

Frequently Asked Questions About Alabama's Medicaid Expansion

1. What is Medicaid?

Medicaid is a state and federal program that provides health care for low income children, the elderly, and the disabled. Patients do not receive a direct, cash benefit. Instead Medicaid is a form of health insurance.

2. Why are people talking about Medicaid expansion?

The Affordable Care Act gives each state the option to expand its current Medicaid coverage to care for people under the age of 65 with incomes at or below 133% of the federal poverty level. That is only \$15,000 for an individual and \$31,000 for a family of 4.

3. Who is on Alabama Medicaid now?

Almost 1 million Alabamians are on Medicaid, but many people often misunderstand who makes up this group. Alabama has tight limits on its program and is often considered the most restrictive in the country. Children, the elderly, people with disabilities and pregnant women make up almost the entire eligible population. The only nondisabled adults on Medicaid are extremely low income parents, making a total income of \$4,368 or less a year for a family of 4.

4. Who will be eligible if Medicaid is expanded?

If Alabama expands Medicaid, 300,000 Alabamians making less than 133% of the Federal poverty level, working at jobs that don't offer health insurance, will be eligible to receive basic health care. Who are these Alabamians making less than \$15,000 a year as an individual and \$31,000 as a family of four? They are your friends and neighbors. A store clerk who works 30 hours a week at minimum wage or even a high skilled construction worker making \$10 an hour would both benefit from expanding Medicaid.

5. What did the Supreme Court ruling mean for expanding Medicaid?

When the Supreme Court upheld the Affordable Care Act it also ruled that states could decide to opt out of Medicaid expansion, it did not give states the option to opt out of the new taxes and fees created to pay for Medicaid expansion. This means tax money will be collected in every state, but only returned to states that expand Medicaid--like California and New York.

6. Does expansion hurt Alabama's current Medicaid reform efforts?

No. Alabama's reform has provided the opportunity to expand. The passage of Medicaid reform legislation in 2013 positioned the state to manage all aspects of the program into the future, including cost and care delivery. If anything, creating an Alabama-driven approach for Medicaid expansion will make the Centers for Medicare and Medicaid more likely to approve future reforms.

7. Who is paying for Medicaid Expansion?

The federal government will pay 100% of the cost of the newly eligible Medicaid recipient from 2014 through 2016, with the matching level gradually being phased down by 2% a year to 90% by 2020. The most the state will ever have to contribute is 10%.

8. Does accepting Medicaid Expansion add to the federal deficit?

No. Medicaid Expansion is already paid for through new taxes and fees, limitations of medical deductions, and reductions in provider reimbursements. In fact, \$158 billion of the Affordable Care Act costs come from cuts to hospital payments. \$30 million in 2014 comes from Alabama alone. These are real cuts that will happen whether Alabama expands Medicaid or not.

These cuts were designed when it was assumed when more people would have insurance. When the Supreme Court upheld the ACA as the law of the land, providing health insurance became optional, but provider reductions, taxes and fees remained mandatory.

9. What happens if Alabama does not expand Medicaid?

Without Medicaid, many hospitals, doctors' offices and specialized treatment centers would go out of business. Today, the costs of providing health care for the uninsured falls on the hospitals. As a result of the ACA, in FY2014 federal funding for this care will start to disappear, but the uninsured will continue to seek care in the hospital.

Many health care providers will be unable to absorb these reductions, forcing them to close their doors. Without health care, a community will struggle with economic development efforts and employment will suffer.

10. Can Alabama keep its tax dollars if it does not expand Medicaid?

No. If Alabama chooses not to expand, the money will not be returned from the federal government. This means Alabama residents' federal tax dollars will still be spent to help the implementation of Medicaid expansion in other states like Massachusetts.

11. Can Alabama afford to expand Medicaid?

Yes. Starting in 2017, Alabama will have to contribute a portion of the cost, but it will never be more than 10%. A University of Alabama at Birmingham study estimates that the state's share, which is estimated to cost \$770 million from 2014-2020, would be easily offset with the \$20 billion in new economic activity, adding \$1.7 billion in tax revenue to Alabama coffers during the same time period.

12. What impact will Medicaid expansion have on the economy?

Medicaid expansion would reduce the state's uninsured population by approximately 232,000 individuals while generating \$20 billion in new economic activity and a \$935 million increase in net state tax revenues. The University of Alabama's Center for Economic Development estimates that this economic boom will come from the over 30,000 jobs created in every sector of the economy.