



Myth Busting: Medicaid and Low-Income Pool Facts

By Kristen Ellingboe and Sarah Baron May 13, 2015

Since the passage of the Affordable Care Act, or ACA, governors and state legislators in Florida, Texas, Tennessee, and Kansas have been acutely aware of the need to expand Medicaid coverage or risk leaving their citizens in the coverage gap,¹ losing state jobs, and hurting local economies. These four states rely largely on federal funding from the low-income pool, or LIP, to support hospitals and safety net providers who care for the uninsured. The Medicaid expansion included in the ACA is intended to replace this system by directly offering coverage to low-income Americans, but these states rejected the expansion for political reasons and instead are clinging to expiring LIP funding.² Florida Gov. Rick Scott (R) has gone so far as to sue the federal government in lieu of accepting the Medicaid expansion—despite the fact that the federal government has no legal obligation to renew LIP funding and warned these states in 2014 that it would expire one year later.³ Texas and Kansas have each filed amicus briefs in support of Florida in the lawsuit.⁴ This blatant political gambit only serves the ambitions of the likes of Gov. Scott, while leaving millions of people without health coverage.

What is LIP funding, and why should states expand Medicaid?

- **The low-income pool was created to help serve the uninsured, but it does not provide them with health insurance coverage.** President George W. Bush established LIP funding in 2005 to help community health centers and hospitals that serve uninsured or underinsured populations.⁵
- **Unlike the LIP, Medicaid expansion under the ACA provides health insurance coverage directly to the uninsured—a significantly better way to improve their access to affordable health care.** This drastically reduces the number of uninsured people, which vastly reduces the need for LIP funding.
- **The LIP program is state and federally funded.** The state share of the LIP is funded through contributions from health care providers that receive LIP money. The federal funds then match provider contributions at a rate of 60 percent to fully fund the program.⁶



Medicaid expansion was intended to replace LIP funding by providing coverage directly to the uninsured



Two states' irresponsible inaction is preventing more than **1.5 million** Americans from getting health care.

Who is at risk?

- **Expanding Medicaid in just two states would insure more than 40 percent of Americans who are in the coverage gap.** If Florida and Texas expanded Medicaid, more than 1.5 million people would become insured.⁷
- **More than 1.8 million people would become insured if all four states expanded Medicaid.**⁸



Texas
948,000



Florida
669,000



Tennessee
142,000



Kansas
60,000

Refusing Medicaid expansion hurts local economies

- **The decision not to expand Medicaid has cost Texas \$8.6 billion in economic growth** and approximately 70,500 new jobs across the state.⁹
- **Gov. Scott could have increased economic activity in Florida by \$8.9 billion** and supported 71,300 new jobs across the state in just two years if he had expanded Medicaid in 2014.¹⁰
- **Tennessee could have increased economic activity by \$17.6 billion** and supported an average of 21,900 new jobs annually if it had expanded Medicaid in 2014.¹¹
- **Kansas could have increased economic activity by \$3.5 billion** and supported almost 4,000 new jobs by 2020 if it had accepted federal funding to expand Medicaid in 2014.¹²

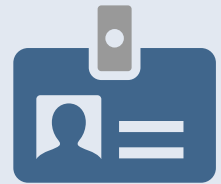
Refusing to expand Medicaid hurts local hospitals

- **Florida hospitals would receive \$22.6 billion in reimbursements** if Gov. Scott expanded Medicaid.¹³
- **Texas hospitals are missing out on \$34.3 billion in reimbursements** because state lawmakers refused to expand Medicaid.¹⁴
- **Tennessee hospitals are forfeiting \$7.7 billion in reimbursements** because state legislators did not expand Medicaid.¹⁵
- **Kansas hospitals would receive \$2.6 billion in reimbursements** if Gov. Sam Brownback (R-KS) accepted Medicaid expansion.¹⁶

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Expanding Medicaid in just two states—Florida and Texas—would insure more than **40 percent** of Americans who are in the coverage gap.



The decision not to expand Medicaid in these four states has cost more than **165,000 jobs**.



The failure to expand has prevented hospitals in these four states from receiving more than **\$65 billion** in reimbursements.

