

## Continued Financial Costs of Mississippi’s Inaction on Medicaid Expansion

Expanding Medicaid is critical for people who do not have access to affordable health care and remain uninsured, thus living sicker, dying younger, and being one emergency away from financial ruin. Expanding Medicaid is also the fiscally responsible choice for Mississippi’s economy.

### Mississippi loses millions of federal dollars each year it does not expand Medicaid

Over 67,000 low-income adults could gain Medicaid coverage if Mississippi expands its Medicaid program to all adults with income up to 138% of the federal poverty line (\$22,024 per year for an individual in 2026).<sup>1</sup>

A Families USA analysis estimates that **by not expanding Medicaid, Mississippi is leaving \$73.8 million on the table** in 2026 in the form of lost state tax revenue and state health care spending that could otherwise be covered by the federal government under Medicaid expansion. **These losses grow every year.**

2026 Estimated Costs of Delaying Medicaid Expansion		
Pregnant Women on Medicaid	\$8.6 million lost <sup>2</sup>	Because Mississippi has not expanded Medicaid, the federal government covers only 77.32% of Medicaid costs for pregnant women and people with disabilities, rather than 90%.
People with Disabilities on Medicaid	\$16.4 million lost <sup>2</sup>	
Mental Health and Substance Use Programs	\$2.7 million lost <sup>3</sup>	Mississippi must pay for the full cost of these programs from its general revenue. Under Medicaid expansion, the federal government would cover 90% of the cost for people enrolled in Medicaid who access these services.
Inpatient Care of Incarcerated Populations	\$9.9 million lost <sup>4</sup>	
Insurance Premium Tax Revenue	\$16.1 million lost <sup>5</sup>	Because fewer people in the state are insured, Mississippi forgoes a significant additional tax base.
Uncompensated Care Costs	\$20.1 million lost <sup>6</sup>	Mississippi taxpayers must cover the costs of uncompensated care (health care that is provided but not paid for) when people without access to Medicaid expansion cannot afford their care.
<b>Total</b>	<b>\$73.8 million in lost state income and extra expenses in 2026</b>	

### Mississippi is missing out on opportunities for economic growth

The influx of health care dollars flowing to a state once it expands Medicaid can lead to significant economic growth, including:<sup>7</sup>

- Higher labor market participation and wages among low-income workers.
- Lower health care costs for small business owners, helping these businesses remain competitive.
- Increased health care sector employment rates and local economic development.
- Reduced poverty and medical debt for working families.

Based on an expansion scenario of 67,000 people enrolled, a 2024 analysis projected the Medicaid expansion would mean **\$12.9 million per year in additional economic activity in Mississippi.**<sup>8</sup>

*In a time of Medicaid budget pressures, Medicaid expansion is a key investment in the future of Mississippi’s health care system.*

## Medicaid Expansion in Mississippi unlocks significant savings for the state

Given the direct economic benefits of Medicaid expansion, Mississippi should not need to raise new tax revenue to cover its portion of Medicaid expansion costs. A Families USA analysis estimates Medicaid expansion will be a net saver for Mississippi's budget:

Medicaid Expansion in Mississippi: Comparison of Costs vs. Direct Savings	
Estimated Direct Savings to State for Expanding Medicaid	+\$73.8 million
Projected State Share of Medicaid Costs	-\$43.6 million <sup>9</sup>
Projected State Administrative Costs	-\$7.0 million <sup>10</sup>
<b>Estimated Net Direct Savings to Mississippi</b>	<b>+\$23.2 million in 2026</b>

*This is a conservative estimate of potential savings to Mississippi. The above net savings to the state do not account for additional revenues from economic activity stemming from Medicaid expansion. In addition, administrative costs will diminish over time as the state establishes enrollment systems.*

## Options for Mississippi to overcome new Medicaid budget challenges

The 2025 federal budget reconciliation law (H.R. 1) significantly restricts state Medicaid funding across all states. Like most states, Mississippi levies taxes on health care providers to help finance the state's share of Medicaid spending. While H.R. 1 limits states' ability to generate this revenue and adds additional barriers for states that expand Medicaid, the benefits of Medicaid expansion outweigh these challenges.<sup>11</sup> H.R. 1's cuts are significant for all states, but Mississippi has many options to continue to fund and invest in Medicaid:

