

PROTECT OUR CARE

Closing the Coverage Gap in South Carolina: Medicaid Expansion

Introduction

Eleven years ago, the Affordable Care Act (ACA) opened the doors for states to expand Medicaid, and the results are piling in: Medicaid expansion works. In addition to covering [15 million people](#), expansion has resulted in healthier people, communities, and economies. Despite the overwhelming benefits of expansion, South Carolina continues to reject the program, putting rural communities, people of color, and other vulnerable groups at high risk during the pandemic and beyond.

Democrats have tried for years to expand Medicaid in South Carolina, but Republican legislators and governors have blocked every attempt. After failing to advance a referendum on Medicaid expansion in 2018, Democrats will now try to hold an [advisory referendum](#) on expansion on the same ballot as the 2022 general election. Governor Henry McMaster continues to stand in the way of expansion, calling the incentives for expansion in the American Rescue Plan a “[bribe](#)” and denying coverage to over 325,000 South Carolinians. As it stands, South Carolina has one of the highest uninsured rates of any state, and access to care remains significantly lower than in some states that expanded Medicaid.

Medicaid expansion has become increasingly popular among voters. In 2020, the country saw voters in two deeply conservative states, Oklahoma and Missouri, approve expansion. [75 percent](#) of Americans have a favorable view toward the Medicaid program. The Urban Institute estimates that more than [6 million people](#) could enroll in Medicaid coverage if all of the remaining states implemented expansion. This [includes](#) at least 2.4 million people of color, 500,000 people with disabilities and almost a million older Americans who are currently uninsured.

South Carolina has been hit hard by the coronavirus pandemic; by June 2021, South Carolina had reported more than [595,000](#) cases and almost 10,000 deaths from the virus. As South Carolina continues to suffer from the health and economic consequences of the pandemic, expanding access to health care has never been more urgent.

On March 11, President Biden signed the American Rescue Plan into law, historic legislation that includes the most significant health care expansion in a decade. In addition to providing affordable coverage options for millions of uninsured Americans through the ACA, the American Rescue Plan provides robust financial incentives for the [13 states](#), including South Carolina, that have not yet implemented Medicaid expansion. Under the American Rescue Plan, South Carolina

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will see [\\$600 million](#) in additional funding if Governor McMaster ends his years long blockade and does the right thing by finally adopting Medicaid expansion.

But Americans with low-incomes should not be forced to go without health coverage simply because they live in a state that has refused Medicaid expansion. Democrats in Congress are now proposing another approach that would have the federal government close the Medicaid expansion gap this year by creating a [federal solution](#) to Medicaid expansion that would bypass those state governments who refuse to do the right thing.

What Could South Carolina Gain From Medicaid Expansion?

Without Medicaid expansion, South Carolina [ranks](#) near the bottom at 40th out of 50 states for coverage rates, with 10.8 percent of the population or 539,000 people going without insurance in 2019. By refusing Medicaid expansion, South Carolina has prevented more than 325,000 residents from gaining coverage.

[Study after study](#) that Medicaid expansion increases access to care, improves financial security, and leads to better health outcomes. The program has increased access to lifesaving cancer screenings, improved infant and maternal health, and increased access to substance abuse treatment – and the list goes on. A growing body of evidence shows that expanding Medicaid has [saved lives](#). Medicaid expansion has played a vital role in reducing racial disparities in health care access and has served as a critical safety net as millions have lost jobs and their employer-based health insurance during the pandemic.

Medicaid expansion is especially important for reducing uncompensated care costs and protecting rural hospitals from financial peril. Rural Americans experience higher prevalence of pre-existing conditions, lower coverage rates, and [other barriers](#) to accessing health care. Hospital closures are associated with worse health outcomes for patients, and they often result in longstanding economic pain for entire communities.

More Than 325,000 South Carolinians Could Gain Coverage If The State Expanded Medicaid. The Urban Institute estimated that [329,000 South Carolinians](#), including some children, would enroll in Medicaid if the state adopted expansion. This group also includes many essential workers, like construction, transportation, and health care workers.

Medicaid Expansion Would Create Jobs In South Carolina. Medicaid expansion has been [associated](#) with boosting state economies and creating jobs. Estimates show that expansion could result in [more than \\$2.5 billion](#) in federal funding coming to the state each year, which would undoubtedly help the state's economy recover from the pandemic.

Medicaid Expansion Helps Rural Hospitals Stay Open. Rural hospital closures are associated with a [6 percent](#) increase in death rates in surrounding counties. Rural hospitals in Medicaid

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expansion states are [62 percent](#) less likely to close. Without expansion, [12 rural South Carolina hospitals](#) remain at high financial risk of closing, nearly half of the state's total number of rural hospitals. Nationwide, more than [130 hospitals](#) have closed since 2010, including four in South Carolina:

- Fairfield Memorial Hospital (SC-05, closed in 2018)
- Southern Palmetto Hospital (SC-02, closed in 2016)
- Marlboro Park Hospital (SC-07, closed in 2015)
- Bamberg County Memorial Hospital (SC-06, closed in 2012)

Medicaid Expansion Reduces Uncompensated Care Costs. While the ACA [reduced](#) uncompensated care costs across the board, states that expanded Medicaid saw bigger gains. In Louisiana, uncompensated care costs dropped [33 percent](#) in the first three years after the state adopted Medicaid expansion. Uncompensated care costs in South Carolina totaled [\\$1.1 billion](#) in 2016.

Medicaid Expansion Helps Reduce Racial Disparities In Health Care. Medicaid expansion played a key role in increasing coverage rates for communities of color across the country. After the implementation of the ACA, gaps in insurance coverage [narrowed the most](#) in states that adopted Medicaid expansion. Today, a Black person living in an expansion state is [more likely to be insured](#) than a white person residing in a state that rejected Medicaid expansion. In South Carolina, there are [big gaps](#) between the uninsured rates for White adults (11.1%), Black adults (13.4%), and Hispanic adults (32.5%) under age 64. [More than two in five](#) South Carolinians who stand to gain coverage under Medicaid expansion are people of color.

Medicaid Expansion Plays A Central Role In Fighting The Opioid Crisis. Among those with opioid addiction, people covered through Medicaid are more than twice as likely as those with private insurance or no insurance to receive treatment. Medicaid expansion covers an estimated [four in ten](#) people with an opioid use disorder. Recent research finds that Medicaid expansion [reduced the unmet need](#) for substance use treatment by 18.3 percent.

Medicaid Expansion Saves Lives. Between 2014 and 2017, South Carolina's rejection of Medicaid expansion cost an estimated [788](#) lives among older adults aged 55 to 64. At the same time, states that expanded Medicaid saved 19,000 lives. Another study published in the Journal of Health Economics found that Medicaid expansion reduced mortality in people aged 20 to 64 by [3.6 percent](#). Medicaid expansion has [reduced](#) infant and maternal mortality, prevented cancer and heart-related deaths, and saved people from fatal opioid overdoses.

Expansion Impacts Would Be Widespread. Medicaid expansion has been proven to reduce mortality, decrease racial disparities in health coverage, and increase overall health outcomes. A 2019 study found that over [15,000](#) people died prematurely between 2014 and 2017 in states that refused Medicaid expansion.

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Closing The Coverage Gap Would Help Address The Maternal Health Crisis. Research shows that health coverage is essential before, during, and after [pregnancy](#) to ensure the health of mothers and infants. Lack of coverage disproportionately impacts women, particularly women of color.