



# ALABAMA'S ECONOMY Will BENEFIT FROM EXPANDING MEDICAID

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Families USA and  
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## Alabama's Economy Will Benefit from Expanding Medicaid

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**A**labama is facing an important decision: whether or not to accept federal dollars to provide health insurance to many uninsured state residents through Medicaid. This decision will have profound implications for the hundreds of thousands of Alabamans who stand to gain health coverage if the state participates in the Affordable Care Act's Medicaid expansion. But it will also affect the entire state. With the expansion, new federal funds—more than \$1 billion—become available. These funds would stimulate Alabama's economy and support more than ten thousand jobs. This report looks at the potential impact of a Medicaid expansion on jobs and economic activity in Alabama.

## Introduction

Beginning in January 2014, Alabama will have an unprecedented opportunity to give an estimated 435,000 currently uninsured, low-income Alabamans access to affordable health care.<sup>1</sup> Virtually all of the costs of that care would be paid by the federal government, not the state.<sup>2</sup> However, for that to happen, the state must affirmatively decide to participate in the Affordable Care Act's Medicaid expansion. (For a discussion of Alabama's choice, see "Medicaid and the Medicaid Expansion" on page 11.)

The Medicaid expansion will do more than give many Alabamans an opportunity to gain health coverage: It will provide needed economic stimulus to the state. The federal government pays for 69 percent of the current Medicaid program in Alabama, with the state paying the rest of the cost.<sup>3</sup> For the expansion, federal funding is even more generous. The federal government will pay all the costs of the expanded coverage for the first three years, 2014 through 2016. The federal share will then gradually fall to 90 percent in 2020, and it will stay at that level thereafter. If Alabama opts to take up the Medicaid expansion, substantial new federal funds will come into the state over the next 10 years.<sup>4</sup>

This influx of new dollars will have a significant impact on the state's economy.

## How the Medicaid Expansion Creates Jobs and Economic Growth

New federal dollars have a positive effect on a state's overall economic activity and job availability. This effect is both direct and indirect.

In the case of Medicaid, the program makes payments to health care providers, such as hospitals, physicians' offices, and pharmacists. These payments have a *direct effect* on the economy by paying for health-related goods and services and by supporting health care jobs in the state. These dollars also have an *indirect effect* by triggering successive rounds of purchasing as they continue to circulate through the economy. In that way, they create earnings and jobs for people who are not directly—or even indirectly—associated with health care.

For example, a hospital may spend a portion of its revenue on facility upgrades that employ large numbers of local construction workers. Similarly, health sector employees will spend their income on all kinds of products and services, such as dining at local restaurants or purchasing new cars. This, in turn, increases the earnings of local restaurants or car dealerships, which adds to the income of the employees in those businesses, and so on. This ripple effect of new money flowing through a state's economy is called the economic multiplier effect.

The magnitude of the multiplier effect of new federal Medicaid dollars flowing into a state varies from state to state. It depends on a variety of factors, including the economic conditions in the state, the mix of businesses and industries, state demographics, and wage and salary levels. Families USA contracted with the Regional Economic Model, Inc. (REMI) to produce a macroeconomic model that could simulate the impact of increased federal Medicaid funds on Alabama's economy. (See "Measuring the Multiplier Effect" on page 12 for a more detailed discussion of the REMI model.)

The model simulates the potential impact in the state in 2016. Although the Medicaid expansion will be available to states starting in 2014, it inevitably takes time for enrollment to reach a level that reveals the program's full economic impact. This is particularly true for programs like Medicaid that target low-income individuals.<sup>5</sup> Therefore, we selected 2016 as the basis for the analysis. In 2016, projected enrollment in the expansion will be higher than at the program's outset, allowing us to better capture the expansion's potential impact on jobs and economic growth. The projections are based on the assumption that Alabama takes up the expansion starting in 2014.

