

To: Chairman Gene Suellentrop and members of the Senate Committee on Public Health and Welfare

From: David Slusky, Ph.D., Associate Professor of Economics, University of Kansas, and Associate Professor of Population Health (by courtesy), University of Kansas Medical Center¹

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RE: Health Economics Research Relevant to Senate Bill 252

Thank you, Chairman Suellentrop and Committee members for allowing me the opportunity to provide testimony in support of SB 252, Expanding medical assistance eligibility and implementing a health insurance plan reinsurance program.

I am a health economist. The Affordable Care Act's Medicaid expansion has been one of the most studied government policies in the history of my field. This is primarily because the partial expansion has allowed comparisons between states that did expand and those that did not. The most recent comprehensive literature review (from August 2019) cites 324 studies.² Below I will summarize the results of the most salient of these studies, as well as several that have been released since last August.

First, Medicaid expansion, as intended, increased insurance coverage among childless adults by 3.0 percentage points, and did so without having a significant impact on employment.³ Secondly, Medicaid expansion had minimal if any impact on rates of job finding or labor force attachment.⁴ Thirdly, among low-income Medicaid beneficiaries ages 19–64, expansion reduced disruption in coverage by 4.3 percentage points, resulting in half a million fewer adults experiencing an episode of churning (i.e., switching insurance) annually.⁵

Medicaid expansion also improved household financial circumstances. It reduced the number of unpaid bills and the amount of debt sent to third-party collection agencies. Those who gained Medicaid coverage due to the ACA experienced a reduction in collection balances on average of

¹ This testimony represents my own perspective as an economist and does not necessarily represent the views of the University of Kansas.

² Antonisse, L, R Garfield, R Rudowitz, M Guth. 2019. The Effects of Medicaid Expansion under the ACA: Updated Findings from a Literature Review. Kaiser Family Foundation Issue Brief.

³ Leung, P, A Mas. 2016. Employment Effects of the ACA Medicaid Expansions. NBER Working Paper No. 22540.

⁴ Buchmueller, TC, HG Levy, RG Valletta. 2019. Medicaid Expansion and the Unemployed. NBER Working Paper No. 26553.

⁵ Goldman, AL, BD Sommers. 2020. Among Low-Income Adults Enrolled In Medicaid, Churning Decreased After The Affordable Care Act. Health Affairs 39(1): 85–93

\$1140.⁶ New enrollees had large improvements in several measures of financial health, including reductions in unpaid bills, medical bills, over limit credit card spending, delinquencies, and public records inquiries (such as those from evictions, judgments, and bankruptcies). Individuals with greater medical need (such as those with chronic illnesses) experienced the largest improvements.⁷ These effects together caused a substantial reduction in the poverty rate.⁸

Medicaid expansion also reduced mortality rates. Using administrative data from Social Security on mortality, state of residence, and income, Medicaid expansion led to a 0.13 percentage point decrease in annual mortality (9.4%) for those ages 55-64. The effect primarily came from by a reduction in disease-related deaths and grew over time.⁹ For Kansas, this result means that Medicaid expansion would have prevented 72 excessive deaths per year.¹⁰

Medicaid expansion also had positive benefits for the existing private health insurance markets and marketplace exchanges set up under the Affordable Care Act. While county-level competition among insurers on the Marketplace has been declining nationally, decreased competition was less common in states that expanded Medicaid.¹¹ Similarly, premiums of Marketplace plans were 11% lower in Medicaid expansion states.¹² Additionally, for low-income individuals who already had private coverage, in Medicaid expansion states, the share of workers who had employer-based coverage held steady.¹³ Others also find no evidence that the Medicaid expansion crowded out private coverage.¹⁴

In terms of state budgets, the expansion led to an 11.7% increase in overall spending on Medicaid, which was accompanied by a 12.2% increase in spending from federal funds. There were no

⁶ Hu, LuoJia, R Kaestner, B Mazumder, S Miller, A Wong. 2018. The effect of the affordable care act Medicaid expansions on financial wellbeing. *Journal of Public Economics* 163: 99–112.

⁷ Miller, S, L Hu, R Kaestner, B Mazumder, A Wong. 2018. The ACA Medicaid Expansion in Michigan and Financial Health. NBER Working Paper No. 25053.

⁸ Zewde, N, C Wimer. 2019. Antipoverty Impact Of Medicaid Growing With State Expansions Over Time. *Health Affairs* 38(1): 132–138.

⁹ Miller, S, S Altekruze, N Johnson, LR. Wherry. 2019. Medicaid and Mortality: New Evidence from Linked Survey and Administrative Data. NBER Working Paper No. 26081.

¹⁰ Ibid; http://www-personal.umich.edu/~mille/ACAMortality_ByState.pdf.

¹¹ Griffith, K, DK Jones, BD Sommers. 2018. Diminishing Insurance Choices In The Affordable Care Act Marketplaces: A County-Based Analysis. *Health Affairs* 37(10): 1678–1684.

¹² Sen AP, T DeLeire. 2018. How Does Expansion of Public Health Insurance Affect Risk Pools and Premiums in the Market for Private Health Insurance? Evidence from Medicaid and the Affordable Care Act Marketplaces. *Health Economics*. 27: 1877–1903.

¹³ Shartzter, A, F Blavin, J Holahan. 2018. Employer-Sponsored Insurance Stable For Low-Income Workers In Medicaid Expansion States. *Health Affairs* 37(4): 607–612

¹⁴ Courtemanche, C, J Marton, B Ukert, A Yelowitz, D Zapata. 2017. Early Impacts of the Affordable Care Act on Health Insurance Coverage in Medicaid Expansion and Non-Expansion States. *Journal of Policy Analysis and Management* 36(1): 178–210.

significant increases in spending from state funds as a result of the expansion, nor any significant reductions in spending on other programs (e.g., education).¹⁵

Unfortunately, given that it has only been 10 years since the Affordable Care Act was enacted and only 6 years since the traditional Medicaid expansion was implemented, it is too early to have results on the long term benefits. However, literature on the long-term benefits of previous Medicaid expansions can help us predict what to expect.

Those exposed to more years of childhood eligibility for the Medicaid expansions in the late 1980s and early 1990s had fewer hospitalizations in adulthood. For African-Americans in particular, previous Medicaid expansions led to a 7% to 15% decrease in hospitalizations. The effects are largest for low-income individuals with chronic illnesses. These lower rates of hospitalizations during one year in adulthood for African-Americans offset between 2% and 4% of the initial costs of expanding Medicaid for all children.¹⁶

Additionally, using restricted use birth certificate records to create a unique dataset linking individuals' childhood Medicaid exposure to the next generation's health outcomes at birth, researchers have found that the health benefits from with treated generations' early life access to Medicaid extend to later offspring's birth outcomes.¹⁷

Given that Medicaid expansion increases health insurance coverage, improves household financial circumstances, and reduces mortality without negative impacts on the labor market and with positive benefits for private health insurance markets, I ask you to support SB 252.

¹⁵ Sommers, BD, J Gruber. 2017. Federal Funding Insulated State Budgets From Increased Spending Related To Medicaid Expansion. *Health Affairs* 36(5): 938–944.

¹⁶ Wherry, LR, S Miller, R Kaestner, BD Meyer. 2018. Childhood Medicaid Coverage and Later-Life Health Care Utilization. *Review of Economics and Statistics* 100(2): 287–302.

¹⁷ East, CN, S Miller, M Page, LR Wherry. 2017. Multi-generational Impacts of Childhood Access to the Safety Net: Early Life Exposure to Medicaid and the Next Generation's Health. NBER Working Paper No. 23810.