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History of Medicaid shows the program's value in combating poverty and providing access to health

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The timeline starting on page two is adapted from material compiled by the Kaiser Family Foundation in "Medicaid: A Timeline of Key Developments" and the Colorado Health Institute in "Colorado Medicaid."

Medicaid is a foundational part of the nation's commitment to equal opportunity for all people, regardless of age, disability or income. Along with the companion Child Health Plan Plus (CHP+) program, Medicaid in Colorado provides health insurance to nearly 700,000 residents. Nationwide, the programs provide critical health coverage to nearly 60 million Americans.

Medicaid was signed into law by President Lyndon Johnson in 1965 as part of a measure that also established the Medicare program for seniors. The law, which passed by a large bipartisan majority, was hailed as an enormous step forward for the nation. Upon signing the bill into law, Johnson said:

> Many men can draft many laws. But few have the piercing and humane eye which can see beyond the words to the people that they touch. Few can see past the speeches and the political battles to the doctor over there that is tending the infirm, and to the hospital that is receiving those in anguish, or feel in their heart painful wrath at the injustice which denies the miracle of health to the old and to the poor. And fewer still have the courage to stake reputation and position, and the effort of a lifetime upon such a cause ....
>
> Because the need for this bill is plain, and it is so clear indeed that we marvel not simply at the passage of this bill, but what we marvel at is that it took so many years to pass it.

Medicaid was designed to serve two primary functions, providing medical insurance to people with incomes low enough to qualify for cash assistance and complementing Medicare by paying for long-term care for people without resources. The groups eligible for Medicaid have expanded over the years as policymakers and the public became more aware of the long-term benefits for children, pregnant women and seniors.

Medicaid also has played its intended role by shoring up people who lose jobs and health insurance during recessions – a role highlighted during the past few years in Colorado. Medicaid enrollment in the state increased 56 percent from the beginning of the Great Recession in December 2007 to November 2011. Finally, Medicaid contributes to states' economies by bringing in billions of federal dollars.

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What follows are some key milestones in the program nationally and in Colorado. Where Colorado and the nation go from here and whether elected leaders honor the intent of the law will be the subject of much debate and discussion during the next few months.

Some key milestones

1965 – Medicaid became law. The program mandated coverage for certain populations, including families receiving cash assistance, and certain services including physician, inpatient and outpatient hospital care, lab and x-rays and skilled nursing facility care. States had the option to offer coverage to other populations and add additional services, and received federal matching funds if they chose to do so. From the beginning, Medicaid supplemented Medicare by covering long-term care. Medicaid was initially administered by the Social Rehabilitative Administration, which focused on poverty and welfare programs.

1967 – Early Periodic Screening Diagnostic and Treatment (EPSDT) services were added to Medicaid. EPSDT ensured children received screening and treatment for medically necessary services until age 21. Policymakers began to recognize that children living in poverty were exposed to environmental hazards (like lead paint) and had inadequate access to basic and preventive care. The growing recognition that many conditions could be cured or ameliorated by screening, and cured by early diagnosis and treatment was the impetus behind EPSDT. In 1989, EPSDT was expanded to require children's coverage for services even if those services were not covered for adult Medicaid recipients.

1969 – Colorado established a Medicaid program. By 1972, all states except Arizona participated in the program. Arizona was the last state to adopt the program, which it did in 1982.

During the Jimmy Carter administration, an effort began to expand coverage under the program to children in families with higher income levels. While that effort failed, it set the state for various coverage expansions for children and pregnant women that were realized throughout the 1980s.

1981 – Beginning of expansion of managed care in Medicaid. Colorado has had a varied experience with Medicaid managed care, and enrollment has waxed and waned over the years. Currently fewer than a quarter of the Medicaid population is in a managed care plan. However, Colorado has initiated a new managed care model, the Accountable Care Collaborative, which seeks to provide care management in a fee-for-service environment. Fee for service means that providers are paid by treatment, procedure, and service. Policy makes worry about the perverse incentive that a fee-for-service payment system creates because it can encourage volume rather than quality outcomes.

Home and Community Based Services (HCBS) waivers allowed. The Home and Community Based Services program offers people with disabilities the opportunity to receive long term care services in their homes. Medicaid has certain requirements that had to be waived by the federal government before

Colorado could implement HCBS programs. Colorado was an early adopter of HCBS in 1985.

Also in 1981, the Ronald Reagan administration proposed to convert Medicaid to a block grant to the states. It was the beginning of a battle that resurfaces periodically even today. Some in the federal government favor using block grants to control spending, giving states a fixed allocation of Medicaid dollars rather than an open-ended entitlement to receive matching funds for program expenditures. Some state officials support the idea as a way to manage the program free from certain federal requirements. Ultimately, a block grant model for Medicaid might shift significant costs to the states by locking them into a fixed federal dollar allocation, regardless of changing conditions such as increased enrollment during a recession or emergency. Converting Medicaid to a block grant program also raises concerns about increased state discretion to waive protections that assure people in Medicaid can access the services they need.

