

Medicaid

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



Texas now has the option to accept federal Medicaid funding to extend affordable health insurance to more low-income adults. Closing the coverage gap would give more than 1.4 million uninsured Texans access to affordable health insurance.¹ For many of these residents, there is no affordable health coverage option as long as Texas rejects federal funds.² Americans with incomes above the federal poverty level, which is \$19,800 for a family of three, can now buy health insurance through the new health care marketplace, and, depending on their income, they may qualify for help with insurance costs. Individuals whose income is below the poverty level are not eligible for any help with insurance costs.³

By accepting federal funding, Texas could extend insurance through Medicaid to 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 20 percent of poverty, which is roughly \$3,960 for a family of three. Texas does not provide any coverage to adults without dependent children, with the exception of people with well-documented disabilities, low-income seniors, and pregnant women. Taking the step to accept Medicaid funding would let Texas close the coverage gap.

Texas can accept Medicaid funding for low-wage workers at any time but has not yet chosen to do so. If Texas does accept the funding, the federal government will pay virtually all costs of the expansion.

The Majority of Those Who Would Be Helped by Closing the Coverage Gap Are Working

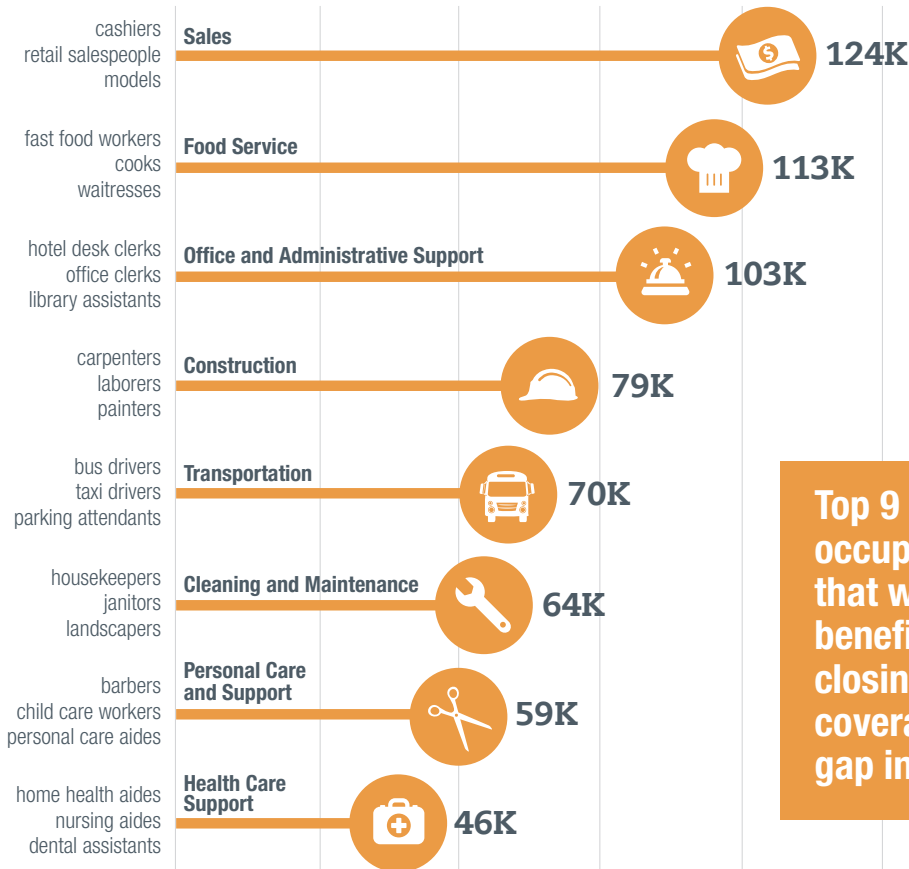
More than half of the uninsured Texans who would benefit from the state accepting Medicaid funding work. In fact, 58 percent—more than 845,000—of these Texans are currently working or have worked within the last year. Of the 42 percent who are not working, a majority (24 percent of Texans who could gain coverage under the coverage gap solution) are classified as “not in the workforce.” They include people with disabilities, college students, non-working spouses who care for children or a family member with a disability, and people who have left the workforce. The remaining 18 percent of Texans who could be helped are unemployed.

