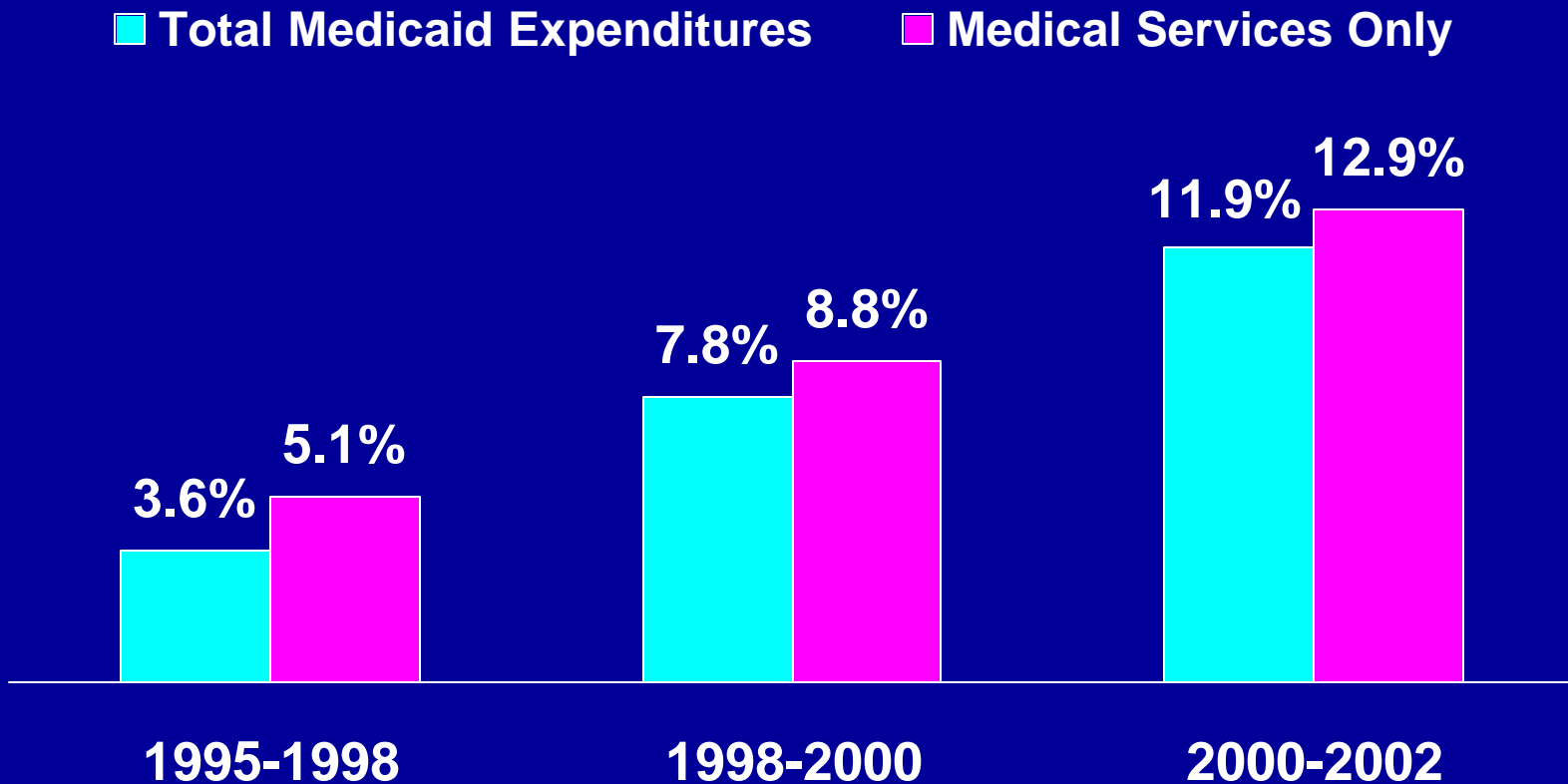


Medicaid Spending: What Factors Contributed to the Growth Between 2000 and 2002?

