

Issue Brief

Medicaid Expansion in Kentucky: *Kids Have Much to Gain*

All children, especially those living in low-income and vulnerable families need access to affordable health care. More than one in four (27 percent) of children live in poverty and many face diverse health needs.¹ For example, Kentucky has the second highest rate in the nation (19.5 percent) of children with special health care needs and more than one in ten (11.9 percent) Kentucky children suffer from asthma.^{2,3} Research has shown that children with health coverage are more likely to receive regular preventive care such as well-child exams and stay connected to a primary care doctor.⁴



Kentucky Needs to Improve Child and Parent Coverage Rates

Kentucky leaders have a long history of supporting efforts to get kids enrolled in health coverage. For example, outreach efforts in Medicaid and the Kentucky Children's Health Insurance Program (KCHIP) have been successful in lowering the number of uninsured children and improving child health. However, despite these successful programs, there are still approximately 61,000 uninsured children in Kentucky, and many of them may be eligible for Medicaid or KCHIP but are not enrolled.⁵

Providing affordable health coverage for parents is one proven way to improve overall family health and reduce the number of uninsured children. Research shows that children with uninsured parents are three times as likely to be uninsured than children whose parents have either private insurance or Medicaid coverage.⁶ There are about 162,000 uninsured parents in Kentucky, most of whom face limited options for affordable health coverage.⁷ Currently, Kentucky only offers Medicaid to working parents with incomes up to 57 percent of the federal poverty level (about \$13,100 for a family of four). More than 80 percent of Kentuckians without health insurance live in homes where one or more family members work, yet many of these workers earn too much to qualify for Medicaid but are underemployed or work part-time.⁸ Most part-time and hourly jobs do not provide employer-sponsored insurance, and premiums may be unaffordable for low-income families even if employer-sponsored insurance is offered.

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The Affordable Care Act Provides a Coverage Solution for Low-Income Parents

The 2010 Affordable Care Act expands Medicaid to include parents and low-income adults under the age of 65 with incomes up to 138 percent of the federal poverty line (\$31,809 for a family of four) who meet immigration/citizen status starting in January 2014. Estimates suggest that 97,000 uninsured parents in Kentucky would be eligible for Medicaid under this provision, which accounts for about 60 percent of the total number of uninsured parents in the state.⁹ However, a decision by the Supreme Court in June 2012 made this expansion optional for states.¹⁰

Because the Affordable Care Act only provides a tax credit to help offset the cost of insurance for families with incomes from 100 percent to 400 percent of the Federal Poverty Level, parents with the lowest incomes (between 57 percent and 100 percent of the federal poverty level) will face barriers to affordable health coverage if Kentucky chooses to not expand Medicaid. This will make it very difficult for these parents to pay for needed health care, causing many uninsured parents to delay or forgo care.

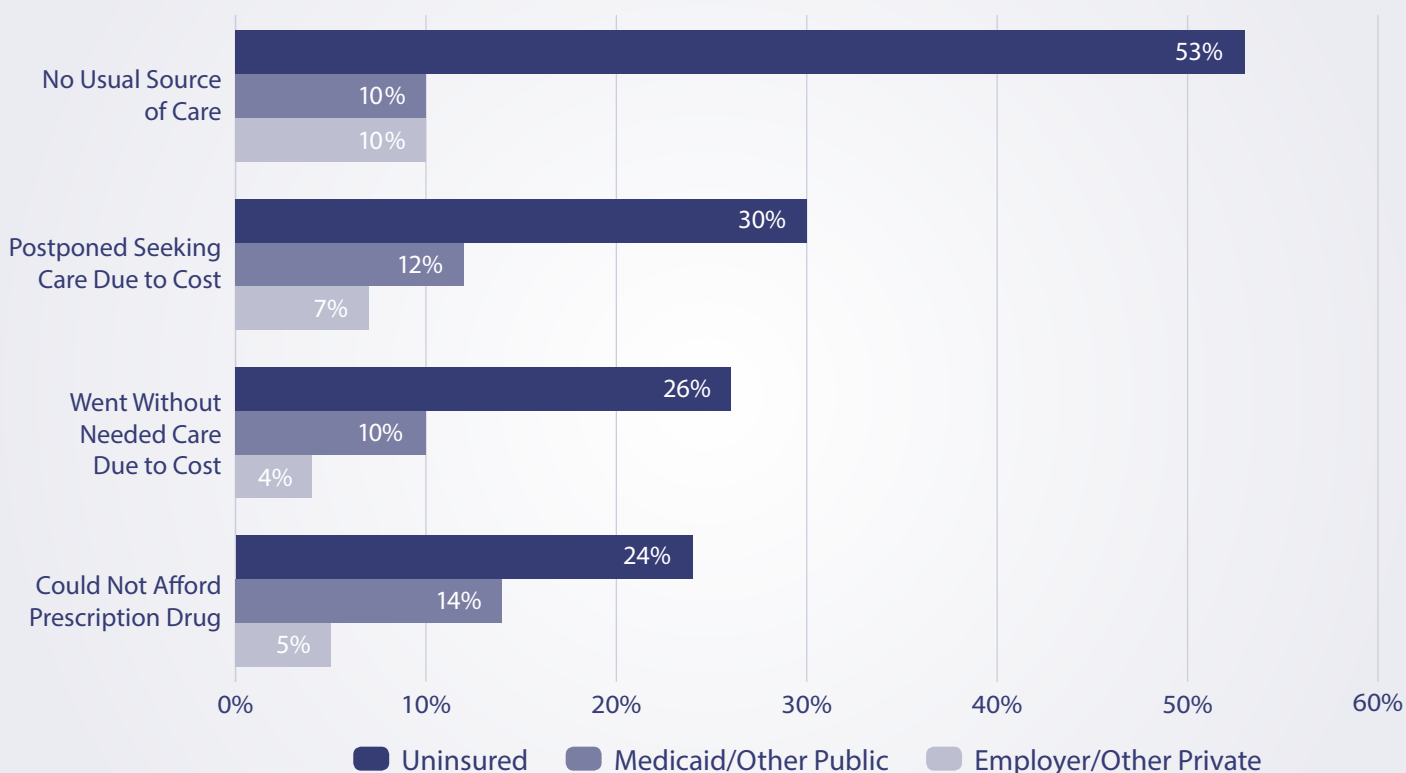
Expanding Medicaid will Benefit Kentucky

