October 2, 2018

Chart Book: The Far-Reaching Benefits of the Affordable Care Act’s Medicaid Expansion

So far, 32 states (including Washington, D.C.) have expanded Medicaid coverage to low-income adults under the Affordable Care Act (ACA). Virginia also will do so in January 2019, and several other states may expand through initiatives on the November ballot.

A growing body of research shows that Medicaid expansion has produced significant benefits — for those gaining coverage, their families, and their communities. Medicaid enrollees have improved health care access, health outcomes, and financial security, among other things. More people with opioid use and other substance use disorders are getting treatment. Hospitals, particularly in rural areas, have seen improved financial health.

The charts below show how Medicaid expansion has led to:

- Wider health coverage
- Better access to health care
- Better health outcomes
- More financial security
- More support for employment
- Improved substance use treatment
- Better financial health for rural hospitals
The charts in the final section show that Medicaid is efficient, with costs that are lower — and rising more slowly — than private insurance.

### Status of State Medicaid Expansion in 2018

[Map showing the status of state Medicaid expansion in 2018]

*Note: States have the option to expand their Medicaid programs under the Affordable Care Act. Maine voters approved Medicaid expansion in November 2017, but the state has yet to implement the expansion due to opposition from Governor Paul LePage.*
Wider Health Coverage

The nation’s uninsured rate remained at a historic low in 2017, the fourth full year of the ACA’s major coverage expansions (the Medicaid expansion and subsidized marketplace coverage). Since 2013, the uninsured rate has declined by more than one-third.

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Historic Coverage Gains Since Affordable Care Act’s Coverage Expansions Took Effect in 2014

![Chart showing uninsured rate and number of uninsured (millions) from 2013 to 2017.]

Source: Census Bureau, Current Population Survey

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In 2017, states that had adopted the expansion had a 46 percent lower uninsured rate than non-expansion states, and the gap is widening.

<table>
<thead>
<tr>
<th>Year</th>
<th>Medicaid expansion states*</th>
<th>Other states</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>13.0%</td>
<td>17.0%</td>
</tr>
<tr>
<td>2014</td>
<td>9.9%</td>
<td>14.6%</td>
</tr>
<tr>
<td>2015</td>
<td>7.5%</td>
<td>12.5%</td>
</tr>
<tr>
<td>2016</td>
<td>6.6%</td>
<td>11.8%</td>
</tr>
<tr>
<td>2017</td>
<td>6.6%</td>
<td>12.2%</td>
</tr>
</tbody>
</table>

*The Affordable Care Act gave states the option to expand Medicaid to adults with income up to 138 percent of the poverty line. Analysis reflects states’ expansion decisions as of January 2017.

Source: CBPP analysis using Census Bureau data.
Ohio’s uninsured rate among low-income adults fell by more than half following the state’s expansion, from 32 percent in 2012 to 14 percent in 2015. More than 700,000 people have enrolled in Medicaid through the expansion. The state’s Medicaid department also finds that these adults had improved access to critical health services, improved employment prospects, and improved personal finances.

**Ohio’s Medicaid Expansion Led to Big Drop in Uninsured Rate**

Share of Ohioans aged 19-64 with income at or below 138% of poverty without insurance

![Bar chart showing uninsured rates from 2008 to 2015.](chart)

Note: States have the option to expand their Medicaid programs under the Affordable Care Act. Ohio’s Medicaid expansion took effect in 2014.

Source: Ohio Medicaid Assessment Survey
A sizable and growing body of research finds that children eligible for Medicaid coverage are likelier to participate when their parents also are eligible. The ACA’s Medicaid expansion raised parents’ eligibility in the typical state from 61 percent of the federal poverty line (annual income of roughly $12,680 for a family of three in 2018) to 138 percent of poverty (roughly $28,680). Experience suggests that this increased eligibility will improve children’s participation, as parents with their own coverage are better able to navigate the health care system and have stronger family finances, which frees up resources for children’s health care.

