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Commentary: Happy Birthday, Medicaid! Program Plays Key Role in People's Health and Well-Being

By Allison Orris

The 58th anniversary of Medicaid's enactment this month provides an opportunity to reflect on the program's vital role in our health care system and on what can be done to sustain and advance high rates of coverage across the country.

Medicaid is popular for its broad reach — covering about 1 in 4 people living in the U.S. — and for the role it plays in providing people with health coverage, supporting their health at all stages of their lives.¹ Indeed, recent polling by KFF shows that two-thirds of U.S. adults have a connection to the Medicaid program, either directly or because a family member or close friend received some form of Medicaid.² KFF also found that the public views Medicaid favorably, and recent polling from Hart Research found that a large majority of voters (71 percent) say it is important to prevent harmful cuts to the program.³

Steps needed to prevent cuts and strengthen the program include protecting people's coverage as pandemic-related protections unwind; advancing multi-year, continuous coverage for adults and children; and improving access to care. It is also necessary to close the Medicaid coverage gap, in which people lack an affordable coverage option because their incomes are too high to qualify for Medicaid under low state eligibility levels but too low to qualify for subsidized marketplace coverage.

During the pandemic, Medicaid provided a lifeline for children, families, and adults with low incomes, ensuring access to comprehensive, affordable coverage even in the face of job losses caused by the pandemic's economic disruptions. Thanks to the continuous coverage provision,

¹ Centers for Medicare & Medicaid Services (CMS), March 2023 Medicaid & CHIP Enrollment Data Highlights, <https://www.medicaid.gov/medicaid/program-information/medicaid-and-chip-enrollment-data/report-highlights/index.html>; Colleen M. Grogan and Sunggeun Ethan Park, "The Politics of Medicaid: Most Americans Are Connected to the Program, Support Its Expansion, and Do Not View It as Stigmatizing," *Millbank Quarterly*, December 2017, <https://pubmed.ncbi.nlm.nih.gov/29226447/>.

² KFF, "5 Charts about Public Opinion on Medicaid," March 30, 2023, <https://www.kff.org/medicaid/poll-finding/5-charts-about-public-opinion-on-medicaid/>.

³ *Ibid.*; Memo from Geoff Garin and Guy Molyneux, Hart Research Associates, to Protect Our Care, February 28, 2023, <https://www.protectourcare.org/wp-content/uploads/2023/02/Hart-Research-Fighting-Republican-Cuts-to-Medicaid-and-the-ACA.pdf>.

which ensured that states maintained people’s coverage during the public health emergency, people enrolled in Medicaid did not experience typical rates of “churn” (or disenrolling and soon re-enrolling, which, even if the time between is short, can cause access barriers and higher costs).⁴ This federal policy decision protected coverage, thus supporting continuity of, and access to, care.

Even in more typical times, Medicaid helps keep people healthy at all stages of life. It pays for 41 percent of all births in the United States, covers roughly half of the nation’s children, and is the largest payer of long-term services and supports, including home- and community-based services that allow seniors and people with disabilities to live independently.⁵ Eighteen percent of parents have coverage through Medicaid, and when parents have coverage it’s more likely their children are also covered.⁶ (See figure.)

Medicaid plays a key role in treating people who have mental health conditions and substance use disorders.⁷ It also helps reduce health disparities and advance health equity; due to racism and related structural inequities in areas like education and the job market, people of color are overrepresented in low-paid jobs that lack employer-sponsored health coverage, making

FIGURE 1

Medicaid Helps Keep People Healthy at All Stages of Life

Medicaid:



Pays for 41 percent of all U.S. births



Covers roughly half of children



Covers nearly 1 in 5 parents – and covered parents’ children are also likelier to have coverage



Is the largest payer of long-term services and supports for seniors and disabled people to live independently

Source: CBPP compilation of data from KFF, Centers for Medicare & Medicaid Services, U.S. Census Bureau, and Congressional Research Service

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⁴ Jennifer Tolbert and Meghana Ammula, “10 Things to Know About the Unwinding of the Medicaid Continuous Enrollment Provision,” KFF, June 9, 2023, <https://www.kff.org/medicaid/issue-brief/10-things-to-know-about-the-unwinding-of-the-medicaid-continuous-enrollment-provision/#three>.

