

# Effects of Medicaid Expansion on Coverage, Access, Outcomes, and Costs: Implications for Missouri

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## Introduction

The Affordable Care Act (ACA) provided states the ability to expand Medicaid eligibility to adults under age 65 with household incomes below 138 percent of the federal poverty level (FPL).<sup>1</sup> As of August 1, 2019, 36 states and Washington DC have adopted Medicaid expansion, while 14 states, including Missouri, have not.<sup>2</sup> Missouri's current Medicaid program, MO HealthNet, covers eligible adults and children who meet income and resource criteria.<sup>3</sup> However, it excludes childless adults with incomes below 100 percent FPL unless they qualify as disabled.

Multiple studies have explored the effects of state Medicaid expansion on coverage, access, outcomes, and costs.<sup>4</sup> This review provides an overview of the findings about Medicaid expansion and its possible implications for Missouri.

## Insurance Coverage

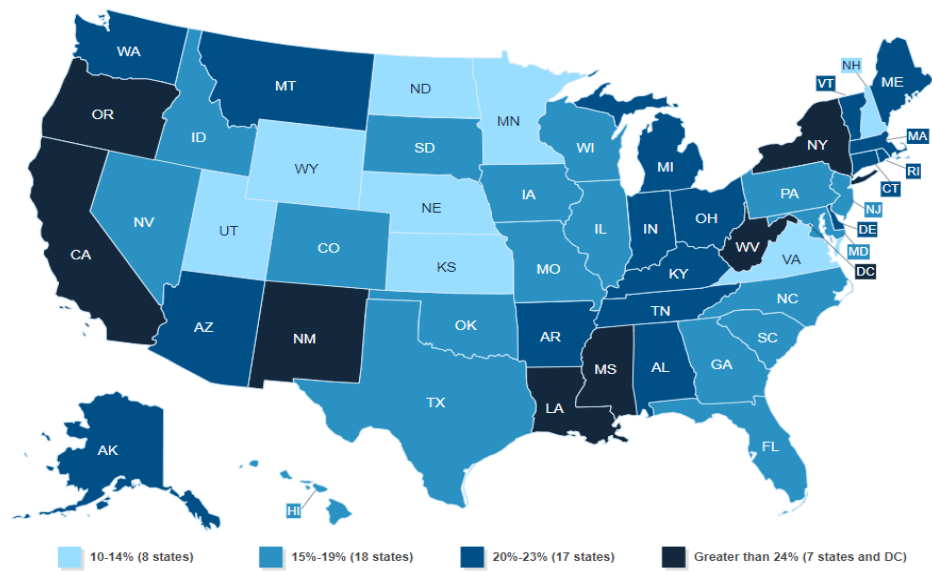
### General Coverage

Compared to non-expansion states, Medicaid expansion states have seen large reductions in uninsured rates. Four years after expansion was implemented, one study found that low-income individuals in expansion states were 12 percentage points less likely to be uninsured.<sup>5</sup> As a result, expansion states have seen a 46% reduction in the coverage gap between households with incomes less than \$25,000 versus those with incomes more than \$75,000.<sup>6,7</sup>

Medicaid expansion states saw a **46% reduction in coverage gaps** between different socioeconomic levels.

Between 2017 and 2018, the percentage of people with health insurance coverage dropped by 0.6%.<sup>8</sup> During this same time frame, the percentage of people covered by Medicaid dropped 0.7%.<sup>8</sup> This has implications for Missouri, which has an uninsured rate of 9.1%, greater than the national average of 8.7%.<sup>9</sup> As of 2017, Missouri's MO HealthNet program covered one out of every six Missourians<sup>3</sup> and ranked 43<sup>rd</sup> in Medicaid coverage among states including DC (Figure 1).<sup>10,11</sup>

Figure 1: Percent of People Covered by Medicaid/CHIP, 2016



## KEY FINDINGS

- As of August 2019, 14 states, including Missouri, have not expanded Medicaid.
- Expansion states saw large reductions in uninsured rates and decreased coverage gaps between urban and rural areas.
- Access to care and health outcomes improved in expansion states.
- State-funded spending did not significantly increase in expansion states.
- Estimates for Missouri predict that Medicaid expansion would be approximately revenue neutral and could create cost savings of about \$39 million in the first year.

