



# Medicaid

## What It Is and Why It Matters to You

**Medicaid covers those who need it most.** It is the single largest source of public health insurance in the U.S., covering nearly 70 million Americans. Jointly funded by the federal government and states, Medicaid provides health insurance coverage to Americans with limited financial resources. The federal share varies by state from a floor of 50 percent to a ceiling of 74 percent.

**Medicaid covers kids.** Medicaid and the closely related Children's Health Insurance Program together cover more than one in three American children (34 million).<sup>1</sup> Medicaid also provides at least \$2.5 billion annually to support school-based healthcare services like school nurses, speech pathology, occupational therapy and psychology—services that research shows are linked to better education outcomes for students.

**Medicaid assists senior and Americans with disabilities.** Nearly 10 million seniors and Americans with disabilities who are eligible for Medicare also qualify for Medicaid. That is, 14 percent of Medicare beneficiaries are "dual eligibles." Medicare has significant out-of-pocket requirements, and many seniors and individuals with disabilities have low incomes and modest savings. In 2013, half of all Medicare beneficiaries had incomes below \$23,500.<sup>2</sup> Medicaid helps these people pay their Medicare premiums and out-of-pocket costs to ensure they have access to the care they need.

**By almost any measure, Medicaid expansion has been a win for patients, providers, and taxpayers.** Under the Affordable Care Act (ACA), states have the option to expand Medicaid to cover adults under 65 earning less than 138 percent of the federal poverty level. It's a great deal for states: The federal government paid 100 percent of costs of newly eligible beneficiaries through 2016 and will pay 90 percent hereafter. The 32 states that expanded Medicaid coverage to nearly 16 million Americans have consistently outperformed nonexpansion states. Expansion states have lower patient medical debt, lower hospital uncompensated care costs, and lower marketplace premiums.<sup>3</sup>

**Republican proposals would cause a state fiscal crisis and limit access to care.** Repealing Medicaid expansion under the ACA is the tip of the spear of Republican proposals to cut Medicaid funding. Proposals come in two forms: the block grant and the per capita allotment. While there are important differences between the two, both are designed to reduce the financial obligation of

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the federal government to fund its share of the Medicaid program. The Republican budget plan for 2017 (if it had passed) would have cut federal Medicaid funding by \$1 trillion over 10 years. By the 10th year, federal funding for Medicaid and the Children's Health Insurance Program would have been one-third less than under current law.<sup>4</sup> These policies would force states to compensate for reduction in the federal share, limiting enrollment, cutting benefits and/or reducing already low rates to healthcare providers. Safety-net hospitals that service a large share of low-income patients would come under additional financial duress, and many other hospitals could decide to withdraw from the Medicaid program altogether, limiting patient access to care.

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<sup>1</sup> Kaiser Family Foundation. "Children's Health Coverage: Medicaid, CHIP and the ACA." March 2014. Accessed: <http://kff.org/health-reform/issue-brief/childrens-health-coverage-medicaid-chip-and-the-aca/>

<sup>2</sup> Kaiser Family Foundation. "Poverty Among Seniors: An Updated Analysis of National and State Level Poverty Rates Under the Official and Supplemental Poverty Measures." June 2015. Accessed: <http://kff.org/medicare/issue-brief/poverty-among-seniors-an-updated-analysis-of-national-and-state-level-poverty-rates-under-the-official-and-supplemental-poverty-measures/>

<sup>3</sup> LuoJia Hu et al. "The Effect of Patient Protection and Affordable Care Act Medicaid Expansions on Financial Well-Being." The National Bureau of Economic Research. April 2016; David Dravove et al. "Uncompensated Care Decreased at Hospitals in Medicaid Expansion States But Not at Hospitals in Nonexpansion States." *Health Affairs* 35(12). December 2016; Aditi P. Sen and Thomas DeLeire. "The Effect of Medicaid Expansion on Marketplace Premiums." ASPE Issue Brief. September 2016. Accessed: <https://aspe.hhs.gov/sites/default/files/pdf/206761/McaidExpMktplPrem.pdf>

<sup>4</sup> Edwin Park. "Medicaid Block Grant Would Slash Federal Funding, Shift Costs to States, and Leave Millions More Uninsured." Center on Budget and Policy Priorities, November 2016. Accessed: <http://www.cbpp.org/research/health/medicaid-block-grant-would-slash-federal-funding-shift-costs-to-states-and-leave>