John Holahan and
Brian Bruen
The Urban Institute
September 22, 2003

Figure 1

Average Annual Growth in Medicaid Expenditures, 1995-2002

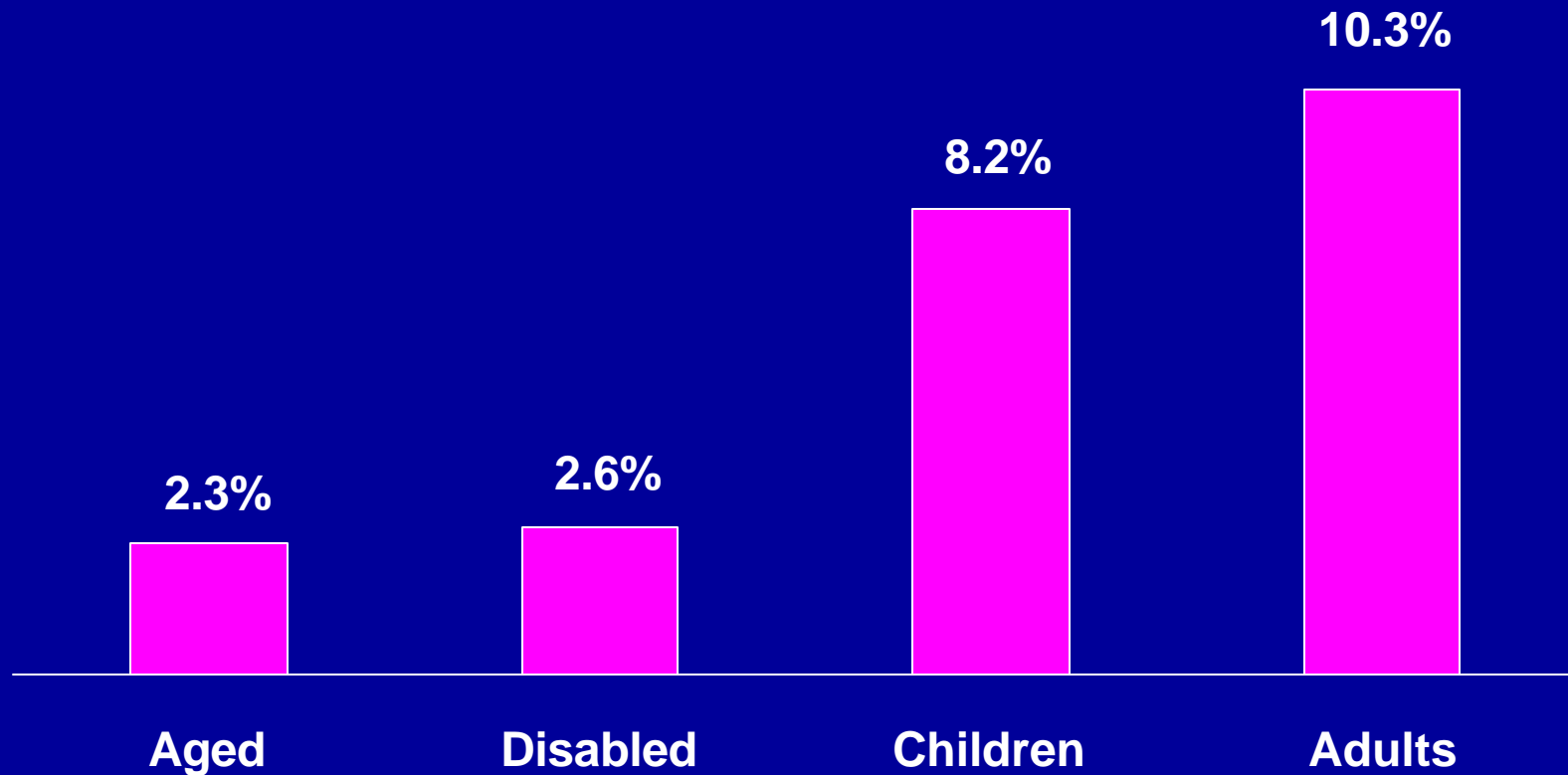


SOURCE: Urban Institute, 2003; estimates based on data from HCFA Financial Management Reports, 2003 (HCFA-64/CMS-64).

