

## Fact Sheet

# Breaking Through the Noise: The Facts about the Medicaid Program

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Medicaid is a lifeline for millions of children, adults with low incomes, individuals with disabilities and older adults who depend on Medicaid for health care services and assistance with long-term services and supports (LTSS) such as eating, bathing, and dressing.

This *Fact Sheet* highlights several key facts that are important to know about Medicaid and the millions of people who depend on this program to address their daily needs.

## Medicaid Plays a Significant Role in the Nation's Health Care System

In 2016, total Medicaid spending (federal and state) accounted for 17 percent of all U.S. health care spending.<sup>1</sup>

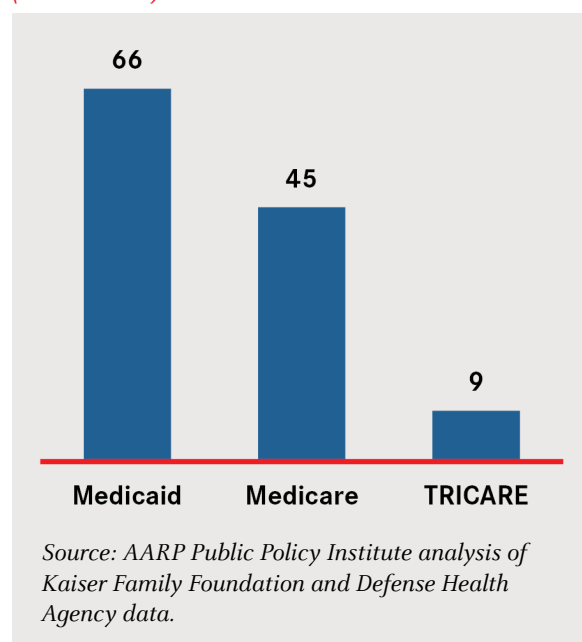
Nearly 70 million Americans received health and LTSS coverage through Medicaid. Medicaid is the largest public source of coverage relative to Medicare,<sup>2</sup> (45 million) and TRICARE<sup>3</sup> (9 million). By comparison, more than 150 million Americans received health coverage through employer-sponsored insurance or other private coverage.

Medicaid coverage increased by more than 16 million since the enactment of the Affordable Care Act.<sup>4</sup> In the absence of Medicaid, the number of uninsured would be significantly higher. Medicaid is a counter-cyclical program. The number of persons who qualify for Medicaid goes up during times of economic downturn as unemployment rises, individuals and families lose employer-sponsored coverage and incomes decline. For example, during the Great Recession Medicaid enrollment increased by 8 million people.<sup>5</sup>

## Medicaid Is an Efficient Program

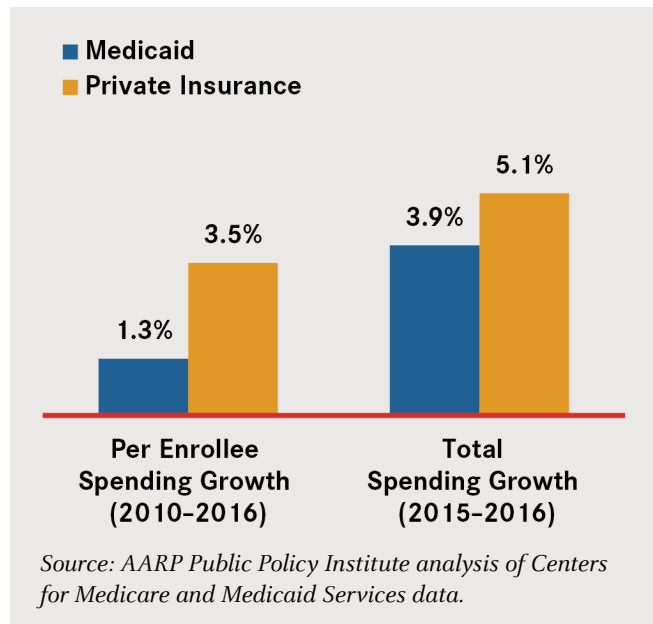
Medicaid is an efficient program with lower administrative costs in comparison to private insurance. At the aggregate level, Medicaid spending growth is slower than the growth seen in private health insurance. From 2015 to 2016, total Medicaid spending grew by 3.9 percent whereas private insurance spending grew by 5.1 percent.

Health Coverage by Public Payer, FY 2016  
(in millions)



Spending at the person level follows a similar trend. From 2010 to 2016, annual per person spending growth was also slower in Medicaid (1.3 percent) than in private insurance (3.5 percent) from 2010–2016.<sup>6</sup>

### Spending Growth in Medicaid and Private Insurance



### Medicaid Provides Critical Support for Children, People with Disabilities, and Older Adults

Children make up the largest group of Medicaid enrollees (41 percent). Medicaid pays for about half of all births in the United States, and covers more than 3 in 4 children in low-income families. In addition, the program covers close to half (48 percent) of children with special health care needs, including disabilities.<sup>7</sup>

Older Americans also rely on Medicaid. Close to 1 in 4 (23 percent) enrollees are adults aged 50+, including about 8.7 million adults are between the ages of 50–64 and 6.7 million adults ages 65+. The program also covers close to half of adults ages 18–64 with disabilities (48 percent) and provides critical LTSS that individuals and families are not otherwise able to afford.

