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New MIRC Comment

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Comment -

Medicaid Expansion in Virginia.pdf
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Medicaid Expansion in Virginia

Personal Information

My name is Heather Rowland and I live in Charlottesville, Virginia. I have long been interested in health care reform. I grew up in the UK with all the benefits of the National Health Service, so the idea of health care being a privilege rather than a right remains alien to me. I have been a VICAP counselor for several years at JABA for the Medicare Part D Open Enrollment program and have completed training as a Certified Application Counselor for ACA enrollment.

Summary

Economics, Virginian political philosophy and morality all point in the same direction: Virginia should take advantage of the federal funds on offer and expand Medicaid.

Expanding Medicaid would:

- Boost the economy of the Commonwealth over the next 6 years
- Be pro-life & pro-family
- Be pro-free market
- Avoid punishing poverty
- Curb health care costs through increased use of Care Management

Virginia has a window of opportunity to bring health care to a chronically underserved part of its population at little cost to itself. It should use this window to:

- Start tackling the scourge of poverty in the Commonwealth. Success here will bring far more benefits to Virginia than any other action that cuts Medicaid expenditure
- Be a creative leader in controlling health care costs

Economic Boost

The study by Chmura Economics and Analytics for the VHHA has been widely quoted from on both sides of the aisle. It shows that opting in provides not just a strong economic boost to Virginia, but one that, over 2014-2019, is more than four times that of opting out:

- Opting in expands Virginia's economy by $24 billion and 185,000 jobs;
- Opting out adds only $5 billion and 41,000 jobs;
- Opting in, based just on additional Medicaid payments minus the reduction in Uncompensated Care payments minus any increase in tax receipts, costs the state $103 million less than opting out – and Virginia gets 144,000 more jobs without making any tax cuts or paying subsidies to attract them.

Opting in is even more economically beneficial to Virginia than indicated above because the Chmura study does not include:

- The boost to the construction and housing sectors – and therefore to state income and sales taxes – that the 144,000 additional jobs under opting in would inevitably result in.

- Some additional savings in services that Virginia provides for the uninsured from state general fund dollars, e.g. breast cancer screening for non-Medicaid poor; inpatient hospital care for the incarcerated. (Commonwealth Institute Study "*Medicaid Expansion Would Pay for Itself*" August 2013)

A bird in the hand….

- The state's share of current Medicare funding is 50%; its share of funding the expansion in Medicare is initially zero, and rises to 10% by 2020.
- It is possible that the share of the expansion funding could rise to 50% in the future, but the probability that it would occur in a single step in 2020 must be extremely low.
- Why reject all the clear benefits of Medicaid expansion over the next 6 years for the chimera of a problem in perhaps 10-20 years?
- Massachusetts has already implemented health insurance coverage for almost all its citizens. Surely Virginia could create something comparable or better by 2020, and substitute it at that time for expanded Medicare?

Pro-Life, Pro-Family

Medicaid expansion reduces the mortality rate, and so would allow many Virginians to enjoy a normal life span and a full family life.

- "Mortality and Access to Care among Adults after State Medicaid Expansions" (NEJM 9.13.2012) shows that 1 life is saved per year for every 176 additional adults covered by Medicaid.
- In Virginia, that translates into 2,272 avoided deaths each year (based on the consensus assumption that Medicaid Expansion here would allow an additional 400,000 non-elderly adults to obtain coverage). Hence, at the end of 2014 alone, each member of the House of Delegates would have, on average, 23 more constituents alive with Medicaid expansion than without. How much is each of these lives, and those saved in subsequent years, worth?
- Many who would be covered by Medicaid Expansion in Virginia are parents and grandparents. They would live to see their children and grandchildren grow up, go to college, marry etc.
- The reduction in mortality would be most pronounced among the middle-aged and in those counties that are poor and have high levels of uninsured adults, such as much of south and south-west Virginia.

