

INTRODUCTION: *Americans all want everyone—regardless of income—to have access to the quality health care they need at a price that they can afford. That’s why the United States created the Medicaid Program, as a state and federal partnership, to ensure that low-income Americans have access to our health care system by providing them with government-provided health insurance.*

To start this conversation, [take the quiz](#) to see what you know about Medicaid.

1: Medicaid started?

- A. In the 1930’s as a response to the Great Depression
- B. In 2010 as a part of the Affordable Care Act
- C. In the 1980’s under President Ronald Reagan
- D. In the 1960’s as a part of the “Great Society”

ANSWER: D – Congress passed and President Lyndon Johnson signed Medicaid into law in 1965 as a health coverage program for [welfare recipients](#). Medicare and Social Security were created in the same year, and together these government programs are known as “the Great Society.” States were given the choice to opt into the Medicaid program. Since its creation, the Medicaid program has grown significantly.

2: Who pays for Medicaid?

- A. The federal government
- B. Medicaid recipients paid into the program, so it is self-funded.
- C. State governments
- D. Taxpayers, through a combination of federal and state tax dollars

ANSWER: D – The federal government and state governments pay into Medicaid. The federal government will “match” state spending on the program based on a formula called the Federal Medical Assistance Percentage or [FMAP](#). This formula takes into account average income levels in each state and sends more federal dollars to states with lower income levels.

3: How much do states typically spend on Medicaid?

- A. Medicaid spending comprises about 2 percent of total state spending.

- B. Medicaid spending comprises about 10 percent of total state spending.
- C. Medicaid spending comprises about 12 percent of total state spending.
- D. Medicaid spending comprises about 24 percent of total state spending.

Answer: D – In fiscal year 2011, the National Association of State Budget Officers estimated that Medicaid comprised 23.6 percent of total state expenditures. Each state’s spending on Medicaid can vary, depending on the state’s population and policies. For example, Wyoming dedicates about 10 percent of its budget to Medicaid, while Missouri spends 35 percent of its budget on the program.

4: How many people are enrolled in Medicaid?

- A. About 8 million people, or about 2.5 percent of Americans
- B. About 16 million people, or about 5 percent of Americans
- C. About 53 million people, or about 17 percent of Americans
- D. About 66 million people, or about 21 percent of Americans

ANSWER: D – About 66 million people were enrolled in Medicaid as of 2010 (before the Affordable Care Act’s expansion was implemented). That’s more than 1 in 5 Americans. This enrollment figure has increased dramatically as some states have opted into the Medicaid expansion and opened enrollment for newly eligible people in the fall of 2013. An Avalere Health study estimates that between October and December of 2013, between 1.1 and 1.8 million people enrolled in Medicaid as a result of the Affordable Care Act’s expansion. The White House says that 7 million people enrolled in Medicaid during this time, but their data does not take into account that many of these new enrollees are “coming out of the woodwork” (meaning they qualified for Medicaid before the expansion but were not enrolled) or were lapsed enrollees who simply renewed their coverage. Any way you slice the data, it is clear that the Medicaid expansion will lead to a greater percentage of Americans accessing health insurance through this government program.

5: What is a challenge the Medicaid program faces?

- A. Medicaid patients often face worse health outcomes than privately insured people.
- B. Fewer and fewer doctors want to accept Medicaid patients.
- C. Medicaid patients are often crowded into emergency rooms to seek care, even for non-urgent health issues.
- D. The costs of the program continue to grow and crowd out other services.
- E. Difficulty for patients to get doctors’ appointments, including long wait times.
- F. All of the above.

ANSWER: E – The Medicaid program faces a lot of problems today. Because Medicaid pays doctors only about **58 percent** of what private insurance companies pay (as reimbursements for their services), fewer and fewer doctors are willing to accept Medicaid patients, which means working at a loss. There are other reasons too, like the amount of paperwork involved and the delay doctors sometimes experience when waiting on Medicaid to process reimbursements. A Health Affairs survey of doctors showed that **31 percent** of primary care doctors will not take any new Medicaid patients. Because it is difficult for them to access primary care, many Medicaid patients seek care in the emergency departments of hospitals, where they cannot be turned away. This is an inefficient way to access care. Furthermore, **several studies** have illustrated that, compared to private insurance patients, Medicaid patients suffer worse health outcomes. And all the while, public costs for the Medicaid program continue to increase, despite the programs failures and challenges.

