50 Reasons Medicaid Expansion is Good for Your State

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Since 2010, 31 states and the District of Columbia have expanded Medicaid to childless, non-disabled adults with incomes below 133% of the federal poverty level. The track record in the states shows that Medicaid Expansion is good for your state.

Medicaid Expansion and States:

1. **Medicaid Expansion reduces state costs previously made to cover uncompensated care for uninsured individuals.** States that opted to expand Medicaid coverage experienced reductions in uncompensated care, while states that opted not to expand Medicaid experienced roughly the same rates of uncompensated care as before the ACA’s implementation (thus paying an estimated 30% of the cost of uncompensated care). In 2014, following the implementation of the ACA, the national cost of uncompensated care was reduced by $6 billion dollars, with the bulk of these reductions coming from Medicaid Expansion states.¹

2. **Medicaid Expansion reduces state spending on services paid with only state funds, such as mental health and correctional services.** Pennsylvania’s General Fund costs were reduced by more than $500 million as a result of Medicaid Expansion.² Connecticut, Nevada, and Washington reduced general budget allotments for behavioral health services.³ With Medicaid Expansion, annual state spending for mental health and correctional programs in Michigan was reduced by $235 million a year.⁴ Following expansion, Colorado expected $5 million in annual savings on state correctional spending.⁵

3. **Medicaid Expansion states have seen their spending on Medicaid grow more slowly than in states that have not expanded.** State Medicaid spending in expansion states grew by half as much as spending in non-expansion states between FY 2014 and FY 2015 (3.4% compared to 6.9%).⁶

4. **Medicaid Expansion keeps residents’ federal taxes flowing into the state.** Almost every state resident pays federal taxes, and federal dollars currently fund 95% of each state’s Medicaid Expansion (under current law, to be reduced to 90% in 2020). Taxpayers residing in states that do not implement the Expansion are paying out dollars to the states that do.
5. **Medicaid Expansion helps end disparities between states** by establishing a poverty-level income eligibility cut off (133% of the federal poverty level) for all states. Access to health insurance coverage does not depend on whether the individual lives in Massachusetts or Ohio.

6. **Medicaid Expansion helps modernize the infrastructure.** As part of Medicaid Expansion, the ACA introduced new income eligibility rules. Implementation has caused states to stop using outdated, main-framed-based computer systems and to convert to high-performing IT and web-based systems. These efficient, modernized, data-driven programs have reduced red tape. By 2016, applicants could enroll online or by telephone in almost every state, and 37 states made eligibility determinations within 24 hours of application.

7. **Medicaid Expansion has a deep and broad impact on the state economy.** Medicaid Expansion increases economic activity in the state, improving employment, labor income, and capital income. Spending generated by Medicaid Expansion turns over multiple times in the state economy (for example, from physician to employee to grocer).

8. **Medicaid Expansion brings good-paying jobs into the state economy.** Medicaid Expansion leads to increased employment opportunities in the state, both inside and outside of the health care sector. Health care and social assistance jobs grew more than 30% faster in Medicaid Expansion states than in non-expansion states in 2014. Also in 2014, before Indiana had expanded Medicaid, those surrounding states that did saw health care jobs grow three to eight times faster than in Indiana. Expansion is estimated to have added more than 39,000 jobs in Michigan in 2016 and is projected to add 30,000 jobs in 2021—with about two-thirds of the jobs occurring outside of health care settings. Although initial estimates predicted that Medicaid Expansion would create about 7,600 jobs in health care and related fields in Kentucky’s first year of implementation (2014), more than 12,000 jobs were created. It is estimated that, by 2021, Medicaid Expansion will add 40,000 jobs annually in Kentucky, with an annual average salary of $41,000. North Carolina’s governor estimates that Expansion would create between 20,000-40,000 jobs in the State.

9. **Medicaid Expansion increases total spending in the state without a commensurate tax increase.** State and local revenues increase as state residents pay income, sales, and other taxes generated by the Medicaid Expansion. The added economic activity generated by Michigan’s expansion is projected to produce $145 million to $154 million in new state tax revenue annually. Minnesota has seen up to a billion in new revenue. Increased state income taxes are a major factor in the Arkansas estimate that expansion will save the state $372 million in the first several years. Kentucky expects to see $30 billion added to its economy as a result of Medicaid Expansion.

