

Policy group estimates health care reform will add \$31 billion to Medicaid growth in Texas in a decade, bankrupting the Lone Star State

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By **Mark Lisher**



Unless something dramatic is done to rein in Medicaid and its expansion under health care reform, health care spending will bankrupt Texas and every other state in the Union, according to a study commissioned by the [Texas Public Policy Foundation](#).

Final Notice: Medicaid Crisis, arrives a month after [Gov. Rick Perry](#) called Medicaid unsustainable and suggested Texas might be better off foregoing the billions of federal dollars that tie the state to the insurance program for the poor. Prominent conservatives in a predominantly conservative Legislature convening next week [agree with him](#).

The study projects that with the added requirements included in President Obama's health care bill, Medicaid alone within 30 years would represent nearly half of the entire budget for Texas. At the current average rate of growth, this Leviathan would cost \$460 billion over the 2040-41 biennium, according to the study done by [Jagadeesh Gokhale](#), a senior fellow for the conservative Cato Institute, specializing in the reform of entitlement programs like Medicare and Social Security.

Gokhale estimates health care reform will add between \$31.2 billion and \$38.6 billion to an overall growth in Medicaid of \$112 billion between 2014 and 2023. These added costs would exceed every bit of new revenue Texas could generate during that decade.

[Arlene Wohlgemuth](#), director of the Foundation's Center for Health Care Policy, said the study illustrates that even before ObamaCare, Medicaid in its present form was a financial crisis in waiting.

"Everyone needs to be aware of the problem that all states will face from the out-of-control growth of the Medicaid program," Wohlgemuth said. "We are working very hard with our colleagues in other states to find a solution that provides states with greater flexibility and cost certainty, and that returns to them the federal dollars their residents have paid in for the program."

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