

Executive Summary

As debate on national health reform moves forward, expanding coverage to the uninsured as well as addressing health care cost and quality issues have emerged as the dominant drivers for system reform. Extensive research shows that coverage is key to securing access to needed health care services. Leading health reform proposals rely on a combination of public and private approaches to expand coverage, control costs and improve quality with shared responsibilities across employees, employers, government, consumers and insurance markets.

What problems do low-income individuals face in today's health care system?

- Two-thirds of the 45 million uninsured are low-income individuals (below 200% of the poverty level or \$36,620 for a family of three in 2009), and many have significant health needs.
- Many low-income individuals do not have access to employer coverage and cannot afford or access private coverage through the individual market.

Why build on Medicaid?

- Medicaid already serves 60 million Americans and provides a base of affordable and comprehensive coverage that is well suited for low-income and high-need populations. The costs of private health care and Medicare premiums are lessened by having Medicaid insure these high-need populations and provide key services not covered by private plans or Medicare.
- Most Medicaid enrollees receive care through private managed care plans that are designed to promote access to care, enhance quality and control costs. Medicaid also helps support community health centers and other safety-net providers in medically underserved areas.
- Medicaid enrollees fare as well as the privately insured populations on important measures of access to primary care even though they are sicker and more disabled. Accounting for the health needs of its beneficiaries, Medicaid is a low-cost program with lower per capita spending than private insurance; thus covering Medicaid enrollees in private coverage would be more costly.
- Medicaid has a well developed administrative structure in every state that has enabled it to be a cornerstone in federal and state efforts to expand coverage. Medicaid plays an important role for some disadvantaged populations and the program has broad public support.

How can Medicaid be a stronger platform for health reform?

- Expand Medicaid's reach to more low income individuals by basing eligibility on income alone with federal minimum standards and making additional progress to increase participation rates.
- Ensure that current and new enrollees receive Medicaid's benefit and cost-sharing protections, and promote better access by addressing payment rates to help boost provider participation.
- Provide adequate Medicaid financing by having the federal government assume the costs of expanding Medicaid coverage or by shifting some current Medicaid costs to the federal government; and provide stable financing by establishing a countercyclical financing mechanism during economic downturns.
- Bolster Medicaid with broader efforts to contain costs across the health system (public and private) to help ensure long term sustainability; develop strategies to expand the primary care workforce to provide better access to primary and preventive care, and establish system-wide quality standards along with the implementation of health information technology to promote an efficient health care system based on positive outcomes.

Health reform will not address all the gaps in the health care system that Medicaid now helps to fill such as providing long-term care and helping to sustain the health care safety-net and covering many of the supportive services that the chronically ill and disabled need. As we move forward, Medicaid offers a strong foundation on which broader health reforms can be built by providing coverage for the high-need and low-income populations and providing a vehicle to reach more low-income uninsured with affordable coverage. This strong foundation will help to assure the success of larger health reform efforts.