



## Medicaid Expansion in Pennsylvania: Implications for Women, Families, and a Healthy Workforce

### Medicaid Expansion: An Opportunity to Invest in Women and Families

One in ten Pennsylvania women currently lack health insurance, even though tens of thousands of them have jobs and families who are dependent on them to stay healthy<sup>i</sup>. Pennsylvania has the chance to promote the health and economic wellbeing of families by expanding Medicaid as a part of the landmark Affordable Care Act (ACA). If Pennsylvania capitalizes on this unprecedented opportunity, we will be able to cover approximately half-a-million uninsured residents and families, largely with federal dollars, while ensuring a healthier, more productive workforce.

### Who Benefits from the Medicaid Expansion?

The proposed Medicaid expansion offers Pennsylvania the opportunity to provide health insurance to an estimated 482,000 to 680,000 of its lowest income residents, while driving new revenue to health care providers.<sup>ii</sup>

A critical component of health care reform's goal to successfully provide coverage to the uninsured, the Medicaid expansion would cover all Pennsylvanians under the age of 65 with income below 138 percent of the Federal Poverty Level (FPL). In 2014, 138 percent of the FPL would be \$15,415 for an individual or \$31,809 for a family of four.

### Who is Covered By Medicaid Now?

Medicaid, along with the Children's Health Insurance Program (CHIP), provides a strong base of health coverage for low-income children and pregnant women. However, eligibility for low-income parents and other adults remains very limited. Currently, Pennsylvania's Medicaid only covers working adults with dependent children making up to 46 percent of the FPL (up to 26 percent of FPL for adults who do not work), or \$8,781 for a family of three. Adults without children **are not eligible for Medicaid at all**. See Table 1 for a comparison of adult income eligibility levels under current Medicaid, and in 2014 under the expansion.

Family Size	2012 Current Medicaid 0-46%FPL	2014 Expanded Medicaid 0-138% FPL
	\$5,138	\$15,415
	\$6,960	\$20,879
	\$8,781	\$26,344
	\$10,603	\$31,809

Pregnant women are covered up to 185 percent of FPL, but only during and immediately after pregnancy. Giving women greater access to Medicaid, before and between births, will significantly improve risk factors, such as diabetes and smoking, that negatively influence birth outcomes.

The ACA as written assumes that the majority of uninsured Americans will gain coverage in 2014 from either the Health Insurance Exchanges, where those making between 100 and 400 percent of the FPL will receive subsidies to purchase insurance, or under the Medicaid expansion. If Pennsylvania foregoes this unprecedented opportunity, those making under 138 percent of FPL will be largely excluded from insurance coverage, undermining one of the primary goals of health care reform<sup>iii</sup>.

### Costs, Enrollment, and Number of Uninsured

If the Commonwealth moves forward to expand Medicaid, the number of its uninsured residents will be reduced by between 41.5 and 67.2 percent, while expanding access to half-a-million individuals.<sup>iv</sup> The incremental fiscal impact of the expansion is a mere 1.4 percent – or \$1.05 billion more – above what the state would normally spend on its Medicaid program through 2019 (2.1 percent more through 2022). The Urban Institute also projects savings to states under the Medicaid expansion. From 2014 to 2019, states will save \$822 million to \$1.6 billion in uncompensated care costs, and \$10 billion in the state budget from limited benefits packages currently available to low-income adults, such as the Select Plan for Women that provides limited preventative services.<sup>v</sup>

### Pennsylvania’s Uninsured Workforce at a Glance

Despite many misconceptions, most working-age people who lack insurance have jobs. A disproportionate number of these individuals are women, who make up the majority of the service, child care, and health care industries. The industries with the largest share of uninsured workers, as well as their average hourly and annual wages, are listed in Table 2 below.<sup>vi</sup>

Table 2: Occupations/Wages That Would Make a Family Eligible for Medicaid Expansion		
Occupation	Avg. Hourly Wage	Avg. Annual Wage
Pharmacy Aides	\$11.70	\$24,330
Cooks, Other	\$10.60	\$22,040
Food Preparation and Serving Related Occupations	\$10.56	\$21,970
Child Care Workers	\$9.98	\$20,760
Personal Care & Other Service Workers	\$10.99	\$22,860
Waiters & Waitresses	\$9.98	\$20,750
Maids & Housekeeping	\$10.26	\$21,350
Hairdressers & Hairstylists	\$12.07	\$25,100
Cashier	\$9.31	\$19,370
Tour Guides & Escorts	\$10.92	\$22,710
Library Assistant	\$11.75	\$24,430
Hotel, Motel & Resort Desk	\$10.64	\$22,130
Source: The PA Center for Workforce Information & Analysis, 2011		

The tables below show the number of working adults, and women, in Pennsylvania making less than 138% of FPL by industry. There are currently 246,130 uninsured workers in our Commonwealth. If Medicaid is expanded, tens of thousands of these individuals could gain access to health care coverage.

