



Expanding Medicaid in All States Under the American Rescue Plan Would Add More Than a Million New Jobs, Study Shows

More than 4 Million Uninsured People Would Gain Coverage if All 14 Holdout States Expand Medicaid; States' Economies Would Grow by \$350 Billion from 2022 to 2025

Expanding Medicaid eligibility in the 14 remaining states under the American Rescue Plan (ARP) would lead to the creation of more than 1 million jobs nationwide, with the largest gains in Texas, Florida, North Carolina, Georgia, and Missouri, according to a new report from the Commonwealth Fund and researchers at the George Washington University's Milken Institute School of Public Health.

The ARP increases federal funding for states that adopt the Affordable Care Act's (ACA) Medicaid expansion, by paying 90 percent of the cost of covering newly eligible adults, with an additional five-percentage-point "bonus" federal match on existing state Medicaid expenditures for two years. As of May 2021, 14 states — Alabama, Florida, Georgia, Kansas, Mississippi, Missouri, North Carolina, Oklahoma, South Carolina, South Dakota, Tennessee, Texas, Wisconsin, and Wyoming — still have not expanded the program. Missouri and Oklahoma have passed ballot initiatives to begin expansions, but it is unclear if Missouri will move forward.

The report, *The Economic and Employment Effects of Medicaid Expansions Under the American Rescue Plan*, estimates the health, economic, and employment gains from 2022 through 2025 for all 14 states, and the nation overall, if they adopt Medicaid expansions.

Key findings include:

- **Job Growth:** Expanding Medicaid in the 14 states would produce more than 1 million new jobs in 2022. While much of the national employment growth would be in health care, more than half (56%) would occur in other sectors like construction, retail, finance, insurance, and other industries.

Across the 14 states, employment would rise by 837,000 jobs in 2022, including 299,000 in Texas, 135,000 in Florida, 83,000 in North Carolina, 64,000 in Georgia, and 50,000 in Missouri. An additional 209,000 jobs would be created across the country as economic activity ripples through other states.

- **Health Insurance Gains:** Medicaid expansion in all 14 states would lead to 4.45 million fewer people uninsured and an increase in Medicaid program enrollment by 6.69 million in 2022.

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The Commonwealth Fund is a private, nonprofit foundation supporting independent research on health policy reform and a high-performance health system.

The top five increases in Medicaid enrollment would be in Texas (1.75 million), Florida (1.38 million), Georgia (680,000), North Carolina (620,000) and Missouri (400,000). The federal government would cover almost all of the new health care costs.

- **Higher State and Local Tax Revenues:** Expanding Medicaid would increase federal revenue to the 14 states by \$49 billion in 2022 and lead to higher state and local tax revenues. This is because the additional federal Medicaid revenue stimulates economic activity and ultimately leads to higher state and local tax revenue.

In 2022 alone, the ARP five-percentage-point bonus federal match on existing state Medicaid spending would equal \$8.5 billion for the 14 states, coupled with the additional \$43.8 billion in federal matching funds that the states would earn for covering newly eligible adults under Medicaid expansion.

- **Stronger State Economies:** Medicaid expansion would fuel stronger state economies because of the inflow of federal funding. If the 14 states expand Medicaid, over the years 2022 to 2025 total economic activity will grow by more than \$600 billion and personal incomes will grow by \$218 billion in these states.

HOW WE CONDUCTED THIS STUDY

To conduct this analysis, the researchers drew on estimates of the additional number of people who would enroll in Medicaid if these 14 states expanded their Medicaid income eligibility levels to 138 percent of the federal poverty level as of January 2022. They calculated how these changes would bring new federal funding that would flow into each state as federal Medicaid matching funds or as bonus funds authorized by the ARP for the years 2022–2025. They also adjusted for other budgetary changes. They then used REMI's PI+ dynamic economic model to estimate how the additional funding would increase states' economies and stimulate job growth over the next four years, for each of the 14 states and the rest of the nation.

The full report will be available after the embargo lifts at:

<https://www.commonwealthfund.org/publications/issue-briefs/2021/may/economic-employment-effects-medicaid-expansion-under-arp>

ADDITIONAL PERTINENT RESEARCH

- Will the American Rescue Plan Reduce the Number of Uninsured Americans?
- What Has President Biden Done in Health Care Coverage in His First 100 Days?
- Winding Down Continuous Enrollment for Medicaid Beneficiaries When the Public Health Emergency Ends
- Uncompensated Care Pool Waivers Undermine Health Coverage for the Uninsured

FROM THE EXPERTS:

Leighton Ku, Ph.D.,
Director of the Center for Health Policy Research at the George Washington University Milken Institute School of Public Health and lead author of the report:

“This study shows that with the additional federal support in the American Rescue Plan, Medicaid expansion in the remaining 14 states could revive state economies and create more than 1 million new jobs, in addition to helping millions of low-income Americans gain health insurance. The economic and social benefits of Medicaid expansion are immense and would ripple through the broader U.S. economy.”

David Blumenthal,
M.D., President of the Commonwealth Fund:

“States that have elected not to expand Medicaid are leaving millions of the poorest people in the country without access to affordable health insurance. The American Rescue Plan is a fresh opportunity not only to finally extend coverage to more than 4 million people, but to promote job and economic growth in the wake of one of the deepest recessions in generations.”