**Medicaid-Eligible Children Are Likelier to Participate When Parents Also Are Eligible**

Medicaid participation rates for children, by availability of family coverage in the state, 1999

<table>
<thead>
<tr>
<th>Coverage Status</th>
<th>Participation Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>No family coverage</td>
<td>57.1%</td>
</tr>
<tr>
<td>Family coverage, state-funded program*</td>
<td>78.5%</td>
</tr>
<tr>
<td>Family coverage, Medicaid</td>
<td>80.8%</td>
</tr>
</tbody>
</table>

* Minnesota and Washington State implemented health coverage expansions outside Medicaid, funded entirely by the state.

Note: Figures exclude children eligible for Medicaid due to disability.

Source: Urban Institute analysis using National Survey of America’s Families data.

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Better Access to Health Care

In 2008, Oregon expanded Medicaid to a limited number of low-income adults chosen in a lottery from among those eligible. This approach enabled researchers to compare outcomes for those selected through the lottery to otherwise-similar adults not selected. Those enrolled in this limited expansion of Medicaid were found to have greater access to health care, more regular diagnostic and preventive screenings, and higher-quality care.

**Oregon Adults in Medicaid Have Better Health Care Access and Quality**

<table>
<thead>
<tr>
<th>Service</th>
<th>Adults chosen in state’s lottery for Medicaid</th>
<th>Adults eligible for Medicaid but not chosen</th>
</tr>
</thead>
<tbody>
<tr>
<td>Received cholesterol screen</td>
<td>27%</td>
<td>29%</td>
</tr>
<tr>
<td>Mammography for women 50 and older</td>
<td>42%</td>
<td>29%</td>
</tr>
<tr>
<td>Prostate cancer screening for men 50 and older</td>
<td>59%</td>
<td>59%</td>
</tr>
<tr>
<td>Had a usual place of care</td>
<td>41%</td>
<td>41%</td>
</tr>
<tr>
<td>Received all needed care in the past year</td>
<td>46%</td>
<td>46%</td>
</tr>
<tr>
<td>Received high-quality care</td>
<td>70%</td>
<td>70%</td>
</tr>
<tr>
<td></td>
<td>61%</td>
<td>61%</td>
</tr>
<tr>
<td></td>
<td>72%</td>
<td>72%</td>
</tr>
<tr>
<td></td>
<td>78%</td>
<td>78%</td>
</tr>
<tr>
<td></td>
<td>88%</td>
<td>88%</td>
</tr>
</tbody>
</table>

Harvard University researchers periodically survey poor adults in Arkansas, Kentucky, and Texas about their health care experience. In Arkansas and Kentucky, which have adopted the expansion, adults are now likelier to have a personal physician, receive care for chronic conditions, and receive an annual check-up — improvements not seen in Texas, which hasn’t expanded.

### Affordable Care Act’s Medicaid Expansion

**Increasing Low-Income People’s Access to Health Care in Arkansas and Kentucky**

Estimated effect through 2016

#### Arkansas

- **30% increase**
  - in share with a personal physician
- **14% increase**
  - in share with a usual source of care
- **30% increase**
  - in share who got a check-up in the last year
- **21% increase**
  - in share getting regular care for chronic conditions

#### Kentucky

- **26% increase**
  - in share with a personal physician
- **30% increase**
  - in share who got a check-up in the last year
- **54% increase**
  - in share reporting excellent health
- **13% increase**
  - in share getting regular care for chronic conditions

**Note:** States have the option to expand their Medicaid programs under the Affordable Care Act. The study estimated changes in outcomes in Kentucky and Arkansas relative to changes in Texas, which did not expand Medicaid.

**Source:** CBPP calculations from Sommers, et al., Health Affairs, 2017
The American Academy of Pediatrics recommends that children adhere to a regular schedule of well-child visits with their primary care physician. These visits are key to preventing illness, tracking growth and development, educating parents and children on such things as nutrition and safety, offering a regular opportunity to raise concerns, and creating familiarity between the child and the medical team. Researchers find that children are more likely to receive an annual well-child visit — and low-income children are almost twice as likely — when their parent is enrolled in Medicaid. Having their own coverage likely helps parents navigate the health care system for both themselves and their children.

