

Medicaid Expansion in Texas: Potential Economic and Employment Implications

Lucy Chen, Joy Madubonwu, Caroline Pecos-Duarte, and Benjamin D. Sommers

ABSTRACT

ISSUE: Texas is one of 17 states that has not expanded Medicaid, and it has the highest uninsured rate of any state.

GOAL: To examine how low-income Texans view the potential economic and employment implications of Medicaid expansion in their state.

METHODS: Comparison of findings from a 2018 survey of low-income U.S. citizens in Texas ages 19 to 64 with findings from a survey of low-income adults in three Medicaid expansion states: Arkansas, Kentucky, and Louisiana.

FINDINGS: Low-income adults in Texas were much more likely to be uninsured and to experience financial barriers to care than their counterparts in the three Medicaid expansion states. Only 3 percent of low-income Texans thought gaining Medicaid would make them less likely to work. Forty-two percent said gaining Medicaid would help their financial situation; 9 percent said it would worsen it. More than half of low-income Texans said Medicaid expansion would help the state's economy.

CONCLUSIONS: Most low-income Texans think Medicaid expansion would have positive economic effects on their families and the state. If Texas expands Medicaid, 1.2 million uninsured individuals could become eligible for coverage, which would likely increase affordability of care for low-income adults and produce other benefits to the state's economy.

TOPLINES

- ▶ Only 3 percent of low-income Texans believe gaining Medicaid would make them less likely to work.
- ▶ More than half of low-income Texans surveyed said Medicaid expansion would help the state's economy.

BACKGROUND

Texas, one of 17 states that has not expanded Medicaid, is home to 4.7 million people without health insurance. It is the state with the highest uninsured rate in the country, at 19 percent of the nonelderly population, compared with the national average of 11 percent. Forecasts predict that the share of uninsured Texans will increase in the coming years.¹

The high uninsured rate likely has significant impacts on Texans’ financial circumstances and Texas’s economy. Research shows that being uninsured is associated with increased financial burdens for individuals and families, while gaining insurance through Medicaid expansion can reduce out-of-pocket medical expenditures and medical debt.² Studies show that Medicaid expansion also reduces the share of uncompensated hospital care, which totaled \$6.8 billion in Texas in 2016.³

Currently in Texas, adults without dependents or a disability are not eligible for Medicaid no matter how low their incomes. Parents are only eligible if their annual income is approximately 17 percent of the federal

poverty level (FPL), or \$3,626 for a family of three.⁴ If Texas expanded Medicaid, approximately 1.2 million more uninsured people would become eligible for the program.⁵ Even though many stakeholders in the state have advocated for expansion, the Texas legislature has not yet expanded Medicaid despite considering multiple bills on the issue.

This issue brief summarizes findings from a recent telephone survey we conducted of 601 low-income U.S. citizens in Texas compared with 2,403 respondents in three Southern states that did expand Medicaid: Arkansas, Kentucky, and Louisiana. (See “[How We Conducted This Study](#)” for further survey details.)

