



## Understanding Medicaid Updated: July 9, 2025

Medicaid is a vital program that supports millions of low-income individuals, families, seniors, and people with disabilities. Medicaid provides health insurance and long-term care to more than 1 in 5 people across the country. Medicaid is the source of health coverage for 50% of children with disabilities or medically complex conditions. In addition to health coverage, Medicaid enables 7.8 million people to live independently thanks to home and community-based services and is the primary funder of early intervention, and long-term services and supports.

In July 2025, the President signed into law a sweeping bill that will deliver significant cuts and fundamental changes to health insurance and Medicaid-funded programs. These services are the backbone of the disability community, and we are deeply concerned about the impact that this will have on individuals, families, providers, and the state budget. [You can read our full analysis here.](#)

This is a frightening moment. The Arc is here to help you understand this bill and engage in advocacy in Massachusetts. It is important to start by understanding what Medicaid is, what it funds, and how it works. This fact sheet aims to provide a basic overview of Medicaid and its vital services.

*Note: the law that passed in July 2025 will be implemented over the course of the next decade. The law's provisions have varying implementation dates but taken all together they will radically transform Medicaid as we know it. The information provided below is a summary of Medicaid as it currently stands in July 2025. We will make updates as things change.*

### 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.

**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.

### What Is MassHealth?

MassHealth is Massachusetts' Medicaid program. It 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.

### What Changed in July 2025?

On July 4, 2025, President Trump enacted a sweeping bill that will deliver devastating cuts and fundamental changes to critical programs relied upon by millions of Americans, with particularly adverse consequences for the disability community. At a high-level, this includes \$1 trillion in Medicaid cuts - the largest in the programs' history. There are also provisions that will disproportionately impact states like Massachusetts that adopted Medicaid expansion provisions allowed in the Affordable Care Act.

This law will significantly impact people, families, providers, and states, who rely on funding from the federal government to run key programs. It is important to note that no changes have been made yet to MassHealth. We will continue to work closely with our state leaders to ensure that Massachusetts is doing all that it can to blunt the worst of these cuts. [Learn more here.](#)

### Example: Meet “Sophia,” Age 3

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. Recent Medicaid cuts forced reductions in funding for EI programs and Sophia's coverage was reduced. She went 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?

- **Contact your legislators:** The state will be forced to make difficult choices about eligibility, funding for programs, and other services due to these federal cuts. We are working closely with the Governor's administration and the state legislature to do all that we can to bolster our service system. Please reach out to the [GOVERNOR](#) and your [LEGISLATORS](#) to share your story, your concerns, and why these programs are important to you.
- **Join us:** Advocacy efforts are 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 these changes 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 at [nbent@arcmass.org](mailto:nbent@arcmass.org).