Cost Sharing in Medicaid

As states consider whether to expand their Medicaid programs, some states have proposed plans that include new cost sharing requirements. Since Medicaid has traditionally imposed little or no cost sharing upon participants, it is important to examine the potential consequences of such proposals.

State proposals would require varying levels of cost sharing depending on income, and some have also included work requirements for beneficiaries. The March of Dimes supports access to health care for women, children and families and is deeply concerned about the financial burden of cost sharing for low-income individuals eligible for Medicaid.

How does cost sharing affect access to care?

Cost sharing may include copayments (paid at the point of service) or premiums (paid monthly as partial payment for coverage), both of which have been shown to reduce access to care, especially among low-income populations.

• Traditionally, the purpose of cost sharing is to reduce utilization and overall cost. However, studies have shown that cost sharing also reduces use of preventive services and prescription drugs, as well as chronic disease management. Reduced use of preventive and disease management services could ultimately increase overall health care costs if individuals delay care until more expensive treatment is required.

• Premiums have been shown to reduce enrollment in Medicaid and CHIP. Increasing Medicaid premiums from 0 to 10 dollars per month has been shown to decrease continuous enrollment by 1.4 months and reduce rates of full year enrollment by 12% for both children and adults.

• Given that only modest cost sharing is permitted in Medicaid, the revenue collected may be exceeded by the administrative cost of collecting premiums and copayments.

References
3. Wright Bi et al. Raising premiums and other costs for Oregon health plan enrollees drove many to drop out. Health Aff 2010;29:2311-6