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**MEDICAID IN 2008 PAID BENEFITS TO 42.4 MILLION PERSONS,
3.2 MILLION OF WHOM HAD AVERAGE INCOME OF \$130,859**

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The Census Bureau reported last month that an estimated 42.4 million persons or 14.1 percent of the entire U.S. population of 301.0 million in 2008 received assistance through the Medicaid program. Medicaid is a federal-state program in which the federal government pays a share of the benefit costs and the states administer the program setting rules and standards that vary from state to state within broad federal guidelines. The federal share is roughly 50 percent for wealthier states. For poorer states it is higher.

Federal expenditures for Medicaid (current dollars) which was established in 1965 have jumped from \$41.1 billion in 1990 to \$203.8 billion in 2008, intensifying budget problems in virtually every state made even worse by the current recession.

Medicaid is a mean-tested program in which eligibility depends on a person's inability to pay for his/her medical care without assistance. The program targets mainly the poor, elderly, and disabled. Many states typically qualify persons with income above the poverty threshold as set by the federal government. In 2008 the threshold for a family of four was \$22,025.

The Census data indicate that an estimated 24.7 million persons with income *above* the poverty threshold, representing 58.2 percent of all Medicaid recipients, were receiving benefits in 2008. Of these, 6.3 million reported having private health insurance coverage.

Overwhelmingly persons getting Medicaid benefits were native-born Americans. Specifically, 38.0 million were born in the United States. The other 4.4 million were born elsewhere.

Of the 22.1 million persons classified as poor but not receiving Medicaid benefits, 18.0 million were in excellent, very good, or good health. If the poor persons who reported their health as fair or poor were to qualify for Medicaid assistance, the total nationwide would climb from 42.4 million to 46.5 million

In Louisiana where the federal share of Medicaid expenses is well above 50 percent, there were 660,000 persons who reported receiving Medicaid assistance in 2008. Two details are worthy of note. First, there were more persons *above* the poverty threshold on Medicaid (365,000) than *below* that threshold (295,000). Second, 493,000 of the 788,000 in poverty did not receive

assistance through Medicaid.

The table below shows the number of persons in the United States on Medicaid by income-to-poverty ratio and by average annual family income.

	-- Income-to-Poverty Ratio in 2008 --					
	Below 100%	100%-199%	200-299%	300-399%	400-499%	500 %+
2008						
Medicaid recipients						
(millions)	17.7	13.7	5.3	2.5	1.2	2.0
Annual						
family income \$	11,145	30,289	52,065	72,428	91,024	153,523

There were an estimated 3.2 million persons getting Medicaid benefits who reported their annual income as greater than 400 percent of poverty, averaging \$130,859. Of these, 1.6 million reported that they had private insurance coverage as well.

At the 500 percent level, there were 2.0 million receiving assistance through Medicaid. This group reported average annual income of \$153,523, roughly half of whom said they had private health insurance in addition to Medicaid. Further, 1.6 million of the 2.0 million stated that they were in excellent, very good, or good health.

In Louisiana, for decades at or near the bottom of states ranked by family income, 48,000 of the 660,000 persons who received assistance through the Medicaid program in 2008 reported annual family income above 400 percent of poverty, averaging \$165,489. The Louisiana state constitution effectively limits the state legislature to spending cuts in only two areas whenever there is a revenue shortfall: higher education and health care. A careful audit of Medicaid program administrative procedures and expenditures in a cash-strapped state like Louisiana could remove large numbers of persons who are not truly needy, thereby easing budget cuts in other program areas.

Similar audits in other states – in California 476,000 persons with annual income above 400 percent of poverty, averaging \$132,050, received Medicaid benefits in 2008 -- might yield substantial savings and with broad participation across the United States might help hold down federal program spending and the budget deficit.

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