



300,000 person Medicaid expansion costs Virginia less, but federal taxpayers hundreds of millions more

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More than 300,000 Virginians have enrolled in Medicaid expansion, according to recent numbers from The Virginia Department of Medical Assistance Services (DMAS). Although the state is spending less money on Medicaid, even after the expansion, the tab is being picked up through federal deficits and taxes due to funding changes.

“Because we expanded the Commonwealth’s Medicaid program, hundreds of thousands of additional Virginians now have access to medical care and an opportunity to lead healthier, more productive lives,” Gov. Ralph Northam said in a news release.

“The tremendous progress we have made with enrollment shines a light on the need for quality, affordable health care in Virginia and across our country,” Northam said. “We will continue to get the word out to newly eligible individuals who may be unaware that the rules for health coverage have changed.”

Nearly two-thirds of the new enrollees said they had not had healthcare in the year before, according to the news release. The expanded coverage is available to low-income people aged 19 through 64. The income requirement varies by family size; a single person with no children who makes \$17,237 or less would qualify. The salary threshold is larger if the person has children or a spouse.

More than 229,000 of the adults who are enrolled in the expansion have received some sort of medical care as of the end of July. This includes more than 30,000 people with hypertension, nearly 19,000 with diabetes and more than 3,000 with cancer.

New funding changes have shifted some of the burden from the state government to the federal government, which means that state’s Medicaid budget still shrunk despite the additional people.

“Federal funds cover 93 percent of the medical care for the newly eligible adults this year, and the remainder is covered by a provider assessment on most Virginia hospitals,” Christina Nuckols, the media relations manager for DMAS told The Center Square via email.

“The state savings is due to the fact that Medicaid now covers costs such as indigent care and some mental health services that were previously paid strictly through state dollars,” Nuckols said. “Hospitals support the provider assessment because they experience a net benefit, also due to the reduction in indigent care.”

Although many of the supporters of this expansion see this as a positive, some of its critics worry about the expansions contributing to the federal deficit. Michael Cannon, the director of health policy studies at the libertarian Cato Institute, told The Center Square via email that the expansion forces taxpayers in other states to foot the bill.

“Any Virginia official who celebrates that fact is exactly the sort of short-sighted, power-hungry politician that has caused federal deficits to explode to [now] \$17 trillion and 78 percent of U.S. GDP,” Cannon said. “Virginia’s Medicaid expansion is literally forcing future taxpayers in other states, including many taxpayers who have yet to be born, to pay for the promises of today’s politicians. That is cause for shame, not celebration. The fact that Virginia politicians are unwilling to pay for it shows that the Medicaid expansion is in fact wildly unpopular in Virginia.”

Virginia’s expansion will probably cost almost \$390 million a year, he said.

Cannon said that the Medicaid expansion also caused more than 100,000 people to become ineligible for premium subsidies from the Affordable Care Act by making them eligible for Medicaid, which provides them worse coverage than before. He said that this likely makes up about one-fourth of the new enrollees.

Medicaid expansion was passed with bipartisan support and was signed by the governor in June of 2018.