



HOW MAINECARE EXPANSION BENEFITS RURAL MAINERS

By Erika Ziller, University of Southern Maine

The Affordable Care Act – called the ACA for short – gave states the authority and financial support to expand their Medicaid health insurance programs. Beginning in 2014, states could expand coverage for all adults aged 18-64 whose family earned collectively less than 138 percent of the Federal Poverty Level. Before the ACA, only select groups of low-income adults (primarily parents and people with permanent disabilities) were eligible for Medicaid coverage, although a small number of states had expanded Medicaid on their own. Maine had been one of those states, but allowed its pre-ACA expansion to lapse at the end of 2013. Initially, only 28 states opted to expand Medicaid in 2014 (including the District of Columbia). That number had risen to 36 as of 2019.

Following the ACA's passage, Maine made several legislative attempts to expand MaineCare (its Medicaid program) to low-income, non-elderly adults. While the Maine Legislature passed five bills to authorize the expansion, each of these ultimately failed under gubernatorial veto. In response to this apparent impasse, Maine groups organized the nation's first citizen referendum on Medicaid expansion and, in November 2017, Maine voters approved the initiative with 59 percent of the vote. In January 2019, Maine officially began accepting residents into its expanded MaineCare program. By the end of June 2019, Maine had enrolled more than 26 thousand adults eligible for the expanded coverage.

RURAL MAINERS ARE MORE LIKELY TO BENEFIT FROM EXPANDED MEDICAID

Estimates prior to MaineCare expansion found that residents of Maine's rural communities were more likely to be uninsured than their urban counterparts. Part of this may stem from the poorer economic conditions in Maine's rural counties. 13 percent of rural residents live in poverty compared with the just under 10 percent of urban residents who live in poverty. Furthermore, even among the population targeted for expanded Medicaid (non-elderly adults earning less than 138 percent of the poverty line) rural Mainers have higher uninsured rates. Estimates for 2015-2016 indicate that 23 percent of rural adults in this income group were uninsured. Only 19 percent of those in Maine's urban counties were uninsured.¹ The combination of lower incomes and higher uninsured rates suggests that MaineCare expansion may have a particularly strong impact in rural Maine communities.

Not only are rural Mainers more likely to be eligible for expanded Medicaid, but prior experience suggests that rural residents participate in public insurance programs for which they become eligible. In the late 1990's, states began expanding health insurance for children through the Children's Health Insurance Program, which was designed to cover children whose families' incomes were too high for Medicaid but too low to afford private insurance. While rural enrollment was initially slow, an analysis over time found that rural children ultimately experienced a greater gain in health insurance coverage than their urban counterparts. In 2005, rural children had lower uninsured rates than their urban peers (14 percent versus 20 percent, respectively).² A later study shows that with these changes, rural children's health insurance also became more stable and they were less likely to experience gaps in coverage.³



As states considered whether or not to expand Medicaid, national analyses indicated that rural residents stood to gain the most from expansion, but were also more likely to live in a state that planned not to expand.⁴ While some of these states have since expanded, the decision not to expand Medicaid has lessened the coverage impact of the ACA in rural communities across the country. For example, in states that expanded Medicaid the percentage of low-income rural adults who were uninsured dropped from 35 percent in 2008/2009 to 16 percent in 2015/2016. The corresponding drop in non-expansion states was only 6 percentage points (from 38 percent to 32 percent).⁵ In Maine, during this timeframe, the estimated uninsured rate among adults potentially eligible for expanded Medicaid actually rose from 22 percent to 23 percent.⁶

In the first six months of Maine's implementation of Medicaid expansion, participation by adults in the state's rural counties has been higher than in urban counties. While 39 percent of working age adults (18-64) live in Maine's rural counties, 47 percent of new MaineCare enrollees were rural residents.

BENEFITS OF EXPANDED MEDICAID IN MAINE'S RURAL COMMUNITIES

In addition to improving financial access to health care services for Maine's rural residents, the expansion of Medicaid may have positive effects on the health care systems and economies of rural communities. For example, multiple national studies have found that Medicaid expansion has been associated with reductions in uncompensated care and improved financial performance among hospitals, including those in rural communities. Similarly, states that have expanded Medicaid are less likely to have experienced rural hospitals closures. Given that one-third of Maine's rural hospitals have experienced five straight years of financial losses, the new revenue from MaineCare enrollees may help reduce these losses and improve the stability of rural hospitals.

Improving the viability of Maine's rural hospitals will not only preserve local access to critical health services, but may also improve the state's broader rural economy. Rural hospitals are typically one of the largest employers in a community, so their loss could have devastating economic consequences. Some analyses have found that Medicaid expansion has been associated with economic growth, particularly an increase in health care jobs. Research suggests that having a robust health care sector can affect whether a business locates in a specific community. Health care sector jobs often pay better than other sectors, which may lead to higher income and other tax revenues. And, finally, having greater financial security could help rural residents spend more money in their local communities and create a positive ripple effect throughout rural Maine.

¹ Hoadley, J, Wagnerman, K, Alker, J & Holmes, GM. Medicaid in small towns and rural America: A lifeline for children, families, and communities. (2017). Washington, DC: Georgetown Center for Children and Families.

² Ziller, E. C., & Coburn, A. (2009). Rural coverage gaps decline following public health insurance expansions. (Research & Policy Brief). Portland, ME: University of Southern Maine, Muskie School of Public Service, Maine Rural Health Research Center.

³ Ziller, E. (2013). Health insurance coverage of low-income rural children increases and is more continuous following CHIP implementation. (Policy Brief PB-53). Portland, ME: University of Southern Maine, Muskie School of Public Service, Maine Rural Health Research Center.

⁴ Ziller, E., Lenardson, J., & Coburn, A. (2015). Rural implications of Medicaid Expansion under the Affordable Care Act. SHARE Issue Brief. Minneapolis, MN: SHADAC.

⁵ Hoadley et al.

⁶ Hoadley et al.