Medicaid Expansion as a Rural Issue: Rural and Urban States and the Expansion Decision

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Key Findings

- **Rural states were less likely to expand Medicaid.** States with the highest percentage of rural and small city population ("rural" states) were less likely to expand Medicaid. Of the 10 states with the highest percentage of their population living in rural areas, five expanded Medicaid and five did not. Of the 10 states with the highest percentage of their population living in rural areas and small states, five expanded Medicaid and five did not. Of the 11 different states on both lists, five expanded Medicaid and six did not.
- **Urban states were more likely to expand Medicaid.** States with the lowest percentage of rural and small city population ("urban" states) were more likely to expand Medicaid. Of the 10 states with the lowest percentage of their population living in rural areas, eight expanded Medicaid and two did not. Of the 10 states with the lowest percentage of their population living in rural areas and small states, nine expanded Medicaid and one did not. Of the 13 different states on both lists, 11 expanded Medicaid and two did not.
- **State decisions not to expand create a "coverage gap."** People who earn too much to qualify for Medicaid but not enough to qualify for health insurance marketplace premium tax credits end up in the gap.
- **Nearly 1.8 million rural and small city residents fall into the "coverage gap."** Nearly 1.8 million rural and small city residents fall into the "coverage gap" in the 24 non-expansion states for which data is available. This represents about four percent of the total rural and small city population in those states, a figure similar to the number of

people nationally informed they had non-compliant Affordable Care Act policies in the individual health insurance market.

Medicaid Expansion and Rural in the Affordable Care Act

Medicaid is at the center of the Affordable Care Act's primary mission to provide near universal health insurance coverage. The law extends Medicaid eligibility to nearly everyone under age 65 up to 138 percent of the federal poverty level ($15,856 for an individual and $32,499 for a family of four in 2013).

The Congressional Budget Office estimates that 16 million people, mostly adults, will gain Medicaid coverage as a result of this provision.[1] Based on current Medicaid enrollment, that equals about 8.8 million rural residents across the nation newly covered by Medicaid. The Urban Institute estimates a 27.4 percent increase in Medicaid enrollment by 2010, or an increase of almost 16 million people from current enrollment.[2]

Other estimates of the Medicaid expansion under the Affordable Care Act are smaller but still significant. United Health estimates that by 2019 an additional 8.1 million rural residents will be enrolled in Medicaid or the state health insurance exchanges compared to what would have happened without the Affordable Care Act. Assuming some of these people would have other means of health insurance coverage, the net rural coverage expansion is estimated to be 5.4 million.[3]

No matter the estimate, a significant number of rural people are potentially eligible for Medicaid under the Affordable Care Act's expansion. The expansion of Medicaid is particularly important for working people in rural areas where employer-provided health insurance is less common, where self-employment is more common, and where poverty or below poverty incomes that are insufficient to purchase health insurance are more prevalent.

Medicaid is a jointly funded federal-state program, with administration of the program generally at the state level. As a result of the U.S. Supreme Court ruling on June 28, 2012, each state had the option on whether to expand their Medicaid program to include the new eligibility provisions of the Affordable Care Act.[4] Most state legislatures, as a result, spent considerable time during their 2012 and 2013 sessions debating whether to expand Medicaid in their state. The most current actions show that state decisions are almost split evenly – 26 states (and the District of

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[1] Kaiser Commission on Medicaid and the Uninsured. 2011. *Physician Willingness and Resources to Serve More Medicaid Patients: Perspectives from Primary Care Physicians.*

[2] Id; Holahan, John and Headan, Irene. 2010. *Medicaid Coverage and spending in Health Reform: National and State-by-State Results for Adults at or Below 133% FPL*. Washington, DC: Urban Institute and Kaiser Commission on Medicaid and the Uninsured.

[3] United Health Center for Health Reform and Modernization. 2011. *Modernizing Rural Health Care: Coverage, Quality and Innovation*.

[4] *National Federation of Independent Business v. Sebelius*, 567 U.S. ___ (2012).

Columbia) moving forward with Medicaid expansion and 25 states not (or with a legislative decision pending).[5]

Rural and Urban States and Medicaid Expansion

Based on the number of rural people potentially eligible for Medicaid insurance coverage, the importance of Medicaid to the rural health care system and the expansion decision-making in the hands of states, this report examines Medicaid expansion by "rurality" of states and whether Medicaid expansion varied by rural vs. urban population as a share of a state's total population.

