SHORT ON SPACE:

# How ObamaCare expansion is pushing hospitals to the brink

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# KEY FINDINGS

**1**

HOSPITAL CAPACITY HAS DETERIORATED ACROSS THE NATION.

**2**

HOSPITALS ARE STRUGGLING IN MEDICAID EXPANSION STATES.

**3**

MEDICAID EXPANSION STATES HAVE EXPERIENCED REDUCED HOSPITAL CAPACITY.

**4**

MEDICAID EXPANSION STATES ARE POORLY PREPARED FOR A HEALTH CRISIS.

## BOTTOM LINE:

MEDICAID EXPANSION IS CRUNCHING HOSPITAL SPACE—ESPECIALLY DURING HEALTH CRISES.

## Background

The 2020 COVID-19 outbreak exposed critical hospital capacity shortages across the nation. From New York to Washington, hospitals have struggled with ensuring they have sufficient space for potential patients.[1] In normal times, this is a concern. But during a global pandemic, this is a recipe for a public health disaster.

Across the country, states that expanded Medicaid under ObamaCare to able-bodied, working-age adults have faced hospital financial shortfalls and even closures.[2-3] But an equally troubling concern is the significant decline in hospital bed capacity that exists in states that have expanded Medicaid. Unfortunately, states that bought into the false promise that ObamaCare expansion would be a cure-all or silver bullet for struggling hospitals are now faced with inadequate space and critical constraints on care in those same hospitals.

While hospital space shortages are prevalent across the map, the reality is that Medicaid expansion has exacerbated hospitals' challenges and inability to meet the demand for care. Expansion would not only fail to help states during a pandemic like COVID-19, but it could actually cause critical constraints on capacity.

> Medicaid expansion has exacerbated hospitals' challenges and inability to meet the demand for care.

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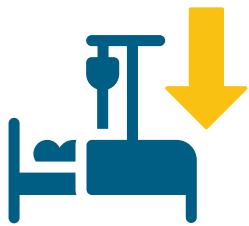
**SINCE 2000, THE NUMBER OF HOSPITAL BEDS PER CAPITA HAS DECLINED BY 16 PERCENT**

## Hospital capacity has deteriorated across the nation

The COVID-19 outbreak has demonstrated that the nation's hospital system is acutely short on the physical space needed.[4-5] Even during periods of relative normalcy, U.S. hospital capacity has been on the decline.[6]

**Nationwide, the number of hospital beds per capita has declined by 16 percent since 2000, with many states experiencing even larger declines.[7]** Unfortunately, these trends have accelerated in recent years. Since 2013 alone, hospital bed capacity declined in 35 states, with some areas experiencing double-digit declines over this short time period.[8]

However the data is read, it is clear the hospital bed capacity has been on the decline across the nation, and this trend is only continuing to spiral in the wrong direction.

## Hospitals are struggling in Medicaid expansion states

Many states that expanded Medicaid under ObamaCare have experienced significant hospital closures and financial losses.[9] One major driver of those losses is the fact that Medicaid reimburses hospitals at lower rates compared to private insurers and in many cases less than the actual cost of care.[10] As individuals are forced off of private insurance and onto Medicaid in states that have expanded ObamaCare, more hospitals are faced with greater numbers of patients at lower reimbursement rates.[11-12] This situation is a direct precursor to hospitals' financial struggles.

Nearly 40 percent of states which expanded Medicaid experienced hospital job losses in the first year of the program.[13] Similarly, hospitals are shuttering their doors, especially in states that have opted to implement this massive welfare expansion.[14] Hospitals in places like Kentucky, Pennsylvania, and Nevada have been forced to close.[15] Meanwhile, in Arkansas, more rural hospitals are in financial distress than in neighboring non-expansion states like Missouri and Kansas.[16]

The non-expansion states are faring better, having added hospital jobs at a faster rate than expansion states.[17] Medicaid expansion's harmful impact on hospital finances is coupled with less capacity to provide patients with care.

**MEDICAID EXPANSION'S HARMFUL IMPACT ON HOSPITAL FINANCES RESULTS IN REDUCED CAPACITY FOR CARE**

## NON-EXPANSION STATES **HAVE MORE HOSPITAL BEDS PER CAPITA** THAN EXPANSION STATES

Hospital beds per million residents in 2017

**2,198**
Expansion States

**2,708**
Non-expansion States

*Source: American Hospital Association*

## Medicaid expansion states have experienced reduced hospital capacity

Unsurprisingly, the financial struggles of hospitals in Medicaid expansion states have manifested in less physical capacity.

