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## New MIRC Comment

1 message

Fri, Oct 4, 2013 at 1:57 PM

Reply-To: [REDACTED]

To: [vamirc@mirc.virginia.gov](mailto:vamirc@mirc.virginia.gov)

**First Name** - Gary

**Last Name** - Macbeth

**Organization Name** - National Technical Assistance Center for Children's Mental Health

**Comment** - Am trying the submission again as I do not think it went through on Thursday as I got an error message. Thank you. Gary Macbeth



**Medicaid Innovation and Reform Commission Public Comment - GM.pdf**

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Dear Members of the Medicaid Innovation and Reform Commission,

I strongly urge the Commission to recommend the expansion of Medicaid to 133% of the federal poverty index, as authorized under the Affordable Care Act. A Virginia resident, I have worked at the state level in children's mental health services in two states and am currently a Senior Policy Associate with the Georgetown University National Technical Assistance Center for Children's Mental Health. Over the past three years, I have been working with states across the country on expanding Medicaid and doing so in ways that provide comprehensive, innovative, and cost effective services for the estimated 20 – 30% of new enrollees nationally, and in Virginia, who are estimated to have mental health and substance abuse service needs that are often compounded by chronic health issues (Kaiser Family Foundation, 2009; Congressional Budget Office, 2010). From what I have seen happening in other states, simply put, Medicaid expansion:

- ✓ Will be good for the health of over one hundred thousand Virginians;
- ✓ Will result in cost savings for the state and localities;
- ✓ Will create new jobs and additional tax revenues; and
- ✓ Allow the state to adopt program innovations that can provide more comprehensive services at reduced cost.

It is the right thing to do. It is the smart thing to do.

#### Improving the Health of Virginians

If fully implemented, Medicaid expansion would provide adequate health coverage for up to 342,000 Virginians who are now ineligible for Medicaid and mostly uninsured (Urban Institute, July 5, 2012; American Center for Progress, July 5, 2012). Studies of service utilization by poor individuals without health coverage, as you know, show that these individuals often do not seek care until their problems are chronic and severe, resulting in poorer health outcomes than would occur if they had coverage and sought coverage earlier (Paradise and Garfield, 2013). The same studies show that individuals who are covered by Medicaid do, in fact, seek medical care earlier and in settings outside of hospital emergency rooms.

Virginia could realize improved healthcare outcomes for its population.

#### Cost Savings

As you are aware, the major cost of Medicaid expansion will be borne by the federal government. Virginia's costs will be far lower than its current Medicaid federal match rate. Several reports document that the federal government will bear nearly 93 percent of the costs of the Medicaid expansion over its first nine years. The additional cost to the states represents only a 2.8 percent increase in what states would have spent on Medicaid from 2014 to 2022 in the absence of health reform (Solomon, 2012; Congressional Budget Office, 2012).

Virginia would also save tens of millions of state and local general funds dollars that pay for “uncompensated care.” These are funds that reimburse hospitals for care provided to individuals without health care coverage. Without the expansion of Medicaid, as the federal portion of “uncompensated care” funds to states is eliminated, Virginia’s general funds costs will increase significantly (Holahan, Buettgens, Carroll and Dorn, November 2012). Data from Connecticut and the District of Columbia, two early adopters of Medicaid expansion, show they have realized tens of millions of dollars in general funds savings.

Cost benefit analysis favors expansion.

### Economic Benefit

Another aspect of Medicaid and CHIP expansion and the individual mandate to purchase health insurance not often discussed is the economic gain that will likely result for Virginia. While the gain is difficult to estimate, states are going to need thousands of additional health care professionals over the coming years. These jobs will create spin-off jobs in a host of support industries and businesses. Virginia will benefit from tax revenues from these new jobs and related equipment and other support expenditures (Miller, Lentz, Maududi and Harding, 2013).

Expansion makes economic sense for Virginia.

### More Comprehensive Services at Less Cost

We all know that health insurance costs have been increasing far faster than the rate of inflation over at least the past 15 years, increasing at a 10% rate per year on average (Claxton and Damico, 2011), though recent data indicates that the rate of increase has slowed over the past three years. Similarly, we know that rising Medicaid expenditures are a big concern to states and that the status quo cannot be maintained, particularly with Medicaid expansion.

While Virginia continues to demand flexibility from the Centers for Medicare And Medicaid Services (CMS) as the price for expanding Medicaid, many other states have already realized that there is great flexibility under the Affordable Care Act and are moving forward with innovations to improve services and control costs. For example, states, including Arkansas and Tennessee, have already negotiated agreements with CMS for enrolling new Medicaid eligible in managed care plans. States, including Oregon and Colorado, are starting Accountable Care Organizations. States, including Indiana and Montana, are doing connected Money Follows the Person and 1915i State Plan Amendment services. And several states, including Missouri and New York, are doing Health Homes.

Virginia could do similar innovations.

I hope the Commission will look at both the personal stories of Virginia citizens who have suffered as the result of no health care coverage and the economic benefits to the state and recommend the expansion of Medicaid.

## References

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