

# Medicaid expansion bad for states

By Lauren Aragon · Fri, Sep 19, 2014 10:17 AM CDT

[Medicaid](#)

The State of Oklahoma recently chose not to expand Medicaid under the Affordable Care Act provisions. The expansion would have swelled coverage to adults with incomes up to 133% of the federal poverty level, creating a substantial increase in the number of people covered by Medicaid. With the state already struggling to fund the one in four Oklahomans on Medicaid, the proposed expansion would have caused significant budget concerns by pushing enrollment to one in three Oklahomans on Medicaid (33% as compared to the current 27%). Jagadeesh Gokhale, a member of the Social Security Advisory Board, estimated that by 2023, the Oklahoma Medicaid bill could be as high as \$6.5 billion per year, the same as the entire state appropriated budget in 2012.

However, some argue the law includes "money on the table" for states. Under Obamacare, the federal government promises it would pay for 90 percent of the expansion population in perpetuity. However, Congress has been known to previously back step on such kinds of promises and may in fact pay much less in the future. While the federal government has planned to pay the full expansion tab the first three years, the phasing down of that contribution over the following seven years would still cause coping difficulties for the Oklahoma budget. With total government unfunded liabilities currently between \$88 and \$124 trillion and a federal budget in need of steep cuts, we can realistically expect that federal funding to states will be cut in the future. These cuts will likely include Medicaid and Medicare funding, leaving states out to dry when it comes to paying extended Medicaid bills.

Oklahoma hospitals are projecting that they may lose approximately \$4 billion in reimbursements between 2013 and 2022, according to a recent report by the Urban Institute. However, it is imperative to keep in mind that [Oklahoma hospitals actually spend less than 3 percent](#) of their net patient revenues on charity care. (Charity care is treatment, sometimes for the uninsured, for which a hospital does not expect to get payment.) While nonprofit hospitals serve a purpose in providing community benefits and free care, Oklahoma nonprofit hospitals are not required by law to provide a minimum amount of care to qualify for nonprofit status. In fact, at least 40 nonprofit and government-owned hospitals are spending less than 1 percent of patient revenues on total charity care. It seems, when all the facts are presented, that hospitals will not suffer as much from the lack of Medicaid expansion as Oklahoma taxpayers and other core government services would be hurt from such an expansion.

Moreover, not being able to fund Medicaid expenses in the long run will create massive problems for those already qualifying for Medicaid assistance. There are numerous examples of the painful process involved in expanding Medicaid past its funding limits. In Tennessee, a [previous attempt to expand TennCare](#) caused the program to practically bankrupt the state and forced the state to cut thousands from the rolls. [Maine and Arizona](#) also experienced large cost overruns, forcing them to arbitrarily cut patients from the Medicaid rolls. Presently, Arkansas's™ experience with the Medicaid expansion is already turning into a disaster of [cost](#) and enrollment [overruns](#), resigning officials, and [critical scrutiny](#) by the federal Government Accountability Office. In the end, this causes unnecessary stress and challenges to people seriously in need of medical care.

Additionally, Medicaid costs and needs are already set to expand in the state of Oklahoma

in the coming years. Even without the Medicaid expansion, the state is sure to witness a growing percentage of Oklahomans enrolled in Medicaid, as we have witnessed in the past 10 years. To stay competitive and keep tax rates down while providing basic public services, such as education, public safety, and infrastructure, Oklahoma must ensure that Medicaid spending does not balloon past already scheduled increases. Instead of encouraging the expansion of Medicaid which actually [increases emergency room use](#), even in [Oklahoma](#), hospitals should use the flexibility given to them by federal law to redirect patients with nonemergency needs when they visit the emergency room. The University of Oklahoma is proving that [diversion of nonemergency needs](#) from the emergency room is possible.

So, kudos to policymakers for choosing to avoid the Affordable Care Act's Medicaid expansion, in any form. Oklahoma lawmakers should be commended for evaluating Medicaid reform possibilities and protecting taxpayers and funding for core government services, as well as a safety net for the truly needy.