# New Jersey Medicaid Facts

**The Medicaid program provides health insurance for more than 491,000 low income children in New Jersey. Medicaid is an indispensable health program providing low cost access to basic medical care to three in ten children.**

## Did You Know?

- **Twenty-two percent of New Jersey's children are enrolled in Medicaid.**
- **It costs New Jersey just $1,936 per year, on average, for each Medicaid-eligible child compared to the average cost per adult Medicaid enrollee of $10,171.**
- **It's estimated that 1 in 9 New Jersey children – 226,990 – is uninsured.**
- **New Jersey will lose $10 in federal funding for every $10 it cuts from its state Medicaid budget.**
- **More than half of all Medicaid enrollees across the country – 24 million – are children.**

## WHAT IS MEDICAID?

Medicaid provides health insurance for three in every ten American children, making it 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 seven Americans under age 65 is insured through Medicaid. Medicaid covers a broad range of health care services with few costs paid by the family. More than half of all Medicaid enrollees are children, and more than 75% 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 21.

## HOW IS MEDICAID DIFFERENT FROM MEDICARE?

Medicaid is a joint program with costs shared by both 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 2000, Medicaid had 44 million people enrolled, including more than 24 million children. Medicare enrollment for 2001 was 40 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 2003 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 that a doctor or other health care professional identifies 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.

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## HOW DOES MEDICAID HELP CHILDREN IN NEW JERSEY?

Twenty-two percent of New Jersey's children are enrolled in Medicaid. Although they make up 57% of New Jersey's Medicaid population, children account for only 20% of the state's Medicaid spending. In general, New Jersey children who are in families of four with incomes below $24,472 are eligible for Medicaid. This income eligibility data include Medicaid expansions and cover children younger than age 19. Each Medicaid-eligible child costs New Jersey $1,936 per year, on average, compared to the average cost per adult Medicaid enrollee of $10,171.

## 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. Between 1994 and 1999, pediatricians and pediatric subspecialists provided 51% 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. On average, Medicaid pays just 65% of what Medicare pays for the same service. By law, children covered by Medicaid must have access to the same care and services 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.

## 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 40% of all inpatient hospital care for children on Medicaid. And, on average, each devotes almost half its inpatient care (47% 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 76% to 84% of what providing care actually costs. It's getting worse: Many states, facing budget shortfalls, have further reduced Medicaid payment rates. If Congress does not act this year to maintain adequate DSH funding, federal Medicaid DSH funds will be dramatically reduced. Without congressional action, the burden on children's hospitals and other hospitals serving Medicaid patients will continue to increase.

## WHY DO CHILDREN ON MEDICAID NEED YOUR HELP?

Medicaid faces serious financial threats that endanger the health of New Jersey's children. An estimated 226,990 New Jersey children—more than one in 9—are uninsured. If Medicaid funding is cut, that number will grow dramatically. And since the federal government pays at least 50% of the total cost of New Jersey's Medicaid program, the state will lose $10 in federal funding for every $10 it cuts from its state Medicaid budget.

*For More Information Contact:*

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