

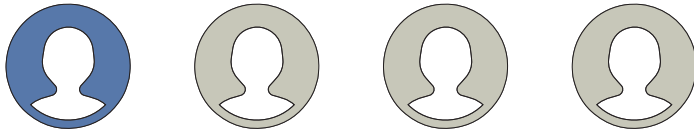


Medicaid in Missouri: 2017 Chartbook

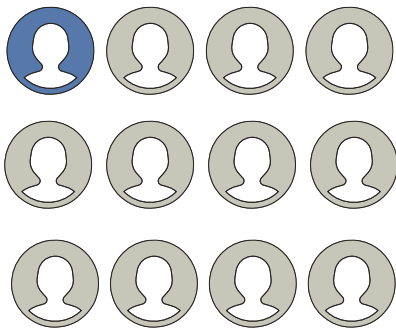
Medicaid Plays an Important Role in Health Care Coverage for Missourians



2 in 5 of all Missouri kids - including 2 of every 5 babies born



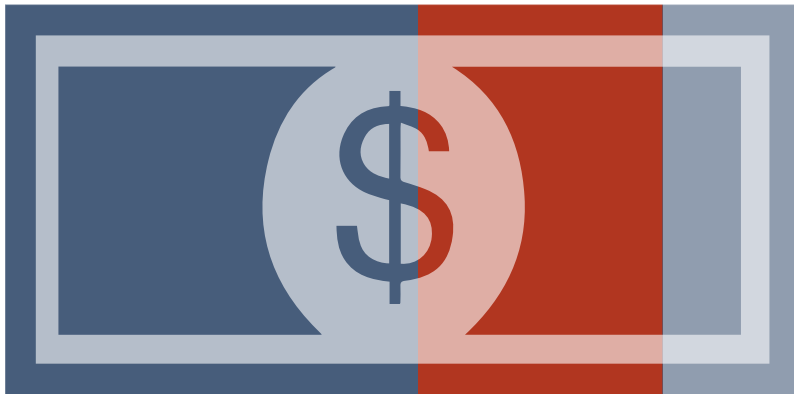
1 in 4 of Missourians Living with a Disability



1 in 12 of all Missouri Seniors

- More than 990,000 Missourians access healthcare coverage through the state's Medicaid program, known as MO HealthNet.¹
- MO HealthNet covers low-income seniors, people with disabilities, children, pregnant women and very low-income parents.
- The Children's Health Insurance Program (CHIP) allows children in families with incomes above Medicaid limits, but who can't afford private health insurance, to access health care through a premium structure.
- Medicaid & CHIP cover 2 of every 5 Missouri kids.² As of October 2016, nearly two-thirds of Missouri's MO HealthNet enrollees were children.³

Medicaid is a Good Deal for Missouri Taxpayers



51% Federal Funds

32% Provider Taxes

17% State GR

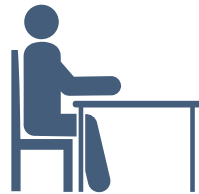
- Created as part of the Social Security Act in 1965, Medicaid is a partnership between the state and federal governments.
- Each state enjoys flexibility in designing and managing its program, within the parameters of national guidelines. In exchange, the federal government provides the majority of funding.
- In state FY 2017, for every dollar Missouri spends on coverage, the federal government provides \$1.72, maximizing the funds available to care for Missourians.⁴
- 82% of the costs of MO Medicaid and CHIP programs in FY 2017 are paid for by federal funds and state provider taxes. State general revenue funds only 17% of total cost, making it a good deal for Missouri taxpayers.⁵

Medicaid Has Long-Term Benefits for Kids:⁶

Children with Medicaid Coverage:



