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Medicaid payer mix varies widely by state

The Social Security Act of 1965, which established the Medicaid program, gives states broad discretion to determine Medicaid eligibility, services covered, and provider payments. As a result,

patterns of coverage vary from state to state. Medicare cost reports from FY03 and FY08 offer an interesting means to measure the extent of this variation.

AVERAGE PERCENTAGE OF MEDICAID INPATIENT DAYS TO TOTAL INPATIENT DAYS, BY STATE AND NATIONALLY, FY03 AND FY08

State	2003	2008	State	2003	2008
AK	24.09%	21.91%	MT	14.35%	14.39%
AL	14.28%	16.22%	NC	18.09%	20.72%
AR	9.68%	10.09%	ND	12.14%	13.31%
AZ	25.92%	25.37%	NE	13.23%	13.50%
CA	20.30%	19.91%	NH	7.73%	9.54%
CO	14.06%	16.05%	NJ	6.45%	6.84%
CT	6.96%	8.02%	NM	10.00%	12.08%
DC	16.96%	20.27%	NV	12.46%	13.63%
DE	12.69%	14.88%	NY	20.02%	13.29%
FL	12.90%	13.32%	OH	11.77%	8.11%
GA	21.20%	13.16%	OK	19.19%	23.77%
HI	9.99%	7.04%	OR	16.81%	16.12%
IA	12.42%	16.08%	PA	5.56%	6.23%
ID	17.49%	17.53%	PR	18.69%	17.54%
IL	18.88%	19.99%	RI	14.93%	14.42%
IN	14.24%	11.77%	SC	17.98%	17.35%
KS	10.51%	11.38%	SD	13.64%	16.01%
KY	15.91%	16.81%	TN	5.57%	11.73%
LA	21.29%	23.97%	TX	15.70%	10.87%
MA	14.27%	14.66%	UT	16.86%	19.61%
MD	11.72%	13.01%	VA	10.59%	11.95%
ME	15.91%	16.77%	VT	12.29%	15.04%
MI	8.47%	9.23%	WA	18.44%	19.77%
MN	9.89%	10.54%	WI	7.19%	7.72%
MO	11.52%	12.11%	WV	13.58%	15.22%
MS	20.96%	21.69%	WY	14.31%	13.11%

The Medicare cost report instructs hospitals to report the number of inpatient days specific to the Medicaid program during a fiscal year. The accompanying chart shows the percentage of Medicaid inpatient days to total inpatient days for cost reports representing FY03 and FY08. It is interesting to note that the national percentage of Medicaid days to total days remained relatively stable, while sizeable changes, both up and down, occurred for many states. These changes are most likely the result of legislative initiatives at the state level altering the local Medicaid program as well as local economic conditions.

Hospitals treating Medicaid beneficiaries are typically paid less than their cost of providing care for this population. Quite often, Medicaid benefits (payments to providers) are cut during lean economic times. Given the current economic climate coupled with a new federal mandate for expansion of Medicaid coverage, it will be important for hospitals to monitor their Medicaid payer mix and the subsequent financial impact for the facility. ●

This analysis was performed by American Hospital Directory, LLC, Louisville, Ky. For more information, contact William Shoemaker at wshoemaker@ahd.com.

National	2003	2008
Overall	14.77%	14.14%
Low	5.56%	6.23%
Median	14.15%	14.41%
High	25.92%	25.37%

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