

Health coverage in Alabama: Where we've succeeded and where there's work left to do

*By Carol Gundlach and M.J. Ellington, policy analysts
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Few years have been as monumental as 2014 when it comes to expanding health coverage for people who need it. Thanks to the Affordable Care Act (ACA), thousands of Alabama families will sit down for a Thanksgiving meal this year with the security of quality health coverage that they couldn't have afforded otherwise.

Nearly 100,000 Alabamians – almost one-third of those eligible – were among the millions nationwide who signed up for affordable coverage through marketplaces created under the ACA. That sign-up easily topped the state's initial enrollment goal, and advocates expect another strong showing in Alabama during the 2015 open enrollment period that began Nov. 15, 2014, and continues until Feb. 15, 2015. The vast majority of the state's consumers qualified for federal tax credits that averaged \$258 a month in Alabama, reducing the average monthly premium to \$76.

2014 has been a remarkable success story for Alabamians who needed health coverage. 2015 could bring even better news for working families if the state closes the coverage gap for hundreds of thousands of uninsured Alabamians by expanding Medicaid coverage. [Up to 342,000 low-income Alabamians – most of them working adults](#) – could gain health coverage if Gov. Robert Bentley extends Medicaid coverage to childless adults with incomes below the federal poverty level.

Closing the coverage gap would pump billions of dollars into the state's economy, create tens of thousands of jobs, and help dozens of hospitals in every corner of Alabama. It also would build on the good work that Alabama already has done in recent decades to ensure children and seniors have the health protection they need.

How expanding Medicaid could help everyone in Alabama

- **Extend affordable health coverage to up to 342,000 Alabamians – most of them low-income working adults**
- **Pump billions of dollars into the state's economy**
- **Create more than 30,000 jobs, many of them in the high-paying health care industry**
- **Help many rural hospitals stay open by ensuring stable funding to cover care for low-income people who otherwise would be uninsured**
- **Reduce health care costs by making early treatment and preventive care more affordable**
- **Keep Alabama's workers healthier and more productive**

Why health insurance matters to Alabamians and our economy

Health insurance provides critical support for working Alabamians and their families. Insurance coverage helps people gain access to the preventive and primary care they need to stay healthy. And if we become seriously sick or injured, health insurance makes it possible for us to pay for the care we need to get better while protecting our families from the risk of crippling large medical bills.

Doctors and other health care providers need affordable health insurance to be widely available, too. Insurance provides a stable payment stream for the important care that health care professionals provide. And hospitals depend on insured patients to help offset the costs of “uncompensated care” for the uninsured and keep their doors open. People with coverage need as many others as possible to have insurance so their own costs can stay as low as possible.

When affordable health coverage is widely available, we all benefit. The human and financial costs of chronic health problems, disabilities and contagious diseases affect both our economy and our publicly funded safety nets. Affordable access to early treatment and preventive care reduces later costs and helps us all stay healthier and more productive.

Who has health coverage in Alabama – and who doesn’t?

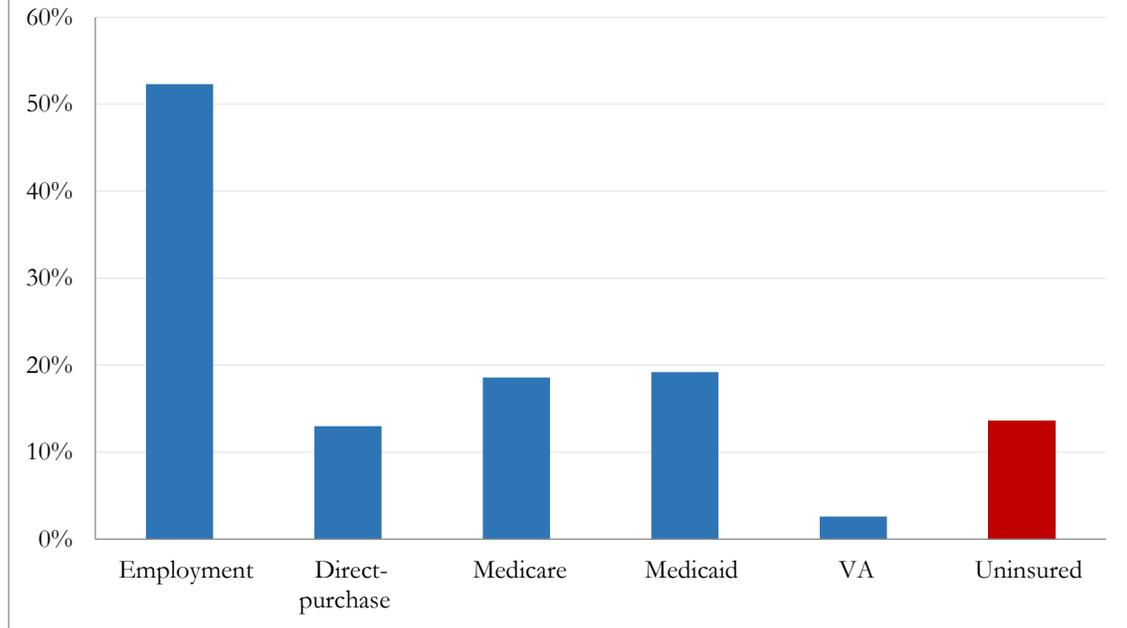
To understand Alabama’s changing health insurance landscape, we first must know how people get insurance for themselves and their children. Before the ACA, the main coverage options were:

- Employer-provided health insurance, paid for by the employer, the employee or both;
- Private insurance purchased directly by an individual or family;
- State and federally funded Medicaid for very poor people (those with incomes below approximately 13 percent of the federal poverty level), very low-income children, people in nursing homes, and low-income people with disabilities who also receive Supplemental Security Insurance (SSI);
- Children’s Health Insurance Program (known in Alabama as ALL Kids) for children whose low- or moderate-income families do not qualify for Medicaid; and
- Medicare for seniors and eligible people with disabilities.

Most Alabamians had employer-provided coverage in 2013, the year before the ACA was fully implemented. People who lacked such coverage and who were ineligible for programs like Medicare, Medicaid or ALL Kids either (1) paid for private insurance or (2) remained uninsured. The latter number was disturbingly high last year, as the graph on the next page shows: About one in seven Alabamians – or nearly 14 percent – had no health coverage at all in 2013. (The total shares add up to more than 100 percent because some Alabamians had more than one source of insurance.) (*Data from the U.S. Census Bureau.*)

Few Alabamians purchased their health coverage directly in 2013

Share of Alabamians with health insurance from each source



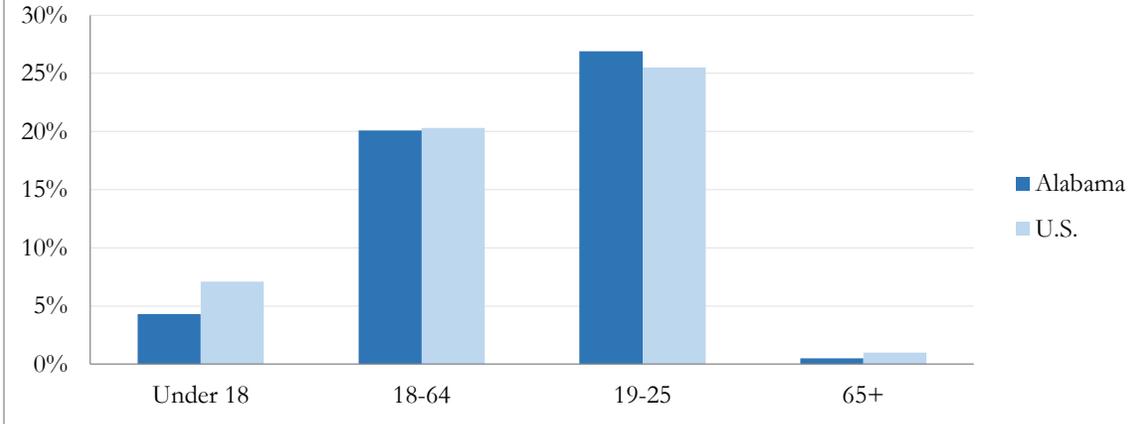
Alabama has historically done an excellent job of enrolling children in Medicaid and ALL Kids, and the coverage rates among children reflect our state's success. Only 4.3 percent of Alabama's children were uninsured in 2013, [the best rate among all Southern states and one of the 10 best in the entire nation](#). Similarly, almost no senior citizens in Alabama were uninsured, thanks largely to Medicare and other publicly funded coverage.

