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The Missouri Medicaid Expansion: Good for All Missourians

Most Critical Impact in Rural Missouri, Reducing Uninsured by Up to 31 Percent

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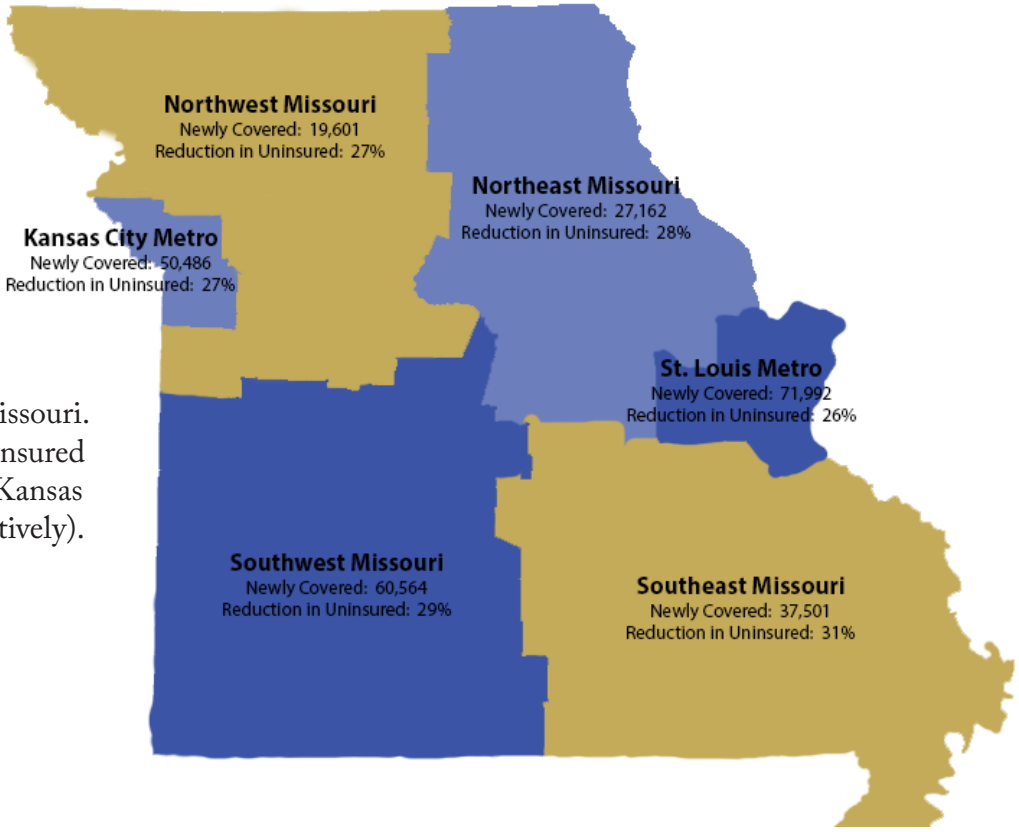
Under federal health care reform, Missouri has a new opportunity to offer Medicaid insurance coverage to adults starting in 2014. If approved by Missouri lawmakers, Medicaid eligibility would extend from the current 19 percent of the federal poverty level to 138 percent, **reducing the state's uninsured by more than one-fourth, providing coverage for roughly 267,000 previously uninsured Missourians, and bringing an estimated $1.56 billion in new federal health care matching funds into the state's economy in 2014.**

This report estimates the impact of the Medicaid expansion at the local level, concluding that **expanding Medicaid would help every region in the state, but would have the most dramatic impact in rural areas.** While the expansion would cover more people and attract more health care dollars in the urban areas of Kansas City and St. Louis, the biggest impact would be in rural regions, reducing the uninsured by as much as 31 percent in Southeast Missouri. In contrast, the reductions in the uninsured would be lower in the St. Louis and Kansas City regions (26 and 27 percent respectively). (See Appendix for detailed tables).

