VCU School of Medicine
Health Behavior and Policy

# Changes in Hospital Payer Mix Following Medicaid Expansion

## An Analysis of the First Six Months of Medicaid Expansion in Virginia

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# Executive Summary

As of April 2020, over 400,000 Virginians were newly enrolled in Medicaid through the expanded eligibility criteria that were implemented January 1, 2019. Medicaid expansion in Virginia dramatically decreased admissions to acute care hospitals by people who are uninsured, while increasing admissions by people with Medicaid and other forms of third-party health insurance coverage. This will likely decrease hospitals' uncompensated care costs, and improve their financial stability. The objective of this report is to examine the change in the payer mix of admissions to Virginia's acute care hospitals during the first six months of Medicaid expansion, from January 1 to June 30, 2019. Major findings of the report include the following:

***Uninsured admissions decrease by over 50 percent during the first six months of Medicaid expansion***

- Between the first six months of 2018 and 2019, the number of uninsured admissions to acute care hospitals decreased by 56 percent, from 27,390 admissions in 2018 to 12,046 admissions in 2019 with Medicaid expansion.
- The share of admissions paid for by Medicaid increased from 18.3 percent of admissions in January - June 2018 to 27.2 percent of admissions in January - June, 2019.

***Share of uninsured admissions decrease across all hospital types***

- Uninsured admissions before Medicaid expansion ranged from 18.2 percent at academic medical centers to 13.1 percent at not-for-profit hospitals; after expansion, uninsured admissions decreased 6-8 percent across all hospital types.
- Critical Access Hospitals almost doubled their share of Medicaid admissions, from 13.7 percent in January-June 2018 to 25.6 percent during the same period in 2019.

***Uninsured admissions decrease among both urban and rural hospitals***

- The share of uninsured admissions decreased sharply in both rural and urban areas during the first six months of 2019, from 14 percent in both areas to 5 percent in rural areas and 6 percent in urban areas.
- Among rural hospitals, the share of admissions for Medicaid patients increased from 24 percent in 2018 to 36 percent during the same period in 2019, a 49 percent increase.
- Among urban hospitals, the share of Medicaid admissions increased from 18 percent in 2018 to 27 percent during the same period, a 39 percent increase.

***Regional variation in uninsured admissions greatly reduced following Medicaid expansion***

- Before Medicaid expansion, the share of uninsured admissions varied from a high of 17 percent in the Central region to a low of 10 percent in the Northern region. Following Medicaid expansion, regional variation was mostly eliminated with the share of uninsured admissions at 5 - 6 percent across all regions.
- With the exception of the Northern region, most regions saw an increase of 10 percentage points or higher in the share of admissions covered by Medicaid between 2018 and 2019.

***Uninsured admissions decrease for both financially strong and vulnerable hospitals***

- Based on hospitals' margins from 2017, decreases in the share of uninsured admissions was relatively uniform among hospitals with both negative total margins and hospitals with total margins of 10 percent or higher.
- The share of Medicaid admissions increased among hospitals at all levels of financial condition.

***Uninsured admissions plunge for behavioral health conditions***

- Among admissions with a primary diagnosis of substance use disorders, the share of uninsured admissions decreased from 34 percent in first six months of 2018 to 12 percent in 2019.
- Among admissions with a primary diagnosis of a mental illness, the share of uninsured admissions decreased from 22 percent in the first six months of 2018 to 6 percent in 2019.

***No change in overall trends in utilization***

- Medicaid expansion did not result in a surge of costly inpatient admissions during the first six months of 2019. Although the number of admissions paid for by Medicaid increased, the overall number of admissions decreased by about 1,800 between the first six months of 2018 and 2019 (a 0.9 percent decrease). This is consistent with the rate of decrease in inpatient admissions experienced in the years prior to Medicaid expansion.

Disease outbreaks such as COVID-19 can greatly strain hospitals due to a surge in patients who need intensive treatment, as well as a loss in revenue due to decreases in elective procedures. The loss of employer-sponsored coverage due to the economic impact of COVID-19 could magnify the strain on hospitals through higher uncompensated care costs. Because of Medicaid expansion, Virginia's hospitals are likely to be in a stronger position financially to address the challenges of COVID-19, as many patients who became unemployed are able to gain coverage through Medicaid. This will allow some patients to avoid the need for inpatient care through more timely access to primary and urgent care, and will reduce the financial burden of uncompensated care costs for patients who require hospitalization.

# Introduction

On January 1, 2019, Virginia expanded Medicaid coverage to residents with family incomes less than or equal to 138 percent of the federal poverty level. As of April 2020, 411,000 Virginians were enrolled in Medicaid through the expanded eligibility criteria, and the vast majority of these members were using some type of medical care covered by Medicaid, including acute inpatient services.[1]

In addition to increasing access to medical care services among people who were previously uninsured, Medicaid expansion is expected to dramatically reduce the cost of providing medical care to the uninsured among hospitals and other health care providers. Much of the cost of providing hospital care to the uninsured is "uncompensated" and absorbed by hospitals as part of their operating expenses. The tax exempt status of not-for-profit hospitals is based in part on providing care to medically indigent individuals as part of their community benefit. Two academic medical centers in Virginia – Virginia Commonwealth University Health System and the University of Virginia Medical Center – receive federal payments to subsidize care for the uninsured. Overall, Virginia acute care hospitals provided more than $1 billion in uncompensated care costs in 2017, representing almost 6 percent of total operating costs.[2]

Medicaid expansion is expected to substantially reduce hospital uncompensated care costs by changing the "payer mix" of hospital admissions, that is, fewer admissions by uninsured people and a greater number of admissions from people covered by Medicaid or other health insurance coverage. Hospitals in other states that expanded Medicaid experienced about a one-third reduction in uncompensated care costs on average.[3] Reductions of this magnitude will benefit hospitals, especially financially vulnerable hospitals and those that tend to serve a disproportionately large number of uninsured patients. Because of these changes, Virginia hospitals are likely to be in a stronger position financially to meet the severe stress on the system from COVID-19 than if the state had not expanded Medicaid.

Using data on admissions to acute care hospitals in Virginia, the purpose of this report is to examine trends in the payer mix of acute care hospitals in Virginia during the first six months of Medicaid expansion (January through June 2019) and compare it to similar periods in 2017 and 2018.

# Data and Methods

The analysis for this report is based on Patient Level Data (PLD) from Virginia Health Information (VHI).[4] The PLD includes all inpatient admissions from Virginia's hospitals. Data are based on hospital-submitted billing claim forms that adhere to the National Uniform Billing Manual and are collected quarterly by VHI. At the time of the preparation of this report, admissions data were available through the first two quarters of 2019 (January-June). To ensure comparability of seasonal variation in inpatient admissions, comparisons with prior years are made with the same time period.

