

Medicaid Expansion

Let's Get Our Facts Straight

Claim: "Over the next two fiscal years expansion would cost nearly \$145 million. Medicaid expansion will cost Maine taxpayers nearly \$500 million dollars over the next five years."¹

FALSE. This 2-year estimate overstates the cost of expansion by nearly three times what the non-partisan Legislative Office of Fiscal and Program Review (OFPR) determines it will cost. The official fiscal note from OFPR shows that the state's cost would be \$45.5 million for these two years, *not* \$145 million. OFPR has determined that the total state cost over the next four years will be \$142 million. Assuming the cost increases at the same rate in the 2022, the total 5-year cost would be \$197 million, not \$500 million as claimed.

During this same period, the federal government would reimburse the state more than \$2.6 billion for its share of expansion costs. That's \$9 federal dollars for every \$1 the state spends.

Claim: "Most of the 'savings' that the state would see are highly speculative and rely on pulling funding for critical services or even creating waitlists for populations like for those with mental health issues."

FALSE. OFPR's official fiscal note disagrees: "... some programs will achieve savings that will mitigate the additional expenditures. The savings that are generated within existing programs are estimated to be \$27,000,000 annually." These savings will result because some costs that are now being paid entirely with state funds would be "matched" with federal funds under expansion. This would reduce the amount of state funds needed to pay for the same services. This would not mean that people would lose services, only that the federal government would pay for most of the cost of those services, instead of the state picking up the full cost.

Claim: "Primarily due to under-stated enrollment projections and overly optimistic savings projections for their Medicaid Programs, numerous states are facing budget shortfalls because they expanded Medicaid."

FALSE. New national research finds there are no significant increases in spending from state funds as a result of Medicaid expansion and no significant reductions in state spending on education, transportation, or other state programs as a result of expansion during FYs 2010-2015. Expansion states' budget projections during this period were also reasonably accurate in the aggregate, with no significant differences between the *projected* levels of federal, state, and Medicaid spending and the *actual* expenses at the end of the fiscal year.²

¹ Claims made by Governor LePage in his correspondence dated October 5, 2017

² *Federal Funding Insulated State Budgets From Increased Spending Related To Medicaid Expansion*, Benjamin D. Sommers and Jonathan Gruber, April 2017.
<http://content.healthaffairs.org/content/early/2017/04/10/hlthaff.2016.1666.abstract>

Claim: “Working adults in Maine qualify for subsidies on the federal exchange.”

FALSE: Currently working adults who make less than the poverty level (\$12,060 a year for an individual) do not qualify for subsidies in the federal exchange. The ACA did not provide subsidies for people under the poverty level because the intent was to provide coverage to this group through Medicaid. These individuals are most in need of a subsidy but fall into what many have termed the “coverage gap” and therefore go uninsured.

Claim: “When Maine expanded in 2001, the uninsured rate stayed the same—but thousands of Mainers dropped their private insurance to move to Medicaid.”

FALSE: Reports submitted by Maine DHHS to the federal government on this early expansion found that the uninsurance rate for childless adults living below poverty dropped substantially when Maine expanded coverage in 2001. The proportion of this population without coverage was 40 percent prior to expansion and dropped to 26 percent at full implementation – a decline of 35 percent. This same report found no evidence of “crowd out”, that is, individuals dropping private insurance to enroll in Medicaid in its results. ³

Claim: “Maine already spends well over the national average on Medicaid.”

TRUE, BUT THERE IS A GOOD REASON FOR THIS: This is due in large part to the fact that Maine has among the highest percentages of seniors and people with disabilities in the nation. Although these groups represent only one-third of Medicaid enrollment, they are responsible for two-thirds of the program’s cost. However, Maine ranks better than average when it comes to per-enrollee costs for all categories of Medicaid enrollees except for children.⁴

³ Anderson, N., Gressani, T., MaineCare for Childless Adults Waiver Year 7 Annual Report October 1, 2008–September 30, 2009; A report prepared by the Cutler Institute of Health & Social Policy Muskie School of Public Service, University of Southern Maine Prepared for the Maine Department of Health and Human Services, February 23, 2010.

⁴ <https://www.kff.org/medicaid/state-indicator/medicaid-spending-per-full-benefit-enrollee/?currentTimeframe=0&sortModel=%7B%22colId%22:%22Location%22,%22sort%22:%22asc%22%7D>