**Children Likelier to Have a Well-Child Visit if Parent Enrolled in Medicaid**

Increased likelihood of well-child visit if parent enrolled in Medicaid

<table>
<thead>
<tr>
<th></th>
<th>All children</th>
<th>Children in low-income families*</th>
</tr>
</thead>
<tbody>
<tr>
<td>29%</td>
<td></td>
<td>45%</td>
</tr>
</tbody>
</table>

*Family incomes between 100 percent and 200 percent of federal poverty line

Source: Analysis using Medical Expenditure Panel Survey data on well-child visits and Kaiser Family Foundation survey findings on Medicaid eligibility.

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Since July 2016, when Louisiana adopted the Medicaid expansion, more than 476,000 Louisianans have enrolled in expansion coverage. These low-income adults are receiving critical mental health and substance use disorder care, as well as diagnosis and treatment for diabetes, hypertension, and cancer, the state reports.

<table>
<thead>
<tr>
<th>Service</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Outpatient mental health services</td>
<td>61,510</td>
</tr>
<tr>
<td>Screening or diagnostic breast imaging</td>
<td>48,924</td>
</tr>
<tr>
<td>Colon cancer screening</td>
<td>27,270</td>
</tr>
<tr>
<td>Newly diagnosed and treated for hypertension</td>
<td>25,613</td>
</tr>
<tr>
<td>Inpatient mental health services</td>
<td>13,756</td>
</tr>
<tr>
<td>Substance use residential services</td>
<td>12,496</td>
</tr>
<tr>
<td>Substance use outpatient services</td>
<td>11,193</td>
</tr>
<tr>
<td>Newly diagnosed and now treated for diabetes</td>
<td>9,505</td>
</tr>
<tr>
<td>Colon polyps removed, cancer averted</td>
<td>8,733</td>
</tr>
</tbody>
</table>

Note: States have the option to expand their Medicaid programs under the Affordable Care Act.
Source: Louisiana Department of Health
More Financial Security

Medicaid enrollees have fewer debts and are less likely to have trouble paying for health care, studies show.

Studies: Medicaid Coverage Improves Financial Security

A survey comparing expansion and non-expansion states finds that the chance of accruing medical debt is 20 percent lower in expansion states. It also finds that Medicaid coverage, by reducing enrollees’ unpaid medical bills, improves their credit, leading to lower-interest mortgage, auto, and credit card loans that save them an estimated $280 per year in interest.

A study published by the National Bureau of Economic Research finds that Medicaid expansion reduces the amount of non-medical debts sent to third-party collection agencies by an estimated $600 to $1,000 per enrollee.

Results from the Oregon Health Insurance Experiment show that enrollees in Oregon’s Medicaid expansion program are 40 percent less likely to borrow money or skip paying bills in order to pay for medical care — and 25 percent less likely to have an unpaid medical bill sent to a collection agency — than those eligible but not enrolled.

The Commonwealth Fund finds that the share of adults reporting medical bill problems or medical debt fell after the Medicaid expansion took effect, from 41 percent in 2012 to 35 percent in 2014.

The Centers for Disease Control and Prevention finds that the share of non-elderly persons having trouble paying medical bills fell by more than 20 percent between 2011 and 2015.

Note: States have the option to expand their Medicaid programs under the Affordable Care Act.
The above-mentioned survey of poor adults in Arkansas, Kentucky, and Texas finds that adults in expansion states Arkansas and Kentucky have experienced reductions in the shares delaying health care due to cost, using the emergency room as a usual source of care, or having trouble paying medical bills relative to non-expansion state Texas.

