Medicaid Expansion in South Carolina: Why Expanding Access to Health Care Matters

Robert Greenwald
Clinical Professor of Law
Director, Center for Health Law and Policy Innovation of Harvard Law School
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Medicaid Expansion Would Provide Early Access to Health Care to Low-income Individuals & Families

The area in red is the SC expansion population consisting of uninsured low-income individuals and families with income below 138% FPL

South Carolina DHHS, Medical Affairs Committee Affordable Care Act PowerPoint, 11/28/12
South Carolina is One of Six States Where More than 25% of the Uninsured are Ineligible for Both Private Insurance Subsidies and Medicaid

Challenge: Early Access to High Quality and Affordable Care Through Medicaid is Not A Current Policy Priority
Being Uninsured Results In Delayed Medical Treatment

South Carolina Public Health Institute, A Report on the Uninsured and Underinsured in South Carolina, August 2009
Early Access to Comprehensive Health Care Matters

- Improves overall physical, social and mental health status
- Prevents disease and disability
- Leads to detection and treatment of health conditions
- Improves quality of life
- Reduces preventable death
- Increases life expectancy

*Uninsured people are less likely to receive medical care, more likely to have poor health status, and more likely to die early*

Having an Ongoing Source of Care Matters

• People with a usual source of care have better health outcomes, and fewer disparities and costs

• Having a usual primary care provider increases the likelihood that patients will receive appropriate care

• Access to evidence-based preventive services prevents illness by detecting early warning signs or symptoms before they develop into a disease and detects disease at an earlier, and often more treatable, stage

Early Intervention Is Cost-Effective and Improves both Individual and Public Health Outcomes

• Many interventions intended to prevent/control diabetes are cost saving or very cost-effective and supported by strong evidence.*
• Early intervention treatment for mental illness does not increase costs and is highly cost-effective when compared with standard care.**
• Clinical trial evidence has shown convincingly that pharmacological treatment of risk factors can prevent heart attacks and strokes.***
• A combination of increased screening and increased access to treatment could avert 300,000 HIV infections in the United States over 20 years or approximately 17% to 24% of new infections.****

The United States ranks 39th for infant mortality, 43rd for adult female mortality, 42nd for adult male mortality, and 36th for life expectancy.

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<th>Country Rankings</th>
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Health Expenditures/Capita, 2007

- United States: $7,290
- United Kingdom: $2,992
- Netherlands: $2,454
- Germany: $3,588
- Australia: $3,357
- Canada: $3,895
- New Zealand: $2,454
- United Kingdom: $2,992

Our Government Doesn’t Adequately Support Access to Care for Its Citizens

In all other industrialized democratic countries the government guarantees every citizen access to health care
Challenge: Some See Expansion as Investing More Money In a Low Value Program

“[E]xpansion will hurt the poor, hurt South Carolina, and hurt the country by doubling down on a system that already delivers some of the lowest value in the world”

A. Keck, 9/6/12, Healthaffairs.org/blog

We aren’t doubling down.
We are creating a whole new Medicaid program, while maintaining the existing disability program. The new expansion program isn’t a disability care program. It is a prevention-based early access to affordable health care program.
Current Medicaid Program = Disability (Not a Health Care) Program for Low-income Uninsured

% of Medicaid Expenditures by Type of Service

- Long Term Care
- Inpatient
- Other Acute
- Outpatient
- Prescription Drugs

Source: Kaiser Family Foundation. Analysis of 2007 MSIS data provided by the Urban Institute
Medicaid is Not Just for the Unemployed, as Low-Wage Workers and Small Business Owners are Increasingly Uninsured

South Carolina Public Health Institute, A Report on the Uninsured and Underinsured in South Carolina, August 2009
For Most in South Carolina
Being Uninsured is Not a Short-Term Problem

Percentage of Uninsured in South Carolina in 2007 and 2008 Who Went Without Insurance for 6 Months or Longer

- 74.5% uninsured for less than 6 months
- 25.5% uninsured for 6 months or longer

South Carolina Public Health Institute, A Report on the Uninsured and Underinsured in South Carolina, August 2009
Challenge: Some See the Solution as About Shifting Resources and Not About Need for Additional Resources

“There is sufficient money currently in the health care system -- we need to do the hard work to shift it from non-productive to productive uses.”

A. Keck, 9/6/12, Healthaffairs.org/blog

Shifting resources can’t help low-income uninsured individuals and families who are left outside of the health insurance system if South Carolina doesn’t expand Medicaid.
South Carolina Understands the Need to Enroll Children in the System: Medicaid Expansion 2010-11

Percent Change in Medicaid Enrollment

Medicaid CHIP

Total Medicaid

Some Recent Progress for Adults: But Still Most Low-Income Uninsured Adults Left Behind

• Opened a new online enrollment system and hired 20 workers to increase enrollment from those already eligible for Medicaid

• In 2013, allocated over $48 M in state funding to initiate a “Health Outcomes Plan” for hospitals to provide basic care to uninsured chronic users of emergency rooms, including $20 M to increase funding of uncompensated care in rural hospitals

• Last week, SCDHHS asked for an additional $56M from state taxes, including $15.3 M for dental care to adults, weight loss help for obese adults, and health screenings
The Lack of Investment in Adults’ Health Care Has Taken Its Toll in South Carolina

In recent years:

- From 2010-2013 South Carolina moved from 41<sup>st</sup> to 43<sup>rd</sup> in the United Health Foundation’s “America’s Health Ranking” survey

In the past ten years:

- The uninsured population grew from 15.4% in 1994 to 21.3% in 2012*
- The % of obese adults jumped from 22% to 32%
- The number of people with diabetes rose from 7.1% to 10.7%

Challenge: Some See Addressing Disparities and Cost-Control As Mutually Exclusive of Accepting Billions in Federal Health Care Funding

“[W]e are working to increase value by increasing efficacy and reducing cost per person through three major strategies: payment reform, clinical integration and targeting hotspots and disparities.”

