

THE VITAL ROLE OF MEDICAID IN AMERICAN HEALTH CARE

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Many voters do not yet understand what is included in the Affordable Care Act signed into law by President Barack Obama in March 2010. They might be surprised to learn that the expansion of Medicaid is a major part of ObamaCare. For decades, Medicaid has been a vital part of U.S. health care, and it will soon become an even more important foundation for millions of families.

A Growing and Popular Program

In 1965, the United States enacted Medicare for the elderly – and also Medicaid to help pay for health care for very poor children, the disabled, and seniors in poverty. At first, the types of people eligible for Medicaid were those receiving cash welfare assistance. But as the years went by, Medicaid benefits were extended to many low-income workers. Medicaid has also expanded to cover additional services, such as nursing home care for elderly people who exhaust family resources. Grandmothers and grandfathers in many middle class families rely on Medicaid.

From the start, Medicaid was popular with a majority of Americans, and public affection for it has only grown. During the budget crisis of the summer of 2011, for example, when citizens were asked whether they supported cuts in Medicaid (defined as “our health insurance program for poor and low-income Americans”) as a way to reduce the federal budget deficit, 72% of the public said they were opposed to cuts, and 54% were strongly opposed. Most Americans want to help the poor, yet Medicaid touches many others as well. A recent Kaiser Family Fund Survey found that 51% of Americans have some personal connection to Medicaid; a fifth have received benefits personally at some time and 31% have a family member or close friend in the program

Why the States Have Expanded Coverage in the Past

Since the time of conservative President Ronald Reagan, Medicaid has expanded under Republican and Democratic presidents and governors. Governors are very important, because Medicaid has always been run as a partnership between Washington DC and the fifty states. Within general guidelines, states get to set many of the terms about who is eligible and exactly which medical services are covered. The federal government shares the cost with the states, and contributes more of the total cost of Medicaid in states with very needy populations.

For years, the fact that Washington DC footed much of the bill provided a huge incentive for states to expand the program regardless of which party was in office. Payment for medical care is also important to more than the poor themselves, because hospitals, doctors, nursing homes, and other providers have a stake in getting paid. Even in tough fiscal times like the budgetary squeeze of 2011, states try to maintain Medicaid in order to take advantage of federal contributions and help people thrown out of work.

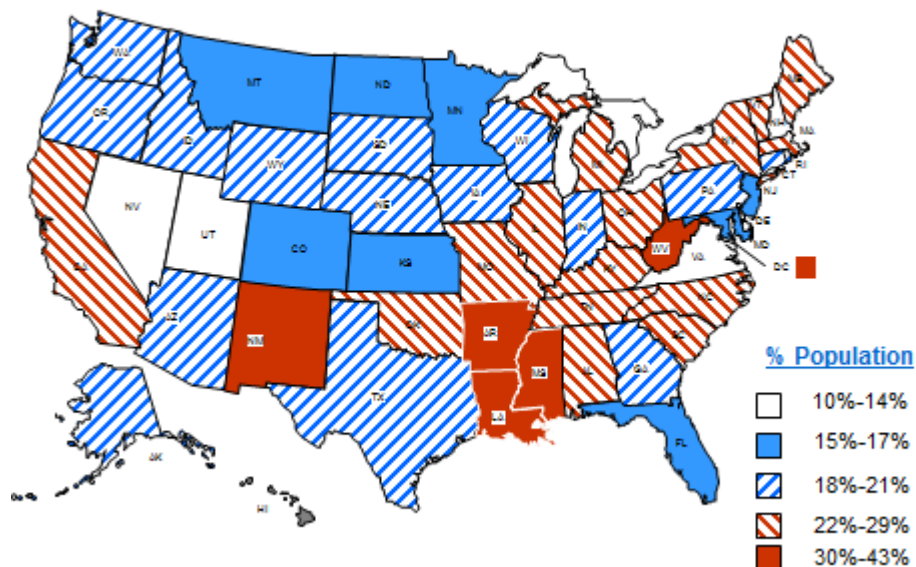
Health Reform Includes a Growing Role for Medicaid

Obama's health reform builds on earlier expansions by calling on all fifty states to extend Medicaid coverage to single men, homeless people, and childless couples – to include all Americans who earn incomes less than 133% of the federal poverty line. When the Affordable Care Act was passed in 2010, all states were virtually required to extend Medicaid, but in June 2012 the Supreme Court ruled that states can choose, without losing previous federal money.

Now that states have the choice, many with Republican governors and legislative majorities have decided *not* to expand Medicaid in 2014. Today's Republicans are often much more ideologically opposed to providing government help to the poor than their predecessors were some years ago. Conservative Republicans now argue that the Medicaid expansions will force states to pay more for the poor in the future (even though the federal government will pay 100% of the costs for those newly eligible until 2016, and no less than 90% of the costs thereafter). But not all Republicans agree. Some Republican governors have been convinced by hospital associations, health care providers, and business groups that their states would be better off taking the federal grants. The economic benefits are considerable, which means that states refusing to expand Medicaid right now may change their minds later – in 2015, 2016 or later.

Medicaid has long been basic to affordable U.S. health care. As the map below shows, if all of the states expand the program under the new health care law, Medicaid could end up helping one in five Americans by 2020 – and more than 30% of residents in many states.

Projected Percent of Total State Population on Medicaid, 2019



Already robust, public affection for Medicaid will grow as the program solidifies its reach into the middle class. Despite the ideological clamor we hear right now, if the past is any indication, future politicians of all stripes will support Medicaid. Voters know the program is vital, and will demand that their representatives work to keep it strong.