Do Better
in School



Miss Fewer
School Days
due to Illness
or Injury



Are More Likely to
Finish High School,
and Attend and
Graduate College

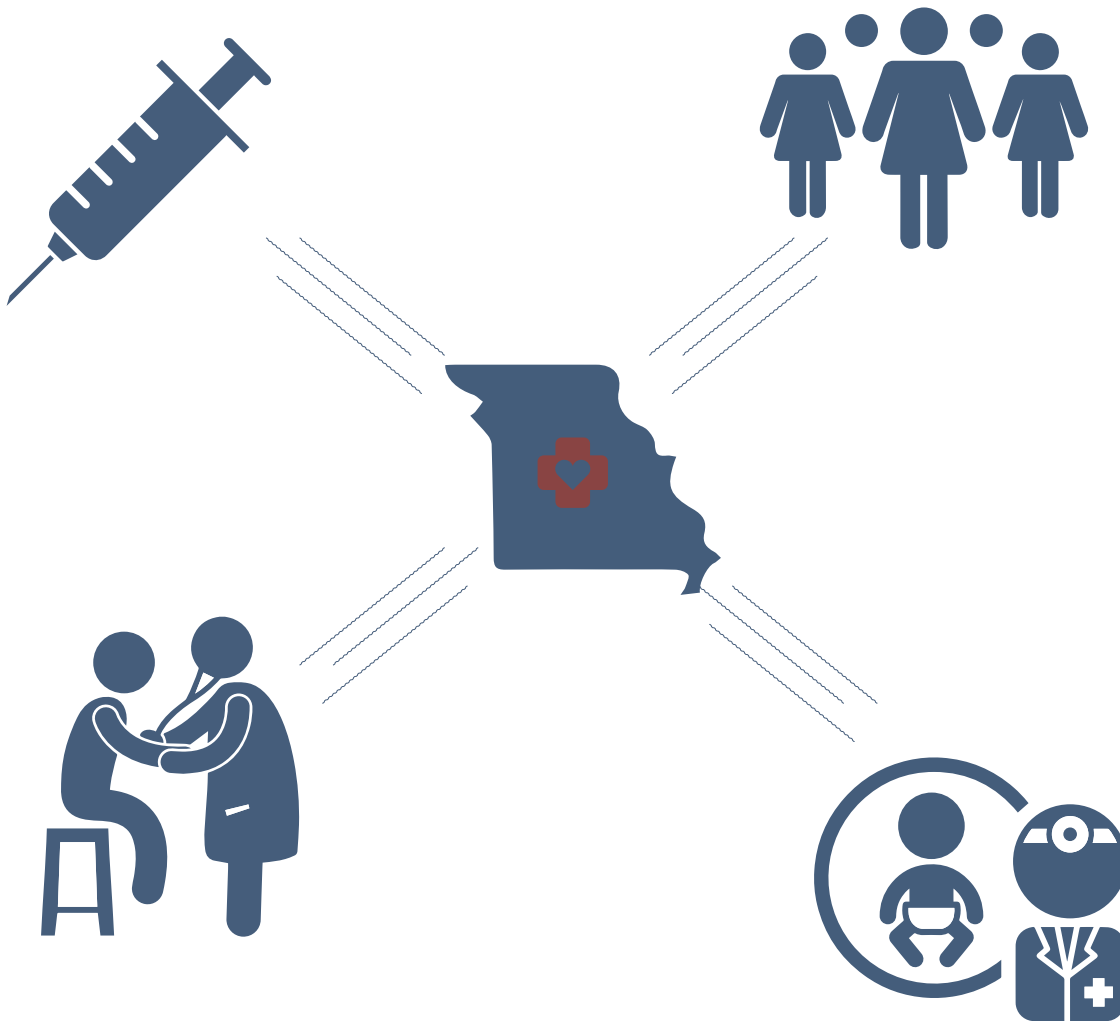


Have Fewer
Emergency
Room Visits &
Hospitalizations as
Adults



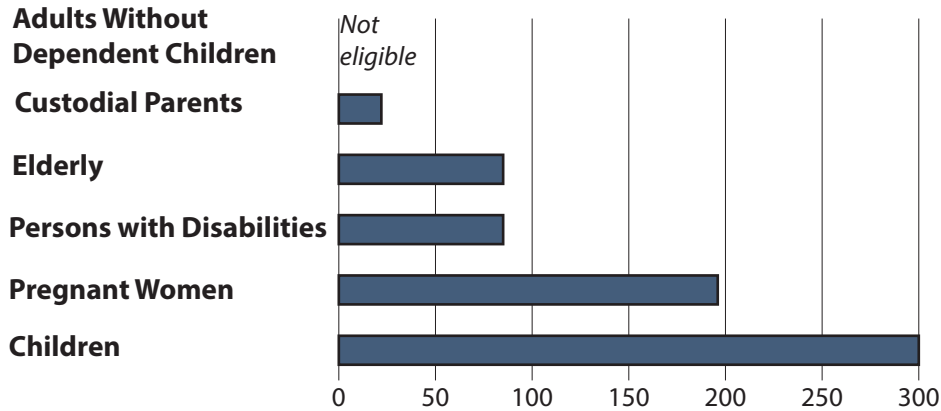
Earn More as
Adults

Medicaid Improves Health



- Medicaid beneficiaries are more likely than the uninsured to access preventive care, including prenatal care and vaccinations for kids.
- They also are more likely to have a regular office or clinic where they can go to get primary care.
- Expansion of Medicaid coverage for low-income adults reduced mortality by 6 percent on average in the states that were studied, according to a study in the *New England Journal of Medicine*.⁷

Who Qualifies for MO HealthNet?



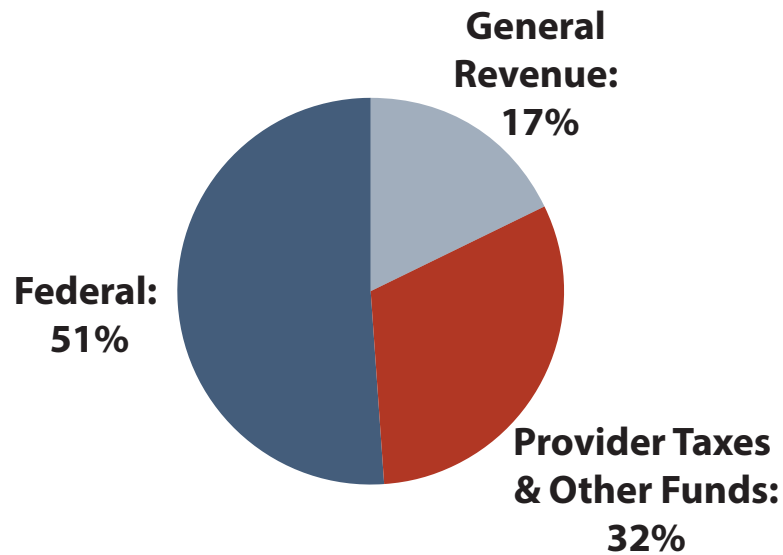
Federal Poverty Level (FPL): A measure of income issued every year by the Department of Health and Human Services. Federal poverty levels are used to determine eligibility for certain programs and benefits, including Medicaid and CHIP coverage.

The 2016 federal poverty level (FPL) income numbers below are used to calculate eligibility for Medicaid and the Children's Health Insurance Program (CHIP).

- 100% of FPL adjusted for size of household
- \$11,880 for individuals
 - \$16,020 for a family of 2
 - \$20,160 for a family of 3
 - \$24,300 for a family of 4
 - \$28,440 for a family of 5

- Although Medicaid was created to serve as a safety net for low wage families and individuals, not all Missourians living in poverty qualify.
- Missouri's eligibility level for MO HealthNet for working parents is among the most restrictive in the nation.
 - Working parents only qualify for MO HealthNet if they have a dependent child at home.
 - The parent can earn **no more than \$385 per month for a family of three**, the equivalent of 22% of the federal poverty level (FPL). This is the lowest level allowed under federal law.
 - In fact, Missouri's eligibility level for parents is third lowest in the nation—surpassing only Alabama and Texas – and well below the national average of 138% FPL.⁸
 - Seniors and people with disabilities can qualify with incomes up to 85% FPL; pregnant women qualify with incomes up to 185% FPL for the period during their pregnancy and 6 weeks of postnatal care; and children qualify for Medicaid or CHIP up to 300% FPL.⁹
- Low wage adults without children do not qualify for assistance in Missouri.