We examined two measures of state "rurality" (or "urbanism") from the 2010 Census – 1) the percent of state population in rural areas, and 2) the percent of state population in rural areas and small cities (between 2,500 and 50,000 population). The higher the percent of either, the more rural a state; the lower the percent of either, the more urban a state.

Tables 1 and 2 below outline the top 10 states in terms of percent of state population living in rural areas and top 10 states in terms of percent of state population living in rural areas and small cities.[6]

Table 1. Expanding Medicaid: Decision of Top 10 States with the Largest Rural Population

State	Percent of Rural Population	Expanding Medicaid
Maine	61.3	NO
Vermont	61.1	YES
West Virginia	51.3	YES
Mississippi	50.7	NO
Montana	44.1	NO
Arkansas	43.8	YES
South Dakota	43.4	NO
Kentucky	41.6	YES
Alabama	41.0	NO
North Dakota	40.1	YES

[5] Henry J. Kaiser Family Foundation. 2013. *Status of State Action on the Medicaid Expansion Decision, as of November 22, 2013*.
[6] Data from all tables from the 2010 U.S. Census

Table 2. Expanding Medicaid: Decision of Top 10 States with the Largest Rural and Small City Population

State	Percent of Rural/Small City Population	Expanding Medicaid
Vermont	82.6	YES
Wyoming	75.5	NO
Maine	73.8	NO
Montana	73.5	NO
Mississippi	72.4	NO
South Dakota	70.1	NO
West Virginia	66.8	YES
Arkansas	60.5	YES
North Dakota	60.0	YES
Kentucky	59.0	YES

Of the 10 states with the highest percentage of their population living in rural areas, five expanded Medicaid and five did not. Of the 10 states with the highest percentage of their population living in rural areas and small states, five expanded Medicaid and five did not. Of the 11 different states on both lists, five expanded Medicaid and six did not.

The situation is nearly reversed for "urban states" as seen in Tables 3 and 4.

Table 3. Expanding Medicaid: Decision of Top 10 States with the Lowest Rural Population

State	Percent of Rural Population	Expanding Medicaid
Arizona	10.2	YES
Utah	9.4	NO
Rhode Island	9.3	YES
Florida	8.8	NO
Hawaii	8.1	YES
Massachusetts	8.0	YES
Nevada	5.8	YES
New Jersey	5.3	YES
California	5.1	YES
District of Columbia	0.0	YES

Table 4. Expanding Medicaid: Decision of Top 10 States with the Lowest Rural and Small City Population

State	Percent of Rural/Small City Population	Expanding Medicaid
New York	17.3	YES
Maryland	16.5	YES
Connecticut	15.2	YES
Nevada	13.5	YES
Florida	12.6	NO
California	10.3	YES
Massachusetts	9.7	YES
Rhode Island	9.6	YES
New Jersey	7.8	YES
District of Columbia	0.0	YES

Of the 10 states with the lowest percentage of their population living in rural areas, eight expanded Medicaid and two did not. Of the 10 states with the lowest percentage of their population living in rural areas and small states, nine expanded Medicaid and one did not. Of the 13 different states on both lists, 11 expanded Medicaid and two did not.

There is definitely a connection between rural and urban states and decisions to expand Medicaid. These decisions likely reflect the politics of states and the political leanings of state decision makers, and clearly states that are more rural or more urban have different politics and elect different politicians.

The Rural "Coverage Gap"

Whatever the reasons, states that are more rural appear to be less likely to expand Medicaid. The result is that a significant number of low-income, working rural residents are left in a "coverage gap," earning too much to qualify for Medicaid but not enough to qualify for health insurance marketplace premium tax credits. The six states with the highest percentage of rural and/or rural and small city population have a total of 436,500 people in the "coverage gap."[7] Together, those six states have nearly 276,000 rural residents in the "coverage gap." [8]

[7] Kaiser Commission on Medicaid and the Uninsured. 2013. *The Coverage Gap: Uninsured Poor Adults in States That Do Not Expand Medicaid*.
[8] Based on the residents living in rural and small cities as a percentage of those in the "coverage gap for each state.

