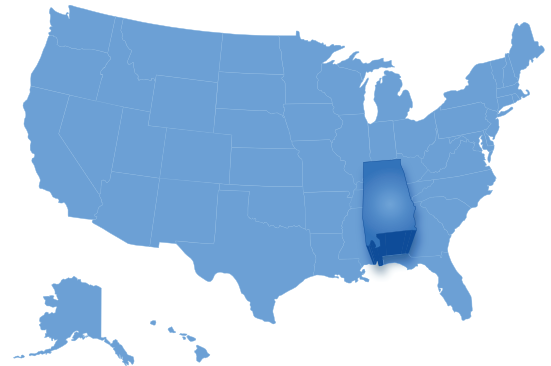


Fact Sheet

Medicaid Expansion Population and Cost Estimates for Alabama

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As enabled by the Affordable Care Act, most states have now expanded Medicaid eligibility to people with incomes of up to 138 percent of the federal poverty level (FPL), putting the eligibility threshold at about \$20,000 in annual income for an individual.

If Alabama were to expand its Medicaid program,

- an additional 421,000 Alabamans would be eligible for Medicaid in 2024, and
- in the first two years, 2024 and 2025, the state could save nearly \$998 million.¹

Newly Eligible Adults

Alabamans who stand to benefit the most from expanding Medicaid are those who are currently uninsured. Most of this population is likely to transition to Medicaid coverage within two years of expansion. These 213,000 uninsured Alabamans include:

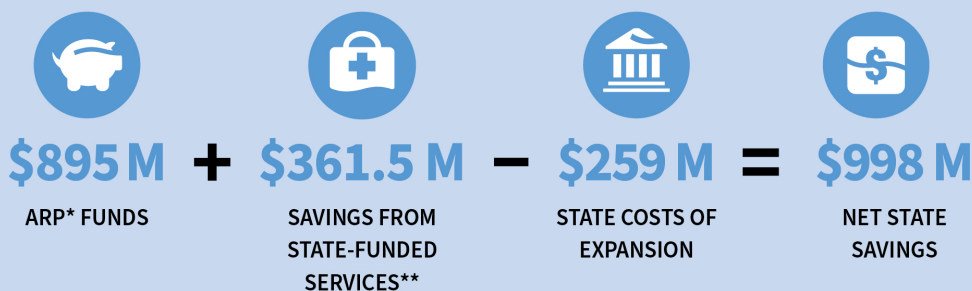
- **Older Alabamans:** 46,000 between the ages of 50 and 64,
- **Both women and men:** 101,000 men and 112,000 women ages 19 to 64 and 21,000 men and 24,000 women ages 50 to 64, and
- **People of different races and ethnicities** (ages 19 to 64): 114,000 white; 61,000 African American; 29,000 Hispanic; 4,000 American Indian and Alaska Native; and 2,000 Asian American.

In addition to people currently without insurance, about 147,000 individuals currently covered under employer-sponsored insurance (ESI) but earning under 138% of the FPL would also be eligible for Medicaid, as well as about 61,000 individuals who currently purchase their coverage through the Health Insurance Marketplace (Marketplace). Based on the experience of other expansion states, Avalere projects that only a small percentage of Alabamans with ESI are likely to enroll in Medicaid.

*Millions of people in the United States are still ineligible for Medicaid health coverage in states that have not expanded their programs as allowed under federal law. To date, 10 states have yet to modify their income eligibility limits since the Affordable Care Act (ACA) was passed in 2010. Alabama state lawmaker action would mean that up to **421,000 individuals** would be eligible for Medicaid in 2024, and in 2024 and 2025 alone, **the state could save \$998 million.****

* According to analyses conducted for AARP's Public Policy Institute by the health policy consulting firm Avalere, using 2021 Census data.

By expanding Medicaid, Alabama could save \$998 million over two years (2024 and 2025):



*American Rescue Plan Act of 2021

**Programs include those for behavioral and mental health, substance use disorder, women's health, uncompensated care, services to general populations, and individuals in corrections facilities, individuals in corrections facilities. American Rescue Plan

State Savings

By expanding Medicaid, Alabama would benefit from both new funding and savings, coming from several sources. For 2024 and 2025, funding and savings would come from:

- **New funds:** \$895 million over two years in enhanced (90%) federal matching funds provided under the American Rescue Plan Act (ARP).
- **Savings from state-funded services:** \$361.5 million from accessing federal matching (90%) funds for newly covered enrollees. These funds would cover current services now paid for with state-only funds, allowing the state to achieve savings in multiple areas:
 - \$61.1 million in its behavioral, mental health, and substance use disorder services,
 - Nearly \$55.8 million in medical services for individuals in corrections facilities,
 - \$118.7 million on the cost of uncompensated care—that is, funds paid to hospitals and other providers to help offset the costs of providing care for which they don't get paid,

- Almost \$52.8 million on women's health care program services, and
- \$73.2 million on programs that provide services to vulnerable populations.

Revenues from the ARP incentive funds, plus savings in state program funds, would more than offset the 10% state-only costs to Alabama for adding expansion enrollees to its Medicaid population. The state would continue to save on program services beyond 2025.

1 Analyses conducted for AARP's Public Policy Institute by the health policy consulting firm Avalere, using projections from 2021 census data.

Fact Sheet 1660202, August 2023

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<https://doi.org/10.26419/ppi.00178.001>

