New York's Medicaid Program: An Introduction

July 15, 2026

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Introduction

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- Welcome to FPI's very first "Medicaid Boot Camp"!
- Slides and recordings will be shared.
- Organization of the class:
  - **Session 1:** Medicaid in General
  - **Session 2:** Long-term care
  - **Session 3:** Special topics: Waivers, provider taxes, hospital finance
  - **Session 4:** The future of Medicaid in New York
- Email me!
  - kinnucan@fiscalpolicy.org

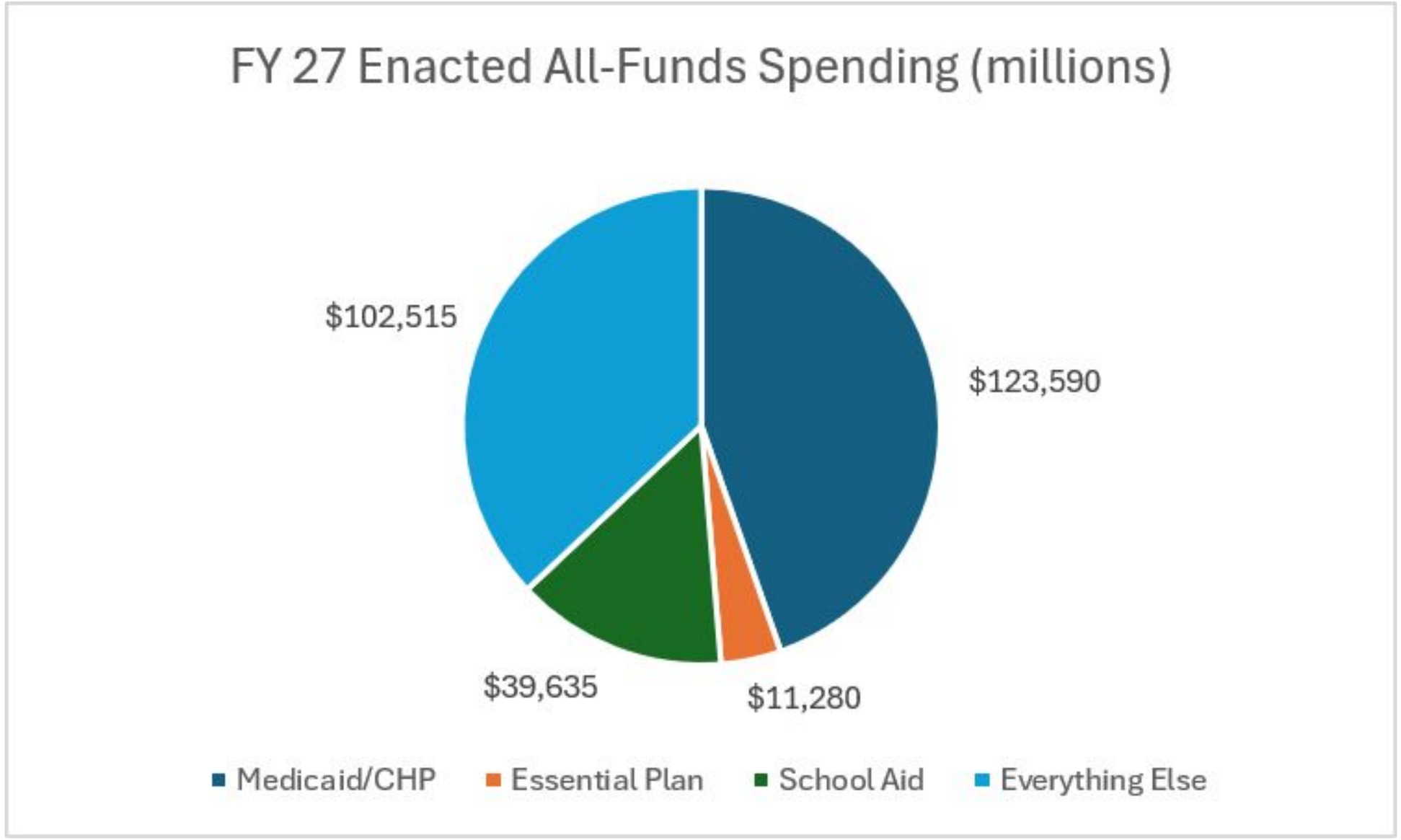
Session 1 Agenda

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- Why study Medicaid?
- A very brief history of Medicaid
- Medicaid enrollment
- Medicaid spending
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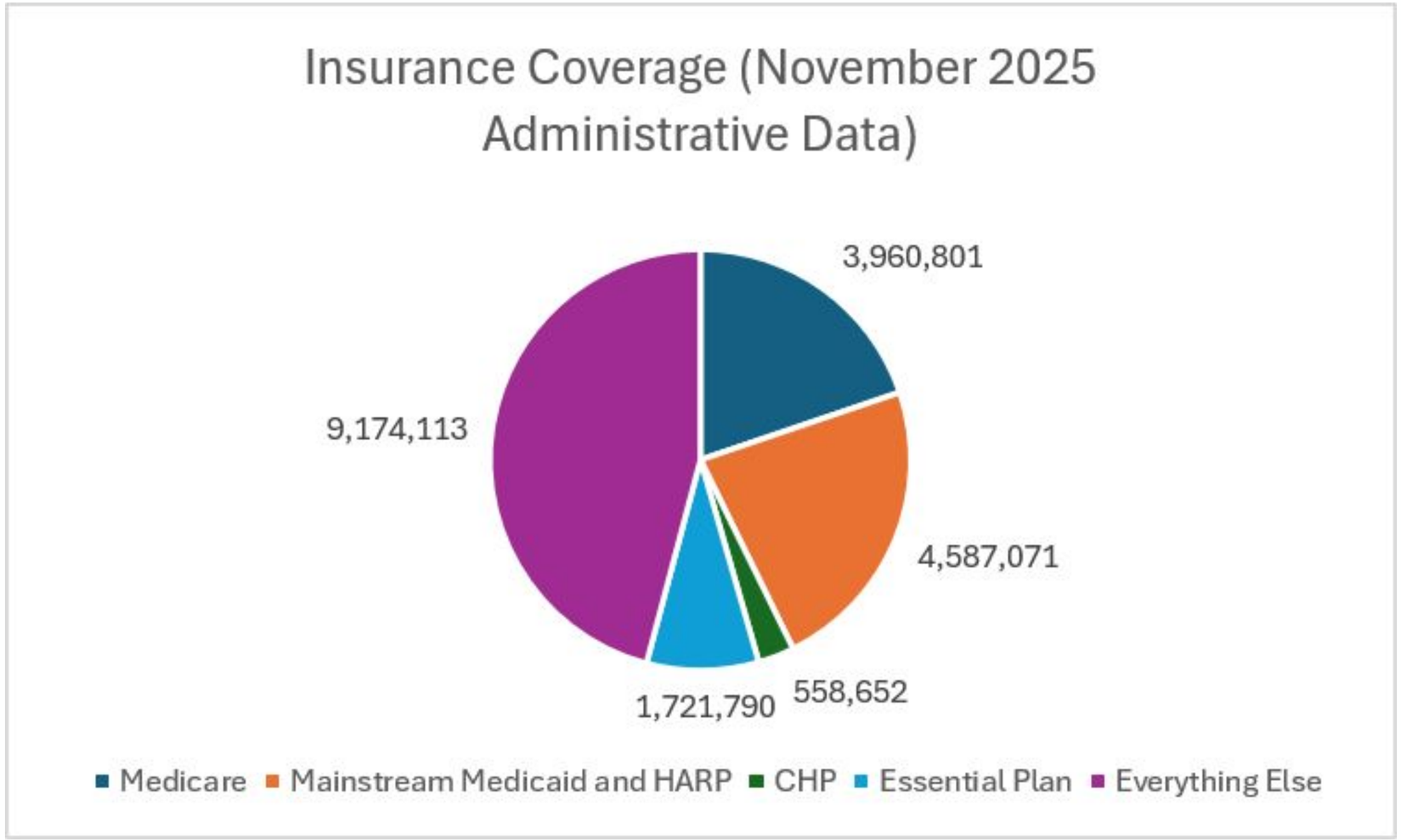
Why study Medicaid?

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Why study Medicaid?

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Medicaid is Huge

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- Medicaid, CHP and the Essential Plan:
  - Provide health insurance to 34% of all New Yorkers
  - Account for 48.7% of (all-funds) NYS spending
  - Provide long-term care to ~500,000 elderly and disabled New Yorkers
  - Provide Medicare “supplemental” coverage to 1.1 million New Yorkers
  - Set the employment conditions for hundreds of thousands of low-wage workers, including ~600,000 home care workers.
- Wow!

So… What is Medicaid?

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Medicaid is a COLLECTION of programs.

1) **Health insurance:** Medicaid insures 4.3 million people. Its sidekick Child Health Plus (CHP) insures 518k.
2) **Long-term care:** Medicaid provides long-term care (nursing home and home care) to ~500k elderly and/or physically disabled people.
3) **Care for people with intellectual and developmental disabilities:** 135,000 people with ID/DD
4) **Supplemental Medicare coverage** for ~1 million people.
5) **Safety net hospital support:** Through a variety of programs, NYS Medicaid spends billions of dollars a year to keep safety net hospitals open.

