



# EXPANDING MEDICAID IN TEXAS: SMART, AFFORDABLE AND FAIR!

*Extending Medicaid to Low-Income Adults Will  
Grow the Economy and Save Local Tax Dollars*

## The Business Case

### For Insuring Low-Income Adults in Texas through Medicaid Managed Care

Under the ACA, **adults ages 18-64 below 138 percent of poverty would be eligible for Medicaid**. However, a Supreme Court decision made this provision **optional** for states. In Texas, **the Legislature is currently considering whether to opt in** to the expansion. ***The governor opposes an expansion of Medicaid managed care.***

Some alternatives under consideration that significantly restructure Medicaid, limit enrollment, or rely on solutions outside of the Medicaid system could ***delay implementation*** or ***reduce participation*** at a **significant cost to the state in lost federal funding and associated economic benefits, as well as increased local uncompensated care and employer costs.**

**The Bottom Line: Opting in means up to \$79 billion or more that taxpayers will pay to the federal government under the ACA over the next ten years will return to Texas to insure 1 million Texans. If Texas opts out, our taxpayers will, in effect, be donating billions to the federal government while continuing to pick up the tab for the uninsured.**

**Delays starting in January 2014** would cause a **permanent loss** of nearly **\$300 million per month** in federal funds that Texas would have gained and a total **permanent loss** of as much as **\$7.7 billion** for the 2014-15 biennium.

**Opting in to the Medicaid managed care expansion to adults would allow Texas businesses to:**

- ***Employ healthier workers*** who would otherwise be uninsured.
- ***Save up to \$299-\$448 million*** in potential federal tax penalties triggered by **uninsured** employees that become eligible for premium tax credits because the state opts out of Medicaid and a potential of another **\$255-\$384 million** or more for **insured** employees who could also take that option.
- ***Gain about 60,000 jobs*** in 2014, growing to nearly **200,000 jobs** by 2016, half in health care.
- ***Benefit*** from the **economic boost** in Gross State Product (GSP) of **\$18.8 billion** by 2016, equivalent to **1.1 percent of GSP**, due to the influx of billions of dollars in federal funds.
- ***Improve*** the Texas **business climate** by insuring up to **1.4 million** adults, a reduction of **22 percent**.

**Opting in to the expansion would allow local hospitals to:**

- ***Avoid increased rating pressure*** of Texas hospitals that **Moody's** has warned could happen due to the **scheduled decline of hospital federal funds for uncompensated care under the Affordable Care Act (ACA)**, which assumed states would expand Medicaid, unless the state replaces the funds.
- ***Benefit*** from a reduction of the conservatively estimated **\$1.8 billion in uncompensated costs** for the uninsured that applies to adults below 138% of the federal poverty level (FPL).

**Opting in to the expansion would allow local governments to:**

- ***Gain \$700 million*** in dynamic **new local tax revenue** in FY 2014-15 and **\$1.4 billion** in FY 2016-17 due to the influx of federal funds, to use for **local needs important to local businesses and communities**.
- ***Free up*** part of the **\$2.5 billion** in annual unreimbursed health care costs of local governments that applies to uninsured adults below 138% FPL **to meet other local needs or return to the taxpayer.**
- ***Avoid pressure to raise local taxes*** to replace lost federal funds for hospital uncompensated care that the ACA assumed a Medicaid expansion would replace.

Download county and legislative district impact data at  
<http://www.texasimpact.org/content/2013-medicaid-extension-county-postcards> and  
[www.texasimpact.org/Local-Taxpayers-Win-With-Medicaid](http://www.texasimpact.org/Local-Taxpayers-Win-With-Medicaid)

Download the full report at [www.mhm.org](http://www.mhm.org)

Download the executive summary and the state general revenue estimates report at  
[www.texasimpact.org](http://www.texasimpact.org)

For more information about the report, "Smart, Affordable and Fair," call Texas Impact at 512/472-3903 or email [medicaidreport@texasimpact.org](mailto:medicaidreport@texasimpact.org)



# EXPANDING MEDICAID IN TEXAS: SMART, AFFORDABLE AND FAIR!

Opting in to the expansion would allow the state to:

