

Medicaid Co-Pays Will Harm the Most Vulnerable New Jerseyans

The proposed Fiscal Year '08 budget includes a proposal that will institute co-pays for Medicaid beneficiaries:

- Co-pays of \$2 a prescription with a cap of \$10 a month
- Co-pays of \$3 on outpatient use of hospital services
- Co-pays of \$6 on non-emergency use of the ER with a cap of \$12 per month
- Co-pays of \$3 for medical day care

Health services research has consistently shown that co- payments cause low-income people to forgo health care services, including essential services which can lead to costly consequences such as increased use of emergency rooms.

A study examining the impact of Medicaid drug co-payments policies in thirty-eight states found, that after controlling for other factors, the primary effect of co-payments is to reduce the likelihood that Medicaid beneficiaries fill any prescriptions during the year.

A study in Minnesota found that more than half reported that they had been unable to get their prescription drugs at least once in the past six months because of co-payments of \$3 for brand name drugs and \$1 for generics.

Research found that when Utah imposed small co-payments (\$2 or \$3 per service or prescription), this led to significant reductions in health care access and utilization. Even though the co-payments were “nominal” forty-percent (40%) of beneficiaries reported that it caused “serious” financial hardships.

One study found that higher co-payments led to reductions in patients’ use of drugs for high blood pressure and cholesterol reduction, which can lead to the disease progressing and to more severe consequences such as heart attacks.

Some argue that cost-sharing encourages responsible use of health care services. However, the research does not support this argument.

Two studies by the Urban Institute found that after controlling for health characteristics, people on Medicaid used the same average amount of care as similar individuals with private insurance.

Other research has found that while co-payments lead people to reduce their medical care, they do not necessarily make people “smarter” health care consumers. When co-payments are imposed, patients reduce their use of essential and less-essential services.

We Urge Legislators to Eliminate the Co-Payment Budget Proposal

Sources: Center on Budget and Policy Priorities (July 2005, Nov. 2004), Center for Studying Health System Change (Research Report No. 5). Kaiser Commission on Medicaid and the Uninsured (May 2005); Health Affairs (March- April 1999).