

**American Academy of Actuaries:
A Medicaid Coverage Gap Could Increase Private Premiums**

A state's failure to expand Medicaid would likely increase premiums for private health insurance premiums in the individual market, according to a new brief from the American Academy of Actuaries, "[Implications of Medicaid Expansion Decisions on Private Coverage](#)." The Academy is a professional association that provides non-partisan actuarial advice and expertise. The brief finds:

- **The premium cost of covering privately insured people in the individual market (both inside and outside of the new health insurance exchange) likely would be higher in a state that does not expand Medicaid.** The brief states that premium increases would likely be well more than two percent among states that don't expand Medicaid. This would raise premiums for people buying coverage in the individual health insurance market without federal subsidies. It would also increase the costs the federal government must pay to subsidize the premiums of low- and moderate-income people.
- **In a state that does not expand Medicaid, premiums could also increase due to a less effective reinsurance program.** The temporary reinsurance program was established by the Affordable Care Act to stabilize individual health insurance premiums by picking up a portion of the cost of enrollees with significant health spending. But in states that do not take up the Medicaid expansion, the population covered in the individual market is likely to have higher health costs than it otherwise would; that means the reinsurance program would have to do more while being spread over more people.