



12 MYTHS USED BY REPUBLICANS WHEN THEY REFUSE TO EXPAND MEDICAID

MYTH #1:

It is fiscally irresponsible to expand Medicaid.

- Nonsense. In fact, it is the only fiscally responsible thing to do.
- Even using Virginia's House Appropriations Committee's calculations,⁽¹⁾ the state General Fund will save money for the first several years of the expansion.
- The federal government will cover the vast majority of Medicaid expansion costs. Even when the federal government reimbursement drops to its lowest level in 2020, the federal government will cover 90% of the costs, compared to providing only 50% of Virginia's Medicaid costs today.
- In addition, the Republicans fail to calculate the job growth that will occur with an annual infusion of over \$2 billion in additional federal Medicaid money. An infusion this large will support approximately 15,700 new healthcare jobs that pay about \$60,000/year. This increase in jobs will translate into over \$68 million in state and local taxes starting in the first year of the expansion.⁽²⁾ The additional revenue will more than cover the increased costs leading to a net positive impact on the State budget.
- Medicaid expansion in nearby Kentucky added more than 12,000 jobs in the first year of expansion (2014) alone—exceeding first-year estimates by more than 50%.⁽³⁾
- A review of comprehensive analyses from 16 diverse states concluded that expansion helps state budgets. State savings and new state revenues exceeded increased state Medicaid expenses, with the federal government paying a high share of expansion costs.⁽⁴⁾
- Virginia is giving away its federal tax dollars to other states that have voted to expand Medicaid! Of the billions of dollars that have been spent in other states which have expanded, most of that money has come from just five non-expansion states: Texas, Florida, North Carolina, Georgia and Virginia.⁽⁵⁾
- If Virginia does not expand Medicaid, our residents will pay \$10.6 billion in federal income taxes from 2016-2024 that will be used to pay for Medicaid expansion in other states,⁽⁵⁾ while receiving no federal Medicaid expansion funds for ourselves. In effect, Virginia residents are subsidizing Medicaid expansion for the 31 states (and DC) that have already expanded Medicaid. Why are we sending our tax dollars out of the state to help others and not our own?

MYTH #2:

Expanding Medicaid will 'steal' money from other priorities, such as education.

- On the contrary. Expanding Medicaid will provide cost savings and increased revenue that will help pay for other priorities.
- Many health care costs that are now being paid for by the General Fund would be covered by federal funds under Medicaid expansion (e.g., FAMIS program for certain populations, inmate inpatient hospital services, etc.). This will result in significant cost savings for Virginia.
- The greatest savings we would see would come from uninsured patients' costs at the University of Virginia and Virginia Commonwealth University. From 2003-2012 Virginia spent over \$1 billion from the General Fund subsidizing the cost of indigent care at UVA and VCU. If Medicaid were expanded to cover these patients, we would save over \$100 million each year!
- In November 2016, State Health Commissioner Levine declared Virginia's opioid addiction crisis a public health emergency. The number of overdose deaths in Virginia averages three daily. Although Virginia's Medicaid program reimburses for substance abuse treatment, the rates are so low that doctors lose money on treatment services. If Virginia were to expand Medicaid, the federal government would cover 90 cents on every dollar spent on all aspects of combating the opioid crisis: initial intervention, treatment and recovery management. State funds would then be "freed up" for other uses such as education.
- In addition, the infusion of over \$2 billion dollars per year in federal money will have a positive impact on health care employment.⁽⁵⁾ Current estimates say the expansion would support approximately 15,700 new health care jobs that pay about \$60,000/year. This increase in jobs would translate into over \$68 million in state and local taxes annually and would both offset the increased costs of Medicaid expansion and add new revenues to help pay for other priorities like education, public safety and transportation.⁽²⁾⁽⁶⁾

MYTH #3:

Virginia will not save money by expanding Medicaid.

