



## Medicaid Provisions in American Rescue Plan: Impact on Florida & Miami Dade County (MDC) 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%.<sup>1</sup> 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.<sup>2</sup>

**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.<sup>3</sup>

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

- **Coverage:** Medicaid expansion would provide coverage to approximately 1 million Floridians.<sup>4</sup>
- **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.<sup>5</sup>
- Under the American Rescue Plan, Florida would receive over [\\$3 billion](#) in federal funding for coverage of all *current* Medicaid enrollees.<sup>6</sup> After accounting for costs of expansion (\$1.26 billion), Florida could expect to see a net budget windfall of more than \$1.8 billion.<sup>7</sup>
- **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.<sup>8</sup> 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.<sup>9</sup> The \$3 billion in newly offered federal funding would similarly result in increased economic activity (approximately \$4.8 billion).<sup>10</sup>

### Impact on MDC: Increase in coverage; federal revenue; economic growth

- **Increase in coverage:** Pre-pandemic data shows 170,000 MDC residents would be newly eligible for Medicaid via expansion.<sup>11</sup> That number is higher with pandemic related insurance loss.
- **Local economic impact from the coverage of expansion population (90% FMAP):** Using these pre-pandemic numbers, Miami-Dade's healthcare providers would receive approximately \$650 million in new federal dollars for treating the newly insured, which would, in turn, generate \$1-1.1 billion in new economic activity.<sup>12</sup>

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

<sup>2</sup> 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.

<sup>3</sup> 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.

<sup>4</sup> 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.

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

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

<sup>7</sup> *Id.*

<sup>8</sup> 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).

<sup>9</sup> 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.)

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

<sup>11</sup> Steven Ruggles et al., "IPUMS USA: Version 10.0" (Minneapolis, MN: IPUMS, 2020), <https://doi.org/10.18128/D010.V10.0>, see , [Medicaid Expansion As Economic Stimulus: Impact on Florida's Economy](#), note 4 for methodology.

<sup>12</sup> Matt Childers, [Medicaid Expansion As Economic Stimulus: Impact on Florida's Economy](#), Florida Health Justice Project, September 2020. This figure does not account for anticipated increased economic activity that would flow from the new funds offered by the American Rescue Plan.

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