The REMI model did not assume that any other states take up the Medicaid expansion. If other states do, the additional economic activity and jobs created in Alabama would be greater, because the state would benefit from the increased economic activity of its state trading partners. The model did assume that some of the federal funds the state receives for the Medicaid expansion would be used to pay health care providers in neighboring states who treat Alabamans enrolled in Medicaid. If more care is delivered in state than we assumed, the additional economic activity and jobs created in the state would be greater.

Other researchers may use different assumptions and/or methodologies, and thus are likely to produce different results. Nonetheless, the bottom line remains the same: Expanding Medicaid supports job growth. (A full Methodology is available upon request from Families USA.)

## Findings

### The Medicaid Expansion, Jobs, and Economic Activity in Alabama

Assuming that the state takes up the Medicaid expansion in 2014, in 2016, Alabama would receive an additional \$1.2 billion in federal Medicaid funds.<sup>6</sup> As noted above, we assumed that some of that money would be used to pay health care providers in neighboring states who treat Alabamans enrolled in Medicaid. Therefore, an estimated \$960 million would be spent on health care delivered in Alabama.<sup>7</sup>

The addition of that \$960 million in health care spending to the state's economy would have a significant effect on jobs and economic activity throughout the state.

#### ■ Supporting a Significant Number of New Jobs

In 2016, the new federal dollars would support approximately 12,000 new jobs across all sectors of Alabama's economy, a 0.44 percent increase over the number of current jobs in the state.<sup>8</sup> This is not limited to health care jobs. Because of the multiplier effect (described above), jobs would be created in a wide range of business sectors throughout the state (see the Discussion).

#### ■ Increased Economic Activity

The increased federal funding and jobs created are projected to increase economic activity in Alabama by nearly \$1.4 billion in 2016.

## Discussion

To help put into context the number of new jobs that the Medicaid expansion could support in 2016, the table below shows the number of employees at the state's three largest employers. It is important to remember that jobs supported by the Medicaid expansion would be spread across multiple sectors of the economy, across multiple employers, and throughout the state. They would not be limited to health care. A wide range of industries across the state would see some benefit.

**Three Largest Employers in Alabama, 2011**

Rank	Employer	Number of Employees
1	UAB Hospital	6,000
2	Alabama Power Company	5,000
3	Huntsville Hospital	5,000

Source: U.S. Department of Labor (DoL), Employment and Training Administration, Career One Stop, *State Profile, Labor Market Information, Largest Employers*, available online at [http://www.careerinfonet.org/State\\_Intro.asp?id=11.&nodeid=11](http://www.careerinfonet.org/State_Intro.asp?id=11.&nodeid=11). When large corporations have multiple sites (e.g., chain stores like Wal-Mart), DoL treats each site as a separate entity. Reported numbers are rounded to the nearest hundred employees.

## Jobs Are Just Part of the Picture

The Findings in this report focus on just two major benefits Alabama will enjoy if it takes up the Affordable Care Act's Medicaid expansion: jobs growth and increased economic activity. However, expanding Medicaid would have wide-ranging benefits across the state beyond jobs growth and increased economic activity. We discuss these benefits below.

- Reduced State Spending on State-Funded Health Care Programs for the Uninsured**  
 When uninsured people go to the doctor or hospital for medical care, they often can't pay for the full costs of that care. Care that isn't covered by insurance or paid for by patients themselves is called uncompensated care. Right now, states and localities pay for about 30 percent of the cost of uncompensated care that is provided to the uninsured.<sup>9</sup>

By significantly reducing the number of Alabamans without health insurance, the Medicaid expansion will, in turn, dramatically reduce the amount of uncompensated care in the state.<sup>10</sup> That will reduce the state's uncompensated care costs. A recent national study estimated that, for Alabama, the Medicaid expansion could result in \$512 million in savings in uncompensated care costs from 2013 to 2022.<sup>11</sup>

### ■ **A Stronger Health Care System**

While the state covers a substantial share of uncompensated care costs, hospitals absorb an even larger share of those costs.<sup>12</sup> According to the American Hospital Association, in 2011, U.S. hospitals absorbed \$41.1 billion in costs for caring for the uninsured and underinsured.<sup>13</sup> These costs place a financial strain on hospitals and other health care providers.

