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Patrick Ishmael is a policy analyst at the Show-Me Institute, which promotes market solutions for Missouri public policy.

TESTIMONY

August 14, 2013

MEDICAID EXPANSION UNDER OBAMACARE IS WRONG FOR MISSOURI

By Patrick Ishmael

Testimony Before The Interim Committee on Citizens and Legislators Working Group on Medicaid Eligibility and Reform

To the Honorable Members of This Committee:

My name is Patrick Ishmael and I am a policy analyst for the Show-Me Institute, a nonprofit, nonpartisan Missouri-based think tank that supports free-market solutions for state and local policy. The ideas presented here are my own.

In the coming years, Missouri's legislature faces a clear question: Should Missouri expand Medicaid under Obamacare? News reports from several citizens' commission hearings suggest the "Yes" crowd has come out in force to your meetings, but as the honorable members of the committee certainly recognize, support for a project at a meeting does not always translate into general support for the project. Indeed, Missourians soundly rejected Obamacare in 2010 through Proposition C, with 71 percent

of the vote.¹ Missourians rejected it again last year, resoundingly passing Proposition E — legislation that ensures the governor cannot unilaterally impose a state-based Obamacare insurance exchange on Missourians.² In fact, Proposition E received more votes than the governor received.

Missourians do not want Obamacare, also known as the Affordable Care Act (ACA), and in case there is any confusion about the matter, the **Medicaid expansion being advanced in the hearings before you is Obamacare.** That fact is sometimes cloaked by more ambiguous portrayals because the president's signature legislation is so unpopular and public skepticism — especially in Missouri — is so high. Indeed, there is ample reason to be skeptical of an Obamacare-based Medicaid expansion.

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First, the current Medicaid program does not work. More to the point, Medicaid may be papering over serious access and quality concerns that expansion proponents have consistently failed to confront. A study that University of Virginia doctors conducted examined surgical outcomes nationally between 2003 and 2007, controlling for health and demographic factors, and found that (emphasis mine):

[t]he in-hospital death rate for surgical patients with private insurance was 1.3 percent. Medicare, uninsured, and **Medicaid patients were 54 percent, 74 percent, and 97 percent, respectively, more likely to die than those with private insurance.**

The average length of stay in the hospital was 7.38 days for those with private insurance; on an adjusted basis, those with Medicare stayed 19 percent longer; the uninsured stayed 5 percent shorter; and those with Medicaid stayed 42 percent longer.³

Other studies that have drilled down into the health outcomes of patients undertaking specific medical procedures have found similar health outcome problems for Medicaid patients, including cancer treatment and the diagnosis of serious illnesses.⁴ Moreover, a recent study published in the New England Journal of Medicine earlier this year, titled “The Oregon Experiment — Effects of Medicaid on Clinical Outcomes,” supports this long line of earlier findings. The study showed that (emphasis mine) “**Medicaid coverage generated no significant improvements in measured physical health outcomes in the first 2 years**” although “it did increase **use** of health care services, raise rates of diabetes detection and management, lower rates of depression,

and reduce financial strain.” With diabetes management, the authors “observed no significant effect [from Medicaid coverage] on average glycated hemoglobin levels or on the percentage of participants with levels of 6.5% or higher.”⁵ And even assuming the patient depression decline was not related to public dollars flowing to people generally in high-risk financial situations — assuaging patient concerns about their financial well-being rather than actually ameliorating health issues — aren’t there more efficient ways of decreasing depression and protecting the poor against catastrophic medical bills that do not include forcing them into a broken government program?

Shouldn’t Missouri pursue a reform that protects the poor from catastrophic medical bills without doubling down on a broken Medicaid status quo, as Obamacare does? Growing the program now and in this way will serve to sustain a program that should, instead, be significantly reformed first.

As a state, we are fortunate to have had the opportunity to begin the discussion about Medicaid reform seriously and methodically. Keep in mind, Obamacare, as drafted, would have required Missouri to expand Medicaid or else lose *all* of the state’s existing Medicaid funding — a “gun to the head” that the Supreme Court removed by making Obamacare Medicaid expansions optional. Had the Court ruled differently, a meeting like this one, substantively discussing the pros and cons of committing billions of dollars of state money to a Medicaid expansion, would never have occurred. It is a point worth reiterating when policymakers are told that the expansion is a “good deal:” that the law as written and promoted by supporters

would have given you no choice but to expand Medicaid. Put another way: Is it reasonable to believe that a “good deal” would have to be... forced on a state?

Along with the billions the state would spend on health services of dubious value instead of other parts of the budget — education and roads included — billions more would come from the federal government, paid for out of debt. In other words, that is money your children and grandchildren would have to pay off in future years through higher taxes, reduced services, or both. From the policy perspective and my own moral perspective, **it is enormously problematic to create an entitlement delivered today that is paid for with the earnings of future taxpayers, born and unborn**, and that is to say nothing of the disputed effectiveness of the program in question. Obamacare Medicaid dollars are not “free money.”

They are a mortgage taken out against the future, a hamburger today billed to your kids tomorrow. Does that sound like a “deal” we should take?

All of us must engage the failings of the current Medicaid system and understand that expanding this system under Obamacare is not the solution. A Medicaid expansion before its reform is undertaken is not a “good deal,” especially for future Americans and Missourians.

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NOTES

¹ “Prop C passage sends political message, supporters say, *St. Louis Business Journal*.” *Business News - The Business Journals*. N.p. Aug. 4, 2010. Web. Aug. 12, 2013. View online here: <http://www.bizjournals.com/stlouis/stories/2010/08/02/daily35.html?page=all>.

² “Missouri Health Care Exchange Question, Proposition E (2012).” Ballotpedia. N.p., n.d. Web. Aug. 12, 2013. View online here: [ballotpedia.org/wiki/index.php/Missouri_Health_Care_Exchange_Question,_Proposition_E_\(2012\)](http://ballotpedia.org/wiki/index.php/Missouri_Health_Care_Exchange_Question,_Proposition_E_(2012)).

³ “The Medicaid Mess: How Obamacare Makes It Worse.” Manhattan Institute for Policy Research. N.p., n.d. Web. Aug. 12, 2013. View online here: [http://www.manhattan-](http://www.manhattan-institute.org/html/ir_8.htm)

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⁴ “The Medicaid Mess: How Obamacare Makes It Worse.” Manhattan Institute for Policy Research. N.p., n.d. Web. Aug. 12, 2013. View online here: http://www.manhattan-institute.org/html/ir_8.htm.

⁵ “The Oregon Experiment — Effects of Medicaid on Clinical Outcomes.” *The New England Journal of Medicine*. N.p., May 2, 2013. Web. Aug. 12 2013. View online here: <http://www.nejm.org/doi/full/10.1056/NEJMSa1212321>.



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