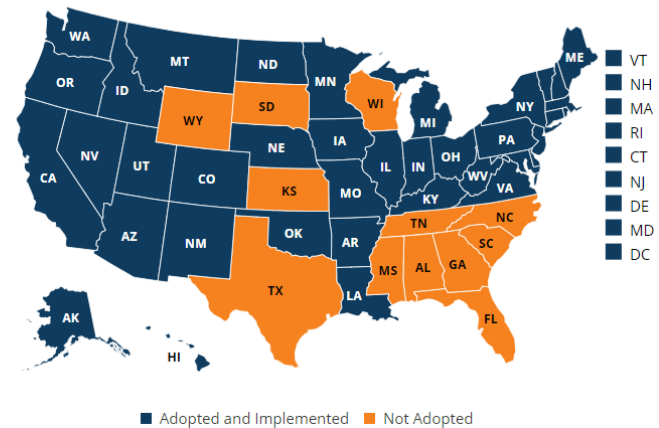


The Value of Medicaid Expansion

To date, 38 states and the District of Columbia have expanded Medicaid under the Affordable Care Act.¹ In the 12 non-expansion states – Alabama, Florida, Georgia, Kansas, Mississippi, North Carolina, South Carolina, South Dakota, Tennessee, Texas, Wisconsin, and Wyoming – the choice not to expand Medicaid has left many without affordable access to coverage and the proven benefits of expansion.

The major provisions of the Patient Protection and Affordable Care Act (ACA) went into effect in 2014, with a core element aimed at expanding Medicaid to all Americans with incomes below 133% of the FPL.² While Medicaid expansion has been a main driver for decreased uninsured rates, particularly among low-income populations, the Supreme Court’s June 2012 ruling in a case challenging the ACA found it unconstitutional to force Medicaid expansion on states, leaving each state to decide whether to implement Medicaid expansion. The 12 non-expansion states have remained steadfast in their opposition to expansion, leaving about 4 million people without appropriate coverage. This includes over 2 million people in the “coverage gap,” whose income is below the federal poverty line but too high to meet Medicaid eligibility requirements.³

Status of State Action on the Medicaid Expansion Decision



In addition to decreasing the uninsured rate, Medicaid expansion has been proven to improve health outcomes, reduce health disparities, lower uncompensated care costs, provide increased economic mobility, and most recently, allow states to improve their response to the COVID-19 pandemic. For health centers, expansion has led to increased financial stability and the number of patients served.

With the passage of the American Rescue Plan, there is renewed energy to incentivize and support the 12 non-expansion states to adopt expansion and increase coverage opportunities. The following document encapsulates much of the data that highlight the value of Medicaid expansion. If you have any questions about this document, or have sources you would like to share, please contact the NACHC Federal and State Policy team at state@nachc.org.

States have the freedom to design their Medicaid programs to make the best use of resources to serve their residents, and Medicaid expansion offers opportunities for budget savings.⁴ To date, no state that has adopted expansion has reversed its decision for any reason, including budgetary constraints. The following data highlight how Medicaid expansion can provide value to states and their residents:

Overall Economic Value

- *Positive Impact on State Budgets:* Expansion states saw boosts to their state budgets given the increase of federal dollars and a decrease in uncompensated care costs.
 - Louisiana: Saved \$199 million in FY17, expected to surpass \$350 million in FY18.⁵

- Virginia: Saved \$421.6 million in the first year of expansion.⁴
 - Arkansas: Saved \$444 million total from 2018-2021.⁴
 - Michigan: Saved \$1 billion from 2018-2021.⁵
 - Mississippi: If the state expanded Medicaid, the state budget would realize a \$400 million net gain in the first two years.⁶
 - Nebraska: Projects a savings of \$360 million over five years and a reduction of 4.3% annually in Medicaid outlays from 2020-2025.⁴
 - A recent Manatt study showed that if the 12 non-expansion states (plus Missouri and Oklahoma, who had yet to expand at the time) took advantage of the American Rescue Plan Medicaid expansion funding, it would generate \$20 billion in federal funding, covering between 3 to 7 years of expansion costs in the states.⁷
- *Workforce Expansion and Support*: Expansion states saw positive impacts on their workforce.
 - Louisiana: Expansion funding created and supported 19,195 jobs while creating and supporting personal income of \$1.12 billion.⁵
 - Colorado: Expansion funding supported over 31,000 additional jobs in FY 2015-2016.⁴
 - Ohio: A statewide survey of expansion enrollees found 84% of employed enrollees and 60% of unemployed enrollees said that access to Medicaid makes it easier to work. Within the expansion population, the employment rate rose by 6% from 2016 to 2018.⁴

