

Medicaid

Closing the Coverage Gap in Nebraska: Health Insurance for Working Individuals and Families



The Affordable Care Act gives Nebraska the option to extend affordable health insurance to more low-income adults through the state's Medicaid program. This new Medicaid coverage would give an estimated 54,000 Nebraskans¹—and potentially as many as 81,000 uninsured Nebraskans—access to affordable health insurance.² For many of these residents, Medicaid is their only health coverage option.³

Through the Medicaid program, Nebraska could cover residents with incomes up to 138 percent of the federal poverty level, which is \$27,310 for a family of three in 2014. The state's current Medicaid program covers only parents with extremely low incomes: Their family income must be no more than 62 percent of poverty, which is roughly \$12,270 for a family of three. Nebraska does not provide any coverage to adults without dependent children.

Nebraska can extend Medicaid at any time but has not yet chosen to do so. If Nebraska does extend Medicaid, the federal government will pay virtually all costs of the new Medicaid coverage.⁴

A Majority of Those Who Would Be Helped by the New Medicaid Coverage Are Working

A majority of the uninsured Nebraskans who would benefit from the new Medicaid coverage work. In fact, 73 percent of these Nebraskans are

currently working or have worked within the last year. Of the 27 percent who are not working, a little more than half (14 percent of Nebraskans who could gain coverage under an extension of Medicaid) are classified as “not in the workforce.” They include people with disabilities, students, non-working spouses, and people who have left the workforce. The remaining 13 percent of Nebraskans who could be helped are unemployed.

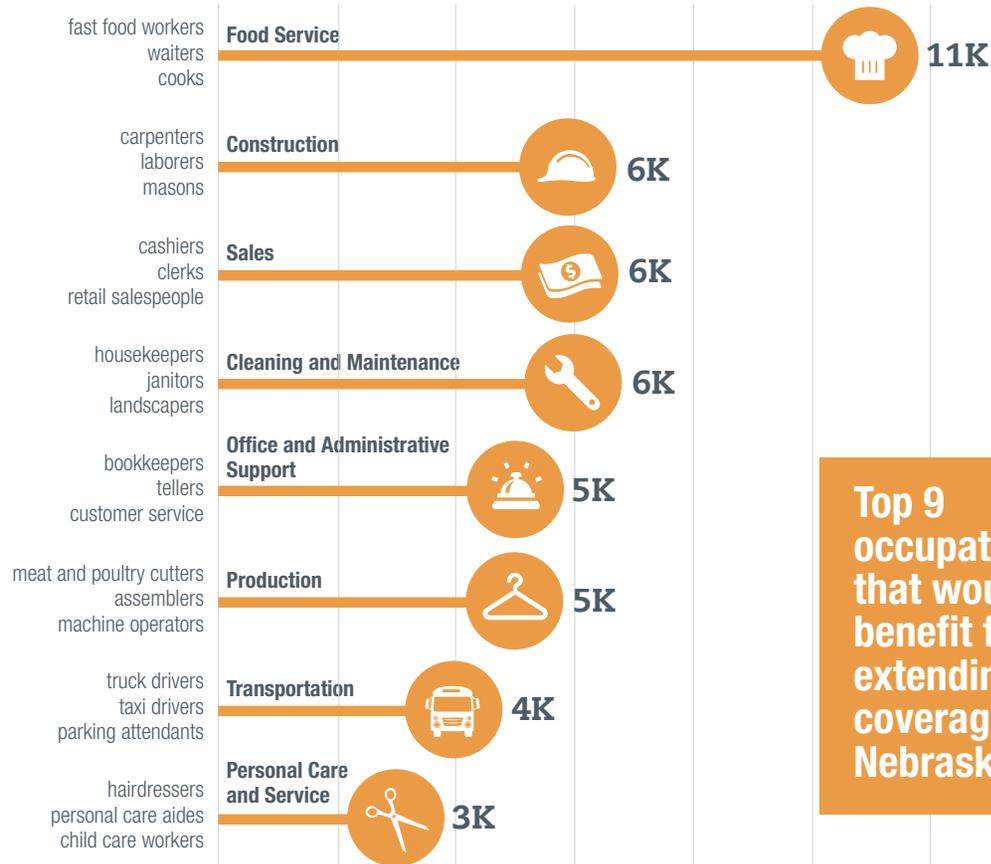
These uninsured Nebraskans work in occupations that most people encounter and rely on every day. These workers are in industries that are critical to the state's economy: They are fast food cooks, cashiers, clerks, and construction workers. They work in industries that range from cleaning and maintenance to transportation to office and administrative support.

