


ALABAMA

MEDICAID FACTS



The Medicaid program provides health insurance for over 426,000 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.

July 2005

Did You Know...

Thirty-six percent of Alabama's children are enrolled in Medicaid.

It costs Alabama just \$1,721 per year, on average, for each Medicaid-eligible child compared to the average costs per adult Medicaid enrollee of \$4,271.

It is estimated that 108,427 Alabama children – 9.4% – are uninsured. Sixty-eight percent of these uninsured children are eligible, but not enrolled in Medicaid or the State Children's Health Insurance Program.

Alabama will lose \$24.30 in federal matching funds for every \$10 in state money it cuts from its Medicaid budget.

Half of all Medicaid enrollees across the country – 26 million – are children.

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. One in six Americans under age 65 is insured through Medicaid. Medicaid covers a broad range of health care services with few costs paid by the family. Half of all Medicaid enrollees are children, and 78% live in households where at least one parent works. 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 2002 annual program statistics.

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. In 2002, Medicaid had 51.6 million people enrolled, including 26.0 million children. Medicare enrollment for 2002 was 40.2 million. 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. In 2005, federal government contributions ranged from 50% to 77% of expenditures, depending on the state.

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.

HOW DOES MEDICAID HELP CHILDREN IN ALABAMA?

Thirty-six percent of Alabama children are enrolled in Medicaid. Although they make up 51% of Alabama's Medicaid population, children account for only 23% of the state's Medicaid spending. In general, Alabama children who are in families of four with incomes below \$19,350 are eligible for Medicaid. Children under age 6 qualify for Medicaid if their family-of-four income is



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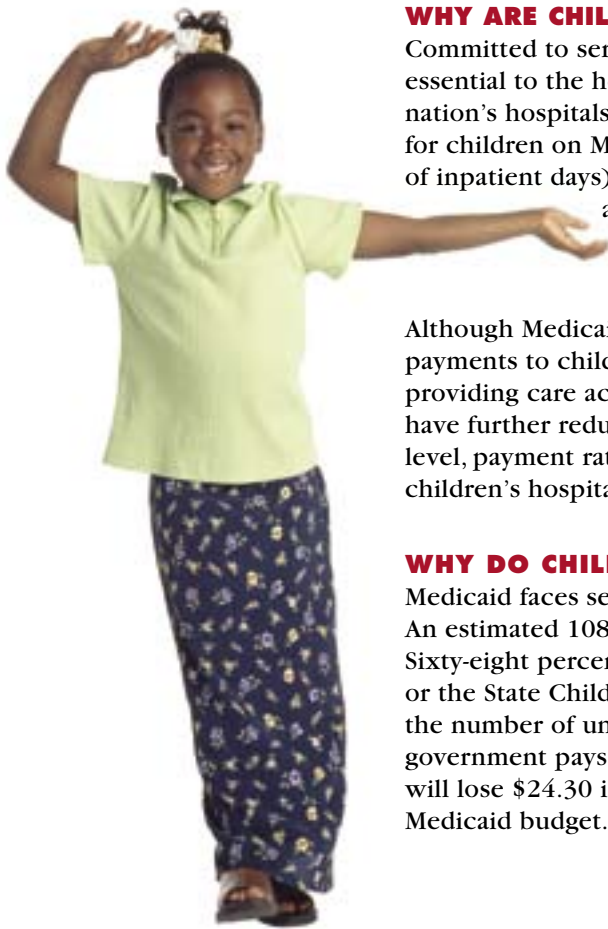
lower than \$25,736. This income eligibility data include Medicaid expansions and cover children younger than 19. Each Medicaid-eligible child costs Alabama \$1,721 per year, on average, compared to the average costs per adult Medicaid enrollee of \$4,271.

WHY ARE PEDIATRICIANS IMPORTANT TO CHILDREN ON MEDICAID?

Pediatricians provide the care children need, including routine check-ups, immunizations and treatment for problems found during health screenings. Pediatricians provide a majority of all office visits to children on Medicaid. More than two-thirds of pediatricians accept all Medicaid patients who seek care. Plus, more than a third of pediatricians help enroll additional eligible children. Unfortunately, low Medicaid reimbursement rates place an unfair burden not only on pediatricians, but also on children and their families. As a national average, Medicaid pays only 69% of what Medicare pays for the same service. For many services and in many states, reimbursement is even lower. By law, children covered by Medicaid must have access to care and services to the same extent as children with private insurance. Without consistent payments and less paperwork, fewer physicians may be able to participate in Medicaid, threatening children's access to quality health care.

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For more information
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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. Only 3% of the nation's hospitals, children's hospitals provide about 40% of all inpatient hospital care for children on Medicaid. And, on average, each devoted half its inpatient care (50% of inpatient days) to children assisted by Medicaid. Virtually all children's hospitals are termed "disproportionate share hospitals" (DSH) by their state Medicaid programs—a designation reserved for hospitals that serve a disproportionate share of Medicaid patients.

Although Medicaid provides DSH hospitals with additional funds, state Medicaid payments to children's hospitals are already low, covering only about 80% of what providing care actually costs. It's getting worse: many states, facing budget shortfalls, have further reduced Medicaid payment rates. If cuts or caps are adopted at the federal 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 108,427 Alabama children— 9.4% of Alabama children—are uninsured. Sixty-eight percent of these uninsured children are eligible, but not enrolled in Medicaid or the State Children's Health Insurance Program. If Medicaid funding is cut or capped, the number of uninsured children will grow dramatically. And since the federal government pays at least 70.8% of the total cost of Alabama's Medicaid program, the state will lose \$24.30 in federal matching funds for every \$10 in state money it cuts from its Medicaid budget.



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