



ISSUE BRIEF : Q4 2020

THE BUSINESS CASE FOR EXPANDING MEDICAID IN TEXAS

A QUICK WAY TO HELP 878,000 TEXANS TRAPPED IN THE “MEDICAID GAP” -- AS WELL AS THE 382,000 AFFECTED BY COVID-19 LAYOFFS WHO MAY JOIN THEM

 **BUSINESSFORWARD**

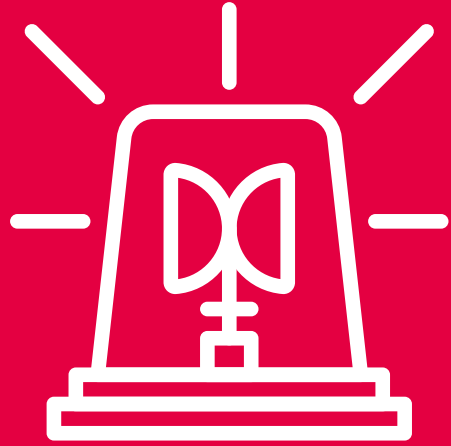
EXECUTIVE SUMMARY

1. The Affordable Care Act (ACA) helped workers with lower incomes obtain healthcare coverage in one of two ways: (1) it gave workers earning \$17,600 or more discounts to help them afford their own policies on the ACA marketplace; and, (2) it gave workers earning less than \$17,600 access to basic healthcare through Medicaid (at no charge).¹
2. In other words, the ACA expanded Medicaid to cover workers with very low incomes who otherwise couldn't afford coverage on their own. It's critical for workers in low-paying fields, "gig" economy workers, and Americans dealing with disabilities.
3. Medicaid expansion is a good deal for states. The Federal government covers 90% of new costs; states cover 10%. In other words, it costs a state 10 cents to deliver \$1 of new care to some of its hardest working families.
4. Moreover, providing that extra \$1 of care can reduce the state's healthcare spending in other areas (which offsets that 10 cents they spend). Some states expanding Medicaid have seen their overall healthcare spending drop.
5. Republicans sued to overturn the ACA. The Supreme Court rejected most claims, but accepted a few. This left the ACA with big holes that created unintended consequences.
6. Medicaid expansion is one of those holes and 22 states (all led by the GOP) initially refused to join -- and 12 still do. In those 12 states, 2.6 million workers and their families are stuck in what experts call the "Medicaid gap."²
7. Since President Trump took office, voters in six states have overruled their GOP legislatures and expanded Medicaid themselves (ID, ME, MO, NE, OK, UT). In Virginia, voters voted Republicans out of office and replaced them with pro-Medicaid expansion Democrats.
8. Mass layoffs caused by Covid-19 are making the Medicaid gap problem worse. An additional 1.9 million Americans in these states who've lost their job could soon fall into the Medicaid gap.³
9. We need to convince these governors to do the right thing for those 4.5 million workers in their states.⁴



