

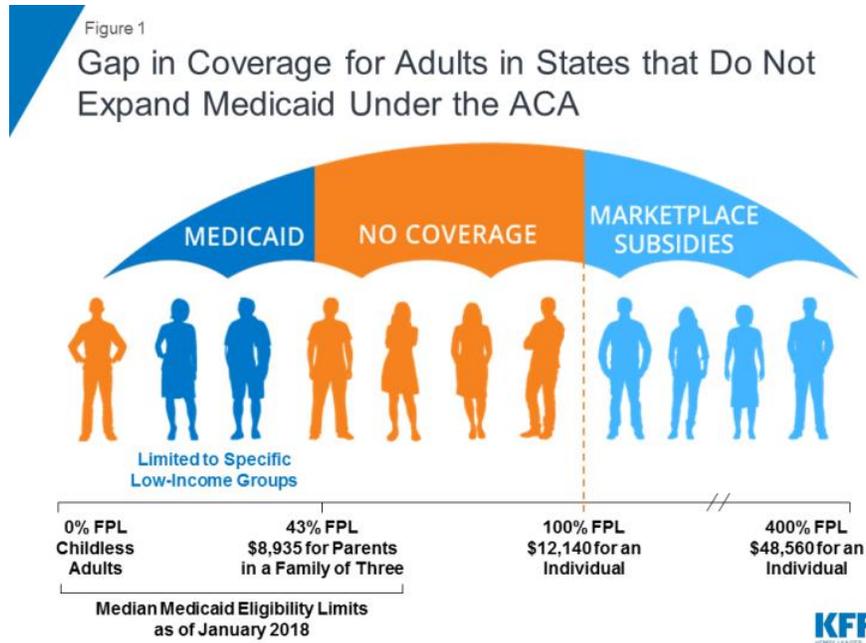
Coverage Gap Report

SOURCE 1:

The Coverage Gap: Uninsured Poor Adults in States that Do Not Expand Medicaid

<https://www.kff.org/medicaid/issue-brief/the-coverage-gap-uninsured-poor-adults-in-states-that-do-not-expand-medicaid/>

- While millions of people have gained coverage through the expansion of Medicaid under the Affordable Care Act (ACA), state decisions not to implement the expansion leave many without an affordable coverage option. Under the ACA, Medicaid eligibility is extended to nearly all low-income individuals with incomes at or below 138 percent of poverty (\$17,236 for an individual in 2019). This expansion fills in historical gaps in Medicaid eligibility for adults and was envisioned as the vehicle for extending insurance coverage to low-income individuals, with premium tax credits for Marketplace coverage serving as the vehicle for covering people with moderate incomes. While the Medicaid expansion was intended to be national, the June 2012 Supreme Court ruling essentially made it optional for states. As of March 2019, 14 states had not expanded programs.
- Medicaid eligibility for adults in states that did not expand their programs is quite limited: the median income limit for parents in these states is just 43% of poverty, or an annual income of \$8,935 for a family of three in 2018,³ and in nearly all states not expanding, childless adults remain ineligible.⁴ Further, because the ACA envisioned low-income people receiving coverage through Medicaid, it does not provide financial assistance to people below poverty for other coverage options. As a result, in states that do not expand Medicaid, many adults, including all childless adults, fall into a “coverage gap” of having incomes above Medicaid eligibility limits but below the lower limit for Marketplace premium tax credits (Figure 1).



