



How Medicaid Works

A Chartbook for Understanding Virginia's Medicaid Insurance
and the Opportunity to Improve it

Virginia Poverty
Law Center



THE
COMMONWEALTH
INSTITUTE

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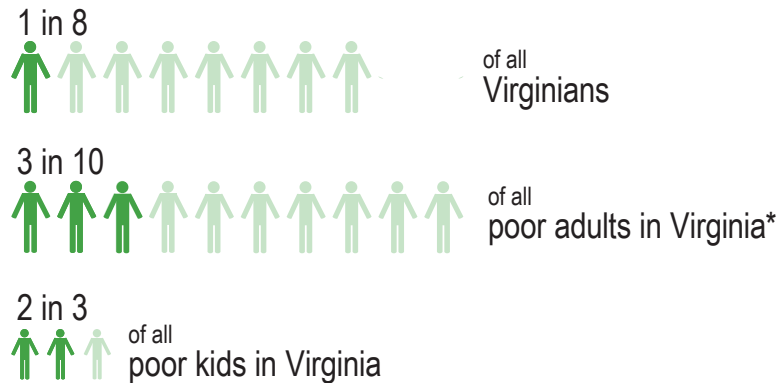
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SECTION I

Understanding Virginia's Medicaid Program Today

Virginia's Medicaid Plays An Important Role in Health Coverage



*Poor is defined as $\leq 100\%$ Federal Poverty Level

Source: DMAS for all Virginians and TCI analysis of 2015 US Census Bureau ACS data, retrieved through IPUMS

- Medicaid is a public health insurance program for low-income people. It was started in 1965. Medicaid insurance covers mostly children, pregnant women, parents, seniors over age 65, and people with disabilities.
- In Virginia, nearly 1 million people have health coverage through Medicaid at any time.
- Medicaid is jointly funded through federal and state dollars and administered by the state. Every dollar Virginia spends in Medicaid is matched by a dollar in federal funds.
- Seven out of ten office-based doctors in Virginia are accepting new Medicaid patients.



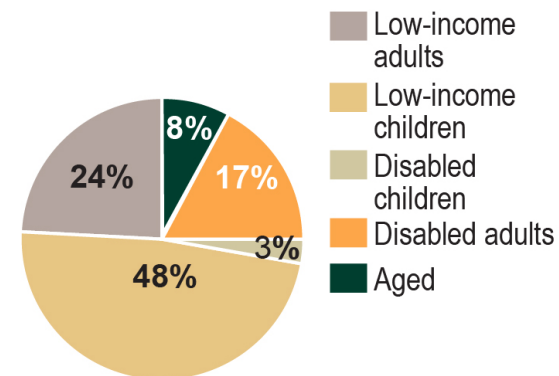
- Medicaid's important role and effectiveness lead to broad public support for maintaining it.
- Eighty-four percent of the public opposes cuts to Medicaid.

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Virginia Families Benefit from Medicaid

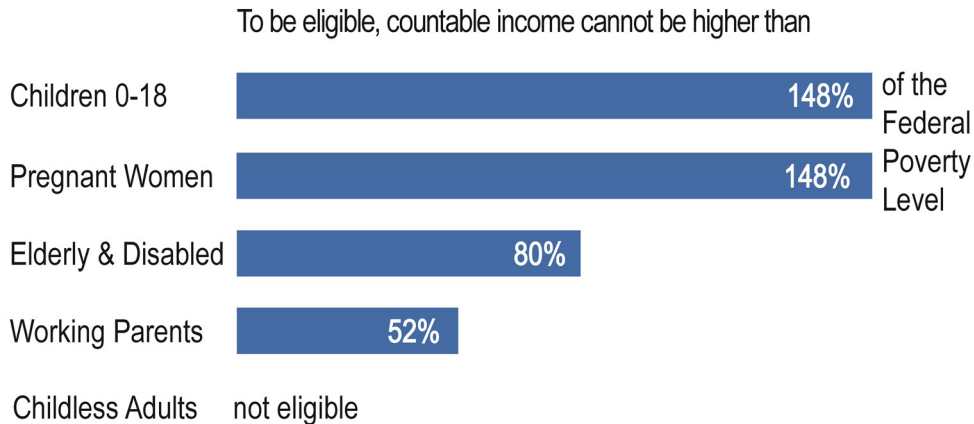
The majority of Medicaid recipients in Virginia in FY 2017 were children.