The situation for working-age adults, however, was very different. More than one in five Alabamians between the ages of 18 and 64 lacked health insurance last year. The coverage gap was especially large among the state's young adults: More than one in four Alabamians between ages 19 and 25 were uninsured in 2013. *(Data from U.S. Census Bureau.)*

Alabama's overall rate of uninsured people was better than the national average in 2013. But looking at the differences between the state and national coverage rates reveals that Alabama's lower rate is almost exclusively the result of our state's success in providing Medicaid and ALL Kids coverage to low-income children. More than 7 percent of children were uninsured nationwide, compared to fewer than 5 percent in Alabama. The state's coverage rates for working-age adults and seniors were roughly the same as the national rate. One troubling data point was that Alabama's young adults were more likely to be uninsured than their peers nationally.

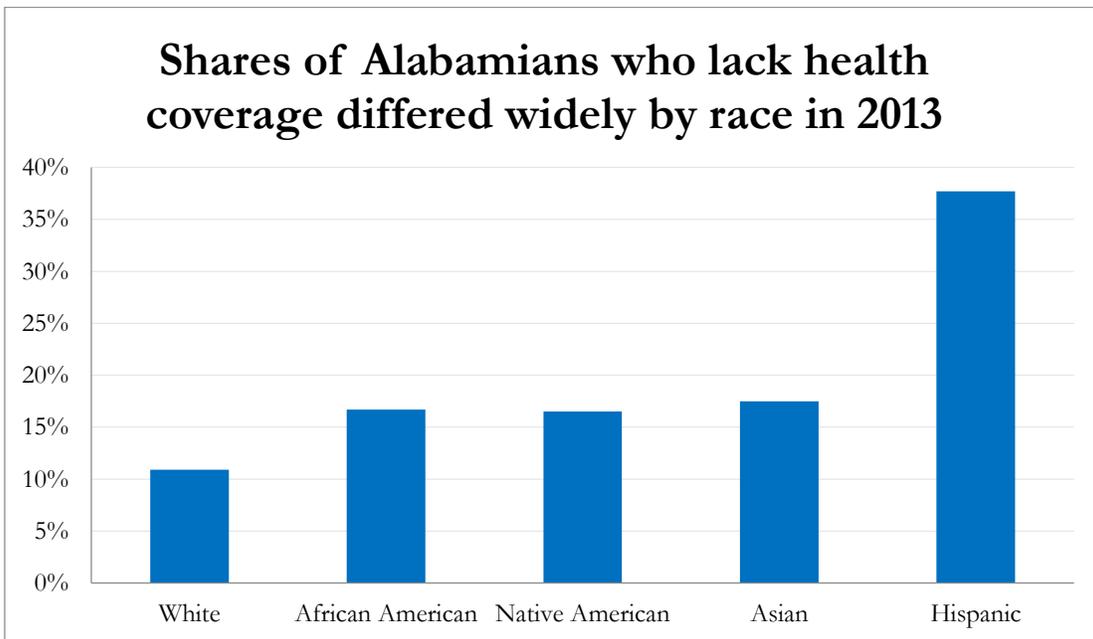
Alabama beats national average in covering children, lags behind among young adults

