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Expanding Medicaid: A Winning Proposition for West Virginia

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Thousands of West Virginians without health insurance will be able to get coverage, improve their health, and increase their families' economic security, if policymakers take advantage of an opportunity offered by the Affordable Care Act (ACA), the federal health reform law.

Nearly 130,000 West Virginia parents and other adults could get health insurance through an expansion of Medicaid to allow more working families to participate, as outlined in the law.¹ Expansion promises to lower costs for hospitals that treat large numbers of patients without insurance, costs which now add up to more than \$700 million in West Virginia.² This, in turn, will help employers and individuals who pay for private coverage, because some of those costs are now passed on to insured patients in the form of higher premiums, \$1,000 higher for a West Virginia family, on average.

Expansion also is a great bargain for West Virginia. Federal dollars will cover the entire cost of the expansion for the first three years, and no less than 90 percent after that. And the state likely will save enough money in other ways to more than cover its costs.

The millions of new federal dollars flowing to the state will stimulate the economy and create new jobs. All of this adds up to a big return for West Virginia, its people and its economy, at minimal cost.

Medicaid Expansion Will Benefit West Virginians

Medicaid is a federal/state partnership offering health and long-term care insurance to more than 400,000 West

Virginians, mostly children, pregnant women, people with disabilities and the elderly. It also covers parents with very low incomes. For example, a family of three cannot earn more than \$7,000 annually to qualify – that is 35 percent of the federal poverty line (**Table 1**). Parents who earn more than that are not eligible for Medicaid, even though they may be unable to afford any other kind of insurance. Low-income adults without dependent children are not eligible for Medicaid unless they are disabled or over age 65.³

Under health reform, states can expand Medicaid to all families and adults without dependent children earning up to 138 percent of the federal poverty level – \$15,415 for an individual and \$26,344 for a family of three (**Table 2**). In West Virginia, almost 130,000 uninsured parents and other adults would become eligible for Medicaid in 2014.⁴ The asset test under Medicaid will be eliminated under health reform.

Uninsured West Virginians eligible for Medicaid under an expansion tend to be very poor earning less than 50 percent of the poverty level (49%). Most (70%) have no dependent children and one in four is age 19 – 24. Almost all are white and most work in the service and agriculture industry (**Figure 1**).

Table 1

West Virginia Medicaid Eligibility Current (2012) and After Reform (January 1, 2014)

Eligibility Category	Maximum Income as % of Poverty (2012)	Requires Asset Test (2012)	Maximum Income as % of Poverty (2014)	Requires an Asset Test (2014)
Pregnant woman	150%	No	150%	No
Child under 12 months	150 %	No	150%	No
Child 12 months to 6 years	133%	No	138%	No
Child 6-19 years	100%	No	138%	No
Adult with dependent children	35%	Yes	138%	No
Adult without dependent children	Not eligible	N/A	138%	No

Source: : Current, West Virginia Bureau for Children and Families, Family Assistance, Medicaid. www.wvdhhr.org/bcf/family_assistance/medicaid.asp

Note: CHIP currently covers children between the Medicaid eligibility level up to 300 percent of the FPL. By January 1, 2014, several thousand CHIP children living in families earning up to 138 percent of the FPL will be transferred to Medicaid.

