



## **Federally Funded Health Care for Maine's Uninsured: An Opportunity Maine Cannot Afford to Pass Up**

Maine has an unprecedented opportunity to accept federal dollars already set aside for Maine to cover approximately 69,500 people who otherwise cannot afford it.<sup>i</sup> The Affordable Care Act (ACA) enables states to provide Medicaid coverage to adults with incomes up to 138% of the federal poverty level (\$15,856/year for an individual; \$26,951/year for a family of three) beginning January 1, 2014.<sup>ii</sup>

Medicaid, known as MaineCare in Maine, provides health insurance to low-income individuals, including children, people with disabilities and the elderly. However, the complicated rules around who is eligible mean many adults, even those with serious illnesses and little or no income, do not qualify. Fortunately, if Maine accepts the critical federal funding already set aside to cover Maine people that will change. Any person with income below the threshold would have access to health insurance.

Many working low-income adults who don't have coverage through their employer cannot afford health insurance. People with income below 138% of the federal poverty level have little to no discretionary income and cannot afford the out-of-pocket expenses that people in health care Exchanges will have to pay, even with available subsidies. Fully implementing the coverage options in the ACA will make it possible for individuals earning \$15,856 or less to access the health care they need.

### **Full Implementation of the ACA's Medicaid option is a good deal for the State of Maine.**

The Affordable Care Act simplifies many of the rules that determine who qualifies for health insurance coverage while also increasing the amount of money Maine receives from the federal government to pay for Medicaid. The federal government will pay 100% of the cost of covering "newly eligible" individuals in Maine from January 1, 2014 through December 31, 2016. After that, the federal contribution will be adjusted gradually until it reaches the permanent rate of 90% in 2020. From 2020 on, the federal government will pay 90 cents on the dollar for all newly eligible Medicaid members, which is far greater than the 64 cent rate it pays for current Medicaid members.

### **Accepting federal dollars already set aside to cover Maine's uninsured will benefit all Maine people AND boost Maine's economy.**

- ✓ **More Mainers Will Have Health Insurance:** Maine's uninsured rate will drop dramatically as a result of Maine accepting the federal funds already set aside to cover Maine people. Forty percent of the uninsured in this state have incomes at or below 133% of the poverty level.<sup>iii</sup> This translates to 45,000 people gaining health insurance coverage. In addition, 10,000 childless adults with income below 100% FPL and 14,500 parents with income between 100 and 138% FPL will continue to be covered.
- ✓ **Health Care Costs Will Go Down:** Many uninsured adults with low income face health problems that may worsen due to their lack of coverage. About one in six of these uninsured adults are in fair or poor health and about one-third has a diagnosed chronic condition.<sup>iv</sup> With insurance, people will be less likely to delay the care they need; their overall health will improve; and their need for more costly care will be reduced.

- ✓ **Coverage Saves Lives and Improves Health:** A recent Harvard study found that expansions of Medicaid coverage were associated with a significant decrease in uninsurance, an improvement in overall health status and a significant reduction in mortality rates. It suggests that for every additional 176 adults covered one death per year may be prevented.<sup>v</sup> A recent report from Tennessee concludes that expanding Medicaid coverage to 225,000 people in that state would save nine lives each week for the next 10 years.<sup>vi</sup> Although Maine's uninsurance rate is smaller and thus the number of people gaining coverage will be fewer, lives will be saved as a result of the expansion.
- ✓ **Charity Care Will Decrease and People with Insurance Will See Rate Relief:** Providing insurance coverage for people living in or near poverty will reduce the use of emergency rooms and dramatically reduce rates of charity care for all hospitals in Maine. This means that hospitals will no longer be shifting the full cost of charity care for treating these individuals to all other private payers. Nationally, the cost of caring for the uninsured currently increases premiums for the average insured family by an estimated \$1,000 a year.<sup>vii</sup> States that opt not to expand Medicaid can expect to see an increase in individual market premiums.<sup>viii</sup>
- ✓ **Workers Will Be Healthier:** We know that providing health coverage helps to prevent and treat illness and helps people with chronic conditions to better manage their health. This helps people stay employed, and increases productivity.
- ✓ **Maine's Economy Will Grow:** If Maine accepts federal funding to cover more Maine people millions of new federal dollars will be invested in our health care system. This will create thousands of new jobs for our State. If we pass up this opportunity, these federal dollars will simply go to other states and Maine will lose a valuable opportunity to rebuild its economy.
- ✓ **Uninsured Maine Veterans Will Gain Coverage:** Approximately 2,700 uninsured Maine veterans who do not have health insurance today could be covered in 2014 if Maine accepts federal funds that have already been set aside for Maine's uninsured.<sup>ix</sup>

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<sup>i</sup> This number includes the approximately 45,000 Maine people who are currently uninsured under 138% of the federal poverty level (FPL). Kaiser Commission on Medicaid and the Uninsured. "The Cost and Coverage Implications of the ACA Medicaid Expansion: National and State-by-State Analysis," November 2012, available at <http://www.kff.org/medicaid/upload/8384.pdf>. In addition it includes the approximately 10,000 childless adults under 100% of the FPL and 14,500 parents between 100 and 138% of the FPL who although currently covered will lose that coverage in 2014.

<sup>ii</sup> Section 2002(I)(i) of the Patient Protection and Affordable Care Act (ACA) provides for an automatic five percent disregard of income, which essentially means that the Medicaid Expansion will cover people up to 138% of the federal poverty level.

<sup>iii</sup> Kaiser Commission on Medicaid and the Uninsured. "How will the Medicaid Expansion for Adults Impact Eligibility and Coverage?" July 2012, available at <http://www.kff.org/medicaid/upload/8338.pdf>.

<sup>iv</sup> Schwartz K and A Damico. "Expanding Medicaid under Health Reform: A Look at Adults at or below 133% of Poverty", Kaiser Family Foundation, April 2010.

<sup>v</sup> Benjamin D. Sommers, M.D., Ph.D., et al., "Mortality and Access to Care among Adults after State Medicaid Expansions," New England Journal of Medicine, July 25, 2012, available at <http://www.nejm.org/doi/full/10.1056/NEJMsa1202099>.

<sup>vi</sup> Governor's Communication Office, Daily News Clips at 12; Guest columnists: TennCare expansion is worth costs (Tennessean); July 26, 2012.

<sup>vii</sup> <http://www.familiesusa.org/assets/pdfs/health-reform/state-gains-2010/maine.pdf>.

<sup>viii</sup> [http://www.actuary.org/files/Medicaid\\_Considerations\\_09\\_05\\_2012.pdf](http://www.actuary.org/files/Medicaid_Considerations_09_05_2012.pdf).

<sup>ix</sup> Jennifer Haley and Genevieve M. Kenney, "Uninsured Veterans and Family Members: State and National Estimates of Expanded Medicaid Eligibility Under the ACA, Timely Analysis of Immediate Health Policy Issues," Urban Institute, March 2013.