By increasing the number of residents with health insurance, expanding Medicaid would reduce the uncompensated care costs that hospitals shoulder. That would strengthen the health care system for everyone in the state.

### ■ **Reducing Costs that Are Passed on to Consumers and Businesses**

Uncompensated care also ends up raising health care costs for those with insurance. While the state and hospitals absorb much of the cost of uncompensated care, some of those costs are passed on in the form of higher charges for people who do have insurance. This increases the costs borne by insurance companies, which then cover those higher costs by raising insurance premiums for businesses and families. In 2008, the costs of uncompensated care increased family health insurance premiums by an estimated \$1,017.<sup>14</sup> That is a cost that everyone who has insurance pays.

By reducing the number of people in Alabama without insurance, expanding Medicaid will lower the costs that are passed on to insured Alabamans and to Alabama businesses.

### ■ **Increasing State Revenue**

By increasing jobs and economic activity in the state, the Medicaid expansion can help boost state revenue. How it will boost state revenue and by how much will depend on each state's specific tax structure.

As an example, more economic activity can mean more sales tax revenue for the state or localities. More jobs in the state mean that more people are employed, and it can also lead to higher family incomes. Both can increase state income tax revenue. This increased revenue, which can be estimated using economic modeling, could be substantial and could help offset the state's cost for a Medicaid expansion.

### ■ **Healthier, More Productive Residents**

Most importantly in evaluating whether to expand Medicaid, Alabama should consider the effect on the health and well-being of its residents.

First and foremost, expanding Medicaid will give hundreds of thousands of low-income Alabamans access to affordable health coverage. Medicaid coverage has been shown to improve people's health status and financial security.<sup>15</sup> That means a healthier population. It also means a healthier workforce. A large portion of those estimated to gain coverage through the Medicaid expansion will be working.<sup>16</sup> They may be in jobs that do not offer health insurance, they may be working as contractors rather than employees, or they may be working part-time.

## Costs Should Be Viewed in Light of Benefits

States have argued that implementing the Medicaid expansion will increase their costs. While there will be some costs for states, they may not be as large as states believe. Furthermore, there are offsetting savings in addition to increased state revenue, discussed above, that can help mitigate the costs.

In terms of costs, there will be an incremental increase in administrative costs if the state expands Medicaid. Also, some individuals who are eligible for Medicaid but not enrolled may be encouraged to enroll when they hear about the Medicaid expansion. That will increase the state's costs in its existing Medicaid program. Finally, starting in 2017, the state will have to begin picking up a small percentage of the costs of covering the expansion population.

On the other hand, many of these costs will be incurred whether the state expands Medicaid or not. Because the Affordable Care Act changes the way states calculate income for Medicaid eligibility, states will have to make some administrative changes to their Medicaid program even if they do not expand.<sup>17</sup> Because health care will be in the news in 2014 when the Affordable Care Act is fully implemented, the state can expect some increased enrollment in its existing Medicaid program—even if it does not expand Medicaid.<sup>18</sup>

Moreover, by reducing the number of residents without insurance, states will see savings in many areas where they currently bear the costs, such as the cost of operating a pool to cover uncompensated care, the cost of special state programs to provide coverage to the uninsured or the mentally ill, or the cost of other state-funded public health services.

It is incumbent upon every state to conduct a thorough financial analysis that looks not only at the costs that the state will incur, but that also considers all of the benefits of the expansion and potential state savings.

### For More Information

- *A Fair Accounting of State Costs for the Medicaid Expansion*, available online at <http://familiesusa2.org/assets/pdfs/medicaid-expansion/State-Costs.pdf>, outlines how states should evaluate potential costs.
- *Assessing State Costs for the Medicaid Expansion: A Checklist*, on page 8 and available online at <http://familiesusa2.org/assets/pdfs/medicaid-expansion/State-Costs-Checklist.pdf>, lays out in greater detail the components that states should consider in such a comprehensive analysis.



