

Maryland Medicaid at a Glance

January 2007

What is Medicaid?

Medicaid is a joint federal and state program authorized under Title XIX of the Social Security Act that provides health and long term care coverage to low-income people. In FY 2006 Maryland Medicaid covered full benefits for an average of 594,000 people - one in 10 Marylanders - at a cost of \$5.06 billion in state and federal funds, including services budgeted in other agencies. An additional 115,000 people received partial benefits at a cost of \$136 million. The average Medicaid enrollment was 709,000 at a cost of \$5.2 billion.

Like other states, Maryland receives federal financial assistance for coverage of Medicaid eligibles through matching federal payments. The proportion of federal payments is based on the state's per capita income. Maryland's matching rate is 50% for most services.

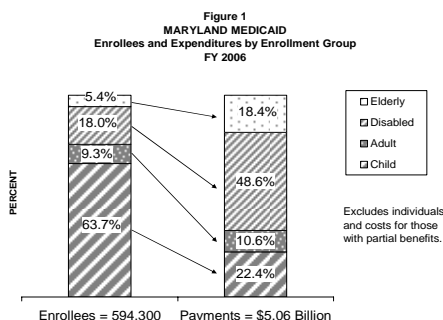
Who is Covered Under Medicaid?

Eligibility for Medicaid is primarily for persons in particular "categories", such as low-income children and their parents, pregnant women, older adults, and individuals with disabilities. Medicaid also covers certain low-income aged and disabled beneficiaries for limited assistance with their Medicare premium, copayment and deductible payments.

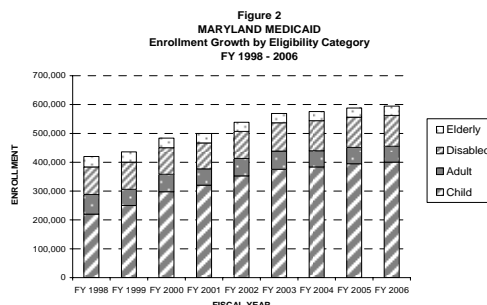
People who receive money through Supplemental Security Income (SSI) or Temporary Cash Assistance (TCA) automatically receive Medicaid. In addition, individuals may qualify for Medicaid because of high medical expenses (commonly hospital or nursing home care), or if they have low income and assets and are aged, blind, or disabled. Over the years the federal government has added coverage for additional groups of people, primarily pregnant women and children below specified poverty thresholds.

Enrollment and Expenditures

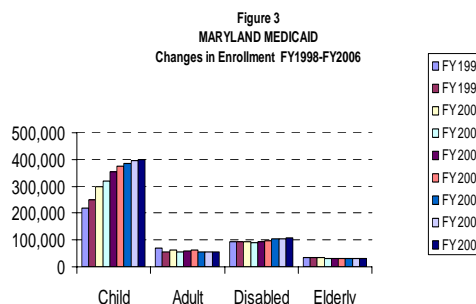
Parents and children in low-income families make up over three-fourths of Medicaid beneficiaries, but they account for less than one-third of Medicaid spending. Older adults and individuals with disabilities account for the majority of spending because of their intensive use of acute and long-term care services (Figure 1). Dual eligibles, who have both Medicare and Medicaid coverage, on average account for about 33% of Medicaid costs in Maryland.



From FY1998 to 2003, there was a steady increase in overall enrollment, but enrollment growth has slowed somewhat since 2003 (Figure 2).



Increases in coverage for children have driven much of the enrollment growth. Since the implementation of Maryland Children's Health Program (MCHP) in 1997, 150,000 additional children in Maryland have coverage through MCHP and Medicaid. In the last 5 years, the average number of enrolled children increased 25%. Enrollment for people in disabled categories increased almost 20%. Average enrollment among non-disabled adults and elderly categories declined 3.2% and 2.4% respectively over the same five year period (Figure 3).



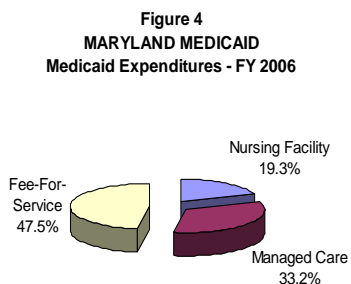
What Services Are Covered Under Medicaid?

The federal Medicaid statute mandates that Medicaid programs cover certain services, such as: inpatient and outpatient hospital; physician; nurse midwife and certified nurse practitioner; laboratory and x-ray; nursing home and home health care; early and periodic screening, diagnosis, and treatment (EPSDT) for children under age 21; family planning; rural health and federally qualified health centers.