In 1998, Colorado enacted the Children's Basic Health Plan, also known as Child Health Plan Plus or CHP+. While Colorado receives a federal dollar for every state dollar spent in Medicaid, the state receives a two-to-one match for CHP+ spending.

1986 – Medicaid eligible undocumented immigrants were covered under Medicaid for emergency care only. Medicaid coverage for immigrants has been a hot-button issue for decades. In 1996, Congress required that most immigrants reside lawfully in the United States as "Qualified Aliens" for five years before they become eligible to enroll in Medicaid (with exceptions for refugees, asylees and certain others).

1996 – Welfare reform (the Personal Responsibility and Work Opportunity Reconciliation Act) severed any formal link between cash assistance and Medicaid.

1997 – State Children's Health Insurance Program (SCHIP) became law. In 1998, Colorado enacted the Children's Basic Health Plan, also known as Child Health Plan Plus or CHP+. While Colorado receives a federal dollar for every state dollar spent in Medicaid, the state receives a two-to-one match for CHP+ spending.

1999 – The U.S. Supreme Court ruled in Olmstead v. L.C. that, in many instances, community based long-term care services must be provided on an equal basis with institutional care. One of the essential aspects of the decision is that people with disabilities must have access to care in the least restrictive setting so long as community placement is appropriate, the person wants to move to community care and the placement can be reasonably accommodated, taking into account the resources available to the state.

2000 – Federal Breast and Cervical Cancer Prevention and Treatment Act became law. Coverage for prevention and treatment became a state option with an enhanced federal match. After a hard-fought battle, Colorado adopted the program in 2001.

2001 – Health Insurance Flexibility and Accountability (HIFA) waivers created. The Bush administration initiative was designed to offer states more flexibility in their Medicaid programs through exemptions from some federal

requirements. In exchange for those exemptions, states had to commit to making these new programs, designed to be demonstration projects, budget neutral. In other words they could not cost the federal government any more than the program would have cost without the waiver. Colorado's Department of Health Care Policy and Financing brought forward a HIFA proposal in 2004, but the proposal did not go anywhere because members of the General Assembly were worried about the potential impact of capping federal Medicaid dollars to the state.

The federal Deficit Reduction Act added new flexibility and authority to increase co-payments in Medicaid and established new proof of identify and citizenship requirements. As a result, a significant number of Medicaid applicants have difficulty today accessing the required documents and therefore the Medicaid program.

2003 – In an attempt to save money during an economic downturn, Colorado temporarily eliminated eligibility for pregnant women in CHP+ and capped enrollment for children. The CHP+ caseload fell dramatically and did not recover until about 2006. Colorado also ended Medicaid eligibility including long term care for lawfully present immigrants, even if they had been in the country for more than five years. Many of the people who would have lost eligibility were in nursing homes or receiving community-based, long-term care services. An injunction related to the adequacy of termination notices stopped lawfully present immigrants from losing eligibility until the General Assembly reinstated coverage in 2005.

2004 – Colorado passed Amendment 35, establishing a tobacco tax. In 2005, the Colorado Legislature passed a bill directing a portion of the tobacco tax revenue to, among other changes, expand eligibility for pregnant women and children in CHP+ and reinstate eligibility for lawfully present immigrants. The measure also eliminated a requirement under Medicaid Baby Care Kids Care, which said families may not have more than $2,500 in assets including a car valued at not more than $1,500; a standard also known as an assets test.

2005 – The federal Deficit Reduction Act added new flexibility and authority to increase co-payments in Medicaid and established new proof of identify and citizenship requirements. As a result, a significant number of Medicaid applicants have difficulty today accessing the required documents and therefore the Medicaid program.

2007 – The Great Recession officially began in December. Colorado saw growth in Medicaid caseloads that correlated to the economic downturn in subsequent years.

2009 – The Colorado Health Care Affordability Act established a hospital provider fee that enabled the state to draw down new federal matching funds, used in subsequent years to expand Medicaid and CHP+. In initial expansions included coverage for children, pregnant women and low-income parents. Adults without dependent children who make less than about $1,089 a year, and working people with disabilities will become eligible for Medicaid in 2012. No Colorado General Fund money is used to support the program.

Also in 2009, the American Recovery and Reinvestment Act (ARRA) provided states with enhanced Medicaid matching funds, which helped them through the recession. Colorado's Medicaid caseload began to grow as people lost jobs. The recovery act prohibited states from constricting Medicaid eligibility. The

Children's Health Insurance Program is reauthorized the same year.

Find more analysis of Medicaid on our website, http://bit.ly/cclpmedicaid.

2010 – National health reform, the Patient Protection and Affordable Care Act, passed. The law requires Medicaid to cover all U.S. citizens and qualified aliens up to 133 percent of the federal poverty level by 2014. The health reform law continues the ARRA prohibition on reducing eligibility, in Medicaid until 2014, and in CHP+ until 2019.