

## MEDICAID EXPANSION

### AAFP Position

The AAFP is strongly [supportive](#) of policies to expand health insurance coverage to all Americans. The AAFP [supports](#) expanding Medicaid eligibility as a path to make health care available to all by increasing access to care and enabling physicians to provide cost efficient, quality care. Failure to expand Medicaid does not simply deny coverage to the most vulnerable individuals, it affects the entire community who feel the impact of treating individuals without insurance coverage.

### Background

Medicaid is a joint federal and state program that provides free or low-cost health coverage to low-income families and individuals. Since its inception in 1965, Medicaid has grown to become the largest payer in the country and, when paired with the Children's Health Insurance Program (CHIP), covers more than [75 million individuals](#). The Medicaid program's unique federal-state structure allows states significant flexibility to tailor the program to their own needs, including what services to cover and how best to pay physicians and hospitals, as long as states abide by certain federal standards. States receive federal funding for their Medicaid programs by covering mandatory or "traditional" populations, which include children, low-income pregnant women, and most seniors and disabled individuals who qualify for Supplemental Security Income (SSI).<sup>1</sup> Because states have different ways to measure these metrics, the qualifying thresholds may vary by state. Similarly, the federal funding contribution, or federal matching assistance percentage (FMAP), varies by state based largely on the state's per capita income. Fiscal Year 2021 FMAP rates range from 50 percent (federal-state parity, 13 states) to 78 percent (Mississippi).

### Medicaid Expansion Under the Affordable Care Act

Nearly 20 million people gained health insurance coverage following the enactment of the Affordable Care Act (ACA) in 2010, including 12.7 million individuals newly eligible for Medicaid under the law's Medicaid expansion provisions.<sup>2,3</sup> The greatest declines in the number of uninsured post-ACA have been in the 38 states and DC that expanded Medicaid eligibility to largely include working adults without children with incomes up to 138 percent of the federal poverty level (FPL) for the first time. States expanding coverage to this population are eligible for an enhanced 90 percent FMAP, significantly higher than the FMAP for services offered to the non-expansion Medicaid populations.

### Benefits of Medicaid Expansion

Since the ACA's passage a decade ago, a significant body of [research](#) has supported the law's central aims of expanding health care coverage, increasing access to services, and improving health outcomes. States that chose to expand their Medicaid programs have seen significant declines in the rate of uninsured individuals in their states across all populations, including minority and rural populations, especially compared to states that have not expanded.

Medicaid has also expanded access to care and utilization of health services for covered individuals, including greater increases in early-stage cancer diagnosis rates, an increase in new use of smoking

<sup>1</sup> Center on Budget and Policy Priorities. (2020). "Policy Basics: Introduction to Medicaid." Web.

<sup>2</sup> Tolbert J, Orgera K. (2020). "Key Facts about the Uninsured Population." *Kaiser Family Foundation*. Web.

<sup>3</sup> Kaiser Family Foundation. (2019). "Medicaid Expansion Enrollment." Web.

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cessation medication and devices, and greater access to primary care services.<sup>4,5,6</sup> Medicaid has allowed beneficiaries with substance use disorders (SUD) access to treatment, including a 113 percent increase in admissions to specialty treatment facilities that utilize medication-assisted treatment (MAT) and other effective strategies to address SUD. During public health crises, Medicaid dollars disproportionately benefit states that expanded; during the COVID-19 pandemic, these states received \$1,755 in federal funding per person compared to \$1,198 per person in states that didn't expand.<sup>7</sup>

