Components of the ACA

Health Care Coverage Critical to Healthy Commonwealth

The hospital and health system community supports the underlying goal of the Affordable Care Act (ACA) to insure more people. With nearly 1.4 million uninsured people in the Commonwealth, the goal of the ACA is to cover as many people as possible through Medicaid expansion, the provision of subsidies through insurance exchanges and the purchase of insurance on their own.

Insured individuals are more likely to receive needed care at the right time in the right setting, and to have preventive screenings, all of which lower future medical costs. Insured individuals with complex and chronic illness are more likely to manage their care, avoiding an escalation of problems. Healthy people are employable, show up to work, and boost productivity. Healthy children have better rates of success in school.

Uninsured by Federal Poverty Level

Pennsylvania, 2010

There are approximately 1,343,300 million uninsured persons in Pennsylvania.

<table>
<thead>
<tr>
<th>Level</th>
<th>Pennsylvania 2010</th>
<th>No Medicaid Expansion</th>
<th>Medicaid Expansion, an estimated 652,900 uninsured Pennsylvanians could qualify for Medicaid coverage.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 100%</td>
<td>483,300</td>
<td>136%</td>
<td>36%</td>
</tr>
<tr>
<td>100% to 138%</td>
<td>169,100</td>
<td>13%</td>
<td>27%</td>
</tr>
<tr>
<td>139% to 250%</td>
<td>191,500</td>
<td>14%</td>
<td>134,500</td>
</tr>
<tr>
<td>251% to 399%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>400% +</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Supreme Court Rules Federal Government Cannot Compel States to Expand Medicaid by Withholding Federal Funding

In June 2012, the United States Supreme Court upheld the ACA; however, a majority of the justices voted that the government could not compel states to expand Medicaid by threatening to withhold federal money for existing state Medicaid programs.
Facts About Medicaid Expansion in Pennsylvania

Since the Supreme Court decision, Pennsylvania leaders have not yet made a decision on whether to expand the state’s Medicaid program. There are considerable implications that must be considered that will impact the overall health status of Pennsylvania’s population, the stability of the state’s health care delivery system, and the economy.

Hospitals Help Pay for Expanded Coverage; Meeting Needs Without Medicaid Expansion Presents Challenges

During the ACA debate, the hospital and health system community accepted $155 billion in Medicare and Medicaid cuts over ten years to help pay for the cost of Medicaid expansion and other provisions of the ACA that would expand health insurance coverage. Pennsylvania’s share of hospital payment cuts under the ACA is $8.1 billion over ten years.

A portion of the hospital payment cuts, more than $1.9 billion, come from payments for uncompensated care costs—disproportionate share hospital (DSH) payments. In Pennsylvania, hospitals already absorb nearly $1 billion in uncompensated care annually.

The agreed-to federal hospital payment cuts were predicated on uninsured rates declining, and the expectation that new revenue from insurance coverage expansions would in large part offset the lost revenue from payment cuts. Absent the Medicaid eligibility expansion, hospitals face years of Medicare and Medicaid payment cuts without the offsetting revenue from more patients having coverage. Hospitals will continue to suffer high costs for uncompensated care—without the important federal dollars that currently help to fill the gap.

The hospital and health system community remains committed to providing quality care 24 hours a day, seven days a week to everyone needing care. But the strain of an additional $8.1 billion in cuts over ten years without insurance coverage offsets, on top of the scheduled federal reductions of $1.4 billion through 2021 due to the January 2013 sequestration, will place incredible stress on a health care delivery system that is already challenged to meet community health needs.

Major Economic Impact

If Pennsylvania chooses not to expand Medicaid that decision results in millions of dollars of lost economic funding to Pennsylvania. Federal Medicaid dollars spur economic activity beyond this initial investment. Studies indicate that every Medicaid dollar that flows into the state helps increase overall employment, consumer spending, and state tax revenue. A dollar of Medicaid spending increases spending both in the health sector and in other industries. In addition, as federal taxpayers, residents of non-expansion states will be further subsidizing the residents, employers, and providers of those states that expand Medicaid eligibility.

<table>
<thead>
<tr>
<th>Hospital Medicare and Medicaid Cuts Under ACA</th>
<th>PENNSYLVANIA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall Medicare cuts</td>
<td>-$5,610,010,000</td>
</tr>
<tr>
<td>Medicare Quality-Based Payment</td>
<td>-$650,938,000</td>
</tr>
<tr>
<td>Medicare &amp; Medicaid Disproportionate Share (DSH) cuts</td>
<td>-$1,884,338,000</td>
</tr>
<tr>
<td><strong>TOTAL CUTS UNDER ACA</strong></td>
<td>-$8,145,287,000</td>
</tr>
</tbody>
</table>

1Includes cuts for excess readmissions, and hospital-acquired conditions, and increases for value-based purchasing.

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Page 2 of 4
Facts About Medicaid Expansion in Pennsylvania

December 2012

Where does the federal money go?
States that receive the most federal dollars for their uninsured residents

How many Medicaid DSH dollars each state receives (per resident)

Louisiana
New Hampshire
District of Columbia
New York
Maine
Missouri
New Jersey
South Carolina
Alabama
Rhode Island
Connecticut
Mississippi
Tennessee
Massachusetts
Pennsylvania
Texas
West Virginia
Vermont
Ohio
Kentucky
Indiana
North Carolina
Alaska
California
Georgia
Washington
Michigan
Colorado
Nevada
Wisconsin
Illinois
Nebraska
Arizona
North Dakota
Kansas
Arkansas
Minnesota
South Dakota
Maryland
Iowa
Oregon
Montana
Virginia
Florida
Idaho
Delaware
New Mexico
Oklahoma
Hawaii
Utah
Wyoming

$0
$50
$100
$150
$200

UNITED STATES
$11.6 Billion
Total DSH allotment

Pennsylvania
$580 Million
Total DSH allotment

$47
DSH dollars per resident

$426
DSH dollars received per uninsured resident

3%
DSH share of Medicaid budget


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Page 3 of 4
Medicaid is health care coverage for Pennsylvania’s most vulnerable populations of people.

Medicaid currently provides health care across the state to the elderly, persons with intellectual, medical, and/or physical disabilities, pregnant women, low-income children, and families who are eligible financially and who do not have access to health insurance.

- Medicaid is the backbone of nursing home care for seniors.
- Medicaid is how the poorest children get much needed medical care. Nearly half of Pennsylvania’s Medicaid recipients are children.
- Medicaid gives people a chance to get back on their feet when times are difficult. Sixty-five percent of people who receive Medicaid are from working families who lack access to health insurance.
- Medicaid serves millions of people with severe mental and physical disabilities and helps them live independently in their own homes.

Common Sense: Expanded Health Care Coverage is an Investment in Quality of Life

But the most compelling reason for Pennsylvania to expand Medicaid eligibility circles back to the original goal of reform, to provide more people with the opportunity to get health insurance coverage, improve their quality of life, effectively manage their medical conditions, and for many, to increase their potential to contribute to society.

*Medical Assistance Recipients in Pennsylvania*

<table>
<thead>
<tr>
<th>Total MA Recipients</th>
<th>2,096,949</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aged</td>
<td>206,000</td>
</tr>
<tr>
<td>Disabled</td>
<td>541,772</td>
</tr>
<tr>
<td>Adults</td>
<td>918,288</td>
</tr>
<tr>
<td>Children</td>
<td>430,889</td>
</tr>
</tbody>
</table>


*Pennsylvania Medicaid Recipients by County*

Medicaid Recipients as a % of Total County Population