



Frequently Asked Questions about Expanding Medicaid

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- 1. Who will pay for it?** The federal government will pick up 100% of the cost of coverage for three years phasing down to 90% in the following years. Refusing the expansion means refusing over \$5 billion in federal tax dollars that will end up going to other states like: CA, CT, CO, DC, MN, MO, NJ, WA.¹
- 2. What if I don't think the Federal Government can afford to pay for Medicaid Expansion?** Much of the concern with the Medicaid expansion at the state capitol is revolving around national fiscal uncertainty and whether the federal government can keep its end of the bargain (see recent re-assurance from HHS Secretary Sebelius here). It's worth noting that in other times of fiscal uncertainty, the feds have never undermined state Medicaid programs by altering the Federal Medical Assistance Percentages (FMAP). Rather, as in the recent economic downturn, the federal government actually significantly enhanced FMAP rates. If Utah decides not to expand Medicaid, Utah's federal tax dollars will fund Medicaid Expansion in states that do choose to expand, states like: CA, CT, CO, DC, MN, MO, NJ, WA.²
- 3. How can Utah afford the 10% of Medicaid Expansion left to the state?** Utah will not start paying 10% of the expansion until 2022. In the meantime, investing in Medicaid is betting on a winning horse; Medicaid has proven to be more efficient than private insurance at containing cost. Utah will also enjoy other fiscal benefits of Medicaid expansion, including saving \$101 million in uncompensated care (ie. health costs that aren't paid for) by 2022--and a decrease cost sharing (see #5.)
- 4. Isn't Utah already overburdened with debts? How will Utah budget for Medicaid Expansion?** Actually, the Utah State Legislature reports Utah having a surplus next year. The Medicaid consensus forecast team estimates surplus General Fund in FY 2013 of \$40.9 million and \$1.8 million in FY 2014.³
- 5. Expanding a federal program seems contrary to the ideal of personal responsibility and a limited government. How is this a good plan for Utah?** Medicaid makes it possible for people to take responsibility for their health care. When the uninsured receive care, their costs are paid by the privately insured. This "cost shifting" raises insurance premiums an average of \$1,000 per year. Expanding Medicaid will decrease cost-shifting by reducing the number of uninsured people getting care at the expense of others.

¹ Kaiser Comm'n on Medicaid & the Uninsured, *How is the Affordable Care Act Leading to Changes in Medicaid Today? State Adoption of Five New Options* (May 2012).

² Kaiser Comm'n on Medicaid & the Uninsured, *How is the Affordable Care Act Leading to Changes in Medicaid Today? State Adoption of Five New Options* (May 2012).

³ *Medicaid Consensus Forecasting Issue Brief* from the 2012 Interim, <http://le.utah.gov/interim/2012/pdf/00002730.pdf>

6. **I am still concerned about paying for somebody else's healthcare. Why can't everyone be more responsible and pay for themselves?** Medicaid is the only affordable option for most low-income adults either because they do not have an offer of coverage in the workplace. Get the offers of coverage by income (MEPS). Or, add the info about \$ reason people are uninsured—it's cost. We can't treat healthcare like a lottery, a person's health is too valuable of a thing to gamble.
7. **How will this affect doctors?** It will improve their business! After Medicaid is expanded, primary care doctors will be reimbursed for newly enrolled Medicaid clients that would otherwise be uninsured and unable to pay them. Doctors will no longer have to face the ethical dilemma of choosing to treat a patient for free or not. Supporting Medicaid Expansion means believing doctors should be paid for all of their work regardless of their patient's income.
8. **How will this affect hospitals?** Covering more adults will save Utah money by reducing ER costs, uncompensated care costs for hospitals, and state spending on the uninsured and medically needy. HHS estimates total savings of \$372 million in the first six years of the expansion.⁴ **Expanding Medicaid also protects safety-net hospitals.** Many hospitals receive federal funding (DHS funding) to compensate them for treating the uninsured. On the assumption that the number of uninsured people will decrease when the ACA takes effect in 2012, the ACA decreases DSH payments.⁵ In states that do not expand Medicaid, the need for uncompensated care may not change, while the amount of DSH funds will fall substantially. This may result in severe financial hardship for hospitals, which must either increase costs to paying patients or provide less care.
9. **How will this affect small businesses?** Under the ACA, businesses with more than 50 full-time employees must insure their employees. In non-expansion states, businesses will continue to absorb cost shifting (see #5) and pay higher premiums because they live in a state with more uninsured residents. As a result, businesses may 'vote with their feet' and relocate to expansion states because they face all the costs but few of the benefits of ACA. Additionally, small business will stand to benefit from the significant economic impact of an additional \$5 billion in federal funding being spent in the state.

⁴ John Lyon, Ark. News Bureau, *Update DHHS: Savings to state would exceed Medicaid expansion costs* (July 17, 2012) (also attributing saving to the increased federal funding and reduction in the amount the state spends on uncompensated care).

⁵ Corey Davis, National Health Law Program, *Q&A Disproportionate Share Hospitals and the ACA* (June 2012).