

Medicaid Expansion by the Numbers

As it is currently designed, Texas' Medicaid program is unsustainable. Medicaid spending continues to consume an ever larger share of the state's budget, and the program itself delivers poor health care and inadequate access to providers for those enrolled. Even without Medicaid expansion as called for in the PPACA, the program's rising costs will continue to diminish funding available for other budget areas.

In this context, it is reckless and morally unconscionable to expand the current Medicaid program, and state lawmakers should resist pressure to do so. Legislators have a responsibility to ensure the sustainability and quality of the program in the long term, which expansion will certainly undermine.

The following fact sheet outlines salient features of the state's Medicaid program as it now stands, and is made available to elected officials and the public as a resource to facilitate discussion about viable, long-term solutions to help save Texas Medicaid.

- State spending on Medicaid currently accounts for 25 percent of the 2012-13 state budget (General Revenue) and is projected to be \$28.6 billion in the 2014-15 biennium. Under expansion, GR spending on Medicaid would comprise 33 percent of the budget, or \$160.4 billion, by 2040.
- The total (All Funds) budget for the 2014-15 biennium is projected to be \$190 billion. Of this, about \$70 billion will go to fund Medicaid—roughly 37 percent.
- In GR numbers, the total budget for 2014-15 is projected to be \$95.2 billion. Of this, about \$28.6 billion will fund Medicaid. This represents 30 percent of the budget, up from 14 percent in 2001.
- According to the Congressional Budget Office, federal spending on Medicaid will more than double over the next decade, increasing from \$265 billion to \$572 billion. The CBO estimate confirms TPPF projections from 2010 that show Medicaid spending will double every decade on the state and federal level.
- Increasing the number of people on Medicaid will decrease their access to Medicaid providers. Currently, 70 percent of Texas physicians will not accept new Medicaid patients, leaving enrollees with inadequate access to primary care. As a result, they often seek care in hospital emergency rooms, driving up uncompensated care costs. Last year, uncompensated care costs totaled about \$5 billion; under expansion, that total would likely increase as Medicaid patients are forced to seek care in hospitals.
- Medicaid has the worst health outcomes of any health coverage plan in the country. Numerous studies indicate that those on Medicaid are worse-off than those on private insurance and even those with no insurance coverage at all.
- Total Medicaid enrollment is currently 3.6 million. It is projected to be 3.8 million in 2014 and more than 4 million in 2015. Expansion will add between 1 and 1.5 million people to the program.
- Apart from expansion, other provisions in ObamaCare change state Medicaid eligibility rules so that the state may not take into account an applicant's assets when determining eligibility. This will increase Medicaid enrollment, even without expansion.

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- Texas' uninsured rate is about 24 percent, or approximately 6 million people, the highest in the nation. Of these, 35.8 percent, more than 2 million people, earn more than \$50,000 per year. Among that group, nearly 1 million earn more than \$75,000 per year. Additionally, approximately 30 percent of the uninsured are non-citizens, both legal and illegal, who are not eligible for Medicaid (U.S. Census Bureau, 2011).
- Medicaid enrollment will grow even without expansion because of other provision in ObamaCare, such as the individual mandate. By 2014, HHSC predicts the uninsured rate to drop to 15 percent without Medicaid expansion, and would drop only to 12 percent with expansion.
- Expansion under ObamaCare would make all Texans earning less than 138 percent of the Federal Poverty Level (FPL) eligible for Medicaid, including non-disabled, childless adults. All those earning between 138 and 400 percent FPL are eligible for federally-subsidized health insurance on the federal exchanges. However, for those states that do not expand Medicaid, all those earning more than 100 percent FPL are eligible for the exchange subsidies, which require no state match.

The time has come for fundamental Medicaid reform. In light of the program's growing costs, Texas cannot afford to delay. Medicaid enrollees should not be asked to remain in a program that gives them increasingly poor health outcomes and a declining access to care. States, not the federal government, are best-suited to design and implement reforms that will control costs and improve outcomes. ★