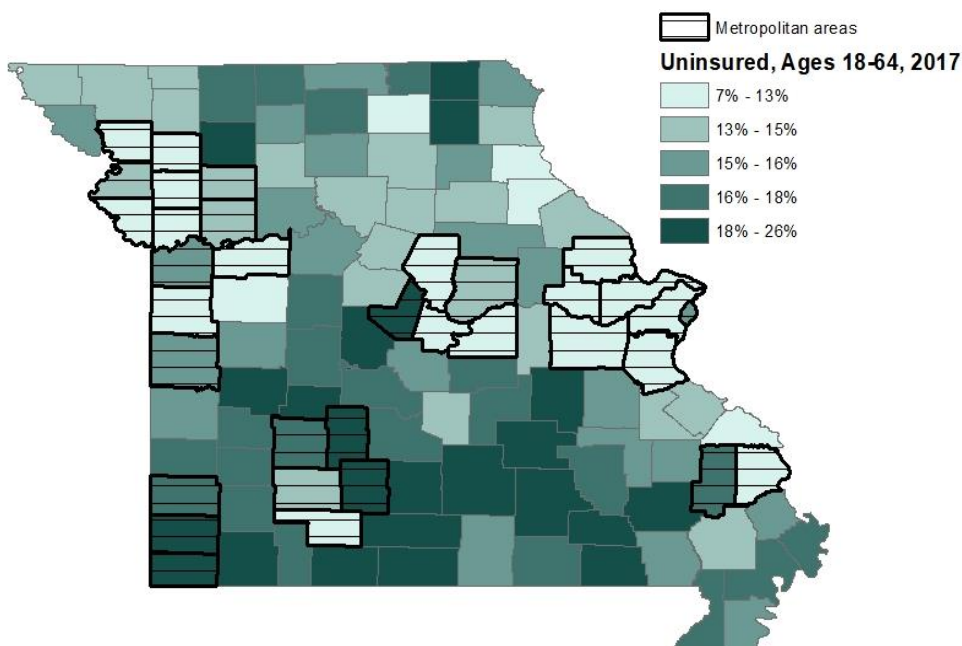
## Insurance Coverage (cont'd)

### Urban versus Rural Coverage

Uninsured rates are higher in rural areas compared to urban areas, with 12.3% of rural residents lacking health insurance compared to 10.1% of urban residents in 2017.<sup>12</sup> The difference in insurance coverage rates in urban and rural areas has increased in non-expansion states since 2014.<sup>4</sup> Although a few studies reported finding no difference in coverage between urban and rural areas post-expansion, most studies found that Medicaid expansion decreased the coverage gap between urban and rural areas.<sup>4</sup> Medicaid expansion has been associated with gains in rural coverage, as one study found that nonelderly rural residents in non-expansion states were twice as likely to be uninsured as those living in expansion states (15% versus 9%).<sup>13</sup>

According to 2010 Census data, 30.6% of Missouri residents live in rural areas.<sup>14</sup> A study looking at urban and rural differences in coverage reported Missouri's 11% rural-urban difference in uninsured rates as one of the highest in the country (Figure 2).<sup>15,16</sup>

Figure 2: Uninsured Rates for Individuals Ages 18-64 in Missouri



## Access to Healthcare

### Access to Care

Overall, Medicaid expansion is associated with greater access to primary, preventative, and specialist care for low-income individuals.<sup>17,18</sup> For example, one study reported that Medicaid expansion was associated with a significant increase in access to primary care (12.1 percentage points) and a significantly decreased likelihood of visiting the emergency department (-6.0 percentage points).<sup>19</sup>

Health insurance reduces patients' financial risk, particularly for catastrophic events such as car accidents, heart attacks, and strokes; also studies have shown that Medicaid expansion is associated with reductions in financial strain and bankruptcies.<sup>20,21</sup> Individuals in expansion states saw reduced cost-related barriers to care and had less difficulty paying for medical bills.<sup>19</sup> For example, from 2012 to 2016, the proportion of heart attack admissions that were for individuals lacking insurance decreased from 18% to 8% in expansion states, whereas it only decreased from 26% to 21% in non-expansion states.<sup>22</sup>

