



MT. SINAI  
HEALTH CARE FOUNDATION

**MEDICAID EXPANSION**

Unprecedented Opportunity to Improve Access, Economy, and Health of Ohio

- ★ **Hundreds of Thousands of Ohioans Are Uninsured:** The Census Bureau estimated that in 2011, more than 1.5 million Ohioans, 13.7% of our total state population, had no health insurance coverage.<sup>i</sup> Furthermore, the 2011 Census shows that nearly 600,000 Ohioans were uninsured and below 138% of the Federal Poverty Level (FPL). By contrast, recent research projections indicate that by 2022, 457,000 uninsured Ohioans below 138% FPL will gain Medicaid coverage if Ohio chooses to expand the program. This includes both the newly eligible and those who are currently eligible but not enrolled.<sup>ii</sup>
- ★ **Health and Financial Impact:** As a point of reference, 138% of the FPL is \$26,344 for a family of three. National research indicates that uninsured individuals are more likely to lack a usual source of care, have medical debt, and unmet health needs.<sup>iii</sup> State surveys have also shown that, in comparison to insured Ohioans, uninsured Ohioans are less likely to use medical and dental care and report having worse physical and mental health status.<sup>iv</sup>
- ★ **The Cost of Expanding Medicaid Is a Bargain for Ohio:** The federal matching rate for expanding Medicaid to people with incomes up to 138% FPL is much more favorable to the state than the current matching rate (63% federal/37% state funds). Under the ACA, the federal government will pick up 100% of the state’s expansion cost until 2017, meaning Ohio will not have to expend any state funds to expand Medicaid for the first three years. **Ohio can take advantage of new federal funds without spending any state money from 2014 to 2017, and the state’s cost of the expansion in 2020 and beyond will be only 10 cents on the dollar.**
- ★ **Expansion Is an Economic Investment:** One national report estimates Ohio could save from \$1.1 billion to as much as \$2.3 billion from 2014 to 2019 through a reduction in uncompensated care by expanding Medicaid and implementing the ACA.<sup>v</sup> Another report estimates that the total net cost of the Medicaid expansion, with a reduction in uncompensated care funding figured in, will be \$3.1 billion over ten years.<sup>vi</sup> This modest additional 3.2% investment of state funds over a 10 year period will boost Ohio’s economy and create jobs by bringing in more than \$53 billion in additional federal Medicaid funding from 2013 to 2022 that will go to health providers, clinics, hospitals and stimulate the health marketplace.<sup>vii</sup>

**Overall impact of expansion on state budget (millions)**

Fiscal year	Increased state costs from more Medicaid enrollment	Savings (spend-down adults, BCCP, inpatient prison costs)	Revenue (taxes on managed care plans, general revenue, drug rebates)	Net state fiscal gains
2014	\$13	\$53	\$63	<b>\$104</b>
2015	\$30	\$109	\$183	<b>\$262</b>
2016	\$38	\$115	\$251	<b>\$328</b>
2017	\$145	\$117	\$318	<b>\$290</b>
2018	\$280	\$119	\$357	<b>\$197</b>
2019	\$343	\$124	\$386	<b>\$167</b>
2020	\$466	\$126	\$420	<b>\$80</b>
2021	\$572	\$130	\$445	<b>\$3</b>
2022	\$609	\$137	\$473	<b>\$1</b>
<b>Total:</b>	<b>\$2,497</b>	<b>\$1,030</b>	<b>\$2,898</b>	<b>\$1,431</b>

Note: Table does not include potential savings from TMA coverage, Medicaid coverage of pregnant women or family planning waivers, savings on non-Medicaid spending for substance abuse treatment and other care to the poor uninsured, other criminal justice savings, or administrative cost effects.

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24

Citation: Expanding Medicaid in Ohio, Preliminary Analysis of Likely Effects, January 15, 2013, <http://bit.ly/Y9o9Wp>

- ★ **The Cost of Doing Nothing:** The consequences of having an uninsured population affect every person in Ohio, often in ways that are hidden. When an uninsured person gets sick and is unable to pay medical bills, the costs are absorbed by society in the form of higher charges to patients covered by private insurance (to offset uncompensated care costs) and public programs that reimburse hospitals for uncompensated care. The total annual costs associated with uninsured Ohioans are estimated at approximately \$3.6 billion. In addition, the indirect cost associated with the lack of insurance imposes a burden of an additional \$2.1 to \$5.8 billion in lost productivity.<sup>viii</sup>
- ★ **What Is at Risk If Ohio Doesn't Act:** An analysis by the American Academy of Actuaries found that if action is not taken to expand Medicaid private health insurance premiums could increase, premiums in health exchanges could increase, and employers will be at risk of penalties for uninsured employees. Ohio hospitals are also at risk because more than \$563 million in “disproportionate share” payments to hospitals that treat a large number of low-income patients will be reduced beginning in 2014.<sup>ix</sup>
- ★ **Putting Ohioans First:** To effectively meet our health challenges, Ohio policymakers need to take action to expand Medicaid. The Medicaid expansion available under the ACA will provide health coverage to many of the 1.5 million uninsured Ohioans at only a fraction of the cost of the current Medicaid program. Failing to act will leave thousands of Ohio families with no health coverage, forcing them to seek care in an emergency room or wherever they can, with no way to pay the bill. Refusal to expand Medicaid will also cause private health insurance premiums to increase<sup>x</sup> and create a Medicaid “donut hole,” as 445,000 individuals below 100% FPL will neither qualify for Medicaid nor be eligible for subsidies or tax credits to purchase private health insurance.<sup>xi</sup>

Medicaid expansion will pump more than \$23.8 billion in additional federal funds into Ohio's economy through 2019 and reduce the amount of uncompensated care—saving Ohio as much as \$2.3 billion through 2019 and providing a needed economic boost in tough times.<sup>xii</sup> Ohio cannot afford to pass up this historic opportunity to expand health coverage. Providing coverage will help keep Ohio families healthy and secure, our businesses strong, our job market dynamic and our economy growing.

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## REFERENCES

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- vi. See note ii.
- vii. Ibid.
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- xii. See note v.