Table 2

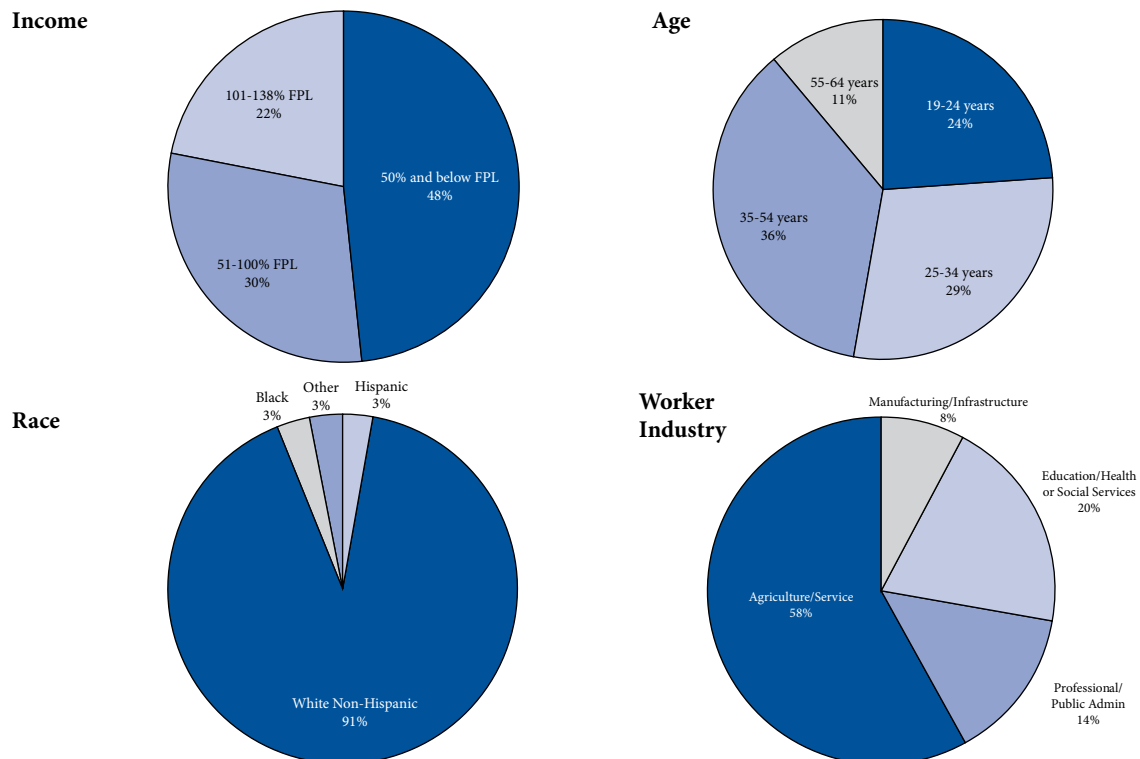
Federal Poverty 2012 Guidelines

Household Size	1	2	3	4
100% FPL	\$11,170	\$15,130	\$19,090	\$23,050
138% FPL	\$15,415	\$20,879	\$26,344	\$31,809

Source: U.S. Department of Health and Human Services

Figure 1

Characteristics of Low-Income Uninsured West Virginians Earning 138 Percent or Less of FPL



Source: Kaiser Family Foundation, Medicaid and the Uninsured, Characteristics of Uninsured Low-Income Adults, August 2012

The Medicaid expansion will improve the health of West Virginians who gain insurance. People without health insurance get less care and are sick more often than people with insurance.⁵ About 210 working-age West Virginians die every year because they have no health insurance.⁶ A recent study by the Harvard School of Public Health that examined three states that chose to expand Medicaid 10 years ago found that increased eligibility in Medicaid cut the number of uninsured by 15 percent and reduced the overall death rate among adults by six percent.⁷

West Virginians who gain health insurance will be able to get preventive care that can help them avoid future health problems, or identify and treat existing conditions early, while they are less costly to treat. A Medicaid expansion may also help West Virginia address its enormous substance abuse problem by providing a source of payment for substance abuse and mental health treatment.

The expansion will also improve the economic security of West Virginia families, both those who gain health insurance and those who already have it. Families that gain health insurance will no longer have to fear that a serious illness or accident will lead to financial ruin. And, families that already have insurance will save money. That's because the expansion promises to lower costs for hospitals that treat large numbers of patients without insurance. Right now, hospitals and other health care providers pass those costs on to patients with insurance through higher

premiums. Highmark Blue Cross, Blue Shield of West Virginia estimates that adds \$1,000 to a family policy.⁸

Expanding Medicaid and implementing other elements of health reforms will save employers and families hundreds of millions in health care costs.⁹