The Most Dramatic Impact is in Rural Areas

Impact on the Uninsured by Region



Expanding Medicaid Would Have Most Significant Impact on Rural Missouri

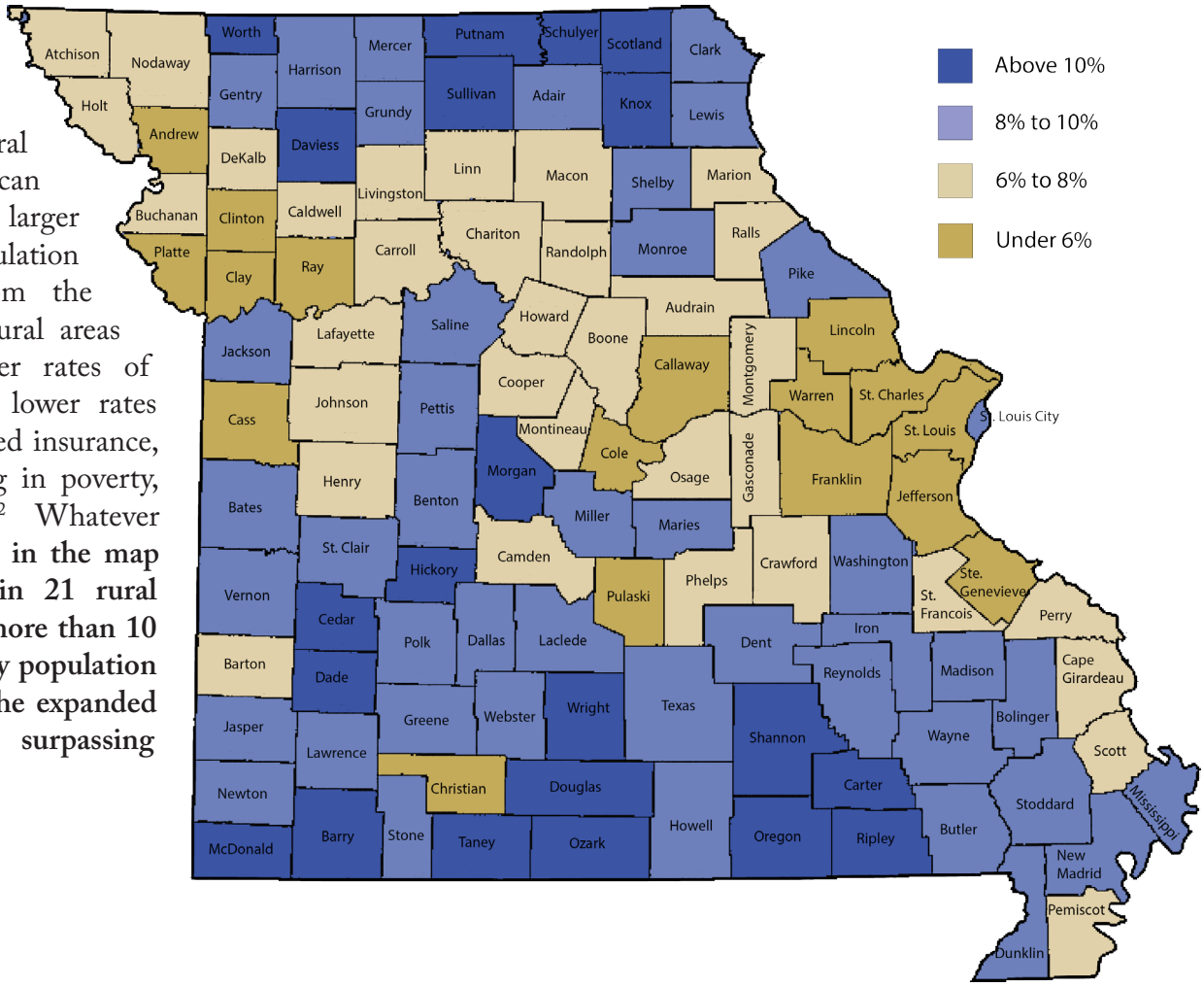
Missouri currently restricts eligibility for Medicaid to low-income children, pregnant women, people with disabilities who are unable to work, seniors, and very low-income parents. Eligibility is limited for low-income parents to those earning less than 19 percent of the federal poverty level (FPL), or approximately $292 per month for a family of three. Eligibility for Missourians with disabilities ends at 85 percent of the poverty level.[1] The Medicaid expansion would extend Medicaid eligibility to 138 percent of FPL (the equivalent of $2,195 in monthly income for a family of three) for those including working parents, working adults without children, and Missourians with disabilities. The expansion is fully federally funded for the first three years and requires only a 10 percent state match even when fully phased in.

