A Tale of Two States: Virginia, West Virginia, and Health Reform

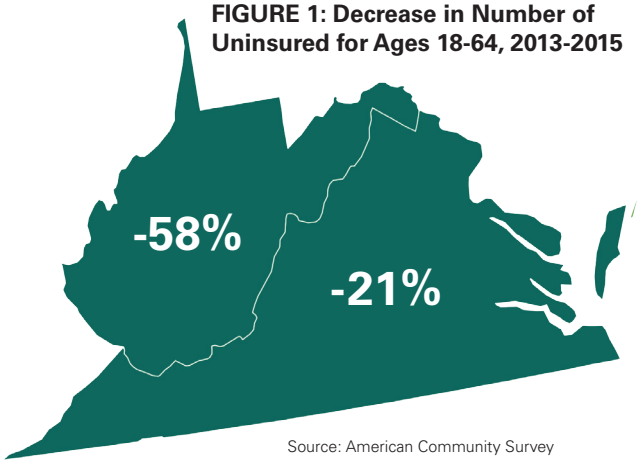
September 2016

Virginia and West Virginia share a common history and a long border, but the two states have taken different paths with respect to the Affordable Care Act (ACA). West Virginia elected to expand Medicaid coverage to low income adults in 2014, and as a result experienced a 58 percent decrease between 2013 and 2015 in the number of uninsured adults ages 18 to 64 (Figure 1). Virginia elected not to expand Medicaid in 2014, and experienced a smaller decrease (21 percent) in the number of uninsured during the same time period.

West Virginia is one of the poorest states in the nation, with a median household income of $39,552 in 2014 (higher only than Mississippi).[1] Prior to the ACA, West Virginia had one of the highest percentages of people aged 18 to 64 who were uninsured among all of the states. However, after electing to expand Medicaid, the uninsured rate for nonelderly adults in West Virginia decreased from 20.7 percent in 2013 to 8.8 percent in 2015 (Table 1). Almost all of the increase in coverage was due to increases in Medicaid coverage.

By contrast, the Commonwealth of Virginia is one of the wealthiest states in the nation based on median household income ($66,155).[1] Prior to the ACA, the percent uninsured in Virginia was lower compared to the overall U.S. and West Virginia. The percent uninsured in Virginia decreased from 17.2 percent in 2013 to 13.5 percent in 2015, a much smaller decrease than in West Virginia. As a result, the percent uninsured is now much higher in Virginia than in West Virginia, despite large differences in average income between the two states.

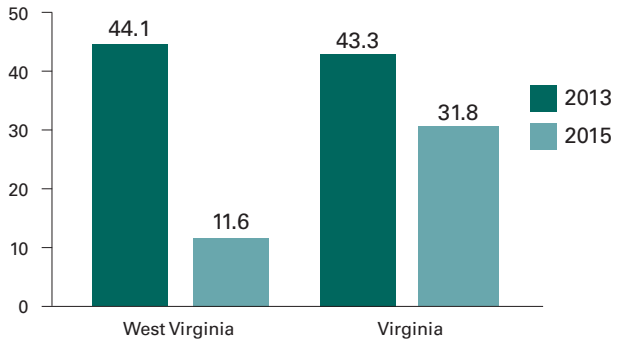
FIGURE 1: Decrease in Number of Uninsured for Ages 18-64, 2013-2015



Source: American Community Survey

Other states bordering Virginia experienced similar patterns. Like West Virginia, Kentucky and Maryland elected to expand Medicaid coverage in 2014, while North Carolina and Tennessee have not expanded Medicaid. Decreases in the percent uninsured have generally been larger in states that expanded Medicaid compared to states that did not Medicaid.

FIGURE 2: Percent Uninsured for Low Income Population



Note: Low income population defined as having annual incomes of less than $25,000.

Low Income People Benefit the Most From Gains in Coverage

The gains in health insurance coverage in both states are concentrated almost entirely among low income persons. Among nonelderly adults in West Virginia with household incomes of less than $25,000 per year, the percent uninsured decreased from 44.1 percent in 2013 to 11.6 percent in 2015 (Figure 2 and Table 2). Among those with annual household incomes between $25,000 and $35,000, the percent uninsured decreased from 31.2 percent in 2013 to 13.8 percent in 2015. As a result, disparities in health insurance coverage by income have narrowed substantially in West Virginia since the ACA coverage expansions in 2014.

After Medicaid expansion, the uninsured rate for low income people in West Virginia is about one-third that of Virginians at the same income level.

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Uninsured rates also decreased among low income people in Virginia, although the decrease was lower than in West Virginia. In 2013, uninsured rates for low income Virginians and West Virginians were roughly equivalent. After Medicaid expansion, the uninsured rate for low income people in West Virginia (11.3 percent) is about one-third that of Virginians at the same income level (31.8 percent).