Table 3: Adults in Pennsylvania with Family Income At or Below 138% of Poverty	Number
<b>TOTAL</b>	1,370,360
<b>Uninsured</b>	411,140
<b>Uninsured Workers</b>	246,130
Restaurants and Other Food Services	32,950
Construction	21,430
Grocery Stores	8,970
Employment Services (temp agencies)	7,930
Department and Discount Stores	7,470
Landscaping Services	7,370
Building Support Services (extermination, janitor, carpeting)	5,640
Elementary and Secondary Schools	4,870
Travel Agencies	4,610
Nursing Care Facilities	4,530
<b>Source:</b> U.S. Census Bureaus, analysis of the 2011 American Community Survey (ACS) <sup>vii</sup>	

Table 4: Adult Women in Pennsylvania with Family Income At or Below 138% of Poverty	Number
<b>TOTAL</b>	773,500
<b>Uninsured</b>	201,650
<b>Uninsured Workers</b>	110,400
Restaurants and Other Food Services	16,730
Grocery Stores	5,910
Department and Discount Stores	4,500
Elementary and Secondary Schools	4,400
Nursing Care Facilities	4,250
Beauty Salons	3,910
Employment Services (temp agencies)	3,320
Travel Agencies	3,270
Building Support Services (extermination, janitor, carpeting)	3,150
Home Health Care Services	2,810
<b>Source:</b> U.S. Census Bureaus, analysis of the 2011 American Community Survey (ACS)	

## Percent of Uninsured Households Making Up to 138% of FPL with Children

An estimated 131,000 parents could gain health care in 2014 under the expansion, a change that could positively impact the health of Pennsylvania's children.<sup>viii</sup> According to the Institute of Medicine, inability to access health care not only jeopardizes a family's employment or financial security, but parent's poor mental and physical health contributes stressors that may adversely impact a child's health and wellbeing.<sup>ix</sup> Overall 377, 110 uninsured households in Pennsylvania would gain coverage under the expansion; 49 percent of those households have children under the age of 17. Among uninsured households, 27 percent have children under the age of six, and 22 percent have children between the age of six and 17.

### Percentage of Uninsured Households with Children

51% of Households with No Children



49% of Households with Children



27% of Households with Children under 6 years old



22% of Households with Children between 6 and 17



## Who pays the bill?

For participating states, the federal government will cover 100 percent of the expansion costs through 2017, at which point some costs will slowly start shifting to the states. By 2020 and thereafter, the Federal government will cover 90 percent of the costs. This is far more than the 55 percent federal match rate Pennsylvania now receives for Medicaid spending on health care, and the 68 percent match rate for providing coverage to children on CHIP.<sup>x</sup> On the expenditure side, for the six-year period from 2014 to 2019, federal spending on the Medicaid expansion in Pennsylvania alone is estimated to be at least \$17 billion – an enormous injection of federal dollars into our state’s health care sector.

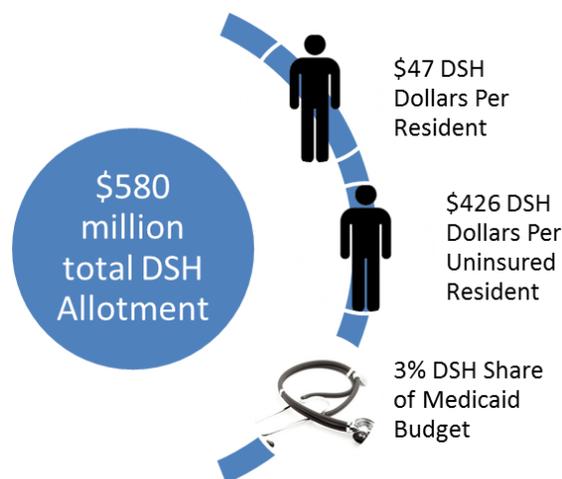
## What Do Hospitals and their Patients Stand to Lose if We Don’t Expand Medicaid?

