



Medicaid expansion in Missouri

MOCPHE thanks the voters of Missouri for passing Medicaid Expansion on August 4th.

Situation

Missouri, like all states in the nation, had the opportunity to take advantage of federal funding to expand its Medicaid program through the Affordable Care Act. Missouri chose not to expand Medicaid, which has had a significant negative health impact on Missouri's residents.

About 9.1% of Missourians were uninsured in 2017, meaning almost 1 in 10 Missourians did not have health insurance.¹ If Missouri were to expand Medicaid, it is estimated that about 231,000 nonelderly adults would take up coverage, consisting primarily of adults who are currently completely uninsured.²

Background

The 2010 Affordable Care Act (ACA) originally required states to expand Medicaid to include all residents with an income below 138% of the federal poverty level (FPL), approximately \$26,344 for a family of three. This expansion would convert Medicaid from a categorical program that only covers certain groups (children, disabled, pregnant women, very low-income parents) to a need-based program that would provide insurance to all low-income residents. Current Medicaid restrictions leave out the working poor; three out of four uninsured Missourians are a member of a working family.³

In June 2012, the U.S. Supreme Court ruled that states could choose whether or not to accept the expansion of Medicaid. For states that choose to expand Medicaid, the federal government funds 100% of the cost of expansion for the first three years, beginning in 2014. Over the following years, state responsibility for funding would increase gradually, and by 2020, the federal government will fund 90% of the expansion, with states responsible for the remaining 10%.

Bills to expand Medicaid were introduced in the Missouri state legislature but did not pass in both 2017 and 2018.

Assessment

Increase Access to Care

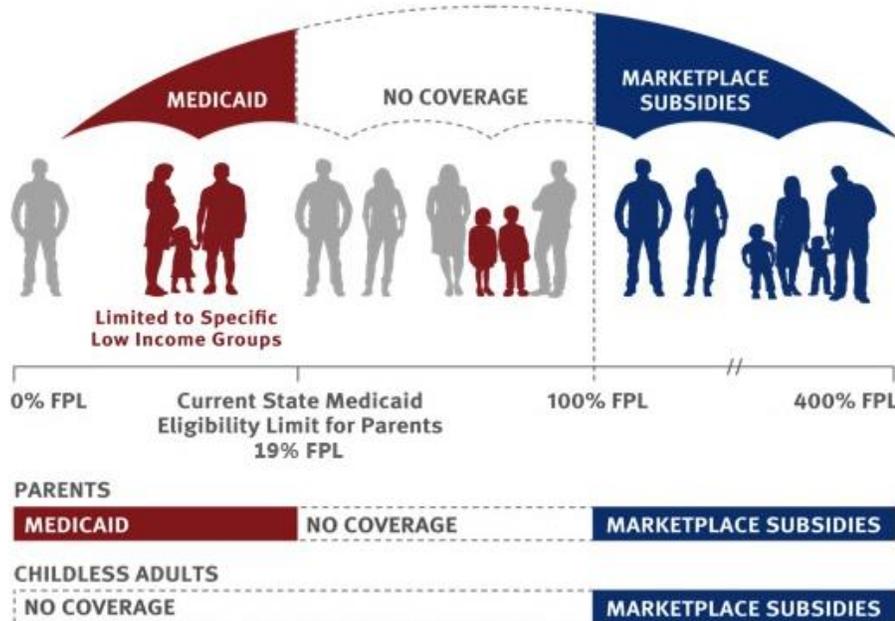
It is estimated that about 231,000 adults would obtain Medicaid coverage in 2020 with Medicaid expansion out of 315,000 who would be eligible; this would reduce the uninsured population by about 40%.² While Medicaid expansion would help residents in every region of the state, it would be especially beneficial for residents in rural areas where there are higher rates of uninsured due to increased poverty and fewer opportunities for employer sponsored insurance coverage.⁴

It is widely acknowledged that increasing access to health insurance significantly affects population health. People without access to insurance are much more likely to delay needed care, leading to hospitalizations for avoidable conditions. People without health insurance are also less likely to seek screenings, preventive services, and routine care for chronic conditions, increasing the risk of suffering

serious health consequences and increased medical costs.⁵ Expansion of Medicaid eligibility among adults has been associated with improved access to care, increased self-reported health, and reduced mortality, particularly among low-income populations and minority groups.⁵

Nonelderly adults are the group most often left without insurance coverage without Medicaid expansion because they do not qualify for Medicaid and they may not qualify for subsidies within the health insurance marketplace. Missouri parents earning 19% – 100% FPL and childless adults earning 0% - 100% represent the gap in coverage. See Figure 1.