Under the expansion, about 267,000 uninsured Missourians could gain access to health coverage, including working parents, other low wage workers, the recently jobless, high school and college graduates looking for full time employment, veterans, and the homeless, reducing the state's uninsured by more than one-fourth, or 28 percent.

Rural counties would experience an even higher reduction in their uninsured populations. Compared to urban areas of the state, rural Missouri counties can expect to have a larger portion of their population benefit directly from the expansion because rural areas tend to have higher rates of uninsurance due to lower rates of employer-sponsored insurance, more residents living in poverty, and other factors.[2] Whatever the cause, **as shown in the map on this page, within 21 rural Missouri counties, more than 10 percent of the county population will be eligible for the expanded Medicaid coverage, surpassing urban counties.**

Every Part of the State Benefits

Percent of County Populations Eligible for Insurance Under the Expansion



[1] Missouri Medicaid also has special coverage for low-income women with breast or cervical cancer, or people in need of family planning services. Kaiser Commission on Medicaid and the *Uninsured, Medicaid: A Primer* (June 2010).

[2] See, The Current and Future Role and Impact of Medicaid In Rural Health, RUPRI Rural Health Panel, September 2012, available at http://www.rupri.org/Forms/HealthPanel_Medicaid_Sept2012.pdf.

Local Economies Throughout Missouri Would Benefit from Medicaid Expansion

The Medicaid expansion would bring significant new spending into Missouri because the federal Medicaid match pays nearly all of the costs of expanding coverage in Missouri. The match will pay 100 percent of the costs for the first three years (2014-16), with a gradual reduction down to 90 percent in 2020 and beyond.

In 2014, the Medicaid initiative is estimated to bring an additional $1.56 billion into the state's economy, the equivalent of bringing a new large employer to the state.[3] Because a higher percentage of people in rural areas would benefit from the Medicaid expansion, the impact of this infusion of federal dollars would in fact be larger in rural areas in Missouri.

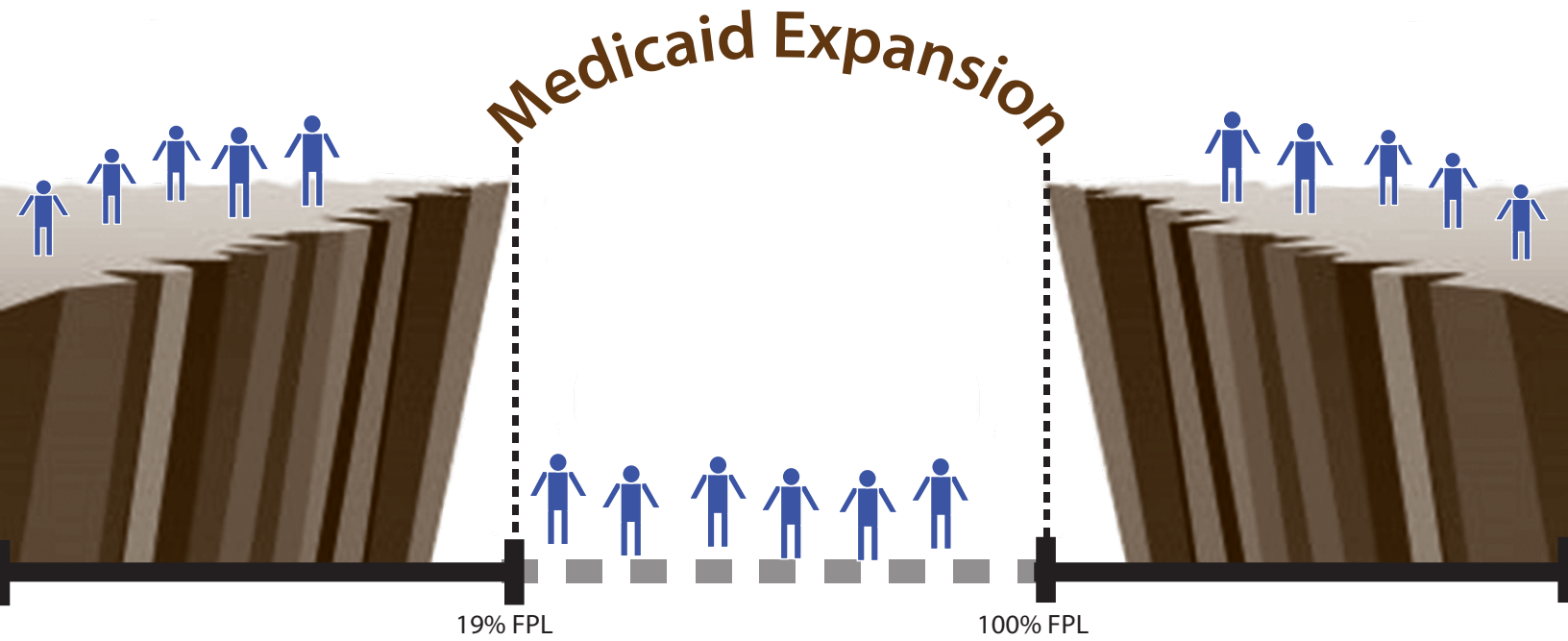
Similar to Bringing in a Major New Corporation to the State?

