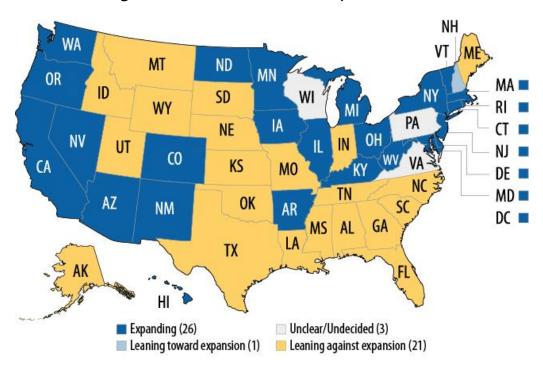
Status of the ACA Medicaid Expansion after Supreme Court Ruling



The Supreme Court's decision on *National Federation of Independent Business et al v. Sebelius*¹ upheld all provisions of the Affordable Care Act (ACA) including the individual responsibility requirement, health insurance exchanges and subsidies, and the Medicaid expansion. However, the Court restricted the federal government's ability to withhold federal Medicaid funds if a state elects *not* to institute the expansion, effectively giving states a choice whether to expand coverage. Even though the federal government will pick up nearly all of the costs of the expansion (100 percent for the first three years, phasing down to 90 percent in 2020 and all subsequent years), some governors and state legislative leaders have expressed initial hesitation — or outright opposition — to expanding Medicaid.

Below is a summary of the status of the state Medicaid expansion for 2014, which will be updated periodically to reflect evolving circumstances and developments in states (Figure 1). Each state is categorized based on statements and other indications from key policy makers — including governors, Medicaid directors, or legislative leadership. Since the November 6 election, policy makers in a number of the states labeled as "unclear/undecided" have stated they have not made a decision about the Medicaid expansion. The large number of states carrying this designation at this time is, more than anything else, a result of policy makers not making clear statements that they will or will not expand their Medicaid programs.





¹ Available at <u>http://www.supremecourt.gov/opinions/11pdf/11-393c3a2.pdf</u>

Impact of the Medicaid Expansion on Covering the Uninsured

The Affordable Care Act extends Medicaid coverage to otherwise eligible state residents with incomes below 138 percent of the poverty line. Over 15 million uninsured adults could become newly eligible for Medicaid across all states (the total number that will actually enroll will be less since not all eligible individuals sign up for coverage). An additional 4 million uninsured adults are currently eligible under existing state eligibility criteria but are not enrolled; many will likely do so once the requirement to have coverage becomes effective in 2014.

The ACA generally allows premium credits for exchange coverage for individuals with incomes *above* the poverty line who do not have access to affordable employer coverage or other public coverage. In states that fail to expand coverage, those with incomes at or below 100 percent of the poverty line who would have been "newly eligible" will likely end up without any option for affordable coverage. Table 1 provides estimates of the number of adults affected in each state, along with current state Medicaid eligibility level for adults.

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State-by-State Assessment of Medicaid Expansion Status and Eligibility Levels										
State	Status	Uninsured Adults With Incomes Below 138% (in thousands) ²			Current Medicaid Eligibility for Working Adults (FPL) ³					
		Newly Eligible <138%	Newly Eligible <100%⁴	Currently Eligible <138%⁵	Parents	Other Non- Disabled Adults				
United States	N/A	15,060	11,483	4,370	63% (median)	N/A				
Alabama	Leaning against expansion	321	254	76	24%	N/A				
Alaska	Leaning against expansion	141	30	5	81%	N/A				
Arizona	Expanding	89	32	265	106%	110% (closed)				
Arkansas	Expanding	218	167	36	17%	N/A				
California	Expanding	1873	1415	583	106%	N/A				
Colorado	Expanding	225	161	66	106%	20%				
Connecticut	Expanding	88	71	25	191%	72%				
Delaware	Expanding	17	15	2	119%	110%				
District of Columbia	Expanding	9	3	29	206%	211%				
Florida	Leaning against expansion	1295	995	257	58%	N/A				
Georgia	Leaning against expansion	684	534	159	49%	N/A				
Hawaii	Expanding	37	33	8	100%	100% (closed)				
Idaho	Leaning against expansion	108	79	18	39%	N/A				
Illinois	Expanding	522	431	178	133%	N/A				

² Opting Out of the Medicaid Expansion under the ACA: How Many Uninsured Adults would not be Eligible for Medicaid? (Urban Institute, July 5, 2012)

³ <u>Medicaid Income Eligibility Limits for Adults as a Percent of Federal Poverty Level, July 2012</u> (Kaiser Family Foundation, July 2012)

⁴ These individuals would be ineligible to receive premium tax credits to purchase Exchange coverage.

