

THE MORNING CALL

Red tape and talking points slowing Pennsylvania's Medicaid expansion decision

Corbett administration has yet to put its Medicaid expansion plans in writing; feds say they can't OK plans without written document.

By: Steve Esack - June 20, 2013

Nearly a year ago, the U.S. Supreme Court upheld the legality of the Affordable Care Act to expand access to health insurance coverage to the lower middle class and poor.

But talking points and bureaucratic red tape may prevent the law from taking full effect in Pennsylvania.

The court's decision changed a key aspect of the law commonly known as Obamacare — expansion of the 48-year-old federal-state Medicaid program — from a mandate to an option for states. Governors and Legislatures have no deadline for deciding whether and how to expand Medicaid in their states, although the opportunity to do so begins in January.

Since February, Gov. Tom Corbett's administration has been in negotiations with the U.S. Department of Health and Human Services over the best and cheapest way to add up to 600,000 adults and children. He has argued that the state needs "flexibility" to redesign the existing Medicaid program and the expanded version of it to save taxpayer dollars, saying Medicaid costs already consume three-quarters of the Public Welfare Department's \$27.6 billion budget.

The administration would like to add co-payments for existing Medicaid recipients and force new enrollees to use a sort of federal voucher to buy a federally approved private insurance.

"It's a principled discussion," Jen Branstetter, the governor's policy director, said in an interview last week.

On Thursday, Paul Dioguardi, director of the HHS Office of Intergovernmental and External Affairs, said the federal government is open to allowing reasonable co-payments and some other changes the Corbett administration has verbalized. But, Dioguardi said, HHS cannot approve Corbett's requests until the state files either a written formal waiver request, or approves legislation as Arkansas and Iowa have done.

"We are having regular conversations with the state," Dioguardi said.

The back-and-forth has frustrated two of the Lehigh Valley's state representatives.

Rep. Mike Schlossberg, D-Lehigh, said he wishes Corbett would put his ideas in writing or the federal government just produce written responses to the administration's verbal queries. Expansion, he said, would improve health outcomes for Allentown residents and reduce costs for the four hospitals in the city that serve them. But no one is benefiting by the prolonged decision-making process, he said.

"If they are just talking in general terms, I don't see why they cannot get general answers," Schlossberg said. "That being said, the governor and his administration know each bureaucracy has methods of communication. So if he's serious about looking at expanding Medicaid, he knows to put it in writing. But I don't think he's serious about expanding Medicaid and I think he's trying to delay the final 'no' until as long as possible."

State Rep. Justin Simmons, R-Lehigh, said he doesn't think expansion is a good idea. The costs are too high.

The federal government's deficit is so large and state spending too high to sustain an expansion of Medicaid, he said. So he understands Corbett's concerns over cost. At the same time, Simmons said, he would like the debate to end because he does not think the flexibility changes the administration has said it would like to make to Medicaid would be worth the cost of expansion.

"It would certainly help to get some finality," he said.

To qualify for Medicaid now, an individual has to have a temporary disability and earn no more than \$11,490 a year. A qualifying family of three cannot earn more than \$19,530 a year. Single childless adults are excluded.

Medicaid expansion would open coverage to more people. It would cover all single adults under age 65 who earn up to \$15,857 and three-person households with incomes up to \$26,344. Those not qualifying will have to shop for private insurance.

For the first three years expansion is in place, the federal government has pledged to pay for 100 percent of the costs of new enrollees, estimated to be between 350,000 and 600,000 people. Pennsylvania would start kicking in 10 percent of the costs by 2020.

The House Health Committee, of which Schlossberg and Simmons are members, held a hearing Thursday on those expansion estimates.

All speakers opposed Medicaid expansion. Those who testified — many via video conference — included U.S. Rep. Joe Pitts, R-Pa.; Florida state Rep. Matt Hudson, a Republican; and Michael Cannon, health policy director at the libertarian CATO Institute.

Pitts said the federal government cannot be trusted to live up to its payment promises. Expansion also will come with hidden administrative costs the state would have to cover, he said.

"I urge you to be careful," Pitts said. "There is no way the federal government can keep these promises. We can't afford the entitlement promises we made before the [Affordable Care Act], and we can't afford this either."

House Democrats decried the lineup of speakers as one-sided and biased.

However, the Health Committee hearing came two weeks after Rep. Gene DiGirolamo, R-Bucks, a proponent of expansion, held a hearing in the Human Services Committee he chairs. All who testified at DiGirolamo's hearing supported expansion, to the chagrin of Rep. Brad Roae, R-Crawford, a committee member and expansion opponent.

Many who testified at DiGirolamo's hearing cited a report by the state Legislature's Independent Fiscal Office. The report has found that expansion would lead to \$1.1 billion in cumulative tax revenue by 2021.

The state Department of Public Welfare says those financial windfall claims, repeated by two other outside nonprofits, are overblown. The studies did not take into account possible changes to tax law, which would reduce revenue projections by nearly the same amount.

At her confirmation hearing last week to become Public Welfare secretary, Bev Mackereth said Corbett does not have a timetable to make a decision on whether to expand Medicaid as part of the 2013-14 budget, because the questions remain so vast.

The budget deadline is June 30.