- **Gain \$100 billion** in federal funds over 10 years for a state cost of about **\$15 billion**, returning billions to Texas taxpayers' pockets—about **\$80 billion** for currently uninsured adults and about **\$20 billion** for their uninsured children and a **64 percent primary care provider rate increase** to the Medicare rate.
- **Gain \$7.7 billion** in federal funds in the next biennium (FY 2014-15) for a state administrative cost of **\$300 million**, only **3.9%** of the total.
- **Free \$1.2 billion** in state **General Revenue** for FY 2014-15 from state health care programs that serve expansion-eligible adults—enough annually to fund the state match for the adult expansion to 2020+.
- **Gain \$500 million** in dynamic **new state tax revenue** in FY 2014-15 and **\$1 billion** in FY 2016-17.
- **Gain \$55 million** in new insurance premium tax revenue in FY 2014-15 and **\$217 million** in FY 2016-17.
- Retrieve billions in taxpayer funds paid to the federal government to finance the ACA and the expansion.

**Billy Hamilton Consulting**, a widely respected consulting firm headed by Texas' former Chief Deputy Comptroller, developed these data for the recently published reports, [Smart, Affordable and Fair: Why Texas Should Extend Medicaid to Low-Income Adults](#) and [Preliminary Estimates of GR Availability in State Health Programs If Texas Expanded Medicaid to Low-Income Adults. Texas Impact](#), a coalition of religious organizations, and [Methodist Healthcare Ministries of South Texas, Inc.](#) commissioned the reports. **Download these reports and other related county and legislative district information** on the impact of expanding Medicaid managed care to adults at [www.texasimpact.org](http://www.texasimpact.org) and [www.mhm.org](http://www.mhm.org).

## Opting In to Medicaid Managed Care for Adults Would Protect Local Businesses

Employers across the state who cannot afford insurance for their employees would benefit from having their minimum wage, part-time and seasonal workers insured. Insured employees are healthier, miss less work due to illness and return to work faster after an illness, reducing absenteeism and turnover costs for employers. However, **71.6 percent** of the **320,334 Texas private firms** with fewer than 50 employees in 2011 **could not afford** insurance for their workers. Many of these employees would be eligible for insurance through Medicaid managed care under the Affordable Care Act (ACA) in Texas if the state opted to extend the program to low-income adults.

In addition, a [Jackson Hewitt Tax Service study](#) released in March warns that employers in Texas could pay up to \$299-\$448 million in federal tax penalties (Employer Shared Responsibility payments) triggered by currently uninsured employees that accept premium tax credits—because the state opts out of Medicaid. If states do not expand Medicaid, then individuals between 100 percent and 138 percent of poverty would **automatically** become eligible for federal premium assistance tax credits (subsidized insurance) beginning January 1, 2014.

However, employers who offer insurance to at least 95 percent of employees and have 50 or more full-time equivalent employees would be subject to a \$3,000 fine for each employee that accepted such assistance. (The ACA caps the fine at \$2,000 multiplied by the total number of employees (minus 30).) Many employers

The penalty estimate could be higher if currently insured employees began to take advantage of the premium tax credit. Employees eligible for coverage through their employer may still qualify for the premium assistance tax credits if their employer plan is "unaffordable." If it costs more than 9.5% of the employee's household income, does not cover the essential health benefit package as defined by HHS, or does not provide "minimum value" (e.g., the plan's deductible and other cost-sharing are too high), then an employee can take the credit. In Texas, that would be another \$255-\$384 million or more in potential employer tax penalty liability based on the same methodology.



# EXPANDING MEDICAID IN TEXAS: SMART, AFFORDABLE AND FAIR!

Although these are estimates of total liability and the actual amount would depend on how many employers did not provide insurance coverage sufficient to avoid penalties, as well as how many employees would actually claim the credits, the study is clear that opting out of Medicaid could cost Texas employers millions of dollars. The study concluded, "Any projections of the "net" costs of Medicaid expansions should reflect the very real costs of the shared responsibility penalties to employers in any particular state."

