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ACCEPTING FEDERAL HEALTH CARE FUNDS

Is GOOD FOR OKLAHOMA BUSINESS

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Starting January 1, 2014, the Affordable Care Act (ACA) allows state Medicaid programs to expand coverage to all individuals with incomes below 138 percent of the federal poverty level (FPL). This means that an individual making up to \$15,856 or a family of four with a household income of \$32,499 would be eligible for Medicaid coverage.

If Oklahoma creates a plan to expand health care coverage to low-income working Oklahomans it will be taking advantage of a major opportunity to strengthen our workforce and businesses.

Investing in Oklahoma's Workforce

More than 400,000 adult Oklahomans in the workforce are uninsured and lack access to affordable health insurance coverage.¹

As a result of the ACA, more than 140,000 working Oklahomans who presently don't have health insurance could qualify for health care coverage.

Table 1 displays the top ten Oklahoma industries that employ uninsured workers who make less than 138 percent of the FPL.

The top five industries with workers who fall into the newly eligible Medicaid population are those we interact with on a daily basis. They are restaurant and fast food workers, construction workers, those who work with our children and assist our aging loved ones, as well as assist us in retail shopping.

Table 1: Industries in Oklahoma with workers who could gain access to affordable healthcare coverage in 2014

Total Uninsured Workers in Oklahoma	143,150
Restaurants and Other Food Services	23,080
Construction	14,410
Elementary and Secondary Schools	6,580
Nursing Care Facilities	4,970
Department and Discount Stores	4,780
Employment Services (temp agencies)	3,510
Grocery Stores	3,430
Real Estate	2,740
Animal Production	2,660
Truck Transportation	2,440

Source: Analysis of the 2011 American Community Survey. Adults are those aged 19 through 64. Workers are those who have worked within the past year. The ten industries above are those with the largest number of uninsured workers in the Medicaid expansion income-eligibility range in Oklahoma. All figures are rounded to the nearest ten workers.

According to the Oklahoma Employment Security Commission, food services, elementary and secondary schools, nursing care facilities, and employment services are among the industries projected to have the largest employment growth from 2010-2020.² Without a plan to extend coverage to these individuals, these industries will continue to employ large numbers of Oklahomans who don't have access to affordable health insurance options.

Table 2 identifies the average annual wage of some occupations in Oklahoma that would make a family of four eligible for health care coverage. These occupations include food service and child care workers, home health aides, cosmetologists and other aestheticians, and retailers.

Evaluating these two tables together, it's apparent that businesses within the service sector would see the greatest benefit from expanding health care coverage to working individuals with incomes up to 138 percent of the FPL.

The Oklahoma fast food industry will receive a great advantage from covering this population. A recent report from the Robert Wood Johnson Foundation showed that 51% of Oklahoma restaurants are fast food chains, compared to 27% nationally.³

Table 2: Oklahoma Occupations that would make a family of four eligible for Medicaid Expansion

Occupation	Average Annual Wage
Combined Food Preparation and Serving Workers, Including Fast Food	\$17,650
Bartenders	\$18,490
Cashiers	\$18,590
Childcare Workers	\$19,040
Farmworkers, Farm, Ranch, and Aquacultural Animals	\$20,210
Cooks, Restaurant	\$20,730
Manicurists and Pedicurists	\$20,860
Farmworkers and Laborers, Crop, Nursery, and Greenhouse	\$21,290
Home Health Aides	\$21,960
Gaming Service Workers, All Other	\$22,290
Hairdressers, Hairstylists, and Cosmetologists	\$23,510
Retail Salespersons	\$25,020
Source Department of Labor and Industry, Occupational Employment Statistics, 2010	

Employers will have access to a healthier workforce

Benefits to employers and individuals alike from creating a plan to cover these individuals include:

- Fewer days off work without pay due to illness;
- A sense of financial security in not having to worry about paying for medical bills;
- Reduced emergency room usage because of real access to primary care physicians;
- Illnesses can be treated at an acute stage to avoid the possibility of it escalating to a chronic condition;
- Reduction in uncompensated cost of treating individuals without health insurance.

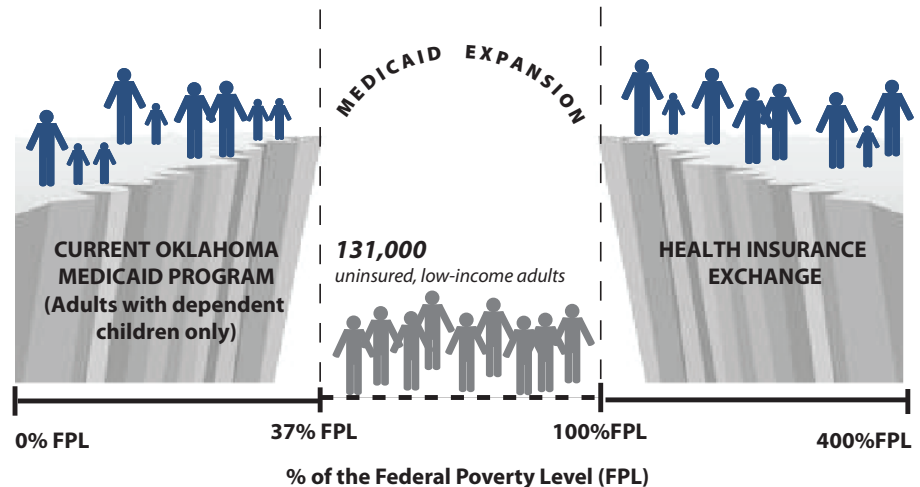
REALITIES OF NOT CREATING A PLAN TO COVER THE NEWLY ELIGIBLE POPULATION

Low-income, working Oklahomans will be left in a hole

If Oklahoma doesn't come up with a plan to provide coverage to the working Oklahomans eligible for expanded Medicaid coverage, there will be a 'coverage crater' created, as depicted by the graphic below, in which some 130,000 Oklahomans will be left without any assistance to access affordable health insurance.

Medicaid Expansion Bridges the Gap

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.



Employers may face penalties

If a plan is not created in Oklahoma to cover the newly eligible population, Oklahoma employers may suffer penalties. The ACA requires employers with 50 or more employees to offer health insurance to their full time employees. If an employer doesn't offer health insurance or offers unaffordable health insurance, that employer may be assessed tax penalties if an employee receives subsidized premium insurance through the health insurance market place.⁴

A study by Jackson Hewitt Tax Service found that Oklahoma businesses could be on the hook for providing health insurance to approximately 42,000 Oklahomans who earn between 100 percent and 138 percent of the FPL, costing these businesses up to \$52 million dollars collectively.⁵

Too good of a deal to pass up

The federal government has agreed to fund 100 percent of the expanded coverage for the first three years and then decrease spending incrementally until states are paying 10 percent of the cost by 2020. Oklahoma will have the chance to access \$8.6 billion in federal tax payer funds for health care services over ten years.⁶

Bottom line: Creating a plan to provide health insurance coverage to low-income working Oklahomans will be an investment in Oklahoma's workforce and businesses. This will be a significant opportunity to improve the well-being of Oklahoma's uninsured low-income working population and give a boost to Oklahoma businesses.

**For more coverage of Medicaid expansion and the Affordable Care Act visit:
<http://okpolicy.org/medicaid-and-the-affordable-care-act>**

REFERENCES

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6. Oklahoma Policy Institute, How Much Extending Medicaid Cost? <http://okpolicy.org/how-much-would-extending-medicaid-cost>



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