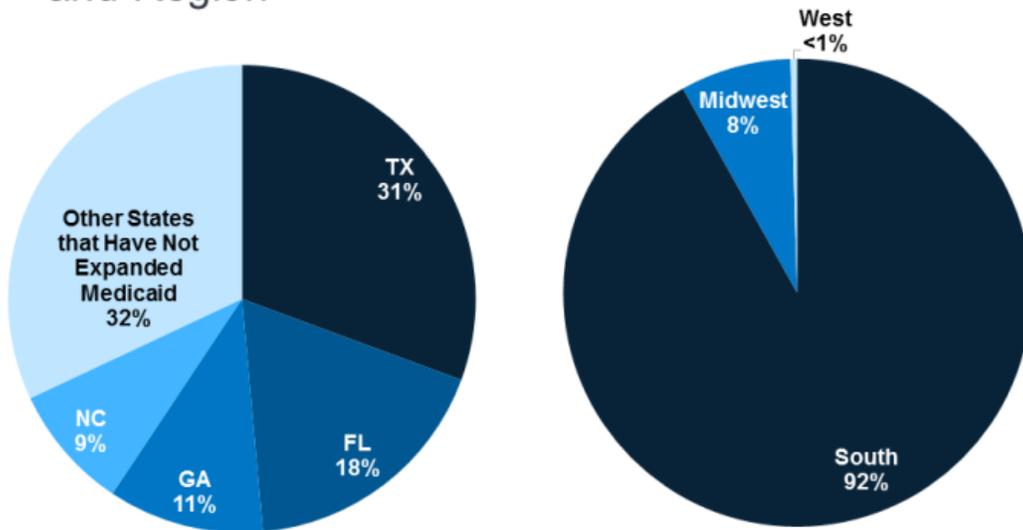
This brief presents estimates of the number of people in non-expansion states who could have been reached by Medicaid but instead fall into the coverage gap and discusses the implications of them being left out of ACA coverage expansions. An overview of the methodology underlying the analysis can be found in the Data and Methods, and more detail is available in the Technical Appendices.

Number of Uninsured People in the Coverage Gap:

- Nationally, more than two million poor uninsured adults fall into the “coverage gap” that results from state decisions not to expand Medicaid (Table 1), meaning their income is above current Medicaid eligibility but below the lower limit for Marketplace premium tax credits. These individuals would be eligible for Medicaid had their state chosen to expand coverage. Reflecting limits on Medicaid eligibility outside ACA pathways, most people in the coverage gap (76%) are adults without dependent children.
- Adults left in the coverage gap are spread across the states not expanding their Medicaid programs but are concentrated in states with the largest uninsured populations. Nearly a third of people in the coverage gap reside in Texas, which has both a large uninsured population and very limited Medicaid eligibility (Figure 2). Eighteen percent live in Florida, eleven percent in Georgia, and nine percent in North Carolina. There are no uninsured adults in the coverage gap in Wisconsin because the state is providing Medicaid eligibility to adults up to the poverty level under a Medicaid waiver.

Figure 2

Distribution of Adults in the Coverage Gap, by State and Region



Total = 2.5 Million in the Coverage Gap

NOTE: Totals may not sum due to rounding. There are no individuals in the coverage gap in the Northeast as all states in the Northeast expanded Medicaid.

SOURCE: Kaiser Family Foundation analysis based on 2018 Medicaid eligibility levels and 2017 American Community Survey.



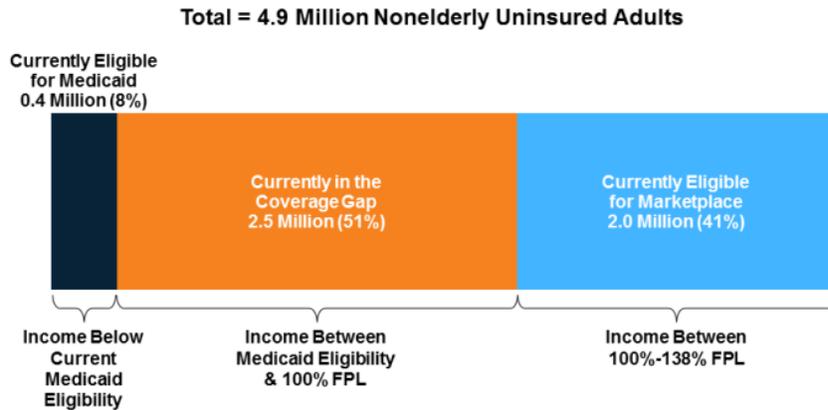
- The geographic distribution of the population in the coverage gap reflects both population distribution and regional variation in state take-up of the ACA Medicaid expansion. The South has relatively higher numbers of poor uninsured adults than in other regions, has higher uninsured rates and more limited Medicaid eligibility than other regions, and accounts for the majority (9 out of 14) of states that opted not to expand Medicaid. As a result, more than nine in ten people in the coverage gap reside in the South (Figure 2).