## What If Alabama Doesn't Expand Medicaid?

If Alabama refuses to expand Medicaid, it will still incur some increased costs (as outlined above), but it will lose out on substantial benefits for Alabamans.

The state will be leaving substantial federal dollars on the table. As discussed in the Findings, that money would stimulate the state's economy, increase state revenue, and help residents throughout the state.

Without a Medicaid expansion, many of Alabama's lowest-income residents would remain uninsured. Families with incomes above the federal poverty level will be able to purchase insurance through the new health insurance marketplaces ("exchanges") that were created by the Affordable Care Act, and they will receive tax credits to help defray the costs of their premiums (although those policies, even with tax credits to help defray the cost, will not be as affordable as Medicaid for these low-income Alabamans). However, families with incomes *below* the federal poverty level can buy policies through the exchanges, but they are not eligible for tax credits, so they will have to pay the full cost of the premiums. Cruelly, if Alabama does not expand Medicaid, many of the lowest-income, most vulnerable residents will be left with no coverage to pay their health care bills.

## Conclusion

The Medicaid expansion gives the leadership of every state the opportunity to expand health coverage for their residents while taking advantage of generous federal funding that will support jobs and economic growth throughout the state. If Alabama takes up the Medicaid expansion in 2014, in 2016, an estimated \$960 million would be spent on health care delivered in the state. The addition of that money to the state's economy would support approximately 12,000 new jobs and increase economic activity in Alabama by nearly \$1.4 billion.

The benefits of the expansion will extend even further, from reductions in state spending on uncompensated care to improved financial health for state hospitals. To take advantage of those benefits, however, state leaders must choose to expand Medicaid. If the state doesn't do that, it will still see some increased costs in its existing Medicaid program, many of its residents will lose an opportunity to gain health insurance, and state residents and businesses will miss out on the positive economic effects that increased federal Medicaid funding would have on the state's economy and job market.

Whether Alabama reaps the benefits of the Medicaid expansion or not is up to its political leaders.



## Assessing State Costs for the Medicaid Expansion: A Checklist

States face a pivotal choice: Should they expand health coverage through Medicaid or not? As state leaders weigh the available options, they need a comprehensive and accurate picture of the impact of their actions.

Though national estimates of the impact can be helpful, at the end of the day, the depth of the impact will depend on state-level specifics. State-specific analyses should take as much care to estimate potential sources of savings—and potential increases in revenue—as they do to estimate the costs.

Below is a brief checklist advocates can use to measure the adequacy of financial impact analyses of the Medicaid expansion in their state.

### Potential Costs

While there are costs associated with expanding Medicaid, it is important to make sure that fiscal analyses do not overestimate those costs. State-specific analyses of a Medicaid expansion should be based on realistic assumptions about enrollment, costs per new enrollee, and any new administrative costs associated with the expansion.

√	Cost of covering the newly eligible population
√	Cost of covering people who are currently eligible but not enrolled
√	Administrative costs

For more information on how to make sure your state is fairly accounting for the costs of a Medicaid expansion, see Families USA's *A Fair Accounting of State Costs for the Medicaid Expansion*, available online at <http://www.familiesusa2.org/assets/pdfs/medicaid-expansion/State-Costs.pdf>.

### Potential Savings

#### Reduction in State Programs for the Uninsured

Many states provide care to the uninsured through a number of programs and services, and these programs cost money. If a state chooses to expand Medicaid, most of the individuals who receive care through these programs will enroll in coverage. This could generate savings in a variety of state-funded programs.

√	Uncompensated care pools
√	State mental health spending
√	State substance abuse spending
√	State spending on public health services
√	Other coverage programs for the uninsured funded solely by states

## Transitioning Existing Medicaid Populations to Expansion Coverage

Some people who are covered through select programs in a state's existing Medicaid system might actually be eligible for coverage in the Medicaid expansion. In many cases, that will mean that they can receive more comprehensive or uninterrupted Medicaid coverage. It will also mean that the federal government will pay a substantially higher percentage of their Medicaid costs.