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Figure 2

Change in Medicaid Enrollment* 2000-2002



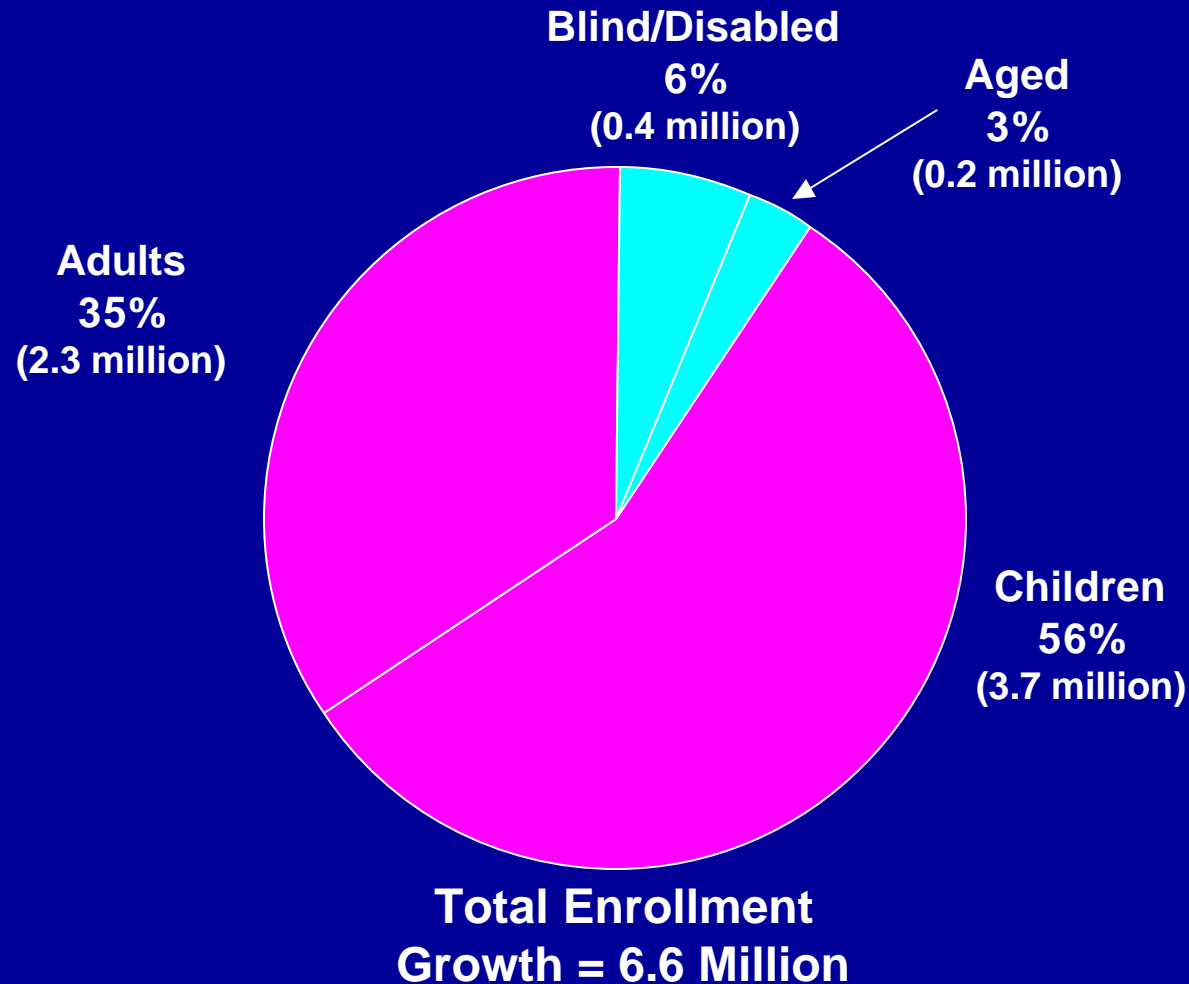
* Ever Enrolled

SOURCE: Urban Institute, 2003; estimates of the 2000 MSIS Annual Person Level Summary Files; 2002 data from the CBO March 2003 baseline.

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Medicaid and the Uninsured

Figure 3

Contributors to Change in Medicaid Enrollment*, 2000-2002



* Ever Enrolled

SOURCE: Urban Institute, 2003; estimates of the 2000 MSIS Annual Person Level Summary Files; 2002 data from the CBO March 2003 baseline.

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Sources of Enrollment Growth

