

MEDICAID FACTS ALABAMA

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What is Medicaid?

Medicaid is the single largest health insurer for low-income children. It is also the primary source of health care for low-income parents and other non-elderly adults, the elderly, and persons with disabilities.

Why is Medicaid important to children?

Medicaid is a critical health care safety net for millions of low-income children and covers 30 million children nationwide. Many pediatric Medicaid enrollees have working parents who cannot afford private health insurance. Although children represent half of all Medicaid enrollees, they account for only 25 percent of Medicaid spending. Without Medicaid, most—if not all—of these children would have no health insurance.

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 children, parents, elderly, and disabled people, while Medicare covers elderly and disabled people who receive Social Security, regardless of their income.
- Medicaid covers cost sharing and other services for the elderly and disabled, such as long term care services, which Medicare may not cover. It also covers disabled children and adults qualifying for Supplemental Security Income (SSI), who may not qualify otherwise for Social Security.
- 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
- Medicaid's Early and Periodic Screening, Diagnostic and Treatment (EPSDT) benefit is an especially important component of the health care safety net for children. EPSDT ensures that low-income children receive all medically necessary care, including physician and hospital visits, well-child visits and treatments, immunizations, and dental services.

The Medicaid program provides health insurance for 465,504 low-income children in Alabama. Medicaid is an indispensable health program providing health insurance coverage for part or all of the year to 2 in 5 children.

DID YOU KNOW?

- Forty percent of Alabama children are enrolled in Medicaid.
- It costs Alabama just \$2,378 per year, on average, for each Medicaid-eligible child compared to the average costs per adult Medicaid enrollee of \$5,078.
- It is estimated that 76,000 Alabama children —6.3 percent— are uninsured. Seventy-two percent of these uninsured children are eligible, but not enrolled in Medicaid or the Children's Health Insurance Program.
- Alabama will lose \$2.18 in federal matching funds for every \$1 in state money it cuts from its Medicaid budget.
- Half (50.2 percent) of all Medicaid enrollees across the country (30.6 million) are children, and 61 percent¹ 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. Medicaid enrollment and expenditures are based on federal fiscal year 2008 annual program statistics.



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How does Medicaid help children in Alabama?

Children make up 51 percent of Alabama's Medicaid population, but are of very low cost, accounting for only 31.6 percent of the state's Medicaid spending. In general, Alabama children who are in families of four with incomes below \$29,726 (for infants-age 5) or \$22,350 (for ages 6-18) are eligible for Medicaid.² Each Medicaid-eligible child in Alabama costs an average \$2,378 per year compared to the average costs per adult Medicaid enrollee of \$5,078.

Why are pediatricians important to children on Medicaid?

Nationally, pediatricians provide a majority of all office visits (61.4 percent³) 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, as a national average, a pediatrician treating a child who is on Medicaid receives only 72 percent of what would be paid to treat a senior on Medicare for the same illness. Alabama Medicaid pays an average of 87 percent of the Medicare value for pediatric services. For many services and in many states, payment can be even lower. 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?

Children's hospitals save lives every day, regardless of a child's family income or health insurance coverage. Less than 5 percent of the nation's hospitals, children's hospitals provide about 40 percent of all inpatient hospital care for children on Medicaid and almost all the hospital care required by children with complex conditions. On average, each children's hospital devotes half its inpatient care (50 percent of inpatient days) to children assisted by Medicaid.

Medicaid payments to children's hospitals are already low, covering only about 77 percent of what providing care actually costs. If cuts or caps are adopted at the federal or state level, payment rates could decrease further. Medicaid must be protected to ensure that children are able to receive timely and quality health care when they are at their most vulnerable.

Why do children on Medicaid need your help?

Medicaid faces serious financial threats that endanger the health of Alabama's children. An estimated 76,000 Alabama children — 6.3 percent of Alabama children — are uninsured. Seventy-two percent of these uninsured children are eligible, but not enrolled in Medicaid or the Children's Health Insurance Program.

If Medicaid funding is cut or capped, the number of uninsured children could grow dramatically. It could mean a loss of federal funds for your state. Since the federal government pays at least 68.5 percent of the total cost of Alabama's Medicaid program, the state would lose \$2.18 in federal matching funds for every \$1 in state money it cuts from its Medicaid budget.

¹ American Academy of Pediatrics analysis of March Supplement/Annual Social and Economic Supplement (ASEC), Current Population Survey, 2009

² Income eligibility data include Medicaid expansions and cover children younger than 19.

³ American Academy of Pediatrics analysis of 2004-2007 National Ambulatory Medical Care Survey

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

