

# **Impact of Medicaid Expansion on Individuals, Families, Communities and the State**

## Benefits for families and individuals

- About 250,000 uninsured adults in Arkansas would receive health care under expansion, creating a healthier and more productive workforce (ages 19-64)
- A recent RAND Corporation study shows that states that expanded Medicaid for the working-age poor would save an estimated 1,100 lives every year because of the increased health care coverage.
- Health coverage will result in fewer personal bankruptcies and greater financial stability for these families and individuals.\* Coverage will help extremely ill adults avoid spending themselves into extreme poverty and even bankruptcy because of medical bills, and may allow them to continue to work.
- Low-income pregnant women will not have to wait until pregnancy to receive health care through Medicaid, which means they will have access to preventive services and early prenatal care that improve the chances of having a healthy pregnancy.

## Benefits for our communities

- Local hospitals and providers that are currently burdened financially by the uncompensated care they provide the uninsured will be more stable because those costs will be covered by Medicaid.
- With less uncompensated care local hospitals and providers won't have to shift costs from the uninsured to those who are insured.
- Increased health care spending will allow communities to better support their health professionals.
- Increased health care spending also may spur economic development
- Availability of mental health services may reduce incarceration, especially in local jails.

## Benefits to the state

- For the six months expansion would be in place in State Fiscal Year 2014, it is estimated the state would save \$44 million. Some of that savings would be in Medicaid, which continues to face a financial shortfall.
- First full year of implementation would save the state \$115 million (net), even taking into account the new Medicaid clients. The estimated net savings would be \$630 million after the first seven years.

- Nearly a billion dollars in new federal money will be paid to local health care providers, much of which would be subject to state income tax. During the first full year, that would bring in an estimated \$33M in new state revenue.
- Near elimination of indigent care that is currently covered with state funds. Can direct a portion of money spent on indigent care to cover Medicaid shortfall
- Arkansas to get greatly disproportionate share of new federal funds due to current low Medicaid eligibility levels (working age adults currently not eligible for Medicaid unless disabled or parents in extreme poverty)
- Some current Medicaid enrollees will be shifted to better match rate (e.g. Medically Needy and Pregnant women populations)

### Without expansion

- Arkansans still pay for expansion in other states
- The woodwork effect still exists -- people who are eligible today will be eligible when the mandate is implemented
- Middle class will get major subsidies via the Exchange, but low-income Arkansans (below 100% FPL) will receive no help, because they are excluded from the Exchange
- Hospitals will still face ACA's reductions in Medicare millions of dollars of payments and no way to cover a significant portion of uncompensated care.