

Medicaid Expansion Would Reach Only Low-Income Floridians, Almost All of Whom Lack Access to Affordable, Quality Coverage

In June, the U.S. Supreme Court June decision upheld the constitutionality of the Affordable Care Act (ACA) in full, but nevertheless held that states could not lose funding for their existing Medicaid programs if they rejected the ACA's Medicaid expansion, which would extend coverage to more than a million of the lowest-income, uninsured Floridians. Since then, Florida Governor Rick Scott and other ACA opponents have argued that expansion is in fact unnecessary because the needs of low-income Floridians are already being met through Florida's existing Medicaid program. The reality, however, is that:

- In general, only the very poorest are currently eligible for Medicaid in Florida. Furthermore, many Floridians cannot currently qualify for Medicaid even if they have no income whatsoever.
- Very few non-elderly adults are currently eligible for Medicaid in Florida. Additionally, an almost negligible percentage of working-age adults with employment income, all of them underemployed and in low-wage jobs, are currently enrolled in Medicaid.
- Although Medicaid expansion will open the door to coverage for many school-age children and non-elderly adults for the first time, all newly eligible Floridians will nevertheless be very low-income. In fact, even after expansion, many low-income Floridians will have incomes that exceed the Medicaid income limit, and no middle-income Floridians will qualify.
- Expanding Medicaid to include more low-income children and adults will by no means transform Florida Medicaid into a behemoth that bears no resemblance to the current program. Fewer than three in ten recipients enrolled as of the end of the decade will have become eligible as a result of expansion.

ACA opponents have argued that Medicaid expansion is in fact unnecessary because the needs of low-income Floridians are already being met through Florida's existing Medicaid program. The reality, however, is different.

Background:

The Affordable Care Act (ACA) calls for the expansion of Medicaid as the primary means of extending coverage to the lowest-income segment of Americans. Currently, there are numerous categories of Medicaid eligibility, each with its own income limit. States have considerable discretion to set these income limits, but Florida has generally set its levels at or near the federal minimum. For example, an unemployed parent in Florida can qualify for Medicaid only if his or her income is at or below 19 percent of the federal poverty level (\$303 per month for a family of 3).

With expansion, however, the Medicaid income eligibility limit for most groups will increase to 133 percent of the poverty level, effective January 2014. Further, because 5 percent of household income, whether earned or unearned, will be ignored in the Medicaid eligibility determination process for the

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expansion population, the actual income limit will be 138 percent of poverty (\$2,195 per month for a family of 3).

Most recently, in June, the U.S. Supreme Court’s affirmation of the constitutionality of the ACA came with a caveat, namely that although Medicaid expansion remains the law, the federal government cannot withdraw a state’s funding for its existing Medicaid programs if it rejects expansion. With the prospect of such a penalty removed, however, Governor Rick

Scott and other state leaders have indicated their inclination to ignore the law and reject Medicaid expansion.

Rejecting the opportunity to extend Medicaid coverage to the Floridians who account for much of the cost of uncompensated medical care in the state – for pennies on the dollar – makes little sense in economic terms.¹ Leaders have therefore taken to advancing other arguments in an effort to justify ignoring the law. In particular, longstanding misunderstandings about who is currently covered by Florida Medicaid have been resurrected, while new misrepresentations about who will become eligible for Medicaid as a result of expansion have been formulated. This brief sheds light on the realities of both the current and newly eligible.

1. In general, only the very poorest are currently eligible for Medicaid in Florida. Furthermore, many Floridians cannot currently qualify for Medicaid even if they have no income whatsoever.

The ACA sets the household income limit for Medicaid for most Floridians at 138 percent of the federal poverty level. Currently, only two groups of Floridians (children under age 5 and pregnant women) are eligible at or near this income level. For reference, monthly income for a family of three at 138 percent of poverty is \$2,195.¹ For a single parent, this equates to a full-time wage of \$12.64 per hour.

¹ All income levels and percentages in this brief are based on the [2012 Federal Poverty Guidelines](#).

