

## **SCHA Medicaid Expansion Q & A**

### **1. Who will gain coverage under Medicaid expansion?**

According to the South Carolina Department of Health and Human Services (DHHS), Medicaid expansion under the Affordable Care Act (ACA) could extend coverage to an estimated 300,000 uninsured individuals making at or below 138% of the Federal Poverty Level (FPL). For a single adult, that's roughly \$15,000 a year. For a single mother with one child, the annual income limit increases to just \$20,123. These vulnerable South Carolinians simply cannot afford health insurance and Medicaid expansion is the most cost-effective way to provide them coverage.

### **2. How will the insured benefit from Medicaid expansion?**

Employers and families with health insurance are currently paying inflated premiums to cover the costs of uncompensated care provided to the uninsured. By expanding coverage, the rate of increase in health insurance premiums for the privately and commercially insured will decelerate as the amount of unreimbursed care declines.

### **3. What is the cost to South Carolina for Medicaid expansion in the 2014 State budget?**

There are virtually no state expenses associated with expanding Medicaid during the first three years of expansion (2014-2016). In fact, a significant amount of DHHS's 2014 budget request stems from the thousands of individuals and families who are already eligible for Medicaid, but have not enrolled in the program.

### **4. How is the Federal Government paying for Medicaid expansion?**

As part of the compromise to pay for expanding Medicaid and other aspects of the ACA, hospitals agreed to significant cuts in federal Medicare reimbursement and Disproportionate Share (DSH) funds that help cover the costs of treating uninsured patients. The reasoning was that hospitals could offset these reductions with the new revenue received from an increase in insured patients covered through newly created health exchanges and Medicaid expansion. These cuts remain in place whether or not the State decides to expand Medicaid and will cost South Carolina's hospitals more than **\$2.7 billion** from 2014-2020.

### **5. What happens to South Carolina's hospitals if we refuse Medicaid Expansion?**

Hospitals will be forced to continue shifting more costs of the uninsured to the insured as they absorb the more than **\$2.7 billion** in federal cuts to Medicare and DSH payments that fund the ACA from 2014-2020. Urban hospitals will balance their budgets by increasing costs to make up for lost revenue, while many rural hospitals will face even more tremendous financial pressures. By refusing Medicaid expansion, South Carolina's hospitals will forego over **\$11.2 billion** in federal reimbursement for potentially eligible Medicaid patients.

**6. What is South Carolina's incentive to expand Medicaid?**

The Federal Government will fund 100% of the cost for the newly eligible Medicaid population for the first three years (2014 – 2016). Gradually the federal match will decline to 90% in 2020 and beyond. And while South Carolina currently recognizes a 70/30 Federal/State match on Medicaid dollars, Medicaid expansion will result in a permanent 90/10 Federal/State match on newly eligible Medicaid enrollees beginning in 2020. Rejecting Medicaid expansion means South Carolina will forego over **\$11.2 billion** in federal funding from 2014-2020 to extend coverage to our most vulnerable population.

**7. What if the Federal Government doesn't live up to its end of the bargain?**

States can opt out of the Medicaid expansion at any time. No federal funding is guaranteed in the South Carolina state budget, and Medicaid is no exception.

**8. How will South Carolina afford the expanded Medicaid population in 2020 and beyond?**

The surge of increased federal dollars into South Carolina's economy will generate state tax revenue that will fund a significant portion of the state's permanent 10% Medicaid match in 2020 and beyond.

**9. How will South Carolina's neediest citizens be affected by a rejection of Medicaid expansion?**

Because the ACA was passed with the understanding that all states would expand Medicaid up to 138% of the Federal Poverty Level (FPL), rejecting expansion means that federal insurance subsidies will be available to South Carolinians with incomes between 100% and 400% of FPL, but those with incomes below 100% FPL will receive nothing. This is an unintended consequence from the Supreme Court's ruling that, without Medicaid expansion, will leave the state's most destitute citizens uninsured and with no access to federal subsidies to purchase health insurance.

**10. How will Medicaid expansion affect South Carolina's workforce?**

Countless studies show that insured employees are healthier and more productive on the job. Therefore, investing in Medicaid expansion will make South Carolina's workforce healthier and more productive. DHHS Director Tony Keck said it best when explaining his agency's reasoning for expanding Medicaid to more children in South Carolina in 2012, "by connecting children to a medical home we will help to ensure they get the preventative care they need to stay healthy and excel in school." It's safe to say that that same philosophy can be applied to South Carolina's invaluable workforce.