



Understanding Medicaid Complex, Compassionate, Cost Effective

EXECUTIVE SUMMARY

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The Medicaid program is doing its job—providing health care benefits and services to those who qualify, and doing it efficiently. This is particularly important as a growing number of people in Michigan have lost employer-sponsored health care coverage.

Michigan Medicaid provides health care coverage to 1.9 million Michigan residents, mostly children, seniors and those with disabilities. That number is expected to increase 25 percent to 40 percent with the full implementation of the Affordable Care Act.

Michigan has been at the forefront of both cost saving and financing strategies to reduce the state cost of the program. In FY 2011, the state General Fund appropriation for the Medicaid program was less than in FY 2002, but the program was estimated to serve about 700,000 more people.

While there is a substantial state investment in the Medicaid program, the majority of funding comes from the federal government, with the state's current matching rate of about 66 percent. For every state dollar cut from the program, \$2 of federal funds are forgone, and \$3 of health care services are lost.

State and national polling confirm very strong public support for the Medicaid program. According to a survey by the Kaiser Family Foundation in May 2011, about 60 percent of Americans want to keep Medicaid in its current form and just over half said they do not want to see funds cut.

Gov. Rick Snyder has demonstrated strong support for the Medicaid program in his budget, recommending few cuts, and did not join with other Republican governors in calling for the repeal of the Affordable Care Act.

Proposals at the federal level have included arbitrary cuts or caps on federal Medicaid spending. These proposals would simply shift costs to states or recipients. It is essential with the Affordable Care Act expansion of Medicaid in 2014 that the Medicaid program not be weakened by arbitrary cuts.

RECOMMENDATIONS:

- Support funding for the Medicaid program at the state and federal levels. Oppose weakening the program through arbitrary cuts at the federal level or cost shifting to the states or recipients.
- Oppose state policies that save money in the short run, but cost more to Medicaid, the economy, or the recipients in the long run.
- Strengthen the program now so that in 2014 when 500,000 to 800,000 new enrollees join the Medicaid program, they obtain access to quality care and not just a card that does not provide access to needed care.