



The Faces of Medicaid Expansion: Filling Gaps in Coverage

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For over 50 years, Medicaid coverage has helped people succeed. But prior to the Affordable Care Act (ACA) the eligibility structure left huge coverage gaps. Parents, adolescents, low-wage workers and people with mental health and substance use disorders often fell through the eligibility gaps and were left with no affordable health care options. Many were forced to delay needed care or faced financial ruin when finally a medical emergency landed them in a hospital. The Affordable Care Act (ACA) created a new catchall eligibility category for low-income adults that aimed to bridge some of those gaps and simplify the eligibility process. Despite a Supreme Court ruling that effectively allowed states to not implement the new category, the Medicaid expansion has largely achieved its goals in the majority of states that did expand. Millions have gained coverage, while uncompensated care has declined sharply.¹ For new Medicaid enrollees, financial catastrophe due to medical debt nearly disappeared.² Screening and utilization of preventive services and medications for chronic conditions like diabetes increased. Self-reported health increased, while depression dropped markedly.³

The adult Medicaid expansion includes mostly low-income workers, people with disabling conditions, students, and parents and family caregivers.

In some circles, adults in the new catchall eligibility group have been typecast, masking the wide range of individuals and families covered under this category, and, more importantly, masking their powerful personal stories. This group largely consists of people with disabilities, including mental health and substance use disorders; parents and family caregivers; and low-income workers, including a large number of direct care workers that millions of older adults and people with disabilities depend on for essential supports. This paper highlights some of the millions who previously fell through the cracks but finally have opportunities to use Medicaid as a springboard to better health, better employment and better engagement with their communities.

Medicaid Expansion and People with Disabilities

The adult Medicaid expansion category includes millions of people with disabling conditions. For example, an evaluation of Ohio's expansion identified 21 percent of newly eligible enrollees with claims histories that correspond to a serious disability.⁴ A Michigan survey found nearly 70 percent of expansion enrollees reported a chronic condition of some kind, with over one in five reporting a physical or mental functional impairment.⁵ This could include a person with epilepsy whose job earnings exceed the low threshold for her state's disability category (just under \$11,000 per year in most states) or someone who suffered a brain injury in a car crash but is still in the lengthy process of obtaining a formal disability determination from the Social Security Administration (SSA) (See box). It includes a coal miner with lung disease who retired after decades of manual labor only to lose his health and pension benefits when his employer filed for bankruptcy or a person with bipolar disorder who may not meet the strict requirements for a Medicaid disability determination, but needs medications to function effectively and hold down a job.⁶ Without access to Medicaid through the catchall adult group, people in these situations may have no access to affordable coverage at all.

Social Security & the Medicare Waiting Period

Applying for disability benefits is a long and arduous process and people in that process have often struggled to maintain access to needed care.

Average processing time for an initial application takes nearly four months, but about 62 percent of initial applications for disability benefits are rejected.⁷ Appeals take months, if not years, with a median processing time of 314 days in fiscal year 2022.⁸ Most importantly, even if the process goes perfectly, nearly all individuals must wait at least two years after they begin receiving their Social Security benefits to qualify for Medicare coverage. Each year roughly 1.5 million Americans with disabilities are in the required two year "Medicare waiting period" before they can become eligible for Medicare due to their disability.

Prior to the ACA, many of these individuals did not qualify for Medicaid and had no other affordable options to obtain coverage for needed health care services despite their disability. Medicaid expansion can bridge the gap until Medicare coverage begins. Medicaid also helps fill gaps in Medicare coverage after the waiting period ends.

People with Mental Health and/or Substance Use Disorders

Roughly a quarter of the adult population lives with significant mental health or substance use disorders.⁹ That number is higher, 28.4 percent, for adults with incomes below the Medicaid expansion threshold.¹⁰ For example, nearly 160,000 (18.8%) of Pennsylvania's expansion enrollees had mental health conditions.¹¹ About 97,000 (11.5%) had a substance use disorder diagnosis, nearly half of whom were dependent on opioids.¹² In Michigan, nearly a third of Medicaid expansion enrollees reported a mental health condition, with 19.9 percent reporting a functional impairment.¹³ These numbers are roughly similar to adult expansion populations in other states.¹⁴ Many of these people previously had no access to affordable coverage.

Faces of Medicaid Expansion: *Amanda*

When Amanda from Illinois was 13, she was diagnosed with major depression. Amanda faced an uphill battle throughout high school as she tried many treatments such as antidepressants and counseling. This combination worked well enough to help her graduate. She did not have any severe issues until her early 20s when she stopped responding to her antidepressants. Her moods became increasingly unstable, sometimes violent. As Amanda's condition deteriorated, she began failing her college classes. Eventually, she found a new psychiatrist who diagnosed her with bipolar disorder, severe generalized anxiety and ADHD. The psychiatrist prescribed new mood stabilizers, which helped Amanda tremendously.

Then, at 23, Amanda lost her father's insurance (he had Tricare through the U.S. Army). Thanks to the ACA, she was able to stay on her mother's insurance until turning 26. This provision of the law literally saved Amanda's life when, at 25, she first attempted suicide. Because of her coverage, Amanda was able to spend a week in the hospital to receive the monitoring and care she needed.