A Brief History of Medicaid

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- The traditional story:
  - In 1965, Congress created two health insurance programs: **Medicare,** to provide health insurance to the elderly, and **Medicaid,** to provide health insurance to the poor.
- A more accurate story:
  - In 1965, Congress created a health insurance program for the elderly, **Medicare,** and expanded existing support for various state programs to support welfare recipients by providing federal matching funds **(Medicaid).**

The State-Federal Medicaid Partnership

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- Congress did not require states to offer Medicaid.
  - Arizona didn't have Medicaid until 1987!
- Congress offered to **match** state spending on healthcare for the poor, at the Federal Medical Assistance Percentage (FMAP).
- FMAP varies by state, with rich states (like NY) getting 50% of their costs matched and poor states (like Mississippi) getting up to 75% matched.
- The state **administers the program,** the federal government **sets guidelines and pays for 50-75% of the program.**

Medicaid and Welfare Medicine

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- Initially, Medicaid was “welfare medicine” – eligibility was mostly for people receiving cash assistance (AFDC, later SSI).
- New York always had bigger ambitions for the program – in 1966, New York tried to set eligibility rules that would have covered half the state, leading to federal restrictions in 1967.
- Over time, Medicaid coverage has steadily expanded, with Congress enacting new optional and mandatory eligibility categories
- With the passage of the Affordable Care Act in 2010, this process culminated in blanket eligibility for everyone up to 138% FPL.

Medicaid and Long-Term Care

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- Long-term care was not a focus of discussion ahead of the passage of Medicaid
- But some states had programs to support the elderly and these were grandfathered into Medicaid
- This created a gigantic new funding stream which created the modern nursing home industry
- Long-term care has been a huge part of the Medicaid budget – approximately half – ever since.
- Over the years, states including New York have expanded coverage for home care as an alternative to long-term care.

Medicare vs. Medicaid

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- Should we do **“Medicaid for All”?**
- Historians often compare Medicaid unfavorably to Medicare
  - “Programs for poor people are poor programs.”
- In fact, in some ways Medicaid is much better than Medicare, at least in blue states:
  - Comprehensive coverage with no or very low co-pays.
  - Covers prescription drugs
- Medicaid has also been a more flexible policy tool than Medicare, expanding rapidly to meet needs while Medicare stays stuck in the past.
- However, Medicaid tends to pay lower rates to providers than Medicare, leading to less choice of doctor and segregation of care.

The State-Federal Medicaid Relationship

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- The federal match comes with “strings attached.”
- States are required to meet specific requirements – e.g. “statewideness,” comparability, etc.
- Each state needs a State Plan, and changes to the program must be submitted to the federal government as “state plan amendments” (SPAs).
  - Even minor changes such as changes to rates must be approved.
- States have an incentive to “use Medicaid as a verb” (find ways to convert as much state spending as possible into Medicaid spending)
- The federal-state partnership can be tense!

Waivers

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- States might want to waive federal requirements to, for example:
  - Cover stuff for a specific population (AIDS or dementia patients) that isn't covered for everyone else
  - Require Medicaid beneficiaries to use managed care.
  - Expand services beyond federal requirements (e.g. covering social determinants of health).
- States can experiment by applying for "waivers."
- We'll cover New York's waivers in depth, but for now it's important to understand:
  - Waivers have expanded dramatically – there are now hundreds of active waivers.
  - A lot of state-federal Medicaid politics happens through the discretion the federal government has to grant waivers.

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NYS Medicaid Enrollment in 2026

How many people are on Medicaid in New York?

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- No one knows. :(

How many people are on Medicaid in New York?

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- Kidding! But it's a hard question to answer.
- What the **state** says:
  - **Overall Medicaid enrollment: 6.42 million**
  - **From the FY27 Enacted Budget:** "Over **6.5 million New Yorkers** (32 percent) are currently covered by Medicaid. When combined with other public insurance coverage, such as Child Health Plus (CHP) and the Essential Plan (EP), New York has the highest percentage of people covered by publicly funded medical insurance in the nation, with a total of **8.7 million enrolled.**"
  - This is **misleading!**

What We Mean by Enrollment

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- Categories of enrollment:
  - **Health insurance:** Many low-income adults and children use Medicaid as their *primary health insurance.* This is the largest group of enrollees.
  - **Medicare Savings Program:** Medicaid also pays Medicare premiums and/or cost-sharing for low-income seniors, who get their primary health insurance from *Medicare.*
  - **Long-term care:** Medicaid pays for nursing home and home care for the elderly and disabled, most of whom get their primary health insurance from Medicare.
  - **“Emergency Medicaid” registrants:** Medicaid compensates hospitals for providing emergency care to undocumented immigrants, who are not eligible for Medicaid.

What We Mean by Medicaid

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- Categories of program:
  - **Medicaid proper:** What we've been talking about.
  - **Child Health Plus:** New York's version of CHIP, a lot like Medicaid.
  - **Essential Plan:** New York's solution for low-income non-Medicaid-eligible people (up to 200% FPL).
    - In other states these people would be on the individual market
    - This is not really a kind of Medicaid!

Enrollment by Category

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- **Health insurance (May 2026):**
  - **Mainstream Managed Care (+ HARP):** 4.4 million
  - **Child Health Plus:** 523,000
  - **Essential Plan:** 1.67 million
  - **Total:** 6.6 million
- **Dual-eligibles (March 2026):**
  - **Medicare Savings Program:** ~1.2 million
  - **Medicaid long-term care:** ~500,000
- **Emergency Medicaid / Unknown:** ~1 million.

