



# GUIDE TO THE ISSUES

## Alabama's Medicaid Program and the Patient Protection and Affordable Care Act

### Background

The Patient Protection and Affordable Care Act (PPACA) requires that "individuals under 65 years of age with income below 133 percent of the federal poverty level (FPL) will be eligible for Medicaid" beginning in January of 2014.<sup>1</sup> In order to enforce this provision, the PPACA conditioned all federal Medicaid support on states' acceptance of the PPACA expansion.<sup>2</sup> On June 28, 2012, the Supreme Court held that the Constitution prevents the federal government from penalizing "States that choose not to participate in [the Medicaid expansion] by taking away their existing Medicaid funding."<sup>3</sup>

As a result, Alabama is left with the option to expand Medicaid under the PPACA, but the state is not forced to do so.

In the short term, implementing the PPACA Medicaid expansion could increase Alabama's Medicaid enrollment from 1.02 million in 2010 to 1.188 million in 2014, an increase of almost 168,000 people (16.4%) according to data from The Heritage Foundation.<sup>4</sup> In the longer term, the ranks of Medicaid enrollees in Alabama may expand anywhere from 351,000 to 456,000 between 2014 and 2019, according to estimates by the Kaiser Family Foundation.<sup>5</sup> At first, the federal government will pay for the entire cost of those who are newly eligible, but only from 2014 to 2016.

### ISSUE SNAPSHOT

If the state implements the PPACA Medicaid expansion, it could increase the number of enrollees by over 16%.

The Medicaid expansion could cost the state a total of anywhere from \$470 million to \$693 million from 2014 to 2019.

After that, the federal government will pay 95% in 2017, gradually reducing its contribution to 90% by 2020.<sup>6</sup>

Some new enrollees will be parents or caregivers with incomes of less than 133% of the federal poverty level with dependent children who are already eligible for Medicaid. While 27 states already either provide full or partial coverage at this level of poverty, Alabama is not one of them.<sup>7</sup> A second, larger group of new Medicaid enrollees will be non-elderly, non-disabled adults without dependent children, with incomes of less than 133% of the federal poverty level. "Until now, Medicaid coverage could only be extended to able-bodied adults without dependent children as part of a demonstration waiver program."<sup>8</sup>