Each inpatient admission record includes admission and discharge dates; patient information such as age, gender, race, and zip code of residence; diagnoses and procedures associated with the admission; and the primary source of payment. The source of payment is used to identify admissions associated with people who are uninsured, as well as people who have various sources of public and private health insurance coverage. Two categories are used to identify admissions related to uninsured people – self-pay and hospital indigent/charity.

Admissions paid for by Medicaid include those where Medicaid was listed as the sole payer, as well as those where the payer was listed as Medicare and Medicaid.[1] Categories identifying specific commercial payers were grouped into a single "commercial payer" category. "Other public" includes payer sources identified as local, state, other government, and unspecified government assistance. "Other" payer includes worker's comp, research/donor, foreign, jail/detention, and other miscellaneous payer categories.

***Hospitals included***: 80 general, acute care hospitals in the Commonwealth of Virginia. Includes all admissions for people ages 19-64.

***Uninsured admissions:*** Admissions in which the primary source of payment was classified as either self-pay or indigent care.

***Hospital Type:*** Hospitals are classified as Not-for-Profit, For-Profit, Academic Medical Centers (consisting of VCU Health System and UVA Health System), and Critical Access Hospitals (CAH). CAHs are hospitals with 25 or fewer beds located at least 35 miles from another hospital.

***Location:*** VHI designation of rural or urban. Regional variation is based on managed care regions used by the Department of Medical Assistance Services.

***Financial Condition:*** Based on the total margin computed for each hospital using the 2017 Hospital Detail Report from Virginia Health Information.

[1] Due to a change in the way payment from dual Medicare-Medicaid eligibles are classified in the VHI data during the study period, admissions that had both Medicaid and Medicare payers are combined with admissions that had Medicaid payment only.

Each inpatient record also includes hospital identification information in the form of a Medicare Provider Number (MPN). This number is a unique identifier assigned to each hospital. For this report, MPN was used to group hospitals by distinct characteristics such as hospital type, location, financial conditions, and previous uncompensated care costs.

In addition to hospital characteristics, the analyses also examines changes in payer mix by selected physical and behavioral health conditions. PLD files include both principal and secondary diagnoses associated with each inpatient admission. For this report, we examine admissions based on the primary diagnosis for the following conditions. The following groupings are not all inclusive but examples of what is included in each group.

***Substance Use Disorder –*** Alcohol abuse, drug abuse

***Mental Health –*** Anxiety, mood disorders, ADHD, personality disorders, schizophrenia, depression

***Diabetes –*** Type 1 and Type 2 diabetes

***Cancer*** **-** Lymphoma, metastatic cancer, solid tumor with metastasis

***Asthma –*** Mild, moderate, and severe asthma

Because Medicaid expansion primarily affected the health coverage of non-elderly adults, the analysis is restricted to admissions for people ages 19 to 64. Also, the analysis includes acute care hospitals only, and excludes psychiatric, rehabilitation, children's, and post-acute facilities. There are a total of 80 acute-care Virginia hospitals represented in this analysis.

# Results

Medicaid expansion resulted in substantially fewer admissions paid directly by the patient or by hospitals through indigent care programs. Between the first six months of 2018 and 2019, the number of uninsured admissions to acute care hospitals decreased by 56 percent, from 27,390 admissions in January-June 2018 to just over 12,000 admissions in January-June 2019, the first six months of Medicaid expansion. This includes an almost 50 percent reduction in admissions for "self-pay" patients, and a 70 percent reduction in admissions for indigent care patients.

*Table 1 Summary of results by payer types across years, admissions for people ages 19-64*

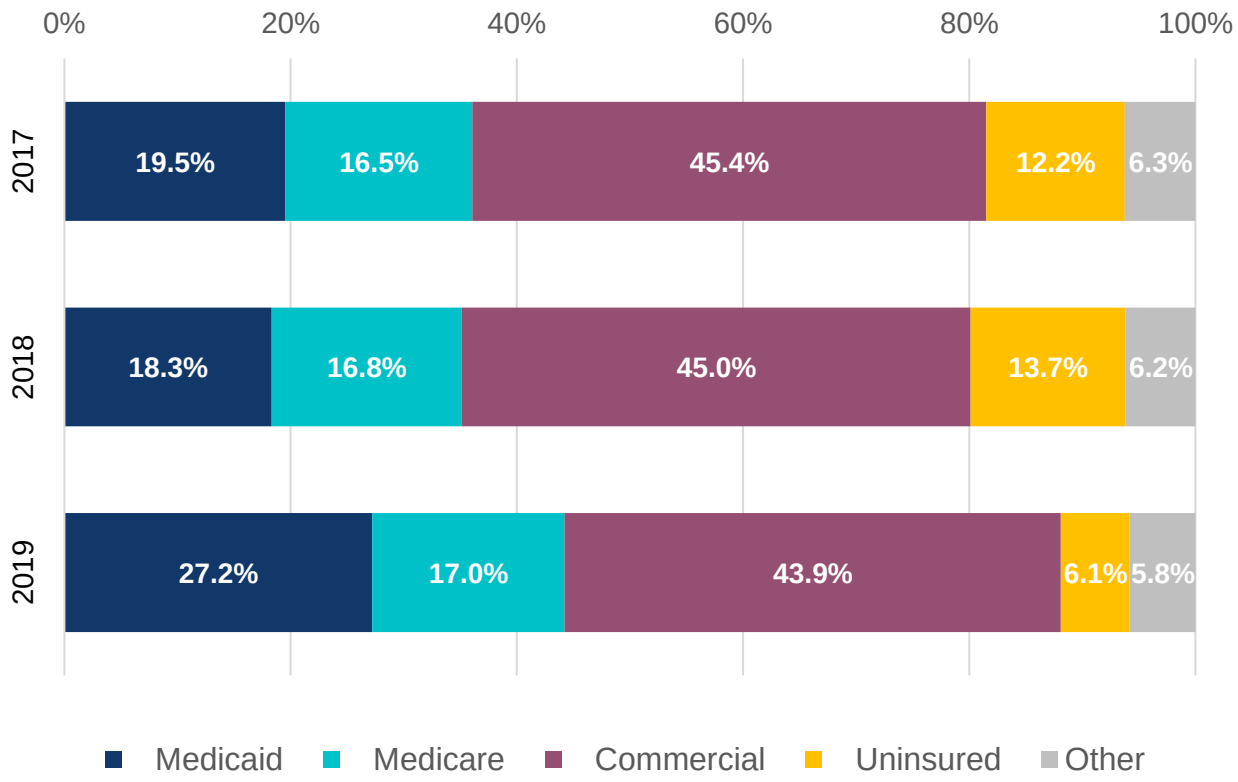
| | Jan - Jun 2017 | Jan – Jun 2018 | Jan - Jun 2019 | % Change 2018 - 2019 |
|---|---|---|---|---|
| **Medicaid** | 39,377 | 36,629 | 53,907 | **47.2%** |
| **Medicare** | 33,366 | 33,632 | 33,728 | **0.3%** |
| **Commercial** | 91,640 | 89,933 | 86,902 | **-3.4%** |
| **Uninsured** | 24,691 | 27,390 | 12,046 | **-56%** |
| ***Self-Pay*** | 18,230 | 19,186 | 9,607 | **-50%** |
| ***Indigent/Charity*** | 6,461 | 8,204 | 2,439 | **-70.3%** |
| **Other** | 7,686 | 7,612 | 8,094 | **6%** |
| **Other Public** | 4,928 | 4,769 | 3,469 | **-27%** |
| **Total Admissions** | **201,688** | **199,965** | **198,146** | **-0.9%** |

