



Beshear Wrong To Expand Medicaid

By: John David Dyche - May 10, 2013

Kentucky Governor Steve Beshear is expanding Medicaid eligibility by executive fiat. His action is wrong in several respects.

About one of every five Kentuckians is already on Medicaid, the joint federal-and state health care program for low income persons. Kentucky Medicaid costs over \$6 billion annually. The debt-laden federal government pays for about 71% of it.

Medicaid costs have risen far faster than economic growth and inflation over recent years and have cannibalized funding for other government functions. States have little flexibility under rigid federal Medicaid rules.

The grossly misnamed Affordable Care Act, or "Obamacare," tried to force states to expand Medicaid eligibility to 138% of the federal poverty level, or about \$32,500 for a family of four. The Supreme Court struck that down, however, and ruled that states could refuse expansion.

Beshear's gambit would add 308,000, and maybe many more, to Kentucky's swollen Medicaid rolls. Supporters characterize this as "free" to Kentucky for three years since cash-strapped Washington will supposedly pay for it. But Kentucky would bear at least 5% of the cost by 2017, and 10% by 2020.

The Pew Charitable Trusts report that as of May 1 '16 states plus the District of Columbia have approved the expansion or are headed in that direction, 27 have rejected it or about to and seven states could still go either way." Beshear wants to add Kentucky to the misguided minority.

The General Assembly should make the final decision about expanding a huge, expensive program like Medicaid. In other states, like Florida, Michigan, Ohio, and Missouri the legislatures have effectively blocked Medicaid expansion that their governor supported.

Others states are prudently exploring what Pew calls "an alternative plan would allow states to use federal Medicaid money to buy private insurance for low-income people." Not Kentucky.

The Republican-controlled state Senate recently passed a bill prohibiting Medicaid expansion without legislative approval. Like so many good ideas, however, it died in the Democratic-controlled state House. Regardless, Beshear's purported expansion may violate the constitutional separation of powers.

Beshear may cite a statute declaring, unwisely, that it is Kentucky policy "to take advantage of all federal funds that may be available for medical assistance" to argue that he can expand Medicaid eligibility by regulation. He apparently relies on another dubious delegation of legislative authority in a lawsuit challenging his executive order purporting to create a "health exchange" under Obamacare.

When it comes to Obamacare, the Governor is acting like a king. Even sympathetic Democrats in the state House should want to protect the legislature's constitutional prerogatives, but they cannot resist the lure of "free" money.

There are also more practical problems. For one, Medicaid is ineffective. The recent results of the respected Oregon Health Insurance Experiment concluded that "Medicaid coverage generated no significant improvements in measured physical health outcomes." As Michael F. Cannon of the Cato Institute noted, "There were some modest improvements in depression and financial strain, but it is likely those gains could be achieved at a much lower cost than through an extremely expensive program like Medicaid.

And Medicaid is mismanaged. Beshear waited well into his administration to expand Medicaid managed care then did it too hurriedly. The result has been an administrative nightmare. Now Beshear is expanding the mess.

Hardworking taxpayers above the Medicaid eligibility threshold have to pay for both their own health care and for Medicaid for others. Yet Medicaid recipients are free to buy alcohol, cigarettes, and lottery tickets. Even a recent attempt to require random drug-testing failed.

Expansion opponents have better ideas for improving health care access, actual health, and provider payments. These include market-based Medicaid reforms, changing federal Medicaid funds into block grants so states have more freedom, and economic and educational reforms that would produce more prosperity and reduce the need for public benefits.

Beshear and many expansion advocates oppose real reforms and just want more money to do more of the same. The Governor considers Medicaid expansion as an economic development measure. So Kentucky's legacy of failure continues.