

## **CLOSING THE HEALTH CARE COVERAGE GAP IN TEXAS: A LATINO PERSPECTIVE**

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### **Summary and Key Findings**

Texas has the largest population of uninsured individuals of any state in the country. The state's six million uninsured individuals represent 24% of the state's population and include 1.2 million children and 3.3 million Latinos.<sup>†</sup> At the same time, Texas has some of the nation's highest rates of poverty, childhood obesity, and chronic diseases.

The current failure to accept federal funds to expand Medicaid in Texas under the Affordable Care Act (ACA), or to seek an alternative model to provide health insurance to low-income Texans, is detrimental to the state and will have a particularly adverse impact on Latinos, who comprise around 50% of the state's uninsured:

- Thirty-nine percent and 19% of nonelderly native Latino adults and children in Texas are uninsured, respectively, compared to 17% and 10% of Whites. This represents the third-highest rate of uninsured Latinos in any state.<sup>1</sup>
- According to the Kaiser Family Foundation, nearly 600,000 Hispanics who would otherwise qualify for Medicaid will be denied coverage as a result of the state's failure to expand the program. These people fall into a coverage gap: they earn too little to qualify for financial assistance to purchase a private plan in the Marketplace and they earn too much to qualify for Medicaid under the state's current eligibility requirements.<sup>2</sup>

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† The terms "Hispanic" and "Latino" are used interchangeably by the U.S. Census Bureau and throughout this document to refer to persons of Mexican, Puerto Rican, Cuban, Central and South American, Dominican, Spanish, and other Hispanic descent; they may be of any race.

## **Inside**

Summary and Key Findings.....	1
Background .....	2
The Social and Economic Impact of Expanding Medicaid.....	3
Health Care Is a Priority for Latinos.....	5
Conclusion .....	5
Endnotes .....	6

- Latinos are disproportionately represented among those in the coverage gap. While Hispanics comprise approximately 38% of Texas' population, they represent 60% of Texans in the coverage gap.<sup>3</sup>
- Lack of insurance and access to preventive care exacerbates health disparities for Hispanics, who are more likely to be confronted with certain diseases that require routine health management such as diabetes, HIV/AIDS, and other diseases.

In addition to reducing health disparities for Latinos, expanding Medicaid carries broader socioeconomic benefits for state residents, particularly Latinos who experience major income and wage disparities. Medicaid expansion has the potential to:

- Create more than 230,000 new jobs and boost the state's economic output by nearly \$67 billion during fiscal years 2014–2017.<sup>4</sup>
- Provide insurance coverage to low-wage workers, including Latino workers, who are disproportionately clustered in jobs that do not offer health insurance.
- Contribute to the state's overall economic future through improvements in the health and financial security of Latinos, who are projected to comprise the majority population and labor force by 2030.<sup>5</sup>

## Background

A key goal of the Affordable Care Act has been to increase the number of individuals with insurance through two primary pathways: private coverage purchased through the Health Insurance Marketplace and increased

eligibility for the Medicaid program.

These new opportunities for insurance are particularly important for Latinos. In 2012, more than 15.5 million Latinos, including 2.5 million children, had no health coverage.<sup>6</sup> This represents almost one-third of the total number of uninsured in the United States.

In 2012, 24.6% of Texans were uninsured, which factors out to more than 6 million residents. Texas is now second to Nevada in the rate of uninsured children, with 1.2 million children in Texas who lack health insurance (16%).<sup>7</sup> Over the last four years, Texas has ranked last in the nation in the number of uninsured,<sup>8</sup> with Latinos continuously representing around 50% of the uninsured.<sup>9</sup> In spite of the high rates of uninsured in the state, Texas' current Medicaid eligibility is one of the most restrictive in the nation, limited to those at 19% or less of the federal poverty level—a mere \$4,500 annually for a family of four.<sup>10</sup>

Medicaid is the nation's major public health insurance program for low-income Americans, covering more than 62 million low-income children, families, seniors, and people with disabilities.<sup>11</sup> The original design of the ACA required states to expand their Medicaid programs to serve individuals younger than 65 with incomes below 138% of the federal poverty level who meet certain qualifications. However, while the Supreme Court's 2012 ruling on the constitutionality of the ACA upheld Medicaid expansion, it limited the ability of the U.S. Department of Health and Human Services to enforce it. As a result, states now have the option to expand Medicaid, and Medicaid expansion has occurred on a state-by-state basis. As of this writing, 24 states had not expanded their Medicaid programs, including Texas.

