



# Affordable Care Act: Medicaid Financing

Funding access to care for low-income and vulnerable populations

Medicaid is a safety-net health program administered by the states and jointly financed by the states and the federal government. The federal funding share of the Medicaid program, referred to as the federal medical assistance percentage (FMAP), depends on the relationship between the state's per capita personal income and the national average per capita personal income over three years. The FMAP is recalculated each year and varies from state to state. The FMAP cannot exceed 83% or be less than 50%.

By January 1, 2014, all people under the age of 65 with income up to 133% of the federal poverty level (FPL) – about \$14,050 for a single adult – will have access to Medicaid. Prior to passage of the Affordable Care Act, a complex set of eligibility requirements restricted enrollment to a select group including children, pregnant women and some disabled. New enrollees who do not fit into the previously mentioned categories will be considered “newly eligibles.”

## Fast Facts:

- About 95% of all new Medicaid spending under the Affordable Care Act will be handled by the federal government, leaving states to cover only 5%.
- By 2019, Medicaid expansion will decrease the number of uninsured by 11.2 million people, or 45% of uninsured adults below 133% FPL.
- States with low coverage levels and higher uninsured rates today will see larger reductions in the uninsured (i.e. Alabama 53.2%, Texas 49.4%).

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**The federal government will pay for the majority of the total FMAP funding increase, but the amount varies by state.**

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## Highlights of Medicaid Financing in the Affordable Care Act

### FMAP

- By 2020, all states will receive a 90% FMAP.
- Non-expansion states are those that do not currently cover parents and childless adults up to 133% FPL or higher. For calendar years 2014 through 2016, the federal government will pick up 100% of the cost of newly-eligible adults up to 133% FPL for states not currently covering up to 133% FPL. In 2017, the matching rate will be 95%; in 2018, it will be 94%; in 2019, it will be 93%.
- Leading or “expansion” states are those currently covering parents and childless adults at least up to 100% FPL. Expansion states will receive a phased-in increase in their FMAP for newly eligibles. The FMAP will be 50% in 2014, 60% in 2015, 70% in 2016, 80% in 2017, 90% in 2018, 93% in 2019, and 90% in 2020 and beyond. States eligible for this matching rate include: Arizona, Delaware, Hawaii, Maine, Massachusetts, New York, and Vermont.

### Preventive Services

- States will receive a one percentage point FMAP increase for preventive services if they cover all USPSTF “A or B” recommended prevention services and eliminate cost sharing.

### Medicaid Maintenance of Effort (MOE)

- As a condition of receiving federal funding for Medicaid, states must maintain the Medicaid and Children’s Health Insurance Program (CHIP) eligibility levels that were in place as of March 23, 2010. This

requirement extends until 2019 for children's coverage and until state exchanges are fully operational for adult coverage (January 1, 2014 at the earliest).

- States cannot implement policies that make it more difficult to enroll in Medicaid or CHIP, including premium increases, more frequent re-certifications, or additional documentation requirements.
- From July 2011 to 2014, states facing a budget deficit can seek an exception to the MOE for Medicaid coverage for non-pregnant, non-disabled adults with incomes greater than 133% FPL. This means states may tighten eligibility requirements for women who have been diagnosed through the National Breast and Cervical Cancer Early Detection Program and need treatment paid for by Medicaid.

### **Implications for the American Cancer Society and American Cancer Society Cancer Action Network (ACS CAN)**

- ACS CAN will continue to advocate that low-income women diagnosed with breast or cervical cancer can get access to treatment through Medicaid.
- ACS CAN will continue to advocate for coverage of the full range of cancer screenings and other preventive care for all Medicaid beneficiaries.