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Closing the Medicaid Coverage Gap Will Improve Health and Well-Being for 2.2 Million Americans While Increasing Their Economic Security

Closing the Medicaid coverage gap would provide health coverage for over 2.2 million low-income Americans who are currently ineligible for any federal health insurance supports. These families live in the 11 states[1] where Republican state officials have refused to accept generous federal funding to expand their state Medicaid programs to cover the larger low-income population offered coverage under the Affordable Care Act (ACA).

This expansion would narrow racial gaps in health access while also delivering benefits to a broad and diverse low-income population. Analyses of recent and historical coverage expansions for low-income families show that the policy saves lives, improves peoples' health, supports local hospital systems and is a strong investment in long-run socioeconomic well-being.

Closing the Medicaid coverage gap would help insure 2.2 million Americans in the remaining 11 states that failed to expand Medicaid

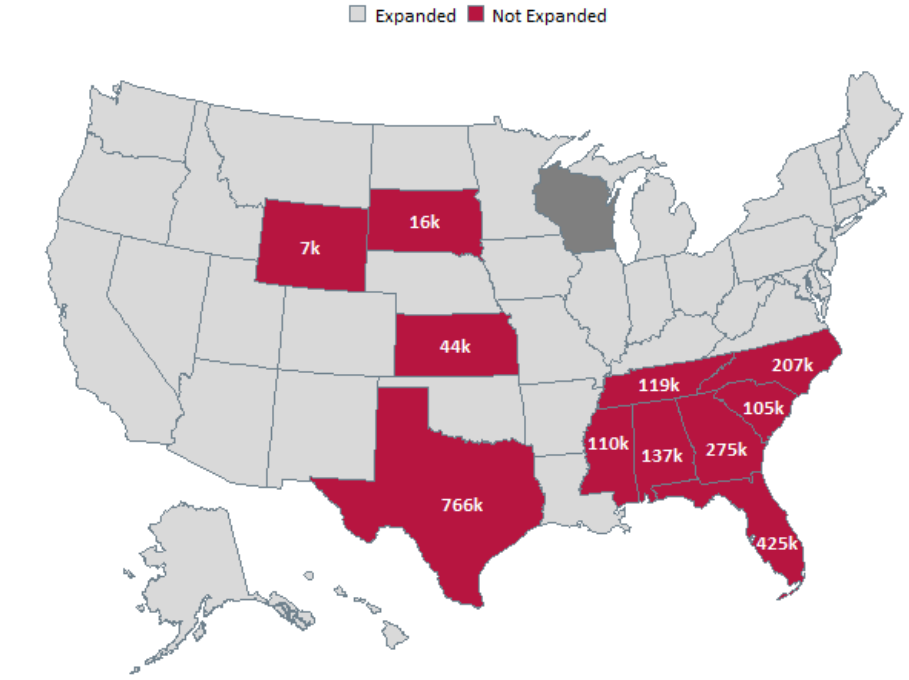
The Medicaid coverage gap exists in the 11 states that chose not to expand Medicaid under the ACA to cover anyone earning under 138% of the federal poverty line ($21,960 for a family of 3 in 2021). In these states, adults who earn above their state's Medicaid eligibility threshold (which can be as low as $3,733 for a family of 3, or $0 for a childless adult in Texas), but below 100% of the poverty line are not eligible for either Medicaid or insurance subsidies on the ACA marketplaces.

Experts estimate that 2.2 million uninsured adults currently fall in the Medicaid coverage gap and have no access to federal supports. Increasing coverage for these adults could also likely increase coverage for children who are already eligible for Medicaid, but are not yet enrolled because their parents cannot get affordable insurance.

The coverage gap exists because the Supreme Court ruled in 2012 that the federal government could not require each state to expand Medicaid via the ACA. Republican officials in 11 holdout states have repeatedly declined to cover their full low-income populations, despite generous financial incentives from the federal government. Closing the gap through congressional action would guarantee that no low-income American can be blocked from health insurance access because of the state where they live.

