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**NEW COMMONWEALTH FUND REPORT: LOW-INCOME ACA
MARKETPLACE ENROLLEES SEE HIGHER OUT-OF-POCKET COSTS AND
FEWER BENEFITS IN STATES WITHOUT MEDICAID EXPANSION**

***Even with Subsidies and Cost-Sharing Reductions, Enrollees Are Estimated to Pay More Than They
Would If Their State Expanded Medicaid***

New York, NY, June 16, 2016—Low-income adults who qualify for expanded Medicaid under the Affordable Care Act (ACA) but live in states that have not expanded eligibility are at risk of paying higher out-of-pocket costs and receiving less comprehensive insurance coverage, according to a new Commonwealth Fund study. Currently, 19 states have opted to not expand their Medicaid programs. Under the law, people in these states with annual incomes between \$11,770 and \$16,243 are instead eligible for premium subsidies and reduced cost-sharing when buying silver-tier health plans in the marketplaces.

In *How Much Financial Protection Do Marketplace Plans Provide in States Not Expanding Medicaid?*, Commonwealth Fund researchers Sophie Beutel, Munira Gunja, and Sara Collins find that traditional Medicaid offers greater financial protection for low-income people than marketplace plans in three major areas: the cost of premiums, the number of benefits covered, and overall limits on out-of-pocket spending. This is particularly true for Medicaid-eligible adults who use the most services. [Recent research](#) shows that more than 70 percent of those newly insured through Medicaid who had used their plans got health care that they said they would not have been able to access or afford prior to getting their new coverage.

“Expanded eligibility for Medicaid was aimed at providing low-income Americans access to affordable health insurance that enables them to get the health care they need,” said Sara Collins, Vice President for Health Care Coverage and Access at The Commonwealth Fund and a coauthor of the report. “This report suggests that by expanding Medicaid, states can reduce financial burdens and improve access for their poorest residents.”

In the report, the authors compared out-of-pocket costs for a sample of silver-level health plans offered in the largest cities of 18 nonexpansion states with costs for Medicaid. They based their calculations on a hypothetical 40-year-old nonsmoking male earning \$13,000 a year who enrolled in both sets of plans. The researchers found that total potential costs both for insurance and for health care in all 18 plans exceed the amounts he would spend if he were enrolled in traditional Medicaid coverage.

Additional key findings from the report include:

- **Medicaid Provides More Comprehensive Coverage at Lower Cost**

In the marketplaces, premium contributions for people with \$13,000 in income who are enrolled in silver health plans are capped at 2.03 percent of income, which amounts to about \$22 per month, or \$264 a year. In contrast, most traditional Medicaid enrollees pay no premium. However, not all Medicaid enrollees have traditional Medicaid; six states have expanded Medicaid using so-called 1115 waivers, which may require premiums and somewhat higher cost-sharing but have similar out-of-pocket spending limits.

While both Medicaid and the marketplace plans offer coverage that ensures enrollees have access to essential health benefits such as emergency services and preventive care, Medicaid coverage tends to be more comprehensive, covering things such as nonemergency medical transportation and allowing enrollees free choice of family-planning providers.

- **Medicaid's Out-of-Pocket Limits Offer More Financial Protection**

In states with both traditional and 1115 waiver Medicaid expansions, premiums and cost-sharing cannot exceed 5 percent of household income within either a month or a quarter, depending on the state. This includes any premiums and all out-of-pocket payments, such as coinsurance, copayments, and deductibles. For someone earning \$13,000, monthly out-of-pocket limits would be about \$54 in a given month, or \$163 in a quarter.

By contrast, consumers in nonexpansion states enrolled in silver-level plans can expect variation in potential out-of-pocket costs from state to state. Someone earning \$13,000 with a silver plan in Virginia Beach, Va., could be charged \$435 in a given month for a \$3,000 hospital bill, versus \$300 in Houston, Texas, for the same \$3,000 bill. With a premium contribution of \$22 per month, health care costs could comprise 30 percent or more of monthly income in the event of an accident or illness were he to have either plan.

- **Most Consumers with Greater Health Care Needs Are Better Off with Traditional Medicaid**

The study found that overall costs for people who use the most health care are higher for the marketplace plans analyzed. Depending on a state's out-of-pocket limit, a consumer with a silver-level health plan could spend between \$500 in the Kansas, Missouri, and North Carolina plans to \$2,250 in the Texas plan. Adding in premium contributions, these costs would exceed what a consumer would spend on Medicaid in each of the 18 plans analyzed.

“The study demonstrates that relying on marketplace coverage, even with its subsidies, places financial strain on families who would qualify for Medicaid if their states expanded the program,” said Commonwealth Fund President David Blumenthal, M.D. “Expanding Medicaid would assure that those families could fully benefit from the ACA’s health and financial protections and get the health care they need.”

Moving Forward

The authors note that a shift to traditional Medicaid expansion in the remaining 19 states would likely boost Medicaid enrollment even among people who are now eligible for marketplace subsidies. Previous Commonwealth Fund research shows that the primary reason people with low incomes do not enroll in marketplace plans is that they find the premiums to be unaffordable.

When the embargo lifts, the study will be available at

<http://www.commonwealthfund.org/Publications/Issue-Briefs/2016/June/Marketplace-States-Not-Expanding-Medicaid>.

The Commonwealth Fund is a private, nonprofit foundation supporting independent research on health policy reform and a high performance health system.