

THE STATE OF HEALTH COVERAGE IN THE MID SOUTH



Hope Policy Institute

Hope Policy Institute serves as the policy division of HOPE (Hope Enterprise Corporation and Hope Credit Union). Through independent analysis grounded in the experiences of HOPE's programs and members, the Policy Institute influences policies that affect the allocation of resources and facilitates an environment to ensure that all people prosper. The Institute's areas of emphasis include: Budget & Tax, Development Finance, Education & Workforce Development, Financial Inclusion, Health & Healthcare and Housing.

HOPE's intentional and translational approach to advocacy recognizes that while each loan and every account supported by HOPE is important, the effects are small relative to the needs of the region. Only by influencing public policies and the practices of private institutions is lasting, scalable impact achieved.

Health & Healthcare

The health of an individual and community influences both short- and long-term economic opportunity. In addition to increasing access to quality, affordable health care, the Hope Policy Institute recognizes the role that social determinants of health (including education, poverty, housing and income) play in the influence of health and health outcomes. The health and health care work of the Hope Policy Institute seeks to advance individuals and community through the broad application of health policy in all policy.

HOPE has originated more than 30 health care loans to fund the expansion and modernization of rural hospitals and community health centers throughout the Mid South. In total, HOPE's community infrastructure investments within the health care sector have exceeded \$60 million. HOPE is also active in efforts to increase access to fruits and vegetables in food deserts region-wide. In New Orleans, HOPE manages the Fresh Food Retailer Initiative, which has provided development services to 61 projects and financing for five retailers that sell fresh produce totaling nearly \$42 million.

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Introduction

As the national debate on the Patient Protection and Affordable Care Act (ACA) has centered on the repeal of the law, many have discussed the potential impact this will have on health insurance coverage across the United States. For many, the ACA has provided an opportunity to gain health insurance through the expansion of the Medicaid program as well as through the establishment of the Health Insurance Marketplace. However, others have not gained the full benefits of the ACA due to partial implementation by some states that have chosen not to adopt Medicaid expansion.

As policymakers consider which components of the ACA to repeal or keep, it is important to underscore that the repeal of key insurance coverage provisions—Medicaid expansion and the Health Insurance Marketplace—without an alternative in place will have negative ramifications for uninsured residents in the Mid South states of Arkansas, Louisiana, Mississippi and Tennessee. Mid South states have taken varying approaches to implementing the health insurance coverage provisions of the ACA, with two states opting not to expand Medicaid. Still, from 2010-2015, 930,000 Mid South residents have gained health insurance coverage due to the ACA.¹

While the nation continues to grapple with the potential impact of a repeal of the ACA, little discussion has focused on how repealing the ACA would impact a specific region of the United States. This brief examines the implementation of the ACA in the Mid South and provides a snapshot of health insurance coverage in the region under the ACA.

Background: The Affordable Care Act

Since its passage in 2010, the Patient Protection and Affordable Care Act (ACA) has been hotly debated and unevenly implemented throughout the United States. Only 31 states and the District of Columbia have fully implemented both of the major health insurance coverage provisions – Medicaid expansion and the Health Insurance Marketplace – while 19 states have opted not to expand Medicaid.²

Implementation of the ACA in the Mid South states, defined as Arkansas, Louisiana, Mississippi and Tennessee, has followed the national trend. Some states opted to expand Medicaid, while others chose not to expand the program. In 2016, Louisiana became only the second state in the Mid South to adopt Medicaid expansion. Arkansas expanded its Medicaid program under the ACA in 2013. While Medicaid expansion was considered in Mississippi and Tennessee, these states, to date, have opted not to expand Medicaid. The precedent set by Arkansas and Louisiana is important as the Mid South continues to exhibit some of the highest uninsured rates in the nation.