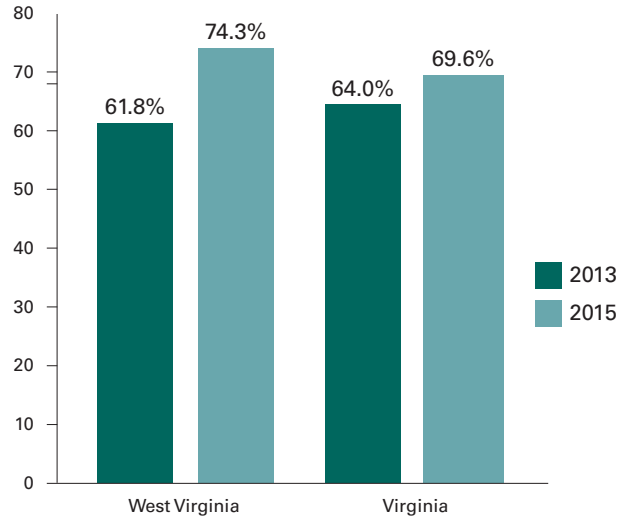
Gains in Coverage Increases Access to Care

Research has shown that the Medicaid coverage expansions increased health care access and utilization.[2] For people in West Virginia, increases in access are consistent with the gains in health insurance coverage among low income people. Among those with annual incomes of less than $25,000, the percent who reported a medical checkup in the past year increased from 61.8 percent in 2013 to 74.3 percent in 2015 (Figure 3 and Table 3). Among those with incomes between $25,000 and $35,000, the percent with a medical checkup in the past year increased from 62.2 percent in 2013 to 71.5 percent in 2015. The percent with medical checkups also increased for low income people in Virginia, although the increases were much smaller compared to West Virginia.

Hospital Uncompensated Care Costs Decline Sharply in States that Expanded Medicaid

The benefits of coverage expansions through the ACA accrue not only to low income people who previously lacked insurance

FIGURE 3: Percent With Routine Check-up in the Past Year for the Low Income Population



Note: Low income population defined as having annual family incomes less than $25,000.

For people in West Virginia, increases in access are consistent with the gains in health insurance coverage among low income people.

coverage, but also to health care providers in the form of lower uncompensated care costs (i.e. care provided to uninsured people for free or at reduced costs due to the financial need of the patient). Expansions in health insurance coverage lower hospital uncompensated care costs because hospitals gain revenue when previously uninsured patients become enrolled in Medicaid or private insurance.

Nationally, hospital uncompensated care costs decreased from $35 billion in 2013 to $29 billion in 2014, a decrease of 17.2 percent (Table 4).[3] This decrease was concentrated almost entirely in states that expanded Medicaid coverage. Among all Medicaid expansion states, hospital uncompensated care costs decreased 34.1 percent, compared to a 1.1 percent decline for states that did not expand Medicaid.

Trends in hospital uncompensated care costs for West Virginia and Virginia were consistent with these overall trends. In West Virginia – which expanded Medicaid in 2014 – hospital uncompensated care costs decreased by 42.9 percent between 2013 and 2014. Conversely, in Virginia – which has not expanded Medicaid – uncompensated care costs increased by 3.9 percent between 2013 and 2014.

Among other Medicaid expansion states that border Virginia, hospital uncompensated care costs decreased by 30.3 percent in Maryland and 51.3 percent in Kentucky. Among non-expansion states that border Virginia, hospital uncompensated care costs decreased 17.1 percent in Tennessee and increased by 2 percent in North Carolina.

Implications for the Health of People and Communities

By improving the affordability of health care through increased insurance coverage, it is anticipated that the ACA will improve the health of the population. It is too early to fully assess the health impacts of Medicaid expansion in West Virginia and other states, although research from the Massachusetts health reform of 2006 show reductions in mortality after expansions in coverage, especially reductions in mortality from causes that are amenable to health care.[4]

Increases in coverage may produce positive "spillover" effects, such as greater financial stability among health care providers, expansions in system capacity, and investments in system innovations designed to improve the quality of care.

The increases in health insurance coverage in West Virginia are much larger than the coverage increases from the Massachusetts reform, and therefore there is considerable potential for the coverage expansions to directly benefit the health of West Virginia's population. Such improvements in health are much needed, as West Virginia has one of the highest mortality rates in the nation (929 deaths per 100,000 population), as well as high prevalence of chronic diseases, mental illness, substance use disorders, and obesity.[5]

The causes of poor health in the population are more related to underlying social issues, such as high levels of poverty, unemployment, and low educational attainment, rather than lack of access to health care.[6] Nevertheless, increasing access to and affordability of health care is a key component of improving the health of the population, and allows people to better manage their health problems so that they can be productive members of society.

In other states that expanded Medicaid, increases in coverage may produce positive "spillover" effects, such as greater financial stability among health care providers, expansions in system capacity, and investments in system innovations designed to improve the quality of care.[7] Such spillover effects may also prove beneficial in addressing some of the underlying social determinants of health among low income populations.

For Virginia and other states that have yet to expand Medicaid, consideration should be given not only to the direct benefits to previously uninsured persons who gain coverage, but also the potential for positive "spillover" effects on the health of communities and the health systems that serve them.

