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Medicaid Expansions to the Affordable Care Act May Benefit States with Large Agricultural Labor Supply

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Introduction

Farm workers in the United States are among the most vulnerable members of the labor force. They typically have low levels of education and income and their health insurance coverage is very low compared with other Americans. According to the Kaiser Family Foundation, about one in eight adults in the U.S. aged 19 to 64 lacked health insurance coverage in 2016 (<https://www.kff.org>). But the ratio is 1 in 3 among documented U.S. farm workers, a group that includes U.S. citizens, green card holders, and those with appropriate work authorization. For undocumented farm workers, the numbers of the uninsured are even more dramatic. Three quarters did not possess health insurance coverage in 2016.

Expanding Insurance Coverage through Medicaid



Just a decade earlier, the numbers were even more stark. In 2007, the percentage of uninsured documented farm workers was nearly 50 percent and 90 percent for undocumented workers. A growing body of evidence indicates that the increase in insurance coverage over the last decade among farm workers is largely attributable to a defining feature of the Affordable Care Act (ACA). In January 2014, the ACA expanded the Medicaid health insurance program to all adults with incomes within 138 percent of the federal poverty level. Medicaid is a joint federal and state program that provides free or low-cost health coverage to millions

of Americans, including some low-income people, families and children, pregnant women, the elderly, and people with disabilities. Prior to the ACA, these low-income adults typically had low rates of health insurance coverage, and they were not eligible for Medicaid coverage in most states.

A small majority of documented farm workers are married and do not have children. Hence, the relevant maximum income required for a “representative” farm worker to qualify for Medicaid would be \$22,108, which is equal to 138 percent of the 2016 federal poverty level for a family of two. Based on data from National Agricultural Workers Survey (NAWS), 32 percent of farm workers have family incomes below this cut-off amount. Therefore, a significant fraction of documented farm workers are likely to be impacted by the ACA-initiated changes to Medicaid eligibility. Note that only 21 states chose to expand Medicaid in 2014, and some states expanded in later years. North Carolina is among the states still debating expansion,

The early effects (as of 2014) of the ACA-led Medicaid expansions suggest that the expansions reduced the uninsured rate among low-income individuals from 21 percent to 16 percent with no evidence of private coverage being crowded out.

The ACA reduced the fraction of Hispanic adults who were uninsured by 7 percentage points. This is important because a large fraction of farm workers are Hispanic and the increase in Medicaid coverage following the expansions was somewhat higher in rural areas, where many farm workers are employed, than in urban areas.

When analysis is extended to the impact of the ACA Medicaid expansions to preventive care and self-assessed health, it turns out that Medicaid expansions brought about an increase in coverage, access to care, and use of some forms of preventive care. The expansions are also associated with a small increase in self-assessed health.

Increasing Health Insurance Coverage and Medical Care through ACA Medicaid Expansions

In our work, we use confidential, individual-level worker data from the NAWS for the decade between 2007 and 2016. Our statistical analysis in comparing outcomes for farm workers in states that expanded Medicaid in 2014 to outcomes for farm workers in states that did not, researchers found that following the ACA Medicaid expansions, Medicaid-eligible documented agricultural workers experience an average increase of 14.7 percentage points (from about 20 percent to about 35 percent) in the likelihood of being covered by a government-sponsored health insurance plan (see *Figure 2*). This estimate is consistent with the impacts of the Medicaid expansions on the general, low-income population uncovered found in previous studies. Private health insurance coverage, either provided by the employer and/or paid for by the worker, did not decrease in this population in response to the ACA. In other words, Medicaid did not crowd out private insurance, a result that is consistent with previous work on similar populations.

