

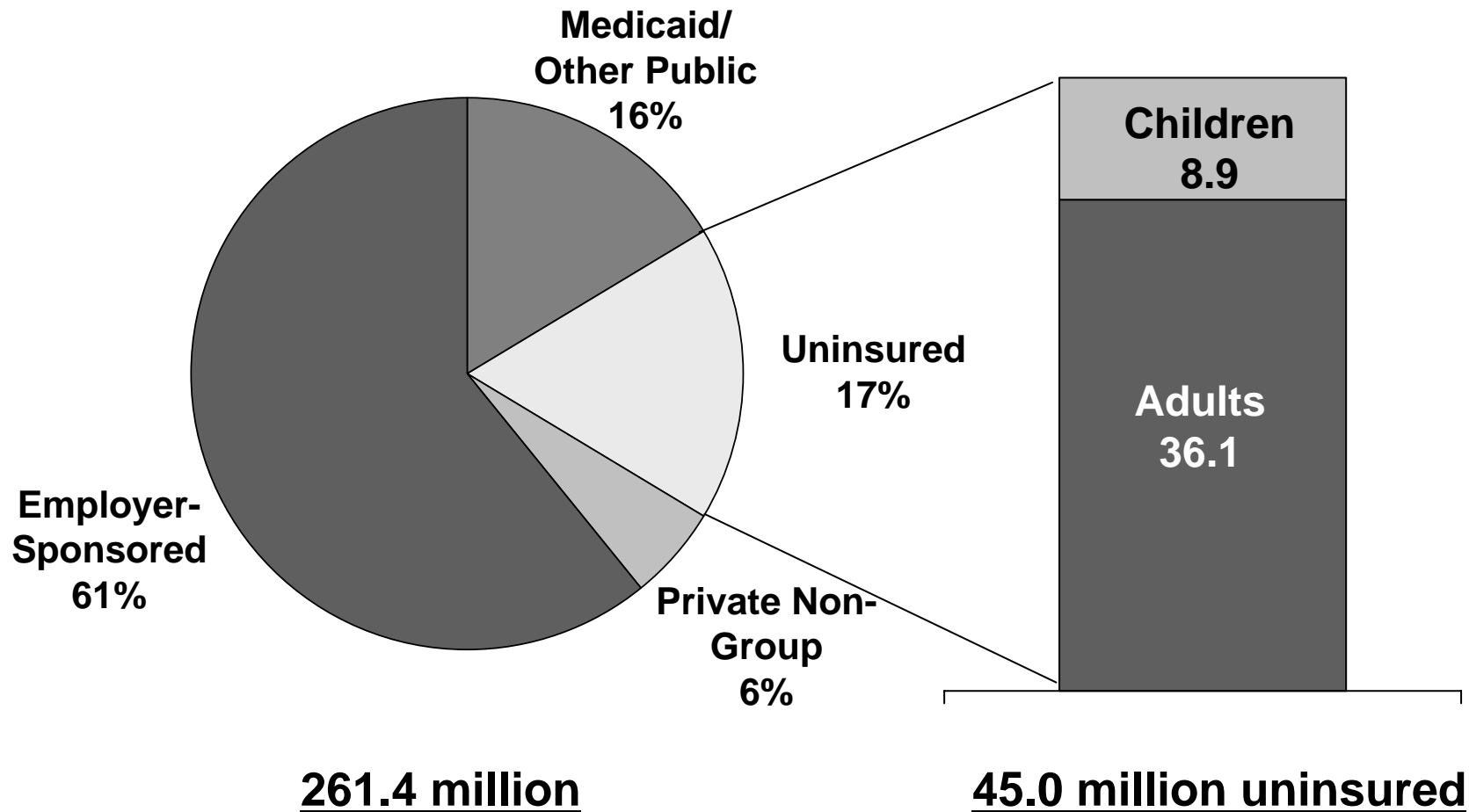
# **Rising Health Pressures in an Economic Recession**

