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Medicaid Expansion: Frequently Asked Questions

By Inna Rubin, Jesse Cross-Call, and Gideon Lukens

States that have expanded Medicaid under the Affordable Care Act (ACA) have dramatically lowered their uninsured rates. Meanwhile, those who gained coverage have grown healthier and more financially secure, while longstanding racial disparities in health outcomes, coverage, and access to care have shrunk.

The American Rescue Plan, which President Biden signed into law in March, includes a large new financial incentive for states to adopt the expansion, and that has prompted questions among policymakers in the non-expansion states about how expansion works. Here are the answers to some key questions.

How Does Medicaid Expansion Affect State Budgets?

Expansion has produced *net savings* for many states. That's because the federal government pays the vast majority of the cost of expansion coverage, while expansion generates offsetting savings and, in many states, raises more revenue from the taxes that some states impose on health plans and providers.

Under the ACA, the federal government paid 100 percent of the cost of expansion coverage from 2014 to 2016. The federal share then dropped gradually and settled at 90 percent for 2020 and each year thereafter, leaving the states to cover the small remaining share. By comparison, the federal government pays between 50 and 78 percent of the health care costs of other Medicaid enrollees, depending on the state.

Expansion has produced savings in several areas of state budgets. As more people gained coverage, hospitals' uncompensated care costs — and, for some states, payments to hospitals to help cover those costs — fell. States also spent less on programs for people with mental health or behavioral health needs since Medicaid paid for their treatment, and less on corrections as federal Medicaid dollars paid more of the inpatient hospital costs of inmates who were eligible for and enrolled in Medicaid. And, in states that tax managed care plans and health care providers serving Medicaid beneficiaries, higher enrollment generated revenue gains that further offset expansion's costs. Taken together, these factors are why state and independent analyses, including in states such as Arkansas, Kentucky, Louisiana, Michigan, Montana, and Virginia, have consistently showed

expansion produced *net savings* for many states.¹ In fact, expansion is associated with a more than 4 percent reduction in states' spending on their traditional Medicaid programs.²

Now, the American Rescue Plan includes a large new financial incentive that makes expansion an even better deal for states that haven't expanded. A state that expands Medicaid would receive a two-year, 5-percentage-point increase in the share of Medicaid costs that the federal government pays for *non*-expansion enrollees beginning when it implements expansion (known as the federal medical assistance percentage, or FMAP), which is the 50 to 78 percent in each state referenced above. Non-expansion enrollees account for most of a state's Medicaid enrollees and costs. That would fully cover the non-federal share of expansion costs for between 3.1 and 6.5 years depending on the state, according to research by Manatt Health.³

How Has Medicaid Expansion Improved Coverage Rates?

Since the ACA's major coverage provisions took effect in 2014, states that expanded Medicaid have made far more progress in increasing health coverage rates than states that did not expand. The uninsured rate among low-income, non-elderly adults in expansion states was 17 percent in 2019, roughly half of its 35 percent in 2013. In non-expansion states, the uninsured rate among this group dropped relatively modestly, from 43 percent in 2013 to 34 percent in 2019.⁴ (See Figure 1.)

¹ Jesse Cross-Call, "Medicaid Expansion Continues to Benefit State Budgets, Contrary to Critics' Claims," Center on Budget and Policy Priorities, October 9, 2018, <https://www.cbpp.org/research/health/medicaid-expansion-continues-to-benefit-state-budgets-contrary-to-critics-claims>.

² Bryce Ward, "The Impact of Medicaid Expansion on States' Budgets," Commonwealth Fund, May 5, 2020, <https://www.commonwealthfund.org/publications/issue-briefs/2020/may/impact-medicaid-expansion-states-budgets>,

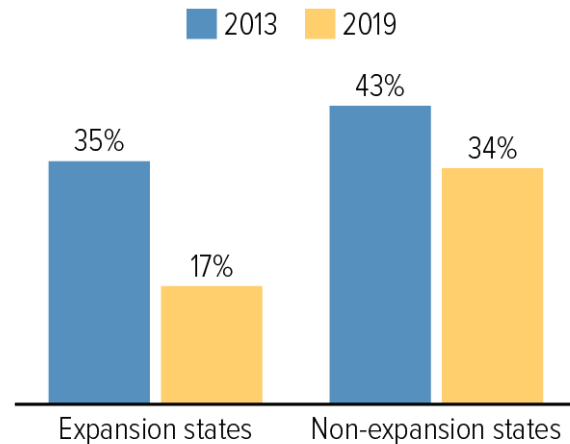
³ Manatt Health, "Assessing the Fiscal Impact of Medicaid Expansion Following the Enactment of the American Rescue Plan Act of 2021," April 2021, <https://www.manatt.com/Manatt/media/Documents/Articles/ARP-Medicaid-Expansion.pdf>.

