

Medicaid Watch

Published by The Maine Heritage Policy Center

Vol. 5, Issue No. 1

February 25, 2008

Maine's Choice: Have Medicaid Take Care of the Truly Vulnerable or Give Away Medicaid to the Middle Class

by Tarren Bragdon

As state legislators in Augusta work to close a \$200 million budget shortfall, they would be well advised to take a careful look at the state's enormously expensive Medicaid program. Once designed to provide health care to only the state's most needy and vulnerable, eligibility for the program has grown dramatically. In fact, almost \$146 million a year could be saved by establishing more reasonable eligibility limits for non-disabled adults under the age of 65.

To his credit, Governor Baldacci noted in his State of the State Address that Maine's Medicaid is the most expensive Medicaid program in the country. He should have also noted that it has the fifth most excessive income eligibility limits, which determine how much a non-disabled parent can earn and still receive government-sponsored health care. He should also have noted that parents can earn three to five times more in Maine and qualify for Medicaid compared to the US average.

There is more. Maine is one of just ten states with a Medicaid program for non-disabled adults who have no dependent children. These same adults do not qualify for welfare (TANF) and can only receive food stamp benefits for three months every three years.¹ Yet, in Maine these adults qualify for Medicaid, a much more expensive benefit costing \$4,500 annually per person. Consider these facts:

- Forty-six states have lower Medicaid income eligibility limits for working and non-working parents
- Maine Medicaid income limits for working parents are excessive and more than *three* times the US average (206 percent of the federal poverty limit or FPL versus 63 percent)
- Maine Medicaid income limits for non-working parents are extremely excessive and almost *five* times the US average (200 percent of FPL compared to 41 percent)²
- Unlike Maine, forty states have no Medicaid program at all for non-disabled, childless adults as they are not covered by most state welfare programs³
- In Maine, a working married couple with one child can earn more than two and a half times that allowed for an elderly couple on a fixed income to qualify for Medicaid (see table below)
- If Maine Medicaid income limits for parents and childless adults were standardized to those of the average state, the Maine Medicaid budget, of which Maine taxpayers contribute about one-third of the total, could save almost \$146 million a year, with the state funded portion at \$53.5 million

Medicaid Income Limits for Childless Adults, Parents, and the Elderly as of 2008

	US Average	Maine Current	Maine Suggested	Budget Savings with Maine at Suggested Medicaid Income Eligibility Levels
Single person, no children	-	10,400	-	\$90 million total savings with \$33 million in state funds
Married couple, no children	-	14,000	-	
Single parent, 1 child	8,820	28,840	14,000	\$55.8 million total savings with \$20.5 million in state funds
Single parent, 2 children	11,088	36,256	17,600	
Single parent, 3 children	13,356	43,672	21,200	
Married couple, 1 child	11,088	36,256	17,600	
Married couple, 2 children	13,356	43,672	21,200	
Married couple, 3 children	15,624	51,088	24,800	
Elderly person	8,528	10,400	10,400	
Elderly couple	11,480	14,000	14,000	

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Source: Kaiser Family Foundation, The Maine Heritage Policy Center.

If Medicaid income eligibility rates in Maine were standardized and matched to those of the average state, it would mean up to 42,750 Maine non-disabled adults would no longer burden Maine's expensive Medicaid program, leaving more resources for the truly needy.⁵ It would also mean that legislators could reject almost all of the Governor's proposed Medicaid cuts, which would slash benefits to the elderly, those with mental and developmental disabilities, and foster children.

Since the start of this decade, Medicaid programs across the nation have been growing dramatically. From December 2001 to December 2006, US Medicaid enrollment increased 18 percent. Maine's Medicaid rolls, though, skyrocketed three times

as fast - 47 percent, the second fastest in the country - during this same period. The state's Medicaid program has grown by another 16,000 since then, so that today almost 274,000 Maine people are on Medicaid—more than one in five Maine citizens.⁶

This session, the Legislature's tough choice is clear – cut services to the most vulnerable and needy in order to continue providing Medicaid benefits to the middle class OR return Medicaid to its original purpose and take care of the truly needy and disabled while scaling back income eligibility limits for non-disabled parents and childless adults to the national average.

Notes and Sources:

1. Food STAMP data. <http://www.results.org/website/article.asp?id=358>
2. Kaiser Family Foundation. As of 2008. Available at: <http://www.statehealthfacts.org/comparetable.jsp?ind=205&cat=4&yr=63&typ=2&sort=253&o=d>
3. Dorn, Stan et al. "Medicaid and Other Programs for Low Income Childless Adults: An Overview of Coverage in Eight States." Kaiser Family Foundation. August 2004. Page 4. Available at: <http://www.kff.org/medicaid/upload/Medicaid-and-Other-Public-Programs-for-Low-Income-Childless-Adults-An-Overview-of-Coverage-in-Eight-States-Report.pdf>. At time of publication, the states that covered childless adults through Medicaid 1115 waivers were Arizona, Delaware, Hawaii, Illinois, Maine, Massachusetts, Oregon, Tennessee, Utah, and Vermont.
4. Suggested is 100 percent of poverty for parents and no Maine Medicaid coverage for non-disabled, childless adults.
5. Maine Legislature's Office of Fiscal and Program Review. In January 2008, there were 18,512 childless, non-disabled adults on Medicaid and 24,249 parents on Medicaid earning between 100 and 200 percent of poverty. Childless adults cost \$4,500 annually per person. Parents cost \$2,300 per person.
6. Kaiser Family Foundation. Monthly Medicaid Enrollment. Available at: <http://www.statehealthfacts.org/comparemaptable.jsp?ind=201&cat=4>. US Medicaid enrollment grew from 175,850 in December 2001 to 258,163 by December 2006. According to January 2008 figures from the Maine Legislature's Office of Fiscal and Program Review, Medicaid enrollment was 273,824.

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