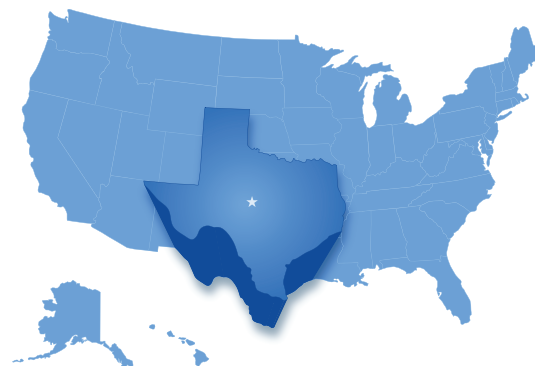


Fact Sheet

Medicaid Expansion Population and Cost Estimates for Texas

Tobey Oliver and Sari Siegel
AARP Public Policy Institute



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 Texas were to expand its Medicaid program,

- an additional 2.5 million Texans would be eligible for Medicaid in 2024, and
- in the first two years, 2024 and 2025, the state could save nearly \$6.5 billion.¹

Newly Eligible Adults

Texans 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 1.6 million uninsured Texans include:

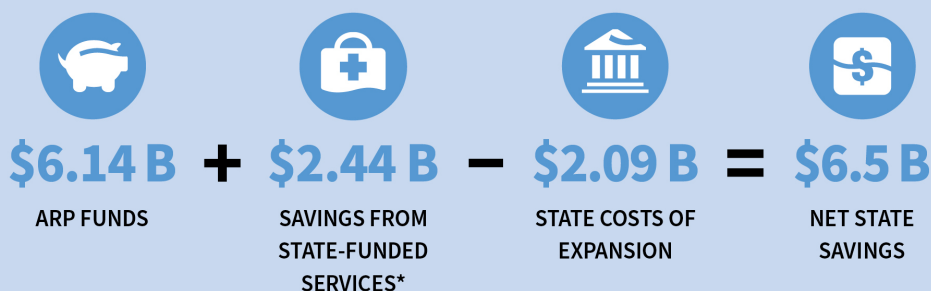
- **Older Texans:** 315,000 between the ages of 50 and 64,
- **Both women and men:** 733,000 men and 865,000 women ages 19 to 64 and 151,000 men and 164,000 women ages 50 to 64, and
- **People of different races and ethnicities** (ages 19 to 64): 465,000 white; 199,000 African American; 1 million Hispanic; 16,000 American Indian and Alaska Native; 39,000 Asian American, and 600 Native Hawaiian and Pacific Islander.

In addition to people currently without insurance, about 629,000 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 315,000 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 Texans 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. Texas state lawmaker action would mean that up to **2.5 million individuals** would be eligible for Medicaid in 2024, and in 2024 and 2025 alone, **the state could save nearly \$6.5 billion.***

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

By expanding Medicaid, Texas could save \$6.5 billion 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.

State Savings

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

- **New funds:** \$6.14 billion over two years in enhanced (90%) federal matching funds provided under the American Rescue Plan Act (ARP).
- **Savings from state-funded services:** \$2.44 billion 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:
 - \$486 million in its behavioral, mental health, and substance use disorder services,
 - Nearly \$545 million in medical services for individuals in corrections facilities,
 - Nearly \$678 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,

- \$421 million on women's health care program services, and
- \$313 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 Texans for adding expansion enrollees to its Medicaid population. Program savings would extend beyond 2025.

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- 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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601 E Street, NW
Washington DC 20049

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<https://doi.org/10.26419/ppi.00178.009>

