FACT SHEET
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Medicaid: America's Largest Health Insurer

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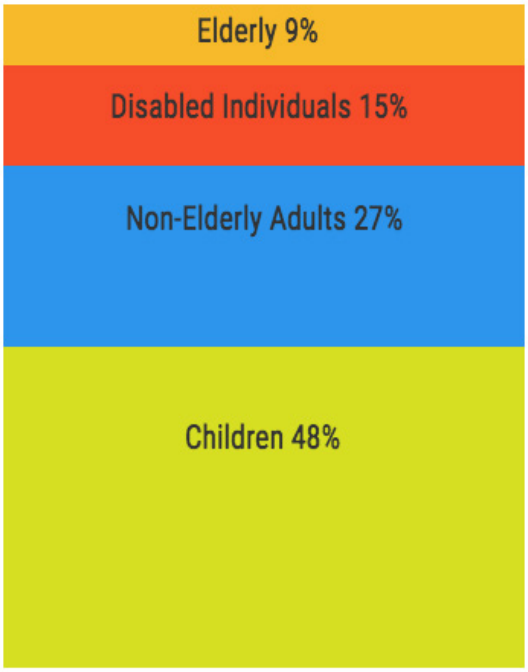
Medicaid is a jointly funded federal and state program that was designed and implemented to provide Americans who are financially vulnerable with access to health insurance. It provides coverage to almost 75 million people. Since the 1960s, Medicaid has been one of the key factors in improving the quality of life for those who cannot afford health insurance. Additionally, in 1997, the Children's Health Insurance Program (CHIP) was enacted to extend health coverage to children in families with incomes that were modest but too high to qualify for Medicaid.

In 2010, the Affordable Care Act (ACA) included an important provision that expanded Medicaid eligibility to nearly all adults with incomes at or below 138 percent of the federal poverty level. Although this Medicaid expansion was intended to be national, a Supreme Court ruling in June 2012 made it optional for states. As of spring 2017, 32 states (including the District of Columbia) had expanded Medicaid. Children and adults covered by Medicaid fare as well as individuals with private health insurance when it comes to access, use, and satisfaction.[1]

Medicaid's role in providing access to health services and preventative care for low-income Americans cannot be overestimated.

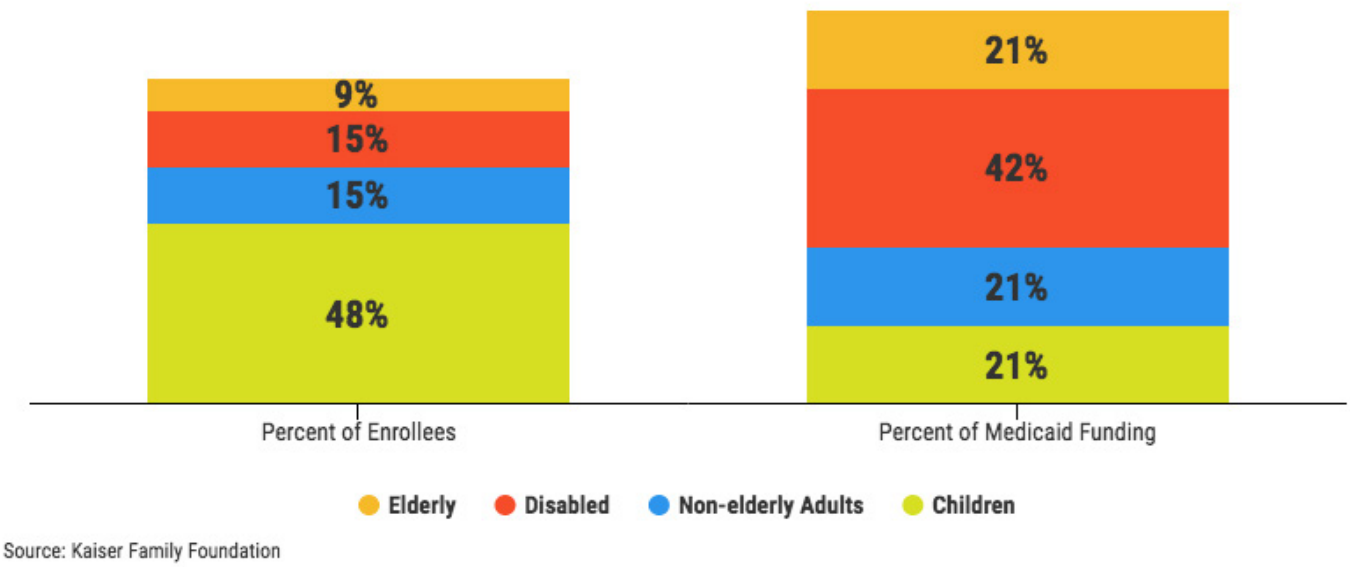
Figure 1: Medicaid Enrollment by Eligibility Group



