

Coverage Saves Jobs

Ohio's Medicaid reforms in the past two years have been recognized nationally for helping to reduce costs, improve health outcomes, and improve care coordination. Prior to these reforms, Ohio would have been unprepared to efficiently extend Medicaid coverage. Today, however, more Ohioans can be brought into a program that provides higher quality care and better value for the taxpayers who pay for it. The many benefits of extending Medicaid coverage are described below.

Protect Ohio Jobs

- **Keep working Ohioans in jobs.** Most uninsured Ohioans (75 percent) work,¹ but they “live sicker and die younger” than workers with insurance, and they often delay seeking treatment until their health has significantly deteriorated, leading to much higher health care costs.² In contrast, workers with health coverage are far more likely to receive care on a routine and timely basis and receive care from appropriate providers rather than resorting to higher-cost emergency room visits. Ohio Medicaid estimates 275,000 uninsured Ohioans would gain coverage from a Medicaid expansion.³ For the majority who work, connecting them to coverage means keeping them in jobs.
- **Put Ohio's federal taxes to work in Ohio.** Extending Medicaid coverage will convert otherwise uncompensated care into an estimated \$13 billion in new federal spending over the next seven years – that's \$5.9 billion into Ohio's hospitals, \$2.0 billion into doctors' offices, and \$1.4 billion to dentists and other health care providers to support the jobs needed to provide care.⁴ Saying “no” to this plan would not save these federal dollars from being spent or direct them to deficit reduction – it would simply pass them to states that expand, supporting jobs in those states with Ohio's federal tax dollars.
- **Bring new jobs into Ohio.** Most newly eligible Medicaid enrollees will be enrolled in private sector health plans. Medicaid health plans already have created 1,000 new jobs in Ohio as a result of Kasich Administration policies that require plans to headquarter staff in Ohio.⁵ Also, employers look closely at the cost of health care in deciding where to locate their businesses. States that adopt the Medicaid expansion will have a competitive advantage, because employers will not need to underwrite the cost of uncompensated care and all potential workers will have access to a source of coverage.
- **Create a ladder up and out of public assistance.** In addition to aggressive Medicaid reforms already enacted, the Kasich Administration has proposed additional changes to increase personal responsibility and incentives to work. For example, setting co-pays at the maximum allowed by law with the fewest number of exceptions, connecting enrollees to existing employment programs, locking drug abusers into a single doctor or pharmacy, and converting Ohio veterans on Medicaid to the federal benefits they earned. Medicaid is a temporary need for most Ohioans – and should be temporary for *everyone* able to work.

Improve Health Outcomes

- **Extend life and reduce health disparities.** The *New England Journal of Medicine* reported that the three states that expanded Medicaid coverage since 2000 reduced mortality 6.1 percent compared to non-expansion states, with the greatest reductions among older adults, non-whites, and residents of poorer counties. Extending Medicaid coverage decreased uninsured rates by 15 percent, decreased rates of delayed care because of costs by 21 percent, and increased rates of self-reported health status of “excellent” or “very good” by 3.4 percent.⁶ A study published in May 2013 showed that Medicaid reduces rates of depression by 30 percent and virtually eliminates catastrophic medical expenses.⁷
- **Provide coverage to Ohio veterans.** Only 37 percent of the country’s veterans receive health coverage through the Veterans Administration, and almost 90,000 veterans and members of veterans’ families are uninsured in Ohio. Veterans without health coverage often have medical conditions that go untreated, with one in three reporting at least one chronic health condition and roughly one-third of uninsured veterans reporting that they have delayed needed health care because of cost. Under the Governor’s plan, 26,000 uninsured veterans in Ohio and an additional 12,000 spouses and family members would qualify for health coverage,⁸ improving the health and quality of life for thousands of Ohioans who were willing to put their lives at risk for their country.
- **Improve health outcomes for Ohio children.** Covering parents not only improves their own lives but also the lives of their children. The Institute of Medicine reports that the financial stability of a whole family can be put at risk if only one person is uninsured and needs treatment for unexpected health care costs.⁹ Children are three times more likely to be eligible for coverage but uninsured if their parents are uninsured. An estimated 176,000 uninsured parents will be covered under a Medicaid expansion.¹⁰ Covering these parents makes it more likely that their children will receive needed care.
- **Help children make a healthy transition to adulthood.** Currently, young adults become ineligible for Medicaid on their 19th birthday (21 for foster children) and many of them, after having a regular source of coverage through Medicaid, become uninsured. Extending Medicaid coverage provides continuity of care for these individuals, some of whom have mental illness or addiction disorders that would worsen without access to prescription drugs and other treatment services that are covered by Medicaid.
- **Restore community mental health capacity.** Most Ohioans who receive services from county boards of mental health and addiction services will become eligible for Medicaid under an expansion. Extending Medicaid coverage will free up an estimated \$70 million annually statewide in county levy dollars that could be spent on other priorities, like employment services. It will also improve Ohio’s criminal justice system and promote safer communities because more people will be receiving necessary mental health services, and fewer people will be cycling in and out of the criminal justice system.¹¹

