

The Salt Lake Tribune

Medicaid expansion a short-term money maker for Utah

Politics • Legislative analysis offers first glimpse at costs of stretching Medicaid to cover more uninsured.

BY KIRSTEN STEWART

THE SALT LAKE TRIBUNE

PUBLISHED: FEBRUARY 28, 2013 01:53PM

UPDATED: MARCH 3, 2013 09:15AM

As Gov. Gary Herbert awaits the results of a study predicting what it would cost Utah to expand Medicaid, lawmakers have produced their own estimate.

Not only would the expansion cost Utah nothing the first three years, it would save the state \$5 million in general and education funds in 2014 and \$16 million in 2015.

The savings would occur because Medicaid would cover some current state spending on mental health for the uninsured, hospital care for inmates and other programs, according to the legislative fiscal analyst's office.

The state can provide health coverage to a third of its uninsured, about 131,000 jobless and working poor adults, for three years with minimal impact to the budget – “a total bargain,” said Lincoln Nehring, a health policy analyst at Voices for Utah Children.

Concerned about long-term costs, and the possibility that a penny-pinching Congress will pull back funding, Herbert remains undecided on the expansion, an optional provision of the Affordable Care Act.

He is waiting for results of a twice-delayed, state-commissioned cost study by Public Consulting Group, and has said a final decision may not come until after the Legislative session ends, and as late as this summer.

The state Department of Health is reviewing a draft version of the study to check its methodology, but won't release it, arguing draft documents are classified as private under the state's open records law.

But Nehring said the Legislature's numbers are sound enough.

“For just about everything the Legislature does we rely on the fiscal analyst...I don't see why we wouldn't trust him here,” said Nehring.

The analysis appears in a fiscal note attached to HB153, which would have Utah opt into the expansion. The bill would also take the net savings and place the money in a restricted account to be tapped should the federal government fail to keep up its end of the funding bargain.

“I feel somewhat vindicated and justified for being as passionate as I am about moving forward [with the expansion] sooner rather than later,” said the bill's sponsor, Rep. Rebecca Chavez-Houck, D-Salt Lake City.

Of course, the expansion won't be cost-free forever, it shows. The federal government picks up the full tab for the first three years, phasing down to 90 percent by 2021.

So by 2021, when states are footing 10 percent of the bill, Utah will have to come up with \$60 million to cover an estimated 160,100 newly eligible enrollees - money to be matched with \$653 million in federal funds.

That puts the state's investment at \$375 per person per year — far below the \$4,597 that the average Utahn spends a year on private insurance, according to the Kaiser Family Foundation.

Still, it's a considerable amount of money, acknowledges Nehring. But he said Utah, following the lead of Republican states such as Arizona and Florida, could set the expansion to expire in three years and decide then how to shoulder the costs.

—

Stretching Medicaid

O HB153 would have Utah opt into the expansion. Read more about the proposal and an analysis of the costs > 1.usa.gov/Z4smXB

© Copyright 2013 The Salt Lake Tribune. All rights reserved. This material may not be published, broadcast, rewritten or redistributed.