

# MEDICAID

**Aged. Disabled. Low-income population.**

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Medicaid is a joint federal-state public insurance program that provides health coverage to a diverse low-income population, including children, pregnant women, adults, individuals with disabilities, and people aged 65 and older. Each state operates its own Medicaid program within federal guidelines.

## ELIGIBILITY

### Federal Categorical and Financial Criteria

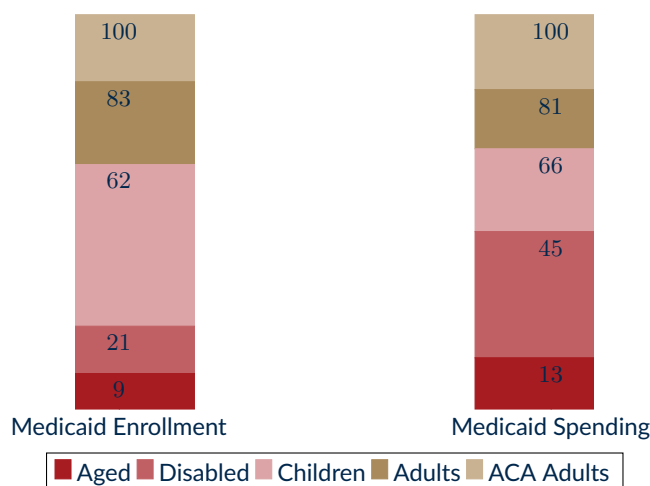
- Children  $\leq 18$  in families with income  $< 138$  percent of the federal poverty line (FPL) (\$31,781 for a family of three in 2022)
- Pregnant women with income  $< 138$  percent of FPL.
- Certain parents or caretakers with very low income.
- Elderly ( $\geq 65$ ) and people with disabilities on SSI.

### States "Optional" Populations

- People with higher income with high medical expenses or in need long-term services and supports.
- Non-disabled adults with income  $< 138$  percent of the FPL, including those without children in states that implemented the Affordable Care Act (ACA) Medicaid expansion.
- Elderly ( $\geq 65$ ) and people with disabilities not on SSI but with income  $< FPL$ .

## BENEFICIARIES

Children account for two-fifths of Medicaid enrollees but only one-fifth of Medicaid spending. Only one-fifth of Medicaid enrollees are seniors or people with disabilities, but because they need more (and more costly) health care services, they account for nearly half of Medicaid spending.



## BENEFITS

- States have flexibility in designing and administering their programs → Benefits vary widely from state to state.
- Different eligibility classifications determine available benefits.
- Federal mandatory Medicaid benefits: inpatient hospital, physician, and nursing facility care.
- State optional Medicaid benefits: dental care, vision services, hearing aids, personal care services, prescription drugs, and physical therapy.

## HISTORY

- Created in 1965.
- ACA expanded the eligibility of non-disabled adults starting 2010.
- Counter-cyclical program → Enrollment expanded during the Great Recession and its aftermath and COVID-19 public health and economic crisis.

## EXPENDITURES

- In FY2019, states and the federal government spent about \$645 billion on Medicaid services.
- The federal government contributes at least \$1 in matching funds for every \$1 a state spends on Medicaid.
- The federal government's share for Medicaid expenditures is called the federal medical assistance percentage (FMAP). The FMAP formula is designed so that the federal government pays a larger portion of Medicaid costs in states with lower per capita incomes relative to the national average.

# EFFECTIVENESS

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## Health

- Reduces infant and child mortality (Currie and Gruber JPE 1996; Goodman-Bacon JPE 2018).
  - Reduces low birth weight (Currie and Gruber JPE 1996).
  - Decreases later-life rate of disease-related mortality for black children (Wherry and Meyer JHR 2016).
  - Increases routine care and decreases ER care for immigrant children (Bronchetti JPE 2014).
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## Labor

- Increases employment and reduces receipt of disability transfer programs up to 50 years later (Goodman-Bacon AER 2021)
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## Consumption

- Increases consumption expenditures and decreases wealth holdings (Gruber and Yelowitz JPE 1999).
  - Increases saving for retirement (Leininger, Levy, and Schanzenbach FHE 2010).
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# POLICY QUESTIONS

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- Does Medicaid lead to overconsumption of health services?