

Caution! Coverage Gap Ahead

Hazards Await Hard-Working Virginians on January 1st



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By not expanding access to health care through Medicaid, state policymakers are leaving tens of thousands of hard-working Virginians out in the cold and hundreds of millions of dollars on the table. Starting January 1, 2014, uninsured people all across the country will finally become eligible for the quality, affordable health care they need. But not in Virginia. That's because Virginia lawmakers have yet to expand Medicaid, which will hurt the state's residents, budget, and economy.

Virginians Will Fall Into the Coverage Gap

As a direct result of Virginia lawmakers' refusal to expand Medicaid through the Affordable Care Act, about 195,000 Virginians will fall into the health coverage gap on January 1, according to the Virginia Medicaid office. These Virginians will remain uninsured because they make too much money to qualify for Medicaid under Virginia's current program but too little to get tax credits to help pay for coverage through the marketplace.

This gap in coverage means that a mom and dad with two kids bringing in over \$90,000 a year can get tax credits to buy insurance in the marketplace, but a family of four that makes between \$8,500 and \$23,500 can't. And though the children would qualify for Medicaid under Virginia's current rules, the parents don't, leaving them with no affordable options to get the health care they need and threatening the family's financial security if one or both of the parents gets sick or injured.

Working Families Hit Hardest

Policymakers' refusal to expand Medicaid means that many hard-working Virginians won't be able to afford the care they need to stay healthy and productive. Seventy percent of the Virginians who will fall into the coverage gap are in working families, and they often struggle to get coverage through their employers despite working in some

of the most important parts of the state's economy. That's because the industries they work in – tourism, retail trade, and construction – often don't offer health insurance or pay them enough to afford coverage even if it is offered. In fact, only 18 percent of Virginians below the poverty line have coverage through their work. That pales in comparison to the statewide total of 63 percent of Virginians who have health insurance through a family member's work.

Every Day Costs the State Millions

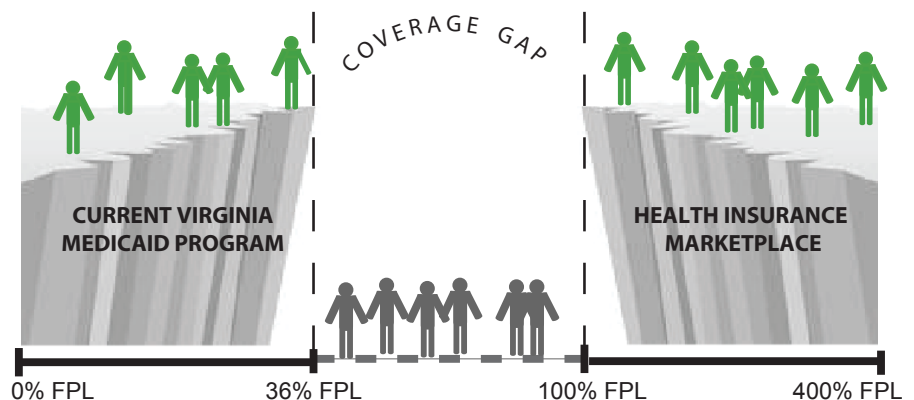
Each day that Virginia lawmakers delay expansion the state loses out on about \$5 million in federal funds that are set aside to get more Virginians the health care they need. All told, expanding Medicaid would pull more than \$2 billion in federal funds into the state each year. And the foregone funds cannot be recovered later – use

How We Got Here

Through health reform, federal tax credits are available to people making between \$23,500 and \$94,000 for a family of four to purchase health insurance in the marketplace. Medicaid was supposed to be available for those making less, but the U.S. Supreme Court made expanding Medicaid eligibility a state option. That means that expansion of coverage through Medicaid requires state action. Virginia policymakers have not yet agreed to expand coverage, in spite of the fact that the federal government will pay for 100 percent of the costs for the first three years and no less than 90 percent after.

Coverage Gap

Failure to expand Medicaid will create a coverage gap, where 195,000 uninsured Virginians will be unable to enroll in Medicaid or get tax credits to buy coverage in the new marketplace.