Mitigate the Harmful Consequences of Obamacare

- ***Jobs trump politics.*** Governor Kasich opposes President Obama's health care plan. That's why Ohio opted not to run a federally mandated Health Insurance Exchange and why Ohio joined a coalition of states that tried to block the program in court. But the law was upheld by the Supreme Court and the President was re-elected. No matter what Ohio decides on Medicaid, health insurance premiums are going up as a result of Obamacare. But it will make a bad situation far worse if Ohio does not extend Medicaid coverage and reclaim its share of federal taxes to support jobs here in Ohio – jobs that will be created in other states with our money if Ohio does not extend coverage.
- ***Keep the doors open to Ohio's hospitals.*** When low-income Ohioans without health insurance need health care, they often go to the emergency room because hospitals are required to provide care even if the individual doesn't have the ability to pay. This unpaid care cost hospitals more than \$1.2 billion in 2012. Some of those costs (\$356 million in 2012¹²) are paid for by the federal "disproportionate share hospital" (DSH) program. But Obamacare cuts DSH subsidies beginning in 2014, forcing hospitals to absorb those costs or shift them to businesses and families with insurance. Extending Medicaid coverage will help ensure that hospitals receive payment for the services they provide, protect rural and safety net hospitals from being pushed to the brink, protect hospitals' credit,¹³ and further limit the uncompensated costs that shift to employers and privately insured families.
- ***Protect Ohio employers from Obamacare penalties.*** Despite a one year delay, Ohio employers eventually will be subject to up to \$88 million per year in Obamacare penalties if Ohio does not expand Medicaid.¹⁴ Under federal reform, employers with 50 or more workers are subject to penalties if any full-time employees receive a premium subsidy through the Health Insurance Exchange. Employees are eligible for premium subsidies only if they do not have access to Medicaid and their employer does not offer coverage that meets minimum requirements. In states that do not extend coverage, low-income workers who otherwise might have enrolled in Medicaid may instead access premium subsidies, thereby putting their employer at risk of penalties.¹⁵
- ***Protect Ohio taxpayers from federal decisions.*** The Heritage Foundation warns that taxpayers need to be protected from the federal government shifting expansion costs to states.¹⁶ Governor Kasich agrees and, despite federal assurances that states may opt in and out of covering newly eligible populations at any time,¹⁷ recommends an automatic opt-out trigger so that if for any reason the federal government reduces its financial participation, then the program for newly eligible populations shuts down, and Ohio taxpayers are not stuck holding the bill.

NOTES

¹ U.S. Census, [Distribution of the nonelderly uninsured by family work status](#) (2010-2011).

² Institute of Medicine, [America's Uninsured Crisis: Consequences for Health and Health Care](#) (2009).

³ Estimate includes uninsured newly eligible populations only, not woodwork; an additional 230,800 currently eligible but not enrolled children, parents and seniors who are uninsured are also expected to enroll.

⁴ Estimate includes federal funds for newly eligible populations only, not woodwork. The distribution among providers is based on the current distribution of spending among providers in Medicaid managed care: 45 percent hospital, 16 percent physician, 18 percent drug, and 11 percent other.

⁵ Business First, [Managed care companies adding 1,000 jobs with Medicaid shift](#) (January 11, 2013).

⁶ NEJM, [Mortality and access to care after state Medicaid expansions](#) (July 25, 2012).

⁷ NEJM, [The Oregon Experiment—Effects of Medicaid on Clinical Outcomes](#) (May 2013).

⁸ Robert Wood Johnson Foundation, [Uninsured Veterans and Family Members: State and National Estimates of Expanded Medicaid Eligibility Under the ACA](#) (March 2013).

⁹ Institute of Medicine, [America's Uninsured Crisis: Consequences for Health and Health Care](#) (2009).

¹⁰ Estimate includes 59,000 newly eligible and 117,000 currently eligible but uninsured parents.

¹¹ See also, [The Waterfall Effect: Transformative impacts of Medicaid expansion on states](#) (January 2013).

¹² In 2012, Ohio hospitals paid \$199 million in Hospital Care Assurance Program assessments used to draw federal DSH payments of \$555 million, resulting in a \$356 million net payment to Ohio's hospitals.

¹³ Moody's Investor Services, [Medicaid and Medicare DSH payment reductions could challenge states and hospitals](#) (March 2013).

¹⁴ Jackson Hewitt, [The Supreme Court's ACA Decision and its Hidden Surprise for Employers](#) (March 2013)

¹⁵ American Academy of Actuaries, [Implications of Medicaid Expansion Decisions on Private Coverage](#) (2012).

¹⁶ The Heritage Foundation, [Medicaid Expansion Will Become More Costly to States](#) (August 2012).

¹⁷ CMS, [Frequently asked questions on exchanges, market reforms and Medicaid](#) (December 2012).