⁵ KFF, Births Financed by Medicaid, 2021, <https://www.kff.org/medicaid/state-indicator/births-financed-by-medicaid/?currentTimeframe=0&sortModel=%7B%22colId%22:%22Location%22,%22sort%22:%22asc%22%7D>; CMS, *op. cit.*; U.S. Census Bureau, National Population by Characteristics: 2020-2022, <https://www.census.gov/data/tables/time-series/demo/popest/2020s-national-detail.html>; Kirsten J. Colello, “Who Pays for Long-Term Services and Supports?” Congressional Research Service, updated June 15, 2022, <https://crsreports.congress.gov/product/pdf/IF/IF10343>.

⁶ CBPP tabulations of 2021 American Community Survey data.

⁷ Anita Soni, “Healthcare Expenditures for Treatment of Mental Disorders: Estimates for Adults Ages 18 and Older, U.S. Civilian Noninstitutionalized Population, 2019,” Agency for Healthcare Research and Quality, February 2022, https://meps.ahrq.gov/data_files/publications/st539/stat539.pdf.

them likelier to turn to Medicaid as a source of coverage.⁸

Medicaid coverage makes people healthier and more financially secure by improving access to preventive and primary care, providing care for serious diseases, preventing premature deaths, and reducing cases of catastrophic out-of-pocket medical costs. This is evident from a large body of research in states that have expanded Medicaid to cover adults with low incomes.⁹

Medicaid now covers more people than Medicare but represents a smaller share of the federal budget because of the way that states and the federal government share in its costs. While state spending on Medicaid represents a large share of state budgets, Medicaid is the largest single source of federal funds for states.¹⁰

And Medicaid is uniquely responsive to economic downturns: unlike with capped federal support on some other programs, the federal government's commitment to match a certain share of state Medicaid spending means that more federal dollars flow to states when enrollment rises. Congress also acted during the pandemic, as it did in two earlier economic downturns, to temporarily increase the federal share of Medicaid spending to boost support for states.¹¹

This state-federal partnership is also essential to supporting hospitals and health clinics that serve all members of the community, not just Medicaid enrollees. Medicaid supports high-cost services that benefit entire communities, like trauma centers and neonatal intensive care units, and it also helps cover the cost of uncompensated care that safety net hospitals provide to their communities.

Protecting and Improving Access to Medicaid Is Essential to Our Nation's Health

Some of the policy changes that would help protect and strengthen people's Medicaid coverage and make coverage more widely available include the following:

- **Close the Medicaid coverage gap.** Coverage losses due to unwinding the pandemic-related continuous coverage protection are expected to be higher in states that have not adopted the Medicaid expansion, as many low-income individuals now enrolled in Medicaid fall into the

⁸ Christian E. Weller, "African Americans Face Systematic Obstacles to Getting Good," Center for American Progress, December 5, 2019, <https://www.americanprogress.org/article/african-americans-face-systematic-obstacles-getting-good-jobs/>; Anthony P. Carnevale *et al.*, "The Unequal Race For Good Jobs: How Whites Made Outsized Gains in Education and Good Jobs Compared to Blacks and Latinos," Georgetown University Center on Education and the Workforce, 2019, <https://cew.georgetown.edu/cew-reports/raceandgoodjobs/>.

⁹ Madeline Guth, Rachel Garfield, and Robin Rudowitz, "The Effects of Medicaid Expansion under the ACA: Studies from January 2014 to January 2020," KFF, March 17, 2020, <https://www.kff.org/medicaid/report/the-effects-of-medicaid-expansion-under-the-aca-updated-findings-from-a-literature-review/>; Madeline Guth and Meghana Ammula, "Building on the Evidence Base: Studies on the Effects of Medicaid Expansion, February 2020 to March 2021," KFF, May 6, 2021, <https://www.kff.org/medicaid/report/building-on-the-evidence-base-studies-on-the-effects-of-medicaid-expansion-february-2020-to-march-2021/>.

