



# Increased Access to Care: Medicaid Talking Points

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## Background:

After the passage of the Affordable Care Act in March 2010, and the Supreme Court's ruling in June of 2012, the decision on whether to expand the Medicaid program was left up to the states to resolve. As of the writing of this issue brief, 15 states have indicated plans to expand their Medicaid programs, while 10 are leaning against participating. Decisions on whether to participate in the Medicaid expansion will be made as Governors and state Legislatures file their budgets over the next 3 months (January – March 2013).

## Key Talking Points

- Expanding the Medicaid program to more low-income adults will provide much needed coverage and access, which in turn will improve the health of these newly insured patients.
- Under the expansion, an additional 12 million uninsured individuals will be covered.<sup>1</sup>
- Health Insurance Exchanges will cover an additional 26 million people by 2020.<sup>2</sup>
- Studies have shown that low-income adults in states with expanded Medicaid programs have better coverage and access to care than those without expanded Medicaid coverage.<sup>3</sup>
- Expanded Medicaid programs are directly correlated to a significant decrease in mortality when contrasted with states that did not expand.<sup>4</sup>
- Researchers have found that individuals with Medicaid coverage are more likely to self-report that they are in good, very good, or excellent health – these patients are also more likely to be financially secure, have lower levels of depression, and are more likely to report that they are happy.<sup>5</sup>

## Budgetary Concerns

- In states that do not expand their Medicaid programs, exchange premiums could increase as fixed insurance subsidies will be distributed over a smaller population of enrollees. Further, individual market premiums may increase per health status differences of new enrollees.<sup>6</sup>
- According to the Kaiser Family Foundation, if all states expand their Medicaid programs, the federal government would pay for the vast majority of the costs, which would result in many states with net budget savings and only modest costs.<sup>7</sup>

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<sup>1</sup> "Spending and Enrollment Detail for CBO's February 2013 Baseline: Medicaid." Congressional Budget Office Report. Washington, DC. February, 2013.

<sup>2</sup> Ibid.

<sup>3</sup> Benjamin D. Sommers, MD, PhD, Katherine Baicker, PhD, and Arnold M. Epstein, MD, *Mortality and Access to Care among Adults after State Medicaid Expansion*, 367 NEJM, 1025-1034 (2012).

<sup>4</sup> Ibid.

<sup>5</sup> Katherine Baicker, PhD and Amy Finkelstein, PhD, *The Effects of Medicaid Coverage – Learning from the Oregon Experiment*, 365 NEJM, 683-685 (2012).

<sup>6</sup> Implications of Medicaid Expansion Decisions on Private Coverage, American Academy of Actuaries Decision Brief. September 2012.

- States that expand Medicaid could save money by moving programs currently paid for through state-only funds or by state and federal funds to Medicaid, which would allow states to receive enhanced federal match rates for these programs and services.
- Refusal to expand the Medicaid program will leave states with the health, social and economic costs of caring for the uninsured, especially costly because of the projected over-utilization of emergency rooms. These costs will be borne entirely by the state if it chooses not to expand.
- When combining Medicaid costs and potential state savings on uncompensated care, states save \$10 billion over 2013-2022, compared to ACA implementation without the Medicaid expansion.<sup>7</sup>

### Other Facts & Talking Points<sup>9</sup>

- If a state does not choose to expand its Medicaid program, fewer parents will be eligible for coverage, which studies have shown to correlate with a lower enrollment rate of children.
- Premium subsidies are available for individuals to purchase health coverage via insurance exchanges or marketplaces. However, if their income falls between 100-400 percent of the federal poverty level (FPL), they do not qualify for Medicaid, and might not be offered employer-sponsored coverage that meets minimum standards and affordability requirements. **If a state chooses not to expand its Medicaid program, those above the poverty level can access coverage via the Insurance Marketplace, but those below the poverty level will not be covered.**
  - The Urban Institute estimates that 15.1 million uninsured adults will be eligible for Medicaid under the expansion. Of this number, 11.5 million have incomes less than 100% FPL, while estimates put another 4.3 million uninsured adults in the 100-138% FPL category.
- According to the Congressional Budget Office, the additional cost of implementing the Medicaid expansion is estimated to be only a 2.8-percent increase from what states would have spent between 2014 – 2022 without the health reform law.
  - This number is significantly overstated – CBO did not include state and local government cost savings for the uninsured into their calculations.
- Expansion of the Medicaid program and establishment of Insurance Marketplaces are meant to work together along with other provisions of the ACA to improve access and expand health coverage for all.
- The bottom line –
  - Studies show that those without insurance skip or delay necessary preventative services, and postpone care during the early and treatable stages of a variety of illnesses. By the time these people seek medical attention, they almost always require much more intensive – and expensive – care that could have been avoided had they held health insurance. Further, because of the current cost of health care, these patients are less likely to have the resources to pay for this more expensive care.
  - Improved coverage and access lead to better overall population health, which leads to cost savings for both the states as well as the federal government.

<sup>7</sup> John Holahan, Matthew Buettgens, Caitlin Carroll, Stan Dorn, *The Cost and Coverage Implications of the ACA Medicaid Expansion: National and State-by-State Analysis*, Kaiser Family Foundation, November 2012.

<sup>8</sup> John Holahan, Matthew Buettgens, Caitlin Carroll, Stan Dorn, *The Cost and Coverage Implications of the ACA Medicaid Expansion: National and State-by-State Analysis*, Kaiser Family Foundation, November 2012.

<sup>9</sup> Moving Forward on Medicaid Expansion, American Medical Association Advocacy Resource Center Brief, January 2013.