

## Medicaid Expansion: An Opportunity to Invest in Louisiana's Workforce

By Steve Spires

One in four Louisiana adults under 65 currently lacks health insurance, even though hundreds of thousands of them have jobs.<sup>1</sup> But starting in 2014, Louisiana has a chance to reduce this threat to the state's well-being by expanding Medicaid as part of the landmark federal Affordable Care Act.

The expansion, which Gov. Bobby Jindal has said he will not carry out, is a major opportunity for Louisiana to invest in its workforce and the state's economy. More than 240,000 working Louisianans who today have no health insurance could be covered.<sup>2</sup> They would be eligible because the federal law changes the income requirements to qualify for Medicaid. Anyone making less than \$14,850 per year (or \$25,390 for a family of three) would qualify for coverage under the new law. Today, people who make over \$2,860 for a family of three cannot receive coverage, and adults without children don't qualify at all.

Despite common misconceptions, most working-age people who lack insurance have jobs.<sup>3</sup> But they often can't afford the health insurance offered by employers—and many aren't offered insurance at work at all. The result is that people put off needed care and risk financial ruin if they get sick.

Working men and women in dozens of industries and occupations crucial to Louisiana's economy stand to benefit from the Medicaid expansion, especially in key sectors such as construction, retail and tourism. Cooks, waitresses and busboys; nursing home attendants and day-care workers; day laborers and landscapers; hotel clerks and hospital aides—they would have the same access to medical care that more highly paid workers have long enjoyed. The expansion will also be a boon for small businesses, which will have healthier and more productive employees.

And this benefit would come at almost no cost to the state treasury. The vast majority of the cost of the Medicaid expansion will be financed by the federal government, bringing dollars into the state that will not only help people to be healthier, but also boost Louisiana's economy.

### Workers in Tourism and Construction Would Make Greatest Coverage Gains

The tourism and entertainment industry is one of the most important sectors of Louisiana's economy, employing more than 10 percent of the state's workers. Tourism industry employees often work odd shifts and spend long hours on their feet, serving an estimated 15 million people annually.<sup>4</sup> Tourism alone generates \$9 billion in direct economic activity across Louisiana every year.<sup>5</sup> But despite their importance to the state economy, 40 percent of workers in the entertainment and tourism industry have no health insurance. This includes more than 50,000 low-wage workers who lack health insurance today, but could gain coverage due to Medicaid expansion. That includes people who work in restaurants and food service, hotel employees and workers in drinking establishments, as well as musicians and artists.

Retail employees—including department store sales clerks, supermarket cashiers and gas station attendants—also will make great gains. Altogether, nearly 37,500 retail employees without health insurance would become Medicaid-eligible through the expansion.

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### Note on Methodology

This analysis uses Public Use Microdata Sample (PUMS) data from the 2010 American Community Survey (the most recent year available) provided by the U.S. Census Bureau. The analysis describes what the impact of Medicaid expansion would be if the expansion had been fully implemented in 2010.

Like the tourism and retail sectors, Louisiana’s construction industry is characterized by a high percentage of workers—more than 42 percent—lacking insurance. But with the Medicaid expansion, as many as 26,300 who work in construction could gain health coverage. This is especially important for workers in physical, labor-intensive jobs.

Many others who are without insurance today work in the medical field, helping take care of others. As many as 23,750 uninsured workers in the health care sector could gain Medicaid coverage through the expansion. That includes nursing home employees, hospital workers and home-health aides. Nearly 7,000 child care workers could gain coverage as well.

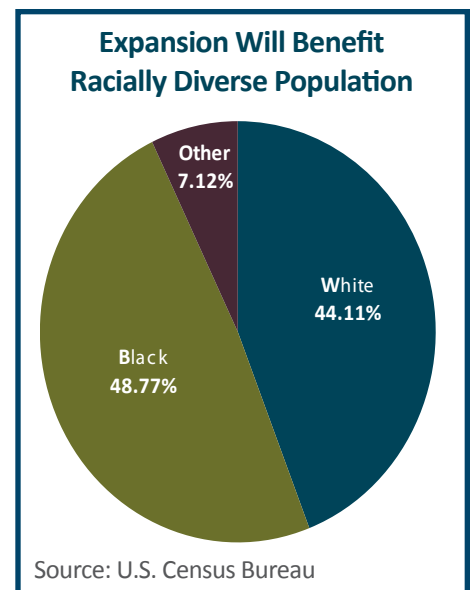
This list of working people who could benefit goes on and on: barbers and hairdressers, grocery store clerks and housekeepers, and dozens of other occupations would be eligible for coverage beginning in 2014.