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**for**

**Kaiser Commission on Medicaid and the Uninsured  
Washington, DC  
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# Health Insurance Coverage of the Nonelderly Population, 2007



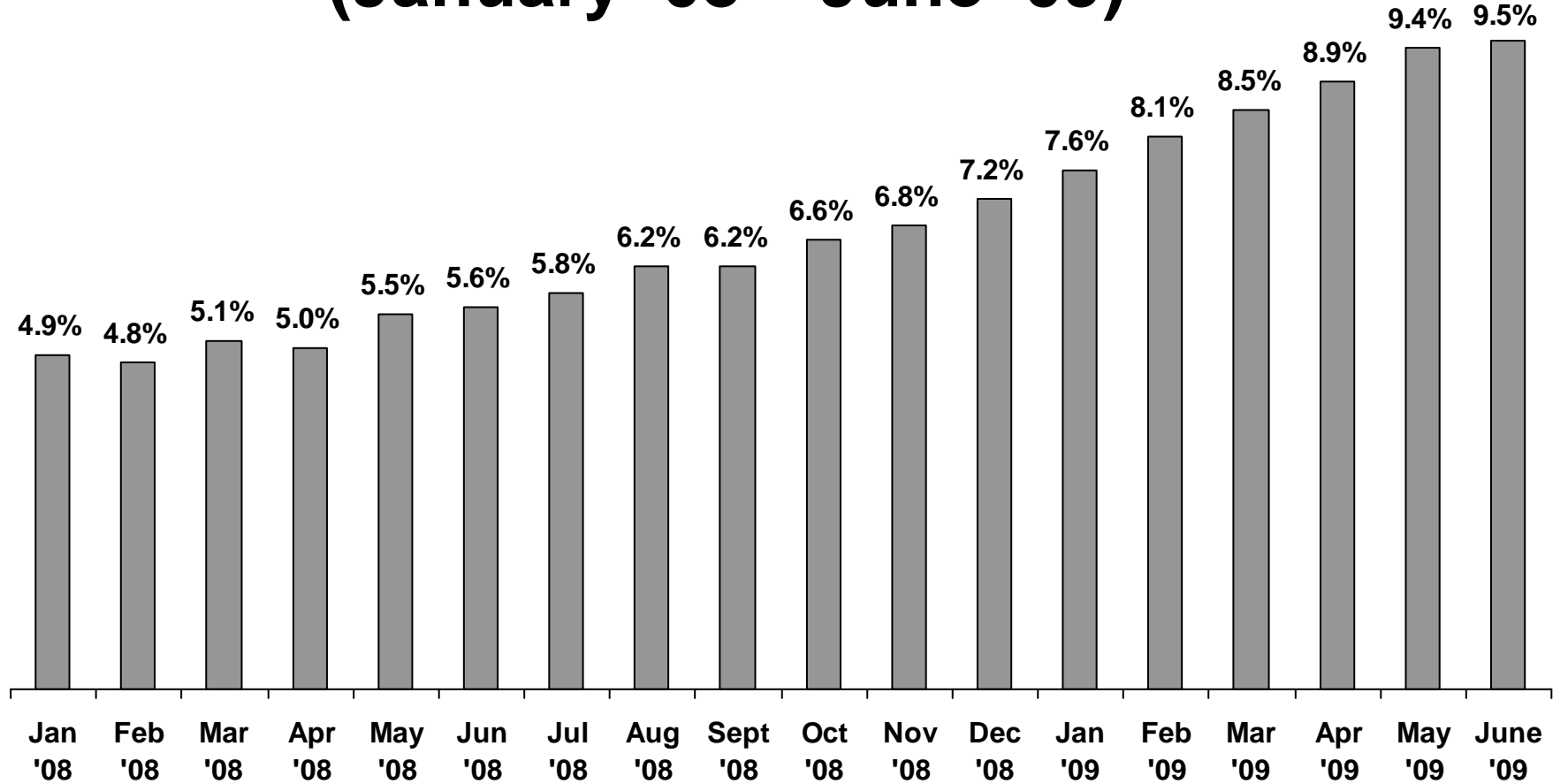
Medicaid/Other Public includes Medicaid, CHIP, other state programs, Medicare and military-related coverage.

