An Overview of Medicaid in United States of America

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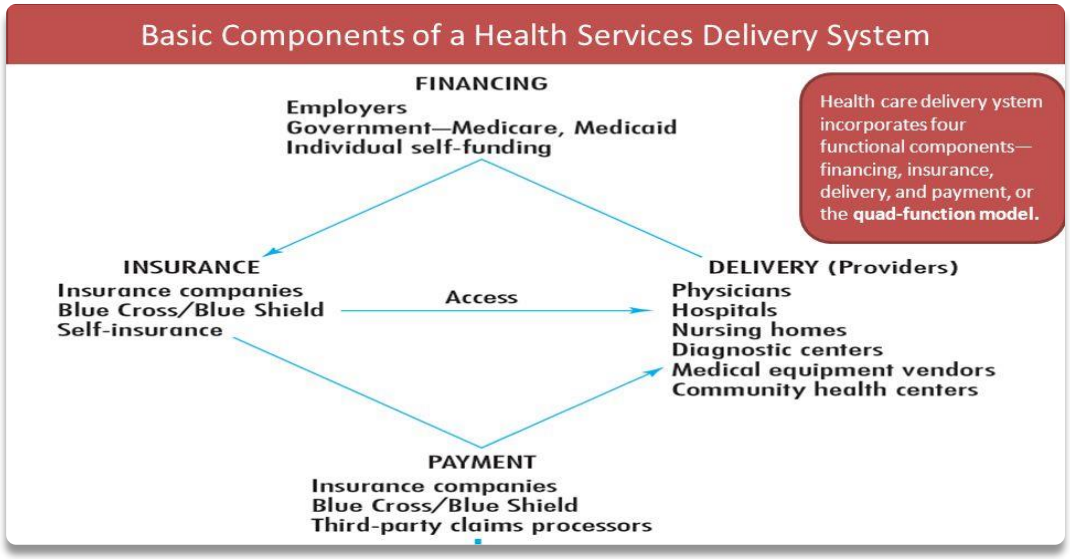
INTRODUCTION

- The U.S. health care system is unique among advanced industrialized countries. The U.S. does not have a uniform health system, has no universal health care coverage, and only recently enacted legislation mandating healthcare coverage for almost everyone.

- The US healthcare system before the introduction of the ACA was inefficient and was focused on treating chronic diseases while not being proactive or helping people take care of their overall health and most of the uninsured were low-income and either couldn't afford coverage or didn't have access to it.

- In 2010, Obamacare became the closest the US has come to a system of UHC.



In 2016, 34 percent of U.S. health care spending came from private funds.

The federal government accounted for 28.3 percent of spending while state and local governments accounted for 16.9 percent.

