

Medicaid Policy

*Recent Trends & Developments,
Future Directions*

***Presented by Courtney Burke
Rockefeller Institute of Government***

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Federal Inaction Devolves Health Policy-Making to States

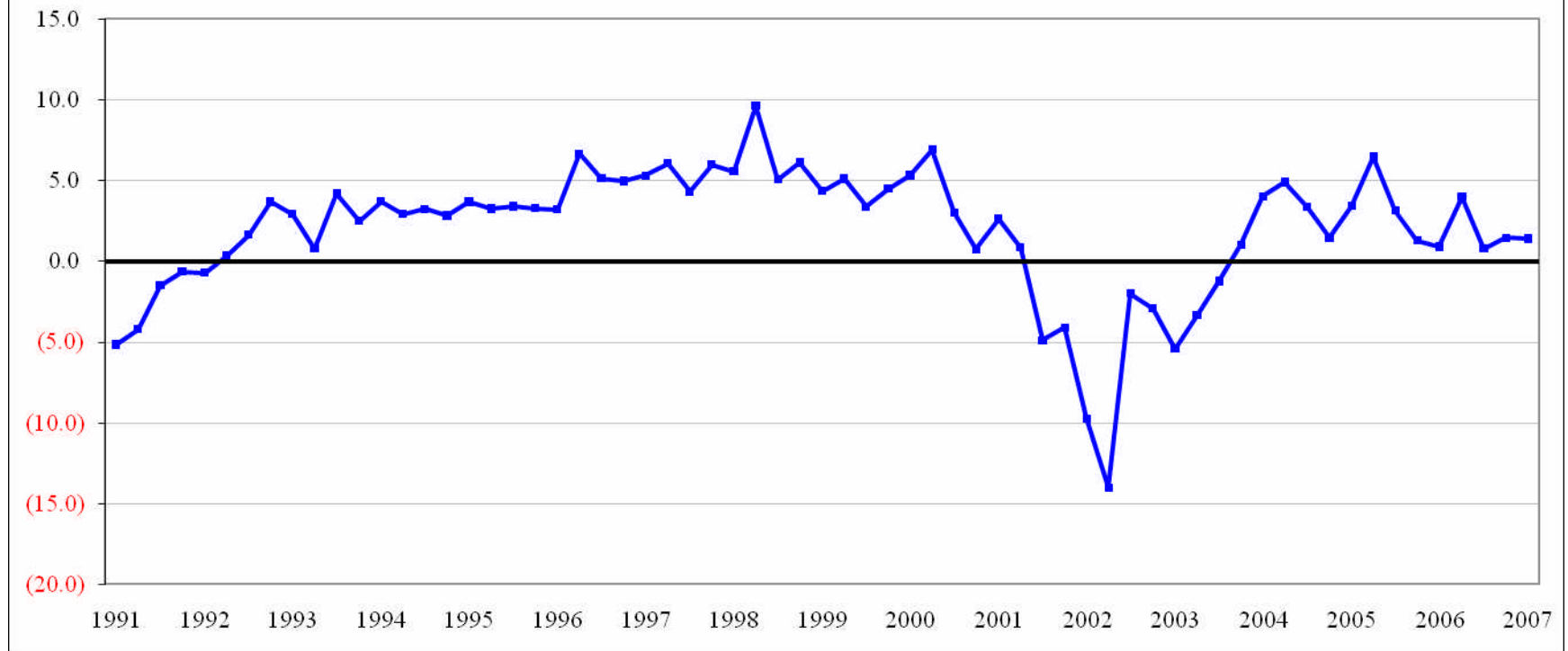
- **States copy policies and actions of other states**
- **State actions are dependent on health of economy**
- **Governors recognize political capital in bold health policy proposals**

National Policy Trends: Renewed Attention to Public Program Expansion

- **Large states proposing notable coverage expansions**
 - **New York, Pennsylvania, California, Illinois**
- **Some states experimenting with universal coverage**
 - **Massachusetts, Maine, Vermont**
- **Presidential candidates propose coverage ideas**

