

Popular Misconceptions About Medicaid

Myth: *Middle class families receive Medicaid.*

Reality: *Only 4% of children on Medicaid live in households with income above 185% of the poverty threshold. Their parents are never eligible for Medicaid.*

Reality: *Only the very poorest parents are eligible for Medicaid.* Access to Medicaid for adults who are neither elderly nor disabled is limited to parents receiving or transitioning off of welfare and low income women needing services related to pregnancy, family planning, breast, or cervical cancer only. According to the US Census, New Mexico has the nation's highest rate of uninsured parents. Over 125,000 New Mexico parents lack health insurance. Most uninsured parents have children who are eligible for Medicaid.

Myth: *Medicaid costs are rising because more children are enrolling.*

Reality: *Much of the growth in Medicaid spending is attributable to growth in the per capita cost of serving elderly and disabled beneficiaries, particularly those in nursing homes.* The Kaiser Commission on Medicaid reports that a million children were added to the Medicaid rolls between 2000 and 2001, but they accounted for only 14% of the increases in Medicaid costs. The Congressional Budget Office estimates that 82% of the projected expenditure growth in Medicaid over the next two years will come from increases in the cost of caring for aged and disabled beneficiaries.

Myth: *Medicaid is a drain on New Mexico's economy.*

Reality: *Every \$1 New Mexico invests in Medicaid returns \$5.68 in economic activity in the first year.* New Mexico's \$348 million investment in Medicaid for fiscal year 2002 returned nearly \$2 billion in economic activity, over 28,000 jobs, and almost \$830 million in wages and salaries for New Mexicans.

Myth: *Reducing Medicaid benefits for children would save New Mexico a lot of money.*

Reality: *The vast majority of Medicaid expenditures on children are for hospitalization and primary care.*

Myth: *New Mexico provides a "Cadillac" benefit package for Medicaid beneficiaries.*

Reality: *Most of the "Cadillac" benefits provided to children in the Medicaid program are required by federal law.* Federal Medicaid law requires states to provide Medicaid-eligible children with periodic screening, vision, dental, and hearing (EPSDT) services. It also requires states to provide any medically necessary health care that falls within the scope of services, *even if such services are not covered under the state Medicaid plan.*

Myth: *The Medicaid program has no impact on families that are privately insured.*

Reality: *Medicaid helps slow the increase in health care costs and private health insurance premiums by reducing the amount of free care health service companies must provide to New Mexico's indigent.* All four of New Mexico's HMOs participate in the Medicaid program. Federal law requires that hospitals provide emergency treatment, regardless of a patient's ability to pay. Providers recoup some of the cost of providing charity care in the prices they charge private insurers and patients who pay out-of-pocket. HMOs recoup some of the cost of providing charity care in their hospitals in the rates they charge for private insurance. Therefore, to the extent that Medicaid provides insurance to people who would otherwise be unable to pay their medical bills, it helps to contain the cost of healthcare for all New Mexicans.