What Would Happen if All States Expanded Medicaid?

- If states that are currently not expanding their programs adopt the Medicaid expansion, all of the 2.5 million adults in the coverage gap would gain Medicaid eligibility. In addition, 2.0 million uninsured adults who are currently eligible for Marketplace coverage (those with incomes between 100 and 138% of poverty) would also gain Medicaid eligibility (Figure 3 and Table 1). Though most of these adults are eligible for tax credits to purchase Marketplace coverage, Medicaid coverage may provide lower premiums or cost-sharing than they would face under Marketplace coverage. For example, research from early implementation of the ACA showed that coverage of behavioral health services, prescription drugs, rehabilitative and habilitative services, and long-term services and supports may be more limited in the Marketplace compared to Medicaid. In addition, research examining the population with incomes between 100-138% FPL in expansion and non-expansion states finds that Medicaid expansion

coverage produced far greater reductions than subsidized Marketplace coverage in average total out-of-pocket spending, average out-of-pocket premium spending, and average cost-sharing spending.

Figure 3
Nonelderly Uninsured Adults in Non-Expansion States Who Would Be Eligible for Medicaid if Their States Expanded



NOTE: Total may not sum to 100% due to rounding. The "100%-138% FPL" category presented here uses a Marketplace eligibility determination for the lower bound (100% FPL) and a Medicaid eligibility determination for the upper bound (138% FPL) in order to appropriately isolate individuals within the range of potential Medicaid expansions but also with sufficient resources to avoid the coverage gap.
 SOURCE: KFF analysis based on 2018 Medicaid eligibility levels and 2017 American Community Survey.



- A small number (about 409,000) of uninsured adults in non-expansion states are already eligible for Medicaid under eligibility pathways in place before the ACA. If all states expanded Medicaid, those in the coverage gap and those who are instead eligible for Marketplace coverage would bring the number of nonelderly uninsured adults eligible for Medicaid to nearly 4.9 million people in the fourteen current non-expansion states. The potential scope of Medicaid varies by state (Table 1).

Discussion:

- The ACA Medicaid expansion was designed to address the high uninsured rates among low-income adults, providing a coverage option for people with limited access to employer coverage and limited income to purchase coverage on their own. In states that expanded Medicaid, millions of people gained coverage, and the uninsured rate dropped significantly as a result of the expansion. However, with many states opting not to implement the Medicaid expansion, millions of uninsured adults remain outside the reach of the ACA and continue to have limited options for affordable health coverage. From 2016 to 2017, non-expansion states saw a significant increase in their uninsured rate, while expansion states saw a decrease.
- By definition, people in the coverage gap have limited family income and live below the poverty level. They are likely in families employed in very low wage jobs, employed part-time, or with a fragile or unpredictable connection to the workforce. Given limited offer rates of employer-based coverage for employees with these work characteristics, it is likely that they will continue to fall between the cracks in the employer-based system.

