

Cost and Coverage Implications of the ACA Medicaid Expansion: National and State-by-State Analysis

The Medicaid Expansion: What's at Stake for States?

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Alliance for Health Reform
Kaiser Family Foundation

FIGURE 1

Objectives of the Study

- Estimate the effect, by state, of the ACA Medicaid expansion with all states implementing the expansion compared to no ACA on federal and state spending and coverage of current and new eligibles
- Estimate the implications if the ACA is implemented but no states adopt the Medicaid expansion and then estimate incremental effects, by state, of the decision to expand Medicaid on:
 - federal and state Medicaid spending
 - state spending for uncompensated care and provider reimbursement
 - state fiscal effects relative to current general fund expenditures
 - Medicaid enrollment and the number of uninsured

FIGURE 2

Methods

- Develop a pre-ACA baseline for each state, based on CBO projections and state expenditure data
- Use the Urban Institute Health Insurance Policy Simulation Model (HIPSM), which incorporates pre-ACA eligibility rules for each state, to estimate the ACA's state-by-state impact
 - with no state expanding Medicaid
 - with all states expanding Medicaid
- Participation rates result from model estimates of individual behavior and are consistent with published research; costs per enrollee also vary with individual characteristics
- Federal matching rates depend on ACA provisions: standard FMAP for new enrollment among current eligibles, higher ACA rates for new eligibles and higher match rate for CHIP eligibles
- We estimate savings to states with limited benefit programs whose recipients become new eligibles and states with prior expansion programs that receive enhanced matching rates

FIGURE 3

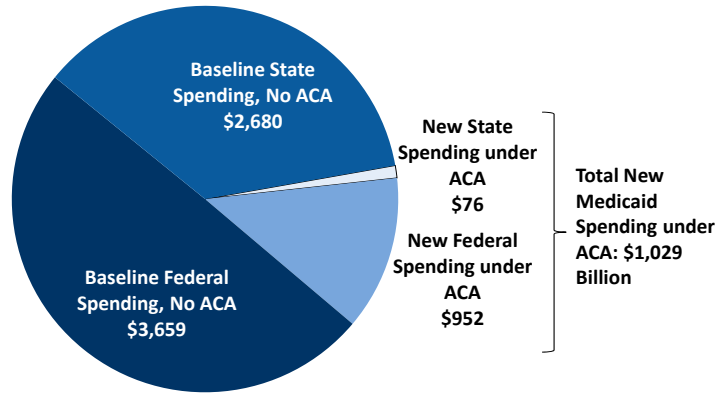
Study Limitations

- While HIPSM uses two years of Current Population Survey data, sample sizes can be somewhat small in some states
- Several sources of savings to states cannot be estimated with 50-state data:
 - Savings from no longer covering certain adults with incomes above 138% of the federal poverty line (FPL), who could be moved from Medicaid into exchange
 - Savings on certain adults with incomes at or below 138% of the FPL, such as the medically needy, who could now be covered as new eligibles, with higher federal matching payments
 - Savings on non-Medicaid health care (e.g., state mental health) for the uninsured who newly qualify for Medicaid
 - Additional state revenue that results from, e.g., the effect of new federal expenditures on the state economy

FIGURE 4

Total State and Federal Medicaid Spending Under ACA with All States Expanding Medicaid, 2013-2022

\$ in billions:



