MEDICAID EXPANSION AND THE AFFORDABLE CARE ACT
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David Blatt
Director, Oklahoma Policy Institute
dblatt@okpolicy.org
918-794-3944

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Better Information, Better Policy
What Was At Issue

- Whether the individual responsibility requirement was a constitutional exercise of Congress’s power under the Commerce Clause and/or its power to levy taxes
- Whether the Medicaid expansion was a proper exercise of Congress’s power under the spending clause
- If either provision unconstitutional, could it be “severed” or is the entire ACA unconstitutional
SUMMARY OF THE
SUPREME COURT DECISION

All Provisions of the ACA Upheld

- Individual responsibility requirement found within Congress’s power to levy taxes (but not the Commerce Clause)
- Medicaid expansion unconstitutionally coercive because could withhold all existing Medicaid funds for non-compliance
- Federal government cannot withhold funds for existing Medicaid program if states don’t expand
- Court did not hold that any provision of the ACA is unconstitutional
 SUMMARY OF THE SUPREME COURT DECISION

Medicaid Expansion in Limbo

- On one hand, new Medicaid eligibility levels and procedures are part of federal law;
- But on the other hand, the Court severely undercut the federal government’s ability to enforce Medicaid expansion in states that are unwilling, by ruling that their best enforcement mechanism was unconstitutional.
SUMMARY OF THE SUPREME COURT DECISION

Medicaid: States Now Have A Choice

- Not clear yet how choice will be exercised (opt-in or opt-out)
- No deadline on when choice must be made
- Unanswered questions:
  - Can states expand to an income level under 133 percent of the poverty line?
  - If a state doesn’t expand, does it still have to use new rules for calculating Medicaid income and household size and follow new Medicaid eligibility procedures?
Medicaid Expansion in Oklahoma

Most Low-Income Adults are not Medicaid Eligible

- Working-age adults are eligible for Medicaid ONLY IF:
  - Parents of dependent children, AND
  - Income < $7,000 annually (family of three), or
  - Pregnant women

- Healthy working-age adults without dependent children do not qualify for Medicaid under any circumstances

- Only 50,000 working-age adults are covered by Medicaid
Expanding Medicaid Closes Major Coverage Gap

- States may expand Medicaid to include all adults earning ≤133 percent of poverty as of January 1, 2014
- 190,000 uninsured Oklahomans would become Medicaid eligible
- Under the Affordable Care Act, premium tax credits to subsidize the cost of individual premiums through health insurance exchange available only for those with incomes between 100 – 400 percent of poverty
- Failing to expand Medicaid could leave 130,000 uninsured Oklahomans in the ‘coverage crater’
Medicaid Expansion Bridges the Gap For Adults in Poverty

If Oklahoma chooses not to expand Medicaid, thousands of Oklahomans will fall into a coverage crater—unable to enroll in Medicaid and barred from getting tax credits to buy coverage in the new health insurance exchange.

CURRENT OKLAHOMA MEDICAID PROGRAM
(Adults with dependent children only)

49,000 uninsured, low-income adults

37% FPL

100% FPL

% of the Federal Poverty Level (FPL)

131,000

HEALTH INSURANCE EXCHANGE

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Cost of Medicaid Expansion Would be Modest

- Federal government pays lion’s share of state’s cost of covering newly-eligible population

### Table 1

Federal and State Medicaid Shares for Newly Eligible Adults up to 133% FPL, 2014 and beyond

<table>
<thead>
<tr>
<th>Year</th>
<th>Federal Share</th>
<th>State Share</th>
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<tr>
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<td>100%</td>
<td>0%</td>
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<td>93%</td>
<td>7%</td>
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<tr>
<td>2020 on</td>
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<td>10%</td>
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</tbody>
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Increased Medicaid Spending, Federal vs. State, National, 2014-2022

- **Federal Share**: $931 billion (93%)
- **States’ Share**: $73 billion (7%)

Source: CBO, Center on Budget and Policy Priorities
MEDICAID EXPANSION IN OKLAHOMA

Cost of Medicaid Expansion Would be Modest

- OHCA estimates average additional state cost of Medicaid expansion at $36 - $47 million annually for expansion up to 133% FPL (depending on year and enrollment assumptions)
  - Includes increased administrative costs
  - Includes ‘woodwork’ or ‘welcome mat’ effect – increased enrollment among currently eligible adults and children
  - But ‘woodwork effect’ will apply whether Oklahoma expands Medicaid or not
Cost of Medicaid Expansion Would be Modest

- Additional Medicaid costs would be largely or fully offset by state savings
- Medicaid would cover programs currently funded with 100 percent state dollars
  - Mental health and substance abuse services, public health services, hospital care for inmates
- OHCA estimates that state savings could be $47 million annually
Medicaid Expansion in Oklahoma

Economic Benefits of Medicaid Expansion

- Coverage of uninsured low-income adults would reduce uncompensated care costs of Oklahoma hospitals and other medical providers by hundreds of millions.

- OSU economic impact model calculated economic benefits of additional federal Medicaid spending (2014):
  - 4,187 direct health-care jobs with $151 million payroll;
  - 5,158 indirect jobs with $131.2 million payroll
  - $29.8 million in state tax collections

- Arkansas: Medicaid expansion would save state $372 million over 7 years
Medicaid Expansion in Oklahoma

Health Benefits of Medicaid Expansion

- Medicaid coverage leads to significantly better physical and financial health
  - Oregon study of newly eligible Medicaid recipients found them:
    - 40% less likely to have experienced health decline
    - 40% less likely to borrow money or leave unpaid bills
    - 60% more likely to have had mammograms
  - Three states that expanded Medicaid to low-income adults had 1,500 fewer deaths per year compared to neighboring states
Medicaid Expansion in Oklahoma

Medicaid Expansion Would Benefit The Most Vulnerable

- Part-time and low-income workers
- The unemployed
- Persons with mental illness and addiction
- The homeless
- Persons with HIV/AIDS
- Persons with chronic health conditions
Additional Resources

- Visit the Health Care Reform Resources and Analysis page of our website:
  http://okpolicy.org/health-care-reform-resources-and-analysis

- Download our Fact Sheet, Medicaid and the Affordable Care Act:

- Sign up for email alerts at: http://okpolicy.org

- For additional information on the Affordable Care Act, go to
  http://healthcare.gov