Medicaid Enrollment in Context

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Program	March 2026 Enrollment	Share of State
Medicare Dual	1,183,696	5.9%
Medicare Non-Dual	2,846,554	14.2%
Medicare Total	**4,030,250**	**20.1%**
Medicaid + Friends		
Mainstream Managed Care + HARP	4,498,534	22.5%
CHP	535,743	2.7%
Medicaid Total	**5,034,277**	**25.2%**
ACA + Friends		
Essential Plan	1,679,154	8.4%
QHP	202,548	1.0%
Small Group	667,866	3.3%
ACA + Friends Total	**2,549,568**	**12.7%**
Grand Total	**11,614,095**	**58.0%**

Summary

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- Thinking of “Medicaid enrollment” isn’t very useful, because it smushes together a wide variety of different programs.
- The numbers to remember are:
  - **Health insurance:** 4.5 million New Yorkers get health insurance through Medicaid. Including EP and CHP, that number rises to 6.6 million
  - **Medicare Savings Program:** Over 1 million low-income New Yorkers get help paying for Medicare via MSP.
  - **Long-term care:** Around half a million New Yorkers, mostly Medicare enrollees, get LTC through Medicaid.

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Medicaid Spending

Medicaid Spending: A Tale of Two Programs

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- NYS spending per enrollee by category (NYSDOH 2025):
  - **Non-disabled adults: $5,800**
  - **Children: $4,300**
  - **Elderly: $42,000**
  - **Disabled: $44,000**
- The vast majority of *enrollment* is healthy adults on health insurance
- But the majority of *spending* is care for the elderly and disabled.

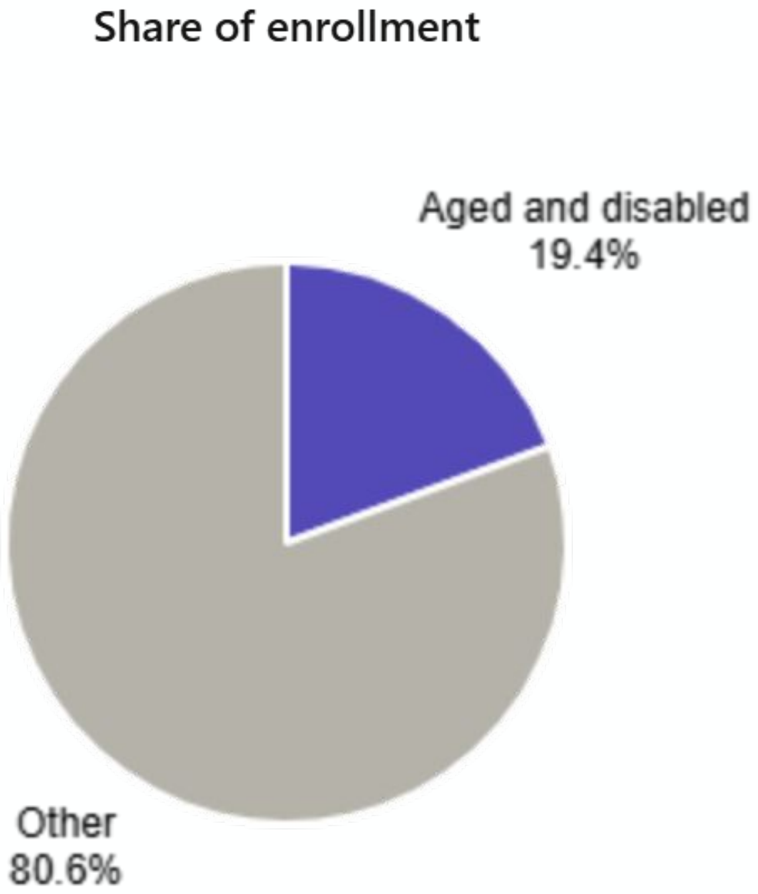
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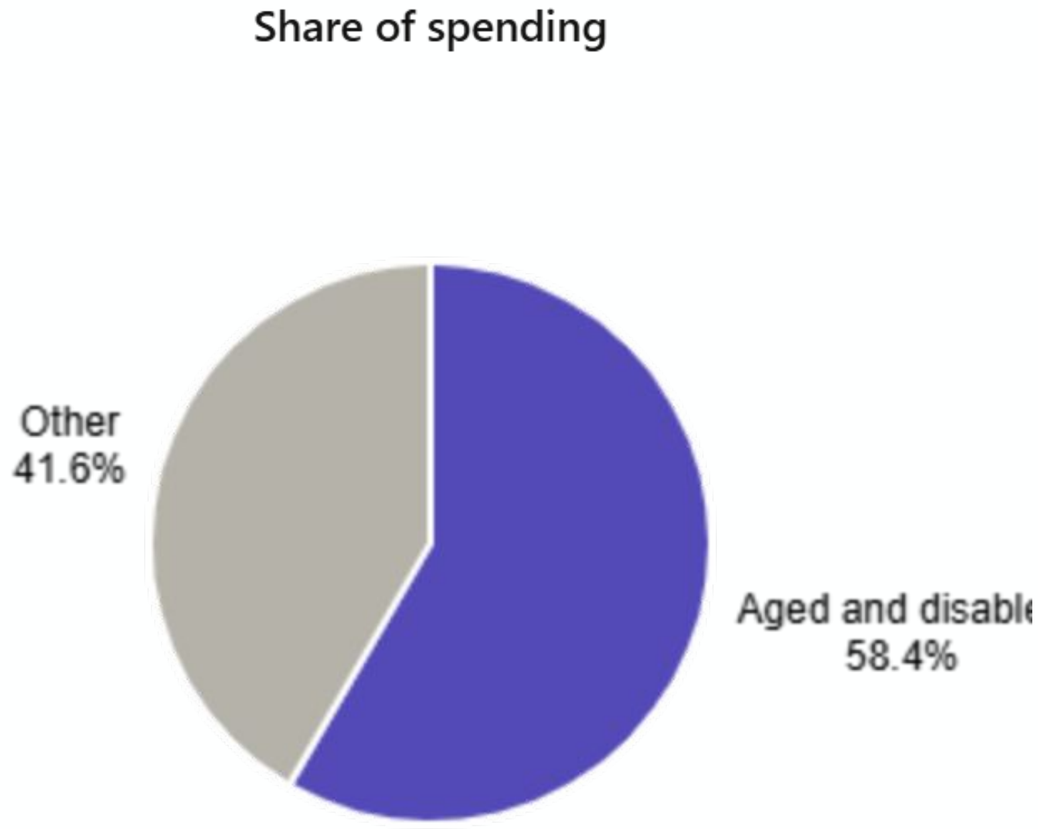
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Medicaid Spending: A Tale of Two Programs

