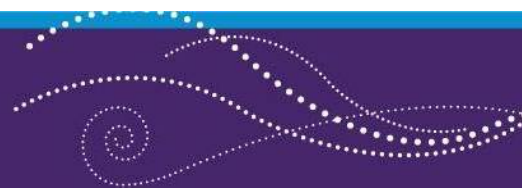
Toward that end, the Affordable Care Act (ACA)¹ expands Medicaid by creating a uniform category of eligibility for non-Medicare-eligible individuals with incomes up to 133% of the Federal Poverty Level (FPL), the government's income threshold for measuring poverty. The new law also expands Medicaid eligibility to childless adults, who were previously ineligible for Medicaid.

From 2010 to 2013, states are permitted, but not required, to cover this group of newly eligible individuals under their Medicaid programs. Beginning on January 1, 2014, states will be required to extend Medicaid coverage to the newly eligible population. States must enroll newly eligible individuals in qualifying health insurance plans whose benefits meet a minimum benchmark (see handout on **Essential Benefits**). These plans also must include coverage for mental health services and prescription medicines.

In addition to making changes to the Medicaid eligibility requirements, the new law also reduces patients' out-of-pocket spending by providing funding for states to offer Medicaid beneficiaries preventive health services, screenings, and immunizations recommended by the U.S. Preventive Services Task Force without cost-sharing. In 2013 and 2014, the law also raises Medicaid payment rates in order to ensure that health care professionals are willing to accept Medicaid patients as the population seeking health care services expands. In the past, low Medicaid reimbursement rates have discouraged health care professionals from accepting Medicaid patients.

Key Facts and Figures

- Approximately 17.1 million nonelderly uninsured adults—37% of uninsured Americans—will qualify for Medicaid based on income under the new expansion.²
- A recent Commonwealth Fund study found that Medicaid recipients with interrupted health care coverage were ten times more likely to be hospitalized for a preventable condition within five years than Medicaid recipients with uninterrupted coverage.³



- The Congressional Budget Office (CBO) projects an increase in enrollment in Medicaid and the Children’s Health Insurance Program (CHIP, a jointly-funded federal and state health insurance program for children of low-income families) by up to 16 million beneficiaries.⁴
 - Many of these new beneficiaries are childless adults who were not previously eligible.
- Across the nation, nearly 25% of the uninsured are eligible for Medicaid and SCHIP.⁵

Pfizer’s Position

Pfizer believes that expanding Medicaid may be the most appropriate way to deliver comprehensive, low-cost health care coverage to low-income, uninsured people who traditionally do not respond to financial incentives to purchase private coverage. As access to health care professionals and services for the Medicaid population depends on Medicaid reimbursement rates, Pfizer also supports sustained efforts to bolster Medicaid reimbursement. As many of the uninsured are eligible for but not enrolled in a public health insurance program like Medicaid, Pfizer also supports supplementing the Medicaid expansion with educational outreach efforts to eligible populations.

How Patients and Health Care Professionals Benefit

Many low-income Americans who are currently uninsured are at increased risk of going without needed medical care and often forgo even basic preventive screenings. Expanding the Medicaid population by relaxing eligibility standards will help ensure these patients have access to quality, affordable health care when they need it. This enhanced access will also help these patients better adhere to the treatment programs prescribed by their physicians, improving the quality of patient outcomes. Raising Medicaid reimbursement rates would make it more financially feasible for health care professionals to continue to provide care and services for people enrolled in Medicaid.

How the Health Care System Benefits

Expanding eligibility requirements and the Medicaid-eligible population will help reduce the number of uninsured and underinsured people and help them access needed health care in a timely manner. Increased access to preventive care saves the health care system money by potentially preventing costly emergency room visits.

What It Means for Pfizer

An expanded Medicaid population will allow more patients to access necessary medicines, including Pfizer products, and may increase patient adherence to treatment regimens.

¹ The Patient Protection and Affordable Care Act (PPACA, P.L. 111-148), as amended by the Health Care and Education Reconciliation Act of 2010 (HCERA, P.L. 111-152), is collectively referred to in this paper as the Affordable Care Act of 2010 (ACA).

² The Henry J. Kaiser Family Foundation. “Expanding Medicaid under Health Reform: A Look at Adults at or below 133% of Poverty.” *Focus on Health Reform*. 22 April 2010. Available at: <http://www.kff.org/healthreform/upload/8052-02.pdf>.

³ CMS. “Total Medicare Beneficiaries with Prescription Drug Coverage.” FINAL Total with Coverage. 2008 Enrollment Information. Prescription Drug Coverage General Information Overview. January 2008. Available at: <http://www.cms.hhs.gov/PrescriptionDrugCovGenIn/>.

⁴ Congressional Budget Office. Letter to House Speaker. 20 March 2010. Available at: <http://www.cbo.gov/ftpdocs/113xx/doc11379/AmendReconProp.pdf>.

⁵ Holahan, J. A. Cook, and L. Dubay. “Characteristics of the Uninsured: Who Is Eligible for Public Coverage and Who Needs Help Affording Coverage?” The Henry J. Kaiser Family Foundation, Kaiser Commission on Medicaid and the Uninsured. February 2007 Available at: <http://www.kff.org>.