The Benefits of Medicaid Expansion

Medicaid is a joint federal and state program that provides free or low-cost health coverage to millions of Americans, including some low-income individuals, families and children, pregnant women, the elderly, and people with disabilities. For over 50 years, Medicaid has helped ensure that millions of Americans who need it have access to health care for preventive, primary, and specialty services. Children, pregnant women, parents, seniors, individuals with disabilities, and low-wage earners all may qualify for Medicaid subject to state requirements under federal standards.

Under the Patient Protection and Affordable Care Act of 2010 (ACA), Medicaid eligibility was extended to all adults under age 65 (including parents and adults without dependent children) with incomes up to 138 percent of the federal poverty level. In 2012, the U.S. Supreme Court ruled that Medicaid expansion is optional for states, without any time limitation for when a state's decision to expand must be made, and 25 states (including DC) chose to implement ACA Medicaid expansion at that time.

By 2019, for states that did not expand Medicaid, it was estimated that over two million adults were uninsured and considered in the “coverage gap” because their incomes are above their state’s Medicaid eligibility level, but below the federal poverty level, disqualifying them from Health Insurance Marketplace assistance.

Today, 41 states (including DC) have adopted the Medicaid expansion and 11 states have not adopted the expansion. Recently, North Carolina lawmakers reached an agreement that will allow Medicaid expansion to move forward in the state by 2024.

MHPA’S POLICY POSITION

MHPA encourages states to expand Medicaid eligibility under the ACA. MHPA member plans are committed to promoting and expanding meaningful health care coverage that helps vulnerable individuals live healthy and productive lives and promotes health equity to ensure that everyone has a fair and just opportunity to attain their highest level of health. Given the impact of Medicaid expansion on beneficiaries, healthcare system stakeholders, taxpayers, and policymakers, we believe states that choose to expand Medicaid are making a positive difference in the health and wellbeing of their state residents.

The benefits of Medicaid expansion are multi-fold: facilitating access to care, improving health outcomes, helping address social determinants of health (SDOH), decreasing the rate of uninsurance for individuals with low incomes, reducing health disparities, increasing financial security for Medicaid beneficiaries, strengthening health care delivery systems, and delivering an economic benefit for states.

**Facilitate Access to Care:** Medicaid expansion facilitates increased access to care. Studies have found that low-income individuals in expansion states are less likely to report affordability as a barrier to medical care. Individuals in Medicaid expansion states are also more likely to access primary care and receive preventive services and treatment for chronic conditions.

In addition, a number of studies have found declines in uninsured emergency department visits and increases in Medicaid-covered emergency department (ED) visits in expansion states compared to non-expansion states. Studies also showed “decreased reliance on the ED as a usual source of care and a shift in ED use toward visits for higher acuity conditions among individual patients who gained expansion coverage, compared to those who remained uninsured in non-expansion states”.

**Improve Health Outcomes:** Increased utilization of health care services can also lead to better health
Studies have shown that Medicaid expansion has been associated with improvement in self-reported health, improved surgical outcomes, and improvements in mental health among low-income adults with chronic conditions. Studies have also found positive impacts of expansion related to postpartum outcomes and infant mortality.

Considering the impact on outcomes during the COVID-19 pandemic, researchers found a positive impact on health outcomes across a range of chronic conditions considered associated with a higher risk of severe illness and death from COVID-19 (e.g., diabetes, obesity, and lung and heart conditions).

**Decrease Annual Mortality**: Medicaid expansion is associated with a 3.6 percent decrease in all-cause mortality. A 2020 study found that expansion was associated with a 6 percent lower rate of opioid overdose deaths.

Respond More Effectively to Public Health Emergencies: States that have expanded Medicaid also seemed better positioned to respond to the COVID-19 pandemic with coverage and access to care than non-expansion states. Medicaid expansion helped lower the COVID-19 death rate among people aged 18–64 years. A 2022 study published in Health Services Research found that “Medicaid had a protective effect on low-income people’s health outcomes during the first year of the pandemic.”

**Support SDOH**: Studies have shown that Medicaid expansion supports gains in SDOH including food and housing security. A study of Medicaid expansion in California determined that Medicaid expansion was associated with a reduction in the number of evictions, finding a “2.9 percentage-point reduction in evictions per capita associated with early expansion” and concluded “that health insurance coverage is associated with improved housing stability.”