- According to the non-partisan Robert Wood Johnson Foundation, every expansion state should expect to: (1) reduce state spending on programs for the uninsured; (2) see savings related to Medicaid beneficiaries now eligible for the new adult group under expansion; (3) see revenue gains related to existing insurer or provider taxes.⁽⁴⁾
- Virginia would save money from a large variety of programs now paid for by the General Fund which would be covered with federal money under Medicaid expansion (see previous MYTH).⁽²⁾
- Other states are saving tens of millions of dollars while also covering people in need. Arkansas, Kentucky, Louisiana, and New Jersey expect continued net saving in coming years, even after they begin paying a modest part of the expansion's cost.⁽⁷⁾
- In FY 2015, Arkansas saved \$118 million (248,000 new people covered); Kentucky saved \$83 million (393,000 covered); Michigan saved \$265 million (588,000 people covered).⁽²⁾
- Substantial benefits and savings would ripple throughout the state. For example: (1) Fewer people with serious mental illness would end up in crisis and in jail because they would have access to appropriate mental health care; (2) People with chronic conditions such as diabetes, multiple sclerosis or HIV would be able to receive timely treatment and avoid or reduce the costs of serious complications from their disease; (3) There would be fewer missed work days by employees due to illness; etc.⁽⁶⁾

MYTH #4:

Virginia already does a good job taking care of needy citizens.

- Absolutely not true.
- Virginia ranks 48 out of 50 states. Only 2 states invest less per resident in their Medicaid program.
- In Loudoun County, if a family of 3 has an annual countable income above \$7,908 dollars a year, the parents would NOT be eligible for Medicaid. (If Virginia expanded Medicaid, a family of three would be able to earn up to \$27,724 and still be covered.)⁽²⁾
- Virginia's current Medicaid program is very stingy!
- Virginians who don't have insurance are 32% less likely to get treatment for addiction or mental illness. They cite a lack of affordable options as the most common barrier to getting the care they need.⁽⁸⁾
- Republicans like to point to free clinics as an adequate safety net for the poor and uninsured. BUT, while free clinics do an outstanding job of providing vital services to 75,000 low-income, uninsured adults each year, Medicaid expansion would provide continued coverage to hundreds of thousands—allowing many to see primary care physicians for the first time and seek preventive services instead of emergency care. Many free clinics are stretched to their limits, have long waiting lists, and have to employ lottery systems for patients to receive essential care.⁽⁹⁾
- Had Virginia expanded Medicaid in fiscal 2018, the average daily budget would have been greater than what was spent in an entire year on state funding for free clinics: \$6.3 million for free clinics; \$2.3 billion for Medicaid expansion (94% paid by federal funding)⁽⁹⁾

MYTH # 5:

Doctors and other health care providers accepting Medicaid will shift their costs to privately insured patients who will see their insurance premiums go up.

- It is just the opposite! Insurance premiums for privately insured consumers have *already* been elevated because health care providers have had to cover their costs for caring for the uninsured.
- Virginia hospitals reported providing \$515.3 million in uncompensated medical care in 2010. Almost 44% of Virginia physicians report providing more than \$50,000 in uncompensated care annually.⁽¹⁰⁾
- The cost of providing uncompensated health care to the uninsured is a "hidden tax" on those with private insurance. This tax is said to vary from as little as 1-2% to as much as 10%.⁽¹⁰⁾ The average U.S. family and their employers pay about an extra \$1,017 in health care premiums to compensate for the uninsured.⁽⁶⁾
- If more residents were covered under Medicaid expansion, the reduction in uncompensated care would reduce costs and would have a positive impact on insurance premiums.

MYTH #6:

Medicaid is 'broken' and not as fiscally efficient as private insurance companies.

- Far from broken, Medicaid is actually very efficient. Medicaid controls costs better than private insurance companies. It has lower administrative costs than private insurance.⁽¹¹⁾
- Between 2007-2013, the growth in per person cost was much lower in Medicaid (3.1%) than in the private insurance market (4.6%).⁽¹¹⁾
- Medicaid is being reformed: 17 reforms enacted by the Virginia state legislature in 2013 are underway and already saving money (\$106 million was saved in fiscal years 2015 and 2016).⁽²⁾

MYTH # 7:

There is a shortage of doctors who accept Medicaid patients and Medicaid expansion will overburden these healthcare providers and will result in a backlog of patients seeking care.

- Seven out of 10 doctors in Virginia are accepting new Medicaid patients.⁽¹²⁾
- A backlog has not been reported in those states that have expanded Medicaid.
- Nationally, Medicaid is comparable to private insurance for access and satisfaction—the uninsured fare far less well.⁽¹¹⁾

MYTH #8:

Patients do not get good health care under Medicaid.

- Medicaid coverage of uninsured patients leads to declines in infant and child mortality rates and long-term health and educational gains for children.
- Medicaid coverage leads to improvements in health and financial security.⁽¹¹⁾

MYTH # 9:

Medicaid expansion doesn't really improve health care outcomes.