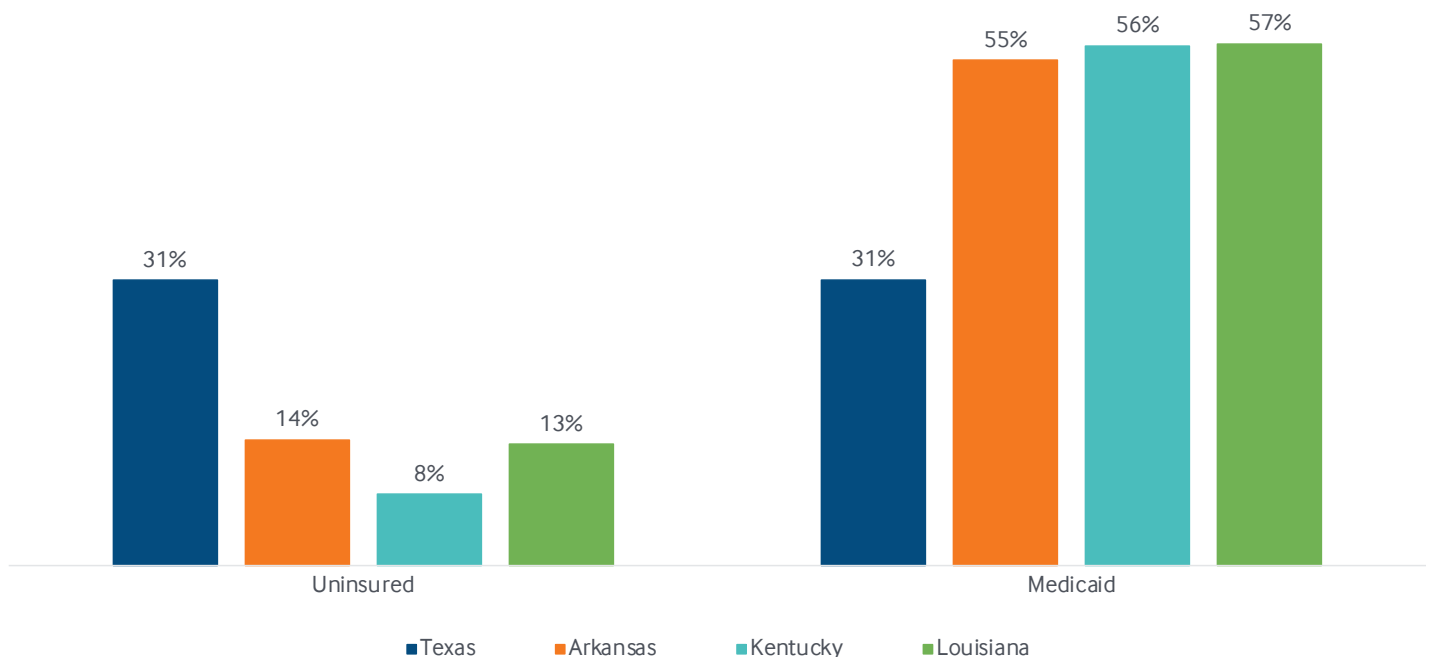
FINDINGS

Coverage and Access to Care in Texas

Coverage rates and access to care are significantly worse for low-income Texans than for low-income adults in the other three states, which have all expanded Medicaid (Exhibit 1). Of low-income Texans in our survey, 31 percent

Exhibit 1. Low-Income Adults in Texas Are More Likely to Be Uninsured and Less Likely to Have Medicaid Than Those in Southern Expansion States

Percent of low-income adults



Data: Authors’ analysis of data from telephone surveys of 3,004 U.S. citizens ages 19–64 with family incomes below 138% of poverty, Nov.–Dec. 2018.

were uninsured, consistent with other estimates of the uninsured rate among low-income Texans.⁶ By comparison, 12 percent of low-income survey respondents in Arkansas, Kentucky, and Louisiana were uninsured, on average. Of low-income Texans in our survey, 31 percent reported having Medicaid coverage, compared with an average of 55 percent in Arkansas, Kentucky, and Louisiana.

Texans also were more likely to report financial barriers to care (Exhibit 2), with 39 percent reporting that they had put off needed care in the past year because of cost, compared with 30 percent on average in Arkansas, Kentucky, and Louisiana (p=0.01). When asked whether the cost of their own health care had become more or less affordable in the past 12 months, 29 percent of low-income Texans reported that their care has become less affordable, compared with 22 percent on average in Arkansas, Kentucky, and Louisiana (p=0.03).

Fifty-four percent of Texans reported not having a personal doctor, compared with 36 percent on average

in Arkansas, Kentucky, and Louisiana (p<0.001). These results are consistent with prior research documenting improvements in access to care after Medicaid expansion in these states (compared with Texas) as well as nationally.⁷

