Nemours | Health & Prevention Services

Setting the Stage for Federal Action on Medicaid Reform

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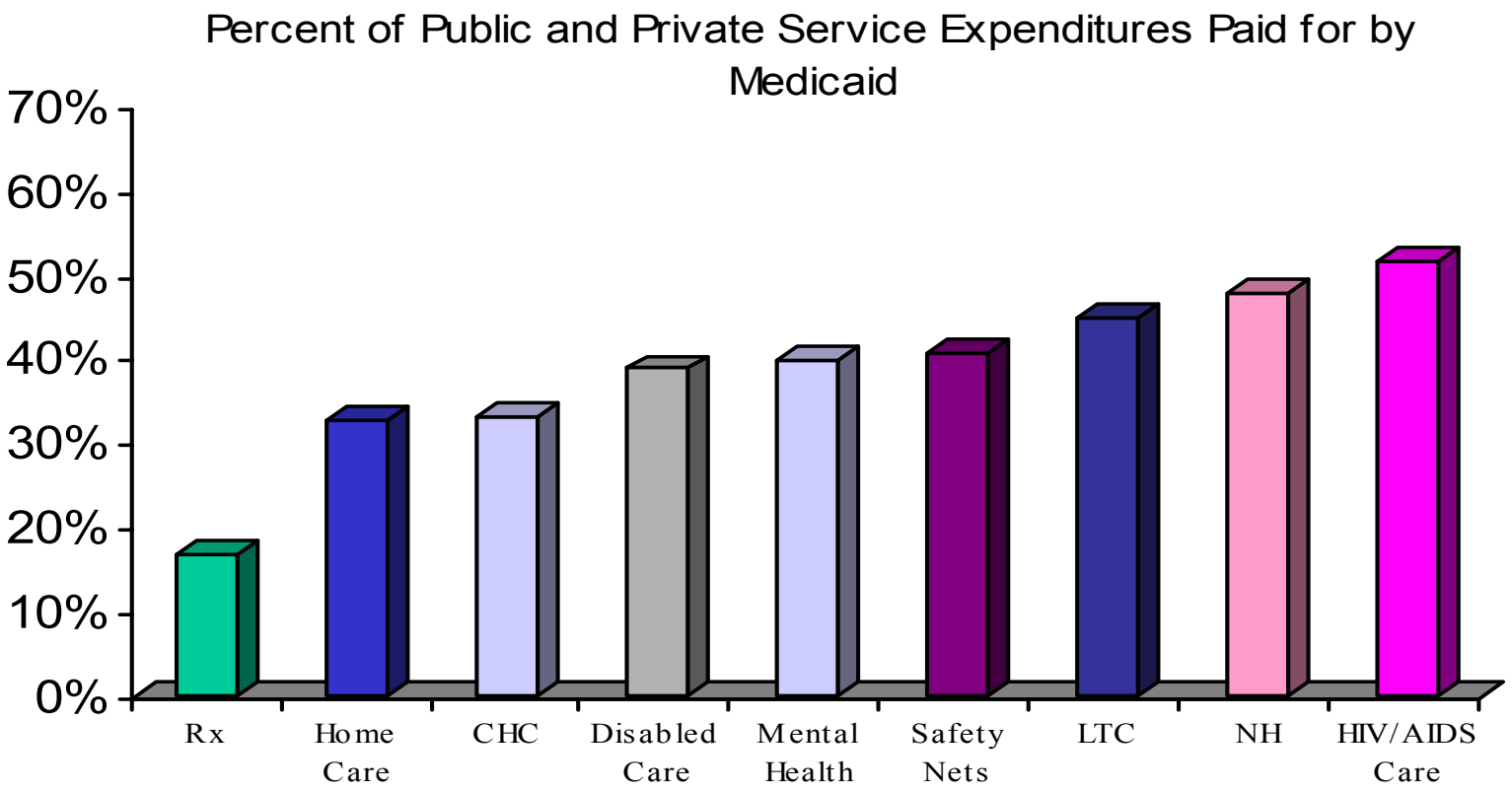
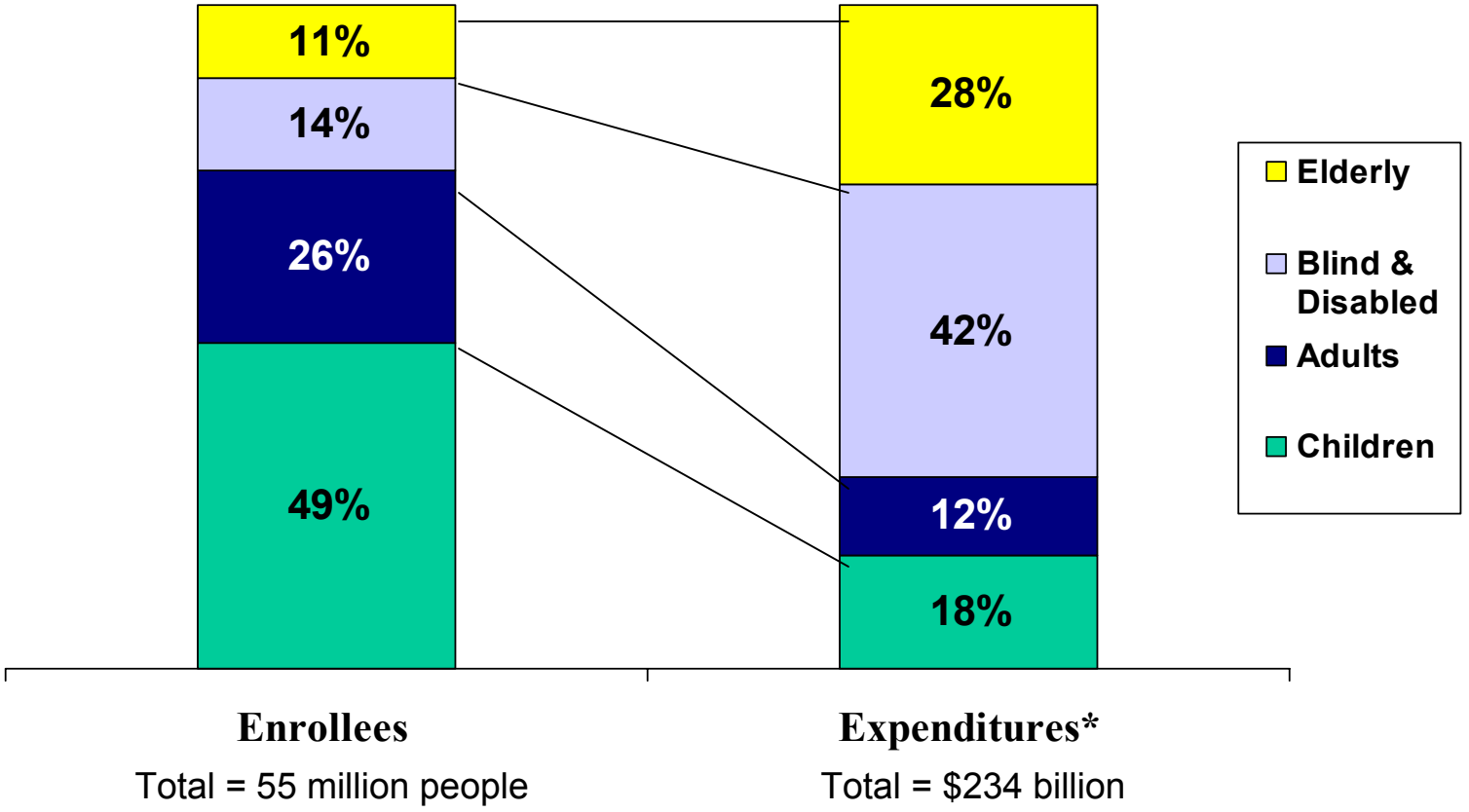
Medicaid Is a Key Payer of a Wide Range of Services



