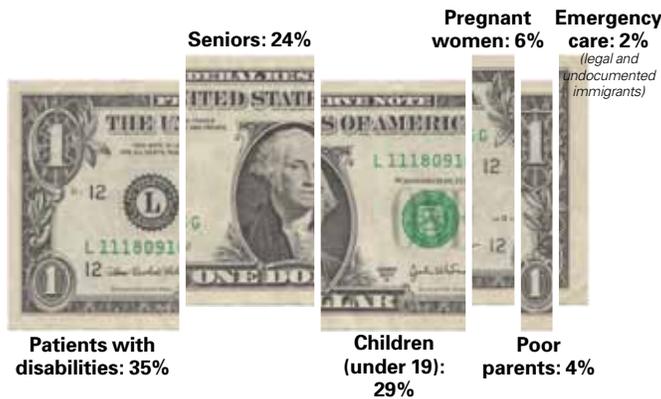


TEXAS MEDICAID: Perception vs. Reality

Texas Medicaid gets a bad rap. Medicaid critics perpetuate false information about the program. Most people don't know who is covered by Medicaid or how state dollars are spent. Many Texans believe that Medicaid covers only pregnant women, shiftless men, and illegal immigrants; that welfare moms and their kids siphon off dollars from the system; or that most adult Medicaid enrollees are healthy, able-bodied Texans who can afford to pay for private health insurance. Texas Medicaid is misunderstood. TMA wants to set the record straight.

How the Medicaid Dollar Is Spent (FY 2009)



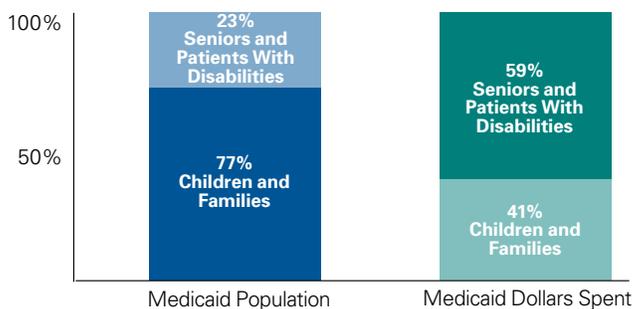
What Does Medicaid Pay For?

Perception: Welfare moms and their kids siphon off money from the Medicaid system. That's where all the Medicaid dollars go.

Reality: False. Low-income elderly patients and Texans with disabilities account for most Medicaid spending. **Medicaid pays for 70 percent of all nursing home care in Texas.** Medicaid also pays for services that help seniors and patients with disabilities stay in their homes. For low-income seniors, Medicaid fills in gaps in Medicare coverage, such as vision care, and pays Medicare copayments and deductibles. While the elderly and patients with disabilities cost the most, they account for only 23 percent of the Medicaid population. However, as baby boomers come of age, this population is going to increase dramatically as will the cost of their care.

Payments vs. Population (FY 2009)

Children and Families compared with Seniors and Patients With Disabilities



Perception: Undocumented immigrants are a huge drain on the Medicaid system.

Reality: False. Undocumented immigrants cannot enroll in Medicaid. To apply, patients must present proof of citizenship. Medicaid does provide emergency services for legal and undocumented immigrants. In 2009, Texas Medicaid spent approximately \$309 million (state and federal funds) on health care for noncitizens, or about 2 percent of Medicaid's costs. The Children's Health Insurance Program (CHIP) Perinatal program provides basic prenatal care to noncitizens to ensure healthy babies are delivered. In 2009, the CHIP Perinatal program spent \$188 million on immigrants (state and federal funds).

Perception: The state offers Medicaid patients too many benefits.

