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## Fact Sheet: Medicaid's Crucial Role in Alabama & What Impact Republican Medicaid Cuts Could Have

**ENERGY & COMMERCE COMMITTEE DEMOCRATS**

### **MEDICAID PROVIDES HEALTH COVERAGE TO 1 MILLION ALABAMA RESIDENTS – OR 20.7% OF ALL ALABAMIANS**

To view the number of Medicaid beneficiaries under 65 in your district, click [HERE](#).

To view the number of all Medicaid beneficiaries by county, click [HERE](#).

#### **Who relies on Medicaid for health coverage in Alabama?**

- 45.4% of [all children](#)
- 45% of [moms giving birth and their newborn babies](#)
- 35.2% of [working-age adults with disabilities](#)
- 68% of [people living in nursing homes](#)
- 20% of [Medicare beneficiaries](#)
- 12.7% of [adults aged 19-64](#)

#### **What is Medicaid called in Alabama?**

Medicaid goes by many names. For example, Alabama's Medicaid home and community-based services programs are called **Elderly and Disabled (E&D) Waiver / Personal Choices Program** and **Alabama's Community Transition (ACT) Waiver / Personal Choices Program**.

### **MEDICAID IS A SIGNIFICANT SOURCE OF FEDERAL FUNDING TO ALABAMA**

#### **What role does Medicaid play in Alabama's budget?**

- Federal Medicaid funding to Alabama was **\$7 billion in 2023—42% of all federal funding to Alabama**.<sup>1</sup>
- Most of **Alabama's** Medicaid expenditures are matched by the federal government at a rate known as the [Federal Medical Assistance Percentage or FMAP](#)—Alabama's FMAP is **72.84%**.
- If Alabama adopted Medicaid expansion, it would receive a 90% matching rate for newly eligible people, and a 2-year, 5-percentage-point increase to its regular FMAP (described above). The federal matching rate for family planning services is 90%.

### **SLASHING FEDERAL MEDICAID FUNDING WOULD LEAVE ALABAMA WITH THE HARD CHOICE OF WHOSE COVERAGE AND BENEFITS TO CUT**

Medicaid is a [lean](#) program. It has grown to cover more people, but per-person spending growth has been [much lower](#) than other payers. With few options for how to fill the budget hole left by cuts to Medicaid funding, states will consider cuts to coverage and benefits, leaving more people uninsured and underinsured.

#### **Who could lose coverage in Alabama?**

Federal law requires states to cover certain groups of people, while [others are optional](#). With less federal Medicaid funding, Alabama policymakers may consider cutting coverage for optional groups like:

- **Certain children with disabilities** such as children under age 19 who are disabled and living at home.
- **Elderly and disabled adults** such as those who are institutionalized or eligible for home and community-based services.

<sup>1</sup> The author's calculations based on the [National Association of State Budget Officers State Expenditure Report data](#).

- **Individuals who need breast or cervical cancer treatment** and do not have other treatment coverage.
- **Postpartum moms** whose pregnancies ended in the prior 12 months.
- **Alabama** also may consider reducing [income eligibility levels for mandatory eligibility groups](#), such as **children, pregnant women, and parents/caretakers**.

#### **For Alabamians who remain on Medicaid, what benefits could they lose?**

Federal law requires states to cover certain benefits for adults, while [others are optional](#). Alabama policymakers may consider cutting optional benefits such as:

- **Home- and community-based services (HCBS)** that allow the elderly and people with disabilities to receive services in their own homes or communities rather than institutional settings. In Alabama, nearly 1,500 people are [on a waiting list](#) for Medicaid HCBS—that number would only grow.
- **Optometry services.**
- **Hospice services.**

### **CUTTING FEDERAL MEDICAID FUNDING WOULD CLOSE HEALTH CARE PROVIDERS' DOORS IN ALABAMA AND REDUCE QUALITY OF SERVICES**

With more people uninsured and underinsured, providers will experience an increase in uncompensated care. Making matters even worse, states are very likely to further cut Medicaid provider payment rates as another way to make up for the loss in federal funding.

#### **How does Medicaid support Alabama's hospitals?**

- Alabama hospitals [received](#) **\$3 billion in Medicaid payments in 2023**, including nearly \$1.8 billion in Medicaid Disproportionate Share Hospital (DSH) and other supplemental payments that help to offset uncompensated care for Medicaid patients and the uninsured.

#### **How does Medicaid support Alabama's nursing homes and other facilities?**

- **68% of Alabama's nursing home residents** [rely on](#) Medicaid as their primary source of coverage.
- Alabama mental health facilities, nursing facilities, and intermediate care facilities for people with disabilities [received](#) **over \$1.3 billion in Medicaid payments** in 2023.

#### **How does Medicaid support home and community-based services providers in Alabama?**

- In 2021, **over 54,000 people in Alabama** [relied on](#) Medicaid for HCBS.
- Nationally, Medicaid accounted for nearly [70% of home and community-based services spending in 2022](#).

#### **How does Medicaid support [community health centers](#) in Alabama?**

- **21%** of Alabama [community health centers' revenue](#) came from Medicaid in 2023.
- **35%** of [community health center patients](#) in Alabama have Medicaid.