Snapshot: Health Insurance in the Mid South

Estimates show that, in 2015, more than 1.8 million nonelderly residents (ages 0-64) were uninsured in the Mid South. This means that approximately 13 percent of the nonelderly Mid South population is without health insurance coverage compared to 10 percent of the nonelderly population in the rest of the U.S. (See Figure 1). Nonelderly adults in the Mid South experience much higher uninsured rates than children (16 percent and 6 percent, respectively).³

In particular, Mid South states have some of the lowest rates of private coverage and highest rates of uninsured among the nonelderly population in the nation. For example, Mississippi has the third lowest rate of private health insurance coverage (53 percent) and the fourth highest uninsured rate (15 percent) in the U.S. (See Figure 2). The Henry J. Kaiser Family Foundation indicates that this is likely because of the large share of adults in “low-wage, blue collar jobs or small firms” that often do not offer health insurance coverage.⁴ According to 2014 data from The Working Poor Families Project, more than 1.7 million workers over 18 were in low-wage jobs in the Mid South.⁵

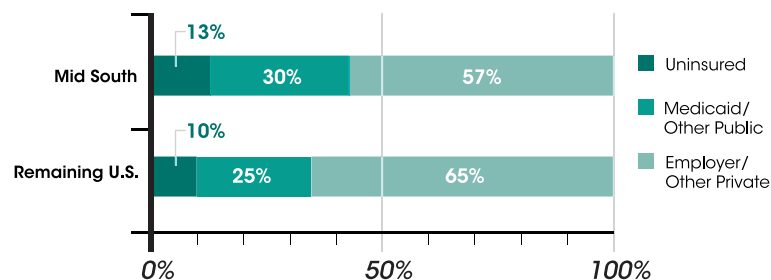
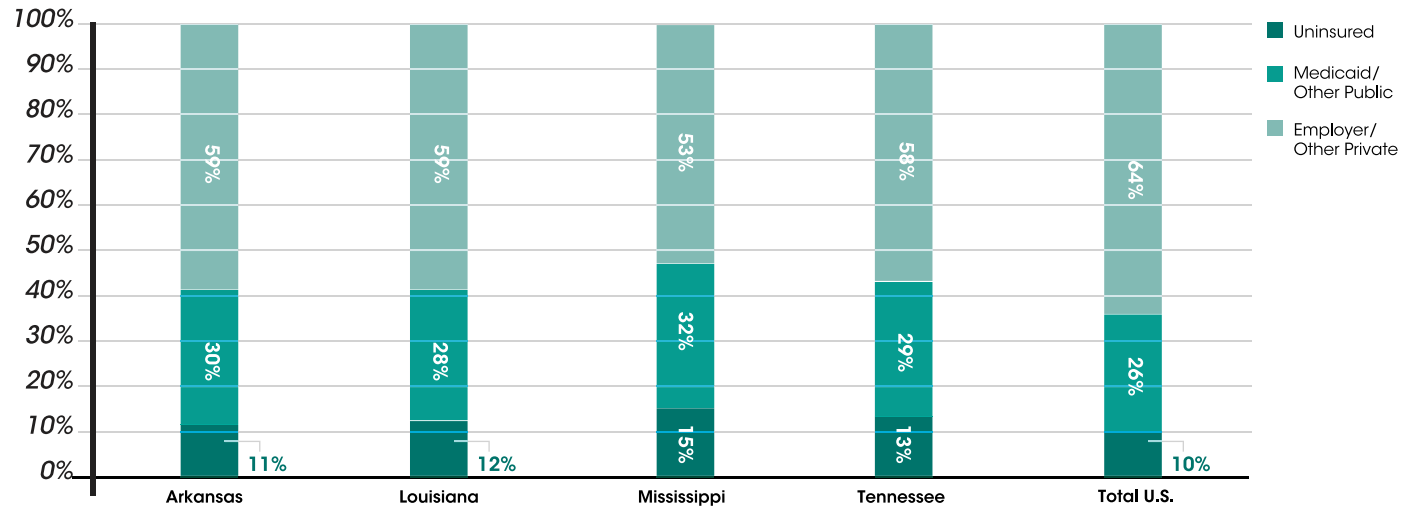


Figure 1.
HEALTH INSURANCE COVERAGE OF THE NONELDERLY POPULATION, BY GEOGRAPHIC REGION, 2015
TOTAL NONELDERLY (AVERAGE)
Source: The Henry J. Kaiser Family Foundation's State Health Facts. Data Source: U.S. Census Bureau, March 2014, March 2015, and March 2016 Current Population Survey (CPS: Annual Social and Economic Supplements)

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Figure 2.
HEALTH INSURANCE
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Source: The Henry J. Kaiser Family Foundation's State Health Facts. Data Source: U.S. Census Bureau, March 2014, March 2015, and March 2016 Current Population Survey (CPS: Annual Social and Economic Supplements)



The ACA enhances the affordability and quality of health care for individuals and families, and it provides an important opportunity for states, particularly in the Mid South, to provide health insurance coverage to those who need it most.