Source: TCI analysis of DMAS data

Who is Eligible for Medicaid in Virginia?

Each group has its own income eligibility guidelines.



Source: TCI analysis of DSS data

Eligibility levels determine who can receive coverage. States set eligibility levels based on personal income and assets. Eligibility levels for children, parents, and pregnant women include a 5 percent income disregard.

Virginia has very restrictive Medicaid eligibility:

- Pregnant women and children through age 18 cannot have income higher than 148 percent of federal poverty level (FPL) or \$30,240 for a family of three. (Virginia's FAMIS program covers children and pregnant women up to 205 percent FPL or \$41,880 for a family of three.)
- Elderly and disabled people (unless on a spenddown or in long term care) cannot have income higher than 80 percent FPL or \$12,992 for an elderly couple.
- Working parents must have income below 52 percent FPL or \$10,524 for a family of three. (See next page for income levels by geographic region.)
- Childless adults are not eligible for Medicaid in Virginia.



Virginia's Medicaid Program Is Stingy

44th Only 5 states* invest less per resident in their Medicaid program.

- For working parents, maintaining eligibility is a highwire act. Because the maximum allowable income is so low and varies by locality, working parents can end up losing their eligibility— though not immediately— with just a little overtime or even a promotion that comes with a slightly higher salary. Or, if they have to move to another locality, they may suddenly find they have lost their eligibility

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If a family of 3 lives in

and has an annual countable income above

Counties: Accomack, Alleghany, Amelia, Amherst, Appomattox, Bath, Bedford, Bland, Botetourt, Brunswick, Buchanan, Buckingham, Campbell, Caroline, Carroll, Charles City, Charlotte, Clarke, Craig, Culpeper, Cumberland, Dickenson, Dinwiddie, Essex, Fauquier, Floyd, Fluvanna, Franklin, Frederick, Giles, Gloucester, Goochland, Grayson, Greene, Greenville, Halifax, Hanover, Henry, Highland, Isle of Wight, James City, King George, King & Queen, King William, Lancaster, Lee, Louisa, Lunenburg, Madison, Mathews, Mecklenburg, Middlesex, Nelson, New Kent, Northampton, Northumberland, Nottoway, Orange, Page, Patrick, Pittsylvania, Powhatan, Prince Edward, Prince George, Pulaski, Rappahannock, Richmond, Rockbridge, Russell, Scott, Shenandoah, Smyth, Southampton, Spotsylvania, Stafford, Surry, Sussex, Tazewell, Washington, Westmoreland, Wise, Wythe, York
Cities: Bristol, Buena Vista, Danville, Emporia, Franklin, Galax, Norton, Suffolk

\$6,720

Counties: Albemarle, Augusta, Chesterfield, Henrico, Loudoun, Roanoke, Rockingham, Warren
Cities: Chesapeake, Covington, Harrisonburg, Hopewell, Lexington, Lynchburg, Martinsville, Newport News, Norfolk, Petersburg, Poquoson, Portsmouth, Radford, Richmond, Roanoke, Salem, Staunton, Virginia Beach, Williamsburg, Winchester

\$7,956

Counties: Arlington, Fairfax, Montgomery, Prince William
Cities: Alexandria, Charlottesville, Colonial Heights, Falls Church, Fredericksburg, Hampton, Manassas, Manassas Park, Waynesboro