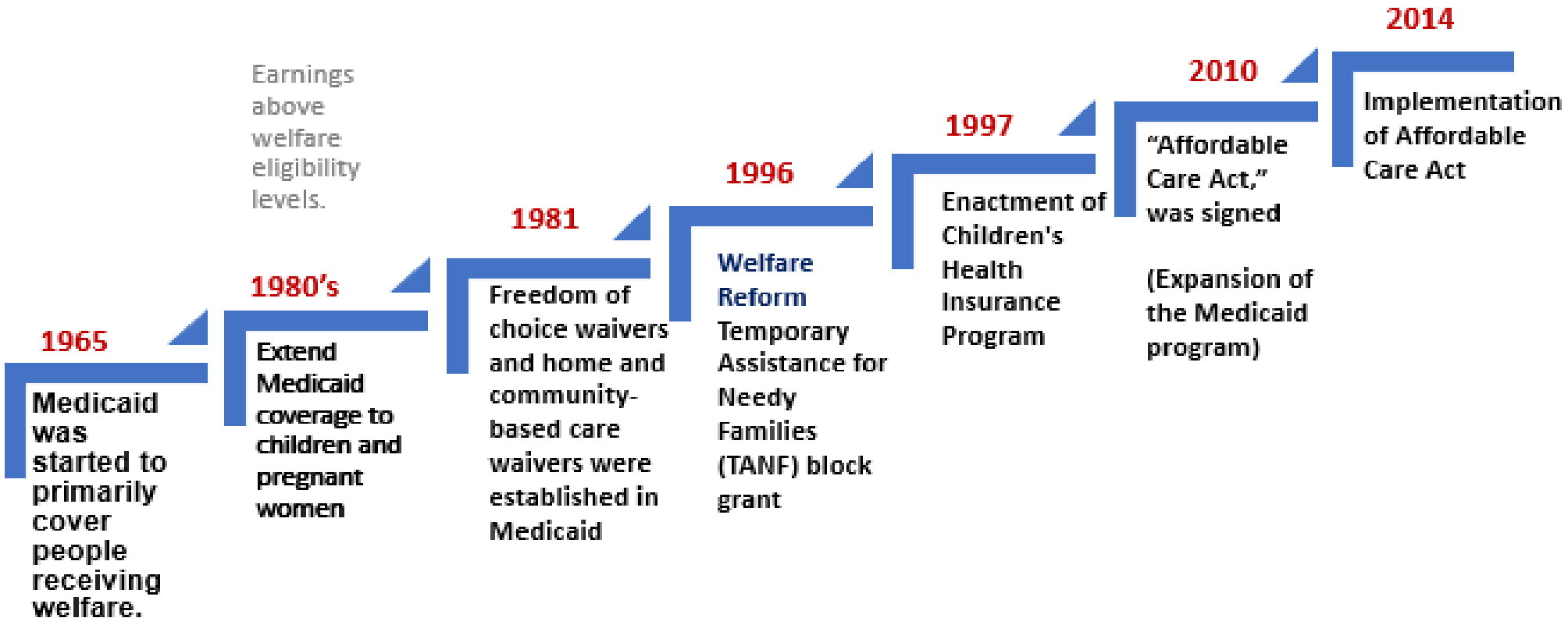
National health spending is projected to increase at an average rate of 5.6% per year between 2016 and 2025.

- The health expenditures are financed by a complex mixture of public payers (Federal, State, and local government), as well as private insurance and individual payments.
- Most health care, even if publicly financed, is delivered privately.
- The study mainly focuses on Medicaid, a government health insurance plan which provide assistance to people who cannot afford health coverage.

MEDICAID OVERVIEW

- Long-term medical costs.
- Federally defined, but state-run (each state manages it differently)
- cover needy children, pregnant women, and the disabled
- Funded by both state and federal (the amount of funding varies based on average income in the state)
- Administered by state (Fee-for-service) / MCO / Primary-care case management
- 2nd-largest budget item in most of the states
- largest payer for many complex health conditions

