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...a commentary from

Medicaid Expansion is Riskier Today than a Month Ago

By Michael Thompson

4/6/2018 -- The massive “Omnibus” spending plan passed by Congress last month did not include a bail out for insurance companies. There has been little mention of this dramatic development and the consequences are significant and should impact the current Medicaid expansion debate in Virginia’s General Assembly.

Tennessee Senator Lamar Alexander, who worked long and hard to get this insurance company bail out into the recent spending bill, conceded defeat and made this little noticed comment: “... the only choice we have is to go back to repeal and replace the Affordable Care Act.”

Soon there will be another major effort to reform Obamacare and that outcome could have significant impact here in Virginia. That is why the debate on Medicaid expansion should be set aside until we know what Congress does. Why make a major change when the rules of the game could dramatically change?

The alternative being worked on today is to build on last year’s idea promoted by Senators Lindsey Graham, Bill Cassidy, Ron Johnson and Dean Heller. This plan would move much of the current federal health program to the states, including Medicaid.

This replacement for Obamacare will focus on three areas: 1) lower costs and improve/increase patient choices; 2) give states flexibility and resources to reach these goals; and 3) set federal guidelines for people to choose private coverage if they want.

Medicaid would become a block grant to the states. And this means that Virginia will have to design a program that makes sense within the parameters set out in this new bill, should it pass.

Our General Assembly should not pass Medicaid expansion until the federal playing field is better defined. It should take Medicaid expansion out of the budget with the understanding that once Congress determines in a few months what will happen to Obamacare, then our elected officials can decide how to manage not only Medicaid, but whatever other healthcare responsibilities are handed to the states.

The current Congress is under the gun to pass a repeal-and-replace program that makes sense. The elections this fall will likely bring a number of new liberal Democrats into Congress. How many no one knows but history indicates that the House could well be turned over to the Democrats. This means that any repeal and replace legislation must be passed this spring or summer or nothing will be passed during the current Trump Administration.

The General Assembly will know by Labor Day if Congress has changed the rules and decided to send much of health care, including Medicaid, to the states in one or more huge block grants. At that time, our elected officials can either hold a Special Session and tackle Medicaid expansion or hold off until January after spending quality time figuring out how best to proceed.

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But if the General Assembly decides to rush ahead and pass Medicaid expansion knowing major changes could occur, there are a number of questions that it should answer before it approves such a new direction, including:

- 1) Why should Virginia not experience dramatic budget increases, far beyond current projections, as have other states which expanded Medicaid, and how will it handle that situation? Most states that expanded Medicaid faced 50% or more additional costs than anticipated. Why should Virginia be any different? Will the hospital “bed tax” be increased? If not, then how will these additional budget requirements be met?
- 2) Will a “work requirement” demand proof of actually looking for a job and seeking better employment by the new Medicaid recipients, or will the legislators simply ask if someone is looking for work? Will volunteering at a local church raking leaves be considered meeting the work requirement? This needs to be spelled out and it needs to be clear and serious.
- 3) Many doctors refuse to take Medicaid patients because of lousy government reimbursements rates. Adding 400,000 people to Medicaid will make it more difficult for these patients to see a limited supply of doctors. Why is this issue avoided?
- 4) How is the state going to be sure that those who are enrolled in Medicaid deserve to be in the program? What is the qualification/certification process? Does such a system exist today for the current Medicaid population? Illinois is saving \$350 million a year with a better qualification process and Pennsylvania is saving \$300 million a year according to the Foundation for Government Accountability.

For the General Assembly to expand Medicaid, just weeks before major changes could take place, is a disservice to the taxpayers. A delay in legislative action makes a lot of sense.

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