The ACA: Implementation in the Mid South

The ACA is a comprehensive piece of legislation that includes multiple provisions designed to reduce the cost of health care and health insurance as well as increase access to healthcare services. Some of the provisions in the ACA include: increased access to preventive health care, investment in prevention strategies, and easier access to health insurance for individuals with pre-existing conditions. According to a health tracking poll conducted by the Henry J. Kaiser Family Foundation, most of the nation looks favorably upon these individual components of the ACA.⁶ However, health insurance coverage provisions of the law continue to be a fiercely debated topic among lawmakers. These provisions include the Health Insurance Marketplace and Medicaid expansion.

Health Insurance Marketplace

The Health Insurance Marketplace functions as a clearinghouse where individuals, families and small businesses without health coverage can shop for private health insurance by easily comparing prices and benefits of healthcare plans. Key components of the Health Insurance Marketplace include:

- States can either have a state-run marketplace or have the marketplace operated by the federal government or in partnership with the state.
- Residents under the age of 65 may qualify for premium tax credits, based on the poverty level, to help make private health insurance more affordable in the marketplaces. Tax credits are typically available for people who are not eligible for any other health insurance coverage.
 - 100 percent of the poverty level is \$11,770 for an individual and \$24,250 for a family of four.
 - 400 percent of the poverty level is \$47,080 for an individual and \$113,640 for a family of four.⁷

Mid South states have taken different approaches to the establishment and implementation of Marketplaces. Louisiana, Mississippi and Tennessee opted for a federally facilitated marketplace, while Arkansas runs a state-partnership marketplace.⁸ Health Insurance Marketplace enrollment varies by state. In 2016, 557,212 Mid South residents had health insurance coverage through a Health Insurance Marketplace. (See Table 1).⁹ This represents approximately one-third (31 percent) of those eligible for coverage in the Mid South. For example, almost 65,000 Arkansans had health insurance coverage through the Marketplace, which amounts to 24 percent of those eligible for coverage in Arkansas.

Moreover, estimates show that, in 2016, about one in four (22 percent) of uninsured nonelderly adults in the Mid South, including more than a quarter of uninsured residents in both Mississippi and Tennessee, were eligible for premium tax credits to purchase coverage through the marketplace.¹⁰

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Marketplace Enrollment 2016	Total Enrollment
Arkansas	63,357
Louisiana	184,403
Mississippi	77,747
Tennessee	231,705

Table 1.

TOTAL MARKETPLACE ENROLLMENT

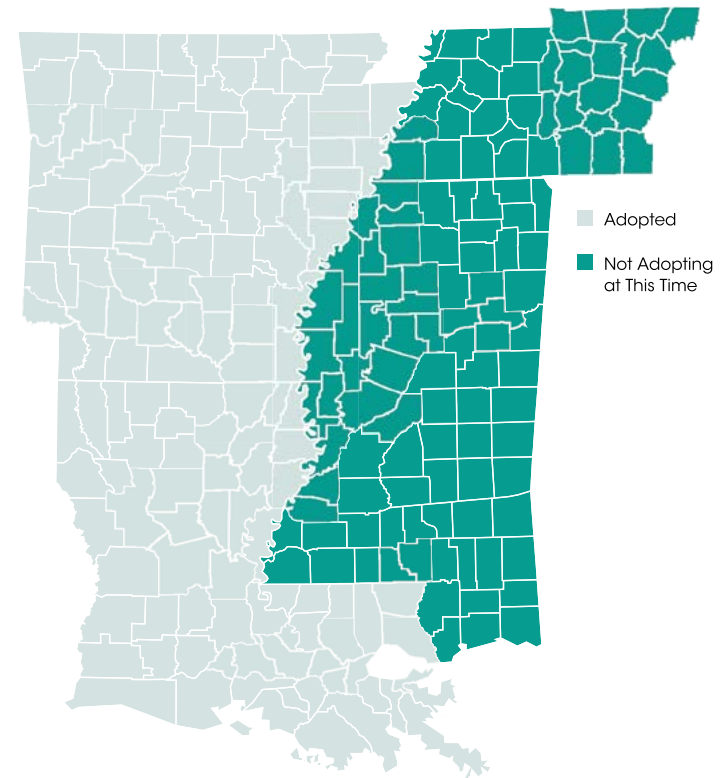
Source: The Henry J. Kaiser Family Foundation's State Health Facts. Data Source: U.S. Census Bureau, March 2014, March 2015, and March 2016 Current Population Survey (CPS: Annual Social and Economic Supplements)



Expansion of Medicaid

Under the ACA, states have the option to expand state Medicaid eligibility to cover individuals under the age of 65 with incomes up to 138 percent of the poverty level. In 2016, 138 percent of the poverty level was \$16,394 for an individual and \$33,534 for a family of four.¹¹ In states that have not adopted Medicaid expansion, individuals with incomes between 100 percent and 138 percent of the poverty level may qualify for financial assistance to help purchase insurance through the Health Insurance Marketplace.