■ Expanding Medicaid will Improve Parent Health

Just as children with health coverage are more likely to receive regular health care, the same is true for adults. Several studies have shown that uninsured, low-income parents are more likely to be disabled, experience chronic pain, live with a chronic condition and have poorer overall health than low-income parents with insurance. According to the Institute of Medicine, “insured adults are less likely to have unmet health needs, more likely to have their health deteriorate, and more likely to die prematurely than are uninsured adults.”¹¹ The Kaiser Commission on Medicaid and the Uninsured asserts that uninsured, low-income parents are much more likely to be disconnected from the health system and delay needed care than low-income parents who are insured.¹² (See Figure 1).

Medicaid coverage will enable parents to receive regular health care services and stay healthier overall. Several studies have shown that parent coverage and health status improved after expanding Medicaid to parents.¹³ With more parents receiving timely health care services, high health care costs that result from delayed care will go down.

Figure 1: Barriers to Health Care Among Nonelderly Adults by Insurance Status, 2011*



Source: Kaiser Commission on Medicaid and the Uninsured analysis of 2012 National Health Insurance Survey.
*Respondents reported information on the past 12 months and could report more than one barrier to health care.

■ Expanding Medicaid will Improve Child Health

A parent's health affects the health and well-being of other family members. The Institute of Medicine reported that a parent's poor physical and mental health can cause family stress that may cause their children to experience physical and emotional health problems.¹⁴ However, when parents are insured, they are more likely to be healthy and ensure the health of their children. Insured children whose parents are also insured are more likely to get regular preventive care such as well-child checkups than insured children with uninsured parents.¹⁵ Also, parents who have health coverage are more likely to enroll and keep their children enrolled in health coverage, resulting in more children staying connected to the health system.¹⁶

■ Expanding Medicaid is a Good Deal for Kentucky

Right now, Kentucky pays about 30 cents for every dollar spent on Medicaid and the federal government picks up the other 70 cents. However, the federal government will pay 100 percent of the cost of expanding Medicaid for the first three years for states that expand in January 2014. Starting in 2017, the federal government will slowly reduce how much it pays for the expansion (95 percent in 2017, 94 percent in 2018, 93 percent in 2019, and 90 percent in 2020 and beyond). Kentucky will never pay more than 10 cents of every dollar for the expansion, making this a great economic opportunity for the state.

Recent reports vary in their estimates on new state expenditures that will result from expansion. One analysis predicts that Kentucky will spend \$547 million in additional state Medicaid funds during the first six years of Medicaid expansion.¹⁷ This includes additional state money spent on those who enroll but were eligible for Medicaid before the expansion. However, the same report states that Medicaid expansion will actually save Kentucky between \$140 and \$828 million in the first six years because the state money currently used to pay for health care for the uninsured, known as uncompensated care, will exceed the amount of state funding put toward the expansion.¹⁸ Another analysis predicts that Kentucky will spend \$845 million during the first nine years of expansion when taking into account new Medicaid expenditures and uncompensated care savings.¹⁹ While it is impossible to determine the exact costs or savings of expansion since no one knows how many will enroll in Medicaid or how much uncompensated care will decrease, most studies indicate that expansion is a bargain for Kentucky.

Kentucky Leaders Should Expand Medicaid

Expansion will not only improve the health of adults but also child health. If Kentucky does not expand Medicaid, the high costs of unmet health care needs may ultimately outweigh the costs of expanding. Kentucky's children cannot wait for more opportunities to come along to improve the health of our state.

RECOMMENDATION:

Expand Medicaid to parents and low-income adults up to 138 percent of the Federal Poverty Level starting in January 2014.



Endnotes

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