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The Effects of Missouri's Medicaid Expansion

Chandni Challa*

On July 22, 2021, great change swept the state of Missouri as a unanimous Missouri Supreme Court ordered the enforcement of a voter-approved state constitutional amendment expanding Medicaid (MO HealthNet) coverage to close to 275,000 more Missouri adults.¹ After passage of the ballot measure on August 4, 2020, Governor Mike Parson proclaimed that the expansion would not be implemented because the state legislature failed to include money for the expansion in its federal funding request for MO HealthNet.² As a result, individuals who would be eligible for coverage filed a lawsuit against the state.³ The issues before the court were whether the new amendment, codified as Article IV, Section 36(c), precluded general assembly discretion by appropriating state funding in violation of Article III, section 51 of the Missouri constitution and whether appropriations bills 10 and 11 actually denied funding for expansion services.⁴ The court first deemed Article IV, Section 36(c) constitutional, asserting that the amendment compels only that the state appropriate funding for expanded Medicaid programs and does not outline any

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¹ Summer Ballentine, *Missouri judge say Medicaid expansion must be allowed*, AP NEWS (Aug. 10, 2021), <https://apnews.com/article/health-michael-brown-medicaid-db50704885f5ae05b99610b884578fdf>.

² David A. Lieb, *Missouri governor drops voter-approved Medicaid expansion*, AP NEWS (May 13, 2021), <https://apnews.com/article/mo-state-wire-michael-brown-medicaid-business-health-19125d5b1d59ab6a9cb29ff48769a4e9>.

³ *Status of State Medicaid Expansion Decisions: Interactive Map*, KAISER FAMILY FOUNDATION (Oct. 8, 2021), <https://www.kff.org/medicaid/issue-brief/status-of-state-medicaid-expansion-decisions-interactive-map/> (last visited Oct. 6, 2021).

⁴ *Doyle v. Tidball*, No. SC99185, at 7-8 (Mo. July 22, 2021) (stating, “successful [article III, section 51] challenges have been limited almost exclusively to initiative petitions...where the evident purpose and effect of the proposal was to impose a new obligation leaving no discretion as to whether the local governments would or could pay this new obligation and no new source of revenue sufficient to do so”).

budgetary matters constitutionally delegated to lawmakers.⁵ Second, the court found that the MO HealthNet FY 2022 appropriation bills, which purport to explicitly preclude funding for expanded services, do not technically prevent such funding based on their plain language.⁶ Indeed, the bills provide guidance regarding all Medicaid recipients, making no mention of limiting services to groups covered pre-amendment.⁷ Pursuant to the supreme court's holding, the Cole County Circuit Court enjoined the Department of Social Services from prohibiting newly eligible individuals from enrolling in MO HealthNet, or "imposing any greater or additional burdens or restrictions on eligibility or enrollment standards, methodologies, or practices on individuals."⁸ It is unclear whether the general assembly will use its discretionary power to fund the expansion outright, but the state's contention that it need not make such a decision is unambiguously erroneous.

Assuming the legislature provides the requisite funding, the effects of Medicare expansion on the state can be inferred from reported effects on some of the 36 other states (and the District of Columbia)⁹ who have also expanded Medicaid coverage.¹⁰ Medicaid is financed jointly by the state and federal governments based on income considerations and is expressed as a percentage share vis-à-vis the Federal Medical Assistance

⁵ *Id.* at 12 (concluding, "the substantive law does not, however, determine whether and how much funding to authorize for MO HealthNet in a given year. That determination is left to the discretion of the General Assembly in its appropriation process.").

⁶ *Id.* at 11.

⁷ *Id.* at 13 n.5 (asserting, "DSS claims section 11.760 of HB 11 evidences a purpose to fund only the pre-expansion population because it contains a reference to...the pre-expansion population. Section 11.760, however, merely ensures those eligible 'may voluntarily enroll in the Managed Care Program[.]' It does not purport to restrict its funding to [only] the pre-expansion population.").