⁴ Gideon Lukens and Breanna Sharer, "Closing Medicaid Coverage Gap Would Help Diverse Group and Narrow Racial Disparities," Center on Budget and Policy Priorities, Revised June 14, 2021, <https://www.cbpp.org/research/health/closing-medicaid-coverage-gap-would-help-diverse-group-and-narrow-racial>.

FIGURE 1

Expansion States Saw Large Drop in Uninsured Rates

Uninsured rate among non-elderly adults with incomes below 200% of poverty line



Note: Expansion states defined as those that expanded as of January, 2019.

Source: CBPP analysis of 2019 and 2013 American Community Survey

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Before COVID-19 and the recession, over 12 million people had health coverage through the Medicaid expansion. Another 4 million uninsured people would become eligible for it if all 12 states that have not enacted Medicaid expansion did so, including 2.2 million who fall in the “coverage gap” — those whose incomes are too low to qualify for subsidized marketplace coverage, but who also do not qualify for their states’ Medicaid programs.⁵ In non-expansion states, the median income limit for parents to qualify for Medicaid is about 40 percent of the poverty line, and childless adults do not qualify at all.⁶ Of those in the coverage gap, 60 percent are people of color and virtually all live in the South.⁷ (See Figure 2.)

⁵ Rachel Garfield, Kendal Orgera, and Anthony Damico, “The Coverage Gap: Uninsured Poor Adults in States that Do Not Expand Medicaid,” Kaiser Family Foundation, January 21, 2021, <https://www.kff.org/medicaid/issue-brief/the-coverage-gap-uninsured-poor-adults-in-states-that-do-not-expand-medicaid/>.

⁶ A notable exception is Wisconsin, which extends Medicaid eligibility to adults up to 100 percent of the poverty line through a federal waiver and is therefore not included in coverage gap estimates. The 2021 federal poverty guideline for a family of three is \$21,960 for the 48 contiguous states and the District of Columbia.

⁷ Judith Solomon, “Federal Action Needed to Close Medicaid ‘Coverage Gap,’ Extend Coverage to 2.2 Million People,” Center on Budget and Policy Priorities, May 6, 2021, <https://www.cbpp.org/research/health/federal-action-needed-to-close-medicaid-coverage-gap-extend-coverage-to-22-million>.

Among those who have gained coverage through Medicaid expansion are millions of workers in front-line and essential industries, including health care workers, bus drivers, grocery stores workers, food manufacturers, and others on whom millions of people rely. Too many of these workers lack health coverage, but their uninsured rate before the pandemic was far lower in expansion than in non-expansion states. In 2019, 17 percent of low-income essential workers were uninsured in expansion states, down from 35 percent in 2013. In non-expansion states, 32 percent of these workers were uninsured in 2019, down from 43 percent in 2013. The sharp fall in the uninsured rate for low-income essential workers in expansion states coincided with a large increase in the share enrolled in Medicaid.⁸ (See Figure 3.)

How Does Medicaid Expansion Affect People’s Health and Financial Well-Being?

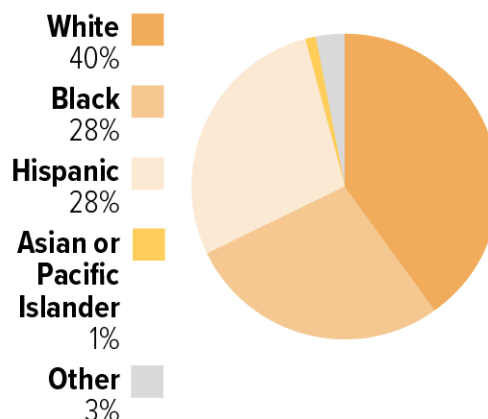
Medicaid expansion makes people healthier and more financially secure by improving access to preventive and primary care, providing care for serious diseases, preventing premature deaths, and reducing the cases of catastrophic out-of-pocket medical costs, a large body of research shows.⁹ The benefits, also shown in Figure 4, include the following:

- **Improved access to care.** Medicaid expansion increased access to primary and preventive care for low-income adults (e.g., having a personal doctor, getting a check-up in the past year).¹⁰ Michigan’s Medicaid expansion enrollees reported less forgone care and better access to care and the share of enrollees relying on the emergency room as their regular source of care dropped from 16.2 percent to 1.7 percent after their Medicaid enrollment.¹¹ Medicaid

FIGURE 2

Most Adults in the Coverage Gap Are People of Color

Uninsured adults in the coverage gap, by race/ethnicity



Note: Estimates include non-elderly adults ages 19 to 64. All race categories are non-Hispanic, except where otherwise noted. Hispanic people may be of any race. Income eligibility for Medicaid and Marketplace coverage is determined by grouping individuals into health insurance units for each program and applying eligibility rules to modified adjusted gross income (MAGI). The estimated undocumented population is excluded.

