



# VIEWPOINT

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## Ten Facts to Consider Before Expanding Medicaid

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### Summary

Buckeye Institute scholar Marc Kilmer offers ten important considerations for Ohio policy makers to think about before they contemplate expanding Medicaid.

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The issue of health insurance has become a much discussed topic around Ohio. With 1.2 million Ohioans reportedly lacking health insurance, efforts are underway in the General Assembly to provide the uninsured with some sort of coverage. Governor Ted Strickland is pushing an expansion of the State Children's Health Insurance Program (CHIP). The governor's plan would expand Medicaid eligibility for parents up to 100 percent of the poverty level and for pregnant women up to 200 percent of the federal poverty level. It would also increase the program's eligibility to include children up to 300 percent of the federal poverty level.

The Ohio House supported expanding Medicaid for children and pregnant women. However, the Senate opposes expansion arguing the program was never intended for Ohioans with incomes considerably above the poverty level.

As legislators work to resolve their differences, here are ten facts to consider about the CHIP program and Medicaid.

- 1. Most “uninsured” children are eligible for CHIP.** According to the Henry J. Kaiser Foundation, Ohio has roughly 236,000 children who do not have health insurance coverage. Of that number, 164,150 are eligible for CHIP but their parents have not signed them up for it. Seventy percent of the uninsured children of the state are already covered by the program.
- 2. The Governor's expansion would include more than the poor.** The Governor's plan to expand CHIP availability to children in families making up to 300 percent of the federal poverty level would end up including many Ohioans who are not poor. For example, a family of three could make \$51,510 and be eligible. A family of four could make \$61,950. Families earning that income are well into the middle class in most areas of Ohio.
- 3. Medicaid expansion pushes people off private insurance.** Expanding Medicaid leads to individuals dropping private insurance. Estimates vary, but a recent study found that the “crowd out” of private insurance is 60 percent. That is, for every 10 people who are added to the Medicaid rolls, six drop private insurance.
- 4. Medicaid offers poor quality care.** Because many physicians refuse to take Medicaid patients, Medicaid recipients often find it difficult to obtain quality care. Moving people off private insurance onto the Medicaid rolls will only reduce the overall healthcare of Ohioans.
- 5. People prefer private insurance to Medicaid.** When surveyed, people prefer private health insurance coverage to Medicaid. Lawmakers should be looking for ways to expand private options instead of expanding Medicaid.
- 6. Increasing Medicaid coverage does not lead to more preventative care.** One rationale being used to push for

Medicaid expansion is that doing so will give the uninsured a chance to seek preventative care, thus saving future medical spending. A variety of studies have determined that Medicaid coverage has no or only minimal effects on preventative care usage.

**7. Expanding Medicaid will not reduce emergency room usage.**

Medicaid recipients have far higher emergency room usage than those without insurance coverage (80.3 per 100 persons on Medicaid versus 44.6 per 100 persons with no insurance). Saying that expanding Medicaid will lead to these recipients making more doctor visits instead of more emergency room visits is not supported by the facts.

**8. Medicaid is expensive.**

Expanding Medicaid can lead to large increases in Medicaid spending when states can least afford it – during recessions. Ohio saw this earlier this decade when Medicaid spending increased dramatically during the recent recession. Spending grew at 11 percent annually during 2001 and 2004, squeezing other budget priorities at a time when the state was seeing reduced revenue. Expanding Medicaid now will only repeat this cycle during the next recession.

**9. Federal CHIP and Medicaid funding are not free and are not certain to continue.**

While the federal government picks up most of the cost for both CHIP and Medicaid in Ohio, the money is not “free” as some claim. Instead, the state must spend money to attract the federal match. In addition, the long-term federal funding picture is uncertain. Just like Ohio saw earlier this decade, federal Medicaid funding squeezes other priorities, and there have been a variety of proposals to reform the program. Similarly, the federal SCHIP program (which provides CHIP money to Ohio) is in the process of being reauthorized. Ohio policymakers would be wise to consider the uncertainty of future federal matching funds before obligating the state to spend more on this entitlement program.

**10. Reforming, not expanding, Medicaid should be the focus.**

Unfortunately in the recent debate over Medicaid, Ohio policymakers have offered few innovative solutions to help Medicaid recipients. Instead, many have simply followed the Governor’s desire to expand the program. Instead of expanding the program, however, Ohio’s Medicaid recipients would be better served if the program were reformed along the lines being implemented in Florida and South Carolina. These reforms will offer better service for recipients and will also likely lead to slower growth in the program, saving taxpayers money in the long run. *This* is the debate Ohio should be having about Medicaid.

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