Expanding Medicaid in 2014 would bring $1.56 billion in new dollars to the state of Missouri. This is roughly equivalent to the total revenues of Panera Bread Company, which earned $1.8 billion in total revenues in 2012, and has its headquarters in Missouri.
(The St. Louis Regional Chamber & Growth Association (RCGA), 2012)

Without the Medicaid Expansion, Working Missourians Will Continue to Lack Insurance

If Missouri does not implement the Medicaid expansion, low-income, working Missourians will face a significant gap in potential coverage. The health reform law provides Missourians earning between 100 and 400 percent of the FPL (approximately $11,000-$45,000 for an individual and $19,000-$77,000 for a family of three) new federal premium tax credits to purchase sliding scale individual health insurance plans through the newly created Health Insurance Exchange if they don't have access to affordable employer-sponsored coverage. However, Missourians with incomes under 100 percent FPL will not have access to these tax credits. Their only option is the Medicaid expansion. Because the Medicaid expansion has a more significant impact on rural Missourians, the gap in coverage without the expansion would more severely impact rural areas of the state. More detailed regional and county-level data is available in the Appendix of this report.

Missourians Left in Gap Without Expansion



[3]St. Louis Regional Chamber and Growth Association (RCGA), "Greater St. Louis is Home to 21 Fortune 1000 Companies," http://www.stlrcga.org/x2629.xml

APPENDIX A.

Methodology and Comparisons to Other Recent Studies

Methods and data: The analysis in this paper is based on a unique micro-simulation model developed by health policy expert Dr. Timothy McBride of Washington University in St. Louis. The analysis uses a combination of individual-level data drawn from the Current Population Survey (CPS) over the years 2006-2010, as well as a number of additional supplemental data sources to capture the costs of coverage at the individual, state and federal levels. For the purposes of this analysis, low-income persons in Missouri (below 138 percent FPL) are the focus, and starting in 2014 it is assumed that these individuals may have the choice of obtaining coverage through the options outlined in the Affordable Care Act (ACA).

Medicaid cost estimates are based on recent estimates of cost per enrollee at the state level obtained from the Kaiser Family Foundation and the State of Missouri, and are differentiated by eligibility category (children, adults, and disabled). Adjustments are made to the estimates over time using assumptions about the growth of Medicaid and health spending, based on recent trends in Medicaid spending over time in Missouri and nationally.

For the purposes of estimating whether individuals who have access to public coverage actually will obtain coverage, the model computes take-up rates for Medicaid coverage (as well as for all others with the option of choosing employer or other coverage through the ACA, though not the focus here). The model starts with the microanalytic database sample described above. The data includes a range of variables on individuals, including their insurance coverage, demographic, employment, and family characteristics. Using these variables, the simulations use a model drawn from the literature to estimate the probability that an individual will "take-up" or accept the offer of insurance, and become insured, given that they have been offered health insurance. However, the multivariate models were adjusted for this simulation model using more current published analysis. The model relies on several important assumptions, or adjustments to the models from the literature. Perhaps most importantly, the model relies on the estimates of the policy parameters (especially the health insurance premiums and subsidies) individuals would face under a program described above. It is assumed that the parameters in the model for insurance take-up have not changed, but that only the premium amounts and person characteristics have changed over time. The final "take-up rate" for Medicaid eligible persons in Missouri roughly equals about 73 percent, which is consistent with many recent analyses on this subject.