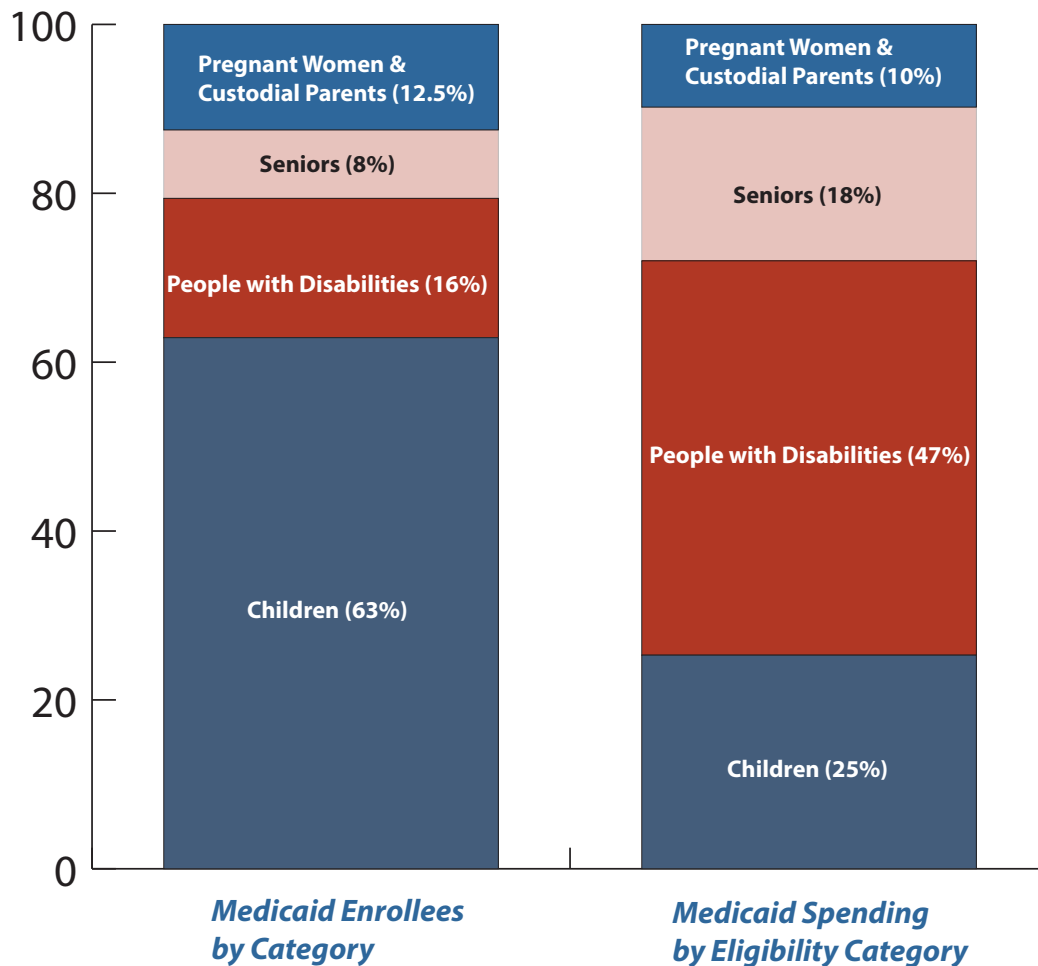
Funding for MO HealthNet is a Good Deal



- The federal government funds more than half the operating costs for Missouri's Medicaid program.
- The matching funds provided to the state are calculated according to a formula called the Federal Medical Assistance Percentage (FMAP). The FMAP takes into account the average per capita income for each state relative to the national average.
- By law, the FMAP cannot be less than 50%. Missouri's FMAP rate is 63.21%. In other words, for each \$1 the state provides, the federal government contributes \$1.72 to the MO HealthNet program.¹⁰
- In 1991, Missouri began to participate in a program called the Federal Reimbursement Allowance (FRA), which is often referred to as a provider tax. The program was designed to maximize federal matching dollars and reduce the burden of MO HealthNet on state general revenue.
- Hospitals voluntarily chose to participate in order to leverage additional federal dollars for Medicaid. Their contribution leverages a net increase in revenue for the services they provide through Medicaid, making the FRA a good deal for providers too.
- Since the beginning of the FRA, provider taxes have expanded in Missouri to cover additional health providers, including nursing facilities, pharmacy, and ambulances. As a result, the FRA has become a major funding stream for MO HealthNet and has freed up state general revenue tax dollars to be used for other state priorities.
- Prior to the FRA, state general revenue funding paid for the majority of the state's share of Medicaid costs, but today the state general revenue obligation has fallen to just 17% of the total cost.

