#1: What is Medicaid and What Does it Do?

Medicaid has many vital roles in our health care system.

- **Health Insurance Coverage**: 31 million children & 16 million adults in low-income families; 16 million elderly and persons with disabilities
- **Assistance to Medicare Beneficiaries**: 9.4 million aged and disabled — 20% of Medicare beneficiaries
- **Long-Term Care Assistance**: 1.6 million institutional residents; 2.8 million community-based residents
- **Support for Health Care System and Safety-net**: 16% of national health spending; 40% of long-term care spending
- **State Capacity for Health Coverage**: For FY 2013, FMAPs range from 50 – 73.4%
Medicaid is a major source of health coverage and spending.

**Health Coverage**
- Uninsured: 16%
- Medicaid: 16%
- Medicare: 13%
- Other Public: 1%
- Private Non-Group: 5%
- Employer-Sponsored Insurance: 49%

**Health Spending**
- Consumer Out-of-Pocket: 13%
- Other Private Funds: 8%
- Other Government Programs: 4%
- Health Insurance: 35%
- Medicaid: 16%
- Medicare: 24%

Total = 307.9 million
Total = $2.3 trillion

**NOTE:** Health spending total does not include administrative spending.
**SOURCE:** Health insurance coverage: KCMU/Urban Institute analysis of 2011 data from 2012 ASEC Supplement to the CPS. Health expenditures: KFF calculations using 2011 NHE data from CMS, Office of the Actuary

Medicaid helps to fill gaps in private insurance coverage.

**Employer/Other Private**
- <100% FPL: 48%
- 100-199% FPL: 29%
- 200-399% FPL: 12%
- 400%+ FPL: 4%

**Medicaid/Other Public**
- <100% FPL: 32%
- 100-199% FPL: 32%
- 200-399% FPL: 73%
- 400%+ FPL: 90%

**Uninsured**
- <100% FPL: 20%
- 100-199% FPL: 39%
- 200-399% FPL: 73%
- 400%+ FPL: 90%

**NOTE:** FPL – Federal Poverty Level. The FPL was $22,350 for a family of four in 2011.
Data may not total 100% due to rounding.
**SOURCE:** KCMU/Urban Institute analysis of 2012 ASEC Supplement to the CPS.
Medicaid eligibility levels are more limited for adults than for children.

Figure 5

Minimum Medicaid Eligibility under Health Reform - 138% FPL ($24,344 for a family of 3 in 2012)

<table>
<thead>
<tr>
<th>Children</th>
<th>Pregnant Women</th>
<th>Working Parents</th>
<th>Jobless Parents</th>
<th>Childless Adults</th>
</tr>
</thead>
<tbody>
<tr>
<td>235%</td>
<td>185%</td>
<td>61%</td>
<td>37%</td>
<td>0%</td>
</tr>
</tbody>
</table>

SOURCE: Based on the results of a national survey conducted by the Kaiser Commission on Medicaid and the Uninsured and the Georgetown University Center for Children and Families, 2013.

All but 4 states set Medicaid/CHIP eligibility for children at 200% FPL or higher.

Figure 6

NOTE: The federal poverty line (FPL) for a family of three in 2012 is $19,090 per year. OK has a premium assistance program for select children up to 200% of the FPL. AZ’s CHIP program is currently closed to new enrollment.

SOURCE: Based on the results of a national survey conducted by the Kaiser Commission on Medicaid and the Uninsured and the Georgetown University Center for Children and Families, 2013.
NOTE: The federal poverty line (FPL) for a family of three in 2012 is $19,090 per year. Several states also offer coverage with a benefit package that is more limited than Medicaid to parents at higher income levels through waiver or state-funded coverage.

SOURCE: Based on the results of a national survey conducted by the Kaiser Commission on Medicaid and the Uninsured and the Georgetown University Center for Children and Families, 2013.

**Figure 7**

Medicaid coverage for working parents is more limited.

NOTE: Map identifies the broadest scope of coverage in the state. MN and VT also offer waiver coverage that is more limited than Medicaid. OR and UT also offer "premium assistance" with open enrollment. IL, LA, and MO offer coverage limited to adults residing in a single county or area.