[1] The remaining states are Alabama, Florida, Georgia, Kansas, Mississippi, North Carolina, South Carolina, South Dakota, Tennessee, Texas and Wyoming. Wisconsin did not formally expand Medicaid under the ACA, but does cover those earning 100% of the poverty line or below, closing the state's coverage gap.

Number of Families in the Medicaid Gap in Each Non-Expansion State



Source: CBPP estimates based on the 2019 American Community Survey
Note: Wisconsin did not formally expand Medicaid under the ACA, but does cover those earning 100% of the poverty line or below, closing the state's coverage gap.

Closing the coverage gap would broadly increase health care access and save lives, while narrowing racial disparities in coverage and outcomes

Medicaid expansion under the ACA has routinely been shown to improve health, employment and financial security in the states that chose to expand. The Kaiser Family Foundation completed two in-depth overviews of over 600 studies and found that the ACA's Medicaid expansion:

- increased Medicaid enrollment and reduced uninsured rates, including among children and other adults who were already eligible but not yet enrolled,
- helped people get a range of health care services from preventative visits, prescription drugs, cancer screenings and behavioral health supports,
- improved self-reported mental and physical health outcomes and
- was associated with a 3.6% reduction in all-cause mortality, saving approximately 19,200 lives among near-elderly adults in a four-year span.

Expanding coverage would make vital progress in addressing racial gaps in health access and outcomes

While the overall improvements in health outcomes are important, closing the coverage gap would also increase racial health equity. Expansion states saw their average uninsured rates fall for Black, Hispanic, and American Indian and Alaskan Native populations at faster rates than in non-expansion states. These reductions narrowed gaps in coverage compared to white individuals, and also reduced gaps in the share of people avoiding medical care due to cost.

Recent research shows that 60% of people in the coverage gap are people of color, so closing the coverage gap will continue to narrow racial disparities in coverage. Increasing Medicaid coverage is associated with reduced Black maternal mortality in expansion states. States can reduce maternal mortality even more by making explicit investments in additional prenatal and postpartum supports, or by covering a full year of postpartum health coverage for mothers.

Expanding coverage will support economic growth by creating jobs, increasing financial stability and shoring up vital local hospital systems

Filling the coverage gap would bolster employment growth through increased federal spending, improve people's financial security by insuring against costly medical emergencies and stabilize state budgets and hospital systems.

Closing the coverage gap could create nearly 1 million new jobs, as increased federal funding leads to employment growth in health care and related industries. Additionally, Medicaid expansion has been found to significantly reduce the number of unpaid non-medical bills and reduce non-medical debt in collection by as much as $600 to $1,000.

At the state level, governments in states that expanded Medicaid saw savings in the form of reduced spending on health services for the uninsured, corrections systems and uncompensated care. These savings covered anywhere from 14% of the cost of expansion in Kentucky, up to 41% of the cost in Michigan. Also, closing the coverage gap would significantly reduce uncompensated care costs that hospitals currently deal with when they treat uninsured patients. Increased funding could also prevent many hospital closures, with the greatest effects in rural communities and those with large uninsured populations.

Past Medicaid expansions have led to significant long-term payoffs, indicating that expanding coverage could pay for itself in the long run

Research looking at the long-run effects of past Medicaid expansions routinely finds that the upfront investment in health coverage more than pays for itself through long-run improvements in various socioeconomic outcomes.

For example, maintaining health coverage for low-income men more than pays for itself in the long-run by reducing incarceration and crime, and a study comparing 133 policy changes over the past 50 years found that direct investments in low-income children's health have some of the highest impacts on social welfare. Providing insurance for low-income pregnant women and children leads to tremendous societal benefits driven by increased lifetime earnings, higher tax revenues and less spending on adult hospitalizations.

The House-passed Build Back Better Act would close the Medicaid gap and ensure that 2.2 million low-income Americans get health insurance

Closing the Medicaid gap is smart policy given the tremendous impact it would have on low-income Americans' health, economic security and future well-being. The version of the Build Back Better Act passed by the House in November 2021 would expand health coverage to the 2.2 million families currently living in the 11 non-expansion states. If enacted, Build Back Better would close the Medicaid coverage gap by heavily subsidizing insurance plans on the ACA's health insurance marketplaces that mimic standard Medicaid insurance.