### Affordable Care Act’s Medicaid Expansion
Improving Low-Income People’s Financial Security in Arkansas and Kentucky

Estimated effect through 2016

#### Arkansas

- **40% decrease** in share delaying care due to cost
- **60% decrease** in share having trouble paying medical bills
- **32% decrease** in share reporting fair or poor health
- **23% decrease** in share using the ER as their usual source of care

#### Kentucky

- **42% decrease** in share delaying care due to cost
- **25% decrease** in share skipping medications due to cost
- **30% decrease** in share with ER visit in past year
- **23% decrease** in share having trouble paying medical bills

Note: States have the option to expand their Medicaid programs under the Affordable Care Act. The study estimated changes in outcomes in Kentucky and Arkansas relative to changes in Texas, which did not expand Medicaid.

Source: CBPP calculations from Sommers, et al., Health Affairs, 2017
Medicaid offers very affordable coverage. Although Medicaid beneficiaries have lower incomes than other groups, they are much less likely to have trouble paying for care out of pocket, or to have financial problems due to medical costs, than people who have private coverage or are uninsured.

### Medicaid Enrollees Less Likely to Have Trouble Paying for Care

Percent of adults ages 19-64

<table>
<thead>
<tr>
<th></th>
<th>Medicaid coverage, insured all year</th>
<th>Private coverage, insured all year</th>
<th>Uninsured during the year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Had problems paying or couldn’t pay medical bills</td>
<td>12%</td>
<td>20%</td>
<td>35%</td>
</tr>
<tr>
<td>Contacted by collection agency for unpaid medical bills</td>
<td>8%</td>
<td>12%</td>
<td>20%</td>
</tr>
<tr>
<td>Did not see specialist when patient or doctor thought one was needed</td>
<td>6%</td>
<td>11%</td>
<td>25%</td>
</tr>
</tbody>
</table>

Note: “Private coverage” = employer plans, marketplace plans, and plans purchased outside marketplace. “Uninsured during the year” = people uninsured at time of survey or with gap in coverage during prior 12 months

Source: The Commonwealth Fund Biennial Health Insurance Survey (2016)
Medicaid beneficiaries also are much less likely to go without needed care due to cost than privately insured or uninsured people.

<table>
<thead>
<tr>
<th>Medicaid Enrollees Less Likely to Forgo Care Due to Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Percent of adults ages 19-64</td>
</tr>
<tr>
<td>Had medical problem, but did not see a doctor</td>
</tr>
<tr>
<td>Did not fill a prescription</td>
</tr>
<tr>
<td>Skipped medical test, treatment, or follow-up recommended by a doctor</td>
</tr>
</tbody>
</table>

Note: “Private coverage” = employer plans, marketplace plans, and plans purchased outside marketplace. “Uninsured during the year” = people uninsured at time of survey or with gap in coverage during prior 12 months.

Source: The Commonwealth Fund Biennial Health Insurance Survey (2016)
More Support for Employment

Most low-income adults enrolled in Medicaid expansion coverage in Ohio and Michigan find that Medicaid makes it easier to look for work and makes it easier to work once they have a job. Health care coverage helps low-income adults to address health problems such as diabetes or depression, which are a common reason why some people lose their job or are unable to find one. These employment benefits are on top of the health benefits that Medicaid expansion enrollees in these states also cited.

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

<table>
<thead>
<tr>
<th>Share of non-working adults saying coverage made it easier to look for work</th>
<th>Share of working adults saying coverage made it easier to work or made them better at their job</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ohio</td>
<td>Michigan</td>
</tr>
<tr>
<td>75%</td>
<td>55%</td>
</tr>
</tbody>
</table>

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, 2017
Improved Substance Use Treatment

While some have claimed that the Medicaid expansion helped cause the nation’s opioid-use crisis, the most recent, comprehensive data show that opioid-related hospitalizations were higher in expansion states than non-expansion states as early as 2011 — three years before Medicaid expansion took effect. And opioid-related hospitalization rates have been growing at roughly the same rate in expansion states and non-expansion states since expansion took effect. Medicaid is part of the solution to the opioid crisis, not a cause.