√	Adults currently enrolled through a Medicaid waiver that provides a limited benefit package
√	People covered through a disease-specific category (e.g., breast or cervical cancer)
√	People covered through a service-specific category (e.g., through a family planning services waiver)
√	"Medically needy" beneficiaries who qualify for Medicaid only after incurring significant medical costs that "spend down" their income to a certain level
√	Pregnant women who receive coverage for services related to maternity care only
√	State spending on hospital inpatient costs for prisoners who might be eligible for Medicaid coverage for care received outside of the prison setting

## Potential Revenue

Many states collect revenue associated with the provision of health care services or health insurance. If a state expands Medicaid, provider and payer revenue will increase. Expanding Medicaid will also increase economic activity within the state and generate new jobs for residents. All of these effects could translate to higher tax revenue for the state.

### Increased Revenue from Health Care-Specific Taxes

√	Provider taxes
√	Insurer taxes
√	General business taxes on higher corporate income resulting from increased insurance coverage

### Increased Revenue from Taxes as a Result of General Increased Economic Activity and Job Growth

√	State income taxes
√	Sales taxes

## Other Resources

Here is a list of helpful resources to turn to for further discussion of how to design and execute a comprehensive state fiscal analysis of the Medicaid expansion in your state:

State Health Reform Assistance Network, *Medicaid Expansion: Framing and Planning a Financial Impact Analysis* (Princeton, New Jersey: State Health Reform Assistance Network, September 2012), available online at [http://www.rwjf.org/content/dam/farm/reports/issue\\_briefs/2012/rwjf401389](http://www.rwjf.org/content/dam/farm/reports/issue_briefs/2012/rwjf401389).

Stan Dorn, *Considerations in Assessing State-Specific Fiscal Effects of the ACA's Medicaid Expansion* (Washington: The Urban Institute Health Policy Center, August 2012), available online at <http://www.urban.org/UploadedPDF/412628-Considerations-in-Assessing-State-Specific-Fiscal-Effects-of-the-ACAs-Medicaid-Expansion.pdf>.

Center on Budget and Policy Priorities, *Guidance on Analyzing and Estimating the Cost of Expanding Medicaid* (Washington: Center on Budget and Policy Priorities, August 9, 2012), available online at <http://www.cbpp.org/files/CBPP-memo-on-medicaid-expansion-costs.pdf>.

John Holohan, Matthew Buettgens, Caitlin Carroll, and Stan Dorn, *The Cost and Coverage Implications of the ACA Medicaid Expansion: National and State-by-State Analysis* (Washington: The Urban Institute and the Kaiser Commission on Medicaid and the Uninsured, November 2012), available online at <http://www.kff.org/medicaid/upload/8384.pdf>.

## Medicaid and the Medicaid Expansion

Medicaid, the health insurance program for low-income people, is jointly funded by the federal government and the states, with the federal government matching what each state spends. The federal matching rate varies by state. In 2012, the federal government paid from 50 percent to just over 74 percent of state Medicaid costs.

The federal government requires that state Medicaid programs follow certain broad requirements, but within those requirements, states have significant latitude to set eligibility and benefit levels. Eligibility for certain groups, specifically parents and adults without dependent children, varies widely from state to state. As a result, in most states, Medicaid has left out many low-income people. For example, the vast majority of states do not offer Medicaid coverage to adults without dependent children no matter how low their income.

When signed into law, the Affordable Care Act included a requirement that all states expand Medicaid eligibility to 133 percent of the federal poverty level. (Note that the law requires states to “disregard,” or not count, 5 percent of each applicant’s income, making the effective income limit for Medicaid under the expansion 138 percent of poverty, or about \$26,300 for a family of three in 2012). States that didn’t expand Medicaid faced the penalty of losing all

their Medicaid funding. To make it easy for states to expand, under the law, the federal government will pay virtually all of the costs of the expansion: 100 percent from 2014 through 2016, with the federal share gradually falling to 90 percent in 2020, where it stays.

