



Mick Mulvaney's misleading claim that House GOP health care plan keeps Medicaid expansion

Lauren Carroll

March 14, 2017

Health and Human Services Secretary Tom Price told reporters March 13 that he disagrees "strenuously" with a new report by the Congressional Budget Office estimating millions would lose health insurance under the House GOP replacement for Obamacare. (AP)

More than 10 million Americans have gained health insurance coverage because of expansions to Medicaid under the Affordable Care Act.

Medicaid is a government-run health insurance program that primarily serves low-income Americans. If Congress repeals the law known as Obamacare and replaces it with the leading Republican proposal, there could be as many as 14 million fewer Medicaid enrollees by 2026, compared to projections under current law, according to an analysis by the nonpartisan Congressional Budget Office.

Mick Mulvaney, director of the White House Office of Management and Budget, says the CBO analysis is wrong.

"The CBO score assumes that if you are on Medicaid today that you choose to get off Medicaid after the mandate goes away," Mulvaney said to reporters March 13, speaking of the Affordable Care Act's mandate that most individuals purchase insurance. "Does that make sense to anybody? That you are on a free program — because the plan doesn't get rid of Medicaid expansion."

We decided to fact-check Mulvaney's claim that the leading House Republican proposal — the American Health Care Act — "doesn't get rid of Medicaid expansion." We found his claim misleading.

While the legislation doesn't explicitly repeal the Affordable Care Act's Medicaid expansion, it reduces federal funding for the program to the point that many states would likely find continuing it unsustainable.

How the Republican proposal stifles Medicaid expansion

Individual states administer their own Medicaid programs, with financial assistance from the federal government, and each state sets its own specific parameters for Medicaid eligibility. Since the Affordable Care Act was passed in 2010, 31 states and the District of Columbia opted to expand those parameters to include all people with incomes up to 138 percent of the poverty line.

On average, the federal government matches 57 percent of each state's Medicaid expenditures. But it pays at least 90 percent for additional Medicaid enrollees who were made eligible by the expansion.

The House Republican health care proposal says states can keep their expanded eligibility parameters. However, starting in 2020, the federal government would no longer pay extra for new Medicaid enrollees who are eligible because of the expansion — doing away with a vital component of the policy, the money.

That means Medicaid costs would go way up for state governments that opted to continue their expanded programs. In order to maintain their current level of coverage, it would cost states an additional \$253 billion over 10 years, according to estimates by the left-leaning Center and Budget and Policy Priorities.

As a result, the CBO and independent experts anticipate that states will decide to pull back from the Medicaid expansion, and states that were considering expanding their eligibility requirements in the coming years will decide against it.

"States don't have the wherewithal to pick up all of the substantially increased burden — especially when the next recession comes," said Joan Alker, executive director of the Center for Children and Families at Georgetown University.

Further, in seven states — Arkansas, Illinois, Indiana, Michigan, New Hampshire, New Mexico and Washington — state law requires ending Medicaid expansion if the federal government lowers its funding rate, or if the state has to take action to keep its own Medicaid costs from going up, according to Edwin Park, vice president for health policy at the Center on Budget and Policy Priorities.

Michael Cannon, health policy studies director at the libertarian Cato Institute, presented a different outcome in a blog post criticizing the House proposal as "Obamacare lite — or worse." Cannon predicted that by allowing the expansion to continue until 2020, voters, state officials and special interests will resist eliminating it.

The House proposal says the federal government would pay the enhanced rate for Medicaid expansion enrollees who got into the program prior to 2020, as long as they maintain continuous coverage. However, changes in income and family situation, and thus Medicaid eligibility, happen frequently among low-income adults. Experts anticipate few individuals enrolled before

2020 will be able to maintain continuous coverage — especially given that the law would add more stringent requirements for coverage renewal.

"While this may seem like a reasonable way to protect coverage for those who already have it, in practice this means that the Medicaid expansion would wither on the vine and could shrink to nearly nothing in just a few short years," wrote Harvard University health policy professor Benjamin Sommers in the *Washington Post*.

Our ruling

Mulvaney said the House Republican health care "plan doesn't get rid of Medicaid expansion."

The House Republican health care proposal does not explicitly repeal the Affordable Care Act's Medicaid expansion. But by wringing out the funding that supports the expansion starting in 2020, experts predict states will have little choice but to abandon some or all of the expansion. In seven states, it's actually required by state law.

Mulvaney's statement contains an element of truth but ignores critical facts that would give a different impression, so we rate it Mostly False.