Closing the Coverage Gap Is an Investment in Nebraska's Workforce and Its Economy

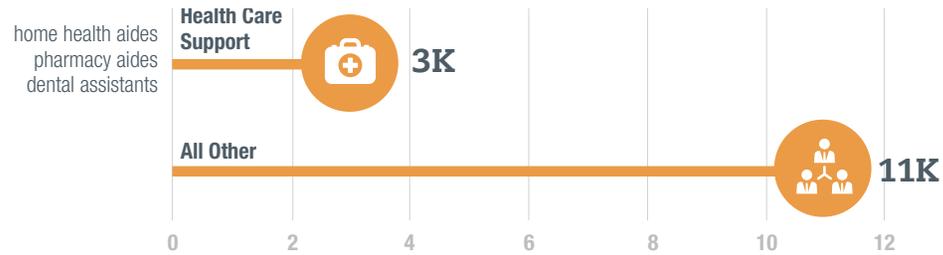
While Governor Heineman has resisted extending Medicaid, he has made strengthening the state's economy a top priority.⁵ When the governor accepted an award for exceptional economic development in Nebraska, he said, “We are focused on improving business and creating jobs in our state. Businesses locating in Nebraska are impressed with our friendly and honest citizens, our strong work ethic... and an outstanding quality of life.”⁶

Top 9 occupations of the employed but uninsured in Nebraska who would benefit from extending health coverage

Most of those who would benefit if Nebraska extended health coverage are working adults. Fully 73 percent of those who could benefit work in occupations that Nebraska residents rely on, supporting industries that are the foundation of the state's economy.



Top 9 occupations that would benefit from extending coverage in Nebraska



Note: People are classified according to the job they now have or the last job they held in the prior 12 months.

Source: These data are based on information from the American Community Survey, which is conducted by the U.S. Census Bureau. Data are based on an analysis of uninsured Nebraska residents ages 18-64 with family incomes up to 138% of poverty (\$27,310 for a family of three in 2014). These data differ from the data in the state-level analysis conducted by the Nebraska Legislative Fiscal Office.

Extending coverage is a sound investment for Nebraska, creating a healthier workforce and strengthening the state's economy.

Our calculations define Nebraska adults with incomes under 138% of poverty who are employed but lack health insurance and who are currently working or who have worked in the last 12 months. This population is equal to 73 percent of the 81,000 uninsured adults who could benefit if the state expanded health coverage. It excludes the following: people who have never worked or who have been out of the workforce for 5 years or more (14% of the 81,000 uninsured adults), and those we define as "unemployed," who had not worked in 1-5 years (13% of the 81,000 uninsured adults).

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The governor has the right idea. However, perhaps no action represents a smarter investment in Nebraska's economy than ensuring that its workers are prospering and healthy. Extending Medicaid would give tens of thousands of working Nebraskans access to affordable health insurance, creating a healthier, more productive workforce that would benefit Nebraska's employers.^{7,8}

But extending Medicaid will do more than provide many Nebraskans with health insurance—it will provide much-needed economic stimulus to the entire state. The federal government pays for roughly 55 percent of the current Medicaid program, and the state pays the rest. For the new Medicaid coverage, federal funding will be much more generous: The federal government will pay all of the costs of the new coverage through 2016. The federal share will then gradually decline to 90 percent in 2020, where it will stay.

If Nebraska opts to close the coverage gap, substantial federal tax dollars will be returned to the state over the next 10 years. Investing these tax dollars in the health of Nebraska's workers will have a significant impact

on the state's economy. If Nebraska had extended Medicaid in January 2014 when the option was first available, the new federal funds flowing back into the state would have supported 10,000 jobs annually, leading to approximately \$700 million in new economic activity across the state each year through 2020.⁹

It Is Time to Move Forward

Governor Heineman is right to prioritize building a strong economy. Nebraska can choose to have a healthier workforce and more jobs at any time. It can close the coverage gap by extending Medicaid rather than leave its workers behind—and continue to allow tax dollars to leave the state instead of investing them in the workforce. The decision is in the hands of state leaders.

For a complete list of citations and the methodology for this publications, visit:
www.familiesusa.org/product/expanding-health-coverage-working-individuals-and-families

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