Evolution of Medicaid



OBJECTIVES

I. To obtain a comprehensive understanding of Medicaid in terms of structure and functioning.

II. To understand the trends and changes in Medicaid for the year 2017.

RESEARCH METHODOLOGY

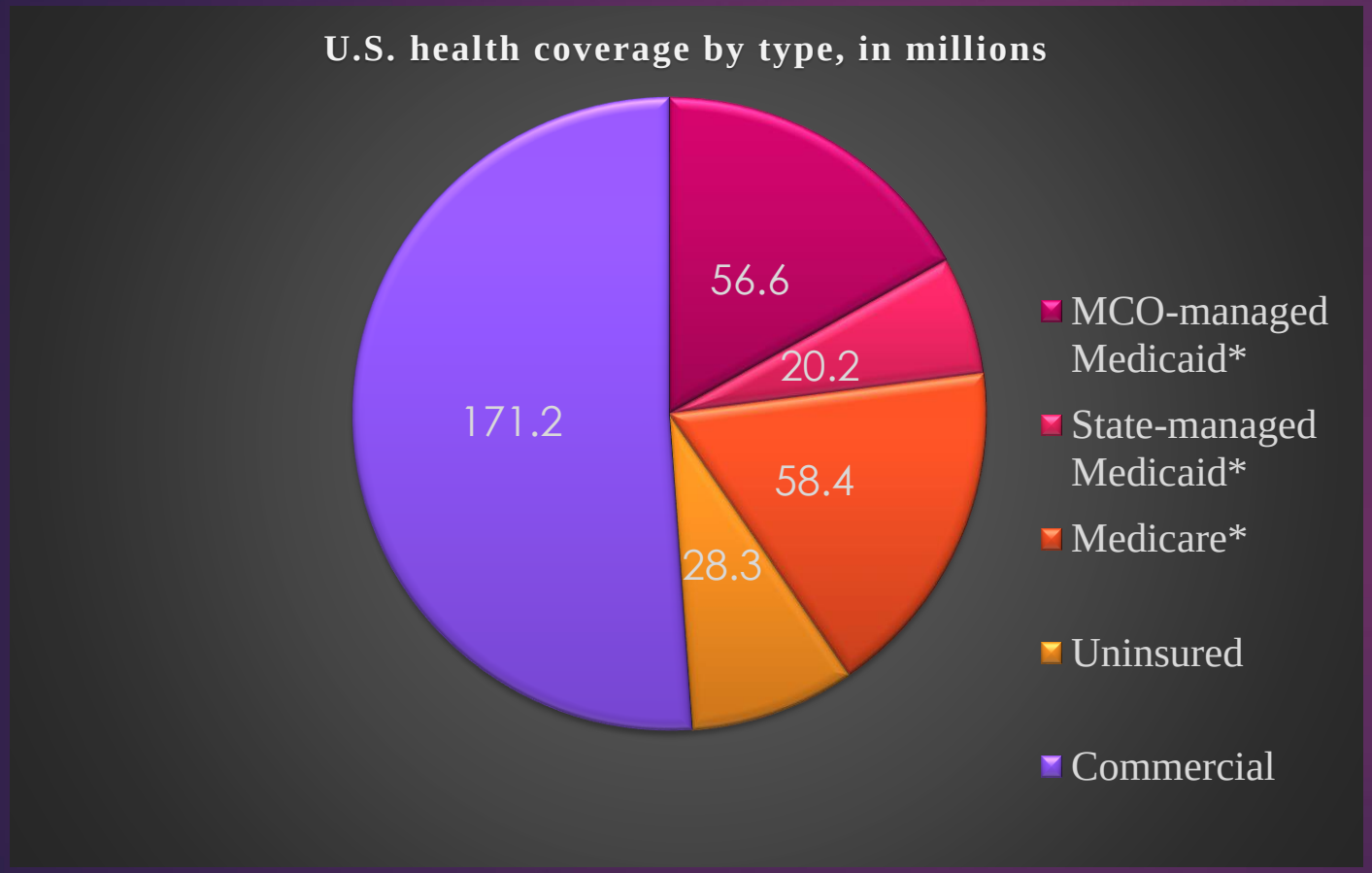
The study undertaken has following design characteristics:

1) Type of study – A Descriptive, Desk-based Secondary research was under taken.
2) Geographical Setting – United States of America
3) Time-frame of the study – Cross-sectional study was undertaken with emphasis on recent credible data.
4) Type of data – Publicly available secondary research data sources were deployed to obtain the following information

- Economic indicators
- National Insurance Statistics
- Information about Medicaid
- Various process, flowcharts, press releases, interviews and analyst reports etc.

OBSERVATIONS AND FINDINGS

U.S. Health Insurance Coverage by various insurance as of 2017

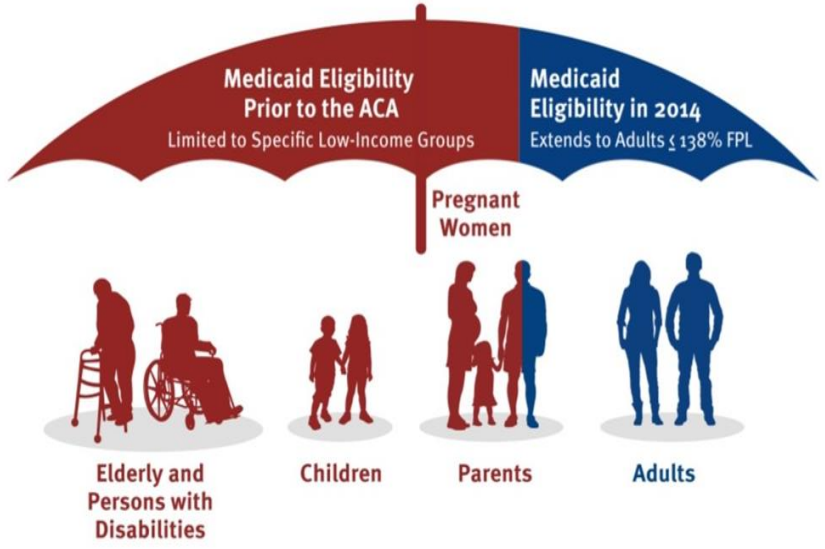


- Medicaid accounts for more than one-fifth of the U.S. population (Covers 77 million / 23% Americans)
- Private MCOs administer care to more than 70 percent of Medicaid enrollees.
- The Department of Health and Human Services estimates that at least 14 million people have enrolled in Medicaid through the ACA expansion.