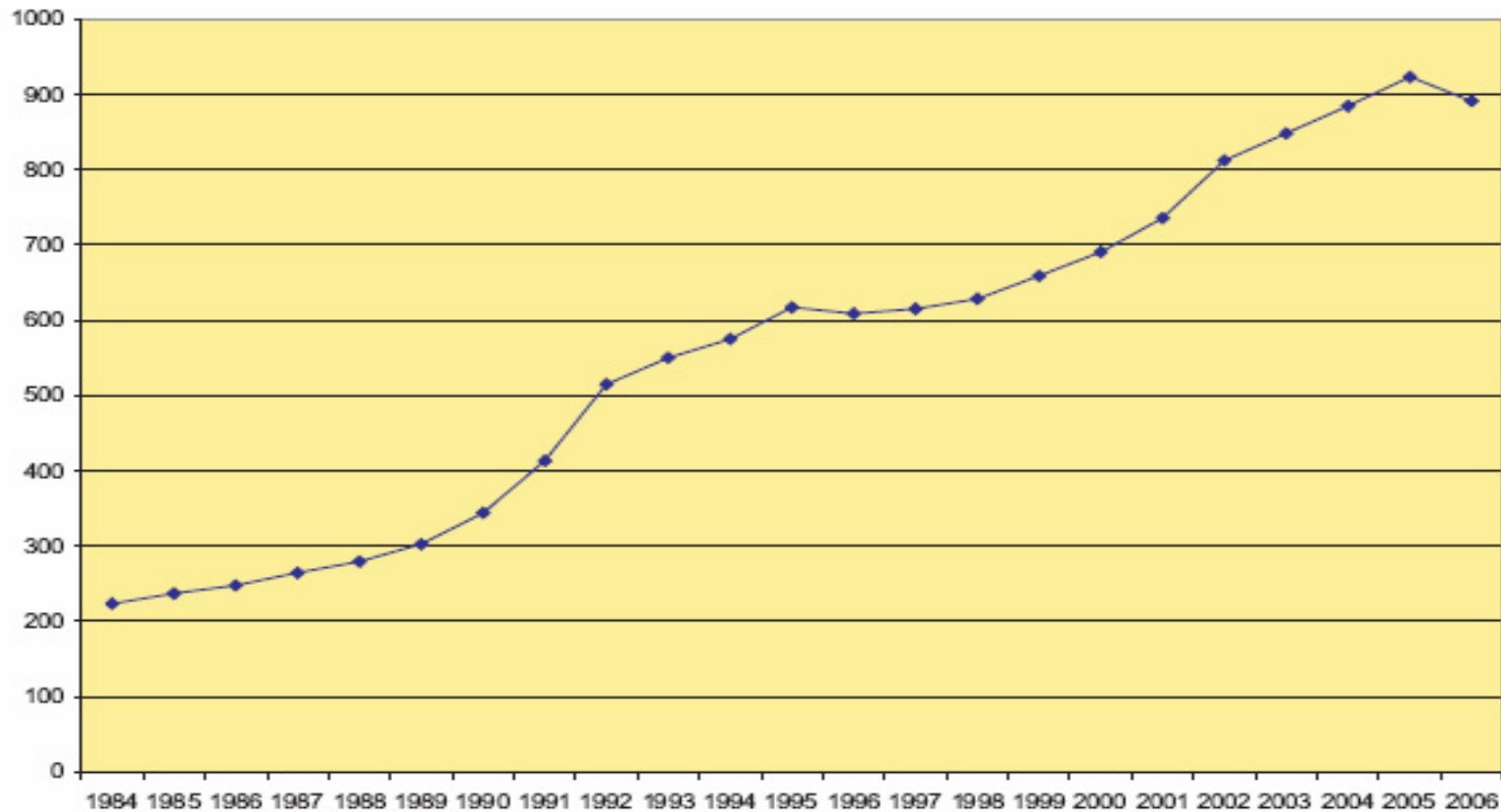
National Trends: State Tax Revenues Stable

Figure 1
Real Adjusted Tax Revenue, 1991-2007
Year-Over-Year Percent Change



National Trends: Medicaid Growth Slows in Fiscal Year 2006

Figure 1. Medicaid Spending Per Capita in United States
(real 2000 dollars)



Source: Medicaid Form 64 data

Trends: Medicaid Spending Trends Vary by Service

	Total Expenditures	Percent Change 1994-2004
Inpatient hospital	\$38.5 billion	48.2%
Outpatient hospital	\$11.6 billion	78.6%
Clinic	\$6.1 billion	109.8%
Drugs	\$40.7 billion	332.4%
Case management	\$2.7 billion	214.4%
Nursing facilities	\$45.4 billion	61.2%
Home & community waiver	\$20.5 billion	445.9%
Home health	\$3.5 billion	109.7%
Personal care	\$6.1 billion	103.9%
Mental hospital	\$3.1 billion	29.1%
Total Medicaid	\$279.4 billion	104.1%

Trends: Percent of Total Revenue from Government in the Form of Contributions, Gifts, Grants

Source: U.S. Economic Census, 1997, 2002

Healthcare subsector	1997	2002
Outpatient mental health & substance abuse centers	39.0%	35.9%
Misc. ambulatory healthcare services	25.6%	41.1%
Family planning center	29.0%	20.7%
Residential mental retardation centers	27.0%	15.6%
Other residential care facilities	28.5%	16.9%

Trends: Estimated Medicaid Money Going to Nonprofits (NP), Industry Trends

Source: Burke, C. "Medicaid Funding for Nonprofit Healthcare Organizations," Rockefeller Institute of Government, June 2007

Health Sector	Estimate of Medicaid Money to NPs	Medicaid spending in this category	Proliferation of nonprofits
Hospitals	\$42 billion	Stable	Decreasing
Nursing homes	\$11 billion	Slowing	Stable
Mental health	\$5.5-16.9 billion	Volatile	Volatile
Managed care	\$9.4-13.8 billion	Stabilizing soon	Decreasing
Home & community	\$17.5-\$20.9 billion	Increasing	Stable
Estimated total	\$85-\$105 billion		

Recent Developments: Federal Legislation, Policies Affect States

- **Deficit Reduction Act (DRA) of 2005 – Provides state flexibility – more state divergence possible while Medicare Modernization Act alleviates some state financing pressure, creates administrative challenges**
- **Number of uninsured jumps in 2005 / SCHIP uncertain**
- **Olmstead v. L.C. = more community-based care**

Less reliance by nonprofits on government

New York State in Context

- **Medicaid is a much larger payment source for health care compared to all other states**
- **Efforts ongoing for more community-based care**
- **Revenues stable, Medicaid growth slower in FY 2006 but coverage expansion plans uncertain**
- **Governor proposes focus on patient-**

Future Predictions

- **Slowing revenues and uptick in Medicaid will cause retrenchment of Medicaid in some states**
- **Expansion or retrenchment will vary greatly by the type of service**
- **Declining employer-based coverage may increase number of uninsured and persons dependent on public coverage**
- **Government payment rates will not keep pace with providers' costs**
- **Providers will need to diversify funding sources**

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