SOURCE: Based on the results of a national survey conducted by the Kaiser Commission on Medicaid and the Uninsured and the Georgetown University Center for Children and Families, 2013.

**Figure 8**

Only 9 states provide full Medicaid to childless adults.

NOTE: Map identifies the broadest scope of coverage in the state. MN and VT also offer waiver coverage that is more limited than Medicaid. OR and UT also offer "premium assistance" with open enrollment. IL, LA, and MO offer coverage limited to adults residing in a single county or area.

SOURCE: Based on the results of a national survey conducted by the Kaiser Commission on Medicaid and the Uninsured and the Georgetown University Center for Children and Families, 2013.
Medicaid is the largest source of funding for safety-net providers.

**Safety-Net Hospital Net Revenues by Payer, 2010**

- Medicaid: 35%
- Medicare: 21%
- Commercial: 27%
- Other: 4%
- Uninsured: 2%
- Federal / State / Local Payments: 11%

Total = $47 Billion

**Health Center Revenues by Payer, 2011**

- Medicaid: 38%
- Federal Grants (330): 17%
- Other Grants & Contracts: 24%
- Private: 7%
- Medicare: 6%
- Other Public: 2%
- Uninsured / Self Pay: 6%

Total = $12.7 Billion

*Sources: Data for hospitals from America’s Safety Net Hospitals and Health Systems, 2010, National Association of Public Hospitals and Health Systems, May 2012. Health center data from 2011 Uniform Data System (UDS), BPHC/HRSA/HHS.*

9 Million dual eligible beneficiaries are covered by both Medicare and Medicaid.

**Figure 10**

- Medicare: 37 Million
- Medicaid: 51 Million
- Dual Eligibles: 9 Million

Total Medicare Beneficiaries, 2008: 46 million
Total Medicaid Beneficiaries, 2008: 60 million

*Source: Kaiser Family Foundation analysis of Medicare Current Beneficiary Survey, 2008, and KCMU and Urban Institute estimates based on data from the FY2008 MSIS.*
Medicaid provides benefits to reflect the needs of the population it serves.

- **Low-Income Families**
  - Pregnant Women: Pre-natal care and delivery costs
  - Children: Routine and specialized care for childhood development
    (immunizations, dental, vision, speech therapy)
  - Families: Affordable coverage to prepare for the unexpected
    (emergency dental, hospitalizations, antibiotics)

- **Individuals with Disabilities**
  - Autistic Child: In-home therapy, speech/occupational therapy
  - Cerebral Palsy: Assistance to gain independence
    (personal care, case management and assistive technology)
  - HIV/AIDS: Physician services, prescription drugs
  - Mental Illness: Prescription drugs, physicians services

- **Elderly Individuals**
  - Medicare beneficiary: help paying for Medicare premiums and cost sharing
  - Community Waiver Participant: community based care and personal care
  - Nursing Home Resident: care paid by Medicaid since Medicare does not cover institutional care

Six in ten dollars of Medicaid spending is for state expansion enrollees and optional services.

- **Mandatory Services for Federal Core Enrollees**
  - 40%

- **Optional Services for Federal Core Enrollees**
  - 19%

- **Mandatory Services for State Expansion Enrollees**
  - 27%

- **Optional Services for State Expansion Enrollees**
  - 14%

**Total = $311 billion**

**NOTE:** Total expenditures do not include disproportionate share hospital (DSH) payments, drug rebates, administrative costs, or accounting adjustments. Shares may not sum to 100% due to rounding.

**SOURCE:** Urban Institute estimates based on FFY data from the 2007 MSIS and CMS 64.
Medicaid provides access to care that is comparable to private insurance and better than access for the uninsured.

**Employer/Other Private** | **Medicaid/Other Public** | **Uninsured**
---|---|---
No Usual Source of Care | 28% | 2% | 3%
Postponed Seeking Care Due to Cost | 20% | 2% | 2%
Went Without Needed Care Due to Cost | 11% | 1% | 1%

**Nonelderly Adults**

Women Without Source of Care | 53% | 10% | 10%
Postponed Seeking Care Due to Cost | 30% | 7% | 4%
Went Without Needed Care Due to Cost | 26% | 12% | 10%

**Children**

Notes: In past 12 months. Respondents who said usual source of care was the emergency room were included among those not having a usual source of care. All differences between the uninsured and the two insurance groups are statistically significant (p < 0.05).

