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Medicaid Reform – The Virginia Way

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3/28/2014 – Let's think through this Medicaid expansion issue.

First, everyone wants to make sure that those who need health care assistance have access to it as needed, but how to best do that – for those who are financially less fortunate and need medical assistance and for the taxpayers who have to pay for government health care – is the issue in front of Virginians and our General Assembly today.

Here are some thoughts and questions that need to be part of this debate and need to be answered it seems to me before the federal Medicaid program is expanded. There may be other questions that need to be answered, but the Virginia way is to look before we leap. Let's think about some of these issues:

- 1) We hear and read numbers of those who are not now covered ranging from 250,000 to 400,000. What is the accurate number and the cost associated with each?
- 2) How many of those who fall into this coverage “gap” for federal assistance have health insurance today? Last summer the Thomas Jefferson Institute extensive public survey of over 1200 people found that fully 59% of those on Medicaid had health insurance before taking the Medicaid option. Why did they choose to go on Medicaid? Let's figure this out before we move ahead.
- 3) Under federal law, those who walk into an Emergency Room are required to be given medical attention. So no one is without medical help. Of course, preventative care remains an issue.
- 4) If fewer doctors are taking Medicaid patients because the government's reimbursement rates don't cover the actual costs, how will expanding the Medicaid population do anything other than make this financial nightmare even worse?
- 5) Hospitals lose money on Medicaid patients. And Medicare reimbursements have been cut back as well. What happens when these reimbursement rates are cut again down the road, and hundreds of thousands of new Medicaid recipients are using the system? Congressman Paul Ryan makes it very clear that the Medicaid reimbursement rates will not last. Doesn't an expansion under the current program only set us up for bigger financial problems down the road?
- 6) Everyone knows that federal programs are almost always less efficient than private sector programs and fraud is something everyone knows is part of the current Medicaid program. If there is a 30% waste in the overall health care industry as has been reliably reported, and if government programs are notably more prone to waste and fraud, then it only makes sense that

Medicaid has at least this 30% waste/fraud figure. Shouldn't that problem be addressed first and use the savings from cracking down on this 30% to cover more people thus not costing the taxpayers any new monies? And, how much of the 30% waste figure is due to our out-of-control legal system requiring doctors to prescribe tests that aren't really needed and a payment system for tests that benefits the medical practice and not the patient. Resolving these problems is a first priority.

- 7) The State Senate proposal, as I understand it, is based on the Arkansas experiment that was initiated with great hope. However, from what I have recently read, this program is not what it started out to be. The federal government changed the waivers, the program is more expensive than projected, and now the state is not willing to reduce the numbers of those who were newly covered. So Arkansas is stuck. Does Virginia really want to follow Arkansas' lead?
- 8) Governor McAuliffe suggested a two year test period and then cancel the program if expansion of Medicaid does not work. It is not likely that the General Assembly will take folks off of Medicaid once they are on the program although it is my understanding the Tennessee did this a few years ago when its famous "TennCare" system became a financial nightmare. But taking folks off Medicaid in two years is not very likely.
- 9) If the Governor is open to a two year "pilot program" maybe Virginia should consider a couple of reform ideas similar to what other states are doing to make the system more efficient. Let's learn from these programs, build upon them, and see if we can design a true public/private partnership type Medical Savings Accounts for the Medicaid population or other ideas that are worth testing. But let's make sure that the federal government doesn't change the waivers that are needed to initiate such pilot programs.
- 10) The hospitals' financial problems need to be confronted head on. Why are they promoting the Governor's proposed Medicaid expansion? What are the financial realities? If these hospitals are in financial difficulties because Obamacare cut the subsidies to pay for this new national program, then maybe Congress needs to "fix" this problem.

Let's take time to work this issue out. Let's pass the two year budget and then calmly and realistically work through this issue. That is the true Virginia way.