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MACPAC 2025 data covering FFY2023.

Medicaid Spending: A Tale of Two Programs

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- MACPAC data covering 2023:
  - In 2023, New York spent **$94 billion** on Medicaid
  - **$39 billion** of that provided **health insurance** for 6.6 million non-disabled adults and children.
  - The other **$55 billion** provided care for 1.5 million elderly and disabled New Yorkers.
  -

Medicaid as *Health Insurance* is Shockingly Cheap

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Why is Medicaid so cheap?

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- Most health insurance spending goes to providers: Doctors, hospitals, drug companies.
- Medicaid pays less than other payers (commercial insurance, Medicare) for all of that.
  - How much less? In 2024, NYS Medicaid paid 76% as much as Medicare for doctor's visits, up from 57% in 2019.
  - Hospitals are more complicated to compare but Medicaid rates are likely lower than Medicare.
  - Commercial insurance pays **2-3x Medicare** for doctor and hospital services

Why is Medicaid (health insurance) so cheap?

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Policy Implications

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- Medicaid is by far the **lowest-cost** way to deliver health insurance in our policy toolbox.
- Shifting people from Medicaid to employer-sponsored insurance would **cost much more overall,** if it could be done**. (It can't!)**
- The payment gap between Medicaid and commercial insurance creates **policy problems,** since providers relying on Medicaid earn to little while those relying on commercial insurance earn too much.
  - → **More to come on this.**

Why is Medicaid (long-term care) so expensive?

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- The *average* cost of an elderly or disabled Medicaid enrollee per year is around $42,000. The state's largest long-term care program, "Partial Capitation" Managed Long-Term Care, costs $50k + per enrollee per year.
- Why?

Why is Medicaid (long-term care) so expensive?

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- **Long-term care is expensive:** Someone who requires 80 hours a week of home care to eat, dress and use the bathroom needs two FTEs of home care per year. Even at low wages, that's about $80k/year.
- **Medicaid long-term care is not insurance:**
  - Insurance averages the costs of healthy people and sick people.
  - On long-term care Medicaid, everyone is sick.