Medicaid Expansion

- Medicaid was expanded, to non-disabled adults, low income childless adults and raised Medicaid's mandatory income eligibility from 100% to 138% of the FPL, under ACA 2010.
- As of November 2017, 77 million individuals are enrolled in Medicaid and overall enrollment increased by 16.3 million among the 49 states.

As enacted, the ACA Medicaid expansion would cover adults up to 138% FPL in all states, filling long-standing gaps in coverage.



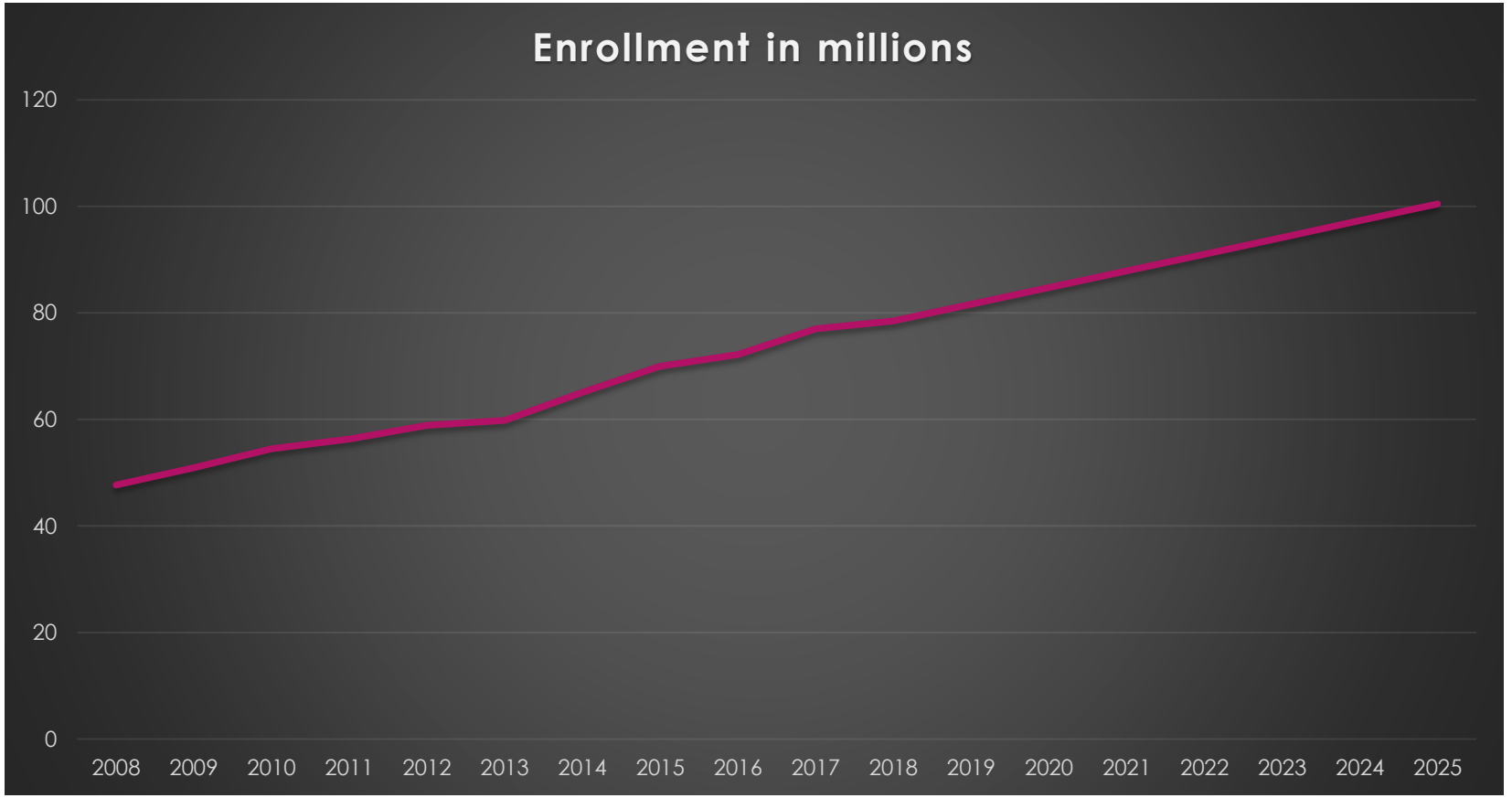
MEDICAID ENROLLMENT INCREASES IN EXPANSION STATES

The recent growth in Medicaid enrollment was primarily driven by adults qualifying under Medicaid. As of 2017:

- Enrollment in the new adult group made up 20.4 percent of Medicaid enrollment across all reporting states (CMS 2017).

