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Business sense on Medicaid

Refusing to expand the insurance program will affect working families as well as some Virginia employers.

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Access to medical care will remain within reach for thousands of uninsured Virginians under Gov. Bob McDonnell's proposed revisions to the state budget, although the wait may be a bit longer.

McDonnell preserves a plan in which a legislative commission will oversee ongoing reforms to the government-funded Medicaid insurance program and permit it to expand so long as goals are met regarding efficiencies and quality improvements.

Legislators should accept the amendments, which address Attorney General Ken Cuccinelli's criticism that too many subjective decisions were being left to a handful of legislators. He remains unappealed, though, and the health care expansion is certain to be a central issue in this year's likely gubernatorial contest between Republican Cuccinelli and Democrat Terry McAuliffe.

Candidates and voters should be cognizant not only of the impact on low-income working families but also Virginia businesses. A recent analysis by Jackson Hewitt Tax Service warns that some companies in states opting out of the Medicaid expansion could face extra financial penalties under the federal Patient Protection and Affordable Care Act.

The law requires employers with 50 or more workers to provide affordable insurance. Affordability is determined by a formula that gauges out-of-pocket costs, the level of benefits and the size of deductibles. If a business fails to meet those requirements and some of its workers qualify for federal subsidies to purchase insurance on their own, the company would be required to help with the cost. The so-called "shared responsibility" payments could reach \$3,000 per worker.

Jackson Hewitt estimates there are nearly 21,000 uninsured workers in Virginia who would qualify for the subsidies, exposing their employers to between \$42 million and \$63 million in fees a year.

Cuccinelli glommed onto the Cato Institute's argument that companies are exempt if located in states like Virginia that are turning over management of health care exchanges to the federal government, but the Internal Revenue Service isn't buying that theory. Businesses in other states are concerned. The chambers of commerce in five Texas cities, including Dallas and Fort Worth, are pleading with officials to expand Medicaid in that state.

Under expansion, the federal government pays 100 percent of costs for new enrollees through 2016 and no less than 90 percent thereafter. A family of four making up to \$32,500 annually would qualify. It's a good deal for the state, and it would free some

companies from paying extra fees. Employers would not incur penalties for workers who are absorbed into the Medicaid program.

Business-minded Republicans who oppose expansion should remember that playing politics with health care comes with a cost for their supporters back on Main Street.