

Medicaid expansion could get OK Monday

Ohio panel to decide if coverage is extended.

House Republicans say approval would bypass legislative intent.

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After pleading with legislators for months in public and behind closed doors, Gov. John Kasich has turned to a panel of six lawmakers and one political appointee to extend Medicaid health coverage to an estimated 275,000 newly eligible Ohioans beginning next year.

The Controlling Board is an entity little-known outside Capital Square. And House Republicans who oppose expansion also oppose Kasich's latest method to approve it. The controversial expansion would allow any adult earning less than 138 percent of the federal poverty level, about \$16,000 for an individ-

EXPANDING MEDICAID

Gov. John Kasich's plan to expand Medicaid coverage as part of President Barack Obama's Patient Protection and Affordable Care Act goes before the seven-member Ohio Controlling Board on Monday. Here are some key facts:

29 Number of states that have either voted to expand Medicaid coverage or are moving in that direction.

275,000 Number of low-income Ohioans expected to benefit.

26,000 Number of military veterans expected to benefit.

ual, to qualify for Medicaid. That would include extending coverage to about 26,000 military veterans.

Medicaid expansion could get the OK as soon as Monday, despite protest from Republican lawmakers.

138 Percent of poverty level covered through the expansion. That amounts to \$15,415 a year for an individual and \$31,809 a year for a family of four.

100 Percent of program costs assumed by the federal government 2014-16. That figure would be gradually scaled back until 2020, when the federal government pays for 90 percent and the state's 10 percent.

State Medicaid officials say Ohio law permits them to expand Medicaid without the approval of the General Assembly as long as the federal government approves it. The

Centers for Medicare and Medicaid Services approved the state's expansion plan Oct. 10.

The next day, Ohio Medicaid Director John McCarthy requested the state Controlling Board, a panel that controls the state's checkbook, to release about \$2.56 billion in federal funds through 2015. The board is composed of seven members: three lawmakers from each chamber, with two each from the majority party and one from the minority party, and the board's president, an appointee of the Office of Budget and Management.

It appears Kasich has three yes votes, from the Democrats and his appointee, and the necessary fourth could be found either in Sen. Chris Widener, R-Springfield, who was unavailable for comment, or in a last-minute substitution from the House.

Political maneuver

The final makeup of the board may not be known until Monday's meeting. Board members can be substituted until the meeting begins. But Senate President Keith Faber, R-Celina, told reporters last week approval is almost certain. He did not go into detail about how his two appointees would vote but said he didn't plan to sub in other members.

Monday's vote wouldn't be the first time the board approved controversial federal funds criticized by conservatives. The board approved \$100 million of Race to the Top education reform money in 2010. The board also approved proj-

ects paid for with federal economic stimulus money.

Kasich spokesman Rob Nichols said Ohio law clearly authorizes the Controlling Board to approve the request. An opinion from attorneys at Vorys, Sater, Seymour and Pease in Columbus, issued on request of a pro-expansion group, agreed. But some Republican lawmakers, the Buckeye Institute for Public Policy, a conservative Ohio think tank, and other conservatives say expansion is against "the clear intent" of state lawmakers.

House Republicans stripped the Medicaid expansion proposal from Kasich's two-year state budget earlier this year, but added language explicitly prohibiting expansion. Kasich used his line-item veto power to remove that portion, leaving intact language that authorizes the state Medicaid director to modify the program with federal approval.

Greg Lawson, policy director of the Buckeye Institute, said enacting a policy change of this magnitude through the Controlling Board after blocking lawmakers' attempt to stop it is unique.

"It can only be looked at as an end around the whole General Assembly," Lawson said, predicting a board approval would trigger lawsuits. "It short circuits a very needed debate because this is no slam dunk -- this is a cumbersome issue."

Thirty-nine House Republicans protested the move in a letter. Signers included Speaker William Batchelder of Medina, the two House Republicans on the Controlling Board and 10 from the Miami Valley region. The lawmakers say a Controlling Board approval would go against "legislative intent" because the General Assembly included language prohibiting expansion in the budget.

