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## Medicaid Expansion Helps Newly Eligible Adults and Groups Traditionally Eligible for Medicaid

By Laura Harker

Evidence from a decade of implementation shows that the Affordable Care Act’s (ACA) Medicaid expansion has led to important gains not only for newly eligible adults,<sup>1</sup> but also for children, older adults, and people with disabilities — groups traditionally eligible for Medicaid. Claims by opponents that Medicaid expansion diverts resources from those already eligible aren’t supported by the evidence.

In Washington, D.C. and the 40 states that have adopted the Medicaid expansion, it fills a critical gap in coverage for adults aged 19 to 64 with incomes up to 138 percent of the poverty level (\$20,783 a year for an individual). A wealth of state data shows expansion’s many positive impacts on adults with low incomes, including improving their access to health care, their health outcomes, and their financial security.<sup>2</sup>

### Expansion Supports Better Outcomes for All Groups

Some critics claim that Medicaid expansion “reduce[s] spending for vulnerable populations — the poor, aged, disabled, and children.”<sup>3</sup> This is untrue. Research shows that Medicaid expansion has driven gains in coverage and improvements in health care access and outcomes for children, older adults, and people with disabilities, and expansion has brought more federal funding to states to cover the cost of their care. For example:

- **Children:** Studies have found that extending Medicaid coverage to parents has a “welcome mat” effect on children’s coverage because parents are likelier to sign up their eligible children when the whole family can get coverage. (The “welcome mat” effect refers to enrollment

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<sup>1</sup> Laura Harker and Breanna Sharer, “Medicaid Expansion: Frequently Asked Questions,” CBPP, updated March 18, 2024, <https://www.cbpp.org/research/health/medicaid-expansion-frequently-asked-questions-0#how-has-medicaid-expansion-improved-cbpp-anchor>.

<sup>2</sup> CBPP, “The Far-Reaching Benefits of the Affordable Care Act’s Medicaid Expansion,” updated October 21, 2020, <https://www.cbpp.org/research/health/chart-book-the-far-reaching-benefits-of-the-affordable-care-acts-medicaid-expansion>.

<sup>3</sup> Republican Study Committee, “Republican Study Committee FY 2025 Budget Proposal,” March 20, 2024, [https://hern.house.gov/uploadedfiles/final\\_budget\\_including\\_letter\\_word\\_doc-final\\_as\\_of\\_march\\_25.pdf](https://hern.house.gov/uploadedfiles/final_budget_including_letter_word_doc-final_as_of_march_25.pdf).

increases among people who were previously eligible for coverage but not enrolled, following an eligibility expansion to a different group.)<sup>4</sup>

In expansion states, just 4.1 percent of children are uninsured, compared to 8.1 percent in non-expansion states.<sup>5</sup> Studies also found that the share of children receiving preventive care rose in states that expanded Medicaid, and parents with coverage are more likely to have protection from economic strains that can harm children’s long-term development.<sup>6</sup>

- **Older adults:** While not eligible for Medicaid expansion directly, adults aged 65 and over have also benefited from expansion through the “welcome mat” effect described above. Data show that among adults aged 65 and over with limitations related to a chronic condition, those in expansion states are significantly more likely than those in non-expansion states to be covered by traditional Medicaid (alongside Medicare) and to have had a recent physician office visit.<sup>7</sup>

It’s also worth noting that Medicaid expansion has saved lives, especially among newly covered near-seniors who otherwise would not have access to affordable coverage. A study of 55- to 64-year-olds found that Medicaid expansion reduced annual mortality rates between 39 percent and 64 percent for older adults gaining coverage.<sup>8</sup>

- **People with disabilities:** Because of the strict standards for federal disability benefits, many people with disabilities don’t qualify for traditional Medicaid on the basis of their disability. But in expansion states, more people with disabilities can qualify for Medicaid based on their income. People with disabilities who gained Medicaid expansion coverage had larger improvements in full-year insurance coverage and use of primary and preventive care than those without disabilities.<sup>9</sup>

Also, a study found that people with disabilities in expansion states were more likely to be employed than those in non-expansion states. Those in expansion states “are now able to

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<sup>4</sup> Liz Arjun and Jocelyn Guyer, “Putting Out the Welcome Mat: Implications of Coverage Expansions for Already-Eligible Children,” Georgetown University Center for Children and Families, September 2008, [https://ccf.georgetown.edu/wp-content/uploads/2012/03/Strategy%20center\\_putting%20out%20the%20welcome%20mat.pdf](https://ccf.georgetown.edu/wp-content/uploads/2012/03/Strategy%20center_putting%20out%20the%20welcome%20mat.pdf).

<sup>5</sup> U.S. Census Bureau, Current Population Survey, 2023 Annual Social and Economic Supplements (CPS ASEC).