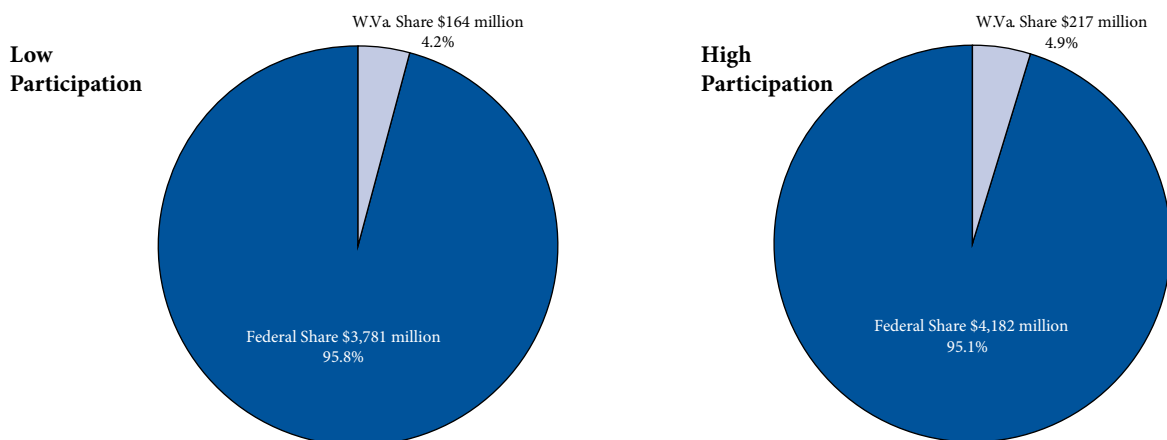
Expansion Savings Will Likely Outweigh Costs

Expanding Medicaid will cost the state a modest amount that likely will be outweighed by savings in other budget areas.

Under health reform, the federal government will cover the entire cost of expanding Medicaid for the first three years (2014-2016); the federal contribution then will decline gradually to 90 percent on a permanent basis. From 2014 to 2022, the federal government will cover 93 percent of the total costs of Medicaid expansion nationally.

In the first six years of the Medicaid expansion, West Virginia is expected to spend between \$163 million and \$217 million to cover newly enrolled adults (**Figure 2**). That's just 2.4 percent to 3.2 percent more than what it would have spent without the expansion (**Figure 3**).¹⁰

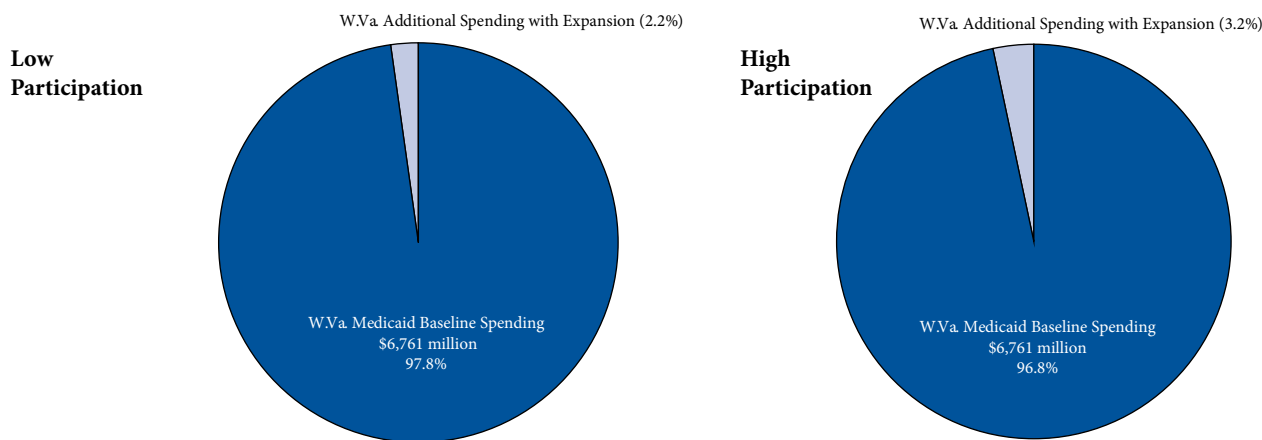
Figure 2
Federal Government Will Bear Nearly All Medicaid Expansion Costs over 2014 - 2019



Source: Center on Budget and Policy Priorities, How Health Reform's Medicaid Expansion Will Impact State Budgets, July 25, 2012.