The ACA was designed to ensure that when Amanda reached 26, she could shift to affordable coverage through Medicaid or the Marketplace. The Supreme Court's decision allowing states to opt out of Medicaid expansion could have created a crisis for Amanda. Luckily, she lives in Illinois, an expansion state. Because of her mental illness, Amanda has not finished college and could not work full time, so the Medicaid expansion is her only coverage option. Now, Medicaid covers Amanda's mood stabilizers that treat her mental health conditions. This coverage allows Amanda to work part time and continue receiving the treatment she needs.

People with Mental Health and/or Substance Use Disorders



Parents and Family Caregivers

Medicaid expansion covers millions of parents. Prior to the ACA coverage expansion, Medicaid eligibility thresholds for parents and caretakers were abysmally low in most states, and that continues in the remaining non-expansion states. In 2023, five such states had eligibility levels below \$650 per month for a family of three, which would not even cover rent for the vast majority of small families.¹⁵ Eight of the ten states that continue to refuse Medicaid expansion maintain parental eligibility thresholds below half the poverty level (less than \$12,430 per year for a three-person family).¹⁶ The adult Medicaid group boosts eligibility for parents to \$34,307 for a family of three, making it possible for low-wage working parents to get covered and better afford their other basic necessities.

Covering parents helps cover more children. A child with uninsured parents is much more likely to be uninsured herself. Fully eighty-four percent of children share the same insurance status as their parents.¹⁷ Adult coverage expansions led to over 700,000 children also gaining coverage from 2013 to 2015.¹⁸ And longer duration of Medicaid coverage has shown to improve children's long term achievement in education (at all levels), employment and future earnings.¹⁹

Face of Medicaid Expansion: *Sandra*

For years after she divorced and was no longer able to get coverage through her ex-husband's employer, Sandra from Ohio was uninsured. One of her children has a disability and needed extra care. Sandra had to quit working full time to take care of her and make sure she gets to all of her medical and therapy appointments. Because Sandra was only able to work part time, she was not offered coverage through her employer. While her children were able to get on Medicaid, Sandra did not qualify.

While she was uninsured, she was "in a constant state of panic" worrying that she would get sick and be unable to take care of her kids. She worried about controlling her high cholesterol without coverage. For a period of time she was able to get her cholesterol medication through the drug manufacturer, but the program was only available for a limited time. When it ran out she could only afford to buy the medication occasionally, and often went without. When she felt sick, she "had to rely on over the counter remedies and a lot of prayer."

When Ohio expanded Medicaid in 2014, Sandra qualified for coverage. For the first time in years, she could continually treat her high cholesterol. She was also able to get a mammogram and other screening tests. She saw a doctor about her chronic back pain. She learned that taking care of her daughter with disabilities had taken a toll on her back. She was able to get physical therapy for a few weeks to give her techniques to ease her pain and reduce the strain when she lifts her daughter and her daughter's wheelchair. Sandra says that as a single parent, "I'm doing the best I can, but I need help to make sure I can be there for my children. Medicaid has been that help for me."

Nursing Assistants, Home Health Aides, and other Home Care Workers

Home care workers – including home health aides, personal care aides and nursing assistants – provide necessary care for older adults and people with disabilities. They form the backbone of our long-term care system by helping people with the tasks of daily living, but typically earn far less than a living wage and rarely have access to health coverage through their employer. It is cruel and unjust that they dedicate their lives to caring for others, yet often cannot get coverage for *themselves*. In 2013, about one in three direct care workers lived in a household with income that would qualify for Medicaid expansion.²⁰ In states that expanded Medicaid, enrollment increased by eight percentage points to 28 percent of all direct care workers in 2014.²¹ In states that refused the expansion, Medicaid enrollment was just 15 percent, while 26 percent of direct care workers remain uninsured. In all, more than 1.1 million home care workers across the country are enrolled or could qualify for Medicaid coverage if their state chose to accept federal funds to cover low-income adults.²²

Providing coverage for these caregivers is even more important due to the relatively high injury rates for this physically taxing work, which includes heavy lifting to assist their clients to move around and bathe. No occupation – including construction workers, firefighters, and police officers – has a higher risk of on-the-job injury than nursing assistants.²³ Providing affordable coverage helps direct care workers to stay healthy, recover quickly, and keep on the job. One recent study of a national sample of 100,000 direct care workers found that Medicaid expansion was associated with a 2.9 percent increase in full-time employment and a 0.8 percent decrease in unemployment.²⁴ Access to affordable coverage helps create a more stable career path, which could improve care quality by reducing the exceptionally high turnover, increase the average skill level of direct care workers, and, if coupled with wage increases, attract more workers to address the critical shortage in our long term care workforce.

Low-wage workers and self-employed business people

Table 1. A full time worker making \$12/hour earns \$22,500 per year.*	
Household Size	\$12/hr. wage by Federal Poverty Level
1 person	154% FPL
2 person	114% FPL⁺
3 person	91% FPL⁺
4 person	75% FPL⁺

* Based on 50 work weeks at 37.5 hrs./week before taxes.