Increased Access to Care and Better Health Outcomes

- *More Patients Served*: Higher revenues allowed CHCs in expansion states to serve about 40% more patients and provide nearly 60% more patient visits.⁸
 - Connecticut: CHCs enrolled thousands of uninsured patients, mostly on state Medicaid. Centers are now serving about 70,000 more insured patients.⁹
 - Louisiana: A majority of the 41% of previously uninsured patients gained coverage, with the uninsured rate decreasing by nearly 10% from 2013 to 2016.⁵
- *Better Care Opportunities for Vulnerable Populations*:
 - People of Color: 60% of those in the coverage gap are people of color. A lack of expansion only reinforces systemic racial and ethnic health care disparities.¹⁰
 - Parents: More than 30% of people in the coverage gap have children in their care. With increasing insurance for parents leading to increased insurance rates for children, expansion states have seen increased insurance rates for both groups.¹⁰
 - Pregnant People, Those Eligible for Breast and Cervical Cancer Programs, and Individuals with Disabilities: Individuals in these groups can move to a higher matching rate under expansion where their needs can be better met; 15% of adults in the coverage gap having at least one disability.¹⁰
 - Behavioral Health:
 - Iowa: Expansion helped reduce and eliminate waiting lists for county-based mental health agency services for the uninsured.¹¹
 - Michigan: Expansion led to increased stability and wider access to mental health services, with 43% of survey respondents stating their mental health improved.¹²
 - Washington: Expansion provided more consistent access to behavioral health services and prescription drugs while decreasing co-payments.¹²
 - West Virginia: Expansion enrollees gained increased access to Medication-Assisted Treatment (MAT) for those with SUDs.¹²
 - CHCs and Behavioral Health: CHCs in expansion states were more likely to offer behavioral health services like MAT for opioid use disorders (44% vs 25%) and connect patients with social service providers in their community (58% vs 48) when compared to health centers in non-expansion states.¹³

- *More Health Center Patients Covered with Affordable Care*
 - CHC patient insurance rates increased by 11% while CHC patients in non-expansion states were more likely to be uninsured than patients in expansion states between 2013 and 2015 (20% vs 33%).⁸

Medicaid Expansion Impacts States' Ability to Respond to COVID-19

- *More Reliable Access to Coverage for High-Risk Groups and Essential Workers:* By decreasing the uninsured rate and coverage for more people in high-risk jobs and health categories, Medicaid expansion allowed for increased detection and protection against COVID-19.
 - Essential Workers: In 2019, over half a million people in the coverage gap were essential workers, including 138,000 health care workers and 143,000 frontline retail employees.¹⁰ The uninsured rate for essential and frontline workers in expansion states was about 16%, compared to 30% in non-expansion states.¹⁴
 - The 4 million people in the coverage gap across all non-expansion states were more likely to be at high risk for contracting and suffering more severe effects of COVID-19.¹⁴
- *Greater Federal Funds Available to Combat COVID-19:* COVID-19 has highlighted the gap in federal funding received by expansion states compared to their non-expansion counterparts.
 - Considering the Coronavirus Aid, Relief, and Economic Security Act (CARES) Act and Medicaid expansion funding together, expansion states received over \$550 more per resident than non-expansion states.¹⁴
 - Kansas and Iowa: While the states are similar in population size, Iowa has expanded Medicaid and Kansas has not. The lack of federal funds means Iowa will receive about \$350 more per resident than their non-expansion state neighbor.¹⁴
- *Better Ability to Address the Economic Downturn Resulting from COVID-19:*
 - Between February 2020 and March 2021, unemployment rates reached nearly 15%, the highest in about 80 years, with 8 of the 12 non-expansion states exceeding the national rate.^{15,16,17} The rapid increases in Medicaid coverage strained non-expansion state budgets and limited funding allocated to high-risk communities, while expansion states saw Medicaid spending subsidized by their expansion federal funding.¹⁸
 - The pandemic has led nearly 27 million people to lose employer-sponsored health insurance. People losing this coverage are more likely to maintain access to insurance options in expansion states compared to non-expansion states (40% vs 23%) because more people in expansion states are likely to qualify for coverage under Medicaid.¹⁹