ACA EXPANDED MEDICAID TO COVER WORKERS WITH LOW INCOMES

BEFORE THE ACA



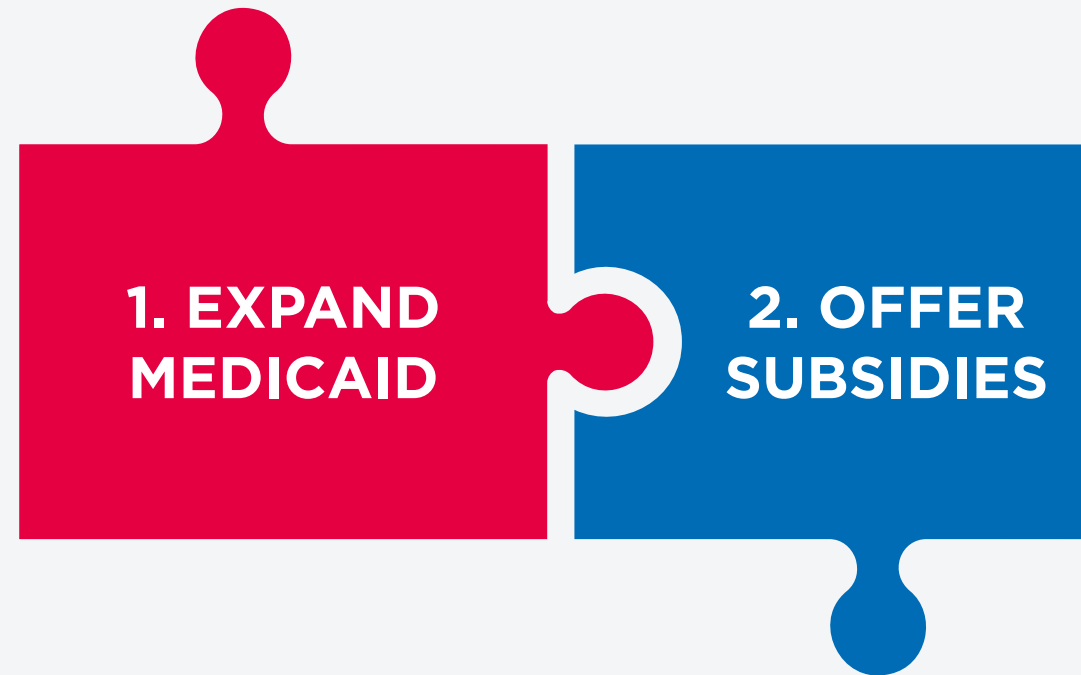
44
MILLION
AMERICANS
HAD NO HEALTH
INSURANCE⁵

ACA'S TWO-STEP SOLUTION

1. EXPAND MEDICAID

Give workers earning less than \$17,600 access to basic healthcare through Medicaid (at no charge).^{6*}

Families that benefit include workers in low-paying fields, "gig" economy workers, and Americans dealing with disabilities.



2. OFFER SUBSIDIES ON ACA MARKETPLACE

Give workers earning \$17,600 or more/year discounts to help them afford their own policies on the ACA marketplace.^{7*}

*INCOME LEVELS VARY ACCORDING TO NUMBER OF CHILDREN/MARITAL STATUS. \$17,600 IS THE THRESHOLD FOR CHILDLESS SINGLE ADULTS.

EXPANDING MEDICAID IS A GOOD DEAL FOR STATES: IT COSTS THEM JUST 10 CENTS TO DELIVER \$1 IN NEW MEDICAL CARE.



90% OF COSTS COVERED BY FEDERAL GOVERNMENT; STATES PAY 10%

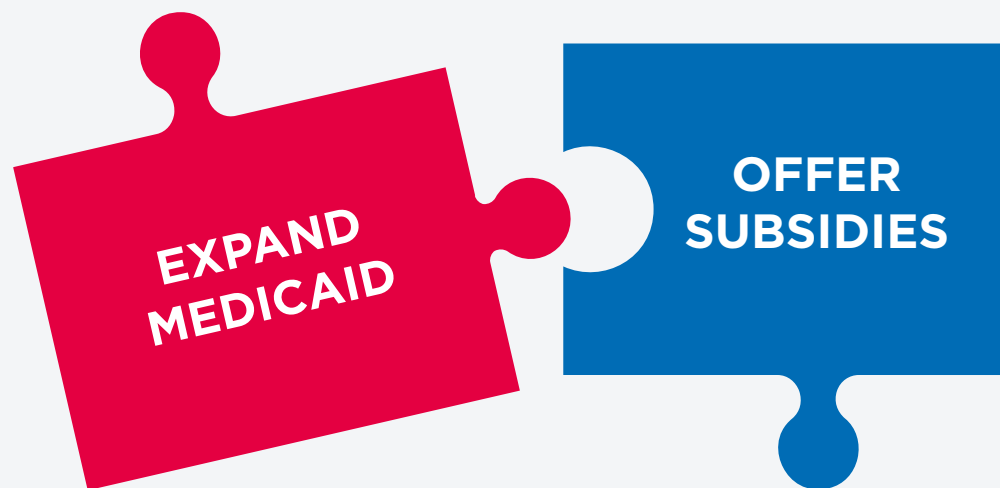
ADDITIONAL CARE REDUCES STATE'S OTHER SPENDING ON HEALTHCARE, WHICH HELPS OFFSET ITS 10% SHARE.

