



Medicaid Non-Expansion States Experience Up to 10% Enrollment Growth Due to Woodwork Effect

Over 550K New Medicaid Enrollees Gained Coverage in Non-Expansion States in First Quarter

According to a new Avalere Health analysis, 17 of the 26 states that did not expand Medicaid in the first three months of 2014 still reported growth in Medicaid enrollment, ranging from 0.1 percent in Texas to 10.1 percent in Montana. Since these states had decided not to expand Medicaid eligibility levels under the Affordable Care Act (ACA), these numbers show the impact of the “woodwork effect,” which is when individuals who were previously eligible, but not enrolled in Medicaid, newly sign up as a result of increased outreach and awareness. These enrollees may place a strain on state budgets, since states are required to contribute to the cost of their coverage based on traditional Medicaid matching rates.

“The push to enroll in exchanges has brought a substantial number of new beneficiaries into Medicaid, even in states that decided not to expand their Medicaid programs,” said Matt Eyles, executive vice president at Avalere Health. “Though expansion states saw larger total enrollment increases, enrollment of these previously eligible individuals is significant in many non-expanding states.”

In total, these 17 states reported 550,300 new beneficiaries between October and March, representing 2.8 percent average enrollment growth in affected states. Enrollment growth exceeds 50,000 beneficiaries in four states: Georgia, North Carolina, South Carolina, and Tennessee.

“Though new eligibles are 100 percent federally funded through 2016, states only receive their standard matching rate for these previously eligible beneficiaries,” said Caroline Pearson, vice president at Avalere Health. “As a result, many of these non-expansion states that politically oppose the ACA are now facing unexpected financial and operational pressure due to woodwork enrollment.”

Because there is no open enrollment period for the Medicaid program, woodwork enrollment may continue throughout 2014. In addition to new beneficiaries applying for coverage, many

**Enrollment Growth in Non-Expansion States,
Sorted By Enrollment Increase**

State	Woodwork Beneficiaries	Percent Increase in Enrollment
Georgia	98,800	5.8%
North Carolina	58,000	3.3%
Tennessee	53,700	4.3%
South Carolina	53,600	5.4%
Indiana	45,000	4.0%
Pennsylvania	41,000	1.7%
Oklahoma	38,300	4.8%
Virginia	36,600	3.6%
Michigan	30,400	1.6%
Kansas	22,500	5.7%
Idaho	19,000	7.5%
Mississippi	17,800	2.5%
Montana	14,100	10.1%
Utah	10,400	3.2%
New Hampshire	7,600	6.0%
Texas	3,200	0.1%
South Dakota	200	0.2%
Total	550,300	2.8%

states are still processing Medicaid eligibility determination files transferred from the federal exchange, which may bring the number of woodwork enrollments to an even higher total.

Methodology: For this analysis, Avalere Health utilized data from the Centers for Medicare and Medicaid Services (CMS) Medicaid and the Children's Health Insurance Program (CHIP) enrollment reports. Avalere compared the monthly enrollment reported in March to the monthly enrollment reported from the July-September 2013 time period.

The analysis reviewed 26 states that had not expanded Medicaid as of March 2014: AK, AL, FL, GA, ID, IN, KS, LA, ME, MI, MO, MS, MT, NC, NE, NH, OK, PA, SC, SD, TN, TX, UT, VA, WI, WY. Nine non-expansion states were excluded from the analysis: Seven states (AL, AK, LA, MO, NE, WI, and WY) that reported decreases in enrollment; ME due to incomplete data; and FL due to lack of consistent inclusion of CHIP lives. Three states with planned Medicaid expansions were included in this analysis, as they had not expanded by the end of March 2014: MI's expansion began in April, NH's will begin in July, and PA plans to expand in 2015.

Source: CMS March Medicaid and CHIP Monthly Applications and Eligibility Determinations Report, Released May 1, 2014; Accessed: <http://medicaid.gov/AffordableCareAct/Medicaid-Moving-Forward-2014/Downloads/March-2014-Enrollment-Report.pdf>