

MEDICAID 101: THE SOONERCARE SAFETY NET

By Kate Richey, Policy Analyst

The health care system in the United States is experiencing an unprecedented period of upheaval. Decades of rising costs, an ever-increasing share of citizens without insurance, and an aging baby boom generation are putting immense pressure on payers, providers, and patients alike. Comprehensive federal health care reform enacted in 2010 contains several provisions aimed at transforming and modernizing an overburdened system to guarantee health care security for Oklahomans throughout every stage of their lives. For thousands of low-income families and older Oklahomans, the Medicaid health insurance program is crucial to that security.

This paper underscores the importance of Medicaid, known as SoonerCare in Oklahoma, in caring for the state's young, old, and medically needy. Changes to Medicaid under the new federal health care law have sparked a welcome and ongoing dialogue about the cost and value of the SoonerCare program. Pivotal in these discussions is an understanding of SoonerCare's safety net function – without which thousands of Oklahoma families would forgo basic health services for their children, lack necessary medical care for their disabled loved ones, and be left to shoulder alone the unsustainable burden of the long-term care of their parents and grandparents.

SoonerCare is the safety net health care provider for low-income Oklahomans who would otherwise go uninsured, primarily children, the elderly, and persons with disabilities. Coverage is comprehensive, including doctor's visits, prescription drugs, and inpatient and outpatient hospital care. The program supports residents who are struggling to maintain a modest standard of living in the face of overwhelming challenges. Many are coping with difficult personal situations like unemployment or unintended pregnancy and some face a lifetime of caring for chronically ill children or a disabled spouse. SoonerCare helps alleviate the hardships that develop over time when impoverished people lack access to health care.

Who Qualifies for SoonerCare/Medicaid?

Even though SoonerCare/Medicaid is the primary safety net provider for low and moderate income Oklahomans, many of the state's poor are not eligible. A person must be both *low-income* and *categorically eligible* to qualify, meaning they must fall into one of the following categories: children, seniors and disabled adults, pregnant women, and very low-income parents with dependent children.



Most healthy working-age adults in Oklahoma do not qualify for Medicaid. Income eligibility for non-disabled non-elderly adults is quite restrictive - a single parent with two children must make less than \$6,856 in annual income (37 percent of the federal poverty level) to be eligible, while adults without dependent children are ineligible regardless of income.¹ Income-eligibility is determined by a family's size and their annual earnings relative to the federal poverty level (FPL), as shown below.

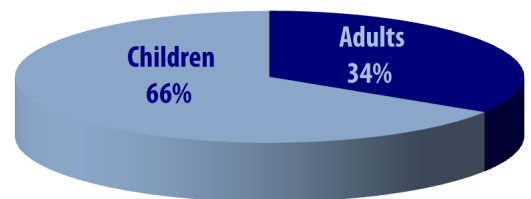
Family Size	2011 Federal Poverty Level (FPL) Income Eligibility Guidelines			
	37% (FPL)	100% (FPL)	185% (FPL)	250% (FPL)
1	\$4,029	\$10,890	\$20,146	\$27,225
2	\$5,443	\$14,710	\$27,213	\$36,775
3	\$6,856	\$18,530	\$34,280	\$46,325
4	\$8,270	\$22,350	\$41,347	\$55,875

Source: Department of Health and Human Services. 2011. *HHS Poverty Guidelines*. [<http://aspe.hhs.gov/poverty/11poverty.shtml>].

Children and pregnant women

Children comprise the vast majority of Medicaid recipients in Oklahoma. In fact, Medicaid insures almost as many children as do private insurers in the state.² The program also provides low-income pregnant women with prenatal care and delivery services. Medicaid paid for more than half (63.9 percent) of all deliveries in Oklahoma in 2010.³ Most eligible families receive medical services from Medicaid that they could not otherwise afford. Oklahoma has the 45th lowest median income in the country for families with children and a quarter of the state's children live in poverty.⁴

SoonerCare/Medicaid Enrollment, November 2011



Source: Oklahoma Health Care Authority, SoonerCare Fast Facts November 2011

Children account for half of all Medicaid enrollees nationally, but just a fifth of Medicaid spending.⁵ That's because children are relatively inexpensive to cover. It costs Oklahoma \$2,352 per year for the SoonerCare program to cover the average child, less than \$200 per month.⁶ Covered children receive yearly well-child visits, immunizations, dental services, doctor's visits, and necessary medical care when they're ill. Expectant mothers receive doctor visits, labor and delivery services, and labs and diagnostics related to pregnancy. High-risk pregnancies receive additional benefits as specified by their primary obstetrical care provider.