FOR SOME STATES, TOTAL HEALTHCARE SPENDING FALLS.

THE GOP SUED TO OVERTURN THE ACA, USING MULTIPLE ARGUMENTS. THE SUPREME COURT ACCEPTED SOME AND REJECTED OTHERS, CREATING HOLES IN THE ACA SAFETY, INCLUDING THE “MEDICAID GAP”

BY REJECTING SOME OF THE GOP’S CLAIMS AND ACCEPTING OTHERS, THE SUPREME COURT LEFT MOST OF ACA INTACT -- BUT WITH HOLES THAT LED TO RESULTS NEITHER SIDE INTENDED.

One ruling was that states could choose not to participate in expanded Medicaid.



This created the “Medicaid gap.” The Medicaid gap refers to people who don’t qualify for subsidies on the exchanges but also don’t qualify for Medicaid.

REPUBLICANS DIDN’T MEAN TO CREATE THE MEDICAID GAP, BUT, WHEN THEY REFUSED TO JOIN IN THE MEDICAID EXPANSION, THEY DID.

In 2012, many Republicans justified their decision on the grounds they would soon be replacing the ACA with something better.

Eight years later, they have yet to even present a plan for debate. This is no longer a temporary problem: It’s a self-inflicted wound.

22 STATES INITIALLY REFUSED TO EXPAND MEDICAID; 12 STILL DO.



2.6
MILLION WORKERS AND THEIR FAMILIES IN THESE STATES ARE STILL STUCK IN THE MEDICAID GAP⁸

SINCE TRUMP TOOK OFFICE, VOTERS IN 7 STATES OVERRULED THEIR GOP GOVERNORS AND LEGISLATURES BY VOTING TO FOR MEDICAID EXPANSION OR BY ELECTING A DEMOCRAT MAJORITY THAT PROMISED TO EXPAND IT.⁹

EXPANDED BY BALLOT MEASURE:

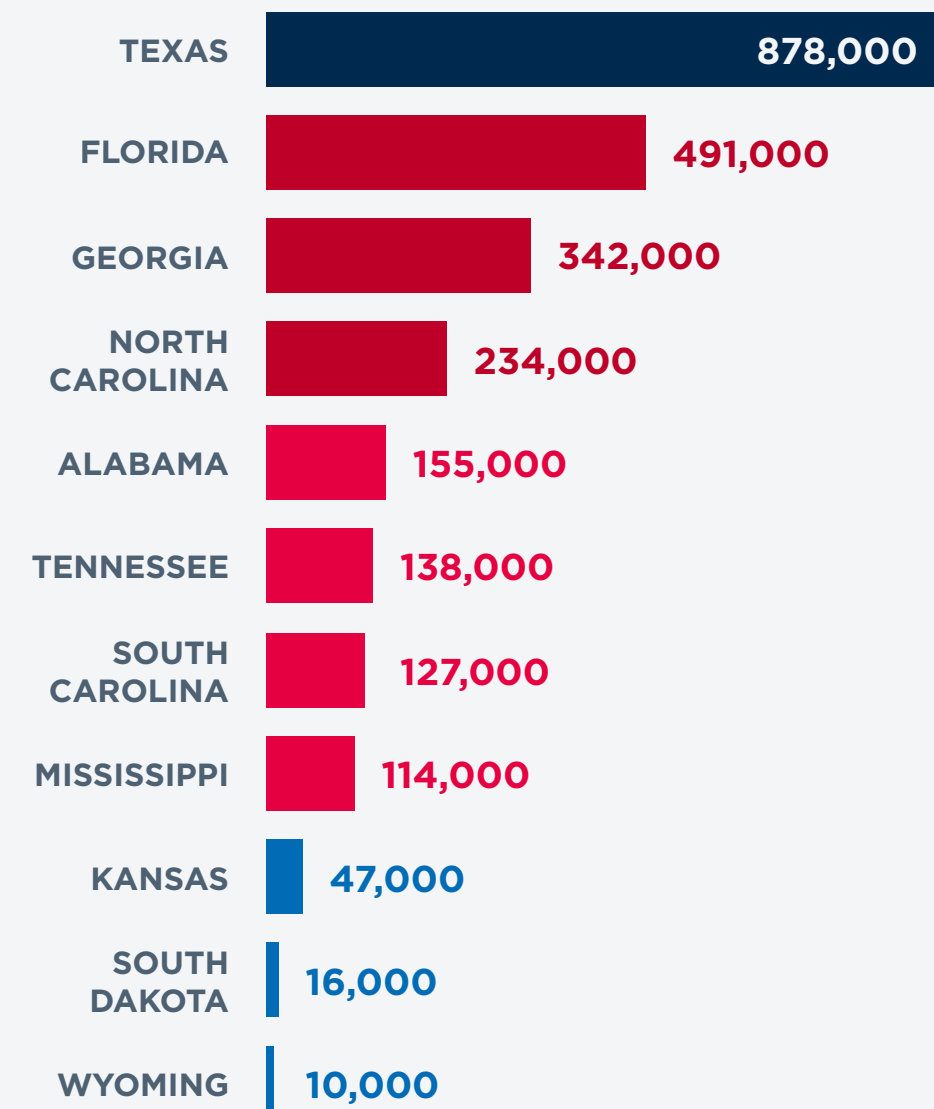
1. MAINE
2. IDAHO
3. UTAH
4. NEBRASKA
5. OKLAHOMA
6. MISSOURI

EXPANDED BY DEMOCRAT MAJORITY:

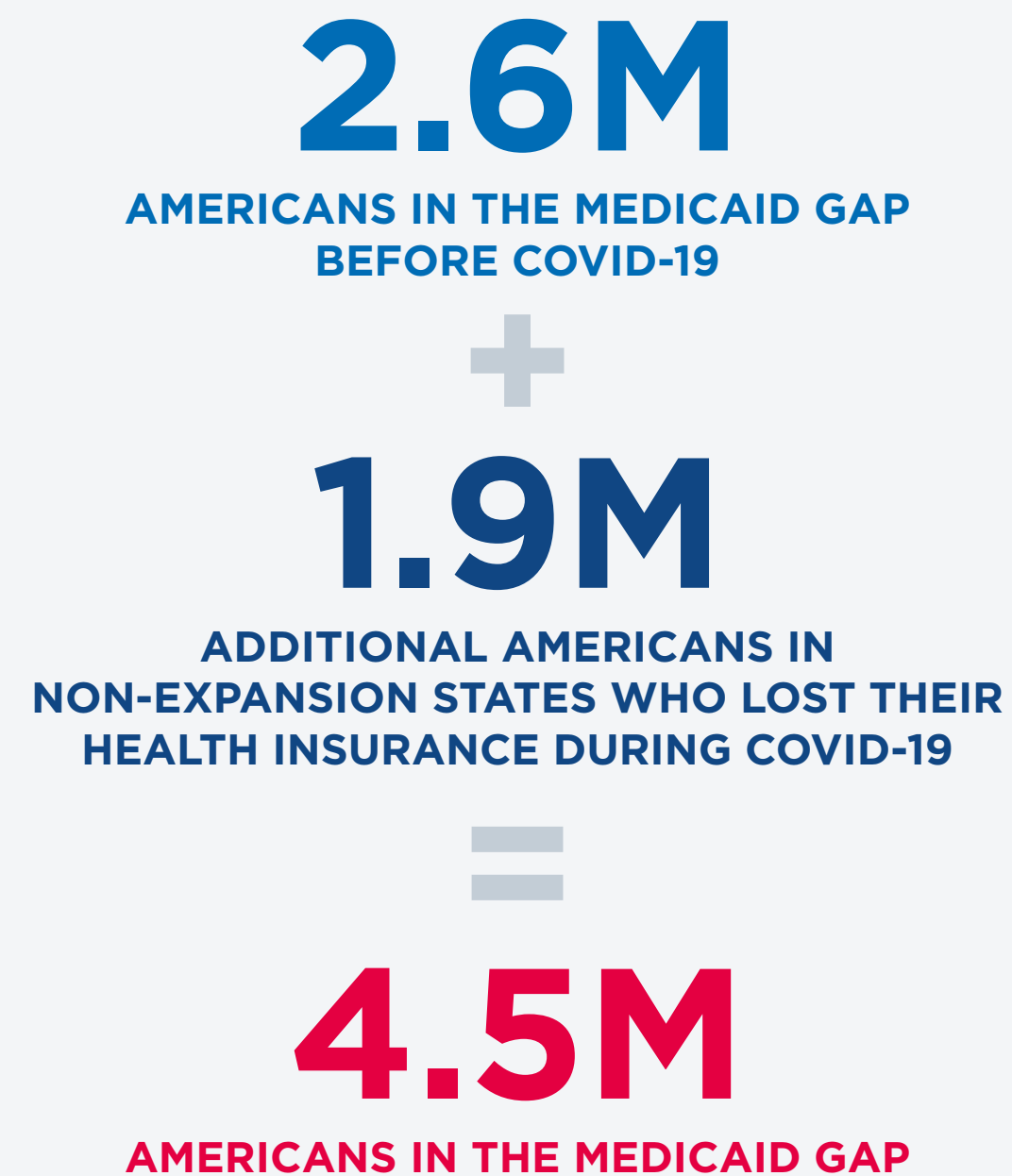
7. VIRGINIA

THE “MEDICAID GAP” IS BAD; COVID-19 MADE IT WORSE

2.6 MILLION WORKERS AND THEIR FAMILIES ACROSS THESE STATES WERE EXPECTED TO BE STUCK IN THE MEDICAID GAP BEFORE COVID-19.¹⁰



WITH COVID-19 LAYOFFS, ANOTHER 1.9 MILLION COULD JOIN THEM.¹¹



NEARLY 27 MILLION AMERICANS COULD LOSE THEIR EMPLOYER-SPONSORED HEALTH INSURANCE BY 2021¹²

REPUBLICANS HAVE NO PLAN FOR REPLACING THE ACA, BUT THEY HAVE PROPOSED REPLACING IT WITH BLOCK GRANTS TO STATES.

States would have greater freedom in how to spend the money, but the grants would be capped.

This means states would be responsible for sudden increases in healthcare costs above the cap, such as higher costs from a pandemic, a deep recession, or (worse) a pandemic that causes a deep recession.

BLOCK GRANTS ARE A BAD DEAL FOR STATES EVEN IN GOOD TIMES. THEY WOULD BE A DISASTER DURING COVID-19.