Concerns had been raised that expansion would strain primary care providers; however, some studies report that provider availability increased in expansion states as providers expanded capacity or began participating in Medicaid to increase access to care.<sup>4</sup> One study reported that appointment availability for primary care physicians increased by 9.5% in expansion states for Medicaid enrollees, with no significant change for private coverage enrollees.<sup>23</sup> However, a few studies report that expansion is associated with increased wait times and difficulty scheduling specialty care.<sup>4,24</sup>

In Missouri, where 24% and 26% of adults are covered by MO HealthNet or private insurance, respectively,<sup>25</sup> 53% of low-income uninsured adults reported problems paying their medical bills. These uninsured adults were also significantly more likely to report that these medical bills would use up their savings or lead to difficulty paying for basic necessities.<sup>25</sup> The majority (65%) of Missouri's low-income uninsured report cost as the greatest barrier to obtaining insurance.<sup>25</sup> The cost of coverage likely leads to these disparities in access to care between low-income and mid-income uninsured individuals in Missouri, with 55% of low-income uninsured individuals postponing or going without care compared to 39% of mid-income uninsured.<sup>25</sup>

Medicaid expansion was associated with a **significantly decreased likelihood of emergency department visits (-6.0 percentage points).**

## Health Outcomes

### Health Outcomes

Perhaps most importantly, Medicaid expansion is associated with improvements in health outcomes. Expansion states saw improvements with the identification and treatment of cardiovascular risk factors, such as diabetes and hypertension.<sup>26-28</sup> Additionally, use and adherence of prescription cardiovascular medications have increased.<sup>17,29</sup> Cancer diagnosis and treatment have also increased in expansion states.<sup>4</sup> One study found that utilization of cancer surgery by low-income individuals in states that have expanded Medicaid increased by 24% relative to those in non-expansion states.<sup>30</sup>

Missouri ranked *in the bottom third of states* as the 39<sup>th</sup> healthiest state.

Expansion has also been associated with improved access to behavioral health services. For example, expansion states have seen admissions for drug rehabilitation services involving medication-assisted treatment increase by 105% compared to admissions in non-expansion states.<sup>31</sup> One study on risky health behaviors reported that Medicaid expansion decreased cigarette purchases by 30-32% in Medicaid-eligible households and increased the probability of purchasing smoking cessation products.<sup>32</sup>

This increase in detection and treatment of chronic disease, behavioral health conditions, and addiction has had an impact on health outcomes including mortality.<sup>17,18,20,24,33-35</sup> One study showed that even accounting for demographic, clinical, and economic differences, counties in expansion states had 4.3 fewer deaths per 100,000 residents per year from cardiovascular causes after Medicaid expansion (roughly a 2.5% difference) than if they had followed the same trends as counties in nonexpansion states.<sup>36</sup>

According to data from 2019 that compared population health between states, Missouri ranked in the bottom third of states as the 39<sup>th</sup> healthiest state.<sup>37</sup> Compared to national averages, Missouri has higher percentages of adults reporting fair or poor health (19% versus 16%) and a higher percentage of adult smokers (22% versus 17%).<sup>38</sup> While many factors contribute to population health, Medicaid expansion has been associated with improvements in health outcomes.

Medicaid expansion and the fully implemented ACA reduced coverage disparities across racial groups by 23%.

