

Health Security for Alabama's Working Families

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They are the folks who keep things going – the people who serve our food at restaurants, bag our groceries, patch our roofs and repair our cars. We may wonder or even inquire about their lives, but chances are, we don't think much about their health insurance. Yet many hardworking Alabamians in low-wage, economically essential jobs have no health coverage. As a result, they often struggle to work with health problems that sap their productivity, add stress to their households and get worse without timely care.

Imagine what it would mean to the state's business community to have a workforce with access to regular health care. Imagine the effect on the state's education system if all children came to school healthy and ready to prepare for tomorrow's jobs.

Hundreds of thousands of Alabamians are caught in the health coverage gap. Working low-wage jobs that often don't offer health insurance, they earn too much to qualify for Medicaid and too little to afford private insurance. The Affordable Care Act (ACA) bridges this gap by helping states expand Medicaid to people with income up to 133 percent of the federal poverty level (FPL), \$15,650 a year for an individual and \$32,250 for a family of four. Uninsured people earning above this amount and up to 400 percent of FPL can qualify for sliding-scale tax credits to help buy insurance through the Health Insurance Marketplace, the ACA's other main tool for expanding coverage. This fact sheet examines what's at stake for Alabama in deciding whether to expand Medicaid.

A new option

Alabama Medicaid has been successful in providing health care for children in low-income families, seniors living in nursing homes and people with disabilities. We can build on these successes and make coverage affordable for more working families. Alabama

Medicaid now excludes most adults without children, as well as parents making above 18 percent of the federal poverty line; for example, the annual parent income limit is \$2,868 for a family of two or \$4,368 for a family of four. Despite these tight limits on direct Medicaid coverage, all Alabamians benefit from the services and facilities that Medicaid funding makes possible. Without

Medicaid, many hospitals, doctors' offices and specialized treatment centers would go out of business. The federal government pays 69 cents of every dollar Medicaid spends in Alabama, and the state picks up the remaining 31 cents.

As signed into law, the ACA required states to expand Medicaid for everyone up to 133 percent of FPL, with generous federal funding, or lose funding for their existing programs. Following state challenges, the U.S. Supreme Court in June 2012 upheld the ACA overall but made Medicaid expansion optional. The ruling allows states to keep federal funding for current Medicaid programs but reject expansion.

Which workers will benefit?

Nearly three out of five uninsured Alabamians aged 19-64 who would qualify for expanded Medicaid (those earning below 133 percent of the federal poverty level, plus a 5 percent income allowance) are workers. The ten industries employing the largest number of these workers are:

Restaurants & other food services	26,000
Construction	26,000
Sales	25,000
Cleaning and maintenance	20,000
Production (butchers, tailors)	17,000
Office, administrative support	16,000
Transportation	15,000
Barbers, child care, personal aides	8,000
Mechanics, electronics installers	7,000

(Source: Analysis of 2013 American Community Survey, U.S. Census Bureau; figures rounded to nearest ten)

Gov. Robert Bentley said in 2012 that Alabama will not expand Medicaid "under the current structure."

Following the recommendation of the governor's Medicaid Advisory Commission, the Legislature passed – and Gov. Bentley signed – a law in 2013 creating a new regional structure for the program. Advocates for expansion hailed the reform as meeting the governor's condition for Medicaid expansion. There is no deadline for that decision.

While the option to expand Medicaid will remain open, the clock is ticking on the financial incentives for expansion. The ACA provides full federal funding to cover newly eligible Medicaid recipients through 2016. In 2017, states will pick up a small share that grows to a maximum of 10 percent for 2020 and after. By delaying a decision on expansion, Alabama has already lost out on maximum federal funding, but much funding remains. Alabama can't afford to

walk away from billions of federal dollars that could revitalize our health care system and our economy.

Everyone will gain

Medicaid expansion in Alabama could bring health coverage to 300,000 new enrollees, according to a recent study by researchers at the University of Alabama at Birmingham (UAB) School of Public Health. Analysis of Census data further shows that nearly 60 percent of Alabama's uninsured adults who fall within the new income limits are workers (*see box on Page 1 for a breakdown*).

Expanded Medicaid would provide:

- Health coverage for hardworking families who can't afford private coverage;
- Access to regular care/preventive checkups;
- Earlier detection/treatment;
- Less dependence on costly emergency care;
- Regular OB/GYN visits without referral;
- Coverage for 18,000 low-income uninsured Alabama veterans and their family members.

Medicaid expansion would mean a healthier Alabama. The whole state would benefit as access to regular care improves the health of working families and more of our sickest residents. Most parents want to take responsibility for their health and that of their children; they just need to have the obstacles removed. Healthier families mean better outcomes at school and on the job. A more productive workforce means a growing state economy, more jobs and a vibrant future.

Medicaid expansion is still a wise investment in our economic future. The UAB study estimated that, from 2014 through 2020, Alabama would spend \$771 million on Medicaid expansion and receive \$11.7 billion in federal matching funds. The study projected that the new federal spending would generate \$20 billion in related private-sector growth and another \$1.7 billion in state tax revenue for the same seven-year period. Alabama wouldn't begin paying a state match until 2017, so we can develop plans now for getting major returns on our investment.

What we stand to lose

If Alabama rejects Medicaid expansion, some 300,000 uninsured low-income Alabamians will be left without affordable health coverage. People with incomes above 100 percent of FPL will qualify for premium subsidies to help buy private insurance in the Health Insurance Marketplace. But because the Marketplace serves people making above the expanded Medicaid limit of 133 percent of FPL, the subsidies may not make insurance affordable for people below that income.

From a broader perspective, rejecting Medicaid expansion means the people of Alabama, who pay the same federal taxes as people in other states, would receive lower returns on that investment. Alabamians deserve the same benefits from reform as people in other states. Our state's economy deserves the same boost from federal spending in the health care industry.

What if Alabama says "No"?

- Thousands of our poorest residents will lack affordable health coverage, while people with more income will get help with premiums.
- Alabama will leave nearly \$12 billion in federal health care dollars on the table over the first seven years of full ACA implementation and forfeit an overall economic benefit of \$20 billion.
- Other parts of the ACA still went into effect in Alabama on Jan. 1, 2014, including the Health Insurance Marketplace to buy quality coverage.
- Residents of other states will get a better return on their federal tax dollars than Alabamians do.

Bottom line

Thousands of hardworking Alabamians stand to gain health security from Medicaid expansion. Our businesses stand to gain a more reliable workforce. Our economy stands to gain an infusion of federal dollars, more tax revenues and thousands of new health care jobs. Expanding coverage for less than a dime on the dollar is a bargain Alabama can't afford to pass up.

Resources

- "An Economic Evaluation of Medicaid Expansion in Alabama under the Affordable Care Act" (David J. Becker & Michael A. Morrissey; Department of Health Care Organization and Policy, School of Public Health, University of Alabama at Birmingham, Nov. 5, 2012).
- "Medicaid Coverage and Spending in Health Reform: National and State-By-State Results for Adults at or Below 133% FPL" (John Holahan & Irene Headen; Urban Institute and Kaiser Family Foundation, May 2010).
- "Opting Out of the Medicaid Expansion under the ACA: How Many Uninsured Adults Would Not Be Eligible for Medicaid?" (Genevieve Kenny, et al.; Urban Institute, July 2013).

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