



# Medicaid: Providing Vital Health Coverage to Low-Income Adults

## Medicaid

The Affordable Care Act gives states the option of expanding Medicaid to cover more low-income residents, including adults. By September 2015, just over 60 percent of states had taken up that option.<sup>1</sup> Extending coverage to more low-income adults improves their health, strengthens states' health care systems, and boosts state economies.

## Medicaid Gives States the Option of Extending Health Coverage to Adults

Before the Affordable Care Act, in most states, non-disabled adults who did not have dependent children were not eligible for Medicaid, no matter how low their income. All states covered parents, but in many states, the income eligibility level for parents was significantly below the federal poverty level.<sup>2</sup>

Starting in January 2014, states have the option to extend Medicaid coverage to all adults with incomes below 138 percent of poverty (\$27,720 for a family of three in 2015). For states that choose to extend Medicaid, the federal government pays nearly all of the cost of covering the newly eligible population.<sup>3</sup>

In most states that *haven't* extended Medicaid, adults without dependent children—and even many very low-income parents—still do not have any affordable options for health coverage.<sup>4</sup>

## Extending Medicaid Benefits Adults, Their Families, the Health Care System, and States

When a state decides to extend coverage to adults, the benefits are broad and far-reaching. These benefits include the following:

**Fewer uninsured residents:** Since Affordable Care Act coverage became available in 2014, there has been a significant drop in the number of uninsured residents in all states. However, reductions in the number of uninsured have been greater in states that extended Medicaid coverage to adults.<sup>5</sup>

**A healthier population:** Higher rates of health coverage mean that more residents are able to get the medical care they need. That leads to earlier detection and treatment of diseases, a healthier population overall, and ultimately, lower health care costs.

- » *Earlier detection and treatment of diseases:* Diabetes is one of a host of diseases that can often be managed with regular medical care. But if left untreated, diabetes can lead to costly complications, and it is a leading cause of disability.<sup>6</sup> Expanding Medicaid means that more adults have access to diabetes testing, allowing them to get diagnosed and treated earlier. This can reduce long-term health care costs and disability. In states that have expanded Medicaid, newly identified cases of diabetes have risen by 23 percent.<sup>7</sup>
- » *Increased use of preventive screenings:* Primary and preventive care keep adults healthy and productive, and this care reduces health care costs. For example, breast and colon cancer are two of the leading causes of death among adults in the United States.<sup>8</sup> However, if caught early, survival rates for both are greater than 90 percent.<sup>9</sup> Since Kentucky expanded Medicaid, enrollees' use of preventive screening services like mammograms and colonoscopies has more than doubled.<sup>10</sup>

**A healthier workforce:** Expanding Medicaid helps working adults and their families. Most adults who can benefit from Medicaid expansion—57 percent—are working.<sup>11</sup> When workers have better access to health care, they are healthier and more productive.<sup>12,13</sup> That's good for workers and their employers.

**More insured parents—which is good for kids' health and their success later in life:**

When states expand Medicaid, more parents with dependent children get health coverage. That means more kids get coverage too, since children tend to have the same health coverage as their parents.<sup>14</sup> Compared to children who are uninsured, children who have Medicaid are healthier and go further in school. They are more likely to complete high school and to attend and complete college.<sup>15</sup> That can help them succeed throughout life.

**A stronger health care system:** Hospital finances are hurt when they must provide uncompensated care—care that patients cannot pay for because they have no (or inadequate) insurance. When more residents have insurance, hospitals and other health care providers do not have to provide as much uncompensated care. States that have expanded Medicaid have experienced substantially greater decreases in uncompensated care costs than states that have not expanded Medicaid.<sup>16</sup>

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**State budget savings:** Uncompensated care doesn't just hurt hospitals and other health care providers—it costs taxpayers money. That's because states must use their own funds to cover some uncompensated care costs.

Since the federal government covers virtually all the costs of Medicaid expansion, many states that have expanded Medicaid have realized budget savings.<sup>17</sup> States that have expanded Medicaid have been able to significantly reduce the size of their programs that help hospitals cover uncompensated care costs.<sup>18</sup>

**Economic growth:** In most states, the health care sector is a major employer. States that have expanded Medicaid are generally seeing a greater increase in health care jobs than states that didn't expand coverage.<sup>19</sup> Greater employment in this sector means a broader tax base, stronger state economies, and even a stronger national economy.