6: The Affordable Care Act (or ObamaCare) included provisions to expand the Medicaid program. In 2012, twenty-six states challenged the Medicaid expansion in federal court. What was the outcome?

- A. The case was dismissed early and was never heard at the Supreme Court.
- B. The Supreme Court heard the case and sided with the federal government and upheld the Medicaid expansion as Constitutional.
- C. The Supreme Court heard the case and sided with the federal government; states that didn't expand Medicaid could face severe tax penalties.
- D. The Supreme Court heard the case and sided with the States, ruling that the federal government couldn't force states to expand Medicaid.

ANSWER: D – The Supreme Court heard the challenges to the Medicaid expansion alongside challenges to the law's individual mandate. The Court sided with the federal government on the individual mandate, upholding it as a legitimate use of Congress' Taxing Power. However, the Supreme Court sided with States on the issue of the Medicaid expansion, ruling that the federal government could not force states to expand Medicaid in this way. That's why the Medicaid expansion is now optional for states.

7: What policy changes did the Medicaid expansion prescribe?

- A. Automatically enrolled eligible people.
- B. Standardized eligibility across participating states. (States previously determined their own income thresholds or qualifications for Medicaid. The expansion set the income eligibility at 138 percent of the federal poverty level, including childless adults.)
- C. Extended the list of services and treatments covered by Medicaid.

- D. Allowed Medicaid patients to select a health plan among private options, meaning they would access more doctors and better care.
- E. All of A, B, and C

ANSWER: E – The Medicaid expansion extends coverage to more people, automatically enrolls people, and lengthens the list of services covered by Medicaid. Prior to expansion, typically states set their eligibility levels based on life circumstances and income levels. For example, all states have some Medicaid coverage available to children and pregnant women, and income thresholds range from 138 percent of the federal poverty level up to 300 percent or higher. But only states that are participating in the Medicaid expansion now offer coverage to childless adults up to 138 percent of the federal poverty level.

8: The Medicaid expansion in the ACA (or ObamaCare) isn't the first time that some states have attempted to expand eligibility for the program. What has happened in other states that have expanded Medicaid in the past?

- A. The number of uninsured people decreased.
- B. The state actually saw savings.
- C. The amount of charity care in the state decreased.
- D. Costs were higher than anticipated.

ANSWER: D – When Maine, Arizona, Delaware and Oregon have expanded their Medicaid programs in the past, the results were not what states had hoped for. Instead of saving money, the Medicaid expansion cost states much more than anticipated. Even more disappointing, the expansion didn't work to reduce the percentage of people without insurance. Instead, it seemed the result was that many people moved out of private insurance plans into Medicaid. This is bad news for taxpayers and for the new enrollees, who probably had access to better health care in their private plans. Furthermore, charity care has not been shown to decrease when states expand Medicaid, indicating that needy populations are still left needy, even when states spend more money and shuffle insured individuals around.

9: Conservatives have some other ideas for Medicaid reform. What are they?

- A. Dissolve the Medicaid program entirely immediately.
- B. Give states more freedom and control over the Medicaid program.
- C. Allow Medicaid beneficiaries to use their health dollars to choose between traditional Medicaid or a private health insurance plan.
- D. Both B and C