SOURCE: KCMU and Urban Institute analysis of March 2008 CPS.

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Figure 2

# National Unemployment Rate (January '08 – June '09)



Number of Unemployed (in thousands)

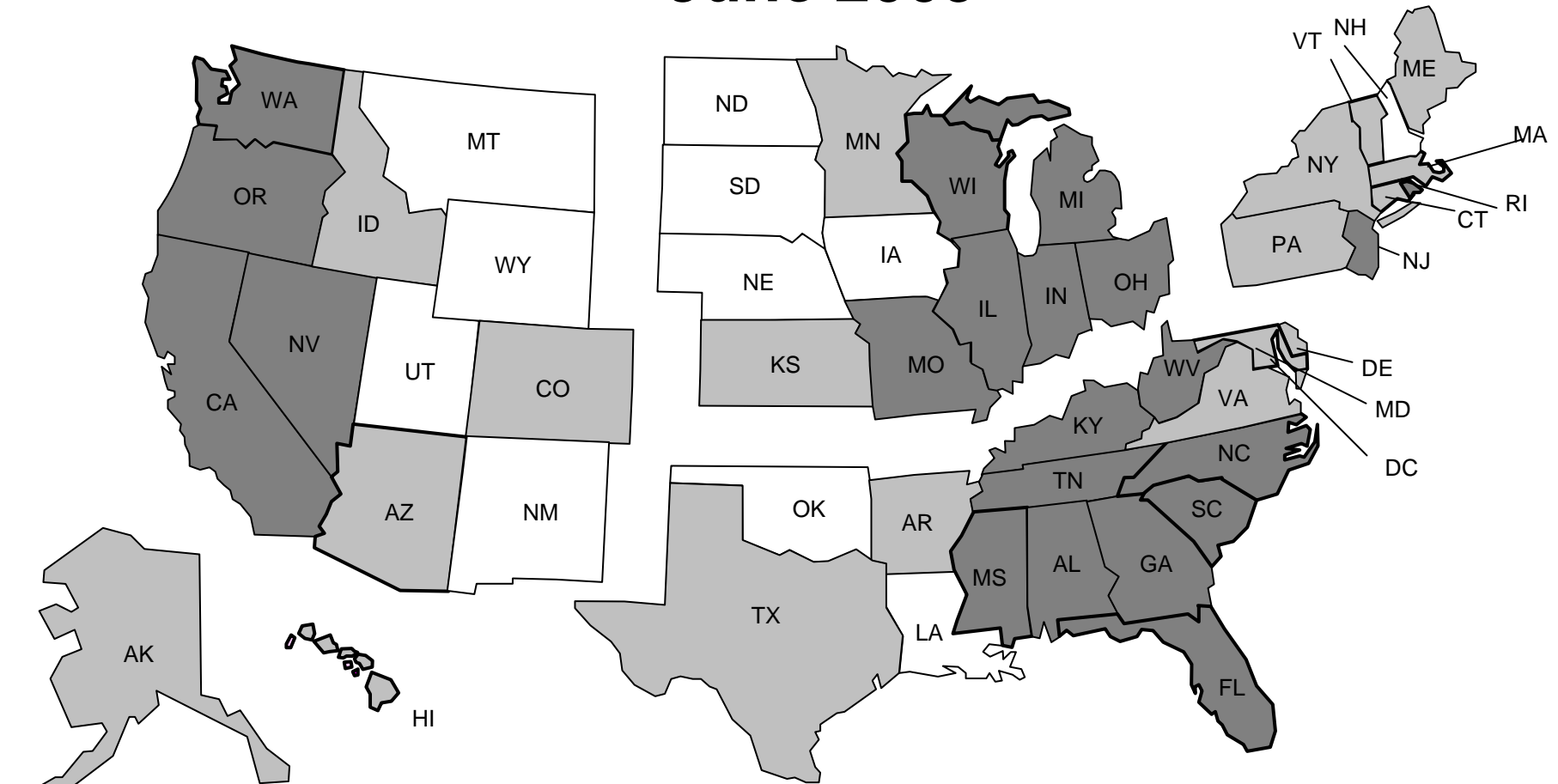
Month	Number of Unemployed (in thousands)
Jan '08	7,555
Feb '08	7,423
Mar '08	7,820
Apr '08	7,675
May '08	8,536
Jun '08	8,662
Jul '08	8,910
Aug '08	9,550
Sept '08	9,592
Oct '08	10,221
Nov '08	10,476
Dec '08	11,108
Jan '09	11,616
Feb '09	12,467
Mar '09	13,161
Apr '09	13,724
May '09	14,511
June '09	14,729