Families and Children

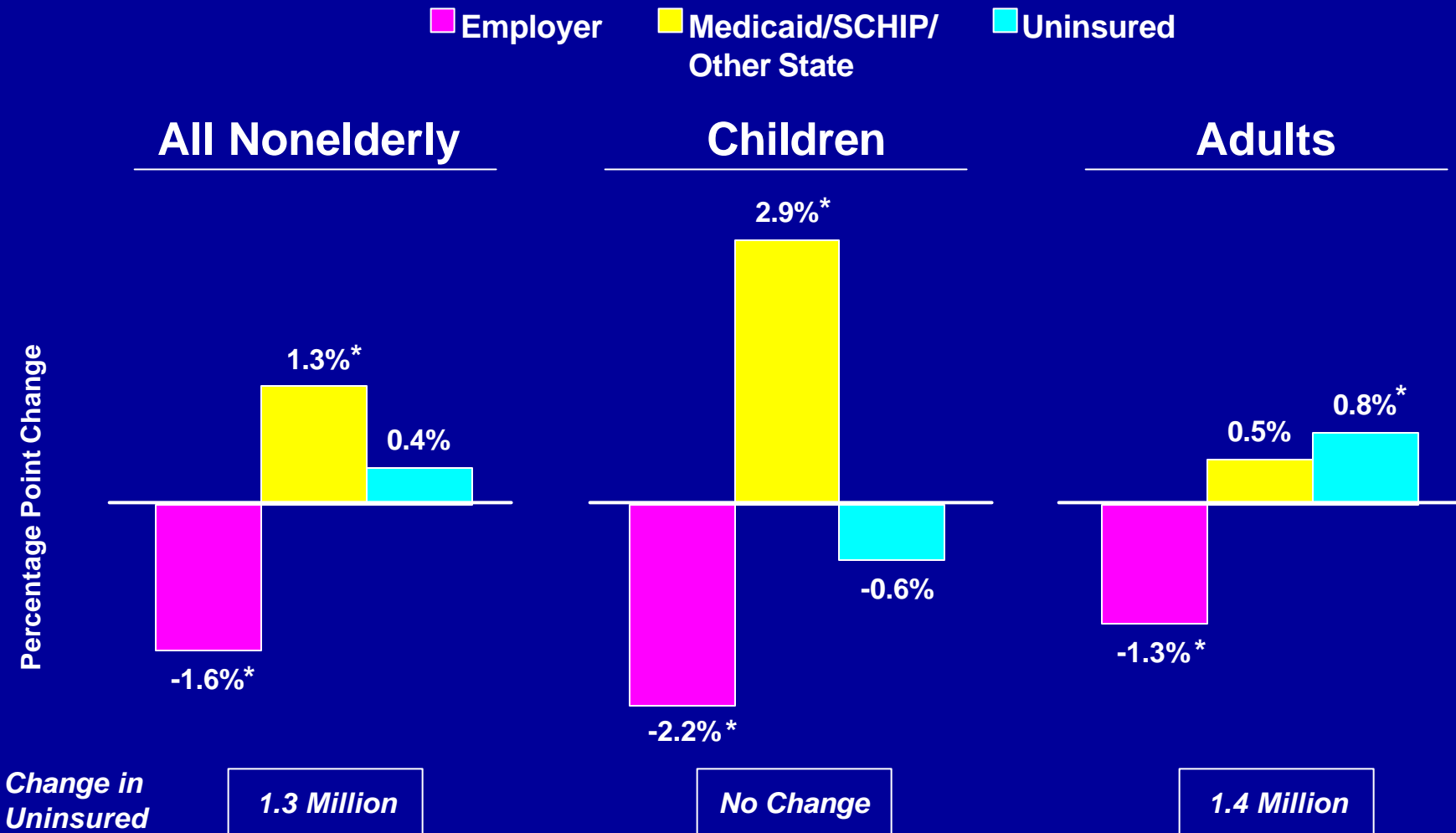
- The Recession and Rising Health Care Costs
- State Expansions in the Late 1990's

Aged and Disabled

- Increased Participation in Medicaid, Likely Due to Rising Health Care Costs, e.g. Prescription Drugs
- Aging of the Baby Boomers Affecting Disability Rates
- Medical Technology
- Increased Participation in Home- and Community-based Waiver Programs

Figure 5

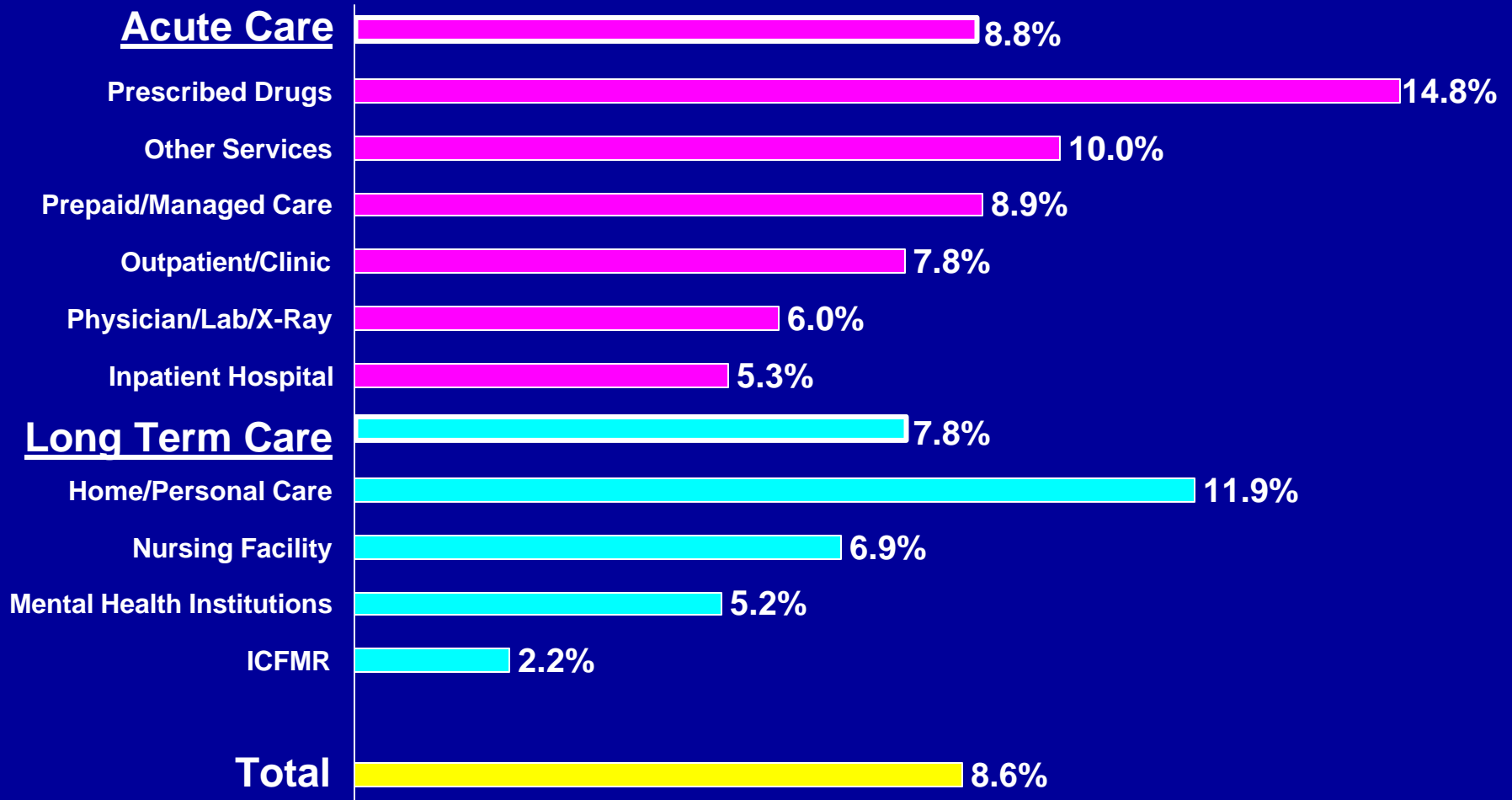
Changes in Health Insurance Coverage Among Low Income Nonelderly Americans, 2000-2001



