



Understanding Medicaid and Proposed Changes January 2025

Medicaid is a vital program that provides health coverage to millions of low-income individuals, families, seniors, and people with disabilities. This fact sheet outlines what might change under the incoming presidential administration. We understand that some of the proposals made by the President-elect on the campaign trail and in his previous administration have raised concerns within our community. While we remain cautiously optimistic for progress, we are also keenly aware of the need for strong advocacy to protect the essential programs that our community relies on. Safeguarding these supports will be critical as we navigate the challenges ahead.

What Is the Difference Between Medicare and Medicaid?

Medicare is a federal health insurance program for older adults aged 65 and over and certain younger individuals with disabilities or specific medical conditions. Medicare is not based on income but on work history, age, and disability status. Medicare generally only covers nursing home care and home health care on a short-term basis. To receive these services on a long-term basis, people may need to apply for Medicaid.

Medicaid is a state and federally funded program that provides health coverage to low-income individuals, including many people with disabilities who require long-term care, specialized services, or support not typically covered by other insurance. Unlike Medicare, Medicaid eligibility is based on income and covers a broader range of needs, such as personal care assistance and home- and community-based services. Together, the programs play complementary roles, but Medicaid is often the lifeline for those with significant disabilities requiring ongoing, individualized support. MassHealth is Massachusetts' Medicaid program and offers health care coverage and essential services to over [2 million members](#), including 1.6 million low- and middle-income families, as well as approximately 500,000 individuals with disabilities and older adults.

How Does the Affordable Care Act (ACA) Fit In?

The Affordable Care Act (ACA) is a 2010 federal law that expanded Medicaid eligibility and created subsidized marketplaces for insurance. The ACA expanded Medicaid eligibility in participating states, allowing more low-income individuals to qualify. It also established insurance marketplaces where people can shop for private health insurance plans, often with financial assistance to help cover premiums and out-of-pocket costs. MassHealth adopted many of these expansions and has its own additional programs and services. A cornerstone of the ACA is its protections for consumers. For example, it prohibits insurance companies from denying coverage or charging higher premiums due to preexisting conditions. It also requires that most insurance plans cover essential health benefits, such as preventive services and mental health treatment.

What Might Change?

The incoming presidential administration has proposed limiting Medicaid funding for states. There are two ways that the new administration could potentially make this change, either through a **block grant system** or a **per-capita system**.

Under a **block grant system**, states would receive a fixed amount of federal funding, rather than funding that adjusts based on enrollment and healthcare costs. This change could give states more control over programs, but might also result in funding shortfalls, particularly during economic downturns or public health crises when more people need coverage.

The other change could be to make Medicaid a **per capita system**, where states would receive federal funding based on the number of Medicaid enrollees, with a fixed amount of funding for each enrollee. It would provide more predictable funding than block grants but can still leave states underfunded if costs per enrollee increase. For people with disabilities, this could mean reduced access to essential services, stricter eligibility requirements, or cuts to long-term support like home- and community-based services.

Implications of the Change to Medicaid

- **State Financial Risk:** States could face budget shortfalls if their Medicaid costs exceed these caps due to higher-than-expected enrollment or healthcare costs.
- **State-Level Variability:** Wealthier states with robust budgets may manage better, while poorer states might struggle to maintain coverage.
- **Unequal Healthcare Access:** Vulnerable populations may increasingly need to pay out-of-pocket or go without needed care.
- **Broader Impacts:** Disparities between states could widen, leading to unequal access to healthcare across the country.

Example

Sophia is a 3-year-old with cerebral palsy. She relies on Medicaid-funded Early Intervention (EI) services, including physical therapy, occupational therapy, and speech therapy to improve her mobility and communication skills. If Medicaid's fixed block grant allocation cannot keep up with rising healthcare demands, funding for EI programs could be reduced, limiting the number of therapy sessions covered each year. Sophia goes from receiving weekly therapy sessions to only one session per month. Without consistent care during this critical developmental window, her progress slows.

What Can We Do?

If the administration moves to change Medicaid's structure and rules, Massachusetts must swiftly act to protect its most vulnerable residents. Advocacy will be critical.

- **Contact your legislators:** Your legislators can influence policy decisions. Find your federal legislators [here](#) and your state legislators [here](#) and reach out to share your story.
- **Join us:** Advocacy efforts are often more effective when individuals band together. Join The Arc of Massachusetts' [Action Center](#) to learn about upcoming advocacy opportunities.
- **We are here to help:** [The Arc of Massachusetts](#) can play a key role in helping families navigate changes in healthcare policies, such as the shift to block grants, by providing resources, guidance, and support for families of individuals with disabilities.

For More Information

Please reach out for more detailed information by contacting Nora Bent, Director of Government Affairs and Strategic Partnerships (nbent@arcmass.org).