Improved Quality of Life

- *Decreases in Premature Death and More Lives Saved:* Those in the coverage gap are more likely to die prematurely because they are more likely to forgo preventive or emergency care.
 - Over 19,000 lives have been saved among adults 55-64 because of Medicaid expansion between 2014 and 2017 (2014-2017).¹¹
 - In expansion states, maternal mortality was reduced by 200 deaths in 2017 and Infant mortality fell by 50% more than in non-expansion states.¹¹
- *Financial Savings for Individuals:* By decreasing the financial burden of health care, Medicaid expansion allows previously uninsured individuals to spend more on necessities, supporting financial security.
 - Expansion led to a decrease in bankruptcies by 50,000.¹⁰
 - \$3.4 billion less was sent to collection agencies, allowing credit scores to increase and evictions to decrease.¹⁰
 - Ohio: About 50% of new enrollees said that having access to Medicaid made it easier to pay for groceries, rent, mortgage payments, or to pay down debt. 30% of people said their financial situation improved while 60% noticed no difference.⁴

Economic Value for Health Centers

Data showcasing higher revenues at health centers is displayed below. This increase in revenue allowed health centers to provide more patient services and allows them to retain quality staff to support the most vulnerable populations access quality health care.

- ***Increased Financial Stability:*** CHCs in Medicaid expansion states were significantly more likely to report improvements in their financial stability (69% vs. 41%) compared to those in non-expansion states.¹³
- ***Higher Revenues:***
 - In 2016, average revenues for health centers in Medicaid expansion states were more than 60% higher than in non-expansion states (\$20.1 million vs. \$12.4 million).²⁰
 - On average, health centers in expansion states reported higher Medicaid revenues.⁸
 - Health centers in expansion states reported higher average total operating revenues than those in non-expansion states (\$18.4 million vs. \$10.4 million), higher revenues per patient (\$586 vs. \$369) and higher revenue per Medicaid patient (\$800 vs. \$537).⁸
 - Nearly 80% of health centers in expansion states reported Medicaid revenue growth, compared to 44% of those in non-expansion states.²¹
- ***Reduction in Uncompensated Care Costs:*** Medicaid expansion also leads to decreased costs as previously uninsured patients gain access to care.
 - **Connecticut:** The cost of treating uninsured patients declined by about \$10 million between 2012 and 2017.⁹
- ***Health Center Workforce Expansion:*** Health centers have seen direct growth in their workforce.
 - **Louisiana:** Added 951 jobs at FQHCs.⁵

¹ Kaiser Family Foundation: [Status of State Medicaid Expansion Decisions: Interactive Map](#)

² National Conference of State Legislatures: [The Affordable Care Act: A Brief Summary - March 2011](#)

³ Kaiser Family Foundation: [The Coverage Gap: Uninsured Poor Adults in States that Do Not Expand Medicaid](#)

⁴ Health Management Associates: [Medicaid Expansion in Missouri - Economic Implications for Missouri and Interviews Reflecting Arkansas, Indiana, and Ohio Experiences](#)

⁵ Louisiana Department of Health: [Louisiana Medicaid Expansion Report: 2016-2017](#)

⁶ Georgetown University Health Policy Institute: [A Profile of Mississippi's Low-Wage Uninsured Workers](#)

⁷ Manatt Health: [Assessing the Fiscal Impact of Medicaid Expansion Following the Enactment of the American Rescue Plan Act of 2021](#)

⁸ Kaiser Family Foundation: [Community Health Centers: Recent Growth and the Role of the ACA](#)

⁹ Connecticut Health I-Team: [Community Health Centers Face Uncertain Financial Future](#)

¹⁰ Center on Budget and Policy Priorities: [Closing Medicaid Coverage Gap Would Help Diverse Group and Narrow Racial Disparities](#)

¹¹ U.S. Government Accountability Office: [Medicaid Expansion – Behavioral Health Treatment Use in Selected States in 2014 – June 2017](#)

¹² American Medical Association: [Michigan's Medicaid Expansion Doubles Access to Primary Care](#)

¹³ The Commonwealth Fund: [The Role of Medicaid Expansion in Care Delivery at Community Health Centers](#)

¹⁴ The Commonwealth Fund: [The COVID-19 Crisis Is Giving States That Haven't Expanded Medicaid New Reasons to Reconsider](#)

¹⁵ The Balance: [Unemployment Rate by Year Since 1929 Compared to Inflation and GDP](#)

¹⁶ U.S. Bureau of Labor Statistics: [Civilian Unemployment Rate](#)

¹⁷ Kaiser Family Foundation: [Analysis of Recent National Trends in Medicaid and CHIP Enrollment](#)

¹⁸ Center on Budget and Policy Priorities: [States That Have Expanded Medicaid Are Better Positioned to Address COVID-19 and Recession](#)

¹⁹ Kaiser Family Foundation: [Key Facts about the Uninsured Population](#)

²⁰ Kaiser Family Foundation: [Community Health Centers: Growing Importance in a Changing Health Care System](#)

²¹ Kaiser Family Foundation: [Community Health Centers in a Time of Change: Results from an Annual Survey](#)