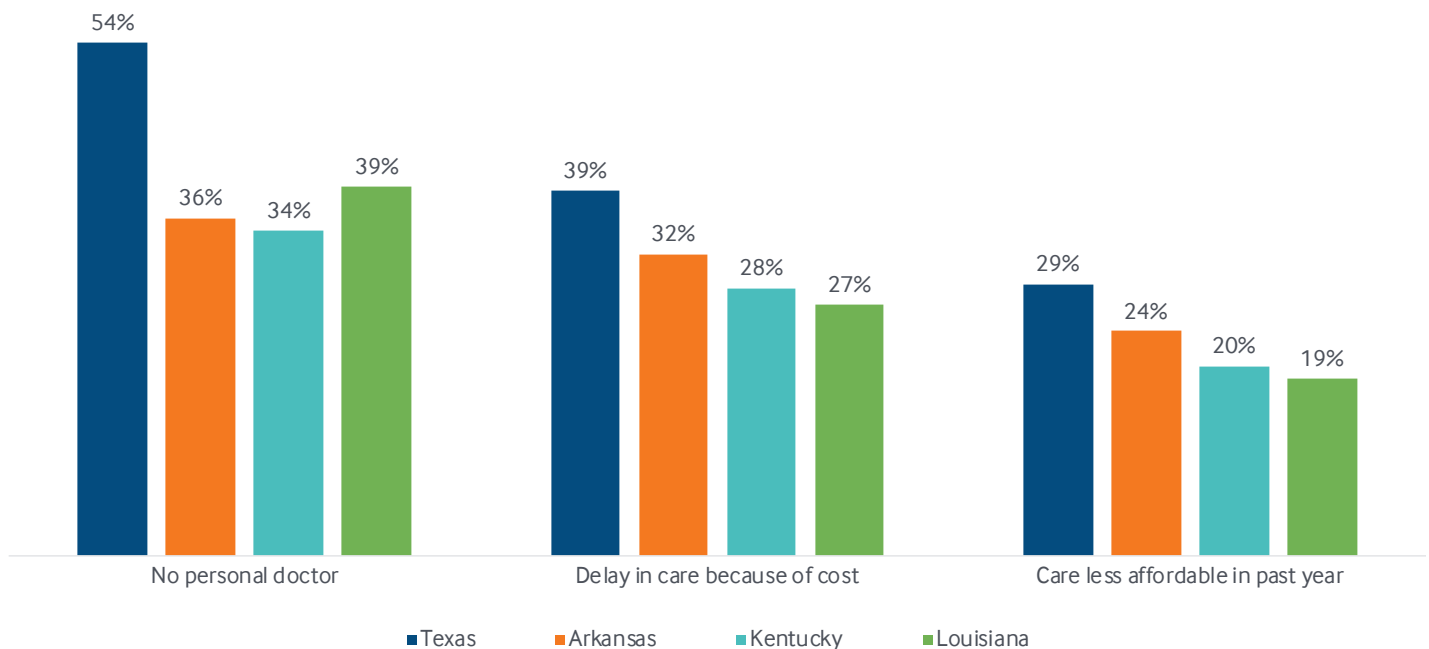
Potential Expansion Effects on Personal Finances and Employment

Forty-two percent of low-income Texans currently not enrolled in Medicaid felt that gaining Medicaid would help their financial situation, compared with only 9 percent who said it would worsen their financial situation (Exhibit 3). This finding is consistent with evidence supporting that Medicaid expansion reduces out-of-pocket medical expenditures and medical debt, improving individuals’ personal finances.⁸

Most low-income Texans (78%) said gaining Medicaid would have no impact on whether they work. Only 3 percent of low-income Texans felt that gaining Medicaid would make them less likely to work or keep working, while 19 percent said it would make them more likely to work.

Exhibit 2. Access to and Affordability of Care Is Significantly Worse for Low-Income Adults in Texas Than in Other Southern States

Percent of low-income adults



Data: Authors’ analysis of data from telephone surveys of 3,004 U.S. citizens ages 19–64 with family incomes below 138% of poverty, Nov.–Dec. 2018.

Currently, many states are considering implementing work requirements in their Medicaid programs. Advocates of work requirements in Medicaid argue that they will improve health and increase employment. However, recently published evidence from our survey shows that Arkansas’s implementation of work requirements in 2018 led to a significant loss of coverage without an increase in employment, and more than 95 percent of individuals subject to the policy were already meeting or exempt from the work requirements.⁹ Since then, the courts have blocked work requirements in Arkansas, Kentucky, and New Hampshire because of concerns about loss of coverage in Arkansas and whether work requirements are in keeping with the stated goals of Medicaid.