Source: CBPP estimates based on the 2019 American Community Survey

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⁸ Lukens and Sharer, *op cit.*

⁹ Madeline Guth, Rachel Garfield, and Robin Rudowitz, “The Effects of Medicaid Expansion under the ACA: Studies from January 2014 to January 2020,” Kaiser Family Foundation, March 17, 2020, <https://www.kff.org/medicaid/report/the-effects-of-medicaid-expansion-under-the-aca-updated-findings-from-a-literature-review/>.

¹⁰ Benjamin D. Sommers *et al.*, “Three-Year Impacts of the Affordable Care Act: Improved Medical Care and Health Among Low-Income Adults,” *Health Affairs*, June 2017, <https://www.healthaffairs.org/doi/10.1377/hlthaff.2017.0293>.

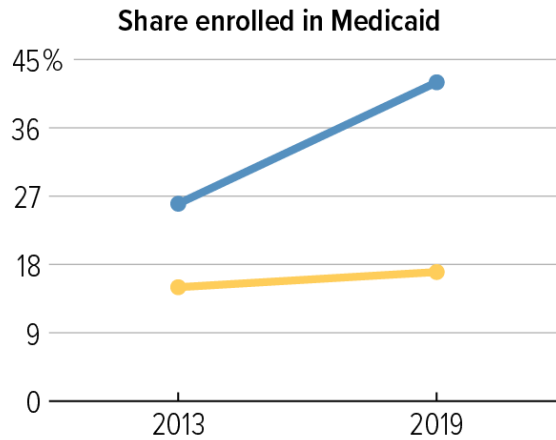
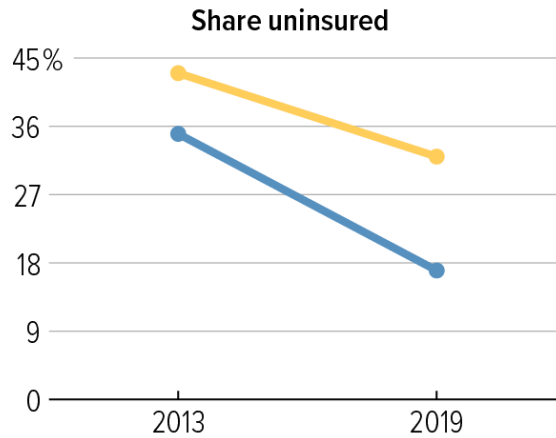
¹¹ Susan Dorr Goold *et al.*, “Primary Care, Health Promotion, and Disease Prevention with Michigan Medicaid Expansion,” *Journal of General Internal Medicine*, December 2019, <https://link.springer.com/article/10.1007%2Fs11606-019-05370-3>.

expansion is associated with a significant rise in patients taking their medications as directed and with a decrease in low-income adults skipping their medication due to cost.¹²

FIGURE 3

Medicaid Expansion Boosts Coverage for Low-Income Essential Workers

— Expansion states — Non-expansion states



Note: "Low-income essential workers" includes workers aged 19-64 whose incomes are below 200 percent of the poverty line and who are likely required to go to work despite stay-at-home orders. For more details, see Appendix 2 here: <https://www.cbpp.org/sites/default/files/atoms/files/7-15-20health.pdf>

Source: CBPP analysis of 2019 and 2013 American Community Survey

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¹² Sommers *et al.*, *op cit.*

- **Improved health outcomes.** Medicaid expansion is linked to earlier detection, diagnosis, and treatment of serious medical conditions, such as a reduction in the number of uninsured patients with breast cancer and a decrease in late-stage breast cancer detection.¹³ Patients with end-stage renal disease who live in a Medicaid expansion state have lower one-year mortality rates than those in non-expansion states, and Black patients have experienced the greatest decline in mortality rates.¹⁴

FIGURE 4

ACA Medicaid Expansion Improving Access to Care, Health, and Financial Security, Research Finds



Access to care: More low-income adults with a **personal physician**, getting **check-ups and other preventive care**, and getting regular **care for chronic conditions**; increases in number of people getting **medication-assisted treatment** for opioid use disorders; greater access to **mental health care**.



Health outcomes: Fewer **premature deaths** among older adults, with **at least 19,000 lives saved**; improvements in overall **self-reported health**; reductions in share of low-income adults screening positive for **depression**; improved **diabetes and hypertension control**; increases in **early-stage cancer diagnoses**; decreases in share of patients receiving **surgical care inconsistent with medical guidelines**.



Financial security: Reductions in share of low-income adults **struggling to pay medical bills**; \$1,140 reduction in **medical debt per person** gaining coverage through expansion; reductions in **evictions** among low-income renters.



Economic mobility: Better access to **credit**, including **lower-interest mortgages, auto, and other loans**, with annual interest savings amounting to \$280 per adult gaining coverage; majorities of adults gaining coverage through expansion in Michigan and Ohio report coverage makes it **easier for them to work or look for work**.



