

# Protect and Strengthen Medicare Medicare & Medicaid in New York



## Background

Medicare guarantees access to health care for older adults and people with disabilities. Together with the Affordable Care Act (ACA) and Medicaid, Medicare builds health security and well-being for New Yorkers of all ages. Any changes to these programs, whether at the state or federal level, must aim for healthier people, better care, and smarter spending—**not paying more for less.**

For decades, Medicare and Medicaid have served as building blocks for health care and well-being for older adults and people with disabilities. The programs, with some overlap, serve different populations, provide different benefits, have different structures, and often face different political obstacles.

## Medicare

Medicare was established in 1965 to provide health insurance to people aged 65 and older, regardless of income or medical history.

The program was expanded in 1972 to include people under age 65 with permanent disabilities receiving Social Security Disability Insurance (SSDI) payments and people with end-stage renal disease (ESRD).

## New Yorkers with Medicare: Just the Facts

- **Most New Yorkers with Medicare cannot afford to pay more.** Approximately 34% of the state's Medicare beneficiaries have incomes below 200% of the federal poverty level.
- **Older people of color are more likely to live in poverty.** In the U.S., the poverty rate is 17% for black and Hispanic adults over 65, compared to 7% for white adults.
- **People with Medicare already pay a significant amount for health care.** They pay 14% of household expenses toward health care costs, more than double that of non-Medicare households (6%).

In 2001, Medicare eligibility expanded further to cover people with amyotrophic lateral sclerosis (ALS, or Lou Gehrig’s disease).[i]

Today, Medicare helps 68 million older adults and people with disabilities—and more than 3.7 million New Yorkers—pay for hospital and physician visits, prescription drugs, and other acute and post-acute care services.

## Medicare Financing

Medicare is primarily financed through payroll taxes, general revenues, and premiums paid by enrollees. Other sources include taxes on Social Security benefits, payments from states, and interest.

## Medicaid

The Medicaid program was established in 1965 by the same federal legislation that established Medicare. Originally conceived as a medical assistance supplement for people receiving cash welfare assistance, the Medicaid program has been expanded over time.

Today, Medicaid covers more than 5.9 million New Yorkers across a broad low-income population, including pregnant women, children and adults with diverse physical and mental health conditions, and low-income Medicare beneficiaries.

## Medicaid Financing

Medicaid is financed and administered through a federal-state partnership. The federal government matches state Medicaid spending based on a statutory formula. New York has flexibility in how it structures and provides benefits, but federal law specifies core requirements that all states must meet as a condition of receiving federal Medicaid funding.

## New Yorkers with Medicaid: Just the Facts

- More than 5.9 million New Yorkers have Medicaid health coverage. This includes people with Medicaid as it existed prior to the ACA and people covered by the ACA’s Medicaid expansion.
- Forty-one states, including New York, have expanded Medicaid coverage to low-income adults ages 19-64.
- Over 1 million New Yorkers have both Medicare and Medicaid.
- Medicaid often covers many services that are not covered in Medicare, including long-term care, home and community-based services, and dental services.
- In 2024, 1 million Medicare beneficiaries in New York State were enrolled in a Medicare Savings Program (MSP). MSPs help pay Medicare costs for individuals with limited incomes.

## Medicaid Services and Eligibility

New York must cover core groups of low-income individuals, as outlined in federal law, and may expand coverage to include additional populations. These core groups include low-income pregnant women, children, parents of dependent children, older adults, and people with disabilities.

Most recently, the Affordable Care Act (ACA) established a new optional Medicaid eligibility group for low-income, non-elderly adults without dependent children. New York is one of 41 states, including D.C., that chose to expand Medicaid to cover this population.

Importantly, Medicaid is the nation's primary payer for long-term services and supports (LTSS), including for those in institutional and home- and community-based settings. Nearly 12 million individuals nationally and 1 million New Yorkers are dually enrolled in both Medicaid and Medicare, with Medicaid paying the majority of their long-term services and supports costs.

## Medicare Savings Programs (MSP)

MSPs help pay Medicare costs for individuals with limited resources. MSP enrollment also provides automatic enrollment into Extra Help, the federal program that helps pay Medicare prescription drug costs. In New York, MSP enrollment has been simplified in recent years by the elimination of the MSP asset test and other measures.

In 2024, 1,000,000 New York Medicare beneficiaries were enrolled in an MSP. An estimated 300,000 New Yorkers are newly eligible for the MSP after the 2023 MSP expansion. However, many New Yorkers do not enroll due to a lack of education about the benefits, stigma, and other factors.

## Elderly Pharmaceutical Insurance Coverage (EPIC)

EPIC is the New York State Pharmaceutical Assistance Program (SPAP) that helps older adults with Medicare pay for prescription drug costs.