

# Medicaid Expansion in Alabama: Frequently Asked Questions

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## How can we invest in Alabama's health care infrastructure?

- By expanding Medicaid, more than 340,000 individuals, most of whom are working, will be eligible to receive basic health insurance while at the same time creating thousands of jobs and generating billions of dollars in additional economic activity.

## Isn't Medicaid spending already out of control?

- That is a common misconception. The total Medicaid budget has grown at an annual average rate of 2.9%. Compare that to the national rate of medical inflation which grew at a rate of 5.8% over the same time period.
- While the number of Medicaid enrollees has increased, the cost of providing their care has not, remaining among the lowest in the nation. Additionally, the Agency's administrative costs are among the lowest in the nation at only 3%.
- Medicaid's General Fund need has fluctuated over the years because one-time money has replaced General Fund dollars. (i.e. BP oil spill and federal stimulus).

## What is Medicaid expansion?

- Medicaid expansion is a way to provide health insurance to able-bodied adults who make too much money to qualify for the existing Medicaid program and not enough to purchase health insurance. Currently adults in a family of three cannot make more than \$320 a month and be eligible for Medicaid, and no childless, able-bodied adult can qualify.

## Doesn't expansion mean additional types of coverage?

- No, expansion only increases the number of individuals eligible for coverage, not the benefits.

## I have private insurance. Why should I care about Medicaid expansion?

- Many uninsured individuals depend on hospital emergency departments for care, the most expensive place to receive primary care. This ultimately drives up the cost of health care for everyone.
- Investing in the health care infrastructure by expanding Medicaid protects your access to care. If a hospital closes, it won't matter what kind of health insurance you have. Without access, there is not care.

## How does Medicaid expansion affect my community?

- Medicaid expansion will protect community hospitals and hundreds of jobs related to health care.
- Expansion would prevent local citizens from traveling long distances to receive care.
- Expanding Medicaid would protect community infrastructure by supporting local businesses.
- Additionally, access to health care is a crucial factor when recruiting new industry to the area.

## What does Medicaid expansion mean to my hospital?

- Without Medicaid, many providers (hospitals, doctors, pharmacists) could not survive, leaving every citizen in that area without access to health care.
- Expansion would help retain employees and maintain medical services for your community.
- Currently, 75% of all hospitals are operating in the red. 88% of all rural hospitals are operating in the red. Medicaid expansion would reduce the number of uninsured patients and the amount of uncompensated care, helping hospitals keep their doors open.

## **Isn't Medicaid Expansion ObamaCare?**

- While the Affordable Care Act provided a way for states to expand Medicaid, the federal government has shown that it will allow states flexibility in how they develop their programs. With an expanded population, Alabama business, health care and elected leaders can work together to design an effective plan to meet the unique needs of our state.

## **How would Alabama pay for Medicaid Expansion?**

- We don't have all the answers right now, but we want to continue discussions on ways to make this a reality.
- However, in other states that have already expanded, there has been an uptick in economic activity, jobs created, and savings to their general fund budgets.
- Two recent reports provide strong evidence for similar positive results if Alabama expands Medicaid. After considering state savings, the estimated first year investment for expansion is \$168 million, with a cost of less than \$25 million each year thereafter. Comparing \$2.7 billion in annual economic gain, \$25 million annual cost is a great deal!
- Medicaid expansion could generate savings in several state-funded programs (for example, substance abuse programs, mental health care, and inpatient health care for prisoners).
- Additionally, Alabama could access enhanced federal matching funds for current Medicaid beneficiaries that would now be eligible in the new expanded group (90% federal dollars as compared to 70%).

## **Would Medicaid Expansion help with the opioid crisis?**

- Yes! Currently all seven of Alabama's congressional districts are ranked among the nation's top opioid prescribers, creating an epidemic touching all corners of the state. In expansion states, the newly insured now have access to opioid addiction treatment.
- Enhanced federal funding has also provided states with additional resources to cover many adults who were previously incarcerated because of their addiction. This access to substance abuse and mental health treatment has led to fewer adults returning to prison in expansion states.

## **How would Medicaid expansion impact Alabama's infant mortality rate?**

- Alabama has one of the highest infant mortality rates in the country at 7.4. This means that for every 1,000 births in Alabama more than 7 babies die. States that have expanded Medicaid continue to see significant decreases in infant mortality.
- By expanding insurance coverage, more women will have access to primary and prenatal care which leads to healthier pregnancies and healthier babies.

## **Have other states benefited from expanding Medicaid?**

- Yes! Expansion states have seen savings to their state budgets, new jobs created, and increased economic activity. They have also seen better health outcomes including lower infant mortality rates, early cancer detection, and increased care for mental health patients and those affected by the opioid crisis.

## **What will happen if we continue to do nothing?**

- Alabama cannot afford to do nothing. State inaction on health care coverage for low-income adults—combined with deep federal funding cuts—have left hospitals with growing demand, but fewer resources to deal with that demand.
- If we cannot find a way to invest in the infrastructure of Alabama and our hospitals, then our communities must face the reality that some hospitals may not be here in the future.