



Study estimates increase in Medicaid coverage across incomes due to the Affordable Care Act

- **The Affordable Care Act (ACA) aimed to provide access to Medicaid for those earning up to 138% of the federal poverty level**
- **In 2012 the Supreme Court ruled that individual states could choose whether or not to expand Medicaid coverage under the ACA to their citizens**

There has been substantial interest on the actual effects of the ACA since it was passed into law in 2010. In 2014, the Medicaid expansion portion of the law was implemented by 27 states, including the District of Columbia. In 21 states there was virtually no health insurance safety net for able-bodied, working-age, and higher-income adults prior to the ACA, and of those 21 states, nine chose to implement the ACA's full Medicaid expansion. University of Kentucky professors and affiliates of the Institute for the Study of Free Enterprise Charles Courtemanche and Aaron Yelowitz, as well as Georgia State University Professor of Economics James Marton examine the differential impact on Medicaid coverage across income levels in these two groups of states.

The coauthors use data from the US Census Bureau's American Community Survey and examine data on insurance coverage and sources of insurance from 2012 to 2017. From a baseline participation rate among income-eligible adults of 18.2%, the coauthors estimate that the nine states that expanded Medicaid saw an increase in Medicaid participation of 13.6 percentage points compared to the 12 states that did not expand Medicaid. Somewhat more surprisingly, the coauthors find that Medicaid coverage increased by 3.0 percentage points for

those earning above 138% of the federal poverty level and who had no clear path to qualify for Medicaid by being a participant in a qualifying disability or welfare program.

Addressing this unintended consequence, the coauthors remark that “even with the possibility of measurement error in insurance coverage, income, or noisy forecasting, it is also possible that the ACA legislative rules are simply not being carried out as intended. The fact that the marginal effect of the Medicaid expansions increases over time suggests that instead of noisy forecasting, consumers may be deliberately under-reporting their income”

In 2015 alone there were more than 4000 assistance programs helping almost 6 million consumers register for coverage under the ACA, the authors note that, “assistance programs employed 30,400 full time equivalent staff and volunteers. Given the magnitude and complexity of the ACA rollout, both the skills and motivations of such workers in terms of furthering their clients’ interests will surely vary, and could plausibly explain some of our findings.”