



**Delta Council  
Education and Health Committee**

**Impact of Medicaid Expansion on Rural  
Healthcare**

Presented by:

Timothy H. Moore

President/CEO

Mississippi Hospital Association

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# What is Medicaid Expansion?

- Health Insurance Coverage.
- Medicaid expansion provides health insurance coverage to non-disabled, low-income adults ages 19-64 who earn too much for traditional Medicaid, are not old enough to qualify for Medicare, and do not qualify for Medicaid or Medicare because of a disability.
- Medicaid expansion is essentially an adult version of the Children's Health Insurance Program (CHIP) which provides health insurance to the healthy/non-disabled children of adults who earn too much to qualify for traditional Medicaid. Would anyone think about eliminating CHIP?



# What is Low Income/Who is Eligible?

- Low income is defined as adults in a household earning up to 138% of the federal poverty level.
- A single adult household earning up to \$17,774.
- Adults in a four-person household earning up to \$36,570.
- Mississippi Median Household Income is \$45,081 (2019).
- 20% of Mississippians live in poverty



# How Much Will It Cost?

- The federal government is required by law to pay 90% of the costs and the state is required to pay 10%.
- The State of Mississippi will pay approximately \$100 Million per year in order to receive \$900 Million per year in federal money.
- In addition, under the American Rescue Plan Act of 2021, the federal government will give Mississippi approximately \$300-350 Million per year on top of the \$900 Million. The additional funds are a savings to the regular Medicaid program – estimated savings of \$600-700 Million over two years.
- Medicaid expansion pays for itself. There is a net benefit to the state of nearly \$300 Million for each of the first two years and afterwards the program pays for itself with the additional annual tax revenue of \$100-200 Million cancelling the state share costs of \$100 Million. Additional savings will result from the shift of traditional Medicaid members moving to the expansion category of eligibility at a higher federal match rate for the state.



# Economic Impact of Medicaid Expansion

- For 2019, the last full year prior to the pandemic, Mississippi hospital expenses exceeded revenue on average by \$11M per month - \$132M/yr.
- Expenses for Mississippi hospitals are among the lowest in the nation (#1 for non profit, #9 for government-owned and #6 for for-profit based on 2019 KFF data)
- Mississippi has the lowest inpatient hospital expenditures per diem
- Mississippi hospitals had approximately \$616 million in uncompensated care in 2019 (nearly twice the amount from 2010).



# Economic Impact of Medicaid Expansion

- Medicaid expansion could reduce the uncompensated care burden by 40-50% and restore \$250-300M in revenue. This revenue would flip the negative variance of \$132M per year to a positive variance.
- Additional benefit to the State of Mississippi of up to \$200M in tax revenue.
- State Economist estimates 11,300 new jobs per year from 2022-2027
- State Economist estimates Mississippi's GDP to increase each year from 2022-2027 between \$719-783M
- The total economic impact to the State of Mississippi in the first two years alone will likely exceed \$1.2 billion.



# Physician Workforce

## Attracting Mississippi Physicians

- For 20 years, Mississippi has not significantly grown its number of physicians and the percentage of its physician workforce over the age of 55 has significantly increased.
  - 2002 - 5,683 total physicians in Mississippi
  - 2019 - 6,288 total physicians in Mississippi
  - 2002 - 27% of Mississippi physicians were over age 55
  - 2019 - 44% of Mississippi physicians were over age 55



# Physician Workforce

## Who Employs Mississippi Physicians?

- The number of self-employed physicians in Mississippi has decreased substantially since 2002.
  - In 2002, for 5,471 Mississippi physicians who reported their employment status, 59% reported as self employed.
  - In 2019, for 5,890 Mississippi physicians who reported their employment status, 35% reported as self employed.





# Why Support Medicaid Expansion?

- As less physicians seek to be self-employed, medical facilities must have the additional revenue to attract physicians to Mississippi, especially in rural areas.
- Mississippi is being placed at a competitive disadvantage by not providing needed funding that is available through Medicaid expansion. The disadvantage is more acutely felt in rural areas.
- As more and more physicians reach retirement age, the shortage of Mississippi physicians will become more dire and nearly every Mississippi county is in a designated shortage area already.



# What Does the Research Say?

Kaiser Family Foundation compiled a lit review of 324 studies (August 15, 2019):

- Increased health coverage
- Increased affordability
- Increased access to care
- Budget savings for states (enhanced federal match)
- Reduced Uncompensated Care Costs for Hospitals
- Increases in diagnosis and early diagnosis of cancer and other conditions as well as improvements in cardiovascular mortality rates
- Some studies show increased availability of primary care appointments and others find longer wait times



# Why Support Medicaid Expansion?

- It's the right thing to do to help Mississippians who do not have health insurance.
- Put Mississippi federal taxes to work in Mississippi.
- Improves healthcare infrastructure – physician and nursing recruiting and upgrading technology, facilities and equipment.
- Economic benefits for all Mississippi.
- Increases state revenue without increasing taxes.



QUESTIONS?

