

As Texas weighs the costs and benefits of expanding Medicaid eligibility under the Patient Protection and Affordable Care Act (ACA), elected officials will consider its implications not only for individual and public health, but also for state fiscal stability. The following provides an overview of issues that Texas should consider in its decision making process. More detailed information is available at <http://www.law.harvard.edu/academics/clinical/lsc/clinics/health.htm>.

**Chronic Disease** – Newly eligible beneficiaries will have access to free preventive services, increasing the likelihood that residents get regular testing that prevents onset of many costly diseases as well as reducing the severity of prognoses for those that enroll in early treatment.

**Infectious Disease** – Expanded access to care reduces the spread of disease by providing a cure or reducing infectiousness (e.g., continuous and comprehensive treatment of HIV not only improves the health of the individual, but also reduces the likelihood of transmitting the virus by 96%).<sup>1</sup> More than 65,000 Texans are living with HIV, and nearly 40% are not connected to any treatment.<sup>2</sup> Expanding Medicaid to cover individuals living below 133% FPL would significantly alleviate the state’s HIV epidemic.

**Hospital Solvency** – Nationwide expansion of Medicaid eligibility was presumed by the ACA, which incrementally reduces federal payments to hospitals to offset the cost of uncompensated care. If Texas does not expand Medicaid, hospitals will face severe deficits and be forced to close or pass costs onto consumers of private health insurance, inflating premiums.

**Federal Funding** – Federal dollars will pay for 90-100% of the cost of covering newly eligibles across the nation, making Texas the biggest potential beneficiary of the funds associated with the expansion (Texas has the highest rate of low-income uninsured). Increased federal funding contributes to the economy – creating jobs and spurring consumer spending. Moreover, if Texas does not expand Medicaid, Texans will ultimately subsidize the cost of coverage in states that do, via federal taxation.

**Net Savings** – Texas’ spending on newly eligibles will be offset by the savings realized in reduced spending on uncompensated care. In the first five years of expanding Medicaid, Texas would realize net savings of \$554 million.<sup>3</sup>

<sup>1</sup> Myron S. Cohen et al, *Prevention of HIV-1 Infection with Early Antiretroviral Therapy*, 365 N. ENG. J. MED. 493 (2011).

<sup>2</sup> Texas Interagency Coordinating Council For HIV And Hepatitis, 2011 Annual Report.

<sup>3</sup> Matthew Buettgens, Stan Dorn, & Caitlin Carroll. *Consider Savings as Well as Costs: State Governments Would Spend at Least \$90 Billion Less with the ACA than without it from 2019-2019*, Urban Institute & Robert Wood Johnson Foundation (2011).

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