



Debunking Myths about Medicaid - And Its Expansion

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The Affordable Care Act of 2010 uses two approaches to extend health coverage to more than 30 million Americans not previously insured – by providing tax credit subsidies for people with modest earnings to buy affordable private health insurance plans in state marketplaces, and by giving the states federal grants to expand their Medicaid programs to include some 16 million additional low-income uninsured individuals 19 to 64 years old who earn less than about \$16,000 in 2014.

Health Reform and Medicaid Expansion

In June 2012, the Supreme Court upheld most of the health reform law, but said that each state could either accept federal funds to expand Medicaid or choose to leave its earlier more restrictive eligibility rules in place. As of September 2014, 27 states plus the District of Columbia are proceeding with expansion. The other 23 states have not agreed – leaving more than 4.3 million uninsured Americans without any options to get coverage, because their incomes are not high enough to let them claim premium subsidies for the state marketplaces.

- Fifteen states with Democratic governors and legislative majorities are expanding Medicaid – plus Arkansas, Kentucky, and New Hampshire, divided states with Democratic governors.
- Expansion is blocked in 16 Republican-dominated states – and in Missouri and Virginia, where conservative blocs of legislators oppose bipartisan bills endorsed by Democratic governors.
- Expansion has been backed by Republican governors in nine GOP-dominated or divided states – Arizona, Iowa, Michigan, Nevada, New Jersey, New Mexico, North Dakota, Ohio, and Pennsylvania. GOP governors in Indiana and Utah are negotiating expansion, and discussions are underway in Tennessee and Wyoming. With legislative majorities already in favor, Maine is poised to expand if the state's conservative GOP governor loses re-election in 2014.

Opponents of expansion have spread falsehoods, to which straightforward facts are the best response.

Medicaid is Central to U.S. Health Coverage

Critics often decry Medicaid as a government “welfare handout” to a minority. But in 2011, prior to the current expansion, a Kaiser Family Foundation survey found that 51% of Americans were personally covered by Medicaid or had a family member or close friend getting help.

- Medicaid has paid health care costs for disabled people, poor elders, and low-income pregnant women and children – and is now expanding to include all low-income adults. ***In most states that cooperate with expansion, more than one in four residents can benefit from Medicaid.***
- ***Adults who work for low wages need Medicaid because their employers often do not offer health insurance.*** For example, most home health aides do not get coverage.
- About three in ten Medicaid dollars pay for home services and nursing home care for elderly and disabled people, including many from middle-class families. ***Two-thirds of people in nursing homes get help from Medicaid.***
- ***Medicaid lowers health insurance premiums for all Americans,*** because the program covers extra-costly care for the very old and severely disabled.

Medicaid Improves Wellbeing and Access to Care

Critics sometimes argue that Medicaid leads to “substandard” care or point to studies that find little improvement in people’s health within one or two years after they gain Medicaid coverage. Health insurance alone does not guarantee better health for anyone, but many studies have documented that Medicaid (as well as other kinds of insurance) gives people improved access to routine preventive care and to vital tests such as pap smears and other cancer screenings and blood tests to catch high cholesterol. People who get Medicaid also report better mental health – in part because they are less afraid of going bankrupt after an accident or severe illness.

Expanded Medicaid is an Excellent Economic Deal for States and Localities

“Our state can’t afford to expand Medicaid” is a common refrain. But in fact states that refuse expansion are costing their taxpayers and businesses billions of dollars.

- **The federal government provides generous funding** – 100% for the newly eligible adults through 2016, with annual declines until the share stabilizes at 90% in 2020 and beyond.
- The 2010 health reform law assumed Medicaid would cover most low-income people, so it mandated reductions in extra federal payments to hospitals that cared for the uninsured. **In states that do not expand Medicaid by fall 2016, hospitals will lose money and some may close down.**
- **Medicaid expansion boosts local economies.** Hospitals are big employers and additional funding helps them and other health-related businesses hire more workers. Tax dollars previously spent on the uninsured can now go to schools, road repairs, and other priorities.

Enlarging Medicaid is Popular

Majorities of Americans have long favored stable or increased Medicaid funding, and they also favor enlarged coverage. Surveys conducted in 2012 and 2013 showed that the new expansion was endorsed by 45% or more respondents in 41 states, and by clear majorities in 23 states. Since then, popular support has grown. A January 2014 survey in conservative Kentucky registered 79% approval, including from 60% of Republicans. And a September 2014 Morning Consult poll found that 62% of respondents favor expansion in the conservative states that have not acted so far. **Pressures to expand Medicaid are building in lagging states – due to growing support from hospitals, businesses, local taxpayers, and the voting public.**