Medicaid

AWARENESS MONTH

Medicaid Expansion, A Critical Part of America's Response to the Coronavirus, Is Under Threat From President Trump

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PROTECT **OUR CARE**

Report: Medicaid Expansion, A Critical Part of America's Response to the Coronavirus, Is Under Threat From President Trump

Introduction

Ten years ago, the Affordable Care Act (ACA) opened the door for states to expand Medicaid, allowing them to receive enhanced funding to give coverage to individuals with incomes up to 138 percent of the federal poverty line. Today, Medicaid expansion covers more than 17 million people and provides critical funding for hospitals. Medicaid expansion is a critical part of our response to coronavirus, but President Trump is continuing to wage a war on the program by working to sabotage enrollment and fighting to end expansion altogether.

As the nation is facing an unprecedented public health crisis, Medicaid expansion is more important than ever to ensure the most vulnerable are getting the care they need. By refusing to expand Medicaid, 14 states are blocking an estimated two to four million people from enrolling in affordable coverage. In the fourth coronavirus stimulus package, Congress should prioritize incentivizing these remaining states to expand their Medicaid programs in response to the pandemic. A proposal from Senators Doug Jones and (D-AL) and Mark Warner (D-VA) does just that. At the same time, lawmakers should continue to ensure that everyone who needs this essential coverage is able to quickly and easily enroll, putting an end to Trump's efforts to impose onerous paperwork requirements on Medicaid expansion enrollees.

Medicaid Expansion: An Overview

To date, 37 states have expanded Medicaid under the ACA. In addition to covering 17 million people, expansion has resulted in healthier people, communities and economies. Research confirms medicaid expansion has had far-reaching benefits, resulting in better health outcomes, access to care, and financial security for patients.

Medicaid expansion works: Research from the Center on Budget and Policy Priorities found that the ACA's expansion of Medicaid has saved more than 19,200 lives. Medicaid expansion led to coverage gains for children and increased access to care for patients across the board. The chance of accruing medical debt is 20 percent lower in states that have expanded Medicaid. People residing in states that adopted Medicaid expansion are 20 percent less likely to accrue medical debt.

Medicaid Expansion…

- **Increased access to preventative care, cancer screenings and disease-specific treatment.** Medicaid expansion has helped patients access preventative care, including colon cancer screenings. Expansion also increased patient access to kidney transplants and made diabetes medication more affordable for low-income patients. A recent study also showed that patients in expansion states were less likely to report declining physical and mental health.

- **Improved infant & maternal health.** Research from the Georgetown Center for Children and Families found that [Medicaid expansion has helped fill gaps In maternal health coverage](#), leading to healthier mothers and babies. A study published in the American Journal of Public Health found the gains made in reducing infant mortality was more than [50 percent greater in states that expanded Medicaid](#), compared to those that did not.

- **Increased access to substance abuse treatment.** [Study](#) after [study](#) has shown that Medicaid expansion has increased access to addiction treatment. And new research shows that as many as [8,132 people were saved from fatal opioid overdoses](#) as a direct result of Medicaid expansion.

- **Boosted employment for people with disabilities.** A 2018 University of Kansas study found that [people with disabilities are much more likely to be employed](#) in states that have expanded Medicaid coverage. Additionally, the number of people who report not working because of a disability declined in expansion states.

- **Reduced preventable hospitalizations and lowered hospital costs**. Recent research shows that expansion states saw a [reduction in preventable hospitalizations](#) and lower hospital costs. Additionally, a 2018 National Bureau of Economic Research analysis found that Medicaid expansion led to a [nearly $6 billion decline in unpaid medical bills](#) and to higher credit scores.

Despite the overwhelming evidence that Medicaid expansion works, Republican-controlled states continue to reject expansion. A recent study found that states' decisions to reject expansion can be deadly: an estimated [15,600 older adults died prematurely](#) due to their decisions not to expand Medicaid. While the coronavirus pandemic has [renewed calls](#) for the remaining states to expand Medicaid, some Republican state leaders remain hellbent on blocking this critical resource for their residents. In late March, Mississippi Governor Tate Reeves [doubled down](#) on his resistance to expansion even as [nearly every Mississippi county](#) now has confirmed cases.