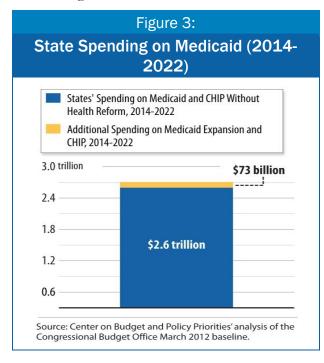
⁵ These individuals are currently eligible for Medicaid but not enrolled; many will likely enroll regardless of their state's decision to expand Medicaid.

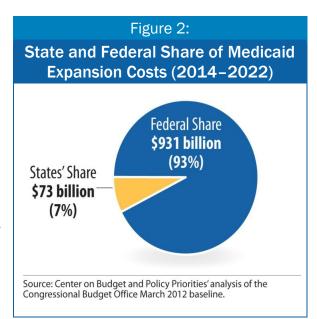
Table 1 State-by-State Assessment of Medicaid Expansion Status and Eligibility Levels									
Newly Eligible <138%	Newly Eligible <100%4	Currently Eligible <138% ⁵	Parents	Other Non- Disabled Adults					
Indiana	Leaning against expansion	374	288	64	24%	N/A			
Iowa	Expanding	106	80	23	82%	N/A			
Kansas	Leaning against expansion	141	103	30	32%	N/A			
Kentucky	Expanding	288	223	78	59%	N/A			
Louisiana	Leaning against expansion	330	260	62	25%	N/A			
Maine	Leaning against expansion	46	32	13	200%	N/A			
Maryland	Expanding	167	142	57	116%	N/A			
Massachusetts	Expanding	88	70	21	133%	N/A			
Michigan	Expanding	564	430	112	63%	N/A			
Minnesota	Expanding	130	103	39	215%	75%			
Mississippi	Leaning against expansion	231	183	62	44%	N/A			
Missouri	Leaning against expansion	351	267	51	36%	N/A			
Montana	Leaning against expansion	59	43	14	55%	N/A			
Nebraska	Leaning against expansion	78	56	21	57%	N/A			
Nevada	Expanding	163	127	41	87%	N/A			
New Hampshire	Leaning toward expansion	51	37	7	49%	N/A			
New Jersey	Expanding	307	245	42	200% closed >133%	N/A			
New Mexico	Expanding	127	102	34	85%	N/A			
New York	Expanding	170	62	641	150%	100%			
North Carolina	Leaning against expansion	587	438	133	49%	N/A			
North Dakota	Expanding	24	14	5	59%	N/A			
Ohio	Expanding	578	445	127	90%	N/A			
Oklahoma	Leaning against expansion	225	172	77	53%	N/A			
Oregon	Expanding	252	193	41	40%	N/A			
Pennsylvania	Unclear/Undecided	520	398	92	46%	N/A			
Rhode Island	Expanding	38	31	13	181%	N/A			
South Carolina	Leaning against expansion	287	232	92	91%	N/A			
South Dakota	Leaning against expansion	40	30	9	52%	N/A			
Tennessee	Leaning against expansion	361	284	98	126%	N/A			
Texas	Leaning against expansion	1748	1326	289	26%	N/A			
Utah	Leaning against expansion	105	73	40	44%	N/A			
Vermont	Expanding	<1	<1	17	185%	150%			
Virginia	Unclear/Undecided	342	271	69	31%	N/A			
Washington	Expanding	308	237	66	73%	N/A			
West Virginia	Expanding	131	101	23	32%	N/A			
Wisconsin	Unclear/Undecided	181	145	53	200%	N/A			
Wyoming	Leaning against expansion	24	18	6	51%	N/A			

Fiscal Impact of the Medicaid Expansion on State Budgets

Medicaid is administered as a partnership jointly funded by the federal government and states, with the federal government contributing anywhere from 50 percent to 74 percent of expenses⁶ (overall federal share of all states' Medicaid spending is 57 percent). The Medicaid expansion under the ACA has a much more generous federal match rate, starting at 100 percent in 2014 and gradually declining starting in 2017 until it reaches 90 percent for 2022 and beyond.

Several states have cited the modest increase in state funds needed for the expansion as grounds to reject it, however, over 93 percent of the cost of the expansion will be borne by the federal government through 2022 (Figure 2). The increase in states' share of Medicaid expenses is a minor fraction of spending that is already projected for the same time period, accounting for only a 2.8 percent increase (Figure 3). These estimates do not take into account the potential for savings in each state's budgets due to an increase in Medicaid coverage for residents who are currently uninsured, some who currently rely upon uncompensated care or other state or locally funded services for behavioral health, vaccinations, and HIV/AIDS. It is possible that in many states, the expansion of Medicaid will actually result in a net decrease in the state's budget.





Immediately after the Supreme Court ruling, several governors relied on estimates for the state's share of the Medicaid expansion that were far too high. Many states are now preparing analyses of the overall fiscal impact of adopting the Medicaid expansion. Estimates have also been released by state Medicaid agencies and other government offices, and other research organizations. Contact the health team at CBPP for more information on these estimates.

⁶ <u>http://www.statehealthfacts.org/comparetable.jsp?typ=2&ind=184&cat=4&sub=47</u>