Micah Vorwaller: Why Medicaid expansion is right for Utah

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As of today, 31 states have expanded Medicaid. The most recent data from these states show uninsured rates falling dramatically and state budgets realizing millions of dollars in savings and new revenue. A prime example is Montana — which, like Utah, is an independent Western state with no love for Washington. But after Montanans decided last year that denying health care coverage to their fellow residents wasn’t right, the Legislature expanded Medicaid. So far Montana’s uninsured rate has been cut in half (from 15 percent to 7.4 percent), and the state is saving millions of dollars a year thanks to cost savings it adopted along with the expanded coverage.
Montana’s results aren’t unique — a recent report by the Robert Wood Johnson Foundation predicts that every state that expands Medicaid can expect similar benefits and savings. Colorado saved $136 million in 2014 and expected to save $148 million in 2015 as adults and parents transition from obsolete Medicaid waivers to their new coverage. Utah has thousands of people enrolled in these expensive and ineffective waiver programs. Meanwhile, Utah’s uninsured rate is now above the national average, putting us on par with Alabama and Mississippi rather than Washington and Ohio. Plus, Utah now has the highest rate of uninsured Latino children in the nation — worse than Texas, Nevada or California. That’s not just risky; it’s embarrassing. But expanding Medicaid is too expensive, other legislators claim. Really? Under HB 437, the minimal expansion plan passed by the Legislature earlier this year, taxpayers are paying $17.6 million in state funds to cover an estimated 10,000 people … or about $1,760 annually for each lucky person.

Under the full-expansion Healthy Utah plan — which the Legislature voted down in 2015 — taxpayers would pay $25 million to cover 109,000 low-income Utahns, dropping the annual cost to $230 per person. This is because the Healthy Utah plan returns hundreds of millions of taxpayer dollars to invest in health care access and coverage for more Utahns. Plus, HB 437 still forces over 50,000 uninsured Utahns to seek care at emergency rooms where their unpaid bills get passed off to everyone with insurance. Now which coverage plan sounds more expensive?

But the federal government can’t be trusted, other lawmakers chime in. Just look at the 2015 collapse of Arches, Utah’s insurance co-op. But Arches’ failure isn’t connected to Medicaid expansion at all. It was caused by a “poison pill” that Republicans inserted into a 2014 congressional spending bill to sabotage the ability of small insurers like Arches to cover the pent-up demand of previously uninsured consumers. Medicaid funding is completely unrelated. For states that expand Medicaid, the federal government covers 100 percent of the expansion costs through 2016. Afterward, the federal matching rate decreases to 90 percent by 2020. Now Utah pays 30 percent of Medicaid spending, with the federal government covering the remaining 70 percent. This is why the Healthy Utah plan — which triggers the enhanced match by completely closing Utah’s coverage gap — is so much more fiscally efficient than a partial expansion.

Utah should fully expand Medicaid to give the 63,000 Utahns in the coverage gap access to affordable coverage and create millions of dollars in state budget savings and new revenue. The results from Montana, Colorado, Oregon and other states are clear: Expanding Medicaid not only conserves taxpayer dollars, it makes families healthier and more financially secure. Eliminating the pitfalls embedded in Utah’s current safety-net system will also address statewide challenges such as homelessness, intergenerational poverty, the spike in suicides caused by lack of mental health coverage and the scourge of opioid abuse that impacts all races, classes and income levels.

If lawmakers are truly concerned about cost, risk and sustainability, they should recognize that perpetuating Utah’s coverage gap is far more expensive, perilous and unmanageable than fixing it. If you agree, contact your local representatives and voice your support for full Medicaid expansion before Utah loses even more ground.

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