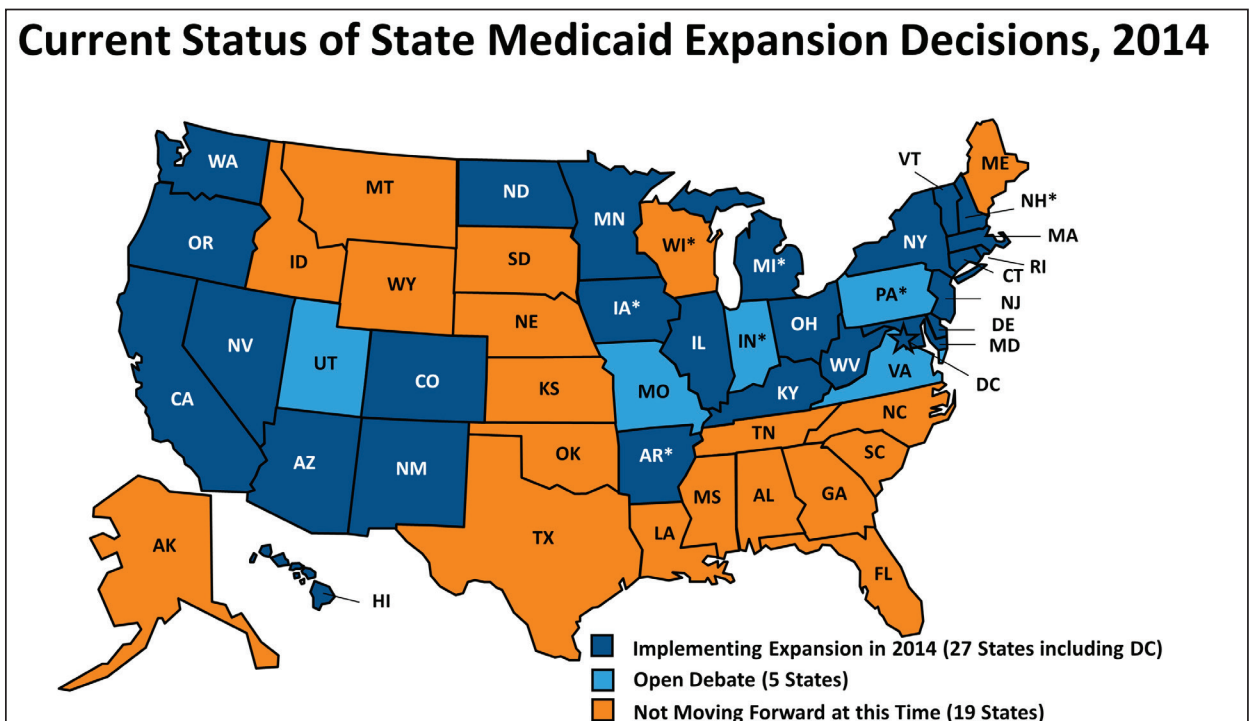
ANSWER: D – Conservatives believe in freedom and choice, so they believe in pushing control down to the lowest level, which better allows people to have more choices and the

control they want. The most local control, of course, is at the individual and family level. We believe individuals and families should have as much freedom as possible to select their health coverage. Some [pilot programs](#) have already experimented with this model – allowing Medicaid patients to opt out of traditional Medicaid into a private plan – and not only has it resulted in huge savings, but pilot program participants report higher satisfaction levels and better health. Conservatives also believe that state governments know better than the federal government what the needs and policy preferences of their constituents are. Each state should be able to tailor the Medicaid program in its own way, and this will allow states to learn from one another which policies work best and which ones should be avoided. Because health care isn't one-size-fits-all, states and individuals should have as much choice as possible.

10: Some states have decided to expand Medicaid according to the provisions in the Affordable Care Act (ACA). Has your decided to do this?

- A. Yes, my state decided to expand Medicaid according to the ACA.
- B. No, my state decided against the expansion.
- C. My state is still deciding.

ANSWER: It depends. Check out the chart below from Kaiser Health to see where your state stands. Check out this [Web page](#) for a more updated chart:



Real World Examples

The Medicaid program is part of America's safety net to serve low-income people. However, the program is in dire need of reform, not expansion. The problems in Medicaid – like lack of access to primary care and subpar health outcomes – need to be addressed before millions more people are dumped into a non-functional system..

Rebekah – age 28

Rebekah has a part-time job and a low income. But she has been responsible and has made buying basic health insurance coverage a priority. One day, she hears about the new health care law and decides to check out HealthCare.gov, thinking she might qualify for one of the law's subsidies. When she enters her personal information, she is notified that she is automatically enrolled in Medicaid. That's not what she wanted... she wanted to find a subsidy for private health coverage similar to what she had before ObamaCare. She calls the Web site administrator and asks to be un-enrolled from Medicaid, but with the bureaucratic nature of the system, she gets no meaningful response. Her private insurance is terminated, and she finds out that her old primary care physician won't see her as a Medicaid patient. Rebekah is disappointed to find out that she has to find a new doctor, which is a challenge.