If each of the 14 states that have not yet expanded Medicaid were to fully do so, they would see [significant coverage gains](#):

- **377,000 Alabamians** would gain coverage.
- **1,596,000 Floridians** would gain coverage.
- **885,000 Georgians** would gain coverage.
- **165,000 Kansans** would gain coverage.
- **266,000 Mississippians** would gain coverage.
- **438,000 Missourians** would gain coverage.
- **692,000 North Carolinians** would gain coverage.
- **299,000 Oklahomans** would gain coverage.
- **379,000 South Carolinians** would gain coverage.
- **50,000 South Dakotans** would gain coverage.
- **390,000 Tennesseans** would gain coverage.
- **2,070,000 Texans** would gain coverage.
- **158,000 Wisconsinite**s would gain coverage.
- **32,000 Wyomingites** would gain coverage.

Medicaid Is A Key Tool In Fighting The Coronavirus Crisis

The country is now facing an unparalleled public health crisis. Thousands of Americans have already died from coronavirus and millions of people are at risk of getting sick. At the same time, millions are losing their jobs and, oftentimes, their employer-sponsored coverage as they are being urged to stay home. In a time of such uncertainty, the last thing people in this country should worry about is the threat of mounting medical bills.

The Medicaid program is a key response tool for this global health crisis. Unlike private insurance, people do not need to wait for a special enrollment period and can enroll whenever they need care. Medicaid can provide retroactive coverage to people who get sick, ensuring providers can provide emergency care without worrying about uncompensated care costs. Importantly, Medicaid funding can increase in response to a public health crisis like coronavirus.

Medicaid expansion in particular is important because it allows childless adults to enroll in the program. Many of the [people who have lost jobs so far](#) are young adults and low-income workers. In states that have rejected expansion, many of these individuals are likely locked out of receiving Medicaid coverage.

Nearly [17 million people](#) have already lost their jobs due to coronavirus. And at least [3.5 million](#) have lost their employer-sponsored coverage as a result of the pandemic. This figure is only expected to skyrocket: economists have estimated that [up to 35 million people](#) could lose their job-based coverage during the pandemic. It is especially important for these families to have Medicaid to turn to for coverage in this public health emergency.

Uninsured people are particularly vulnerable as they face the possibility of coronavirus and devastating health care bills. Low-income individuals are especially at risk for being exposed to the virus, as they are often service workers deemed essential and are unable to practice social distancing. The Kaiser Family Foundation that [2 million uninsured patients](#) could be hospitalized due to the virus, threatening to leave them with [tens of thousands](#) in medical bills.

Medicaid Expansion Can Help Fight Racial Disparities During The Coronavirus Outbreak

Growing evidence shows that people of color have been [testing positive and even dying from the virus at higher rates.](#) A variety of social and economic factors have been attributed to this trend: centuries of racism mean that people of color are less likely to be insured, more likely to have pre-existing conditions like asthma, diabetes, and heart disease, and to live and work in conditions that may not allow for social distancing during the outbreak.

Medicaid expansion is a proven tool in reducing racial disparities in health care coverage: The ACA helped lower the uninsured rate for nonelderly African Americans [by more than one third](#) between 2013 and 2016, and the percentage of people gaining health insurance under the ACA was higher for Latinos than for any other racial or ethnic group in the country. Racial gaps in insurance coverage [narrowed the most](#) in states that adopted Medicaid expansion, improving health care access for communities of color across the board. Today, in a striking reverse in historical trends, a black person living in an expansion state is [more likely to be insured](#) than a white person residing in a state that rejected Medicaid expansion.

As people of color continue to be on the frontlines of the coronavirus crisis, ensuring that they can continue to get coverage under Medicaid is critical. Unfortunately, many of the states that have so far rejected Medicaid expansion have some of the [highest populations of people of color](). These states must act now to expand their Medicaid programs and ensure that communities of color have the coverage they need during the pandemic.

States That Adopted Medicaid Expansion Are Better Equipped To Respond To The Pandemic

Case Study: Kentucky Vs. Tennessee There has been significant media attention on the disparities in pandemic preparedness between these two neighboring states. Quickly-implemented social distancing guidelines under the leadership of Democratic Governor Andy Beshear has helped flatten the curve of patients in Kentucky. Meanwhile, Tennessee is confronting an explosion of coronavirus patients after Republican Governor Bill Lee hesitated for weeks to implement similar guidelines. Even when accounting for Tennessee's larger population, Tennessee has [almost double the number of cases]() per resident as Kentucky.