10. **Medicaid Expansion will help states cope with economic downturns.** Because Medicaid enrollment increases during periods of economic crisis, when individuals lose jobs and income and when states experience a resulting drop in revenues, states have historically struggled to make ends meet. During the Great Recession, the most significant form of budget relief for states came from temporary increases in the federal share of Medicaid costs. Targeted precisely for America’s adult, non-disabled and non-elderly citizens, Medicaid Expansion ensures a safety net for economic relief in the event of future economic downturns.
Medicaid Expansion and Health Care Providers:

11. Medicaid Expansion reduces uncompensated care costs that hospitals must otherwise absorb. In the first three quarters after expanding Medicaid in 2014, uncompensated care visits to Kentucky hospitals declined 55% from the previous year. The burden of uninsured care in hospitals in Medicaid Expansion states is down 39%.

12. Medicaid Expansion reduces use of costly hospital departments. Uninsured people often cannot find a regular source of care and depend on hospital emergency departments for emergency and non-emergency care. Emergency room care is expensive. By contrast, once people get Medicaid, they use the hospital emergency department at about the same rate as people who have private insurance for both emergency and non-urgent care. As with the privately insured, most of the Medicaid visits to the emergency room are for urgent or serious issues. Fewer people in ERs means less waiting time for people with real emergencies, which includes everyone regardless of income. Since 2014, the number of uninsured emergency room visits has fallen substantially in Medicaid Expansion states, reducing uncompensated care by $5 billion.

13. Medicaid Expansion saves rural hospitals. Rural hospitals in states with Medicaid Expansion are more likely to be profitable, to remain in business, and to continue providing care to rural residents. As of September 2015, the percentage of rural hospitals at risk of closure in non-expansion states was about double that of expansion states. While hospitals in both rural and urban settings benefitted from Medicaid Expansion due to decreases in uncompensated care, rural hospitals benefitted more in states with Expansion and were impacted more negatively in states without it.

14. Medicaid Expansion benefits community health centers. Community health centers (CHCs) are the main source of comprehensive primary care for medically underserved populations. CHCs in Medicaid Expansion states reported higher operating revenues than those in non-expansion states, and Medicaid was responsible for a larger share of their revenues. On average, health centers in expansion states served 40% more patients than those in non-expansion states.

15. Medicaid Expansion maintains funding for CHCs focused on family planning. While non-expansion states experienced significant decreases in revenue for CHCs devoted to family planning in 2013 and 2014, expansion states did not experience the same decreases in revenue in that period. This suggests that these centers, which provide contraceptive access, health screenings, and health education to many low-income women, have fared better in expansion states than in non-expansion states.

Medicaid Expansion and the Residents of the State:

16. Medicaid Expansion reduces the number of uninsured state residents. In just six months, almost 375,000 Louisianans gained health care coverage because of Medicaid Expansion. Between 2013 and 2015, West Virginia’s Medicaid Expansion resulted in a 19.9% reduction in the nonelderly adult uninsured rate; Nevada, a 14.2% reduction. Kentucky experienced a significant drop in its uninsured rate, from 20% to less than 12%. Pennsylvania saw its uninsured rate drop from 10.2% to 6.4% in 2015.
17. Medicaid Expansion is particularly important to low-income working adults. In California’s San Joaquin Valley, for instance, 19.4% of full-time and 15.5% of part-time workers rely on Medicaid for coverage.32

18. Medicaid Expansion improves health status. Ohio reports that, after it expanded Medicaid, health status improved for most enrollees (48%) and worsened for very few (4%).33

19. Medicaid Expansion frees up money that residents otherwise have to spend on health care, allowing them to shift this spending to other costs of living, such as housing, food, clothing, and transportation. Low-income families covered by private insurance use approximately 8% of their total annual household spending on health care, compared to low-income families covered by Medicaid, who use roughly 1% of their total annual household spending for health care. This leaves more money for families to spend on necessities that benefit parents and children.34 Ohio’s Medicaid Expansion has made it easier for enrollees to buy food (59%) and pay rent (48%).35 As noted above, this redirected economic activity leads to increases in state income and sales tax revenues.