Share of residents without health coverage by age range, 2013



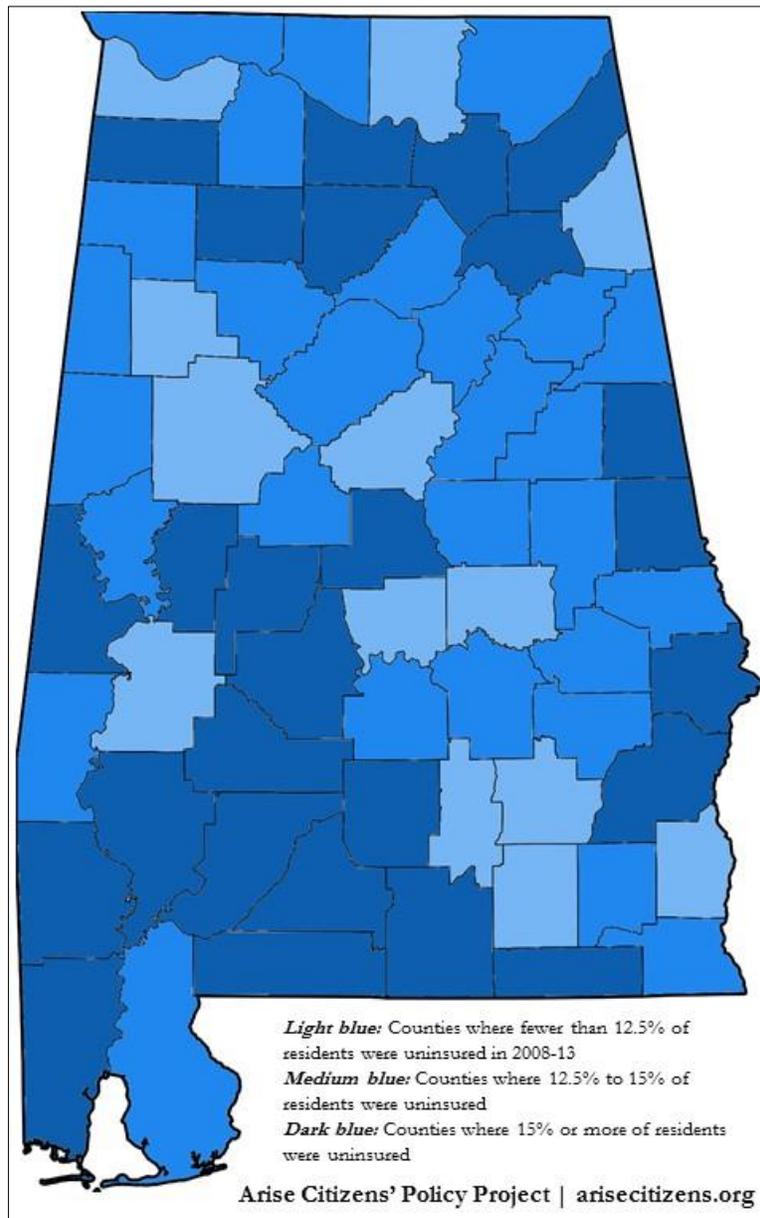
Health coverage was distributed unevenly across racial and ethnic groups. Nearly 11 percent of white Alabamians were uninsured in 2013, compared to about 16 percent of African Americans and Native Americans and slightly more than 17 percent of Asian Americans. The coverage gap was vast among the state's Hispanic population: A whopping 37.7 percent were uninsured in 2013.

Shares of Alabamians who lack health coverage differed widely by race in 2013



As could be expected, people with lower incomes were less likely to have health insurance. So were people who were unemployed, as employer-based insurance was the primary source of health coverage for adults without a disability. Nearly half of the Alabamians who were unemployed in 2008-13 didn't have health insurance, compared to only 16 percent of employed people. (*Data from U.S. Census Bureau.*)

Access to health coverage also varies by location across Alabama. The share of residents who didn't have health insurance ranged from a low of 9.3 percent in Shelby County to a high of 23 percent in Conecuh County, according to American Community Survey averages from 2008-13.



The opening of the Health Insurance Marketplace in 2014 was a first step to begin closing these coverage gaps in Alabama. Under the ACA, uninsured Alabamians with incomes below 400 percent of the federal poverty level (or about \$95,400 a year for a family of four) could receive federal income tax credits to help them purchase health insurance through the Marketplace. Nearly 100,000 Alabamians did just that for 2014. That response exceeded the enrollment goal that the U.S. Department of Health and Human Services had set for the state by 10 percent. Alabama also bested the national average in the share of those enrollees who were young adults between the ages of 18 and 34.

