

MYTHS & FACTS:

MEDICAID & THE UNINSURED IN SOUTH CAROLINA



MYTHS ABOUT SOUTH CAROLINA'S MEDICAID PROGRAM

Medicaid is the nation's health coverage program for low-income Americans. It helps pay for health and long-term care services for 850,000 South Carolinians, including very poor families, people with disabilities, and low-income elderly citizens. The federal government and states jointly fund the Medicaid program, and each state administers the program within broad federal guidelines. There are many misunderstandings about the program. Following are some of the myths you have probably heard—and maybe even repeated—about Medicaid and the people who rely on it.

MYTH 1: Medicaid is the program that covers health care for all citizens over 64 years of age.

FACT: Many people confuse the Medicaid and the Medicare programs. The Medicare program is the federal program that covers American citizens 65 and older, regardless of their incomes. Medicaid is a separate program that covers eligible low-income Americans without regard to age. Medicaid provides supplemental health coverage to very low income elderly citizens who are on Medicare and helps fund nursing home care for three out of four nursing home residents.

MYTH 2: Medicaid is an inefficient government program.

FACT: On average the administrative costs associated with Medicaid are lower than the administrative costs for private sector plans. The cost of providing Medicaid coverage to children is 10 percent less than providing private insurance and 30 percent less expensive than private insurance for adults.

MYTH 3: Most people on Medicaid are minorities.

FACT: Fifty-one percent of Medicaid enrollees are non-Hispanic white.

MYTH 4: Medicaid is a welfare program for people who don't work.

FACT: Sixty-five percent of Medicaid enrollees in South Carolina are in working families. Children and low-income families account for 26 percent of the state's Medicaid expenses. The elderly and disabled account for 23 percent of those covered, but they consume 62 percent of the resources. The largest unemployed segment of the Medicaid population is nursing home residents. Three out of four nursing home patients rely on Medicaid for their care.

MYTH 5: Medicaid covers people who should be buying their own insurance.

FACT: Medicaid is the key source of coverage for poor families whose annual incomes are less than the annual health insurance premium. The average cost of commercial coverage for a family is \$10,900 per year. And it is rare for adults at this income level to have access to the employer-sponsored insurance options on which most insured families rely. In fact, many persons who are too poor to buy health insurance cannot qualify for Medicaid in South Carolina. These include single parents making more than \$7,000 per year, any childless adults, and aged, blind or disabled citizens making over \$10,400 per year.

MYTH 6: Once people get on Medicaid, they stay on Medicaid.

FACT: Medicaid helps people with very low or no incomes until they can get back on their feet. On average, low-income families stay on Medicaid only two years and children only 2.5 years. Elderly and severely disabled South Carolinians rely on Medicaid assistance an average of six years. Medicaid helps 23 percent of the state's population and covers 50 percent of the births and 30 percent of the children. While the percentages remain consistent, the names and faces of those helped do change often. Families get back on their feet and leave the program as others take their place for the temporary assistance they need while they are working to improve their situations.

MYTH 7: Medicaid is a logical place to cut when trying to balance the state's budget.

FACT: The Medicaid program is designed so that wealthier states help support the Medicaid programs of poorer states, such as South Carolina. That is why for every dollar South Carolina invests in the Medicaid program, the federal

government matches it with three dollars. Conversely, for every dollar we eliminate from the Medicaid program, we lose three more. If we refuse to let the other 49 states pay 75 percent of the cost of caring for poor and disabled patients in South Carolina, we are saying we would rather do so ourselves. Discontinuing Medicaid will not eliminate the costs of caring for the poor and disabled. South Carolinians will simply have to pay 100 percent of those costs in the form of higher charges and more expensive insurance premiums.

MYTH 8: Medicaid is a drain on South Carolina's economy.

FACT: Health care is one of South Carolina's largest industries, and Medicaid is a major economic driver of business and industry. According to researchers at the University of South Carolina's Darla Moore School of Business, in 2002 the total economic impact of the Medicaid program's federal match was \$2.1 billion dollars, supporting 61,000 jobs and \$1.5 billion in income for state citizens. Each \$1 million invested in Medicaid results in \$1.7 million in new income and nearly 70 new jobs. These are not just jobs in health care but also jobs in other businesses that sell goods and services to health care providers and to the people employed in health care.

MYTH 9: South Carolina spends too much on Medicaid.

FACT: Through the federal/state Medicaid program, South Carolina is able to fund \$3.7 billion in care for poor families and elderly and disabled citizens. Because the federal government provides our state a 3-to-1 match, the state has to put up only 25 percent of the total cost. And South Carolina hospitals are currently covering one-third of the state's cost through a special tax that is earmarked for the Medicaid program.

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MYTHS ABOUT SOUTH CAROLINA'S UNINSURED

Lack of health insurance coverage among millions of Americans remains one of this nation's most pressing social challenges, but one that is not well understood. More than 700,000 South Carolinians have no health coverage, and nearly 145,000 of those are children. There are many misconceptions about who the uninsured are, why they are uninsured, and whether health insurance really makes a difference. Following are some of the myths about the uninsured of South Carolina.

MYTH 1: People without health coverage don't work.

FACT: Eight out of 10 South Carolinians who are uninsured live in a working family.

MYTH 2: Most uninsured South Carolinians are minorities.

FACT: More than 50 percent of South Carolina's uninsured are non-Hispanic white.

MYTH 3: People without coverage are supposed to go to the hospital emergency room for care.

FACT: While uninsured persons are more likely to go to the ER instead of a doctor's office when they are sick, that is the most expensive setting for non-emergent care. And when ERs are expected to serve as primary care clinics for the uninsured, they become more crowded and the wait times longer for people needing emergency care.

MYTH 4: Persons with health insurance are not affected by the uninsured crisis.

FACT: Hospitals are required by federal law to treat all emergency medical conditions, regardless of the patient's ability to pay. Hospital revenue comes from patients who have coverage through private insurance or government programs such as Medicaid and Medicare. Last year, South Carolina hospitals provided \$1.3 billion in services for which they were not paid. Those losses were passed on to insured patients. Higher hospital bills lead to higher insurance premiums. As a result, the average family in the United States pays about \$922 more per year in insurance premiums to cover persons who do not have adequate coverage.

MYTH 5: It doesn't really matter whether a person has health insurance.

FACT: People without health insurance are more likely to delay needed medical care until they become very ill and are more likely to go without screenings and preventive care that can detect diseases in early stages when they are more curable. As a result, more than 10 working-age South Carolinians die each week from lack of health insurance. It is not surprising that the size of the uninsured population pushes our state to the bottom of health status rankings in too many categories. Uninsured patients are also more likely to leave unpaid health care bills and more likely to leave their families in bankruptcy.

MYTH 6: If you have a job, you have health coverage.

FACT: Many people do not have health coverage through their employers. Nearly half of the private employers in South Carolina do not offer health coverage to their workers. Persons working for a small employer are much less likely to have employer-based coverage than persons working for a large company. In South Carolina only 33 percent of private sector employers with fewer than 50 workers offer insurance to employees, compared to 93 percent of firms with 50 or more employees.

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