

Two paths seek health care expansion; House balks

Medicaid and Senate panels debate expansion

BY MICHAEL MARTZ

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State lawmakers traveled two paths on Monday toward expanded health coverage for uninsured Virginians, but both have the same obstacle — the House of Delegates.

The Senate Finance Committee, as expected, revived its plan for a private insurance marketplace in its version of the two-year state budget that the House adamantly opposes.

Hours later, Gov. Terry McAuliffe's administration testified that it has met the requirements of a budget agreement last year to reform Virginia's Medicaid program before expanding it — a contention that House members of the Medicaid Innovation and Reform Commission quickly rejected.

"I was hopeful this commission can be the agent to a solution for the quagmire we're in right now," said Sen. Emmett W. Hanger Jr., R-Augusta, chairman of the commission and co-author of the Marketplace Virginia plan that the Senate will consider today as part of the 2014-2016 state budget.

But the five-hour commission meeting produced no consensus or even a vote on whether Virginia has made sufficient progress on reforms of its Medicaid program to allow expansion of coverage to as many as 400,000 uninsured Virginians.

"Your interpretation of when something is complete and our interpretation of what's been completed is a little bit different," Vice Chairman R. Steven Landes, a Republican delegate from Augusta County, told Secretary of Health and Human Resources Bill Hazel.

Hazel surveyed progress on nearly 20 reforms required under the budget agreement reached last year that have produced about \$127 million in estimated state savings that both chambers included in their respective budgets.

He also outlined efforts to begin redesigning Medicaid waiver programs for long-term care and people with serious disabilities that represent the third and most difficult phase of reforms required under the 2013 budget agreement.

The state has carried out “what you all put in the budget and what you asked us to do,” Hazel told the commission. “What you are now asking us to do (is) different than what’s in the budget.”

Earlier in the day, the Senate Finance Committee included its Marketplace Virginia plan in the budget instead of the two-year pilot program for expanding Medicaid that McAuliffe proposed. Three Republican members of the panel voted against the budget proposal.

The committee also included estimated net savings of \$225 million over two years that would be generated by using about \$1.7 billion a year in federal funds to expand health insurance coverage.

Most of the projected savings would come from reduced state subsidies for hospital care of the uninsured, and use of federal money to pay for inmate hospital care and behavioral health services now funded by state dollars. The savings would be partly offset by more than \$31 million in administrative costs.

“This is a pro-business solution,” said Sen. John Watkins, R-Powhatan, one of the plan’s authors. “It is a common-sense solution.”

The Senate plan attempts to distance the proposed marketplace from Medicaid, even though it would rely on the same private managed-care insurance network that already serves more than 700,000 Virginians, most of them children, pregnant women and parents with extremely low incomes.

The marketplace would expand coverage to childless adults, who are not eligible for Medicaid now, as well as to parents and people with disabilities who earn up to 138 percent of the federal poverty level, or about \$16,000 a year for an individual.

While people earning between 100 and 138 percent of the poverty level also could receive federal subsidies to buy insurance through the new federal marketplace in Virginia, an estimated 300,000 uninsured Virginians below the poverty line wouldn’t qualify for help.

“These are the people who can least afford the insurance, and they are the only ones left out,” Watkins said.

The money to help pay for insurance premiums in the marketplace would come from the federal government through the state Medicaid program, but Sen. Walter A. Stosch, R-Henrico, co-chairman of the Finance Committee, said, “I do not view the money, the new taxes, as Medicaid dollars.”

Instead, Stosch said the money represents taxes paid by Virginians and businesses under the Affordable Care Act that would be captured in a new “Taxpayer Recovery Fund.”

Michael F. Cannon, director of health policy studies at the Cato Institute, challenged the underlying premise of the plan.

Cannon described the idea of getting Virginia tax dollars back from Washington “confused and inaccurate,” because taxes are not earmarked by program or state. Instead, he said, Medicaid expansion would be financed by increased federal debt.

“We do not want to increase the federal debt in order to expand Medicaid in Virginia. ... It would be more fair to expand Medicaid paid for entirely by the state,” he said.

Cannon and other opponents also questioned whether Virginia could opt out of the expanded program without penalty if the federal government reduces its commitment under the law to pay 100 percent of the cost through 2016 and no less than 90 percent thereafter.

The Centers for Medicare and Medicaid Services said in a letter last month that Virginia can opt out of expansion if it chooses, based on the U.S. Supreme Court ruling that made Medicaid expansion optional for states.