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Medicaid Growth Under the ACA: A Game-Changer in Reducing Washington's Uninsured in 2014

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Introduction

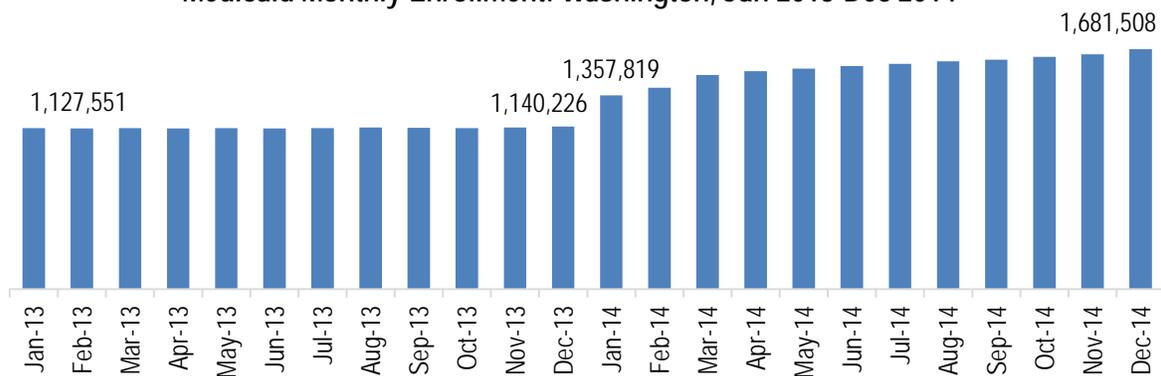
During the first year of the Patient Protection and Affordable Care Act (ACA) mandate that individuals have health coverage, Washington's uninsured rate declined at a pace unprecedented in recent history: from 14 percent in 2013 to 8.2 percent in 2014.¹ Two main coverage provisions of the ACA were implemented in 2014: (1) Medicaid expansion to cover eligible individuals under age 65 with incomes below 138 percent of the federal poverty level, and (2) subsidized coverage through the Health Benefits Exchange for individuals with incomes at or above 138 percent but below 400 percent of the federal poverty level.

This brief uses data from the American Community Survey and from the Medicaid program to examine the role Medicaid growth played in changing Washington residents' health care coverage between 2013 and 2014.

Washington's Medicaid growth

Washington was one of 27 states that chose to voluntarily expand Medicaid in 2014 under the ACA. Enrollment for the expansion began in October 2013, although coverage became available for the expansion enrollees starting Jan. 1, 2014. (For program administration purposes, those who signed up for the expansion between October and December of 2013 are considered as enrolling in Medicaid in January 2014.) During the same period, individuals eligible for Medicaid under existing rules could enroll and receive services without the wait.

Medicaid Monthly Enrollment: Washington, Jan 2013-Dec 2014



(Source: Staff analysis of the Washington State Medicaid Eligibility File)

1. Staff analysis of the American Community Survey 1-year PUMS files for 2013 and 2014. The ACS 2014 was adjusted by staff for its undercount of Medicaid enrollment in 2014. The unadjusted ACS 2014 data for Washington show the state's uninsured rate as 9.2 percent. For more information about the adjustment, see "Adjustment to the ACS 2014 Undercount of Medicaid Enrollment in Washington State."

http://www.ofm.wa.gov/healthcare/healthcoverage/pdf/undercount_medicaid.pdf

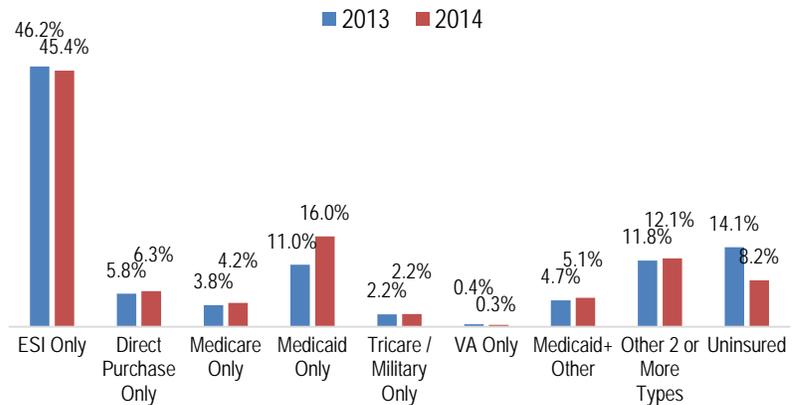
The graph on the previous page shows monthly totals of Medicaid enrollees, under both existing and expansion eligibility rules, in Washington for 2013 and 2014.² At the beginning of 2013, there were roughly 1.13 million people enrolled in Washington’s Medicaid program. For the entire year of 2013, there was only a 1 percent increase (representing approximately 10,000 enrollees) in enrollment, for a total of 1.14 million enrollees at the end of the year. In January 2014, however, enrollment sharply increased, with the addition of nearly 200,000 over the previous month. In the remaining months of 2014, the enrollment grew at a steady although more gradual pace. By the end of 2014, Washington’s Medicaid program added 541,282 individuals to its roll for a total enrollment of 1.68 million, nearly a 50 percent increase over the enrollment at the end of 2013.

