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New MIRC Comment

1 message

Thu, Sep 12, 2013 at 2:51 PM

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Comment -



The Medicaid program has been a vital component of the nation.docx

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The Medicaid program has been a vital component of the nation's safety net since its creation in 1965. Funded jointly by the federal government and states, Medicaid provides health coverage for low-income families and individuals including children, parents, seniors and the disabled. Just prior to enactment of the Affordable Care Act (ACA), Medicaid served nearly 63 million low-income Americans over the course of the year, including 31 million children; 17 million adults (mostly low-income working parents); 6 million seniors; and 10 million persons with disabilities.

The ACA included an expansion of the Medicaid program to everyone under 138 percent of the federal poverty level (FPL). The coverage expansion is a vital part of the law's effort to provide health coverage to approximately 30 million people. Unfortunately, the June 2012 ruling by the Supreme Court allows states to choose whether or not to expand the Medicaid program without penalty. If a state chooses not to expand the Medicaid program, the ability of the ACA to expand coverage, particularly to vulnerable populations currently living without health coverage, is diminished.

The Medicaid expansion under the Affordable Care Act is estimated to reduce the number of uninsured adults living below 138 percent of the poverty level by 75 percent in Virginia.ⁱ This would be a significant step in reducing the overall number of uninsured in our state, which was 1,039,345 in 2010.ⁱⁱ

Without access to Medicaid under the expansion, many low-income individuals and families will not be able to take advantage of the other coverage provisions available due to their cost. This will continue the situation of the uninsured seeking care in hospital emergency rooms. This uncompensated care is wasteful and costly, and was a major factor behind efforts to reform the health system.

The shared costs of covering the population eligible for the Medicaid expansion will be markedly different from current Medicaid rates. The federal government will pay 100 percent of the coverage costs for the first three years (2014-2016), and will then phase down payment through 2020 to no less than 90 percent thereafter.

State concerns about increased state expenditures for currently eligible but not enrolled Medicaid individuals will happen with or without the Medicaid expansion, because of the new individual coverage requirement included in the ACA.

The Congressional Budget Office estimates that the average additional cost to states for the expansion represents only a 2.8 percent increase in what they would have spent on Medicaid from 2014 to 2022, in the absence of health reform.ⁱⁱⁱ

In addition, the Medicaid expansion will reduce state and local government costs for uncompensated care and other services they provide to the uninsured, helping to offset the small increase in Medicaid spending. The Urban Institute estimates that the ACA will roughly halve spending on uncompensated care.^{iv}

ⁱ Kaiser Commission on Medicaid and the Uninsured: *Medicaid Coverage and Spending in Health Reform*, May 2010

ⁱⁱ March 2010 Current Population Survey US Census Bureau

ⁱⁱⁱ Center on Budget and Policy Priorities: *How Health Reform's Medicaid Expansion Will Impact State Budgets*, July 2012

^{iv} The Urban Institute: *Consider Savings as Well as Costs*, July 2011