- **EXPANDING MEDICAID** in Mississippi offers a critical long-term solution for supporting the health care system. **Even with H.R. 1's cuts, Medicaid expansion brings a net financial gain to the state in 2026.**
- **RAISING TOBACCO TAXES** would help offset the costs that Mississippi Medicaid already pays to cover the health care expenses attributable to tobacco use. Mississippi has not increased the cigarette tax in over 10 years, and the state's tax at only \$0.68 per pack is far below the average tax of \$2.05 nationwide.<sup>12</sup> A tax increase of \$1.50 per pack would **generate an additional \$117.53 million per year** in Mississippi; raising taxes on other tobacco products would yield an **additional \$25 million.**<sup>13</sup>
- **DIRECTING OPIOID SETTLEMENT FUNDS** to the Mississippi Division of Medicaid is important, given the central role Medicaid plays in treating low-income adults with opioid use disorder.<sup>14</sup> Supporting Medicaid with these funds would be a significant step toward tackling the opioid crisis in Mississippi.<sup>15</sup>
- **GENERATING OTHER TAX REVENUE** could be an important way to support Medicaid. For example, despite the state's recent increase in gasoline taxes from 18 to 27 cents per gallon, Mississippi still ranks 43rd nationally for gasoline taxes.<sup>16</sup> Raising these taxes to the national average of 32.61 cents per gallon could **generate an additional \$100 million per year.** Alternatively, raising the gaming tax or taxing online sports betting would **fill all budget holes from reduced federal Medicaid funding.**<sup>17</sup>

Mississippi falls far behind other states by missing opportunities to maximize potential sources of federal dollars and tax revenue that can support Medicaid and The Magnolia State health care system.

**Medicaid work reporting requirements.** Previous efforts toward Medicaid expansion in the Magnolia State hinged on the inclusion of a work reporting ("community engagement") requirement. Now, federal law requires this and other eligibility restrictions for Medicaid expansion populations. **The result: Mississippi no longer has to debate work reporting requirements but Medicaid expansion will now reach far fewer than the estimated 120,000 to 189,000 low-income uninsured Mississippians who currently lack access to health insurance coverage.**<sup>18</sup>

## Endnotes

<sup>1</sup> The Hilltop Institute, *Mississippi Medicaid Expansion Policy Option Analysis*, April 2024, <https://mshealthpolicy.com/wp-content/uploads/2024/08/MSPolicyOptionAnalysis-April2024-Final.pdf>; 100% of the federal poverty line is \$15,960 per year for an individual in 2026; 138% of the federal poverty line is \$22,024 per year for an individual in 2026. U.S. Department of Health and Human Services, Office of the Assistant Secretary for Planning and Evaluation, “2026 Poverty Guidelines: 48 Contiguous States (All States Except Alaska and Hawaii),” 2026, <https://aspe.hhs.gov/sites/default/files/documents/b1bfa16b20ae9b89d525bc35de7c1643/detailed-guidelines-2026.pdf>.

<sup>2</sup> Families USA used 2026 projections from J. Corey Miller and Sondra Collins. They base their estimates in their report on a Medicaid expansion scenario without new community engagement requirements, but because both pregnant women and people who access Medicaid via a disability pathway will qualify for community engagement exemptions, we expect that similar numbers of individuals will be able to shift from their current Medicaid status to the expansion and the higher 90% federal match. J. Corey Miller and Sondra Collins, *A Fiscal and Economic Analysis of Medicaid Expansion in Mississippi Under the Patient Protection and Affordable Care Act*, University Research Center, Mississippi Institutions of Higher Learning, June 2024, <https://www.mississippi.edu/sites/default/files/ihl/files/urcmcaid2023a.pdf>.

<sup>3</sup> Families USA estimates that in 2026, Mississippi will spend an additional \$2.7 million covering mental health and substance abuse treatment costs for currently uninsured individuals who otherwise would be Medicaid expansion eligible. We arrived at this figure by assuming the same portion of potential Medicaid expansion enrollees who are currently uninsured as estimated by Miller and Collins (63.4%) first multiplied by the estimated number of individuals who are projected to enroll in Medicaid expansion today in Mississippi (67,000) and then multiplied by the report’s estimated would-be federal contribution per person for these services in 2026 (\$62.84). Miller and Collins, *Fiscal and Economic Analysis of Medicaid Expansion in Mississippi*.