<sup>6</sup> Adam Searing, Alexandra Corcoran, and Joan Alker, “Children Are Left Behind When States Fail to Expand Medicaid,” Georgetown University Center for Children and Families, February 2021, [https://ccf.georgetown.edu/wp-content/uploads/2021/02/Kids-and-Medicaid-expansion\\_2-19.pdf](https://ccf.georgetown.edu/wp-content/uploads/2021/02/Kids-and-Medicaid-expansion_2-19.pdf).

<sup>7</sup> Renuka Tipirneni and John Z. Ayanian, “Spillover Benefits of Medicaid Expansion for Older Adults With Low Incomes,” *JAMA Health Forum*, June 3, 2022, <https://jamanetwork.com/journals/jama-health-forum/fullarticle/2793010>.

<sup>8</sup> Matt Broaddus and Aviva Aron-Dine, “Medicaid Expansion Has Saved at Least 19,000 Lives, New Research Finds,” CBPP, November 6, 2019, <https://www.cbpp.org/research/health/medicaid-expansion-has-saved-at-least-19000-lives-new-research-finds>.

<sup>9</sup> Timothy B. Creedon *et al.*, “Effects of Medicaid expansion on insurance coverage and health services use among adults with disabilities newly eligible for Medicaid,” *Health Services Research*, December 2022, <https://pubmed.ncbi.nlm.nih.gov/35811358/>.

access and maintain Medicaid coverage while earning at levels that previously would have made them ineligible,” the study explains.<sup>10</sup>

In addition, some critics have claimed that Medicaid expansion has forced older adults and people with disabilities onto waiting lists for care. This is untrue as well; there are no waiting lists to enroll in Medicaid.<sup>11</sup> States must enroll all eligible beneficiaries, including children, people with disabilities, and adults in coverage — without exception. Many states have waiting lists for Medicaid’s home- and community-based services (HCBS), which give people needing long-term services an alternative to nursing homes. But there is no connection between Medicaid expansion and these waiting lists, and these HCBS policies pre-date Medicaid expansion.<sup>12</sup>

## Federal Financing for Expansion Benefits State Budgets and Communities

Finally, some critics claim that Medicaid expansion, by giving states a higher federal matching rate (90 percent) than they receive for their traditional Medicaid populations (50-77 percent, depending on the state), goes against prioritizing care for the “truly needy,” and that expanding Medicaid will “demolish” state budgets.<sup>13</sup> This argument ignores the fact that Congress, in the ACA, offered a higher match rate for the expansion population in order to help states cover low-income adults *without* significantly disrupting state budgets.<sup>14</sup> Also under the ACA, the federal government picked up a large portion of the costs of covering slightly higher-income people via the new health insurance marketplace.<sup>15</sup>

This policy has proven to be effective: in most states, adopting Medicaid expansion has had little to no net impact on state budgets.<sup>16</sup> Expansion has helped reduce spending on other areas of state budgets, like corrections and mental health and substance use treatment, as well as state spending on some people in traditional Medicaid groups, who can now attain coverage with a higher federal match through Medicaid expansion.

The 2021 American Rescue Plan includes an additional fiscal incentive for states: states that newly expand Medicaid receive a two-year, 5 percentage point increase in their federal matching rate for

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<sup>10</sup> Jean P. Hall *et al.*, “Effect of Medicaid Expansion on Workforce Participation for People With Disabilities,” *American Journal of Public Health*, Vol. 10, No. 2, February 2017, <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC5227925/>.

<sup>11</sup> Judith Solomon, “False Claims That the Medicaid Expansion Is Causing Waiting Lists,” CBPP, March 20, 2017, <https://www.cbpp.org/blog/false-claims-that-the-medicaid-expansion-is-causing-waiting-lists>.

<sup>12</sup> Alice Burns, Maiss Mohamed, and Molly O’Malley Watts, “A Look at Waiting Lists for Medicaid Home- and Community-Based Services from 2016 to 2023,” KFF, November 29, 2023, <https://www.kff.org/medicaid/issue-brief/a-look-at-waiting-lists-for-medicaid-home-and-community-based-services-from-2016-to-2023/>.

<sup>13</sup> Foundation for Government Accountability, “A Decade of Medicaid Expansion Disasters,” April 15, 2024, <https://thefga.org/blog/a-decade-of-medicaid-expansion-disasters/>.

<sup>14</sup> Harker and Sharer, <https://www.cbpp.org/research/health/medicaid-expansion-frequently-asked-questions-0#:~:text=Under%20the%20ACA,state.%5B1%5D>.

<sup>15</sup> Rachel Garfield, Kendal Orgera, and Anthony Damico, “The Uninsured and the ACA: A Primer,” KFF, January 2019, <https://files.kff.org/attachment/The-Uninsured-and-the-ACA-A-Primer-Key-Facts-about-Health-Insurance-and-the-Uninsured-amidst-Changes-to-the-Affordable-Care-Act>.