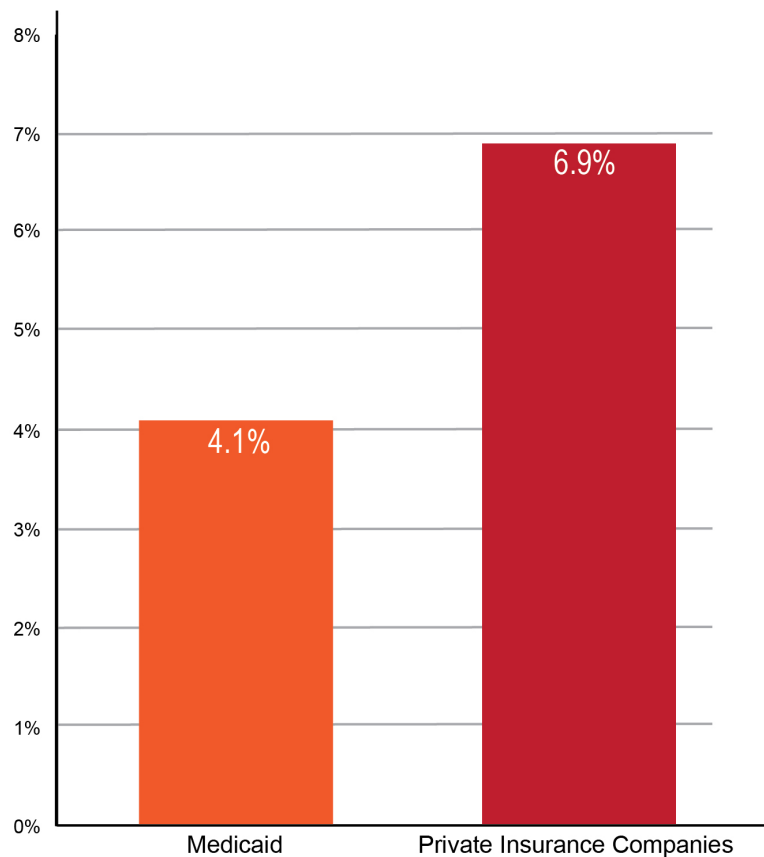
\$10,524

the parents would be **ineligible** for Medicaid

Medicaid Controls Costs Better

Between 1987-2015, the growth in per person cost was much lower in Medicaid than in the private insurance market.

Percent yearly increase per enrollee



Source: 2017 Center on Budget and Policy Priorities analysis

- Because health care costs have been rising across the economy for many years, Medicaid costs have been rising, too. When compared to the state budget, which shrunk during the recession, it can look like Medicaid costs are rising rapidly.
- Far from broken, Medicaid is actually very efficient. Medicaid has lower administrative costs than private insurance, and the rate of growth has been much slower than private insurance.

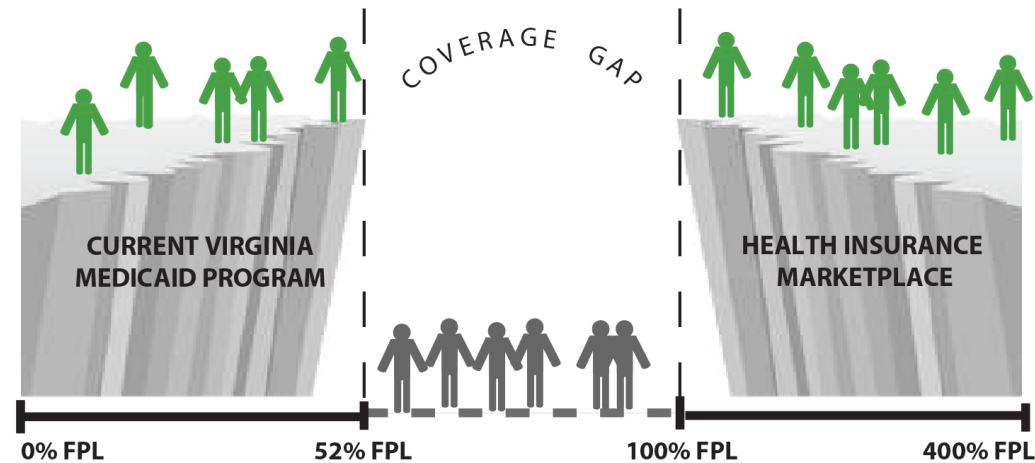


SECTION II

Virginia's Opportunity to Expand Medicaid

Coverage Gap

240,000 uninsured Virginians are now in the coverage gap, where they are unable to enroll in Medicaid or get tax credits to help buy coverage in the marketplace.



Under Virginia's current Medicaid program, working parents must have incomes below 52% FPL to be eligible, but in many parts of the state the eligibility level is even lower. Childless adults are not currently eligible for coverage no matter how poor they are, unless they are elderly, disabled, or pregnant.

Source: TCI analysis of DMAS data

Health Care for Low-Income Adults

- Virginia lawmakers could close the coverage gap by taking the option offered to states to increase Medicaid eligibility for most adults to 138 percent of the federal poverty level (FPL). This is equal to an annual income of \$16,643 for an individual and \$28,180 for parents in a family of three in 2017.
- This expanded eligibility would primarily help parents and other working adults who are not offered coverage through their jobs and cannot afford other coverage. As of October 2017, Washington D.C. and 31 states, including Kentucky, West Virginia, and Maryland have expanded, and the opportunity remains today. Virginia's share of expansion cost is limited to 10 percent.

