Rural America Will Benefit from Medicaid Expansion

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More than 2.6 million low-income individuals who live in rural America[1] and do not have health insurance could gain coverage if all states accept federal funds to expand their Medicaid programs in 2014 under health reform. States that do not accept the funds will miss an opportunity to expand health coverage across the state and bolster their rural economies.

Medicaid Is the Backbone of Rural America's Health Care Delivery System

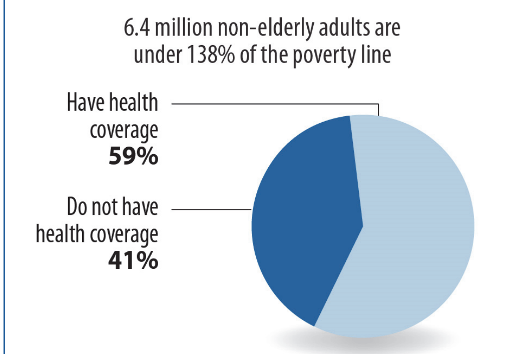
Medicaid plays a greater role in the provision of health care in rural America than it does in the rest of country. Eighteen percent of rural Americans were enrolled in Medicaid in 2010, compared with roughly 15 percent of those living in urban areas. And Medicaid is especially important to rural children, the elderly, and persons with disabilities, who are all more likely to get coverage through Medicaid than are their counterparts in urban areas.

Medicaid provides economic stability for rural health care providers and eases the challenges of delivering care in sparsely populated areas. These challenges include lower patient volume (for example, rural hospitals have a 55 percent occupancy rate, compared with 63 percent in urban hospitals), fewer specialists, and an overall shortage of health professionals.[2] Physicians in rural areas receive 20 percent of their revenue from Medicaid, compared with 17 percent for physicians in urban areas.[3]

Medicaid offers beneficiaries in rural areas excellent access to care. A 2011 survey showed that 84 percent of rural physicians accept new Medicaid patients, compared with 65 percent of urban physicians.[4] The same study found that twice as many physicians in urban areas will not take new Medicaid patients in 2014 as will physicians in rural areas.

Figure 1

More Than 2 in 5 Low-Income Non-Elderly Adults in Rural America Lack Health Coverage



Source: CBPP analysis using 2012 Census Bureau data

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[1] For this issue brief, we define rural as areas outside a metropolitan area. A metropolitan area is defined as having a large population nucleus, with adjacent integrated communities, with at least 50,000 residents, or a *total* population of at least 100,000 people. It may comprise one or more central counties.

[2] Kaiser Commission on Medicaid and the Uninsured, "Health Coverage in Rural America," September 2003.

[3] Jon Bailey, "Medicaid and Rural America," Center for Rural Affairs, February 2012.

[4] "Modernizing Rural Health Care: Coverage, Quality, and Innovation," United Health Center for Health Reform and Modernization," July 2011.

Expanding Medicaid Will Help Address Coverage Gaps in Rural America

Forty-one percent of low-income adults between the ages of 19 and 64 who live in rural areas do not have health insurance (see Figure 1). By providing states with federal funds to cover most of these adults earning less than 138 percent of the poverty line[5] (about $16,000 a year for an individual and $27,000 for a family of three) through Medicaid, the Affordable Care Act presents an opportunity to fill in the gaps in health coverage that exist in all parts of the country. The coverage gaps in rural America exist in large part because rural Americans have limited access to private insurance.

- Only 64 percent of rural employers offer their workers health insurance, compared with 71 percent in urban areas.[6]

- The prevalence of jobs such as farming and contracting means self-employment is more prevalent in rural America. Not only are the self-employed in all parts of the country insured at lower rates than wage earners, but the self-employed in rural America are insured at *even lower rates* than the self-employed in urban areas.

- Rural residents have low incomes. Seventeen percent of rural workers earn less than the poverty line ($11,490 a year for an individual), compared with 14.6 percent of urban residents.[7] Lower income levels are associated with less access to private coverage.

The positive impacts of the Medicaid expansion, in the form of broader health coverage and increased payments to providers, will benefit *all* parts of their states, especially rural areas. States should take advantage of this opportunity to provide health insurance to people in communities across the state and to bolster their rural economies.

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[5] The Affordable Care Act raises Medicaid eligibility for most adults to 133 percent of the poverty level, but since states must apply a standard income disregard equal to 5 percent of the poverty level, the income eligibility level is effectively raised to 138 percent of the poverty level.

[6] Andrew Corburn, et al., "Assuring Health Coverage for Rural People through Health Reform," Rural Policy Research Institute, October 2009.

[7] Keith Mueller, et al., "The Current and Future Role and Impact of Medicaid in Rural Health," Rural Policy Research Institute, September 2012.