*Indicates change is significant at the 95% confidence level
Low Income is less than 200% FPL
SOURCE: Urban Institute, 2002, based on data from the March Current Population Surveys, 2001 and 2002.

Figure 6

Average Annual Percentage Change in Spending Per Enrollee by Service, 2000-2002



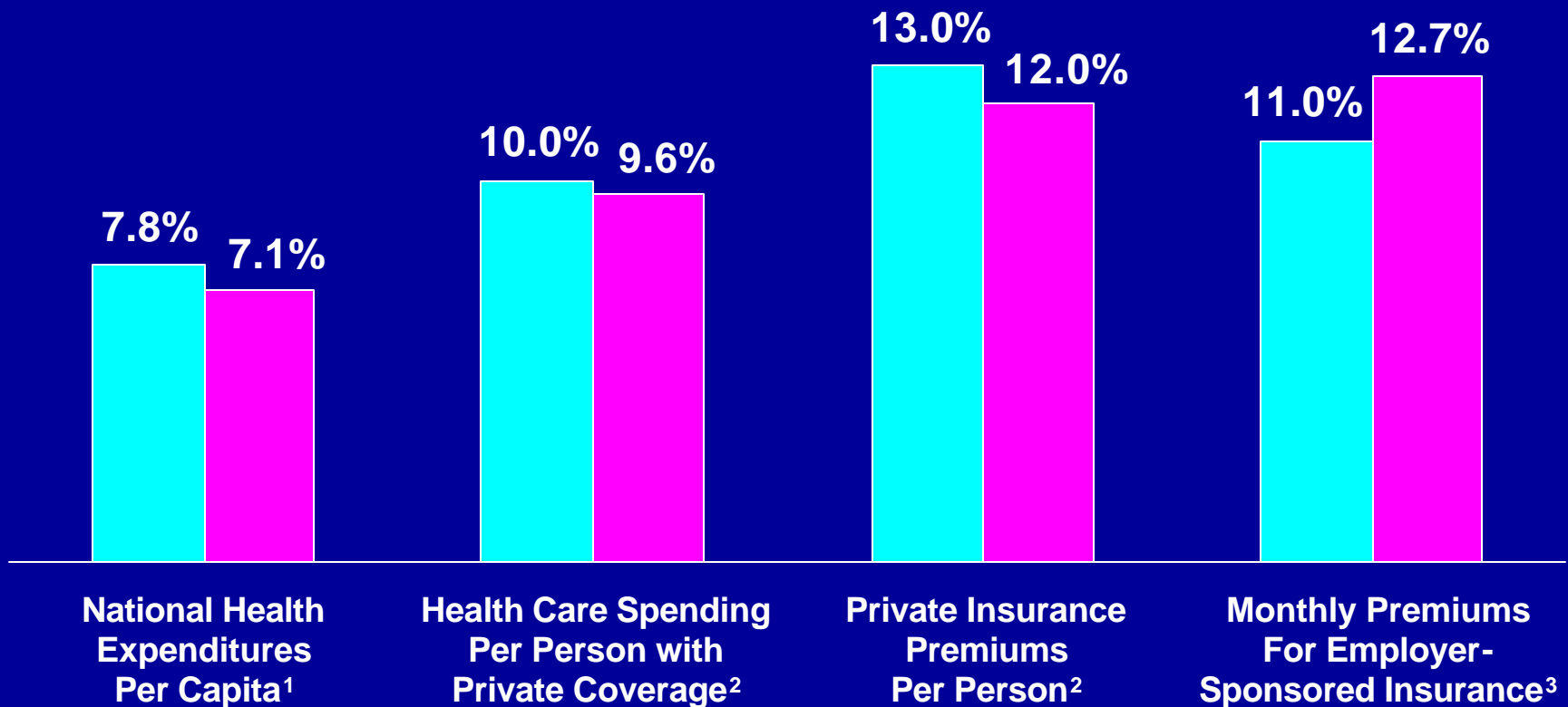
SOURCE: Urban Institute estimates based on data from HCFA Financial Management Reports (HCFA-64/CMS-64).