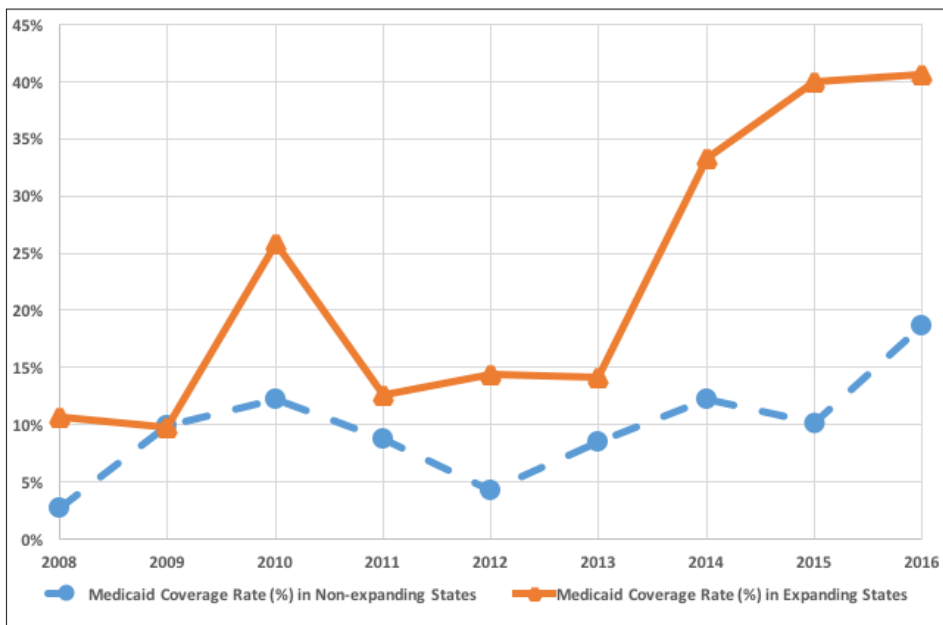


Figure 2. Average Medicaid Coverage Rates (%) in States that expanded Medicaid in 2014 as part of the Affordable Care Act and those that did not expand Medicaid, 2008-2016.

Equally important, the likelihood of a farm worker visiting a physician grew by about 14 percent following the ACA Medicaid expansion. The probability that farm workers used medical care paid for by Medicaid increased from 47.2 percent to 55.6 percent. Additionally, there was a small increase in agricultural workers' farm hours (about 13 percent) and no change in non-farm hours following the ACA Medicaid expansions. These findings suggest that Medicaid did not contribute to a decline in labor supply, which is also consistent with previous research.

Using detailed data from NAWS, we found that the impact of the Medicaid expansions on farmworker's health insurance coverage for spouses and children was not significant. Although results suggest that the ACA-led Medicaid expansions were associated with an increase in government-sponsored health insurance coverage for spouses and children of farm workers, it is also possible that Medicaid expansion led to a potential decline in private health insurance coverage for these individuals.

Finally, undocumented farm workers are largely ineligible for Medicaid, with or without the Medicaid expansions. As a result, there would be no statistically meaningful impacts of Medicaid expansion on those workers and no significant impact of the ACA on health insurance coverage for undocumented workers. The only exception to this is that Medicaid coverage rates of undocumented workers in California appear to have increased following the ACA. However, additional investigation showed that an apparent increase in Medicaid coverage among undocumented farm workers in California is not likely to reflect a true increase in Medicaid coverage. Instead, the simultaneous expansion of public health clinics in California with ID cards, was erroneously understood and reported as government-sponsored health insurance. As it turns out, the ACA Medicaid expansions did not increase overall health care utilization (doctor's visits) or Medicaid payments for health care among undocumented farm workers anywhere in the U.S.

Advocating for ACA Medicaid Expansion

Policymakers in North Carolina and states where the ACA Medicaid expansion has not occurred but is being considered and debated, can use these findings to advocate for Medicaid expansion. Any state in which agriculture is a large industry should consider how an ACA Medicaid expansion would increase the traditionally low rates of agricultural workers' health insurance coverage as well as medical care utilization without leading to a decline in agricultural labor supply.

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