The Majority of Missouri's Medicaid Dollars Support Services for Seniors and People with Disabilities

Missouri Medicaid Enrollment & Spending by Population
FY 2016

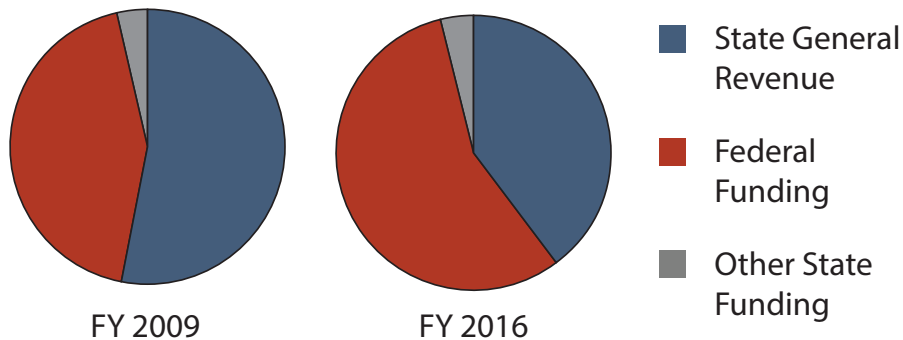


- While children make up the majority of Medicaid enrollees (63%), they only account for 25% of the cost of the program.
- The majority of the funding in Medicaid goes toward covering care for seniors and people with disabilities, who account for 65% of MO HealthNet spending.
- Missouri's distribution of Medicaid enrollment and payments for services by enrollment group mirrors the national average where most of the budget is spent taking care of the most vulnerable and sickest people.¹¹

Medicaid is a Central Component of Missouri's Mental Health Care System

Federal Dollars Make Up Increasing Portion of Missouri Mental Health Funding

Composition of DMH Funding, FY 2009 & FY 2016

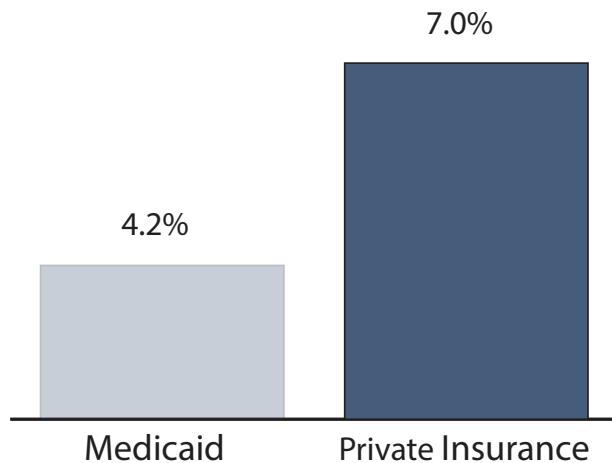


- Over the last eight years, the Missouri Department of Mental Health (DMH) has been able to leverage increased federal dollars through Medicaid to support mental health services for Missourians.
- In state fiscal year 2009, federal funding comprised about 42 percent of the total DMH. By 2016, the federal portion of the DMH budget had increased to over 56 percent.¹²
- The vast majority of federal funding for mental health services, 84 percent, comes to Missouri through Medicaid.
- Because of Medicaid funding, each year DMH is able to serve 170,000 adults and children in Missouri who struggle with serious mental illness, substance abuse, or developmental disabilities. The majority of treatment is provided through a network of more than 1,300 community-based nonprofit partners that contract with DMH to provide care.¹³