Source: Kaiser Family Foundation

Medicaid is the single largest source of health coverage in the United States, and it covers children, pregnant women, parents, seniors, people with disabilities, and low income individuals.[2] Children represent the largest share of Medicaid enrollees at 40 percent; non- elderly adults make up 25 percent of enrollees; and seniors and people with disabilities make up the remaining 25 percent of Medicaid enrollees[3]. Furthermore, Medicaid covers 60 percent of children with disabilities and 30 percent of non-elderly adults with

Figure 2: Medicaid Spending by Eligibility Group, 2011



Source: Kaiser Family Foundation

disabilities.[4] Seventy-eight percent of adult Medicaid enrollees are in families with at least one employed adult, and 75 percent of adult enrollees work either full-time or part-time.[5,6]

Medicaid is the principal source of long-term care coverage for Americans.[7] It covers nursing home care and home- and community-based support services, unlike commercial health insurance, which is designed for a healthy working population. One out of five elderly people who receive Medicare also receive Medicaid.[8] They rely on Medicaid to cover services that are not covered by Medicare, particularly long-term services such as nursing home stays. Long-term services are extremely expensive: On average, the cost of nursing facilities is $90,000 annually, home care services range around $40,000 per year, and adult day services are almost $20,000 per year.[9] In fact, roughly 25 percent of all state and federal Medicaid funds are allocated for long-term care services.[10] These funds are instrumental in enabling seniors and people with disabilities to live independently and avoid the alternative of institutionalized living. Moreover, they are essential to providing individuals who need long-term care some ability to control their choices.

Medicaid Spending and Restructuring

Medicaid is currently structured so that the federal government matches state dollars for spending on eligible beneficiaries and services with no pre-set limit; the federal portion of Medicaid is determined by a formula based on the state's per capita income. This means each state has the ability to cover the cost of its most financially vulnerable citizens as necessary, with the federal government providing funding as needed. Currently, over half of all federal funds received by states are for Medicaid.[11] Many Medicaid opponents criticize the program as being too costly and advocate

restructuring it into a per capita cap model or a block grant model. However, if Medicaid were to switch over to either of these models, federal dollars allocated to states would be set at a pre-determined amount instead of being based on the true cost of care.

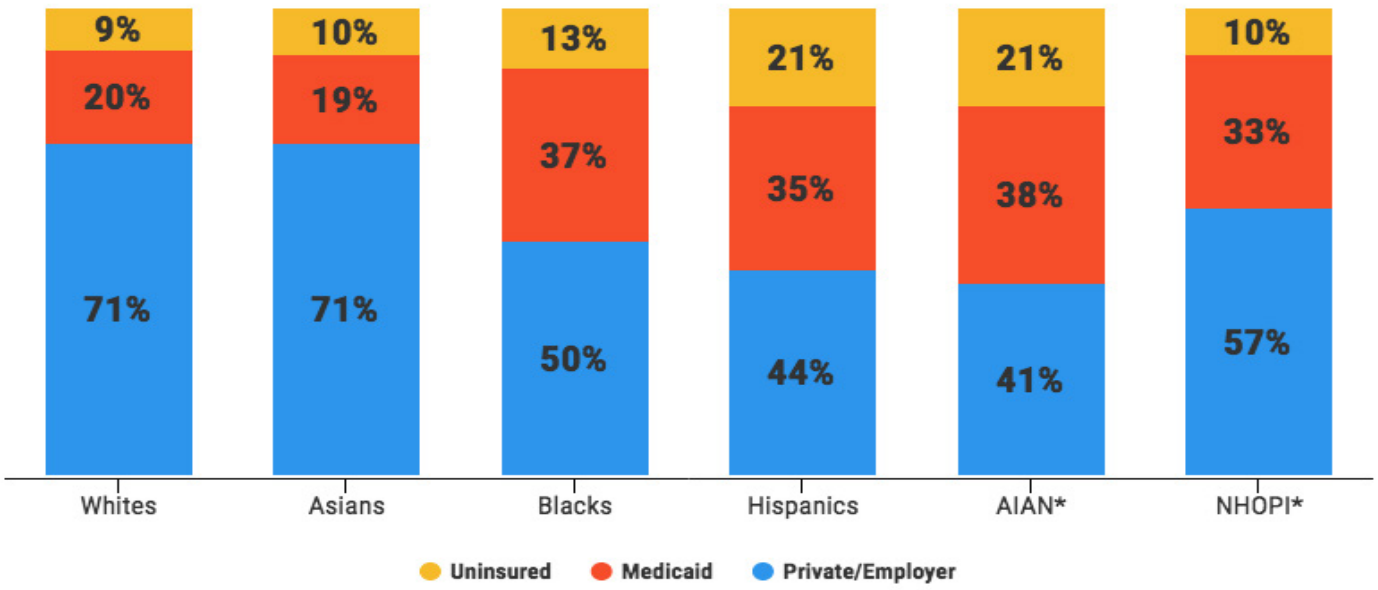
Under a per capita or block grant system, federal spending would increase based on a growth rate and not the actual cost of medical coverage. This would create real problems for real people: Medicaid expenditures are highest for people who are disabled and the elderly, two eligibility groups who are less likely to be able to afford an increase in the cost of care. Expenditures for the disabled and elderly are about $18,000 per enrollee, compared to $4,141 for adults and $2,492 for children.[12] This means a relatively small group of enrollees (24 percent) receives a relatively large proportion of Medicaid funding (63 percent).[13]