Admissions for people with commercial insurance also decreased slightly, from 89,933 admissions during January-June 2018 to 86,902 admissions during the same period in 2019, a 3.4 percent decrease. Some of this decrease likely reflects the transitioning into Medicaid expansion of people with family incomes less than 138 percent of the federal poverty level who previously had commercial insurance through the ACA marketplaces.

Most of the decrease in admissions for people who were uninsured or who had commercial insurance was offset by increases in admissions for people with Medicaid coverage, from 36,629 admissions in the first six months of 2018 to 53,907 admissions in the first six months of 2019, a 47 percent increase. There was little change in admissions for people with Medicare coverage during this period.

The share of hospital admissions attributed to uninsured patients also decreased, from 13.7 percent of admissions for people ages 19-64 in January-June 2019 to 6 percent of admissions in the first six months after Medicaid expansion. The share of admissions paid for by Medicaid increased, from 18.3 percent of admissions in January-June 2018 to 27.2 percent of admissions in January-June, 2019.

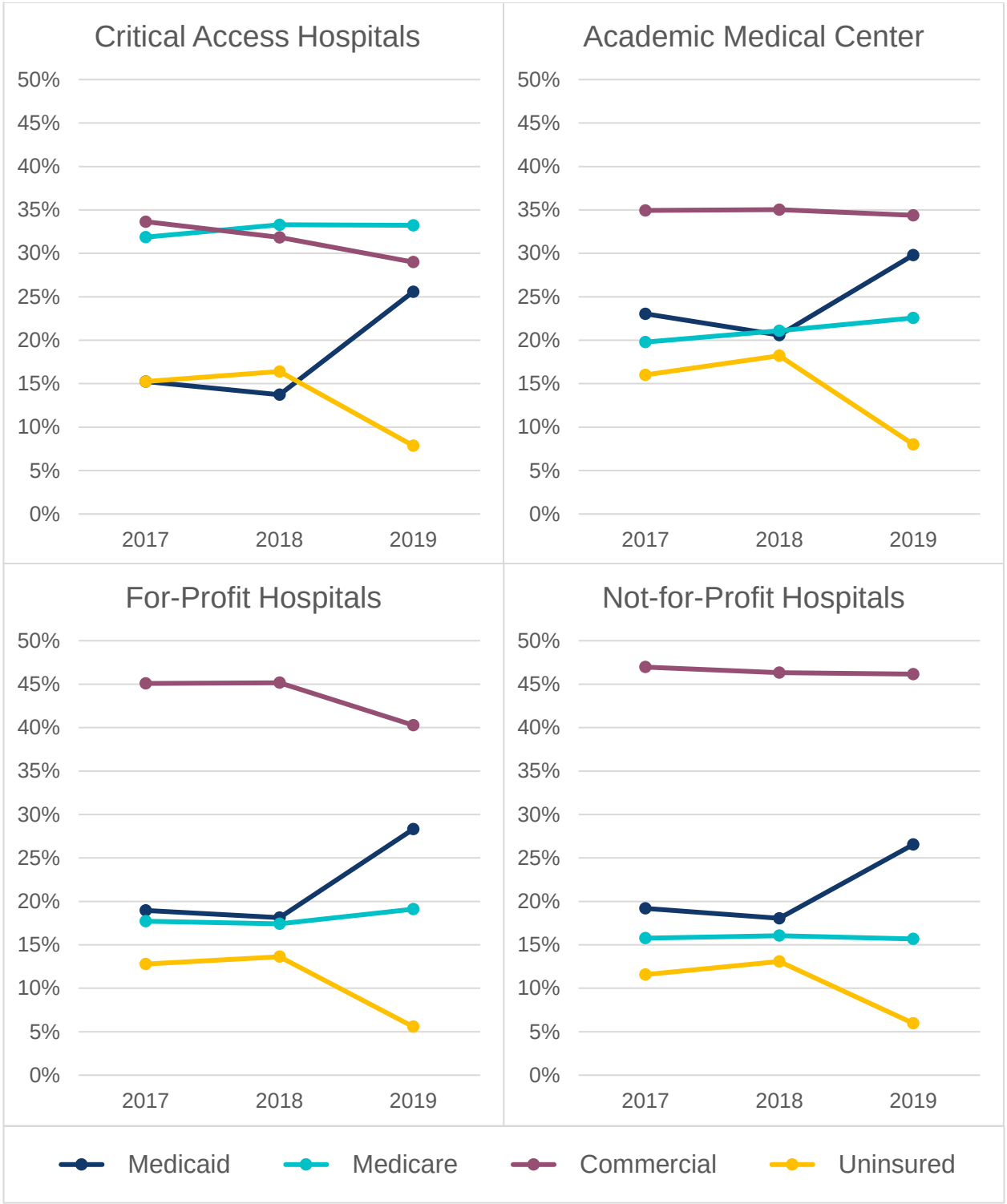
*Figure 1: Comparison of payer mix between the first six months of 2017 to the same time period in 2018 and 2019*




## Uninsured admissions decrease across all hospital types

Reductions in uninsured admissions after Medicaid expansion were relatively uniform across all major hospital types. Most Virginia hospitals are not-for-profit and therefore are exempt from paying federal taxes in exchange for providing certain "community benefit" activities, including indigent care. Virginia also includes 19 for-profit hospitals that are not tax exempt and therefore not subject to community benefit requirements. The two major academic medical centers – University of Virginia Medical Center and Virginia Commonwealth University Health System – serve disproportionately large numbers of uninsured, and also receive supplementary Medicaid payments to subsidize this care. The state also has seven Critical Access Hospitals located in geographically isolated areas (defined as having 25 beds or fewer located at least 35 miles from another hospital).