### Medicaid Expansion Would Help Diverse Population Across Louisiana

One of the main reasons why so many adults in Louisiana have no health insurance is the state’s restrictive Medicaid eligibility. While Louisiana has a strong record of providing health care to children from low-income families—only 5 percent of Louisiana’s children lack health insurance, down from more than 20 percent just 15 years ago—the state has some of the nation’s most exclusionary eligibility criteria when it comes to working adults.<sup>6</sup>

Nationally, the typical income limit for adults to qualify for Medicaid is around \$12,200 for a family of three.<sup>7</sup> But in Louisiana, parents making more than about \$2,860 a year for a family of three can’t qualify for Medicaid, even though people at that income level are unlikely to be able to afford coverage on their own. And adults without minor children are not eligible at all. Under the Affordable Care Act, individuals making up to around \$14,850 (or \$25,390 for a family of three) could receive Medicaid coverage.

Altogether, as many as 400,000 low-income Louisianans could gain insurance from Medicaid expansion in Louisiana. This includes not just the working poor and their families, but the long-term unemployed and adults who decide to temporarily leave the labor force to further their education or take care of a family member. Additionally, some low-income workers who today can barely afford their insurance or receive only meager coverage will choose to enroll in more comprehensive and affordable Medicaid coverage.



The newly covered would be representative of Louisiana’s racially diverse population, and most will be working-age adults under 40.<sup>8</sup> Although nearly 10 percent of Louisiana’s overall population could gain health coverage thanks to the expansion, the largest percentage gains will be in rural parishes, particularly in the northeastern part of the state along the Mississippi Delta. The greatest numerical gains would be in the major population centers, such as New Orleans and Baton Rouge.<sup>9</sup>

### Medicaid Improves Health

Medicaid expansion would bring health insurance coverage to people who today have no other good options. Restrictive eligibility and the lack of employer-based coverage already leave them on the fringes of the health care system. If they get care at all, often it is in hospital emergency rooms, a form of treatment that is episodic, costly and not conducive to long-term good health. Plus, for uninsured patients who can’t pay, the cost of care is often picked up by medical providers and passed on to insured patients through higher premiums.

Without the Medicaid expansion, many low-income adults without health insurance will be left out of health care reform altogether. That’s because the tax credits available to help families buy affordable coverage are not available to those with incomes below \$11,170 for an individual or \$19,090 for a family of three, as the expansion was supposed to make Medicaid coverage available to them. Additionally, Medicaid coverage is the most appropriate option for families at this income level, because even if they were eligible for tax credits, private insurance would likely still be unaffordable.

Expanding Medicaid is a smart investment in Louisiana’s people, because access to health insurance brings measurable, positive effects on health and well-being. A recent Oregon study showed that Medicaid enrollees are more likely than people without insurance to receive preventive health care, have a regular primary care doctor and take necessary prescription drugs. They also are less likely to show signs of depression, and are less likely than people without insurance to face financial troubles due to medical bills.<sup>10</sup> These findings are good news for health care providers as well, since having insurance increases the likelihood that patients will pay their bills. Employers also benefit, because a healthier workforce is a more productive workforce.

Another recent study conducted by researchers at Harvard University and published in the *New England Journal of Medicine* makes the case that Medicaid coverage not only improves access to health care, but also accounts for death rates dropping in states that have chosen to offer Medicaid coverage to adults compared to those that have not.<sup>11</sup>

**Conclusion**

Medicaid expansion is a significant opportunity to improve the health and well-being of Louisiana’s working men and women—and a boost to businesses whose workers would be less likely to miss work due to illness. These gains would come at a minimal cost to the state, as the federal government will pay 93 percent of the costs over the first decade.<sup>12</sup>

But at a time when Louisiana’s health-care safety net is under unprecedented financial strain, a decision to forgo the expansion would leave the uninsured with few other options.<sup>13</sup>