20. Medicaid Expansion contributes to reductions in insurance premiums for many Americans. Among states using the Healthcare.gov private marketplaces, those that expanded Medicaid coverage had lower insurance premiums for middle-income consumers than states that did not expand Medicaid.36

21. Medicaid Expansion brings primary care to working people who have previously gone without it. Since Louisiana’s Medicaid Expansion on July 1, 2016, nearly 47,000 people made a primary care visit or received a preventive health service.37

22. Medicaid Expansion provides coverage to individuals with pre-existing conditions. Just over half of the non-elderly U.S. population may have a pre-existing condition. The most commonly experienced conditions are high blood pressure, behavioral health disorders, high cholesterol, asthma/chronic lung disease, heart conditions, diabetes, and cancer. Between 2010 and 2014, there was a 29.1% increase in Medicaid/CHIP coverage of persons with pre-existing conditions—coverage which enabled millions more people to obtain treatments to manage their conditions.38 In its first six months, Louisiana’s Medicaid Expansion diagnosed 850 people with diabetes and over 2,000 individuals with hypertension.39

23. Medicaid Expansion reduces adult death rates. In states that have already expanded Medicaid, mortality rates have been reduced significantly. Adults also experienced significant reductions in delays getting health care due to cost. Comparable states that did not expand Medicaid did not have similar results.40 Researchers recently found that mortality from all causes declined by 6% in Medicaid Expansion states and that gains in coverage resulting from Medicaid Expansion accounted for one life saved annually for every 239-316 adults gaining coverage.41

24. Medicaid Expansion improves the financial security of the state’s residents. Tracking of Oregon’s Medicaid Expansion to uninsured adults found that the coverage reduces by 40% the probability that people report having to borrow money or skip payments on other bills because of Medicaid expenses.42

25. Medicaid Expansion brings financial security that reduces health debt and personal bankruptcy. By 2007, medical debt was factoring into 62% of all bankruptcies—up from contributing to 46% of bankruptcies in 2001.43 Medicaid Expansion decreases by 25% the probability that individuals will have unpaid medical bills sent to a collection.
One study found that Medicaid Expansion led to fewer unpaid bills for Medicaid beneficiaries and reduced the incidence and amount of debt sent to collection agencies, with a conservative estimate of an average reduction of between $600 and $1,000 for individuals covered by expanded Medicaid. The percentage of Ohio enrollees with medical debt fell by nearly half (from 56% to 31%) after Medicaid Expansion.

26. Medicaid Expansion helps ensure a healthier workforce for employers of low-wage workers, including states that are employing large numbers of low wage state employees. Improved health decreases absenteeism, which in turn increases productivity. After Ohio expanded Medicaid, workers covered through Ohio’s Medicaid expansion reported that it was easier for them to keep or find work.

27. Medicaid Expansion provides coverage for working persons who lose their jobs through no fault of their own and cannot afford to continue with their employer-based insurance coverage because the COBRA premiums are unaffordable.

28. Medicaid Expansion is critical for women. Women ages 21 to 64 in Medicaid Expansion states are significantly more likely to receive potentially life-saving cancer screening than women in non-expansion states. Because of Medicaid Expansion, 26,000 women in Kentucky received mammograms and 34,000 women were screened for cervical cancer in 2014. In the first six months of Medicaid Expansion in Louisiana (July 2016-Jan. 2017), more than 4,500 women were screened for breast cancer. Fifty-eight of these women were diagnosed with cancer and received treatment.

