In States That Don’t Expand Medicaid, Who Gets New Coverage Assistance Under the ACA and Who Doesn’t?

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Timely Analysis of Immediate Health Policy Issues

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In-Brief

In states not expanding Medicaid, 6.3 million uninsured adults who could have qualified for Medicaid are instead ineligible, while 5.9 million other uninsured adults qualify for subsidized, private insurance. We compare these two groups and find the following:

• Median income for such ineligible adults is 35 percent below poverty. For eligible adults, it is 175 percent of the federal poverty level. In dollars, median incomes are under $800 a month for the ineligible uninsured and over $2,000 a month for eligible adults. As a result:
  ◦ Only 28.0 percent of uninsured black adults qualify for help paying for health coverage while fully 42.7 percent are ineligible because of nonexpansion. By contrast, more uninsured whites qualify (36.0 percent) than not (32.7 percent).
  ◦ More uninsured women are ineligible than eligible (33.2 percent vs. 27.8 percent). Slightly more uninsured men qualify (30.9 percent) than not (29.7 percent).
  ◦ Uninsured adults who are Hispanic, under age 25, or have at most a high school degree are more likely to be ineligible than eligible. The opposite is true for uninsured adults ages 45 to 64 or with at least some college education.
  ◦ Uninsured adults ineligible for coverage assistance because of nonexpansion include 4.4 million with a high school degree or less, 3.1 million women, 1.6 million blacks, 1.5 million under age 25, and 1.3 million Latinos.

These contrasts involve coverage assistance that the ACA made available for the first time. However, before the ACA, nonexpansion states already provided Medicaid to 6.5 million adults, and 1.8 million uninsured adults were eligible for Medicaid but not enrolled.

Who Loses When States Don’t Expand Medicaid?

Federal-Poverty Level (FPL) – Income level under which people are considered to be living in poverty. For an individual in 2014 it is $11,670 a year.

Note: See Figure 2 on page 3 in brief.
Introduction

By not expanding Medicaid eligibility as allowed by the Patient Protection and Affordable Care Act (ACA), 23 states preclude 6.3 million uninsured adults from receiving assistance with coverage under the ACA. However, 5.9 million other uninsured adults in these states qualify for federal ACA subsidies to buy qualified health plans (QHPs) in health insurance marketplaces. Most in the former group have incomes below the federal poverty level (FPL); most in the latter are above it. National estimates are presented here, and state estimates are available online.2

Earlier research analyzed the ACA’s effect on the uninsured in expansion and nonexpansion states, exploring eligibility for and enrollment in Medicaid, the Children’s Health Insurance Program (CHIP), and subsidized QHP coverage. Notable findings included the following:

- In states that expanded Medicaid, 68 percent of the pre-ACA uninsured now qualify for Medicaid, CHIP, or QHP subsidies. In nonexpansion states, only 44 percent are eligible; the latter figure would rise to 71 percent if those states expanded eligibility.3

- Between September 2013 and June 2014, the number of uninsured adults fell by 8.0 million nationally—a 22 percent drop. In states that expanded Medicaid, the uninsured rate declined by 38 percent, compared with only 9 percent in nonexpansion states.4

- In less than a year, from September 2013 to June 2014, the percentage of all uninsured adults living in nonexpansion states rose from 49.7 percent to 60.6 percent.5

Other research has explored the consequences of states’ nonexpansion decisions. One study found that failing to expand eligibility: (1) rejects significant federal funding, thus lessening potential economic activity and employment gains in nonexpanding states; (2) forgoes significant hospital revenue originally intended to offset the ACA’s Medicare and Medicaid reimbursement cutbacks; and (3) according to comprehensive fiscal analyses produced for multiple, diverse states, is likely to cause net state budget losses, with increased costs and decreased revenues that exceed cost savings, relative to expansion.6

This paper builds on that earlier work. We focus on nonexpansion states and compare the demographic characteristics of (1) uninsured adults who are ineligible for coverage assistance because of nonexpansion and (2) uninsured adults who qualify for new federal subsidies to purchase private coverage in health insurance marketplaces. We classify states as expanding or not expanding Medicaid based on state policies being implemented or receiving federal approval as of September 2014.7 We limit the analysis to adults because only adults are precluded from coverage assistance by state nonexpansion decisions. Federal law requires Medicaid coverage of children up to 138 percent of FPL; above that income threshold, children are financially eligible for Medicaid, CHIP, or QHP subsidies, so there is no “coverage gap” for children comparable to that facing adults in nonexpansion states.

