

Weekly Checkup



New Medicaid Enrollees Younger, But Not Necessarily Healthier

SEPTEMBER 11, 2013

The most common criticism of the Affordable Care Act's (ACA) Medicaid expansion is that it will cost the federal government, states, and taxpayers [hundreds of billions of dollars](#) in the coming years. A study released this week by professors from the University of Michigan posits that expansion of the program may actually result in lower than expected costs, thanks to an increase in younger, healthier enrollees. However, the lifestyle choices of these young, newly eligible beneficiaries may, in fact, have the opposite effect on program expenditures long term.

The [study](#), appearing in the *Annals of Family Medicine*, found that a significant portion of newly eligible beneficiaries are young white men. Researchers developed their analyses based on characteristics of the current adult nonelderly population of Medicaid beneficiaries and the nearly 14 million nonelderly adults eligible for Medicaid under the program's expansion. Estimates suggest that the new group of enrollees will have an average age of 36, two years younger than the average current Medicaid participant. Nearly half of the new enrollees will be men (49 percent as opposed to 33 percent) and 59 percent will be white (compared to the current rate of 50 percent). Instances of obesity and depression may also be less prevalent in these new enrollees than the current Medicaid population. Applying these results to demographically adjusted health care cost data, the study's authors conclude that Medicaid expenditures for newly covered enrollees may be less than originally anticipated.

Despite the younger, healthier profile of the new Medicaid enrollee depicted in this study, those who suggest new beneficiaries will cost less than expected should be cautious in their optimism. While the study found new enrollees to be younger and generally healthier, it also found that they are more likely to be smokers and heavy drinkers. Over 49 percent of newly qualified enrollees are current tobacco users, a rate 11 percent higher than the current population of Medicaid participants. Moderate alcohol use and heavier abuse are also more common amongst the newly eligible – moderate use increases to 21 percent and heavy abuse to about 17 percent.

Notwithstanding the younger average age of this new slate of beneficiaries, their increased use of tobacco and alcohol may, in fact, increase their health care costs over the long term. A [RAND study](#) indicates that current and past tobacco use increases annual health care costs by 21 percent, while heavy drinking increases them by around 11 percent. That same study also shows that alcohol and tobacco use are associated with cost increases for inpatient and ambulatory care. Over the long term, chronic use or abuse of these substances can [increase a person's risk](#) for various cancers, cardiovascular diseases, and respiratory diseases. Given the [high costs](#) associated with treating such diseases, Medicaid's expenditures associated with covering new beneficiaries could be much higher than expected.

Image not found or type unknown