Sources: “Medicaid and the Uninsured, Medicaid Spending Growth” Vernon Smith e. al, Kaiser; “Health Spending and Future of Medicaid,” remarks Alan Weil, sponsor Health Affairs; and AARP Beyond 50, 2003 from GAO.

Elderly and People with Disabilities Account for 70% of Medicaid Spending

Enrollees/Expenditures by Group, 2003

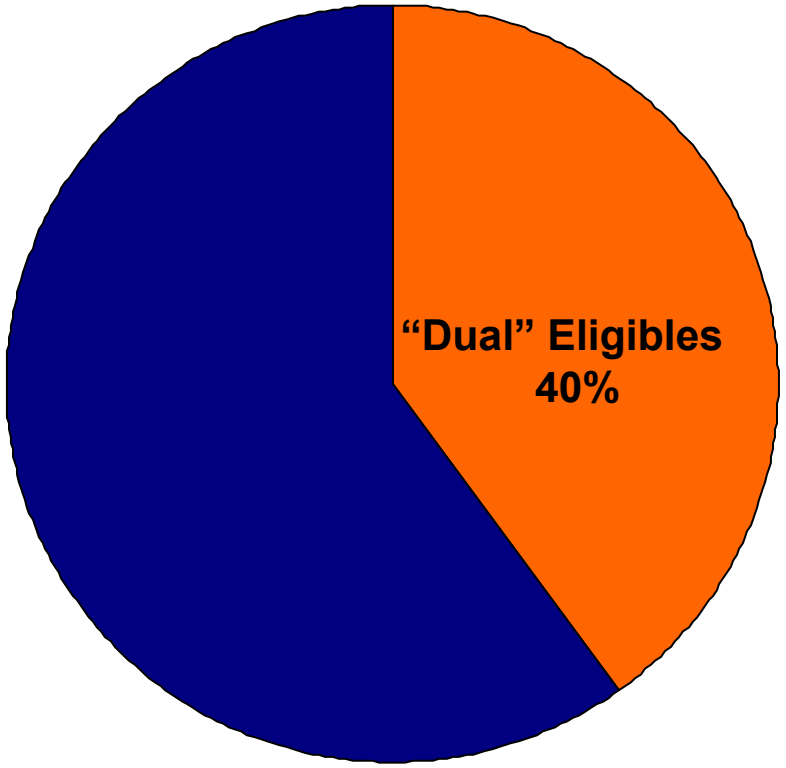


*Total expenditures exclude administrative expenses, vaccines for children, DSH, and other provider payments.

Source: Kaiser Foundation, "The Medicaid Program at a Glance" Fact Sheet, 2006.