<sup>4</sup> Families USA used 2026 projections from Miller and Collins. They base their estimates in their report on a Medicaid expansion scenario without new community engagement requirements, but because incarcerated populations will qualify for a community engagement exemption, we expect that the Medicaid expansion would cover inpatient care costs for a similar number of incarcerated individuals in Mississippi, alleviating financial burden on the state correctional budget. Miller and Collins, *Fiscal and Economic Analysis of Medicaid Expansion in Mississippi*.

<sup>5</sup> This estimate is based on 67,000 people enrolling in a Medicaid expansion. While this is a 2024 estimate, it is still reasonable based on the most recent estimates of Medicaid premium taxes in the state. The Hilltop Institute, *Mississippi Medicaid Expansion Policy Option Analysis*; Takia Robinson, ed., *Managed Care Program Annual Report (MCPAR) for Mississippi: Mississippi Coordinated Access Network (MississippiCAN)*, December 2025, <https://medicaid.ms.gov/wp-content/uploads/2026/01/2025-Managed-Care-Program-Annual-Report-MCPAR-for-Mississippi-Mississippi-Coordinated-Access-Network-MississippiCAN.pdf>.

<sup>6</sup> Families USA estimates that in 2026, Mississippi will spend an additional \$20.1 million covering uncompensated care costs for currently uninsured individuals who otherwise would be Medicaid expansion-eligible. We arrived at this figure by assuming the same portion of potential Medicaid expansion enrollees who are currently uninsured as estimated by Miller and Collins (63.4%) first multiplied by the estimated number of individuals who are projected to enroll in the Medicaid expansion in Mississippi (67,000) and then multiplied by the report’s estimated per person costs for these services in 2026 (\$466). Miller and Collins, *Fiscal and Economic Analysis of Medicaid Expansion in Mississippi*.

<sup>7</sup> Celli Horstman, Sara Federman, Carson Richards, and Akeiisa Coleman, “How Does Medicaid Benefit States?,” The Commonwealth Fund, 2025, <https://www.commonwealthfund.org/publications/explainer/2025/may/how-does-medicaid-benefit-states-~:text=Medicaid investment is shown to,items other than health care>; Leighton Ku and Erin Brantley, “The Economic and Employment Effects of Medicaid Expansion Under the American Rescue Plan,” The Commonwealth Fund, 2021, <https://www.commonwealthfund.org/publications/issue-briefs/2021/may/economic-employment-effects-medicaid-expansion-underarp#~:text=Key%20Findings%20and%20Conclusions:%20Expanding,would%20exceed%20state%20matching%20costs>.

<sup>8</sup> The Hilltop Institute, *Mississippi Medicaid Expansion Policy Option Analysis*.

<sup>9</sup> Families USA analysis of costs to Mississippi using KFF data of average national spending per enrollee in the Medicaid expansion (\$6,507) first multiplied by the estimated number of individuals who are projected to enroll (67,000) and then multiplied by the state share of Medicaid expansion costs (10%). Rhiannon Euhus and Jessica Mathers, “A Look at Variation in Medicaid Spending Per Enrollee by Group and Across States,” KFF, October 6, 2025, <https://www.kff.org/medicaid/a-look-at-variation-in-medicaid-spending-per-enrollee-by-group-and-across-states/>.

<sup>10</sup> This figure is a 2024 projection by The Hilltop Institute. Families USA notes that this figure is similar to recent 2025 administrative costs in Georgia for establishing a work reporting requirement. The Hilltop Institute, *Mississippi*

*Medicaid Expansion Policy Option Analysis*; U.S. Government Accountability Office, “Medicaid Demonstrations: Information on Administrative Spending for Georgia Work Requirements,” GAO-25-108160, September 18, 2025, <https://www.gao.gov/products/gao-25-108160>.