- It is unlikely that people who fall into the coverage gap will be able to afford ACA coverage, as they are not eligible for premium subsidies: in 2019, the national average unsubsidized premium for a 40-year-old non-smoking individual purchasing coverage through the Marketplace was \$454 per month for the lowest-cost silver plan and \$340 per month for a bronze plan,¹⁴ which equates to nearly eighty percent of income for those at the lower income range of people in the gap and more than a third of income for those at the higher income range of people in the gap.
- If they remain uninsured, adults in the coverage gap are likely to face barriers to needed health services or, if they do require medical care, potentially serious financial consequences. Many are in fair or poor health or are in the age range when health problems start to arise but lack of coverage may lead them to postpone needed care due to the cost. While the safety net of clinics and hospitals that has traditionally served the uninsured population will continue to be an important source of care for the remaining uninsured under the ACA, this system has been stretched in recent years due to increasing demand and limited resources.
- Most people in the coverage gap live in the South, leading state decisions about Medicaid expansion to exacerbate geographic disparities in health coverage. In addition, because several states that have not expanded Medicaid have large populations of people of color, state decisions not to expand their programs disproportionately affect people of color, particularly Black Americans. As a result, state decisions about whether to expand Medicaid have implications for efforts to address disparities in health coverage, access, and outcomes among people of color.
- There is no deadline for states to opt to expand Medicaid under the ACA and debate continues in some states about whether to expand. The November 2018 election led to additional states taking up the ACA Medicaid expansion, but subsequent political debate in some states has called into question the scale or structure of expansion. In addition, the Trump Administration has indicated to states that it is open to state Medicaid waiver proposals, which may lead some states that have not yet expanded Medicaid under the ACA to develop Medicaid expansion waivers and further extend coverage. However, some proposed waivers that could expand coverage for some people in the coverage gap also place new restrictions or requirements on that coverage. Thus, it is uncertain what insurance options, if any, adults in the coverage gap may have in the future, and these adults are likely to remain uninsured without policy action to develop affordable coverage options.
- Table 1: *Uninsured Adults in Non-Expansion States Who Would Be Eligible for Medicaid if Their States Expanded by Current Eligibility for Coverage, 2017*

State	Total	Currently Eligible for Medicaid	Currently in the Coverage Gap (<100% FPL)	Currently May Be Eligible for Marketplace Coverage (100%-138% FPL**)
All States Not Expanding Medicaid	4,861,000	409,000	2,479,000	1,973,000
Alabama	235,000	12,000	140,000	83,000
Florida	884,000	48,000	445,000	392,000
Georgia	503,000	46,000	267,000	190,000
Kansas	86,000	6,000	46,000	34,000
Mississippi	176,000	13,000	103,000	61,000
Missouri	232,000	13,000	124,000	95,000
North Carolina	412,000	33,000	215,000	164,000
Oklahoma	216,000	19,000	111,000	85,000
South Carolina	240,000	30,000	124,000	86,000
South Dakota	32,000	3,000	20,000	9,000
Tennessee	244,000	37,000	113,000	94,000
Texas	1,498,000	89,000	759,000	649,000
Wisconsin*	79,000	57,000	0	22,000
Wyoming	24,000	N/A	12,000	9,000

NOTES: * Wisconsin provides Medicaid eligibility to adults up the poverty level under a Medicaid waiver. As a result, there is no one in the coverage gap in Wisconsin. ** The "100%-138% FPL" category presented here uses a Marketplace eligibility determination for the lower bound (100% FPL) and a Medicaid eligibility determination for the upper bound (138% FPL) in order to appropriately isolate individuals within the range of potential Medicaid expansions but also with sufficient resources to avoid the coverage gap. Totals may not sum due to rounding. N/A: Sample size too small for reliable estimate.

SOURCE: KFF analysis based on 2018 Medicaid eligibility levels and 2017 American Community Survey.

Income Analysis

SOURCE 1:

Income and Poverty in the United States: 2018

<https://www.census.gov/library/publications/2019/demo/p60-266.html>

This report presents data on income, earnings, income inequality, and poverty in the United States based on information collected in the 2019 and earlier Current Population Survey Annual Social and Economic Supplements (CPS ASEC) conducted by the U.S. Census Bureau.

- See attached Excel file titled, "Income Summary Measures 2017-2018"

Income:

- Median household income was \$63,179 in 2018, not statistically different from the 2017 median (Figure 1 and Table A-1).
- The 2018 real median income of family households and nonfamily households increased 1.2 percent and 2.4 percent, respectively, between 2017 and 2018 (Figure 1 and Table

A-1). This is the fourth consecutive annual increase in median household income for family households.