29. Medicaid Expansion helps individuals with mental health problems. Prior to enactment of the Medicaid Expansion, about one in six uninsured adults in the expansion population had a severe mental illness, and many others had less serious mental health conditions. Medicaid Expansion provides access to care for these individuals. Ohio’s Medicaid Expansion covered needed screening services and found that many enrollees (32%) screened positive for depression or anxiety disorders. West Virginia experienced a dramatic decrease in the uninsured share of mental health and substance use disorder hospitalizations from the end of 2013 to the end of 2014, experiencing a drop from 23% uninsured to 5% uninsured. In Nebraska, a non-expansion state, it has been estimated that 31% of Nebraskans who would be eligible for health coverage through Medicaid Expansion have experienced mental illness or a substance use disorder in the past year and, through Medicaid Expansion, Nebraska could reduce the number of people experiencing symptoms of depression by 4,000 individuals.

30. Medicaid Expansion is helping to address the epidemic in opioid abuse. The number of Americans lost to opioid overdose is at record levels. Reducing the number of these preventable deaths requires ensuring that people with substance use disorders have access to evidence-based treatments, including medication-assisted treatments. In the year following Medicaid Expansion, more than 63,000 newly eligible Pennsylvania enrollees accessed substance use treatment. In Ohio, Medicaid Expansion covered nearly 500,000 individuals for mental health and drug treatment. After Medicaid Expansion from early 2014 to mid-2016, Kentucky, one of the hardest-hit states in the national opioid epidemic, experienced a 740% increase in substance use treatment services for Medicaid beneficiaries.
31. **Medicaid Expansion helps rural America.** Medicaid Expansion has been particularly important to those living in rural areas. For example, from San Joaquin to Kern Counties in California, about 400,000 individuals enrolled in Medicaid after expansion.60

32. **Medicaid Expansion allows access to health services for low-income Veterans.** Not all veterans are eligible for VA services, and many of those who are have not enrolled. An estimated 535,000 uninsured veterans (1 in 10 uninsured vets) and 174,000 uninsured spouses of veterans (1 in 4 uninsured spouses) qualify for coverage through Medicaid Expansion or ACA subsidies. Most of them—414,000 veterans and 113,000 spouses—have incomes below the federal poverty level and, thus, have access to coverage only through Medicaid Expansion. The majority of these veterans and their spouses live in states that have not expanded Medicaid, including Florida (55,000 veterans and their spouses), North Carolina (32,000 veterans and spouses), and Texas (67,000 veterans and spouses).61

33. **Medicaid Expansion helps homeless individuals.** In Medicaid Expansion states, the coverage rate for patients at health care for homeless projects increased 22% (from 45% in 2012 to 67% during 2014); however, the coverage rate increased by only 4% (from 26% to 30%) in non-expansion states.62 Medicaid Expansion opens services for homeless individuals, including preventive services, chronic care management, and case management to link them to supportive housing.63 This coverage allows individuals to better manage their health conditions which, in turn, results in improvements in their ability to work and maintain housing.64

34. **Medicaid Expansion links adults with chronic and disabling conditions to health care.** After Ohio expanded Medicaid, many enrollees (27%) learned that they had previously unknown chronic health conditions.65

35. **Medicaid Expansion covers persons with disabilities during their two year waiting period for Medicare.**

36. **Medicaid Expansion opens up employment opportunities for individuals with disabling conditions.** Individuals with disabling conditions who are living in Medicaid Expansion states are more likely to be employed than their counterparts living in non-expansion states, with employment rates an average of 7% higher in expansion states.66

37. **Medicaid Expansion, while targeted to adults, also helps children.** Coverage of parents improves children’s coverage.67 Even before the ACA, children were more likely than adults to be insured. Yet, between 2013 and 2015, the share of uninsured children dropped. By the end of 2015, in half of states, the rate of uninsured children was below 5%. Children insured through Medicaid are eligible for the program’s tailored child health benefit, Early and Periodic Screening, Diagnostic and Treatment.68

38. **Medicaid Expansion ensures that limited-income parents are not punished when they move more fully into the workforce.** By contrast, in states that do not expand, low-income parents may avoid increasing their work time because they need to maintain Medicaid coverage for their children.

