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Local News Worth Holding

Medicaid expansion debate continues as petitions delivered

Bryan Clark

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It's been nearly three years since Jenny Steinke died in the intensive care unit at Eastern Idaho Regional Medical Center.

She died of complications arising from a routine asthma attack. She was uninsured, and didn't have the medication meant to treat the chronic condition. She was relying on rescue inhalers, but in August 2015, they stopped working. She stopped breathing, and by the time she got to the hospital she had brain damage that proved fatal.

It was only days before she and her husband, Jason, would have gotten insurance through his new job as a mechanic. They nearly made it out of the Medicaid gap together.

Jenny's mother-in-law, Clella Steinke, called it "death by poverty."

The Idaho Legislature has for four years considered, debated and rejected proposals to provide coverage to those in the Medicaid gap. On Friday, members of a grassroots movement aiming to expand Medicaid through a ballot initiative turned in their petitions at the Idaho Secretary of State's Office.

In all likelihood, the question of whether to expand Medicaid coverage to those in the gap will go to the people of Idaho in November.

THE GAP

The Medicaid gap arose through a court ruling. When the Affordable Care Act was challenged before the U.S. Supreme Court, many observers thought the individual mandate — a tax penalty for declining to buy insurance — would be struck down, but few thought the court would reject the expansion of Medicaid. Instead, the court upheld the individual mandate but effectively allowed states to opt out of Medicaid expansion.

Idaho is one of 18 remaining states that have declined.

The Medicaid gap consists of those who make too much to qualify for Idaho's existing Medicaid program but not enough to get subsidies to make private insurance on Your Health Idaho affordable. At present, an estimated 62,000 Gem State residents meet that definition, down from 78,000 a few years ago when the economy was worse.

Among the advocates of expansion are the grassroots Reclaim Idaho group which spearheaded the initiative process, along with groups representing Idaho doctors and hospitals, and a host of other groups. This side has also won the support of many Republican officials, including state Rep. Christy Perry, R-Nampa, who has become co-chairwoman of the campaign to expand.

"Medicaid expansion will mean better access to care, better coverage, better health care outcomes," said Lauren Necochea, director of Idaho Voices for Children, which supports the initiative.

On the other side are a number of conservative and libertarian-leaning groups. At its recent state convention, the Idaho Republican Party came out formally against the initiative. And the Idaho Freedom Foundation also stands in staunch opposition.

"Medicaid is a broken system. The costs for Medicaid right now are outpacing other government programs," said Wayne Hoffman, president of the Idaho Freedom Foundation.

These groups already have begun active campaigning on what could be the most consequential ballot initiative in state history.

DOES MEDICAID HELP?

Most health experts believe that providing uninsured individuals with Medicaid coverage improves their health outcomes, their health care utilization and their self-reported health.

Nonetheless, it's been a persistent claim among expansion opponents that there is scientific evidence that Medicaid either doesn't improve its recipients health or even harms them.

"There's plenty of evidence that Medicaid is a failure," Hoffman said.

That claim isn't backed by the available evidence, which in fact suggests that when an uninsured person gets Medicaid it improves their access to health care, increases their utilization of health care, increases their health and lowers their mortality.

Hoffman pointed to a report by the Government Accountability Office, which recommended the Medicaid program improve its recipients' utilization of primary care, as support. The report indicates that early childhood screening is utilized at a rate below the program's goals, as are dental and mental health care. And it indicates that it can be difficult to find providers in some cases.

He also pointed to an opinion piece from the libertarian Cato Institute and a 2012 analysis by the conservative Heritage Foundation, which focused on the cost of the program.

None provide empirical evidence that Medicaid doesn't help recipients.

Most of the claims that Medicaid doesn't help recipients stem back to studies of what's been called the Oregon Experiment. It was an income-based Medicaid expansion in Oregon that came before the Affordable Care Act's federally subsidized expansion option. But Oregon didn't appropriate enough funds to extend coverage to every eligible recipient, so it conducted a random lottery to select which individuals would receive coverage.

The Oregon Experiment thus provided a rare opportunity to study the impact of Medicaid expansion. It was structured like a randomized, controlled trial for the policy. When a 2013 study of the program was released, opponents of expansion were quick to claim vindication.

"This randomized, controlled study showed that Medicaid coverage generated no significant improvements in measured physical health outcomes in the first two years," the study concluded.

YES, MEDICAID HELPS

But that conclusion doesn't mean the same thing to a scientist as it does to a lay reader.