¹⁰ Elizabeth Williams, Robin Rudowitz, and Alice Burns, "Medicaid Financing: The Basics," KFF, April 13, 2023, <https://www.kff.org/medicaid/issue-brief/medicaid-financing-the-basics/>.

¹¹ *Ibid.*

coverage gap.¹² Ten states have yet to adopt the Affordable Care Act’s Medicaid expansion; doing so would provide access to coverage for more than 2 million people who have no real path to coverage today.¹³ And if states don’t act, Congress should revisit its responsibility to close the coverage gap.

- **Ensure that unwinding takes place in a manner that protects coverage.** The early months of unwinding continuous coverage have seen thousands of people lose coverage for procedural reasons and have shown that people are not aware of the process.¹⁴ Over the coming months, it will be important for states to continue their outreach efforts to increase people’s knowledge about the steps they need to take to renew Medicaid or to find alternate sources of coverage. It is also important that states improve their rates of *ex parte* renewals, in which they redetermine eligibility using available data without requiring action by the enrollee. And it will be essential for the Centers for Medicare & Medicaid Services (CMS) to continue monitoring states’ unwinding efforts. Once CMS identifies policy violations that compromise coverage, like long call center wait times or large backlogs that keep people from gaining or retaining coverage, the agency must act quickly to ensure that states remedy these violations. For non-compliant states that do not make these improvements voluntarily, CMS should pursue corrective action plans — potentially requiring states to pause procedural terminations.
- **Resist harmful cuts to federal support for Medicaid.** At the very moment Medicaid covers nearly 90 million people in the U.S., some in Congress have proposed cutting it.¹⁵ Structural changes to Medicaid financing, such as capping Medicaid funding or cutting federal support for Medicaid expansion, as well as policy restrictions that would take coverage away from people who do not meet a bureaucratic work-reporting requirement, would erode the coverage gains achieved in the last few years, jeopardize the health of low-paid workers, and increase medical debt.¹⁶ Such proposed changes should be rejected because they would undermine Medicaid’s role in providing essential preventive, acute, and long-term care to millions.

¹² Laura Guerra-Cardus and Gideon Lukens, “Last 11 States Should Expand Medicaid to Maximize Coverage and Protect Against Funding Drop as Continuous Coverage Ends,” CBPP, January 24, 2023, <https://www.cbpp.org/research/health/last-11-states-should-expand-medicaid-to-maximize-coverage-and-protect-against>.

¹³ CBPP, “The Medicaid Coverage Gap: State Fact Sheets,” updated March 3, 2023, <https://www.cbpp.org/research/health/the-medicaid-coverage-gap>.

¹⁴ KFF, “Medicaid Enrollment and Unwinding Tracker,” June 29, 2023, <https://www.kff.org/medicaid/issue-brief/medicaid-enrollment-and-unwinding-tracker/>; Ashley Kirzinger *et al.*, “The Unwinding of Medicaid Continuous Enrollment: Knowledge and Experience of Enrollees,” KFF, May 24, 2023, <https://www.kff.org/medicaid/poll-finding/the-unwinding-of-medicaid-continuous-enrollment-knowledge-and-experiences-of-enrollees/>.

¹⁵ Allison Orris and Sarah Lueck, “Congressional Republicans’ Budget Plans Are Likely to Cut Health Coverage,” CBPP, updated March 20, 2023, <https://www.cbpp.org/research/health/congressional-republicans-budget-plans-are-likely-to-cut-health-coverage>.

¹⁶ Laura Harker, “Taking Medicaid Away for Not Meeting a Work-Reporting Requirement Would Keep People From Health Care,” CBPP, updated April 28, 2023, <https://www.cbpp.org/research/health/taking-medicaid-away-for-not-meeting-a-work-reporting-requirement-would-keep-people>; Gideon Lukens, “McCarthy Medicaid Proposal Puts Millions of People in Expansion States at Risk of Losing Health Coverage,” CBPP, April 21, 2023, <https://www.cbpp.org/research/health/mccarthy-medicaid-proposal-puts-millions-of-people-in-expansion-states-at-risk-of>.