Total Medicaid Spending Over the Decade: \$7,368 Billion

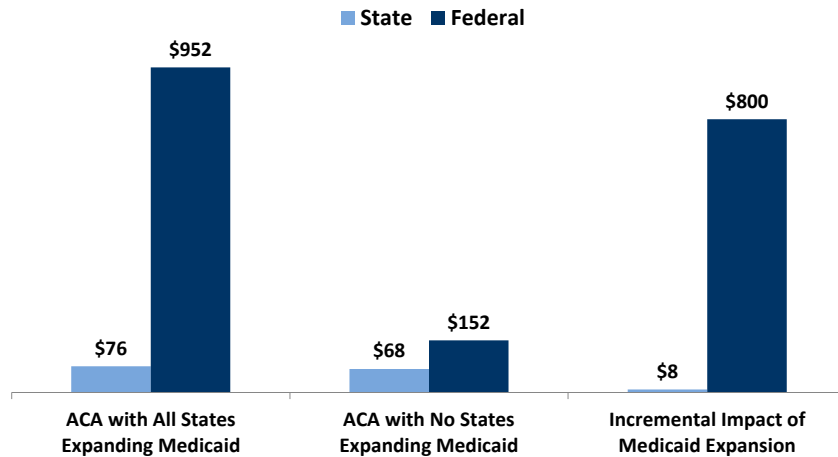
Note: Individual components may not sum to totals due to rounding.
 Source: Urban Institute estimates prepared for the Kaiser Commission on Medicaid and the Uninsured, October 2012.



FIGURE 5

New State and Federal Medicaid Expenditures under ACA, with All States and No States Expanding Medicaid, 2013-2022

\$ in billions:

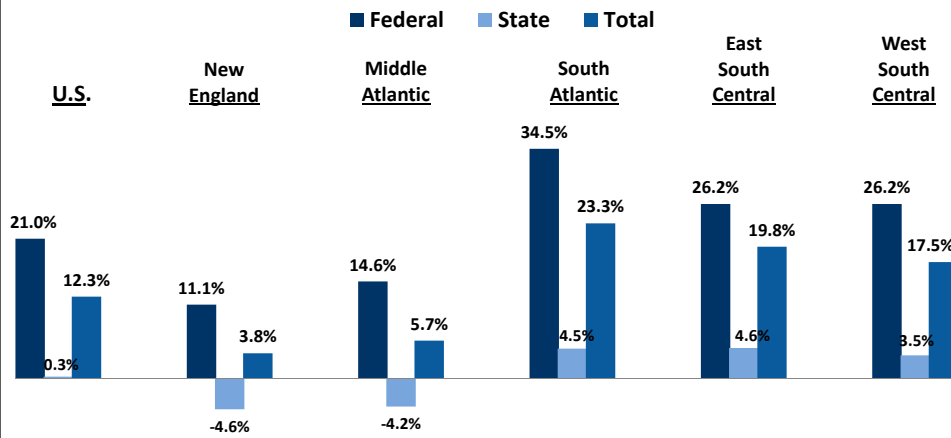


Source: Urban Institute estimates prepared for the Kaiser Commission on Medicaid and the Uninsured, October 2012.



FIGURE 6

Impact of the Incremental Adoption of the Medicaid Expansion on Federal and State Expenditures, 2013- 2022

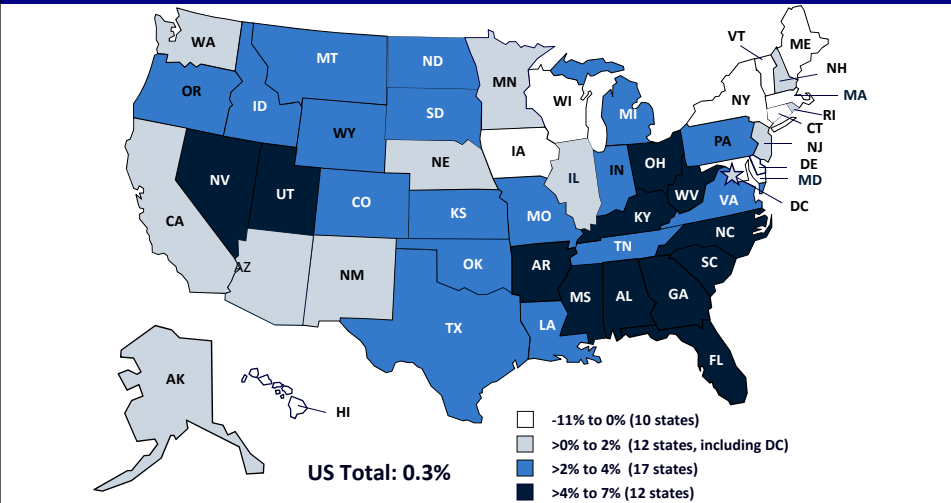


SOURCE: Urban Institute estimates prepared for the Kaiser Commission on Medicaid and the Uninsured, October 2012. NOTE: Selected Regions Displayed: The New England region includes CT, ME, MA, NH, RI, and VT. The Middle Atlantic region includes DE, DC, MD, NJ, NY, and PA. The South Atlantic region includes FL, GA, NC, SC, VA, and WV. The East South Central region includes AL, KY, MS, and TN. The West South Central region includes AR, LA, OK and TX.



