



Medicaid is health care coverage for Pennsylvania's most vulnerable populations, including the elderly, persons with disabilities, pregnant women, low-income children, and working families with no access to insurance.

Pursuant to the 2012 U.S. Supreme Court decision, Medicaid expansion is optional for states under the Affordable Care Act (ACA). Opponents of expansion argue that Medicaid hurts the poor and is a drain on the economy. In fact, strengthening Medicaid will benefit state government, the state's economy, job-seekers, hospitals, and, most importantly, the patients who seek health care in hospitals, physicians' offices, and other settings. In an effort to provide clarity to the debate, Pennsylvania's hospitals have compiled the following Myths & Facts about Medicaid expansion:

Myth: By expanding Medicaid, Pennsylvania state government loses money and further exacerbates its budget deficit.

Fact: *Medicaid expansion will generate more than \$1.7 billion in new tax revenue to the state, and overall federal payments to Pennsylvania under expansion are estimated at more than \$16.5 billion—a 10:1 return on the state's investment of \$1.6 billion over seven years. The expected fiscal benefits of state Medicaid expansion have been documented in reports by a number of independent and respected think tanks, research firms, and agencies, including [RAND Health](#), the [Pennsylvania Economy League](#), the state's [Independent Fiscal Office](#), and the [Kaiser Commission on Medicaid and the Uninsured](#).*

Myth: Expansion provides no additional benefit to the state's economy.

Fact: *Expansion of Medicaid eligibility in Pennsylvania will boost federal revenue to the state, generate additional economic growth, and support a substantial number of jobs. [RAND Health](#) forecasts approximately \$23 billion in economic growth through 2020 and support for 35,000–39,000 family-sustaining jobs. Medicaid expansion will add \$2.2 to \$2.5 billion in annual federal payments to Pennsylvania. RAND Health estimates this additional federal spending will generate \$3.2 to \$3.6 billion in annual state economic activity.*

Myth: Medicaid expansion does not improve coverage and access to care.

Fact: *The state's [Independent Fiscal Office](#) predicts expansion would provide coverage for more than 400,000 previously uninsured Pennsylvanians. [Kaiser](#) analysis of the Oregon Health Insurance Experiment finds that Medicaid 1) increases access to care and health care utilization, as well as improved self-reported health; 2) improves adults' mental health markedly; and 3) virtually eliminates catastrophic medical expenses. [RAND Health](#) conservatively forecasts coverage for 350,000 additional low-income, non-elderly, working adults and their families, dropping the state's uninsured rate from 12.7% now, to 8.1% under the Affordable Care Act, to 4.8% under the Affordable Care Act with expansion.*

Myth: Health care quality under Medicaid expansion remains the same, or declines.

Fact: Studies from [Oregon](#), the [University of Wisconsin](#), [Harvard](#), [Medicaid and CHIP Payment and Access Commission](#), and the [Institute of Medicine](#) show that adults with Medicaid avail themselves of health care more appropriately than adults without insurance. Compared to the uninsured, those with Medicaid more often fill prescriptions and take their medications; in addition, they more frequently seek appropriate treatment from primary care physicians and specialists.

- ❑ A [University of Virginia](#) mortality study comparing insured and uninsured populations often cited by expansion opponents fails to account for the fact that many patients only become eligible for Medicaid coverage upon hospitalization. These previously uninsured patients typically get Medicaid coverage only while they are in the hospital, on an emergency basis, and with no follow-up care upon discharge. Unfortunately, their treatment could have been less intensive, less expensive, and more successful if they had Medicaid coverage all along.

Myth: Medicaid expansion will increase health care costs.

Fact: The costs of care for the uninsured already are being borne by Pennsylvania's hospitals, with a price tag of more than \$1 billion annually. Additional costs are shifted to private insurers through higher rates. This is a "hidden tax" on business. Medicaid expansion will decrease hospital uncompensated care costs and position more Pennsylvanians to obtain care sooner and in the most appropriate settings, thereby improving outcomes and lowering overall costs.

Myth: The federal government will not honor its commitment to expansion.

Fact: Over the past 47 years, the federal government has maintained its commitment to funding Medicaid, Medicare, and the Children's Health Insurance Program, and the core principles of these programs remain intact. For Medicaid beneficiaries, the federal health care safety net has not wavered over the past five decades. The ACA permits states to opt out of Medicaid expansion at any time in the future if the commitment is not honored.

Myth: Medicaid is just a welfare handout to the poor.

Fact: Medicaid is health care coverage for Pennsylvania's most vulnerable populations, including the elderly, persons with disabilities, pregnant women, low-income children, and working families with no access to insurance. Medicaid is a payment to providers for services rendered. Medicaid is not a direct payment to an individual. So Medicaid generally covers those who work but still need help obtaining affordable health care coverage, or it covers those who cannot work.