Opioid-Related Hospitalizations Aren’t Rising More in ACA Medicaid Expansion States Than Other States

Rise in hospitalizations per 100,000 people since first quarter of 2011

*The Affordable Care Act (ACA) gave states the option to expand Medicaid to adults with income up to 138 percent of the poverty line starting in January 2014.

Source: CBPP analysis of Healthcare Cost and Utilization Project data from the Agency for Healthcare Research and Quality. Analysis includes 35 states for which data are available for all of 2011-2015 and which either expanded Medicaid in January 2014, or had not expanded as of October 2015.
There’s an acute need for substance use disorder treatment, particularly as related to opioid-use disorders. A record 63,000 people died of drug overdoses in 2016, with 42,200 due to opioid use. Medicaid expansion appears to have been critical for expanding coverage to those with opioid-use disorders: the share of opioid-related hospitalizations in which the patient was uninsured has plummeted 79 percent in Medicaid expansion states since expansion took effect, compared to a 5 percent decline in non-expansion states.

*The Affordable Care Act (ACA) gave states the option to expand Medicaid to adults with income up to 138 percent of the poverty line starting in 2014.

Source: CBPP analysis of Healthcare Cost and Utilization Project data from the Agency for Healthcare Research and Quality. Analysis includes 26 states for which data are available for all of 2011-2015 and which either expanded Medicaid in January 2014, or had not expanded as of October 2015.
These data are consistent with other evidence that Medicaid expansion is improving access to care for people with opioid use and other substance use disorders. For example, Medicaid data and interviews with Medicaid officials in four states reveal that Medicaid expansion is improving access to outpatient care for those battling opioid-use disorders. Significant majorities of Medicaid expansion enrollees diagnosed with opioid abuse or dependence received outpatient services, including diagnostic services, psychotherapy, evaluation, and management services.

**Medicaid Provides Needed Care for Those Battling Opioid Dependence**

Share of Medicaid expansion enrollees diagnosed with opioid abuse or dependence who received outpatient service in 2014

- Iowa: 81%
- New York: 79%
- Washington: 62%
- West Virginia: 80%

Note: States have the option to expand their Medicaid programs under the Affordable Care Act.

Source: Government Accountability Office analysis using Medicaid administrative data, June 2017.
**Better Financial Health for Rural Hospitals**

Medicaid has long played a greater role in providing health coverage in rural areas than in urban areas, and the ACA has made Medicaid even more vital to rural America. Nearly 1.7 million rural Americans have gained coverage through the Medicaid expansion. Health coverage gains in states that expanded Medicaid to low-income adults have substantially improved rural hospitals’ finances: Medicaid revenue has risen by 33 percent as a share of total rural hospital revenue since 2013.

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**Medicaid Expansion Increases Hospitals’ Medicaid Revenue**

Medicaid revenue as share of total hospital revenue, by state Medicaid expansion status

- Rural, expansion
- Rural, non-expansion
- Urban, expansion
- Urban, non-expansion

Note: States have the option to expand their Medicaid programs under the Affordable Care Act.
Source: Unpublished Urban Institute data
Similarly, the Medicaid expansion significantly improved rural hospitals’ operating margins, which have risen by 4.0 percentage points more in expansion states than in non-expansion states.

**Medicaid Expansion Increases Hospitals’ Operating Margins**

Hospital operating margin, by state Medicaid expansion status and hospital location

Note: Operating margin = difference between revenue from providing services to patients and total operating expenses. States have the option to expand their Medicaid programs under the Affordable Care Act.

Source: Unpublished Urban Institute data
The Medicaid expansion has also reduced rural hospitals’ uncompensated care costs — services for which hospitals aren’t reimbursed by an insurer or patients. Rural hospitals’ uncompensated care costs fell 43 percent in expansion states between 2013 and 2015, compared to 16 percent in non-expansion states.