The fact is, the vast majority of Floridians currently qualify for Medicaid only if their incomes are far lower than 138 percent of poverty, if they can qualify at all.^{2,ii} In particular:

- A disabled adult is generally eligible only up to 75 percent of the poverty level³ (i.e., the current SSI payment level of \$698 per month). Disabled workers who receive Social Security Disability income above that level cannot qualify for Medicaid, and do not qualify for Medicare for two years after they start receiving disability benefits.ⁱⁱⁱ
- A working parent is eligible only up to 51 percent of poverty, which equates to a monthly income of \$806 for a family of three.⁴ For a single parent, this represents the earnings from a half-time position paying an hourly wage of \$9.30. No full-time worker in Florida qualifies for Medicaid, even at minimum wage.
- An unemployed parent is eligible only up to 19 percent of poverty (i.e., the current Temporary Cash Assistance payment amount of \$303 per month), based on a family of three.⁵
- An adult between the ages of 21 and 64 who is not disabled and has no dependent children can never qualify for Medicaid, even if he or she has no income whatsoever.

Medicaid expansion will fill a significant gap in coverage among Florida's lowest-income adults under age 65, almost none of whom could hope to secure affordable, quality coverage otherwise.

2. Few non-elderly adults are currently eligible for Medicaid in Florida. Additionally, an almost negligible percentage of working-age adults with employment income are currently enrolled in Medicaid.

Medicaid expansion will fill a significant gap in coverage among Florida's lowest-income adults under age 65⁶, almost none of whom could hope to secure affordable, quality coverage otherwise. This is the case despite the fact that a majority of working-age adults with incomes less than 138 percent of poverty are employed.^{iv} Moreover, most of these work in service-related jobs that are essential to

² It is important to note that the current method of counting income for Medicaid eligibility determination purposes is different than the method that will be used for the expansion population. The two methods are not entirely comparable. Eligibility determination for the expansion population will be based on Modified Adjusted Gross Income, while current eligibility determination is based on a complex system of income disregards and budgeting mechanisms.

³ Seniors and disabled individuals are in general eligible for Medicaid up to 75% of the poverty level (based on the current SSI payment level.) However, if receiving long-term care services, they may be eligible up to 88% of poverty.

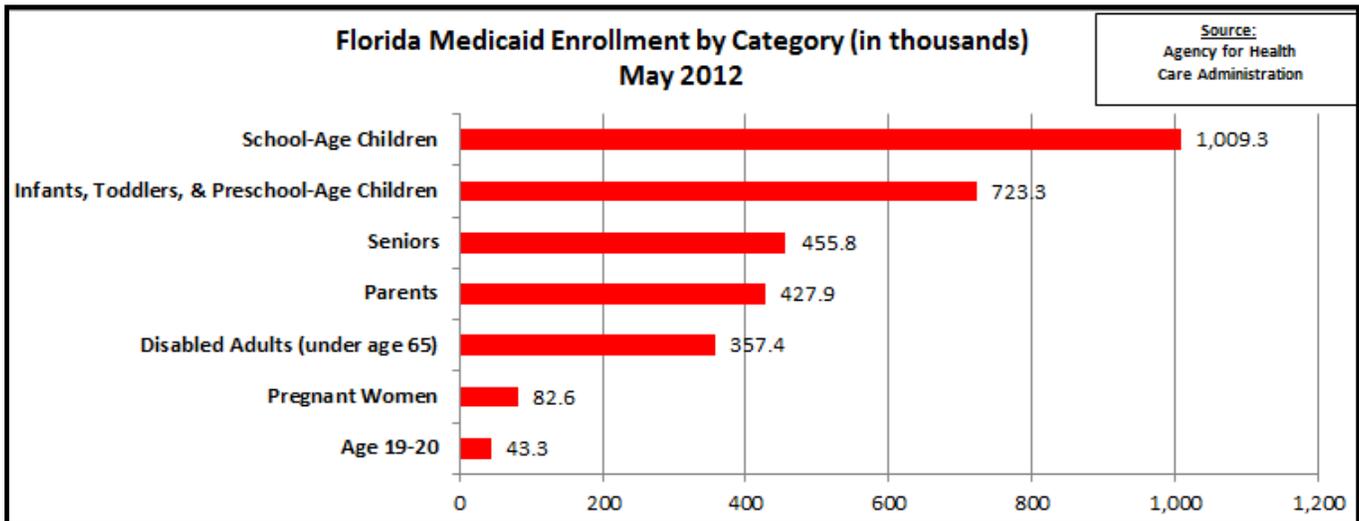
⁴ The current income limit for a working parent is higher, because earned and unearned income are treated differently in the current eligibility determination process.