- The 31 expansion states and the District of Columbia reported a total of 14.9 million enrollees in the new group. Of these, 80.2 percent were newly eligible individuals and entitled to the 100 percent federal matching rate (CMS 2017).

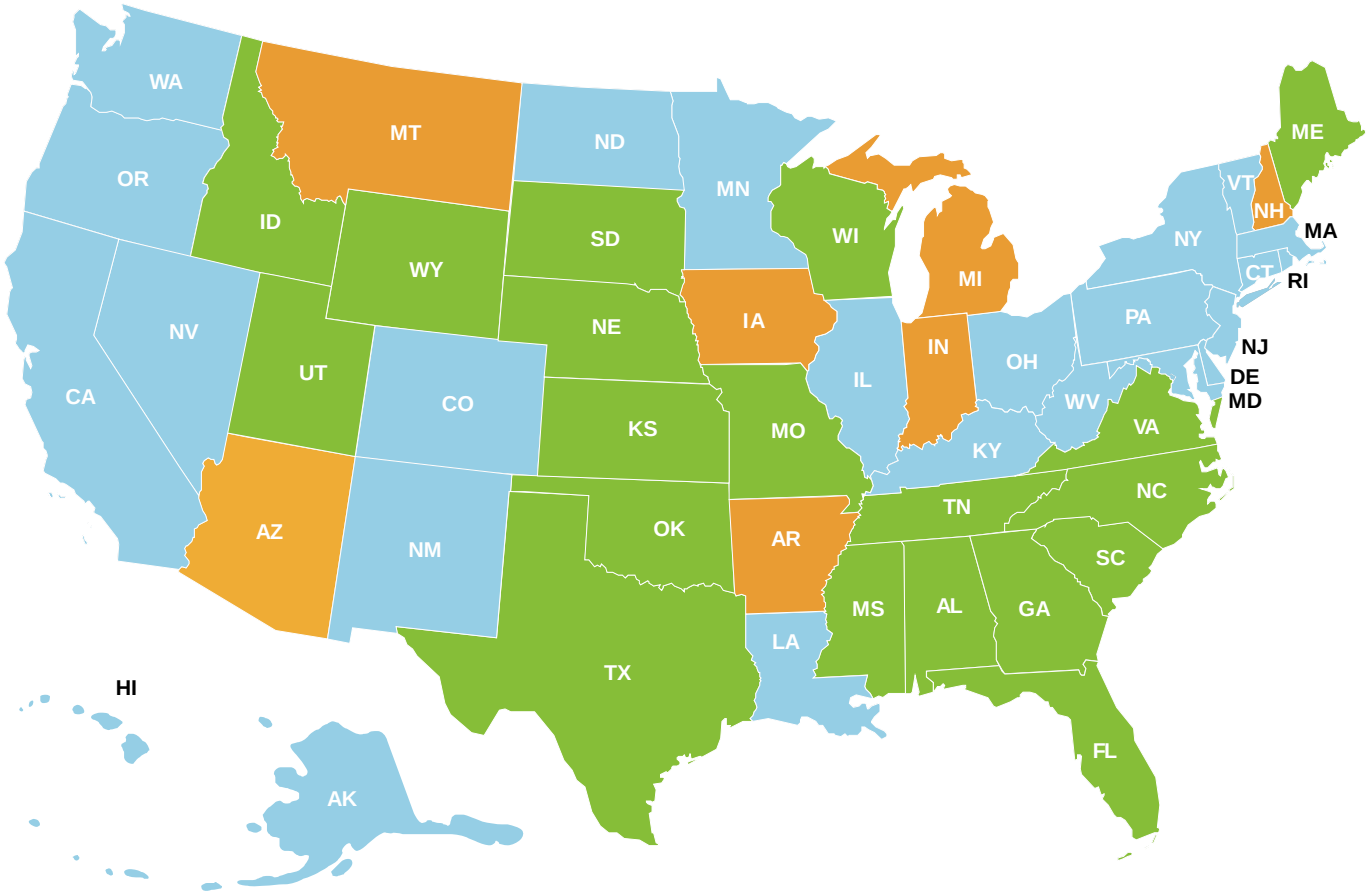
Medicaid enrollment, Forecast till 2025



- Graph shows that Medicaid enrollment has been increase from 59.8 Million to 77 million after enactment of ACA.