Arkansas adopted Medicaid expansion in 2013 and uses a non-standard approach (or waiver), while expansion in Louisiana took effect in early 2016. Mississippi and Tennessee have opted not expanded Medicaid at this time (See Map 1).



In 2015, Arkansas and Louisiana had an average uninsured rate of approximately 11%, while the average uninsured rate in Mississippi and Tennessee was nearly three percentage points higher (14%).

The Mid South states that moved forward with Medicaid expansion collectively had a lower share of people without health insurance in 2015 than non-expansion Mid South states. In 2015, Arkansas and Louisiana had an average uninsured rate of approximately 11 percent, while the average uninsured rate in Mississippi and Tennessee was nearly three percentage points higher (14 percent). Likewise, states that chose to expand the Medicaid program had a larger drop in their uninsured rate between 2013 and 2015 than those that chose not to expand Medicaid. Between 2013 and 2015, Arkansas (-7) and Louisiana (-4) experienced a larger decrease in uninsured rates compared to Mississippi (-1) and Tennessee (-2) (See Figure 3).

Eligibility for ACA Coverage in the Mid South

The uneven implementation of the ACA in the Mid South means that some residents remain without health insurance – including those who would otherwise be covered under full implementation of the ACA. States that choose not to expand Medicaid leave thousands of low-income people to fall into what is known as the “Medicaid coverage gap.” People fall into the Medicaid coverage gap when they have an income above state Medicaid eligibility limits but do not earn enough to qualify for federal subsidies in the Health Insurance Marketplace. The Medicaid coverage gap exists in both Mississippi and Tennessee. A combined 196,000 residents in these states are uninsured as a result of not expanding health insurance through Medicaid.¹² This includes 103,000 residents in Mississippi and 93,000 residents in Tennessee.

In the Mid South, 21.5 percent of uninsured residents fall into the coverage gap, including nearly 30 percent of the uninsured in Mississippi. People of color, women, and people working in working families are

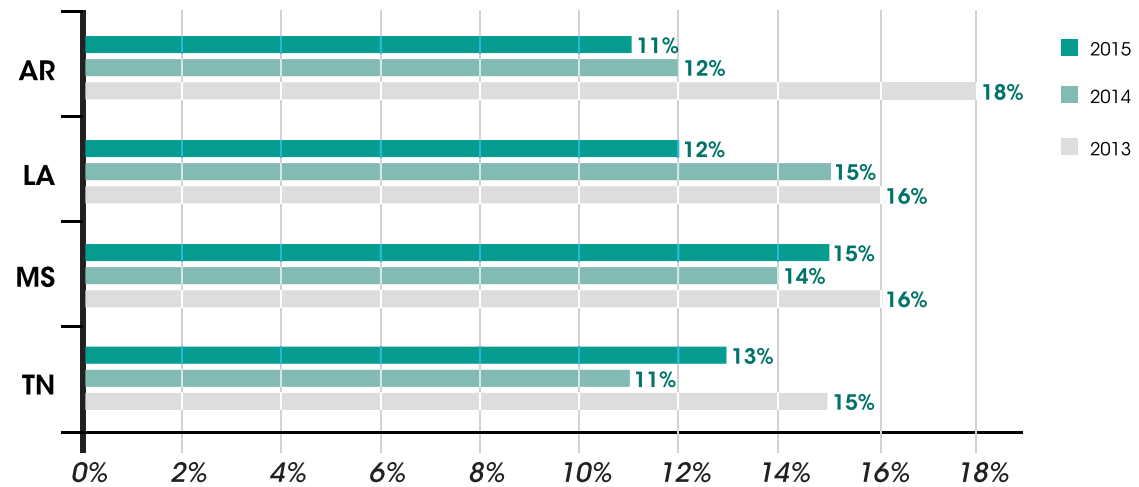


Figure 3.
UNINSURED RATES AMONG THE NONELDERLY IN THE MID SOUTH
 Source: Garfield, R., Damico, A., Cox, C., Claxton, G. & Levitt, L. (2016). *Estimates of eligibility for ACA coverage among the uninsured in 2016.*

disproportionately represented among people who fall into the coverage gap. Notably, adults without dependent children account for a disproportionate share of people in the coverage gap.¹³