It is important to provide a context for this paper’s comparisons, which involve eligibility for new categories of health coverage assistance created by the ACA. Because of federal and state policy choices made before the ACA’s enactment, numerous adults in nonexpansion states already receive or qualify for Medicaid. According to 2011 and 2012 data from the Current Population Survey (CPS), 6.5 million adults under age 65 receive Medicaid in nonexpansion states, of whom the vast majority are poor or people with severe disabilities.8 An additional 1.8 million adults in these states were uninsured before the ACA and qualified for Medicaid under pre-ACA rules, but they were not enrolled.9 Put simply, before the ACA passed, nonexpansion states already provided health coverage to millions of their indigent residents, many of whom would otherwise have been uninsured. Moreover, the new ACA subsidies that state residents receive are federally funded tax credits and cost-sharing reductions, not assistance provided at state officials’ behest.

This brief is based on analysis from the Health Insurance Policy Simulation Model-American Community Survey version (HIPSM-ACS).10 The model uses American Community Survey data from 2009, 2010, and 2011 to obtain representative samples of state populations and their pre-ACA insurance coverage. We incorporated logical edits to reported health insurance coverage that lead to a distribution of coverage types that closely matches coverage results from other surveys considered to be most reliable, particularly the National Health Interview Survey.11 Subsidy eligibility is simulated and considered state decisions to expand Medicaid and access to employer-sponsored insurance (ESI). National estimates of adult eligibility reflect state-level estimates of eligibility for Medicaid and QHP subsidies, which are based on aggregate individual- and family-level estimates for each state’s residents.12

One final contextual comment is important. This paper examines only some uninsured adults—namely, those who are ineligible for assistance because of state nonexpansion decisions and those who qualify for QHP subsidies. We do not analyze the characteristics of uninsured adults who are (1) eligible for but not enrolled in Medicaid coverage that predated the ACA or (2) barred from eligibility under federal law because of incomes above 400 percent of FPL, status as undocumented immigrants, or offers of employer insurance that the ACA classifies as affordable. Among all uninsured adults in nonexpanding states (Figure 1):

- 29.5 percent are eligible for QHP subsidies;
- 31.3 percent are ineligible for all forms of ACA assistance because of state nonexpansion decisions;
- 29.6 percent are ineligible for all forms of ACA assistance because of federal legal restrictions; and
8.7 percent are eligible for pre-ACA Medicaid but not enrolled.

Accordingly, when we indicate below, for a particular group of uninsured adults, the percentage that qualifies for ACA coverage assistance and the percentage that is ineligible because of state nonexpansion decisions, those two percentages will not add up to 100 percent. This is because they do not include the uninsured adults who are ineligible due to federal law or who qualify for pre-ACA Medicaid but are not enrolled. An analysis of the latter two groups’ characteristics, including a table showing all four groups’ percentages within each demographic category analyzed in this paper, is available online.

**Income**

As one would expect given the population targeted by the ACA’s Medicaid expansion, uninsured adults who are ineligible for assistance because of their states’ nonexpansion decisions are typically poorer than those who qualify for help under the ACA. In a state that has not expanded Medicaid, people with incomes between 100 and 400 percent of FPL can qualify for subsidies to purchase coverage in a health insurance marketplace as long as they meet other applicable requirements. By contrast, most people who are ineligible for assistance because of state decisions not to expand Medicaid have incomes below 100 percent of FPL. However, some of those ineligible adults (9.6 percent—more than 600,000 people) have incomes between 100 percent and 138 percent of FPL. Members of the latter group would have qualified for Medicaid under expansion but are ineligible for QHP subsidies because they are offered employer coverage the ACA classifies as affordable.

Examining the actual characteristics of affected individuals, the expected income gap between those eligible for assistance under the ACA and those precluded by state nonexpansion decisions turns out to be large (Figure 2):
In States That Don’t Expand Medicaid, Who Gets New Coverage Assistance Under the ACA and Who Doesn’t?