- Forecasting of data from 2018 shows that the enrollment may reach up to 100 million population in 2025.

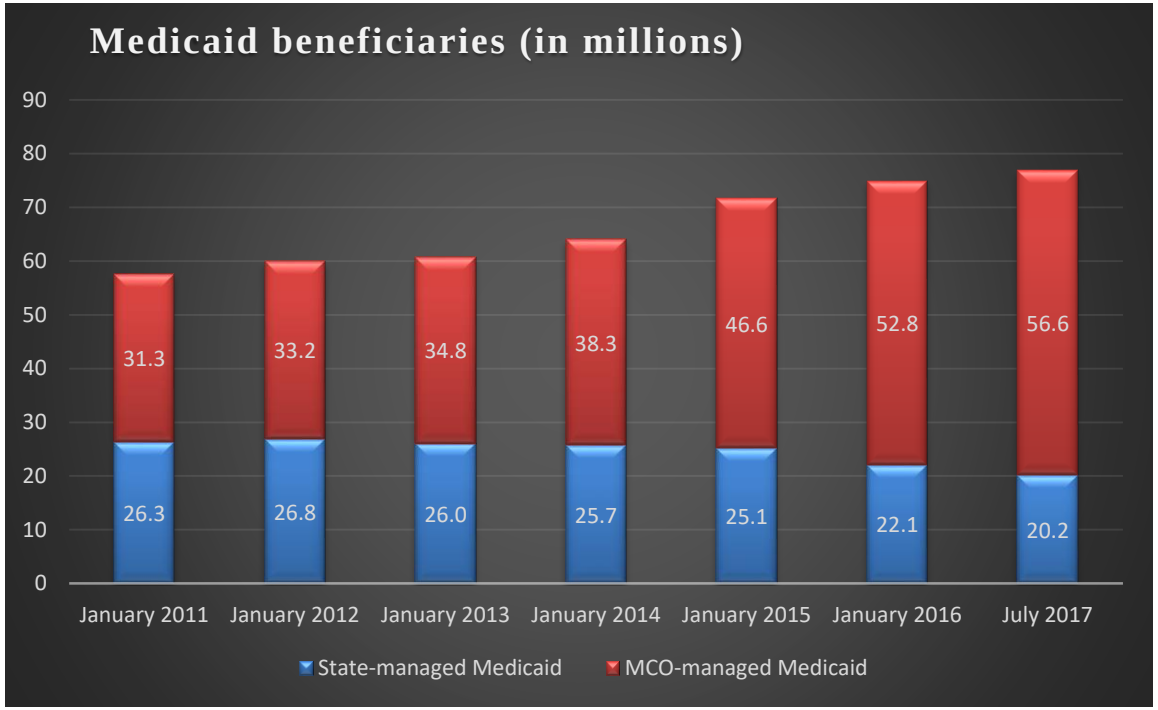
Medicaid expansion by different states of U.S.