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The findings and conclusions in this Policy Brief are those of the authors, and no official endorsement by VCU Health or the VCU School of Medicine is intended or should be inferred.

[1]U.S. Census, 2014 Current Population Survey, Annual Social and Economic Supplements, as reported on Kaiser Family Foundation State Health Facts website. http://kff.org/other/state-indicator/median-annual-income/ [2]Antonisse L, Garfield R, Rudowitz R, Artiga S. The Effects of Medicaid Expansion Under the ACA: Findings From a Literature Review. Issue Brief. The Kaiser Commission on Medicaid and the Uninsured (June, 2016). http://kff.org/medicaid/issue-brief/the-effects-of-medicaid-expansion-under-the-aca-findings-from-a-literature-review/. [3]Cunningham P, Rudowitz R, Young K, Garfield R, Foutz J. Understanding Medicaid Hospital Payments the Impact of Recent Policy Changes. Issue Brief. The Kaiser Commission on Medicaid and the Uninsured. (June, 2016). http://files.kff.org/attachment/issue-brief-understanding-medicaid-hospital-payments-and-the-impact-of-recent-policy-changes.[4]Sommers BD, Long SK, Baicker K. Changes in mortality after Massachusetts health care reform: A quasi-experimental study. Annals of Internal Medicine. 2014;160:585-593. [5]Mortality and health status data by state from the Center for Disease Control and Prevention, and from the Substance Abuse and Mental Health Services Administration, as reported on Kaiser Family Foundation State Health Facts website. http://kff.org/state-category/health-status/. [6]Woolf SH, Braveman P. Where health disparities begin: The role of social and economic determinants—and why current policies may make matters worse. Health Affairs. 2011;30(10):1852-1859. [7]Cunningham P, Felland L, Sommers A. Reforming Payment and the Delivery System: How Are Safety Net Hospitals Faring? Research Brief from Mathematica Policy Research, Inc. (forthcoming). We thank Katherine Young of the Kaiser Family Foundation for her assistance with estimates of state hospital uncompensated care costs based on the Medicare Cost Reports.

TABLE 1: Change in the Percent Uninsured for People Ages 18-64 After Medicaid Expansion in 2014.

	Percent uninsured among people ages 18-64		Percentage point change
	2013	2015	
U.S.	20.3	13.1	-7.2*
Did Not Expand Medicaid in 2014			
Virginia	17.2	13.5	-3.7*
North Carolina	22.6	16.3	-6.3*
Tennessee	20.0	15.0	-5.0*
Expanded Medicaid in 2014			
West Virginia	20.7	8.8	-11.9*
Maryland	14.1	8.8	-5.3*
Kentucky	20.7	8.1	-12.6*

*Change is statistically significant at .05 level.
Source: American Community Survey

TABLE 2: Change in the Percent Uninsured for West Virginia and Virginia, by Income.

	West Virginia			Virginia		
	Percent uninsured		Percentage point change	Percent uninsured		Percentage point change
Household income	**2013**	**2015**		**2013**	**2015**	
Less than $25,000	44.1	11.6	-32.5*	43.3	31.8	-11.5*
$25-35,000	31.2	13.8	-17.4*	30.9	22.2	-8.6*
$35-50,000	16.7	9.0	-7.7*	18.4	14.0	-4.4
$50,000 or higher	5.4	5.7	-0.3	3.9	2.9	-1.0

*Change is statistically significant at .05 level.
Source: Behavioral Risk Factor Surveillance System.

TABLE 3: Percent Who Visited a Doctor in the Past Year for a Routine Checkup.

	West Virginia			Virginia		
	Percent with checkup in past year		Percentage point change	Percent with checkup in past year		Percentage point change
Household income	**2013**	**2015**		**2013**	**2015**	
Less than $25,000	61.8	74.3	12.5*	64.0	69.6	5.6*
$25-35,000	62.2	71.5	10.8*	65.6	65.4	-0.3
$35-50,000	73.8	78.4	4.6	67.8	71.9	4.1
$50,000 or higher	78.1	80.0	1.9	73.6	75.6	2.0

*Change is statistically significant at .05 level.
Source: Behavioral Risk Factor Surveillance System.

TABLE 4: Change in Hospital Uncompensated Care Costs, 2013, 2014

	Hospital uncompensated care costs (in hundreds of thousands of dollars		
	2013	2014	Percent change
Total U.S.	$34,863	$28,867	-17.2
All states that expanded Medicaid in 2014	$16,700	$11,000	-34.1
West Virginia	$287	$164	-42.9
Maryland	$692	$482	-30.3
Kentucky	$493	$240	-51.3
All states that did not expand Medicaid in 2014	$18,100	$17,900	-1.1
Virginia	$701	$728	+3.9
North Carolina	$1,415	$1,444	+2.0
Tennessee	$750	$622	-17.1

Source: Medicare Cost Reports, 2013 and 2014

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