



Insight

# Expanding Medicaid – Harming Those Who Need it Most

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This year in state houses across the country Medicaid expansion discussions will once again take center stage, and the administration will be ramping up pressure on governors and legislatures to expand the safety net program to cover those with household incomes up to 138 percent of the federal poverty level (FPL). Although written into the Affordable Care Act (ACA) as mandatory, the Supreme Court ruled that requiring states to expand their Medicaid programs is unconstitutional – calling it a “gun to the head”.<sup>i</sup> As a result, states were given the choice of whether or not to expand their existing Medicaid programs. Such expansions come with an increased Federal Medical Assistance Percentage (FMAP) – more federal dollars – for the new beneficiaries, providing incentives for states to make a programmatic change that may negatively impact current enrollees, and increase state costs in the long run.

Adding new Medicaid enrollees means that more people will be seeking medical treatment through a broken program that does not always result in improved health outcomes. Despite the administration’s push for adding more people to the Medicaid program, a breadth of studies exist showing that Medicaid coverage does not equate to better health. A study published in the *Annals of Surgery* found that Medicaid patients undergoing surgery had a longer length of stay, a higher total cost, and a higher mortality rate than individuals that did not have any insurance at all.<sup>ii</sup> Further, an analysis of the Oregon Health Insurance Experiment concluded that gaining Medicaid coverage does not result in improvements in physical health outcomes.<sup>iii</sup> Piling more enrollees into a program that cannot definitively produce better health harms both those currently enrolled and those newly eligible for coverage.

In a system where reimbursement for medical care is [lower than that of both Medicare](#) and private insurance, many physicians simply will not accept new Medicaid patients,<sup>iv</sup> impeding access to needed treatment. The expanded income eligibility guidelines – which would add 17 million individuals to the program if all states were to expand<sup>v</sup> – will harm those who need Medicaid most, children and the aged, blind and disabled (ABD) population. The expansion of Medicaid coverage will cause those already on Medicaid to compete for available services,<sup>vi</sup> negatively impacting individuals that have already been determined eligible to receive benefits. Meanwhile, waiting lists already exist for some programs in Medicaid, leaving individuals biding their time until they can access needed benefits. The ACA's Medicaid expansion exacerbates this issue, given that over 510,000 individuals<sup>vii</sup> are already in a holding pattern for home and community based services (HCBS) waiver programs, while the administration is pushing to allow for higher income individuals to join state Medicaid rolls.

Finally, the federal match associated with the newly eligible expansion population is written in to current law as starting at 100 percent and eventually dropping to 90 percent, but as we’ve seen with all of the other changes to the ACA’s implementation, this is not a guarantee. As noted in a previous [Forum publication](#), future budget pressures could easily cause the federal match to fall below the 90 percent FMAP outlined in the ACA. States must weigh the benefit of additional federal dollars in the short term, against the real possibility those dollars could shrink over time, leaving states to pick up more of the tab for a program that already dominates tight budgets in many states. Any decrease in FMAP will come at an even higher cost, with the ACA set to increase state Medicaid spending by \$76 billion by 2022.<sup>viii</sup>

The Medicaid expansion creates burdens on health systems and on state budgets. As a program designed to help the most vulnerable, the focus should be on those with the most dire needs. In its pre-ACA state, Medicaid was designed to assist the disabled and low-income mothers and children, as well as the poorest adults and seniors. As health systems are flooded with new individuals seeking care that will also be reimbursed at less than cost, the capacity to care for those already in the program diminishes. Changes to the Medicaid program should be aimed at increasing health outcomes, assisting those already receiving coverage and helping to rein in state costs, not adding millions more to a program that is often dysfunctional.

<sup>i</sup> National Federation of Independent Businesses, Et. Al. v. Sebelius, Secretary of Health and Human Services. Supreme Court of the United States. 28 July 2012. Web.