

# Data Note

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## ***Missouri's Historic Medicaid Expansion Will Produce Major Gains for that State's Community Health Centers, their Patients and the Communities They Serve***

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Missouri's August 4th **vote to adopt the Affordable Care Act's (ACA's) Medicaid expansion** for low-income adults represents a historic turning point for that state's program. Voters did not simply vote to expand Medicaid: they voted to literally embed **Medicaid expansion in the state's constitution** along with a prohibition against imposing additional conditions of eligibility (such as work rules) as part of implementing reform.

The expansion, expected to be fully operational by July 2021, passed with over 53 percent of the vote; Missouri now becomes the **sixth state to have adopted the expansion through a voter initiative** rather than the normal legislative and regulatory process by which governors and legislatures shape their state programs.

### **The urgency of the need for expansion**

In practically no state was the need for expansion more urgent. Missouri's January 2020 Medicaid income eligibility standard for parents of dependent children stood at **21 percent of the federal poverty level**; working age adults who are not parents or caretakers of minor children could not qualify for Medicaid eligibility at all unless they are pregnant or have a severe disability. Furthermore, the past two decades have witnessed a phenomenal decline in Missouri's Medicaid eligibility standards for this population. According to the Kaiser Family Foundation, over the 2002-2020 time period, Medicaid income eligibility limits for Missouri parents fell from **107 percent of poverty to 21 percent of poverty**; over this same time period, parental income eligibility limits roughly doubled nationally, from **68 percent of poverty to 138 percent of poverty in the expansion states**.

As in virtually all states, employer insurance is simply not an option for poor workers. In 2018, during a booming economy, **fewer than 1 in 5 of the nonelderly population in Missouri** (19 percent) with below-poverty income reported workplace coverage. For this group, subsidized Marketplace coverage is not an option, since Marketplace subsidies do not commence until household income reaches the poverty threshold.

### **The Expansion effort**

Advocates have been pursuing expansion for years. Buoyed by the achievements in other conservative states – Nebraska, Utah and Idaho – a large and diverse coalition formed **Healthcare for Missouri**, with deep involvement by community health centers, hospitals, the health care and faith communities, advocates, businesses, foundations, and political leaders. Expansion prevailed by more than 6 percentage points, – some 82,000 votes – underscoring its significance. According to Joe Pierle, who directs the Missouri Primary Care Association and whose members played a central role in educating the public about the effort, the campaign generated more than 1 million Get Out The Vote (GOTV) phone calls, overcoming a strong effort by opponents to defeat the measure.

### **Estimating the impact of expansion on community health centers, patients, services, and staffing**

The impact of expansion on Missouri's community health centers and their patients is of significant importance. Health centers **serve one in five Medicaid patients**, and **one in five uninsured residents**. Community health centers play an especially important role in **rural communities and historically underserved communities of color**; in both types of communities, the problem of health disparities is especially acute. To the extent that Medicaid expansion allows health center patients to gain insurance and health centers to gain access to the

resources they need to improve care throughout their communities, the benefits of expansion go beyond the threshold question of insurance increases and carry implications for the scope and quality of care itself.

Our [previous research](#) has demonstrated a significant and measurable relationship between the strength of community health centers and their location in ACA Medicaid expansion states. Health centers in Medicaid expansion states have higher average staff-to-patient ratios, are more likely to provide mental health and substance use disorder services, and [are more likely to provide on-site insurance enrollment services](#) compared to health centers in non-expansion states, because they are able to secure revenue beyond that available through their basic federal grants. For these reasons – the importance of community health centers and the relationship between the ACA Medicaid expansion and health center operational strength – we sought to gauge the potential effects of expansion in Missouri on that state’s health centers.

An earlier study of the potential effects of expansion prepared by the Institute of Public Health at [Washington University in St. Louis](#) estimated that about half of all people eligible for Medicaid under the expansion would actually enroll, with 73 percent of uninsured, eligible adults expected to take up Medicaid coverage. Using these earlier estimates, we assess the likely enrollment rate during the first full year of implementation among Missouri’s uninsured, adult community health center patients. We then use this estimate to calculate impact on patient care capacity overall as a result of rising revenue that in turn enables health centers to strengthen their community service reach by expanding staffing, service sites, and the overall number of patients served – not only insured patients, but all patients.

For our estimates we draw on information contained in the 2019 [Missouri state report of Uniform Data System \(UDS\) data](#), a national reporting system that provides comprehensive, annual data on community health centers. (See Appendix for an explanation of how we derived these estimates).

**Table 1** presents our estimates based on two scenarios. Following the first year of full expansion, considerable gains can be expected for health center service capacity as a result of the high number of patients who are able to secure health insurance through Medicaid. Expansion is expected to insure an additional 36,000 to 42,000 patients (73 percent of all estimated eligible patients) and to increase revenue by \$34 to \$40 million, or 6 to 7 percent. This revenue growth, in turn, will enable health centers to hire 311 and 364 additional staff. Because of how health centers position care to be accessible to underserved patients, new staff would be not only physicians, nurses, and dentists but also patient care coordinators, community workers, health educators, and other staff who are not only essential to patient care but who are likely to be drawn from the communities where health centers operate, making them community economic engines. Health centers also can be expected to care for an additional 36,000 to 43,000 patients – both insured and uninsured – as services expand overall, and can be expected to provide 133,000 to 156,000 more visits.

