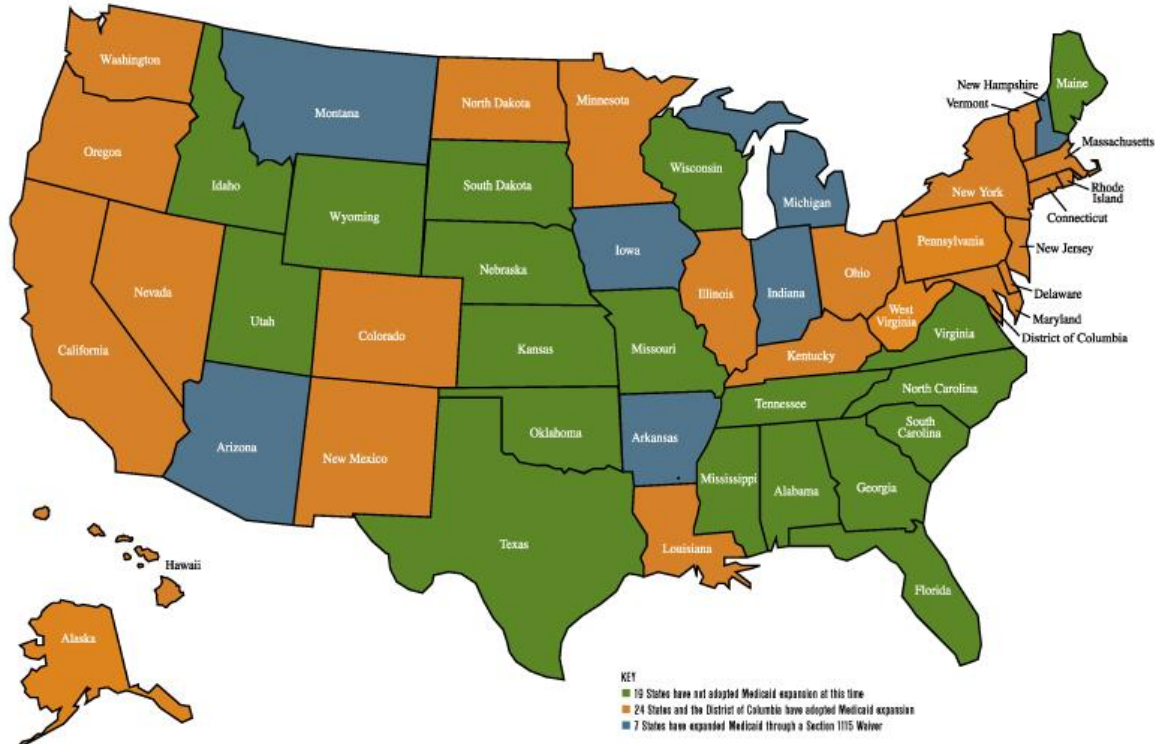




## MEDICAID EXPANSION



### Traditional Medicaid Expansion

As of July 2017, over 74 million individuals are enrolled in Medicaid and CHIP.<sup>i</sup> At the end of 2015, there were 13 million fewer people living in the U.S. without health insurance as compared to before the *Patient Protection and Affordable Care Act* took effect. The greatest declines in the number of uninsured were seen by states that opted to expand Medicaid. If all states expanded Medicaid, those in the coverage gap and those who are instead eligible for Marketplace coverage would bring the number of nonelderly uninsured adults eligible for Medicaid to 4.5 million people in the 19 current non-expansion states.<sup>ii</sup>

### Medicaid Demonstration Waiver

Section 1115 of the *Social Security Act* gives the U.S. Secretary of Health and Human Services (HHS) authority to approve experimental, pilot, or demonstration projects that promote the objectives of the Medicaid and CHIP programs. The objective of the waiver must be to increase and strengthen overall coverage of low-income individuals in the state, increase access to stabilize and strengthen providers and provider networks available to service Medicaid and low-income populations in the state, improve health outcomes for Medicaid and other low-income populations in the state, or increase the efficiency and quality of care for Medicaid and other low-income populations through initiatives to transform service delivery networks. Demonstrations must also be “budget neutral,” so that during the course of the project federal Medicaid expenditures will not be more than federal spending without the waiver.<sup>iii</sup> Arizona, Arkansas, Iowa, Indiana, Michigan, Montana and New Hampshire have alternative plans under the Section 1115 Demonstration Waivers. Below are two state examples:

**AAFP Headquarters**  
11400 Tomahawk Creek Pkwy.  
Leawood, KS 66211-2680  
800.274.2237 • 913.906.6000  
fp@aafp.org

**AAFP Washington Office**  
1133 Connecticut Avenue, NW, Ste. 1100  
Washington, DC 20036-1011  
202.232.9033 • Fax: 202.232.9044  
capitol@aafp.org