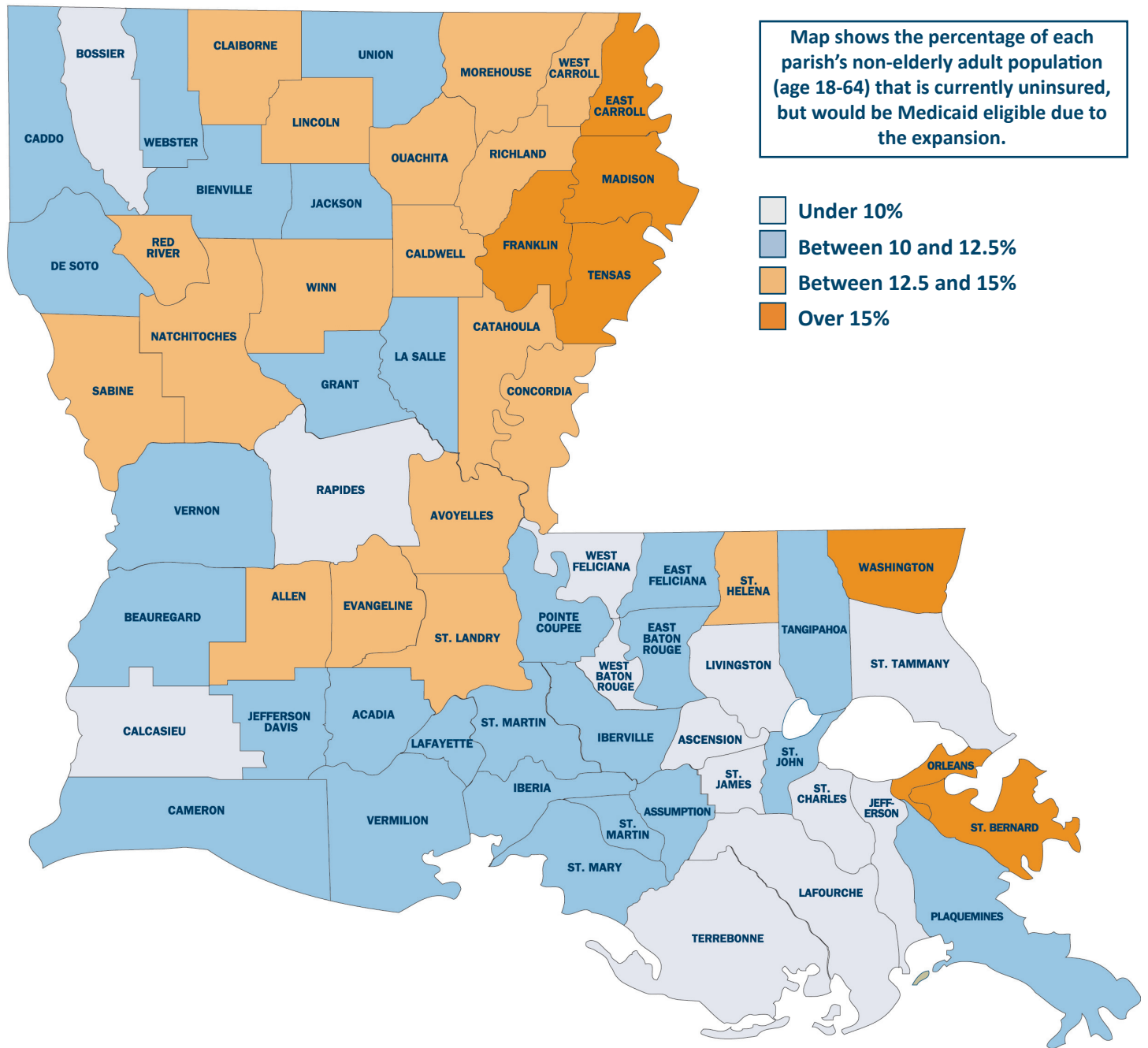
**About the Louisiana Budget Project**

The Louisiana Budget Project (LBP) provides independent, nonpartisan research and analysis of Louisiana fiscal issues and their impact on Louisiana families and businesses. We seek to bring wider prosperity to Louisiana through a deeper understanding of the state budget, broadening fiscal policy debates and increasing public participation in decision-making. As part of the State Fiscal Analysis Initiative’s 42 state budget projects that are coordinated by the national Center on Budget and Policy Priorities, we uphold a commitment to issuing work that is Credible, Timely, and Accessible.