While the majority of Medicaid enrollees are children and adults, most of the spending is for older adults and individuals with disabilities

because of their high need and high cost for LTSS. Any structural changes to Medicaid financing would disproportionately impact these populations.

*See the appendix for additional state data on Medicaid enrollment across all ages, among adults ages 50–64, and adults 65+.*

### Medicaid Provides Extra Help to Low-Income Medicare Beneficiaries

Medicaid also provides support to nearly 11 million Medicare beneficiaries (also known as dual eligibles). These individuals are a high need, high cost population and represent some of the poorest and sickest beneficiaries in the Medicare program. Medicaid plays a critical role in their care by covering services for which Medicare does not pay (and low income older adults cannot cover themselves). It provides access to LTSS and, depending on the state, dental and vision services, among others. In addition, Medicaid can cover monthly Medicare Part B premiums (currently \$134 for lower income earners) and Medicare's cost sharing charges for eligible enrollees.<sup>8</sup>

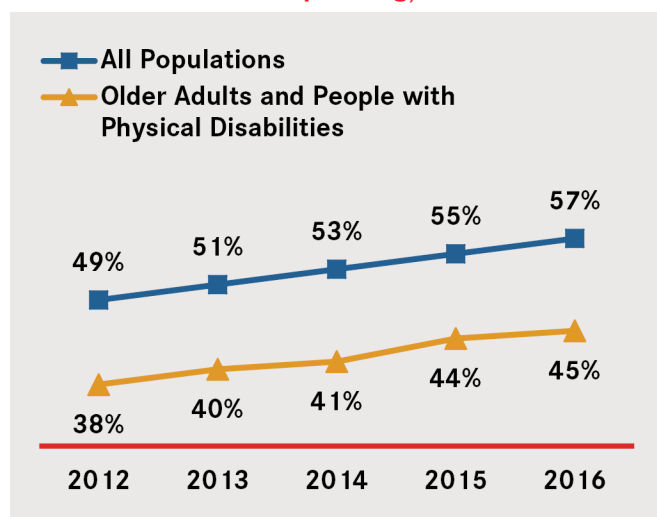
### Medicaid Is the Largest Public Payer of Long-Term Services and Supports

In 2016, Medicaid spent \$167 billion on LTSS. Over the last five years, the percentage of LTSS spending going to home and community-based services (HCBS) increased for all populations. However, these figures, mask substantial spending variations, both by state and by demographic group. In FY 2016, more than half (55 percent) of Medicaid LTSS dollars serving older adults and people with physical disabilities went towards institutional settings, such as nursing homes.<sup>9</sup> Nursing home care is about three times the cost of home and community-based services and often out of line with the strong desire among older adults and individuals with disabilities to receive services in their homes and communities.<sup>10</sup>

From a state perspective, the percentage of LTSS spending for older people and adults with disabilities going to HCBS ranged from 13 percent in Kentucky to 73 percent in New Mexico. Furthermore, at least 10 states have actually

decreased the share of Medicaid LTSS dollars going toward home and community-based care according to new analysis from AARP Public Policy Institute.<sup>11</sup>

### Medicaid HCBS Expenditures as a Percentage of Total Medicaid LTSS Spending, FY2012–FY2016



### Medicaid Is an Important Support for Low-Wage Workers and Their Families

The vast majority of adults enrolled in Medicaid are either working (60 percent) or in a family with at least one worker (78 percent). These workers are often employed in industries (e.g., food service) where health coverage is not typically offered. In addition, close to half (42 percent) work for small businesses (fewer than 50 workers) exempt from the employer mandate. Medicaid helps support low-income working families by ensuring that they have access to healthcare coverage when their jobs don't offer this as a benefit. Of Medicaid-enrolled adults who don't work, more than one-third (36 percent) are ill or disabled, another 30 percent are caregiving or raising families, and 15 percent are students.<sup>12</sup>

### Medicaid Work Requirements and Other Coverage Restrictions Threaten Access to Vital Health Care Services

States have considerable leeway when it comes to administering their Medicaid program. Over the last year, states have submitted proposals to the federal government to enact policies that could reduce Medicaid coverage.

