



Fact check: Kasich's Medicaid expansion exceeded projected costs

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Gov. John Kasich's expansion of Medicaid services to lower-income Ohioans — over the objections of GOP lawmakers — hasn't won him many friends among conservatives.

Former Florida Gov. Jeb Bush is quick to remind Republican voters, in television advertisements and debates, that Kasich embraced a part of Obamacare. Kasich touts the decision as the right one morally, but does it add up financially?

That's what moderator Kimberley Strassel asked during Saturday's debate: "In 2013, you pushed through a Medicaid reform in your state, over the objections of many of the Republicans in your state. Total enrollment and overall costs of that program have gone well beyond what anyone had expected, including yourself. How can you argue that this overall growth fits in with conservative ambitions to significantly cut back on the size of federal welfare programs?"

"Well, first of all, those numbers are incorrect," Kasich said. "Our Medicaid programs are coming in below cost estimates, and our Medicaid program in the second year grew at 2.5 percent."

Fact check: Medicaid spending

So, who was right? It depends on whether you're looking at the newly expanded Medicaid population, like Strassel, or the total number of people on Medicaid, like Kasich.

Before Kasich used the state Controlling Board to approve \$2.56 billion in federal money over GOP lawmaker's objections, his Office of Health Transformation projected 366,000 newly eligible Ohioans would enroll in Medicaid by July 2015. Ohio Medicaid estimated 275,000 would be eligible based on U.S. Bureau of Labor Statistics figures.

Using those numbers, Ohio's Medicaid enrollment has gone well beyond what anyone had expected. By the end of June, more than 600,000 newly eligible individuals had enrolled, according to Ohio Medicaid figures.

The cost was also higher than projected. The Controlling Board approved \$2.56 billion for the first 18 months of Medicaid expansion, but the actual cost was nearly \$4 billion. Federal money will pay for that total amount through December. Starting next year, however, the state will pay 5 percent of the bill, and the state's share will increase to 10 percent by 2020.

However, the total number of people enrolled in Medicaid – the newly eligible ones and previously eligible individuals like pregnant women and low-income families – has declined every month since April. The caseload is nearly 3 percent below Ohio Medicaid's projections.

That means increases in the new population were offset by declines in other Medicaid recipients thanks to an improved economy, Medicaid spokesman Sam Rossi said.

Medicaid spending overall was \$1.9 billion under budget at the end of June. Kasich also touts savings in other areas like the cost of incarceration or hospital charity care.

What about that 2.5 percent growth cited by the debate moderator? The cost of the Medicaid program grew just 2.5 percent in fiscal year 2013 – Kasich's second year molding the budget. That was compared to nearly 9 percent growth in prior years.

Notably, that was before Medicaid expansion; the cost of the program rose 12.5 percent in fiscal year 2015. Still, Kasich projects Ohio will be able to hold Medicaid growth to 2.5 percent in 2017 and beyond, a governor's office spokesman said.

Fact check: Florida Medicaid spending

Kasich jabbed back at Bush during the debate, saying Medicaid costs in Florida rose under Bush's tenure: "First of all, when Jeb was governor, his first four years as governor, his Medicaid program grew twice as fast as mine. Okay? It's just a fact."

Florida's Medicaid spending increased by 64.6 percent between 1999 and 2003, Bush's first term in office. During Kasich's first four years, state and federal spending on Medicaid increased 32.7 percent to nearly \$23.5 billion. So, spending on Medicaid grew twice as fast under Bush's first term in Florida than Kasich's in Ohio.

But for some context, Florida was facing chronic staffing shortages in long-term care that led to lawsuits and higher liability insurance rates across the industry. This was especially problematic for Florida, which had a higher proportion of older people eligible for Medicaid, according to a 2002 Urban Institute report.

Increased Medicaid wasn't just a Florida problem, though. A recession in the early 2000s led to a temporary spike in Medicaid enrollment. The average annual growth of Medicaid spending

nationwide was 9.4 percent between 2001 and 2004 compared to 5.4 percent between 2011 and 2014, according to Urban Institute analysis of Medicaid data.

Fact check: \$8 billion deficit to \$2 billion surplus

Kasich often touts his budget successes in Ohio as evidence that he would do well nationally. "(T)he fact of the matter is we went from an \$8 billion hole to a \$2 billion surplus. We're up 400,000 jobs. Our credit is rock solid," he said in the debate.

That's mostly true. Ohio's surplus, often called a rainy-day fund, surpassed \$2 billion last summer. It contained 89 cents when Kasich took office in 2011. Former Gov. Ted Strickland, a Democrat challenging U.S. Sen. Rob Portman for his seat, had used about \$1 billion from the surplus to balance the state budget, leaving it nearly empty.

And projections weren't rosy. The state would have been between \$6 billion and \$8 billion in the hole if taxes and spending remained the same. But that never would have happened, because the state constitution requires lawmakers to pass a balanced budget with no deficits.

Still, Ohio has created more than 400,000 new private sector jobs since Kasich took office in January 2011, according to the most recent jobs report. But those jobs had been on the rise since employment's lowest point in February 2010.

Labor leaders also are quick to point out the losses in public sector jobs. For example, Ohio has lost about 28,000 government jobs during Kasich's tenure, according to U.S. Bureau of Labor Statistics.

And Ohio's recovery has been buoyed by improvements nationally, like the post-recession federal stimulus package, reductions in the short-term interest rate and the auto bailout, which Kasich played no role in, economists said.

Fact check: Kasich's spending

"South Carolinians need to know this because the Cato Institute, which grades governors based on their spending, rank him right at the bottom and Gov. (Nikki) Haley is ranked at the top," Bush said during Saturday's debate.

In 2014, national libertarian think tank, The Cato Institute, gave Kasich a "D" for his spending, tied for the worst among Republicans with Michigan Gov. Rick Snyder. Twelve governors received a worse score, but they were all Democrats. Haley, for what it's worth, scored a "B."

Cato Institute used a combination of state money from taxes and federal money for programs like Medicaid to show spending in Ohio had increased 18 percent from 2011-2012, Kasich's first budget, to 2014-2015. If you look just at state money, spending increased 12 percent during that time, according to the state's Republican treasurer.

But Kasich prefers to cite all-funds spending, which includes money for federal education and transportation. It has grown much less, just over 2 percent during the next budget.

So, there are at least three different ways to look at how Ohio spends money. Which one is the best? It depends on what you're looking for.