The Effects of Medicaid Expansion under the ACA: Updated Findings from a Literature Review

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Research on the effects of Medicaid expansions under the Affordable Care Act (ACA) can help increase understanding of how the ACA has impacted coverage; access to care, utilization, affordability, and health outcomes; and various economic outcomes, including state budgets, the payer mix for hospitals and clinics, and the employment and labor market. Understanding these findings can help inform the debate over a repeal of the ACA (which would include the Medicaid expansion).

This summary reviews findings from 108 studies of the impact of state Medicaid expansions under the ACA published between January 2014 (when the coverage provisions of the ACA went into effect) and January 2017. (This is an update to an earlier issue brief, “The Effects of Medicaid Expansion under the ACA: Findings from a Literature Review,” that covered studies published through May 2016.) It includes peer-reviewed studies as well as free-standing reports, government reports, and white papers published by research and policy organizations, using data from 2014 or later. This brief only includes studies that examine impacts of the Medicaid expansion; it excludes studies on impacts of ACA coverage expansions generally (not specific to Medicaid expansion alone) and studies investigating potential effects of expansion in states that have not (or had not, at the time of the study) expanded Medicaid. In both the brief below and the tables, findings are separated into three broad categories: Medicaid expansion’s impact on coverage; access to care, utilization, affordability, and health outcomes; and economic outcomes for the expansion states.

Key Findings

- **Coverage:** Studies show that Medicaid expansion results in significant coverage gains and reductions in uninsured rates, both among the low-income population broadly and within specific vulnerable populations.

- **Access to care, utilization, affordability, and health outcomes:** Most research demonstrates that Medicaid expansion positively impacts access to care, utilization of services, the affordability of care, and financial security among the low-income population. Studies have also shown improved self-reported health following expansion, but additional research is needed to determine effects on health outcomes.

- **Economic measures:** Analyses find positive effects of expansion on multiple economic outcomes, despite Medicaid enrollment growth initially exceeding projections in many states. Studies also show that Medicaid expansions result in reductions in uncompensated care costs for hospitals and clinics as well as positive or neutral effects on employment and the labor market.

- As the Trump Administration and Congress debate ACA repeal and replacement, gains in coverage and access as well as economic benefits to states and providers are at stake if the Medicaid expansion is repealed.
Impacts on Coverage

Studies show that Medicaid expansion results in significant coverage gains and reductions in uninsured rates.

- States expanding their Medicaid programs under the ACA have seen large increases in Medicaid enrollment, driven by enrollment of adults made newly eligible for Medicaid as well as enrollment growth among individuals who were previously eligible for but not enrolled in Medicaid. In comparison, non-expansion states have experienced slower enrollment growth.1,2,3,4,5,6,7,8,9,10,11,12,13,14

- Numerous analyses demonstrate that Medicaid expansion states experienced large reductions in uninsured rates and that these reductions significantly exceed those in non-expansion states.15,16,17,18,19,20,21,22,23,24,25,26,27,28,29,30,31

- The sharp declines in uninsured rates among the low-income population in expansion states are widely attributed to gains in Medicaid coverage.32,33,34,35,36

Similar coverage gain patterns have occurred within specific vulnerable populations.

- While many of these studies focused on the low-income population broadly, several studies identified larger coverage gains in expansion versus non-expansion states within specific vulnerable populations, including young adults, prescription drug users, mothers, children, low-income workers, early retirees, and childless adults with incomes under 100% of the Federal Poverty Level (FPL).37,38,39,40,41,42,43,44

- A recent analysis showed that this trend of larger uninsured rate reductions in expansion states compared to non-expansion states occurred across all four major racial/ethnic categories (Hispanics and non-Hispanic Blacks, Whites, and Asians). Additional research also suggests that Medicaid expansion has helped to reduce income- and race-based coverage disparities.45,46,47

Impacts on Access to Care, Utilization, Affordability, and Health Outcomes

Most research demonstrates that Medicaid expansion positively impacts access to care and utilization of health care services among the low-income population, but some studies have not identified significant effects in these areas.

- Many expansion studies point to improvements across a wide range of measures of access to care as well as utilization of some medications and services, including behavioral health care services. Some research shows that improved access to care and utilization is leading to increases in diagnoses of certain chronic conditions and in the number of adults receiving consistent care for a chronic condition.48,49,50,51,52,53,54,55,56,57,58,59,60,61,62,63,64,65,66,67,68,69

- No studies showed negative impacts of expansion on access to care or utilization. A few studies did not find significant effects of expansion on specific measures of access or utilization.70,71,72

- Studies also demonstrate that providers have experienced increases in Medicaid patient volume following expansion. While some research indicates that provider shortages are a challenge in certain contexts, many studies show that providers have expanded capacity and are meeting increased demands for care. One additional study found improvements in receipt of checkups, care for chronic conditions,
and quality of care even in areas with primary care shortages, suggesting that insurance expansions can have a positive impact even in areas with relative shortages.\(^{73,74,75,76,77,78,79,80,81,82,83,84,85}\)

**Research suggests that Medicaid expansion improves the affordability of care and financial security among the low-income population.**

