



Keep Your Eye on the Ball: Reject Expansion and Build the Foundation for Real Reform

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1. Does it really make sense to expand Medicaid when there is wide disagreement on what it will cost Ohioans?

Governor John Kasich's estimates that Medicaid expansion will add 275,000 new enrollees, but the Kaiser Commission on Medicaid and the Underinsured estimates Medicaid rolls will swell by 901,000 new enrollees. Because of this wide variance in estimates, a plurality of 48 percent of Ohioans doesn't support Medicaid expansion. By party affiliation, 67 percent of Republicans and 61 percent of Independent Ohioans oppose Medicaid expansion, as 73 percent of Democrats support it.¹ Additionally, 60 percent of Republican and 60 percent of Independent Ohioans found this argument as a very convincing reason why Medicaid should not be expanded.²

As Matt Salo, Executive Director of the National Association of Medicaid Directors, said about the two things America knows about Medicaid expansion: "More people show up than you think will show up, and the people that show up are sicker than you expected."³ Ohio spent \$7.5 billion on Medicaid in 2000.⁴ State spending will more than triple to \$23.6 billion by 2015.⁵ Expansion will require at least \$4 billion in additional state spending in next ten years.⁶

2. Does it really make sense to expand Medicaid when there is so much waste, fraud, abuse, and bureaucracy in Medicaid already?

It simply makes no sense to expand a federal program where there already is so much waste, fraud, and abuse. As the news snippets below show, Medicaid is in dire need of reform and Ohioans know it. In fact, 49 percent of Ohioans found it very convincing (another 26 percent found it somewhat convincing) to halt expansion until the waste, fraud, and abuse is cleaned up. By party affiliation, 60 percent of Republicans and 59 percent of Independents found that position very convincing, with 32 percent of Democrats also taking that position.⁷

¹ Hill Research Consultants, Opportunity Ohio-The Liberty Foundation Ohio Statewide Voter Opinion Poll, page 182 (March 3-4, 2013) available at <http://www.opportunityohio.org/wp-content/uploads/2012/06/banners-All->

² Ibid at 246.

³ Tony Pugh, "Program to Cover 8 Million More People, But Many Unknowns Loom, Columbus Dispatch (February 15, 2013) available at http://www.dispatch.com/content/stories/national_world/2013/02/15/program-to-cover-8-million-more-people-but-many-unknowns-loom.html.

⁴ Jonathan Ingram, "Medicaid in Ohio: The Choice is Clear," Opportunity Ohio-Foundation for Government Accountability (June 2013) available at www.opportunityohio.org.

⁵ Ibid.

⁶ John Holahan et al., "The Cost and Coverage Implications of the ACA Medicaid Expansion: National and State-by-State Analysis," Kaiser Commission on Medicaid and the Uninsured 12 (November 2012) available at <http://kaiserfamilyfoundation.files.wordpress.com/2013/01/8384.pdf>.

⁷ Hill Research Consultants, at 214.

U.S. Government Accountability Office: “Medicaid, a federal-state program, was designated as high risk in part due to concerns about the adequacy of fiscal oversight, which is necessary to prevent inappropriate spending. Medicaid also has significant improper payments. HHS estimated that the federal share of improper payments in the Medicaid program in fiscal year 2010 was \$22.5 billion.”⁸

U.S. House of Representatives Committee on Oversight and Government Reform: “To put the size of the program in context, annual Medicaid spending now exceeds Wal-Mart’s worldwide annual revenue and annual Medicaid spending is 40 percent larger than Greece’s entire economy. Because of its enormous size and complexity, Medicaid is susceptible to substantial amounts of waste, fraud, abuse and mismanagement. No one knows how much of Medicaid’s budget consists of waste, fraud, and abuse, but it may exceed \$100 billion a year.”⁹

U.S. Department of Justice: “Orange, Ohio, Man Pleaded Guilty to Overbilling Medicaid and Medicare by \$2.5 Million.”¹⁰

Forbes: “while every state struggles with Medicaid fraud, the Office of Inspector General says the five topping the list are California, Texas, New York, **Ohio** and Kentucky...others [] suggest that there is an estimated \$60 to \$90 billion in fraud in Medicare and a similar amount for Medicaid.”¹¹

3. Does it really make sense to expand Medicaid when the most comprehensive study to date showed that all the additional spending didn't improve health outcomes for recipients?