Health Care for Workers in Key Sectors

- The majority of people who would be newly eligible for coverage are working. And they are working in the most important sectors of our economy. Workers in five of the state's largest employment sectors have the most to gain: Accommodation and Food Services; Retail Trade; Education, Health, and Social Services; Construction; and Professional and Business Services.

Health Care for Veterans

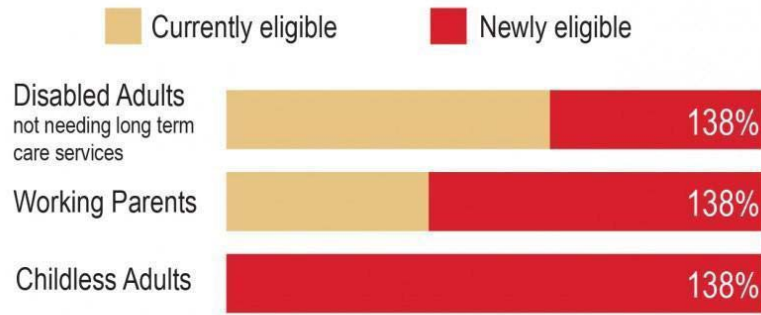
- If Virginia expanded Medicaid and closed the coverage gap, Virginia's military veterans would also benefit. 12,600 military veterans in Virginia could get quality, affordable health care coverage. An estimated, 5,300 Virginia veterans are uninsured, while another 7,300 are underinsured.

Health Care for Communities of Color

- 66 percent of the nonelderly population with Medicaid coverage in Virginia are people of color. Over forty percent of the adults left uninsured because of Virginia's refusal to expand Medicaid are also people of color.

Using Medicaid to Close the Coverage Gap

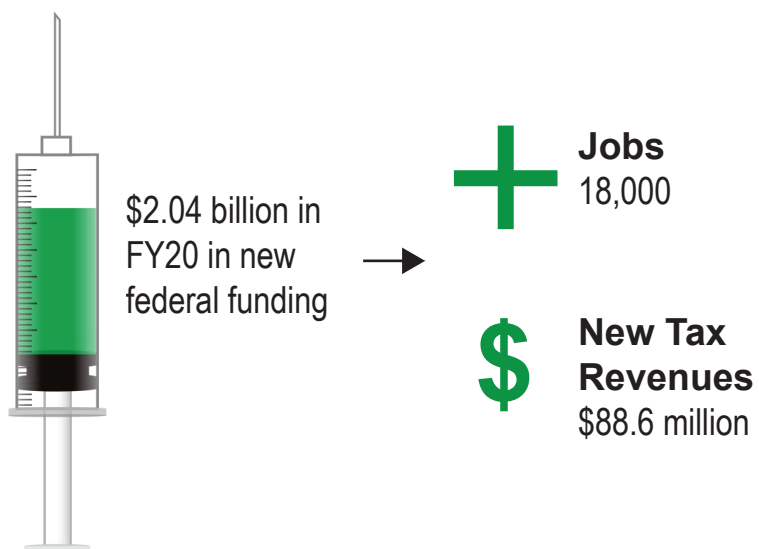
New coverage groups would be added and eligibility would increase to 138% of the federal poverty level for most adults.



Source: TCI analysis of DMAS data

Booster Shot to Virginia's Economy

Closing the coverage gap in October 2018 would bring in an estimated \$2.04 billion in new federal funding in fiscal year 2020. Those new federal resources would help support good jobs and generate revenue for the state.



