Medicaid and the Children’s Health Insurance Program (CHIP) provide health and long-term care coverage to nearly 1.7 million low-income children, pregnant women, adults, seniors, and people with disabilities in Massachusetts. Medicaid is a major source of funding for safety-net hospitals and nursing homes. Federal policy proposals could fundamentally change the scope and financing of the program.

**Snapshot of Massachusetts’ population**

- 6.8 million people live in MA
- 26% of MA’s population is low-income

**In 2015, 23% of people in MA were covered by Medicaid/CHIP.**

**Since implementation of the Affordable Care Act (ACA), Medicaid/CHIP enrollment has increased in MA.**

**Medicaid coverage contributes to positive outcomes:**
- Declines in infant and child mortality rates
- Long-term health and educational gains for children
- Improvements in health and financial security

**How does Medicaid work and who is eligible?**

Each Medicaid program is unique:

<table>
<thead>
<tr>
<th>Federal government sets core requirements, but states have flexibility regarding:</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Eligibility</strong> - All states have taken up options to expand coverage for children; many have opted to expand coverage for other groups.</td>
</tr>
<tr>
<td><strong>Benefits</strong> – All states offer optional benefits, including prescription drugs and long-term care in the community.</td>
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<td><strong>Delivery system &amp; provider payment</strong> – States choose what type of delivery system to use and how they will pay providers; many are testing new payment models to better integrate and coordinate care to improve health outcomes.</td>
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<td><strong>Long-term care</strong> – States have expanded eligibility for people who need long-term care and are increasingly shifting spending away from institutions and towards community-based care.</td>
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<td><strong>State health priorities</strong> – States can use Medicaid to address issues such as the opioid epidemic, HIV, Zika, autism, dementia, environmental health emergencies, etc.</td>
</tr>
</tbody>
</table>

**Medicaid/CHIP eligibility levels are highest for children and pregnant women.**

<table>
<thead>
<tr>
<th>Children</th>
<th>Pregnant Women</th>
<th>Parents</th>
<th>Childless Adults</th>
<th>Seniors &amp; People w/ Disabilities</th>
</tr>
</thead>
<tbody>
<tr>
<td>25% ($44,400)</td>
<td>20% ($44,400)</td>
<td>12% ($44,400)</td>
<td>12% ($44,400)</td>
<td>100% ($11,880)</td>
</tr>
</tbody>
</table>

Eligibility levels are based on the FPL for a family of four for children, pregnant women, parents, and seniors for children and seniors & people w/ disabilities. Seniors & people w/ disabilities’ eligibility may include an asset limit.
How are Medicaid funds spent and how is the program financed?

Medicaid plays a key role in the U.S. health care system, accounting for:

- $1 in 6 dollars spent overall in the health care system
- More than $1 in 3 dollars provided to safety-net hospitals and health centers
- $1 in 2 dollars spent on long-term care

On a per enrollee basis, Medicaid spending growth is slower than private health care spending, in part due to lower provider payments.

Federal funding to states is guaranteed with no cap and fluctuates depending on program needs. In MA the federal share (FMAP) is 50%. For every $1 spent by the state, the Federal government matches $1.

Expansion states received an increased FMAP for the expansion population. MA received $2.3 billion in federal funds for expansion adults from Jan 2014 – Sept 2015.

What are the implications of reduced federal financing in a Medicaid block grant or a per capita cap?

Congress may soon debate proposals to reduce federal Medicaid funding through ACA repeal and federal caps. The March 2016 Budget Resolution would reduce federal Medicaid spending by 41% nationally over the 2017-2026 period.

- Total reduction in federal funds: $2.1 trillion

The impact of a block grant or per capita cap will depend on funding levels, but could include:

- Increases in the number of uninsured
- Decreased access and service utilization, decreased provider revenues (to hospitals, nursing homes, etc.), and increased uncompensated care costs
- Increased pressure on state budgets
- Decreased economic activity

A per capita cap could lock in historical state differences or redistribute federal funds across states.