



Increased Access to Care: Job Creation & Medicaid

AAFP Government Relations Division - 1133 Connecticut Avenue, NW – Suite 1100 – Washington, DC 20036

February 2013

Background

Though many critics of President Obama's agenda oppose the *Affordable Care Act*, and with it oppose expanding the Medicaid program, given the results of the presidential election, the Supreme Court's decision, and Washington's inability to pass significant legislation, "Obamacare" is the law of the land. 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 in other states will be made as governors and state legislatures file their budgets in February and March.

Protecting & Creating Jobs, Saving State Dollars

- Extending Medicaid coverage will convert otherwise uncompensated care into billions of dollars of new federal spending over the next seven years. **Saying 'no' to this plan would not save federal dollars** from being spent or direct them to deficit reduction – **it would simply pass them to states that expand, supporting jobs in these states with the federal tax dollars from non-expansion states.**
- Most newly eligible Medicaid enrollees will be enrolled in private sector health plans. Employers look closely at the cost of health care in deciding whether to locate their businesses. **States that adopt the Medicaid expansion will have a competitive advantage** as employers will not need to underwrite the cost of uncompensated care and all potential workers will have access to a source of coverage.
- 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 significant budget savings and only modest costs.**¹
- **States could save money** by moving programs currently paid for with 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.**
- 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.²
- The Society of Actuaries warns that individual market premiums will increase in states that opt out of the Medicaid expansion. In states that do not expand, individuals with incomes between 100-138% of poverty who otherwise would have been eligible for Medicaid will have access to premium subsidies, and due to the likely higher health spending among lower-income enrollees, drive up premium costs.³

Improve Health Outcomes

- Studies show that low-income adults in **states with more-inclusive Medicaid programs have better coverage, access to care, and overall health** than those without expanded Medicaid coverage.⁴

¹ 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.

² Ibid.

³ Society of Actuaries, *Cost of the future newly insured under the Affordable Care Act* (December 2012)

⁴ 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).

- Increasing access to care through the Medicaid program will provide much needed coverage, which in turn will improve the health of these newly insured patients. If all states were cover low-income individuals making below 138 percent of poverty, **12 million uninsured individuals will be covered.**⁵
- Health Insurance Marketplaces will cover an **additional 26 million people** by 2020.⁶
- Studies show that covering parents not only improves their lives, but it also improves the lives of their children. The Institute of Medicine reports that the financial stability of a whole family can be put at risk if only one person is uninsured and needs treatment for unexpected health care costs. Children are three times more likely to be eligible for coverage, but uninsured if their parents are uninsured.⁷
- **Extended Medicaid** programs are directly correlated to a **significant decrease in mortality** when contrasted with states that did not expand.⁸
- 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.⁹

Mitigating Deficiencies in Our Health Care System

- Without expanding the Medicaid program, states are left with the health, social and economic costs of caring for the uninsured, which is especially costly because of the projected over-utilization of emergency rooms. **These unpaid costs totaled more than \$1.2 billion in 2013.**
 - When low-income individuals without health insurance need health care, they often go to the emergency room because hospitals are required to provide care even if an individual doesn't have the ability to pay. Some of these costs are paid for by the federal "disproportionate share hospital" (DSH) program. **In 2014, Obamacare will scale down DSH subsidies**, forcing hospitals to absorb these costs, or shift them to businesses and families with insurance. These costs will be borne entirely by the state if it chooses not to expand.
- **Expanding Medicaid will help ensure that hospitals receive payment for services they provide, protect rural and safety net hospitals from being pushed into bankruptcy, and further limit the uncompensated costs that shift to employers and privately insured families.**¹⁰
- **Employers are at greater risk of penalties in states that do not expand Medicaid.** Employees are eligible for premium subsidies only if they do not have access to Medicaid and their employer does not offer coverage that meets minimum requirements. In states that do not extend coverage, low-income workers who otherwise might have enrolled in Medicaid may instead access premium subsidies, thereby putting their employer at risk of penalties.¹¹

⁵ "Spending and Enrollment Detail for CBO's February 2013 Baseline: Medicaid." Congressional Budget Office Report. Washington, DC. February, 2013.

⁶ Ibid.

⁷ Institute of Medicine, *America's Uninsured Crisis: Consequences for Health and Health Care* (2009).

⁸ Ibid.

⁹ Katherine Baicker, PhD and Amy Finkelstein, PhD, *The Effects of Medicaid Coverage – Learning from the Oregon Experiment*, 365 NEJM, 683-685 (2012).

¹⁰ Via: <http://www.healthtransformation.ohio.gov/LinkClick.aspx?fileticket=10zZsKDC728%3d&tabid=160>.

¹¹ Ibid.