Although nearly one-quarter of residents in Mississippi and Tennessee fall into the coverage gap, 876,000 uninsured Mid South residents remain eligible for some type of health insurance coverage through the ACA. Overall, more than half (52 percent) of uninsured residents qualify for some type of financial assistance through Medicaid expansion or the Health Insurance Marketplace. This includes an average 22 percent who qualify for premium tax credits through the Health Insurance Marketplace and 30 percent who are eligible for Medicaid. Residents eligible for Medicaid are either newly eligible in the expansion states or were already Medicaid eligible but not yet enrolled in the program.¹⁴ Thirty-eight (38) percent of uninsured residents do not qualify for financial assistance because of income, access to employer-sponsored insurance, or immigration status (See Figure 4).

A combined 196,000 residents in these states are uninsured as a result of not expanding health insurance through Medicaid.

The Affordable Care Act: What does it mean in the Mid South?

Throughout the nation, many people have benefited from health insurance coverage under the ACA. Access to health insurance is particularly important for residents in the Mid South given the region's high rate of chronic disease and prospective economic benefits gained by increased access to health insurance.

Health Benefits

Since the ACA took effect in early 2014, the uninsured rate in the Mid South has declined by almost 5 percent, as more people have gained access to health insurance coverage, as well as preventive and primary care services, through either the Health Insurance Marketplace or Medicaid expansion. People with health insurance have better health outcomes and are more likely to receive timely medical care as needed.¹⁵ Additionally, insured individuals are less likely to incur the financial burden associated with receiving certain medical care services, particularly services that support the maintenance of good health. (Bovbjerg, R. & Hadley, J., 2007)

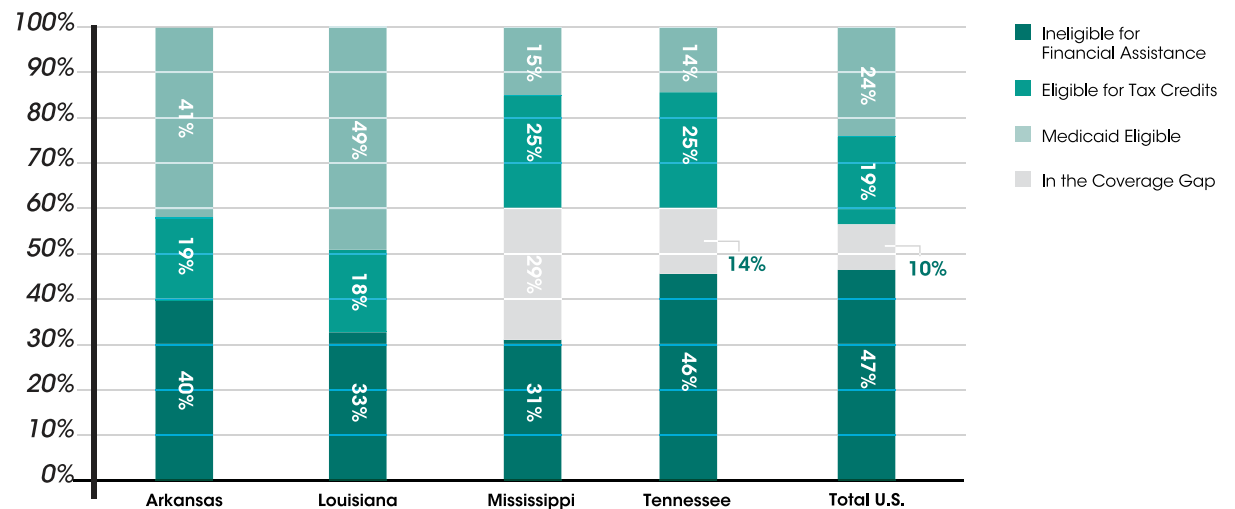


Figure 4.
ELIGIBILITY FOR ACA HEALTH COVERAGE AMONG THOSE REMAINING UNINSURED AS OF 2016

Source: The Henry J. Kaiser Family Foundation's State Health Facts. Data Source: 2016 Medicaid eligibility levels and 2016 Current Population Survey (CPS)