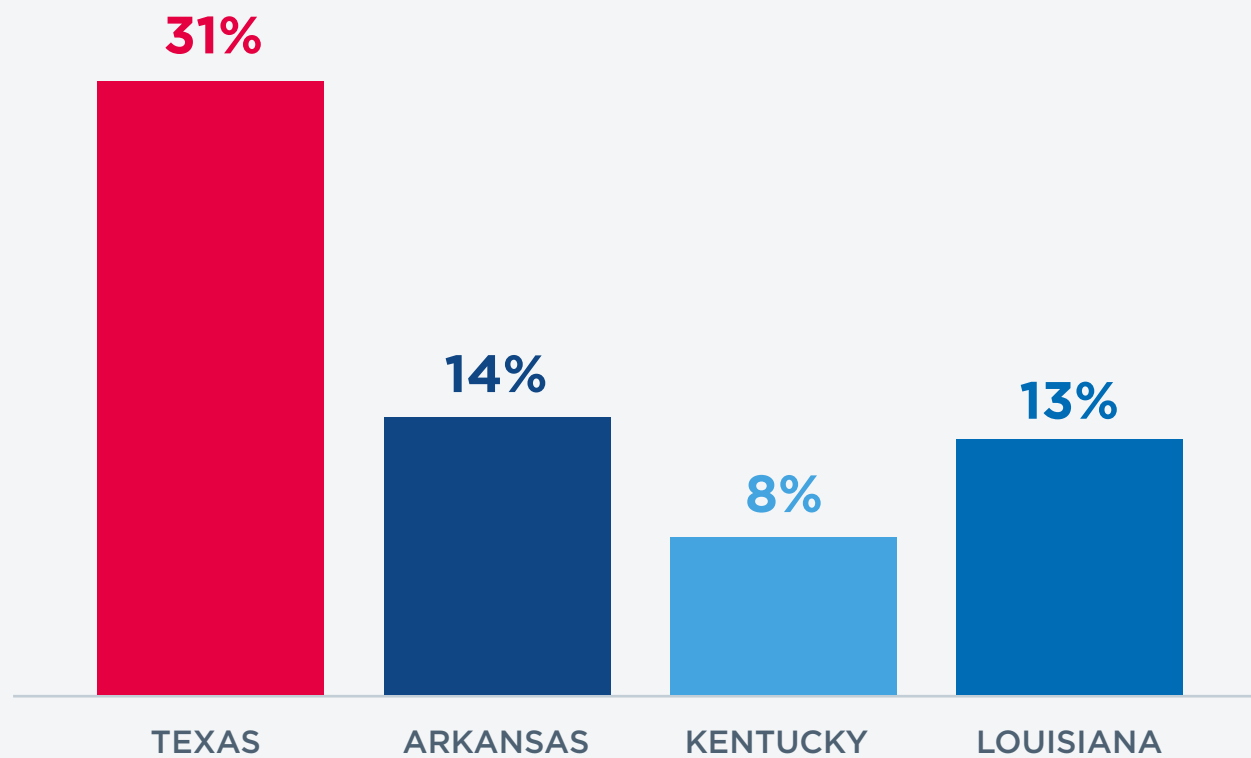
This means Americans stuck in the Medicaid gap need relief now.

CASE STUDY: POTENTIAL ECONOMIC AND EMPLOYMENT IMPLICATIONS IN TEXAS

TEXANS HAVE WORSE COVERAGE AND ACCESS TO HEALTHCARE THAN NEIGHBORING EXPANSION STATES

A 2018 survey of low-income adults found that Texans were more than twice as likely to be uninsured as Arkansans and Louisianians and more than three times as likely to be uninsured as Kentuckians.¹³ All three neighboring states have expanded Medicaid.

