



Life and Health Will Suffer in States Opting Out of the Medicaid Expansion

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The Patient Protection and Affordable Care Act of 2010 – popularly called ObamaCare – was designed to increase access to health insurance. The law does this in several ways, including by setting up exchange marketplaces where uninsured Americans can comparison shop for private health plans and (if they have low or moderate incomes) get subsidies to help pay the premiums. Medicaid expansion is another, equally important, method by which the Affordable Care Act will enlarge health insurance coverage.

The original law called for every state to expand its Medicaid program to include not just poor individuals and families, but all with earnings up to 138% of the federal poverty line (the poverty line was set at \$19,530 for a family of three in 2013). But when the Supreme Court upheld most of the Affordable Care Act in June 2012, it ruled that states can decide whether to take new federal funding to implement the Medicaid expansion or not. As of early 2014, 25 states plus the District of Columbia are going ahead, but 25 others states are not agreeing so far.

States refusing to expand Medicaid are creating a coverage gap for at least five million low-income Americans. That is because, according to the original 2010 health reform law, subsidies to help people purchase insurance plans on the exchanges are only available to those with incomes over the level that was planned for expanded Medicaid eligibility. If they live in the 25 states not expanding Medicaid, people who were supposed to be covered by the expansion and are below the poverty line will be left with no options. They will watch some poorer neighbors get enrolled in Medicaid and some slightly better off neighbors use subsidies on the exchanges, while they are left with no way to obtain affordable health insurance.

So what? Will this coverage gap for so many low-income Americans have adverse health consequences? To answer this question, my research collaborators and I estimated the number and demographic characteristics of people likely to remain uninsured, and then drew on recent studies to spell out the likely health consequences.

Crunching the Numbers

As matters now stand, Affordable Care reforms are expected to expand health insurance to about 16 out of 48 million uninsured Americans (almost 8 million more would have been insured if all states had opted into the Medicaid expansion). As of early 2014, states opting in to Medicaid expansion are projected to experience a decrease of 48.9 percent in their uninsured population, versus an 18.1 percent decrease in the opt-out states. Our breakdowns for individual states choosing not to expand Medicaid are developed from several data sources and previous studies.

- We used Census data to estimate for each state the number of uninsured before and after Affordable Care implementation, depending on whether the state is expanding Medicaid. We do not assume that all people eligible for new insurance coverage will sign up; instead we rely on previously published Congressional Budget Office estimates of sign up rates.
- For some health estimates, we drew from the Oregon Health Insurance Experiment, a randomized study of the effects of expanding Medicaid to low-income adults. The study measured effects on health, financial strain, health care use, and self-reported well-being. It found that after an average of 17 months on Medicaid, people were less likely to suffer depression or face catastrophic medical expenses, and they were more likely to get treated for diabetes and to get recommended cancer screening tests.
- To figure out whether more deaths might occur in states not expanding Medicaid, we drew high-end estimates from a recent study by Benjamin Sommers and his colleagues at Harvard. By comparing

mortality trends in states that earlier expanded Medicaid to trends in states that did not, this study estimated that Medicaid expansions were associated with a 6.1% decrease in mortality, or 19.6 fewer deaths per year for every 100,000 non-elderly adults. For our low-end estimates, we drew from research on the mortality of participants in the National Health and Nutrition Examination Study, where the mortality effect was estimated at about two-fifths as large as in the Sommers study.

The Real World Consequences of Not Expanding Medicaid

Here are important examples of the adverse effects likely to be visited upon low-income people living in states that do not expand Medicaid:

- Between 7,115 and 17,104 extra, unnecessary deaths can be expected.
- Some 712,037 additional people are likely to be diagnosed with depression.
- An additional 240,700 people will be faced with catastrophic medical bills.
- Some 422,553 diabetics will not get medications they need to treat their illness.
- Women will go without life-saving tests: among those aged 50 to 64, 195,492 will fail to get mammograms; and among those aged 21 to 64, 443,677 will not get pap smears.

There are some caveats that could affect our estimates in one direction or another. We could not adjust for the fact that the patients studied in the Oregon experiment were slightly older, more urban, and more often female than the uninsured poor in states currently opting out of the Medicaid expansion. Furthermore, the new Oregon beneficiaries had gone without insurance for at least six months and were relatively small in number. States that are now expanding Medicaid under the Affordable Care Act will include larger numbers of new beneficiaries whose needs could initially put a strain on health care providers, delaying people's access to extra care or preventive tests. On the other hand, the Affordable Care Act boosts reimbursement rates for primary care, so it may ease access for new Medicaid recipients.

The bottom line remains: states refusing to expand Medicaid will harm health and access to care for many low-income people that the Affordable Care Act is supposed to help.

Read more in Samuel L. Dickman, David Himmelstein, Danny McCormick, and Steffie Woolhandler, "Opting Out of Medicaid Expansion: The Health and Financial Impacts." *Health Affairs Blog* (January 2014).