

Massachusetts: Map for Missouri?

Medicaid Expansion

A key feature of the Massachusetts health reform legislation is a Medicaid expansion that extends MassHealth (the state’s Medicaid program) to cover children up to 300 percent of the federal poverty level (FPL) and raises enrollment levels.

Addressing the issue of Medicaid expansion and its role in a universal coverage initiative, this brief summarizes a longer report prepared for the Missouri Foundation for Health by researchers at Saint Louis University.

Why is Reform Needed?

Any effort to implement universal health insurance coverage requires some mechanism for subsidizing the cost of health insurance for low-income workers and families who cannot afford the full cost. In Missouri, the average cost of employer-sponsored health insurance for a family of four in 2005 was \$11,000.

Medicaid and the State Children’s Health Insurance Program (SCHIP) offer states a fiscally responsible mechanism for funding health insurance for low-income residents by allowing states to obtain federal funding to defray the costs. In Massachusetts, the federal government contributes 50 percent of the cost of Medicaid and 61.6 percent of the costs for SCHIP. By contrast, Missouri has negotiated federal matching rates of 61.9 percent for Medicaid and 72.8 percent for SCHIP.

The Proposal for Medicaid Expansion

Missouri already provides Medicaid and SCHIP coverage for children living at up to 300 percent of FPL. However, eligibility for parents and other adults is much more limited: the income cutoff for parents is 18-22 percent of FPL, and eligibility for adults with disabilities and the elderly is at 85 percent of FPL. In Missouri, nearly 30 percent of the uninsured live below FPL, and almost three-quarters live below 300 percent of FPL.

In following the Massachusetts model, a plan for universal health insurance in Missouri would build upon the state’s existing Medicaid structure, raising income eligibility for those categories of adults who are presently eligible – parents, elderly and disabled – to at least 100 percent of FPL, while maintaining the present 300 percent of FPL income eligibility level for children.

Policy Considerations

The success of a Medicaid expansion depends on several factors:

- ◆ **Federal Approval.** To receive federal matching funds, state Medicaid programs must comply with federal Medicaid requirements and be approved by the Centers for Medicare

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& Medicaid Services (CMS), the federal agency administering the Medicaid program. Since Missouri's existing Section 1115 Waiver already authorizes expanded eligibility for low-income parents, obtaining approval from CMS to include more low-income adults would not likely pose a challenge.

- ◆ **Covered Services.** Modeling on Massachusetts, a comprehensive Medicaid benefit package would guarantee not only that low-income residents receive necessary medical services, but also that providers would obtain payment for services without needing to shift costs to private patients and private payers. To mirror the Massachusetts approach for covering low-income populations, Missouri would need to use its 2004 Medicaid benefits levels.
- ◆ **Reimbursement Rates.** Missouri has one of the lowest Medicaid physician reimbursement rates in the country. To approximate the Massachusetts plan, Missouri would need to increase Medicaid physician and hospital reimbursement rates by 10 percent.
- ◆ **People with Disabilities.** Because Medicaid is the only insurer that covers the long-term care services people with disabilities require to live independently, the continuation of this program is vital to that population. Covering the working disabled through Medicaid on a sliding premium scale with no upper income limit would improve the quality of care for people with disabilities. It also would lower the overall costs to individuals with private insurance by moving high-cost individuals out of private coverage and into Medicaid.

Summary

For a Massachusetts-like plan to work in Missouri, a Medicaid expansion would be required. Expanding Medicaid would offer Missouri a pragmatic approach to financing health insurance for low-income adult residents. Almost 30 percent of the uninsured would be covered by a Massachusetts-modeled Medicaid expansion and outreach effort.

The information presented here is taken from a series of issue briefs prepared by the Saint Louis University Health Policy Legislative Analysis Team. Other subjects covered by the series include a premium assistance program, an insurance purchasing pool, and individual and employer mandates. The authors of this brief are Sidney Watson, JD, Professor at School of Law; and Timothy McBride, PhD, Professor of Health Management and Policy, School of Public Health.