

MEDICAID AT 40

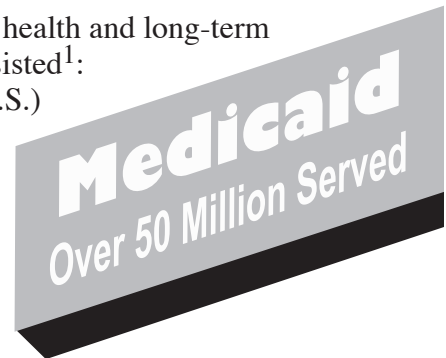
A Service That Works, For Americans Who Need It

The 40th birthday of Medicaid is a celebration of health-care access. Before Medicaid's creation in 1965, the health-care needs of poor Americans were left to their proximity to nonprofit care providers and concerned physicians. Its success in assuring better health security for Americans is irrefutable. But this anniversary also is an alarm, as some proposals in Congress would severely curtail the effectiveness of this service – at the same time traditional health-coverage arrangements provided through the workplace are declining, leaving more Americans with less insurance, higher-cost insurance, or both.

MEDICAID WORKS BECAUSE IT CREATES ACCESS TO HEALTH CARE

Medicaid, funded by both states and the federal government, provides health and long-term care to low-income families and individuals. In FY2002, Medicaid assisted¹:

- 359,000 Iowans — more than 1 in 10 Iowans (51.55 million U.S.)
- 42,000 aged Iowans (4.76 million U.S.)
- 61,000 blind and disabled Iowans (8.06 million U.S.)
- 186,000 Iowa children (25.49 million U.S.)
- 71,000 adult Iowans (13.25 million U.S.)

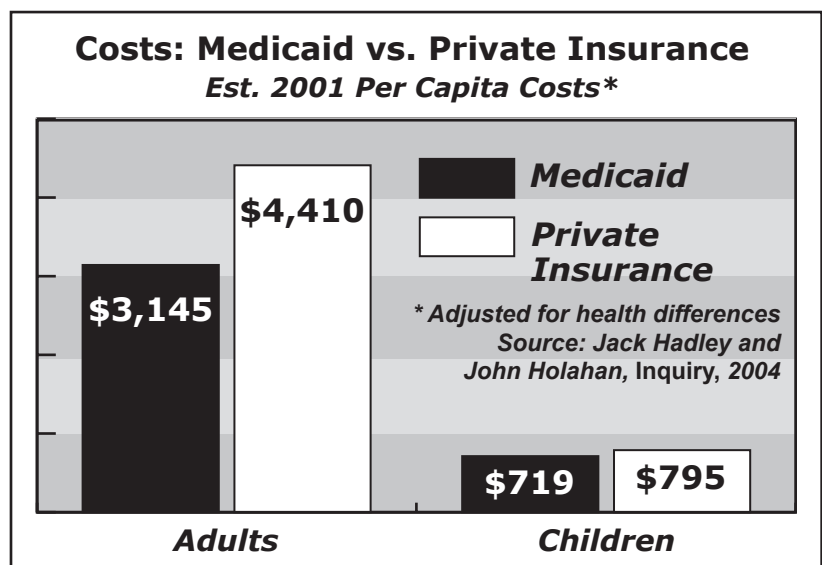


MEDICAID FILLS IN HEALTH GAPS FOR IOWANS

- Without Medicaid and the related SCHIP for children (known as *hawk-i* in Iowa), far more people would be without health coverage as costs have risen and employers have reduced coverage.
- Even with Medicaid and SCHIP, the uninsurance rate for children in Iowa stood at 7.2 percent in 2002-03, about the same as the 7.4 percent level in 1998-1999; for working-age adults, the uninsurance rate leaped in that period, to 13.8 percent from 10.8 percent.²
- People with low incomes or disabilities are healthier than they would be without Medicaid.
- Health-care providers are financially healthier because Medicaid reduces uncompensated care.

MEDICAID OFFERS VALUE

- Medicaid provides health care at a lower per-person cost than private health insurance.³ See figure at right.
- Per-capita costs have risen more slowly in Medicaid than in private insurance. Per enrollee, Medicaid acute care costs rose an average of 6.9 percent annually from 2000 to 2003, compared with 12.6 percent annual growth for private health insurance premiums.⁴
- Administrative costs under Medicaid are about half as large as those under private health insurance.⁵



Sources:

¹ Based on data reported to HHS in the Medicaid Statistical Information System, as of Feb. 17, 2005. Cited by Leighton Ku, Center on Budget and Policy Priorities, “Medicaid: Improving Health, Saving Lives,” July 19, 2005.

² Bruner, Charles, Every Child Counts Network, “*The Iowa Health Care Crisis Without Medicaid – The Role of Medicaid and how-i in Covering Children*,” December 2004.

³ Ku, *op cit*, citing Jack Hadley and John Holahan, Urban Institute, “Is Health Care Spending Higher under Medicaid or Private Insurance?” *Inquiry*, 2004.

⁴ Ku, *op cit*, citing John Holahan and Arunabh Ghosh, Urban Institute, “Understanding the Recent Growth in Medicaid Spending, 2000-2003,” *Health Affairs* web exclusive, January 26, 2005, and Kaiser Commission on Medicaid and the Uninsured news release, “A Sharp Rise in Enrollment During the Economic Downturn Triggered Medicaid Spending to Increase by One-Third from FY 2000-03,” January 26, 2005.

⁵ Ku, *op cit*, citing Cynthia Smith, Centers for Medicare and Medicaid Services.

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