Medicaid Controls Costs and Encourages Innovation

Medicaid Spending Has Grown More Slowly Than Private Insurance

Average annual growth rate per enrollee, 1987-2014

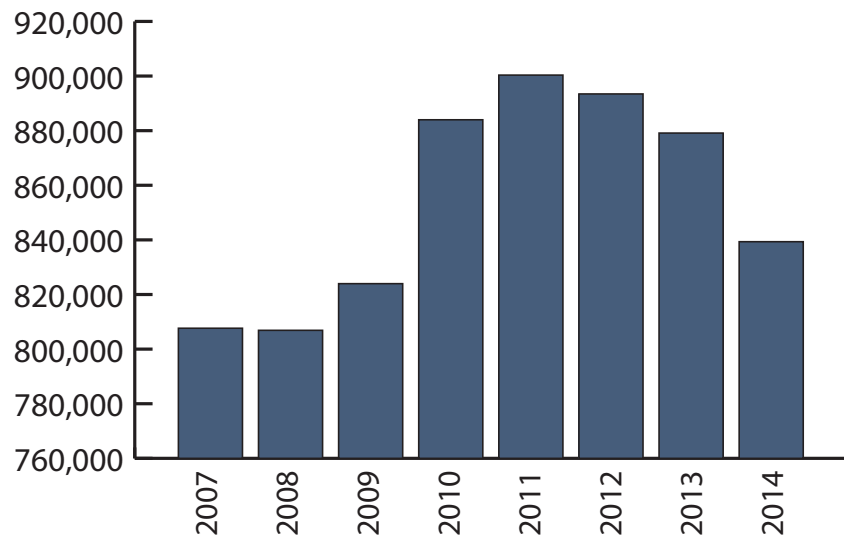


- Not only does Medicaid provide access to critical health care services, it also does it less expensively than private insurers do, spending less per enrollee than private insurers for both children and adults.¹⁴
- Medicaid spending per patient grows more slowly than private insurance. Between 1987 and 2014, costs per patient covered through Medicaid on average grew by just 4.2% annually, while cost per patient covered through private insurance grew by 7% on average each year.¹⁵
- The Medicaid program allows a great deal of flexibility to innovate and design changes to the program that are specific to the needs of Missouri.
- Through the waiver process, Missouri has been able to create projects that demonstrate both cost savings and better patient outcomes.
- For example, the Community Mental Health Center Health Homes project is a pioneering program that coordinates care for participants with multiple chronic conditions to improve outcomes and lower costs. Its demonstrated success has garnered national attention.¹⁶

Medicaid Protects Missourians During Economic Downturns

Medicaid's Countercyclical Nature Helps Missourians in a Bad Economy

Medicaid Enrollment Per Year, as of January 1



- Medicaid is a countercyclical program. During economic downturns, when more people face financial hardship and qualify for enrollment, Medicaid meets their health needs.
- Congress has increased federal Medicaid contributions to help states manage enrollment growth during recessions, most recently during the Great Recession.
- For more than two years of that recession, the state's unemployment rate was over 9.8 percent, and unemployment peaked at almost 300,000 Missourians.
- Due to the countercyclical nature of the program, Medicaid filled the gap, covering 90,000 additional low-income Missourians between the start of the recession in 2007 and 2010. The majority of new enrollees were children.

Notes

1. Missouri Department of Social Services, Caseload Data as of October 2016
2. Source: Missouri Budget Project calculations using Missouri Department of Social Services, Caseload Data as of October, 2016 and U.S. Census Bureau Population estimates for 2016, and the FY 2017 MO HealthNet budget
3. Ibid #1
4. Kaiser State Health Facts
5. Based on the FY 2017 MoHealthNet Budget, Revenue Sources
6. See “The Effect of Child Health Insurance Access on Schooling: Evidence from Public Insurance Expansions,” National Bureau of Economic Research (NBER) Working Paper No. 20178, May 2014; “Childhood Medicaid Coverage and Later Life Health Care Utilization,” NBER Working Paper No. 20929, February 2015; “The Long-Term Effects of Early Life Medicaid Coverage,” Miller, Sarah and Laura R. Wherry,” accessed at http://www-personal.umich.edu/~mille/MillerWherry_Prenatal2015.pdf.
7. Benjamin Sommers, Katherine Baicker, and Arnold Epstein, “Mortality and Access to Care among Adults after State Medicaid Expansions,” New England Journal of Medicine, September 13, 2012, 367:1025-1034.
8. Kaiser State Health Facts and Missouri Department of Social Services
9. Missouri eligibility levels are from the Missouri Department of Social Services
10. State Health Facts, Kaiser Family Foundation
11. State Health Care Spending on Medicaid, Pew Charitable Trusts & MacArthur Foundation, Composition of Medicaid enrollees, p. 9
12. Missouri Department of Mental Health
13. Ibid.
14. “Medicaid Spending Growth Compared to Other Payers: A Look at the Evidence,” Kaiser Family Foundation, April 2016
15. “Frequently Asked Questions About Medicaid,” Center on Budget & Policy Priorities, August 2016
16. Health Home Project Wins Gold Award, <http://dmh.mo.gov/mentalillness/docs/goldaward.pdf>