*Figure 2: Share of admissions by payer between the first six months of 2017 to the same time period in 2018 and 2019; admissions for people ages 19-64.*

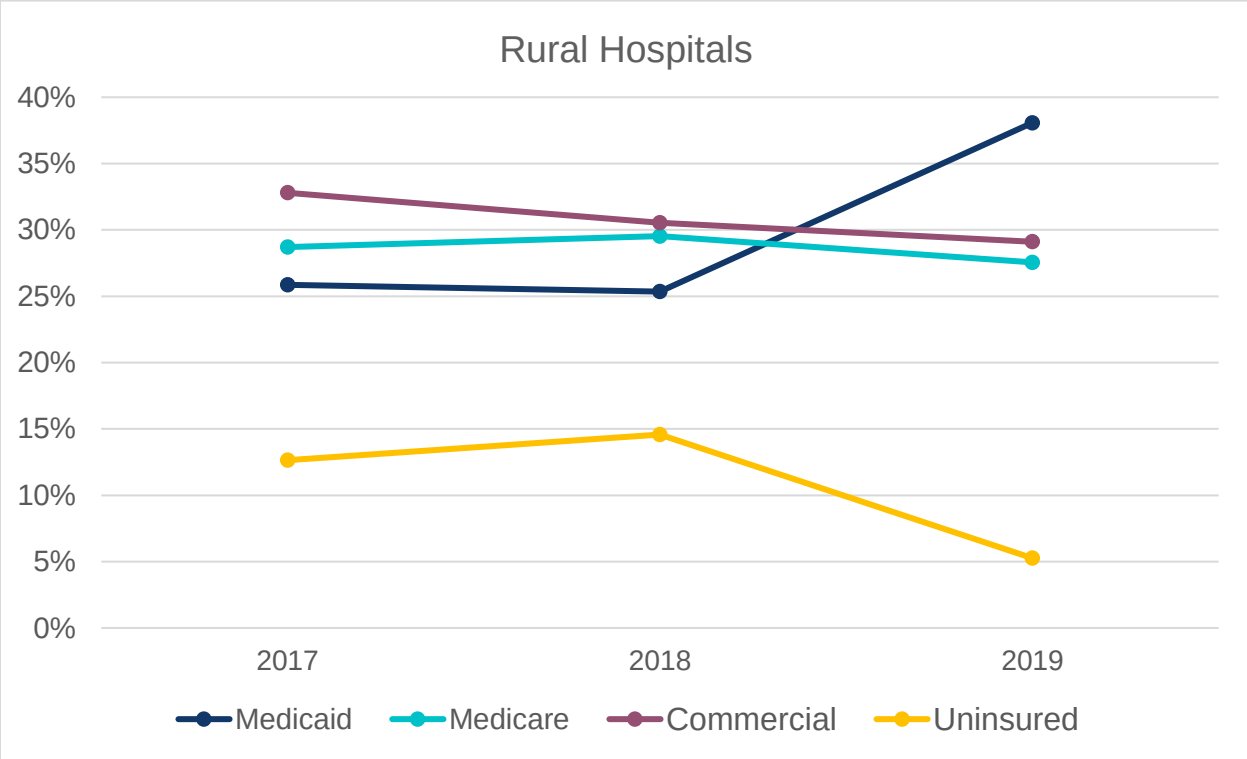


There were large reductions in the share of uninsured admissions across all hospital types between January-June 2018 and January-June 2019. While the share of uninsured admissions before Medicaid expansion ranged from 18.2 percent at the two Academic Medical Centers to 13.1 percent at not-for-profit hospitals, uninsured admissions decreased to between 6-8 percent across all hospital types. There was a corresponding increase in the share of admissions for Medicaid following expansion, with Critical Access Hospitals almost doubling the share of their Medicaid admissions, from 13.7 percent in January-June 2018 to 25.6 percent during the same period in 2019. The decrease in the share of admissions for commercial admissions was greatest for Critical Access Hospitals and for-profit hospitals.

## Decrease in uninsured admissions somewhat larger in rural areas

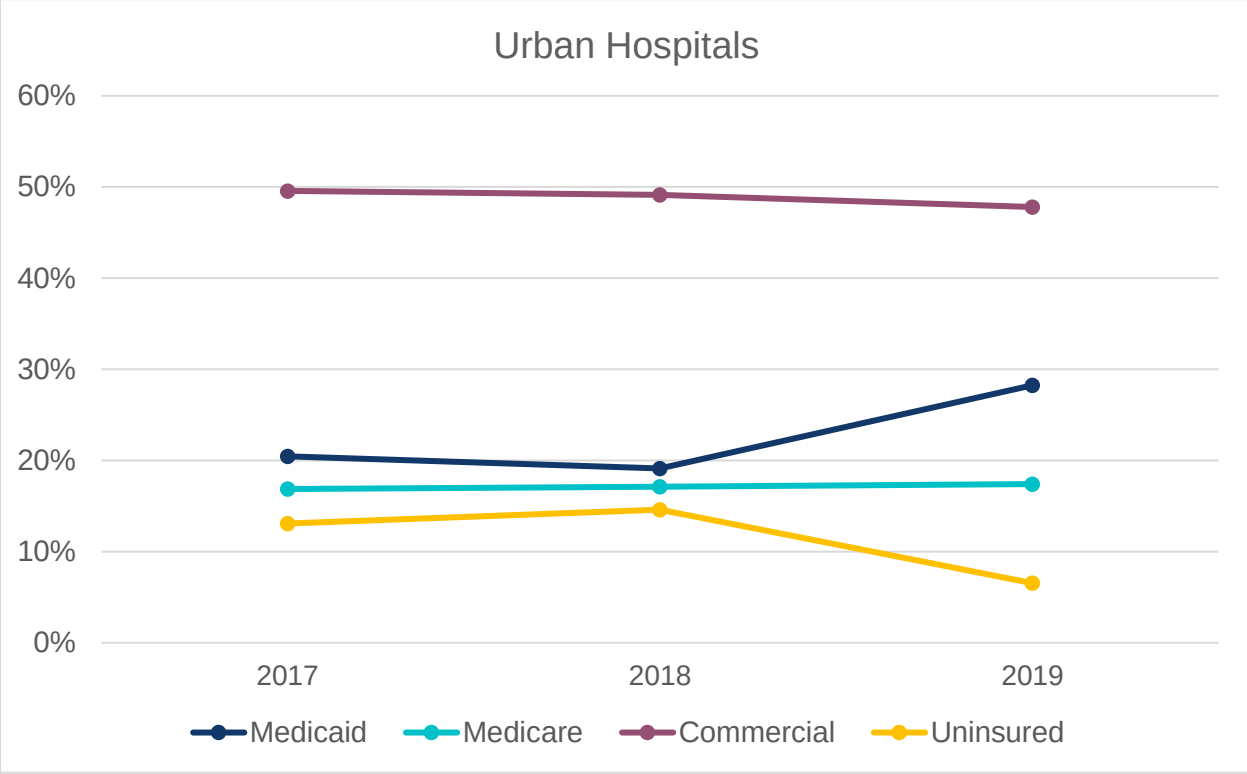
The share of admissions for uninsured persons was almost identical for hospitals in rural and urban areas prior to Medicaid expansion – in both areas, the uninsured accounted for 14 percent of admissions during January-June, 2018. The share of uninsured admissions decreased sharply in both areas during the first six months of 2019, to 5 percent in rural areas and 6 percent in urban areas.