<b>Occupations/Wages That Would Make a Family Eligible for Medicaid Expansion</b> <small>(Source: Louisiana Workforce Commission)</small>		
<b>Occupation</b>	<b>Avg. Hourly Wage</b>	<b>Avg. Annual Wage</b>
Child Care Worker	\$9.00	\$18,730
Construction Laborer	\$12.79	\$26,600
Hairdresser	\$11.98	\$24,920
Home Health Aide	\$9.32	\$19,380
Hotel Desk Clerk	\$9.39	\$19,530
Landscaper	\$10.85	\$22,570
Maid/Housekeeper	\$8.82	\$18,340
Restaurant Cook	\$10.61	\$22,060
Retail Salesperson	\$11.11	\$23,110
Waiter/Waitress	\$9.13	\$18,990

<b>Workplaces With the Most Uninsured Workers Who Could Gain Medicaid Coverage in 2014</b>	
Restaurants and Food Service	35,608
Construction	26,312
Department Stores	9,129
Grocery Stores	8,634
Nursing Homes	7,628
Elementary and Secondary Schools	7,230
Child Day Care Centers	6,978
Hotels and Motels	5,846
Hospitals	5,511
Landscaping Services	4,724

## Medicaid Expansion Will Benefit Louisianans In Every Parish



### End Notes

<sup>1</sup> U.S. Census Bureau. 2010 American Community Survey (ACS) Health Insurance Coverage Status—Louisiana. <http://www.labudget.org/lbp/wp-content/uploads/2011/12/ACS-2010-LA-HICS.pdf>

<sup>2</sup> Estimates by occupation from LBP analysis of U.S. Census Public Use Microdata Sample (PUMS) 2010 data.

<sup>3</sup> Work statistics from LBP analysis of U.S. Census Public Use Microdata Sample (PUMS) 2010 data.

<sup>4</sup> Louisiana Office of Tourism. "Calendar Year 2009 Louisiana TravelsAmerica Visitor Profile Report." Prepared by TNS. June 2010. <http://www.crt.state.la.us/tourism/research/Documents/2010-11/CY2009TravelsAmericaLouisianaReport.pdf>

<sup>5</sup> Louisiana Office of Tourism. "The Economic Impact of Travel on Louisiana Parishes, 2010." Prepared by the Research Department of the U.S. Travel Association. October 2010. <http://www.crt.state.la.us/tourism/research/Documents/2011-12/2010EconomicImpactonLAParishes.pdf>

- <sup>6</sup> Steve Spires. "Medicaid expansions are the reason there are so many Louisiana kids with insurance." Louisiana Budget Project. July 2012. <http://www.labudget.org/lbp/2012/07/medicaid-expansions-are-the-reason-there-are-so-many-louisiana-kids-with-insurance/>
- <sup>7</sup> Vernon Smith, Kathleen Gifford and Eileen Ellis. "Moving Ahead Amid Fiscal Challenges: A Look at Medicaid Spending, Coverage and Policy Trends." Kaiser Commission on Medicaid and the Uninsured. October 2011. <http://www.kff.org/medicaid/upload/8248.pdf>
- <sup>8</sup> Age and Race estimates from LBP analysis of U.S. Census Public Use Microdata Sample (PUMS) 2010 data.
- <sup>9</sup> Parish-level estimates from LBP analysis of U.S. Census Bureau, Small Area Health Insurance Estimates 2009 data. <http://www.census.gov/did/www/sahie/index.html>
- <sup>10</sup> Finkelstein et al. "The Oregon Health Insurance Experiment: Evidence from the First Year (NBER Working Paper No. 17190)." National Bureau of Economic Research. July 2011. <http://www.nber.org/papers/w17190>; Kolata, Gina. "First Study of Its Kind Shows Benefits of Providing Medical Insurance to Poor," New York Times. July 7, 2011. [http://www.nytimes.com/2011/07/07/health/policy/07medicaid.html?\\_r=1&emc=tnt&tntemail0=y](http://www.nytimes.com/2011/07/07/health/policy/07medicaid.html?_r=1&emc=tnt&tntemail0=y)
- <sup>11</sup> Sommers et al. "Mortality and Access to Care among Adults after State Medicaid Expansions." New England Journal of Medicine. Special Article published online July 25, 2012. [http://www.nejm.org/doi/full/10.1056/NEJMsa1202099?query=featured\\_home#t=abstract](http://www.nejm.org/doi/full/10.1056/NEJMsa1202099?query=featured_home#t=abstract)
- <sup>12</sup> January Angeles. "How Health Reform's Medicaid Expansion Will Impact State Budgets." Center on Budget and Policy Priorities. July 25, 2012. <http://www.cbpp.org/cms/index.cfm?fa=view&id=3801>
- <sup>13</sup> Steve Spires. "Deep Cuts to LSU Hospitals and Rejection of Medicaid Expansion Would be a Double Whammy." Louisiana Budget Project. July 2012. <http://www.labudget.org/lbp/2012/07/deep-cuts-to-lsu-hospitals-and-rejection-of-medicaid-expansion-would-be-a-double-whammy-for-low-income-uninsured-louisianans-and-health-care-providers/>