Restructuring Medicaid into a per capita or block grant model would encourage states to cut Medicaid funding if the cost of care rose faster than the pre-determined growth formula. Because federal funding would be limited, states would be forced to choose who amongst their most vulnerable citizens would remain eligible for Medicaid. The Kaiser Family Foundation estimates that if Medicaid switched to a per capita or block grant model, enrollment would drop 25 percent to 35 percent, leaving those people who could not access health insurance through private providers uncovered.[14]

Medicaid and People of Color

Medicaid plays a significant role in providing health

Figure 3: Health Insurance Coverage by Race and Ethnicity, 2014



Source: Kaiser Family Foundation analysis of March 2015 Bureau of Labor Statistics' Current Population Survey, Annual Social and Economic Supplement.
AIAN refers to American Indians and Alaska Natives
NHOPI refers to Native Hawaiian and other Pacific Islanders

care to communities of color and reducing health disparities. People of color tend to be covered by Medicaid at a higher rate than Whites, often because they face structural disadvantages, which result in less access to private health insurance. Examples of these barriers include lower levels of education and higher unemployment rates. Given the fact that minorities also tend to fare worse on health measures than Whites, Medicaid's role in furnishing healthcare to minorities is invaluable.

Medicaid and the Children's Health Insurance Program (CHIP) cover a large portion of minorities: roughly 28 percent of Black adults and 57 percent of Black children, 25 percent of Hispanic adults and 58 percent of Hispanic children, 33 percent of Native Hawaiian and other Pacific Islanders, and 26 percent of American Indian and Alaska Native (AIAN) adults, and 50 percent of AIAN children.[15,16,17]

Native Americans and Alaskan Natives receive healthcare through Indian Health Services (IHS), a federal program that has been grossly underfunded since its inception. Given the limitations of IHS, Medicaid is vital to American Indians and Alaska Natives. In fact, one in three out of five million American Indian and Alaska Natives are covered by the program. In an effort to reduce health disparities, the Centers for Medicaid and Medicare Services expanded its coverage for AIANs to include 100 percent reimbursement to states for any Medicaid benefits received.[18]