- **Advance continuous eligibility proposals for children and adults.** Many states already provide 12 months of continuous eligibility for children, and starting in January 2024 this important policy will be required for all children nationwide.¹⁷ This will help reduce churn on and off Medicaid and promote the health benefits of continuity of care.¹⁸ Some states have already applied the pandemic’s lessons on the benefits of continuous coverage, and won approval from CMS to provide multi-year continuous eligibility for children through age 6 or to provide continuous eligibility to some adults.¹⁹ More states should pursue these opportunities, which would simplify enrollment for Medicaid enrollees and eligibility workers, help avoid coverage losses for procedural reasons, and promote better health over the long term. And, to ease the application process for states, Congress should give states a permanent state plan option to adopt multi-year continuous eligibility for children or continuous coverage for adults.
- **Pass the Medicaid Reentry Act to make coverage available to people leaving jail or prison.** By statute, services provided to people who are incarcerated are ineligible for Medicaid reimbursement. States therefore need an approved waiver from CMS to provide Medicaid coverage to people who are preparing to leave jail or prison, which helps connect them to the care they will need in the community. California and Washington have had waivers approved, and more than a dozen others have waiver requests pending. But while CMS has indicated a willingness to approve these requests so long as they align with CMS guidance,²⁰ it can be complicated and time consuming for states to pursue waivers. To better support access to care for people leaving prison or jail, Congress should step in and pass the Reentry Act, which would enable states to provide Medicaid-funded services to people otherwise eligible for Medicaid in (at least) the 30 days before they return to the community. The Medicaid Reentry Act would give states additional, reliable funding that they could use to expand in-reach services where case managers, clinicians, or peer support professionals visit people in jail or prison to help them prepare to return home, including by offering care coordination services to connect people to community-based health and social service

¹⁷ KFF, State Adoption of 12-Month Continuous Eligibility for Children’s Medicaid and CHIP, as of January 1, 2023, <https://www.kff.org/health-reform/state-indicator/state-adoption-of-12-month-continuous-eligibility-for-childrens-medicaid-and-chip/?currentTimeframe=0&sortModel=%7B%22colId%22:%22Location%22,%22sort%22:%22asc%22%7D>.

¹⁸ Elizabeth Williams *et al.*, “Implications of Continuous Eligibility Policies for Children’s Medicaid Enrollment Churn,” KFF, December 21, 2022, <https://www.kff.org/medicaid/issue-brief/implications-of-continuous-eligibility-policies-for-childrens-medicaid-enrollment-churn/>.

¹⁹ KFF, “Medicaid Waiver Tracker: Approved and Pending Section 1115 Waivers by State, Table 1, Section 1115 Eligibility Changes – Other Eligibility and Enrollment Expansions,” July 17, 2023, <https://www.kff.org/medicaid/issue-brief/medicaid-waiver-tracker-approved-and-pending-section-1115-waivers-by-state/#Table1>.

²⁰ *Ibid*; CMS, “Opportunities to Test Transition-Related Strategies to Support Community Reentry and Improve Care Transitions for Individuals Who Are Incarcerated,” SMD #23-003, April 17, 2023, <https://www.medicaid.gov/federal-policy-guidance/downloads/smd23003.pdf>.

providers upon reentry.²¹ These services would be especially beneficial for people with a significant mental or chronic physical health condition or substance use disorder.²²

