

Study: Herbert's Medicaid alternative would bring \$652 million to Utah

David DeMille, STG 12:04 a.m. MDT August 28, 2014

Link: <http://www.thespectrum.com/story/news/local/2014/08/28/study-herberts-medicaid-alternative-bring-million-utah/14724235/>

Photo: Chris Caldwell / The Spectrum & Daily News

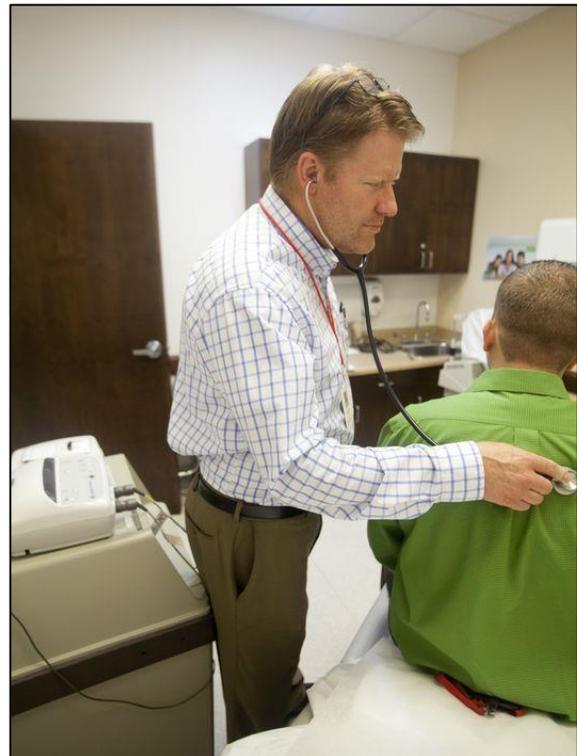
ST. GEORGE – As Gov. Gary Herbert works with federal health care officials to gain approval of a Utah-specific alternative to expanding Medicaid, a new economic analysis of the plan indicates it could generate an estimated \$652 million in economic impact to the state.

More than \$250 million annually in federal funding would come into Utah if Herbert's plan is picked up, and it would create millions more in economic impact by helping people to stay out of poverty, reducing overspending and inefficiencies in health care spending and generally increasing statewide economic activity, according to "The Economics of the Healthy Utah Plan: A Preliminary Analysis."

The study, penned by economist Sven Wilson and commissioned by a Salt Lake City advocacy group, Voices for Utah's Children, concludes that picking up the plan would present little risk to state budgets.

An estimated 110,000 low-income Utahns could qualify for private insurance under the new plan, which health officials are saying would close a gap created when Utah legislators declined to approve a full Medicaid expansion proposed as part of President Barack Obama's Affordable Care Act, unsure whether the federal government would continue to cover its share of the costs of expanding.

"You see the dramatic disappointment, and kind of anger. It's like, wait a minute, we were told we were going to be covered and we're still not covered," said Nancy Neff, CEO of Family Healthcare, a nonprofit provider based in St. George where she estimated about half of the patients she sees fall into that coverage gap.



For the state's poorest and sickest individuals, this has led to more unnecessary emergency room visits and more financial hardships – some estimate more than 60 percent of bankruptcies in the U.S. are caused by health problems.

Herbert has proposed an alternative, and his "Healthy Utah Plan" would help low-income adults enter the private insurance market by offering premium assistance for those making up to 138 percent of the federal poverty level – currently \$23,850 per year for a family of four — but would require co-pays for those earning above the poverty line and also come with work requirements for those who are able.

Proposed as a three-year pilot program, the plan would last at least as long as the federal government is proposed to pay the full costs of an expansion.

But even if federal officials sign off on the expansion, the state Legislature would need to show its approval, and many members still have questions about whether Herbert's plan could create an entitlement program that proves difficult to keep up with in the future.

Like in 23 other Republican-led states, lawmakers here have been hesitant to vote for any Medicaid expansion plan.

Already faced with rising healthcare costs and watching as Medicaid became a larger and larger part of the budget, there are real questions about whether the federal government, with its own financial issues, will be able to keep up with the funding, said Rep. Jon Stanard, R-St. George.

"About 18 years ago, Medicaid was about 9 percent of the state budget, and today we're pushing 20 percent of the state budget," he said, noting that some estimates project the costs could reach 40 percent of the budget within the next 20 years. "It's just taken it to a scary point."

There is also some opposition to the idea that money coming in from the federal government doesn't cost Utah citizens.

"Just because it is easier to spend the further it gets away from the taxpayer doesn't mean it doesn't affect us," said Rep. Brad Last, R-Hurricane.

Last said he has concerns with moving forward with any expansion, even as a pilot program, because in his experience – more than a decade in the Legislature – it is always difficult to take back services once they're in place.

If federal officials sign off on the program, Herbert has indicated he would like to call a special session of the Legislature sometime later this year and implement the program early in 2015.

There has also been talk of holding off until during the 2015 Legislative session, which starts in January, so lawmakers might consider other expansion proposals that might develop.

Budget officials estimate Utah is paying some \$700 million into the Affordable Care Act, but the state will not receive any return on that payment unless Herbert's plan or some other form of Medicaid expansion is approved.

Follow David DeMille on Twitter, @SpectrumDeMille.

Online

Get more information online at *utahchildren.org*.