

Additional talking points for advocates on SB26 (last updated 1/25/2013)

Q: Why are we “expanding Medicaid” when we already cover millions of people in Illinois?

A: Medicaid is currently only available to low-income individuals who also meet a categorical requirement such as being a child under age 19, are pregnant, are a parent living with a child under age 19, are over age 65, or have a disability that meets the Social Security definition of disability, which is a cumbersome and difficult process.

SB26 will allow for adults 19 through 64 years with income below 138% of the Federal Poverty Level (about \$15,400/year for an individual and \$20,000/year for a couple) to gain new access to Medicaid coverage.

This population is sometimes referred to as “childless adults”.

The Urban Institute’s projected demographics of this newly eligible population in Illinois include:

- Age distribution:
 - 27% are age 19-24
 - 27% are age 25-34
 - 32% are age 35-54
 - 14% are age 55-64
- Sex: 58% are male; 42% are female
- Race/ethnicity:
 - 51% are white
 - 16% are Hispanic
 - 28% are Black
 - 6% are other race
- By citizenship status: 96% are U.S. citizens; 4% are legal immigrants

Q: Illinois Medicaid is a broken system. Why are we expanding it to more people?

A: The current Illinois Medicaid program is not broken; it is efficiently run.

Nationally, the per enrollee cost growth in Medicaid (6.1%) is lower than the per enrollee cost growth in comparable coverage under Medicare (6.9%), private health insurance (10.6%), and monthly premiums for employer-sponsored coverage (12.6%).

In a recently released report by the federal Government Accountability Office, it was found that “in calendar years 2008 and 2009, less than 4 percent of beneficiaries who had Medicaid coverage for a full year reported difficulty obtaining medical care, which was similar to individuals with full-year private insurance.” In fact, Illinois has received bonus payments totaling over \$50 million over the past four years for meeting enrollment targets and having program simplifications in place for our Medicaid and Children’s Health Insurance Program.

Studies have shown Medicaid to improve health and save lives. New Medicaid will help hundreds of thousands of low-income Illinois residents gain access to comprehensive coverage, including preventive care, prescription drugs, and mental and behavioral health services, in order to become more productive members of society.

Care coordination that leads to improved health outcomes continues to be a priority for the Illinois Department of Healthcare and Family Services (HFS), which recently awarded six entities to better manage the care and health of the most vulnerable and expensive Medicaid enrollees. These six awards are just the first steps in a multi-phased plan to continue improving quality and access to care within the Illinois Medicaid program, as well as reduce costs.

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Q: Illinois can't afford Medicaid as is. Why are we expanding it to more people?

A: The Affordable Care Act requires states to expand Medicaid to all individuals ages 19 through 64 years with income below 138% of the Federal Poverty Level.

Medicaid exists as a federal-state partnership. Illinois currently receives a 50% match for Medicaid, meaning that for every \$1 spent on Medicaid, half is contributed by Illinois, while the other half is contributed by the federal government.

New Medicaid for those eligible in 2014, is paid for 100% by the federal government from 2014 through 2016. Starting in 2017, the match rate will gradually be reduced (95% in 2017, 94% in 2018, 93% in 2019), but will never go below a 90% match in 2020; Illinois' share will never be more than \$.10 on each dollar spent on new Medicaid. The legislation enabling Illinois to cover the new Medicaid population includes language that would discontinue coverage for this new population if the federal government's share of Medicaid matching funds drops below 90%. Illinois currently receives a 50% match from the federal government for the existing Medicaid program.

New Medicaid will also help reduce the financial burden that those who have private insurance pay towards the cost of uncompensated care. To pay for health care for the uninsured, costs are often shifted to insurers from health care providers via higher charges, which are then passed onto families and businesses in the form of higher health insurance premiums. According to a report from Families USA, the average family with private health insurance pays an annual "hidden tax" of over \$1,000 to offset the cost of uncompensated care.

Q: How will Illinois pay for its share of new Medicaid starting in 2017?

A: Illinois already spends millions of dollars each year on uncompensated care. The Kaiser Family Foundation estimates that total uncompensated care in Illinois would decline by approximately \$953 million from 2013-2022. SB26 will allow the state of Illinois and its local governments, hospitals, clinics, and other local health care providers recoup some of the uncompensated care costs currently being spent on the uninsured, while providing coverage in a more comprehensive manner that includes preventive services.

