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Medicaid Expansion and Crime Outcomes

Abizer Moiz Khumusi[1]

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How Medicaid expansion shapes crime outcomes remain an open but consequential question for understanding the full societal impact of U.S. health policy. The Affordable Care Act (ACA) was passed in 2010 by the U.S. federal government to tackle high costs of healthcare by substantially reconfiguring the healthcare system. A key provision was the 2014 Medicaid expansion, which extended free or low-cost public health insurance to all individuals in participating states with incomes up to 138% of the Federal Poverty Line (FPL), including previously ineligible adults without child dependents. As debates around government spending intensify, the future of Medicaid is uncertain. Against this backdrop, understanding the broader economic and social implications of Medicaid has become timely and policy relevant. While the extant literature has illustrated Medicaid's positive spillover *vis-a-vis* increased participation in social safety nets (Burney et al., *Food Policy*, 2021), as well as reductions in recidivism (Aslim et al., *Health Economics,* 2024), there remains limited evidence on the expansion's relationship with crime outcomes. Yet crime imposes substantial social and economic costs on communities and governments alike, making it a critical lens through which to assess the value of public policy. This paper aims to fill that gap by using county-level crime data and exploiting state-level variation in policy adoption to identify the effects of Medicaid expansion on both violent and property crime. By applying a contiguous border-county-pair fixed-effects

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✉ Abizer Moiz Khumusi
abizerkhumusi@gmail.com

[1] University of Cambridge, Austin Robinson Building, Sidgwick Ave, Cambridge CB3 9DD, UK

approach, the paper isolates variation at state boundaries, reduces spatial heterogeneity concerns, and provides more precise causal estimates than prior state-level difference-in-differences models (He & Barkowski, *Health Economics*, 2020; Vogler, *Journal of Policy Analysis and Management*, 2020).

The study dataset was formed by taking all pairs of contiguous border counties that straddle the state border, but with different Medicaid expansion statuses. The dataset can be visualised graphically in Online Supplemental Appendix (OSA) Fig. 1. A regression with the model in Eq, (1) was then run, where notably the $\Gamma_{p,t}$ allows for time-variant county-pair fixed effects:

$$\begin{aligned}\ln\left(CrimeRate\right)_{c,p,t} =& \alpha + \beta dExpand_{c,p,t} + \theta\Phi_{c,p,t} + \mu\Lambda_{s,p,t} \\ &+ \lambda PVI_{s,p,t} + \rho_c + \tau_t + \psi_p + \Gamma_{p,t} + \varepsilon_{c,t}.\end{aligned} \tag{1}$$

County-level crime data were obtained from the Federal Bureau of Investigation Uniform Crime Report (UCR), https://cde.ucr.cjis.gov/. Most of the demographic data were from the American Community Survey (ACS) Public Use Microdata, https://www.census.gov/programs-surveys/acs/microdata.html.

The results (OSA Table 1) indicate consistent and substantial reductions in crime following expansion. The preferred border-pair specification (column B4) estimates an 11.7% decline in violent crime ($p < 0.01$) and a 4.28% decline in property crime ($p < 0.05$). These correspond to drops of roughly 24 and 80 offenses per 100,000 population, respectively. The magnitude of violent-crime reductions exceeds those in prior studies (He & Barkowski, *Health Economics*, 2020; Vogler, *Journal of Policy Analysis and Management*, 2020), suggesting earlier models understated the impact due to spatial heterogeneity and omitted-variable bias. My hypothesised transmission mechanisms are improved health, reduced financial stress and greater access to substance abuse treatment (Bondurant et al., *Journal of Urban Economics*, 2018), all of which are sensitive to short-run changes in economic circumstances and behavioural health. In contrast, white-collar crimes are typically premediated, non-violent offenses that involve more educated individuals in professional settings. As such, they are unlikely to be influenced by increasing Medicaid coverage through the aforementioned mechanisms, making them a good negative-control test. The negative-control analysis indeed shows that white-collar crime does not respond to Medicaid expansion. This reinforces the hypothesis that observed reductions in violent and property crime operate through behavioural-health and economic channels rather than broad institutional or enforcement shifts.

A limitation of the border-county analysis is the presence of cross-state spillovers, which may bias treatment effects. These spillovers can materialise in the form of both migrations as well as cross-border crime. To combat this, a second-layer county-pairs dataset was constructed (OSA Fig. 2) to reduce cross-border crime or migration effects. This basically trades-off some spatial heterogeneity here for reduced spillover biases. Under this specification, violent-crime estimates become statistically insignificant, while property-crime effects become larger. This pattern suggests that violent-crime reductions may have been upward-biased by spillovers, whereas property-crime reductions were slightly understated.

Overall, the results robustly demonstrate that Medicaid expansion produced meaningful public-safety benefits that are absent from conventional cost-benefit discussions. In the current political environment, where entitlement programs face potential cuts, these findings highlight a quantifiable social externality that policymakers should incorporate in debates about the program's value. The study shows that careful spatial identification and richer institutional controls reveal larger crime-reducing effects than previously recognized. Future work could leverage additional years of post-expansion data, more complete crime categories, and finer-grained political or policing variables, helping to overcome the study's data and measurement limitations and yield even more precise estimates.