

Fast Facts

Top 10 Reasons Medicaid Expansion is Bad Medicine for SC

Expanding Medicaid to Able-Bodied Adults Will...



1. ...rush South Carolina into a hasty decision without all the facts. U.S. Senator Max Baucus (D-MT), a key architect and supporter of the Affordable Care Act (ACA), which set up the entire expansion debate, recently called its implementation a “huge train wreck coming down.” Why would South Carolina hurry to expand Medicaid with such strong skepticism even from an original supporter over how basic ACA implementation will work? And this doesn’t even consider the long-term fiscal impact of what all of this means for future generations who will be footing the bill. (p10)

2. ...guarantee the continuation of waste and fraud as more enrollees are added to a broken system that isn’t ready to expand. President Obama said in the summer of 2009, “If we don’t get control over costs, then it is going to be very difficult for us to expand coverage. These two things have to go hand in hand. Another way of putting it is we can’t simply put more people into a broken

system that doesn’t work.” We agree. Medicaid is a deeply flawed program that must be fundamentally reformed and refocused on the citizens it currently serves, not expanded. (p10)

3. ...distract focus and resources from the most vulnerable “safety net” populations. Medicaid was created to be a social welfare program for those who could not help themselves: children, the elderly and the disabled. There is nothing in the ACA expansion of Medicaid for these key disadvantaged populations. Rather, expansion turns Medicaid into a catch-all insurance program for able-bodied adults. (pp4–5)

4. ...fill hospital emergency rooms with existing Medicaid patients. Current Medicaid recipients can expect to compete with the newly eligible for increasingly scarce appointments and procedures, actually increasing the utilization of hospital emergency rooms for non-urgent care. There are simply not enough Medicaid health care providers to handle the surge in demand for care. (p5)

5. ...leave South Carolina at the mercy of a cash-strapped federal government. Washington currently borrows approximately 40 cents of every dollar it spends. It also has a poor track record of making unrealistically optimistic “promises” of matching funds (such as the experience with a program like Education for All Handicapped Children Act where the federally-promised 40% match in reality is

not quite 20%). While some claim that South Carolina could simply take “free money” for three years and then shrink enrollment, there is nothing to prevent Washington from imposing a “maintenance of effort” rule that would keep South Carolina on the hook for expansion populations. (pp6-7, 9-10)

6. ...harm South Carolina’s uniquely as one of the eight states most likely to experience explosive growth in the existing Medicaid population. Even on its current trajectory (before a proposed expansion of eligibility to able-bodied adults), Medicaid spending in South Carolina will have grown 38% from FY07-FY14 and will be the largest single driver of growth in state spending. (pp4, 11-12)

7. ...drain funds from key components of long-term economic development like public schools and roads. Ballooning liabilities at SCDHHS – driven primarily by Medicaid spending – are already far outpacing spending in key state economic development priorities like education and infrastructure. From 2005-06 to 2012-13, K-12 education spending grew 4% while the HHS budget grew 43%. The Transportation Infrastructure Task Force estimates that \$7,534,000,000 in new funds ABOVE existing obligations will be needed for roads between 2014-2020, the same period as initial Medicaid expansion. Skyrocketing Medicaid spending is on a collision course with other state priorities. (pp7-8)

8. ...cost South Carolina economic opportunity in the long-term. Even supporters of the ACA call the health care system a wildly inefficient jobs program, saying “Salaries for health care jobs are not manufactured out of thin air – they are produced by someone paying higher taxes, a patient paying more for health

care, or an employee taking home lower wages...” Pulling money from the private sector to pay for spending in the short term will surely dampen economic activity in the long term, as business operating costs rise due to new Affordable Care Act taxes and the ever-increasing cost of ACA implementation and its unintended consequences. (p9)

9. ...undermine state innovation and waste a once-in-a-generation opportunity to transform Medicaid for existing South Carolina recipients. All over the country, states are developing new ideas to transform inefficient Medicaid spending into a bridge to improved health and quality of life for recipients and increased fiscal health for state budgets. With a large and growing Medicaid population, South Carolina is uniquely positioned to join these states and lead the nation in health care innovation. (p12)

10. ...facilitate the inevitable march of the Affordable Care Act towards its ultimate goal of a government-controlled health care model for all. Because health providers are paid less for Medicaid patients, they raise prices on those with private insurance. This drives up costs for individuals and the companies that hire them, incentivizing the currently insured to drop private coverage and forcing more and more South Carolinians into a typical one-size-fits-all, Washington-controlled “solution.” (pp5, 12)

(Page numbers refer to Palmetto Policy Forum’s May 2013 Report: [The #unAffordableCareAct: Why Medicaid Expansion is Bad Medicine for South Carolina](#) also available on our website.)