

Issue: Healthcare

Virginia's Current Medicaid Program and Medicaid Expansion Opportunities

Medicaid is important to the health and well-being of the citizens of the Commonwealth of Virginia.

The Current Medicaid Program:

In 2015, nearly 1 million Virginians were covered by Medicaid. The program is administered by the state and jointly funded by the state and the federal government. Every \$1 Virginia spends is matched by \$1 of federal funds.⁽¹⁾

Virginia's Medicaid Plays An Important Role in Health Coverage



*Poor is defined as \leq 100% Federal Poverty Level
Source: TCI analysis of Kaiser Family Foundation data

Virginia has very restrictive Medicaid eligibility; it ranks 48th in state Medicaid spending per enrollee.⁽¹⁾

- Pregnant women and children through age 18 cannot have income higher than 148% of federal poverty level (FPL) or \$29,748 for a family of three. (Virginia's FAMIS program covers children and pregnant women up to 205% FPL or \$41,188 for a family of three.)
- Elderly and disabled people (unless on a spend down or in long term care) cannot have income higher than 80% FPL or \$12,744 for an elderly couple.
- Working parents must have income below 52% FPL or \$10,464 for a family of three. In some parts of the state, eligibility is even lower.
- Childless adults are not eligible for Medicaid in Virginia.

The maximum allowable income varies by localities, so a move to another locality within Virginia may cause a family to lose their coverage.

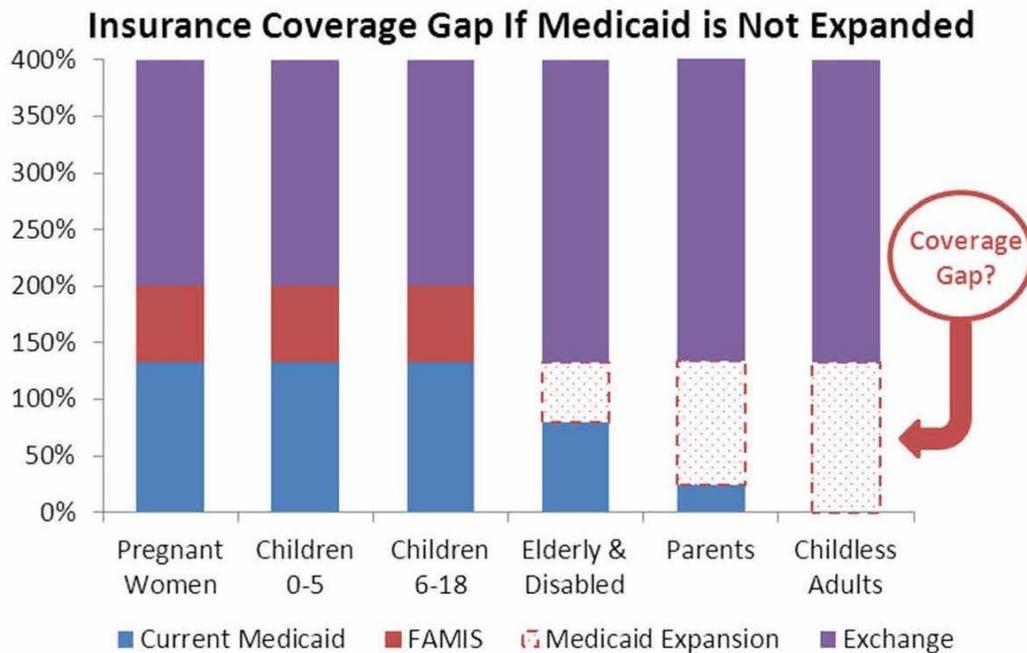
Medicaid Expansion under The Affordable Care Act

One of the major coverage provisions of the Affordable Care Act (ACA) is the expansion of Medicaid eligibility to nearly all low-income individuals with incomes at or below 138% of poverty (\$27,821 for a family of three in 2016). This expansion fills in historical gaps in Medicaid eligibility for adults and was envisioned as the vehicle for extending insurance coverage to low-income individuals. People with incomes above 138% are covered by ACA’s Marketplace Exchanges. While the Medicaid expansion was intended to be national, the June 2012 Supreme Court ruling essentially made it optional for states. Because the ACA envisioned low-income people receiving coverage through Medicaid, it does not provide financial assistance to people below poverty for other coverage options. As a result, in states that do not expand Medicaid, many adults fall into a “coverage gap” of having incomes above a state’s Medicaid eligibility limits but below the lower limit for Marketplace premium tax credits under ACA.⁽³⁾