⁵ Unemployed parents need not be receiving Temporary Cash Assistance payments or unemployment benefits to qualify for Medicaid.

⁶ Seniors are not included in Medicaid expansion. The presumption is that almost all seniors (age 65 and over) qualify for basic medical coverage through Medicare.

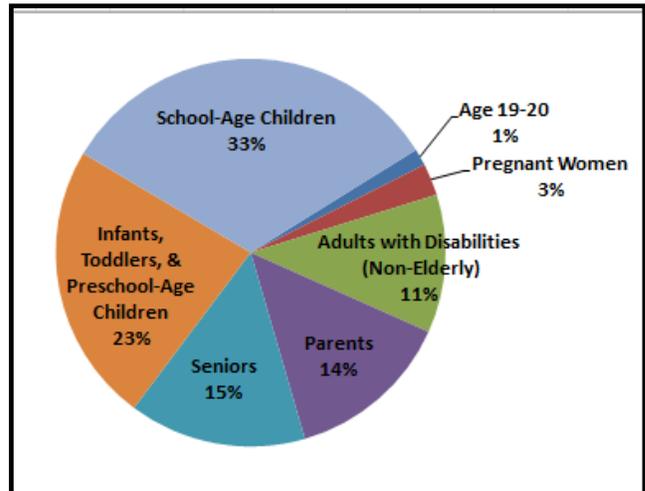
Florida's tourist-based economy.

Not surprisingly, the majority of current Florida Medicaid recipients (56 percent) are children^v, with seniors comprising 15 percent of the current Medicaid caseload. Therefore, only 29 percent (911,300) of Florida's current Medicaid population consists of non-elderly adults. This includes parents (14 percent), disabled adults (11 percent), pregnant women (3 percent), and 19-20 year-olds (1 percent).



The figures below depict the size and share of the various eligibility categories of the current Medicaid population.^{vi}

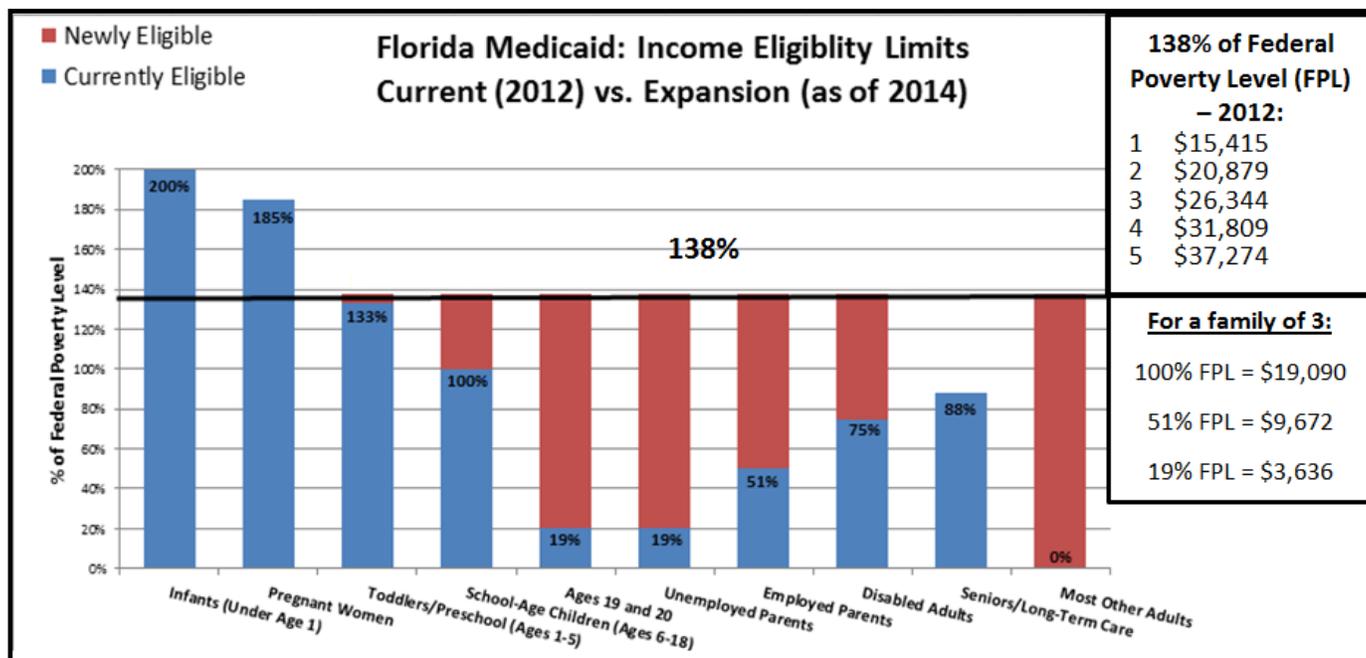
Among Florida's total population, less than one in twelve non-elderly Florida adults is currently enrolled in Medicaid.^{vii} Among such adults in households with work-related income, fewer than 2 percent are covered through Medicaid coverage, and as discussed above, all of them are under-employed and in low-wage jobs. Hundreds of thousands of others who are nevertheless poor and without access to meaningful coverage are blocked and cannot qualify. Even those who do qualify are considered to have "transitional" Medicaid that is not intended to provide sustained access to coverage.