**The number of hospital beds per capita has declined by more than six percent since 2013 in states that expanded ObamaCare, while non-expansion states have actually increased bed capacity.**[18-20] By 2017, non-expansion states had 510 more hospital beds per million residents than expansion states.[21]

Non-expansion states not only have more hospital beds, but they also have more hospital facilities. By 2018, non-expansion states had 35 percent more hospitals per capita than Medicaid expansion states.[22]
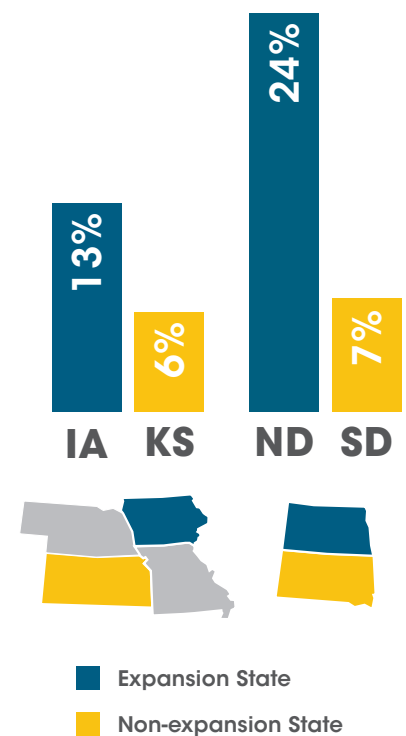
At the same time facility capacity is declining, Medicaid expansion has fueled a massive increase in volume, particularly for emergency rooms (ERs). Hospitals reported nearly 139 million ER visits in 2018—a record high—with the increase since 2013 fueled entirely by Medicaid enrollees.[23-26] After enrolling in Medicaid expansion, able-bodied adults make 40 percent more visits to the ER, with the largest increases among non-emergency visits.[27] Expansion states have experienced significantly more ER visits than non-expansion states, with the total number of ER visits made by Medicaid enrollees more than doubling after expansion.[28-29] **Hospitals in Medicaid expansion states were nearly twice as likely to report increases in ER visits as hospitals in non-expansion states.**[30-31]

Indeed, neighboring states with different expansion statuses show markedly different changes in ER visits. Between 2013 and 2017, hospitals in Kansas—a non-expansion state—saw ER visits increase by six percent.[32] Meanwhile, hospitals in neighboring Iowa—an expansion state—experienced a 13 percent hike in ER visits over the same period—double the average change witnessed by Kansas hospitals.[33] Likewise, hospitals in South Dakota—which has not expanded Medicaid—saw a seven percent increase in ER visits between 2013 and 2017.[34] But hospitals in neighboring North Dakota—which did expand Medicaid—experienced an astonishing 24 percent hike in ER visits, more than triple the change South Dakota hospitals experienced.[35] Medicaid patients have driven virtually all of these increases in ObamaCare expansion states.[36-37]

Whatever way you slice it, Medicaid expansion has undoubtedly contributed to hospitals struggling to maintain capacity in line with demand for care. And in the event of a pandemic or health crisis, Medicaid expansion will not only fail to help, but it will actually exacerbate these constraints on care.

## ER VISITS HAVE RISEN MORE RAPIDLY IN EXPANSION STATES

2013-2017 change in total ER visits, by state

| IA | KS | ND | SD |
|----|----|----|----|
| 13% | 6% | 24% | 7% |

■ Expansion State
■ Non-expansion State

*Source: U.S. Department of Health and Human Services*

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## Medicaid expansion states are poorly prepared for a health crisis

Just as Medicaid expansion states have struggled with available space, these same states have found themselves poorly prepared for bed capacity in the event of a public health emergency or pandemic.

One 2020 analysis examined the possible ICU bed shortage during the COVID-19 outbreak, looking not only at COVID-19 cases by states, but also relevant demographics and ICU bed capacity.[38] **This analysis showed that all of the states expected to face critical bed shortages in the quickest timeframe had expanded Medicaid.**[39] Most expansion states were in the worst or second-worst prepared categories, while virtually all non-expansion states were in the best or second-best prepared categories.[40]

In the event of another public health crisis, Medicaid expansion states will continue to suffer from poor capacity to care for critical populations.

## Medicaid expansion is crunching hospital space—especially during health crises

Six years after the implementation of ObamaCare, states all across the country are continuing to see capacity constraints on hospital care. Notably, these trends are much more severe in states that have opted to expand Medicaid to able-bodied adults.