Coverage status changes between 2013 and 2014

The analysis of the American Community Survey data shows that in 2013, the year before the ACA implementation, 85.9 percent of Washington’s total population had at least some coverage, with 70 percent covered by one source and 16 percent covered by two or more sources (see graph below). Among those individuals with one coverage source, the distribution by source is as follows: 46.2 percent covered by employer-sponsored insurance (ESI), 5.8 percent through direct purchases, 3.8 percent by Medicare, 11 percent by Medicaid, 2.2 percent by TriCare, Champus or other military programs and 0.4 percent by Veterans Affairs (VA). In addition to the 11 percent of the population covered by Medicaid only, there was another 4.7 percent of the population with Medicaid plus one or more other coverages. Therefore, Medicaid covered a total of 15.7 percent of the state total population in 2013.³

The share of the population that had health coverage increased in 2014 to 91.8 percent. This is an increase of 5.9 percentage points, which is unprecedented in the state’s recent history for a single year’s change. Much of the change appears to be accounted for by Medicaid growth. While there was little net change in other coverage sources, the percentage of population with Medicaid as its only coverage source increased from 11 percent in 2013 to 16 percent in 2014. This 5-percentage point increase in Medicaid enrollment accounted for 85 percent of total net increase (5.9

Percentage of Health Coverage Types in 2013 and 2014: Washington



(Source: Staff analysis of the 2013 and adjusted 2014 American Community Survey 1-year PUMS files)

percentage points) in coverage from 2013 to 2014. When including the population with Medicaid in the Medicaid-plus-other group, the total Medicaid coverage increased from 15.7 percent to 21.2 percent. That means the overall increase in Medicaid enrollment (5.5 percentage points) accounted for 93 percent of the 5.9 percentage points in total covered population in 2014.

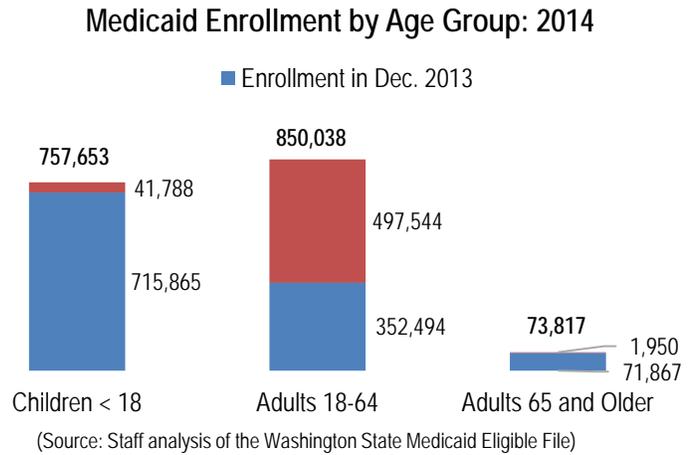
2. Staff analysis of Washington State Health Care Authority’s Medicaid enrollment data from 2013 to 2014. These estimates excluded persons enrolled for limited Medicaid services.

3. Estimates of Washington’s Medicaid enrollment from the American Community Survey may not match the state’s administrative data due to the survey’s design and sampling.

Medicaid growth of low-income adults is the main driver in coverage increase in 2014

Next we turn our attention to the primary population the ACA intended to affect through the Medicaid expansion provision: low-income adults ages 18 to 64. The Medicaid program data in the graph to the right show that the Medicaid provision under the ACA succeeded in reaching this target population.

From December 2013 to December 2014, there was an increase of nearly half a million (497,544) adults 18–64 years old enrolled in Medicaid. This increase means that enrollment for this age group



grew by more than 140 percent since December 2013 (352,494). In comparison, the Medicaid enrollment for the other two age groups — children under age 18 and adults 65 years old and older — grew at about 6 percent and 3 percent, respectively.⁴ Given that the total net increase in Washington’s Medicaid enrollment from December 2013 to December 2014 was 541,282, the increase of 497,544 in adults 18–64 years old accounted for 92 percent of the total net Medicaid increase.

Summary

The year 2014 was marked by an unprecedented change in Washington’s health coverage, with its uninsured rate declining by 5.9 percentage points from the previous year. The key factor for this reduction in the number of uninsured in Washington was the Medicaid growth under the ACA. Medicaid coverage increased by 5.5 percentage points from 2013 to 2014, equivalent to 93 percent of the net gain in coverage by the total population. The population group that was the main driver for the Medicaid enrollment increase was the low-income adults 18 to 64 years old, the group that the ACA’s Medicaid provision was intended to affect. Medicaid program data show that this age group’s enrollment increased by more than 140 percent from December 2013 to December 2014, accounting for 92 percent of the total net increase in Medicaid enrollment over that period.

4. The lower growth rates in children and adults 65 years old and older do not suggest lack of Medicaid’s success in reaching these populations. Rather, the reason is that these two populations already had very low uninsured rates.