

Policymakers should prepare for major uncertainties with Medicaid expansion

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The number of low-income, uninsured Americans enrolling in Medicaid under the expanded coverage made possible by the Affordable Care Act (ACA) of 2010 could vary considerably from the levels currently projected by the Congressional Budget Office (CBO) and the Centers for Medicare and Medicaid Services (CMS), according to a new study by Harvard School of Public Health (HSPH) researchers. They report that it's probably more realistic to say somewhere between 8 million and 22 million may enroll in Medicaid by 2014 instead of the 16 million predicted by the CBO.

Medicaid, which is jointly funded by the federal and state governments, covers the [health care costs](#) of eligible low-income individuals and families. The [Affordable Care](#) Act of 2010 expands Medicaid to cover additional low-income adults in all states by 2014.

"The lower estimate of Medicaid enrollees suggests that the ACA will not be as successful as envisioned in insuring low-income Americans; the high-end estimate implies that the federal cost of expanding Medicaid eligibility will be a good deal higher than expected and accounted for," said Arnold Epstein, John H. Foster Professor of Health Policy and Management and chair, Department of Health Policy and Management at HSPH and the study's senior author.

The study was published online October 26, 2011, and will appear in the November print edition of [Health Affairs](#).

The HSPH researchers, including lead author Benjamin Sommers, assistant professor of health policy and economics, and Katherine Swartz, professor of health economics and policy, created a [simulation model](#) to determine the range of reasonable projections, estimating eligibility, participation, and population growth using prior research and other data.

The researchers' model predicts that the number of people enrolling in Medicaid under [health reform](#) may vary by more than 10 million, with a "best-guess" estimate of 13.4 million, and a possible range of 8.5 million to 22.4 million. Their model estimates that annual federal spending for new Medicaid enrollees will range from \$34 billion to \$98 billion in 2019, and that 4,500 to 12,100 new physicians will be needed to care for new enrollees.

Prior research shows that a decreasing number of doctors are willing to treat new Medicaid patients, due to low reimbursement rates. This suggests that policymakers will need to take additional steps to ensure that there are enough providers to care for new [Medicaid enrollees](#).

Last year, Medicaid covered nearly 69 million Americans, at an annual cost of over \$400 billion. This means that even with the highest-cost estimate of \$98 billion, Sommers and colleagues project that the Medicaid expansion under the ACA will represent less than one-quarter of total spending in the program.

"In the end, [Medicaid](#) enrollment will be determined largely by the extent to which federal and state efforts encourage or discourage eligible people from enrolling," Swartz said. "The budget scoring rules require CBO to produce one cost number but that number is an estimate. Policymakers are better served if they have the range of cost estimates so possible higher costs are anticipated."

More information: "Policy Makers Should Prepare for Major Uncertainties in Medicaid Enrollment, Costs, and Needs for Physicians Under Health Reform," Benjamin Sommers, Katherine Swartz, and Arnold Epstein, Health Affairs, November, 2011.

Provided by Harvard School of Public Health

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