Figure 1: Gap in coverage for adults in Missouri



Strengthen Missouri’s Hospitals and Health Care System

Expanding coverage to current uninsured Missourians would significantly reduce uncompensated care loss, thus strengthening Missouri’s hospitals and health care system. Conversely, failing to expand Medicaid will negatively affect hospitals by increasing uncompensated care costs. Individuals who are uninsured for one year pay for, on average, 30% of their care out of pocket; the remaining 70% of healthcare costs are often uncompensated.⁶

Hospitals must continue to treat patients, regardless of insurance status. It is projected that as the federal Disproportionate Share Hospitals (DSH) program is phased out and if expansion remains rejected, Missouri hospitals could lose \$6.8 billion dollars from 2013 to 2022.⁷ However, if Missouri expanded Medicaid, the potential savings on uncompensated care could be from \$346 million to \$691 million over the next eight years.⁶

Throughout the last decade, Missouri hospitals have promoted stable economies in their communities even throughout the recession. They are often the largest employers with statewide payroll of \$6.9 billion in 2012 and providing nearly 153,000 full and part-time jobs. According to the Missouri

Hospital Association, many hospitals have already been forced to reduce services and staff to prepare for reduced income.⁸

Since January 2010, 76 rural hospitals have closed in the United States. Of those, three are in Missouri. While hospital closures have been increasing nationwide since the recession of 2008-2009, reasons noted for closure include the “potential effect of the Affordable Care Act and/or the correlation with a state’s decision of whether to expand Medicaid”.⁹ Notably, an additional 283 rural hospitals in 39 states are vulnerable to closing, most of which are in the South and Midwest. Of those at risk, almost 70% are in states that have declined to expand Medicaid.¹⁰

Economic Impact

By declining to expand Medicaid, Missouri misses out on substantial federal funds. Because Missourians pay federal income taxes regardless of the state’s receipt of Medicaid expansion dollars, there is a net outflow of funds from Missouri to other states. About \$500 million leaves the state in this manner every year.²

Recommendation

Every minute of every day, an uninsured person walks into a Missouri hospital emergency department seeking care.⁸ This is often the result of a condition that could have been avoided with good preventive care and/or treated in a doctor’s office. Expansion of Medicaid in Missouri would increase access to health care for Missourians, strengthen Missouri’s hospitals and health care system, ensure that taxpayers’ dollars remain in our state, and provide thousands of new jobs for Missourians. It is the recommendation of the Missouri Centers for Public Health Excellence to protect the health of our communities and our economy by supporting Medicaid expansion.

¹ Berchick, Edward R., Emily Hood, and Jessica C. Barnett. (2018). Current Population Reports, P60-264, Health Insurance Coverage in the United States: 2017, U.S. Government Printing Office, Washington, DC.

² Center for Health Economics and Policy. (2019). Analysis of the Fiscal Impact of Medicaid Expansion in Missouri. Retrieved from: <https://publichealth.wustl.edu/wp-content/uploads/2019/02/Analysis-of-the-Fiscal-Impact-of-Medicaid-Expansion-in-Missouri-IPH.pdf>

³ Missouri Hospital Association. (2014). *The stability of Missouri’s health care community is in danger*. Retrieved from http://web.mhanet.com/Payment_Cuts_To_Hospitals_-_Stability_of_Health_Community_in_Danger.pdf

⁴ Kaiser Family Foundation. Uninsured Adults in Missouri Who Would Become Eligible for Medicaid under Expansion. Retrieved from <http://files.kff.org/attachment/fact-sheet-medicaid-expansion-MO>

⁵ Wallace, J. & Sommers, B. (2016). Health insurance effects on preventive care and health: A methodologic review. *American Journal of Preventative Medicine*, 50(5S1):S27–S33.

⁶ Kaiser Family Foundation. (2016). *Medicaid Expansion, Health Coverage, and Spending: An Update for the 21 States That Have Not Expanded Eligibility*. Retrieved from: <http://files.kff.org/attachment/issue-brief-medicaid-expansion-health-coverage-and-spending-an-update-for-the-21-states-that-have-not-expanded-eligibility>

⁷ HealthInsurance.org. (2016). *Missouri Medicaid: Legislature continues to reject Medicaid expansion*. Retrieved from: <http://www.healthinsurance.org/missouri-medicaid/>

⁸ Missouri Hospital Association. (2014). *The stability of Missouri’s health care community is in danger*. Retrieved from http://web.mhanet.com/Payment_Cuts_To_Hospitals_-_Stability_of_Health_Community_in_Danger.pdf

⁹ University of North Carolina. (2016). *76 rural hospital closures: January 2010 – present*. Retrieved from: <http://www.shepscenter.unc.edu/programs-projects/rural-health/rural-hospital-closures/>

¹⁰ Associated Press and Missouri Hospital Association. (2016). *Rural hospitals struggle to stay open, adapt to changes*. Retrieved from Modern Healthcare website: <http://www.modernhealthcare.com/article/20150502/NEWS/305029939>