State law prohibits the board from taking "action that does not carry out the legislative intent of the General Assembly."

Jon Allison, spokes-

man for Ohio Alliance for Health Transformation, said legislative intent is usually interpreted as what's on the books, and the anti-expansion language never made it into law. Allison said the alliance -- a statewide coalition of more than 140 business, labor, health and community groups -- will continue to collect signatures to force the whole General Assembly to vote on expansion.

"Given the intensity of feelings on all sides of this issue, it does not surprise me that this could end up in court," Allison said.

"Whether the Controlling Board passed this or a bill authorized it, I assumed all along that there would be a court challenge."

Kasich, speaking Friday at the Cleveland Clinic, questioned why lawmakers would so strongly oppose expansion that would benefit Ohio's working poor. He asked the audience to "say your prayers this weekend."

"Is it because they're hard-hearted or cold-hearted? It's probably because they don't understand the problem because they've never walked in somebody's shoes," Kasich said.

"When we talk about these folks that come into the emergency room and you see them, could you imagine being in the position where you have no health insurance. You have absolutely no health insurance and you wake up and you're sicker than a dog and you've got nowhere to go."

What's at stake

By 2022, more than 450,000 Ohioans would be covered under a Medicaid expansion, including more than 100,000 southwest Ohio residents, according to projections from the Urban Institute released earlier this year by the Ohio Health Policy Institute. The expansion was intended to cover working individuals who do not earn enough to buy coverage on the new health insurance market-

places created by the Patient Protection and Affordable Care Act

The federal government would cover the full cost of expansion for the first three years, before phasing its contribution down to 90 percent.

Republicans first blocked expansion, in part, because of concerns the federal government might decrease its share and leave Ohio to foot the bill. The Controlling Board request says if the federal share drops, the state will not make up the difference.

Ohio would be on the hook for anywhere from \$500 million to just over \$600 million in the first year it began paying a share of expansion costs. But the influx of federal funds, tax revenue from Medicaid managed care plans, and savings on such items as medical costs for state prisoners would yield a surplus of between \$1.6-\$1.8 billion to the state budget by the end of the decade, according to the

report.

Bryan Bucklew, president and CEO of the Greater Dayton Area Hospital Association, said he's "cautiously optimistic" expansion will happen soon, relieving financial pressures for his organization's member hospitals.

"Doing the Medicaid expansion is not only good public policy in terms of making sure enough people have coverage, but it's also the fiscally responsible thing to do for the state of Ohio," he said. "People fail to realize that if we don't do the Medicaid expansion, these people who would have been eligible are still going to need medical care."

Problems grow

But their ranks are growing, said Dennis Sullivan, a Miami University economics professor who teaches classes on poverty and income distribution.

"Think about the recession," Sullivan said. "How many people lost their jobs? Of those, how many

returned to jobs that are part-time and, or, pay less – often much less? If these folks are left without employer-subsidized health insurance, they are in a really tough spot."

Many working-age adults have already shifted to Medicaid for health coverage. In 1999, Medicaid covered 2.28 million U.S. adults ages 25 to 34, or about 6 percent of the working-age population, according to a report from the Kaiser Family Foundation and the Health Research & Educational Trust. By 2011, coverage grew to more than 6 million working-age adults.

Gregory Hopkins, executive director of Community Health Centers of Greater Dayton, said expansion would also breathe new life into the local economy.

Statewide, Medicaid expansion would generate nearly \$400 million in new local managed care tax revenue and 27,000 new jobs over the next decade, the Health Policy Institute reported.