3. Although expanding Medicaid will open the door to coverage for many school-age children and non-elderly adults for the first time, all newly eligible Floridians will nevertheless be very low-income. In fact, even after expansion, many low-income Floridians will have incomes that exceed the Medicaid income limit, and no middle-income Floridians will qualify.

Medicaid expansion will increase the income eligibility limit for most groups of Floridians to 138 percent

of poverty. As a result, many more school-age children, parents, and disabled adults (under age 65) will become Medicaid-eligible as of 2014, while working-age adults without disabilities can qualify for the first time ever. The figure below shows the main eligibility categories for Florida Medicaid, and how they are affected by expansion:



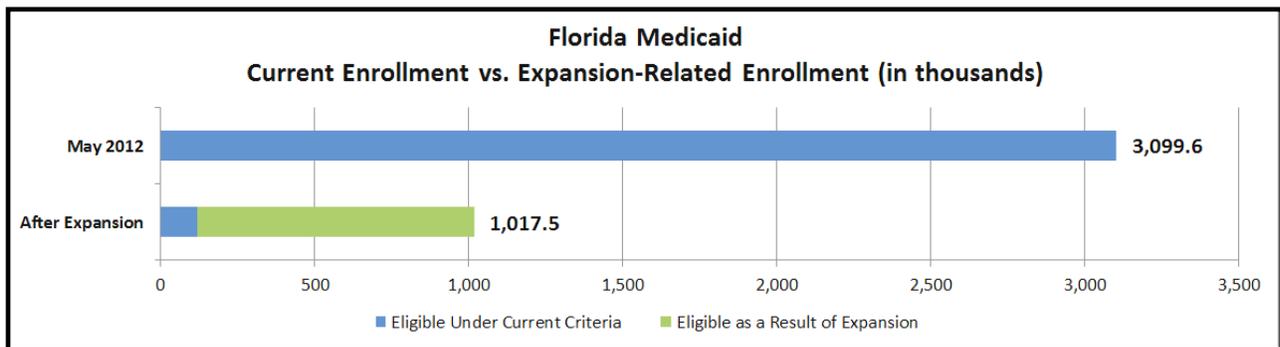
The table below lists the income limits for each Medicaid category, before and after expansion. In particular, the shaded rows pertain to the categories affected by expansion.