“Rather than indiscriminately expanding coverage based on income, it is our intent to layer Medicaid on top of other state and local government agency and private resources to address geographic, population and disease hotspots to improve health where it is needed most.”

A. Keck, 9/6/12, Healthaffairs.org/blog

*The three major strategies make sense, but turning down significant federal resources with a vague (and unproven) promise of state, local and private resources doesn’t.*
SC’s Disease “Hot Spots” are the Areas The Medicaid Expansion Will Target

Keck’s “Disease Hot Spots”

Distressed & Highly Distressed Tax Zones (Lowest Average Household Income)

Anthony Keck, *South Carolina’s View: the Affordable Care Act’s Medicaid Expansion is the Wrong Approach, HealthAffairs Blog* (Sept. 6, 2012)
In Terms of Funding: Medicaid Expansion Brings Significant Federal Funding to South Carolina

The federal government pays for 100% of Expansion costs from 2014-16, and 90% thereafter. States can opt out of the Expansion at any time.

Based upon best estimate participation. Source: Milliman ACA Impact Analysis 12/3/12
Either Way, After ACA Implementation Federal Support of Uncompensated Care Declining

• In addition to individual and public health related cost savings, Medicaid expansion will dramatically reduce federal and state uncompensated care costs
• If SC doesn’t expand Medicaid, SC costs will increase, as the federal government is reducing funding to cover uncompensated care in favor of funding Medicaid expansion

Source: Milliman ACA Impact Analysis, December 2012
Lack of Insurance Leads to Uncompensated Care in Hospitals and Free Clinics

Number of Medical Visits at Nine South Carolina Free Clinics

South Carolina Public Health Institute, A Report on the Uninsured and Underinsured in South Carolina, August 2009
High Rates of Uninsured is a Vicious Cycle Forcing More South Carolinians to Drop Coverage

- Uninsured go to emergency rooms for free federally-mandated care
  - More uninsured
    - Some employees or employers drop coverage due to high premiums
    - Hospitals have higher uncompensated care costs
      - Hospitals increase charges to paying customers to offset uncompensated care costs
  - Insurance companies pay higher claims, passing cost to insured through higher insurance premiums

With Medicaid Expansion, SC Will Realize Net Savings & Without Medicaid Expansion, Costs Will Continue to Rise

- Again, in addition to individual and public health related cost savings, Medicaid expansion will dramatically reduce state uncompensated care costs – resulting in significant costs savings to the state
- If SC doesn’t expand Medicaid, costs will increase, as preventable high-costs interventions and hospitalizations will continue and federal funding to cover uncompensated care will be reduced in favor of funding other states’ Medicaid expansion

Source: Urban Institute and RWJF, 2011 based on 5 year estimates (http://www.urban.org/uploadedpdf/412361-consider-savings.pdf)
Challenge:
Some See Economic Benefits as Not Important

“Growth in health care sector employment should not be a goal of health reform.”

A. Keck, 9/6/12, Healthaffairs.org/blog

Perhaps not a goal, but an important outcome.
Over $11 Billion in federal dollars will flow into South Carolina through the Medicaid expansion. It will result in significant increases in new business activity and job creation.
The Federal Medicaid Expansion Will Have A Multiplier Effect on the Economy

- Health care spending is an economic engine with a multiplier effect:
  - Studies show that each $1B investment in health care spending results in up to $4.7B in new business activity and nearly 47,000 new jobs

- Doing conservative math – (using the state’s most conservative cost estimates of ($1.5B in state funding & $11.2B in federal funding from 2014-20, and only a 2:1 multiplier effect) – Medicaid Expansion is an economic engine creating:
  - Over $20 Billion in new business activity in SC
  - Over forty thousand new jobs in SC

The Final Challenge:

If South Carolina doesn’t expand Medicaid, South Carolinians’ federal tax dollars will instead go to fund health care in states that do, like NY and CA!

And, Again SC can opt out of the expansion at any time!!!
Medicaid Expansion Is Increasingly Non-Partisan and Being Assessed on Its Merits

10 conservative Republican Governors now see Medicaid Expansion as cost saving and a great deal for their states

I cannot, in good conscience, deny Floridians the needed access to health care.

   Governor Scott, Florida

Federal funds from Medicaid expansion boost state economies and will protect rural and safety net hospitals from being pushed to the brink. Arizona estimates saving $353 million in just 3 years.

   Governor Brewer, Arizona

It comes down to are you going to allow your people to have additional Medicaid money that comes at no cost to us, or aren't you? We're thinking, yes, we should.

   Governor Dalrymple, North Dakota

Medicaid expansion will not only save money each year, we can expect revenue increases that will offset the cost of providing these services in the future.

   Governor Martinez, New Mexico