

Medicaid Basics

Medicaid, called MOHealthNet in Missouri, is a health insurance program run jointly by state and federal governments to cover low-income kids and families, pregnant women, people with disabilities, and low-income seniors. Federal law sets certain minimum requirements regarding people who must be covered by the program and what benefits must be covered, and states have the option to include additional benefits (like dental) or additional enrollees. The costs for the program are also shared; the federal government typically pays 65 percent and Missouri pays 35 percent. The federal government pays a higher portion of the costs associated with certain enrollees, including the low-income adults eligible through “Medicaid expansion.”

What is “Medicaid Expansion”?

Ten years ago, federal law changed to add a new optional eligibility category to Medicaid: low-income adults (ages 19-64) earning less than 138 percent of the federal poverty level. In 2021, that means earning less than \$18,000/year. If states choose this option, the federal government pays 90 percent of the costs for these new enrollees. So far, 36 states have added this group to their programs and Missouri and Oklahoma will join them beginning on July 1, 2021.

Who Benefits from Medicaid Expansion?

More than 230,000 Missourians are expected to get health coverage through Medicaid expansion, though enrollment will be lower initially. Over three-quarters of this group are working full- or part-time, in jobs that either don't offer health coverage at all or offer coverage they can't afford. This group includes uninsured veterans, working women who don't have access to primary care, over 50,000 low-income parents, and over 18,000 low-income near-retirees.

Our whole state benefits too. Medicaid expansion will mean fewer rural hospital closures, fewer people in medical debt, and fewer personal bankruptcies. The new infusion of federal funding – more than a billion dollars each year – will also generate new economic activity and over 16,000 new jobs each year.

How Much Will Medicaid Expansion Cost Missouri?

Medicaid expansion is mostly funded by the federal government, and over time this policy generates savings for Missouri. The state will pay less (10 percent instead of 35 percent) for certain people who would have been eligible for Medicaid even before expansion, the state will spend less on uncompensated care, and new economic activity will generate new tax revenue.

In the first year, Governor Parson has estimated that Medicaid expansion will cost \$130 million in general revenue. Fortunately, since the release of the Governor's budget, the federal government has announced an increase in Medicaid funding that will bring over \$376 million to Missouri in SFY22. This is more than enough to cover the cost of Medicaid expansion.