



THE BUCKEYE INSTITUTE

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My name is Greg R. Lawson. I am a research fellow at **The Buckeye Institute**, an independent research and educational institution—a think tank—whose mission is to advance free-market public policy in the states.

Medicaid expansion in Ohio has resulted in a much higher enrollment than had been projected, which has led to cost overruns even when the Medicaid expansion occurred during a period of economic growth.

Ohio's Medicaid expansion became effective in January 2014. During the debate in 2013 over whether to expand Medicaid, the administration of then-Governor John Kasich projected much smaller enrollment for the Group VIII expansion population than what ultimately materialized. According to **estimates from early in 2013**, the administration estimated that by the current fiscal year in Ohio (Fiscal Year 2020), 447,000 newly eligible individuals would enroll.

For most of **2017**, the Group VIII enrollment was consistently over 700,000, and as of **June 2019**, there are 612,000. In fact, Group VIII enrollment remained well above initial projections even as the **unemployment rate in Ohio** continued to fall from 7.5 percent in June 2013 to four percent in June 2019.

According to data provided by Ohio's Legislative Service Commission, in Fiscal Year 2009, total *state* spending (both general and non-general revenue) was \$5.3 billion. By Fiscal Year 2019, total state spending was \$8.5 billion, a 59 percent increase. While the increase is not all attributable to the expansion, these large increases undermine part of the major rationale for expansion, which was that the expansion would save the state money while placing the onus on the federal government.

Total costs for Ohio's expansion through the end of 2017 were \$16.8 billion and were over \$400 million per month. Additionally, the per member per month cost of those in Medicaid expansion is now projected to be approximately **\$700** by Fiscal Year 2021, which shows a steady upward trend. Although the federal government initially paid for the cost of covering Group VIII enrollees, the state now covers almost 10 percent of the costs of coverage. Not only do these costs persist for the state, but additional administrative costs come with providing more individuals with access to the Medicaid program, stretching the ability of local offices to handle the workloads and make eligibility determinations, and crowding out access to Medicaid services from those in actual need of this health care option.

Thanks to a legislative change in the previous state budget, we finally have access to **monthly budget variance data**. Fortunately, actual spending on the Group VIII population has largely been coming in below budget on a monthly basis in the last year and a half. This fact correlates with falling enrollment due to a strengthening economy and **sustained job growth**.

What is shocking about Group VIII enrollment following Ohio's Medicaid expansion being well above initial projections was that the economy continued to expand. Research from the **Congressional Budget Office**, the **National Bureau of Economic Research**, and other **academic work** indicated that the increase of public insurance would likely result in some reduction in the supply of labor to the market. As our economic expansion becomes the longest on record, people

looking for jobs are still able to find them. However, if the Medicaid expansion continues to encourage people who could be working to stay out of the labor force, the next economic downturn could be worse for the state in terms of finding the money to cover those who would be in real need of Medicaid services.

We acknowledge there are going to be differences between Ohio and Florida projections and experiences. Yet, the fact that every other state that has expanded Medicaid has—similar to Ohio—under-projected its own enrollment should raise a red flag about how an expansion in Florida will play out over time.

Thank you again for the opportunity to testify today. I am happy to answer any questions that the Committee may have.

About The Buckeye Institute

Founded in 1989, The Buckeye Institute is an independent research and educational institution—a think tank—whose mission is to advance free-market public policy in the states.

The staff at Buckeye accomplish the organization’s mission by performing timely and reliable research on key issues, compiling and synthesizing data, formulating sound free-market policies, and promoting those solutions for implementation in Ohio and replication across the country.

The Buckeye Institute is located directly across the street from the Ohio Statehouse on Capitol Square in Columbus, where it assists legislative and executive branch policymakers by providing ideas, research, and data to enable the lawmakers’ effectiveness in advocating free-market public policy solutions.

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