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**M**edicaid Expansion Reduces Hospitals’ Uncompensated Care Burden

Uncompensated care as share of total hospital expenses, by state Medicaid expansion status

<table>
<thead>
<tr>
<th>Year</th>
<th>Rural, expansion</th>
<th>Rural, non-expansion</th>
<th>Urban, expansion</th>
<th>Urban, non-expansion</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>8.5%</td>
<td>7.7%</td>
<td>3.5%</td>
<td>4.2%</td>
</tr>
<tr>
<td>2012</td>
<td>7.9%</td>
<td>7.1%</td>
<td>3.1%</td>
<td>3.8%</td>
</tr>
<tr>
<td>2013</td>
<td>7.3%</td>
<td>6.6%</td>
<td>2.8%</td>
<td>3.4%</td>
</tr>
<tr>
<td>2014</td>
<td>6.8%</td>
<td>6.1%</td>
<td>2.5%</td>
<td>3.0%</td>
</tr>
<tr>
<td>2015</td>
<td>6.3%</td>
<td>5.6%</td>
<td>2.1%</td>
<td>2.6%</td>
</tr>
</tbody>
</table>

Note: States have the option to expand their Medicaid programs under the Affordable Care Act.

Source: Unpublished Urban Institute data

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When a state’s uninsured rate falls, uncompensated care costs as a share of total hospital costs fall at roughly the same rate. This relationship is especially strong in Medicaid expansion states, likely because Medicaid serves financially vulnerable people who are less likely able to pay medical bills when uninsured.

Also, uninsured rates and uncompensated care costs fell more in expansion states than in non-expansion states between 2013 and 2015.

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**Uncompensated Care Costs Decline with Decline in Uninsured Rate**

Percent change, 2013 to 2015

- Medicaid expansion state
- Non-Medicaid expansion state

Source: CBPP analysis using Medicaid and CHIP Payment and Access Commission data on uncompensated care costs and Census Bureau data on uninsured rates by state.

Note: The Affordable Care Act allows states to expand their Medicaid programs. Each bubble represents a state with the size of the bubble based on state population.
**Medicaid Is Efficient**

Medicaid is more efficient and cost-effective than private insurance. Adult Medicaid beneficiaries are in poorer health than other adults, on average, but research that looks at enrollees with similar health status finds that it costs significantly less to cover an adult in Medicaid than in private health insurance. That’s because Medicaid’s provider payment rates and administrative costs are lower than those of private plans.

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**Medicaid Costs 28% Less for Adults Than Private Insurance**

Estimated 2009 per-capita costs of Medicaid vs. private insurance, after adjusting for enrollees’ health differences

<table>
<thead>
<tr>
<th>Medicaid</th>
<th>Private insurance</th>
</tr>
</thead>
<tbody>
<tr>
<td>$6,052</td>
<td>$7,752</td>
</tr>
</tbody>
</table>

Source: The Urban Institute and Kaiser Family Foundation analysis using Medical Expenditure Panel Survey data. Adults are those aged 19 to 64 with family income no greater than 138 percent of the federal poverty line.
Over the past 30 years, Medicaid costs per beneficiary have essentially tracked costs in the health care system as a whole, public and private. In fact, costs per beneficiary grew much more slowly for Medicaid than for private insurance between 1987 and 2014, and they are expected to continue growing more slowly than for private insurance in coming years, according to the Medicaid and CHIP Payment and Access Commission.

Moreover, the Congressional Budget Office has lowered its projection of Medicaid spending for the 2011-2020 period by $311 billion (9.3 percent) since 2010, largely due to slower expected growth in per-beneficiary costs.

<table>
<thead>
<tr>
<th>Medicaid Spending per Beneficiary Has Grown More Slowly Than Private Insurance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average annual growth rate per enrollee, 1987-2015</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Medicaid</th>
<th>Private insurance</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.1%</td>
<td>6.9%</td>
</tr>
</tbody>
</table>

Source: Centers for Medicare & Medicaid Services, National Health Expenditure Tables, December 2016, Table 21