

MEDICAID FACTS

Alabama



What is Medicaid?

Medicaid is the largest children's health program in the country. It is also the primary source of health care for low-income families and elderly and disabled people.

How is Medicaid different from Medicare?

- Medicaid is a joint program with costs shared by both the federal and state governments, while Medicare is paid for entirely by the federal government.
- Medicaid mainly serves low-income families, while Medicare covers elderly and disabled people who receive Social Security, regardless of their income.
- Medicaid also covers many services for low-income elderly and disabled people, which Medicare does not pay for. Both programs are individual entitlements, which means that you qualify if you meet certain criteria.
- Under broad federal guidelines, each state establishes its own standards for Medicaid eligibility, benefits package and provider payment rates, although the states must meet certain minimum standards and benefits.

Why is Medicaid important to children?

By far the nation's largest public provider of children's health insurance, Medicaid is a critical health care safety net for millions of low-income children. It covers all services identified as "medically necessary," including physician and hospital visits, well-child care, health screenings, vision care and dental services. Without Medicaid, most — if not all — of these children would have no health insurance.

The Medicaid program provides health insurance for 447,000 low-income children in Alabama. Medicaid is an indispensable health program providing health insurance coverage for part or all of the year to one in three children.¹

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 DID YOU KNOW...

Thirty-eight percent of Alabama children are enrolled in Medicaid.²



It costs Alabama just \$1,852 per year, on average, for each Medicaid-eligible child compared to the average costs per adult Medicaid enrollee of \$5,925.¹



It is estimated that 83,024 Alabama children — 7.2% — are uninsured. Sixty-nine percent of these uninsured children are eligible, but not enrolled in Medicaid or the State Children's Health Insurance Program.³



Alabama will lose \$2.21 in federal matching funds for every \$1 in state money it cuts from its Medicaid budget.⁴



Half of all Medicaid enrollees across the country — 28 million — are children¹, and 78% live in households where at least one parent works.^{5*}

* Unless otherwise noted, data referenced in this document refer to Medicaid only and children younger than age 19, and are based on federal fiscal year 2003 annual program statistics.



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How does Medicaid help children in Alabama?

Children make up 50% of Alabama's Medicaid population, but are of very low cost, accounting for only 24% of the state's Medicaid spending.¹ In general, Alabama children who are in families of four with incomes below \$20,000⁶ are eligible for Medicaid.** Each Medicaid-eligible child costs Alabama \$1,852 per year, on average, compared to the average costs per adult Medicaid enrollee of \$5,925.¹

Why are pediatricians important to children on Medicaid?

Pediatricians provide a majority of all office visits to children on Medicaid. They provide the care children need, including routine check-ups, immunizations and treatment for problems found during health screenings.

Unfortunately, low Medicaid payment rates place an unfair burden on children's providers, which in turn can put a burden on children and their families. For example, Medicaid payment for pediatricians' services is very poor. As a national average, Medicaid pays only 70% of the Medicare value for pediatric services.⁷ For many services and

in many states, payment can be even lower. Alabama Medicaid pays less than 70% of the Medicare value for over one-third of the most common pediatric services.⁸ Without consistent payments, fewer physicians may be able to participate in Medicaid, threatening children's access to quality health care.

Why are children's hospitals important to children on Medicaid?

Committed to serving all children regardless of ability to pay, children's hospitals are essential to the health of all children, especially low-income children. Less than 5% of the nation's hospitals, children's hospitals provide about 40% of all inpatient hospital care for children on Medicaid and almost all the hospital care required by children with complex conditions.⁹ And, on average, each devoted half its inpatient care (50% of inpatient days) to children assisted by Medicaid.¹⁰

Medicaid payments to children's hospitals are already low, covering only about 79% of what providing care actually costs.¹⁰ If cuts or caps are adopted at the federal or state level, payment rates could decrease further. Medicaid must be protected to ensure children's hospitals can continue to provide quality health care to all children.

Why do children on Medicaid need your help?

Medicaid faces serious financial threats that endanger the health of Alabama's children. An estimated 83,024 Alabama children — 7.2% of Alabama children — are uninsured. Sixty-nine percent of these uninsured children are eligible, but not enrolled in Medicaid or the State Children's Health Insurance Program.³

If Medicaid funding is cut or capped, the number of uninsured children will grow dramatically and could mean a loss of federal funds for your state. Since the federal government pays at least 68.9% of the total cost of Alabama's Medicaid program, the state will lose \$2.21 in federal matching funds for every \$1 in state money it cuts from its Medicaid budget.⁴

References:

1. Annual enrollment and expenditures are based on "2003 Medicaid Quarterly State Summary", Medicaid Statistical Information System (MSIS) State Summary DataMart, published by the Centers for Medicare and Medicaid Services.
2. CMS/MSIS DataMart, FY 2003 Quarterly Report. Detailed State Projections. Population Division, US Census Bureau.
3. American Academy of Pediatrics (AAP) analysis of 2004-2006 March Current Population Survey.
4. Federal financial participation in state assistance expenditures, fiscal year 2007. Federal Register: 11/30/05 (Volume 70, Number 229); Modification for Alaska, Federal Register: 5/15/06 (Volume 71 Number 93)
5. Children's Health Insurance Status and Medicaid/SCHIP Eligibility and Enrollment, 2003. Report published by the AAP based on the March Demographic file of the 2004 Current Population Survey, US Census Bureau.
6. 2006 HHS Poverty Guidelines. Federal Register, Vol. 71, No. 15, 1/24/06. Income eligibility levels for children's regular Medicaid by annual incomes and as a percent of Federal Poverty Level, 2005. Published by Kaiser's Statehealthfacts.org, July 2006.
7. 2006 AAP Pediatric Cost Model.
8. 2000/1 and 2004/5 AAP Medicaid Reimbursement Survey or 2004 Medicare Physician Payment fee schedule, CMS.
9. The Lewin Group Analysis of the National Association of Children's Hospitals and Related Institutions (NACHRI) FY 2001 National Grouper Research pediatric inpatient database.
10. National Association of Children's Hospitals and Related Institutions (NACHRI) FY 2004 Annual Report on Utilization and Financial Indicators of Children's Hospitals.

** Income eligibility data include Medicaid expansions and cover children younger than 19.

For more information regarding Medicaid and its importance to children in your state, contact N.A.C.H. or the American Academy of Pediatrics.