- The 2018 real median income of Asian households increased 4.6 percent from 2017 to \$87,194, while the real median incomes of non-Hispanic White (\$70,642), Black (\$41,361), and Hispanic (\$51,450) households were not statistically different from their 2017 medians (Figure 1 and Table A-1).
- For householders under the age of 65, real median household income was not statistically different between 2017 and 2018, while real median household income for householders aged 65 and over increased 3.3 percent from 2017 (Figure 1 and Table A-1).
- The real median income of households maintained by a native-born person increased 1.4 percent between 2017 and 2018, while the 2018 real median income of households maintained by a foreign-born person was not statistically different from 2017 (Figure 1 and Table A-1).

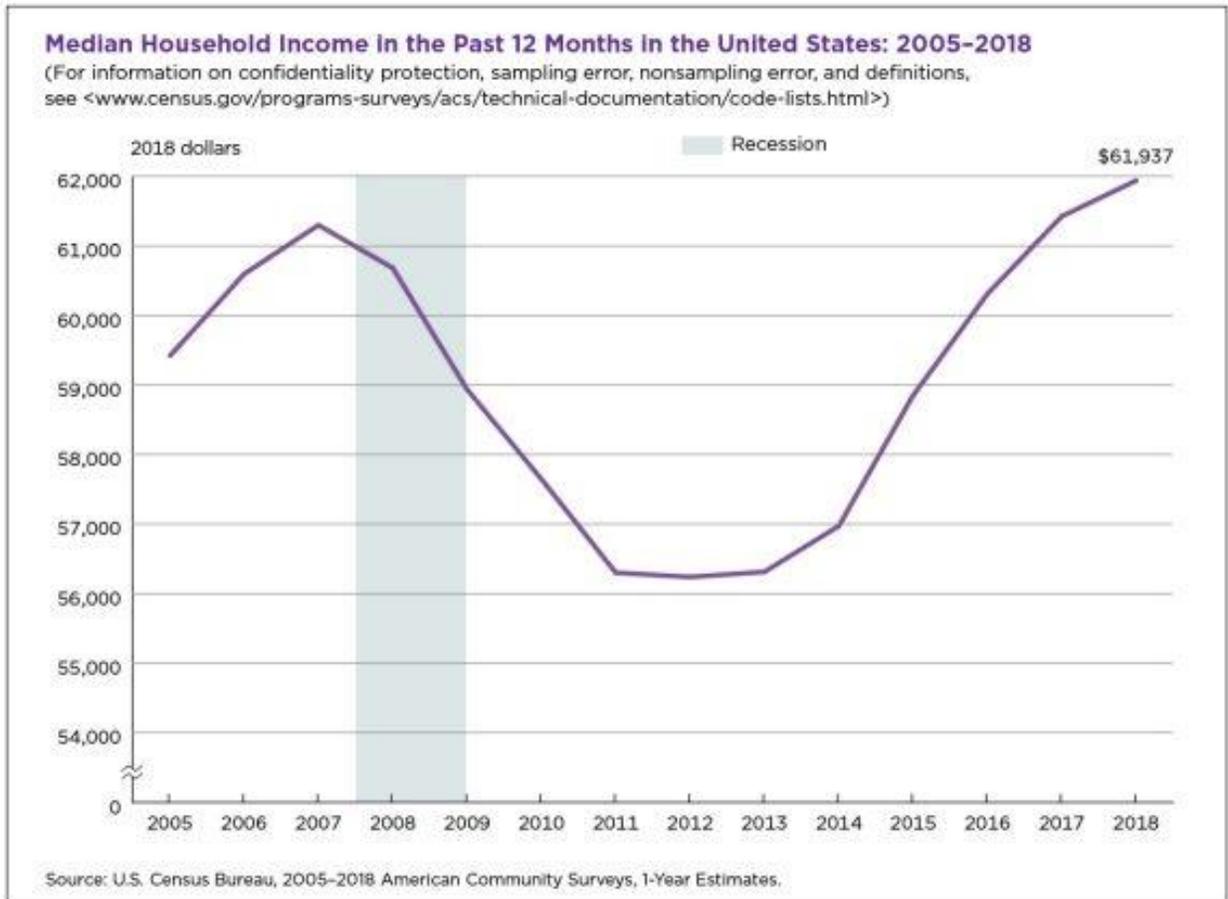
Earnings:

- Between 2017 and 2018, the real median earnings of all workers increased 3.4 percent to \$40,247 (Figure 4 and Table A-6).
- The 2018 real median earnings of men (\$55,291) and women (\$45,097) who worked full-time, year-round increased by 3.4 percent and 3.3 percent, respectively, (Figure 4 and Table A-6) between 2017 and 2018. The 2018 female-to-male earnings ratio was 0.816, not statistically different from the 2017 ratio.
- The number of full-time, year-round workers increased by 2.3 million, between 2017 and 2018. The number of men and women full-time, year-round workers increased by about 700,000 and 1.6 million, respectively.

Poverty:

- The official poverty rate in 2018 was 11.8 percent, down 0.5 percentage points from 12.3 percent in 2017. This is the fourth consecutive annual decline in poverty. Since 2014, the poverty rate has fallen 3.0 percentage points, from 14.8 percent to 11.8 percent.
- In 2018, for the first time in 11 years, the official poverty rate was significantly lower than 2007, the year before the most recent recession.
- In 2018, there were 38.1 million people in poverty, approximately 1.4 million fewer people than 2017.
- Between 2017 and 2018, poverty rates for children under age 18 decreased 1.2 percentage points from 17.4 percent to 16.2 percent. Poverty rates decreased 0.4 percentage points for adults aged 18 to 64, from 11.1 percent to 10.7 percent. The poverty rate for those aged 65 and older (9.7 percent) was not statistically different from 2017.
- From 2017 to 2018, the poverty rate decreased for non-Hispanic Whites; females; native-born people; people living in the Northeast, Midwest, and West; people living inside metropolitan statistical areas and principal cities; people without a disability; those with some college education; people in families; and people in female householder families.

- Between 2017 and 2018, people aged 25 and older without a high school diploma was the only examined group to experience an increase in their poverty rate. Among this group, the poverty rate increased 1.4 percentage points, to 25.9 percent, but the number in poverty was not statistically different from 2017.
- Real median household income in the United States increased 0.8% to \$61,937 between 2017 and 2018.



SOURCE 2:

