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FOR YOUR INFORMATION
The Idaho Statesman
Boise, Idaho
Tuesday May 22, 2018
by **Sven Berg**
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Could Medicaid expansion in state rein in costs for indigent services?

Better health care is the main reason supporters say they want to expand Medicaid in Idaho. County governments also see a chance to lower property taxes.

Costs and government overreach are the main reasons state lawmakers cite for resisting expansion. The most recent analyses commissioned by the state of Idaho suggest expansion wouldn't pay for itself here. But those estimates are being updated now, and with government health care costs on the rise, the calculation could be changing.

Meanwhile, economists have predicted Idaho would see a significant economic boost that would more than make up for any expenses.

County officials of both political parties have talked about how Medicaid expansion could help rein in costly indigent services.

"That might be an opportunity to reduce or eliminate the levy for that program ... a savings to the taxpayer," Ada County Commissioner Jim Tibbs, a Republican, wrote in the Idaho Statesman's May voter guide.

Idaho voters might settle the issue in November. Organizers say they've collected 60,000 signatures on a petition to put the issue to a statewide vote — enough to meet requirements for putting the measure on the ballot if county clerks and the Idaho Secretary of State deem the signatures valid.

Even if voters pass the initiative, though, state lawmakers or the governor could delay or block Medicaid expansion.

That's exactly what's happening in Maine. In November, voters there approved a ballot initiative to expand Medicaid. Gov. Paul LePage and the state's Department of Health and Human Services have not implemented the expansion, prompting a lawsuit against the department.

COST VS. HEALTH

According to the Urban Institute, a national research organization, 69,000 more Idahoans could get health coverage by 2019 if the state expands Medicaid to the full extent authorized by the Affordable Care Act, also known as Obamacare. Milliman, an actuarial firm the state hired, estimated in 2016 that expansion would help 117,000 state residents get or pay for insurance.

Many of those people are in what's known as the "Medicaid gap." That means they make too much money to qualify for either Medicaid or insurance subsidies on the state-run health exchange, but not enough to afford private insurance.

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With access to Medicaid, people would be less likely to use emergency rooms for health problems that should be handled through primary care doctors, or from ignoring those problems until they turn into true emergencies, said Dan Chadwick, who retired recently after leading the Idaho Association of Counties since the 1990s.

“They’re still the working poor, but their health care will be covered in a much better way and more fundamental way,” he said.

Milliman in 2016 projected 10-year net costs of almost \$187 million to state and local governments. This year, the Urban Institute estimated the state would incur one-year gross costs of \$39 million.

The institute acknowledges that more Medicaid money likely would reduce the state’s and counties’ costs of covering medical bills patients can’t, but it doesn’t put a number to them.

Milliman predicted state and county savings would offset most of the expansion’s \$650 million cost over 10 years.

The 2016 study wasn’t Milliman’s first. In 2014, the firm concluded that Medicaid expansion in Idaho would save more government money than it costs — \$173.4 million over 10 years. The biggest difference between that estimate and the 2016 number was that Milliman expected bigger savings in the first few years of expansion.

The state has authorized Milliman to update its projections this spring. Results should be ready in June, Idaho Health and Welfare spokeswoman Niki Forbing-Orr said.

WHO PAYS WHAT?

Every year in Idaho, patients leave tens of millions of dollars in medical bills unpaid. Hospitals that treat them ask the Idaho Department of Health and Welfare for financial assistance. Health and Welfare determines if the patients qualify for disability payments or Medicaid, a federal health insurance program that covers low-income adults, children and disabled people.

The department sends bills that don’t qualify for federal assistance to the counties, which investigate patients’ ability to pay. County commissioners vote on whether to declare patients medically indigent. If they make that determination, their counties take on responsibility for the unpaid bills.

Counties pay the first \$11,000 per patient in a 12-month period that begins when treatment occurs. The state’s Catastrophic Health Care Fund, also called the CAT fund, pays the rest.

Counties put the responsibility for collecting payment back on the hospitals if they determine patients are not medically indigent. Hospitals often write off those bills as charity care.

PROPERTY TAXES PAY MEDICAL BILLS

Last year, counties in Idaho spent more than \$17 million on bills accumulated by medically indigent patients, according to statistics provided by Kathryn Mooney, program director for the CAT fund. The state of Idaho paid an additional \$12.3 million through the CAT fund.

Idaho counties assess property tax levies specifically for unpaid medical bills. Ada County's indigent services levy this year costs property owners \$19.77 per \$100,000 of assessed value. Canyon County's levy charges more than four times that — the most in the state.

The Legislature appropriates CAT fund money from the state's general fund.

Expanding Medicaid would cover some unpaid medical bills, potentially reducing county property taxes and freeing up budget space for state lawmakers.

Most Medicaid money would come from the federal government, with the state covering the remainder.

'IT WILL HAVE AN IMPACT'

Milliman's most recent study followed three straight years of declines in county and state costs for unpaid medical bills. Reality has shifted since then. Idaho governments' medical payments are increasing again, as insurance premiums and the number of uninsured residents climb.

The CAT fund will spend \$19.5 million this year — an increase of almost 60 percent over last year.

Roger Christensen, a Bonneville County commissioner and chairman of the CAT fund's board, expects this trend to continue. That's partly because last year's federal tax reform bill repealed Obama-care's individual mandate, which required most people to have health insurance or pay fines.

The loss of the mandate likely will lead to more uninsured people, Christensen said. That means more hospital bills will go unpaid, leaving Idaho counties and state taxpayers to pick up the tab.

Like many county leaders, Christensen thinks Medicaid expansion could counteract this trend.

"If it is implemented, it will have an impact," he said.

EVEN IF VOTERS PASS THE INITIATIVE, STATE LAWMAKERS OR THE GOVERNOR COULD DELAY OR BLOCK MEDICAID EXPANSION. "THEY'RE STILL THE WORKING POOR, BUT THEIR HEALTH CARE WILL BE COVERED IN A MUCH BETTER WAY AND MORE FUNDAMENTAL WAY."

— Dan Chadwick, recently retired from leading Idaho Association of Counties

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