Source: KCMU analysis of 2011 NHIS data.

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Most Medicaid enrollees receive care through private managed care.

**U.S. Overall = 65.9%**

**0% - 50% (9 states)**
**51% - 65% (15 states)**
**66% - 80% (17 states and DC)**
**80%+ (9 states)**

Note: Includes enrollment in MCOs and PCCMs. Most data as of October 2010.

Source: KCMU/HMA Survey of Medicaid Managed Care, September 2011.
#1: What is Medicaid and What Does it Do?

**Answers**

- Medicaid is the nation’s primary health insurance program for Americans with low incomes and significant health care needs.

- Medicaid increases access to care and limits out-of-pocket burdens for low-income people.

- Medicaid is the largest source of funding for safety-net providers and the dominant payer for long-term care. Medicaid also helps to make Medicare work for low-income elderly and disabled beneficiaries.

- Medicaid provides an entitlement to coverage for individuals eligible for the program. Medicaid also guarantees federal matching payments to states with no cap in order to meet program needs.

- States administer Medicaid within broad federal rules.

- Although Medicaid is publicly financed, the program purchases health services primarily in the private sector.

#2: What does Medicaid cost and why?
Figure 17

**Medicaid provides support for providers and services in the health care system.**

**Medicaid as a share of national health care spending:**

<table>
<thead>
<tr>
<th>Service Type</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Health Services and Supplies</td>
<td>16%</td>
</tr>
<tr>
<td>Hospital Care</td>
<td>18%</td>
</tr>
<tr>
<td>Professional Services</td>
<td>8%</td>
</tr>
<tr>
<td>Nursing Home Care</td>
<td>31%</td>
</tr>
<tr>
<td>Prescription Drugs</td>
<td>7%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Total National Spending (billions)</th>
<th>Medicaid Spending (billions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>$2,279</td>
<td>$851</td>
</tr>
<tr>
<td>$851</td>
<td>$723</td>
</tr>
<tr>
<td>$723</td>
<td>$149</td>
</tr>
<tr>
<td>$149</td>
<td>$263</td>
</tr>
</tbody>
</table>

NOTE: Includes neither spending on CHIP nor administrative spending. Definition of nursing facility care was revised from previous years and no longer includes residential care facilities for mental retardation, mental health or substance abuse. The nursing facility category includes continuing care retirement communities.


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Figure 18

**The majority of Medicaid expenditures are for acute care.**

**Total = $413.9 billion**

NOTE: Excludes administrative spending, adjustments and payments to the territories.

SOURCE: Urban Institute estimates based on FY 2011 data from CMS (Form 64), prepared for the Kaiser Commission on Medicaid and the Uninsured.
Medicaid spending growth per capita was slower than private health care spending from 2007 to 2011.

Spending Growth FFY 2007-2011

NOTE: Acute Care includes payments to managed care plans.

Medicaid enrollment and spending growth is accelerated during economic downturns.

NOTE: Enrollment percentage changes from June to June of each year. Spending growth percentages in state fiscal year.
SOURCE: Medicaid Enrollment June 2011 Data Snapshot, KCMU, June 2012. Spending Data from KCMU Analysis of CMS Form 64 Data for Historic Medicaid Growth Rates. FY 2012 and FY 2013 data based on KCMU survey of Medicaid officials in 50 states and DC conducted by Health Management Associates, October 2012.
The elderly and disabled account for the majority of Medicaid spending.

Enrollees
Total = 62.7 Million

- Children 49%
- Adults 26%
- Elderly 10%
- Disabled 15%

Expenditures
Total = $346.5 Billion

- Disabled 42%
- Elderly 23%
- Adults 14%
- Children 20%

NOTE: Percentages may not add up to 100 due to rounding.
SOURCE: KCMU/Urban Institute estimates based on data from FFY 2009 MSIS and CMS-64, 2012. MSIS FFY 2008 data were used for PA, UT, and WI, but adjusted to 2009 CMS-64.

