



Medicaid Expansion -- Bait and Switch

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Medicaid expansion was heralded as “one of the biggest milestones in health care reform” by the [ObamaCare website](#). The goal was to provide insurance coverage to low-income Americans, expanding the pool of insured.

States choosing to expand Medicaid take on additional costs due to more people on their Medicaid rolls. The federal government picks up the additional costs for the first few years, meaning it won't cost states anything extra. Initially at least.

That's the bait.

Over time, however, the feds pay less of the expansion costs. By 2020, they will only cover 90 percent of the expansion cost, leaving the rest to the states. Assuming they keep their word on the 90 percent promise.

That's the switch.

States weren't the only ones snookered by ObamaCare. Physicians were as well. Many doctors won't see Medicaid patients due to poor reimbursement. Medicaid pays physicians about two-thirds of what Medicare pays. The solution under ObamaCare was to raise the amount doctors get paid under Medicaid to the same level as Medicare.

That's the bait.

Unfortunately, this was a temporary fix, lasting only two years. Beginning in 2015, doctors saw a 43 percent cut in Medicaid reimbursement.

That's the switch.

These temporary Medicaid payment increases are a classic bait and switch move, selling an apparent bargain followed by large price increase. Subprime mortgages are one example of bait and switch. Entice homebuyers with attractive interest rates that they can't afford when the rates

adjust. Another example is the free trial year of satellite radio and navigation in your new car. After a year, if you want to keep the service you have come to like and depend on, the free trial now costs \$15 a month.

For state governors, Medicaid expansion is a great deal. At least for those so myopic that they don't see the bait and switch con game for what it is. Tens of thousands of their constituents receive health insurance and a smiling governor takes all the credit. The same governor will have retired or be sitting in the U.S. Senate when the switch occurs. Leaving their successor to figure out how to make ends meet when the federal dollars to cover the expansion goes away.

The law requires the federal government still pay 90 percent of the expansion costs. At least until the next Congress decides to fund Syrian refugees and foreign worker visas rather than Medicaid. Funding priorities change with each new budget deal. Or suppose the Fed raises interest rates 1 percent. On a nearly \$20 trillion national debt, this leaves \$200 billion of additional interest payments. Why not raid Medicaid and get a few extra billion for interest payments? Screw the states. Let them figure out how to bridge the shortfall.

Take California for example. One in three Californians are covered under Medi-Cal, the state's version of Medicaid, covering nearly 13 million residents. Medicaid spending per enrollee averages \$6500 per year. If California loses even a portion of federal support for their Medicaid expansion, they end up in a deep financial hole.

Which is why half of state governors are not expanding Medicaid in their own states. Despite cheerleading Medicaid expansion, the *NY Times* editorial board reluctantly acknowledges, "States that have not expanded Medicaid say it will strain them to pay even 10 percent of the costs." So how then can these states pay for the schools, roads, and bridges which the NY Times warns are "in dire straits"?

On the doctor side of things, the Medicaid fee bump incentivized physicians to see the more than 70 million Americans covered under Medicaid. The bait.

The switch came a year ago when doctors were suddenly paid 43 percent less for seeing the same patients. The predictable result was that physicians saw fewer if any Medicaid patients, leaving patients in a lurch, unable to find a physician or get a timely appointment. U.S. News and World Report declared, "You've got Medicaid -- why can't you see the doctor?" The answer is not a mystery.

Remember when President Obama praised the Mayo Clinic as a model system? Due to poor reimbursement, Mayo is not accepting Medicare and Medicaid patients. Instead these patients are required to pay cash. "Medicare reimbursement rates are far too low to cover the costs of high-quality medical services, and Medicaid reimbursement is even worse," according to Alan Reynolds, a senior fellow at the Cato Institute. Mayo Clinic wisely did not fall for the ObamaCare Medicaid bait and switch.

What's the answer? Congressional Republicans might nibble at the edges but have little appetite for taking a bite out of or defunding ObamaCare. Vermont attempted a single-payer system that flamed out even before implementation.

Is any of this a surprise? This was all part of ObamaCare from the beginning. Yet at that time, there was no debate and analysis. Few if any Members of Congress read the bill. Democrats rushed the bill into law cheered on by a giddy media.

Now we are left with a mess, confirming Abraham Lincoln's admonition, "You can fool all the people some of the time, and some of the people all the time, but you cannot fool all the people all the time." The ObamaCare Medicaid bait and switch sure fooled and continues to fool many.