FIGURE 7

Change in State Medicaid Expenditures Under the ACA With All States Expanding Compared to No States Expanding Medicaid, 2013-2022



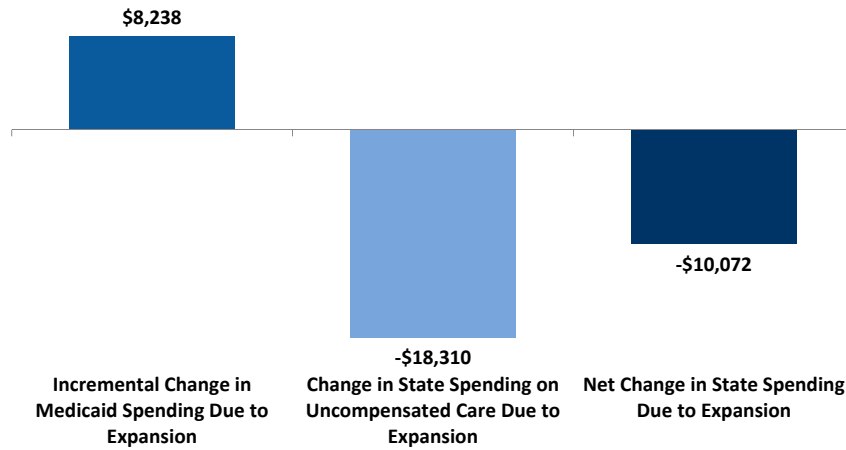
Source: Urban Institute estimates prepared for the Kaiser Commission on Medicaid and the Uninsured, October 2012.



FIGURE 8

Net State Fiscal Impact of Medicaid Expansion, Including State Savings in Uncompensated Care Costs, 2013-2022

\$ in millions:

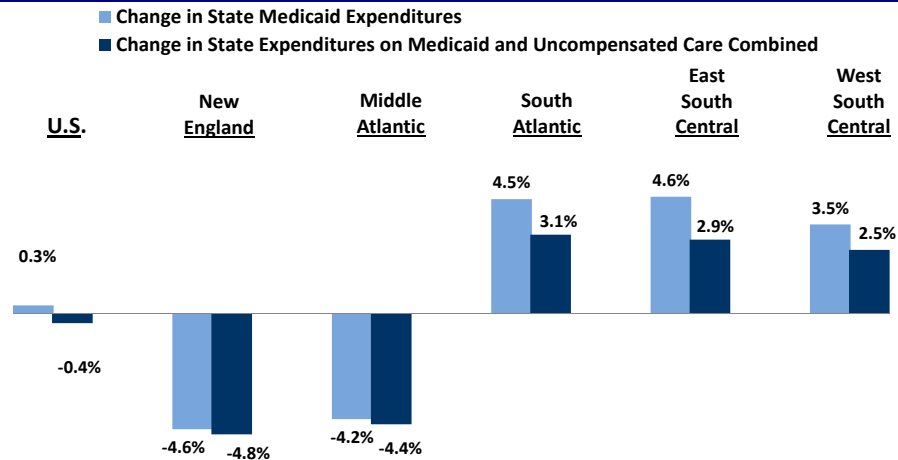


Source: Urban Institute estimates prepared for the Kaiser Commission on Medicaid and the Uninsured, October 2012.



FIGURE 9

Impact of the Incremental Adoption of the Medicaid Expansion on State Expenditures, 2013- 2022



SOURCE: Urban Institute estimates prepared for the Kaiser Commission on Medicaid and the Uninsured, October 2012. NOTE: Selected Regions Displayed: The New England region includes CT, ME, MA, NH, RI, and VT. The Middle Atlantic region includes DE, DC, MD, NJ, NY, and PA. The South Atlantic region includes FL, GA, NC, SC, VA, and WV. The East South Central region includes AL, KY, MS, and TN. The West South Central region includes AR, LA, OK and TX.



