

# MEDICAID MYTHS:

## Debunking Common Misconceptions of the Medicaid Program



### MYTH #1

**Medicaid is being misused by people who should not “be on the program at all.”**

### FACT

Adults who enrolled through the Medicaid expansion make less than 138 percent of the federal poverty level (about \$21,597 a year for an individual in 2025) and otherwise would predominantly be uninsured without access to affordable health care coverage.

Since the ACA's major coverage provisions took effect in 2014, states that expanded Medicaid have seen an increase in health coverage rates compared to states that did not expand. In expansion states, the uninsured rate among low-income, non-elderly adults fell by more than half between 2013 and 2022, from 35 percent to 15 percent. In non-expansion states, it dropped only modestly, from 44 percent to 30 percent, leaving it twice the rate in expansion states.<sup>1</sup>

The ACA's Medicaid expansion has been adopted by 41 states, including the District of Columbia, and covers less than a quarter of total Medicaid enrollment (around 20 million low-income adults). The research is clear among the Medicaid expansion population: Medicaid expansion leads to positive health outcomes without diverting care from pre-ACA Medicaid populations, including children, pregnant women, the disabled, and the elderly.<sup>2</sup>

Aside from the expansion population, the vast majority of Medicaid's enrollment is for other beneficiary populations, including:

- Over 30 million children<sup>3</sup>
- Over 15 million people with disabilities<sup>4</sup>
- Over 7 million older adults (those age 65 and up)<sup>5</sup>

Children, including those with special health care needs and those from low-income families, make up the single largest group of people who depend on Medicaid. Medicaid also provides comprehensive prenatal care to pregnant women, allowing millions of pregnant women to have healthy pregnancies and prevent instances of preterm birth, low birth weight, and other complications in infants. Unlike many private health insurance plans, Medicaid guarantees specific benefits for children. Medicaid's Early and Periodic Screening, Diagnostic and Treatment (EPSDT) benefits are the definitive standard of pediatric care, covering an array of services like developmental, dental, vision and hearing screenings, and allow health problems to be diagnosed and treated appropriately and as early as possible. Children in Medicaid are more likely to get check-ups, miss less school, graduate, and enter the workforce than their uninsured peers.

Medicaid is also the primary payer of long-term services and supports (LTSS) and covers a wide range of services. LTSS helps older adults and people with disabilities accomplish basic daily activities like bathing, getting dressed, fixing meals, and walking. These services help people live in the community, such as home health and personal care, and services provided in traditional settings such as nursing centers. Medicaid covers virtually all individuals with developmental disabilities and more than 60 percent of nursing center patients. Many of these essential services are not covered by Medicare or private insurance. Long-term care remains prohibitively expensive for many Americans, and Medicaid fills a critical need for this population that would otherwise go unfilled, leaving many beneficiaries and their families bankrupt.<sup>6-7</sup>

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## MYTH #2

**It's better to be uninsured than to be on Medicaid.**



## FACT

Medicaid coverage has positive health and social impacts on beneficiaries. Numerous studies and reports confirm that Medicaid coverage leads to:<sup>8-9</sup>

- Improved health outcomes
- Increased access to care
- Higher rates of preventive health screenings
- Positive self-reported health status
- Decreased hospital and emergency room utilization
- Lower infant, child, maternal, and adult mortality rates

Among the Medicaid expansion population, the research is clear: Medicaid expansion leads to positive health outcomes without diverting care from pre-ACA Medicaid populations, including children, pregnant women, the disabled, and the elderly.<sup>10</sup> In addition to driving uninsured rates to historic lows, Medicaid expansion disproportionately benefited rural populations.<sup>11-12</sup> Medicaid expansion increased access to medications and services for behavioral and mental health treatment and began to address the opioid crisis, while at the same time leading to significant reductions in out-of-pocket spending and medical debt.<sup>13, 14, 15</sup>

Research on the first decade of the Medicaid expansion and across the 41 states that have now adopted it suggests that expansion is associated with increases in use of preventive services and improved self-reported health, especially in low-income adults and individuals with chronic conditions.<sup>16</sup> In particular, Medicaid expansion provides critical and needed treatment to individuals with substance use disorders.<sup>17</sup> A systematic review of 77 studies on the impact of Medicaid expansion concluded that it was associated with increases in coverage, quality, and health for beneficiaries.<sup>18</sup>

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## MYTH #3

**Medicaid recipients do not work.**



## FACT

Nearly 92 percent of nonelderly adult Medicaid beneficiaries are part of working families or are unable to work due to illness, disability, or school attendance.

A majority of Medicaid recipients work.<sup>19</sup> Among Medicaid beneficiaries who are both not working and not receiving Supplemental Security Income, an estimated

10 percent are ill or disabled, 12 percent are taking care of a home or a family, and 7 percent go to school.

If policymakers are hoping to incentivize work, unrestricted Medicaid coverage is a good start, as individuals who receive insurance through Medicaid are more likely to seek a new or better job after enrollment.<sup>20</sup> In fact, several studies have linked Medicaid expansion to increased employment.<sup>21-22</sup> The bottom line: Good health allows for meaningful employment.

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## MYTH #4

**State directed payments and Provider Taxes have contributed to the billions of dollars of fraud, waste, and abuse in Medicaid.**



## FACT

State Directed Payments (SDPs) and provider taxes are not loopholes or abuses — they are strategic, legal, and heavily regulated mechanisms that help states sustain their Medicaid programs.

Medicaid is funded by state and federal taxes, including provider taxes.<sup>23</sup> All states except Alaska use provider taxes to help finance the state share of Medicaid spending.<sup>24</sup>

These funds are then directed through Managed Care Organizations (MCOs) and monitored and regularly audited by the Centers for Medicare & Medicaid Services (CMS) to ensure accountability while allowing states to provide services — particularly in underserved or high-need communities.

SDPs and provider taxes help expand coverage, improve outcomes, and address local health priorities — all while operating within a strict regulatory framework.

Eliminating or restricting these tools would devastate state Medicaid programs, forcing them to cut services or enrollment and leaving millions without access to critical care.

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## MYTH #5

**Medicaid is paying for care for those who are not eligible for the program, including many undocumented immigrants.**



## FACT

Medicaid has strict eligibility rules and documentation requirements that make it very hard for ineligible people, including undocumented immigrants, to access benefits. At Medicaid's foundation, proof of citizenship or legal immigration status is required to enroll in Medicaid benefits.

All Medicaid applicants must provide proof of citizenship or legal immigration status upon enrollment, which is then verified through state and federal data.

Without proof of citizenship or legal immigration status, a person cannot receive Medicaid benefits. Undocumented immigrants may only receive emergency Medicaid for life-threatening emergencies, as required by EMTALA.

Undocumented immigrants are actually less likely to attempt to use public benefits like Medicaid, as enrollment will alert federal or state officials to their status and increase their risk for deportation.<sup>25</sup>

Medicaid primarily supports uninsured Americans in need of medical care.

# REFERENCES



## References for Medicaid Myths: Debunking Common Misconceptions of the Medicaid Program

- 1** CBPP analysis of American Community Survey data. As noted later in this report, the Medicaid continuous coverage requirement was in place from March 2020 to April 2023 and prevented people from being disenrolled from Medicaid, leading to record-low uninsured rates in 2022. However, the results would be similar using data from years prior to the pandemic. For example, between 2013 and 2019, the uninsured rate fell from 35 to 17 percent in expansion states and from 43 to 34 percent in non-expansion states.
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