

Medicaid Expansion After U.S. Supreme Court Ruling

Perhaps the biggest surprise in the Supreme Court ruling on ACA was the decision that it was unconstitutional to link existing Medicaid funding from the federal government to a requirement that the states accept the federal government's expansion of coverage. This makes it voluntary whether any particular state will accept the Medicaid expansion for its residents. This is bad news for hospitals in states that choose not to participate in the expansion. Many of the curtailments in hospital reimbursement through the Medicare program were grudgingly accepted because the Medicaid expansion would result in hospitals receiving some reimbursement for care delivered to patients that hospitals previously had to write off completely. Primary care physicians in such states may be relieved that a sudden influx of new Medicaid enrollees won't be seeking care from them in 2014. The supply of primary care physicians is generally considered to be inadequate, especially in rural and urban core communities, to meet this additional demand. Many states are taking a wait and see approach to this question. In Missouri, Governor Nixon is characteristically guarded on this subject and appears to be waiting further political and regulatory developments. The Missouri Hospital Association has begun an education campaign in earnest to convince the governor and state legislators that the Medicaid expansion will be good for Missouri. This builds on its efforts under Herb Kuhn's leadership to educate state legislators and politicians regarding the value of Missouri hospitals to the Missouri economy. In Kansas, Governor Brownback is in the process of seeking a federal waiver from CMS to enable Kansas to convert its Medicaid program to one operated by three managed care companies, the so-named KanCare program. Although the governor has previously indicated strong disagreement with the ACA approach to health care reform, even declining grant money from CMS that would facilitate Kansas establishment of a state health coverage exchange, bargaining with CMS could potentially result in Kansas agreeing to the expansion in order to implement its conversion of the Medicaid program to the KanCare managed care organization approach. Of course, this remains to be seen as the Governor's only public statement since the Supreme Court decision has called for the American people in November to elect a President and Congress that will repeal ACA. Of course, the Medicaid expansion is not scheduled for implementation until 2014, so the outcome of the November elections and subsequent decisions at both the federal and state level could dramatically impact whether the Medicaid expansion is repealed, implemented in some states and not in others, or implemented largely nationwide. For those who foresee likely implementation in your state, here is a brief recap of what to expect.

- Individuals under age 65 at 133% or less of FPL income would be covered.
- Program must provide essential health benefits coverage.
- Federal government to pay 100% of coverage from 2014 through 2016 and the following percentages for subsequent years:

95% in 2017 94% in 2018 93% in 2019 90% in 2020 and after In states that choose not to participate in the expansion, the opportunity to purchase coverage through an exchange, whether implemented by that state or by the federal government for the state, will be available to the individuals who would have qualified for Medicaid under the expansion. For those who live on income below 133% of FPL, we question how effective that opportunity will be. The costs in terms of time to learn about the exchange coverage options and paying the premiums before the cost limiting tax credits are received seem likely to be more difficult for individuals to navigate than enrollment in a Medicaid program for which they are eligible. Stay tuned for further developments in this very important area for individual access to care and reimbursement for services hospitals and other providers render to this currently underserved

population.