Medicaid expansion under ACA can reduce government costs for Supplemental Security Income

August 7 2017

Expanded Medicaid eligibility under one part of the Affordable Care Act results in a cost savings for the federal government, according to new Indiana University research. The finding is significant because it indicates that an effort by Congress to save money by trimming Medicaid spending may actually drive up costs in another part of the budget.

As residents of 32 states sign up for Medicaid benefits expanded under the act, known as the ACA or Obamacare, some of those residents are dropping off the rolls of the more costly Supplemental Security Income program for the disabled poor, the team of researchers discovered.

"With Congress studying a variety of Medicaid reform proposals, it's important to understand the spillover effects from program to program," said researcher Kosali Simon of the IU School of Public and Environmental Affairs. "Reduced reliance on SSI generates savings at the federal and state levels because, for people who are on Medicaid but not SSI, the government covers only health care costs and doesn't disburse other cash benefits."

In 2014, the ACA made low-income nonelderly adults, especially those without dependent children age 18 and under, eligible for Medicaid without requiring them to obtain disabled status through the SSI program. SSI participation has dropped by about 3 percent in those states
with expanded Medicaid.

Under the Medicaid expansion, participants receive health care services comparable to SSI but get them regardless of disability status and without an asset test, and they can have a higher income. One possible benefit is increased employment by Americans with disabilities because they don't fear that taking a job will mean losing medical coverage, Simon said.

Simon, along with Aparna Soni of IU Kelley School of Business and Laura Dague of Texas A&M University, reached their conclusions after studying data from the Social Security Administration and the Census Bureau. An article about their findings, "Medicaid Expansion and State Trends in Supplemental Security Income Program Participation," is published in the August 2017 issue of the peer-reviewed journal Health Affairs.

The overlap between government programs that serve the sick and the poor is confusing, Simon said. "It's important for policymakers to understand how people behave when programs change," she said. "We hope this research is a step in that direction."


Provided by Indiana University

Citation: Medicaid expansion under ACA can reduce government costs for Supplemental Security Income (2017, August 7) retrieved 25 November 2023 from https://medicalxpress.com/news/2017-08-medicaid-expansion-aca-supplemental-income.html