Basic medical care is indispensable to a child's healthy development. Children without health insurance suffer more from asthma, ear infections, and vision problems, and are absent from school more frequently than their insured counterparts.⁷ Uninsured children are also more likely to end up receiving care in emergency rooms.⁸ Medicaid is a particularly important safety net for low-income children with chronic health problems and special needs, like developmental disabilities, asthma, autism and diabetes.⁹ Furthermore, many Oklahoma children living with severe disabilities require highly specialized care, as discussed in the following section.

People living with disabilities and older Oklahomans

Disability status represents a major Medicaid eligibility pathway. Low-income individuals are eligible if they have serious health limitations like blindness, hearing impairment, an ambulatory disability (difficulty walking or climbing stairs), or a cognitive disability. People with chronic health problems that limit their ability to live independently, like cancer, diabetes, lung disease, stroke, and heart disease are also eligible.

Number of Oklahomans with Chronic Conditions on SoonerCare/Medicaid, 2011

	Cancer	Diabetes	Chronic lung disease	Heart disease or stroke
Adults (19-64)	5,120	22,790	31,680	56,280
Seniors (65+)	3,310	11,140	8,270	25,640

Source: Families USA. 2011. *Medicaid's Impact in Oklahoma: Helping People with Serious Health Care Needs*. September. [<http://familiesusa2.org/assets/pdfs/medicaids-impact/Oklahoma.pdf>].

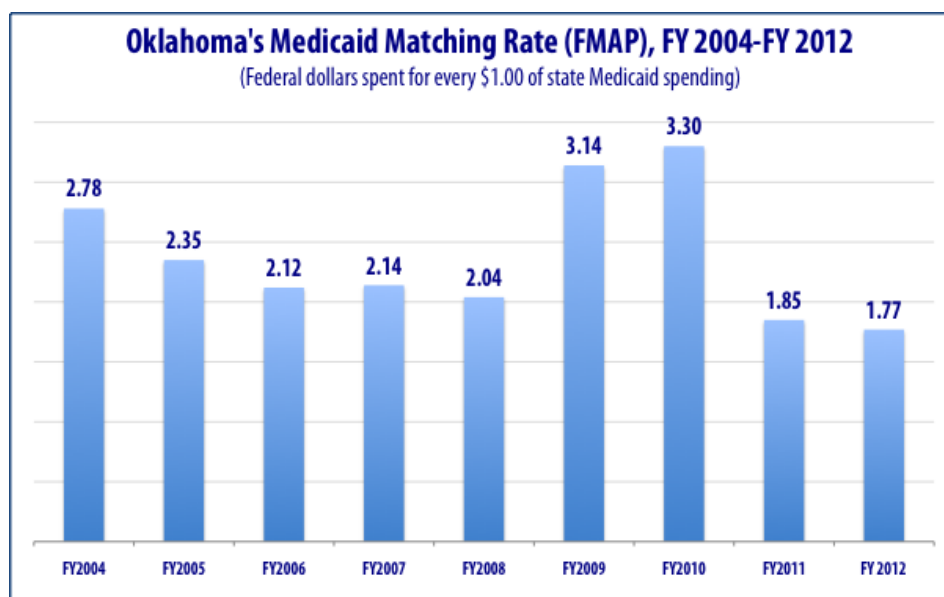
Medicaid also plays a central role in supporting the state’s aging population by helping cover the costs of long-term care and providing additional coverage to low-income Medicare recipients. In Oklahoma, 70 percent of nursing home residents have their care paid for through the Medicaid program.¹⁰ Medicaid also subsidizes home- and community-based services for 36,000 aging Oklahomans, which provide alternatives to placement in a nursing facility.¹¹ People living with disabilities can also access home and community-based services, which enable those who would otherwise need institutionalized care to receive services in a residential setting.

Spotlight on SoonerCare ‘Waivers’	
The Oklahoma Health Care Authority receives federal matching funds to operate innovative health care initiatives known as ‘waivers’. Federal waivers permit states to depart from the traditional Medicaid format and design programs around the unique needs of their population. ¹²	
SoonerCare Supplemental	For dual eligibles enrolled in both Medicare and Medicaid
SoonerPlan	Family planning services for individuals at least 19 years old
Oklahoma Cares	A breast and cervical cancer treatment program that provides benefits to women under age 65 who need diagnostics or treatment
Insure Oklahoma	Employer Sponsored Insurance (ESI) Premium assistance to workers employed by a small business with fewer than 99 employees
	Individual Plan (IP) Basic health services for uninsured adults 19-64 years of age with household income at or below 200 percent of the federal poverty level
Opportunities for Living Life or Home and Community Based Services These programs enable persons who would otherwise need institutionalized care, to receive services in a residential setting.	My Life; My Choice For persons with physical disabilities
	Sooner Seniors For older persons with long term illnesses
	In-Home Supports For persons who have mental retardation and certain persons with related conditions
	Medically Fragile For persons with conditions which result in prolonged dependency on medical care for which daily skilled (nursing) intervention is medically necessary

Who Pays for SoonerCare/Medicaid?

