



Chair Landwehr and Members of the Committee:

Please accept this **written-only opponent testimony** on HB 2556 regarding the expansion of the Medicaid program through the Affordable Care Act, commonly known as ObamaCare.

Medicaid adds significant costs to expanding coverage to people who the state can serve through existing programs.

As of 2022, costs per enrollee for Medicaid expansion are 64% higher than projected.¹ In 2020, one in five dollars spent in Medicaid was an improper payment, totaling \$86 billion in waste nationwide in that year alone.² In FY 2023, it was \$31.2 billion in improper payments.³ Only 20-40 cents of every dollar spent on Medicaid directly improves the welfare of recipients. Medicaid could significantly alter the state's budget and require higher taxes in the future.⁴

The costs come from the expansion of thousands of more able-bodied adults into the system. In Montana, for instance, original estimates of enrollment were at 59,000.⁵ But today, the total amount of enrollees is 125,034 with more able-bodied adults enrolled than children. From 2015 to 2022, the state spending on Medicaid has gone from \$1.1 billion to \$2.3 billion and continues to take a larger share of their budget.

Expansion advocates often say that expansion will save rural hospitals, but the data show that not to be true. According to a 2019 study by Moody's, once macroeconomic factors and other industry-wide effects on hospitals are factored in, hospitals in expansion states are not financially stronger than in non-expansion states.⁶ In fact, a recent study demonstrates that

¹ Hayden Dublois and Jonathan Ingram, *How ObamaCare's Medicaid Expansion is Causing an Enrollment and Budget Crisis*, Foundation for Government Accountability, January 19th, 2022, <https://thefga.org/research/how-obamacares-medicaid-expansion-is-causing-crisis/>

² Americans for Prosperity, *AFP Foundation gets CMS to release state-level Medicaid improper payment data after years of stonewalling*, January 20th, 2022, <https://americansforprosperity.org/afp-foundation-gets-cms-to-release-state-level-medicaid-improper-payment-data-after-years-of-stonewalling/>

³ Paige Minemeyer, *Medicare paid on \$31.2 billion in improper payments in FY23*, CMS says, Fierce Healthcare, November 20th, 2023, <https://www.fiercehealthcare.com/regulatory/medicare-paid-out-312b-improper-payments-fy23-cms-says>

⁴ John R. Graham, *Only 20 to 40 Cents of Each Medicaid Dollar Benefits Recipients*, Independent Institute, August 3rd, 2015, <https://www.independent.org/news/article.asp?id=7469>

⁵ Jonathan Bain, *Medicaid Expansion Has Been a Disaster for Montana, But Lawmakers Can Reverse Course*, Foundation for Government Accountability, August 29th, 2023, <https://thefga.org/research/medicaid-expansion-disaster-for-montana/>

⁶ Michael Austin, *Will Medicaid expansion save rural hospitals from closing?*, Kansas Policy Institute, January 29th, 2019, <https://kansaspolicy.org/expansion-saving-rural-hospitals-myth/>

hospitals in expansion states saw their shortfalls balloon by 115% while their profits dropped by 67% between 2013 and 2021.⁷ In Kansas, the current shortfall is about \$68.1 million. Without expansion, a number of options for expanding coverage remain. Traditional Medicaid still exists. The Federal Exchange through ObamaCare offers a tax credit for people whose incomes are at most four times the federal poverty level.⁸ Private insurance is still available to many uninsured Kansas currently; at the federal poverty level, the Federal Exchange would still apply.

Many reforms that would reduce medical costs are administrative or regulatory changes.⁹ Recognizing clinician licenses from other states and making licensure easier to acquire would increase the availability of doctors. Short-term, limited-duration insurance (STLDI) plans offer comprehensive coverage at premiums 60% lower than the lowest in ObamaCare: reducing limits around STLDI plans is another option.¹⁰ Increasing price transparency by requiring more comprehensive billing information to consumers makes patients more price-conscious, which in turn opens the door for more competition and better care that has the potential to reduce costs.

⁷ Hayden Dublois and Michael Greibrok, *Medicaid Expansion Dramatically Increases Hospitals Shortfalls...and Puts Their Futures at Risk*, Foundation for Government Accountability, March 8th, 2024,

<https://thefga.org/research/medicaid-expansion-dramatically-increases-hospital-shortfalls/>

⁸ HealthCare.Gov, Premium Tax Credit, <https://www.healthcare.gov/glossary/premium-tax-credit/>

⁹ Michael F. Cannon, *Recovery: A Guide to Reforming the U.S. Health Sector*, Cato Institute, 2023,

<https://www.cato.org/sites/cato.org/files/ebookfiles/michael-f-cannon-recovery.pdf>

¹⁰ CMS.gov, Short-Term, Limited-Duration Insurance; Independent, Noncoordinated Excepted Benefits Coverage; Level-Funded Plan Arrangements; and Tax Treatment of Certain Accident and Health Insurance (CMS-9904-P), July 7th, 2023, <https://www.cms.gov/newsroom/fact-sheets/short-term-limited-duration-insurance-independent-noncoordinated-excepted-benefits-coverage-level>