Medicaid Expansion Opportunities for Virginia:

As of December, 2015, there are approximately 400,000 people excluded from Medicaid coverage who could be covered if Virginia entered into Medicaid Expansion under the ACA. Over 68% of the newly eligible people are adults working in some of the most important sectors of Virginia’s economy: tourism, retail trade, construction, health and social services, education, and professional business services. Virginia’s veterans and their spouses - 25,200 of whom are currently uninsured - would get quality coverage through Medicaid expansion.⁽²⁾

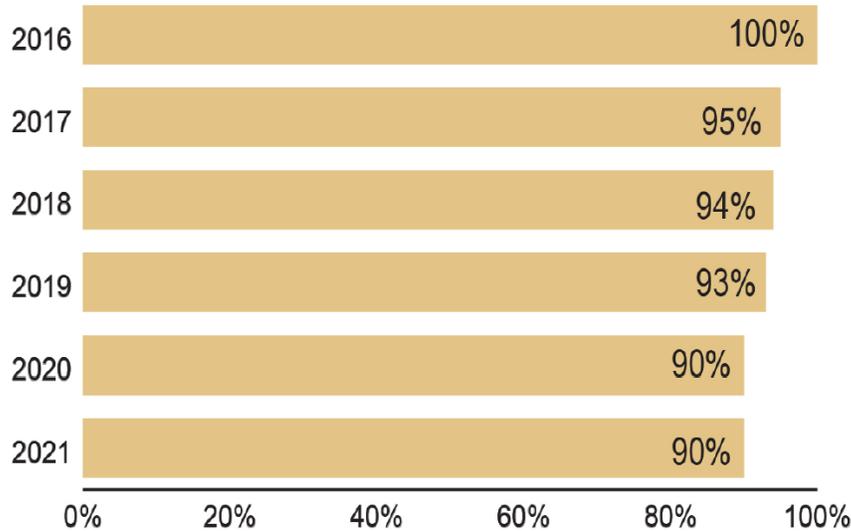
With expansion, those people now in the coverage gap who earn up to 138% of the federal poverty level (FPL) would be eligible to receive coverage. For example, no adults are covered under the state Medicaid program but they would be covered under expansion. Above 138% of the FPL, coverage would be available under the ACA exchange.



Under Virginia’s current program, the federal government reimburses the state for 50% of its healthcare expenditures, i.e. every \$1 spent by the state is matched by \$1. If Virginia had adopted Medicaid Expansion for 2017, the federal government would have reimbursed the state for 95% of its expenditures. The reimbursement amount decreases each year, but never less than 90%. Indeed, in 2014, 2015, 2016, the federal government paid 100% of the costs, but Virginia didn’t expand during those years.

If Virginia closes the coverage gap, the state will be responsible for a small portion – never more than 10 percent – of the costs.

% Percent Federal Match



Source: Center on Budget and Policy Priorities

Medicaid expansion would bring the Commonwealth financial benefits in addition to improvements in the health of its citizens. The infusion of billions of dollars in federal money to the state would boost the economy and create thousands of well-paying healthcare jobs. This boost has been well documented in the states that have already adopted Medicaid expansion.

There would be a net positive financial impact for the state. Federal reimbursements, savings from the state costs for its current program and taxes from additional economic activity and jobs would more than offset the costs of the expansion.

It is a good deal for us! But...

Tag Greason, as a member of the Republican majority in the House of Delegates and a member of the House Appropriations Committee, prevented the expansion of Medicaid. In doing so, he denied more than 400,000 eligible Virginians access to health insurance, blocked the infusion of \$2.2 billion in federal dollars per year into the Commonwealth's economy, thus blocked the creation of over 15,000 jobs.

Footnotes:

(1) A Chartbook for Understanding Virginia's Medicaid Insurance and the Opportunity to Improve it. The Commonwealth Institute, 2016.

(2) How Medicaid Works, The Commonwealth Institute, December 14, 2015.

(3) The Coverage Gap: Uninsured Poor Adults in States that Do Not Expand Medicaid, The Henry J Kaiser Family Foundation, October 19, 2016.