⁸ *Id.* at 7, 11.

⁹ *Kaiser Family, supra* note 3.

¹⁰ Sarah Miller & Laura R. Wherry, *Four Years Later: Insurance Coverage and Access to Care Continue to Diverge Between ACA Medicaid Expansion and Non-Expansion States*, 109 AMERICAN ECONOMIC ASSOCIATION PAPERS AND PROCEEDINGS 1, 1 (2019).

Percentage (FMAP).¹¹ The poorer the state, the more matching funds it receives.¹² Being a relatively poor state, Missouri is on the higher end of this percentage share receiving 72.56% from the federal government.¹³ In addition, the ACA provides additional funds for states that expand Medicaid covering the entire cost for the first three years, which is thereafter scaled down to a healthy match rate of 9:1.¹⁴ Observing the effects of Medicaid expansion on a state like Michigan with a similar matching rate (71.68) is illustrative. In Michigan, the modest increase in state expenditures was offset by a variety of factors. First, there was an increase in both health sector and non-health sector jobs.¹⁵ Second, since 2015, Michigan has generated between \$175 million and \$199 million in additional tax revenue.¹⁶ There are also important effects on health access, allocation, and spending. According to a five-year survey of 3,000 Michigan residents, the percentage of individuals who said they use the emergency room as their primary source of care dropped from twelve percent to three percent.¹⁷ Eight-five percent saw a primary care provider in the last year, and eight-four percent received preventative treatment such as cancer screenings.¹⁸ Increase in Covid-19 hospitalizations has

¹¹ *Medicaid and the Uninsured: Medicaid Financing: An Overview of the Federal Medicaid Matching Rate (FMAP)*, KAISER FAMILY FOUNDATION 1, 1 (Sept. 30, 2012), <https://www.kff.org/health-reform/issue-brief/medicaid-financing-an-overview-of-the-federal/>.

¹² *Id.* at 2.

¹³ Federal Medical Assistance Percentage (FMAP) for Medicaid and Multiplier, KAISER FAMILY FOUNDATION, <https://www.kff.org/medicaid/state-indicator/federal-matching-rate-and-multiplier/?currentTimeframe=0&sortModel=%7B%22colId%22:%22Location%22,%22sort%22:%22asc%22%7D> (lasted visited Oct. 7, 2021).

¹⁴ KAISER FAMILY FOUNDATION, *supra* note 11, at 1.

¹⁵ Helen Levy, et al., *Macroeconomic Feedback Effects of Medicaid Expansion: Evidence from Michigan*, 45 J. HEALTH POL'Y & LAW 6, 25 (2020) (stating that over 36,000 jobs were created in 2016 and 28,000 new jobs are projected for 2021).

¹⁶ Levy, *supra* note 15, at 18.

¹⁷ Karen Gavin, *Medicaid Expansion Meant Better Health for Most Vulnerable Adults, U-M Study Finds*, MICHIGAN HEALTH LAB (July 10, 2020), <https://labblog.uofmhealth.org/industry-dx/medicaid-expansion-meant-better-health-for-most-vulnerable-adults-u-m-study-finds>.

¹⁸ *Id.*

added to the importance of these shifting dynamics which would ensure that more people get the care they so desperately need.¹⁹

Based on these findings, the Missouri general assembly cannot deny the obvious benefits of expanding coverage. The question is whether they are willing to put the people of Missouri before partisan politicking.

Edited by Alex Beezley

¹⁹ Matthew Buettgens, *Medicaid Expansion Would Have a Larger Impact Than Ever during the COVID-19 Pandemic*, URBAN INSTITUTE 1, 9 (July 1, 2021), <https://www.urban.org/research/publication/medicaid-expansion-would-have-larger-impact-ever-during-covid-19-pandemic> (claiming, “if the 14 states that had not expanded Medicaid eligibility in 2020 had done so, the number of uninsured people would have dropped by 4.4 million in the last three quarters of the year, 600,000 more people than we estimated absent the pandemic.”).