Medicaid’s Origins

- Enacted in 1965 as title XIX of the Social Security Act
- Means-tested; originally focused on the public assistance population

**Entitlement**

Eligible Individuals are entitled to a defined set of benefits

States are entitled to federal matching funds

**Federal**

Sets core requirements on eligibility and benefits

**State**

Flexibility to administer the program within federal guidelines
Medicaid has evolved over time to meet changing needs.

NOTE: *Projection based on CBO March 2015 baseline.

SOURCE: KCMU analysis of data from the Health Care Financing Administration and Centers for Medicare and Medicaid Services, 2011, as well as March 2015 CBO baseline ever-enrolled counts.
Medicaid plays a central role in our health care system.

Health Insurance Coverage

Support for Health Care System and Safety-Net

Assistance to Medicare Beneficiaries

State Capacity for Health Coverage

Long-Term Care Assistance
Medicaid covers a large share of certain populations.

### Share with Medicaid Coverage

<table>
<thead>
<tr>
<th>Population</th>
<th>Share with Medicaid Coverage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nonelderly &lt; 100% FPL</td>
<td>51%</td>
</tr>
<tr>
<td>Nonelderly 100% - 199% FPL</td>
<td>32%</td>
</tr>
<tr>
<td><strong>Families</strong></td>
<td></td>
</tr>
<tr>
<td>All Children</td>
<td>37%</td>
</tr>
<tr>
<td>Children &lt; 100% FPL</td>
<td>77%</td>
</tr>
<tr>
<td>Parents &lt; 100% FPL</td>
<td>45%</td>
</tr>
<tr>
<td>Births (Pregnant Women)</td>
<td>46%</td>
</tr>
<tr>
<td><strong>Elderly and People with Disabilities</strong></td>
<td></td>
</tr>
<tr>
<td>Medicare Beneficiaries</td>
<td>20%</td>
</tr>
<tr>
<td>Nonelderly Adults with Functional Limits</td>
<td>16%</td>
</tr>
<tr>
<td>Nonelderly Adults with HIV in Regular Care</td>
<td>41%</td>
</tr>
<tr>
<td>Nursing Home Residents</td>
<td>64%</td>
</tr>
</tbody>
</table>

NOTE: FPL means federal poverty level. 100% FPL was $19,530 for a family of three in 2013.

Figure 5

Medicaid spending is mostly for the elderly and people with disabilities.

Enrollees
Total = 68.0 Million

Expenditures
Total = $397.6 Billion

SOURCE: KCMU/Urban Institute estimates based on data from FY 2011 MSIS and CMS-64. MSIS FY 2010 data were used for FL, KS, ME, MD, MT, NM, NJ, OK, TX, and UT, but adjusted to 2011 CMS-64.
NOTE: FMAP percentages are rounded to the nearest tenth of a percentage point. These rates are in effect Oct. 1, 2014-Sept. 30, 2015. These FMAPs reflect the state’s regular FMAP; they do not reflect the FMAP for newly eligibles in states that adopted the ACA Medicaid expansion.

Medicaid is a spending item and a source of federal revenue in state budgets.

**Total State Spending (Including Federal Funds)**
- $1.69 Trillion

**State General Funds (Not Including Federal Funds)**
- $680.8 Billion

**Federal Funds Spent by States**
- $512.5 Billion

**Percentage Breakdown**
- **Other Programs**: 55.7%
- **Elementary & Secondary Education**: 46.8%
- **Medicaid**: 42.3%

**Medicaid Details**
- **Spent by States**: $512.5 Billion
- **Other Programs**: $1.69 Trillion

**SOURCE**: Kaiser Commission on Medicaid and the Uninsured estimates based on the NASBO’s November 2014 State Expenditure Report (data for Actual FY 2013.)
Medicaid spending and enrollment are affected by changes in economic conditions and policy.

NOTE: Enrollment percentage changes from June to June of each year. Spending growth percentages in state fiscal year.

SOURCE: Implementing the ACA: Medicaid Spending & Enrollment Growth for FY 2014 and FY 2015
Medicaid is being transformed under the ACA.