## Reliable Federal Funding Is Essential to Adults with Medicaid

In states that have expanded Medicaid, the federal government pays all costs associated with covering newly eligible residents through 2016. The federal share then gradually declines to 90 percent in 2020, where it stays.

Thanks to this influx of federal funds, states that have expanded Medicaid have healthier residents, stronger health care systems, and improved economic growth.

Maintaining the current federal Medicaid financing structure will help keep Medicaid strong. That will ensure that states continue to have the option to extend coverage, improve their residents' health, and strengthen their health care systems and economies.

Extending Medicaid benefits low-income adults, their families, the health care system, and state economies. It is important to maintain the current federal Medicaid financing structure to help keep the program strong for all those who depend on it.

## Endnotes

1 Families USA, *A 50 State Look at Medicaid Expansion*, available online at <http://familiesusa.org/product/50-state-look-medicaid-expansion>, accessed on October 1, 2015.

2 As an example, in 2012, Alabama Medicaid capped parents' income eligibility level at 24 percent of poverty (\$402 per month for a family of three). Kaiser Family Foundation, State Health Facts, *Medicaid Income Eligibility Limits for Parents, 2002-2015*, available online at <http://kff.org/medicaid/state-indicator/medicaid-income-eligibility-limits-for-parents-2002-2015/>, accessed on August 25, 2015.

3 From 2014 through 2016, the federal government will pay for all costs of states extending Medicaid coverage to adults. In 2017, the federal share begins to gradually decline, until it reaches 90 percent in 2020, where it stays.

4 Rachel Garfield, Anthony Damico, Jessica Stephens, and Saman Rouhani, *The Coverage Gap: Uninsured Poor Adults in States That Do Not Expand Medicaid—An Update* (Washington: Kaiser Family Foundation, April 17, 2015), available online at <http://kff.org/health-reform/issue-brief/the-coverage-gap-uninsured-poor-adults-in-states-that-do-not-expand-medicaid-an-update/>.

5 On average, states that expanded Medicaid coverage saw a 3.4 percentage point reduction in their uninsured rate from 2013 to 2014. In states that did not extend Medicaid coverage, the average reduction was 2.3 percentage points. Families USA calculations based on data from Jessica Smith et al., U.S. Census Bureau, *Health Insurance Coverage in the United States: 2014* (Washington: U.S. Department of Commerce, September 2015), available online at <http://www.census.gov/content/dam/Census/library/publications/2015/demo/p60-253.pdf>.

6 Michael J. Fowler, "Microvascular and Macrovascular Complications of Diabetes," *Clinical Diabetes* (April 2008), available online at <http://clinical.diabetesjournals.org/content/26/2/77.full>; E. W. Gregg et al., "Diabetes and Physical Disability among Older U.S. Adults," *Diabetes Care* (September 2003), available online at <http://www.ncbi.nlm.nih.gov/pubmed/10977018>.

7 Andrea Callow, *Medicaid Expansion Linked to Earlier Diagnosis and Treatment of Diabetes*, Families USA blog, March 25, 2015, available online at <http://familiesusa.org/blog/2015/03/medicaid-expansion-linked-earlier-diagnosis-and-treatment-diabetes>.

8 The American Cancer Society, *Breast Cancer*, available online at <http://www.cancer.org/cancer/breastcancer/detailedguide/breast-cancer-survival-by-stage>, accessed on October 1, 2015; The American Cancer Society, *Cervical Cancer*, available online at <http://www.cancer.org/cancer/cervicalcancer/detailedguide/cervical-cancer-survival>, accessed on October 1, 2015; The American Cancer Society, *Colorectal Cancer*, available online at <http://www.cancer.org/cancer/colonandrectumcancer/detailedguide/colorectal-cancer-survival-rates>, accessed on October 1, 2015.

9 Ibid.

10 Andrea Callow, *Kentucky's Medicaid Expansion Yields Coverage and Access to Important Preventive Care*, Families USA blog, August 19, 2015, available online at <http://familiesusa.org/blog/2015/08/kentuckys-medicaid-expansion-yields-coverage-and-access-important-preventive-care>.

11 Families USA calculation based on an analysis of American Community Survey (Census) data of the work status of uninsured adults (ages 19-64) with incomes below 138 percent of poverty. This is the group that benefits from Medicaid expansion. Data are for 2010-2012.