+ Income eligible for Medicaid expansion

Many individuals in low-wage jobs rely on Medicaid for their health coverage. The minimum wage is so low in many states that, even with full-time hours, individuals and families remain in or near poverty. A household with one full time worker earning twelve dollars an hour – well above minimum wage in many states – will have an annual income of just \$22,500 before taxes (See Table 1). Such low wages are not nearly enough to cover reasonable living expenses, much less health care (See Table 2).

Small businesses are not required to offer employees health insurance. While over half of all employees receive health insurance from their employer, only one in five low-wage workers buys insurance through their work.²⁵ For non-governmental low wage workers, only 38 percent have access to insurance through their employers, while about one in five actually receives that coverage.²⁶ From restaurant employees to independent construction contractors to child care providers, these workers must seek coverage in the individual market or through Medicaid.

Table 2. Reasonable Expenses for Basic Living for 2 Adults and 1 Child (Excluding Health Care)				
Expenses	Tucson, AZ	Bangor, ME	Des Moines, IA	Montgomery, AL
Housing	\$959	\$1,057	\$902	\$908
Food	\$612	\$702	\$613	\$650
Child Care	\$701	\$630	\$789	\$485
Transportation	\$1080	\$1,096	\$1,103	\$1,085
Other Necessities	\$569	\$637	549	\$564
Taxes	\$557	\$719	\$747	\$735
Monthly Total	\$4,478	\$4,841	\$4,703	\$4,427
Annual Total	\$53,736	\$58,092	\$56,436	\$53,124
Data source: Economic Policy Institute Family Budget Calculator, 2023				

A study by the nonpartisan Kaiser Family Foundation found that nearly eight of ten nonelderly adult Medicaid enrollees lived in working families.²⁷ More than half (51%) of working enrollees log 35 or more hours per week at their jobs for the full year.²⁸ The vast majority of enrollees not currently working have very good reasons for not seeking employment. They include students, family caregivers, and people who recently lost their jobs.²⁹ Another large fraction is people with disabilities, some of whom may require additional supports to work (which Medicaid often provides).

The truth is that health coverage can often be a prerequisite to finding and maintaining a job. In Ohio, 60% of unemployed Medicaid expansion enrollees looking for work reported that Medicaid made it easier to look for work, and 83.5% of those already working said coverage made it easier to continue working.³⁰ A prior 2016 survey found that 39% of enrollees lived with a diagnosed chronic condition before they enrolled in Medicaid, and more than one in four enrollees had been diagnosed with a chronic condition *after* they enrolled in Medicaid, suggesting that coverage through Medicaid's new low-income adult category helps identify potential problems.³¹ And Medicaid also helps people get and stay healthy. Ohio claims data suggested that for enrollees with medical records before and after Medicaid expansion, the percentage with high-risk blood pressure and cholesterol levels both dropped substantially after coverage began (from 34 percent to 22 percent for blood pressure, 10 percent to 3.3 percent for cholesterol).³² Overall, nearly half of enrollees reported improved overall health status, while only 3.5 percent reported worse health.³³ Getting healthy improve quality of life, which can also make it easier to be a productive employee.

Faces of Medicaid Expansion: *Dewey*

Dewey from Michigan struggled without insurance for most of his adult life. Before the ACA, he could not afford individual insurance, and his employer did not offer any. He was in a terrible construction accident a number of years ago, and still suffers from related health problems. He had no insurance at the time and the medical bills were daunting.

Then Medicaid expansion came to Michigan, and Dewey got covered. Dewey says that Medicaid “has changed my life. I can work full time and live a much more positive life because I don't have to worry if I can make it to work or not.” Dewey notes that “working with Medicaid has been surprisingly uncomplicated, no more burdensome than dealing with any insurance company.”

Conclusion

The adult Medicaid group is diverse and includes millions of people who have been left out of health coverage for decades. They are parents, people with disabilities, low-income workers, and adults living with chronic conditions. These real stories reflect people who use Medicaid coverage as a springboard to succeed in other aspects of their life, including work, care giving, and being active members of their community. Ten states, including Texas and Florida, still have not accepted the adult expansion group, meaning millions more like Sandra, Amanda and Dewey are still facing those coverage gaps, still unable to afford health insurance and get the supports they need to succeed. Even worse, proposals to cut federal support for Medicaid threaten to take away access for those who finally got the coverage they need.

ENDNOTES

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- ¹³ Renuka Tipirneni, Susan D. Goold & John Z. Zyanian, *Employment Status and Health Characteristics of Adults With Expanded Medicaid Coverage in Michigan*, 178 JAMA INTERNAL MED. 564 (2018).
- ¹⁴ Ohio Dept. of Medicaid, *Ohio Medicaid Group VIII Assessment: A Report to the Ohio General Assembly*, 28, 35-37 (2016), https://www.jmoc.state.oh.us/Assets/documents/reports/Group%20VIII%20Statutory%20Report_12-2016_final.pdf.

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