On the other hand, employers will not face this penalty for employees enrolled in Medicaid because individuals below 138 percent of poverty can only claim the premium tax credits if the state opts out of Medicaid. According to the [Internal Revenue Service](#):

Premium tax credits generally are available to help pay for coverage for employees who are:

- between 100% and 400% of the federal poverty level and enroll in coverage through an Affordable Insurance Exchange,
- not eligible for coverage through a government-sponsored program like Medicaid or CHIP, and
- not eligible for coverage offered by an employer or are eligible only for employer coverage that is unaffordable or that does not provide minimum value.

It should be noted that employers with more than 50 full-time equivalent employees who do not offer coverage to at least 95 percent of their employees will pay a penalty equal to the number of full-time employees for the year (minus 30) multiplied by \$2,000, if even one full-time employee receives the premium tax credit. (Although this fine would also apply to employees with Medicaid coverage, since it includes all employees, only an employee who is not on Medicaid could trigger the fine by taking the credit.) Jackson-Hewitt estimates that the number of employees working at these firms is low, however, since 91.4 percent of affected firms offer insurance.

Alert: Some of the alternative proposals to using Medicaid to insure low-income adults in Texas include relying on the Affordable Insurance Exchange premium tax credit subsidies to cover individuals between 100 -138 percent of poverty. The only sure way to protect affected employers from penalties that apply to employees with incomes between 100- 138 percent of poverty is to expand a government-sponsored program like Medicaid or CHIP to cover them. Some of the proposals under consideration could also substantially and unnecessarily delay implementation of Medicaid coverage beyond January 2014. Penalties for employers start January 2014.

## Opting In to Medicaid Managed Care for Adults Would Support Local Businesses

Medicaid managed care in Texas competitively contracts with private, for-profit and nonprofit managed care organizations that in turn contract with local public and private, for-profit and nonprofit health care providers and clinics to provide care to eligible low-income adults. An expansion of Medicaid managed care would directly benefit these businesses in communities across the state.

Medicaid managed care offers a full insurance benefit package that the state purchases by buying insurance premiums per member per month from managed care organizations that currently serve about 3.5 million beneficiaries, mostly children and older adults. The system works just like private insurance, except that the state pays the premium instead of an individual or employer paying it. Medicaid is only a payment system and does not hire health care professionals or make health care decisions for beneficiaries, as in "socialized medicine."



# EXPANDING MEDICAID IN TEXAS: SMART, AFFORDABLE AND FAIR!

**Benefits** include preventive and acute care, primary care management, referrals to specialists as needed, inpatient and outpatient hospital care, behavioral and mental health care, rehabilitation and other therapies, hearing and optometry, and prescription coverage, among others. The state buys these benefits at a **lower total cost per premium** than comparable private or employer plans due to **the state's ability to leverage its buying power for maximum cost-effectiveness**. New national eligibility rules and a simplified, uniform application have streamlined the eligibility process in preparation for enrollment of up to **1.4 million adult Texans** and millions more across the nation beginning **January 1, 2014**.

Individuals between 138 percent of poverty and 400 percent of poverty will be eligible for **subsidized insurance** through the ACA's Affordable Insurance Exchange. If Texas does not opt in to the Medicaid expansion, however, **adults below the poverty level will not be eligible for federal subsidized insurance** since the ACA assumed Medicaid expansion nationwide for this group. These adults will have little option other than to **continue using emergency rooms for routine care at local expense** as private insurance is too expensive for most people at this income level.

The federal poverty level for one person in 2012 was **\$11,170** and **\$15,130** for a family of two. The income for one person at 138 percent of poverty was **\$15,415** and for a family of two was **\$20,879**. The 2011 average **employee share** for single coverage insurance was **\$999** and **\$4,318** for family coverage, and the **employer share** was **\$4,199** and **\$10,585**, respectively. The 2011 average total cost of single coverage insurance was **\$5,198**, and family coverage was **\$14,903**, according to the Kaiser Family Foundation.

