Center for American Progress

Medicaid: The Best Safety-Net for Katrina Survivors and States

September 9, 2005

Medicaid: The Best Safety-Net for Katrina Survivors and States

In the aftermath of Hurricane Katrina, Americans are struggling to comprehend and respond to the scale of this disaster. The after-effects are likely to reverberate for months and years, as Louisiana, Mississippi and Alabama work to rebuild their economies, their infrastructure and their societies. And right now, thousands of Katrina survivors are working to rebuild their lives. Health care services and health care coverage will be key components of these efforts, for individuals and families, affected states, and states that have welcomed Katrina survivors into their communities. In some way, the nation must ensure that individuals, families and state governments receive the helping hand they need to address the health care needs that are emerging in Katrina's wake.

Katrina has created a health care crisis of unimaginable proportions. Survivors have acute health care problems – such as injuries that are directly related to the storm and flood – as well as chronic conditions – such as kidney disease[1], diabetes and heart disease[2] – that need immediate care and long-term attention. The health care systems in Katrina-affected states have been eviscerated, with public health clinics, community hospitals and major medical centers, dialysis clinics, and even "Big Charity" – the major public hospital in New Orleans – severely damaged, destroyed or completely inaccessible. Neighboring states have welcomed and absorbed the diaspora of Katrina survivors and must find a way to arrange and pay for urgently-needed health care services, long-term care, mental health services, and routine health care needs for people who have lost everything. Health care providers in these states have volunteered their services, but it is unreasonable to expect that they can continue to do so for months on end. And Katrina survivors need the security and dependability that health coverage confers.

---

[1] C.J. Pirtle, A.C. Schoolwerth,, D.W. Brown, A.H. Mokdad, ES Ford, "State-Specific Trends in Chronic Kidney Failure – United States, 1990-2001," *MMWR Weekly*, October 8, 2004. Louisiana, Mississippi and Alabama rank second, third and sixth, respectively, across states in chronic kidney failure.

[2] State Health Facts, Kaiser Family Foundation, http://www.statehealthfacts.org. Mississippi, Alabama and Louisiana rank first, sixth and seventh, respectively, across states in diabetes prevalence, while they rank first, sixth and eighth, respectively, in heart disease death rates.

Fortunately, the United States can build upon a tested model to meet these needs – Disaster Relief Medicaid. After the 2001 terrorist attacks in New York City, a partnership between the city, New York State, the federal government and community-based organizations moved swiftly to provide easily accessible, comprehensive coverage to thousands of New Yorkers. This approach – with modifications that meet the needs of this disaster – can provide stable, dependable health coverage to Katrina survivors and enable Katrina-affected states, neighboring states, and other states sheltering Katrina survivors to cope with increased demands on their health care systems and state budgets.

In brief, Disaster Relief Medicaid would: 1) provide Katrina survivors with guaranteed health coverage through the Medicaid program, utilizing a simplified eligibility and enrollment process, no matter where they reside; 2) guarantee full federal funding for Katrina survivors' health care costs, and health care costs incurred by the three states directly affected by the disaster; and 3) ensure that people with Medicare coverage in Katrina-affected states experience a seamless transition from Medicaid-financed drug coverage to the new Medicare drug benefit. Disaster Relief Medicaid will provide the health care safety net that will be critical to the well-being of Katrina survivors, health care providers and states in the weeks and months to come.

For example, this approach builds upon the Medicaid infrastructure that already exists in every state, thus ensuring swift, effective implementation of this assistance. Health providers already participate in the system; states already have enrollment and payment systems and established benefit packages; and community-based organizations are familiar with Medicaid outreach and enrollment. And the existing federal-state relationship in Medicaid will ensure that states can begin health care coverage as quickly as possible, without the need for ungainly application procedures or negotiations with the federal government. All of the critical players know, understand and participate in Medicaid today – no other coverage option offers this level of simplicity and familiarity.

Disaster Relief Medicaid will also be simple to understand for individuals and families. It will provide uniform, straightforward eligibility for health care coverage for

people from federal disaster counties in Mississippi and Alabama, and federal disaster parishes in Louisiana, as well as those who live in the three states and lost their jobs as a result of Katrina. Regardless of where Katrina survivors find refuge, including other states, they can enroll in Disaster Relief Medicaid, and they can take this coverage with them, no matter how many times they must move during the next six months. And although Medicaid eligibility differs from state to state, Disaster Relief Medicaid would treat all Katrina survivors equally, and ensure that they are eligible for coverage no matter where they go. This coverage will also be guaranteed, unlike other coverage that may be beyond their control – for example, employer-sponsored coverage provided by a business that no longer exists, or individual coverage with premiums that are now completely beyond their reduced income or means. And if people still have access to private insurance, Medicaid can help pay for it. The Medicaid approach also ensures that no matter how individual health care needs evolve – children who may be coping now, but need mental health services later, or frail elders who can no longer care for their own basic needs and need long-term care, or people who need additional assistance managing their chronic disease over time – their health care coverage can adapt to their needs. We can't know now how people's health care needs may change, or how accurate current cost projections may prove to be, and Medicaid provides a financing source that can accommodate an evolving range of necessary services.

Furthermore, guaranteed, full federal funding will ensure that all states affected by Katrina – those that bore the brunt of the disaster as well as those that host Katrina survivors – will have the financial capacity to provide health coverage to these individuals and families. Louisiana, Mississippi and Alabama are enduring a public health disaster with a frayed safety net, thousands of newly-needy residents, and devastated state economies. They cannot manage to meet these challenges without significant federal financial assistance – and they need funding that can adapt to uncertain costs. The Medicaid program provides the only mechanism that enables federal assistance to respond to real need by automatically adjusting payments to reflect actual services and spending. This means that host states will be able to enroll Katrina survivors in health coverage and pay providers for serving these families without threatening their own fiscal health or overstressing their health care systems.

Finally, Disaster Relief Medicaid will enable doctors and other health care providers to care for Katrina survivors in Louisiana, Mississippi and Alabama as well as host states knowing that their patients have health insurance and their health care needs can be addressed – patients will be able to fill prescriptions, schedule follow-up appointments and receive critical services, without worrying about how to pay for this care. Hospitals, clinics and other large providers will be able to receive payment for the care they provide, rather than struggling to spread the costs of uncompensated care provided to Katrina survivors across their organizational budgets. And providers won't have to jump through new hoops to receive these payments – they will be paid under their existing agreements with Medicaid in their state. Other approaches may require them to apply to be a Medicaid provider for Louisiana, Alabama or Mississippi, which could delay payment and cause unnecessary administrative burdens.

In short, the Medicaid program – and Disaster Relief Medicaid in particular – can provide a proven, reliable source for health care coverage to the thousands of Americans trying to rebuild their lives in the wake of Hurricane Katrina. It will also provide the financial assistance and financial certainty Katrina-affected states and host states must have to meet the needs of their new – even if temporary – residents. Governors and Medicaid directors, like Governor Perry of Texas, support this approach because they know it provides the guaranteed funding and immediate relief they need. This approach can provide a quick, effective response to this Katrina-created health care crisis and protect individual and public health.