SOURCE: Bureau of Labor Statistics, *Labor Force Statistics from the Current Population Survey: Unemployment Level and Rate*. July 2009.

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Figure 3

# States with Unemployment Rates at Various Levels, June 2009



**US Average: 9.5% in June 2009**

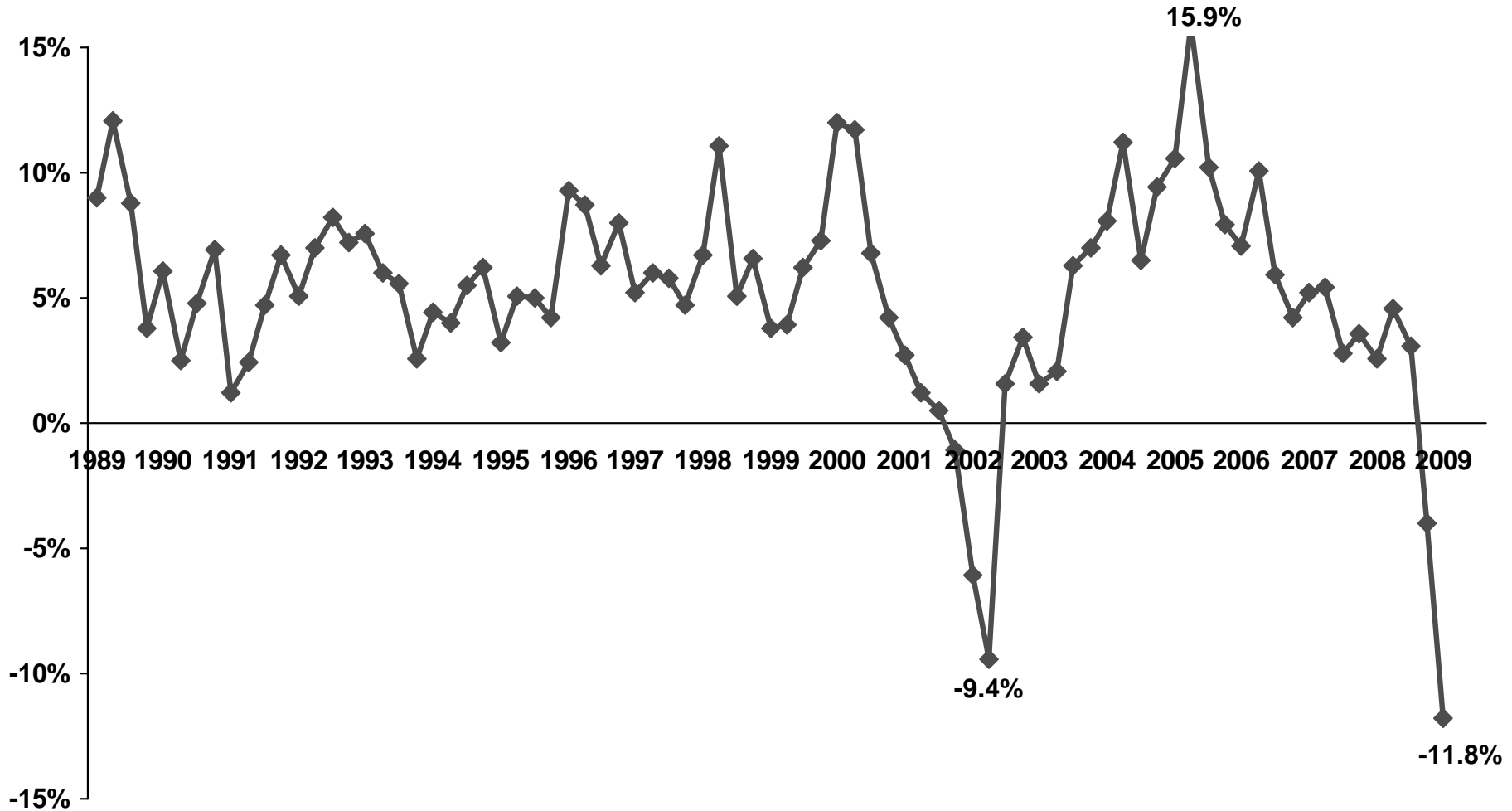
- 4.2% - 6.9% ( 11 states)
- 7.0% - 8.9% (18 states)
- 9.0% - 15.2% (22 states including DC)

