

## Opting Out of the Medicaid Expansion under the ACA: How Many Uninsured Adults Would not Be Eligible for Medicaid?

July 5, 2012

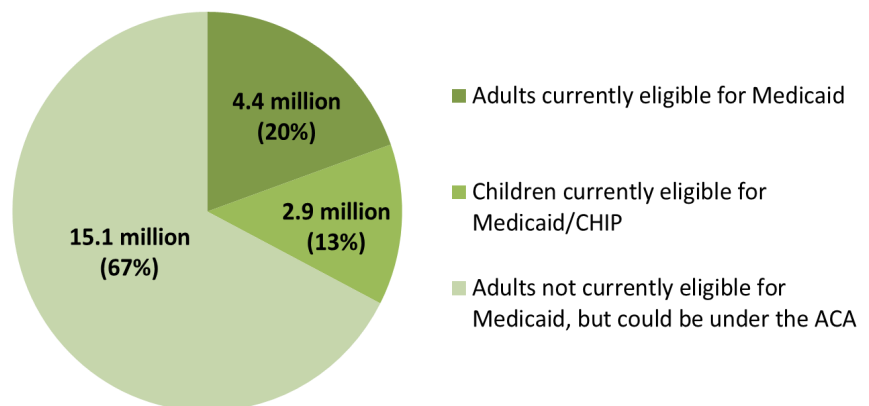
Genevieve M. Kenney, Lisa Dubay, Stephen Zuckerman, and Michael Huntress

The Supreme Court's ruling on the Affordable Care Act (ACA) put the decision to expand Medicaid coverage to nonelderly adults with incomes below 138 percent of the federal poverty level (FPL) in the hands of the states.<sup>1</sup> Before the ACA, most non-disabled adults with incomes below this level were not eligible for Medicaid; few states covered nondisabled parents up to this income level, and even fewer states covered nondisabled adults without dependent children in Medicaid. In contrast, children in this income range are already covered under Medicaid or the Children's Health Insurance Program. If the Medicaid expansion were fully implemented in all states, the Congressional Budget Office estimates that the enrollment increases in Medicaid would account for about half the total coverage increases projected under the ACA, [with even greater Medicaid enrollment increases possible with higher take-up of Medicaid coverage](#).

[A number of states have indicated that they are considering not implementing the Medicaid expansion under the ACA.](#) If a state does not implement the expansion, some people who would have received Medicaid could instead receive federal tax credits and other subsidies, but premium and cost-sharing requirements would be higher than they would be under Medicaid. Federal tax credits and subsidies, however, would not be available for citizens with incomes below the federal poverty level since they are available only for those with incomes between 100 and 400 percent of the FPL. As a consequence, the uninsured above poverty could receive help, but those below poverty could not.

According to estimates from the 2010 American Community Survey, [almost half \(47 percent\) of the nation's uninsured could qualify for Medicaid under the Affordable Care Act based on their incomes and immigration status](#). A total of 22.3 million uninsured with income below 138 percent of FPL would be potentially eligible for Medicaid if all states fully implemented the ACA. Of these, 67 percent (15.1 million) are adults who are not currently eligible for Medicaid but would be made eligible under the ACA's Medicaid expansion; 13 percent (2.9 million) are children who are currently eligible for Medicaid or the Children's Health Insurance Program but not enrolled, 20 percent (4.3 million) are adults who are currently eligible for Medicaid but not enrolled (exhibit 1).<sup>2</sup>

**Exhibit 1:**  
**22.3 Million Uninsured with Incomes Below 138 Percent of the FPL  
Could be Eligible for Medicaid Under the ACA if all States Participate**



Source: Urban Institute tabulations of the 2010 American Community Survey (ACS). Estimates adjust for the underreporting of Medicaid and CHIP on the ACS. The universe is limited to civilian, noninstitutionalized nonelderly adults age 19 to 64 who are U.S. citizens or noncitizens with at least five years of U.S. residency, since the maintenance of effort provision under the Affordable Care Act (ACA) for children extends through 2019. Potential eligibility for Medicaid is determined by having income for the health insurance unit below 138 percent of the federal poverty level (FPL) and meeting the immigration requirements for Medicaid coverage. Figure excludes a small number of uninsured children who are not currently eligible for Medicaid/CHIP under current rules. Estimates may not sum to total because of rounding. Current eligibility for Medicaid is defined as eligibility for comprehensive Medicaid benefits in 2010 based a model developed by Victoria Lynch under a grant from the Robert Wood Johnson Foundation.

<sup>1</sup> Under the Affordable Care Act, states are required to maintain Medicaid and CHIP eligibility thresholds for children through 2019. Therefore, eligibility for children under Medicaid and CHIP will not be directly affected by the Supreme Court's ruling.

<sup>2</sup> These estimates focus just on the uninsured who would be eligible for Medicaid under the ACA. We do not consider those with nongroup or employer coverage who would be eligible for and enroll in Medicaid under the ACA. See Holahan and Headen, "[Medicaid Coverage and Spending in Health Reform: National and State-by-State Results for Adults at or Below 138 percent of the FPL](#)" (Washington, DC: Kaiser Commission on Medicaid and the Uninsured, 2010) for analysis that considers these issues.

State decisions regarding whether to expand Medicaid under the ACA will directly affect the 15.1 million uninsured adults with incomes below 138 percent of FPL who are not currently eligible for Medicaid. Of these newly eligible uninsured adults, 1.8 million live in California, 1.3 million live in Florida, and 1.7 million live in Texas. These states vary in their current plans to expand Medicaid: California is [reportedly](#) committed to an expansion, Texas is leaning toward not expanding, and Florida is on record as unwilling to expand.