## Conclusion

Missouri’s landmark Medicaid expansion can be expected to benefit hundreds of thousands of newly insured residents. Expansion also means that tens of thousands of patients served by community health centers, one of the state’s most important health care safety net providers, will gain coverage. These coverage gains can be expected to improve the scope of health care that health centers are able to provide or arrange for, such as specialty care where insurance coverage is key. Equally importantly, coverage gains among health center patients can be expected to translate into more operating revenue, which in turn will permit health centers to strengthen care capacity for all patients, not just the newly insured, through additional sites and staff and expanded services.

As noted, our previous research shows that community health centers located in Medicaid expansion states are more robust in staffing and scope of care, and provision of insurance enrollment services. The need in Missouri is especially great given the state’s poverty rate, its large number of medically underserved rural and urban communities, and the substantial health challenges faced by residents of these communities. Our estimates suggest that Medicaid expansion in Missouri will produce the same measurable, beneficial community-wide effects seen in community health centers in expansion states across the nation.

**Table 1: Projected gains for community health centers and patients from the first full year of Medicaid expansion in Missouri**

Uninsured adult health center patients age 18 and older	131,778
Medicaid patients	267,599
Medicaid revenue	\$258,838,017
Medicaid revenue/Medicaid patient	\$967
Total revenue	\$574,517,370
Total patients	606,090
Total staff (FTEs)	5,186
Total visits	2,219,570
<b>Scenario A: Estimated gains assuming the same number of uninsured adults reported in the 2019 UDS</b>	
Estimated expansion population, assuming 37% of uninsured adults are eligible (KFF) and 73% actually take up Medicaid coverage	35,593
Projected gain in Medicaid revenue	\$34,427,943
Increase in total revenue	6.0%
Projected gain in total patients	36,320
Projected gain in FTE staff members	311
Projected gain in visits	133,008
<b>Scenario B: Estimated gains assuming an increased uninsured rate of 16.4% for Missouri adult health center patients</b>	
Projected number of uninsured adult health center patients age 18 and older	154,369
Estimated expansion population, assuming 37% of uninsured adults are eligible (KFF) and 73% actually take up Medicaid coverage	41,695
Projected gain in Medicaid revenue	\$40,329,876
Increase in total revenue	7.0%
Projected gain in total patients	42,546
Projected gain in FTE staff members	364
Projected gain in visits	155,809

Sources: Health Resources and Services Administration. (2020). 2019 Health Center Data: Missouri Data; Kaiser Family Foundation. (2020). Who could Medicaid reach with expansion in Missouri?; Institute for Public Health at Washington University. (2019). Analysis of the Fiscal Impact of Medicaid Expansion in Missouri.

### Appendix—How We Derived These Estimates

We provide estimates under two scenarios, both using 2019 Missouri health center data and one that accounts for the projected growth in uninsured adults.

In 2019, there were 131,778 uninsured health center patients age 18 and older in Missouri. We assume that Missouri health centers' adult uninsured population is non-elderly because patients age 65 and older would have Medicare coverage or would be dual eligibles (reported under Medicare). Missouri health centers reported \$258,838,017 in Medicaid revenue in 2019 for a total of 267,599 Medicaid patients, or \$967 per Medicaid patient.

The Kaiser Family Foundation estimates that **37 percent of the state's uninsured nonelderly adult population** would become eligible for Medicaid coverage. We apply the 37 percent eligibility rate to the number of uninsured adults reported in 2019. In line with the Washington University study, which used the average Medicaid coverage take-up rate of 73 percent reported by the Urban Institute, we estimate that 73 percent of eligible, uninsured adults would actually take up Medicaid coverage and then apply the 73 percent take-up rate to the estimated eligible population to calculate the estimated number of health center patients who will gain Medicaid coverage. We then estimate the increased Medicaid revenue from the expansion by multiplying the increased number of Medicaid patients by \$967, the current Medicaid revenue per patient.

We estimate the share of total revenue that would result from expanded coverage over the course of the first year of expansion and apply that percentage to the 2019 reported numbers for total patients, total full-time equivalent (FTE) staff members, and visits (note that the number of visits includes both in-person clinic and virtual visits) to estimate the increase in capacity due to the increased revenue.

In Scenario B, we also account for a potential increase in uninsured adults from the COVID-19 pandemic and its resulting employment and **health insurance losses**. While Missouri's reported uninsured rate for non-elderly adults was **14 percent in 2018 and we assume remained constant in 2019**, here we increase the number of uninsured adult health center patients reported in 2019 by the percentage increase from 14 percent to an average of a 16.4 percent based on data reported in the Household Pulse Survey by **Missouri nonelderly adults during the pandemic**. We then take the same steps as noted above to estimate the effects of the Medicaid expansion on total revenue and corresponding increases in patients, staff, and visit capacity.