THE FACTS ON MEDICAID COPAYMENTS

Considerations for Arkansas

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What are copayments?

Copayments or coinsurance are charges that beneficiaries pay when they receive a service. The Centers for Medicare and Medicaid Services released proposed rules in January 2013 to modernize and simplify federal cost-sharing guidelines.

Who can be required to pay?

In general, healthy adults can be required to pay copayments for some services. Federal rules do not allow cost-sharing for several groups including low-income children, foster children, and individuals in hospice care. Cost-sharing cannot be imposed for emergency services, family planning services, preventive care for children, or pregnancy-related care.

How can copayments be structured?

For children receiving ARKids First A or Medicaid, the federal law allows cost-sharing only for nonemergency use of the emergency room (up to $8) or non-preferred prescription drugs (up to $4). Today, Arkansas does not require any cost-sharing for these services. Children from higher-income families who have ARKids First B have unique cost-sharing rules set in the terms of a waiver. Most services have a $10 copayment; prescriptions are $5 and inpatient services are 10 percent of the first day of charges. The table below summarizes adult copays today and under the federal maximums.

Medicaid Cost Sharing for Adults[10]

	Income under 100 % FPL		Income 100-138 % FPL	
	Arkansas Amount	Federal Maximum	Arkansas Rules	Federal Rules
Preventive Services	None	$4[11]	None	10% of cost
Outpatient Services	None	$4	None	10% of cost
Institutional Services	10% of first day of charges	Up to 50% of first day of charges	10% of first day of charges	Up to 50% of first day of charges, or 10% of cost
Emergency Services	None	Not Allowed	None	Not Allowed
Non-Emergency use of ER	None	$8	None	$8
Prescription Drugs	$0.50 to $3.00	$4 Preferred $8 Non-Preferred	$0.50 to $3.00	$4 Preferred Drugs 20% of cost Non-Preferred
Premiums	None	Not Allowed	None	Not allowed

What does the research say?

Copayments can be a barrier to enrollment and care for Medicaid beneficiaries. When individuals cannot access preventive care and early treatment, it often means they use the costly emergency room or let health issues worsen before they finally receive treatment. In Arkansas, where almost half of households earn less than $35,000 annually, extra medical costs can diminish efforts to reduce poverty. Copayments reduce provider income if Medicaid enrollees cannot pay for care, and they do not always have the money-saving effects states hope to achieve.

If Arkansas chooses cost-sharing, what principles should apply?

- Model cost-sharing that works in Arkansas for low-income families.
- Be innovative. Design copayments to encourage high-quality, cost-effective care and prevention.
- Protect families' budgets.
- Monitor the effects of cost-sharing decisions.