

Reforming Medicaid

For Americans in a Time of Need

Medicaid swelled to 87 million enrollees in April 2023, doubling the number of enrollees in 2000.¹ The Affordable Care Act (ACA) incentivized states to expand Medicaid to able-bodied, working-age adults at the expense of low-income children, pregnant women, and people with disabilities.² Congress discouraged eligibility reviews during the COVID-19 pandemic.³ The next administration should refocus Medicaid by:

1. **Ending the ACA's discrimination** against our most vulnerable populations by equalizing the federal reimbursement rate across all enrollees.
2. **Promoting access to care and self-sufficiency** by helping able-bodied recipients move off welfare and into employment and private coverage.
3. **Fixing long-term care** by limiting Medicaid to Americans truly in need and empowering private sector solutions such as assisted living and home- and community-based care.

For Hard-Working American Families

Medicaid spending exceeds \$750 billion per year,⁴ crowding out other state priorities such as education and infrastructure and adding to the federal debt. Nearly a quarter of all Medicaid spending is improperly paid. The next administration should support policies to:

1. **Improve incentives** so states focus on value rather than maximizing federal dollars.
2. **Safeguard the program** by reducing improper payments and fighting waste, fraud, and abuse.⁵

For a Healthy America

Medicaid delivers low value and does not produce substantial health gains. To improve the health of lower-income Americans, the next administration should pursue policies to:

1. **Allow states to innovate** by cutting federal red tape that limits their flexibility and detracts from the delivery of care.⁶
2. **Empower recipients** to control more of the program's financing.
3. **Improve access to care** by empowering clinicians to practice at the top of their licenses and make medical decisions based on the needs of patients.

¹ Medicaid.gov, "May 2023 Medicaid and CHIP Enrollment Data Highlights," <https://www.medicaid.gov/medicaid/program-information/medicaid-and-chip-enrollment-data/report-highlights/index.html>.

² Markus Bjoerkheim, Kofi Amapaabeng, and Liam Sigaud, "The Effect of the Affordable Care Act's Medicaid Expansion on the Mental Health of Already-Enrolled Medicaid Beneficiaries," Mercatus Center, July 19, 2023, <https://www.mercatus.org/research/working-papers/effect-affordable-care-acts-medicaid-expansion-mental-health-already>; Charles Blahous and Liam Sigaud, "The Affordable Care Act's Medicaid Expansion Is Shifting Resources away from Low-Income Children," Mercatus Center, December 13, 2022, <https://www.mercatus.org/research/research-papers/affordable-care-acts-medicaid-expansion-shifting-resources-away-low-income>.

³ Gary Alexander, Brian Blase, and Nic Horton, "Pandemic Unwinding: How States Should Clean Up Their Medicaid Rolls," Paragon Health Institute, May 2023, https://paragoninstitute.org/wp-content/uploads/2023/05/Pandemic_Unwinding_How_States_Should_Clean_Up_Their_Medicaid_Rolls_20230502.pdf.

⁴ Medicaid and CHIP Payment and Access Commission, *Medicaid Enrollment and Spending, FYs 1971–2021, 2021*, <https://www.macpac.gov/wp-content/uploads/2022/12/EXHIBIT-8-Medicaid-Enrollment-and-Spending-FYs-1971%E2%80%932021.pdf>.

⁵ Brian Blase and Joe Albanese, "America's Largest Health Care Programs Are Full of Improper Payments," Paragon Health Institute, December 4, 2022, <https://paragoninstitute.org/americas-largest-health-care-programs-are-full-of-improper-payments/>.

⁶ Medicaid and CHIP Payment and Access Commission, *Reference Guide to Federal Medicaid Statute and Regulation*, April 2022, <https://www.macpac.gov/reference-materials/reference-guide-to-federal-medicaid-statute-and-regulations/>.