Children's Defense Fund

Why the 20 States that Haven't Expanded Medicaid to Low-Income Adults Should

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Since January 2014, 30 states and the District of Columbia have taken the Affordable Care Act's (ACA) option to expand Medicaid to adults with incomes at or below 138 percent of the federal poverty level (FPL) ($32,913 for a family of four in 2014).[i] All of those states have seen dramatic reductions in their uninsured population and other benefits to children, individuals, families, and communities.

Here are the top ten reasons why the 20 states that have not yet expanded Medicaid should:

1. **Four million low-income adults are unjustly being denied health coverage due to the partisan political fight over health care.**[ii] The ACA was designed to expand health coverage to low- and middle-income working Americans. In non-expansion states, nearly 4 million people are caught in the coverage gap that results from state decisions not to expand Medicaid. These adults have incomes above current Medicaid eligibility levels but below the lower limit for Marketplace premium tax credits and would have been newly-eligible for Medicaid had their state chosen to expand coverage.

2. **Expanding Medicaid in these 20 states would improve coverage for communities of color and other vulnerable populations.** Non-expansion states have large uninsured populations who are disproportionately low-income, live in the South, and are people of color.[iii] Forty-six percent of the adult uninsured population with incomes at or below 138 percent FPL lives in non-expansion states. The South, particularly Texas, Florida, and Georgia, accounts for more than half (55 percent) of the adult uninsured population with incomes at or below 138 percent FPL. Nearly half (47 percent) of uninsured people of color, including nearly 6 in 10 uninsured Blacks, live in non-expansion states.

3. **Expanding Medicaid improves access to care**. Adults enrolled in Medicaid experience significant improvements in access, utilization, and self-reported positive health status, while virtually eliminating catastrophic out-of-pocket spending. [iv]

4. **Medicaid coverage improves health outcomes.**[v] When people become insured, they are more likely to have a regular doctor, more appropriate use of health services, improved screening and early detection, better management of chronic illnesses, and more effective treatment for acute conditions.

5. **Expanding coverage to low-income parents is good for children.** Of the 4 million adults lacking health coverage, nearly a quarter are parents.[vi] Children are eight times more likely to have public insurance if their parents also have public insurance.[vii] Children with insured parents are also more likely to experience educational success and overall well-being.[viii]

6. **Medicaid coverage is less expensive than private coverage and has lower out-of-pocket costs.** Medicaid provides health care services comparable to employer-sponsored insurance (ESI), at significantly lower costs.[ix] Low-income ESI beneficiaries experience three times higher out-of-pocket spending and 25 percent higher total medical spending.

7. **Expanding Medicaid is a good deal for states.** 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.[x] States that do not expand will forego a total of $423.6 billion in Medicaid funding between 2013 and 2022.

8. **States and local communities save on uncompensated care.** States that have moved forward with the Medicaid expansion now have significantly fewer uninsured individuals, so the cost to states of providing health services for low-income uninsured residents, which have been entirely state-funded, has declined. This includes significant costs incurred by hospitals for uncompensated care. 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.[xi]

9. **States could increase revenues to hospitals by $145 billion between 2013 and 2022, which would offset hospital reimbursement reductions in the ACA.**[xii] States not expanding Medicaid miss out on revenue while having to still face cutbacks in Medicaid payments.

10. **Non-expansion states lose out on broader economic benefits, such as increased jobs**.[xiii] 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.

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[i] Council of Economic Advisors (2014). "Missed Opportunities: The Consequences of State Decisions Not to Expand Medicaid." http://www.whitehouse.gov//sites/default/files/docs/missed_opportunities_medicaid_0.pdf
[ii] http://kff.org/health-reform/issue-brief/the-coverage-gap-uninsured-poor-adults-in-states-that-do-not-expand-medicaid-an-update/
[iii] https://kaiserfamilyfoundation.files.wordpress.com/2013/07/8458-analyzing-the-impact-of-state-medicaid-expansion-decisions2.pdf
[iv] https://kaiserfamilyfoundation.files.wordpress.com/2013/07/8458-analyzing-the-impact-of-state-medicaid-expansion-decisions2.pdf
[v] https://kaiserfamilyfoundation.files.wordpress.com/2013/07/8458-analyzing-the-impact-of-state-medicaid-expansion-decisions2.pdf
[vi] http://kff.org/health-reform/issue-brief/the-coverage-gap-uninsured-poor-adults-in-states-that-do-not-expand-medicaid-an-update/
[vii] Center for Children and Families (2014). "Medicaid Expansion: Good for Parents and Children," Georgetown University Health Policy Institute. http://ccf.georgetown.edu/wp-content/uploads/2013/12/Expanding-Coverage-for-Parents-Helps-Children-2013.pdf
[viii] Dee Mahan (2014). "Expanding Medicaid Helps Children Succeed in School," Families USA. http://familiesusa.org/blog/2014/07/expanding-medicaid-helps-children-succeed-school
[ix] https://kaiserfamilyfoundation.files.wordpress.com/2013/07/8458-analyzing-the-impact-of-state-medicaid-expansion-decisions2.pdf
[x] Dee Mahan and Andrea Callow (2014). "Short Analysis: Expanding Medicaid: Better Health, Jobs, and Economic Activity for States," Families USA. http://familiesusa.org/product/expanding-medicaid-better-health-jobs-and-economic-activity-states
[xi] North Carolina Rural Health Research Program (2015). "Rural Hospital Closures: 54 Closures from January 2010-Present." http://www.shepscenter.unc.edu/wp-content/uploads/2014/07/Rural-Hospital-Closure-List-and-Map-6-22.pdf
[xii] https://kaiserfamilyfoundation.files.wordpress.com/2013/07/8458-analyzing-the-impact-of-state-medicaid-expansion-decisions2.pdf
[xiii] https://kaiserfamilyfoundation.files.wordpress.com/2013/07/8458-analyzing-the-impact-of-state-medicaid-expansion-decisions2.pdf