Comparisons to other recent studies

Other recent studies have estimated the number of Missourians who would become new Medicaid enrollees under the new Medicaid initiative in the Affordable Care Act. The estimates are outlined in Table A. As shown, the studies show a range of estimates for the number of individuals that might participate in the new Medicaid expansion, in 2014 and over time. This leads to a range of estimates of the federal dollars that would flow to Missouri to cover these individuals.

It is important to note that projections of Medicaid enrollment and spending can vary (sometimes significantly) for a number of legitimate analytical reasons, including:

1. Use of different base surveys. Estimates may be based on different national surveys such as the American Community Survey (ACS), the Current Population Survey (CPS), or other sources.

2. Use of different survey years. The estimates may be based initially on different base survey years (for example, the latest CPS data available is from March 2012 for 2011 estimates, but these data only recently became available; county-level estimates from the ACS recently became available only for 2010).

3. Simulations to different years. Some estimates present projections of Medicaid populations and expenditures to 2014 (the first proposed year of implementation of the ACA), or to later years or for a range of years (e.g., 2014-22).

4. Assumptions. Projections rely crucially on the assumptions made about Medicaid expansions. To cite a few key factors:

a. Assumptions about the costs of Medicaid to different populations (adults, disabled adults, elderly, children);

b. Assumptions about the growth of these costs over time;

c. Assumptions about the "take-up rate" of individuals into Medicaid (that is, how many eligible individuals will actually enroll into Medicaid);

d. Assumptions about possible program savings that could occur as new individuals are enrolled, reducing costs in other parts of the Medicaid program; and other factors.

5. Counts of new versus currently eligible persons. Under a Medicaid expansion, some individuals will become newly eligible (e.g. single adults or those above the current Medicaid income thresholds in Missouri), while others who are currently eligible but not enrolled may enroll if Medicaid is expanded (the so-called "woodwork effect"). For the most part, most recent estimates of Medicaid expansions have reported "new Medicaid enrollees" and not the number and costs of currently eligible Medicaid enrollees, though assumptions about this are not always clear.

A related issue is that some currently eligible Medicaid enrollees who are not enrolled may enroll at a rate that is cheaper to the state than if they had enrolled without a Medicaid expansion. For example, a disabled adult who is between 85 percent and 100 percent of the federal poverty line could "spenddown" to Medicaid eligibility and then the state government would cover this person and pay the current state portion of the costs (roughly 35 percent). However, under the ACA, this person would not need to spend down and the matching rate for the state would be zero.

It is quite possible that these factors account for the differences in the range of estimates presented in Appendix Table A, if not other factors.

Table A. New Medicaid Initiative: Projected Medicaid Enrollment and New Federal Spending in Missouri, 2014-2022

	New Medicaid Enrollment in Missouri		New Federal Spending in Missouri	
Source	**2014**	**2022**	**2014**	**2022**
Washington University/ Saint Louis University/ Missouri Budget Project (January 2013)	256,934	n.a.	$1.58 billion	Not shown
Missouri Office of Administration (December 2012)	259,499	307,542 (2021)	$907 million	$2.3 billion (2021)
Kaiser Foundation/ Urban Institute ("The Cost and Coverage Implications of the ACA Medicaid Expansion: National and State-by-State Analysis," November 2012)	Not shown	383,000	Over 2014-2022 period, total of $17.8 billion	
University of Missouri/ Dobson DaVanzo ("The Economic Impacts of Medicaid Expansion on Missouri," November 2012)	159,260	161,281	$1.13 billion	$1.20 billion

APPENDIX B.