Figure 3

Expansion Will Only Modestly Increase West Virginia's Medicaid Costs



Source: Kaiser Family Foundation, Medicaid Coverage and Spending in Health Reform: National and State-by-State Results for Adults at or Below 133% FPL, May 2010.

Some people who are already eligible for Medicaid but not yet enrolled are likely to do so after 2014. However, because Medicaid eligibility in West Virginia is so strict, few people are likely to fall into this category. For those people, the federal government will pay the share of costs they currently cover for Medicaid enrollees, which tends to range from 73 to 76 percent most years. But, West Virginia can't avoid the bulk of these costs by not expanding Medicaid, as other changes under health reform, in particular the mandate for all West Virginians to have health insurance, will encourage people who are already eligible to enroll regardless of the Medicaid expansion. Savings in other areas and additional tax dollars that will flow to the state from increased health care business activity could easily offset West Virginia's increased Medicaid costs under the expansion.

Currently, federal, state and local tax dollars pay for 75 percent of the health care for patients without insurance.¹¹ Health care providers also cover some of these costs – and charge higher prices to insured customers in order to recover some of the loss, as discussed above. Without health reform, the cost of such care in West Virginia is expected to increase by as much as 107 percent by 2019.¹² Expansion of Medicaid will also decrease state costs for mental health services for the uninsured and the cost of providing substance abuse treatment.

Expanding Medicaid Will Boost State's Economy

As health providers and families benefit, so, too, will

West Virginia's economy. The influx of federal dollars for the Medicaid expansion, estimated to be more than \$3.7 billion over six years, will increase the volume of health care goods and services bought within West Virginia. With more revenue, health care companies and workers can buy other goods and services, much of it within the state's borders.¹³

New jobs, higher wages and increased business activity also mean more state revenue from income taxes, sales taxes, and other fees.

Healthier Future for West Virginia

By any measure, expanding Medicaid will provide enormous benefits to the people of West Virginia and its economy, at a relatively small cost to the state. More West Virginians will have access to preventive and primary care, so health problems can be avoided or identified and treated at an early, less costly stage. No one will have to worry that a medical emergency will force them into bankruptcy. And families with insurance won't face higher premiums because they shoulder part of the costs of providing care to people without insurance.

Expanding Medicaid is also the right choice for West Virginia's economy. Healthy families and a more productive workforce will help strengthen the economy. Hospitals and employers will see their costs fall as the number of West Virginians without insurance drops. And new federal dollars will flow into the West Virginia economy.

Appendix

West Virginians Potentially Eligible for Medicaid Expansion by Total Population, Race, Gender, and County

The following table was created from the 2010 U.S. Census Small Area Health Insurance Estimates (SAHIE) and shows the number of uninsured West Virginians by state and county between the ages of 18-64 living in families earning at or below 138 percent of the federal poverty level (FPL). As part of the Affordable Care Act of 2010, this uninsured population will potentially be eligible for Medicaid. The margin of error for the state is 0.6 percent; the margin of error for counties ranges from 1.3 to 2.2 percent.