*Figure 3: Comparison of payer mix of rural hospitals between the first six months of 2017 to the same time period of 2018 and 2019; admissions for people ages 19-64.*



Rural hospitals have a higher share of admissions for Medicaid patients compared to urban hospitals, and the share of Medicaid admissions following Medicaid expansion increased to a greater extent among rural hospitals compared to urban hospitals. Among rural hospitals, the share of admissions for Medicaid patients increased from 24 percent during January-June, 2018 to 36 percent during the same period in 2019, a 49 percent increase. Among urban hospitals, the share of Medicaid admissions increased from 18 percent to 27 percent during the same period, a 39 percent increase.

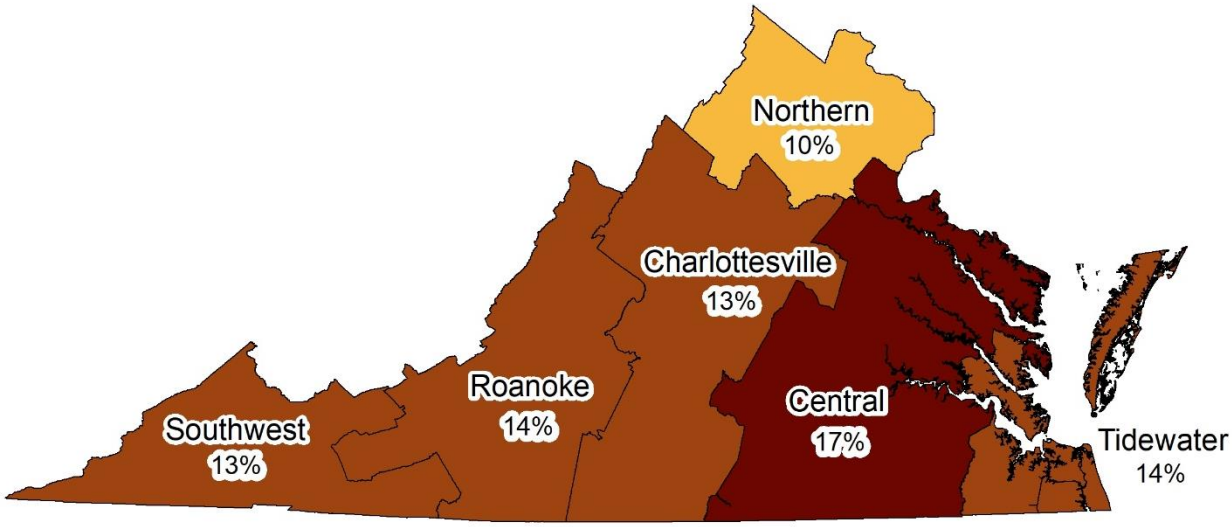
*Figure 4: Comparison of payer mix of urban hospitals between the first six months of 2017 to the same time period of 2018 and 2019; admissions for people ages 19-64*



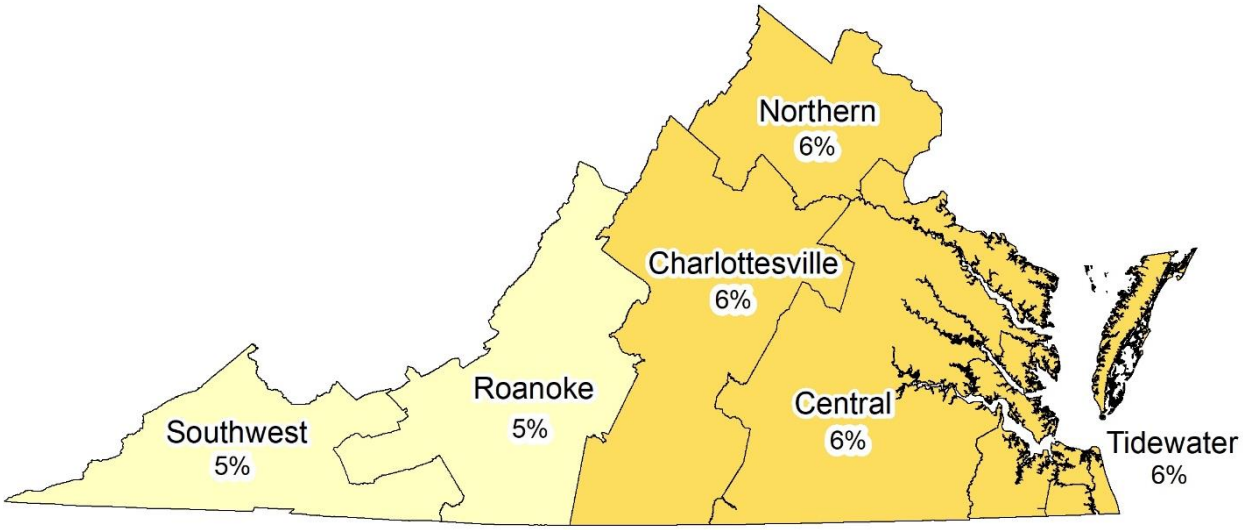
# Regional variation in share of uninsured admissions greatly reduced following Medicaid expansion

Prior to Medicaid expansion (January-June 2018), the share of uninsured admissions varied to some extent by region, from a high of 17 percent in the Central Region to a low of 10 percent in the Northern region. Following Medicaid expansion (January-June 2018), much of this regional variation in the share of uninsured admissions was eliminated. By the first six months of 2019, the share of uninsured admissions was between 5-6 percent across all regions.