The State of Illinois also uses general revenue fund dollars to pay for some services (e.g. mental health and substance use; AIDS/HIV Drugs; breast and cervical cancer screening) for persons who are not currently eligible for Medicaid, but would be if Illinois expands Medicaid. The cost of some of these services will be covered with 100% federal funds from 2014-2016 (and 90% after 2020); additionally, these individuals will have access to a comprehensive array of services to help them improve their health.

Lastly, many local municipalities and township offices already pay for the cost of medical care for some people who would be newly eligible for Medicaid in 2014 through the general assistance program. SB26 would relieve some of the financial burden that is currently being carried by these local governments.

Q: Many other states have already decided that they will not implement new Medicaid. Why shouldn't Illinois do the same?

A: According to health care experts Avalere Health, as of December 12, 2012, 18 states have signaled that they plan to implement new Medicaid, 10 have said that they will not, and 23 are undecided. In fact, within the first few days of the start of the new year, Nevada's Republican Governor and GOP leaders passed legislation that will allow Nevada to move forward with new Medicaid.

New Medicaid is a great deal for all states to take advantage of. The federal government will pay 100% of the costs for those newly eligible for Medicaid from 2014-2016. Given that Illinois currently receives a 50% match for our existing Medicaid program, new Medicaid gives Illinois a tremendous opportunity to provide coverage to persons who have not had access to Medicaid, without any financial resources required of Illinois.

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Q: Why shouldn't Illinois wait to expand Medicaid in the future when the state is in a better financial situation?

A: Illinois should take advantage of the 100% federal funding to help get persons newly eligible for Medicaid into good health.

Given that many of these individuals are expected to have mental health and other chronic conditions, we should use the 100% federal funding NOW through 2016, so that we can connect those newly eligible for health care and medication NOW. If we wait to provide Medicaid to this new population, Illinois would be leaving billions of dollars in federal funding on the table.

Q: Can Illinois phase-in coverage or partially implement new Medicaid?

A: No, not if Illinois wants to receive the 100% federal matching rate.

A bulletin released by the federal government on December 10 explicitly said that states MUST provide coverage at the new level (138% FPL), as directed by the Affordable Care Act, in order to receive the full 100% match from the federal government.

If Illinois does not fully opt-in to the new Medicaid program, Cook County will lose its 1115 waiver (CountyCare) which was enacted into law on a bi-partisan basis in 2012.

Q: Even if we don't authorize new Medicaid, can't most people still get tax credits to help them pay for private health insurance.

A: No. The Affordable Care Act only authorizes persons with incomes between 100% and 400% of the Federal Poverty Level to be eligible for tax credits in the Health Insurance Exchange.

If Illinois fails to pass legislation authorizing new Medicaid, Illinois residents with incomes below 100% of the Federal Poverty Level (\$11,170/year for a single person; \$15,130/year for a couple) would only be left with the option of purchasing private insurance without any help from federal subsidies, which would be unaffordable for nearly everyone in this low-income population.

Q: There aren't enough providers in Illinois for existing enrollees. Who will treat those newly eligible?

A: Many of the individuals who will be newly eligible for Medicaid are already using health care services at hospital emergency rooms and Federally Qualified Health Centers (FQHCs). However, given their uninsurance status, they may not be accessing appropriate treatment in a timely manner. Furthermore, Medicaid expansion will allow them access to the entire health care system – including access to specialty care and affordable prescription drugs.

SB26 will help providers who are already treating the uninsured to be reimbursed for these services allowing them to expand their capacity and give those who are newly eligible an opportunity to seek out primary care, prescription drugs, and other health services that will result in better health outcomes and more appropriate use of the health care system.

Q: Medicaid providers are paid an inadequate reimbursement rate. How can we expect them to take on new patients with such low rates?

A: The ACA increases Medicaid reimbursement for certain primary care providers to Medicare levels in 2013 and 2014, which significantly increases rates paid for primary care services.

In addition, many of the individuals who will be newly eligible for Medicaid are already using health care services at hospital emergency rooms and Federally Qualified Health Centers. The care that the new Medicaid population currently receives is not compensated or coordinated. If this new population received Medicaid benefits, providers treating these new patients would be reimbursed for the care they provide.

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Q: Does new Medicaid allow undocumented persons to get coverage?

A: No; Undocumented persons cannot enroll into the new Medicaid program.

Existing rules regarding eligibility for immigrants and non-US citizens are not changed in new Medicaid. Qualifying enrollees must still be US citizens or a Lawfully Present Resident with at least five years of US residency.

