



**Testimony Presented to
Health and Human Services Committee
by Gregg Pfister
The Foundation for Government Accountability
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Introduction

Chairman Hawkins, members of the committee, good afternoon and thank you for giving me the opportunity to speak with you today. My name is Gregg Pfister and I am the Legislative Relations Director for the Foundation for Government Accountability.

The FGA is a 501c3, nonpartisan organization. Our primary focus is health and welfare policy, and we work with legislators from across the country, in more than 36 states, to help strengthen local communities and protect families – which is why I am here today. Medicaid expansion is an issue that we have been involved in, in more than two dozen states. Since 2012, when the Supreme Court ruled that Obamacare’s mandatory expansion was unconstitutional, we have been researching, publishing papers, and testifying in front of committees – sharing vital information that is often lost in the expansion debate.

As you consider going down this path, I would like to share some of the issues that we have encountered.

Who

To begin, who exactly are the people that will be impacted? Presently, Kansas extends Medicaid coverage to some of the most vulnerable people in society – qualified pregnant women, children, seniors, and individuals with disabilities. People that, due to life’s circumstances, are unable to take care of themselves. I am sure that you know individuals, whether they be friends, family members, or constituents, that fall into this category – People like 10-year-old Skylar Overman. Skylar has a rare neurological disease and requires constant care. She has been on a waiting list for the last nine years of her life – waiting with 3,000 other people in her state for services they desperately need.

Expansion is not for people like Skylar. This is not assistance for someone’s elderly grandmother who is struggling to live. This money doesn’t go towards the developmentally or physically disabled. Expansion is an optional, inclusionary category of eligibility to a new group of people: adults between 19 and 64, earning incomes up to 138% above the poverty line.

These adults don't have disabilities, most of them are without children and don't work a year-round full time job. The so-called "gap population" is a problem with an easy solution. It's the same problem that many Americans must deal with after high school and college graduation: it's employment. A full time, minimum wage job is enough to lift them out of poverty.

Over Enrollment

As you know, a number of states have decided to continue down this path, in spite of the obvious, for one reason or another. Whether it is the perception that expansion is an economic boost, that it could save local hospitals, or lead to more jobs... regrettably for these states, that perception did not translate into reality and I would like to address some of these issues today. When considering expansion, each one of these states looked at the problem, studied projections, and decided that this was an expenditure that their state could afford. Unfortunately, they were wrong.

In Washington, expansion ran \$2.3 billion over budget in the first 18 months. In Ohio, expansion ran \$4.2 billion over budget in its first two and a half years, and they are on track to run \$8 billion over budget by the end of 2017 – 94% higher than projections. In Illinois, expansion ran \$1.9 billion over budget in the first two years. In Kentucky, expansion has gone \$3.3 billion over budget in the first 2.5 years – and they are 134% over their projected enrollment. We have reviewed every state that have made their projections available, and actual enrollment was 110% higher – more than double – what was expected and every state surpassed the maximum that they thought would ever possibly enroll.

Priority Packman

One thing that we have seen across the country once a state expands Medicaid, is the tradeoff of which budget priorities are going to be cut, and then which priorities will be cut again. Once you go down this path, you become like Washington, Ohio, Illinois, Kentucky, and Montana – those states didn't have hundreds of millions or billions of dollars in surpluses to just redirect to unpredicted expansion costs. Funding for teachers, police officers, roads and infrastructure, and, most importantly, the truly needy, are the common casualties of expansion.

Maine V. Arkansas

You may be thinking, "Well, what about Arkansas?" Many people think that Arkansas' plan, falsely called the "conservative solution," is an example of a better path forward, but, it is perhaps one of the worst plans. Because, in virtually every way possible, they are prioritizing an able bodied, adult population over people who are struggling to survive. Not only has Arkansas put people seeking Medicaid waivers at the back of the line, but they are buying private insurance for their able-bodied, working age, childless adults. Insurance plans that grant better access and shorter waiting time than what is available to Medicaid recipients.

Since 2013, when Arkansas voted to expand Medicaid, 79 people on the waiting list have died... 79 people. While Arkansas claimed that it lacked the resources to provide these people the very services the state acknowledged they needed, it expanded Medicaid to 300,000 non-disabled individuals. This brings us back to the point that expansion fundamentally changes the structure of Medicaid and creates an environment in which two groups of people are now fighting for limited resources. When budget cuts become necessary, you or future legislators may have to

choose between traditional Medicaid, in which Kansas pays 56 cents on every dollar, or Expansion where the state would have to pay only 5 cents on every dollar, this year. I'm not suggesting that this is a cut you may want to make, but it's simple math. The Federal government is setting up a dynamic in which the truly needy are the first group on the chopping block, because it presents the greatest savings. We already know what states like Arkansas have done. Remember Skyler, the girl I mentioned earlier? Well, she lives in Arkansas. Right now, she and 3,000 other Arkansans are still waiting for the services that they desperately need. This is the legacy of Arkansas' "conservative alternative" – a plan that puts the neediest at risk.

Maine: No to Yes

On the other end of the spectrum is a state like Maine – a state that went down the expansion path and then reversed course. Maine expanded Medicaid in 2002 and just like we are seeing play out across the nation, their actual enrollment was more than double the number predicted and they racked up almost a billion dollars in hospital debt. After ten years, the uninsured rate fluctuated very little, staying around 12% - right where it was at before expansion. The private insurance rate, however, dropped 7% (66% to 59%) – As people were moving out of private insurance and into Medicaid.

Realizing there was a better way to help the vulnerable, Maine ended their expansion program. Now, instead of having to annually negotiate finances held hostage by a new, out-of-control welfare plan and engage in budget debates focused on which programs could best absorb cuts, Maine has money to spend on its at-risk populations. By saying "No" to expansion, Maine has once again moved qualified pregnant women, children, seniors, and individuals with disabilities – people like Skyler Overman – to the front of the line for state resources. By saying "No," Maine has been able to invest \$90 million in nursing facilities (a 47% increase) and \$20 million in home health services to help seniors (a 60% increase). Maine has been able to devote an additional \$70 million to helping the developmentally and physically disabled off their Medicaid waiting list (a 25% increase) and Maine has paid \$750 million towards its hospital debt. These are just a few of the benefits, but the overall point is this: By saying "No" to expansion, Maine has been able to say "Yes" to so much more and actually help the people who truly need it.

Conclusion

Because Kansas said "No" to expansion when other states hastily rushed in, you now have the benefit of seeing this disaster with 20/20 vision. Expansion is not uncharted territory; If Kansas goes down this path, we already know the future.

Medicaid expansion prioritizes able-bodied adults over the state's most vulnerable citizens. Its costs are uncontrollable; it will eliminate your budget flexibility and crowd out priorities. And, the real disaster is that it puts the truly needy at risk – people like Skyler Overman.

Thank you, again, for allowing me to speak today. I am happy to answer any questions.