The federal and state governments share funding responsibility for Medicaid. The state government administers the program through its designated Medicaid agency, the Oklahoma Health Care Authority (OHCA). To be guaranteed federal funding, the state agrees to offer minimum mandatory services as defined by the federal government.

For every dollar the state spends, the federal government matches at a rate that varies from year to year. The federal matching rate for Medicaid, known as the FMAP, is based on the average per capita income for each state relative to the national average. The chart below shows the federal matching rate for Oklahoma's Medicaid program from FY 2004-2012.¹³



The higher matching rates in FY 2009 and 2010 were a result of the American Recovery and Reinvestment Act (ARRA) that Congress passed in 2009. These years saw a temporary increase in federal matching money for state Medicaid programs to help offset the loss of state revenues from the severe economic downturn. FY 2011 matching rates took effect on July 1, 2011 when ARRA funding expired.

In FY 2011, Oklahoma received about \$3.1 billion in federal Medicaid dollars.¹⁴ The federal-state cost sharing framework allows Oklahoma to leverage limited state dollars by utilizing 'matching' rates – federal funds allocated to the state based on their initial investment in the program.

SoonerCare/Medicaid recipients also contribute to the cost of care through fees and co-payments. Non-institutionalized seniors and adults with disabilities pay a small fee for each inpatient or outpatient day of hospital care, each provider visit, and for prescription drugs. Recipients also pay for all of the services not covered by the program and when their needs exceed the amount, duration, or scope of covered services.

How Will SoonerCare/Medicaid Change Under the Affordable Care Act?

One of the primary goals of the Affordable Care Act is to expand health care coverage to the 50 million Americans who are uninsured. As of January 2014, under the ACA, Medicaid eligibility will be expanded to cover all individuals under the age of 65 with incomes up to 133 percent of the federal poverty level (FPL). Currently in Oklahoma, non-disabled working-age adults are eligible for Medicaid only if they are parents of dependent children and have a household income below 37 percent of the federal poverty level - less than \$7,000 a year for a family of three. Fewer than 70,000 working-age adults receive Medicaid benefits in Oklahoma, most of whom are pregnant women.

The Affordable Care Act makes adults without dependent children and parents with incomes between 37 percent and 133 percent FPL - a sizable segment of the currently uninsured - newly eligible for Medicaid in Oklahoma. The federal government will assume the lion's share of the costs by providing states with a greatly enhanced federal match for individuals who become newly eligible for Medicaid under the expansion. For those newly eligible, the federal government will pay 100 percent of the costs until 2016. States will initially be responsible for 5 percent of newly eligible Medicaid recipients in 2017, with cost sharing phasing up each year to 10 percent in 2021.

A report by the Urban Institute estimates that state spending in Oklahoma will increase between \$549 and \$789 million from 2014-2019, an increase of 4.0 to 5.8 percent over the baseline, depending on how many newly eligible individuals sign-up for Medicaid coverage.¹⁵ The Oklahoma Health Care Authority (OHCA) calculated considerably lower cost projections, with spending expected to increase between \$251 and \$331 million between 2014 and 2020.

MYTH	FACT
<i>"Medicaid costs are rising exponentially and the program wastes money."</i>	Actually, it costs Medicaid 20 percent less on average per person per year than it costs private insurers to cover a comparable population, so the program is quite lean. ¹⁶ While it is true that health care costs are rising, it's important to remember that they are rising across the board, not just for the Medicaid program.
<i>"Medicaid is free health care for people who don't want to work."</i>	Most adults in Oklahoma are not eligible for comprehensive coverage through SoonerCare/Medicaid. The program primarily serves children, the elderly, and persons with disabilities – who may not work for obvious reasons. Also, care is not entirely free. Recipients and their families pay out of pocket for services not covered by the program and when their needs exceed the amount, duration, or scope of covered services.
<i>"Oklahoma is giving away free health care to illegal immigrants."</i>	Federal law prohibits states from using federal funds to provide Medicaid coverage to undocumented immigrants. There is a five-year waiting period before even documented immigrants are eligible for Medicaid. Only the Soon-to-be-Sooner program provides benefits regardless of immigration status; the program offers limited pregnancy-related medical benefits and prenatal care to expectant mothers. ¹⁷

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Tulsa, OK 74159-1347
(918) 794-3944
info@okpolicy.org

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**This issue brief authored by Kate Richey, Policy Analyst, krichey@okpolicy.org.
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