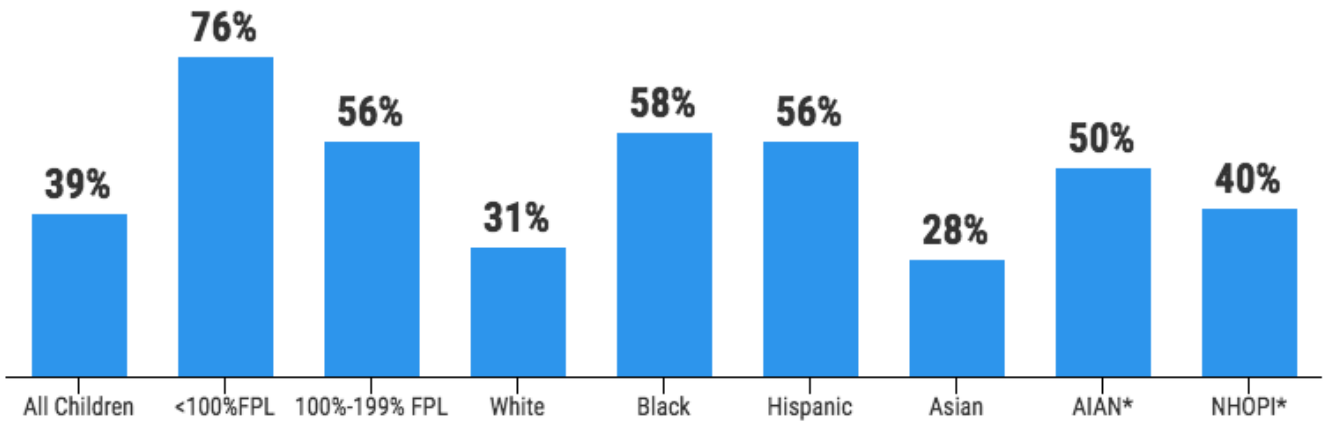
People of color had the largest increases in coverage with the implementation of the Affordable Care Act(ACA), but even with the Medicaid expansion, people of color are more likely to lack coverage than Whites. Minorities make up 55 percent of the 33 million uninsured Americans, and American Indians and Alaskan Natives and Hispanics are most likely to be uninsured.[19,20]

Despite the ACA and the expansion of Medicaid, there is still a "coverage gap." In states that did not expand Medicaid, many people remain uncovered because they do not meet the eligibility requirements for the Health Insurance Marketplace tax credits. Many African Americans fall into the coverage gap because their population tends to be concentrated in the South, where most states chose not to expand Medicaid.[21]

Medicaid and Children

Medicaid and CHIP are important sources of coverage

Figure 4. Medicaid/CHIP Coverage of Children Under 19 Years of Age, 2014



Source: Kaiser Family Foundation
AIAN refers to American Indians and Alaska Natives
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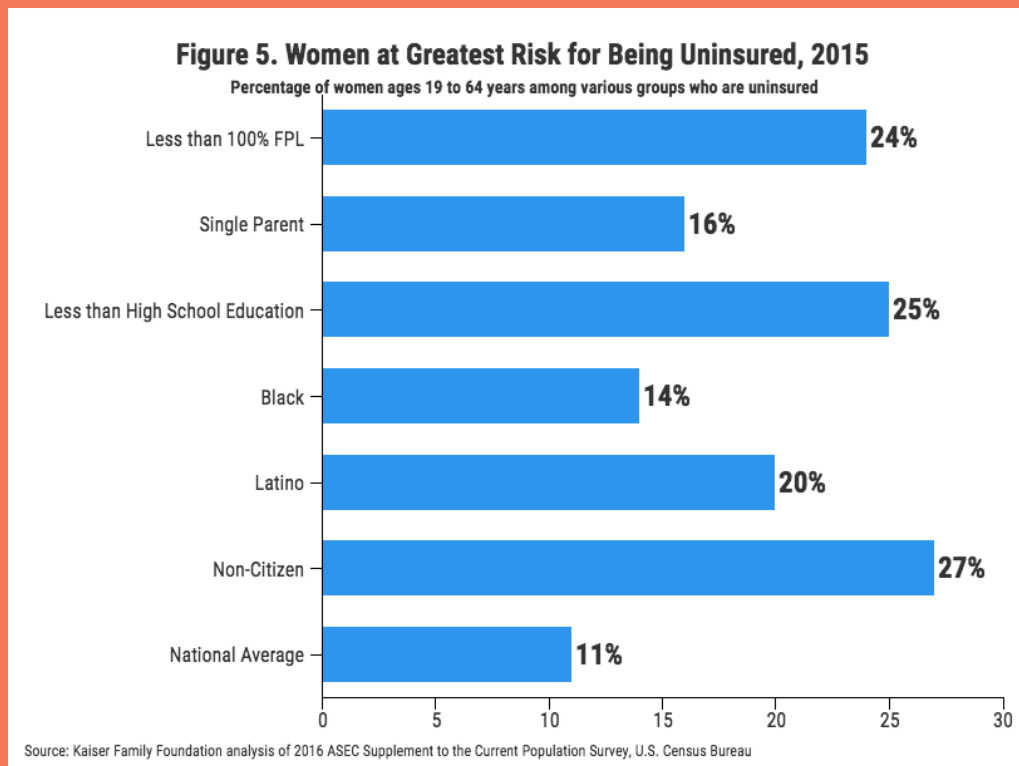
for children because they provide access to medical services and preventative healthcare. CHIP was established to provide coverage for those children who did not meet Medicaid eligibility.[22] The ACA expanded Medicaid for children by establishing a minimum Medicaid eligibility level of 138 percent of the federal poverty level (FPL) for children of all ages. With expansions in Medicaid and CHIP eligibility, the uninsured rate for children has dropped to an all-time low of 5 percent.[23]