**Before**

- Health Insurance Coverage for Certain Individuals
- Shared Financing States and Federal Govt.
- Antiquated Enrollment Process
- Support for Health Care System

**ACA Vision**

- Coverage for All Adults and Children Up to at Least 138% FPL at State Option
- Additional Federal Financing for New Coverage
- Modernized, Simplified Enrollment Process
- Delivery System Reforms
The June 2012 Supreme Court decision in National Federation of Independent Business v. Sebelius maintained the Medicaid expansion, but limited the Secretary’s authority to enforce it, effectively making the expansion optional for states. 138% FPL = $16,424 for an individual and $27,724 for a family of three in 2015.

NOTE: The Kaiser Commission on Medicaid and the Uninsured
All states must modernize Medicaid application and enrollment processes.

**PAST**
- Apply in person
- Provide paper documentation
- Wait for eligibility determination

**ACA Vision**
- Multiple options to apply
- Electronic verification
- Real-time determination

**No Wrong Door to Coverage**
- Medicaid
- CHIP
- Marketplace

Dear ___,
You are eligible for...

Apply in person

Multiple options to apply
Over half of states have adopted the Medicaid expansion.

NOTES: Under discussion indicates executive activity supporting adoption of the Medicaid expansion. **MT has passed legislation adopting the expansion; it requires federal waiver approval. *AR, IA, IN, MI, PA and NH have approved Section 1115 waivers. Coverage under the PA waiver went into effect 1/1/15, but it is transitioning coverage to a state plan amendment. Coverage under the IN waiver went into effect 2/1/15. WI covers adults up to 100% FPL in Medicaid, but did not adopt the ACA expansion.


Medicaid eligibility for adults is higher in expansion states compared to non-expansion states.

- Adopting the Medicaid Expansion (28 states and DC)
- Not Adopting at this Time (22 states*)

Median income eligibility threshold:

<table>
<thead>
<tr>
<th>Category</th>
<th>Adopting Expansion</th>
<th>Not Adopting</th>
</tr>
</thead>
<tbody>
<tr>
<td>Children</td>
<td>305% ($61,274)</td>
<td>214% ($42,992)</td>
</tr>
<tr>
<td>Pregnant Women</td>
<td>213% ($42,791)</td>
<td>200% ($40,180)</td>
</tr>
<tr>
<td>Parents</td>
<td>138% ($27,724)</td>
<td>44% ($8,840)</td>
</tr>
<tr>
<td>Childless Adults</td>
<td>138% ($16,242)</td>
<td>0% ($0)</td>
</tr>
</tbody>
</table>

NOTE: State-reported eligibility levels as of January 2015, updated to reflect Medicaid expansion decisions as of April 2015. Eligibility levels are based on 2015 federal poverty levels (FPL) for a family of three for children, pregnant women, and parents, and for an individual for childless adults. In 2015, the FPL was $20,090 for a family of three and $11,770 for an individual. Thresholds include the standard 5 percentage point of FPL disregard. *Montana has adopted the Medicaid expansion but implementation is pending waiver approval.

SOURCE: Based on results from a national survey conducted by the Kaiser Commission on Medicaid and the Uninsured and the Georgetown University Center for Children and Families, 2015.
A limited number of states have approved or are seeking waivers for expansion.

<table>
<thead>
<tr>
<th>Waiver Provision</th>
<th>AR</th>
<th>IA</th>
<th>MI</th>
<th>PA*</th>
<th>IN</th>
<th>NH</th>
<th>UT</th>
<th>TN</th>
</tr>
</thead>
<tbody>
<tr>
<td>Premium Assistance</td>
<td>X</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Premiums / Monthly Contributions</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Healthy Behavior Incentives</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td></td>
<td>X</td>
<td></td>
<td></td>
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<tr>
<td>Benefits (NEMT)</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
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<td></td>
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<tr>
<td>Reasonable Promptness</td>
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<tr>
<td>Retroactive Eligibility</td>
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<tr>
<td>Co-payments</td>
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</tr>
</tbody>
</table>

Note: *Governor Wolf in PA said he will transition from a waiver to a SPA. New Hampshire will transition from a SPA to a waiver.
The majority of net enrollment growth in Medicaid and CHIP has been in expansion states, particularly in the West.

Among 49 states reporting data for both periods:

**Expansion Status**
- CA 25%
- NY 6%
- WA 5%
- IL 4%
- KY 4%
- OR 4%
- Other Expansion States 32%
- Other Non-Expansion 14%
- Medicaid Expansion in Effect 86%

**Region**
- West 44%
- South 23%
- Northeast 15%
- Midwest 17%

**Total Net Change in Medicaid/CHIP Enrollment** = 12.2 Million

NOTE: Data not available for CT and ME. Summer 2013 baseline enrollment data based on monthly average for Jul – Sept. 2013. Expansion status groupings based on states with expansions in effect. Medicaid expansion coverage in MT is pending federal waiver approval and therefore is counted as a non-expansion state for March 2015 data.