- **Decrease Rates of Uninsurance**: States that opt for Medicaid expansion experienced greater declines in uninsurance and churn than states that did not expand Medicaid.

After the ACA’s major coverage provisions took effect in 2014, states that chose expansion experienced larger drops in uninsured rates for low-income people and greater increases in health coverage compared to states that did not expand Medicaid. The Medicaid and CHIP Payment Access Commission (MACPAC) found that between 2013 and 2020, Medicaid enrollment in expansion states increased by 13 million beneficiaries (33.9 percent), and that 22 of the Medicaid expansion states experienced increases in enrollment of at least 25 percent. Drivers for the enrollment growth in states that expanded Medicaid compared to non-expansion states included adults made newly eligible for Medicaid under expansion, adults and children who were previously eligible for but not enrolled in Medicaid (sometimes referenced as “the woodwork effect”), and reduced coverage churn (i.e., variable eligibility for Medicaid or other insurance due to changed circumstances). Individuals who experience churn often experience challenges accessing care and are more likely to be hospitalized.

- **Reduce Health Disparities**: Expanding Medicaid can help address health disparities for people of color.

Extending health care coverage through Medicaid expansion has been shown to help address health disparities through reductions in uninsured rates and increased access to care. According to a 2023 KFF Issue Brief, “nationally, over six in ten (61%) people in the coverage gap are people of color, a share that is higher than for non-elderly adults generally in non-expansion states (47%) and for non-elderly adults nationwide (40%)” Studies have found an association between Medicaid expansion and reductions in end-stage renal disease mortality (African-Americans account for 35 percent of people with kidney failure in the United States) as well as maternal mortality among Black individuals.

- **Increase Financial Security**: Individuals can benefit from increased economic stability through Medicaid expansion.

Studies have found that Medicaid expansion facilitates access to coverage, care and services for vulnerable populations that can contributes to improved quality of life and economic stability of the individuals who would have remained without coverage in the absence of Medicaid expansion. A 2019 study found that gaining Medicaid coverage “virtually eliminated out-of-pocket health care spending” and “increased average income as a percentage of the federal poverty level.” This study also noted that “the ACA reduced income inequality within and between groups defined by race/ethnicity, age, and family educational attainment, with larger declines in inequality occurring in Medicaid expansion states.”

A 2021 study published in *JAMA* further indicates that Medicaid prevents disruption of consumer financial wellness. It found that between 2013 and 2020, Medicaid
expansion states experienced greater declines in medical debt collection, the largest single source of consumer debt in collections. This study further found that low income communities in these states experienced the largest reductions in medical debt, whereas the same communities in non-expansion states experienced increases in medical debt.\textsuperscript{xii}

\textbf{Strengthen Health Care Delivery Systems - Medicaid expansion can provide fiscal support for hospitals.}

Between 2015 and 2017, hospitals in expansion states experienced greater decreases in uncompensated care than hospitals in non-expansion states.\textsuperscript{xii} Rural hospitals saw a drop in uncompensated care costs of 43 percent in expansion states between 2013 and 2015 compared to 16 percent in non-expansion states.\textsuperscript{xii} A Commonwealth Fund brief using data from its 2018 National Survey of Federally Qualified Health Centers found that health centers in Medicaid expansion states were significantly more likely than health centers in non-expansion states to report increased financial stability (69\% vs. 41\%) since the ACA took effect.\textsuperscript{xliv}

Considering the impact of Medicaid expansion on Federally Qualified Health Centers, one study determined that a nationwide expansion of Medicaid would likely increase the revenue and increase their service capacity while providing a "more stable force to allow for capital investments."\textsuperscript{xlv}

\textbf{Promote State Fiscal Responsibility - States that have yet to expand Medicaid have opportunities to maximize available federal funding incentives to increase health care coverage and experience economic benefits.}

The mandatory continuous coverage provisions under the Families First Coronavirus Response Act (FFCRA) ended on March 31, 2023, but included a phase-down of its associated enhanced FMAP until December 31, 2023, providing additional funding for states that could potentially help with smoother transitions to coverage under Medicaid expansion. An enhanced FMAP of 90 percent applicable to the expansion population remains an important incentive for states to expand Medicaid and a two-year, 5 percentage point increase in the state FMAP for the traditional Medicaid population is available under the American Rescue Plan.