Figure 3. Uninsured Adults, by Race or Ethnicity and Eligibility for ACA Coverage Assistance (Nonexpansion States)

- **Uninsured adults ineligible for aid because of nonexpansion** have a median income of 65 percent of FPL, compared with 175 percent of FPL among state residents who qualify for ACA assistance.

- **In dollar terms**, the median income of such ineligible adults is $9,500 a year—$792 a month—compared with $25,164 a year, or $2,097 a month, for those who qualify.

**Race and Ethnicity**

Because of the income gap described in the previous section, uninsured adults’ access to ACA assistance in nonexpansion states varies along racial and ethnic lines (Figure 3):

- **Black uninsured adults are more much likely to be ineligible than eligible.** Among uninsured, non-Hispanic black adults, fully 42.7 percent—1.6 million people—are ineligible for help due to state nonexpansion decisions. Just 28.0 percent—1.0 million—qualify for ACA subsidies.

- **White uninsured adults are more likely to be eligible than ineligible.** Roughly one-third (32.7 percent) of uninsured non-Hispanic white adults are ineligible because of nonexpansion, compared with 36.0 percent who qualify. The numbers in these two groups are 3.0 million and 3.4 million, respectively.

- **Latinos are more likely to be ineligible than eligible.** Twenty-two percent of uninsured Hispanic adults are precluded from assistance by nonexpansion, compared with 28.6 percent of those who qualify. Uninsured adults in these two categories each total between 350,000 and 400,000 people.

- **Members of other racial and ethnic groups are slightly more likely to be eligible than ineligible for help.**

Among adults who are neither black, white, nor Hispanic, 28.6 percent are precluded from assistance by nonexpansion, and 29.8 percent qualify. Uninsured adults in these two categories each total between 350,000 and 400,000 people.

**Gender**

Uninsured women are disadvantaged by states’ decisions not to expand Medicaid eligibility. This is an unexpected finding. In nonexpansion states, pre-ACA Medicaid coverage for nondisabled adults under age 65 is generally limited to pregnant women and parents of dependent children. In each such state, more women than men received Medicaid in 2011 and 2012. One might therefore expect more indigent, uninsured men than women to be left behind when states fail to expand Medicaid.

What turns out to be a more powerful factor is an underlying income gap that adversely affects women. Among adults age 18 to 65 in nonexpansion states, women make up 51 percent of those with incomes between 100 percent and 400 percent of FPL, the income range for QHP subsidies, but fully 59 percent of those with incomes under 100 percent of FPL, the income range most affected by state nonexpansion decisions. Consequently, women in these states are now disadvantaged in qualifying for help (Figure 4):  

- **Uninsured women are 19 percent more likely to be ineligible than eligible for assistance paying for health coverage under the ACA.** Altogether, 3.1 million uninsured women are ineligible for help because of states’ nonexpansion decisions, representing one-third of all uninsured women in these states (33.2 percent). By contrast, only 27.8 percent of uninsured women qualify for assistance (2.6 million people).
In expanded Medicaid states, who gets new coverage assistance under the ACA and who doesn’t?


Ineligible Because of Nonexpansion
Eligible for ACA Coverage Assistance

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<thead>
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<th>Gender</th>
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<tr>
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<tr>
<td>Women (9.4 million)</td>
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<tr>
<td>Ages 25–44 (10.1 Million)</td>
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<td>Ages 45–64 (6.3 Million)</td>
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<td>31.8%</td>
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<tr>
<td>At Least Some College Education (6.4 Million)</td>
<td>33.3%</td>
<td>30.3%</td>
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Notes: Uninsured adults not shown here are either (1) ineligible because of federal law, rather than state policy decisions; or (2) eligible for pre-ACA Medicaid but not enrolled. States are classified as not expanding Medicaid based on policies being implemented or receiving federal approval by September 2014. Indiana and Utah are thus nonexpansion states despite pending waiver proposals. Pennsylvania is an expansion state because its expansion waiver was approved in August 2014. Residents ineligible for ACA coverage assistance qualify for neither Medicaid nor subsidies to buy qualified health plans (QHPs). Residents eligible for ACA coverage assistance qualify for QHP subsidies. Insurance status is based on American Community Survey data for 2009 through 2011. Residents are under age 65. Adults with a high school education or less include those who did not graduate high school. Those with at least some college education include college graduates.

