



## Highlights: What Makes Medicaid, Medicaid? Five Reasons Why Medicaid is Essential to Low-Income People

### Medicaid Services Are Specifically Designed to Meet the Needs of Low-Income People

- Medicaid enrollees, by definition, have low-income and often minimal savings and other resources. They are also more likely to have serious health problems and generally lack the resources to address those health problems on their own.
- Medicaid includes a strong set of **"mandatory" benefits** for enrollees, which every participating state (all states participate) must provide to its Medicaid population. Mandatory Medicaid benefits include: inpatient and outpatient hospital services, physician services, and laboratory and x-ray services.
- States also can provide any of a long list of **"optional" services** including outpatient prescription drug coverage (all states cover these), dental coverage, physical therapy, and case management services.

### Medicaid Provider Network Rules Maximize Access for Low-Income People

- Medicaid law requires states to set payment rates sufficient to enlist enough providers so that care and services are available under the plan at least to the extent that such care and services are available to the general population.
- Medicaid managed care requires each managed care plan have a **network of providers** that is sufficient in number, mix and geographic distribution to meet the needs of the anticipated number of enrollees.
- Medicaid requires states to cover federally qualified health centers (FQHCs) and rural health centers (RHCs), intended to improve care for low-income individuals.

## Medicaid is the Only Insurance Program That is Affordable for Low-Income People

- Low-income individuals, who, when faced with even small costs for health care services, forego essential health care due to the financial burden.
- Medicaid has been specially designed to keep care affordable. It prohibits premiums on all individuals below 150% of the federal poverty level (FPL).
- The lowest-income individuals can only be charged “nominal” copayments – for example, \$4 for a doctor visit or a preferred prescription drug.
- Anyone living in poverty cannot be denied treatment for the inability to pay. Providers can waive copays for their patients and no individual in poverty can be charged cost-sharing in excess of 5% of their income in a month or quarter.

## Medicaid Is the Only Insurance That Can Protect the Rights of Low-Income People

- Medicaid includes strong **notice and appeals rights** that the Supreme Court has required under the Due Process Clause of the United States Constitution.
- An enrollee’s benefits cannot be altered by a state (or its contractors) without a hearing prior to implementing the proposed change.
- The state must: provide a timely notice of the intended action; include specific information such as the reasons for the intended action, the regulations that support the action, and the enrollee’s hearing rights; allow the enrollee to attend a hearing to evidence and cross-examine adverse witnesses; allow the enrollee to be represented by an attorney; have the case decided by an impartial decision maker; and get a decision including the evidence used to make the decision.
- The due process protections required under Medicaid law protect vulnerable Medicaid enrollees who lack alternative resources to obtain medical care or the resources to lobby to have their case fixed after the fact.

## Medicaid Provides Low-Income People with the Access and Continuity They Need

- Medicaid includes a series of special protections to promote health care access and continuity for low-income enrollees to solve these problems.
- Medicaid law requires that “all individuals wishing to make application for medical assistance” have the “opportunity to apply for Medicaid without delay.” States must provide Medicaid with **reasonable promptness**.

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- Medicaid uses a unique “**point-in-time**” **eligibility** system which makes enrollment retroactive to the date of application. For example, if an individual applies on November 15th, and is found eligible on December 10th, their Medicaid effective date is November 15th.
- Medicaid generally offers **retroactive eligibility** for the three months prior to the month of application if the individual has any bills for treatment in that time.
- Newborn children born to mothers receiving Medicaid on their date of birth are **automatically deemed eligible** and enrolled in Medicaid as of that date, meaning there is no delay in starting a newborn’s coverage and the baby automatically remains eligible for Medicaid for a full year.
- States cannot impose **illegal conditions of eligibility** in excess of the eligibility criteria enumerated in Federal law. Although states have flexibility in designing and administering their Medicaid programs, the Medicaid Act requires that they provide assistance to all individuals who qualify under federal law, and courts have held additional eligibility requirements to be illegal.

## Conclusion

- Medicaid consumer protections and due process requirements ensure that Medicaid enrollees can access the services they need.
- If Medicaid cuts are enacted, states will lose billions of dollars in federal Medicaid funding, shifting financial responsibility for Medicaid to the states and to enrollees.

## Additional Resources

- For more detailed information on these issues, see [What Makes Medicaid, Medicaid? Five Reasons Why Medicaid is Essential to Low-Income People](#).
- For information on other aspects of Medicaid, see our entire series on [What Makes Medicaid, Medicaid](#).