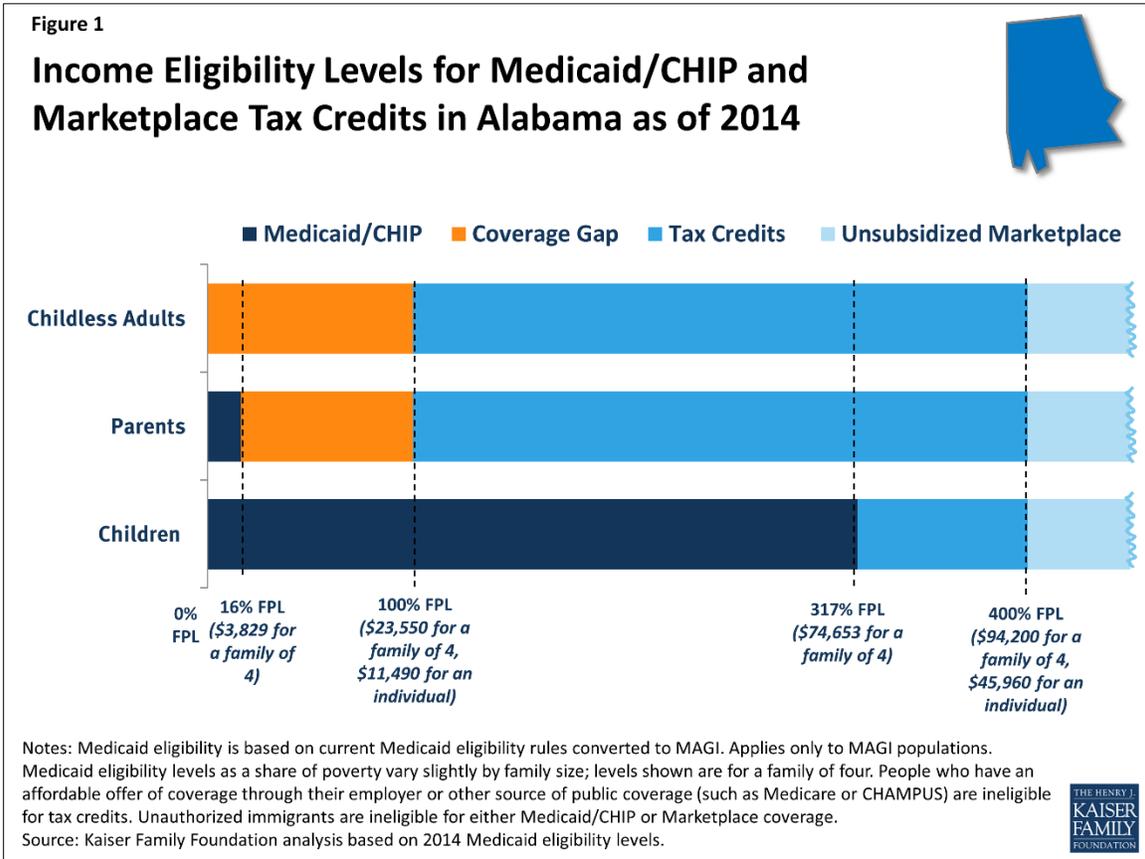
Enroll America and Civis Analytics conducted surveys in 2013 and 2014 to measure changes in the number of uninsured people in every U.S. county. They found that the number of uninsured people in Alabama declined in every county, ranging from a 1 percent drop in Shelby County to a 12 percent decline in Wilcox County. In five Alabama counties – Conecuh, Greene, Lowndes, Perry and Wilcox – the number of uninsured people fell by 10 percent or more. These Black Belt counties are among the state’s poorest, and they have some of the state’s highest shares of residents without health coverage.

How could Alabama continue to close the health coverage gap?

Unfortunately, the poorest Alabamians still cannot benefit from the coverage opportunities offered by the ACA. The law was written to require states to expand their Medicaid programs to cover formerly ineligible people with incomes below 138 percent of the federal poverty level (about \$33,000 for a family of four). As a result, the ACA did not make people with incomes below the federal poverty level eligible for tax credits to help buy coverage through the Marketplace.

But in 2012, the U.S. Supreme Court ruled that states cannot be forced to expand their Medicaid programs to that extent. That left a coverage gap for millions of people in Alabama and other states that have not yet expanded Medicaid. As a result, people who make too much to qualify for their state’s Medicaid program but too little to qualify for a Marketplace tax credit are left with few realistic coverage options.

Medicaid expansion would pump billions of dollars into Alabama’s economy, [creating more than 30,000 jobs](#) and [generating nearly \\$1 billion in additional tax revenue for the state](#). Closing the coverage gap also would extend vital health protections to hundreds of thousands of Alabamians. Estimates of the number of Alabamians affected range from 198,000, according to the Kaiser Family Foundation (KFF), to 342,000, according to a Families USA estimate. The Urban Institute estimates that the median income of adults in the coverage gap is \$9,100 per year (or \$758 per month) – much too low to afford insurance without assistance. These Alabamians – most of whom work hard at low-paying but vital jobs like child care, construction and food service – remain uninsured. They include all childless adults with incomes below the federal poverty level, as well as the vast majority of parents who live below the poverty level.

