



Further Description of Medicaid Beneficiaries

There are four major Medicaid eligibility groups: children; non-elderly, non-disabled adults (primarily pregnant women and parents with dependent children); individuals with disabilities; and the elderly. Nationwide, children represent about half of Medicaid enrollment but only one-fifth of expenditures. By contrast, elderly and disabled beneficiaries account for one-fourth of enrollment and two-thirds of expenditures. The federal government sets minimum income eligibility standards for children (133% of poverty for children under age six and 100% of poverty for older children) and pregnant women (133% of poverty). Income limits for other eligibility groups vary by state. Beginning in 2014 (under the new federal health care reform law), nearly everyone under age 65 with incomes up to 133% of poverty will be eligible for Medicaid.

Nearly all elderly and more than half of disabled Medicaid recipients are "dual eligibles" who are also enrolled in Medicare. For these low-income individuals, Medicaid pays for Medicare premiums and cost-sharing and for services not covered by Medicare -- especially long-term care. Most state Medicaid programs offer a broad range of services for populations with special health care needs — services that are typically not covered by any other form of health insurance. Medicaid coverage for special-needs groups includes nursing home care, services for children and adults with developmental disabilities, and home and community-based services for individuals with mental illness, physical disabilities, HIV/AIDS, traumatic brain injury, and other chronic conditions.

Estimates for Menu to Achieve Savings in Current Health Care System

On page 9 of the Options Workbook, a menu of reforms are provided that make concrete some of the kinds of changes that could be required within the current system to reduce health care spending by 5%, 10% or 15%. In order to provide further clarification of this menu, we are providing rough estimates for the general level of savings that would be associated with the menu items. These are rough estimates provided for the purposes of the Tough Choices exercise.

- 1. Raise the Medicare premium for higher income beneficiaries**
 - Estimate of savings in 2025: \$8 billion
- 2. Raise deductibles, or co-insurance, or both, for Medicare beneficiaries.**
 - Estimate of savings in 2025: \$18 billion
- 3. Increase the Medicare eligibility age.**
 - Estimate of savings in 2025: \$55 billion
- 4. Replace the Medicare program with a voucher for beneficiaries to buy insurance.**
 - Estimate of savings in 2025 for a 5% reduction = \$65 Billion
 - Estimate of savings in 2025 for a 10% reduction = \$130 Billion
 - Estimate of savings in 2025 for a 15% reduction = \$195 Billion
- 5. Limit eligibility for Medicaid.**
 - Estimates are unavailable from the Congressional Budget Office
- 6. Federal block grants to states for Medicaid.**
 - Estimate of savings in 2025 of a 5% reduction = \$30 Billion
 - Estimate of savings in 2025 of a 10% reduction = \$60 Billion
 - Estimate of savings in 2025 of a 15% reduction = \$90 Billion