4 Out of 10 Medicaid Dollars are Spent on Medicare Beneficiaries

Total Medicaid Expenditures = $267 billion

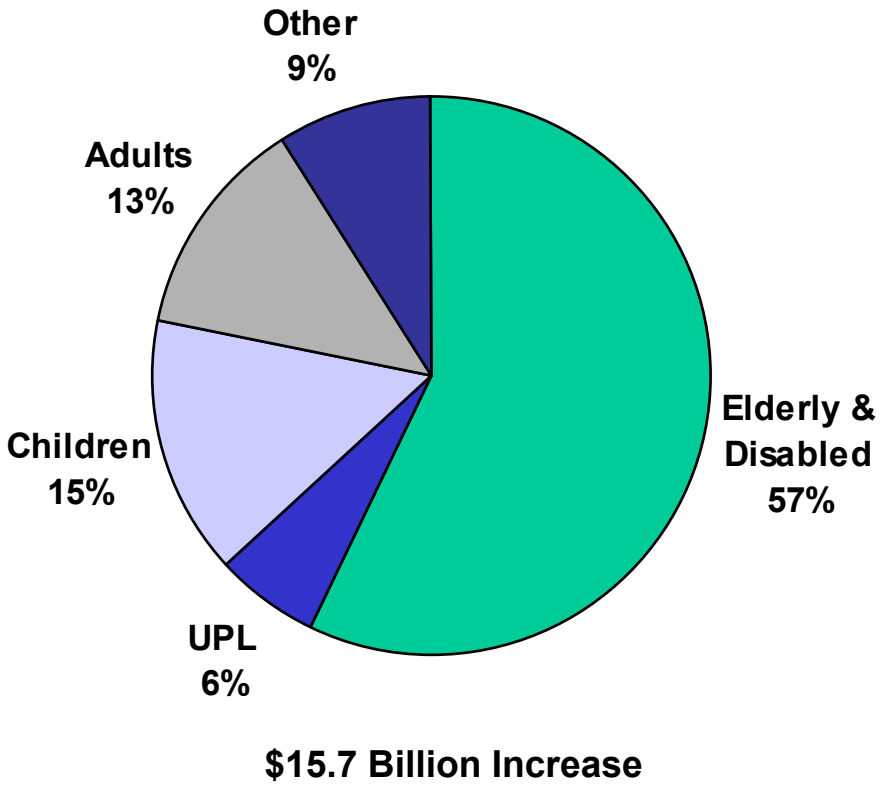


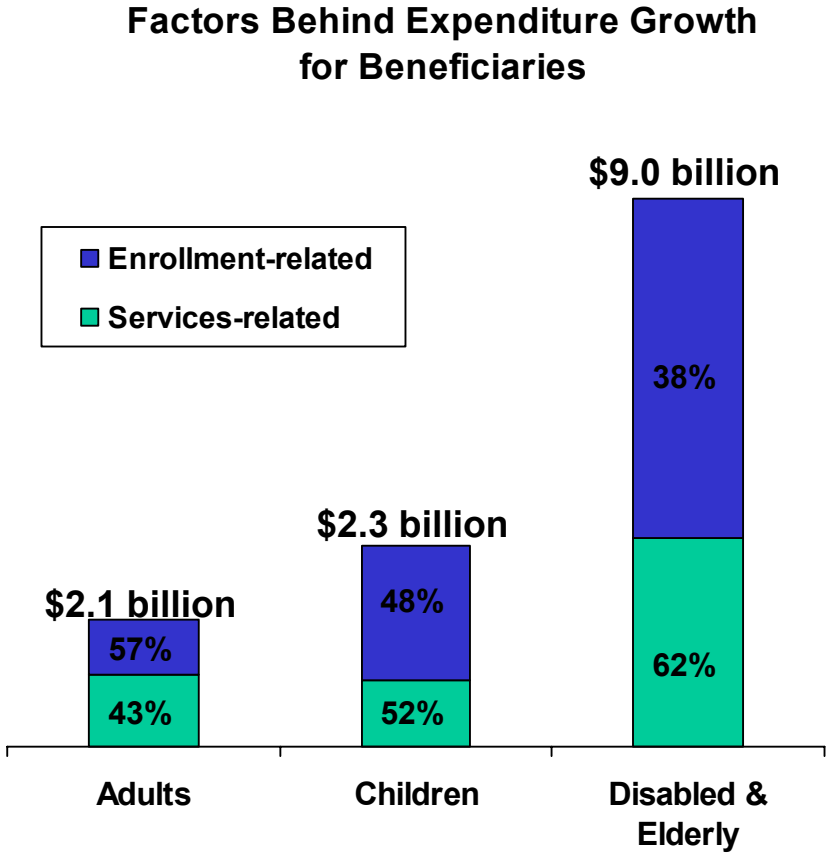
Source: Urban Institute estimates based on data from the Medicaid Statistical Information System (MSIS) and Medicaid Financial Management Reports prepared for the Kaiser Commission on Medicaid and the Uninsured, 2003. Cindy Mann

"A perfection of means, and confusion of aims, seems to be our main problem."