**At that price, it is unsurprising that most small employers, many start-up companies and even large companies that operate on a competitive profit margin find it difficult to afford insurance for their employees.** Despite employer help, it is also unsurprising that employees with incomes below 138 percent of poverty find it difficult to manage the monthly premium cost, much less all of the out-of-pocket expenses. Likewise, it is unsurprising that individuals without access to employer coverage find it difficult to manage comparable coverage **full-cost premiums that amount to almost 50 percent or more of their income**, much less the out-of-pocket costs.

## Opting In To Medicaid Managed Care Would Improve Local Business Climates

As the business community knows, **competition for luring businesses to states is fierce**. Texas has a great business climate right now compared with other states but no state can afford to sit back and let their advantage slip. As other states expand Medicaid to adults, **they will gain an advantage over Texas** if we opt out. Businesses seeking to locate will consider **whether their part-time, seasonal and minimum wage workers would have access to Medicaid and if the health care system is sound. They will consider whether they will have to pay federal tax penalties for workers who cannot get Medicaid because the state opted out or chose to rely on premium assistance for part of their expansion.**

Texas already ranks **first in the nation in the percentage of its population that is uninsured**. In locating, businesses consider the health of a state's work force as well as its skill levels. Businesses also consider the conditions in the communities in which their employees will be living, including the overall health of the community. Consequently, **even businesses that supply all of their own employees with health insurance will take into consideration that Texas has opted out of insuring 1.4 million of its citizens. They will also take into consideration the health of local hospitals, which will be in trouble if Texas opts out.**



# EXPANDING MEDICAID IN TEXAS: SMART, AFFORDABLE AND FAIR!

As other states opt in and insure their citizens, **the gap between Texas and the other states and the national average will grow**. Businesses think forward and prefer to locate where communities thrive and the people support education, quality health care and business climate. **They prefer not to locate in communities where uncertainty is the norm**. From a strictly business perspective, they will no doubt wonder why Texas turned down an “**overwhelming fiscal opportunity that Texas has not seen in 30 years**,” according to Hamilton in his testimony before the House Appropriations Committee in March.

## Opting In To Medicaid Managed Care for Adults Would Boost Local Economies

Hamilton estimates that the influx of billions of dollars in federal funds to the state from an extension of Medicaid to adults would generate about **200,000 jobs** for the adult portion of the expansion by 2016—about **half in health care**. Texas has about **750,000 unemployed** individuals—many of whom would likely want one of those jobs—and many would like to have health insurance through an employer or through Medicaid managed care while unemployed.

Although not all of the jobs would materialize at once, the impact would begin next year with an estimated **60,000 jobs in 2014** added to the economy, growing to **140,000 in 2015** and to **200,000 in 2016**. The boost to local economies would be huge. Hamilton projects the impact on Gross State Product (GSP) to be **\$18.8 billion by 2016, equivalent to 1.1 percent of GSP**, due to the influx of **billions of dollars in federal funds**. The ongoing multiplier effect of these funds would generate new business in local economies across the state.

**Local governments would gain an estimated \$700 million** in dynamic **new local tax revenue** in FY 2014-15 and **\$1.4 billion** in FY 2016-17 due to this boost, to use for **local needs important to local businesses and communities**. To see the economic benefits for your county, go to <http://www.texasimpact.org/content/2013-medicaid-extension-county-postcards> or to view all counties, go to <http://www.texasimpact.org/local-taxpayers-win-with-medicaid>.

## Opting In To Medicaid Managed Care for Adults Would Help Local Hospitals

Make no mistake about it. **Local Texas hospitals will be in serious financial trouble** if the state opts out of a Medicaid expansion and leaves them holding the bag with **growing uncompensated care costs for the uninsured** and **facing increased rating pressure** from credit-rating firms due to the loss of billions in federal funds during the decade.

**Moody's issued a warning to hospitals on March 14 that they could face rating pressure** since the federal government will be gradually initiating **reductions in federal funds for hospital uncompensated care** that will rise nationally to **\$17 billion** annually by 2019 under the ACA, which assumed all states would expand Medicaid, unless states replaced the funds. In its release, Moody's vice president explains, “States that opt out of Medicaid expansion will have to choose whether to compensate for the shortfalls with their own funds or leave hospitals to absorb the costs, which will **increase rating pressure on the hospitals**. In addition, **the reduction in federal funding to hospitals will increase pressure to raise local taxes to pay for the difference**.”