Jan - June 2018 share of uninsured admissions

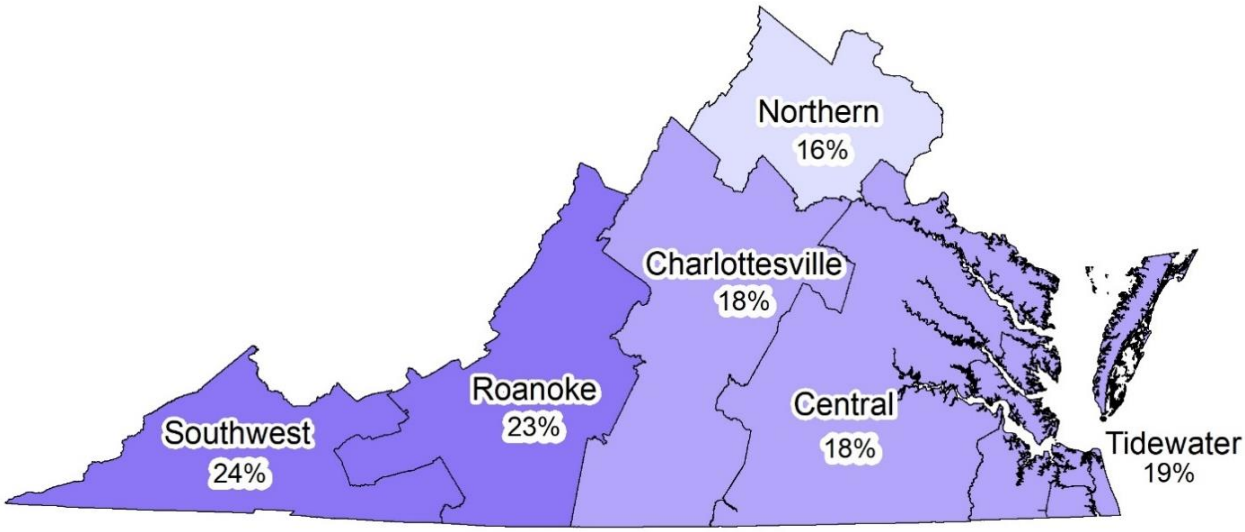



Jan - June 2019 share of uninsured admissions

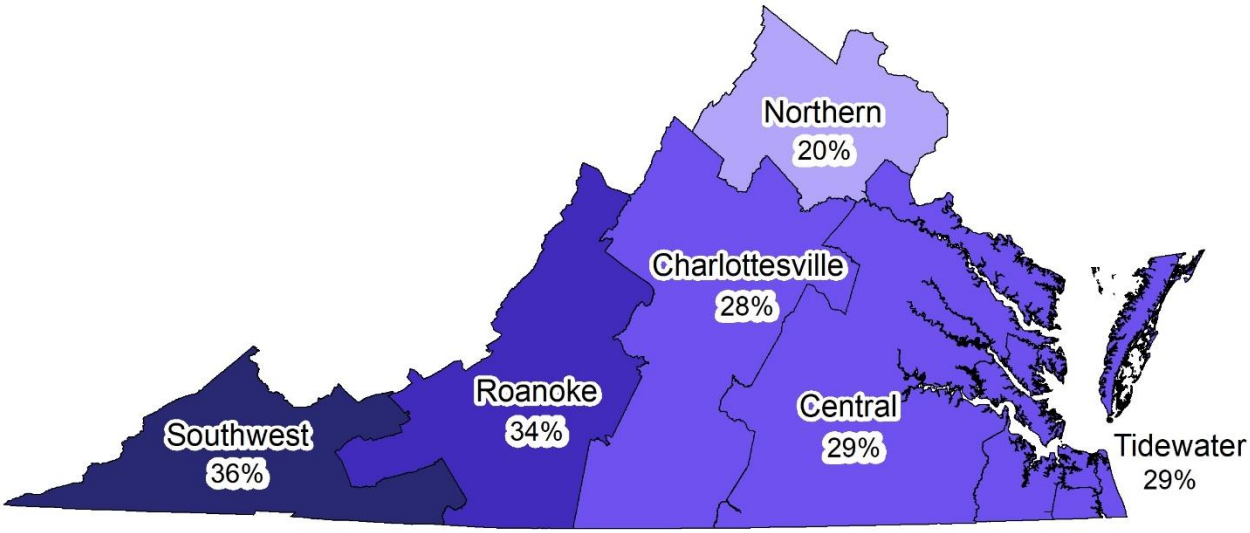


All regions experienced an increase in the share of Medicaid admissions. With the exception of the Northern region, most regions experienced an increase of 10 percentage points or higher in the share of admissions covered by Medicaid between 2018 and 2019. The increase in Medicaid admissions was smaller in the Northern region, likely because that region had the fewest uninsured admissions prior to expansion.

Jan - June 2018 share of Medicaid admissions




Jan - June 2019 share of Medicaid admissions



# Uninsured admissions decrease for both financially strong and vulnerable hospitals

Large numbers of uninsured admissions can strain hospitals financially, as much of the costs of care for the uninsured are uncompensated and therefore can affect the hospital's operating costs. In other states that expanded Medicaid, reductions in uncompensated care costs provided a financial boost to hospitals, especially safety net hospitals that served a disproportionately large number of uninsured.[3]

Based on the most recent financial data available, we compare trends in uninsured admissions for hospitals based on their profitability in 2017, as measured by their total margin. Total margins reflect the difference between revenue received across all sources and the cost of patient care. A positive margin indicates that hospitals are profitable – that is, the extent to which revenues exceeded costs – while negative margins show that costs exceeded revenues.

*Table 2 Share of admissions for people ages 19-64 by payer, by hospital profitability in 2017*

