Children's Defense Fund

The Affordable Care Act's Medicaid Expansion Helps Adults and Children

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A key element of the Affordable Care Act (ACA) was the requirement that states expand eligibility for Medicaid to 138 percent of the federal poverty level to cover more children and low-income adults, a requirement which became an option for states after a U.S. Supreme Court decision in June 2012. As of July 20, 2015, 30 states and the District of Columbia have taken this option, expanding affordable health coverage to more than 10 million low-income Americans and reducing the rate of uninsurance nationwide from 17.6 percent to 10.1 percent. The ACA also required 20 states to transition some children from the Children's Health Insurance Program (CHIP) to Medicaid by January 1, 2014. The expansion of Medicaid has had a significant impact on children, parents, states and communities.

Medicaid Expansion for Adults

For states that expand Medicaid eligibility to low-income adults with incomes below 138 percent of the federal poverty level (FPL) ($32,913 for a family of four in 2014),[i] the federal government pays the entire cost of the Medicaid expansion through 2016, and no less than 90 percent of the cost in subsequent years.

- States were allowed to implement this key ACA provision starting on January 1, 2014. Currently, 30 states and the District of Columbia have adopted the ACA's Medicaid expansion.[ii]
- Among Medicaid expansion states, increasing eligibility to 138 percent of FPL means that median income eligibility levels for adults have increased substantially compared to pre-ACA levels, particularly for childless adults.[iii] In non-expansion states, Medicaid typically does not cover low-income adults without children no matter how low their income. [iv]

Children Also Benefit From the Medicaid Expansion

While the majority of states were already using Medicaid to cover children in families with incomes up to 133 percent FPL, the ACA's requirement that Medicaid cover children to 138 percent FPL required 20 states to transition children from CHIP to Medicaid by January 1, 2014.[v]

- Known as the "stairstep" kids, 28 percent of children previously covered by CHIP were transitioned from CHIP to Medicaid under this provision. They are now eligible for Medicaid's Early and Periodic Screening, Diagnostic, and Treatment benefit package, the gold standard of child appropriate health and developmental benefits.[vi]
- They are also entitled to free or near free care and may be more likely to take advantage of needed services.[vii][viii]

Children also benefit from the expansion of health coverage to their parents in states that expanded coverage for low-income adults.[ix]

- States that have expanded Medicaid coverage to parents have higher Medicaid participation among children. For instance, Massachusetts' health coverage for parents cut the uninsurance rate for children in half; even children who were eligible for Medicaid but were uninsured experienced a 5 percentage-point decline in their uninsurance rate.
- A child is eight times more likely to have public insurance if their parent also has public insurance. However, the most recent study of parents' insurance coverage shows that 11.5 million or 18.2 percent of all parents were uninsured.[x]

Children of insured parents are more likely to experience educational success and overall well-being than their uninsured counterparts.[xi]

- Without coverage, parents are more likely to experience poor physical or mental health. These conditions can contribute to a stressful family environment and negatively affect the well-being of a child.[xii] More than half of all infants living in poverty have a mother suffering from depression. Many of these mothers do not receive necessary care and treatment, which can be damaging to a child's cognitive, social, and emotional development.[xiii]
- Uninsured parents have greater difficulty accessing the health care they need, compromising their ability to work, support their families, and care for their children.[xiv]

Expanding Medicaid benefits low-income women and their children.[xv]

- Currently, all low-income women have access to Medicaid while pregnant, but they are only eligible for coverage for a short time after delivery.[xvi] In states that have expanded Medicaid, low-income women may receive Medicaid regardless of pregnancy. Women with coverage also receive essential preventive care, like regular doctor visits, birth control, tobacco cessation programs and substance abuse treatment,[xvii] which in turn benefits children.
- Infants are more likely to be healthy at birth when their mother has health coverage before becoming pregnant.[xviii] Comprehensive prenatal care for women reduces incidence and cost of premature births.[xix] Mothers who have prenatal coverage under Medicaid also give birth to babies who have lower rates of obesity and body mass index (BMI) in adulthood.[xx]

State and Local Economies Benefit From Medicaid Expansion

An expansion of Medicaid by every state would lead to economic growth throughout the nation.[xxi]

- In states that do not expand Medicaid, an estimated 6.7 million residents are likely to remain uninsured in 2016.[xxii]
- The federal government pays the entire cost of the Medicaid expansion through 2016, and no less than 90 percent of the cost in subsequent years. Thus, states that choose to expand Medicaid receive an injection of federal dollars into their economies, while states that have not yet expanded are missing out on significant opportunities for economic growth.[xxiii] States that do not expand will forego a total of $423.6 billion in Medicaid funding between 2013 and 2022. Hospitals, specifically, will lose about $167.8 billion in Medicaid funding.[xxiv]
- In states that have moved forward with Medicaid expansion and now have fewer uninsured individuals, the cost of providing health care services for low-income uninsured residents, which before were entirely state-funded, has declined. This includes hospital costs for uncompensated care to uninsured individuals. There was a significant decline of 21 percent ($7.4 billion) in hospital uncompensated care costs in

2014. Medicaid expansion states accounted for $5 billion of those savings while non-expansion states accounted for $2.4 billion.[xxv]

- Non-expansion states lose out on broader economic benefits, such as increased jobs.[xxvi] In states that have taken the option, there is evidence that job growth expansion in the health care sector is greater than in those states that did not take the option.
- Since January 2010, 54 rural hospitals have closed due to heavy financial strain, 42 of which were in states that opted out of Medicaid expansion.[xxvii] The majority of these states are located in the South and have some of the highest uninsured rates.[xxviii] Financial burdens have forced rural hospitals to choose between closing or eliminating care, both of which makes it more difficult for people in rural areas to find affordable care within a manageable distance. Many hospitals cite their state's refusal to expand Medicaid as a significant factor in their decision to close..[xxix, xxx]

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