# EXPANDING MEDICAID IN TEXAS: SMART, AFFORDABLE AND FAIR!

Local hospitals shouldered a conservatively estimated **\$1.8 billion in 2010 in uncompensated care costs for uninsured individuals**. This amount does not include costs of insured individuals under government programs like Medicaid or Medicare that may underpay hospitals or the privately insured that cannot make their out-of-pocket payments. It also understates the actual cost for the uninsured because it excludes hospitals that report by system, as well as many other hospitals that are not required to report.

Although not all of these costs would go away under an expansion of Medicaid managed care to adults since hospitals also serve ineligible immigrants and those above 138 percent of poverty, ***an expansion would provide significant financial relief to hospitals*** since the primary group of uninsured that they serve is adults below 138 percent of poverty.

**George B. Hernandez Jr.**, president and CEO of the *University Health System*, [said recently](#) that Bexar County residents **would shoulder about 20 percent more in hospital district property taxes than necessary** if Texas does not expand Medicaid since ***nearly half of the 55,000 low-income adults enrolled in the hospital district's health care program for the uninsured could shift to Medicaid***. Hernandez said moving the participants who would qualify for Medicaid coverage could ***save the district (and taxpayers) \$53 million per year***.

A wide range of **medical and hospital associations have endorsed** the expansion of Medicaid managed care to low-income adults, including the **Texas Association of Family Physicians, Teaching Hospitals of Texas, Texas Pediatric Society, Harris Health System, Harris County Healthcare Alliance, Alamo Breast Cancer Foundation, Easter Seals Central Texas**, and many others. The **Texas Hospital Association** and **Texas Medical Association** have also expressed support so long as lawmakers implement changes to contain costs and ensure enough doctors are available.

Texas funded Medicaid primary care providers at only **61 percent of the Medicare rate** in 2012. As a result, **only 58 percent of Texas physicians accept new Medicaid patients (32 percent of physicians accept all new Medicaid patients and another 26 percent accept a limited number of new patients)**, according to the Texas Medical Association. The shortage of physicians has been one reason why some label the Texas Medicaid program as "broken." States that pay a higher reimbursement rate do not suffer provider shortages. **Jan Brewer, the Republican governor of Arizona**, characterizes her Medicaid program as "***the nationally-recognized gold standard for cost-effective, managed care in this country***." According to a recent study published in *Health Affairs*, ***the percentage of physicians accepting Medicaid rises with higher reimbursement rates and would increase to 78.6 percent at the Medicare rate***.

The ACA recognized this problem and ***funded a Medicaid rate increase for primary care to the Medicare rate for 2013 and 2014, which in Texas amounts to a 64 percent increase over rates in 2012***. According to the state's Health and Human Services Commission (HHSC), the cost to extend the increase beyond 2014 would be about **\$160 million** in state general revenue in the coming biennium, and **\$253 million** if the Legislature extends the increase to any provider. ***An expansion of Medicaid to adults would not increase that amount in the next biennium since the federal government would fund 100 percent of services for adults for the next three years***.

However, the **continuation of the rate increase is important no matter what Texas decides on the adult expansion**. Physician availability for current Medicaid beneficiaries is already strained, and HHSC and Hamilton project that ***hundreds of thousands of children who are currently eligible but not enrolled will begin signing up for Medicaid in January 2014*** when the ACA's subsidized insurance program begins.



# EXPANDING MEDICAID IN TEXAS: SMART, AFFORDABLE AND FAIR!

***With the continuation of the provider rate increase and simplification of eligibility systems required under the ACA, the Texas Medicaid managed care system should have no difficulty in accommodating the increase in insured adults and children, despite unfounded claims to the contrary.*** The state Medicaid program now insures about **3.5 million** beneficiaries. Texas has successfully accomplished large expansions in the past, as have other states.