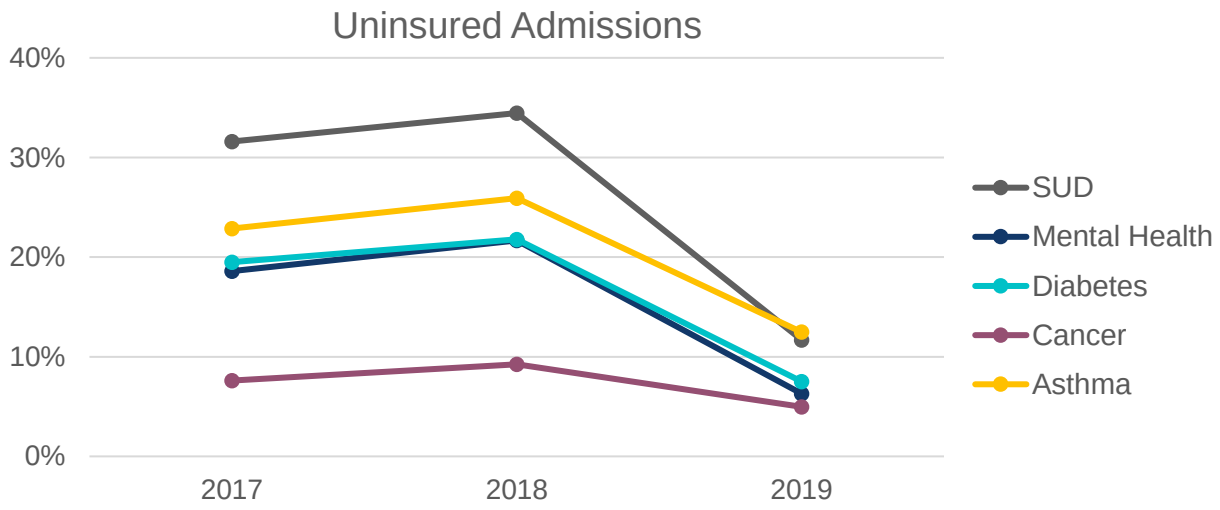
| | Jan - June, 2017 | Jan - June, , 2018 | Jan - June, 2019 | % change '18 - '19 |
|---|---|---|---|---|
| **Negative Margins in 2017** | | | | |
| Medicaid | 21.7% | 19.7% | 31.4% | **44.7%** |
| Medicare | 19.4% | 19.0% | 19.6% | **0.8%** |
| Commercial | 35.9% | 36.4% | 34.6% | **-3.7%** |
| Uninsured | 14.8% | 16.4% | 6.9% | **-53.7%** |
| | | | | |
| **Margins 0-5%** | | | | |
| Medicaid | 17.7% | 15.8% | 23.7% | **34.4%** |
| Medicare | 16.3% | 16.5% | 17.0% | **4.2%** |
| Commercial | 46.0% | 44.9% | 45.5% | **-1.1%** |
| Uninsured | 12.2% | 15.2% | 6.6% | **-45.6%** |
| | | | | |
| **Margins 5-10%** | | | | |
| Medicaid | 20.8% | 19.6% | 28.7% | **37.7%** |
| Medicare | 16.2% | 16.9% | 16.6% | **2.4%** |
| Commercial | 45.1% | 44.4% | 43.6% | **-3.3%** |
| Uninsured | 12.1% | 13.6% | 6.1% | **-49.2%** |
| | | | | |
| **Margins >10%** | | | | |
| Medicaid | 18.9% | 18.0% | 26.5% | **40.5%** |
| Medicare | 16.2% | 16.4% | 16.8% | **3.4%** |
| Commercial | 47.4% | 47.0% | 45.4% | **-4.2%** |
| Uninsured | 11.8% | 12.8% | 5.7% | **-51.6%** |

About one-third of Virginia's hospitals reported negative total margins in 2017, while one-third had total margins greater than 10 percent – indicating high profitability. The share of uninsured admissions in hospitals with negative total margins decreased from 16.4 percent during the first six months of 2018 to 6.9 percent in the first six months of 2019 (a 53.7 percent decrease). This was a slightly larger decrease than that experienced by hospitals with positive margins in 2017. Similarly, hospitals with negative total margins saw the share of Medicaid admissions increase – from 19.7 percent in 2018 to 31.4 percent in 2019. This was a slightly greater increase than that experienced by hospitals with positive margins.

## Changes in admissions for selected conditions

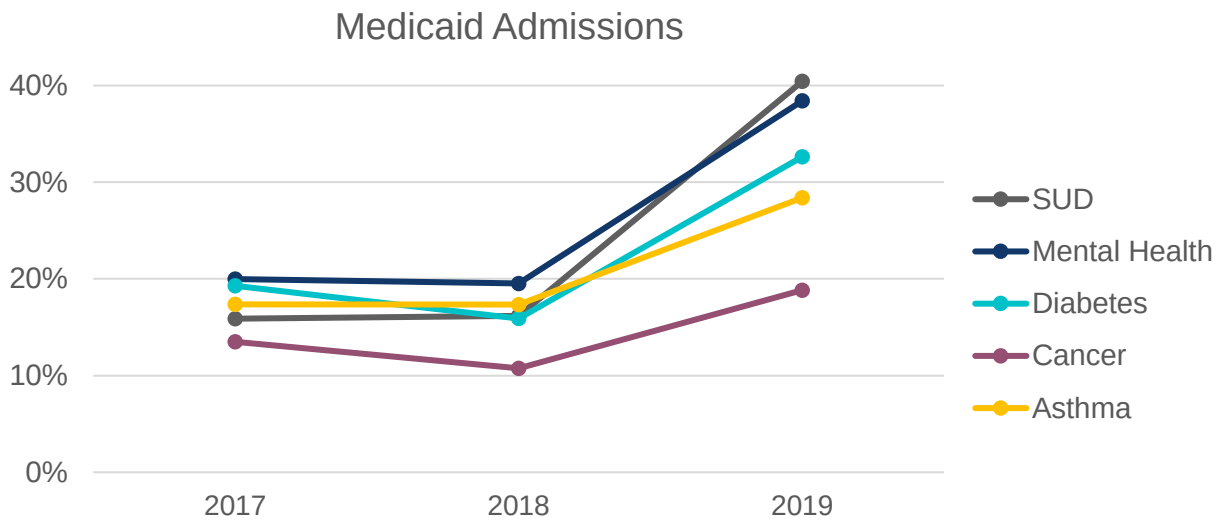
A much greater share of admissions for specific illnesses are now covered by third-party insurance due to Medicaid expansion. Most notably, shares of uninsured admissions for people with behavioral health conditions showed a steep decline. Among admissions with a primary diagnosis of substance use disorders (SUD) – including disorders related to the use of opioids, alcohol, and other substances – the share of uninsured admissions decreased from 34 percent in the first six months of 2018 to 12 percent during the same time period in 2019. Among admissions with a primary diagnosis of a mental health condition, the share of uninsured admissions decreased from 22 percent to 6 percent. Uninsured admissions related to diabetes and cancer also decreased during this period, although there were comparatively few uninsured admissions for cancer prior to Medicaid expansion.

*Figure 5. Share of uninsured admissions for selected conditions for the first six months of 2017-2019, ages 19-64*



There were corresponding increases in the share of admissions covered by Medicaid for these illnesses. Among admissions for substance use disorders, the share covered by Medicaid more than doubled between 2018 and 2019 (from 16 percent to 40 percent). The share of admissions covered by Medicaid also increased for those with mental health problems, diabetes, and cancer.