Reducing uncompensated care: 55 percent drop in **hospital uncompensated care costs** (\$17.9 billion in 2016) in expansion states, compared to 18 percent in non-expansion states; improvements in **hospital budgets**, especially for rural hospitals.

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¹³ Justin M. Le Blanc *et al.*, “Association of Medicaid Expansion Under the Affordable Care Act with Breast Cancer Stage at Diagnosis,” *JAMA Surgery*, July 2020, <https://jamanetwork.com/journals/jamasurgery/article-abstract/2767686>.

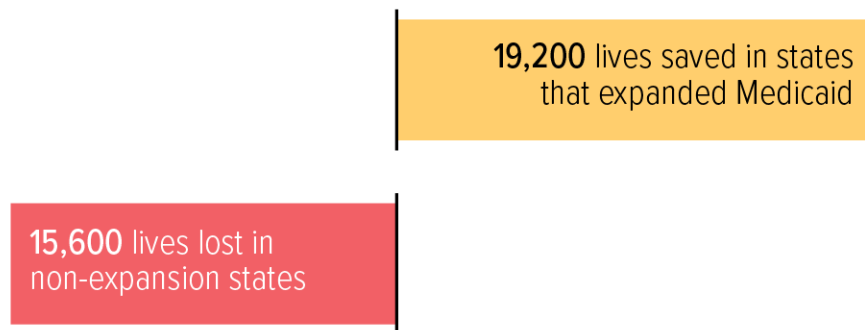
¹⁴ Shailender Swaminathan *et al.*, “Association of Medicaid Expansion With 1-Year Mortality Among Patients With End-Stage Renal Disease,” *JAMA*, December 2018, <https://jamanetwork.com/journals/jama/fullarticle/2710505>.

- **Premature deaths prevented.** Medicaid expansion prevents thousands of premature deaths each year, saving the lives of at least 19,200 adults aged 55 to 64 between 2014 and 2017, a landmark study found. Conversely, 15,600 older adults died prematurely due to state decisions *not* to expand Medicaid.¹⁵ (See Figure 5.) Older adults who gained coverage through the Medicaid expansion experienced an estimated 39 to 64 percent reduction in annual mortality rates.¹⁶

FIGURE 5

State Decisions to Expand Medicaid a Matter of Life and Death, New Research Shows

Cumulative impact on mortality among older adults, 2014-2017



Note: Older adults are those aged 55 to 64 at the onset of the study period, 2014.

Source: Miller et al, "Medicaid and Mortality," 2019

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- **Decrease in maternal and infant mortality rates.** Medicaid expansion improves access to health care before, during, and after pregnancy, thereby improving maternal and infant health.¹⁷ Medicaid expansion has helped reduce maternal mortality, preventing over 200 deaths in 2017 alone.¹⁸ Infant mortality fell in both expansion and non-expansion states between 2010 and 2016, but it fell 50 percent more in expansion states and disparities in infant mortality rates along racial lines fell in those states as well.¹⁹ Medicaid expansion also has

¹⁵ Sarah Miller *et al.*, "Medicaid and Mortality: New Evidence from Linked Survey and Administrative Data," National Bureau of Economic Research Working Paper 26081, July 2019, <https://www.nber.org/papers/w26081>.

¹⁶ Matt Broaddus and Aviva Aron-Dine, "Medicaid Expansion Has Saved at Least 19,000 Lives, New Research Finds," Center on Budget and Policy Priorities, November 6, 2019, <https://www.cbpp.org/research/health/medicaid-expansion-has-saved-at-least-19000-lives-new-research-finds>.

¹⁷ Before the ACA, low-income women were eligible for Medicaid while pregnant and for 60 days postpartum, but eligibility before and after pregnancy was very restrictive.

¹⁸ Erica Eliason, "Adoption of Medicaid Expansion Is Associated with Lower Maternal Mortality," *Women's Health Issues*, February 2020, [https://www.whijournal.com/article/S1049-3867\(20\)30005-0/fulltext](https://www.whijournal.com/article/S1049-3867(20)30005-0/fulltext).

¹⁹ Chintan B. Bhatt and Consuelo M. Beck-Sagué, "Medicaid Expansion and Infant Mortality in the United States," *American Journal of Public Health*, April 2018, <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC5844390/>.

driven more preconception health counseling and more use of the most effective birth control measures after childbirth.²⁰

- **Improved financial well-being.** Medicaid expansion protects beneficiaries from catastrophic out-of-pocket medical costs and it improves their overall financial well-being. In its first two years, Medicaid expansion reduced medical debt sent to collections by \$3.4 billion and reduced bankruptcies nationwide by 50,000.²¹ After enrolling in Medicaid expansion coverage, low-income adults had about \$1,140 less in *overall* unpaid debt sent to third-party collections, a study found.²² By preventing medical debt and bankruptcies, Medicaid expansion also provides indirect financial benefits to low-income adults by way of improved credit scores and, in turn, better terms for credit cards, mortgages, and loans. California’s Medicaid expansion drove a 21-percentage-point decrease in payday loan borrowing among adults aged 18 to 34, a 2017 study showed.²³ Medicaid expansion also reduces evictions.²⁴

How Has Medicaid Expansion Reduced Racial Disparities?