Disability and long-term care drive higher per-enrollee spending.

<table>
<thead>
<tr>
<th></th>
<th>Acute Care</th>
<th>Long-Term Care</th>
</tr>
</thead>
<tbody>
<tr>
<td>Children</td>
<td>$2,305</td>
<td>$65</td>
</tr>
<tr>
<td>Adults</td>
<td>$2,900</td>
<td>$13</td>
</tr>
<tr>
<td>Disabled</td>
<td>$9,565</td>
<td>$6,275</td>
</tr>
<tr>
<td>Elderly</td>
<td>$13,149</td>
<td>$9,748</td>
</tr>
</tbody>
</table>

SOURCE: Kaiser Commission on Medicaid and the Uninsured and Urban Institute estimates based on FFY 2009 MSIS and CMS-64 data. MSIS FFY 2008 data was used for PA, UT, and WI, but adjusted to 2009 CMS-64.
Duals account for 38% of Medicaid spending.

**Medicaid Enrollment**
- Children: 49%
- Adults: 26%
- Other Aged & Disabled: 10%
- Dual Eligibles: 15%

**Medicaid Spending**
- Non-Dual Spending: 62%
- Prescribed Drugs: 0.4%
- Long-Term Care: 25%
- Medicare: 7%
- Other Acute: 2%
- Premiums: 3%

Total = 62.7 Million
Total = $358.5 Billion

SOURCE: Kaiser Commission on Medicaid and the Uninsured and Urban Institute estimates based on data from FFY 2009 MSIS and CMS-64 reports, 2012. 2008 MSIS data was used for PA, UT, and WI, because 2009 data were unavailable.

---

Top 5% of enrollees accounted for more than half of Medicaid spending in FFY 2009.

**Enrollees**
- Total = 62.7 million

**Expenditures**
- Total = $346.5 billion

**Top 5% of Spenders**
- Children: 3.7%
- Adults: 1.9%
- Disabled: 30.4%
- Elderly: 18.6%

SOURCE: KCMU/Urban Institute estimates based on data from FY 2009 MSIS and CMS-64, 2012. MSIS FY 2008 data were used for PA, UT, and WI, but adjusted to 2009 CMS-64.
#2: What does Medicaid cost and why?

**Answers**

- Medicaid accounts for about one sixth of total health care spending in the country.
- On a per enrollee basis, Medicaid spending is growing more slowly than premiums for employer-sponsored insurance or national health care spending. However it is subject to same market pressures as other payers.
- Enrollment is the dominant driver in Medicaid spending, especially during periods of economic downturn.
- The elderly and disabled account for the majority of Medicaid spending.
- Medicaid spending is concentrated among a small number of beneficiaries with complex health care needs.
- States have a strong incentive to manage Medicaid cost growth.

---

#3: What is Medicaid’s role in state budgets?

Medicaid Costs are Shared by the States and the Federal Government

Source: Federal Register, November 30, 2011

State Tax Revenue, 1989 – 2012

Since the start of the recession about 10 million more enrolled in Medicaid.

<table>
<thead>
<tr>
<th>Total Monthly Enrollment (in Millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>June 2007</td>
</tr>
<tr>
<td>June 2008</td>
</tr>
<tr>
<td>June 2009</td>
</tr>
<tr>
<td>June 2010</td>
</tr>
<tr>
<td>June 2011</td>
</tr>
</tbody>
</table>

NOTE: The orange bars denote the period since the most recent recession started, though it technically started in December 2007. SOURCE: Compiled by Health Management Associates from State Medicaid enrollment reports for the Kaiser Commission on Medicaid and the Uninsured.

Figure 29

Drops in revenues had a larger impact on state budgets than increases in Medicaid spending during the recession.


Figure 30
Medicaid is a budget item and a revenue item in state budgets.

- Medicaid
- Elementary & Secondary Education
- Other

<table>
<thead>
<tr>
<th>Category</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total State Spending</td>
<td>$1.66 Trillion</td>
<td></td>
</tr>
<tr>
<td>General Funds</td>
<td>$635.5 Billion</td>
<td></td>
</tr>
<tr>
<td>Federal Funds</td>
<td>$565.9 Billion</td>
<td></td>
</tr>
</tbody>
</table>


Shares of state general fund spending for Medicaid and education have remained fairly stable over time.