The federal government also allows states to cover specified "optional services," such as drugs, dental, vision, therapy, medical day care, personal care and certain institutional services. Maryland Medicaid covers some optional Medicaid services because they are cost effective substitutes for the more expensive federally-required services.

What Does Medicaid Cost?

Of the \$5.2 billion spent by Maryland Medicaid for all enrollees in FY 2006 (which includes services budgeted in other agencies), 33.2% was spent on capitation payments for managed care organizations, 19.3% was spent on nursing home payments, and 47.5% on fee-for-service expenditures for other services (Figure 4).



In recent years, Maryland and other states have been faced with new budgetary pressures. Between FY 2001 and FY 2006, Maryland Medicaid experienced an average annual growth rate of approximately 9%.

How do People Receive Services?

Since July 1997, about 80% of Medicaid beneficiaries receive services through HealthChoice, a statewide managed care program. Individuals are not enrolled in HealthChoice if they are Medicare beneficiaries, are in institutions, are receiving limited Medicaid services, or are enrolled for a limited period of time.

Beneficiaries eligible for HealthChoice choose a primary care provider (PCP) and enroll in one of several managed care organizations (MCO) in their area. The MCOs contract with the Department of Health and Mental Hygiene (DHMH) to provide Medicaid covered services through their provider networks in return for monthly payments from DHMH. Medicaid beneficiaries not enrolled in HealthChoice still receive Medicaid services, but through the "fee-for-service" system, where each provider of service bills DHMH. All Medicaid eligibles with full coverage receive the same benefits, whether or not they are enrolled in a MCO.

Certain Medicaid services are "carved out" of the benefits package provided by the MCOs and are paid on a fee-for-service basis by the program. Altogether about one-third of Medicaid services are carved-out. Specialty mental health services are carved out and are provided by the State's public mental health system, accessed through Maryland APS (MAPS).

Many of the Medicaid enrollees not in HealthChoice, and some enrollees in HealthChoice, receive long term care services, which include nursing facility and community-based care. Long term care represents a large portion, about 54%, of fee-for-service payments. Recent expansions under Home and Community Based Services (HCBS) waivers allow more individuals in need of long

term care to choose community-based options, which advances Medicaid's goal to provide services in the most integrated setting appropriate to the needs of individuals with disabilities. Maryland operates seven HCBS waivers.

Current Issues

In addition to Maryland Medicaid's continuing efforts to control costs and operate more efficiently, there are several new Medicaid initiatives underway.

The Balanced Budget Act of 1997 and Ticket to Work and Work Incentives Improvement Act of 1999 allow states to extend coverage to working people with disabilities who would not otherwise be eligible for Medicaid benefits. House Bill 630 of the 2003 General Assembly Session directed DHMH to establish a program for employed persons with disabilities. In May 2005 the State received federal approval to operate an Employed Individuals with Disabilities (EID) Program under the existing §1115 Waiver in Maryland. Funding for EID was allocated beginning in FY 2006, and the program began in April 2006.

Also, during the 2003 General Assembly Session, House Bill 762 directed DHMH to increase access to primary care for uninsured adults by consolidating and aligning existing programs. In May 2005 the State received federal approval to operate a Primary Adult Care (PAC) Program to provide a limited benefit package to low-income adults. Enrollees include individuals formerly served by the Maryland Pharmacy Assistance Program, and the Maryland PrimaryCare Program. The PAC Program began July 1, 2006, enrolling over 22,000 people.

DHMH, in collaboration with the Maryland Department of Disabilities and the Department of Aging, is proposing to create a new Medicaid program, called CommunityChoice, in compliance with SB819 of the 2004 General Assembly Session. CommunityChoice will manage services for older adults and people with disabilities in two areas of the State. The CommunityChoice program will include primary, acute, and long term care services, with the goal to integrate Medicare funding for dual eligibles. The goals of the program are to promote community-based long term care services, help manage all health care costs and coordinate care and establish accountability. To learn more about this program, please visit the website below.
<http://www.dhmh.state.md.us/mma/communitychoice/>

The Deficit Reduction Act of 2005 (DRA) is a new federal law which contains both mandatory and optional changes to Medicaid. Mandatory provisions include changes to eligibility for long term care services and the new requirement that individuals must show proof of citizenship to receive Medicaid. Some of the optional provisions grant states new flexibility in designing service delivery models, while still protecting our most vulnerable populations. Maryland is implementing the mandatory provisions of the DRA and is working with stakeholders to evaluate optional provisions.