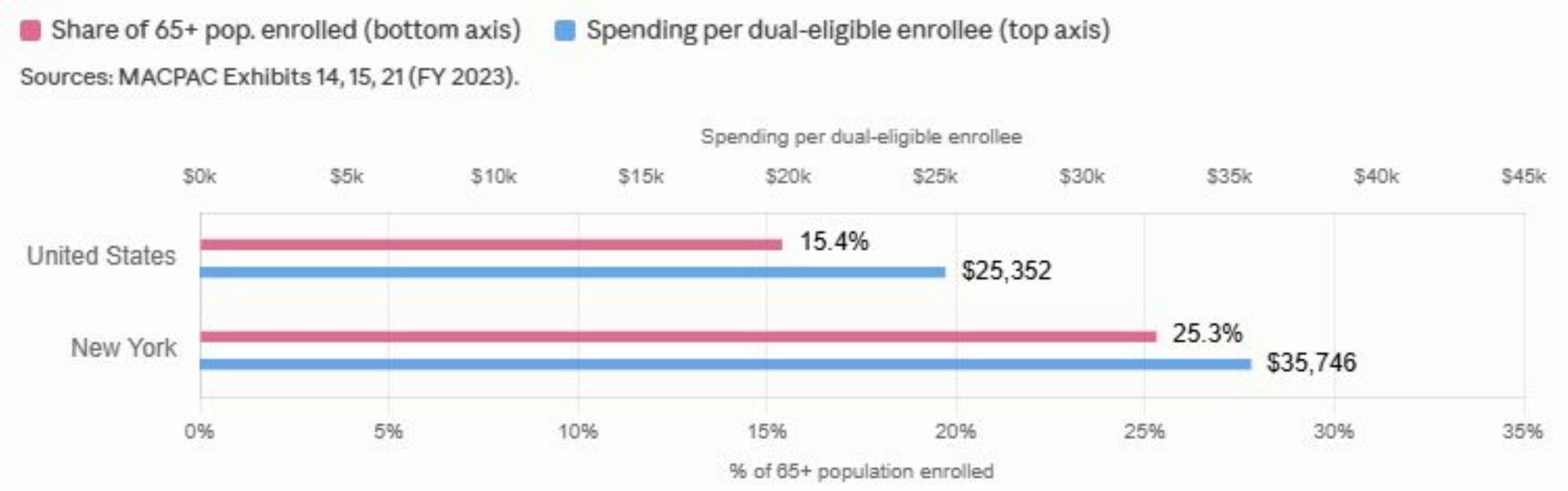
Why does New York spend so much on Medicaid?

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- New York spends the fourth-most per **enrollee** of any state – $12,725, compared to a national average of $9,859.
- New York spends the **most** on Medicaid per **state resident** – nearly $5,000 per resident per year, well ahead of second-place Kentucky.
- **Why?**

Why does New York spend so much on Medicaid?

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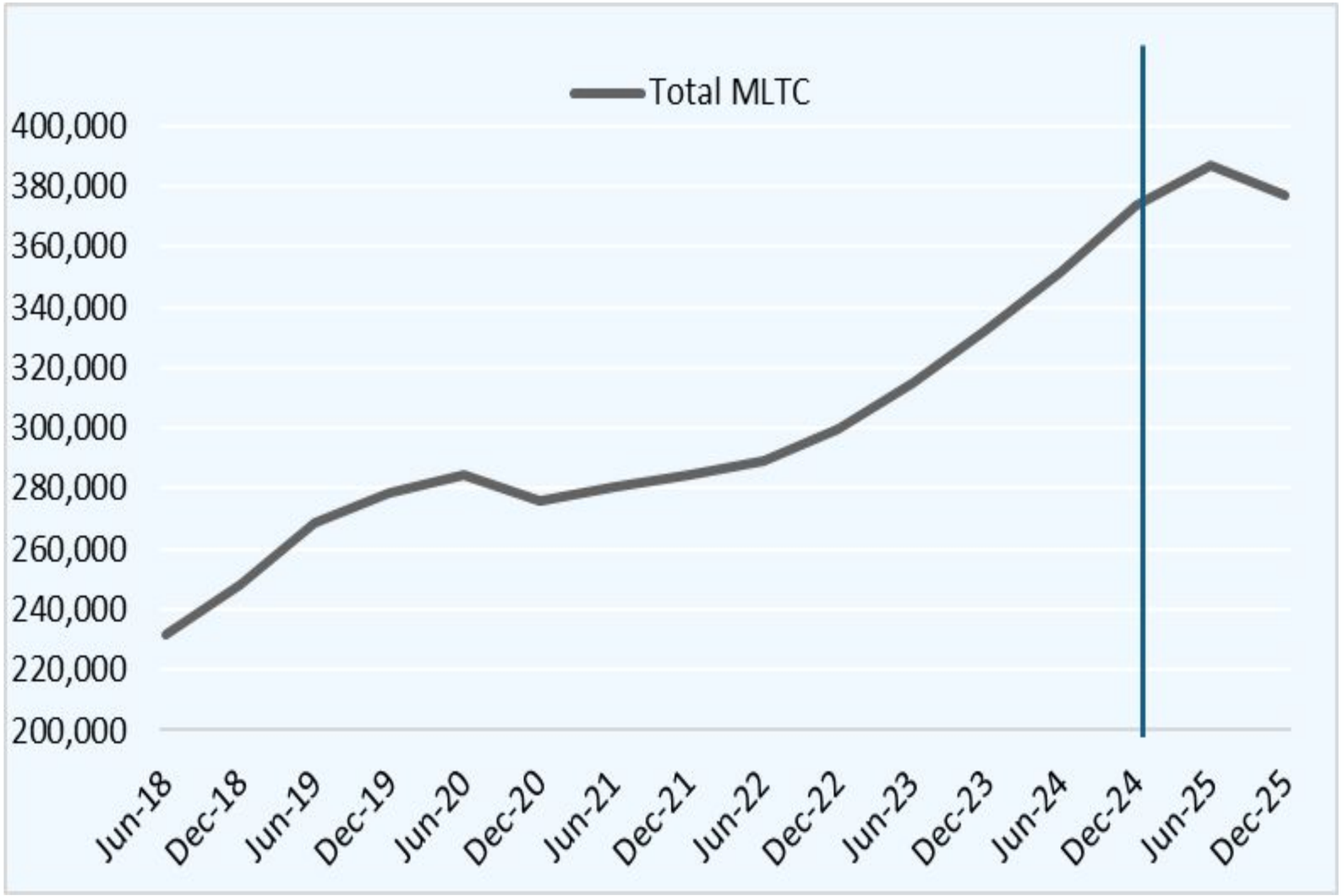
Why does New York spend so much on Medicaid?

