

## John Kasich's Misguided Moralism for Medicaid Expansion

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When Gov. John Kasich expanded Medicaid eligibility in Ohio, he disregarded the state legislature's opinion. Lawmakers had voted to block the Medicaid expansion portion of the federal Affordable Care Act, but Kasich, a Republican, moved unilaterally in February 2013 to accept federal dollars tied to expansion.

Nine months later, he convinced the legislature to go along with the decision, in part by linking the growth of a joint federal-state entitlement program to questions of faith and morality.

"When you die and get to the meeting with St. Peter, he's probably not going to ask you much about what you did about keeping government small," Kasich told the *Columbus Dispatch* in June 2013, "but he is going to ask you what you did for the poor."

Four years later, Kasich is still evangelizing, even as many of his fellow Republicans try to cap Medicaid expansion spending or freeze enrollments made possible by the Affordable Care Act. Kasich was one of six Republican governors to sign a letter urging Congress to keep Medicaid expansion as part of the American Health Care Act, which calls for freezing Medicaid expansion enrollment in 2020. Just last week, he vetoed a bill passed by the Republican-controlled state legislature that would have frozen Medicaid expansion enrollment in 2018 (anyone who would have been eligible for Medicaid before the Obamacare expansion will still be able to enroll) in Ohio.

Freezing the expanded enrollment in Medicaid would be "to the detriment of the state's economy in general and needy Ohioans in particular," Kasich wrote in his veto message.

This week, state lawmakers might turn the tables and ignore him. A veto override vote is expected to take place, perhaps as soon as Thursday, though the outcome is uncertain.

Ohio's political and budgetary fight over Medicaid expansion is reflective of the intraparty schism that has hindered Republican efforts to repeal and replace Obamacare in Congress.

Kasich, a 2016 presidential candidate who is term-limited and cannot seek re-election as governor in 2018, has emerged as one of the most outspoken Republican advocates for Medicaid expansion, drawing ire from conservatives, libertarians, and anyone worried about entitlement spending and the national debt.

Kasich's advocacy for expansion has relied on mental gymnastics, with the governor using his "ol' shucks" rhetorical style to turn the debate over a massively expensive entitlement program into an exercise in moralizing to the masses. Those who oppose expanding Medicaid—or those in the state legislature who now want to freeze enrollments—are just mean, he says.

"When people say in my state we should drop 700,000 people, a third of whom are mentally ill or drug-addicted or -- and a quarter of whom are chronically ill, and we should turn our back on them, that's not America. That's not a country that loves all of its citizens," Kasich said during an interview with CNN's Dana Bash in March. "That is really extreme. Frankly, it borders on mean."

On top of the creepy paternalism, Kasich's argument for Medicaid expansion relies on misleading messaging about who is eligible for the joint state-and-federal program, and who ultimately pays for it.

Pre-expansion, Ohio's Medicaid program was open only to low-income people, children, pregnant women, the elderly, and individuals with disabilities, though the criteria varied in other states. Under the Affordable Care Act, the income threshold was raised so anyone making less than 138 percent of the federal poverty line (\$16,642 for an individual or \$33,948 for a family of four) would be eligible, even if they were able-bodied, childless and of working age.

Opponents of Medicaid expansion say the program has actually hurt the truly needy by forcing them to compete with a larger share of the population for limited doctors' appointments (since many medical providers don't accept Medicaid) and has strained the budgets of state programs meant to help those who really need it. Among new Medicaid enrollees, 82 percent have no kids and 45 percent do not work, according to an analysis from the Foundation for Government Accountability, a Florida-based think tank focused on reforming entitlements.

That crowding-out effect is part of the reason why Ohio has 60,000 people who qualify for traditional Medicaid on a waiting list to receive services. "These are children and adults with developmental disabilities who need anything from specialized medical equipment to assist them with their daily lives to therapeutic intervention, to at-home medical services," says state Rep. Wes Goodman (87<sup>th</sup> District), who supports the freeze on Medicaid expansion enrollments.