Less Distorted Health Care Market

Expanding Medicaid would dramatically reduce uncompensated care costs – currently at $80 billion per year for the US, and rising. These distort prices charged to individuals for health care and threaten the financial viability of public hospitals in particular.

- Uncompensated Care costs are mainly born by the insured, through higher premiums, co-pays etc. Cutting these costs would reduce premiums for health insurance and make the prices for covered goods and services more reflective of costs, thereby making it easier for individuals to make good health care decisions.
- Without expansion, taxes paid by Virginians will go to other states to pay for Medicaid expansion for their citizens.

Stop Punishing Poverty…

The ACA was designed to pull all citizens and established legal immigrants into the health care net, with a sliding scale of financial help:

- Citizens and established legal immigrants earning 100-400% of the FPL are eligible for premium subsidies (APTC)
- Citizens and established legal immigrants earning 100-250% of the FPL are eligible for a cost-sharing reduction (CSR)
- Established legal immigrants earning <100% of FPL are eligible for both APTC and CSR
- Citizens earning 30-133% of the FPL are eligible for expanded Medicaid.

If Virginia fails to expand Medicaid it will be punishing poverty:

- non-elderly, adult citizens earning 30-100% of the FPL and living in the Commonwealth will be eligible for **no help at all**
- This would be the **only** group of people living legally in Virginia unable to access affordable health care. *Note: their legal immigrant counterparts will receive help.*
- The members of this discriminated-against group tend to be male, black or Hispanic, middle-aged, and living in southern Virginia.
- There are about 400,000 Virginians in this poverty trap
- Even wealthy, working-age, non-elderly Virginians with employer based health care get a financial contribution from the state because the benefit of the employer contribution is not taxed.
- Why should those without need be helped while those with need are not?

… Eradicate Poverty Instead

An economy cannot thrive with a significant share of the working-age population mired in poverty. The federal funds match gives Virginia the ability to bring health care to a chronically underserved population for at least 6 years at little cost to itself. It should use this window of opportunity to start tackling the scourge of poverty in the Commonwealth. Smart, creative efforts to move the underemployed into full time work and to bring more jobs to the impoverished parts of the state will make the issue of the cost of Medicaid expansion moot as there should be a dwindling population of Virginians whose incomes fall into the health care black hole.

Curb Health Care Costs and Reduce Medicare & Disability Payments Long Term through Managed Care

Chronic non-communicable diseases (NCD) are the greatest drivers of health care costs in America. Expanding Medicaid would provide many NCD sufferers with access to currently unaffordable managed care. This would reduce the cost of their health care today while also improving their long term health and thereby reducing their need for disability payments or for expensive Medicare treatments later in life.

- In 2010, 1% of patients accounted for 21% of the $1.3 trillion spent on health care in the US. These are the super-utilizers. Many have NCDs, are poor, and suffer from extreme uncoordinated care. (Kaiser Family Foundation)

- The total cost of one NCD, diabetes, in the US in 2012 was $245 billion, a 41% increase in 5 years. People with diabetes who are uninsured have 55% more emergency hospital visits than the insured. (American Diabetes Association) *Note: these costs of these visits frequently come under Uncompensated Care.*
- Efforts to lower costs and improve care for super-utilizers have started to spread, usually based on Eric Coleman's Care Transitions program. The ACA has embraced this approach for Medicare patients by creating accountable care organizations. This approach will necessarily spill over to Medicaid patients.
- Recent results: a JAMA study of UM's Complex Care Management Program showed a $2,500 reduction in annual costs for Medicare/Medicaid patients; a related UM program saved $1million in 2011 focusing on 11 super-utilizers; Prince Georges County Hospital cut readmissions by 1/3 between July and November 2012. (Washington Post 10.8.13)
- Access to Medicaid was also shown to increase the numbers self-reporting as in good or excellent health. ("Mortality and Access to Care among Adults after State Medicaid Expansions" NEJM 9.13.2012) This means that Medicaid recipients are better able to work, and therefore to add further to economic growth.