Medicaid eligibility expansion*

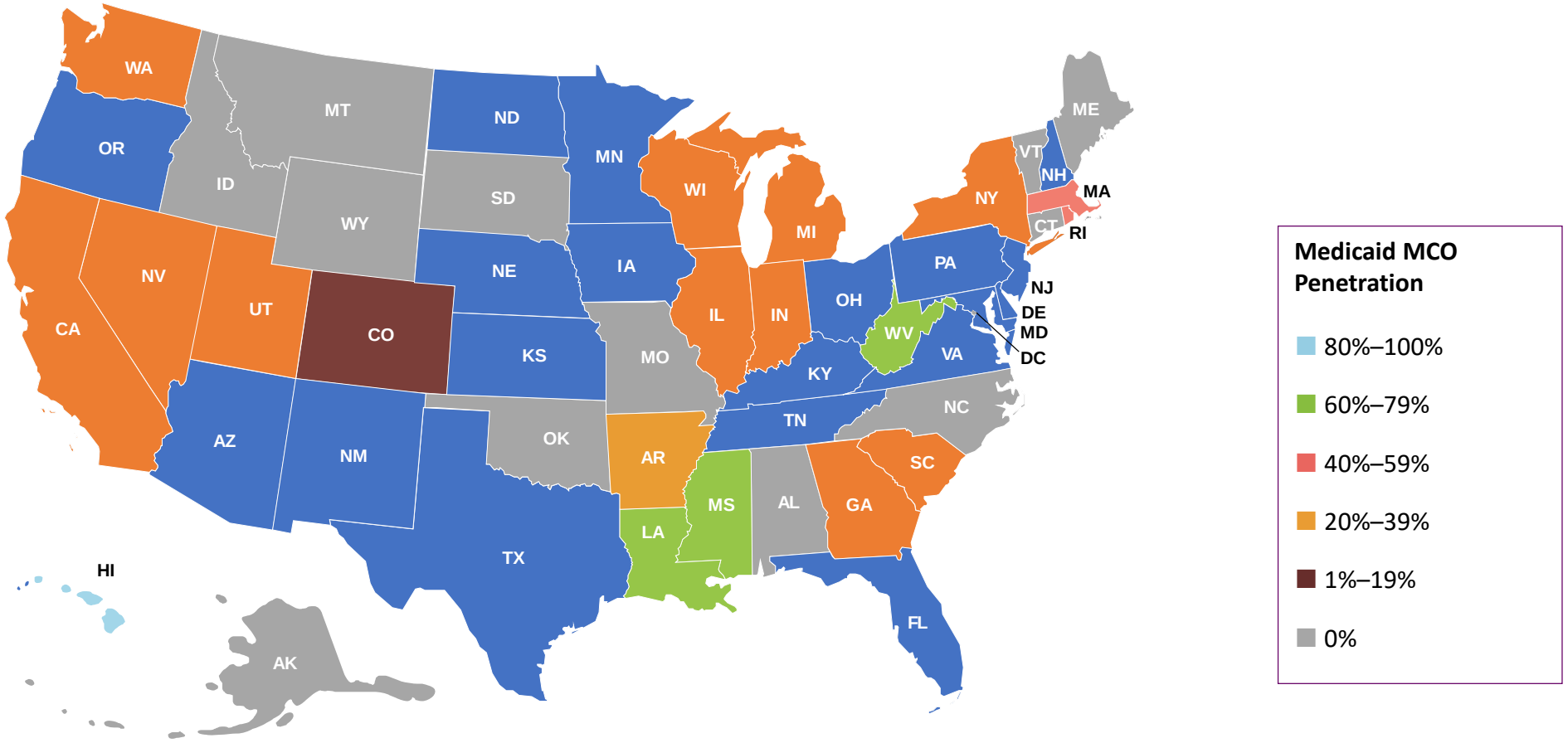
- Medicaid expansion states (24 + DC)
- Non-expansion states (19)
- CMS-approved alternate expansions (7)