FIGURE 10

Incremental Impact of the Medicaid Expansion on State Medicaid Expenditures Relative to General Fund Expenditures, 2013 -2022

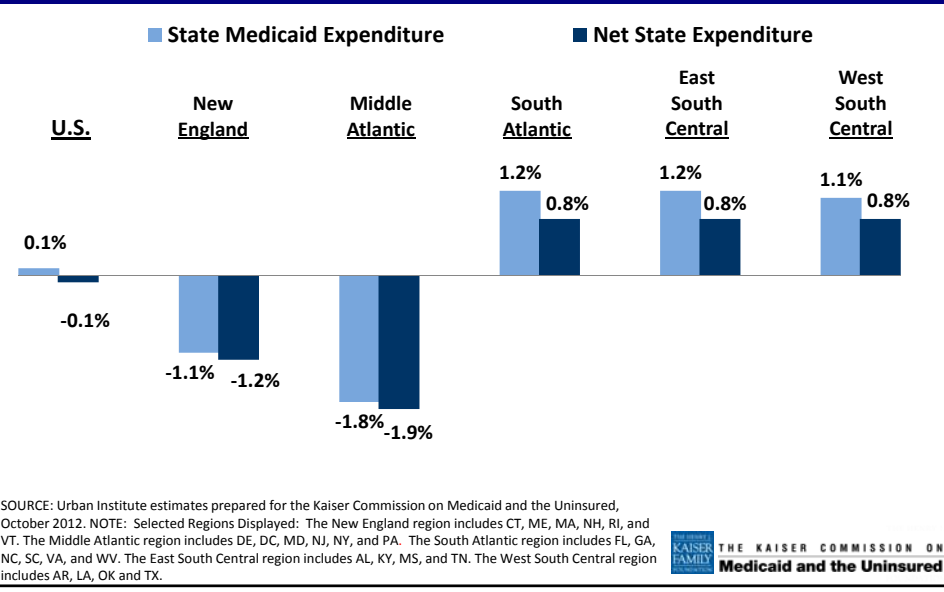


FIGURE 11

Medicaid Enrollment Under ACA With and Without Medicaid Expansion, 2022

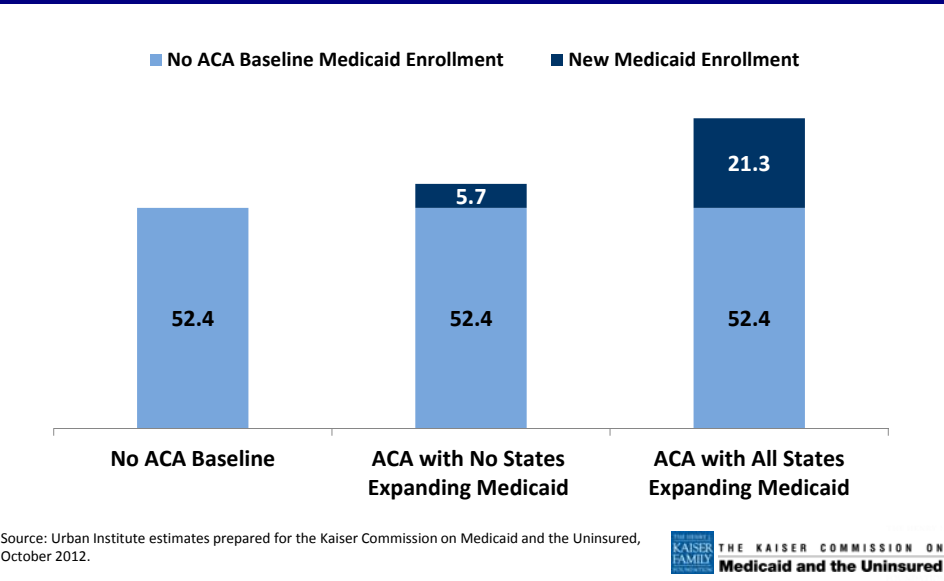
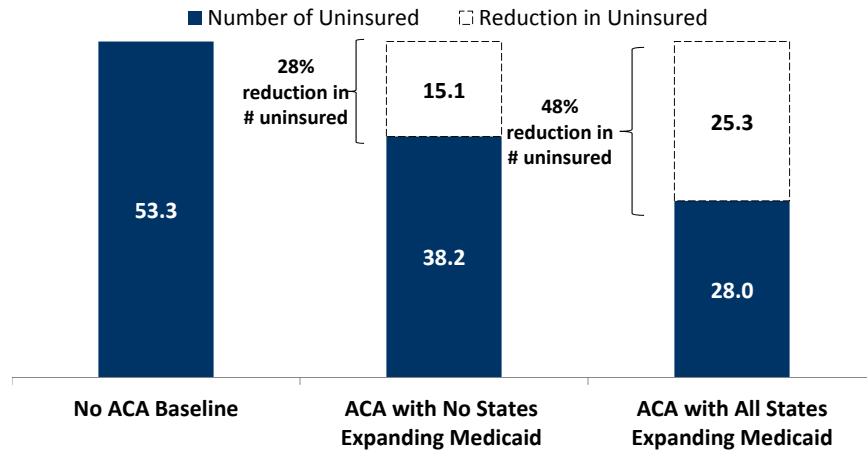