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SOURCE: State and territory figures from the Table 3, *Regional and State Employment and Unemployment: June 2009*, Bureau of Labor Statistics.

Figure 4

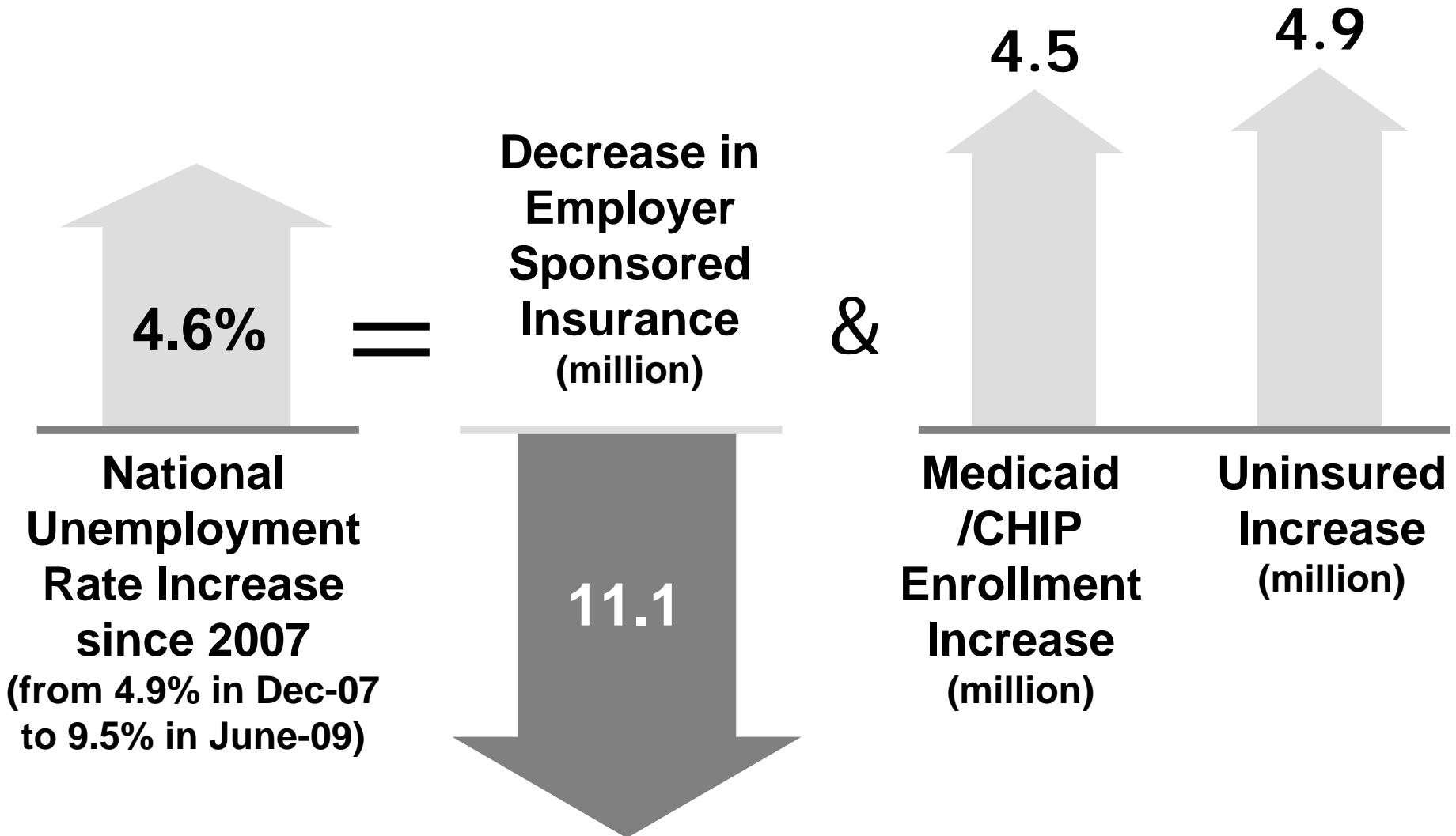
# State Tax Revenue, 1999-2009



SOURCE: Percent change in quarterly state tax revenue, US Census Bureau

Figure 5

# Impact of the Rise in Unemployment on Health Coverage, 2007 to 2009



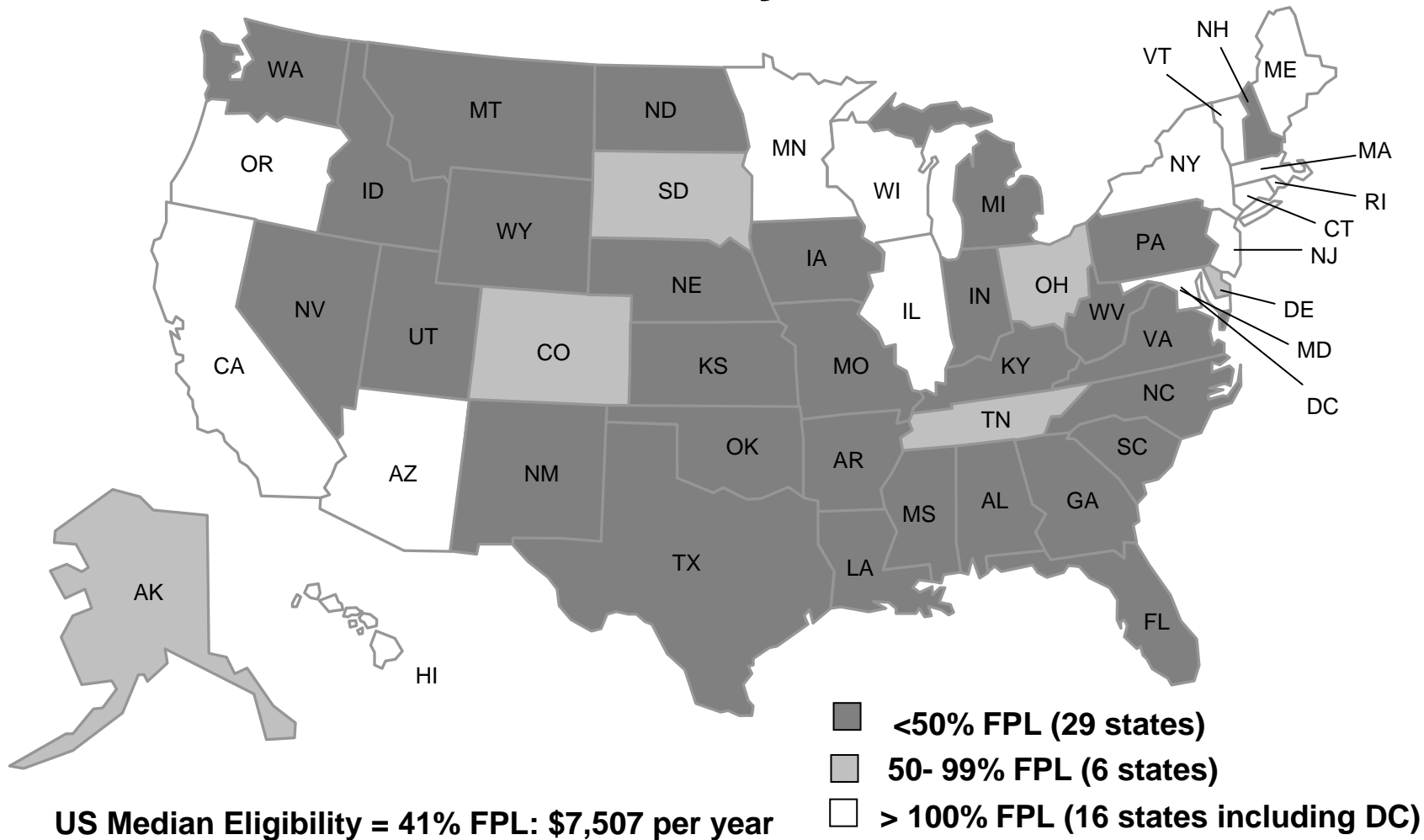
Note: Totals may not sum due to rounding and other coverage.

Source: John Holahan and Bowen Garrett, *Rising Unemployment, Medicaid, and the Uninsured*, prepared for the Kaiser Commission on Medicaid and the Uninsured, January 2009.

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Figure 6

# Medicaid Eligibility for Jobless Parents by Income, January 2009



Note: The Federal Poverty Line (FPL) for a family of three in 2009 is \$18,310 per year.  
SOURCE: Based on a national survey conducted by the Center on Budget and Policy Priorities for KCMU, 2009.

