

## Medicaid expansion in Ohio would avoid a \$404M budget gap

By Jackie Borchardt

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COLUMBUS —

State officials told lawmakers Thursday that rejecting Gov. John Kasich's proposal to expand Medicaid to Ohio's working poor would cause a \$400 million hole in the state budget that would need to be patched with money dedicated for schools, law enforcement and local governments.

Greg Moody, director of the Governor's Office of Health Transformation, said extending Medicaid will actually save Ohio taxpayers \$404 million over two years for several reasons such as decreasing state payments for hospital capital costs, passing prisoner health costs to Medicaid and generating greater sales tax revenue from increased sales of managed care plans that run Medicaid.

"It is the governor's primary concern — it is what for six months we have struggled with — to balance the obvious advantages of covering more Ohioans with a real sense of responsibility of stewardship to taxpayers," Moody told the House Finance and Appropriations Committee. "It's been national groups saying how this is the wrong decision for Ohio without understanding how Ohio works."

Kasich is one of six Republican governors to recommend expanding taxpayer-funded healthcare to those earning below 138 percent of federal poverty levels, an action expected to add 275,000 Ohioans to the state's Medicaid rolls.

Friday is the deadline for states to declare whether they will set up their own health insurance exchanges under the Patient Protection and Affordable Care Act. Ohio officials on Thursday

sent a letter to the Obama administration confirming what Kasich said in November. Ohio will keep its authority to regulate health plans in and out of the exchange, but leave running it to the federal government.

Exchanges can be run by the states, the federal government, or a state-federal partnership. The U.S. Supreme Court ruled last year that states cannot be punished for not expanding Medicaid.

The federal government had initially instructed Ohio officials to submit a more detailed blueprint of its plan, which is required of those pursuing a federal-state partnership. But recent conversations between officials clarified Ohio no longer fit into that category.

### **Ohio's deal can change**

Kasich's proposal shuts down the expansion if the federal share drops below promised levels, a 100 percent federal match through 2016 that gradually decreases to 90 percent in 2020. Finance Committee member Rep. Richard Adams, R-Troy, said the cost savings make the expansion attractive, but he's still concerned whether the federal government can hold its end of the deal.

"It's pleasing to see that members of both sides of the aisle saw some positive things and some areas of great concern, namely the degree to which we can count on the federal government to keep its word," Adams told the Dayton Daily News. "It's one thing to change your mind, it's another to not do what you said you would do because you no longer have the capacity or resources to do it."

Republican lawmakers also questioned the expansion, pegged at \$13 billion over seven years, at a time when the federal government is struggling with massive debt.

"Clearly this is an unsustainable position for the federal government and there will be a day of reckoning," said committee member Rep. Robert Sprague, R-Findlay. "We will either have higher tax rates as American citizens or our borrowing power will be reduced as a nation."

Moody said he would rather not take the money if it would reduce the federal deficit, but that is not an option — Ohio taxpayers pay for the expansion whether or not Ohio participates.

"What we're trying to do is take the best of the creativity we have and apply it to the decision we have in front of us," Moody said.

About 1.5 million Ohioans are uninsured and about 600,000 would be eligible under the expansion, according to U.S. Census data. Federal insurance mandates and the federal health

insurance exchange — a marketplace where people without employer-provided insurance can purchase plans — go into effect in January 2014.

The Office of Health Transformation estimates 231,000 Ohioans currently eligible for Medicaid but not yet enrolled will “emerge from the woodwork” and enroll in Medicaid.

### **The impact**

Although the expansion targets low-income Ohioans — \$15,415 for an individual or \$23,050 for a family of four — Moody said Medicaid is generally a mainstream program, noting 75 percent of nursing home bills are covered by Medicaid.

Moody said Medicaid has become more efficient in the last two years and replacing several eligibility categories with one income requirement would further streamline the program.

“We’ve worked really hard to set a new direction; we are continuing that direction in this budget,” Moody said.

Finance Committee member Rep. Ross McGregor, R-Springfield, said he worried that an automatic “circuit breaker” to the program would not be welcome news to the dozens of hospitals, businesses and advocacy organizations who have backed the expansion.

“From a strictly human moral standpoint, there’s a lot of good that can come with something like this but we also have to deal with the financial realities,” McGregor said.

Moody told lawmakers the Patient Protection and Affordable Care Act expands and changes Medicaid at an unprecedented level, so estimates are just that — estimates.

“We try to overestimate the risk and underestimate the savings so if we’re wrong, we’re wrong in the right direction,” Moody said.

### **The Associated Press contributed to this story.**

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