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Renate Pore: Expanded Medicaid makes sense

CHARLESTON, W.Va. — If West Virginia could improve the health, well-being and financial security of more than 100,000 of our friends and neighbors, wouldn't we jump at the opportunity? Within the next few months, we have exactly that chance by offering Medicaid to low-income adults, who don't get health coverage with their jobs.

These adults are, for the most part, hard-working West Virginians, who pay taxes and contribute to the state's economy. They are the waiters who serve our food; the childcare workers who take care of our children; the person who mows our lawn, the women who come to clean our homes and take care of our elders. They are the people, who do all those essential jobs, which make our lives a little more comfortable and pleasant.

Health-care reform, also known as the Affordable Care Act, gives states the opportunity to expand their Medicaid programs to people earning up to 138 percent of the federal poverty threshold. That amounts to about \$15,400 for a single person or \$26,300 for a family of three. The federal government will pay 100 percent of the cost of the expansion of Medicaid for the first three years. After that, the federal match declines gradually to 90 percent.

Aye, there's the rub. West Virginia will have to find some state money to support the expansion in the out years.

Some will say that those responsible for the state budget are already struggling to find the dollars to support the current Medicaid program, which will need an extra \$111 million in the next year to support the current program. These are daunting costs and we have no quick and easy answers to reducing medical inflation, whether it is in Medicaid, PEIA or the private sector.

Policy-makers should understand that two-thirds of the cost in Medicaid are to support the elderly with long-term care and people with disabilities. The biggest cost problems are not among those who would be newly insured through Medicaid.

They should also understand that most of the current budget problem is created, not by increases in the cost of care, but by the decline of the state's federal match from about 83 percent (under the much maligned stimulus package) to 73 percent, which is the second highest match in the country. Since each percent equals about \$30 million, it's easy to see that a 10 percent decline adds up to big numbers.

Finally, they should understand that the best chance to reduce the growth in health-care spending is through health reform, which aims to change the world's most expensive and inefficient system care to one that emphasizes prevention, promotes coordination and supports quality over quantity. Over the long term, this goal is achievable only if everyone can get preventive and primary care services. The expansion of Medicaid is a critical piece in the puzzle.

According to studies by the Urban Institute, the expansion of Medicaid in West Virginia will add very little cost to the state budget and provide big benefits to the state's economy outside the budget. The added cost will be more than offset by reduction in the cost shift, where health providers charge everybody with insurance more to treat those who have no coverage.

The Urban Institute study projects federal Medicaid spending in West Virginia at \$11.321 billion and state Medicaid spending at \$4.008 billion from 2014-19 without reform. With reform, the federal government will spend \$17.697 and the state will spend \$4.323 billion during that same period. For an additional investment of \$315 million over six years, the state will receive an

additional \$6.376 billion in federal dollars plus the other benefits of reduced costs now spent on uncompensated care.

Without reform, West Virginia is projected to spend \$1.280 billion on uncompensated care between 2014-2019. With reform, West Virginia will save between \$263 and \$526 million on uncompensated care. If, in addition, one considers the stimulating effect of an additional \$6.376 billion in federal dollars for Medicaid, it is easy to see why expanding Medicaid is a great deal for West Virginia.

To get beyond the arguments about numbers and to help state policymakers move forward as quickly as possible, the Governor should commission an independent actuarial analysis to look at the costs and benefits of the Medicaid expansion including the effect on jobs and economic development.

In the short run, failing to expand Medicaid would squander the opportunity to pump more than \$6 billion new dollars into our economy and leave more than 100,000 struggling West Virginians out in the cold without insurance coverage.

In the long run, the failure to expand Medicaid would continue the state's cycle of poor health, poor educational outcomes, and low workforce participation rates. West Virginians will continue to be stuck in jobs they don't like because they need the health coverage. Their entrepreneurial spirit will be stifled and their family economic security threatened.

The choice seems clear enough.

Pore is the health policy director for West Virginians for Affordable Health Care and the West Virginia Center on Budget and Policy.

4 Comments

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Posted By: kimberlyonkosky

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Thanks for pointing out the working people who don't make much money but still pay taxes. I'm a health care worker who makes 11.50 an hour and I'm a single mom who can't afford health insurance for myself or my daughter. I make too much to qualify for health insurance just for my daughter thru the chips program. Wow, yea I really make a lot of money! I really like your idea on health care. I don't have a facebook and rarely do I email but what u wrote really went deep with me. Please cont. To write and fight for all us working people who struggle every day. Thanks. Kim yonkosky. 304 395.8569

Posted at: August 26, 2012 10:08:41 am

Posted By: Damion

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The added cost will be more than offset by reduction in the cost shift, where health providers charge everybody with insurance more to treat those who have no coverage. That's a hope isn't it Renate? Also, I would agree with your analysis if we didn't have to pay federal income taxes. Who is paying for all these billions of "free" federal dollars? We don't have the federal (taxpayers) money now to pay the bills and you present a solution which increases the national debt beyond what it is currently. This is not a fiscal advantage.

Obamacare does not address reducing health care or private insurance premium costs. Just a little detail but an important one.

However, the one thing which would make a difference is the death panels. Since the last three weeks in most people's lives are the most expensive and too often the worse in quality of life, not providing such heroic and ultimately ineffective interventions would really save some money.

Posted at: August 26, 2012 10:43:54 am

Posted By: agusta55

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As a counterpoint, those now with insurance coverage and medicare pay higer

hospital costs so hospitals can offset the cost of the uninsured. Anyone that believes that should we adopt Ms. Pore's premise hospital costs charged insured patients will be reduced is naive' at best. We presently have the best health care system in the world. If not, why do Canadians flock to the U.S. to use our health care system rather than avail themselves of Canada's socialized health care system? In another vein, if we stop providing free health care, welfare and education to the millions of illegal immigrants in the U.S., maybe we could adopt Ms. Poe's proposed system. As I travel, I see the folks standing on street corners holding signs that read "need help any money will be appreciated". As much as I would like to pull over and lend these folks a helping hand, my family budget will not permit it. Now, expand this same example to the U.S. budget. We are mired in 16 trillion debt! We can't afford it!

Posted at: August 26, 2012 11:33:47 am

Posted By: 71_eer

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When are the administrators of SS and Medicaid going to start auditing/stopping all the fraudulent SS disability claims paid in this state? As usual in welfare type programs the cost created by the deadbeat abusers of the programs bleed the funding to the extent that there is none left for the deserving. Absolutely a working person who does not have insurance should be the first to benefit, along with deserving elderly folks.

Posted at: August 26, 2012 2:18:14 pm