Racism, economic and health system inequities, limits on immigrants’ eligibility for Medicaid and other public health coverage, and many other factors have driven longstanding, harmful racial disparities in coverage, access to care, and health outcomes. While still large, these disparities have narrowed since the ACA’s major coverage provisions took effect in 2014.

The gap in uninsured rates between white and Black adults shrunk by 61 percent in expansion states (versus 43 percent in non-expansion states), while the gap between white and Hispanic adults shrunk by 43 percent in expansion states (versus 25 percent in non-expansion states).²⁵ (See Figure 6.) Medicaid expansion has also helped lower uninsured rates among American Indians and Alaska Natives, with their non-elderly adult uninsured rate falling from 31 percent in 2013 to 20 percent in

²⁰ Rebecca Myerson, Samuel Crawford, and Laura R. Wherry, “Medicaid Expansion Increased Preconception Health Counseling, Folic Acid Intake, and Postpartum Contraception,” *Health Affairs*, November 2020, <https://www.healthaffairs.org/doi/10.1377/hlthaff.2020.00106>.

²¹ Kenneth Brevoort *et al.*, “Medicaid and Financial Health,” National Bureau of Economic Research Working Paper 24002, November 2017, https://www.nber.org/system/files/working_papers/w24002/w24002.pdf.

²² Luojia Hu *et al.*, “The Effect of the Patient Protection and Affordable Care Act Medicaid Expansions on Financial Wellbeing,” National Bureau of Economic Research Working Paper 22170, February 2018, https://www.nber.org/system/files/working_papers/w22170/w22170.pdf.

²³ Heidi Allen *et al.*, “Early Medicaid Expansion Associated With Reduced Payday Borrowing In California,” *Health Affairs*, October 2017, <https://www.healthaffairs.org/doi/10.1377/hlthaff.2017.0369>.

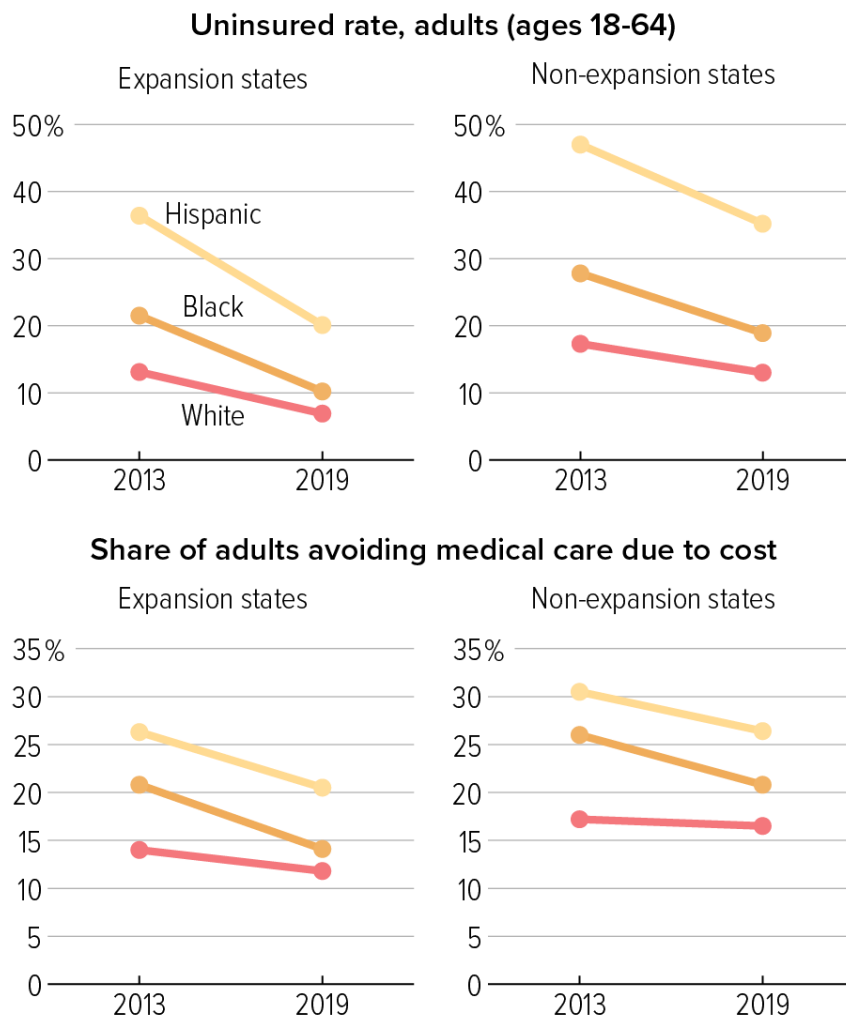
²⁴ Heidi Allen *et al.*, “Can Medicaid Expansion Prevent Housing Evictions?” *Health Affairs*, September 2019, <https://www.healthaffairs.org/doi/pdf/10.1377/hlthaff.2018.05071>.²⁵ Jesse C. Baumgartner., Sara R. Collins, and David C. Radley, “Racial and Ethnic Inequities in Health Care Coverage and Access, 2013-2019,” Commonwealth Fund, June 9, 2021, <https://www.commonwealthfund.org/publications/issue-briefs/2021/jun/racial-ethnic-inequities-health-care-coverage-access-2013-2019>.