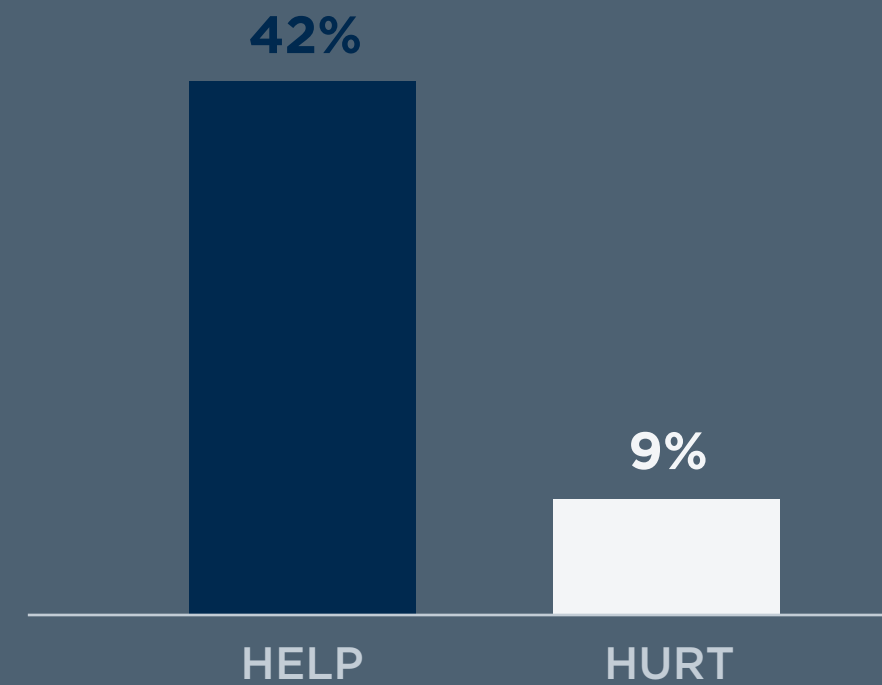
PERCENT OF LOW-INCOME ADULTS THAT ARE UNINSURED



EXPANSION'S EFFECT ON PERSONAL FINANCES AND EMPLOYMENT

In the same survey, 42% of Texans not currently enrolled in Medicaid said that gaining coverage would help their financial situation.¹⁴ Evidence shows that Medicaid reduces out-of-pocket expenditures and medical debt.¹⁵

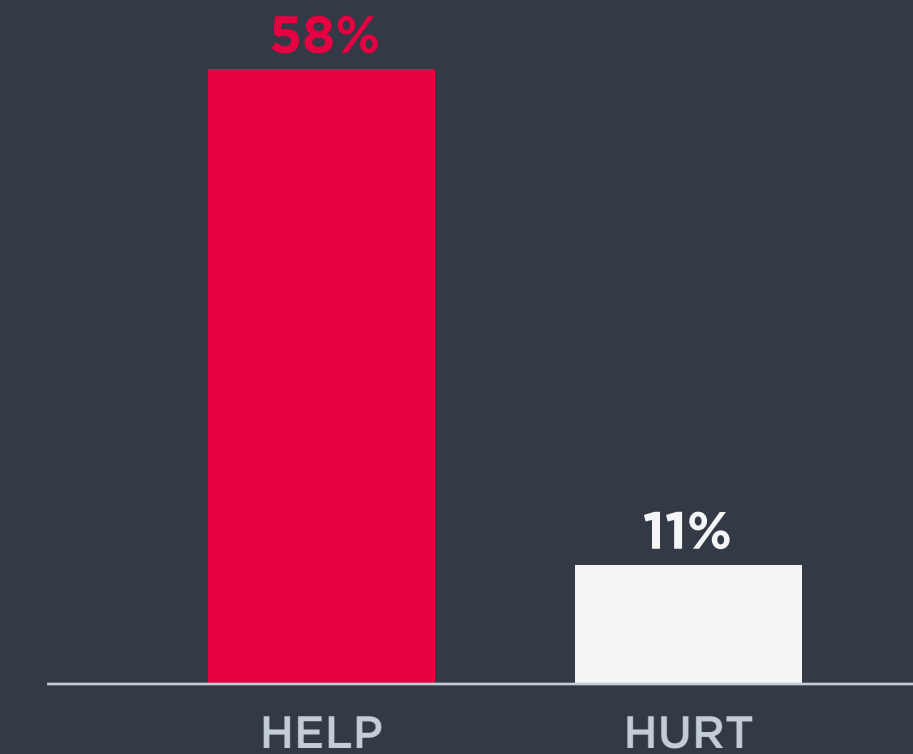
WOULD GAINING MEDICAID HELP OR HURT YOUR FINANCIAL SITUATION?



