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New Hampshire Governor Proposes Nursing Home Cuts

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New Hampshire Gov. Maggie Hassan (D) proposes to slash \$7 million in Medicaid reimbursements to nursing homes to address a \$58 million deficit in the state's Department of Health and Human Services budget.

The move was spurred in part by the state's recent Medicaid expansion. A Republican state senator has introduced legislation to reverse the cuts.

Michael Tanner, a senior fellow and health care expert at the Cato Institute, says New Hampshire is experiencing a "woodwork" effect in response to the state's efforts to increase enrollment in Medicaid.

"It's called the 'woodwork effect' because they are coming out of the woodwork," Tanner said. "It's a big expense for states."

New Hampshire state Senate Republicans say the \$7 million reduction to nursing homes and home health care providers effectively amounts to a \$14 million reduction because the federal government matched the state's \$7 million with an equal amount.

Medicaid Expansion Increases Costs

New Hampshire was one of 29 states that adopted Medicaid expansion as part of the implementation of the Affordable Care Act, commonly referred to as Obamacare.

The federal government pays for 100 percent of the costs in the first three years for newly eligible Medicaid enrollees. After the first three years, the federal government reimbursement falls to 90 percent.

Tanner says publicity of the expansion has spurred people to look into whether they are eligible for Medicaid, and many have found they were eligible even before the expansion. Tanner says

the state has to pick up all the costs for those people because they are not part of the new expansion population.

Charles Arlinghaus, president of the Josiah Bartlett Center for Public Policy in New Hampshire, says although the federal government picked up the cost of the expansion of Medicaid in the state, there are costs that aren't covered.

"There were some administrative costs that the federal government doesn't pay for with Medicaid expansion," Arlinghaus said.

Arlinghaus says the state would have been facing increasing costs with Medicaid even without the expansion.

"It's related to the ever-increasing Medicaid costs," Arlinghaus said. "Our costs are going up dramatically. When the costs go up, the government ends up making weird tradeoffs. And that is how nursing homes end up losing state aid."

Legislation Proposed

Senate Finance Committee Chair Jeanie Forrester (R-Meredith) proposed legislation that would stop Hassan's cuts to nursing homes and home health care providers.

"The legislature was very clear, when we funded health care reimbursement in the budget, that those who need the funds most would be protected, and this bill will restore that intent," Forrester said in a press release. "The governor needs to stop raiding dedicated funds, and get executive-branch spending under control and under budget."

Arlinghaus says the federal government is going to have to face similarly tough budget choices.

"The federal government is going to face the same problem," Arlinghaus said. "As their Medicaid costs grow, they will have to look for places to cut, too."