

MaineCare expansion

By Ken Frederic | Feb 15, 2014

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Our representatives in Augusta will soon readdress extending MaineCare to an estimated 70,000 people not currently eligible. Expanding health care to 70,000 Maine people who today “have no access” is surely a compassionate and noble objective. However, saying these people have “no access” is inaccurate. While they may have no insurance, that does not mean they have no access to health care. Also, there are considerations that go far beyond the stated objective and make this a very difficult decision. My purpose isn’t to argue my own conclusions or to advocate specific decisions but rather to present facts that complicate an otherwise compelling proposal.

Who are we helping?

Today MaineCare covers 27 percent of the state’s population, including families with children, pregnant women, and the elderly and disabled or medically needy, all subject to income tests. Sadly, 3,100 eligible and medically needy people are on waiting lists for MaineCare’s limited enrollment. Of the proposed 70,000 new enrollees, 55,000 will be able-bodied, childless adults aged 19-64. This target group is 60 percent male, 60 percent female, ages 19-45, and 75 percent single. The other 15,000 are the “hook in the bait” offered by the federal government: They are parents of eligible children that Maine must cover at the current 61.5 percent reimbursement rate to accept the deal.

Are the estimates realistic?

The state’s previous experience with expansion to non-disabled, childless adults in 2001 should warn us the estimates include significant risk. That expansion projected 11,000 new enrollees, but within two years the number reached 25,000. That expansion was intended to reduce the number of uninsured Mainers, but the number of uninsured dropped from 136,000 to 133,000 strongly suggesting 22,000 new enrollees simply dropped their private insurance. Today’s economic realities surely increase the likelihood that even more people facing shrinking incomes will opt out of buying private insurance that includes costly benefits they don’t need and either very high deductibles or much higher premiums.

What is the cost?

It’s rare that free means without cost. This expansion is not free and what the federal government pays is not nearly as important as what Maine must pay. The special reimbursement applies only to the 55,000, not the additional 15,000 and in the fine print is an unreimbursed state expense to add 93 new administrators at \$3.5 million every year. Maine’s costs grow in steps to \$78.5 million annually, if there is no future reduction in the projected 90 percent federal matching and if the current 61.5 percent reimbursement isn’t further reduced. The cost is more than financial. Maine has already lost control over 25 percent of its budget and this further transfers control over Maine spending and Maine taxes to Washington.

How will we pay for it?

Maine's balanced budget requirement leaves two fundamental options (absent borrowing sorcery): Collect additional revenue or cut current spending. The previous expansion was effectively financed by defaulting on hospital payments. In the meantime, MaineCare grew from 13 percent of the budget in 1998 to 25 percent in 2012. That increase had to be funded at the expense of education, infrastructure, public safety, and local sharing in addition to tax increases. Few of us deal with numbers this large so it's worth noting the proposed expansion means an increase of \$200 to \$250 per Maine worker in every biennial budget. This portion of our budget that is beyond state control grows larger and the assumption that federal reimbursements will remain at 90 percent and 61.5 percent is anything but solid. The federal government cannot continue to print money to cover its deficits and an easy way out will be to "share costs" with the states. Finally, and perhaps most importantly for Mainers, we commit ourselves and our children to paying this bill in perpetuity. This deal is like accepting the introductory rate for cable or satellite TV and being locked into the contract for life at whatever future price the company decides to charge.

Is this the best use of the money?

I suggest some questions each of us might ask are:

- Is this how we'd spend that money ourselves?
- Is this a decision we're justified in making for our neighbors?
- Is this a decision we are prepared to make for our children?
- Are we using scarce taxpayer funds to address the greatest need and requiring people, however much we sympathize with their situation, to do what they can for themselves?
- Have we explored alternatives such as paying some of the \$4/week premium and a portion of the deductible for private insurance available to half these 70,000 on the exchange thanks to Maine's recent health insurance reforms?

(Statistics drawn from: [scribd.com/doc/199713247/Everything-You-Need-to-Know-About-Medicaid-Expansion-in-Maine](https://www.scribd.com/doc/199713247/Everything-You-Need-to-Know-About-Medicaid-Expansion-in-Maine) and Maine.gov Center for Workforce Research and Information)

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Comments (2)

POSTED BY: KENDALL MERRIAM | Feb 18, 2014 12:24

Frederic's "data" is from conservative sources which vilify the poor. Maine's Medicaid spending on recipients is the lowest in New England and 26th nationally. -Phyllis Merriam, LCSW

POSTED BY: DONNA HURLEY | Feb 15, 2014 13:29

oh really..aren't you smart.