### Healthcare Disparities

Medicaid expansion has also led to reduced disparities in insurance coverage across major racial/ethnic categories.<sup>6</sup> One study found that Medicaid expansion and the fully implemented ACA reduced coverage disparities across racial groups by 23%.<sup>6</sup> Medicaid expansion has also been associated with a reduction

in disparities in key health outcomes such as infant mortality (14.5% decline for African Americans in expansion states versus 6.6% decline for African Americans in non-expansion states)<sup>39</sup> and perforated appendix (significant reductions in perforated appendix admission rates for Hispanics, non-Hispanic Blacks, and low-income communities).<sup>40</sup> Most broadly, Medicaid expansion is associated with significant reductions in all-cause mortality, especially for nonwhites (41.0% relative reduction) and residents in poorer counties (22.2% relative reduction).<sup>33</sup> However, not all studies have found expansion to be associated with a narrowing of disparities.<sup>41,42</sup> For example, one study found that although uninsured rates decreased for Hispanic, White, and Black individuals in expansion states, only poor childless White adults saw significant impacts on their access and health outcomes.<sup>41</sup>

Medicaid expansion in Missouri would be approximately *revenue neutral* and could create *cost savings of about \$39 million*.

## Economics

### State Spending

Looking at Medicaid expansion's effects on funding, research demonstrates that spending from state funds did not significantly increase due to Medicaid expansion.<sup>4</sup> Studies on Louisiana and Montana found that expansion led to large infusions of federal funds into the states' economies and significant state savings. These studies suggest that this was due to savings from behavioral health services and the criminal justice system. Louisiana saved \$199 million in fiscal year 2017 due to Medicaid expansion, and these savings were expected to surpass \$350 million by July 1, 2017.<sup>43</sup>

Those findings occurred during the initial 100% Federal match phase of the ACA, which is no longer available. However, a recent study incorporating the appropriate Federal matching rate found that Medicaid expansion in Missouri would be approximately revenue neutral and could create cost savings of about \$39 million in the first year.<sup>44</sup>

## Economics (cont'd)

### Hospital-Level Effects

Recent studies also document that Medicaid expansion reduced uninsured hospital, clinic, or other provider visits and uncompensated care costs.<sup>4</sup> In expansion states, Medicaid expansion reduced hospital uncompensated care costs by nearly \$6.2 billion.<sup>45</sup> Improved hospital financial performance was also associated with Medicaid expansion.<sup>46</sup> One study found that hospitals were six times less likely to close in expansion states.<sup>46</sup> Hospital closures in rural areas and areas with higher pre-ACA uninsured rates were significantly reduced in states that expanded Medicaid.<sup>46</sup>

45% of Missouri's hospitals are located in rural areas.<sup>47</sup> Since 2005, 155 rural hospitals in the United States have closed and hundreds more are at risk of closing (Figure 3).<sup>48,49</sup> These closures and at-risk hospitals are clustered in the states that have not expanded Medicaid.<sup>50</sup> In the past five years, six rural hospitals have closed in Missouri.<sup>51</sup>

### Employment

Studies examining Medicaid expansion in Louisiana and Colorado found that expansion supported new jobs and was linked to increased employment.<sup>52,53</sup> A study of the effects of Michigan's Medicaid expansion plan described that 93.9% of new enrollees reported that their physical health had gotten better or stayed the same, and 69.4% reported that getting insurance helped them do a better job at work.<sup>54</sup>

Figure 3: Rural Hospital Closures from January 2005 to July 2019



Medicaid expansion *reduced* hospital uncompensated care costs in expansion states by nearly **\$6.2 billion.**

## Policy Implications for Missouri

Studies of the effects of Medicaid expansion demonstrate its considerable impact on coverage, access, outcomes, and costs. States that have not expanded Medicaid should consider how this policy could lead to changes in the health of their citizens.

Expansion states saw decreases in uninsured rates and a reduced coverage gap between socioeconomic levels, likely due to the increase in Medicaid enrollment. These expansion states also saw increased access to care and improvements on health outcomes, but varied on whether Medicaid expansion reduced disparities in care between racial groups. Coverage alone may not be sufficient to eliminate these differences. Contrary to concerns that the policy would raise states' costs, studies report that Medicaid expansion led to significant savings for several expansion states. Furthermore, at the hospital level, hospitals in expansion states saw improved financial performance and reduced probability of closing – which may further advance access to care and reduce disparities.

Overall, these findings have implications for policymakers seeking to improve the health of Missouri residents through expanding access to healthcare. With a current uninsured rate greater than the national average (9.1% vs 8.7%), Missouri could consider Medicaid expansion to increase coverage and improve health outcomes.<sup>9</sup>

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