



Medicaid Provisions in American Rescue Plan: Impact on Florida Access and Revenue

Medicaid Expansion Background: When states expand Medicaid to provide coverage for low-income adults, the federal government pays 90% of the cost, while the state pays 10%. In comparison, Florida pays approximately 40% of the costs of the current Medicaid program while the federal government pays approximately 60%.¹ Florida is one of only 12 states that has not expanded Medicaid. Over 60% of the individuals who would benefit from expansion are people of color.²

American Rescue Plan: With the added urgency of increasing the coverage during the pandemic, the American Rescue Plan includes a 2-year increase in federal funding to non-expansion states. Under the plan, states that newly expand Medicaid would receive a bump of 5% in the federal Medicaid matching rate (FMAP) for all *non-expansion* populations.³

Impact on Florida: increase in coverage; federal revenue; economic growth

- **Coverage:** Medicaid expansion would provide coverage to approximately 1 million Floridians.⁴
- **Federal Revenue from Expansion:** Under the Affordable Care Act, Florida could expect to receive an estimated [\\$4.29 billion](#) in new federal dollars to cover the costs of *new* enrollees.⁵
- **Under the American Rescue Plan,** Florida would receive **over \$3 billion** in federal funding for coverage of all *current* Medicaid enrollees.⁶ After accounting for costs of expansion (\$1.26 billion), **Florida could expect to see a net budget windfall of more than \$1.8 billion.**⁷
- **Economic impact of Increased Federal Revenue:** Leading economists estimate that every dollar of federal funding brought into the state economy generates between \$1.50 and \$1.70 in economic activity.⁸ The revenue gained from covering the expansion population at 90% FMAP, would result in approximately \$7 billion in increased economic activity flowing from new federal coverage dollars.⁹ The \$3 billion in newly offered federal funding would similarly result in increased economic activity (approximately \$4.8 billion).¹⁰

¹ Note: Florida's FMAP is currently [68.16%](#) due to the [6.2%](#) increase provided by federal COVID relief

² Jesse Cross-Call, "[Medicaid Expansion Has Helped Narrow Racial Disparities in Health Coverage and Access to Care](#)," Center on Budget and Policy Priorities, October 21, 2020.

³ Tara Straw et al., "[Health Provisions in House Relief Bill Would Improve Access to Health Coverage During COVID Crisis](#)," Center on Budget and Policy Priorities, February 19, 2021.

⁴ See, Rachel Garfield and Kendal Orgera, "[The Coverage Gap: Uninsured Poor Adults in States that Do Not Expand Medicaid](#)", Kaiser Family Foundation, January 21, 2021 (authors noting that the 833,000 estimate is from 2019 and does not include additional people newly eligible for Medicaid expansion due to pandemic related insurance loss. Compare Rachel Garfield, Robin Rudowitz, and Anthony Damico, "[How Many Uninsured Adults Could Be Reached If All States Expanded Medicaid?](#)," Report (Washington, D.C.: Kaiser Family Foundation, June 25, 2020) estimating over 1.5 million Floridians eligible for Medicaid expansion. See also, the Florida Legislature, Office of Economic and Demographic Research (EDR). [Impact Analysis of SB 2-A, As Filed](#) (with preliminary estimate of over 1,000,000 eligible for Medicaid expansion), Slide 3. June, 2015.

⁵ Matt Childers, [Medicaid Expansion As Economic Stimulus: Impact on Florida's Economy](#), Florida Health Justice Project, September 2020.

⁶ Robin Rudowitz, et al, [New Incentive for States to Adopt the ACA Medicaid Expansion: Implications for State Spending](#), Kaiser Family Foundation, February 18, 2021.

⁷ *Id.*

⁸ Chodorow-Reich, G. "[Geographic Cross-Sectional Fiscal Spending Multipliers: What Have We Learned?](#)" American Economic Journal: Economic Policy. Vol. 11, No. 2, May 2019 (pp. 1–34).

⁹ Florida Health Justice Project, "[Medicaid Expansion in Florida Will Generate Approximately \\$7 Billion for the Economy](#)", October 6, 2020. (The \$ 7 billion gain does not include the economic impact resulting from the increased FMAP for the non-expansion population.)

¹⁰ This estimate of additional revenue comes from multiplying the \$3 billion by 1.6 (the fiscal spending multiplier).