- Several studies show that expansion states have experienced greater reductions in unmet medical need because of cost than non-expansion states. Although a few studies did not identify statistically significant differences in changes in unmet medical need due to cost between expansion and non-expansion states, some of these findings may have been affected by study design or data limitations.\(^{86,87,88,89,90,91,92,93}\)

- Research suggests that expansion states have seen larger reductions in out-of-pocket medical spending than non-expansion states. One study found that previously uninsured prescription drug users who gained Medicaid coverage in 2014 saw, on average, a $205 reduction in annual out-of-pocket spending in 2014.\(^{94,95}\)

- Multiple studies found larger declines in trouble paying medical bills in expansion states relative to non-expansion states. One study found that, among those residing in areas with high shares of low-income, uninsured individuals, Medicaid expansion significantly reduced the number of unpaid bills and the amount of debt sent to third-party collection agencies. A study of Ohio’s Medicaid expansion program found that the percentage of expansion enrollees with medical debt fell by nearly half since enrolling in Medicaid (55.8% had debt prior to enrollment, 30.8% had debt at the time of the study).\(^{96,97,98,99}\)

**Some studies have documented improvements in self-reported health following Medicaid expansion, but more research is needed to determine expansion’s effects on health outcomes.**

- Multiple studies found improvements in measures of self-reported health following Medicaid expansions and another study documented provider reports of newly-eligible individuals receiving life-saving or life-changing treatments that they could not obtain prior to expansion. Two analyses of self-reported health status did not find significant changes.\(^{100,101,102,103,104,105}\)

- Given that it may take additional time for measureable changes in health outcomes to occur, authors suggest that further research is needed to provide longer-term insight into expansion’s effects on health outcomes.

**Economic Effects**

**Analyses find positive effects of expansion on multiple economic outcomes, despite Medicaid enrollment growth initially exceeding projections in many states.**

- National, multi-state, and single state studies show that states expanding Medicaid under the ACA have realized budget savings, revenue gains, and overall economic growth. A 2016 study found that growth in state Medicaid spending in expansion states has been lower relative to non-expansion states, but an uptick is projected in FY 2017 primarily due to the phase-down in the federal share for the expansion population from 100% to 95%.\(^{106,107,108,109,110,111,112,113,114}\)
National studies have found lower Medicaid spending per enrollee for the new ACA adult eligibility group compared to per-enrollee spending across all groups. The 2016 Actuarial Report on the Financial Outlook for Medicaid shows a decline in per enrollee costs for newly eligible adults of 6.9% from 2015 to 2016 with further declines projected. By 2018, the cost for newly eligible adults is projected to be less than that of the non-newly eligible adults.\textsuperscript{115,116}

New research demonstrates that state expansion decisions may be impacting Marketplace premiums—one study found that Marketplace premiums are about 7% lower in expansion compared to non-expansion states. The study authors suggested that the difference in premiums reflects a difference in risk pool between expansion and non-expansion states, where individuals between 100 and 138% FPL make up a greater share of Marketplace enrollment in non-expansion compared to expansion states.\textsuperscript{117}

Medicaid expansions result in reductions in uncompensated care costs for hospitals and clinics.

Research shows that Medicaid expansions result in reductions in uninsured hospital visits and uncompensated care costs, whereas providers in non-expansion states have experienced little or no decline in uninsured visits and uncompensated care. One study found that the differential shift in payer mix between expansion and non-expansion states did not influence length of stay or in-hospital mortality for general medicine patients at academic medical centers.\textsuperscript{118,119,120,121,122,123,124,125,126,127,128,129,130,131,132,133,134,135,136,137}

Studies find that Medicaid expansion has had positive or neutral effects on employment and the labor market.

State-specific studies have documented or predicted significant job growth resulting from expansion. A study in Colorado found that the state supports 31,074 additional jobs due to Medicaid expansion as of FY 2015-2016, and a study in Kentucky estimated that expansion would create over 40,000 jobs in the state through SFY 2021 with an average salary of $41,000.\textsuperscript{138,139,140}

Studies examining employment rates and other measures of employment and employee behavior (such as transitions from employment to non-employment, the rate of job switches, transitions from full- to part-time employment, labor force participation, and usual hours worked per week) have not found significant effects of Medicaid expansion. No studies have found negative effects of expansion in this area. One study showed that adults with disabilities living in expansion states are significantly more likely to be employed and less likely to be unemployed due to disability compared to adults with disabilities in non-expansion states.\textsuperscript{141,142,143,144,145}

In an analysis of Medicaid expansion in Ohio, most expansion enrollees who were unemployed but looking for work reported that Medicaid enrollment made it easier to seek employment. Over half of expansion enrollees who were employed reported that Medicaid enrollment made it easier to continue working.\textsuperscript{146}
Conclusion and Implications for ACA Repeal Debate

As a whole, the large body of research on the effects of Medicaid expansion under the ACA suggests that expansion has had largely positive impacts on coverage; access to care, utilization, and affordability; and economic outcomes, including impacts on state budgets, uncompensated care costs for hospitals and clinics, and employment and the labor market. As the Trump Administration and Congress debate ACA repeal and replacement, many questions emerge about the implications for Medicaid. It is difficult to quantify the specific effects of a repeal given the many factors that are currently unknown, however, gains in coverage and access as well as economic benefits to states and providers are at stake if the Medicaid expansion is repealed.
Endnotes


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