Table B. Impact of Medicaid Expansion on Missouri, 2014
Washington University, Brown School Micro-Simulation

	TOTAL POPULATION		NON-ELDERLY ADULTS, LESS THAN 138% OF FEDERAL POVERTY IINE (POTENTIALLY ELIGIBLE FOR MEDICAID EXPANSION)					
		Total population, 2014	Number of Uninsured 2014	Number non-elderly adults, less than 138% FPL, 2014	Total non-elderly adults uninsured, less than 138% FPL, 2014	Projected Number of new non-elderly adults covered by Medicaid	Medicaid dollars (thousands)	Medicaid expansion reduces total uninsured by
TOTAL MISSOURI		**5,145,559**	**959,820**	**1,503,345**	**369,738**	**267,306**	**$1,564,115**	**28%**
BY REGION:								
	Southwest	905,669	207,859	330,980	83,696	60,564	$355,704	29%
	Southeast	600,977	122,674	237,421	51,834	37,501	$220,097	31%
	Northwest	380,210	72,506	112,319	27,083	19,601	$115,194	27%
	Northeast	531,767	97,191	162,859	37,646	27,162	$157,625	28%
	Kansas City	977,681	184,952	260,016	69,924	50,486	$293,807	27%
	St. Louis	1,749,254	274,639	399,749	99,555	71,992	$421,686	26%
BY RURAL/ URBAN:								
	Rural	1,322,675	284,888	503,015	117,081	84,806	$500,137	30%
	Urban	3,822,883	674,932	1,000,331	252,658	182,501	$1,063,977	27%

APPENDIX C.

County Level Data

The following table shows the actual number and percent of people uninsured by Missouri County in 2010 according to Census Data. The counties are listed in order of greatest percent of uninsured to least. Scotland County has the highest rate of uninsured as a percent of the county population at 25.5 percent. The final column shows the percent of each county's population eligible for the expansion.

Table C. Missouri: Uninsured Population and Persons Below 138% of Federal Poverty Line with and Without Insurance, by County in 2010
Counties listed in order of highest to lowest percent uninsured within the total county population
U.S. Census Bureau, Small Area Health Insurance Estimates (SAHIE) for Counties and States, 2010, compiled by Washington University, 2012

	ALL PERSONS				ALL PERSONS UNDER 138% FPL				
County name	Total Population	Number uninsured	Percent uninsured		Total Population	Number uninsured	Percent uninsured		Percent of Population Eligible for Medicaid Expansion
MISSOURI TOTAL	5,007,946	766,031	15.3%		1,199,814	337,877	28.2%		6.7%
Scotland	3,915	999	25.5%		1,365	516	37.8%		13.2%
Knox	3,253	815	25.1%		1,236	429	34.7%		13.2%

County name	ALL PERSONS			ALL PERSONS UNDER 138% FPL			
	Total Population	Number uninsured	Percent uninsured	Total Population	Number uninsured	Percent uninsured	Percent of Population Eligible for Medicaid Expansion
Taney	41,223	9,574	23.2%	14,122	4,744	33.6%	11.5%
Ozark	7,422	1,721	23.2%	2,811	874	31.1%	11.8%
Morgan	15,850	3,624	22.9%	5,419	1,699	31.4%	10.7%
McDonald	20,011	4,568	22.8%	7,283	2,196	30.2%	11.0%
Daviess	6,827	1,538	22.5%	2,187	726	33.2%	10.6%
Hickory	6,751	1,519	22.5%	2,465	769	31.2%	11.4%
Shannon	6,932	1,537	22.2%	2,975	827	27.8%	11.9%
Sullivan	5,535	1,219	22.0%	1,883	631	33.5%	11.4%
Worth	1,641	352	21.5%	504	167	33.1%	10.2%
Oregon	8,710	1,841	21.1%	3,661	976	26.7%	11.2%
Dade	6,191	1,287	20.8%	2,105	641	30.5%	10.4%
Barry	29,106	6,040	20.8%	9,368	2,939	31.4%	10.1%
Carter	5,229	1,083	20.7%	2,129	567	26.6%	10.8%
Jasper	99,963	20,617	20.6%	31,268	9,580	30.6%	9.6%
Stone	24,122	4,952	20.5%	6,861	2,284	33.3%	9.5%
Putnam	3,878	796	20.5%	1,271	400	31.5%	10.3%
Wright	15,408	3,161	20.5%	6,655	1,674	25.2%	10.9%
Benton	14,014	2,854	20.4%	4,496	1,379	30.7%	9.8%
Douglass	10,850	2,182	20.1%	4,177	1,122	26.9%	10.3%
Pettis	35,451	7,073	20.0%	10,890	3,387	31.1%	9.6%
Webster	30,640	6,081	19.8%	9,626	2,681	27.9%	8.8%
Cedar	10,773	2,138	19.8%	4,018	1,092	27.2%	10.1%
Mercer	3,001	593	19.8%	906	277	30.6%	9.2%
Harrison	7,022	1,385	19.7%	2,356	665	28.2%	9.5%
Schulyer	3,539	697	19.7%	1,339	363	27.1%	10.3%
St. Clair	7,392	1,439	19.5%	2,388	700	29.3%	9.5%
Lawrence	31,982	6,198	19.4%	10,050	2,851	28.4%	8.9%
Texas	19,602	3,784	19.3%	7,227	1,899	26.3%	9.7%
Gentry	5,295	1,021	19.3%	1,537	479	31.2%	9.0%
Ripley	11,400	2,198	19.3%	4,779	1,175	24.6%	10.3%
St. Louis city	275,698	53,134	19.3%	100,372	27,200	27.1%	9.9%
Maries	7,465	1,427	19.1%	2,075	629	30.3%	8.4%
Shelby	5,051	965	19.1%	1,541	450	29.2%	8.9%
Moniteau	12,219	2,315	18.9%	2,996	939	31.3%	7.7%
Polk	24,888	4,711	18.9%	8,429	2,326	27.6%	9.3%
Madison	9,902	1,871	18.9%	3,165	876	27.7%	8.8%
Dent	12,617	2,374	18.8%	4,206	1,099	26.1%	8.7%
Reynolds	5,274	990	18.8%	1,976	522	26.4%	9.9%
Newton	48,543	9,076	18.7%	13,831	4,176	30.2%	8.6%
Clark	5,844	1,091	18.7%	1,687	499	29.6%	8.5%
Camden	34,053	6,355	18.7%	8,538	2,711	31.8%	8.0%

