

Medicaid and the Patient Protection and Affordable Care Act

Background

In 1970, Medicaid was created to pay for medical care and nursing home care for the poor. Since 1980, inflation-adjusted Medicaid spending in Alabama has increased 410 percent to about \$3.5 billion in 2008. At the same time, the number of Medicaid recipients increased more than 150 percent, from 324,000 in 1980 to 829,800 in 2008, or about 17 percent of all Alabamians.ⁱ

Much of the growth in Medicaid benefits has been in the last 10 years. From 2000 to 2008, the number of Medicaid recipients has increased 33 percent in Alabama, and 39 percent nationwide. At the same time, inflation-adjusted spending on Medicaid has increased 17 percent in Alabama and 37 percent for the rest of the nation.ⁱⁱ

In 2010, approximately 68.2 million Americans received some level of Medicaid assistance,ⁱⁱⁱ the total cost of which was approximately \$386.7 billion.^{iv} Of the \$360.3 billion spent in 2009—the most recent year detailed data is available—\$71.9 billion was spent on inpatient hospital expenses; \$6.38 billion was spent on nursing facilities, and \$51.8 billion was spent on home health care and related expenses.^v

How will the Patient Protection and Affordable Care Act (PPACA) Affect Medicaid?

When most elements of the PPACA are implemented in 2014, Alabama's Medicaid caseload will grow from 941,000 enrollees at present to 1.188 million in 2014, an increase of almost 247,000 people (26.2 percent), according to data from The Heritage Foundation.^{vi}

ISSUE SNAPSHOT

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Some new enrollees will be parents or caregivers with incomes of less than 133 percent of the federal poverty level whose children are already eligible for Medicaid. While 20 states already either provide full or partial cover at this level of poverty, Alabama is not one of them.^{vii}

A second, larger group of new Medicaid enrollees will be non-elderly, non-disabled adults without dependent children, with incomes of less than 133 percent of the federal poverty level. "Until now, Medicaid coverage could only be extended to able-bodied adults without dependent children as part of a demonstration waiver program. The new health care law not only permits states to extend Medicaid coverage to such individuals beginning immediately, but also requires states to cover them starting in 2014."^{viii}

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ⁱ Social Security Online, "Number of Recipients, Total Payments, and Average Payment, by State, Fiscal Year 2008," (Table 8.H1). In *Annual Statistical Supplement 2010*, February 2011, and earlier editions. Available at <http://tinyurl.com/6arzgtv>. Access verified July 15, 2011.

ⁱⁱ *Ibid.*

ⁱⁱⁱ U.S. Department of Health and Human Services (HHS), Centers for Medicare & Medicaid Services, "Medicaid Enrollment and Beneficiaries, Selected Fiscal Years," (Table IV.8). In *Data Compendium: 2010 Edition*. December 2010. Available at <http://tinyurl.com/3prwcv>. Access verified July 15, 2011.

^{iv} HHS, Centers for Medicare & Medicaid Services, "Program Benefit Payments, Selected Fiscal Years," (Table I.2). In *Data Compendium: 2010 Edition*.

^v HHS, Centers for Medicare & Medicaid Services, "CMS Benefit Payments by Major Program Service Categories, Fiscal Year 2009" (Table II.1). In *Data Compendium: 2010 Edition*.

^{vi} Edmund Haislmaier and Brian Blase, "Obamacare: Impact on the States." The Heritage Foundation, *Backgrounder* #2433, July 1, 2010. Available at <http://tinyurl.com/2462gaa>. Access verified June 21, 2011.

^{vii} Samantha Artiga, "Where Are States Today? Medicaid and State-Funded Coverage Eligibility Levels for Low-Income Adults," Kaiser Commission on Medicaid and the Uninsured, December 2009, as cited by Haislmaier and Blase, "Obamacare: Impact on the States."

^{viii} Haislmaier and Blase, "Obamacare: Impact on the States."