



SURGEON GENERAL, STATE OF ARKANSAS

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Arkansas Surgeon General's Brief:

Importance of Medicaid Expansion through the Patient Protection and Affordable Care Act

The Arkansas Landscape

Our health care system is at a tipping point. Arkansans' insurance premiums have nearly doubled in ten years (from \$6,355 in 2000 to \$11,816 in 2010),^{1,2} pushing many working citizens into the ranks of the uninsured. One-fourth of 18–64-year-old Arkansans lack health insurance. In some rural counties one of every three working age adults are uninsured.³ However, many of our citizens are not healthy and do need care. The Arkansas Department of Health estimates that more than half of all Arkansas adults suffer from at least one chronic disease, like cancer, heart disease, or diabetes. Most chronic diseases are preventable, but when people don't have health insurance they tend to avoid seeing doctors. People with untreated chronic diseases get sicker until finally medical care is unavoidable, much more expensive, and usually much less effective.

Uncompensated care costs to Arkansas hospitals increased 56 percent over ten years, from an estimated \$216 million in 2000 to an estimated \$338 million in 2010 as reported by the American Hospital Association.⁴ Uncompensated care threatens the financial health of our hospitals and clinicians, but they do not absorb it alone. Arkansas families with health insurance pay an estimated \$1,500 per year in their premiums as a hidden expense of treating those who can't afford to pay.⁵ And, for those without insurance but have expensive medical needs, they too often end up facing bankruptcy. The *American Journal of Medicine* reports that in 2007 medical debt accounted for 62 percent of all bankruptcies, up nearly 50 percent from 2001.⁶ The impact of these bankruptcies cascades across communities, affecting businesses that extend lines of credit or loans to these families.

There is an intersection between the high rate of uninsured citizens and the rising burden of uncompensated care placed on our health care providers. This can be seen in the fact that so many Arkansas counties are medically underserved, meaning that they do not have enough health services to accommodate the population. Why make an investment in a place where more than one-third of the people you might serve can't afford to pay?

Paying for insurance can be difficult. Arkansas has the third lowest median family income in the country—if you lined up every family from poorest to richest, the middle family makes \$38,413 a year (in Maryland it's \$68,933).⁷ Most Arkansas families (78 percent) earn at or below 400 percent of the federal poverty level (FPL).⁸ This means they'll now be eligible for federal subsidies to help purchase private health insurance or be eligible for Medicaid expansion under the Patient Protection and Affordable Care Act (ACA).

Although most buy insurance through their employers, most of Arkansas's small private-sector businesses don't offer coverage.⁹ Importantly, the Affordable Care Act does not require 95 percent of Arkansas businesses—those with fewer than 50 employees—to do anything. It does require individuals to engage and take responsibility for their future health care costs. With 78 percent of families living

below 400 percent of the FPL, Arkansas has the highest percentage of families in the nation who may qualify for help in gaining coverage.

Health Insurance Coverage and Health Status

Health insurance is integral to personal well-being and health. Compared with insured individuals, adults without health insurance have poorer health and greater risks. For those without insurance:¹⁰

- Men and women are much less likely to receive clinical preventive services.
- Chronically ill adults delay or forgo visits with physicians and clinically effective therapies, including prescription drugs.
- Adults are more likely to be diagnosed with later-staged cancer due to delay in seeking care.
- Adults are more likely to die from trauma or other serious acute conditions like heart attacks and strokes.

Lack of health insurance is also detrimental to Arkansas businesses. Workers who are uninsured are more likely to miss work than insured individuals.¹¹ The economic cost of lost productivity is substantial, especially when added to the cost of avoidable health care. The evidence also demonstrates that when adults acquire health insurance, many of the negative health effects of uninsurance are mitigated.¹¹

Arkansas Medicaid Program Coverage

Arkansas has one of the most restrictive Medicaid eligibility requirements, second only to Alabama. In our state, Medicaid eligibility is based on individual and/or family income, Arkansas residency, and other requirements. Limits are also placed on resources (e.g., cars, property) individuals can have to qualify. Currently, almost all Arkansas Medicaid recipients are children from low-income families, individuals with major disabilities, and the frail elderly with very limited financial resources. Medicaid does not cover low-income adults without disability or special condition, (e.g. pregnancy, blindness, or breast or cervical cancer).

If Arkansas chooses to expand Medicaid under the ACA, 100 percent of costs through 2015 and 90 percent of costs through 2020 and beyond will be covered by the federal government, providing resources that Arkansas would not otherwise have. Expansion would provide subsidies for health care coverage to an estimated 200,000 Arkansans earning 139–400 percent of FPL and approximately 250,000 Arkansans earning less than 139 percent of the FPL will be newly eligible for Medicaid.¹²

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