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Figure 7

Annual Change in Measures of Private Health Spending

2001 2002



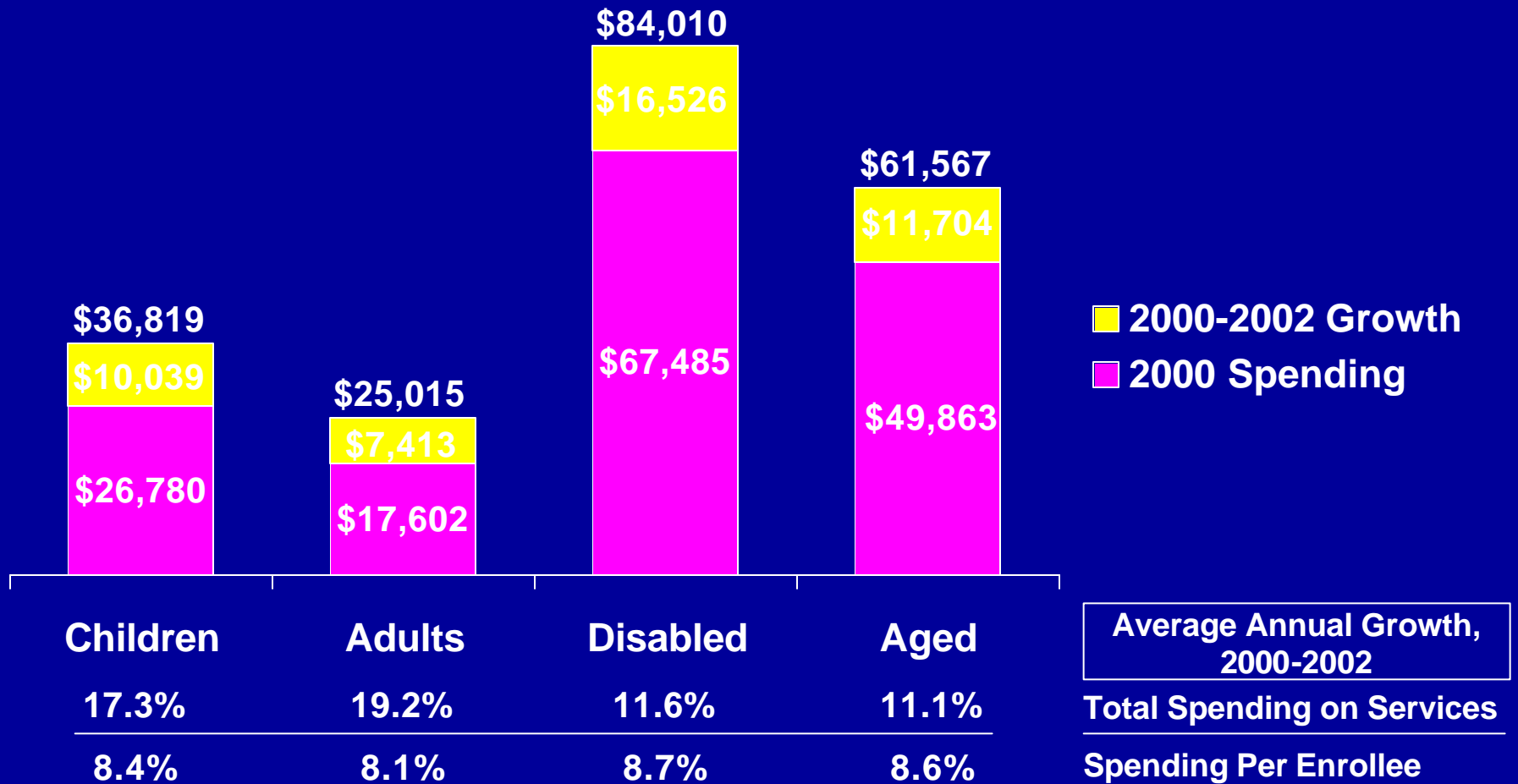
¹ CMS Office of the Actuary, 2003.

