

Medicaid

Medicaid at a Glance

Medicaid is the nation's major public health insurance program for low-income Americans, financing health and long-term care services for over 55 million people, including children and many of the sickest and poorest in our nation. In general, private health insurance is not an option for many Medicaid enrollees; low-income workers often do not have access to coverage through their employers, or cannot afford it even if it is offered, and private insurers often exclude individuals with disabilities and chronic illnesses. In the absence of the Medicaid program, the vast majority of its beneficiaries would join the ranks of the 46 million uninsured Americans. Since its enactment in 1965, Medicaid has improved access to health care for low-income individuals, financed innovations in health care delivery, and functioned as the nation's primary source of long-term care financing.

Medicaid's Role in the Health System

The federal and state governments jointly finance Medicaid, and the states administer it within broad federal guidelines. The federal contribution to Medicaid spending ranges from 50% to 76%, depending on state per capita income. Overall, the federal government financed 57% of all Medicaid spending.

Who Is Covered by Medicaid?

To qualify for Medicaid, an individual must meet financial criteria and also belong to one of the groups that are "categorically eligible" for the program, including children, parents of dependent children, pregnant women, people with disabilities, and the elderly. Federal law guarantees Medicaid eligibility for individuals within these groups who fall below specified income levels. At the same time, states have broad optional authority to extend Medicaid eligibility beyond these minimum standards. States have expanded Medicaid coverage extensively, but variably; as a result, Medicaid eligibility and coverage differ widely from state to state.

When Eligibility Starts

Coverage may start retroactive to any or all of the 3 months prior to application, if the individual would have been eligible during the retroactive period. Coverage generally stops at the end of the month in which a person's circumstances change. Most States have additional "State-only" programs to provide medical assistance for specified poor persons who do not qualify for the Medicaid program. No Federal funds are provided for State-only programs.

What is Not Covered

Medicaid does not provide medical assistance for all poor persons. Even under the broadest provisions of the Federal statute (except for emergency services for certain persons), the Medicaid program does not provide health care services, even for very poor persons, unless they are in one of the designated eligibility groups. Low income is only one test for Medicaid eligibility; assets and resources are also tested against established thresholds. As noted earlier, categorically needy persons who are eligible for Medicaid may or may not also receive cash assistance from the TANF program or from the SSI program. Medically needy persons who would be categorically eligible except for income or assets may become eligible for Medicaid solely because of excessive medical expenses.