

Medicaid

# Medicaid Expansion in Alabama: Health Insurance for Working Individuals and Families



Alabama lawmakers have an opportunity to accept federal funds to increase access to affordable health coverage for low-income residents. Taking that opportunity would mean nearly 342,000 uninsured Alabamians would gain access to affordable health insurance.<sup>1</sup> For many of these residents, this would be their only opportunity to get health coverage.<sup>2</sup>

Accepting federal funds would allow Alabama to expand its Medicaid program to 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 18 percent of poverty, which is roughly \$3,560 for a family of three. Alabama does not provide any coverage to adults without dependent children.

Alabama can increase access to health coverage at any time but has not yet chosen to do so. If Alabama takes up this opportunity, the federal government will pay virtually all costs of the expansion.<sup>3</sup>

## More than Half of Those Who Would Be Helped by Expanding Coverage Are Working

If the state chooses to expand its Medicaid program to cover more Alabamians, most of those who would benefit are working. In fact,

54 percent—nearly 185,000—of these Alabamians are currently working or have worked within the last year. Of the 47 percent who are not working, a majority (24 percent of Alabamians who could gain coverage under a Medicaid expansion) 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 22 percent of Alabamians who could be helped are unemployed.

These uninsured Alabamians 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 transportation and production to cleaning and maintenance.

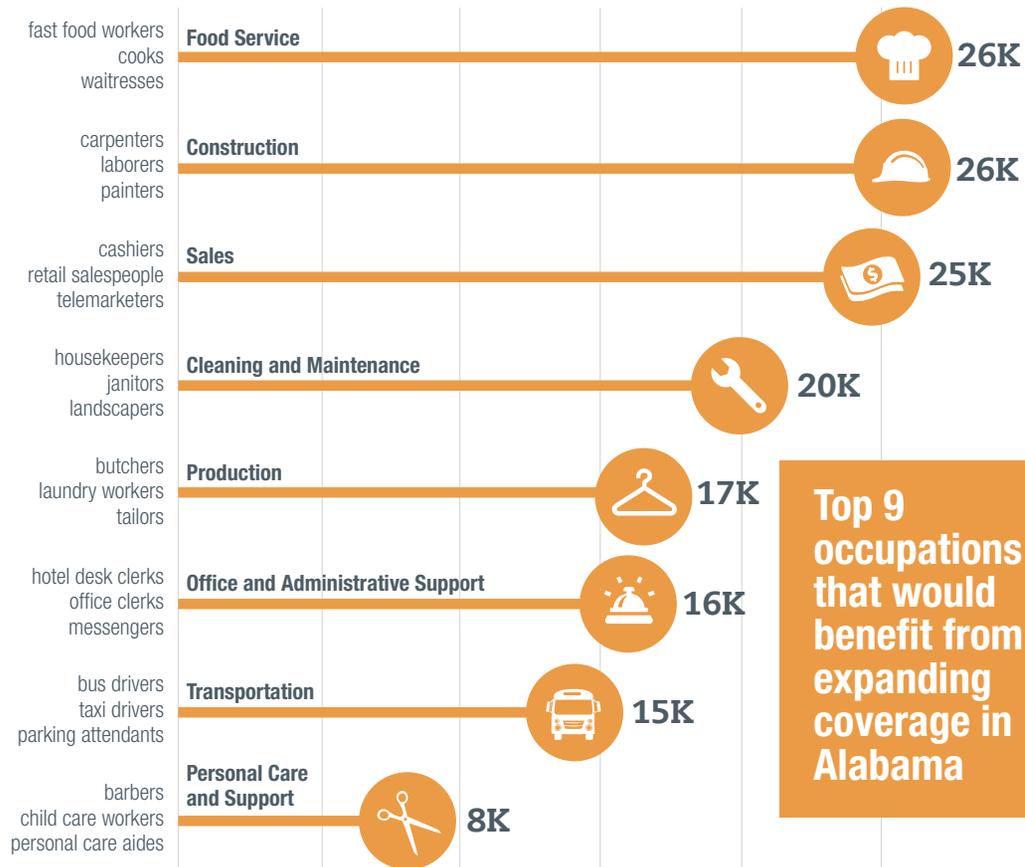
## Expanding Medicaid Is an Investment in Alabama's Workforce and Its Economy