Medicaid Enrollment under MCO

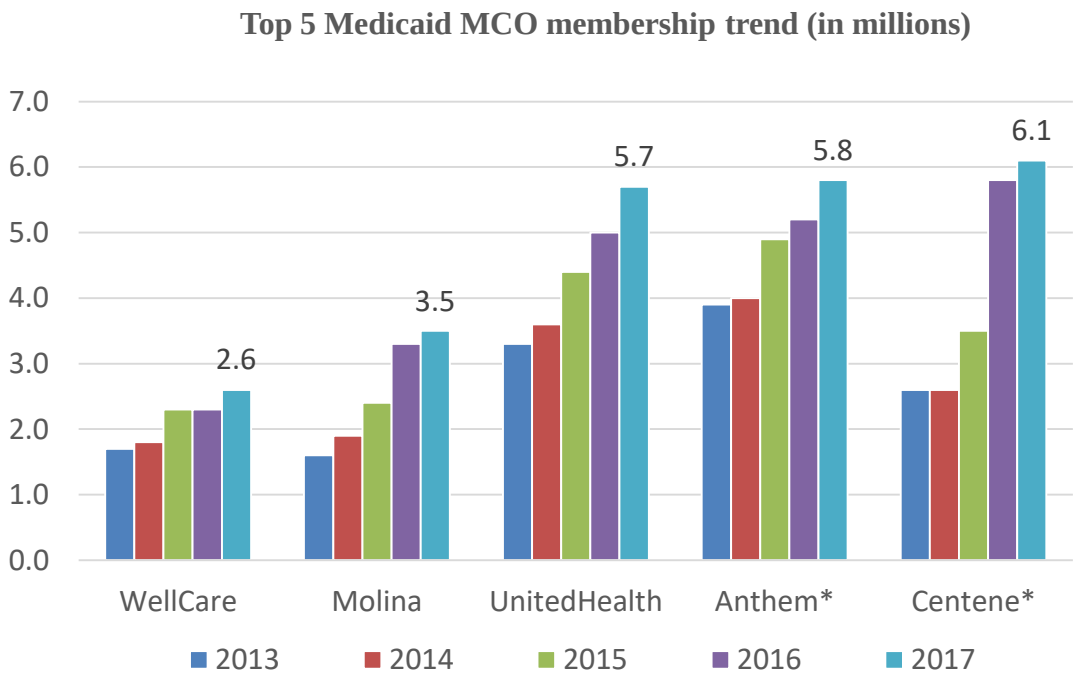


- MCO-managed Medicaid enrollment has grown more than 80 percent since January 2011.
- States hurried to expand their contracts with Medicaid MCOs ahead of Medicaid expansion in 2014, adding population subgroups and expanding MCO service areas.
- Three of the largest MCO expansions occurred in Florida, Ohio, and Texas; Iowa made the move in 2016.
- Meanwhile, a few states have pulled back from MCO management; among those, Connecticut and Vermont utilize provider-led models.

Percentage of Medicaid MCO Penetration in various states



Medicaid membership growth since 2013, top MCOs



- Medicaid expansion under the ACA has boosted enrollment for the five largest Medicaid MCOs, which together serve about 42 percent of MCO-based membership.
- As congressional leaders consider transformative changes designed to cut Medicaid spending, health plans and hospitals have a vested interest in the program's future design and funding.
- But despite the risk of cuts, executives of Aetna, WellCare, and Centene have declared they are in the hunt to acquire more Medicaid plans.

- For people with incomes above 150% FPL, copayments for non-preferred drugs may be as high as 20 percent of the cost of the drug.
- For people with income at or below 150% FPL, copayments are limited to nominal amounts.
- Medicaid prescription drug spending increased 24.6 percent in 2014 and 13.6 percent in 2015 according to the Centers for Medicare & Medicaid Services, primarily due to increased spending for hepatitis C drugs.
- New Jersey officials have proposed a rule change, in April 2018, that would enable those individuals to access drugs that can potentially cure them of hep-C, currently, these drugs are only covered after a certain level of liver damage is detected in the patient.

Opioid Crisis and Management

The nation's opioid epidemic affects people across all incomes, ages, and regions.

Medicaid plays a major role in the nations effort to address the opioid epidemic

Medicaid covers 4 in 10 nonelderly adults with opioid addiction.

State Medicaid programs have implemented several measures to curb the opioid prescribing and limiting the number of doses that can be dispensed at one time.

Medicaid facilitates access to a number of addiction treatment services, including medications delivered as part of medication-assisted treatment, and it allows many people with opioid addiction to obtain treatment for other health conditions.

States use Medicaid Section 1115 waivers and other program authorities to expand treatment options for enrollees with opioid addiction.

1.9 million nonelderly adults in the United States had an opioid addiction, As of 2016

More than half of the states have increased access to NALOXONE, which reverses the life threatening effect of opioid overdose, to Medicaid enrollees'.

In 2016, over 64,000 Americans died from overdoses, 21 percent more than the almost 53,000 in 2015.

CONCLUSION

- The U.S. Health Care System has moved close to the Universal Health Care Coverage with the enactment of ACA.
- Medicaid expansion under the ACA suggests that expansion has had largely positive impacts on coverage; access to care, utilization, and affordability.
- The study observations suggest potential for gains in coverage and access to consumers.
- Medicaid enrollment has increased following implementation of the ACA, while the rate of individuals without insurance has declined but still 28 million people in U.S. are uninsured.
- Currently providers in the remaining non-expansion states are considering adopting the expansion in the future which will further increase the enrollment of people falling under coverage gap.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