Several states challenged the constitutionality of the Affordable Care Act’s Medicaid expansion, and that challenge went all the way to the Supreme Court. In June 2012, the Supreme Court upheld the Medicaid expansion as constitutional, but it struck down the penalty (loss of *all* Medicaid funding) for states that do not expand the program. As a result of that decision, states can reject the Medicaid expansion without the risk of any penalty to their existing Medicaid programs. However, because the generous federal funding for the expansion remains the same, they would be passing up the opportunity to extend health coverage to more residents at very little cost to the state. (The Supreme Court decision is *National Federation of Independent Business v. Sebelius*, 567 U.S. \_\_\_, Slip Ops. No. 11-393 and 11-398, June 28, 2012. For a discussion of the opinion, see Families USA, *The Supreme Court Decision: What It Means for Medicaid*, available online at <http://familiesusa2.org/assets/pdfs/health-reform/The-Court-and-the-Medicaid-Decision.pdf>.)

## Measuring the Multiplier Effect

When new dollars flow into a state, they have a positive effect on economic activity and jobs growth. As these new dollars move through a state's economy, they generate successive rounds of spending. Economists call these successive rounds of spending "the multiplier effect." It means that the economic stimulus effect of new money entering a state exceeds the value of the dollars that come into the state.

Ultimately, there is a limit to the multiplier effect. The relationship between new dollars and increased economic activity is not purely linear: Every new dollar does not create the same amount of economic activity. As more dollars flow into the state, the ability of the state's economy to create and meet demand declines. This creates "dampers" that slow the rate that the new dollars flow throughout the state economy. There are also potential "leakages"—i.e., money that leaves the state through trading patterns—that can reduce the multiplier effect. In health care, leakage occurs for a variety of reasons. For example, hospitals may purchase medical supplies or equipment from out-of-state manufacturers. That can create jobs in the state where the manufacturing takes place, but not necessarily in Alabama.

Families USA contracted with the Regional Economic Model, Inc. (REMI) to model the impact of the Medicaid expansion. For this analysis, REMI used its 51-Region PI+ Model. That model includes 70 industry sectors and 51 regions (50 states plus the District of Columbia). The model takes into consideration the specifics of each state's economy in forecasting the effect of policy changes in each state. It also takes into consideration the specific effect of economic dampers and leakages across all 50 states. Factoring in "dampers" is particularly important in situations like the Medicaid expansion, where the amount of new money flowing into a state is especially large.

For this analysis, REMI based its projections on the new federal dollars that would come into Alabama if the state took up the expansion. It is limited to new federal funding that is a direct result of the Medicaid expansion and that would not otherwise flow into the state.

A full Methodology is available upon request. The Methodology provides additional information on the REMI model and outlines the assumptions regarding Medicaid enrollment, federal funding, and health services utilization that REMI used to develop its projections.

## Endnotes

<sup>1</sup> This is the estimated number of uninsured people in the state who would become eligible for Medicaid because of the Affordable Care Act's Medicaid expansion. Genevieve Kenny et al., *Making the Medicaid Expansion an ACA Option: How Many Low-Income People Could Remain Uninsured?* (Washington: The Urban Institute, June 29, 2012), available online at <http://www.urban.org/UploadedPDF/412606-Making-the-Medicaid-Expansion-an-ACA-Option.pdf>. Not all who are eligible for Medicaid coverage under the expansion will enroll. Participation rates in the current Medicaid program are below 100 percent, in some states substantially so. Ben Sommers et al., *Understanding Participation Rates in Medicaid: Implications for the Affordable Care Act* (Washington: Office of the Assistant Secretary for Planning and Evaluation, Department of Health and Human Services, March 2012), available online at <http://aspe.hhs.gov/health/reports/2012/medicaidtakeup/ib.pdf>.