Florida Medicaid – Income Eligibility Limits: Current vs. Expansion					
Eligibility Category	Notes	Annual		Monthly	
		CURRENT Income Limit	EXPANSION Income Limit	CURRENT Income Limit	EXPANSION Income Limit
Children Under Age 1	Family of 3 Unaffected by expansion	\$38,180	\$38,180	\$3,182	\$3,182
Pregnant Women	Family of 3 Unaffected by expansion	\$35,317	\$35,317	\$2,943	\$2,943
Children Ages 1-5	Family of 3	\$25,123	\$26,344	\$2,116	\$2,195
Children	Family of 3	\$19,090	\$26,344	\$1,591	\$2,195

Ages 6-18					
Disabled Adults (under age 65)	Single individual	\$8,376	\$15,415	\$698	\$1,285
Working Parents	Family of 3	\$9,672	\$26,344	\$806	\$2,195
Unemployed Parents	Family of 3	\$3,636	\$26,344	\$303	\$2,195
Non-Disabled Adults w/o Children (under age 65)	Family of 3	\$0	\$26,344	\$0	\$2,195
Seniors	Single individual Not part of expansion	\$8,376	\$8,376	\$698	\$698
Undocumented Immigrants ⁷	Not part of expansion	\$0	\$0	\$0	\$0

4. Medicaid expansion will by no means transform Florida Medicaid into a behemoth that bears no resemblance to the current program. Fewer than three in ten recipients enrolled as of the end of the decade will have become eligible as a result of expansion.

As of May 2012, 3.10 million Floridians were enrolled in Medicaid.⁸ By comparison, only half of that number (1.52 million) of additional Floridians will even become Medicaid-eligible as of 2014.^{viii} However, even assuming outreach and enrollment occur at an unrealistically aggressive level, 0.94 million newly eligible recipients can reasonably be expected to enroll by 2019.^{ix} Another 0.12 million who are currently eligible but not enrolled may sign up. Even as of the end of the decade, less than one quarter of recipients will have become eligible as a result of expansion, as depicted in the figure below.



⁷ Lawfully residing immigrants will be eligible up to 138 percent of the poverty level as well, but only after a five-year waiting period. Florida has the option to eliminate this waiting period for children and pregnant women.

⁸ This excludes recipients who are eligible only for family planning services as well as the Medically Needy, who have household incomes above the current Medicaid limit and are eligible only on a short-term basis.

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In conclusion, the Affordable Care Act requires states to raise the income limit for Medicaid coverage to 138 percent of the federal poverty level. The recent U.S. Supreme Court decision left this requirement intact, although it limited the penalty that could be imposed on them if they refuse. The lack of other coverage options available to the low-income Florida children and adults who would gain Medicaid coverage – at a negligible cost to the state – and the restrictive nature of current Medicaid eligibility in Florida necessitate extending the Medicaid coverage net further. The fact is, the resulting boost in economic security to Florida’s lowest-income workers and their families as well as the overall boost to the Florida economy make rejecting expansion highly ill-advised.

This report was researched and written by Greg Mellowe.

Endnotes

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- i FCFEP, [Rejecting Medicaid Expansion Not an Option for Florida](#), July 2012, p.1
 - ii Current Medicaid eligibility is determined in accordance with Part III, Chapter 409, Florida Statutes; Chapter 65A-1, Florida Administrative Code; and the [ACCESS Florida Program Policy Manual](#)
 - iii Social Security Administration, [What You Need To Know When You Get Social Security Disability Benefits](#), April 2011, p.10
 - iv State estimates rely heavily on the U.S. Census Bureau, 2011 Current Population Survey (CPS), Annual Social and Economic Supplement (ASES), which uses 2010 as the reference year, for its one-year estimates.
 - v Agency for Health Care Administration (AHCA), [Medicaid Eligibles: Age by Assistance Category](#), May 2012
 - vi Derived from AHCA, [Medicaid Eligibles: Age by Program by Sex](#), May 2012
 - vii CPS, ASES, [CPS Table Creator](#) (*query executed July 14, 2012*)
 - viii FCFEP estimate derived as part of prior calculation of expansion-related projections. The product of the total number of eligible and the overall participation rate yields the total number of enrollees.
 - ix FCFEP, [Overstated Burden: Why Florida’s Claims Regarding Medicaid Expansion Are Vastly Inflated, Lacking in Merit](#), March 2012, p.9