	ALL PERSONS				ALL PERSONS UNDER 138% FPL				
County name	Total Population	Number uninsured	Percent uninsured		Total Population	Number uninsured	Percent uninsured		Percent of Population Eligible for Medicaid Expansion
Dallas	13,817	2,575	18.6%		4,689	1,213	25.9%		8.8%
Wayne	10,523	1,950	18.5%		4,180	1,023	24.5%		9.7%
Bates	13,799	2,548	18.5%		3,939	1,153	29.3%		8.4%
Monroe	7,085	1,307	18.4%		1,902	596	31.3%		8.4%
Miller	20,638	3,758	18.2%		6,604	1,731	26.2%		8.4%
Jackson	582,868	104,865	18.0%		145,416	47,310	32.5%		8.1%
Pike	13,627	2,450	18.0%		3,811	1,114	29.2%		8.2%
Howell	33,266	5,967	17.9%		12,244	2,957	24.2%		8.9%
Vernon	17,047	3,056	17.9%		5,650	1,469	26.0%		8.6%
Mississippi	10,445	1,868	17.9%		4,063	929	22.9%		8.9%
Stoddard	24,405	4,361	17.9%		7,734	2,119	27.4%		8.7%
Bollinger	10,200	1,812	17.8%		3,241	843	26.0%		8.3%
Gasconade	12,080	2,136	17.7%		2,928	905	30.9%		7.5%
Macon	12,433	2,198	17.7%		3,547	961	27.1%		7.7%
Holt	3,840	678	17.7%		956	302	31.6%		7.9%
Grundy	7,990	1,410	17.6%		2,478	670	27.0%		8.4%
Barton	10,185	1,795	17.6%		3,071	784	25.5%		7.7%
Laclede	29,759	5,211	17.5%		9,804	2,422	24.7%		8.1%
Washington	20,745	3,624	17.5%		7,286	1,798	24.7%		8.7%
Montgomery	9,760	1,704	17.5%		2,772	742	26.8%		7.6%
Lewis	7,960	1,382	17.4%		2,262	647	28.6%		8.1%
Crawford	20,422	3,535	17.3%		6,434	1,587	24.7%		7.8%
Howard	7,877	1,361	17.3%		2,149	618	28.8%		7.8%
Adair	19,659	3,392	17.3%		6,906	1,842	26.7%		9.4%
Iron	8,501	1,459	17.2%		2,903	707	24.4%		8.3%
Saline	18,609	3,182	17.1%		5,543	1,513	27.3%		8.1%
Greene	226,984	38,502	17.0%		64,162	18,368	28.6%		8.1%
Dunklin	26,297	4,431	16.8%		10,595	2,254	21.3%		8.6%
Chariton	6,059	1,011	16.7%		1,451	442	30.5%		7.3%
Butler	35,060	5,803	16.6%		12,099	2,815	23.3%		8.0%
Phelps	36,539	6,045	16.5%		11,410	2,919	25.6%		8.0%
Henry	17,775	2,933	16.5%		5,108	1,357	26.6%		7.6%
Cooper	13,460	2,214	16.4%		3,562	1,027	28.8%		7.6%
Linn	10,252	1,685	16.4%		2,804	757	27.0%		7.4%
DeKalb	7,744	1,255	16.2%		1,740	517	29.7%		6.7%
New Madrid	15,703	2,538	16.2%		5,558	1,288	23.2%		8.2%
Caldwell	7,685	1,226	16.0%		2,177	559	25.7%		7.3%
Carroll	7,452	1,182	15.9%		1,954	530	27.1%		7.1%
Christian	67,670	10,578	15.6%		13,873	3,986	28.7%		5.9%
Osage	11,458	1,784	15.6%		2,325	715	30.8%		6.2%
Scott	33,023	5,118	15.5%		9,784	2,286	23.4%		6.9%

