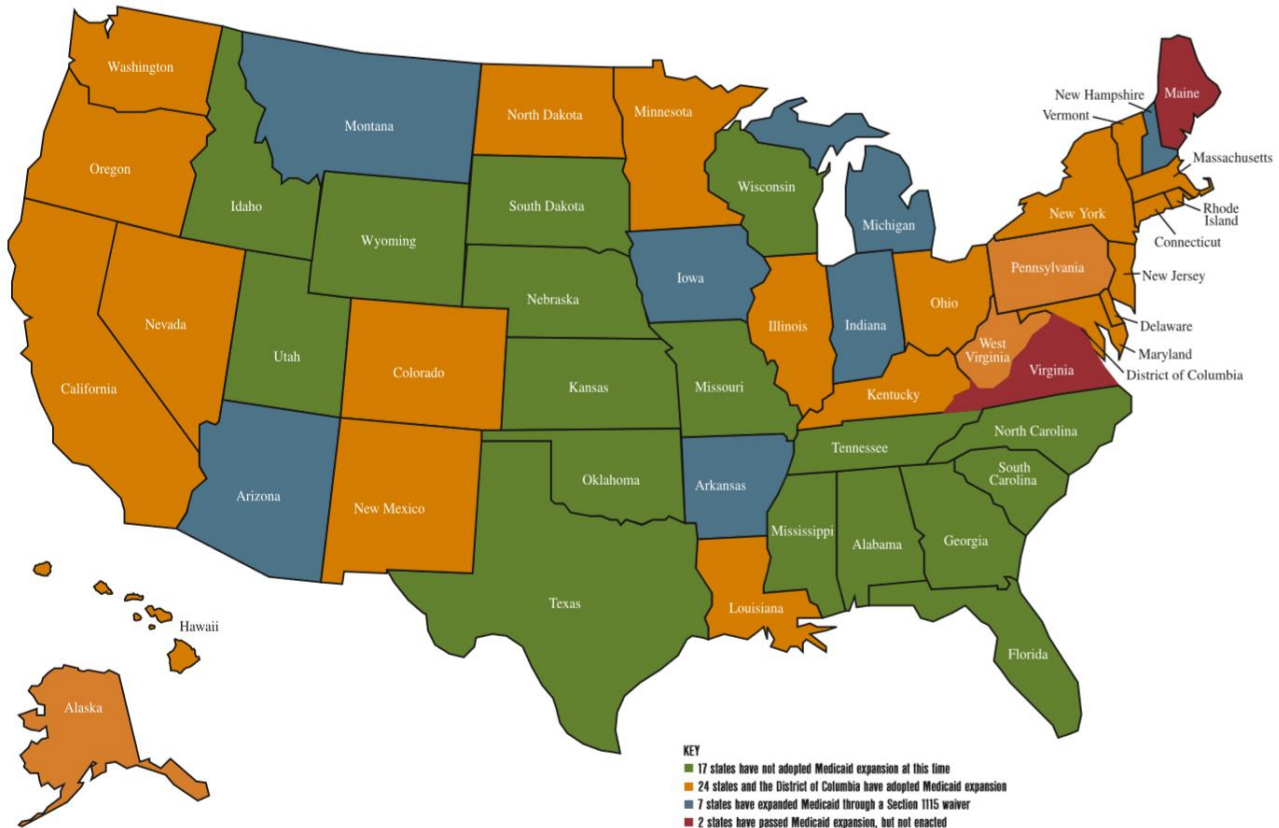




## MEDICAID EXPANSION



### Traditional Medicaid Expansion

As of March 2018, over 73 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* (ACA) took effect. The greatest declines in the number of uninsured have been in the states that opted to expand Medicaid eligibility to include individuals making up to 138 percent of the federal poverty level (FPL). If all states expanded Medicaid, approximately 4.1 million people in the current non-expansion states would be eligible for Medicaid coverage.<sup>ii</sup>

### Medicaid Demonstration Waiver

Section 1115 of the *Social Security Act* gives the U.S. Secretary of Health and Human Services (HHS) the 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 and health outcomes of low-income individuals in the state, stabilize and strengthen providers and provider networks 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 expanded Medicaid under the Section 1115 Demonstration Waivers. In June of 2018, Virginia became the first state to vote to expand Medicaid and submit a

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Section 1115 Waiver for approval that would institute work requirements. The waiver is currently pending with the Administration. Below is a state example of a waiver:

- 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. Beginning April 2018, beneficiaries between 100 and 138 percent FPL who are not medically frail will have two coverage options: they can continue coverage through the existing Healthy Michigan Plan or select a Qualified Health Plan on the Marketplace with Medicaid premium assistance. The Healthy Michigan Plan requires participation to complete a healthy behavior or they will transfer into the Marketplace Option. Beneficiaries about 100 percent FPL must pay monthly premiums of up to 2 percent of income in both options.<sup>iv</sup>

### **Medicaid Expansion by Ballot Initiative**

In November 2017, Maine became the first state to vote to expand Medicaid by ballot initiative. Despite overwhelming popular support in favor of expansion, Maine Governor Paul LePage has resisted implementation of the policy, citing cost concerns, and recently appealed a decision by the courts that would've forced his administration to expand Medicaid by June 2018. Given the success of the Maine vote, proponents of Medicaid expansion are taking steps to include similar propositions on the ballot in other states.

### **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>v</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>vi</sup>

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<sup>i</sup> U.S. Department of Health and Human Services. Centers for Medicare & Medicaid Services. *Medicaid & CHIP: September and October 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> "Michigan's MIChoiceWaiverProgram." Michigan Department of Health and Human Services. Web.

<sup>v</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>vi</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.