



Editorial: Should Michigan be Medicaid model?

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President Donald Trump made the call for Congress to repeal and replace Obamacare during his address to lawmakers last week. It's a common refrain among Republicans, but many governors, including Michigan's, have concerns about how their Medicaid expansions could be impacted.

It's a good sign that Trump is listening to governors, who are dealing with this issue on the front lines. The president met with governors last weekend.

The Affordable Care Act offered states a sweet deal if they expanded Medicaid coverage to include a broader low-income population. Thirty-one states signed on, and it even allured several Republican governors, who otherwise didn't support Obamacare's intrusions into the private marketplace.

Gov. Rick Snyder supported the expansion from the beginning, and he is now defending the state's Healthy Michigan plan and doesn't want Congress interfering in how things are run currently. The governor says Michigan has kept Medicaid cost increases lower than health inflation.

Snyder recently met with Vice President Mike Pence, and he is also banding together with a group of like-minded governors on Medicaid to work with Congress on overhauling Obamacare.

"They want to be a united front," says Snyder spokeswoman Anna Heaton. Snyder is very aware of the challenges facing the health care law as a whole, and he thinks the insurance market could collapse without swift action from lawmakers.

While Michigan did attach some measures that encourage more personal responsibility and wellness for new Medicaid users, there are real cost concerns for the state in the long run. Michigan's share of the expanded program is set to hit at least \$400 million within a few years.

The large number of people who signed up for the coverage — more than 600,000 — outpaced expectations by 30 percent, and the financial burden is consequently expected to grow.

Under Obamacare, the federal government promised states it would cover 100 percent of the expansion the first three years, gradually going down to 90 percent after that. So this is why governors are concerned about the future of the program. If the federal government backs out of that promise, most states won't be able to sustain the expansion on their own.

Medicaid already encompasses roughly 20 percent of the U.S. population and eats some of the largest portions of state budgets, trumping other priorities such as education.

Some House Republicans, led by House Speaker Paul Ryan, have floated a fix to Medicaid that would offer states more flexibility in the form of block grants but would also limit future federal funding. Yet Snyder doesn't think the grants would offer enough flexibility for Michigan to continue operating its program as it runs now.

Michael Cannon, the Cato Institute's director of health policy studies, estimates that Medicaid has expanded by 10 million people since 2014. But the majority (60 percent) were already eligible for the program before the expansion. Cannon says that 80 percent of the rest are able-bodied adults who could find coverage elsewhere.

"We shouldn't be introducing dependence on people who don't need it," Cannon says.

That's a good point. And several studies have found that Medicaid coverage often doesn't translate into better health care. Many individuals continue to frequent the ER, which wasn't supposed to happen.

But if Michigan has figured out how to encourage smarter health decisions under Medicaid and keep costs down, Snyder is right to make the case for the program. It's long-term viability, however, doesn't look promising.