Of these 15.1 million uninsured adults who would be newly eligible for Medicaid under the ACA, 3.6 million have incomes between 100 and 138 percent of FPL, meaning they could qualify for exchange subsidies if they do not have access to affordable employer-sponsored insurance and are not eligible for Medicaid (Exhibit 2). However, even among those who do qualify for exchange subsidies and take up that coverage, the greater cost-sharing requirements for exchange coverage than in Medicaid means that these adults will experience greater financial burdens associated with meeting their health care needs.

Moreover, fully 11.5 million of the newly eligible uninsured adults have incomes below the poverty level and thus would not be able to qualify for federally subsidized exchange coverage (exhibit 2). Of these 11.5 million, approximately 1.4 million live in California, 1.0 million live in Florida, and 1.3 million live in Texas. These uninsured adults would not receive any additional help obtaining health insurance coverage under the ACA if their state does not expand its Medicaid program.

[Analysis of the state budgetary implications of expanding Medicaid depends on several factors, including the state costs associated with covering the newly and currently eligible and state funding for uncompensated care, mental health, and other services for the uninsured.](#) State decisions regarding whether to expand Medicaid under the ACA will directly affect 15.1 million uninsured adults and potentially leave 11.5 million of them without any new assistance for obtaining health insurance coverage. The decision to expand Medicaid will have financial and access implications for these adults and will affect their employers and the providers that serve them. In addition, while eligibility for children is not directly affected (since Medicaid had already been expanded to children before the ACA), far fewer parents will gain coverage if states choose not to expand Medicaid; this reduction in turn could affect the health and well-being of both parents and their children.

---

*The views expressed are those of the authors and should not be attributed to the Urban Institute, its trustees, or its funders.*

### **About the Authors and Acknowledgments**

Genevieve M. Kenney, Lisa Dubay, and Stephen Zuckerman are senior fellows and Michael Huntress is a research assistant at the Urban Institute's Health Policy Center.

**The Urban Institute** is a nonprofit, nonpartisan policy research and educational organization that examines the social, economic, and governance problems facing the nation. For more information, visit [www.urban.org](http://www.urban.org).

**Exhibit 2: Uninsured Adults with Incomes Below 138% of the FPL by Medicaid Eligibility Status, for the Nation and by State  
(In thousands)**

	Newly Eligible for Medicaid Under the ACA		Currently Eligible for Medicaid	Total Eligible Uninsured
	Less Than 138% FPL	Less than 100% FPL	Less than 138% FPL	Less than 138% FPL
<b>United States</b>	<b>15,060</b>	<b>11,483</b>	<b>4,370</b>	<b>19,430</b>
Alabama	321	254	76	397
Alaska	41	30	5	46
Arizona	89	32	265	354
Arkansas	218	167	36	254
California	1,873	1,415	583	2,456
Colorado	225	161	66	291
Connecticut	88	71	25	113
Delaware	9	3	29	37
District of Columbia	17	15	2	20
Florida	1,295	995	257	1,552
Georgia	684	534	159	843
Hawaii	37	33	8	45
Idaho	108	79	18	126
Illinois	522	431	178	700
Indiana	374	288	64	438
Iowa	106	80	23	130
Kansas	141	103	30	171
Kentucky	288	223	78	366
Louisiana	330	260	62	392
Maine	46	32	13	59
Maryland	167	142	57	224
Massachusetts	88	70	21	108
Michigan	564	430	112	676
Minnesota	130	103	39	168
Mississippi	231	183	62	293
Missouri	351	267	51	402
Montana	59	43	14	73
Nebraska	78	56	21	99
Nevada	163	127	41	204
New Hampshire	51	37	7	58
New Jersey	307	245	42	349
New Mexico	127	102	34	162
New York	170	62	641	811
North Carolina	587	438	133	720
North Dakota	24	14	5	29
Ohio	578	445	127	705
Oklahoma	225	172	77	303
Oregon	252	193	41	292
Pennsylvania	520	398	92	613
Rhode Island	38	31	13	51
South Carolina	297	232	92	389
South Dakota	40	30	9	49
Tennessee	361	284	98	459
Texas	1,748	1,326	289	2,036
Utah	105	73	40	145
Vermont	<1*	<1*	17	18
Virginia	342	271	69	412
Washington	308	237	66	375
West Virginia	131	101	23	154
Wisconsin	181	145	53	235
Wyoming	24	18	6	31

**Source:** Urban Institute Tabulations of the 2010 American Community Survey (ACS). Estimates adjust for the underreporting of Medicaid and CHIP on the ACS. The universe is limited to civilian, non-institutionalized non-elderly adults 19 to 64 who are US citizens or noncitizens with at least five years US residency, since the Maintenance of Effort provision under the Affordable Care Act for children extends through 2019. Potential Eligibility for Medicaid is determined by having income for the Health Insurance Unit below 138 percent of the Federal Poverty Level and meeting the immigration requirements for Medicaid coverage. Total estimates may not add up due to rounding. Current Eligibility for Medicaid is defined as eligibility for comprehensive Medicaid benefits in 2010 based a model developed by Victoria Lynch under a grant from the Robert Wood Johnson Foundation. The model simulates eligibility for Medicaid using available information on eligibility guidelines, including income thresholds for the appropriate family size, the extent of income disregards, etc. for each state. Modeling Medicaid eligibility for adults based on a household survey is subject to measurement error due to the complexity of the rules in place that govern Medicaid eligibility for adults, gaps in the information that is available on income, assets, household structure, immigration status etc., and difficulties measuring eligibility for certain pathways, such as pregnancy and disability.

\* Indicates that the standard error is greater than 30 percent of the estimate and should be interpreted with caution.