

5-Minute Briefing ...

*A periodic issues briefing on healthcare's hottest topics
from the New Jersey Hospital Association*

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Rising Medicaid Enrollment

For the first time in decades all 50 states experienced an increase in Medicaid enrollment in 2009, according to a new analysis by the Kaiser Family Foundation's Commission on Medicaid and the Uninsured. New Jersey's overall enrollment increased by 4 percent from June 2008 to June 2009.

The increase in enrollment reflects the role that Medicaid plays when the economy falters, with many people turning to the program for help after being laid off and losing their employer-based health insurance. Millions more who were not eligible for Medicaid likely joined the ranks of the nation's uninsured.

Increased Medicaid enrollment means larger financial burdens for New Jersey's already cash-strapped hospitals. New Jersey's Medicaid reimbursement is low, paying hospitals just 70 percent of the costs of their healthcare services. Medicaid reimbursement to New Jersey physicians is even lower. In fact, The Commonwealth Fund, a national non-

partisan policy group, ranks New Jersey last nationwide in Medicaid reimbursement to providers.

Gov. Christie's Administration also has acknowledged the Medicaid reimbursement gap, citing in its transition reports that "the hospital industry in New Jersey is in very poor condition as a whole" and that poor Medicaid payments – "lowest reimbursement levels in the nation" – are among the main reasons.

Since children are more likely to be eligible for public coverage than adults, most of the overall growth (60 percent) occurred among children. N.J. followed this national trend, seeing a 6 percent increase in enrollment for children.

Enhanced federal matching money for Medicaid, provided through the American Recovery and Reinvestment Act of 2009, has proved critical in helping states maintain coverage. But that money is scheduled to expire Dec. 31, which will increase the strain on state fiscal year 2011 budgets – and add to the burden facing hospitals, physicians and their patients.

NJHA is an education and information resource for New Jersey's elected leaders. For more information on this briefing or other healthcare issues, contact NJHA's Randy Minniear at 609-275-4119 or Jessica Cohen at 609-275-4192.

MICRO-UPDATE

- *New Jersey's Medicaid enrollment increased 4 percent in 2009.*
- *Medicaid enrollment increased nationwide, sparked by the recession.*
- *The increase has strained state budgets and puts an added burden on hospitals and physicians.*
- *The fiscal stress is especially pronounced for hospitals in New Jersey, where the state's poor reimbursement levels cover just 70 percent of the costs of providing the care.*