Alternatives to Medicaid Expansion May Increase Access to Healthcare for Alabama’s Working Poor

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Abstract

States’ decisions to opt out of Medicaid will leave a coverage gap for some of the poorest Americans, compromising access to healthcare for those patients least able to pay for it. Under the ACA, those making more than the federal poverty level (FPL) (up to 133%) will be eligible for federal subsidies to help purchase insurance on the health insurance exchanges. However, people who earn fewer than 133% of FPL are not eligible for these subsidies, as they were supposed to be covered by Medicaid expansion. The result is a paradoxical coverage gap in Alabama and thirty-two other states, where people below the poverty level will remain ineligible for tax subsidies to buy health insurance, but will still not be covered under the state’s Medicaid plan.

I recommend that Governor Bentley reconvene the Alabama Medicaid Advisory Commission with explicit instructions to (1) analyze the financial implications of a ‘premium assistance’ model similar to that proposed by Governor Beebe of Arkansas; (2) compare these results with the three alternative models already analyzed by the commission; (3) estimate the number and demographics of Alabamians who could be enrolled in health care plans under premium assistance; and (4) outline a proposal for an 1115b waiver to provide basic support of Medicaid reform.