- Among older adults, eligibility is more common than ineligibility. For uninsured adults ages 45 to 64, 32.9 percent qualify and 28.4 percent are precluded from coverage assistance by nonexpansion. Those groups consist of 2.1 million and 1.8 million people, respectively.

**Education**

- Uninsured adults with no more than a high school education are more likely to be ineligible than eligible for help paying for health coverage (31.8 percent versus 27.7 percent). Fully 4.4 million are ineligible due to nonexpansion; 3.8 million qualify for help.

- Among uninsured adults with at least some college education, eligibility is more frequent than ineligibility (33.3 percent versus 30.3 percent). ACA assistance is available to 2.1 million, but 1.9 million do not qualify because of state nonexpansion decisions.

**Conclusion**

In states that have not expanded Medicaid, adults ineligible for insurance affordability programs because of nonexpansion tend, by definition, to have lower incomes than adults who qualify for federal ACA subsidies. The financial gap between these groups is larger than some might expect. Consequently, state decisions not to expand eligibility have created disparities reflecting demographic characteristics that vary based on income levels. Experiencing the greatest reduction in access to ACA assistance are blacks and young adults. Women, people with no more than a high school education, and Latinos are also adversely affected.

- Uninsured men are 4 percent more likely to be eligible than ineligible for aid: 29.7 percent are ineligible (3.2 million), but 30.9 percent qualify (3.3 million).

**Age and Education Level**

The income gap described earlier also leads to age- and education-based disparities among uninsured adults (Figure 4):

- Uninsured young adults are much more likely to be ineligible than eligible. Among adults under age 25, 40.9 percent are unable to obtain financial assistance with health coverage because of state nonexpansion decisions; only one-quarter qualify (24.7 percent). Accordingly, 1.5 million are ineligible and 900,000 are eligible.
The views expressed are those of the authors and should not be attributed to the Robert Wood Johnson Foundation or the Urban Institute, its trustees, or its funders.

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Notes

1 The remaining uninsured adults are either: (1) eligible for but not enrolled in Medicaid coverage that predated the ACA; or (2) ineligible for assistance under the ACA because of federal law rather than state policy decisions. The latter have incomes above 400 percent of the federal poverty level, are undocumented immigrants, or would qualify for subsidies to purchase marketplace coverage but are offered employer insurance the ACA classifies as affordable.
2 http://www.urban.org/UploadedPDF/413248-Chart-Pack-Comparison.pdf
7 We thus count Indiana and Utah as nonexpansion states even though they have pending waiver proposals that would expand eligibility. We count Pennsylvania as an expanding state because its expansion waiver received approval in August 2014.
9 These data are from unpublished 2014 HPSM-ACS estimates that use the methodology described in the body of this paper.
13 http://www.urban.org/UploadedPDF/413248-Other-Uninsured-Adults.pdf
14 Subsidies also go to legally present immigrants below 100 percent of FPL whose immigration status disqualifies them from federally matched Medicaid (often because their status has lasted less than five years).
15 That is, they must be citizens or lawfully present immigrants, ineligible for publicly subsidized health coverage, and not offered employer-sponsored insurance that meets the ACA’s requirements for affordability and minimum value.

The 33.2 percent of uninsured, adult women who are ineligible for ACA coverage assistance is a 19 percent larger group than the 27.8 percent of such women who are eligible for ACA coverage assistance (33.2/27.8 = 1.19). Along similar lines, 4 percent more uninsured men are eligible than ineligible for assistance, since 30.9 percent of men are eligible and 29.7 percent are ineligible (30.9/29.7=1.04). Relative percentages can be calculated in the same way for the other demographic groups described in this brief.

Defining education levels more finely, our results are as follows: among uninsured adults with less than a high school education, 1.4 million, or 28.8 percent, were ineligible for assistance and 1.0 million, or 21.4 percent, were eligible; among uninsured adults with a high school degree and no additional education, 3.0 million, or 33.3 percent, were ineligible, and 2.8 million, or 31.0 percent, were eligible; of uninsured adults with only some college education, 1.4 million, or 31.6 percent, were precluded from assistance because of a state nonexpansion decision, and 1.5 million, or 33.6 percent, were eligible for ACA subsidies; and among uninsured college graduates, 500,000, or 27.4 percent, were ineligible, and 600,000, or 32.6 percent, were eligible.