However, there is another advantage Kentucky has during the pandemic: Medicaid expansion. Well before the crisis, the [differences between the two states]() were clear: Kentucky had nearly half the number of uninsured adults as Tennessee (8 versus 15 percent, respectively), and uncompensated care costs in Kentucky [fell by 73 percent]() following the implementation of the ACA. Meanwhile, Tennessee has seen [13 hospitals close since 2010](), second only to Texas, another state that rejected Medicaid expansion. As millions of Amercans are losing coverage and hospitals prepare for an influx in coronavirus patients, it will become clear that health care disparities like those between Kentucky and Tennessee make a significant difference in states' ability to respond to the crisis. At the same time, citizens in these neighboring states may experience far different outcomes: While low-income Kentuckians have Medicaid as a safety net to fall back on, Tennesseans who get sick during the coronavirus crisis may face the choice of going bankrupt or dying because they're unable to afford medical care.

Rural Hospitals Are Already Strained As They Fight Coronavirus

While the brunt of the coronavirus crisis has so far been in major cities like New York, Detroit, and New Orleans, there have been [growing reports]() of rural communities struggling to fight the pandemic. Hospital closures are already directly impacting states' coronavirus response. After a rural hospital closed in West Virginia, an 88-year-old resident suffering from coronavirus became the state's first recorded coronavirus death. Per the [New York Times]():

"Michael Angelucci, a state delegate and the administrator of the Marion County Rescue Squad, said the hospital's closure during the pandemic is already being felt. On March 23, emergency medics were called to take an 88-year-old woman with the coronavirus to the hospital, Mr. Angelucci said. Instead of making a quick drive to Fairmont Regional, about two minutes away, Mr. Angelucci said that the medics had to drive to the next-nearest hospital, about 25 minutes away. A few days later, she became West Virginia's first reported coronavirus death."

As rural hospitals prepare for an influx in patients, Medicaid expansion plays a critical role in paying for the treatment they provide. The ACA's Medicaid expansion led to a $12 billion reduction in hospitals' uncompensated care costs. Between 2013 and 2015, hospitals' uncompensated care costs decreased by $12 billion, or roughly 30 percent. Unfortunately, however, some of the most rural states have rejected Medicaid expansion, and hospitals are treating more people who have no insurance. Therefore, these already-struggling hospitals are providing more care for patients that cannot pay.

Medicaid Expansion Has Played An Essential Role In Helping Rural Americans Gain Coverage. Thanks to the ACA's Medicaid expansion, 1.7 million rural Americans gained coverage who had not previously been eligible. The uninsured rate in rural parts of expansion states decreased by a median of 44 percent.

More than 40 percent of rural hospitals risk closure in Texas, Florida, Mississippi, Missouri, and Tennessee. None of these states have expanded Medicaid.

Medicaid Expansion Is A Lifeline For Rural Hospitals:

- **Rural Hospitals In Medicaid Expansion States Are 62 Percent Less Likely To Close.** "But there was one other leading indicator that has an obvious political explanation and which should be entirely avoidable: whether the hospital is in a state that expanded Medicaid under Obamacare. According to Chartis, being in a Medicaid expansion state decreases by 62 percent the likelihood of a rural hospital closing. Conversely, being in a non-expansion state makes it more likely a rural hospital will close." [Vox, 2/18/20]

- **75 Percent Of Vulnerable Rural Hospitals Are In Non-Expansion States.** "The states that have experienced the most rural hospital closures over the last 10 years (Texas, Tennessee, Oklahoma, Georgia, Alabama, and Missouri) have all refused to expand Medicaid through the 2010 health care law. It seems their rural hospitals are paying the price. Of the 216 hospitals that Chartis says are most vulnerable to closure, 75 percent are in non-expansion states. Those 216 hospitals have an operating margin of negative 8.6 percent." [Vox, 2/18/20]

- **77 Of 106 Hospital Closures Over The Past Decade Were In States That Refused To Expand Medicaid.** "Rural America is in the midst of a deep and prolonged crisis that resulted in 106 hospital closures since 2010. Nearly 700 more are on shaky ground, and nearly 200 are on the verge of collapse right now, according to reports from Massachusetts consulting firm iVantage Health Analytics and the Sheps Center for Health Services Research at the University of North Carolina at Chapel Hill. Hospitals faring the worst are mainly in states that refused to expand Medicaid. Those states account for 77 of the 106 closures over the past decade. They also are home to a greater percentage of money losing facilities and lower collective profit margins." [Gatehouse News, 7/28/19]

