

# The effect of the Affordable Care Act's Medicaid expansion on health insurance coverage in 2014

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The major components of the Affordable Care Act (ACA) went into effect in 2014 with Medicaid expansion being optional. How was health insurance coverage affected in states that expanded versus those that did not? According to [“Impacts of the Affordable Care Act on Health Insurance Coverage in Medicaid Expansion and Non-Expansion States”](#) (National Bureau of Economic Research working paper no. 22182, April 2016) by Charles Courtemanche, James Marton, Benjamin Ukert, Aaron Yelowitz, Daniela Zapata, gains in insurance coverage were largest for nonwhites, young adults, unmarried individuals, and those with incomes below the threshold for Medicaid eligibility.

Data were collected through the American Community Survey administered by the Census Bureau. This survey samples approximately 1 percent of the U.S. population: over 3-million people per year. The sample for this study consisted of 18–64 year olds from calendar years 2011 to 2014. The researchers incorporated multiple control variables for demographic characteristics, family structure, and economic/labor force characteristics. Researchers also controlled for the seasonally adjusted monthly state unemployment rate published by the Bureau of Labor Statistics. These controls addressed concerns that Medicaid expansion may be correlated with other factors.

The preferred specification for the regression analysis was a difference-in-difference-in-differences design that disentangles year-to-year changes from causal effects of non-Medicaid portions of the ACA. The full-sample regressions estimate the ACA, including the Medicaid expansion, increased insurance coverage by 5.9 percentage points at the sample mean pretreatment uninsured rate; this compares with 3.0 percentage points without the expansion. The effect reached as high as 15.4 percentage points (compared with 7.8 without the expansion) in the area with the largest uninsured rate. Results passed falsification tests and remained similar across checks for robustness.

Results indicate the ACA increased private insurance coverage by 2.4 percent. The authors indicate this is due to the increased take-up rates for employer-sponsored plans that resulted from the individual mandate. No consequential difference was found between coverage gains among low-income and middle-income earners in non-Medicaid-expansion states. Private insurance was the source of coverage gains in non-Medicaid-expansion states. Gains in Medicaid-expansion states were exclusively attributable to increased Medicaid coverage. However, some evidence suggest that reduced private coverage crowded out a portion of gains in Medicaid coverage from the expansion.

This study extends literature through methodological approaches. The authors state, “Our identification strategy for the non-Medicaid expansion portion of the ACA can potentially be used in future research to identify the impacts of

the ACA on other outcomes such as health care utilization, health, and personal finances.” However, data availability is indicated to be a limitation. Additional research is recommended as more data become available.