These uninsured Texans 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 cashiers, clerks, and construction workers. They work in industries that range from transportation and personal services to cleaning and maintenance.

Top 9 occupations of the employed but uninsured in Texas who would benefit from closing the coverage gap

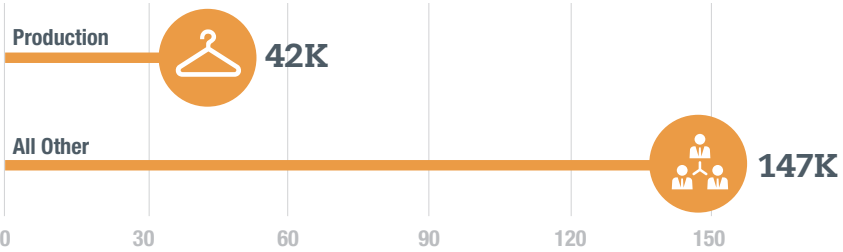


Most of those who would benefit if Texas closed the coverage gap are working adults. Fully 58 percent of those who could benefit work in occupations that Texas residents rely on, supporting industries that are the foundation of the state's economy.



Top 9 occupations that would benefit from closing the coverage gap in Texas

butchers
laundry workers
tailors



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

Closing the coverage gap is a sound investment for Texas, creating a healthier workforce and strengthening the state's economy.

Our calculations define Texas 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 58 percent of the 1,448,000 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 1,448,000 uninsured adults), and those we define as "unemployed," who had not worked in 1-5 years (18% of the 1,448,000 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 Texas residents ages 18-64 with family incomes up to 138% of poverty (\$27,310 for a family of three in 2014).

July 2014

FamiliesUSA.org



Accepting Medicaid Funding Is an Investment in Texas's Workforce and Its Economy

While Governor Perry has opposed expanding Medicaid, he acknowledges that a strong workforce is critical if Texas is to compete in global markets.⁴

The governor is right—the state must have a strong workforce to successfully compete in the global economy. However, perhaps no action represents a smarter investment in Texas's workforce than ensuring that its workers are prospering and healthy. Expanding Medicaid would give hundreds of thousands of working Texans access to affordable health insurance. That will create a healthier, more productive workforce that would benefit Texas's employers.^{5,6}

But closing the coverage gap will do more than provide many Texans with health insurance—it will provide an economic stimulus to the entire state. The federal government pays for roughly 58 percent of the current Medicaid program, and the state pays the rest. For the expansion, federal funding is much more generous: The federal government will pay all of the costs of the expansion through 2016. The federal share will then gradually decline to 90 percent in 2020, where it will stay.

Publication ID: 000MCD072214

This publication was written by:

Dee Mahan, Director of Medicaid Advocacy

Kathleen Stoll, Director of Health Policy

Data Consultant: Rahul Nayak

The following Families USA staff contributed to the preparation of this material (listed alphabetically):

Andrea Callow, Medicaid Policy Analyst

Sanjay Kishore, Villers Fellow

Evan Potler, Art Director

Carla Uriona, Director of Content Strategy

Ingrid VanTuinen, Director of Editorial

Alexandra Walker, Senior Web Editor

© Families USA 2014

If Texas accepts Medicaid funding, substantial new federal funds 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 Texas had expanded Medicaid in January 2014 when the option was first available, the new federal funds flowing into the state would have generated an additional 231,000 jobs by 2016, boosting Texas's economic output by nearly \$68 billion through 2017.⁷

It Is Time to Move Forward

Closing the coverage gap is part of building a strong Texas workforce and a strong economy. Texas can choose to have a healthier workforce and more jobs at any time. It can accept Medicaid funding rather than leave its workers behind. The decision is in the hands of state leaders.

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

This report was funded by
The Rockefeller Foundation.

FAMILIESUSA
THE VOICE FOR HEALTH CARE CONSUMERS

1201 New York Avenue NW, Suite 1100
Washington, DC 20005
202-628-3030
info@familiesusa.org
www.FamiliesUSA.org
facebook / FamiliesUSA
twitter / @FamiliesUSA