One consequence of the state-by-state expansion is that a large portion of the population is shut out of an opportunity to obtain affordable coverage because it earns too little to qualify for the economic supports to purchase a private plan through the Marketplace, yet too much to qualify for Medicaid under the state's current eligibility requirements. These individuals fall into a coverage gap. The choice to increase health insurance coverage for some of its most vulnerable families presents an opportunity for Texas to reduce its number of uninsured. By failing to accept federal funds to expand the Medicaid program—or develop an alternative program—lawmakers are denying health coverage to more than one million vulnerable Texans. Latinos are disproportionately affected, with nearly 600,000 Latinos falling into the coverage gap.

The authority to advance Medicaid expansion in Texas or institute an alternative approach rests with the state's governor and legislative leaders. During the 2013 Texas legislative session, HB3791 was introduced as a "Texas solution" to the uninsured and not as a Medicaid expansion bill. HB 3791 proposed that the Texas Health and Human Services Commission create Medicaid reforms through a federal block grant approach, and that the state accept ACA Medicaid funding only if it can provide vouchers to certain low-income groups, promote health savings accounts, and manage the implementation of its Texas solution to the uninsured problem. However, the bill failed, and no further efforts have been made to expand coverage.

## The Social and Economic Impact of Expanding Medicaid

Expanding Medicaid in Texas would provide a number of important health and socioeconomic benefits to Latinos and the state as a whole.

### Reducing Health Disparities for Latinos

With a population of 10 million Latinos,<sup>12</sup> Texas has the second-largest Hispanic population in the country. Currently, 39% of nonelderly adult Latinos in Texas have no health insurance coverage, which is significantly higher than the uninsured rate for non-Hispanic whites (17%).

Studies show that the uninsured are less likely to receive timely preventive care than those with coverage. Uninsured nonelderly adults, compared to those with coverage, are far less likely to have had regular preventive care, including blood pressure, cholesterol checks, and cancer screenings. Uninsured patients have an increased risk of being diagnosed in later stages of diseases, including cancer, and have higher mortality rates than those with insurance.<sup>13</sup>

In 2010, 38% of Hispanic nonelderly adults had no regular health care provider, compared to 17% of Whites.<sup>14</sup> The lack of access to preventive care and chronic disease management exacerbates the burden of certain health conditions that disproportionately impact the Latino community:

- Nationally, compared to non-Hispanic Whites, Latinos are 15% more likely to be obese, 45% more likely to be newly diagnosed with cervical cancer, 65% more likely to be diabetic, and 45% more likely to die from diabetes.<sup>15</sup>

- The Texas Department of Health and State Services reports that the leading causes of death among Latinos in the state are heart disease, cancer, and diabetes.<sup>16</sup>
- Hispanic adults in Texas have a higher prevalence of obesity compared to non-Hispanic whites, 34.2% versus 24.6%, respectively.<sup>17</sup>

These are chronic conditions that can be better prevented, diagnosed, and managed through access to regular care. Therefore, expanding insurance coverage to low-income Latinos is critical to decreasing these health disparities. Research suggests that increasing access to preventive care can also reduce overall health costs. For example, 75% of all health care dollars are spent treating chronic diseases, while only 3% of health care dollars go toward prevention.<sup>18</sup>

## Personal Story

Irma of San Antonio is 28 and a mother of four. She works as assistant manager at a pizza chain earning \$19,200 a year. She has damaged discs in her neck, making it difficult and painful to raise her arms, which in turn makes it hard to adequately do her job. Sometimes her untreated high blood pressure makes her so dizzy she has to sit to keep from falling or fainting. She has no insurance and fears what would happen to her children if she fell ill. For Irma and others like her who fall in the coverage gap, Medicaid expansion would provide an opportunity to seek critical preventive services that could lower the risk of developing more complex conditions, which are more expensive to treat, later down the road.