<sup>16</sup> 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>.

traditional Medicaid.<sup>17</sup> In North Carolina, for example, this incentive resulted in a 14.7 percent decrease in the state's share of traditional Medicaid costs.<sup>18</sup> The state is using these savings to pay for other priorities, like increased funding for rural health care centers and mental health and substance use disorder services and for strengthening the health care workforce. Thus, even with more than 447,000 people receiving expansion coverage as of May 2024, North Carolina isn't taking away from traditional Medicaid or other health care programs; it's enhancing them.<sup>19</sup>

Critiques of Medicaid expansion's federal matching rate also ignore the fact that the added funding benefits entire communities. Medicaid expansion helps states strengthen their health care systems by reducing providers' uncompensated care costs, which improves the finances of hospitals, especially in rural communities.<sup>20</sup> Expansion also infuses significant new funds to address issues like the opioid crisis, mental health, and homelessness.

Conservative attacks on the 90 percent matching rate, far from helping the so-called "truly needy," serve only to jeopardize access for millions of people who have gained coverage through expansion. Because the Supreme Court made Medicaid expansion optional, if Congress reduced the matching rate for the expansion population, some states that have made expansion contingent on the 90 percent match would roll back their expansions.

But coverage losses for low-income adults wouldn't result in new benefits for the children, older adults, and people with disabilities who would remain eligible for Medicaid. Instead, the gains described above for those groups would be reversed, and states and localities would face higher costs for covering uninsured people, without the federal support they have come to rely upon.

## **Everyone Needs and Deserves Access to Health Coverage**

Arguments that pit children, people with disabilities, and elderly people against working-age adults (who are often responsible for caring for members of those groups) ignore the basic fact that anyone is vulnerable to the negative economic and health impacts from being uninsured. Working-age adults need and deserve access to health care coverage as much as anyone else so they can care for themselves and their families.

The Medicaid expansion group includes, for example, workers who aren't offered coverage through their employer or can't afford employer coverage, young adults who are in school or just starting their career, caregivers (including parents whose children have Medicaid coverage but couldn't get coverage themselves until expansion), and people with chronic conditions who likewise

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<sup>17</sup> Jennifer Sullivan, Allison Orris, and Gideon Lukens, "Entering Their Second Decade, Affordable Care Act Coverage Expansions Have Helped Millions, Provide the Basis for Further Progress," CBPP, updated March 25, 2024, <https://www.cbpp.org/research/health/entering-their-second-decade-affordable-care-act-coverage-expansions-have-helped#additional-federal-medical-assistance-percentage-cbpp-anchor>.

<sup>18</sup> North Carolina General Assembly Fiscal Research Division, "State Savings from Adding NC Health Works Medicaid Coverage," February 6, 2024, <https://webservices.ncleg.gov/ViewDocSiteFile/83443>.

<sup>19</sup> NC Medicaid Enrollment Dashboard, North Carolina Department of Health and Human Services, Division of Health Benefits, <https://medicaid.ncdhhs.gov/reports/dashboards/enrollment-dashboard>. Data retrieved May 9, 2024.

<sup>20</sup> Meghana Ammula and Madeline Guth, "What Does the Recent Literature Say About Medicaid Expansion?: Economic Impacts on Providers," KFF, January 18, 2023, <https://www.kff.org/medicaid/issue-brief/what-does-the-recent-literature-say-about-medicaid-expansion-economic-impacts-on-providers/>.

couldn't get coverage if not for Medicaid expansion. The expansion group also includes some of the most vulnerable members of our society: people suffering from chronic mental health and substance use disorders and people experiencing homelessness, whose lives could be dramatically improved with access to affordable, stable health coverage.

To understand the importance of health coverage for people in the expansion population, consider a person with a chronic condition such as cancer or multiple sclerosis. If they live in a non-expansion state, people with severe chronic illnesses often cannot receive Medicaid until their condition becomes so serious that they qualify for federal disability benefits (for which there is a very high bar), which in turn qualifies them for Medicaid on the basis of disability. Forcing them to wait until their health deteriorates deprives them and their family of years in which they could have had access to care that might slow their disease, improve their quality of life, and enable them to keep working and living with dignity.

In sum, Medicaid expansion has enabled states to extend coverage to adults with low incomes while maintaining and even improving coverage for groups already eligible for coverage and producing state budget savings.<sup>21</sup> The remaining ten states' failure to expand has left more than 1.6 million people in a coverage gap, with incomes too low to qualify for financial help with marketplace coverage but too high to qualify for Medicaid.<sup>22</sup> Policymakers should ignore baseless attacks on the expansion and instead acknowledge its success and work to close the coverage gap in states that have yet to expand.<sup>23</sup>

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<sup>21</sup> Ward.

<sup>22</sup> The non-expansion states are Alabama, Florida, Georgia, Kansas, Mississippi, South Carolina, Tennessee, Texas, Wisconsin, and Wyoming. See CBPP, "The Medicaid Coverage Gap: State Fact Sheets," updated April 3, 2024, <https://www.cbpp.org/research/health/the-medicaid-coverage-gap>.

<sup>23</sup> Sullivan, Orris, and Lukens.