Furthermore, Medicaid expansion has been associated with better health outcomes, including better self-reported health.<sup>8</sup> Expansion has led to a range of increased health measures, including improvements in cardiac surgery patient health and increased rates of tobacco cessation.<sup>9,10</sup> In times of economic uncertainty and joblessness, Medicaid provides a lifeline to health insurance coverage. Medicaid covers 35.8 percent of all unemployed adults in states that expanded Medicaid, more than double the rate of states that didn't expand.<sup>11</sup> Medicaid expansion has also allowed for more certainty for hospitals, especially rural facilities; hospitals in expansion states were 84 percent less likely to close than their non-expansion state counterparts.<sup>12</sup> Overall uncompensated care costs nationwide would decrease by \$6.4 billion should all the remaining states expand.<sup>13</sup>

### Consequences of Not Expanding Medicaid

A July 2014 [report](#) by the President's Council of Economic Advisers found that not expanding Medicaid could result in millions of citizens experiencing greater financial insecurity and worse health outcomes associated with not having insurance coverage. Furthermore, more than 15,600 deaths could have been [averted](#) had non-expansion states expanded. Should the remaining 12 non-expansion states expand Medicaid, 4.3 million individuals would be newly [eligible](#) for coverage.

The Robert Graham Center [found](#) that states that haven't expanded Medicaid 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. This evidence also suggests that primary care physicians generate up to \$1.5 million in annual revenues and 23 new jobs per physician.

Many adults, including all childless adults, in non-expansion states fall into a "[coverage gap](#)" of having incomes above Medicaid eligibility limits for covered populations but below the poverty level, which is the lower limit for Marketplace premium tax credits. Nationally, more than two million poor uninsured adults fall into the "coverage gap" that results from non-expansion. States that have expanded Medicaid have much lower uninsured rates than states that have not expanded Medicaid, which can lead to uninsured populations choosing not to get tested or seek treatment for diseases, including COVID-19, because of affordability concerns. This may result in poor surveillance of the virus. If Medicaid were expanded in the remaining states, approximately 650,000 currently uninsured front line or essential workers would be [covered](#).

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<sup>4</sup> Takvorian S, Oganisian A. (2020). "Association of Medicaid Expansion Under the Affordable Care Act With Insurance Status, Cancer Stage, and Timely Treatment Among Patients With Breast, Colon, and Lung Cancer." *JAMA Network*. Web.

<sup>5</sup> Maclean J, Pesko M. (2019). "Public insurance expansions and smoking cessation medications." *Economic Inquiry*. Web.

<sup>6</sup> Goold SD, Tipirneni R, et. al. (2019). "Primary Care, Health Promotion, and Disease Prevention with Michigan Medicaid Expansion." *Journal of General Internal Medicine*. Web.

<sup>7</sup> Mann C. (2020). "The COVID-19 Crisis is Giving States that Haven't Expanded Medicaid New Reasons to Consider." *The Commonwealth Fund*. Web.

<sup>8</sup> Lee J, Callaghan T, Ory M, Zhao H, Bolin J. (2019). "The Impact of Medicaid Expansion on Diabetes Management." *Diabetes Care*. Web.

<sup>9</sup> Charles E, Johnston L, et. al. (2017). "Impact of Medicaid Expansion on Cardiac Surgery Volume and Outcomes." *Annals of Thoracic Surgery*. Web.

<sup>10</sup> Bailey SR, Marino M, Ezekiel-Herrera D, Schmidt T, Angier H, Hoopes MJ, DeVoe JE, Heintzman J, Huguet N. (2019). "Tobacco Cessation in Affordable Care Act Medicaid Expansion States versus Non-Expansion States." *Nicotine & Tobacco Research*. Web.

<sup>11</sup> Gangopadhyaya A, Garrett B. (2020). "Unemployment, Health Insurance, and the COVID-19 Recession." *Urban Institute*. Web.

<sup>12</sup> Lindrooth R, Perrillon M, Hardy R, Tung G. (2018). "Understanding the Relationship Between Medicaid Expansions and Hospital Closures." *Health Affairs*. Web.

<sup>13</sup> Simpson M. (2020). "The Implications of Medicaid Expansion in the Remaining States: 2020 Update." *Urban Institute*. Web.