12 Insurance coverage, including Medicaid, is strongly correlated with better health outcomes for adults and children. For a comprehensive review of the literature on the impact of insurance on health, see Jill Bernstein et al., *How Does Health Insurance Improve Health Outcomes?* (Princeton, NJ: Mathematica Policy Research, Inc., April 2010), available online at [http://www.mathematica-mpr.com/publications/PDFs/health/reformhealthcare\\_IB1.pdf](http://www.mathematica-mpr.com/publications/PDFs/health/reformhealthcare_IB1.pdf).

13 For a discussion of the link between workers' health and productivity, see Centers for Disease Control and Prevention, *Workplace Health Promotion, Worker Productivity*, available online at <http://www.cdc.gov/workplacehealthpromotion/businesscase/reasons/productivity.html>, page last updated on October 23, 2013. Also see R. Leoppke et al., "Health and Productivity as a Business Strategy," *Journal of Occupational and Environmental Medicine* 51, no. 4 (2009): 411-428, available online at [http://www.acoem.org/uploadedFiles/Healthy\\_Workplaces\\_Now/HPM%20As%20a%20Business%20Strategy.pdf](http://www.acoem.org/uploadedFiles/Healthy_Workplaces_Now/HPM%20As%20a%20Business%20Strategy.pdf).

14 Lisa Dubay and Genevieve Kenny, "Expanding Public Health Insurance to Parents: Effects on Children's Coverage under Medicaid," *Health Services Research Review* (October 2013): 1,283-1,302, available online at <http://www.ncbi.nlm.nih.gov/pmc/articles/PMC1360947/>.

15 Dee Mahan, *Expanding Medicaid Can Help Children Succeed in School*, Families USA blog, July 8, 2014, available online at <http://familiesusa.org/blog/2014/07/expanding-medicaid-helps-children-succeed-school>.

16 Deborah Bacharach et al., *States Expanding Medicaid See Significant Budget Savings and Revenue Gains* (New Jersey: The Robert Wood Johnson Foundation and Manatt Health Solutions, April 2015), available online at [https://www.manatt.com/uploadedFiles/Content/5\\_Insights/White\\_Papers/Manatt\\_StateExpandMedicaid\\_4\\_9\\_15.pdf](https://www.manatt.com/uploadedFiles/Content/5_Insights/White_Papers/Manatt_StateExpandMedicaid_4_9_15.pdf).

17 Deborah Bacharach et al., op. cit.; The Commonwealth of Kentucky, *The Impact of Medicaid Expansion 2014*, prepared by Deloitte, February 2015, available online at [http://governor.ky.gov/healthierky/Documents/medicaid/Kentucky\\_Medicaid\\_Expansion\\_One-Year\\_Study\\_FINAL.pdf](http://governor.ky.gov/healthierky/Documents/medicaid/Kentucky_Medicaid_Expansion_One-Year_Study_FINAL.pdf); Stan Dorn, Norton Francis, Robin Rudowitz, and Laura Snyder, *The Effect of Medicaid Expansion on State Budgets: An Early Look in Select States* (Menlo Park, CA: Kaiser Family Foundation, March 11, 2015), available online at <http://kff.org/medicaid/issue-brief/the-effects-of-the-medicaid-expansion-on-state-budgets-an-early-look-in-select-states/>.

18 Ibid.

19 Fitch Ratings, *Health Care Jobs Grew Faster in Medicaid Expansion States*, February 19, 2015, available online at [https://www.fitchratings.com/gws/en/fitchwire/fitchwirearticle/Healthcare-Jobs-Grew?pr\\_id=980053](https://www.fitchratings.com/gws/en/fitchwire/fitchwirearticle/Healthcare-Jobs-Grew?pr_id=980053); Patrick Willard, *Medicaid Expansion States See Financial Savings and Health Care Jobs Growth*, Families USA blog, March 24, 2015, available online at <http://familiesusa.org/blog/2015/03/medicaid-expansion-states-see-financial-savings-and-health-care-jobs-growth>.

A selected list of relevant publications to date:

*Medicaid: An Essential Program for States and Their Residents* (September 2015)

*Medicaid: Connecting Low-Income Seniors and People with Disabilities to Health and Long-Term Care* (July 2015)

*Medicaid: Providing Enrollees with Access to Health Care* (July 2015)

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