## Investing in the Workforce and Strengthening Texas' Economic and Fiscal Health

Expanding coverage to low-income individuals under the Affordable Care Act would benefit working Texans, including Latino workers. The U.S. workforce is comprised of 25.3 million Latinos, representing 15.6% of the labor force.<sup>19</sup> Latinos are among the fastest-growing segment of the American workforce and are projected to nearly double in size to 30% by 2050.<sup>20</sup> Despite being represented in a wide variety of occupations, Latinos are more likely than other Americans to be employed in the low-wage labor market, particularly in service and support occupations. These sectors rarely afford access to benefits such as health insurance. Nearly one in four Latinos (23%) work in service occupations; 14.4% in sales and office jobs; 26.6% in natural resources,

construction, and maintenance jobs; and 21.3% in production, transportation, and material-moving occupations.<sup>21</sup>

It is estimated that 58% of those who would benefit from expanded Medicaid eligibility in Texas are working adults.<sup>22</sup> The top nine occupations of working but uninsured Texans who would benefit include: sales, food service, office and administrative support, construction, transportation, cleaning and maintenance, personal care and support, health care support, and production.<sup>23</sup> Given their overrepresentation in several of these sectors, working Latinos are positioned to benefit from Medicaid expansion.

In addition to the benefit to Texas' workforce, accepting federal funds to expand health

coverage is also fiscally sound policy. The Texas Health and Human Services Commission projected that federal matching funds would provide the state with more than \$76 billion while costing Texas only \$5.8 billion, a net gain of more than \$70 billion for Texas.<sup>24</sup> Had Texas expanded health coverage in January 2014, it would have boosted the state’s economic output by \$67.9 billion during fiscal years 2014–2017<sup>25</sup> and generated an estimated 231,000 additional jobs in Texas by 2016.<sup>26</sup>

It is worth noting that health coverage expansion has support from the business community, including Chambers of Commerce in Arlington, Austin, Dallas, Fort Worth, Rio Grande, and San Antonio. These organizations, and many more, are urging the governor and state legislature to accept federal funds, emphasizing that “healthcare is important to the state’s competitiveness—it’s a major driver of our state’s economy.”<sup>27</sup>

The economic gains realized by the state as a result of expansion could be reinvested in Texas schools, hospitals, roads, and other infrastructure, which would provide a broad benefit to the state’s growing Latino population.

## Health Care Is a Priority for Latinos

While the evidence supports Medicaid expansion as greatly benefiting the overall health and well-being of Latino families, data indicates that health care is a priority issue among Latino voters. Gallup polling shows that 21% of all registered Latino voters in the country ranked health care as an important priority, more than unemployment (19%) and immigration (12%). This should not be surprising, as Latinos are one of the most uninsured and underinsured groups in the country.<sup>28</sup> A poll conducted by the Texas Hospital Association showed that 54% of Texas voters say the state should participate in expanding health care coverage, and 60% of voters also responded in favor of Medicaid expansion after learning it would be fully funded for the first three years by the federal government.<sup>29</sup>

## Conclusion

Texas has the power to reduce health disparities for more than one million nonelderly uninsured Texans, including close to 600,000 Hispanics. For Latinos and low-income families, approving Medicaid expansion creates and supports opportunities to stay healthy, be a productive worker, and overall enjoy an improved quality of life. It also provides an investment in both the state and local economies, while serving as a catalyst for the creation of hundreds of thousands of jobs.

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