The Medicaid expansion has implications beyond the Medicaid program.

- **Increased State Economic Activity**
- **Increased Provider Revenue**
- **Reduction in the Number of Uninsured**
- **Increased State Savings**
  - ↓ Uncompensated Care Costs
  - ↓ State-funded health programs (e.g. Mental health)
- **Increased State Economic Activity**
  - ↑ Jobs and Revenues
In states that have not expanded Medicaid under the ACA, there are large gaps in coverage available for adults.

Figure 17

Limited to Specific Low Income Groups

- 0% FPL Childless adults
- 44% FPL $8,840 for parents in a family of three

Medicaid Eligibility Limits as of April 2015

NO COVERAGE

MARKETPLACE SUBSIDIES

- 100% FPL $11,770 for an individual
- 400% FPL $47,080 for an individual
Nationwide, there are 3.7 Million low-income adults estimated to fall into the coverage gap.

Total = 3.7 Million in the Coverage Gap

Notes: Excludes legal immigrants who have been in the country for five years or less and immigrants who are undocumented.
The poverty level for a family of three in 2015 is $20,090. Totals may not sum to 100% due to rounding.
Source: “Number of Poor Uninsured Nonelderly Adults in the ACA Coverage Gap,” KFF State Health Facts.
Over half of all Medicaid beneficiaries receive their care in comprehensive risk-based MCOs.

Share of Medicaid beneficiaries enrolled in risk-based managed care plans

U.S. Overall = 51%

0% (14 states)
1-50% (11 states)
51-80% (23 states, including DC)
>80% (3 states)

States continue to expand and improve their managed care programs.

Actions to Expand Managed Care

- **Geographic Expansions**
  - FY 2014: 8
  - FY 2015: 6

- **Eligibility Group Expansions**
  - FY 2014: 25
  - FY 2015: 19

- **New Mandatory Enrollment**
  - FY 2014: 6
  - FY 2015: 9

- **Any Managed Care Expansions**
  - FY 2014: 26
  - FY 2015: 23

Policy Changes in Either Year

- **Managed Care Expansions**
  - FY 2014: 34
  - FY 2015: 34

- **Quality Initiatives**
  - FY 2014: 34
  - FY 2015: 34

SOURCE: KCMU survey of Medicaid officials in 50 states and DC conducted by Health Management Associates, October 2014.
States are implementing an array of delivery system reforms to coordinate care and control costs.

NOTE: Expansions of existing initiatives include roll-outs of existing initiatives to new areas or groups and significant increases in enrollment or providers. Dual Eligible Initiatives include both those through the CMS financial alignment demonstration and those outside of the CMS financial alignment demonstration.

SOURCE: KCMU survey of Medicaid officials in 50 states and DC conducted by Health Management Associates, October 2014.
Over time, the share of Medicaid long-term care spending going to home and community-based settings has increased.

NOTE: LTSS means long-term services and supports. Home and community-based LTSS includes state plan home health, state plan personal care services and section 1915(c) HCBS waivers. Institutional LTSS includes intermediate care facilities for individuals with intellectual/developmental disabilities, nursing facilities, and mental health facilities.

SOURCE: KCMU and Urban Institute analysis of Centers for Medicare & Medicaid Services (CMS)-64 data.
Medicaid and private insurance provide similar access to care – the uninsured fare far less well.

NOTES: Access measures reflect experience in past 12 months. Respondents who said usual source of care was the emergency room are not counted as having a usual source of care. *Difference from ESI is statistically significant (p<.05)

SOURCE: KCMU analysis of 2014 NHIS data.
What to Look for Going Forward

- Will state decisions to implement the Medicaid expansion change?
- How well will new enrollment systems work and how well will systems be coordinated across health programs?
- What effect will the ACA have on state revenue and fiscal conditions?
- How will increased coverage under the ACA as well as payment and delivery system reforms affect access to health care and services—and ultimately health outcomes?
There are many “Faces of Medicaid”.

For more information on the Medicaid program and health reform, visit...

www.kff.org