

Medicaid plans divide Utah GOP

By Robert Gehkre and Kirsten Stewart
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After months of anticipation, Gov. Gary Herbert released a proposal Thursday to use federal money to help 111,000 low-income Utahns buy private health coverage, saying the state has a “moral obligation” to its citizens.

“I believe we can accomplish the goal of taking care of the neediest among us in a fiscally responsible way,” Herbert said in announcing his “Healthy Utah Plan”.

It is not, Herbert said, an expansion of Medicaid, but a three-year, Utah-run pilot program that “will not only help us meet our moral responsibility to care for the poorest among us ... but it will do it in a way that will keep the state in control.”

The governor’s proposal hinges on getting permission from the U.S. Department of Health and Human Services to use \$258 million per year in federal money to provide subsidies to Utahns up to 138 percent of poverty, an individual earning \$15,500 annually.

That would allow the state, Herbert said, to subsidize coverage for the lowest-income Utahns, with the amount individuals would receive based on a sliding scale.

The subsidies would be dependent on a recipient’s household income, ability to work, access to other insurance, and health-care needs and family circumstances.

Recipients of the subsidies would be expected to contribute about \$420 per year on average toward their health costs.

“We have a really legitimate opportunity to do something that I think is going to be a game-changer, not only for Utah but for other states,” Herbert said.



In many ways, Herbert's program mirrors expansion programs in Arkansas and Iowa that have received federal waivers. And the governor said — based on meetings with top White House officials, including President Barack Obama, Health and Human Services Secretary Kathleen Sebelius, and others — he is encouraged the federal waiver will come.

"The last thing [the president] said is, 'We're looking for more flexibility. If you've got a better way to do things, come talk to me,'" said Herbert, who returned this week from meetings with the nation's governors in Washington. "It's not a significant deviation from things that are happening in other states."

And should the state not get the federal waiver to run its program?

"I just don't even want to go there," Herbert said.

The governor's proposal is significantly at odds with a proposal that had been put forward by House Republican leaders, that would use \$35 million in state money to cover a substantially smaller number of Utah's poorest residents.

On Wednesday, House Speaker Becky Lockhart, R-Provo, defended her approach of rejecting more than \$500 million in federal Medicaid money.

"It would be irresponsible for the State of Utah to perpetuate reliance on federal money and continuance and reinforcement of a socialized medical system," Lockhart said.

The House proposal would still use millions in federal funds but is preferable, Lockhart said, because it does not create a new entitlement.

The Senate is still trying to come to consensus on how to proceed on the health-care question, and members remain "all over," said Senate President Wayne Niederhauser, R-Sandy.

A proposal by Sen. Brian Shiozawa, R-Cottonwood Heights, which is very similar to the plan put forward by Herbert, received committee approval Thursday morning and moves to the full Senate for consideration.

The advocacy group Voices for Children praised Herbert's solution.

"It's the best plan that's been released thus far," said Lincoln Nehring, a health expert with the group. "We have some concerns about operationally how it work and some other things, like the work requirement and cost-sharing. But mainly those are details. Once we iron out how those things work, I think this is a plan we can support wholeheartedly."

But Linda Hilton, a low-income advocate with the Coalition of Religious Communities, said asking the poorest Utahns to pay even 2 percent of the cost of premiums is a serious burden.

“They don’t have money for premiums,” said Hilton. “If you’re at a food pantry and you can’t buy milk for your kids, where do you have money in your budget to give up for premiums? ... It’s problematic.”

Shiozawa’s plan also calls for cost-sharing — traditionally frowned on by the feds for its potential to impede access to care.

But the Obama administration has shown more flexibility with the expansion population, approving “private option” waivers in Iowa and Michigan with cost sharing capped at 5 percent of income, said Sara Collins, an economist and vice president at the Commonwealth Fund in New York.

No state, however, has won approval for a partial expansion, possibly giving the governor’s plan an edge over Shiozawa’s, which would cover only those under 100 percent of federal poverty.

Herbert’s plan “will have to be more fleshed out,” Collins said. But it presents an opportunity to “expand health coverage to the poorest residents in the state...[and to] make sure that state tax dollars being spent on the ACA actually benefit people living in Utah.”

gehrke@sltrib.com

Twitter: @RobertGehrke

Kirsten Stewart contributed to this report.