States that have expanded Medicaid have less hospital bed space and fewer facilities per capita than non-expansion states. Expansion states have also seen a sharper decline in bed capacity since they expanded ObamaCare, relative to non-expansion states. Worse yet, Medicaid expansion has driven surges in hospital utilization, especially non-emergency visits to emergency rooms.

Perhaps most concerning is that these same expansion states have hampered their ability to prepare for a public health crisis or pandemic, like COVID-19, as their bed capacity is more limited relative to their non-expansion counterparts.

The evidence is overwhelming: ObamaCare expansion states are placing capacity burdens on their hospitals by expanding Medicaid to able-bodied adults. Medicaid expansion runs the risk of pushing hospitals not only to their limits, but beyond them. During the time of a pandemic, expansion won't just fail to cure the problem—it will further constrain already limited hospital space.

> **ObamaCare expansion states are placing capacity burdens on their hospitals by expanding Medicaid to able-bodied adults.**

# APPENDIX 1

## NON-EXPANSION STATES HAVE MORE HOSPITAL BEDS PER CAPITA THAN EXPANSION STATES

Hospital beds per million residents in 2017

| STATE | HOSPITAL BEDS PER CAPITA | STATE | HOSPITAL BEDS PER CAPITA |
|---|---|---|---|
| Alabama | 2,200 | Montana | 3,440 |
| Alaska | 3,120 | Nebraska | 2,130 |
| Arizona | 3,220 | Nevada | 4,250 |
| Arkansas | 1,970 | New Hampshire | 3,640 |
| California | 1,860 | New Jersey | 2,060 |
| Colorado | 1,920 | New Mexico | 2,390 |
| Connecticut | 1,980 | New York | 1,850 |
| Delaware | 5,090 | North Carolina | 2,180 |
| District of Columbia | 2,210 | North Dakota | 2,640 |
| Florida | 2,630 | Ohio | 2,880 |
| Georgia | 2,420 | Oklahoma | 2,920 |
| Hawaii | 1,820 | Oregon | 1,670 |
| Idaho | 2,980 | Pennsylvania | 2,910 |
| Illinois | 2,050 | Rhode Island | 2,040 |
| Indiana | 2,500 | South Carolina | 2,460 |
| Iowa | 2,680 | South Dakota | 4,770 |
| Kansas | 3,400 | Tennessee | 3,020 |
| Kentucky | 3,170 | Texas | 2,360 |
| Louisiana | 3,350 | Utah | 1,840 |
| Maine | 2,280 | Vermont | 2,110 |
| Maryland | 1,930 | Virginia | 2,070 |
| Massachusetts | 2,550 | Washington | 1,690 |
| Michigan | 2,500 | West Virginia | 2,130 |
| Minnesota | 2,510 | Wisconsin | 3,860 |
| Mississippi | 3,100 | Wyoming | 3,430 |
| Missouri | 4,120 | | |

Source: American Hospital Association

# APPENDIX 2

## NON-EXPANSION STATES HAVE MORE ICU BEDS PER CAPITA THAN EXPANSION STATES

ICU beds per million residents in 2017

| STATE | ICU BEDS PER CAPITA | STATE | ICU BEDS PER CAPITA |
|---|---|---|---|
| Alabama | 217 | Montana | 150 |
| Alaska | 144 | Nebraska | 248 |
| Arizona | 180 | Nevada | 226 |
| Arkansas | 213 | New Hampshire | 146 |
| California | 174 | New Jersey | 188 |
| Colorado | 155 | New Mexico | 143 |
| Connecticut | 166 | New York | 150 |
| Delaware | 145 | North Carolina | 162 |
| District of Columbia | 362 | North Dakota | 222 |
| Florida | 221 | Ohio | 207 |
| Georgia | 207 | Oklahoma | 206 |
| Hawaii | 119 | Oregon | 155 |
| Idaho | 163 | Pennsylvania | 179 |
| Illinois | 210 | Rhode Island | 222 |
| Indiana | 240 | South Carolina | 184 |
| Iowa | 130 | South Dakota | 174 |
| Kansas | 210 | Tennessee | 222 |
| Kentucky | 282 | Texas | 193 |
| Louisiana | 256 | Utah | 153 |
| Maine | 163 | Vermont | 141 |
| Maryland | 159 | Virginia | 151 |
| Massachusetts | 185 | Washington | 164 |
| Michigan | 188 | West Virginia | 256 |
| Minnesota | 160 | Wisconsin | 203 |
| Mississippi | 207 | Wyoming | 170 |
| Missouri | 262 | | |

*Source: Array Advisors*

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