Nationally, the rural "coverage gap" for all states not expanding Medicaid is noteworthy. Through extrapolation we estimate it to be 1,745,286 residents in rural areas and small cities of 24 non-expansion states for which data is available (no data is available for Wisconsin; see Appendix for state-by-state data). Though this represents only about four percent of the total rural and small city population in those states, this a large group of people who likely have no other options for health insurance coverage – most of these people will remain outside the reach of the Affordable Care Act and, because of the unique health insurance challenges in rural areas, will continue to have limited options for health insurance coverage.[9]

The number of rural and small city residents in the "coverage gap" is similar to the number of people nationally who discovered they had non-Affordable Care Act compliant health insurance policies in the individual market (estimated at five percent nationally), for which the President, Congress, commentators, and the media devoted significant attention and effort to address.

Conclusion

The consequences of the state decisions not to expand Medicaid are compounded to create a significant health care urgency in rural areas that proceeds from step to step. A significant number of rural people will fall into the health insurance "coverage gap," leaving them without health insurance coverage or options for health insurance coverage for needed health services. A long-term result of the "coverage gap" will be a lack of coverage for necessary medical care, with severe financial outcomes for those in the gap and without health insurance.

Ultimately, driving people into the "coverage gap" will result in worse health outcomes and less healthy people as medical issues and conditions go untreated at early, less expensive stages. This is likely to exacerbate the health disparities found in rural areas, where higher rates of nearly every disease and condition exist, due, in some measure to health insurance coverage in rural areas.[10]

And finally, the rural health care provider network, often a safety net for the uninsured, will be stretched, possibly to the breaking point, in non-expansion states. Rural communities may be left without critical pieces of the health care foundation, all rural residents may be left without institutions to attend to their health care needs, and rural communities may be denied jobs and economic activity.

[9] Kaiser, 2013.
[10] Bailey, Jon M. 2009. *The Top 10 Rural Issues for Health Care Reform*. Center for Rural Affairs; Blankenau, Joe, Bailey, Jon M. and Hudson, Julie. 2009. *The Causes and Consequences of the Rural Uninsured and Underinsured*. Center for Rural Affairs.

APPENDIX: RURAL/SMALL CITY COVERAGE GAP IN NON-EXPANSION STATES

Non-Medicaid Expansion State	Number in "Coverage Gap"	Rural/Small City Population	Pct. Rural/Small City (of total state population)	Number in Rural/Small City "Coverage Gap"
Alabama	191,320	2,454,432	51.4	98,338
Alaska	17,290	394,475	55.5	8,887
Florida	763,890	2,361,374	12.6	103,125
Georgia	409,350	3,353,382	34.6	153,506
Idaho	54,780	775,739	49.5	27,116
Indiana	181,930	2,647,218	40.8	74,227
Kansas	77,920	1,421,694	49.8	38,804
Louisiana	242,150	1,752,966	38.7	93,712
Maine	24,390	980,224	73.8	18,000
Mississippi	137,800	2,147,775	72.4	99,767
Missouri	193,420	2,598,866	43.4	83,944
Montana	40,140	727,278	73.5	29,503
Nebraska	32,570	844,144	46.2	15,047
New Hampshire	26,190	693,302	52.7	13,802
North Carolina	318,710	4,302,684	45.1	143,738
Oklahoma	144,480	2,033,779	54.2	144,479
Pennsylvania	281,290	3,724,842	29.3	82,418
South Carolina	194,330	2,045,319	44.2	85,894
South Dakota	25,480	570, 593	70.1	17,160
Tennessee	161,650	2,895,390	45.6	73,712
Texas	1,046,430	6,197,604	24.7	258,468
Utah	57,850	520,444	18.8	10,876
Virginia	190,840	2,416,985	30.2	57,634
Wisconsin	---	---	---	---
Wyoming	17,390	425,490	75.5	13,129
TOTAL	4,831,590	47,715,406		1,745,286

NOTE: "Coverage gap" data unavailable for Wisconsin, so no Wisconsin data included here.

Sources: Kaiser Commission on Medicaid and the Uninsured. 2013. *The Coverage Gap: Uninsured Poor Adults in States That Do Not Expand Medicaid*; U.S. Census Bureau.

ABOUT THE CENTER FOR RURAL AFFAIRS

Established in 1973, the Center for Rural Affairs is a private, nonprofit organization with a mission to establish strong rural communities, social and economic justice, environmental stewardship, and genuine opportunity for all while engaging people in decisions that affect the quality of their lives and the future of their communities.

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