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- New York combines relatively **generous eligibility** for the elderly and disabled with relatively **generous benefits** for those enrollees.
- ~25% of New Yorkers aged 65+ are on Medicaid
- Unlike in other states, they don't face:
  - Wait lists
  - Hours caps
  - Harsh income and asset tests.

LTC Has Grown Rapidly in Recent Years

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Total MLTC Enrollment, 2018-2025. (NYSDOH Medicaid Managed Care Enrollment Reports)

Is this bad?

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- The US in general has underspent on LTC (while overspending on every other aspect of healthcare)
- *Someone* needs to care for the elderly and disabled
  - The US policy on LTC is “women will do it for free.”
- → More to come in a future episode.

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Medicaid as Health Insurance

Who's on Medicaid as health insurance?

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- Medicaid (and CHP) are the main source of healthcare for around 5 million New Yorkers and ~2.6 million NYC residents.
- Eligibility:
  - In general, anyone earning under 138% FPL ($22k for a single individual or $45k for a family of 4).
  - HIgher levels for children, infants, pregnant women, etc.
- Demographics:
  - State doesn't publish demographics
  - Nearly half of enrollees are likely children

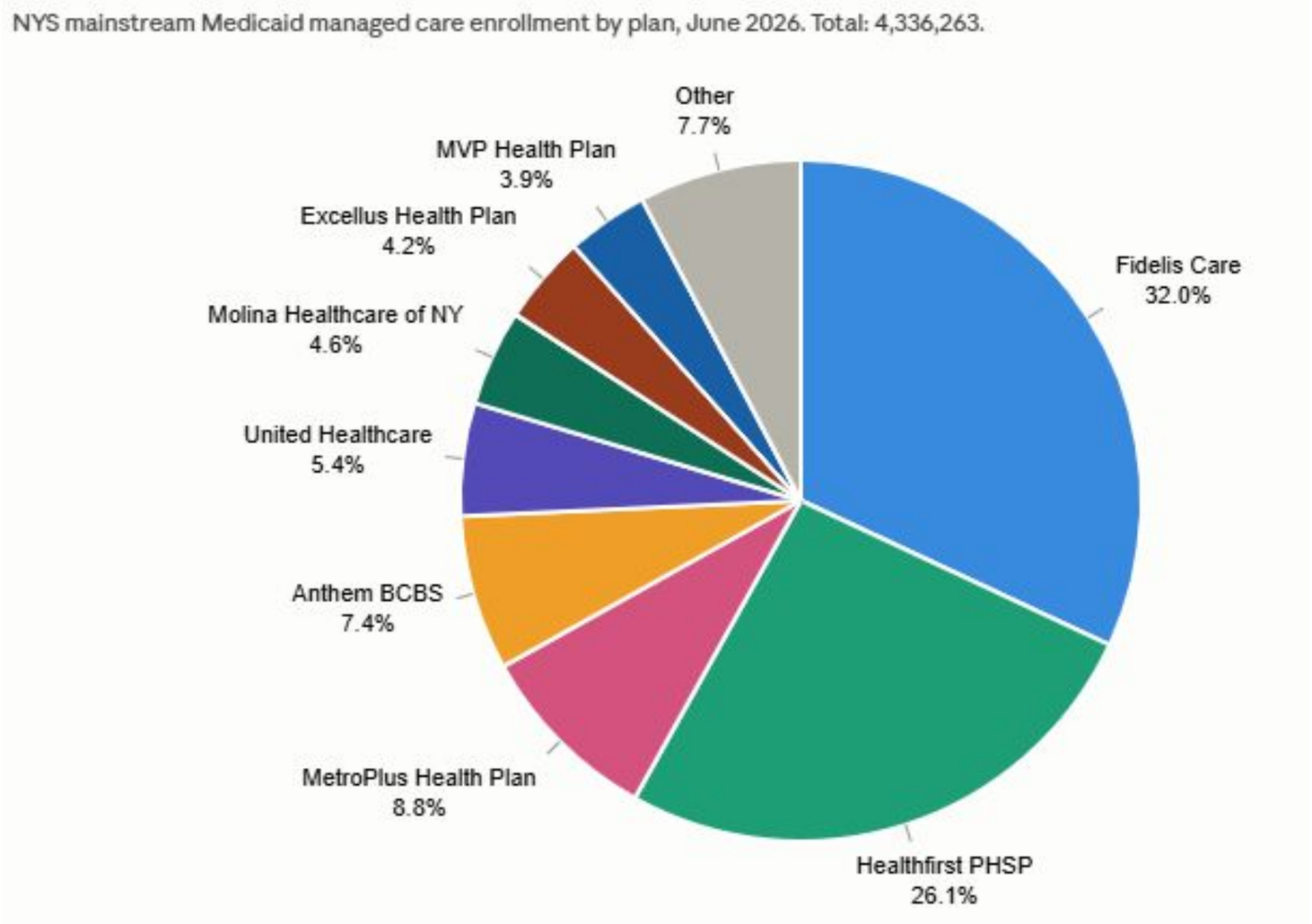