What about the claim that cutting off funding for Medicaid expansion would leave drug addicts, the mentally ill, and the working poor without health coverage? That is also misleading. Kasich's claim doesn't jibe with the realities of the Medicaid expansion population, in Ohio or anywhere else, and the state budget bill that Kasich vetoed last week included funding for new opioid addiction treatment programs, even after the freeze on the Medicaid enrollment for those above the federal poverty line.

"Freezing Obamacare expansion enrollment is a proactive way for the General Assembly to help Ohio recover from Kasich's mistakes," says Jason Hart, an Ohio-based web developer and freelance columnist who has spent several years researching and debunking the Kasich administration's Medicaid expansion claims, across a variety of platforms. "Freezing Obamacare expansion enrollment would not kick anyone off the program, and the General Assembly wants

to let Ohioans being treated for mental illness or drug addiction re-enroll in Medicaid even if they leave the program after the freeze takes effect."

Ohio's experience with Medicaid expansion is a useful microcosm of how that element of Obamacare has ramped-up federal spending on an entitlement program that was already on an unsustainable path.

Before Kasich signed the bill to expand Medicaid eligibility in Ohio, there were about 2.2 million residents of the state on Medicaid and Ohio's Medicaid population cost state and federal taxpayers about \$17.7 billion.

By the end of 2016, though, Medicaid rolls in Ohio had swelled to more than 3 million, and costs increased to \$25.5 billion.

Again, Ohio's experience mirrors what's happened across the rest of the nation.

In 2013, the Kaiser Family Foundation estimated that 40 percent of the 25 million people who could gain insurance under Obamacare by 2016 would do so through Medicaid expansion. In reality, almost three quarters of those who gained coverage under Obamacare did so because of Medicaid expansion. In Ohio, the Kasich administration in 2013 projected there would be 447,000 Medicaid expansion sign-ups by 2020, but the number of new enrollees topped 500,000 by the end of 2014 and exceeded 700,000 by the end of last year, according to the state Department of Health.

Most of the costs created by the new enrollees have been paid for by the federal government, since the Affordable Care Act promised to pick up 100 percent of the initial cost for newly eligible Medicaid enrollees through 2016 (and 90 percent afterwards, a much larger share of the 63 percent rate the federal government pays for traditional Medicaid enrollees in Ohio). Kasich repeatedly has said that expanding Medicaid makes good fiscal sense, since it allows the state to tap into federal dollars that would be collected from Ohioans and given to other states if Ohio didn't opt into the expansion.

Kasich's argument ignores the federal fiscal situation. Medicaid is a \$550 billion program that is one of the chief drivers of the nation's long-term debt. In making what sounds like a fiscally conservative argument for bringing federal dollars back to Ohio, Kasich is actually doing the exact opposite. He's arguing for the federal government to continue runaway spending on an unsustainable entitlement program.

Critics of Medicaid expansion look at the long-term trajectory of the program and conclude that there's little chance the federal government will be able to keep its promise to pay 90 percent of the cost for the expansion population in perpetuity. (The Senate health care bill would phase out the expanded payments starting in 2021.) Whether it happens as part of a Republican overhaul of Obamacare or as part of some fiscal reckoning at a later date, states will ultimately be stuck with paying for a larger share of that population, as Michael Cannon, director of health policy for the libertarian Cato Institute, has been warning for years.

"Regardless of whether Congress ever repeals Obamacare, it's only a matter of time before the federal funding for the law's Medicaid expansion is cut," says Hart. "The Ohio House and Ohio Senate should override the governor's veto of their Medicaid expansion freeze, and hold Kasich accountable for working with the federal government to put it in effect."

Kasich has spent four years championing Medicaid expansion by claiming that St. Peter likes it, by arguing that government should "love" its citizens, and by mischaracterizing who benefits from expansion and how it is paid for. There may be a good argument for why the Ohio General Assembly should not override Kasich's veto of the enrollment freeze, but we've yet to hear the governor make it.