- Elementary and Secondary Education
- Medicaid
- Higher Education

Medicaid helps to generate jobs in state economies.

Federal Medicaid Matching Dollars — Injection of New Money —

State Medicaid Dollars

Health Care Services

Vendors (ex. Medical Supply Firm)

Employee Income

Consumer Goods and Services

Taxes

Direct Effects

Indirect Effects

Induced Effects

State budget pressures have resulted in Medicaid cost containment efforts, but eligibility is protected.

NOTE: Past survey results indicate not all adopted actions are implemented. Provider payment restrictions include rate cuts for any provider or freezes for nursing facilities or hospitals. Survey was conducted in July and August 2012.

SOURCE: KCMU survey of Medicaid officials in 50 states and DC conducted by Health Management Associates, October 2012.
States are also moving ahead with initiatives to better coordinate care, especially for more complex populations.

- Any Managed Care Expansions or Initiatives: FY 2012 = 20, Adopted FY 2013 = 35
- Any Care Coordination Initiatives: FY 2012 = 30, Adopted FY 2013 = 45
- Any Dual Eligible Initiatives: FY 2012 = 34

SOURCE: KCMU survey of Medicaid officials in 50 states and DC conducted by Health Management Associates, October 2012.

#3: What is Medicaid's role in state budgets?

Answers

- The Medicaid program is jointly funded by states and the federal government.

- Medicaid is a counter-cyclical program; during economic downturns, individuals lose jobs, incomes drop, state revenues decline, and more individuals qualify and enroll in Medicaid which increases spending.

- Medicaid is the largest source of federal revenue for states. Medicaid funds support health care providers, jobs and state economies overall.

- Due to budget pressures over the last decade, states have adopted an array of cost containment measures.
#4: What is Medicaid’s role in the federal budget?

Medicaid is the third largest domestic program in the federal budget.

Projected FY 2013 Total Federal Outlays = $3.6 trillion

NOTE: FY is fiscal year. 1Amount for Medicare is mandatory spending and excludes offsetting premium receipts (premiums paid by beneficiaries and state contribution (clawback) payments to Medicare Part D). 2"Other" category includes other mandatory outlays and offsetting receipts.

CBO's most recent projections of federal Medicaid spending are lower than previous projections as current spending has slowed.

The House Budget Plan is estimated to result in a 38% reduction in federal Medicaid spending over the 2013-2022 period.

Source: Medicaid Spending and Enrollment Detail for CBO's March 2013 Baseline and the February 2013 Baseline

Source: Urban Institute estimates prepared for the Kaiser Commission on Medicaid and the Uninsured, October 2012
Medicaid enrollment in 2022 would decline significantly under the House Budget Plan.

<table>
<thead>
<tr>
<th>Current Law, Including ACA</th>
<th>Scenario 1: Assuming Current Per Enrollee Spending Growth 50%</th>
<th>Scenario 2: Assuming Reduction in Per Enrollee Spending Growth 42%</th>
</tr>
</thead>
<tbody>
<tr>
<td>% Enrollment Cut from Repeal and Block Grant</td>
<td>Enrollment Cut: 37.5 Million</td>
<td>Enrollment Cut: 31.3 Million</td>
</tr>
<tr>
<td>% Enrollment Cut from Block Grant</td>
<td>75.0</td>
<td>37.5</td>
</tr>
<tr>
<td></td>
<td>17.0</td>
<td>20.5</td>
</tr>
<tr>
<td></td>
<td>35%</td>
<td>50%</td>
</tr>
</tbody>
</table>

Source: Urban Institute estimates prepared for the Kaiser Commission on Medicaid and the Uninsured, October 2012.

#4: What is Medicaid’s role in the federal budget? Answers

- Medicaid is the third-largest domestic program in the federal budget.

- Medicaid is exempt from automatic budget reductions; however Medicaid continues to be discussed as part of federal deficit reduction efforts.

- Leading budget proposals for FFY 2014 released by the Administration and House Republicans take fundamentally different approaches to Medicaid spending.