	Total Population (at/below 138% of FPL, Age 18-64)	Uninsured (at/below 138% of FPL, Age 18-64)	Percent Uninsured (at/below 138% of FPL, Age 18-64)
West Virginia			
Total	288,239	115,556	40.1%
Black	14,212	5,458	38.4%
White	261,954	104,126	39.7%
Male	130,834	56,297	43.0%
Female	157,404	59,260	37.6%
W.Va. Counties			
Barbour	2,971	1,267	42.7%
Berkeley	12,005	5,589	46.6%
Boone	3,932	1,454	37.0%
Braxton	2,706	1,024	37.9%
Brooke	2,893	1,226	42.4%
Cabell	17,490	6,430	36.8%
Calhoun	1,577	605	38.4%
Clay	1,926	738	38.3%
Doddridge	1,286	565	44.0%
Fayette	8,148	3,232	39.7%
Gilmer	1,313	555	42.3%
Grant	1,799	799	44.4%
Greenbrier	5,963	2,628	44.1%
Hampshire	3,676	1,675	45.6%
Hancock	4,274	1,748	40.9%
Hardy	2,207	946	42.9%
Harrison	10,093	4,354	43.1%
Jackson	4,264	1,806	42.4%
Jefferson	4,722	2,196	46.5%

Kanawha	25,818	10,190	39.5%
Lewis	2,775	1,173	42.3%
Lincoln	4,275	1,633	38.2%
Logan	6,969	2,763	39.7%
McDowell	5,584	1,985	35.5%
Marion	8,695	3,752	43.2%
Marshall	5,005	1,947	38.9%
Mason	4,547	1,426	31.4%
Mercer	11,982	4,606	38.4%
Mineral	3,838	1,623	42.3%
Mingo	5,311	1,849	34.8%
Monongalia	20,562	6,842	33.3%
Monroe	2,012	948	47.1%
Morgan	2,348	1,110	47.3%
Nicholas	4,165	1,718	41.2%
Ohio	5,697	2,244	39.4%
Pendleton	1,151	529	46.0%
Pleasant	905	375	41.5%
Pocahontas	1,542	684	44.3%
Preston	4,563	2,072	45.4%
Putnam	5,344	2,506	46.9%
Raleigh	11,406	4,598	40.3%
Randolph	4,569	1,818	39.8%
Ritchie	1,817	752	41.4%
Roane	2,830	1,123	39.7%
Summers	2,208	848	38.4%
Taylor	2,532	1,093	43.1%
Tucker	1,122	517	46.1%
Tyler	1,402	596	42.5%
Upshur	3,979	1,696	42.6%
Wayne	7,137	2,883	40.4%
Webster	1,976	712	36.1%
Wetzel	2,470	1,019	41.3%
Wirt	1,072	445	41.5%
Wood	13,114	5,051	38.5%
Wyoming	4,268	1,589	37.2%

Source: U.S. Census Bureau Small Area Health Insurance Estimates (SAHIE)

Note: Less than or equal to 138% of poverty indicates people in families with total money income less than or equal to 138% of the federal poverty threshold applicable to that family.

Endnotes

- 1 The estimates on newly eligible Medicaid enrollees is the number expected to be enrolled by 2019. Estimates on newly enrolled eligible varies by anticipated outreach efforts and insurance status. With enhanced outreach, the Kaiser Commission on Medicaid and the Uninsured estimates that 129,185 uninsured West Virginians will be enrolled in Medicaid. As many as 156,582 will be newly enrolled in 2019 depending on other factors. <http://www.kff.org/healthreform/upload/medicaid-coverage-and-spending-in-health-reform-national-and-state-by-state-results-for-adults-at-or-below-133-fpl.pdf>.
- 2 Lindsey Dunn, West Virginia Hospitals Provide \$721 million in Uncompensated Care, Becker's Hospital Review, May 4, 2011. Retrieved from <http://www.beckershospitalreview.com/hospital-management-administration/west-virginia-hospitals-provide-721m-in-uncompensated-care.html>.
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- 4 Kaiser Commission on Medicaid and the Uninsured.
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- 10 Center on Budget and Policy Priorities, How Would the Medicaid Expansion Affect West Virginia. <http://www.cbpp.org/files/healthtoolkit2012/WestVirginia.pdf>.
- 11 John Holahan and Bowen Garrett, The Cost of Uncompensated Care With and Without Health Reform, The Urban Institute, March 2010.
- 12 Ibid.
- 13 Stan Dorn, Considerations in Assessing State-Specific Fiscal Effects of the ACA;s Medicaid Expansion., Urban Institute Health Policy Center, September 2012, Page 7.

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