Personal Income by State

<https://www.bea.gov/data/income-saving/personal-income-by-state>

Table 1. Personal Income, by State and Region, 2018:Q2-2019:Q3

	[Millions of dollars, seasonally adjusted at annual rate]						[Seasonally adjusted at annual rate]					Rank 2019:Q2 - 2019:Q3
	2018			2019			Percent change from preceding quarter ^r					
	Q2	Q3	Q4	Q1 ¹	Q2 ²	Q3 ³	2018:Q3	2018:Q4	2019:Q1	2019:Q2	2019:Q3	
United States	17,720,036	17,918,889	18,077,710	18,349,782	18,549,334	18,723,383	4.6	3.6	6.2	4.4	3.8	--
New England	1,003,342	1,014,481	1,021,176	1,042,330	1,048,159	1,055,723	4.5	2.7	8.5	2.3	2.9	--
Connecticut	271,363	275,620	276,573	280,893	282,209	284,034	6.4	1.4	6.4	1.9	2.6	44
Maine	65,226	65,919	66,193	67,582	68,194	68,774	4.3	1.7	8.7	3.7	3.4	31
Massachusetts	492,373	497,289	501,330	512,679	515,861	519,546	4.1	3.3	9.4	2.5	2.9	41
New Hampshire	82,696	83,698	83,899	86,446	86,645	87,378	4.9	1.0	12.7	0.9	3.4	34
Rhode Island	57,877	57,847	58,792	59,600	60,053	60,512	-0.2	6.7	5.6	3.1	3.1	39
Vermont	33,807	34,108	34,390	35,131	35,198	35,479	3.6	3.3	8.9	0.8	3.2	38
Mideast	3,149,843	3,182,534	3,191,351	3,244,083	3,281,319	3,303,489	4.2	1.1	6.8	4.7	2.7	--
Delaware	50,562	51,109	51,313	52,197	52,568	53,051	4.4	1.6	7.1	2.9	3.7	24
District of Columbia	57,176	58,068	58,297	58,962	59,460	60,001	6.4	1.6	4.6	3.4	3.7	--
Maryland	381,335	385,096	387,297	392,490	396,252	399,435	4.0	2.3	5.5	3.9	3.3	37
New Jersey	605,083	612,041	614,546	624,233	629,430	633,900	4.7	1.6	6.5	3.4	2.9	42
New York	1,340,694	1,350,653	1,347,977	1,373,116	1,392,158	1,399,473	3.0	-0.8	7.7	5.7	2.1	48
Pennsylvania	714,993	725,567	731,921	743,084	751,452	757,629	6.0	3.5	6.2	4.6	3.3	35
Great Lakes	2,380,220	2,405,304	2,424,559	2,450,807	2,468,783	2,494,872	4.0	3.2	4.4	3.0	4.3	--
Illinois	721,164	727,933	732,729	739,746	741,610	749,490	3.8	2.7	3.9	1.0	4.3	14
Indiana	313,509	316,541	320,078	323,441	326,034	330,727	3.9	4.5	4.3	3.2	5.9	8
Michigan	481,377	486,479	489,637	494,965	500,630	504,700	4.3	2.6	4.4	4.7	3.3	36
Ohio	566,213	573,252	577,736	584,800	588,382	594,742	5.1	3.2	5.0	2.5	4.4	12
Wisconsin	297,957	301,100	304,379	307,855	312,127	315,213	4.3	4.4	4.6	5.7	4.0	18
Plains	1,109,075	1,117,288	1,135,560	1,141,996	1,150,352	1,171,334	3.0	6.7	2.3	3.0	7.5	--
Iowa	157,102	158,249	162,261	163,631	164,177	168,375	3.0	10.5	3.4	1.3	10.6	3
Kansas	149,142	150,316	152,286	152,933	154,252	156,547	3.2	5.3	1.7	3.5	6.1	7
Minnesota	321,075	324,796	328,791	331,052	334,353	339,090	4.7	5.0	2.8	4.0	5.8	9
Missouri	292,279	293,277	296,564	300,331	302,607	306,691	1.4	4.6	5.2	3.1	5.5	10
Nebraska	102,119	102,474	104,737	104,220	104,908	107,468	1.4	9.1	-2.0	2.7	10.1	4
North Dakota	41,824	42,245	43,355	43,059	43,182	44,600	4.1	10.9	-2.7	1.1	13.8	2
South Dakota	45,535	45,932	47,567	46,770	46,874	48,562	3.5	15.0	-6.5	0.9	15.2	1
Southeast	3,971,280	4,019,887	4,057,952	4,116,905	4,159,881	4,197,877	5.0	3.8	5.9	4.2	3.7	--