LOCAL IMPACT OF MEDICAID EXPANSION

County	Projected total new 19-64 year old enrollment due to Medicaid expansion	Projected uninsured 19-64 year olds covered due to Medicaid expansion	Projected new local Medicaid managed care sales tax revenues	Projected total 19-64 year olds to enroll on Medicaid due to Medicaid expansion as a percentage of population	Projected uninsured 19-64 year olds to enroll on Medicaid due to Medicaid expansion as a percentage of the population	Projected Medicaid managed care tax revenue due to Medicaid expansion as % of 2011 sales taxes	Projected Medicaid managed care tax dollars due to Medicaid expansion per 18-64 year olds
Butler	16,679	10,655	\$499,722	7.20%	4.60%	1.60%	\$2.17
Champaign	1,811	1,157	\$108,509	7.40%	4.80%	2.40%	\$4.46
Clark	9,597	6,131	\$575,069	11.40%	7.30%	2.80%	\$6.85
Darke	2,074	1,325	\$124,284	6.70%	4.30%	1.80%	\$4.02
Greene	5,875	3,753	\$234,701	5.70%	3.60%	1.10%	\$2.27
Hamilton	39,490	25,228	\$1,577,565	7.80%	5.00%	1.20%	\$3.14
Miami	3,530	2,255	\$176,259	5.70%	3.60%	1.30%	\$2.84
Montgomery	28,822	18,412	\$1,727,087	8.60%	5.50%	2.60%	\$5.18
Preble	2,070	1,323	\$124,061	8.00%	5.10%	2.50%	\$4.81
Warren	4,208	2,688	\$168,089	3.30%	2.10%	0.60%	\$1.31

SOURCE: OHIO HEALTH POLICY INSTITUTE

IMPACT OF EXTENDING MEDICAID IN OHIO

Gov. John Kasich's plan to expand Ohio Medicaid to cover more than 447,000 additional low-income Ohioans by 2020. Ohio Medicaid currently covers 2.2 Million people and costs \$19 billion a year.

IMPACT	FY 2014	FY 2015*	FY 2014-15**	FY 2020	FY 2014-20***
COVERAGE IMPACT					
How many Ohioans would become newly eligible for Medicaid at 138% of poverty and enroll?			366,000		447,000
How many Ohioans previously enrolled in Medicaid would no longer be eligible at 138%?			-91,000		-94,000
What is the net impact on Medicaid enrollment from setting eligibility at 138%?			275,000		353,000
FEDERAL FUNDS IMPACT					
How much new federal money would flow into Ohio as a result of setting eligibility at 138%?	\$523 million	\$1.9 billion	\$2.4 billion	\$2.5 billion	\$13.0 billion
STATE FUNDS IMPACT					
How much new state spending would be required to pay for newly eligible populations?	\$0	\$0	\$0	\$230 million	\$586 million
How much would the state save as a result of previous Medicaid enrollees coming off?	\$23 million	\$68 million	\$91 million	\$84 million	\$477 million
How much new state sales and HIC tax revenue would the state collect?	\$18 million	\$97 million	\$117 million	\$165 million	\$765 million

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How much would Ohio prisons save on service costs that shift to Medicaid?	\$9 million	\$18 million	\$27 million	\$18 million	\$117 million
How much would the state save overall from extending Medicaid coverage?	\$50 million	\$183 million	\$235 million	\$37 million	\$773 million
COUNTY FUNDS IMPACT					
How much new sales tax revenue would local governments collect?	\$4 million	\$21 million	\$25 million	\$34 million	\$161 million
How much would counties save on behavioral health costs that shift to Medicaid funding?	\$35 million	\$70 million	\$105 million	\$70 million	\$161 million
How much would counties save overall from extending Medicaid coverage?	\$39 million	\$91 million	\$130 million	\$104 million	\$616 million

*The Medicaid expansion would occur on Jan. 1, 2014, six months into state fiscal year 2014, which begins July 1, 2013. The first full year of impact – and the most accurate picture of annual spending – is state fiscal year 2015. **Ohio's State Fiscal Year 2014-2015 Operating Budget covers the period July 1, 2013. ***The federal government covers 100 percent of expansion costs 2014-2016 but then requires states to cover 5 percent in 2017, 6 percent in 2018, 7 percent in 2019, and 10 percent in 2020 and beyond.

SOURCE: OHIO GOVERNOR'S OFFICE OF HEALTH TRANSFORMATION