The best estimate from the Oregon data was that the mortality rate among recipients declined 16 percent due to the expansion of Medicaid. In other words, for every six people in the population who would have died of any cause during that period, one of them was saved by Medicaid coverage, the data suggested.

The problem was that the result wasn't statistically significant because the duration of the study was very short (two years) and the population being studied was small (about 12,000 people). It was possible that decline was due to chance.

The observed reduction in deaths was reasonably consistent with anything from an 82 percent decrease in mortality to a 50 percent increase. The study was simply too underpowered to draw strong conclusions, a fact which the authors noted in the original publication.

But there have been many studies of expansion.

A subsequent paper summing up the results of a host of studies of expansions around the nation, co-authored by the lead author of the Oregon Medicaid study, concluded: "There remain many unanswered questions about U.S. health insurance policy, including how to best structure coverage to maximize health and value and how much public spending we want to devote to subsidizing coverage for people who cannot afford it. But whether enrollees benefit from that coverage is not one of the unanswered questions. Insurance coverage increases access to care and improves a wide range of health outcomes. Arguing that health insurance coverage doesn't improve health is simply inconsistent with the evidence."

To Necochea, this result is common sense.

"Nobody who is insured would tell you they would be better off without health insurance," she said. "Nobody would tell you that taking away their insurance would make them healthier."

WHAT WOULD IT COST?

The latest comprehensive estimates of the fiscal impact of Medicaid expansion on the state and local level come from a 2016 report by the actuarial firm, Milliman.

In that year, Milliman estimated expansion would save the state about $31 million in 2018 if it had expanded Medicaid at that time. But beginning in 2020, expansion was expected to cost the state a net $12 million, and by 2026 that was projected to rise to $50 million.

For context, Idaho is expected to get about $3.6 billion in revenue this year, so the $31 million savings is less than 1 percent of the budget. Assuming revenue grows 4 percent per year (well below the recent average), expansion would eat up just over 1 percent of the state budget by 2026, if Milliman's projects prove correct.

But two things have changed since Milliman came out with its estimates. Due to an improving economy, the estimated number of Idahoans in the gap has fallen by a fifth. And the amount of money spent by state and local taxpayers to cover the cost hospitals incur for treating patients who can't pay has risen.

The first factor will tend to reduce the cost of the program, the second to increase the potential savings.

The state's Catastrophic Health Care Fund, along with county indigent funds, use state tax dollars and local property tax dollars to compensate hospitals for certain cases in which individuals receive large health care bills they can't pay.

The funds were a growing problem for many years. As the costs of health care increased, as they have done rapidly for many decades, so did the burden on state taxpayers.

After many of Idaho's uninsured population were able to obtain subsidized plans on Your Health Idaho, however, those costs began to sink steadily from a peak of $39 million in 2012 to a low of $12 million last year. This year, the trend reversed.

Bonneville County Commissioner Roger Christensen has for several years headed the board that oversees the fund used to cover uncompensated care at the state level. He said the fiscal year isn't yet complete, but it appears total costs will have risen into the neighborhood of $20 million, driven by a lower enrollment rate on the state health insurance exchange and more expensive claims.

Medicaid expansion is expected to drive down those costs because the uninsured population in the gap would have coverage that would pay hospitals for care, eliminating the need for taxpayers to pick up the bill.

On the other hand, the cost of health care has risen more quickly in recent years, and if that trend continues, it could increase the cost of the program.

IS IT PROPER FOR GOVERNMENT TO PROVIDE INSURANCE?

At bottom, the debate over Medicaid expansion involves competing views about the proper role of government. Proponents such as Necochea argue it's proper for the government to provide coverage to those who can't afford it.

“As Americans we have always come together to carry the load of our public structures from our school systems to our highways to our health care system,” Necochea said. “It’s not controversial that we need to come together to pay for these things.”

Much of the opposition outlined by Hoffman isn’t an argument against Medicaid expansion per se, but rather an argument that applies broadly to all government health care programs such as Medicare, government retirement programs such as Social Security and a host of other public policies.

Taxation that involves a transfer of wealth, or taxing the well-off to provide benefits to the poor, is the moral equivalent of theft, Hoffman argued. He likened it to pointing a gun in a person’s face, taking their money and using the loot to buy health insurance for someone else.

Whether providing coverage to those in the Medicaid gap, mostly the working poor, is the proper role of government, is up to voters.