Alabama	205,433	207,199	209,434	212,374	214,249	216,065	3.5	4.4	5.7	3.6	3.4	33
Arkansas	129,594	130,648	132,567	133,154	135,161	137,317	3.3	6.0	1.8	6.2	6.5	5
Florida	1,058,701	1,074,087	1,083,427	1,101,338	1,114,427	1,124,128	5.9	3.5	6.8	4.8	3.5	29
Georgia	485,495	493,469	496,476	504,113	510,258	515,060	6.7	2.5	6.3	5.0	3.8	19
Kentucky	189,337	190,293	191,855	194,332	195,520	197,697	2.0	3.3	5.3	2.5	4.5	11
Louisiana	215,013	216,206	219,063	221,854	222,462	224,347	2.2	5.4	5.2	1.1	3.4	32
Mississippi	112,690	113,203	114,577	115,937	116,374	118,177	1.8	4.9	4.8	1.5	6.3	6
North Carolina	476,648	480,916	487,483	494,083	500,496	505,043	3.6	5.6	5.5	5.3	3.7	26
South Carolina	220,646	223,358	226,042	230,196	232,073	234,192	5.0	4.9	7.6	3.3	3.7	25
Tennessee	315,364	320,445	322,221	328,136	331,831	334,830	6.6	2.2	7.5	4.6	3.7	27
Virginia	489,161	495,352	499,671	505,960	511,260	514,891	5.2	3.5	5.1	4.3	2.9	43
West Virginia	73,198	74,712	75,136	75,427	75,770	76,128	8.5	2.3	1.6	1.8	1.9	49
Southwest	2,019,885	2,045,845	2,065,320	2,105,199	2,128,093	2,149,242	5.2	3.9	8.0	4.4	4.0	--
Arizona	315,249	320,206	323,426	329,909	334,368	337,469	6.4	4.1	8.3	5.5	3.8	22
New Mexico	86,527	87,924	88,736	90,323	91,498	92,347	6.6	3.7	7.3	5.3	3.8	23
Oklahoma	181,192	183,035	185,150	188,583	188,843	190,277	4.1	4.7	7.6	0.6	3.1	40
Texas	1,436,916	1,454,680	1,468,007	1,496,384	1,513,383	1,529,150	5.0	3.7	8.0	4.6	4.2	15
Rocky Mountain	637,377	645,986	653,971	666,668	675,593	680,710	5.5	5.0	8.0	5.5	3.1	--
Colorado	330,560	335,702	339,473	347,065	351,364	353,459	6.4	4.6	9.3	5.0	2.4	46
Idaho	76,519	77,240	78,609	79,676	81,103	81,978	3.8	7.3	5.5	7.4	4.4	13
Montana	50,261	50,632	51,406	51,496	51,968	52,500	3.0	6.3	0.7	3.7	4.2	17
Utah	145,418	147,288	148,963	152,217	154,690	156,134	5.2	4.6	9.0	6.7	3.8	20
Wyoming	34,619	35,123	35,520	36,214	36,468	36,638	6.0	4.6	8.0	2.8	1.9	50
Far West	3,449,014	3,487,564	3,527,822	3,581,795	3,637,153	3,670,135	4.5	4.7	6.3	6.3	3.7	--
Alaska	43,482	44,155	44,416	44,900	45,377	45,640	6.3	2.4	4.4	4.3	2.3	47
California	2,504,116	2,528,020	2,558,708	2,597,221	2,639,206	2,662,933	3.9	4.9	6.2	6.6	3.6	28
Hawaii	78,374	79,044	79,702	80,653	80,900	81,412	3.5	3.4	4.9	1.2	2.6	45
Nevada	147,702	150,069	152,543	154,239	156,047	157,394	6.6	6.8	4.5	4.8	3.5	30
Oregon	211,510	214,599	217,004	220,199	222,534	224,606	6.0	4.6	6.0	4.3	3.8	21
Washington	463,830	471,677	475,449	484,582	493,089	498,151	6.9	3.2	7.9	7.2	4.2	16

^r Revised
^p Preliminary
¹ Annual percentage change of annual rate

State Personal Income, Q3 2019:

- State personal income increased 3.8 percent at an annual rate in the third quarter of 2019, a deceleration from the 4.4 percent increase in the second quarter, according to estimates released today by the Bureau of Economic Analysis (table 1).
- The percent change in personal income across all states ranged from 15.2 percent in South Dakota to 1.9 percent in West Virginia and Wyoming.