This includes work requirements, in which states could eliminate Medicaid coverage for adult enrollees who don't have a job and aren't completing related activities (e.g., education). One state estimate shows that these policies could reduce coverage by 15 percent,<sup>13</sup> and national estimates project that work requirement policies could cause up to four million Americans to lose coverage.<sup>14</sup> Adults ages 50–64 are at particular risk in states where they are or may become subject to work requirements, as they often spend longer seeking employment and experience long-term unemployment at rates higher than their younger counterparts.<sup>15</sup>

Work requirements are often enforced by requiring people to report their work status via a complex, web-based portal. However, a large share of Medicaid enrollees, do not have internet access and therefore would experience significant difficulty reporting their compliance. In Arkansas, for example, some estimate that more than 4,000 people lost coverage due to noncompliance.<sup>16</sup>

### Medicaid Plays a Critical Role in Addressing the Opioid Crisis

More than 2 million adults in the U.S. have some type of opioid addiction. By financing treatment and recovery, Medicaid is critical in addressing the opioid epidemic. In 2016, Medicaid covered more than half (55 percent) of low-income adults ages 19–64 with an opioid addiction. Of this same group, just 13 percent had private coverage and nearly a quarter (24 percent) were uninsured. Medicaid-enrolled people with opioid addictions are more likely to seek both inpatient and outpatient treatment than those with other or no health insurance.<sup>17</sup>

### Medicaid Is a Popular Program

Medicaid enjoys broad, bipartisan support from the public. Close to 3 in 4 (74 percent) Americans have a favorable view of Medicaid, and more than half of Democrats, Republicans and independents say that Medicaid is working well at both the national and state levels. About 6 in 10 people say that Medicaid is important to them and their family, and most (87 percent) want Medicaid funding to be maintained or increased.<sup>18</sup>

## Appendix. Medicaid Enrollment Across All Ages and Among Older Adults, by State (2016)

State	Total Enrollment	Enrollment among Adults Ages 50–64	Enrollment among Adults Ages 65+	Percent of Enrollees Ages 50+
Alabama	962,100	117,300	116,600	24%
Alaska	131,300	14,600	11,800	20%
Arizona	1,591,800	214,200	140,600	22%
Arkansas	780,500	103,300	68,800	22%
California	10,575,800	1,455,700	1,102,600	24%
Colorado	1,056,000	134,200	79,000	20%
Connecticut	723,700	108,300	75,100	25%
Delaware	190,100	27,700	18,800	24%
District of Columbia	189,700	33,400	20,400	28%
Florida	3,858,400	465,700	574,000	27%
Georgia	1,817,900	192,900	197,400	21%
Hawaii	244,000	34,800	29,200	26%
Idaho	293,000	22,100	31,600	18%
Illinois	2,550,400	344,600	201,500	21%
Indiana	1,182,800	153,000	91,600	21%
Iowa	591,300	75,100	52,100	22%
Kansas	401,400	41,000	42,100	21%
Kentucky	1,164,500	192,900	84,700	24%
Louisiana	1,166,000	143,700	103,600	21%
Maine	252,700	41,600	42,300	33%
Maryland	1,066,800	148,000	101,000	23%
Massachusetts	1,583,300	275,700	182,300	29%
Michigan	2,239,800	344,200	189,400	24%
Minnesota	989,700	135,200	73,300	21%
Mississippi	718,500	83,900	81,100	23%
Missouri	881,600	110,400	91,300	23%
Montana	203,000	28,000	20,700	24%
Nebraska	243,500	20,700	30,300	21%
Nevada	569,200	76,700	50,100	22%
New Hampshire	181,200	25,900	16,900	24%
New Jersey	1,516,000	216,500	164,900	25%
New Mexico	664,800	85,400	52,400	21%
New York	5,128,300	811,100	574,400	27%
North Carolina	1,865,200	199,800	191,900	21%
North Dakota	85,900	10,300	9,400	23%
Ohio	2,445,000	331,200	176,100	21%
Oklahoma	698,300	61,000	64,700	18%
Oregon	946,600	140,100	79,800	23%
Pennsylvania	2,506,000	360,500	260,200	25%
Rhode Island	230,100	41,100	26,000	29%
South Carolina	965,900	109,700	105,200	22%
South Dakota	125,500	11,700	13,600	20%
Tennessee	1,411,100	178,100	134,300	22%
Texas	4,791,800	411,400	463,400	18%
Utah	341,600	32,200	31,600	19%
Vermont	161,900	26,800	16,100	26%
Virginia	951,000	99,400	102,700	21%
Washington	1,519,000	205,200	128,500	22%
West Virginia	520,000	84,900	41,200	24%
Wisconsin	1,014,000	140,000	112,600	25%
Wyoming	69,600	9,100	8,700	26%
<b>United States</b>	<b>66,357,200</b>	<b>8,730,300</b>	<b>6,677,900</b>	<b>23%</b>

Source: AARP Public Policy Institute Analysis of the 2016 American Community Survey Data, U.S. Census Bureau

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