



Assessing State Costs for the Medicaid Expansion: A Checklist

States face a pivotal choice: Should they expand health coverage through Medicaid or not? As state leaders weigh the available options, they need a comprehensive and accurate picture of the impact of their actions.

Though national estimates of the impact can be helpful, at the end of the day, the depth of the impact will depend on state-level specifics. State-specific analyses should take as much care to estimate potential sources of savings—and potential increases in revenue—as they do to estimate the costs.

Below is a brief checklist advocates can use to measure the adequacy of financial impact analyses of the Medicaid expansion in their state.

Potential Costs

While there are costs associated with expanding Medicaid, it is important to make sure that fiscal analyses do not overestimate those costs. State-specific analyses of a Medicaid expansion should be based on realistic assumptions about enrollment, costs per new enrollee, and any new administrative costs associated with the expansion.

✓	Cost of covering the newly eligible population
✓	Cost of covering people who are currently eligible but not enrolled
✓	Administrative costs

For more information on how to make sure your state is fairly accounting for the costs of a Medicaid expansion, see Families USA's *A Fair Accounting of State Costs for the Medicaid Expansion*, available online at <http://www.familiesusa2.org/assets/pdfs/medicaid-expansion/State-Costs.pdf>.

Potential Savings

Reduction in State Programs for the Uninsured

Many states provide care to the uninsured through a number of programs and services, and these programs cost money. If a state chooses to expand Medicaid, most of the individuals who receive care through these programs will enroll in coverage. This could generate savings in a variety of state-funded programs.

✓	Uncompensated care pools
✓	State mental health spending
✓	State substance abuse spending
✓	State spending on public health services
✓	Other coverage programs for the uninsured funded solely by states

Transitioning Existing Medicaid Populations to Expansion Coverage

Some people who are covered through select programs in a state's existing Medicaid system might actually be eligible for coverage in the Medicaid expansion. In many cases, that will mean that they can receive more comprehensive or uninterrupted Medicaid coverage. It will also mean that the federal government will pay a substantially higher percentage of their Medicaid costs.

✓	Adults currently enrolled through a Medicaid waiver that provides a limited benefit package
✓	People covered through a disease-specific category (e.g., breast or cervical cancer)
✓	People covered through a service-specific category (e.g., through a family planning services waiver)
✓	"Medically needy" beneficiaries who qualify for Medicaid only after incurring significant medical costs that "spend down" their income to a certain level
✓	Pregnant women who receive coverage for services related to maternity care only
✓	State spending on hospital inpatient costs for prisoners who might be eligible for Medicaid coverage for care received outside of the prison setting

Potential Revenue

Many states collect revenue associated with the provision of health care services or health insurance. If a state expands Medicaid, provider and payer revenue will increase. Expanding Medicaid will also increase economic activity within the state and generate new jobs for residents. All of these effects could translate to higher tax revenue for the state.

Increased Revenue from Health Care-Specific Taxes

✓	Provider taxes
✓	Insurer taxes
✓	General business taxes on higher corporate income resulting from increased insurance coverage

Increased Revenue from Taxes as a Result of General Increased Economic Activity and Job Growth

✓	State income taxes
✓	Sales taxes

Other Resources

Here is a list of helpful resources to turn to for further discussion of how to design and execute a comprehensive state fiscal analysis of the Medicaid expansion in your state:

State Health Reform Assistance Network, *Medicaid Expansion: Framing and Planning a Financial Impact Analysis* (Princeton, New Jersey: State Health Reform Assistance Network, September 2012), available online at http://www.rwjf.org/content/dam/farm/reports/issue_briefs/2012/rwjf401389.

Stan Dorn, *Considerations in Assessing State-Specific Fiscal Effects of the ACA's Medicaid Expansion* (Washington: The Urban Institute Health Policy Center, August 2012), available online at <http://www.urban.org/UploadedPDF/412628-Considerations-in-Assessing-State-Specific-Fiscal-Effects-of-the-ACAs-Medicaid-Expansion.pdf>.

Center on Budget and Policy Priorities, *Guidance on Analyzing and Estimating the Cost of Expanding Medicaid* (Washington: Center on Budget and Policy Priorities, August 9, 2012), available online at <http://www.cbpp.org/files/CBPP-memo-on-medicaid-expansion-costs.pdf>.

John Holohan, Matthew Buettgens, Caitlin Carroll, and Stan Dorn, *The Cost and Coverage Implications of the ACA Medicaid Expansion: National and State-by-State Analysis* (Washington: The Urban Institute and the Kaiser Commission on Medicaid and the Uninsured, November 2012), available online at <http://www.kff.org/medicaid/upload/8384.pdf>.

This fact sheet is part of a series on expanding Medicaid in the states.

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