

Medicaid Expansion Frequently Asked Questions (for Legislators)

WHO WOULD BE AFFECTED?

Q. Who are the Floridians who would qualify for coverage if the Governor and Legislature approve Medicaid expansion?

- A. The newly eligible would be uninsured adults under age 65 up to 138% of the federal poverty level (\$26,344 for a family of 3). There are three main categories:
- Very low- and no-income adults without children
 - Very low-income parents, especially low-wage and/or part-time workers
 - Disabled workers who receive Social Security Disability (but not SSI)

Q. How would this differ from the current Medicaid program?

- A. Under current Medicaid rules, adults under age 65:
- Without children are never eligible for Medicaid, even if they have zero income
 - Unemployed parents up to 20% of poverty, working parents up to 50% of poverty
 - Individuals with disabilities only qualify if they receive SSI (74% of poverty)

Q. So why do people often say Medicaid expansion increases the income eligibility limit from 100% to 138% of the poverty level?

- A. Except for the case of school-age children, that is an inaccurate statement. It makes more sense in some other states that do not have such strict eligibility limits.

Q. Why do some people say that Medicaid expansion is only up to 133% of the poverty level, not 138%?

- A. Strictly speaking, Medicaid expansion does increase the income limit to 133% of the poverty level. Under the new rules, however, 5% of income is not counted, and so the “real-life” limit is actually 138% of the poverty level.

Q. Why do we talk about Medicaid expansion as only for adults?

- A. Last June, the U.S. Supreme Court ruled that states could not lose their funding for their current Medicaid programs if they reject expansion. That is why Medicaid expansion is usually described as optional for states. But the decision only applied to expansion for adults, not children. In 2014, Florida must increase the income limit for children ages 6 through 18 to 138% of the poverty level.

Q. If Florida decides not to expand Medicaid, can't the people who would have been newly Medicaid-eligible just get coverage through the new Health Insurance Exchange instead?

- A. In the majority of instances, no. The premium tax credits in the Health Insurance Exchange are available for only those low- and moderate-income households with incomes between 100% and 400% of the

poverty level. Those below 100% of the poverty level who are not eligible for Medicaid under current rules would not qualify the Exchange either. This would leave a massive coverage gap, as virtually none of these 800,000 Floridians could hope to obtain meaningful coverage otherwise.

Q. Would any of the newly eligible adults be employed?

A. Yes. In fact, the majority who would become eligible under Medicaid expansion are employed, although many of these are part-time and/or low-wage workers. These workers are nevertheless the backbone of Florida's service-based, tourist-driven economy. In fact, a typical single parent working in a retail or food service job (two of the three industries in Florida with the most jobs) would be Medicaid-eligible under expansion.

Q. Why can't seniors age 65 and over qualify for Medicaid under expansion?

A. The ACA specifically defines Medicaid expansion as applicable to individuals under age 65 only. This is because most Americans qualify for Medicare (hospital, medical, and drug coverage) starting at age 65.

Q. How will Medicaid expansion affect Florida children in particular?

A. Again, as of 2014, all school-age children will be eligible up to 138% of the poverty level. Beyond this, however, if Florida increases the Medicaid income limit for adults, even more children will gain coverage. It is well-established that providing coverage to parents leads to higher rates of coverage for their children. In fact, the ACA requires that children be covered before their parents can enroll.

HOW MUCH WOULD IT COST?

Q. Why are estimates of the cost of Medicaid expansion to Florida so different from one another?

A. Estimates of the cost of expansion are based on at least a dozen different assumptions, and some estimates incorporate less realistic assumptions than others. In particular, assumptions about the number of Floridians who are eligible, how many will actually enroll, how much it will cost the state per person to cover enrollees, and how these and other factors will change over time all impact the cost. The combined effect of using multiple unrealistic assumptions are massively inflated estimates.

Q. Why were Governor Scott's estimates of the cost of Medicaid expansion in particular so controversial?

A. The estimates the Governor cited (from the Agency for Health Care Administration he oversees) was three times higher than estimates by the same agency earlier in the year and four times higher than any other estimate. By far the most significant problem with the Governor's estimate is that he not only assumes that every single Floridian who is newly eligible will sign up for Medicaid, but also that the federal government will never absorb almost all of the cost, as required by the law.

Q. Why is the state's assumption that almost everyone who is currently eligible for Medicaid but not enrolled will sign up unrealistic?

A. Among Floridians who are eligible for Medicaid under current rules but are not enrolled, very few, if any, would pay any penalty for not having coverage under the ACA's so-called "individual mandate."

Q. What is the true cost of Medicaid expansion?

A. The estimated cost under realistic assumptions is \$2.7 billion over 10 years, but this does not include state savings resulting from reduced state spending in other areas ("uncompensated care"). The true cost of Medicaid expansion is therefore much lower and may even be negative (in other words, expansion may result in a net savings to the state).

Q. Isn't \$2.7 billion still a lot of money?

A. Yes, but the number must be put into context. This amount is over ten years (an average of \$270 million per year), which would increase the state's share of the Medicaid budget by only 2%. And again, this excludes state savings resulting from reduced uncompensated care. Most importantly, more than one million uninsured Floridians would gain vital health coverage.

HOW MANY PEOPLE WOULD BE AFFECTED?

Q. How many people in Florida are currently enrolled in Medicaid?

A. There are 3.2 million Medicaid recipients in Florida today, though this includes many recipients who are not eligible for full Medicaid benefits or are dually eligible (for both Medicare and Medicaid).

Q. If Florida approved Medicaid expansion, how many would be enrolled?

A. Medicaid expansion would add an estimated 1.2 million recipients (adults and children) over the next 10 years.

Q. Why did Governor Scott say that 6 million Floridians would be enrolled in Medicaid?

A. Again, his estimate was based on unrealistic assumptions. Medicaid enrollment grew dramatically in the wake of the recession, but has now leveled off and is growing slowly. However, the estimates cited by the Governor assume that this very rapid growth among *already eligible* Floridians will continue, which is an assumption so unrealistic that it leads to a prediction that more Floridians would be enrolled by 2023 than will even be eligible.

HOW WOULD IT IMPACT FLORIDA'S ECONOMY?

Q. Would Medicaid expansion help or hurt Florida's economy?

A. Significantly help. First, as noted above, employers of hundreds of thousands of workers in the retail and hospitality sectors would have access to Medicaid coverage, making it a fully funded employer benefit. Expansion would also create at least 65,000 health care jobs in the first six years alone. Finally, over ten years, more than \$20 billion in federal dollars would be pumped into the Florida economy that would otherwise flow to other states.

Q. Can Florida wait to expand Medicaid until 2015?

- A. Yes, but there is no justification for delay. The federal government pays 100% of the cost of coverage for the newly eligible in 2014. Delaying expansion will only result in the loss of almost a billion dollars in federal funding, and delay the benefit of Medicaid expansion for employers and families.