Medicaid expansion brings increased federal financial support to states that expand and "the enhanced economic activity will lead to higher state and local tax revenues."\textsuperscript{xlvi} Specifically, as noted in one study, "the additional federal revenue flowing into them will fuel economic and employment growth."\textsuperscript{xlvi}

States that expand Medicaid can also benefit from a reduction in uncompensated care costs that are not covered by other forms of insurance or are paid out of pocket by individuals as discussed in a March 2022 MACPAC report. The study noted that as "Medicaid coverage rises and the number of uninsured falls, state and local governments can reduce the amount spent on charity or uncompensated care for those without insurance and for mental health and substance use services. Medicaid will be able to pay for these services instead."\textsuperscript{mlx}

\textbf{The Role for Medicaid MCOs: Supporting States with Medicaid Expansion}

Medicaid managed care is now the predominant delivery system in 40 states, the District of Columbia, and Puerto Rico. Managed care organizations, or MCOs, are well positioned to support their state partners expand Medicaid eligibility by efficiently and cost-effectively facilitating access to care and services for newly covered populations.

\textbf{Enhancing Provider Capacity.}

Medicaid MCOs have the experience and ability to quickly increase the capacity of their provider network to meet the needs of a newly expanded Medicaid population. In a 2018 Commonwealth Fund issue brief, Medicaid MCO leadership noted some of the managed care strategies to meet increased demand of care and services that included leveraging advanced practice nurses and physician assistants and "increasing the involvement of community health workers to connect people to care; encouraging existing providers to accept more Medicaid beneficiaries through bonus payments; and expanding their networks to include more community providers."\textsuperscript{li}

\textbf{Taking Action to Address SDOH.}

Medicaid MCOs are well-positioned to support Medicaid beneficiaries (including expansion populations) with their social needs – such as food, housing, and transportation. The COVID-19 pandemic underscored the impact and importance of addressing these needs and the role for Medicaid MCOs. Medicaid MCOs have the experience and capacity for identifying and supporting the needs of individuals with complex conditions. Actions to
address SDOH by Medicaid MCOs can also include investments at the community-level such as engagements with community organizations that address issues such as housing and food insecurity and conducting community resource and gap assessments.

**Building on an Experienced and Fiscally Responsible Relationship.**

Medicaid MCOs provide states with financial accountability and budget predictability as well as experienced management of health care costs and risk. This arrangement is mutually beneficial and contributes to the long-term sustainability of the Medicaid program.

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i. For additional background on the Medicaid program, see Congressional Research Service, Updated February 8, 2023. https://crsreports.congress.gov/Product/Pdf/R443357.


iv. For additional background on Medicaid expansion under the ACA, see CRS, In Focus, Updated June 9, 2021, Overview of the ACA Medicaid Expansion, https://crsreports.congress.gov/product/pdf/IP/IP10399


xv. See endnote xxiii.


MACPAC. Website. Medicaid enrollment changes following the ACA. https://www.macpac.gov/subtopic/medicaid-enrollment-changes-following-the-aca/
See endnote xxv.


See endnote xxv.
See endnote xvii.

MACPAC. Website. Medicaid enrollment changes following the ACA. https://www.macpac.gov/subtopic/medicaid-enrollment-changes-following-the-aca/
See endnote xvii.


See endnote xx.


See endnote xxxix.

See endnotes xv and xxxii.
See endnote xv and xxxi.

Corinne Lewis et al., The Role of Medicaid Expansion in Care Delivery at Community Health Centers (Commonwealth Fund, Apr. 2019). https://doi.org/10.26099/x5h2-x902


See endnote xvli.

See endnote xlvi.

KFF State Health Facts. Total Medicaid MCO Enrollment. Website. https://www.kff.org/state-indicator/total-medicaid-mco-enrollment/?currentTimeframe=0&sortModel=%7B%22colId%22:%22Location%22,%22sort%22:%22asc%22%7D
See xlviii.

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See xlviii.

See endnote xlviii.