- The FMAP formula that determines the federal share of Medicaid spending has remained steady since the start of the program; Congress has only amended the formula to provide more federal funding, not less.
#5: What is Medicaid’s role in health reform?

Expanding Medicaid is a key element in health reform.

- Universal Coverage
- Medicaid Coverage For Low-Income Individuals
- Individual Mandate
- Health Insurance Market Reforms
- Exchanges With Subsidies for Moderate Income Individuals
- Employer-Sponsored Coverage
Under the ACA, there will be fewer uninsured as individuals gain coverage through Medicaid and new exchanges.

Total Nonelderly Population = 288 million

<table>
<thead>
<tr>
<th>Without Health Reform (56 Million Uninsured)</th>
<th>With Health Reform (29 Million Uninsured)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Uninsured</strong></td>
<td><strong>Uninsured</strong></td>
</tr>
<tr>
<td>Employer-sponsored Insurance</td>
<td>Medicaid/CHIP</td>
</tr>
<tr>
<td>58%</td>
<td>10%</td>
</tr>
<tr>
<td>Medicaid/CHIP</td>
<td>Medicaid/CHIP</td>
</tr>
<tr>
<td>13%</td>
<td>17%</td>
</tr>
<tr>
<td>Private Non-Group/Other</td>
<td>Exchange</td>
</tr>
<tr>
<td>10%</td>
<td>9%</td>
</tr>
<tr>
<td>Employer-sponsored Insurance</td>
<td>Private Non-Group / Other</td>
</tr>
<tr>
<td></td>
<td>8%</td>
</tr>
</tbody>
</table>

NOTE: This assumes that all states choose to expand Medicaid eligibility up to 138% FPL January 2014.
SOURCE: Congressional Budget Office, February 2013. Total may not equal 100% due to rounding.

More than half of the uninsured have incomes at or below 138% of poverty, the Medicaid eligibility floor under the ACA.

<table>
<thead>
<tr>
<th>Income</th>
<th>Family Type</th>
</tr>
</thead>
<tbody>
<tr>
<td>400% +</td>
<td>Children</td>
</tr>
<tr>
<td>139-399% FPL (Subsidies)</td>
<td>Parents</td>
</tr>
<tr>
<td>≤ 138% (Medicaid)</td>
<td>Adults without Dependent Children</td>
</tr>
<tr>
<td>51%</td>
<td>16%</td>
</tr>
<tr>
<td>39%</td>
<td>25%</td>
</tr>
<tr>
<td>10%</td>
<td>59%</td>
</tr>
</tbody>
</table>

266.4 M Nonelderly

NOTES: * Medicaid also includes other public programs: CHIP, other state programs, Medicare and military-related coverage. The federal poverty level for a family of four in 2011 was $22,350. Numbers may not add to 100 due to rounding.
SOURCE: KCMU/Urban Institute analysis of 2012 ASEC Supplement to the CPS.
There is significant variation in the share of the uninsured that is below the Medicaid expansion limit across states.

United States:
- 51% Uninsured
- ≤138% FPL
- 26% – 47% (17 states, including DC)
- 48% – 52% (18 states)
- 53% - 61% (16 states)


The ACA streamlines enrollment processes, making it easier to obtain coverage.

Multiple Ways to Enroll
Single Application for Multiple Programs
Use of Electronic Data to Verify Eligibility
Real-Time Eligibility Determinations

Dear ______,
You are eligible for...

Data Hub

Multiple Ways to Enroll
Single Application for Multiple Programs
Use of Electronic Data to Verify Eligibility
Real-Time Eligibility Determinations
The federal government will fund the vast majority of Medicaid expansion costs.

NOTE: Assumes all states expand Medicaid.

#5: What is Medicaid’s role in health reform?

Answers

- Health reform builds on Medicaid as a base of coverage for low-income Americans.
- As they plan their FY 2014 budgets, states are debating whether to adopt the Medicaid expansion.
- The Federal Government will finance over 90% of the cost of the Medicaid expansion in new states; overall, many states are likely to see net savings from the Medicaid expansion.
- The Medicaid expansion would significantly reduce the uninsured and increase access to care.
- The ACA provides new options to expand community-based long-term care and to coordinate care for high cost populations.