<sup>2</sup> To receive the Medicaid expansion's generous federal funding, the Affordable Care Act requires states to expand Medicaid to cover eligible residents with incomes below 133 percent of poverty. The law also requires the state to disregard 5 percent of income in making eligibility calculations, essentially increasing income eligibility to 138 percent of poverty, or \$26,344 for a family of three in 2012. In most states, for parents and adults without dependent children, this represents a significant expansion of income eligibility.

<sup>3</sup> Kaiser StateHealthFacts.org, *Federal Medical Assistance Percentage (FMAP) for Medicaid and Multiplier*, available online at <http://statehealthfacts.org/comparetable.jsp?ind=184&cat=4>, accessed on December 8, 2012.

<sup>4</sup> John Holahan et al., *The Cost and Coverage Implications of the ACA Medicaid Expansion: National and State-by-State Analysis* (Washington: Kaiser Family Foundation, November 2012), available online at <http://www.kff.org/medicaid/upload/8384.pdf>. The figure is for new Medicaid funding for both the expansion population and the existing Medicaid program from 2013-2022.

<sup>5</sup> Ben Sommers et al., op. cit.

<sup>6</sup> This estimate is based on data developed by the Urban Institute. See John Holahan et al., op. cit.

<sup>7</sup> Using the assumption that some care would be provided by out-of-state hospitals, doctors, and other health care providers, the REMI model calculated what percent of care would be provided in state and what percent would be provided out of state. The model's calculations are based on multiple factors within the state, including the state's economy and labor markets. See the Methodology for a more detailed discussion of the REMI model.

<sup>8</sup> Throughout this report, the term "jobs" refers to any part-time and full-time-equivalent positions.

<sup>9</sup> John Holahan et al., op. cit.

<sup>10</sup> Ibid.

<sup>11</sup> John Holahan et al., op. cit. The estimate is based on a model that has all states taking up the Medicaid expansion.

<sup>12</sup> Jack Hadley and John Holahan, *The Cost of Care for the Uninsured: What Do We Spend, Who Pays, and What Would Full Coverage Add to Medical Spending?* (Washington: Kaiser Commission on Medicaid and the Uninsured, 2004), available online at <http://www.kff.org/uninsured/upload/the-cost-of-care-for-the-uninsured-what-do-we-spend-who-pays-and-what-would-full-coverage-add-to-medical-spending.pdf>.

<sup>13</sup> American Hospital Association, *Uncompensated Hospital Care Cost Fact Sheet* (Washington: American Hospital Association, 2013), available online at <http://www.aha.org/content/13/1-2013-uncompensated-care-fs.pdf>.

<sup>14</sup> Families USA (based on data from Milliman, Inc.), *Hidden Health Tax: Americans Pay a Premium* (Washington: Families USA, 2009), available online at <http://familiesusa2.org/assets/pdfs/hidden-health-tax.pdf>.

<sup>15</sup> Families USA, *Medicaid's Success: Good Care* (Washington: Families USA, August, 2012), available online at <http://familiesusa2.org/assets/pdfs/medicaid/Medicaid-Is-Good-Care.pdf>.

<sup>16</sup> In 2008, 57 percent of uninsured adults with a family income below 133 percent of poverty were working. This is the population that would gain coverage if the state expanded Medicaid. Karyn Schwartz, *Expanding Medicaid under Health Reform: A Look at Adults at or below 133% of Poverty* (Menlo Park, CA: Kaiser Family Foundation, April 2010), available online at <http://www.kff.org/healthreform/upload/8052-02.pdf>.

<sup>17</sup> The Affordable Care Act requires states to simplify the way they calculate Medicaid income eligibility for many categories of residents. This requirement applies whether a state expands its Medicaid program or not. In most cases, this will require states to upgrade eligibility and enrollment systems and train staff on new processes. Although federal funding is available to help states with this process, there will be some increase in state administrative costs regardless of whether it takes up expansion.

<sup>18</sup> John Holahan et al., op. cit. This report provides state-by-state estimates of increased enrollment in Medicaid if a state does and does not take up the Medicaid expansion.

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