Medicaid Expansion Reduces Mortality Among Most Vulnerable

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Medicaid covers more than 72 million enrollees and represents over $500 billion in government spending annually. But does it improve the health of its beneficiaries? In a recent study, we investigated the relationship between Medicaid enrollment and mortality. To do so, we compared changes in mortality for near-elderly adults with low incomes in states that did and did not expand Medicaid eligibility through the Affordable Care Act. We found a decline of 0.132 percentage points in annual mortality associated with Medicaid expansion for this population. This effect, driven by a reduction in disease-related deaths and growing over time, suggests that Medicaid expansion saved lives in the states where it occurred, and cost lives where it did not.

Low-income individuals experience dramatically higher mortality rates and worse health outcomes than the general population. For example, the annual mortality rate for individuals ages 55 to 64 in households earning less than 138 percent of the Federal Poverty Level (FPL) is more than four times higher than the rate experienced by higher-income individuals of the same age. Members of this low-income group are also more like to die from diabetes, cardiovascular disease, and respiratory disease. These higher rates of death translate to dramatic differences in life expectancy across income groups. For example, men at the bottom of the income distribution live on average for nearly 15 fewer years, and women more than 10 fewer years, than those at the top of the income distribution (conditional on surviving to age 40). This correlation is stronger in the United States than other high-income countries.

Established in 1965, the Medicaid program is the largest health-insurance provider for low-income individuals in the US. Medicaid, the largest health-insurance provider for low-income individuals in the US, was expanded in some states under the Affordable Care Act starting in 2014.

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Medicaid Expansion

Examining Mortality Before and After Medicaid Expansion

The variation in state adoption of the ACA Medicaid expansion gave us an opportunity to compare changes in mortality among individuals in expansion and non-expansion states. The data we used included detailed survey measures collected from the 2008 to 2013 years of the American Community Survey (ACS). If Medicaid improves access to effective medical care that beneficiaries would not otherwise receive, it could play a crucial role in reducing disparities of the kind described above. Coverage provided by the program leads to earlier detection and treatment of life-threatening health conditions. It also increases the number of hospitalizations, procedures performed in the hospital, and the number of emergency department visits for conditions that require immediate care, all of which are likely to be associated with serious medical issues that require treatment. Furthermore, researchers have noted a substantial increase in prescription-drug utilization under the ACA Medicaid expansions. In short, Medicaid improves low-income individuals’ ability to access to adequate medical treatment.

Key Facts

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3 Medicaid and CHIP Payment and Access Commission (2018). Medicaid Enrollment Changes Following the ACA. 19
Increased Eligibility, Decreased Mortality

We found a large increase in Medicaid eligibility associated with the ACA Medicaid expansions, with gains of between 41 and 46 percentage points during each post-expansion year, as compared to the year just prior to expansion. We also found significant increases in Medicaid coverage and decreases in uninsurance associated with expansion. Reported Medicaid coverage increased by 7.3 percentage points in the first year and by 9.9 percentage points four years after the expansion relative to the year prior to expansion, while uninsurance decreased by 3.8 percentage points in the first year and 3.9 percentage points four years after the expansion.

Regarding the impact of ACA Medicaid expansions on mortality, we found that the probability of dying in the first year declined by about 0.09 percentage points. In years two and three, we found reductions in the probability of about 0.1 percentage points and, in year four, a reduction of about 0.2 percentage points. (All of these estimates are statistically significant.) These reductions, as the figure below shows, result in an increasing number of lives saved each year after expansion. Finally, using a difference-in-differences model, we estimated an average reduction in mortality of about 0.132 percentage points, or 9.4 percent of the sample mean.

Medicaid Is a Matter of Life and Death

These results show that the Medicaid expansions brought about by the ACA substantially reduced mortality rates among those who stood to benefit the most from expansion. Relatedly, they enable us to estimate that approximately 15,600 deaths in non-expansion states would have been averted had Medicaid expansions been adopted nationwide as originally intended by the ACA. Our study thus provides compelling new evidence that Medicaid coverage reduces mortality rates among low-income adults, proving that Medicaid expansion works for the states that adopt it. The considerable ongoing cost to non-adoption should be relevant to both state policymakers and their constituents.

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