

Coalition for a Moral Budget

Fighting to ensure that Medicaid beneficiaries are protected from cost sharing.

Medicaid Co-Pay Will Harm the Most Vulnerable New Jerseyans

The Governor's proposed FY'11 budget includes co-pays on Medicaid beneficiaries who use Medical Day Care services. The co-pay for Medicaid Medical Day Care would be \$3 per visit with a monthly cap of \$25.

This is the eighth year in a row that a Governor has proposed some form of Medicaid co-pay in the budget.

Imposing co-payments on Medicaid beneficiaries who receive Medical Day Care services will harm the most vulnerable New Jerseyans and will not result in actual savings to the State. Co-payments make health care less affordable for individuals with limited incomes, forcing people to choose between needed health care services and other necessities such as rent, food, or heating. If beneficiaries choose the latter, there is a greater risk that they will require more costly hospital services. As these services will be ultimately billed to Medicaid anyway, this would clearly defeat the intended cost reduction to the State.

Medicaid Medical Day Care co-pays would result in seniors and individuals with significant disabilities not seeking care, exacerbating their illnesses, and cost the State even more in hospitalizations, Emergency Room visits and the possibility of institutionalization.

The Coalition for a Moral Budget developed a White Paper several years ago that discusses the arguments for and against Medicaid co-pays in New Jersey and synthesizes many of the national studies that have been conducted that demonstrate the problems associated with Medicaid co-pays.

For example, the Rand Health Insurance Experiment, which is considered the definitive study on co-payments, found that low-income individuals reduce their medical visits by 41% when they were responsible for co-payments.

The proposal to impose co-pays on Medicaid Medical Day Care services will harm the most vulnerable New Jerseyans and will not result in actual savings to the State.

Co-payments makes health care even less affordable for individuals with limited incomes, forcing beneficiaries to choose between needed health care services and other necessities such as rent, food, or heating.

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, hospital services or institutions such as nursing homes or Developmental Centers.

The average daily rate in a nursing facility is \$200.51 or \$1403.57 weekly. The average daily rate in a State Developmental Center is \$499.64 or \$3,497.48 weekly.

If 41 seniors or individuals disabilities were placed in a nursing home because their medical condition worsened after forgoing Medical Day Care services due to the co-payments, the proposed savings of \$3 million in the Governor's budget would be eliminated.

If only 15 individuals with developmental disabilities were placed in a State Developmental Center because their medical condition worsened after forgoing Medical Day Care services due to the co-payments, the proposed \$3 million savings in the Governor's budget would be eliminated.