Potential Expansion Effects on Texas Economy

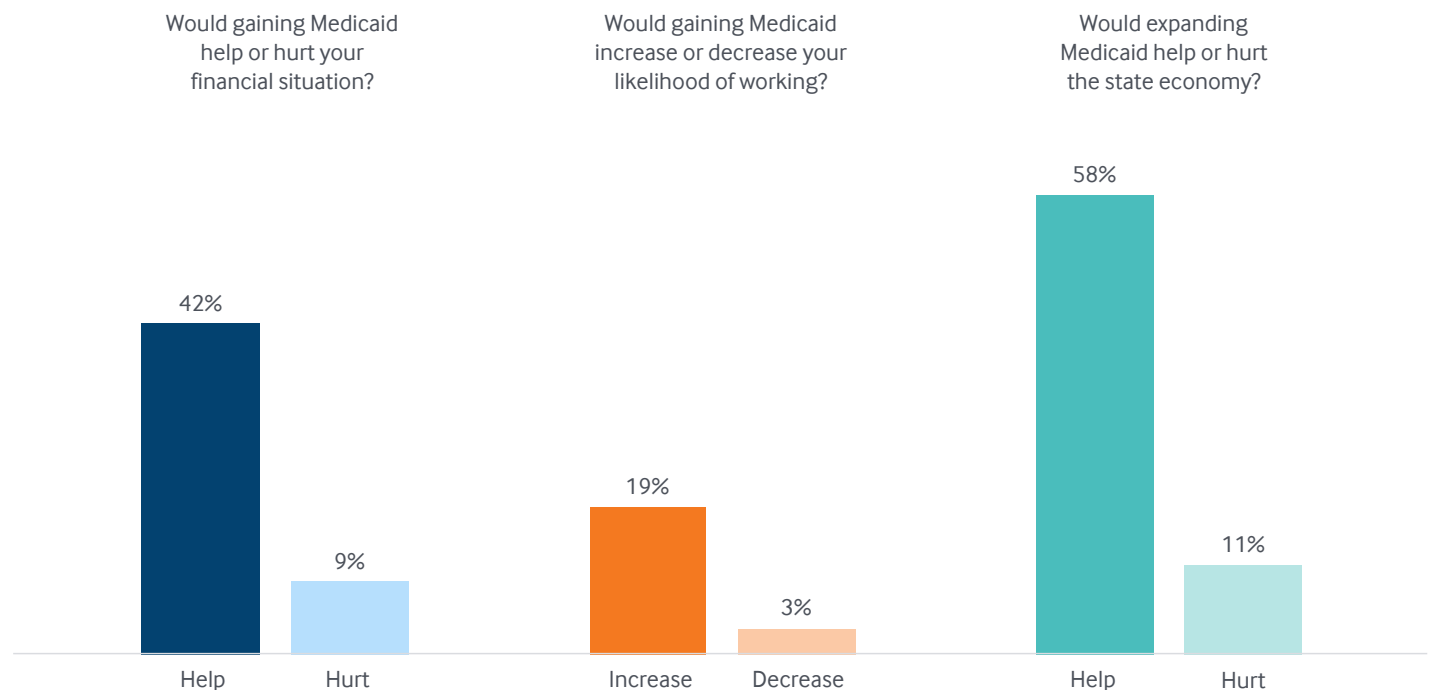
Most Texans in our survey (58%) thought that Medicaid expansion would help the state’s economy, while 11 percent said it would hurt (Exhibit 3). Previous research provides some support for this view. Multiple studies

have shown that Medicaid expansion has reduced uncompensated care costs, suggesting expansion would improve financial conditions for Texas providers and hospitals.¹⁰

Expansion also has been associated with fewer rural hospital closures (80% of which happen in nonexpansion states), where these entities account for 14 percent of total employment on average.¹¹ Indeed, since 2013, 19 rural Texas hospitals have closed permanently or temporarily because of financial difficulties.¹² In some locales, hospitals are becoming the default “insurer of last resort,” as uninsured rates and hospital closures continue to climb.¹³

Other studies of Medicaid expansion have found significant state budget savings from increased federal funding of Medicaid, reduced spending on the uninsured, and other offsetting reductions in state health care costs.¹⁴ Currently, government payments to hospitals offset some uncompensated care costs, but that funding does not cover all of the losses.¹⁵ Additionally, much of that offset is

Exhibit 3. Low-Income Texans’ Views on Economic and Employment Implications of Medicaid Expansion



Data: Authors’ analysis of data from telephone surveys of 601 U.S. citizens in Texas ages 19–64 with family incomes below 138% of poverty, Nov.–Dec. 2018. The remainder of the sample for each outcome responded “No difference” or “I don’t know.”

paid for under a special 1115 waiver demonstration project that is set to expire in 2021.¹⁶ It is unclear if this funding will be renewed and to what extent.

