

ECONOMIC IMPACT OF EXPANDED HEALTH INSURANCE COVERAGE FOR MISSISSIPPIANS BELOW 138% OF THE FEDERAL POVERTY LEVEL

Since the passage of the Affordable Care Act (ACA), states have been granted the option of expanding Medicaid eligibility to individuals with income below 138% of the federal poverty level (FPL). Thirty-eight states and the District of Columbia have expanded Medicaid coverage for their citizens; Mississippi is one of 12 states that has not pursued that option.

THE FIRST TWO YEARS OF ADOPTING THE OPTION WOULD PAY FOR ITSELF

A MAJORITY OF STATE COST

WOULD BE OFFSET BY INCREASED FEDERAL MATCH AND TAX REVENUE

The Center for Mississippi Health Policy (Center) is a non-partisan, nonprofit research group with the purpose of providing research and data to inform the planning, decision-making, and operations of health policy in Mississippi. Since the option for states to expand Medicaid eligibility presented itself in 2014, a major question for Mississippi state legislators and health professionals has been the total cost of expansion to the state. While the state faces many obstacles in producing better health outcomes and a healthier population through improved population health literacy, provider availability, healthier cultures, etc., the purpose of this publication is to address Medicaid expansion's financial and economic impacts to the state.

The Center commissioned The Hilltop Institute at the University of Maryland, Baltimore County (UMBC), an independent, non-partisan research group, to conduct a study limited to estimating and projecting the financial and economic effects of Mississippi expanding its Medicaid program by 2023 to provide health insurance to individuals with incomes up to 138% of the FPL. Below, we present a few of those findings with complete Hilltop reports available.

SOURCES

1. Henderson, M., Betley, C., Stockwell, I., Middleton, A., Clark, M., & Woodcock, C. (2022, January 11). *The economic impact of Medicaid expansion in Mississippi, 2023-2028: Summary report*. Baltimore, MD: The Hilltop Institute, UMBC, page 1, Table 1.

■ IMPORTANT ISSUES

- New Medicaid state costs would be \$159 million for calendar year (CY) 2023 and increase to \$201 million in CY 2028. A majority of these costs would be offset by increased tax revenue, other program cost offsets and reduced uncompensated care to state and local publicly funded hospitals.¹
- The first two years of adopting the option would cover all program costs. The net costs for CY 2025 would be \$3.1 million and increase to \$10.7 million in CY 2028, while covering approximately 200,000 new eligible enrollees.²

ENHANCED FEDERAL MATCH RESULTING FROM EXPANSION COULD RESULT IN ADDITIONAL FEDERAL FUNDING OF

\$338 MILLION IN 2023

\$339 MILLION IN 2024

EXPANSION COULD INCREASE MISSISSIPPI'S ECONOMY

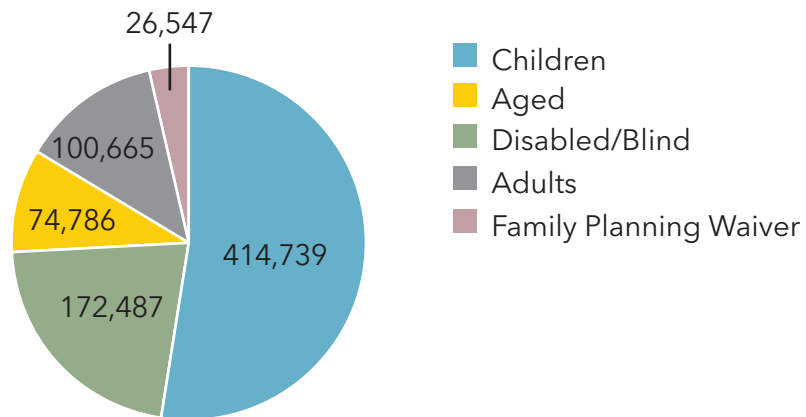
\$800 MILLION TO \$900 MILLION PER YEAR

SOURCES

2. Henderson, M., Betley, C., Stockwell, I., Middleton, A., Clark, M., & Woodcock, C. (2022, January 11). *The economic impact of Medicaid expansion in Mississippi, 2023-2028: Summary report*. Baltimore, MD: The Hilltop Institute, UMBC, page I, Table 1.
3. https://medicaid.ms.gov/wp-content/uploads/2022/01/Copy-of-Enrollment-Reports-2021_December.pdf
4. Henderson, M., Betley, C., Stockwell, I., Middleton, A., Clark, M., & Woodcock, C. (2022, January 11). *The economic impact of Medicaid expansion in Mississippi, 2023-2028: Summary report*. Baltimore, MD: The Hilltop Institute, UMBC, page I, Table 1.
5. Ibid.
6. Ibid, page 1, Table 1.
7. Ibid, page 4.
8. Ibid, page ii, Table 2.

