

Medicaid Expansion Reduces Health Disparities For Rural Americans

The Affordable Care Act's (ACA) Medicaid expansion has been a critical part of our response to the coronavirus, but Republicans in 12 states have not yet implemented the program, blocking millions from coverage and access to essential health care. Holdout states are located in the southern and midwest regions with significant rural populations with [60 million](#) Americans residing in these areas.

By signing the American Rescue Plan into law, President Biden created historic legislation that includes the most significant health care expansion in a decade. The American Rescue Plan provided additional financial incentives for the [12 states](#) that had not yet implemented Medicaid expansion. Since the signing of the ARP, two previous holdout states, [Missouri](#) and [Oklahoma](#), have adopted Medicaid, expanding coverage to nearly 500,000 Americans. These measures will have profound impacts on children and their families for years to come.

By The Numbers

- **Millions Of Rural Americans Depend On Medicaid.** [Nearly 14 million](#) Medicaid enrollees reside in rural areas, with an estimated [1.7 million](#) gaining coverage through ACA expansion in 2015.
- **Rural States Need Medicaid.** There are [7.8 million](#) uninsured Americans living in rural areas. Non-expansion states are disproportionately rural with over [4 million](#) Americans eligible for Affordable Care Act premium tax credits.
- **Rural Hospitals Rely On Medicaid.** Since 2010, [138 rural hospitals have closed](#), including 20 closures in 2020 alone. One in four rural hospitals face closure without more federal funding in 2022. Rural hospitals in Medicaid expansion states are [62 percent](#) less likely to close.
- **Medicaid Strengthens Health In Rural America.** Overall, rural residents have [worse health outcomes](#) and tend to be older, poorer, and sicker than those in urban areas.
- **Rural Hospitals Strengthen Local Economies.** Hospitals employ [six percent](#) of all employees in rural counties that report having any hospital employment, and 41 percent of counties with hospital employment rely on hospitals for more than 10 percent of total county employment. [673 rural hospitals are at risk](#) of closing, and estimated that if those hospitals shut down, 99,000 health care jobs in rural communities would be lost.

How Medicaid Expansion Helps Rural Americans

[Nearly 14 million](#) Medicaid enrollees reside in rural areas, with an estimated [1.7 million](#) gaining coverage through ACA expansion in 2015. Health care for rural Americans is especially important due to higher prevalence of pre-existing conditions and [barriers](#) to accessing health care. The success of Medicaid expansion across the country demonstrates the need for the 12 holdout states to finally adopt expansion.

There are [7.8 million](#) uninsured Americans living in rural areas. Non-expansion states are disproportionately rural with over [4 million](#) Americans eligible for Affordable Care Act premium tax credits, including [2.2 million](#) uninsured individuals stuck in the Medicaid coverage gap.

Medicaid Expansion Saves Lives. Medicaid expansion has been proven to increase access to care, improve financial security, and save lives. A 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 also saved the lives of [424](#) individuals in high rural states, Alaska and West Virginia between 2014 and 2017.

Medicaid Expansion Reduces Income Inequality And Medical Debt. Medicaid expansion under the ACA [significantly](#) reduced poverty and income inequality across the board. In states that have expanded Medicaid, the likelihood of falling into medical debt is [20 percent](#) lower than in non-expansion states. Additionally, a 2018 National Bureau of Economic Research analysis found that Medicaid expansion led to a [nearly \\$6 billion decline in unpaid medical bills](#) and to higher credit scores.

Medicaid Expansion Plays A Central Role In Fighting The Opioid Crisis. In 2014, Medicaid paid for [25 percent](#) of all addiction treatment nationwide. 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 Is A Lifeline For Rural Hospitals

In states that haven't expanded Medicaid, rural hospitals are drowning under financial pressure. Low occupancy rates, high levels of uncompensated care, competition with other hospitals, and struggling local economies create a financial burden that rural hospitals face all over the country. Since 2010, [138 rural hospitals have closed](#), including 20 closures in 2020 alone. One in four rural hospitals face closure without more federal funding in 2022.

Medicaid Helps Rural Hospitals Stay Open. Rural hospitals in Medicaid expansion states are [62 percent](#) less likely to close. The two most common types of [supplemental Medicaid payments](#) are disproportionate share hospital payments, that pay hospitals for uncompensated care for Medicaid and uninsured patients, and upper limit payments, which supplement the gap between fee-for-service Medicaid base payments and the amount that Medicare covers. Some states are also testing the use of global hospital budgets to increase care and improve health outcomes in rural hospitals.

Closure Of Specialized Care And Obstetrical Services. Some hospitals opt to close specific services or facilities that cause patients in rural areas to have to travel further for specialized care. On average, when a rural hospital closes patients have to travel [over 20 miles](#) further to

access inpatient or emergency care. A 2021 study found that [fewer than half](#) of all rural counties in the United States had hospital-based obstetric care. When hospitals face financial hardship, obstetric services are among the first to be cut. African American and Native American women in rural areas are particularly at risk. African American and Native American women are [two to three times](#) more likely to die from pregnancy-related causes than white women.

Medicaid Expansion Boosts State Budgets. Medicaid expansion generates enough savings that it is well worth the initial cost, eventually helping [boost states budgets](#). Expansion allows states to access federally matched funds for some people covered by traditional Medicaid. The American Rescue Plan provides states with [additional funding](#) from the federal government. From 2022 to 2025, the 12 states that haven't expanded Medicaid yet would gain \$90 billion in federal matching funds in addition to \$17.6 billion in ARP bonus payments and \$6.6 billion from higher state and local tax revenue.

Rural Hospitals Are Large Employers In Their Communities. For rural areas that often have high unemployment rates, hospitals contribute significantly to local economies by employing large numbers of people with relatively high-paying jobs.

Beyond just being a source of jobs, hospitals tend to pay higher wages than other rural industries. As the House of Representatives Minority Staff report on rural hospitals [highlights](#), "The average pay of hospital employees in rural counties is 43 percent higher than the average pay of other workers in the same counties." As Mark Holmes, the director of the Rural Health Research Program at the University of North Carolina, [emphasizes](#), hospital closures in rural communities can be like losing a factory: "Losing an employer of 150 people with good jobs is like losing a manufacturing plant...Hospitals are usually the largest, or the second-largest, employer in a community. That's something that's easy to lose sight of because we think of this from a health standpoint. But the effects are wide-ranging when a hospital closes."

Rural Hospitals Boost Local Economies. Besides hospitals providing higher paying jobs in the health care sector, rural hospitals also stimulate the [local economies of other industries](#). Hospitals purchase goods or services from local private businesses which helps stabilize and reinforces the local economy. In turn, strong private sector employment allows for more tax dollars for public goods, such as education and safety services.