- The ArkansasWorks 2016 waiver uses Medicaid funds as premium assistance to purchase coverage in Marketplace Qualified Health Plans for newly eligible adults. The demonstration covers parents from 17-138% of the federal poverty level (FPL) and childless adults from 0-138% FPL. Arkansas' demonstration waiver amendment establishes monthly income-based cost-sharing contributions to health savings accounts for beneficiaries from 50-138% FPL and imposes cost-sharing at state plan amounts at the point-of-service for beneficiaries from 101-138% FPL who do not make monthly account contributions. Medicaid eligibility is not contingent on account contributions, however the monthly income based contributions range from \$5 to \$25 per month.<sup>iv</sup>
- The 2015 Michigan waiver provides coverage to all newly eligible adults with income up to 138% FPL. The waiver requires all beneficiaries to make monthly payments into a health savings account. As of April 2018 beneficiaries who are not medically frail and between 100% and 138% FPL will have two coverage options. They can continue coverage through the Healthy Michigan Plan, Medicaid managed care, or participate in the Marketplace Option. The Marketplace Option gives Medicaid premium assistance for Marketplace coverage through a Qualified Health Plan. The Healthy Michigan Plan requires participation to complete a healthy behavior or they will transfer into the Marketplace Option. Beneficiaries about 100% FPL must pay monthly premiums of up to 2% of income in both options.<sup>v</sup>

### Consequences for not expanding Medicaid

In a June 2015 report entitled [Missed Opportunities: The Consequences of State Decisions Not to Expand Medicaid](#), the President's Council of Economic Advisers found that states' decisions not to expand Medicaid will result in millions of their uninsured citizens not experiencing the improved access to health care, greater financial security, and better health outcomes that come with insurance coverage. Additionally they found that expanding Medicaid had a positive effect on state economies. Their analysis estimates that if the states that have not yet expanded Medicaid did so:

- 1.0 million more people would have a usual source of clinical care;
- 491,000 more people would receive all care they feel they need in a typical year;
- Hundreds of thousands more people would receive recommended preventative care each year;
- 5,200 fewer people would die each year;
- 193,000 fewer people will face catastrophic out-of-pocket medical costs in a typical year;
- 611,000 fewer people will have trouble paying other bills due to the burden of medical costs;
- States would have received an additional \$29 billion in net Federal spending in 2016; and
- Uncompensated care costs would be \$4.5 billion lower in 2016.<sup>vi</sup>

The Robert Graham Center released a study entitled, "[Primary Care Workforce Opportunity Costs of Not Expanding Medicaid](#)," which found that states who fail to expand Medicaid coverage to low-income adults will probably also stunt growth in their primary care physician workforce. They estimate that the states who expanded Medicaid can expect to increase their primary care workforce by 1,312 physicians. States currently electing not to expand Medicaid possibly forego the opportunity to expand their primary care workforces by a total of 1,525 physicians. Increased demand from expansion states and a limited primary care physician pool may provide a pull across state lines to the disadvantage of non-expansion states. States will also lose the economic impact of the primary care workforce which evidence suggest primary care physicians generate up to \$1.5 million in annual revenues and 23 new jobs a piece.<sup>vii</sup>

<sup>i</sup> U.S. Department of Health and Human Services. Centers for Medicare & Medicaid Services. *Medicaid & CHIP: July 2017 Monthly Applications, Eligibility Determinations and Enrollment Report*. N.p.

<sup>ii</sup> Garfield, Rachel; Damico, Anthony. "The Coverage Gap: Uninsured Poor Adults in States that Do Not Expand Medicaid." *Kaiser Family Foundation*. Web.

<sup>iii</sup> "Section 1115 Demonstrations." *Medicaid.gov*. Web.

<sup>iv</sup> "State's Public Notice and Input Processes for 1115 Demonstration Waiver Project Applications/Renewals/Amendments/Public Hearings." *ARMedicaid*. Web.

<sup>v</sup> "Michigan's MIChoiceWaiverProgram." Michigan Department of Health and Human Services. Web.

<sup>vi</sup> Executive Office of the President of the United States. *Missed Opportunities: The Consequences of State Decisions Not to Expand Medicaid*, N.p. Web

<sup>vii</sup> Lin, Mark W.; Patterson, Stephen; Gibbons, Claire; Finnegan, Sean; Bazemore, Andrew. "Opting Out of Medicaid Expansion May Cost States Additional Primary Care Physicians." *Robert Graham Center*. Web.