While Governor Bentley has fiercely opposed expanding Medicaid, he has made the creation of jobs a top priority. Governor Bentley stated, “We must create greater opportunity for Alabamians to acquire the skills needed for higher-paying jobs. Companies are

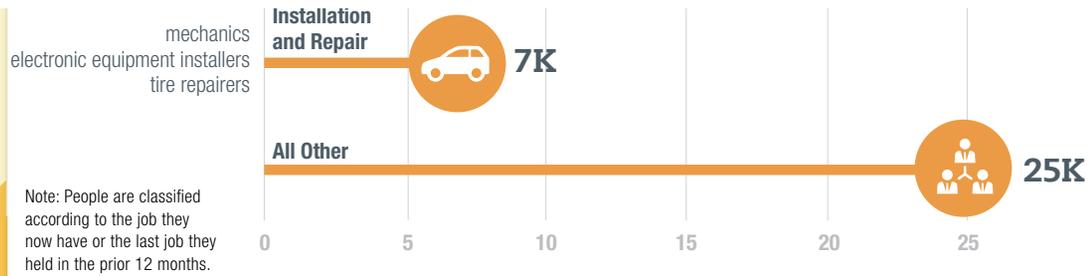
## Top 9 occupations of the employed but uninsured in Alabama who would benefit from expanding health coverage



Most of those who would benefit if Alabama expanded Medicaid are working adults. Fully 54 percent of those who could benefit work in occupations that Alabama residents rely on, supporting industries that are the foundation of the state's economy.



Top 9 occupations that would benefit from expanding coverage in Alabama



## Expanding Medicaid is a sound investment for Alabama, creating a healthier workforce and strengthening the state's economy.

Our calculations define Alabama 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 54 percent of the 342,000 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 (24% of the 342,000 uninsured adults), and those we define as "unemployed," who had not worked in 1-5 years (22% of the 342,000 uninsured adults).

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 Alabama residents ages 18-64 with family incomes up to 138% of poverty (\$27,310 for a family of three in 2014).

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looking for, and jobs are waiting for, skilled workers.”<sup>4</sup> To help achieve this goal, he has repeatedly called for more resources to improve the state’s workforce, such as additional education and training.<sup>5</sup>

The governor has the right idea. However, perhaps no action represents a smarter investment in Alabama’s workforce than ensuring that its workers are prospering and healthy. Accepting the federal funds would give hundreds of thousands of working Alabamians access to affordable health insurance. That will create a healthier, more productive workforce that would benefit Alabama’s employers.<sup>6,7</sup>

But expanding coverage will do more than provide many Alabamians with health insurance—it will provide much-needed economic stimulus to the entire state. The federal government pays for roughly 68 percent of the current Medicaid program, and the state pays the rest. If Alabama takes up the option to extend health coverage, federal funding will be much more generous: Through 2016, the federal government will pay all of the costs for those gaining insurance. The federal share will then gradually fall to 90 percent in 2020, where it will stay.

If Alabama opts to accept federal funds to expand Medicaid, substantial new money will come into the state over the next 10 years. This influx of new dollars will have a significant impact on the state’s economy. If Alabama had expanded Medicaid in January 2014 when the option was first available, the new federal funds flowing into the state would have supported 12,000 jobs, leading to approximately \$1.4 billion in new business activity across the state by 2016.<sup>8</sup>

## It Is Time to Move Forward

Governor Bentley is right to prioritize building a strong economy. Alabama can choose to have a healthier workforce and more jobs at any time. It can take the federal funds to extend health coverage rather than leave its workers behind—and walk away from federal dollars on the table. 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](http://www.familiesusa.org/product/expanding-health-coverage-working-individuals-and-families)

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