Hospitals currently rely on uncompensated care funds, or disproportionate share hospital (DSH) payments, distributed by the federal government to pay for the cost of providing care to the uninsured. If Pennsylvania does not accept the Medicaid expansion, hospitals and their patients stand to lose big, as DSH payments begin to drop off and suffer large cuts beginning in 2014.

During the ACA debate, the hospital and health system community accepted provisions that cut Medicare and Medicaid over ten years to help pay for the cost of Medicaid expansion and other provisions of the ACA that would expand health insurance coverage. A portion of the hospital payment cuts, more than \$1.7 billion, comes from DSH payments. In Pennsylvania starting in 2014, this translates to a 75 percent cut in DSH payments, which would be devastating to hospitals without significant insurance coverage offsets provided by the expansion.<sup>xi</sup>

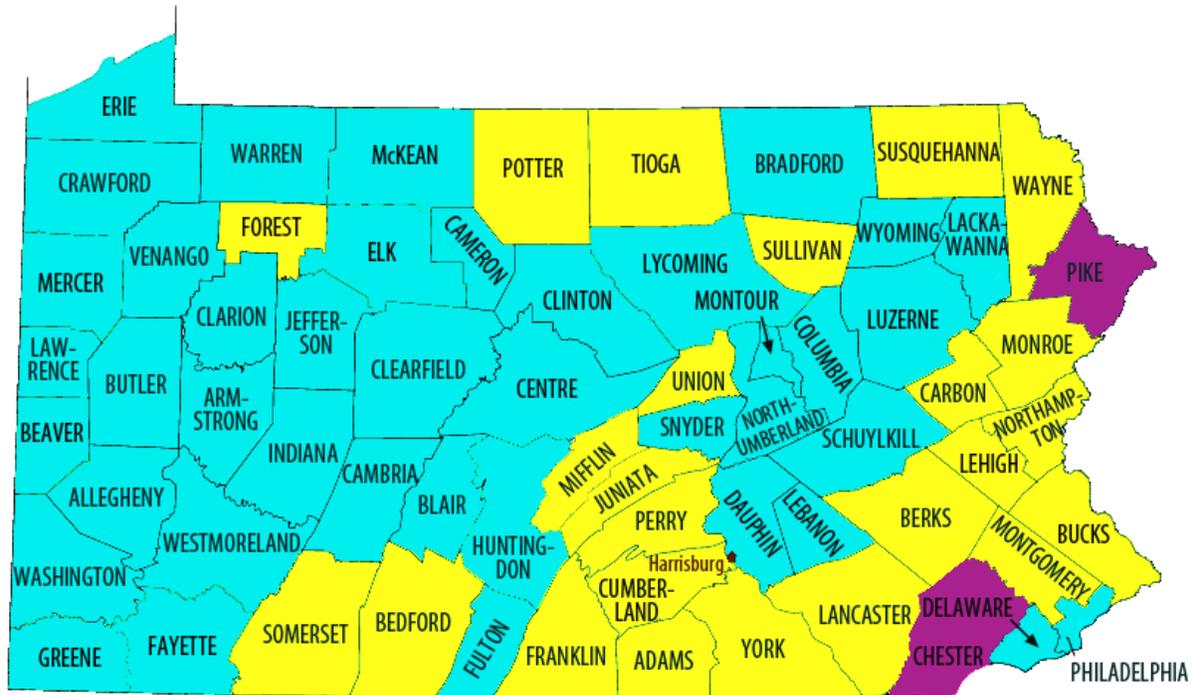
However, if the Medicaid expansion is fully implemented, hospitals will receive a substantial injection of Medicaid payments and realize up to \$1.6 billion in uncompensated care savings. As noted earlier, the expansion would also decrease the number of uninsured Pennsylvanians by around half, reducing the need for DSH payments and contributing to the long term financial viability of health care providers.