All 50 states have expanded Medicaid and CHIP eligibility, thus providing health insurance to children who are financially vulnerable and who do not have access to private insurance via their parents or guardians' employers.[24] As of January 2017, every state covers children up to 200 percent of the FPL through Medicaid and CHIP, except North Dakota, which caps eligibility at 175 percent of the FPL. Nineteen of those states cover children up to 300 percent of the FPL.[25] Children covered by Medicaid and CHIP receive an extensive benefits package and are part of the largest eligibility group, but they remain the least expensive group due to the relatively low cost of expenditures, as most children are healthy.[26] Although children represent the largest share of individuals enrolled in Medicaid nationwide, they account for only 19 percent of Medicaid spending.

Medicaid provides health care coverage for almost 37 million children or 40 percent of all children as well as 75 percent of poor children—that is children who fall below 100 percent of the FPL.[27] In addition, Medicaid and CHIP cover nearly half of all births.[28,29] Medicaid provides an Early Periodic Screening Diagnostic and Treatment benefit, which covers a range of healthy child screenings that provide physical, mental, and dental health services to children who meet eligibility requirements.[30] Medicaid also plays an important role in providing funding to support special education for children with disabilities. The Individuals with Disabilities Education Act (IDEA) is supposed to provide additional funding to schools for children with disabilities; however, the funding does not meet the actual cost of coverage. The IDEA provides only about 16 percent of the cost to educate special needs students, and Medicaid picks up the remaining costs.[31]

Investing in Medicaid and CHIP has long-term financial benefits. Medicaid acts as a buffer against poverty. Research demonstrates that Medicaid coverage for children is associated with improved health over the course of their lives, better academic outcomes, lower probability of a

family debt, and increased employment opportunities.[32,33]

Medicaid and Black/Brown Women

Medicaid is absolutely essential for minority women and their families. Minority women are underpaid in comparison to other groups, lack access to care through private insurers, and have worse birth outcomes than their White counterparts. Given that women of color face greater barriers to coverage than most groups, Medicaid is indispensable in providing access to treatment and preventative care.

While Black and Brown women are more likely to be employed than White women, they are more likely to be underemployed, i.e. engaged in low-wage jobs that do not have health insurance benefits.[34] The lack of access to care through an employer and private insurance makes Medicaid crucial for Black and Brown women. More than half of all minority children are covered by Medicaid.[35]

Forty percent of Black families are headed by single working mothers, and 30 percent of those families are impoverished.[36] In 2015, the wage gap was especially severe for minority women, with the exception of Asian women, who made 84 percent of White men's earnings. In comparison, White women earned 75 percent, Black women 61 percent, and Latinas earned 55 percent of White men's earnings.[37]

Minority women tend to have worse health outcomes than their White counterparts. With the exception of Asian American women, they have higher rates of cervical cancer, are more likely to be diagnosed with aggressive breast cancer at younger ages, and have higher rates of obesity and hypertension than Whites.[38] Minority women also tend to earn less money and have less access to health insurance through private insurers, despite having higher rates of employment than White women. As a result, almost a third of Black and Hispanic women of reproductive age are enrolled in Medicaid, which gives them access to essential prenatal care.[39]

Medicaid provides coverage for women's health care, including sexually transmitted infection tests and treatment, cancer screenings, breast exams, and prenatal and postpartum care. With the Black infant mortality rate twice that of Whites, Black infants 3.5 times more likely to die due to complications related to low birth weights, and Black infants twice as likely to die from SIDS, Medicaid is essential for Black and Brown women's maternal and infant wellbeing.[40]

Conclusion

Medicaid is an essential program that provides health insurance to the country's most financially vulnerable citizens. Even though most of its beneficiaries are White, a higher percentage of people of color benefit from it. Medicaid provides millions of Americans with access to preventative health and primary care physicians' services, as well as a measure of financial security. Without Medicaid, almost a quarter of the country's population would lack basic care and be susceptible to increased levels of morbidity and mortality.

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