

Medicaid: Frequently Asked Questions

Medicaid is an essential safety net—there for you when you need it—because no matter how prepared you are, you never know when you or your family may face hard times. Medicaid provides access to and helps improve the health and financial security of millions of Americans every day, covering about 1-in-5 Americans.

Modern Medicaid Alliance members often hear misconceptions about Medicaid.

Below, we set the record straight on top questions about the program.

1. Does Medicaid provide access to quality care?

Yes. Medicaid provides millions of Americans with high-quality, affordable health care. **83% of Medicaid enrollees** rate the overall performance of their current coverage as either “excellent” or “good.” **Studies show** that Medicaid enrollees have significantly better access to care than people who are uninsured and are less likely to postpone or avoid care because of cost. Medicaid expansion has been **credited** with increased access to care, improved quality of care, and ultimately, reduced health care costs.

2. Does Medicaid only cover unemployed adults?

No. Medicaid covers Americans from every walk of life. People benefiting from Medicaid include millions of children, older adults, people with disabilities, and nearly 2 million veterans. **61% of adults under 65** covered by Medicaid who do not face a barrier to work are working full or part-time; those who are not working often face health barriers, such as a disability or a serious medical condition, or have caregiving responsibilities.

3. How does Medicaid work?

Medicaid is a joint effort by federal and state governments to cover health care services. The private sector is an essential partner in the success of the Medicaid program. While some states administer Medicaid directly through state Medicaid agencies, **41 states** and the District of Columbia choose to partner with private health insurance plans to deliver Medicaid benefits through Medicaid managed care organizations (MCOs).

4. Is Medicaid a good deal for taxpayers?

Yes. Medicaid provides comprehensive benefits to eligible Americans with low or no out-of-pocket costs. **Research** shows that Medicaid coverage contributes to the economy by helping enrollees look for work and maintain employment. Medicaid expansion has also had a **positive impact** on state budgets and economies.

5. How would cuts to Medicaid funding impact the program?

Several proposals to cut or restrict federal Medicaid funding would result in greater costs being shifted to states. In 2022, the federal government paid for **71%** (\$573 billion) of all Medicaid spending. States would be required to make changes to Medicaid like reducing coverage, services, and the rates paid to Medicaid providers, or alternatively raise other revenues to account for reduced federal funding.

Medicaid cuts would disproportionately **impact** Medicaid enrollees who qualify due to age or disability status, many of whom rely on the **long-term services and supports** which are uniquely covered by Medicaid.

6. What do Americans think of Medicaid?

The vast majority of Americans understand the value that Medicaid provides to individuals, families, and communities. According to **polling** conducted by Morning Consult on behalf of the Modern Medicaid Alliance, 92% of Americans say it's important to have a strong, sustainable Medicaid program. Further, 76% of Americans have a favorable view of Medicaid and 68% oppose cutting funding for Medicaid.

7. What is Medicaid managed care?

Medicaid managed care programs are partnerships between state governments and health insurance plans to provide accountability and comprehensive health coverage to Medicaid enrollees. **41 states** and the District of Columbia use managed care to provide Medicaid to enrollees. States use Medicaid managed care as an alternative to fee-for-service. Managed care is the predominant way state Medicaid programs provide health services to people with Medicaid, with **75%** of all Medicaid beneficiaries enrolled in an MCO. From 2003 to 2022, **total enrollment in MCOs** has more than quadrupled.

MCOs work closely with states to improve quality and outcomes for patients and provide budget predictability for states. In fact, Medicaid MCOs improved their performance on **87% of key quality metrics** related to patient satisfaction, provision of services, and health outcomes over four years.

8. Who relies on Medicaid managed care?

In 2022, 36 states reported covering **75% or more** of all children enrolled in Medicaid through MCOs. While states are less likely to enroll adults over the age of 65 and people with disabilities in MCOs, states are **increasingly** including enrollees with complex needs in MCOs.

Across the country, individuals newly eligible for Medicaid through the state-led efforts to expand the program also rely on MCOs. Of the 39 states that had implemented Medicaid **expansion** as of 2022, 32 reported using MCOs to cover newly eligible adults.