According to the Illinois Coalition for Immigrant and Refugee Rights, there are about 490,000 immigrants in Illinois without health insurance. Of this population, 110,000 are naturalized immigrants and 76,000 are legal permanent residents.

Q: How can we be sure that the federal government will pay the 100% match rate in the first three years? And what prevents them from going below a 90% match rate starting in 2020?

A: SB26 includes language that would cease coverage for the newly eligible group if the federal government reduced their share of the Medicaid match rate to below 90%.

The match rates for those newly eligible for Medicaid are specifically authorized by language in the Affordable Care Act. Legislation would have to be passed by both chambers of Congress and signed by the President in order to change the federal matching rates for those newly eligible for Medicaid in 2014. Additionally, never in the nearly 50 year history of Medicaid has the federal government not paid their share of the Medicaid match rate to states.

Q: Are there any consequences if Illinois fails to pass SB26?

A: Without new Medicaid, hundreds of thousands of low-income Illinoisans would be unable to gain access to affordable health insurance coverage.

Tax credits that help subsidize the cost of purchasing private insurance would only be available to those with income between 100% and 400% of the Federal Poverty Level. Those with income below 100% FPL (\$11,170/year for a single person; \$15,130/year for a couple) would only be left with the option of purchasing private insurance without any financial assistance, making it unlikely for anyone in this income category to become newly insured.

Additionally, those newly enrolled in CountyCare, an early implementation of new Medicaid for the uninsured in Cook County, would be removed from the Medicaid program as of December 31, 2013. This would once again place a tremendous burden on the Cook County Health and Hospitals System to care for the uninsured.

Q: Isn't there a moratorium on Medicaid expansion?

A: SB26 makes an exception to the moratorium that was put into place by 96-1501 for the "childless adults" made newly eligible by the Affordable Care Act.

Q: Will new Medicaid include coverage for mental and behavioral health services?

A: Yes. New Medicaid is required to cover mental and behavioral health services, as well as substance abuse treatment.

As Illinois has cut back on state-funded portions of mental health and substance abuse treatment programs, new Medicaid will help fill a much needed gap for individuals who are currently ineligible for Medicaid and unable to access services.

According to the National Association of State Mental Health Program Directors, "diagnosis and treatment for depression has an economic return on investment of \$7 for every \$1 spent. Comprehensive community-based mental health services for the young can cut public hospital admissions and lengths of stay by about 40 percent. And those treated for depression, according to the studies, have experienced huge savings in their overall health

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care costs, even when they have had other ailments, such as cancer and heart disease.”

Q: How many other states have decided to move forward with Medicaid expansion?

A: As of January 24, governors of 17 states and the District of Columbia have announced their intent to implement new Medicaid. These states include: **Arizona, Arkansas, California, Colorado, Connecticut, Delaware, District of Columbia, Hawaii, Maryland, Massachusetts, Minnesota, Missouri, Montana, Nevada, New Mexico, Rhode Island, Vermont, and Washington.**

Another 5 states have indicated that they are leaning toward participating in new Medicaid. The states include: **Kentucky, New Hampshire, New York, North Dakota, and Oregon.**

Five states including: **Iowa, Nebraska, New Jersey, Virginia, and Wyoming** are undecided.

Only a small number of states have announced that they do not plan to participate in new Medicaid.

These states do not plan to take advantage of the generous federal match offered by the new Medicaid program. These states include: **Alabama, Georgia, Idaho, Louisiana, Maine, Mississippi, South Carolina, South Dakota, Oklahoma, and Texas.**

Republican Governors are saying yes to new Medicaid.

A growing number of Republican governors have indicated they will participate in or considering take advantage of the generous federal match offered by the new Medicaid program.

Alaska: Gov. Sean Parnell (R)

Kansas: Gov. Sam Brownback (R)

Ohio: Gov. John Kasich (R)

New Mexico: Gov. Susana Martinez (R)

Pennsylvania: Gov. Tom Corbett (R)

Utah: Gov. Gary Herbert (R)

Arizona: Gov. Jan Brewer (R)

Michigan: Gov. Rick Snyder (R)

Nevada: Gov. Brian Sandoval (R)

North Dakota: Gov. Jack Dalrymple (R)

Tennessee: Gov. Bill Haslam (R)

Wisconsin: Gov. Scott Walker (R)

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