- **Restore Medicaid eligibility for people who have lawfully present immigration statuses.** People who are immigrants are significantly more likely than citizens to be uninsured. In 2021, among the non-elderly population, 25 percent of people with a lawfully present immigration status were uninsured compared to 8 percent of people who are U.S. citizens.²³ People living lawfully in our nation have been barred from Medicaid since the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA) created harsh immigration-related eligibility restrictions. Many people with lawfully present immigration statuses, such as temporary protected status, are barred entirely from Medicaid eligibility. Others, such as those with lawful permanent resident status, are barred for five years after obtaining that status and living in the U.S. Congress previously gave states the option to restore Medicaid eligibility for children and pregnant people lawfully residing in the U.S., and a few states have further expanded eligibility using state-only funding. But in general, most adults are barred from Medicaid coverage if they don't meet the restrictive requirements. Congress should pass the Lifting Immigrant Families Through Benefits Access Restoration (LIFT the BAR) Act to end the decades-old bar on eligibility for people who have lawfully present immigration statuses.²⁴
- **Improve access to care for people enrolled in Medicaid.** Medicaid payment rates for services are typically lower than they are for Medicare and commercial plans. This can affect providers' willingness to serve Medicaid enrollees, making it more difficult for them to access timely care and potentially leading to long wait times for appointments or long trips to see a doctor. CMS recently proposed two rules aimed at improving access to care for Medicaid enrollees receiving fee-for-service (FFS) care, managed care, and home and community-based services.²⁵ Finalizing these rules will improve access to care for Medicaid enrollees by giving CMS and states more tools to oversee network adequacy in managed care, facilitating quality comparisons across plans, and enhancing enrollees' opportunities to provide input into state policymaking. CMS is also working to finalize rules designed to streamline the Medicaid eligibility and enrollment process; finalizing these rules is a critically important step to make sure that people who are eligible for Medicaid can get enrolled and stay enrolled, a precursor

²¹ Reentry Act of 2023, H.R. 2400/S. 1165, <https://www.congress.gov/bill/118th-congress/house-bill/2400/text?s=1&r=1&q=%7B%22search%22%3A%5B%22Medicaid+Reentry+Act%22%5D%7D>.

²² Jennifer Sullivan *et al.*, "New House Build Back Better Legislation Would Make Long-Lasting Medicaid Improvements," CBPP, November 3, 2021, <https://www.cbpp.org/research/health/new-house-build-back-better-legislation-would-make-long-lasting-medicaid>.

²³ KFF, "Health Coverage and Care of Immigrants," updated March 30, 2023, <https://www.kff.org/racial-equity-and-health-policy/fact-sheet/health-coverage-and-care-of-immigrants/>.

²⁴ LIFT the BAR Act, H.R. 4170, <https://www.congress.gov/bill/118th-congress/house-bill/4170?q=%7B%22search%22%3A%5B%22lift+the+bar%22%5D%7D&s=1&r=1>.

²⁵ States may offer Medicaid benefits on an FFS basis, through managed care plans, or both. Under the FFS model, the state pays providers directly for each covered service received by a Medicaid beneficiary. Under managed care, the state pays a fee to a managed care plan for each person enrolled in the plan. CMS' two proposed rules are: CMS, Medicaid and Children's Health Insurance Program (CHIP) Managed Care Access, Finance, and Quality Proposed Rule, 88 Fed. Reg. 28092, May 3, 2023, <https://www.govinfo.gov/content/pkg/FR-2023-05-03/pdf/2023-08961.pdf>; and CMS, Ensuring Access to Medicaid Services, 88 Fed. Reg. 27960, May 3, 2023, <https://www.federalregister.gov/documents/2023/05/03#centers-for-medicare-medicaid-services>.

to accessing care²⁶ These and other strategies — like extending postpartum coverage to 12 months, expanding the availability of services to address health-related social needs, and making telehealth services more widely available — can health improve care for all Medicaid enrollees and address racial health inequities in postpartum outcomes, the social determinants of health, and other areas.²⁷

²⁶ Allison Orris, “Newly Proposed Rule Would Help Kids, Seniors, and Others Get and Stay Enrolled in Medicaid and CHIP,” CBPP, September 12, 2022, <https://www.cbpp.org/research/health/newly-proposed-rule-would-help-kids-seniors-and-others-get-and-stay-enrolled-in>.

²⁷ Madeline Guth *et al.*, “Medicaid and Racial Health Equity,” KFF, June 2, 2023, <https://www.kff.org/medicaid/issue-brief/medicaid-and-racial-health-equity/>.