Reality: False. Medicaid benefits reflect the diversity of patients covered by the program. Texas Medicaid covers everyone from newborns to elderly patients living in nursing homes. Many Medicaid patients are uninsurable in the private sector because of their medical conditions or illnesses, such as women with breast cancer or patients with disabilities. Federal law requires states to cover these services:

- Inpatient/outpatient hospital;
- Physician services;
- Lab and x-ray;
- Well-baby/well-child checkups, known as the Early and Periodic Screening, Diagnosis, and Treatment Services/Texas Health Steps, for children under 21;
- Home health;
- Rural Health Clinics/Federally Qualified Health Centers; and
- Nursing facilities

Optional services: While these services are not required in Medicaid, they all are critical to maintaining good health. When the state covers these services, it also helps direct patients to the most cost-effective setting to receive care, their medical home. For children, states must cover optional services if they are medically necessary. Optional services include:

- Prescription coverage (all states cover prescriptions; however, for adult patients, states may set a limit on the number of prescriptions it covers each month);
- Hospice;
- Private-duty nursing;
- Durable medical equipment;
- Podiatry;
- Eyewear;
- Hearing aids;
- Mental health counseling;
- Ambulance; and
- Intermediate care facilities for people with mental retardation or developmental disabilities.

Not everyone who is poor qualifies for Medicaid. Eligibility is determined by both income and category. For example, parents of children on Medicaid may qualify for coverage, but only if their income is below \$3,700 per year.

Who Is Eligible for Texas Medicaid?

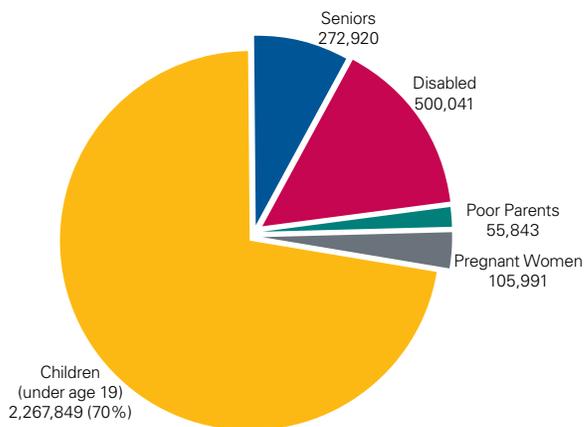
Perception: Adult Medicaid patients are predominantly “welfare queens” or homeless men.

Reality: False. Simply being poor does not qualify a Texan for Medicaid. Only about 6 percent of working-age adults qualify for the program. Of parents who receive welfare under Temporary Assistance for Needy Families program, only about 2 percent are on Medicaid. Of the children on Medicaid, the majority have at least one parent who works.

Perception: Pregnant women dominate Medicaid enrollment.

Reality: False. Pregnant women make up about 4 percent (105,991) of Medicaid enrollment. Two months after giving birth, women lose regular Medicaid unless they live in extreme poverty, earning less than about \$3,700 a year (for a family of three). Medicaid pays for about 56 percent of all births.

Medicaid Covers 3.2 Million Texans



Source: Health and Human Services Commission, Medicaid Point-in-Time Enrollment, Jan. 2011

Who Pays for Medicaid?

Perception: Most Medicaid patients could purchase their own health insurance.

Reality: False. The majority of Medicaid enrollees live in families earning at or below the federal poverty level, or \$18,350 for a family of three. Only about 14 percent of Texans at this income level have access to employer-based family coverage. Of those who do, data from the Texas Department of Insurance indicate the average amount employees must contribute is \$4,000, excluding copays and deductibles. For poor and low-income families, employer-based coverage is simply cost prohibitive.

Perception: Texans are stuck with the entire price tag for Texas Medicaid and CHIP.

Reality: False. Texas Medicaid receives a generous federal match, bringing Texans’ hard-earned tax dollars back home. The current federal match for Medicaid is about 60 percent (extra federal funds for the past two years increased it to 68 percent). The federal matching rate for CHIP is even more generous. The federal government pays 72 percent. Texas pays the balance. Patients continue to get sick and turn to hospitals or clinics for care funded by local taxpayers. Cutting Medicaid means Texas’ taxpayers pick up the entire expense, instead of only 40 percent for Medicaid and 28 percent for CHIP.

According to the Legislative Budget Board, Medicaid is the largest source of federal funding in the state. In fiscal year 2010, **Medicaid** brought **\$19 billion in federal dollars** back to Texas.

Texas must take care of its children, seniors, and people with disabilities.

For more information, call TMA at (512) 370-1300.



Physicians Caring for Texans