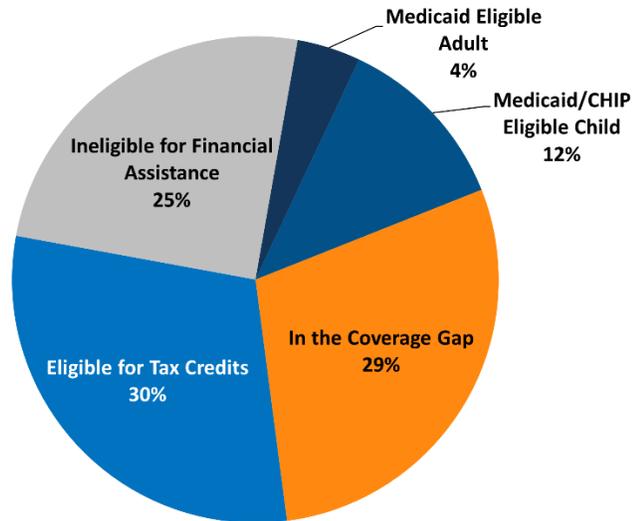


The coverage gap's effects can be seen when we compare the decline in the number of uninsured Alabamians to the decline in Southern states that closed the gap. The Gallup polling organization estimates that the number of uninsured people in Alabama fell by 2.6 percent in the first half of 2014. That drop was much lower than the declines in both Arkansas (12.4 percent) and Kentucky (8.5 percent). Arkansas received federal approval to close its coverage gap by expanding subsidized coverage through the private market. Meanwhile, Kentucky expanded Medicaid, as did the 10 states that made the most progress in covering residents who previously were uninsured.

About 660,000 Alabamians remain uninsured, according to KFF estimates. Of these, the group estimates, 198,000 people would be eligible for Medicaid coverage if the program were expanded. About the same number of people are eligible for a tax credit for insurance purchased on the Marketplace, KFF estimates, and another 105,000 uninsured people, mainly children, are eligible for assistance from Alabama's current Medicaid or ALL Kids program. About 165,000 people in Alabama are ineligible for insurance assistance, either because of immigration status, eligibility for employer insurance, higher incomes or other reasons, according to the KFF.

Figure 2

Eligibility for Coverage as of 2014 Among Currently Uninsured Alabamians



Total = 660,000 Uninsured Nonelderly Alabamians

Notes: Those Ineligible for financial assistance includes people with ESI, individuals eligible to purchase unsubsidized Marketplace coverage, and individuals ineligible for coverage due to immigration status. People who have an affordable offer of coverage through their employer or other source of public coverage (such as Medicare or CHAMPUS) are ineligible for tax credits. Unauthorized immigrants are ineligible for either Medicaid/CHIP or Marketplace coverage.

SOURCE: Kaiser Family Foundation analysis based on 2014 Medicaid eligibility levels and 2012-2013 Current Population Survey.



Open enrollment for Marketplace coverage began Nov. 15, 2014, and continues through Feb. 15, 2015. During that time, Alabamians can visit healthcare.gov to find out if they are eligible for tax credits, how much they may be eligible to receive and what their insurance policy choices are. People who need help navigating the website or advice on their insurance choices can get assistance from a trained health care navigator by calling 800-318-2596. (The TTY number is 855-889-4325.)

Marketplace enrollment will continue into 2015, extending affordable coverage to thousands of Alabamians. Expanding Medicaid would close the coverage gap and extend affordable health coverage to hundreds of thousands more. It would be a huge step toward a healthier, more secure Alabama for all – and that would make for happy Thanksgivings for decades to come.

The State of Working Alabama is a regular series of reports by Arise Citizens' Policy Project (ACPP) examining the economic condition of Alabama's working families and historical trends in employment, income, poverty and other areas. This report may be reproduced with acknowledgment of Arise Citizens' Policy Project, P.O. Box 1188, Montgomery, AL 36101; 800-832-9060; arisecitizens.org.

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