



Pa. Should Take Federal Opportunity to Expand Health Coverage

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The Affordable Care Act (ACA) provides states with the opportunity to expand Medicaid coverage in 2014 to adults with incomes up to 138% of the federal poverty line (roughly \$32,000 for a family of four). The federal government will pay 100% of the cost of new enrollees for the first three years—2014, 2015 and 2016—and will cover 90% of the costs by 2020. More than 400,000 Pennsylvanians will be eligible for health coverage under expansion. Acting on this opportunity will create jobs, strengthen Pennsylvania's economy, and make its citizens healthier and more financially stable.

Expanding Health Coverage Improves Health and Saves Lives. Medicaid supports better public health by providing comprehensive health coverage to children, seniors, and people with disabilities. Since 2011, the *New England Journal of Medicine* has published two studies by Harvard researchers showing that expanding Medicaid coverage improves health outcomes for enrollees. [One study](#) compared three states that expanded Medicaid between 2000 and 2005 with three similar, neighboring states (including Pennsylvania) that did not, finding that expanding health coverage reduced the death rate among enrollees by 6.1%. The [second study](#), of Oregon's 2008 Medicaid expansion, showed that Medicaid enrollees have better health and financial security than non-enrollees.

A Shot in the Arm for Pennsylvania's Economy. Acting on the federal opportunity to expand Medicaid will give Pennsylvania's economy and the state budget a real shot in the arm. The [Independent Fiscal Office reports](#) that between 2016 and 2021 expansion will produce \$430 million more annually, on average, for Pennsylvania's state budget and add about \$3 billion annually to its economy. A [Pennsylvania Economy League study](#) finds that expansion will support 35,000 new jobs by 2016 and 40,000 jobs by 2022. That is consistent with a [Hospital and HealthSystem Association of Pennsylvania study](#) finding that an expansion of Medicaid will add 35,000 to 39,000 jobs over the next seven years.

Thousands of Pennsylvania Veterans Could Get Health Care. Despite putting their health and lives at risk in the armed forces, [1.3 million U.S. veterans—including 47,000 in Pennsylvania—lack health insurance](#). Almost half of those veterans would qualify for coverage under an expanded Medicaid—close to 23,000 in Pennsylvania.

Medicaid Expansion Only Option for Many Families. If Pennsylvania does not adopt the Medicaid expansion, it will leave some of the poorest individuals without an affordable health care option. Families with incomes of less than 100% of the federal poverty guidelines (\$23,550 for a family of four) [will not be eligible for tax credits to buy private coverage](#) on the insurance exchange that goes online in 2014. Single women, men and families at 50% of the poverty level will be unable to afford insurance out of pocket. An expansion of Medicaid is their only hope for health coverage.

What About CHIP? Federal law requires that children up to 138% of poverty move to Medicaid, regardless of whether states adopt the Medicaid expansion. For most kids insured by Pennsylvania's Children's Health Insurance Program (CHIP), [there will be no change if the state expands Medicaid](#). Those children who move will benefit, as Medicaid has a better benefit package, and these children will be on a plan with their parents.

Gross Receipts Tax Not Under Review. State lawmakers who spoke with the Director of the Centers for Medicare and Medicaid Services (CMS) said that [Pennsylvania's Gross Receipts Tax on Medicaid Managed Care companies \(MMCOs\) is not under review](#). While it is unlikely that the tax will be collected on new enrollees, the commonwealth will still save money under an expansion.

Pennsylvania Can Get It Done by 2014. Like all states, Pennsylvania must redesign its health care infrastructure under the ACA regardless of whether it expands Medicaid. The hard work is already being done. There is no reason that the expansion could not take effect in January 2014 if policymakers allocate the federal dollars in the 2013-14 budget.