



Myths AND Facts

MEDICAID EXPANSION

Myth #1 The Medicaid expansion is largely funded by free federal money for state governments.

Under the Affordable Care Act (ACA), also known as “Obamacare,” the federal government would pay the lion’s share of costs for new Medicaid enrollees. But the federal government first takes that money through taxes on individuals, families and businesses across America—including those in Pennsylvania. The ACA included more than [20 new taxes](#) with a \$500 billion price tag. That’s \$6,363 more in taxes per family of four over the next nine years.

President Obama has already proposed reducing the federal government’s matching rate for Medicaid, meaning [states like Pennsylvania would have to pay even more](#). Even if the federal government manages to keep its promise, Pennsylvania would have to come up with [billions in additional state tax dollars to afford the expansion](#), or cut funding from other departments, like education and transportation.

Myth #2 No expansion means Pennsylvanians will subsidize Medicaid expansion in other states.

Expansion states will not receive additional expansion dollars because other states opt out, rather the total cost of the ACA will decrease. [According to a 2012 Congressional Budget Office projection](#), states refusing to expand Medicaid in 2014 will reduce the federal deficit by \$84 billion. Rejecting the Medicaid expansion keeps money in the pockets of Pennsylvania taxpayers who also pay federal taxes.

Myth #3 Expanding Medicaid will increase access to quality health care for low-income Pennsylvanians.

Medicaid is a troubled program that often harms the poor. Due to low payment rates, one-third of doctors [won’t see Medicaid patients](#), meaning recipients have [difficulty securing appointments](#). A study in the [New England Journal of Medicine](#) found that 44 percent of children with juvenile diabetes on Medicaid could not get an appointment with an endocrinologist, compared to only nine percent with private insurance.

When Medicaid patients do receive care, they often experience [worse outcomes](#) than the uninsured. For example, a [University of Virginia study](#) found that Medicaid patients are twice as likely to die following surgery as those with private insurance and 13 percent more likely to die than the uninsured.

Myth #4 Expanding Medicaid will save taxpayers money and lower insurance costs by reducing uncompensated care.

Government health insurance programs actually drive up private health insurance costs. A Milliman study puts the price of this cost shifting from Medicaid and Medicare to those with private insurance at \$1,800 per family, or 10.7 percent of health care spending.

Past voluntary Medicaid expansions in other states promised reductions in uncompensated care, but in practice, cost shifting and uncompensated care costs increased. In Maine, the 2002 expansion of Medicaid was a disaster for hospitals; uncompensated care did not meaningfully decrease while Medicaid crowded out higher-paying private insurance. In 2000, similar problems surfaced in Arizona. Their expansion resulted in skyrocketing Medicaid enrollment, but little change in the number of uninsured residents, and the share of people with private insurance actually dropped.

Myth #5 Pennsylvania can participate now but opt out in three years if the expansion costs too much.

It's highly unlikely Pennsylvania politicians would remove individuals from Medicaid once they begin depending on government insurance. In addition, the federal Department of Health and Human Services could prohibit states from opting out once they choose to participate.

Myth #6 We can afford to expand Medicaid with federal aid.

Medicaid already consumes 30 cents of every dollar spent by our state government, crowding out other budget priorities like education and transportation. Medicaid spending grew 83 percent over the past decade—nearly twice as fast as residents' income. Pennsylvania cannot afford its current Medicaid obligations, let alone an expansion.

Even with federal money, Pennsylvania taxpayers would be on the hook for \$2 billion in additional state taxes over the next 10 years just to cover the expansion.

Myth #7 Governor Corbett is taking an extreme position by opposing the Medicaid expansion.

Just half of U.S. governors are supporting an expansion of Medicaid, while 15 governors have said no and 10 more remain undecided. Though some Republican governors have garnered headlines by embracing Medicaid expansion, most (including Gov. Corbett) have not. Moreover, a governor's position is not the final word for states, as expanding Medicaid requires approval from the legislature. In Florida, state lawmakers went against their own governor's recommendation and voted down the Medicaid expansion proposal.

A better way to help struggling families would be to adopt real health care reforms that lower the cost of coverage and give Medicaid patients more control over their own care. For our fiscal health, and the health of families, we desperately need the flexibility to allow state officials to design a solution that fits the needs of Pennsylvanians—not an expansion of an already failing program.

For more on Medicaid, visit www.commonwealthfoundation.org

