



Medicaid 101: A Quick Look at the Program

Medicaid was created in 1965 to be a health care coverage option for low income and disabled individuals. Today, the program is available in all 50 states and serves 1 in 5 Americans, or approximately 72 million people.*

Who is eligible?

All individuals must meet financial and non-financial requirements — which vary by state — to be eligible for Medicaid.

The program covers five main populations:

- 1 Children
- 2 Pregnant women
- 3 Adults in families with dependent children
- 4 Individuals with disabilities
- 5 The elderly

States were also granted the option to extend coverage to parents or caretakers of dependent children with incomes below 133% of the federal poverty level under the Affordable Care Act. Collectively, this population is known as the Medicaid Expansion population, and is now covered in 38 states and Washington DC.

Who administers Medicaid?

Medicaid is administered by states but funded by a combination of federal and state dollars. By law, states must designate a single state agency to administer their Medicaid program. And each state must submit a state plan to CMS that demonstrates their understanding of and how they will adhere to federal Medicaid rules and regulations.

What is the role of managed care organizations?

Using either a state plan amendment or waiver, states can authorize the use of managed care organizations (MCOs) to provide services to their Medicaid population. This helps states manage risk to taxpayers, control costs, make costs more predictable and improve care for those served by the program. The most common type of managed care structure is a comprehensive risk-based managed care arrangement, where a state contracts with an MCO, paying them a fixed dollar amount per member per month (PMPM) to cover a set of services, including primary care and hospitals.

Is the program the same in each state?

States use plan amendments and waivers to personalize their Medicaid programs to meet their state's unique needs. For example, waivers may be used to cap the number of individuals covered or to expand home and community-based services.

How is Medicaid different from Medicare?

Created as companion programs, Medicare is administered by the federal government, whereas Medicaid is a federal-state partnership administered by the states. Medicare provides health care coverage for those 65 and over, or those under 65 with a disability — regardless of their income. Medicaid is focused on providing health care coverage for low-income individuals.

Want to learn more about Medicaid? Watch our full on-demand education video [here](#).

Source

*<https://www.kff.org/medicaid/issue-brief/10-things-to-know-about-medicaid-setting-the-facts-straight/>