Future of Medicaid Expansion in Texas

In Texas's 2019 legislative session, lawmakers introduced multiple bills to expand Medicaid, either to all adults with incomes under 138 percent of poverty (as Arkansas, Kentucky, and Louisiana have done), or through more targeted expansions of coverage for pregnant women and those with substance-use disorder and mental health conditions. However, these bills did not gain traction, despite nearly two-thirds of Texans supporting expansion in recent polls.¹⁷

If Texas does choose to expand, it can tailor its expansion to the needs of its population and its political climate. Following the trend of other states that have recently expanded Medicaid, some policymakers have advocated including features such as work requirements or higher cost-sharing in the form of premiums and copayments, or other reforms aimed at improving quality and reducing costs. However, evidence from Arkansas's 2018 implementation of work requirements suggests that this particular policy may not have the intended effects of increasing employment and shifting people to employer-sponsored coverage. As Texas moves forward with its Medicaid waiver renewal, the state may explore multiple options in these areas.

CONCLUSION

Low-income Texans continue to face challenges in health insurance coverage and access to health care services, with significantly worse health care availability than in other Southern states that have expanded Medicaid. If Texas expands Medicaid, an estimated 1.2 million uninsured Texans would become eligible for Medicaid.¹⁸

Most low-income Texans think Medicaid would have positive economic effects on their families and the state. Medicaid expansion in other states has been shown to have a wide range of benefits, including improved access to care, affordability of care, and better self-reported health, with no reductions in employment.¹⁹ Medicaid expansion would bring an estimated \$100 billion of federal funding over the next decade into the state, which prior research suggests will help reduce the amount of uncompensated care, improve the financial health of hospitals and providers, and benefit the state economy.²⁰

HOW WE CONDUCTED THIS STUDY

The survey was conducted in November and December 2018. Respondents were U.S. citizens between ages 19 and 64, with family incomes at or below 138 percent of poverty, which is the income cutoff under the Affordable Care Act for Medicaid eligibility. The survey was conducted in English or Spanish on landlines and cellphones.

The final sample included 601 respondents from Texas, 1,501 from Arkansas, 500 for Kentucky, and 402 from Louisiana. The overall response rate was 14 percent in 2018, according to the American Association for Public Opinion Research's RR3 definition. All estimates were reweighted for potential survey nonresponse using Census Bureau benchmarks for age, gender, race/ethnicity, marital status, geographic region, population density, and cellphone use.

Respondents were asked about health insurance coverage, access to care, how Medicaid expansion would affect their employment and personal finances, and the potential impacts of Medicaid expansion on the Texas economy.

NOTES

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ABOUT THE AUTHORS

Lucy Chen is an M.D.–Ph.D. candidate in Health Policy at Harvard University. Her research interests are in physician behavior, U.S. health care delivery reform, and access to care for vulnerable populations. Ms. Chen graduated from the University of Pennsylvania’s Life Sciences and Management Program with a B.S. in economics and B.A. in biology.

Joy Madubonwu is an M.P.H. candidate in health policy and management at the Harvard T.H. Chan School of Public Health. Her research interests are in U.S. health care delivery reform, maternal and child health care, and access to affordable health care for vulnerable populations. Before attending Harvard, Ms. Madubonwu was an Urban Fellow for New York City’s First Deputy Mayor Tony Shorris and then a health policy analyst for Deputy Mayor for Health and Human Services Herminia Palacio. She graduated from New York University with a B.A. in global public health and medical anthropology.

Caroline Pecos-Duarte is a third-year undergraduate student at Stanford University, where she is majoring in human biology. She plans to concentrate her studies in health policy focusing on minority populations in the U.S.

Benjamin D. Sommers, M.D., Ph.D., is professor of health policy and economics in the Department of Health Policy and Management at the Harvard T.H. Chan School of Public Health. His main research interests are health policy for vulnerable populations, the uninsured, and the health care safety net. Sommers has received numerous awards for his research, including the Outstanding Dissertation Award, Alice Hersh New Investigator Award, and Article of the Year Award from AcademyHealth. He is a practicing primary care internist and an associate professor of medicine at Brigham & Women’s Hospital and Harvard Medical School. From 2011–2012, Sommers served as a senior advisor in the Office of the Assistant Secretary for Planning and Evaluation, U.S. Department of Health and Human Services. He received his medical degree from Harvard Medical School and his doctorate in health policy from Harvard University.

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For more information about this brief, please contact:

Benjamin D. Sommers, M.D., Ph.D.
Professor of Health Policy and Economics
Department of Health Policy and Management
Harvard T.H. Chan School of Public Health
bsommers@hsph.harvard.edu



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