²⁵ Jesse C. Baumgartner., Sara R. Collins, and David C. Radley, “Racial and Ethnic Inequities in Health Care Coverage and Access, 2013-2019,” Commonwealth Fund, June 9, 2021, <https://www.commonwealthfund.org/publications/issue-briefs/2021/jun/racial-ethnic-inequities-health-care-coverage-access-2013-2019>.

2017 in expansion states, while falling only slightly in non-expansion states.²⁶ Of those who could gain coverage if the remaining states adopted the Medicaid expansion, 60 percent are people of color.²⁷

FIGURE 6

Medicaid Expansion Reduced Racial and Ethnic Disparities in Both Coverage and Access to Care



Note: ACA = Affordable Care Act. Black and white racial categories exclude those identifying as Hispanic; Hispanic can include any race.

Source: Census' 2013 and 2019 American Community Surveys (uninsured rate), and Commonwealth Fund (share avoiding care)

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²⁶ Kaiser Family Foundation, "Health and Health Care for American Indians and Alaska Natives (AIANS) in the United States," May 10, 2019, <https://www.kff.org/infographic/health-and-health-care-for-american-indians-and-alaska-natives-aians/>.

²⁷ Lukens and Sharer, *op cit*.

Expansion is also improving health outcomes for people of color, preliminary evidence suggests. Mortality rates from end-stage renal disease fell more in expansion than non-expansion states, with Black people (who are at higher risk for kidney failure) experiencing particularly large improvements.²⁸ Among all women, there were fewer maternal deaths per live births in expansion states than non-expansion states, with the drop in maternal deaths greatest among Black women.²⁹ And, under Michigan’s Medicaid expansion, Black people reported the largest drop in the number of days of poor physical health of any racial or ethnic group.³⁰

How Has Expansion Helped Children, People with Disabilities, and Others Who Were Previously Eligible for Medicaid?

Medicaid expansion drives gains in health coverage among people who were previously eligible for Medicaid, including children and parents.

Most children in families with low incomes were eligible for Medicaid before the ACA, but Medicaid eligibility for parents was limited and varied considerably across states. The median pre-ACA income eligibility limits were just 61 percent of the poverty line for working parents and 37 percent for unemployed parents.³¹

Medicaid expansion produces a “welcome mat” effect, research has found, so that extending coverage to adults increases children’s coverage as well. Children in states that extended Medicaid coverage to parents before the ACA, for instance, participated in Medicaid at a rate that was 20 percentage points higher than children in states with no such extensions.³² The ACA’s Medicaid expansion has had a similar impact, with enrollment increasing disproportionately among children of *parents* who became newly eligible. Over 700,000 children who were previously eligible for Medicaid gained coverage from 2013 to 2015, and the gains were twice as large in expansion states as in non-expansion states.³³ Coverage gains for parents, and the associated gains for children, also improve children’s access to care, with a 2017 study finding that children are 29 percentage points likelier to have an annual well-child visit if their *parents* are enrolled in Medicaid.³⁴

²⁸ Shailender Swaminathan *et al.*, *op cit.*

²⁹ Erica L. Eliason, “Adoption of Medicaid Expansion Is Associated with Lower Maternal Mortality,” *Women’s Health Issues*, February 25, 2020, [https://www.whijournal.com/article/S1049-3867\(20\)30005-0/fulltext](https://www.whijournal.com/article/S1049-3867(20)30005-0/fulltext).

³⁰ Minal R. Patel *et al.*, “Examination of Changes in Health Status Among Michigan Medicaid Expansion Enrollees From 2016 to 2017,” *JAMA Network*, July 10, 2020, <https://jamanetwork.com/journals/jamanetworkopen/fullarticle/2768102>.