- Current Mississippi Medicaid enrollment, prior to any potential expansion (October 2021), was 789,224.³

MEDICAID ENROLLMENT 2021



- Projected new Medicaid enrollment from expansions to Medicaid would be an additional 192,065 in CY 2023 and increase to 214,716 through CY 2028. Combined with current Medicaid enrollment, this would effectively enroll one-third of the state's population in the Medicaid program.⁴

OTHER ECONOMIC OUTCOMES AND COST OFFSETS

ARP Act payments of \$677 million for CYs 2023 and 2024.⁵

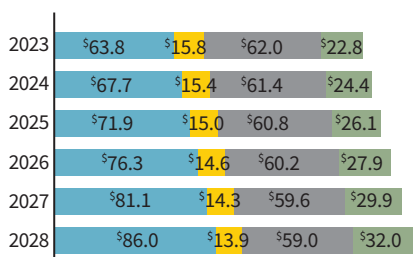
If Mississippi were to expand its Medicaid program in 2023, the American Rescue Plan (ARP) Act would direct additional federal funds to Mississippi. The Hilltop Institute estimates that the additional federal funding for Mississippi will amount to \$338 million in 2023 and \$339 million in 2024 for a total of \$677 million, which is in line with other recent estimates (ranging from \$622 million to \$739 million).^{6,7}

Increased annual economic activity of \$814 million in CY 2023 expanding to \$921 million in CY 2028.⁸

Medicaid expansion will result in a significant influx of federal funding into Mississippi. Additional federal funding will initially increase revenues for MississippiCAN Coordinated Care Organizations, but will then flow to health services providers to spend on supplies and salaries, which employees will then spend on goods and services within the state. To project the impact of additional federal spending in Mississippi, Hilltop used their estimates for additional federal expenditures and the newly eligible Medicaid population, and modeled the potential "ripple effects" of this economic stimulus from CY 2023 to 2028. Hilltop found that Medicaid expansion would likely increase the state's economy by roughly \$800 million to \$900 million per year,⁹ representing an additional 0.7% to the state's gross product.¹⁰

**EXPANSION COULD
RESULT IN
\$164 TO \$191
MILLION
REDUCTION
IN UNCOMPENSATED
HOSPITAL CARE**

**REDUCTION IN UNCOMPENSATED
CARE BY HOSPITAL TYPE, 2023–2028**



\$ - Financial amount represented is in the millions.

- Private nonprofit
- Private for-profit
- State- or locally owned
- Other

Moreover, Hilltop estimated that Medicaid expansion would yield roughly 11,000 additional jobs per year.¹¹

Reduced uncompensated hospital care by \$164 million in CY 2023 and \$191 million in CY 2028.

Hilltop conservatively assumed a 25% reduction in uncompensated hospital care. Hilltop predicts that Medicaid expansion would lead to an estimated \$164 to \$191 million reduction in uncompensated care for all acute care hospitals in Mississippi. State and locally owned hospitals would experience annual reductions of \$60 million in uncompensated care.¹²

In 2019, Mississippi hospitals incurred approximately \$600 million in uncompensated care, which amounted to 7.2% of total hospital operating costs for the state – the third highest amount in the nation.¹³ Medicaid expansion has demonstrably reduced hospitals’ uncompensated care burden, and research indicates these reductions can range from 28 to 53%, with the largest effects on acute care hospitals.¹⁴ As of June 2021, there were 93 acute care hospitals in Mississippi. The state has a unique hospital landscape in which almost 40% of all acute care hospitals are owned by state or local governments whereas the others are private for-profit or private nonprofit hospitals.¹⁵ In 2019, state and locally owned acute care hospitals in Mississippi had the highest amount of uncompensated care at \$257.9 million, which amounts to over 43% of all uncompensated care for that year in the state.¹⁶

SOURCES

9. Henderson, M., Betley, C., Stockwell, I., Middleton, A., Clark, M., & Woodcock, C. (2022, January 11). *The economic impact of Medicaid expansion in Mississippi, 2023–2028: Summary report*. Baltimore, MD: The Hilltop Institute, UMBC, page I, Table 1.
10. Ibid, page ii.
11. Ibid.
12. Ibid, page 4.
13. Henderson, M., Betley, C., Stockwell, I., Middleton, A., Clark, M., & Woodcock, C. (2022, January). *The economic impact of Medicaid expansion in Mississippi, 2023–2028: Technical report*. Baltimore, MD: The Hilltop Institute, UMBC, page 33.
14. Ibid, page 34.
15. Ibid, page 34, table 16.
16. Ibid.

CONCLUSION

This study estimated the likely effects of Medicaid expansion on Mississippi’s Medicaid program, state budget, economic growth, and providers. The available evidence suggests that Medicaid expansion in Mississippi could result in substantial state budgetary savings in 2023 and 2024, with significant additional benefit to the state’s hospitals and economy. Moreover, given the relatively low annual net cost of expansion thereafter, Mississippi could potentially use its ARP Act enhanced federal match to fully offset its net costs of expansion for the foreseeable future.

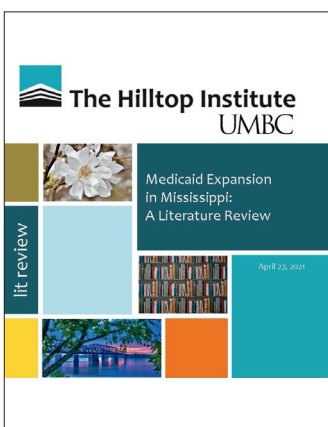
To read more about this subject, click on the following reports:



[Henderson, M., Betley, C., Stockwell, I., Middleton, A., Clark, M., & Woodcock, C. \(2022, January 11\). *The Economic impact of Medicaid expansion in Mississippi, 2023-2028: Technical report*. Baltimore, MD: The Hilltop Institute, UMBC.](#)



[Henderson, M., Betley, C., Stockwell, I., Middleton, A., Clark, M., & Woodcock, C. \(2022, January 11\). *The economic impact of Medicaid expansion in Mississippi, 2023-2028: Summary report*. Baltimore, MD: The Hilltop Institute, UMBC.](#)



[Henderson, M., Stockwell, I., Middleton, A., Betley, C., & Woodcock, C. \(2021, April 27\). *Medicaid Expansion in Mississippi: A Literature Review*. Baltimore, MD: The Hilltop Institute, UMBC.](#)

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