Medicaid’s History and Contributions

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NASI: Medicare and Medicaid at 50
An Act

To provide a hospital insurance program for the aged under the Social Security Act with a supplementary medical benefits program and an expanded program of medical assistance, to increase benefits under the Old Age, Survivors, and Disability Insurance System, to improve the Federal-State public assistance program, and for other purposes.

As it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act, with the following table of contents, may be cited as the "Social Security Amendments of 1965".

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H. R. 6755—158

PROVIDING CERTAIN LIMITATIONS IN DETERMINING NEED OF CERTAIN DEPENDENT CHILDREN

SEC. 416. Effective July 1, 1965, as such of the definitions of section 422(a) of the Social Security Act as follows the first sentence is amended by inserting after "except that, making such determinations, the following:" (A) the State agency may disregard not more than $50 per month of earned income of each dependent child under the age of 18 but not in excess of $100 per month of earned income of such dependent children in the same home, (B)...

FEDERAL SHARE OF PUBLIC ASSISTANCE EXPENDITURES

Sec. 417. Title XI of the Social Security Act is amended by adding at the end thereof (after section 1117, added by section 416 of this Act), the following new section:

"A RETURN OF FEDERAL PAYMENT WITH RESPECT TO PUBLIC ASSISTANCE EXPENDITURES

Sec. 1118. In the case of any State which has in effect a plan approved under title XIX for any calendar quarter, the total of the payments to which such State is entitled for such quarter, and for each succeeding quarter in the same fiscal year (which for purposes of this section means the 4 calendar quarters ending with June 30), under paragraphs (1) and (2) of sections 1902(a), 1906(a), 1906(e), and 1901(a), and (B) shall, at the option of the State, be determined by application of the Federal medical assistance percentage (as defined in section 1902), instead of the percentage provided under such such section, to the expenditures under its State plan approved under title I, IV, X, XIV, and XVI, which would be included in determining the amounts of the Federal payments to which such State is entitled under such sections, but without regard to any maximum on the dollar amounts per recipient which may be counted under any such sections.

Speaker of the House of Representatives.

By order of the President of the United States and the Vice President of the United States.

July 30, 1965
Medicaid’s Origins

- Enacted in 1965 as title XIX of the Social Security Act
- Means-tested; originally focused on the public assistance population

**Entitlement**

Eligible Individuals are entitled to a defined set of benefits
States are entitled to federal matching funds

**Federal**

Sets core requirements on eligibility and benefits

**State**

Flexibility to administer the program within federal guidelines

**Partnership**
Figure 3

But Medicaid has evolved over time to meet changing needs.

NOTE: *Projection based on CBO March 2015 baseline.
SOURCE: KCMU analysis of data from the Health Care Financing Administration and Centers for Medicare and Medicaid Services, 2011, as well as March 2015 CBO baseline ever-enrolled counts.
Medicaid plays a central role in our health care system.

- Health Insurance Coverage
- Assistance to Medicare Beneficiaries
- Long-Term Care Assistance
- Support for Health Care System and Safety-Net
- State Capacity for Health Coverage

**MEDICAID**

*Figure 4*
Figure 5

Medicaid covers a large share of certain populations.

**Share with Medicaid Coverage**

**Families**
- All Children: 37%
- Children < 100% FPL: 77%
- Parents < 100% FPL: 45%
- Births (Pregnant Women): 46%

**Elderly and People with Disabilities**
- Medicare Beneficiaries: 20%
- Nonelderly Adults with Functional Limits: 16%
- Nonelderly Adults with HIV in Regular Care: 41%
- Nursing Home Residents: 64%

NOTE: FPL means federal poverty level. 100% FPL was $19,530 for a family of three in 2013.

Medicaid and private insurance provide similar access to care – the uninsured fare far less well.

**Figure 6**

<table>
<thead>
<tr>
<th></th>
<th>Medicaid</th>
<th>ESI</th>
<th>Uninsured</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Usual Source of Care</strong></td>
<td>97%*</td>
<td>98%</td>
<td>75%*</td>
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<tr>
<td><strong>Well-Child Checkup</strong></td>
<td>84%</td>
<td>85%</td>
<td>56%*</td>
</tr>
<tr>
<td><strong>Specialist Visit</strong></td>
<td>14%</td>
<td>15%</td>
<td>7%*</td>
</tr>
<tr>
<td><strong>Usual Source of Care</strong></td>
<td>87%*</td>
<td>90%</td>
<td></td>
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<tr>
<td><strong>General Doctor Visit</strong></td>
<td></td>
<td></td>
<td>47%*</td>
</tr>
<tr>
<td><strong>Specialist Visit</strong></td>
<td>37%*</td>
<td></td>
<td>27%</td>
</tr>
</tbody>
</table>

**Children**

**Nonelderly Adults**

**NOTES:** Access measures reflect experience in past 12 months. Respondents who said usual source of care was the emergency room are not counted as having a usual source of care. *Difference from ESI is statistically significant (p<.05)

**SOURCE:** KCMU analysis of 2014 NHIS data.
Medicaid spending is mostly for the elderly and people with disabilities, FY 2011.

**Enrollees**
Total = 68.0 Million

**Expenditures**
Total = $397.6 Billion

SOURCE: KCMU/Urban Institute estimates based on data from FY 2011 MSIS and CMS-64. MSIS FY 2010 data were used for FL, KS, ME, MD, MT, NM, NJ, OK, TX, and UT, but adjusted to 2011 CMS-64.
Medicaid provides support for providers and services in the health care system.

Medicaid as a share of spending by select services, 2013:

- Total National Spending (billions)
  - Total Health Services and Supplies: $2,469
  - Hospital Care: $937
  - Professional Services: $778
  - Nursing Home Care: $156
  - Prescription Drugs: $271

NOTE: Includes neither spending on CHIP nor administrative spending. Definition of nursing facility care was revised from previous years and no longer includes residential care facilities for mental retardation, mental health or substance abuse. The nursing facility category includes continuing care retirement communities.

Over half of all Medicaid beneficiaries receive their care in comprehensive risk-based MCOs.

Share of Medicaid beneficiaries enrolled in risk-based managed care plans

U.S. Overall = 51%

Medicaid spending and enrollment are affected by changes in economic conditions and policy.

NOTE: Enrollment percentage changes from June to June of each year. Spending growth percentages in state fiscal year.

SOURCE: Implementing the ACA: Medicaid Spending & Enrollment Growth for FY 2014 and FY 2015
NOTE: The June 2012 Supreme Court decision in National Federation of Independent Business v. Sebelius maintained the Medicaid expansion, but limited the Secretary's authority to enforce it, effectively making the expansion optional for states. 138% FPL = $16,424 for an individual and $27,724 for a family of three in 2015.
NOTES: Under discussion indicates executive activity supporting adoption of the Medicaid expansion. **MT has passed legislation adopting the expansion; it requires federal waiver approval. *AR, IA, IN, MI, PA and NH have approved Section 1115 waivers. Coverage under the PA waiver went into effect 1/1/15, but it is transitioning coverage to a state plan amendment. Coverage under the IN waiver went into effect 2/1/15. WI covers adults up to 100% FPL in Medicaid, but did not adopt the ACA expansion.

Figure 13

Medicaid at 50: Moving to the future

**Pre-ACA**

- Health Insurance Coverage for Certain Individuals
- Antiquated Enrollment Process
- Shared Financing States and Federal Govt.
- Support for Health Care System

**Post-ACA**

- Coverage for All Adults and Children Up to at Least 138% FPL
- Modernized, Simplified Enrollment Process
- Additional Federal Financing for New Coverage
- Delivery System Reforms