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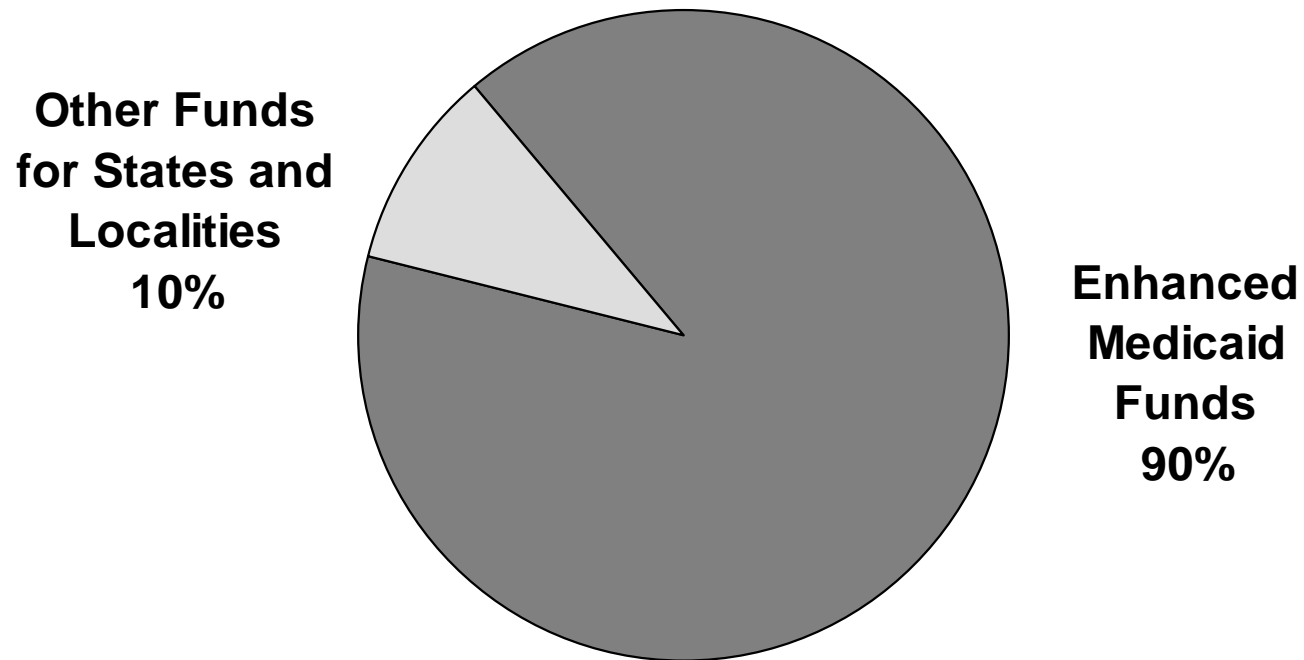
# Trying to Respond: ARRA Health Provisions

- Temporary increase in Medicaid FMAP (\$87 billion)
  - Relief for 10/1/08 – 12/31/10
  - Hold harmless, base increase 6.2% and additional relief for states with high increases in unemployment
  - States cannot restrict eligibility or standards and must comply with prompt pay requirement
- Premium subsidies for COBRA (\$25 billion)
  - 65% subsidy for COBRA premiums for 9 months for workers involuntarily terminated between 9/1/2008 and 12/31/2009



Figure 8

# 90% of Recovery Outlays for States and Localities are for Medicaid



**\$29 Billion in Total Recovery Outlays for States and Localities,  
June 16, 2009**

# Update from the Medicaid Directors

- Recession is having a major effect on Medicaid programs
  - Enrollment and spending trends are up
  - Severe state budget pressure
- ARRA has been critical for states
  - Address budget shortfalls
  - Avoid or soften Medicaid program cuts
  - Preserve eligibility
- Intense focus on maintaining programs and controlling cost
  - Few reasonable policy options to address severe Medicaid budget gaps
  - Major cuts enacted or on the table
  - Few states able to move forward with coverage initiatives

# Impact of the Recession on Communities

- Financial crises are severe for families
  - No jobs, foreclosure, depleted savings, medical debt, difficulty navigating assistance programs
- Employers struggling to cut costs and face difficult choices
- Recession highlights wide gaps in our health care system
  - Children often eligible for Medicaid/CHIP, but adults are not
  - Non-group coverage and COBRA (even with subsidy) out of reach
- Uninsured and under-insured delay or forego important health care
  - Prescriptions, follow-up care, preventive care, dental
- Safety-net is critical, but cannot fill the gaps in coverage
  - Long waits, not enough doctors, shrinking resources

# Outlook

- For states
  - Even if economy starts to recover, unemployment and Medicaid enrollment will continue to rise so budget pressures for states will persist
  - States do not expect economy to be in full recovery when enhanced Medicaid funds end in 2011
  - States see health reform as critical but new fiscal responsibilities, maintenance of effort requirements, administrative / provider capacity and timing are key issues to consider
- For individuals
  - More and better efforts would help to connect families with existing assistance programs
  - Even if health reform is enacted, immediate steps are needed to assist Americans who lack access to health care and coverage
  - Health reform could provide new options for affordable health care for struggling families