As Jonathan Ingram notes:

In 2008, Oregon officials wanted to expand Medicaid eligibility, but only had enough funding to enroll 10,000 of the 90,000 eligible people wanting to sign up. To remain fair, Oregon officials held a public lottery. Health economists used this unique opportunity to create the first-ever randomized, controlled study of the effect of Medicaid on patients' health. The economists spent the next two years tracking those who won the lottery and those who did not. Despite the fact that those who won the lottery ended up using much more health care than those in the control group, the researchers could find no significant improvement the Medicaid-lottery winners' health outcomes. Although researchers also found an increased diagnosis and treatment of depression among Medicaid patients, they did not measure any clinical

⁸ U.S. Government Accountability Office, Medicare and Medicaid Fraud, Waste, and Abuse: Effective Implementation of Recent Laws and Agency Actions Could Help Reduce Improper Payments, GAO-11-409T (March 9, 2011) available at <http://www.gao.gov/assets/130/125646.pdf>.

⁹ U.S. House of Representatives Committee on Oversight and Government Reform, “Uncovering Waste, Fraud, and Abuse in the Medicaid Program,” U.S. House of Representatives (April 25, 2012) available at <http://oversight.house.gov/wp-content/uploads/2012/04/Uncovering-Waste-Fraud-and-Abuse-in-the-Medicaid-Program-Final-3.pdf>.

¹⁰ U.S. Attorney’s Office for the Northern District of Ohio, “Orange, Ohio, Man Pleaded Guilty to Overbilling Medicaid and Medicare by \$2.5 Million,” U.S. Department of Justice (April 15, 2013) available at <http://www.justice.gov/usao/ohn/news/2013/15aprilpatel.html>.

¹¹ Merrill Matthews, “Medicare and Medicaid Fraud Is Costing Taxpayers Billions,” Forbes (May 31, 2012) available at <http://www.forbes.com/sites/merrillmatthews/2012/05/31/medicare-and-medicaid-fraud-is-costing-taxpayers-billions/>.

improvement in outcomes.

This is even more troubling for Ohio, given the fact that Oregon's Medicaid program is performing much better than Ohio's...If researchers found that Oregon's Medicaid program did not result in improved health, is it likely that Ohio's program, which fares worse, could produce significant improvements in health outcomes? Worse yet, by redirecting scarce Medicaid resources toward able-bodied adults without children, the most vulnerable will be disproportionately affected, leading to worse outcomes for the truly needy already in the Medicaid program.¹²

4. If you expand Medicaid, will all of those promised new jobs really come?

Proponents of Medicaid expansion claim that bigger government will lead to more jobs. The actual data from states that have already expanded Medicaid, however, doesn't support that claim. Over the last fifteen years, four states—Arizona, Delaware, Maine, and Oregon—expanded Medicaid, with the last major expansion occurring in 2002.

According to the U.S. Bureau of Labor Statistics, the private sector net percentage job growth in three of those four states came in below the national average. Specifically, the national average across all fifty states and the District of Columbia was 5.3 percent from 2000 to last month. In the four expansion states, the average came in at 3.7 percent, with only Arizona beating the national average at 12.7 percent. Two of the other three had negative job growth (Maine at -0.3 percent and Delaware at -0.5 percent), with Oregon hitting 3.0 percent net job growth.¹³

Not exactly the job boom record Medicaid proponents would have you believe.

In fact, Medicaid expansion may have the exact opposite impact on private sector job growth. By expanding the cost of government and the taxes needed to pay for that bigger government, the burden on the private sector could inhibit job growth. For example, in the four states that expanded Medicaid, as the private sector at-large experienced meager growth to net losses, the Education and Healthcare sector grew robustly--Arizona at 61.8 percent net percentage growth, Delaware at 42.1 percent, Oregon at 31.7 percent, and Maine at 16.0 percent. The benefit of expanding Medicaid in one industry sector appears to be significantly outweighed by the cost that expansion has on the other private sector industries.

After all, someone has to pay for the higher government spending. That someone is the other parts of the private sector not dependent upon government subsidies and spending.

The bottom line is that our elected officials should stand for real reform, not expanding a costly and broken program. For more information on why expanding Medicaid is a bad idea and what reforms can be made within the current federal restrictions, look for our detailed report, **Medicaid in Ohio: The Choice is Clear**, coming out later this week at www.opportunityohio.org. For the ultimate endpoint, see **Competitive Federalism: Leveraging the Constitution to Rebuild America** also available at www.opportunityohio.org.

¹² Ingram (internal citations omitted).

¹³ U.S. Bureau of Labor Statistics, "Economy at a Glance," U.S. Department of Labor, accessed June 8, 2013, available at <http://www.bls.gov/eag/eag.OH.htm>.