The ACA ensures that individuals and families have access to preventive care services, like shots and screenings, among others. This is an important component of the ACA, as preventive care services have been shown to reduce the risk of disease, morbidity and mortality.¹⁶ According to a pre-ACA study by The Commonwealth Fund, over half (52 percent) of older, insured adults in the Mid South received up-to-date preventive care compared to merely one-quarter (25 percent) of older, uninsured adults. Similarly, more than 50 percent of uninsured, nonelderly adults in the Mid South went without needed care because of costs; this is compared to only 14 percent of insured adults.¹⁷ Essentially, those with health insurance are more likely to receive preventive care, in addition to more timely care, than the uninsured.

Healthcare access is particularly important in the Mid South states, where chronic disease is rampant. Chronic conditions, like high blood pressure and diabetes, can be costly and are oftentimes preventable. The Mid South states have some of the highest rates of chronic disease in the nation. For example, Centers for Disease Control and Prevention data indicates that an average of 11.4 percent of Mid South adults have diabetes compared to 9.1 percent of U.S. adults.¹⁸ Mississippi and Tennessee have the third (11.9 percent) and fifth (11.7 percent) highest rates in the nation, respectively.

Under the ACA, health insurers cannot refuse coverage or charge more based on a pre-existing condition, e.g., diabetes. The Henry J. Kaiser Family Foundation estimates that approximately 3.3 million nonelderly adults in the Mid South (32 percent under the age of 65) "would be at risk of being denied [health insurance coverage] if they were to seek coverage in the individual market" if the provision that protects pre-existing conditions were to be changed or removed from the law.¹⁹ For those with chronic and pre-existing conditions in the Mid South, this provision protects and guarantees health insurance coverage in the individual market.

Comprehensive access to healthcare services under ACA provisions is essential in the prevention of diseases and treatment of illnesses, to improve health status, and to decrease the likelihood of premature death and to increase life expectancy.²⁰

Economic Benefits

States that choose not to maximize opportunity through the ACA continue to miss out on the economic benefits associated with Medicaid expansion, most notably related to job growth and revenue.

Medicaid expansion puts additional federal funds into state economies with only a modest state contribution (up to 10 percent) as funds phase down over the years. The additional federal dollars, in turn, create an increase in job growth in the healthcare sector and other industries. According to the Robert Wood Johnson Foundation's State Health Reform Assistance Network, states that adopted Medicaid expansion in January 2014 saw jobs grow by an estimated 2.4 percent over the course of a year, while non-expansion states grew by only 1.8 percent that year.²¹ Past estimations on the potential impact of Medicaid expansion in Mississippi predicted an additional 20,000 jobs could be added between 2014 and 2020 if the state expanded Medicaid.²²

Another economic implication of the ACA includes the additional revenue for hospitals, which plays particularly an important role in helping to sustain rural hospitals. Hospitals are often among the largest employers, as well as the main source of health care, for people who live in rural communities.²³ However, more than 70 rural hospitals have closed since 2010, including five in Mississippi and eight in Tennessee.²⁴

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Rural hospitals, which generally have a higher rate of uninsured patients and smaller profit margins than their urban counterparts, can reduce their uncompensated care costs and improve their financial stability with more of their patients having health insurance through Medicaid expansion. Uncompensated care costs are the costs associated with providing health care to individuals without a direct source of payment, e.g., health insurance coverage. Fewer uninsured individuals mean that hospitals can spend less on uncompensated care.

The State Health Reform Assistance Network estimates that in the first six months of Arkansas's waiver, there was a "56.4 percent drop in uncompensated care losses, or a net gain to hospitals of \$62.9 million."²⁵

Impact

In one of the most impoverished regions of the country, many residents would benefit from having greater access to health insurance. Access to health insurance not only improves the health outcomes of individuals and families, but it also encourages economic growth and employment, which are both important in rural communities. As the nation continues to fiercely debate the ACA and healthcare reform, it is important that lawmakers and healthcare leaders in the Mid South region prioritize the health of residents and increase access to health insurance. It is imperative to continue to make health insurance coverage more accessible to those who need it most and to make thoughtful investments that reduce healthcare costs and improve healthcare services in the Mid South.

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