### Pennsylvania’s Annual Share of DSH Payments

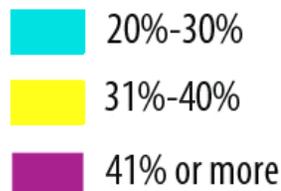


## Percent of Uninsured Population with Income up to 138% of FPL by Pennsylvania County

If Pennsylvania expands Medicaid, between 20 to 41 percent of the uninsured population in counties across the Commonwealth could gain health care coverage under the program in 2014.<sup>xii</sup> Not surprisingly, this coverage would extend to most geographic regions of the state, including rural and urban communities throughout Pennsylvania.



### Percent of Uninsured Population Below 138% FPL, 2010



Source: U.S. Census Bureaus, analysis of 2010 Small Area Health Insurance Estimates (SAHIE)

## Conclusion

For a 1.4 percent increase in state spending on the Medicaid program from 2014 to 2019, approximately half-a-million uninsured Pennsylvania residents could gain critical health care coverage, including 201,650 women, 246,130 workers, and 183,930 households with children (131,000 parents). In terms of the impact on Pennsylvania's uninsured workforce, 32,950 restaurant and food industry workers, 21,430 construction workers, and 4,870 elementary and secondary school workers would be newly eligible for health care through Medicaid, strengthening the health and productivity of our economy. Not only will Pennsylvania see a reduction in the number of its uninsured, it will save \$822 million to \$1.6 billion in uncompensated care costs and receive an injection of \$17 billion dollars in the first six –year period following the expansion. Given the enormous benefit to Pennsylvania's workforce, families, and health care sector, the expansion of Medicaid represents an unprecedented opportunity for the Commonwealth, one that cannot be ignored.

## End Notes

---

<sup>i</sup> U.S. Census Bureau. 2011 American Community Survey (ACS) Health Insurance Coverage Status – Pennsylvania.

<sup>ii</sup> Pennsylvania Health Law Project, "PHLP's Analysis of the Supreme Court Ruling & Implications for Pennsylvania," July 2012.

<http://www.phlp.org/wpcontent/uploads/2012/07/Article-on-Supreme-Court-Decision-7-10-12.pdf>

<sup>iii</sup> Pennsylvania Health Access Network, "Making the Right Choice for Pennsylvania: Expanding Medicaid will boost local economies, grow jobs, and cover half-a-million Pennsylvanians," October 2012.

<sup>iv</sup> Matthew Buettgens, Stan Dorn, Caitlin Carroll, "Consider Savings as Well as Costs," The Urban Institute, July 2011.

<http://www.kff.org/healthreform/upload/medicaid-coverage-and-spending-in-health-reform-national-and-state-by-state-results-for-adults-at-or-below-133-fpl.pdf>

<sup>v</sup> John Holahan and Irene Headen, "Medicaid Coverage and Spending in Health Reform: National and State-by-State Results for Adults at or Below 133% FPL," May 2010.

<sup>vi</sup> Pennsylvania Department of Labor and Industry, "Occupational Wages," The Center for Workforce Information and Analysis, May 2011.

<http://www.portal.state.pa.us/portal/server.pt?open=514&objID=814815&mode=2>

<sup>vii</sup> Analysis of the 2011 American Community Survey Public Use Microdata Sample (PUMS ) data. Adults are those aged 19 through 64. Workers are those who have worked within the past year. The ten industries listed are those with the largest number of uninsured workers in the Medicaid expansion income-eligibility range in Pennsylvania. All figures are rounded to the nearest ten workers.

<sup>viii</sup> Martha Heberlein et al., "Medicaid coverage for Parents Under the Affordable Care Act," Georgetown University Center for Families and Children, June 2012.

<http://ccf.georgetown.edu/wp-content/uploads/2012/08/Medicaid-Coverage-for-Parents.pdf>

<sup>ix</sup> Pennsylvania Health Law Project, "Medicaid Expansion is Good for Families," January 2013.

<sup>x</sup> Pennsylvania Health Access Network, "Making the Right Choice for Pennsylvania: Expanding Medicaid will boost local economies, grow jobs, and cover half-a-million Pennsylvanians," as previously cited.

---

<sup>xi</sup> Hospital Association of Pennsylvania, “Facts About Medicaid Expansion in Pennsylvania,” September 2012.  
<http://www.haponline.org/reports-facts/factsheets>

<sup>xii</sup> County-level estimates from analysis of U.S. Census Bureau’s Small Area Health Estimates (SAHIE) 2010 data. The analysis reflects the percentage of uninsured adults, aged 18-64, in the Medicaid expansion income-eligibility range.