Trump And Republicans Have Waged A War Against Medicaid Expansion

Despite this once-in-a-generation health crisis, and growing evidence of clear disparities between states that chose to expand Medicaid and those that did not, the Trump administration and its Republican allies remain intent on decimating Medicaid and jeopardizing the health of 17 million Americans who depend on expansion for coverage. Not only has Trump not taken any steps to encourage holdout states to expand their Medicaid programs, but the administration is currently backing a lawsuit seeking to dismantle Medicaid expansion in its entirety. Perhaps the most imminent threat to Medicaid expansion, Trump's lawsuit seeking to overturn the ACA would rip away coverage from 20 million and eliminate protections for pre-existing conditions overnight. The lawsuit would also terminate Medicaid expansion, threatening to rip away coverage from more than 17 million people and cut key funding for already-struggling rural hospitals during the pandemic.

If The Affordable Care Act Is Struck Down, Medicaid Expansion Would Be Eliminated

- **Seventeen Million People Enrolled Through Medicaid Expansion Could Lose Coverage.**

- **Access To Opioid Treatment Would Be In Jeopardy For 800,000 People With Opioid Use Disorder.** Roughly four in ten, or 800,000 people with an opioid use disorder are enrolled in Medicaid. Many became eligible through Medicaid expansion.

- **Key Support For Rural Hospitals Would Disappear,** leaving hospitals with $9.6 billion more in uncompensated care.

- **States Would Lose Important Federal Health Care Funding** — an estimated reduction of $135 billion in the first year. The Urban Institute estimates that a full repeal of the ACA would reduce federal spending on Medicaid/CHIP care and Marketplace subsidies by $135 billion, or 34.6 percent in the first year.

President Trump has taken many additional steps to attack Medicaid expansion. Despite promising not to cut Medicaid when he ran for president, President Trump has repeatedly asked for steep budget cuts to Medicaid and other essential health programs through his budget proposals. Most recently, Trump sought more than $1 trillion in cuts to Medicaid and the Affordable Care Act (ACA) for fiscal year 2021. His budget essentially ends Medicaid expansion by eliminating the enhanced federal payment and proposes nationwide work requirements, which experts estimate would cause up to 4 million people to lose coverage.

Trump has also empowered states to impose red tape and paperwork requirements as part of his ongoing efforts to dismantle Medicaid expansion. Work requirements have been at the center of these efforts. After Arkansas imposed the nation's first work requirements program, more than 18,000 residents lost Medicaid coverage. While work requirements have been blocked by a federal judge several times, the Trump administration keeps fighting to impose these onerous rules in Medicaid. A recent GAO report found that the administrative costs to implement the failed work requirement programs in five states topped $400 million. In addition to work requirements, the administration has encouraged states to impose other barriers such as increased eligibility verification as well as premiums and other cost-sharing. All of these efforts amount to blatant attempts to strip health care away from vulnerable Americans. While recent legislation has

temporarily blocked states from imposing restrictions like these on their Medicaid populations, there is no doubt the confusion caused by these requirements lives on.

Just before the coronavirus outbreak, the Trump administration announced guidance that could severely limit state funding for those enrolled in Medicaid expansion. Block grants are a blatant attempt to limit funding, gut coverage and kick people off the rolls. Importantly, under a block grant, federal funding would no longer necessarily increase in response to a public health emergency like coronavirus, potentially forcing states to limit enrollment or benefits. This could lead to people losing coverage and access to care, undermining prevention and treatment of diseases nationwide. Nevertheless, GOP-run states like Oklahoma are still pursuing this harmful policy.

Conclusion

Now more than ever, it is imperative that Trump and his Republican allies end their partisan war against Medicaid expansion. Even without the threat of a global pandemic, there is overwhelming evidence that Medicaid expansion helps people get the care they need while supporting hospitals. Congress should work quickly to pass legislation incentivizing all holdout states to expand their programs.

For the health and safety of Americans, President Trump must drop his lawsuit to overturn the Affordable Care Act and Medicaid expansion. Moreover, President Trump should end all efforts to undermine Medicaid expansion, including imposing harmful paperwork requirements, encouraging states to seek block grants, and pursuing budget cuts. Instead of working tirelessly to sabotage health care, the administration should work with state and local leaders to ensure that every American has access to quality health care during this crisis.