³¹ Martha Heberlein *et al.*, “Getting in Gear for 2014: Findings From a 50-State Survey of Eligibility, Enrollment, Renewal and Cost-Sharing Policies in Medicaid and CHIP, 2012-2013,” Kaiser Family Foundation, January 23, 2013, <https://www.kff.org/medicaid/report/getting-into-gear-for-2014-findings-from-a-50-state-survey-of-eligibility-enrollment-renewal-and-cost-sharing-policies-in-medicaid-and-chip-2012-2013/>.

³² Lisa Dubay and Genevieve Kenney, “Expanding Public Health Insurance to Parents: Effects on Children’s Coverage under Medicaid,” Health Services Research, October 7, 2003, <https://onlinelibrary.wiley.com/doi/abs/10.1111/1475-6773.00177>.

³³ Julie Hudson and Asako S. Moriya, “Medicaid Expansion For Adults Had Measurable ‘Welcome Mat’ Effects on Their Children,” *Health Affairs*, September 2017, <https://www.healthaffairs.org/doi/full/10.1377/hlthaff.2017.0347?journalCode=hlthaff>.

³⁴ Maya Venkataramani *et al.*, “Spillover Effects of Adult Medicaid Expansions on Children’s Use of Preventive Services,” *Pediatrics*, December 2017, <https://pediatrics.aappublications.org/content/140/6/e20170953>.

Medicaid expansion also benefits people with disabilities. Nearly a quarter of non-elderly adult Medicaid enrollees had a disability in 2019, and most didn't qualify through a disability pathway such as receipt of Supplemental Security Income (SSI). That's because many people with a disability don't meet strict state or federal standards for disability and qualify for Medicaid under expansion.³⁵ In addition to covering more people with disabilities, some states have used the budget savings generated by expansion to improve access to services for people with disabilities, including specialized services for behavioral health and other chronic conditions.³⁶

Even though experts have fully debunked the argument, Medicaid expansion's opponents nevertheless sometimes still argue that expansion harms the "truly needy" by forcing seniors and people with disabilities onto waiting lists for Medicaid. In fact, there are no waiting lists to enroll in Medicaid. States must enroll all eligible beneficiaries, including children, seniors, people with disabilities, and adults — without exception. While states can (and many do) have waiting lists for seniors and people with disabilities to receive home- and community-based services (HCBS) — i.e., care in the community for people who would otherwise have to go into a nursing home or other institution — there is no connection between a state with a waiting list and its expansion status; all ten states without an HCBS waiting list have expanded Medicaid.³⁷

How Does Medicaid Expansion Affect Employment?

More than 80 percent of the non-elderly, non-disabled adults enrolled in Medicaid work full or part time, act as caregivers for family members or loved ones, or are students.³⁸ Yet most jobs that Medicaid beneficiaries have or will likely get don't pay enough for them to shift into subsidized individual market coverage or offer employer-based coverage.

While expansion critics often say that Medicaid is a disincentive to work, expansion has not reduced labor force participation among those who become eligible for Medicaid.³⁹ Medicaid, in fact, is an important work support because health coverage makes it easier for enrollees to look for a job and to work. Enrollees also say that having Medicaid coverage makes them better at their jobs.

³⁵ Lukens and Sharer, *op cit*.

³⁶ Molly O'Malley Watts, MaryBeth Musumeci, and Priya Chidambaram, "State Variation in Medicaid LTSS Policy Choices and Implications for Upcoming Debates," Kaiser Family Foundation, February 26, 2021, <https://www.kff.org/medicaid/issue-brief/state-variation-in-medicaid-ltss-policy-choices-and-implications-for-upcoming-policy-debates/>.

³⁷ MaryBeth Musumeci, Molly O'Malley Watts, and Priya Chidambaram, "Key State Policy Choices About Medicaid Home and Community-Based Services," Kaiser Family Foundation, February 4, 2020, <https://www.kff.org/report-section/key-state-policy-choices-about-medicaid-home-and-community-based-services-appendix-tables/>.

³⁸ Rachel Garfield *et al.*, "Work Among Medicaid Adults: Implications of Economic Downturn and Work Requirements," Kaiser Family Foundation, February 2021, <https://www.kff.org/report-section/work-among-medicaid-adults-implications-of-economic-downturn-and-work-requirements-issue-brief/>.

³⁹ For example, one study found that low-income workers in expansion states did not lose jobs, switch jobs, or change from full- to part-time work more frequently than low-income workers in non-expansion states. Angshuman Gooptu *et al.*, "Medicaid Expansion Did Not Result In Significant Employment Changes Or Job Reductions In 2014," *Health Affairs*, January 2016, <https://www.healthaffairs.org/doi/full/10.1377/hlthaff.2015.0747>.

