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Utah Lawmakers Wary of Federal Money

Even for a customized Utah health-care plan

By [Colby Frazier](#)

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Whether it's an illegal ATV ride through a pristine desert canyon or greeting federal employees who show up to collect on grazing debts with an armed posse, in the West, disdain for all things federal runs deep. That anti-federal-government fervor has fueled Utah's decision to forgo expanding federal Medicaid programs that would provide health insurance for up to 111,000 of the neediest Utahns.



Rather than a wholesale expansion of Medicaid, which states can pursue through the Affordable Care Act largely on the federal dime, Gov. Gary Herbert has crafted his own health-care solution, called the Healthy Utah Plan.

State officials say that Herbert's plan, which will be discussed May 22 by the legislature's Health Reform Task Force, isn't likely to save any money, but will allow Utah to provide insurance to those in need while avoiding the political fallout generated by enlarging Medicaid rolls.

Health-care advocates argue, however, that the costs of forgoing Medicaid expansion will leave tens of millions of dollars intended for Utah in federal coffers this year, while doing nothing to address the financial impact of the uninsured visiting emergency rooms and receiving other critical care.

Herbert's Healthy Utah Plan seeks to avoid being labeled by Republican legislators as Medicaid-friendly by, in the words of Rep. Jim Dunnigan, R-Taylorville, getting Utah's poor to have more "skin in the game."

In order to do this, Herbert is asking the Obama administration to allow Utah to charge elevated premiums, require co-payments for services and provide the insurance plans through the private sector.

His plan would also have work requirements for some recipients and would be implemented as a three-year pilot project, affording lawmakers the opportunity to take another look at the program down the road.

Rep. Rebecca Chavez-Houck, D-Salt Lake City, who sits on the Health Reform Task Force, says the governor's plan is better than nothing, but she's concerned about some of the concessions being sought by Herbert and would prefer full Medicaid expansion.

And make no mistake, she says, the state's decision to blaze its own path to providing health insurance to more Utahns is not based on sound fiscal decision-making—it's based on politics.

"It's anti-federal," she says. Many of her Republican peers in the legislature are taking a stand on federal spending, she says, and claiming that by refusing to accept money to provide health care insurance, they will somehow help reduce the federal deficit.

"I don't see why we're doing that on the back of sick Utahns," she says.

So far, 27 states have expanded Medicaid coverage. Arkansas and Iowa have received waivers that will allow them to take the federal Medicaid expansion funding and use it to purchase plans from private companies for its uninsured.

A key difference between these states' waivers and the one Utah could end up seeking, says Nate Checketts, health-reform coordinator for the Utah Department of Health, is that Utah would like to require insurance recipients to increase their contribution to the system through co-payments.

Even if Herbert receives the concessions he wants from Washington, it's unclear if the legislature will support him.

A pair of rivaling expansion plans surfaced during the 2014 legislative session, one in the House and another in the Senate. Neither would have expanded health insurance to all of those living at 138 percent of the federal poverty line, which is anyone who has an annual income of up to \$15,500. Both plans would have accepted a portion of the available federal money to provide insurance for a smaller chunk of people. Neither won widespread support.

Because Herbert's plan would accept all \$258 million of available federal funding, advocates are uncertain whether the plan will find enough allies to pass. He has set a tentative goal to call a special session of the legislature to take up the matter by summer's end.

"I am 110 percent against the expansion," says Sen. Allen Christensen, R-Ogden, who is the chairman of the legislature's Health Reform Task Force. "I don't want to expand it at all. I don't think we need it and I think it will be very expensive."

In 2015, Utah will pay \$555 million for Medicaid in the state, while the federal government will contribute \$1.6 billion. But if Medicaid were expanded to the more than 100,000 people in need of insurance, the state's costs would grow to more than \$600 million.

But even though providing health care to Utah's poor will impact the state's coffers, Chavez-Houck says, this segment of the population is already costing the state significant sums of money for emergency care and other costs that tend to skyrocket when residents forgo receiving preventative care.

She points to a study presented in August 2013 to Herbert's Medicaid Working Group, in which BYU political-science professor Sven E. Wilson noted that expanding Medicaid in Utah offered significant economic and social benefits.

"State policymakers may not want to buy into federal safety-net programs, but it is important to remember who bears the greatest costs of the state leaving Medicaid expansion dollars lying on the table, especially since Utahns are paying taxes to support those programs," Wilson wrote.

And leaving money on the table is exactly what Utah has chosen to do by putting off its expansion plans. Democratic lawmakers say the state loses out on \$4 million a month that could be going to insuring Utahns.

Christensen, though, says the federal government is overspending, and won't be able to keep up with the programs it has put into place. As it is now organized, the federal government would pay for the entirety of Medicaid expansion through 2017, with Utah picking up a larger portion each year, but never more than 10 percent.

"I absolutely do not trust the federal government to keep their word on this," Christensen says. "I absolutely think it will end up costing us more and expanding more."

While the Republican legislature may cringe at the thought of Medicaid expansion, federal funding nevertheless makes up more than a quarter of the state's annual budget. Chavez-Houck says that when it comes to accepting federal cash for transportation, for example, state leaders do so without "blinking an eye."

Medicaid money is frowned upon, she says, because it's destined for poor people.

Whatever the fate of Medicaid expansion in Utah, some state legislators have seized this moment as one that can cement the Beehive State as an anti-federal government juggernaut.

"I think Utah leads the way on financial management of all the states, so [the federal government] would love to make concessions to Utah and get us to expand," Christensen says.

Whatever those concessions might be, he says, he has little doubt they will be enough to justify wholesale expansion of Medicaid. Utahns should be allowed to find their own way, he says. Self-sufficiency, he says, "is Utah's way. Not another handout; a hand up."

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