Mainstream Managed Care

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- Historically, the state paid doctors and hospitals directly for Medicaid services
- Since 1996, most “health insurance” Medicaid has operated under **managed care.**
  - The state pays an insurance company a “capitation rate” (per member per month or PMPM) for each enrollee
  - The insurance company then pays for care
  - Similar to how your employer does things.
- Why managed care?
  - Care coordination
  - Savings
  - Neoliberalism

Mainstream Managed Care

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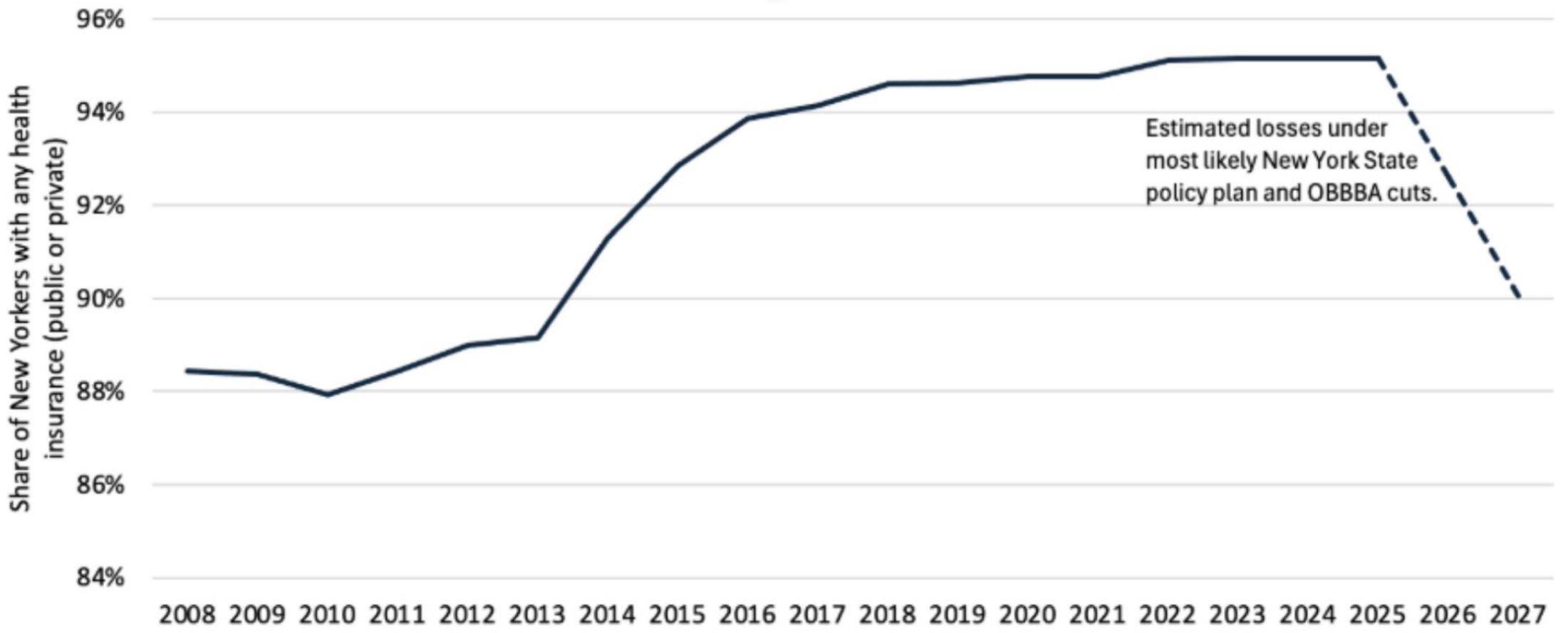


Changes to Medicaid Due to H.R. 1

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- New York has worked hard to make it easy to get enrolled and stay enrolled in Medicaid
- H.R. 1 will change that, requiring many Medicaid enrollees to recertify every six months and prove that they are working beginning in January 2027.
- This is likely to lead to major enrollment loss – perhaps 500k-800k people.
- But it won’t save any money!
  - The federal government

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Source: American Community Survey and author's calculations.

What's Next

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- **Session 2** will cover Medicaid long-term care.
- I would appreciate your **feedback** on the first session – kinnucan@fiscalpolicy.org

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Q & A