(See Figure 7.) Medicaid expansion is a work incentive for people with disabilities; those in expansion states are likelier to be employed than those in non-expansion states.⁴⁰

The Trump Administration encouraged states to adopt policies taking Medicaid coverage away from people who did not meet work requirements. In Arkansas, the one state to implement work requirements, 18,000 Medicaid enrollees — nearly 1 in 4 adults subject to the requirements — lost their coverage. In New Hampshire, about 40 percent of adults subject to work requirements would have lost their coverage if the state had not put the policy on hold. The Biden Administration subsequently withdrew Arkansas’ and New Hampshire’s authority to continue their work requirements programs.

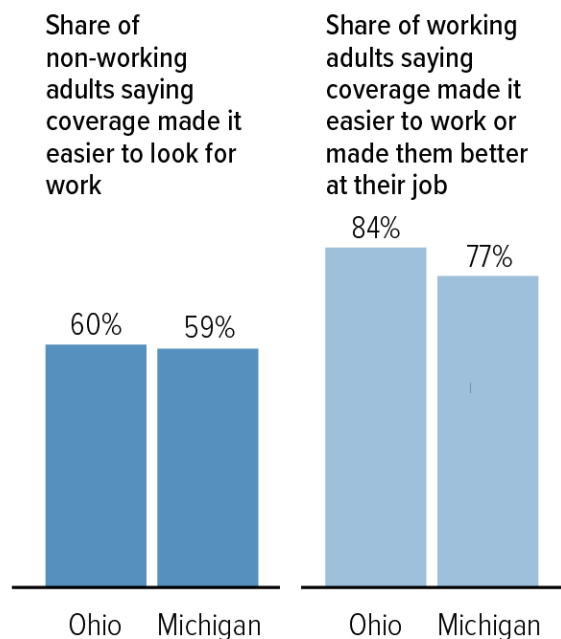
How Does Medicaid Expansion Affect Hospitals?

Medicaid expansion reduces the uncompensated care burdens of hospitals and improves their operating margins, particularly for rural and safety-net hospitals.

From 2013 to 2015, Medicaid expansion reduced uncompensated care costs by an estimated \$6.2 billion across the 31 states (plus the District of Columbia) that expanded during that time.⁴¹ By 2015, expansion had cut 41 cents off every \$1 of uncompensated care costs of hospitals in 2013. Immediately after a state expands Medicaid, the state’s hospitals experience an increase in both their Medicaid revenue and their overall operating margins.⁴² So, not surprisingly, hospitals in expansion states are about 84 percent less likely to close than hospitals in non-expansion states.⁴³

FIGURE 7

Medicaid Expansion Enrollees Report Coverage Helps Them Work and Look for Work



Note: Under the Affordable Care Act, states have the option to expand their Medicaid programs to provide coverage for more low-income adults.

Source: Ohio Department of Medicaid and University of Michigan Institute for Healthcare Policy and Innovation, 2018

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⁴⁰ Jean P. Hall *et al.*, “Effect of Medicaid Expansion on Workforce Participation for People With Disabilities,” *American Journal of Public Health*, February 2017, <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC5227925/>.

⁴¹ David Dranove, Craig Garthwaite, and Christopher Ody, “The Impact of the ACA’s Medicaid Expansion on Hospitals’ Uncompensated Care Burden and the Potential Effects of Repeal,” Commonwealth Fund, May 2017, <https://www.commonwealthfund.org/publications/issue-briefs/2017/may/impact-acas-medicaid-expansion-hospitals-uncompensated-care>.

⁴² Fredric Blavin and Christal Ramos, “Medicaid Expansion: Effects on Hospital Finances and Implications for Hospitals Facing COVID-19 Challenges,” *Health Affairs*, January 2021, <https://www.healthaffairs.org/doi/full/10.1377/hlthaff.2020.00502>.

⁴³ Richard C. Lindrooth *et al.*, “Understanding The Relationship Between Medicaid Expansions And Hospital Closures,” *Health Affairs*, January 2018, <https://www.healthaffairs.org/doi/10.1377/hlthaff.2017.0976>.

Medicaid expansion is especially important to rural hospitals, which have operating margins that are often so low that uncompensated care costs can prove crippling. Since 2010, 138 rural hospitals have closed across the country and most are in states that haven't expanded Medicaid.⁴⁴ A location in a Medicaid expansion state decreases the likelihood that a rural hospital will close by 62 percent.⁴⁵

⁴⁴ Cecil G. Sheps Center for Health Services Research, "Rural Hospital Closures," accessed June 16, 2021, <https://www.shepscenter.unc.edu/programs-projects/rural-health/rural-hospital-closures/>.

⁴⁵ Michael Topchik *et al.*, "The Rural Health Safety Net Under Pressure: Rural Hospital Vulnerability," Chartis Center for Rural Health, February 2020, https://www.ivantageindex.com/wp-content/uploads/2020/02/CCRH_Vulnerability-Research_FINAL-02.14.20.pdf.