*Figure 5: Share of Medicaid admissions for select conditions for the first six months of 2017-2019, ages 19-64.*




## Changes in hospital admission rates and utilization

Increases in insurance coverage among the population are often associated with increases in health care utilization of all types, including inpatient admissions. Pent-up demand for health services among the previously uninsured may be especially strong in the period immediately following Medicaid expansion, such as for elective services and procedures.[5]

Despite an increase of 14,500 admissions paid for by Medicaid in the first six months of 2019, there was a net overall decrease of 1,800 admissions for people ages 19-64, from 199,965 total admissions in the first six months of 2018 to 198,146 admissions in the first six months of 2019. This reflects a decrease in total admissions of 0.9 percent between 2018 and 2019, which is consistent with the average annual rate of decrease between 2016 and 2018.

In the past decade, the rate of hospital admissions for Virginians ages 19-64 decreased at about the same rate, from a high of 90.7 admissions per 1,000 people in 2011 to 85.6 admissions per thousand in 2018, an annual average decrease of 0.9 percent.[6]

Although these results reflect only the first six months of Medicaid expansion, they suggest that Medicaid expansion has not resulted in a surge of costly inpatient utilization among new Medicaid enrollees who were previously uninsured or had other coverage.

There were some differences in admissions trends by type of hospital. Most notably, admissions at the two major academic medical centers decreased 6.4 percent during the first six months of Medicaid expansion after having increased the previous two years. Admissions at for-profit hospitals increased slightly between 2018 and 2019, while they decreased at not-for-profit hospitals. Admissions to Critical Access Hospitals continued to increase (3.5 percent) between 2018 and 2019, although at a somewhat slower rate than previous years. The rate of decrease in admissions to rural hospitals slowed (0.2 percent decrease between 2018 and 2019) compared to previous years, while the rate of decrease at urban hospitals was largely unchanged.

*Table 3 Change in admissions across hospital types for ages 19-64.*

| | Jan – Jun, 2016 | Jan - June, 2017 | Jan - June, 2018 | Jan - June, 2019 | Average annual % change '16 - '18[1] | Percent change '18-'19 |
|---|---|---|---|---|---|---|
| **All admissions** | 204,133 | 201,688 | 199,965 | 198,146 | **-1.0%** | **-0.9%** |
| | | | | | | |
| **Hospital Type** | | | | | | |
| For-Profit | 40,192 | 39,593 | 40,266 | 40,709 | **0.1%** | **1.1%** |
| Not-for-Profit | 145,405 | 142,663 | 140,070 | 139,072 | **-1.9%** | **-0.7%** |
| Safety Net | 18,536 | 19,432 | 19,629 | 18,365 | **2.9%** | **-6.4%** |
| Critical Access | 763 | 951 | 823 | 852 | **5.6%** | **3.5%** |
| | | | | | | |
| **Hospital Location** | | | | | | |
| Rural | 13,714 | 13,109 | 12,849 | 12,824 | **-3.2%** | **-0.2%** |
| Urban | 190,419 | 188,579 | 187,116 | 185,322 | **-0.9%** | **-1.0%** |

# Conclusion

Over 400,000 Virginians have enrolled in Medicaid expansion as of April 2020, most of whom were previously uninsured. A change in coverage of that magnitude will have profound effects on access to care of low-income Virginians as well as health care providers. Specifically, Medicaid expansion is expected to substantially reduce the number of services paid out-of-pocket or through indigent care programs, with a corresponding increase in services covered by third-party payers. This not only benefits patients, but also benefits providers by increasing patient revenue and reducing uncompensated care costs.

Consistent with other states that expanded Medicaid, hospital admissions by uninsured patients in Virginia dropped dramatically – 56 percent -- during the first six months of Medicaid expansion compared to the same time period in the prior year. Neighboring states that expanded Medicaid earlier also experienced a large decrease in uninsured admissions during the first six months of their expansion, including a 63 percent decrease in Maryland, a 71 percent decrease in West Virginia, and a 66 percent decrease in Kentucky.[6] As these states expanded Medicaid in 2014, their larger decrease in uninsured admissions during the first six months of expansion also reflects the greater availability of affordable private health insurance coverage through the ACA marketplaces. Pennsylvania – which expanded Medicaid on January 1, 2015 – experienced a 31 percent decrease in uninsured admissions in the first six months, while Louisiana – which expanded July 1, 2016 – experienced a decrease more similar to Virginia (58 percent) during the first six months of their expansion. In most of these states, uninsured admissions continued to decrease beyond the first six months of their state's Medicaid expansion.

Furthermore, the decrease in uninsured admissions and increase in admissions from Medicaid was experienced broadly by Virginia hospitals, including academic medical centers, not-for-profit, for-profit, and Critical Access Hospitals. Financially vulnerable hospitals – which includes most of the Critical Access Hospitals and other rural hospitals – experienced large decreases in the share of admissions by uninsured people, although they still serve a disproportionately large number of uninsured people compared to other hospitals, even after Medicaid expansion.

The study did not assess the impact of Medicaid expansion on the financial condition of Virginia's hospitals, although prior studies showed that hospital finances improved for hospitals in states that expanded Medicaid, relative to hospitals in states that did not expand Medicaid.[3] Moreover, hospitals that served disproportionately large numbers of uninsured people prior to expansion tended to benefit the most financially from Medicaid expansion.

The COVID-19 emergency may stretch the capacity of many hospitals in responding to a surge in patients, resulting in shortages of medical staff, beds, testing, and other equipment. The crisis will also threaten the financial health of many hospitals, especially those that were the most vulnerable financially prior to COVID-19, due to

decreased revenue from elective procedures. Moreover, many Virginians who become unemployed due to the crisis will lose their employer-sponsored insurance coverage, resulting in increases in the number of uninsured. Expanded eligibility for Medicaid provides a buffer against an expected spike in uninsured Virginians, as well as increases in hospital uncompensated care costs. Virginia's hospitals will not be spared from the numerous challenges of COVID-19, but Medicaid expansion has put patients and providers in a stronger position to weather the crisis.

# Endnotes

[1] Department of Medical Assistance Services. Expansion Enrollment Dashboard (April 15, 2020). http://www.dmas.virginia.gov/#/dashboard.

[2] VCU Department of Health Behavior and Policy. Hospital Uncompensated Care Costs in Virginia Prior to Medicaid Expansion. (July, 2019). Available at: https://hbp.vcu.edu/media/hbp/policybriefs/pdfs/HospitaluncompensatedcarepriortoMedicaidexpansion.final.7.22.19.pdf.

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