FIGURE 12

Number of Uninsured With and Without ACA and Medicaid Expansion, 2022

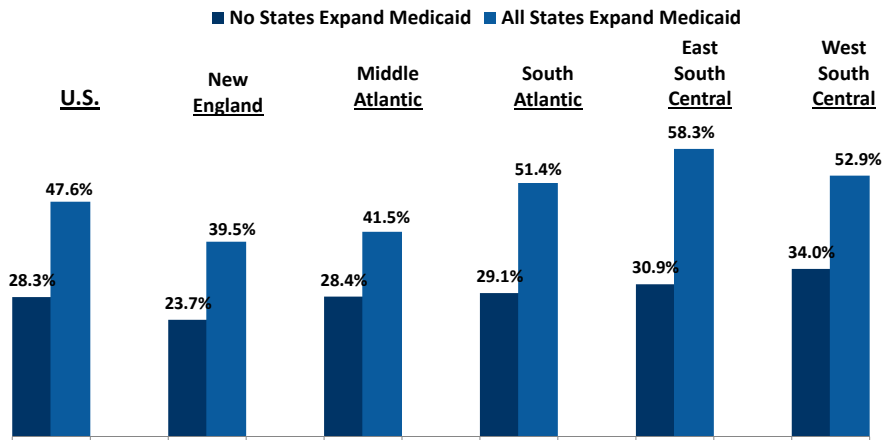


Source: Urban Institute estimates prepared for the Kaiser Commission on Medicaid and the Uninsured, October 2012.



FIGURE 13

Percentage Reduction in Uninsured Under the ACA With All States Expanding and No States Expanding Medicaid, 2022



SOURCE: Urban Institute estimates prepared for the Kaiser Commission on Medicaid and the Uninsured, October 2012. NOTE: Selected Regions Displayed: The New England region includes CT, ME, MA, NH, RI, and VT. The Middle Atlantic region includes DE, DC, MD, NJ, NY, and PA. The South Atlantic region includes FL, GA, NC, SC, VA, and WV. The East South Central region includes AL, KY, MS, and TN. The West South Central region includes AR, LA, OK and TX.



FIGURE 14

Summary

- If all states implement the ACA Medicaid expansion, the federal government will fund the vast majority of the increased Medicaid costs and the gains in Medicaid coverage would substantially reduce the number of uninsured
- Due to several provisions in the ACA, states will face increased enrollment and spending even if they do not implement the Medicaid expansion
- The additional state cost of implementing the Medicaid expansion is small relative to total state spending without the expansion, relative to state budget expenditures, and relative to the large increases in federal funding
- Net savings from the Medicaid expansion increase after accounting for reductions in spending on uncompensated care
- States should be able to achieve other savings that could not be accounted for in this report using 50 state data