39. **Medicaid Expansion addresses racial and ethnic disparities.** Between 2003 and 2006, more than $200 billion could have been saved in direct medical care expenditures if racial and ethnic health disparities had not existed. Since the lack of insurance is a contributing factor causing health care disparities, Medicaid Expansion helps address the problem. As of January 2015, the average uninsured rate of nonelderly black adults in expansion states was 11% compared to 19% in non-expansion states. For Hispanics,
the average uninsured rate was 22% in Medicaid Expansion states compared with 34% in states that did not expand. Some non-expansion states, notably, Florida, Georgia, North Carolina, and Texas, are home to large black and Hispanic populations. Latinos in the United States have experienced particularly dramatic declines in uninsured rates under the ACA, largely due to Medicaid Expansion.

40. Medicaid Expansion helps the LGBT community. Nationwide, about one in five gay and bisexual men and one in four lesbian and bisexual women are living in poverty. In a 2014 survey of LGBT people with incomes less than 400% of the FPL, 61% of the responders would qualify for coverage through the Medicaid Expansion, including 73% of African-American responders; 67% of Latinos, and 53% of whites. In 2014, the average uninsured rate for the lower-income LGBT population was 18% in Medicaid Expansion states compared with 34% in non-expansion states.

41. Medicaid Expansion increases screening for HIV/AIDS. In expansion states, screening rates increased by 3.4% while decreasing by 0.1% in non-expansion states.

42. Medicaid Expansion provides tailored coverage for lower-income people, including coverage that is particularly relevant to adults and couples, such as family planning services and supplies, and to individuals with chronic conditions, such as prescriptions and home health care.

43. Medicaid Expansion ensures that enrollees help pay for their health care while maintaining affordability. The Medicaid Act allows states the flexibility to require cost sharing for Medicaid enrollees. States can implement nominal cost sharing for individuals with incomes below the poverty line and higher cost sharing (capped at 5% of monthly income) for individuals above the poverty line.

44. Medicaid Expansion enrollees like the coverage. According to the Commonwealth Fund’s ACA Tracking Survey, 61% of adults with Medicaid Expansion coverage consider themselves to be better off now than they were before enrolling in Medicaid; 88% are very or somewhat satisfied with their Medicaid health plans; 92% are very or somewhat satisfied with their doctors.

Medicaid Expansion and Efficiency:

45. Medicaid Expansion is an efficient way to cover this group of low-income individuals. The Expansion merely requires the addition of a new coverage group to Medicaid’s existing market-based benchmark coverage options. It does not require a new insurance program to be designed and a new bureaucracy to be created.

46. Medicaid Expansion lowers administrative burdens for early expansion states. Prior to Medicaid Expansion, a number of states expanded their Medicaid programs, but could only do so through demonstration projects pursuant to section 1115 of the Social Security Act. These states were thus forced to design a demonstration for their expansion population, collect data, conduct evaluations, and re-apply and repeat this entire process regularly. Medicaid Expansion gives these states an efficient pathway to coverage, through a simple state Medicaid plan amendment and absent the administrative burdens and costs of demonstrations and renewals.

47. Medicaid Expansion gives states control and flexibility over the benefits package. State can design Alternative Benefit Plans to cover the expansion population. Or, the state
can opt to use its existing Medicaid coverage plan and provide more comprehensive benefits.

48. **Medicaid Expansion** extends a highly successful health insurance program that every state has aggressively implemented over the years. Every state has extended eligibility and/or services beyond the minimum coverage requirements of the federal law.

49. Medicaid **is good insurance**. Medicaid offers a scope of benefits aimed at the health care needs of its targeted population of low-income people. Individuals with Medicaid coverage have better access to health care services, including preventive care such as blood pressure and cholesterol monitoring and seasonal flu shots, than those who are uninsured. A survey found that compared with low-income adults in Texas, which did not expand Medicaid, low-income adults in Arkansas and Kentucky, which did expand, self-reported significant improvements in health status, along with reduced use of costly emergency departments.  

50. **Medicaid is efficient**. Administrative costs of Medicaid are less than 7%, or half the rate that is typical in the private sector. Even with the high rates of enrollment following Medicaid Expansion, Medicaid’s rate of growth in spending per enrollee has remained at similarly low levels relative to other means of coverage.

**ENDNOTES**

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