Sources: TCI analysis of 2017 DMAS data

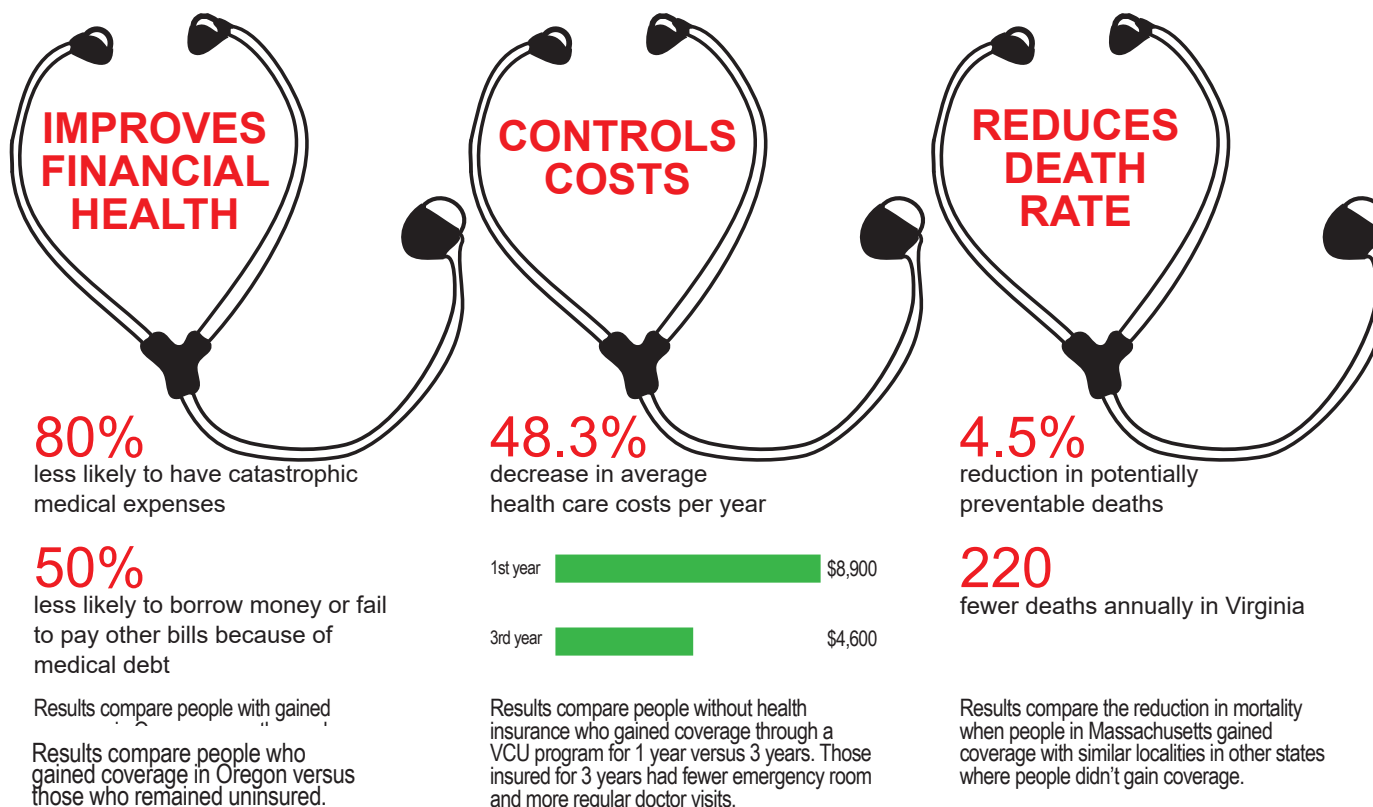
If Virginia continues to refuse federal dollars for Medicaid expansion in 2019 and 2020, the state would be:

- Unable to save \$5.7 million a month in state general fund dollars which are not used for state-funded health programs;
- Losing out on a total net state-savings of \$115 million in general funds during fiscal years 2019 and 2020 (assuming an Oct. 1, 2018 start date);
- Forfeiting \$2.9 billion in federal dollars by the end of the biennium. That money can be used to help hundreds of thousands of low-income Virginians get the health care they need;
- Foregoing support for 18,000 jobs in health care and Virginia's overall economy that would generate \$89 million per year in new state and local tax revenues; and
- Ignoring the best way to directly address mental health needs and the opioid crisis through direct services and treatments for uninsured adults.



Health Insurance Matters

The debate surrounding the expansion of Virginia's Medicaid insurance program has focused on costs, but has ignored an equally important issue: the value of health insurance. Three recent studies show just what kind of value health care coverage delivers for individuals and communities.



Sources: The New England Journal of Medicine, Health Affairs, Annals of Internal Medicine, HHS







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The Commonwealth Institute

The Commonwealth Institute for Fiscal Analysis provides credible, independent, and accessible information and analyses of state public policies with particular attention to the impacts on low- and moderate-income persons. Our products inform state economic, fiscal, and budget policy debates and contribute to sound decisions that improve the well-being of individuals, communities and Virginia as a whole.



The Virginia Poverty Law Center

The Virginia Poverty Law Center is a non-profit organization that serves Virginia's legal aid system by providing advocacy, training, and litigation support on civil justice issues that affect low-income Virginians.



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