

Medicaid expansion and the politics of commitment

Reno Gazette-Journal / RGJ.COM

Sunday, December 2, 2012

Now that the Affordable Care Act has survived the Supreme Court as well as the 2012 elections, Republicans lack any viable options for overturning the law through legislative or executive means.

While the court's decision to uphold the act's constitutionality delivered a body blow to the law's opponents, it ruled that states do not have to participate in the expansion of Medicaid eligibility as called for in the law.

Citing both philosophical and fiscal concerns, Nevada, like a number of other states led by Republican Governors, has not yet committed to participating in the law's Medicaid expansion.

A cornerstone of the law's goal of insuring 32 million Americans is the expansion of state Medicaid programs to millions of people with incomes up to 138 percent of the federal poverty level. As many as 100,000 uninsured, low-income Nevadans stand to gain health insurance coverage if the state elects to participate in the expansion.

To be sure, some states will see experience net savings, while other states, including Nevada, would see cost increases as a result of the health law's plan to expand Medicaid.

The federal government covers the full costs of the expansion for newly eligible recipients for the first two years, after which states will be required to pick up some of the costs, but no more than 10 percent after 2019. Additionally, states would be required to pick up administrative costs associated with the expansion and ongoing program costs for existing Medicaid enrollees.

A new report from the Kaiser Family Foundation found that participation in the expansion would lead Medicaid spending in Nevada to increase by about \$7.8 billion between 2013 and 2022, with federal spending rising by \$6.6 billion and state spending increasing by \$1.2 billion.

The report's authors estimate that the expansion would reduce the ranks of the uninsured in Nevada by nearly 45 percent with only a modest 1.0 percent increase in state spending relative to the overall state general fund through 2022. The report adds that Nevada would spend less on uncompensated care, and health care providers as a whole would receive more revenue with the expansion.

The Kaiser report does not estimate additional economic impacts – new jobs and payroll, tax revenue, or productivity gains from insured and thus healthier workers – which will undoubtedly be generated by our state’s participation in the expansion.

The ACA and associated Medicaid expansion do not address the larger problems of our grossly underfunded Medicaid program and lousy payment levels to physicians and hospitals. Nor does the law adequately address the impact of coverage expansions on our state’s already over-stretched primary care workforce.

Nonetheless, growing support for participation in the expansion among the medical and hospital community in Nevada reflects an emerging recognition that we can make significant progress in reducing the ranks of the uninsured without adding to the state’s fiscal woes or doing harm to recent signs of economic recovery in the Silver State.

As we weigh our state’s commitment, one can only hope that economics trumps politics.

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