Albert Einstein

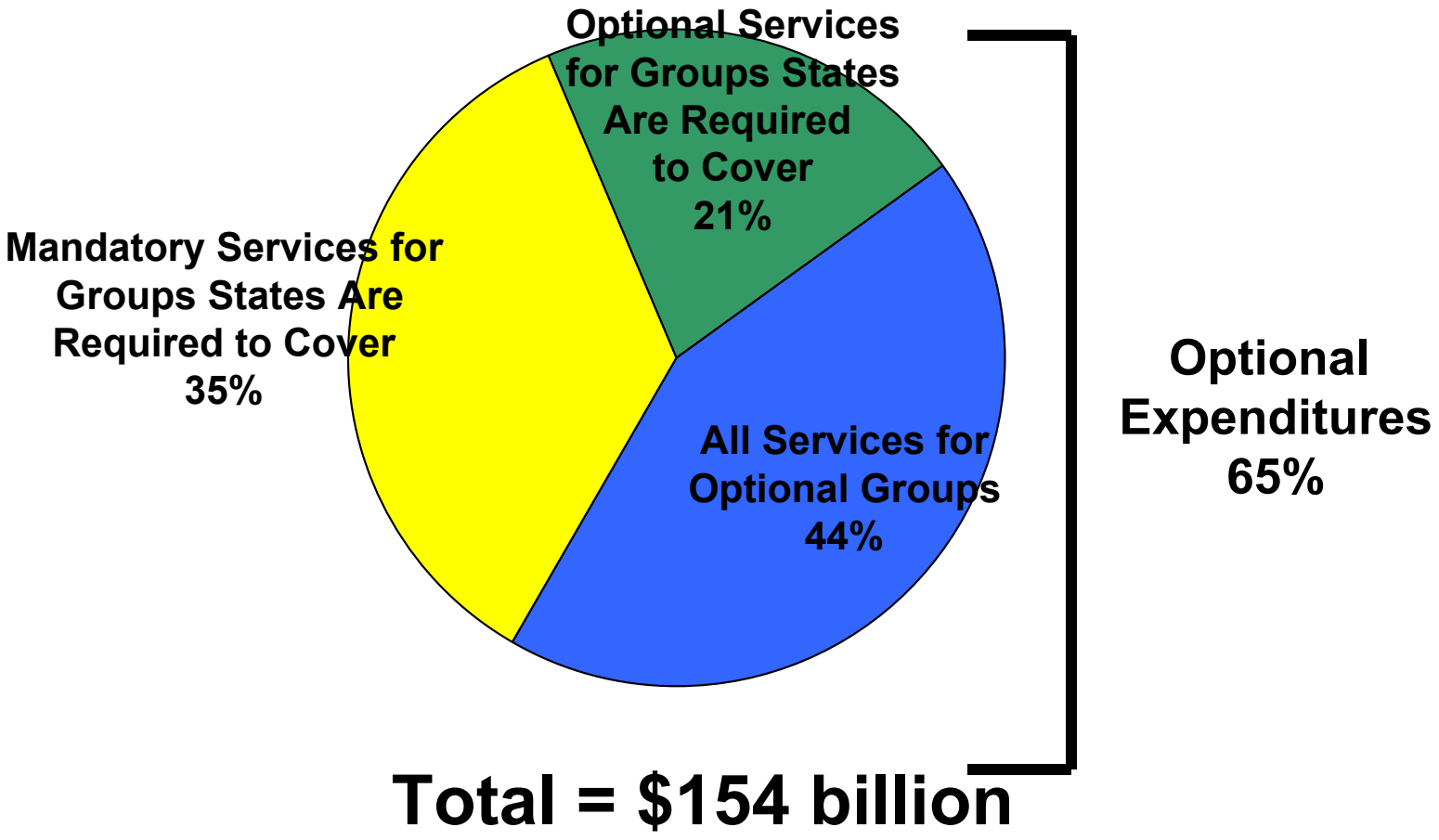
Sources of Growth in Federal Medicaid Expenditures, 2001-2002





Source: Kaiser Foundation, "The Medicaid Program at a Glance" Fact Sheet, 2003

Medicaid Expenditures by Eligibility Group and Type of Service, 1998



NOTE: Expenditures do not include DSH payments, administrative costs, or accounting adjustments.

Source: Urban Institute estimates, based on data from Federal fiscal year 1998 HCFA 2082 and HCFA-64 reports, 2001.

States have Pursued Many Reforms

- **Cost-Sharing Increases:** Impose premiums or non-nominal cost-sharing for services
- **Preferred Drug Lists & Supplemental Rebates:** Shift beneficiaries to lower-cost drugs and negotiate additional rebates from manufacturers
- **Multi-State Purchasing Pools:** Increase state negotiating leverage by collectively purchasing prescription drugs
- **Limited Benefits and Benchmark Plans:** Provide slimmer or enhanced benefits to targeted populations
- **Premium Assistance:** Medicaid pays premiums for beneficiaries to enroll in ESI
- **Coverage Expansions:** Provide Medicaid coverage for expansion populations (e.g. childless adults)
- **LTC Integration Projects & HCBS:** Improve coordination of care for dual eligible beneficiaries and Medicaid beneficiaries receiving LTC services
- **Medicaid Managed Care:** Provide some or all Medicaid services through capitated MCOs