² Strunk and Ginsburg, 2003.

³ Kaiser/HRET Survey, 2002.

Figure 8

Growth in Medicaid Spending on Services by Eligibility Group, 2000-2002

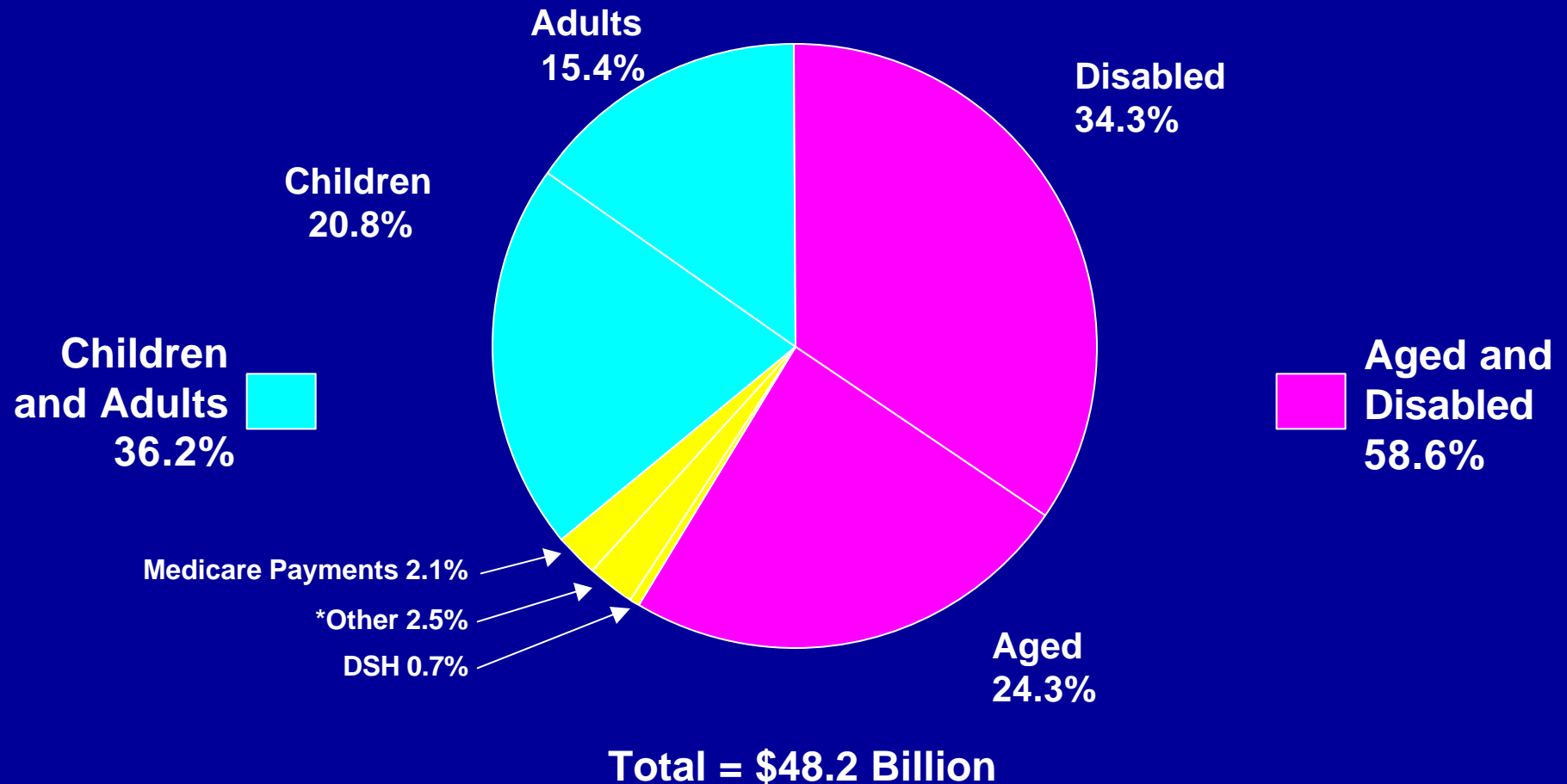


SOURCE: Urban Institute, 2003; estimates based on data from CMS, CMSO, Medicaid Statistical Information System (MSIS) and HCFA/CMS-64 Reports.