## Experience with Expansions in Other States Has Been Positive

Massachusetts currently has **98.1 percent of its population insured**, largely due to a major expansion of Medicaid to adults under Governor Mitt Romney in 2006 that relied heavily on expanding Medicaid. Currently, **Medicaid insures 25 percent of Massachusetts residents** and extends eligibility to 300 percent of poverty. In contrast, Texas only insures about half that—**13.3 percent**—through Medicaid.

A [progress report](#) issued in 2011 found that **“although the number of enrollees in employer-based coverage has fallen since the start of the economic recession, employer participation in offering health insurance has risen under health reform.”** About **73 percent** of Massachusetts employers with three or more employees offered health insurance coverage to their employees in 2010, **up seven percentage points since 2005**. This compares favorably to **69 percent** of employers with health coverage nationwide.

Massachusetts does not view its Medicaid program as “broken”: ***two-thirds of the state’s residents support the program. More than four out of five beneficiaries report high levels of satisfaction***, including “satisfaction with their choice of doctors and other health care providers, the range of services covered, the quality of care available, the application process, and the ease of enrolling in a health plan,” according to the report. Massachusetts pays its providers at a considerably higher rate than Texas: **68 percent** of the Medicare rate for primary care compared to Texas’ **61 percent** and **77 percent** overall compared to Texas’ **65 percent**, according to the Kaiser Family Foundation.

Recent claims that Arizona and Maine experienced cost overruns, increases in uncompensated care costs and no change in their uninsured rates when they expanded Medicaid to certain adults in the last decade are based on distorted data. The “cost overruns” occurred because of **extremely poor forecasting techniques** that if done properly would have been right on target. **Rising health care costs**, along with other factors explained below, during the last decade offset the gains made from shifting local taxpayer costs for these adults to federal Medicaid dollars, but **local uncompensated care costs would have been far worse without the shift to Medicaid**.

**Population growth** combined with **the recession** that threw people out of work, and thus out of insurance, and pushed more families into poverty, as confirmed by Census data, **increased the percentage of uninsured, offsetting the gains made by insuring some adults through Medicaid**. If these states were to drop those adults from Medicaid, however, Arizona’s uninsured rate would increase from **17.2 percent to 23.1 percent** and Maine’s would increase from **10.8 percent to 24.8 percent**.

In addition, these states paid a state match rate, which in Texas is about **40 percent**, that bears no resemblance in cost overrun risk to the extremely favorable state match rate of the ACA expansion: **0 percent for the first three years** and rising to a maximum of only **10 percent by 2020**. As noted earlier, cost savings in health programs that the state is already spending on these programs, along with those at the local level, will offset these costs and result in net savings.



# EXPANDING MEDICAID IN TEXAS: SMART, AFFORDABLE AND FAIR!

## Current Spending on Low-Income Adults in State Health Programs Would Pay for the Expansion

**Fears that the state cannot afford to expand Medicaid or that it would wreck the state budget are unfounded.**

Preliminary estimates compiled by Billy Hamilton Consulting and released this month by **Texas Impact** and **Methodist Healthcare Ministries of South Texas, Inc.** establish that **Texas already spends enough in 29 piecemeal state health care programs on the eligible population to cover the state match for the expansion for the next ten years.**

**Preliminary estimates found \$1.2 billion in state General Revenue** in the coming biennium that state agencies have requested for spending on adults below 138 percent of poverty in these programs who would be eligible for Medicaid managed care under an expansion authorized by the ACA.

The study, **Preliminary Estimates of General Revenue Availability in State Health Programs If Texas Expanded Medicaid to Adults**, identifies **29 state programs**, including women's health, breast cancer, HIV services, mental health, substance abuse, indigent health care, and inpatient costs of incarcerated individuals, among others, which **serve the same population as a Medicaid expansion.**

**State general revenue is the sole method of finance for some of these programs.** Others receive federal matching funds, but at much less favorable matching rates than the Medicaid expansion, which would receive **100% federal match for 2014-2016, declining to 95% in 2017, 94% in 2018, 93% in 2019 and 90% in 2020 and beyond.** The study considered only baseline appropriation requests of state agencies and did not include exceptional items and riders that **could increase the final estimates**, if appropriated in addition to the baseline requests.