<sup>11</sup> Under H.R. 1 requirements, expanding Medicaid in Mississippi would mean that the state would have to reduce its 6% hospital provider tax to 3.5% by fiscal year 2032. Other provider taxes in the state remain fully intact, even under Medicaid expansion. There would be no change in provider taxes for Mississippi or any state in 2026 and 2027. Families USA estimates the state Medicaid program would lose \$57.9 million in state revenue in 2028 (the difference between a 6% and 5.5% hospital tax, as would be required under H.R. 1) and \$359.6 million by 2032 (the difference between a 6% and 3.5% hospital tax). Losing these dollars would put added pressure on the state’s Medicaid system, but the state has options for raising this money elsewhere. Families USA determined these figures using estimates from the Center for Mississippi Health Policy as a starting point. Center for Mississippi Health Policy, “Mississippi Medicaid and Potential Federal Reforms: Issue Brief 2025,” April 2025, <https://mshealthpolicy.com/2025/04/03/mississippi-medicaid-and-potential-federal-reforms-issue-brief-2025/>.

<sup>12</sup> “U.S. State and Local Issues: U.S. State Tobacco Taxes,” Campaign for Tobacco-Free Kids, last updated June 27, 2025, <https://www.tobaccofreekids.org/what-we-do/us/state-tobacco-taxes>.

<sup>13</sup> Families USA obtained this data from the Campaign for Tobacco Free Kids, and it can be obtained by emailing the address on their webpage. “New Revenues, Public Health Benefits & Cost Savings from a \$1.50 Cigarette Tax Increase in Mississippi,” American Cancer Society Cancer Action Network & Campaign for Tobacco Free Kids, 2025 <https://www.tobaccofreekids.org/problem/toll-us/mississippi>.

<sup>14</sup> Richard G. Frank, “The Role of Medicaid in Addressing the Opioid Epidemic,” Brookings Institute, February 25, 2025, <https://www.brookings.edu/articles/the-role-of-medicaid-in-addressing-the-opioid-epidemic/>.

<sup>15</sup> Mississippi State Department of Health, “Opioid and Prescription Drug Abuse,” last reviewed June 27, 2025, <https://msdh.ms.gov/page/44,0,382.html>.

<sup>16</sup> Mississippi Department of Revenue, “Mississippi Petroleum Tax Rates,” April 2025, [https://www.dor.ms.gov/sites/default/files/business/Petroleum/Tax\\_Rates.pdf](https://www.dor.ms.gov/sites/default/files/business/Petroleum/Tax_Rates.pdf); J. Corey Miller and Sondra Collins, *Fiscal and Economic Analysis of HB 1*, University Research Center, Mississippi Institutions of Higher Learning, April 20205, <https://www.mississippi.edu/sites/default/files/ihl/files/HB1final.pdf>; Mississippi Department of Revenue, Annual Report: Fiscal Year 2024, accessed February 12, 2026, <https://www.dor.ms.gov/sites/default/files/statistics/annualreports/MSDOR%20Annual%20Report%20FY%202024%20full%2012302024%20%281%29.pdf>.

<sup>17</sup> Mississippi Department of Revenue, *Annual Report: Fiscal Year 2024*.

<sup>18</sup> Center for Mississippi Health Policy, “A 2025 Profile of Health Insurance Coverage for Mississippi Adults: 2022–2023 Data,” June 2025, <https://mshealthpolicy.com/2025/06/25/a-2025-profile-of-health-insurance-coverage-for-mississippi-adults-2022-2023-data/>; The Hilltop Institute, *Mississippi Medicaid Expansion Policy Option Analysis*; Sammy Cervantes, Clea Bell, Jennifer Tolbert, and Anthony Damico, “How Many Uninsured Are in the Coverage Gap and How Many Could be Eligible if All States Adopted the Medicaid Expansion?” KFF, February 25, 2025, <https://www.kff.org/medicaid/how-many-uninsured-are-in-the-coverage-gap-and-how-many-could-be-eligible-if-all-states-adopted-the-medicaid-expansion/>; Nicole Letourneau, Michael Brown, and Massey Whorley, “125,000 in MS Could Gain Medicaid Coverage Through Expansion,” Avalere Health, August 26, 2024, <https://advisory.avalerehealth.com/insights/125000-in-ms-could-gain-medicaid-coverage-through-expansion#:~:text=In%20Mississippi%2C%20expansion%20must%20be,bill%20back%20up%20in%202025.>



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