EXPANSION'S EFFECT ON TEXAS' ECONOMY

The majority of respondents said that expanding Medicaid would help the state's economy. Studies have shown that expansion has reduced uncompensated care costs and led to fewer rural hospital closures.¹⁶ Since 2013, 19 rural hospitals in Texas have closed, causing many healthcare workers to lose their jobs.¹⁷

WOULD EXPANDING MEDICAID HELP OR HURT THE STATE ECONOMY?



SOURCE: MEDICAID EXPANSION IN TEXAS: POTENTIAL ECONOMIC AND EMPLOYMENT IMPLICATIONS. THE COMMONWEALTH FUND. SEPTEMBER 2019.

THE "MEDICAID GAP" IS JUST PART OF THE PROBLEM

27 MILLION AMERICANS COULD LOSE THEIR EMPLOYER SPONSORED HEALTHCARE DUE TO COVID-19 LAYOFFS.¹⁸

21.1
MILLION QUALIFY FOR MEDICAID OR THE ACA



THAT'S 8 OUT OF 10

WE SHOULD BE MAKING IT EASIER FOR THESE AMERICANS TO SWITCH...



PUBLIC AWARENESS CAMPAIGNS



TOLL-FREE INFORMATION LINES



IN-PERSON ASSISTANCE



EXTEND ENROLLMENT WINDOWS

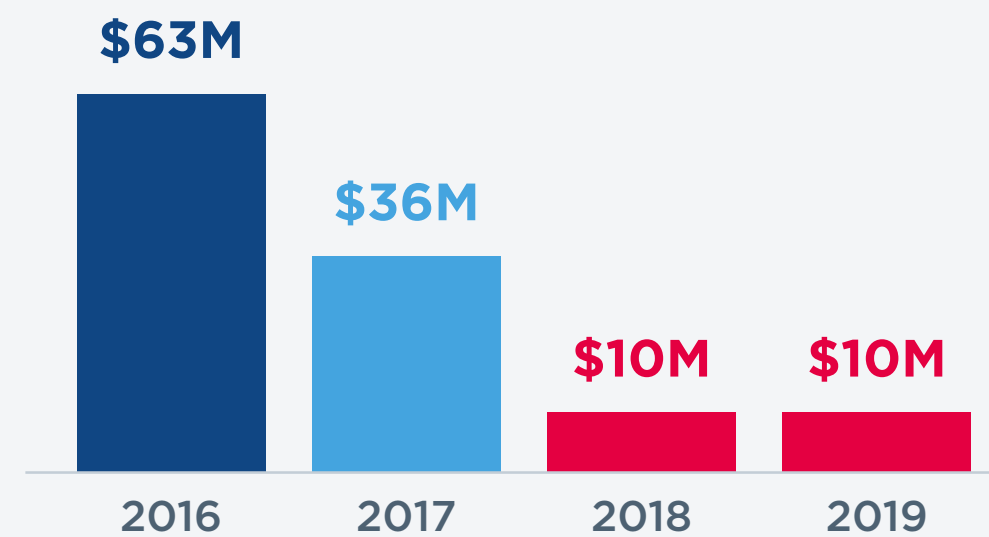
...BUT TRUMP IS MAKING IT HARDER.

Refused to open the ACA enrollment window

Public service announcements and other marketing cut 90%

Enrollment assistance cut 84%¹⁹

NAVIGATOR PROGRAM BUDGET²⁰



THE RESULT? THE NUMBER OF AMERICANS WITHOUT HEALTH INSURANCE COULD DOUBLE.²¹

28 MILLION UNINSURED



55 MILLION UNINSURED



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