The difference means the state will spend **about \$8.9 billion** in general revenue on health care for the eligible adult population over the next ten years in these programs—**enough to fund the state share of the Medicaid adult expansion to 2023**—given comparable caseload and health care cost increases used in the Health and Human Services Commission's projections.

For the coming biennium, the **\$1.2 billion** is far more than the **\$300 million** in state administrative funds needed for the expansion, which would return **\$7.7 billion** in federal taxpayer dollars to Texas under a 100 percent federal match rate, as estimated in Hamilton's earlier report, **Smart, Affordable and Fair: Why Texas Should Extend Medicaid to Low-Income Adults**. The Legislature could save the remaining **\$900 million** for the future when the state match rises to a maximum of only 10 percent, or use it for current needs, such as **water, transportation or education**, since it counts as current spending and so falls within the state's constitutional spending cap.

Using these state funds for the expansion match would **enable the local level to retain all of their savings from the expansion and reinvest them in the local economy or return them to taxpayers.**

And, unlike adult expansions in other states in the past where **high state match rates** coupled with unexpected population growth and a recession contributed to costs exceeding original projections, this expansion has the benefit of a **federal match that pays 100 percent of services for the first three years with a maximum state match of 10 percent by 2020.** **Since the state already spends the 10 percent match on the same population in piecemeal state health programs, the impact on the state budget will be neutral overall and positive in the short term.**



# EXPANDING MEDICAID IN TEXAS: SMART, AFFORDABLE AND FAIR!

## Every Texan Has a Stake in Opting In to Medicaid Managed Care for Low-Income Adults

Contrary to rumors, the federal government is not printing money or borrowing money from China to pay for the expansion. Instead, the ACA is funding the expansion through new federal taxes and fees and Medicare savings offsets that Texans will be paying over the next ten years and beyond. Opting out will not change Texans' tax burdens. **Opting in to the expansion, however, will allow Texans to retrieve billions in taxpayer dollars to benefit communities, businesses, hospitals, and fellow citizens across the state by insuring low-income adults.**

**Texas Chambers of Commerce** are recognizing the enormous stakes involved in this decision for the state and for their local business communities and have begun adopting resolutions to support opting in to the Medicaid managed care expansion for low-income adults. The **Arlington, Bryan/College Station, Dallas, El Paso, Central Fort Bend, Fort Worth (qualified support), Lubbock, North Dallas, Oak Cliff, Rio Grande Valley, and San Antonio** chambers as well as the **Greater Austin Hispanic Business Chamber of Commerce** and **Irving Hispanic Chamber of Commerce**, passed resolutions in recent weeks.

**Texas counties** are also recognizing the enormous stakes involved for the state, their local business communities and local taxpayers. Commissioners' courts in **Bexar, Cameron, Dallas, El Paso, Hidalgo, Tom Green** and **Travis** counties have all passed resolutions in recent weeks.

**Editorial boards** of the *Austin American-Statesman*, *Corpus Christi Caller-Times*, *Dallas Morning News*, *Fort Worth Star-Telegram*, *Houston Chronicle*, *Longview News Journal* and *San Antonio Express-News* have also passed resolutions in support of the expansion.

**More than 50 health and community organizations**, including the **Texas Association of Family Physicians, Texas Pediatric Society, Texas Hospital Association** and **Texas Medical Association** have signed on in support of the expansion.

**Texas Impact** and **Methodist Healthcare Ministries of South Texas, Inc.** have sponsored this **information alert** to ensure that **all Texans** are aware of this **important pending decision**. ***Although the simplest and most cost-effective solution for the state and affected citizens would be to expand the existing system***, many **complicated options** beyond a simple expansion of the current system are under discussion.

Some of these could cause **significant delay** in implementation or could **reduce participation**, which **would cost the state billions in lost federal funds, shift costs to the local level, hurt employers, and depress local economic development**. Delays in 2014 alone could cause a **permanent loss** of as much as **\$300 million per month** in federal funds that Texas would have gained with a total permanent loss of as much as **\$7.7 billion or more** for the biennium.

**Ensuring that the expansion begins January 1, 2014, and provides for full participation without barriers is the only way to ensure that the benefits outlined in this business case actually materialize.**