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Figure 9

Contributors to Medicaid Expenditure Growth by Enrollment Group, 2000-2002

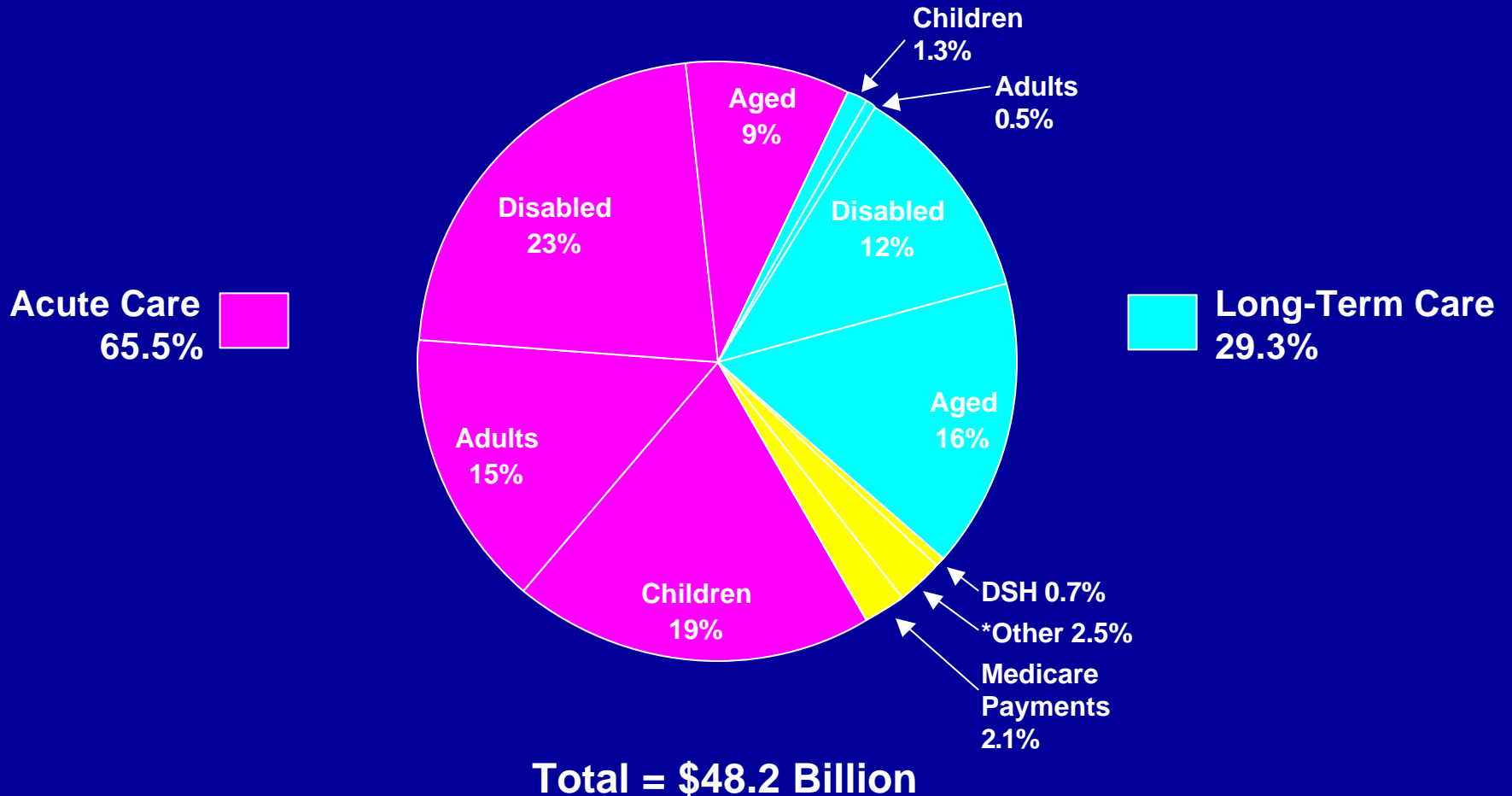


* Other = Administrative costs and adjustments.

SOURCE: Urban Institute, 2003; estimates based on data from CMS, CMSO, Medicaid Statistical Information System (MSIS) and HCFA/CMS-64 Reports.

Figure 10

Contributors to Medicaid Expenditure Growth by Service, 2000-2002



* Other = Administrative costs and adjustments.

SOURCE: Urban Institute, 2003; estimates based on data from CMS, CMSO, Medicaid Statistical Information System (MSIS) and HCFA/CMS-64 Reports.

Spending Growth Slows in 2003

- **Slowdown in recession-induced enrollment growth**
- **State actions in response to fiscal situation:**
 - Eligibility cuts; enrollment barriers
 - Benefit reductions
 - Reimbursement rate reductions
- **Decline in upper payment limit (UPL) programs**