- Not true!
- A recent study of Medicaid expansion in Kentucky shows that residents who gained coverage are finding doctors, getting health care and becoming healthier. When compared to low-income adults in Texas who did not gain Medicaid coverage, these newly enrolled Medicaid patients in Kentucky had significant increases in outpatient utilization (instead of emergency room use), preventive care and improved health care quality, and improved self-reported health (40% increase in share of people reporting that they're in excellent health and a 15% drop in share who've screened positive for depression). These gains have improved each year.⁽¹³⁾

MYTH #10:

Expanding Medicaid will continue to promote a 'culture of dependency.'

- That misrepresents who these new enrollees will be. The majority of people who would be newly eligible for coverage are working, and they are working in the most important sectors of our economy.⁽²⁾
- More and more Virginians are working but not getting the health coverage they need through their jobs. Only 37% of small businesses (under 50 employees) offer health insurance in Virginia.⁽¹⁰⁾
- Workers in five of the state's largest employment sectors have the most to gain: Tourism; Retail Trade; Educational, Health and Social Services; Construction; and Professional Business Services.
- Medicaid expansion would finally provide good healthcare insurance to our veterans. The Urban Institute estimates that 1 in 10 of the nation's 12.5 million non-elderly veterans have no health insurance and do not use the Veterans' Administration for their health care needs.⁽⁹⁾ In Virginia, 25,200 military veterans and their spouses would get coverage through expansion.⁽²⁾
- In Virginia, 70% of the uninsured live in families with at least one full-time or part-time worker.⁽¹⁰⁾

MYTH #11:

It's better to wait to see what happens to the ACA.

- Every year we wait we lose money! The federal government currently is paying 95% of Medicaid costs for those patients who are newly covered through Medicaid expansion. This will be reduced each year until 2020, when the federal government still will be paying 90%. Waiting costs us money.
- Republicans say they are worried that if the ACA stays in place, the federal government might reduce their portion below 90%, thereby putting an added burden on the State. However, the federal government's commitment to Medicaid has been strong for decades. Congress has lowered the federal share of Medicaid funding just once since 1980.
- Virginia could have expanded Medicaid in 2014. Since then we have given up over \$3 billion in tax dollars.
- We are also forfeiting the economic benefits of thousands of well-paying jobs and the tax revenues those jobs would generate.
- Each year we are losing dollars we could save; we are using state dollars rather than federal funds to pay for existing health care programs.
- We could help pay the state's future costs for Medicaid expansion by capturing and investing these early cost savings in a trust fund. Under a conservative scenario, these invested savings could cover the costs until 2079. However, the greatest savings are available before 2020. The sooner we expand, the greater the savings that can be invested and utilized in later years.⁽²⁾
- If the ACA were replaced with the AHCA and Medicaid capped funding is put in place, Virginia would be disadvantaged relative to states that receive federal funding from Medicaid expansion. Expansion states and states with higher eligibility levels than Virginia would receive higher funding allowances than non-expansion states. Since Virginia has a lower than average per capita Medicaid spending level, it would be "locked in" to a relatively low capped payment. The block grant is based on a state's historical spending, with increases dependent on national growth rates. Since Virginia is one of the fastest growing states in the country, it is at a particularly high risk.⁽¹⁴⁾

MYTH #12:

We must focus solely on cost.

- We cannot just focus on costs. We must look at the whole picture—peoples' total lives, the long-term impact of health issues both on individuals as well as on the quality of life in our state.
- Health insurance:
 1. Improves financial health. Individuals are 80% less likely to have catastrophic medical expenses and 50% less likely to borrow money or fail to pay other bills because of medical debt.⁽²⁾
 2. Controls costs: There is a 48.3% decrease in average health care costs per year.⁽²⁾
 3. Reduces death rate: There is a 4.5% reduction in potentially preventable deaths.⁽²⁾
 4. Creates jobs: "While the government reported Friday (*May 5, 2017*) that unemployment was at its lowest point in more than a decade, the health care industry has been an engine for much of that hiring, adding jobs at more than three times the rate of the rest of the economy since 2007.⁽¹⁵⁾
 5. **Provides for a healthier, more productive work force that will enable us to grow our state economy.**

"It is unfortunate when these issues are reduced to monetary discussions alone. No one should have to choose between healthcare or having enough to eat. The truth is, expanding Medicaid is an investment in both the economy and citizens."

Melissa-Irene Jackson
Correspondent of the Day
Editor, Richmond Times-Dispatch
We all win with Medicaid expansion
April 12, 2017

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