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MAINE COMPASS: Maine Hospital Association supports Medicaid expansion

Steven Michaud

On behalf of Maine's 37 hospitals, I urge the Legislature to support Medicaid expansion. There are many reasons this is the right policy for Maine; let me highlight three.

First, the federal government will provide almost all of the funding to cover the cost of expansion from 2015-19. In 2020 and thereafter, federal support will be 90 percent, an extraordinarily high level of federal support. Normally, the federal government funds 60 percent of the costs of Medicaid, and the Maine Legislature funds 40 percent.



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Mainers routinely support initiatives to fund highway and clean water projects with federal match rates far below 90 percent, and we see no reason to forgo this level of funding just because it's health care. If this were an opportunity for federal dollars for a ship at Bath Iron Works or a defense contract or for highways and bridges, we would be jumping at the opportunity and celebrating.

Obviously, as taxpayers, we fund both the state and federal governments. Many undoubtedly have concerns about the ability of the federal government to make good on its pledge to fund 90 percent of the costs of expansion. Because our members receive funding from two government programs, Medicaid and Medicare, we too are concerned with federal financial stability.

In this case, however, the federal promise to pay the bulk of the costs associated with expansion is paid for through substantial cuts in Medicare payments to hospitals. Hospitals in Maine will receive about \$900 million less in Medicare over 10 years as a result of the legislation that provides enhanced federal reimbursement for Medicaid expansion.

The hospital cuts in Medicare are guaranteed. In fact, the cuts were implemented several years ago. They will continue regardless of whether Maine expands Medicaid. The only way Maine and its hospitals can recoup some of that lost federal funding is through Medicaid expansion. Why should Maine take only the pain and forgo all of the gain?

Second, contrary to common talking points, Medicaid spending is not out of control. The total spending on Medicaid in Maine was the same in 2013 as it was in 2009. Going back further, spending on Medicaid has grown at little more than the inflation rate for the past decade.

It appears that the flat spending trend continues. Through the first six months of the

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current state fiscal year, spending in Medicaid has increased a mere 0.1 percent.

Maine's spending on Medicaid, per recipient, is the lowest in New England and the state ranks 26th nationally.

Gov. Paul LePage, the Legislature and health care providers across Maine deserve credit for a variety of initiatives to keep down Medicaid spending.

For example, Maine hospitals have been working with the Department of Health and Human Services to identify frequent users of emergency rooms, pinpoint the reasons for their overuse of this resource and take steps to provide the care and services these individuals need outside the emergency room. This initiative has saved millions.

More work needs to be done. We applaud the current DHHS effort to focus on the top 5 percent most expensive patients in Medicaid who consume more than half the Medicaid budget. While these are difficult cases, there are opportunities to lower costs and still provide necessary services. We must not forget, however, that 80 percent of Medicaid recipients consume less than \$1,000 per year in health care, according to DHHS statistics.

Readers of this paper often hear about how the Medicaid program needs more money and that the Legislature needs to adopt supplemental budgets. In fact, we will no doubt hear about shortfalls in the Medicaid program in the next few weeks. We must, however, understand the nature of these shortfalls. These shortfalls frequently stem from rather overly optimistic assumptions by budget writers that DHHS can reduce Medicaid spending. When spending is flat, rather than reduced, shortfalls materialize. Either way, the issue is not overspending.

Finally, the Legislature is not voting on whether to expand Maine's population by 70,000 people. These people are here. They get sick now. They require care today. Maine's hospitals provide care to all, regardless of ability to pay. The question is how to finance their care.

We respect the fact that this is a tough issue and reasonable people may disagree. We, however, believe the best policy choice is to use the millions of dollars cut from hospitals to expand Medicaid.

Steven R. Michaud is president of the Maine Hospital Association in Augusta.
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