

Surprise! Some GOP Govs Really Want to Keep Expanded Medicaid

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As congressional Republicans begin to face the consequences of repealing the Affordable Care Act early next year, GOP members of the powerful Senate Finance Committee signaled on Tuesday, they were open to proposals for preserving expanded Medicaid coverage for millions of adults and children, even while cutting other vital elements of Obamacare.

Nearly half of the 31 states and the District of Columbia that agreed to expand their Medicaid coverage under Obamacare are dominated by Republicans. Many of those states' governors have voiced alarmed at the prospects of abruptly losing millions in federal funding to provide Medicaid and Children's Health Insurance Program coverage for seven million people who were added to the rolls since the advent of the ACA.

Senate Finance Committee Chair Orrin Hatch (R-UT), Sen. Chuck Grassley (R-IA) and 11 other members of the committee responsible for health care legislation invited the Republican Governors Association to a roundtable in early January to discuss possible changes in expanded Medicaid – but without repealing the program.

The letter indicated that with President-elect Donald Trump about to take office and the Republicans in control of both the Senate and House, “We now find ourselves uniquely positioned to repeal the [Affordable Care Act], which was rife with failures and the broken promises of lowering healthcare costs for the American people.”

Yet in a signal that congressional leaders are anxious to avoid a potentially disastrous political backlash from the governors, the health care industry and advocacy groups, the letter stressed: “We are acutely aware that in dismantling the ACA we have a responsibility for ensuring that Medicaid continues to provide quality care for our nation's most vulnerable citizens.”

Michael Tanner, a health care expert with the libertarian Cato Institute and a sharp critic of Obamacare, said in an interview on Wednesday that the realities of ‘repeal and replace’ are

complex, and, “It is much easier to say the slogan than to legislate it.” But for all the challenges confronting Trump and the GOP in the coming months and years, he added, “The Affordable Care Act as we know it will not be around in four years.”

In the wake of the Republicans’ surprisingly strong showing in the Nov. 8 election, Senate Majority Leader Mitch McConnell (R-KY) and House Speaker Paul Ryan (R-WI) have scheduled congressional floor action early next month on repealing Obamacare with the hope of having legislation ready when Trump takes office Jan. 20.

By utilizing special budget “reconciliation” rules, the Republican leaders will be able to steamroll legislation through Congress over Democratic objections easily. Under the budgetary rules, the Republicans will be able to kill off key elements of Obamacare that have spending, tax or deficit implications. Those include the mandate that individuals purchase insurance, government tax subsidies to help low-income Americans cover their premium costs and funding for expanded Medicaid coverage for low-income adults and children.

The Republicans are almost certain to postpone the effective date of their actions for two or more years, to give them time to develop a politically palatable and workable replacement for Obamacare while providing adequate transition time.

But Trump and the GOP are feeling a backlash from a number of influential groups and players, including hospitals and major insurers who could incur major financial losses regardless of the length of the transition period. Moreover, Republican governors and state legislators whose states signed up for expanded Medicaid now face the loss of tens of millions of dollars in federal assistance to keep those programs going.

Part of the negotiations that led to the enactment of the Affordable Care Act in 2010 included agreements from hospital officials to substantial cuts in Medicare and Medicaid reimbursement for seniors and the poor. The understanding was that those cuts would be more than offset by increases in the volume of paying customers who were newly insured. If the expanded Medicaid coverage begins to fade, hospitals will take a financial beating.

Lobbyists for the two major hospital associations and major insurers are crying the blues to their state governors and legislatures, as well as to members of Congress, and the message is beginning to get through.

Joseph Antos, another health care authority with the conservative-leaning American Enterprise Institute, said today that congressional GOP leaders are “coming to grips” with political realities. “Once you have expanded Medicaid, it is politically and practically very difficult if not impossible to say, ‘Well, okay, we’re not going to cover you anymore,’” Antos said in an interview.

Shortly after the election, Arizona Republican Gov. Doug Ducey told reporters, “We want to see all of our citizens have access to affordable health care.” Nearly 400,000 Arizonans gained Medicaid insurance under former GOP governor Jan Brewer.

Four years ago, the Supreme Court limited the expansion of Medicaid under the Affordable Care Act to states that chose to sign up. Slightly less than half of those 31 states and the District of Columbia that opted into the program are controlled by GOP governors or Republican-dominated legislatures. Those states include Indiana, Ohio, Michigan, New Jersey, Iowa, Kentucky and Alaska. The remaining 19 states not participating in the program are dominated by Republicans.

The ACA expands Medicaid coverage for most adults with income up to 138 percent of the federal poverty level, or annual incomes of \$16,400 or less. More than 15 million men, women and children have become eligible for Medicaid in states that participate in the expansion, according to the White House. Roughly five million others are being denied coverage because of decisions by their states to reject the offer.

Medicaid signups during the past open enrollment exceeded seven million, **according to the administration**. The new Medicaid enrollment numbers were primarily due to Medicaid expansion

Senate and House Republicans appear to have differing notions of what to do about Medicaid, although both appear inclined to preserve it in some form as part of a replacement for Obamacare.

A House GOP plan that is being promoted by Ryan would transform Medicaid, now an entitlement, into a block grant or fixed allotment granted to the states to be used as they see fit. Some enrollees covered by the expansion would have the choice of moving to private insurance, with the premium costs defrayed in part by refundable tax credits.

Both House and Senate Republicans agree that Medicaid funding will continue to flow, but that it's critical that states be given far more control than they currently have in determining overall costs, benefits, eligibility rules and program design.

A number of states -- including Vice President-elect Mike Pence's home state of Indiana -- have already obtained waivers from the Centers for Medicare and Medicaid Services to tighten their eligibility standards. Many others would likely be granted similar waivers under the incoming Trump administration.

Tanner of Cato said that while it's clear GOP leaders won't do anything during the two to three-year transition to "yank the rug out from under" states, "They certainly are not going to encourage additional states to start expanding Medicaid."

"There's sort of an agreement that you can't change these things overnight because people have come to count on the money . . . but there is certainly going to be some paring back," he added.