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How Much Would Extending Medicaid Cost?

Accepting federal funds to extend Medicaid would involve modest state costs while generating enormous economic and health benefits

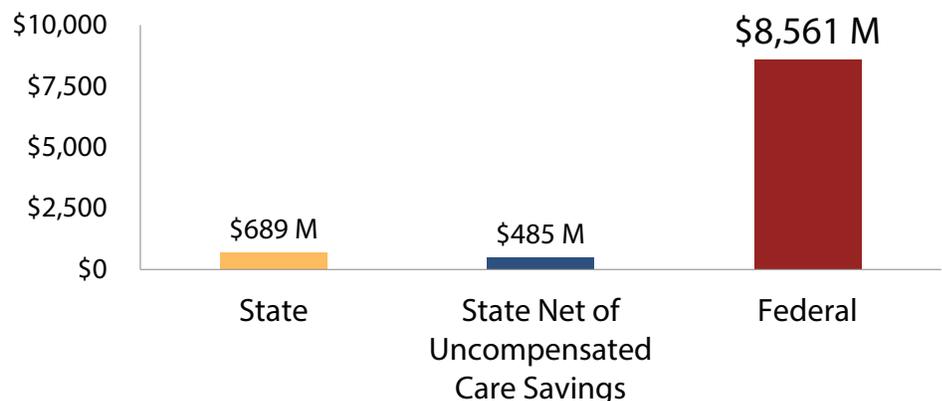
In Oklahoma, one in two low-income adults lack health insurance.¹ They struggle to access timely, appropriate care for chronic and acute health problems. Hospitals and other providers who care for those without insurance must absorb huge uncompensated care costs. These costs are passed on to all Oklahomans in the form of higher charges and insurance premiums.

The Affordable Care Act (ACA) provides Oklahoma the chance to accept federal dollars to extend Medicaid health coverage to Oklahomans with income up to 138 percent of the federal poverty level. However, Governor Fallin has announced that Oklahoma will not participate in the extension of Medicaid, arguing that to do so would be unaffordable.²

A November 2012 report from the Kaiser Commission on Medicaid and the Uninsured³ shows that accepting federal funds to extend Medicaid would involve modest state costs while generating enormous economic and health benefits. According to the Report:

- Extending Medicaid eligibility would provide access to health coverage for 126,000 currently uninsured Oklahomans.
- From 2013-2022, the federal government would spend an additional \$8.561 billion on the newly-eligible Medicaid population, or more than \$12 for every dollar in state spending. The federal government would assume 92.5 percent of the total cost of expansion from 2013-2022.
- Extending eligibility would increase state Medicaid spending by \$689 million over ten years (2103-2022). This additional coverage would lead to \$205 million less in uncompensated care costs, reducing the net state cost to \$485 million.

Total Federal and Oklahoma Expenditures under the Medicaid Extension, 2013-2022 (in millions)



Source: : Kaiser Commission on Medicaid and the Uninsured, Nov. 2012

These amounts do not take into account savings from shifting services currently paid for with state-only dollars to Medicaid, estimated to be \$48 million annually.⁴ Nor do they include revenue gains from the boost to state economic activity resulting from increased federal dollars.

- The state cost is projected to be just \$11 million in 2016, which is less than the \$23 million the state would save that year in uncompensated care costs.
- Extending Medicaid eligibility would increase state spending on Medicaid by just 2.7 percent from 2014 – 2022.
- Medicaid payments to Oklahoma hospitals alone would increase by \$3.6 billion from 2013-2022.

Medicaid Extension Fast Facts

12 to 1

Federal match for every dollar of state spending under the Medicaid extension.

2.7%

Increase in state spending on Medicaid from participating in the extension.

126k

The number of currently uninsured Oklahomans who would gain access to coverage.

1. Oklahoma Health Care Authority, Statistics Related to Medicaid Expansion, July 23, 2012 <https://dl.dropbox.com/u/85965051/OHCAStatisticsMedicaidExpansion7-23-12.pdf>
2. Governor Mary Fallin, 2013 State of the State Address, February 4, 2013 http://www.ok.gov/governor/State_of_the_State_Address.html
3. John Holahan, Matthew Buettgens, Caitlin Carroll and Stan Dorn, The Cost and Coverage Implications of the ACA Medicaid Expansion: National and State-Level Analysis, Kaiser Commission on Medicaid and the Uninsured, November 2012 www.kff.org/medicaid/upload/8384.pdf
4. Wayne Greene, "Medicaid expansion could save state \$47.8 million yearly, mostly in mental-health services", Tulsa World, August 3, 2012 http://www.tulsaworld.com/news/article.aspx?subjectid=711&articleid=20120803_16_A1_Oklaho298254&rss_Ink=1

For more information on Medicaid in Oklahoma, go to <http://okpolicy.org/medicaid-and-the-affordable-care-act>