Endnotes

- 1 Rachel Garfield and others, "The Coverage Gap: Uninsured Poor Adults in States that Do Not Expand Medicaid – An Update" (Menlo Park, CA: The Kaiser Commission on Medicaid and the Uninsured, 2015), available at <http://kff.org/health-reform/issue-brief/the-coverage-gap-uninsured-poor-adults-in-states-that-do-not-expand-medicaid-an-update/>; The Kaiser Commission on Medicaid and the Uninsured, "Medicaid Eligibility for Adults as of January 1, 2014" (2013), available at <http://kaiserfamilyfoundation.files.wordpress.com/2013/10/8497-medicaid-eligibility-for-adults-as-of-january-1-2014.pdf>.
- 2 Sarah Kliff, "Florida rejects Medicaid expansion, leaves 1 million uninsured," *The Washington Post*, May 5, 2013, available at <http://www.washingtonpost.com/blogs/wonkblog/wp/2013/05/05/florida-rejects-medicaid-expansion-leaves-1-3-million-uninsured/>; Melissa Block, "Texas Rejects Medicaid Expansion In Health Law," NPR, July 9, 2012, available at <http://www.npr.org/2012/07/09/156509333/texas-rejects-medicaid-expansion-in-health-law>; Tara Culp-Ressler, "Kansas Governor Ensures His State Won't Expand Medicaid Anytime Soon," *ThinkProgress*, April 21, 2014, available at <http://thinkprogress.org/health/2014/04/21/3428858/kansas-governor-medicaid/>; Alex Tolbert, "Why Medicaid expansion failed in Tennessee," *The Tennessean*, February 10, 2015, available at <http://www.tennessean.com/story/money/2015/02/10/medicaid-expansion-failed-tennessee/23168957/>.
- 3 Gray Rohrer, "Kansas, Texas join Florida Medicaid expansion suit," *Orlando Sentinel*, May 4, 2015, available at <http://www.orlandosentinel.com/news/politics/political-pulse/os-kansas-texas-join-florida-medicaid-expansion-suit-20150504-post.html>; Jessica Schubel and Judith Solomon, "Understanding the Issues Surrounding Florida's Low-Income Pool," Center on Budget and Policy Priorities, April 27, 2015, available at <http://www.cbpp.org/research/health/understanding-the-issues-surrounding-floridas-low-income-pool>.
- 4 Rohrer, "Kansas, Texas join Florida Medicaid expansion suit."
- 5 Ibid.
- 6 Ibid.
- 7 Garfield and others, "The Coverage Gap: Uninsured Poor Adults in States that Do Not Expand Medicaid – An Update"; The Kaiser Commission on Medicaid and the Uninsured, "Medicaid Eligibility for Adults as of January 1, 2014."
- 8 Ibid.
- 9 Families USA, "Texas's Economy Will Benefit from Expanding Medicaid" (2013), available at http://familiesusa.org/sites/default/files/product_documents/TX-and-Medicaid-Expansion.pdf.
- 10 Families USA, "Florida's Economy Will Benefit From Expanding Medicaid" (2013), available at http://familiesusa.org/sites/default/files/product_documents/FL-and-Medicaid-Expansion_0.pdf.
- 11 Families USA, "Medicaid Expansion in Tennessee: Health Insurance for Working Individuals and Families" (2014), available at http://familiesusa.org/sites/default/files/product_documents/MCD_Tennessee-Medicaid-gap-and-employment_final_web.pdf.
- 12 Families USA, "Medicaid Expansion in Kansas: Health Insurance for Working Individuals and Families" (2015), available at http://familiesusa.org/sites/default/files/product_documents/MCD_Kansas%20Medicaid%20gap%20and%20employment_final_web.pdf.
- 13 Stan Dorn, Megan McGrath, and John Holahan, "What Is the Result of States Not Expanding Medicaid?" (Washington: Urban Institute, 2014), available at <http://media.khi.org/news/documents/2014/08/08/What-is-the-Result-of-States-Not-Expanding-Medicaid.pdf>.
- 14 Ibid.
- 15 Ibid.
- 16 Ibid.