Patti, Mark, and James – ages 41, 43, and 19

Patti, Mark, and their son James are all on Mark's employer-sponsored health plan. James sadly has a genetic condition that requires a lot of expensive health care, so the family is especially grateful that Mark's employer offers family coverage. They often have to travel to another state to meet with specialists who aren't available in their state of residence. Patti spends all her time caring for her sickly son, and along the way she meets a lot of other families who have children with the same health condition. Tragically, most of the children with this condition ultimately pass away too young in life. But Patti has noticed that many of the families on Medicaid do not experience the same high quality of care her family gets on their private insurance. When the health law was passed, however, Mark's employer became increasingly worried about the cost of their company health plan. Since the business employs fewer than 50 workers, the boss decides to stop offering health insurance benefits. Patti and Mark aren't sure what they are going to do, since buying individual private insurance would be extremely costly for their family. Shockingly, some of Patti's friends have encouraged her to get a divorce so that she and James will appear to have a low income and will qualify for Medicaid. Patti thinks it is senseless to consider splitting

up her family just to go on what she considers sub-par government-run health insurance. But she doesn't see any other good choices

Tim, Mallory and Macy – 68, 15 and 12

Tim is a grandfather who cares for his two jewels, Mallory and Macy. Their parents tragically ran into serious problems: Their mother died of drug abuse and their estranged father is incarcerated. Tim doesn't have the resources to buy health insurance for the girls, but they qualify for the Children's Health Insurance Program, or CHIP, a part of Medicaid. Mallory is getting to the age that she would prefer to see a female pediatrician instead of a male pediatrician, because she is growing up. But the girls can't be picky about which doctors they see, since they rarely get check-ups and go to the emergency room if they get sick. The ER isn't comfortable for them. They are exposed to other very sick people and have to wait a long time for a doctor to see them. Even then, ER doctors don't have long-standing relationships with the girls as patients and can't spend a lot of time with them. Tim has called the local children's clinic to try and find a primary care doctor for the girls, but the clinic has a waiting list of Medicaid children that it takes on a rolling basis, depending on how many privately insured patients ask first. Tim wishes he could do better for his granddaughters, but that's just the system they are stuck in.

Discussion Questions

- Do you know anyone on Medicaid? What is his or her experience with the program?
- Have you ever talked with your doctor, or any friends who work in health care, about their experience with the Medicaid program on the provider side?
- Who do you think should be eligible for Medicaid? What conditions (if any) should the government put on Medicaid eligibility?
- Is your state expanding Medicaid or not? What are some arguments that people make in favor of – and against – the Medicaid expansion in your state? Which arguments do you find most compelling?
- What, if anything, should the government do to reform Medicaid? Would you support changes allowing states and individual Medicaid patients to have greater control over their health policy and insurance? Why or why not?

Articles to Read

The Medicaid Mess – The Manhattan Institute http://www.manhattan-institute.org/html/ir_8.htm

Medicaid: Don't Expand a Broken System – Independent Women's Forum: <http://www.iwf.org/publications/2791251/Medicaid:-Don't-Expand-a-Broken-System>

21st Century Health Options for the States – Galen Institute: <http://www.galen.org/topics/21st-century-health-care-options-for-the-states/>

Action Items

- Find out if your state has decided to expand the Medicaid program or not. If the issue is still under deliberation, contact your state legislator and let them know how you feel. Make sure they know that the Medicaid program needs patient-centered, cost-conscious reforms instead of blind expansion.
- Write a letter to the editor of your local paper about the Medicaid program, what you believe to be the real problems, and whether or not current policies are addressing the problems.
- Find out if your community has a free or charity health clinic. Call them and ask what their needs are. Organize an event or fundraiser to help keep the clinic available as another option for low-income people who struggle to access care.

Further Study

Visit HealthReformQuestions.com. Continue to read more on the [Medicaid](#) page.