Note: Under the current Virginia Medicaid program, working parents are eligible for coverage up to 36% FPL. Eligibility levels vary for pregnant women, children, aged, blind, and disabled. Childless adults are not currently eligible for Medicaid.

Source: TCI analysis of DMAS data

them or lose them -- so every day of delay represents a lost opportunity and lost revenue to the state.

In fact, expanding Medicaid will save the state money overall. Currently, the state funds a wide range of services for uninsured Virginians with its own money. But with Medicaid expansion, federal funds would be used to pay for many of these services, including mental health care and substance abuse treatment, reducing state costs. Having more people with health insurance is also predicted to lower the

health care costs of other groups, including state employees, yielding additional savings for the state. All told, delaying Medicaid expansion means that Virginia loses out on about \$370,000 per day in state general fund savings.

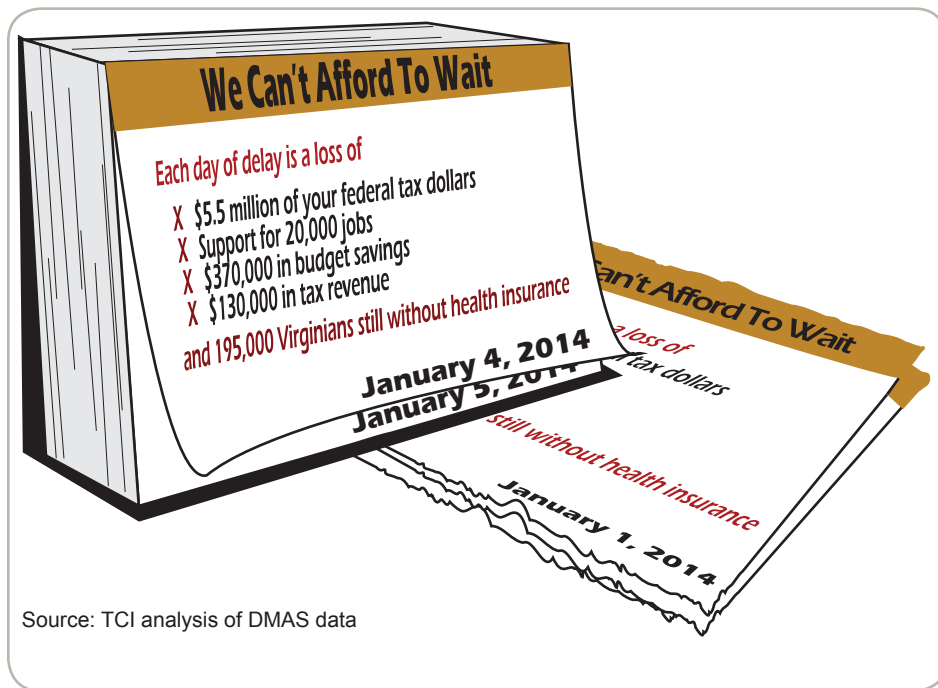
Refusal to Expand Hurts the Economy

The federal funds that Virginia is turning away also could support wages and benefits for tens of thousands of well-paying health care jobs in Virginia. With the bulk of the federal funds flowing directly into Virginia's health care industry, Medicaid expansion

could support an average of 20,000 jobs in the early years of expansion and nearly 30,000 jobs in later years. In Virginia, the average health care job pays about \$50,000, plus benefits. These additional health care jobs could generate state tax revenues of \$130,000 per day, making more resources available for mental health care, education, transportation, and public safety.

Lawmakers Should Do What's Best for Virginia

Expanding coverage is the right thing for Virginia's residents, budget, and economy. By accepting the federal funds already allocated for Medicaid expansion, Virginia would allow hundreds of thousands of uninsured people to gain access to quality care, including many who have no other affordable options available to them. The state would also be able to save on care it is already paying for with its own money, and it could use that savings to focus on other critical programs. And Medicaid expansion would support tens of thousands of well-paying jobs and help hard-working Virginia families get the help they need.



Seventy percent of the Virginians who will fall into the coverage gap are in working families.

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