County name	ALL PERSONS			ALL PERSONS UNDER 138% FPL			
	Total Population	Number uninsured	Percent uninsured	Total Population	Number uninsured	Percent uninsured	Percent of Population Eligible for Medicaid Expansion
Randoph	19,533	3,019	15.5%	5,990	1,427	23.8%	7.3%
St. Francois	50,071	7,679	15.3%	14,589	3,481	23.9%	7.0%
Audrain	19,733	3,016	15.3%	5,677	1,336	23.5%	6.8%
Lafayette	27,446	4,166	15.2%	6,097	1,705	28.0%	6.2%
Atchinson	4,401	668	15.2%	909	275	30.3%	6.2%
Livingston	11,310	1,711	15.1%	3,196	798	25.0%	7.1%
Ralls	8,442	1,271	15.1%	1,666	533	32.0%	6.3%
Johnson	43,709	6,572	15.0%	11,826	3,020	25.5%	6.9%
Cape Girardeau	61,818	9,278	15.0%	14,509	4,313	29.7%	7.0%
Lincoln	46,411	6,837	14.7%	9,418	2,599	27.6%	5.6%
Perry	15,832	2,311	14.6%	3,514	974	27.7%	6.2%
Andrew	14,532	2,106	14.5%	2,516	785	31.2%	5.4%
Franklin	86,655	12,537	14.5%	17,676	5,004	28.3%	5.8%
Callaway	35,164	5,067	14.4%	7,582	2,092	27.6%	5.9%
Pemiscot	15,452	2,219	14.4%	6,875	1,205	17.5%	7.8%
Nodaway	16,951	2,411	14.2%	4,783	1,201	25.1%	7.1%
Pulaski	39,074	5,537	14.2%	10,735	2,320	21.6%	5.9%
Marion	23,412	3,308	14.1%	6,576	1,461	22.2%	6.2%
Buchanan	72,799	10,242	14.1%	19,043	4,510	23.7%	6.2%
Boone	139,608	19,630	14.1%	37,615	9,783	26.0%	7.0%
Ste. Genevieve	14,990	2,105	14.0%	2,885	868	30.1%	5.8%
Clinton	17,309	2,427	14.0%	3,197	938	29.3%	5.4%
Jefferson	192,319	26,963	14.0%	32,847	9,929	30.2%	5.2%
Warren	27,420	3,732	13.6%	5,674	1,497	26.4%	5.5%
Ray	19,748	2,641	13.4%	3,753	993	26.5%	5.0%
Cass	85,171	10,706	12.6%	13,422	3,841	28.6%	4.5%
St. Louis county	833,172	97,327	11.7%	135,888	38,077	28.0%	4.6%
Cole	62,063	7,092	11.4%	11,014	2,715	24.7%	4.4%
Clay	195,008	21,875	11.2%	29,439	8,106	27.5%	4.2%
St. Charles	314,628	29,228	9.3%	32,257	9,594	29.7%	3.0%
Platte	78,583	7,267	9.2%	9,365	2,588	27.6%	3.3%