



scha medicaid expansion q&a

1. Who will gain coverage under Medicaid expansion?

According to the South Carolina Department of Health and Human Services (DHHS), Medicaid expansion under the Affordable Care Act (ACA) will extend coverage to an estimated 250,000 uninsured individuals making at or below 138% of the Federal Poverty Level (FPL). For a single adult, that's around \$15,000 a year. For a married couple, the annual income limit increases to just \$20,879. These vulnerable South Carolinians simply cannot afford health insurance and Medicaid expansion is the most cost-effective way to provide them coverage.

2. How will the insured benefit from Medicaid expansion?

Employers and families with health insurance are currently paying inflated premiums to cover the costs of uncompensated care provided to the uninsured. By expanding coverage, the rate of increase in health insurance premiums for the privately and commercially insured will decelerate as the amount of unreimbursed care declines.

3. What is the cost for Medicaid expansion in the 2014 State budget?

There are virtually no state expenses for expanding Medicaid to the newly eligible during the first three years of expansion (2014-2016), as the Federal government pays 100% of the cost. In fact, a significant portion of DHHS's 2014 budget request stems from the tens of thousands of individuals and families who are already eligible for Medicaid, but have not enrolled in the program.

4. How is the Federal Government paying for Medicaid expansion?

The Federal Government is significantly cutting Medicare reimbursement and other federal hospital funding that helps cover the costs of uncompensated care for the uninsured. The ACA sought to offset these cuts with increased coverage through Medicaid expansion and newly-created health exchanges. These cuts remain in place whether or not the State decides to expand Medicaid and will cost South Carolina's hospitals more than \$2.6 billion from 2014-2020.

5. What happens to South Carolina's hospitals if we refuse Medicaid Expansion?

Hospitals will be forced to continue shifting more costs of the uninsured to the insured as they absorb the more than \$2.6 billion in federal cuts to Medicare and other healthcare cuts that fund the ACA from 2014-2020. Urban hospitals will balance their budgets by increasing costs to make up for lost revenue, while rural hospitals face even more tremendous financial pressures.

6. What is South Carolina's incentive to expand Medicaid?

The Federal Government will fund 100% of the cost for the newly eligible Medicaid population for the first three years (2014 - 2016). Gradually the federal match will decline to 90% in 2020 and beyond. And while South Carolina currently recognizes a 70/30 Federal/State match on Medicaid dollars, Medicaid expansion will result in a permanent 90/10 Federal/State match on newly eligible Medicaid enrollees.

7. Will South Carolina subsidize the ACA in other states?

The ACA significantly cuts Medicare reimbursements and uncompensated care funding for South Carolina's hospitals to pay for Medicaid expansion and other aspects of the law. By refusing Medicaid expansion, our hospitals will pay for "Obamacare" in other states without receiving the full benefits of the law.

8. What is the economic impact of Medicaid expansion in South Carolina?

According to a recent study conducted by the USC Moore School of Business, the annual economic impact of the \$11.2 billion in new federal funding tied to Medicaid expansion will result in \$1.5 billion in labor income and nearly 44,000 new jobs for South Carolina from 2014-2020. The surge of increased federal dollars into South Carolina's economy will generate enough state tax revenue to offset all of the state's initial costs and fund a significant portion of the state's permanent 10% Medicaid match in 2020 and beyond.

9. How will our neediest citizens be affected by rejecting Medicaid expansion?

Because the ACA was passed with the understanding that all states would expand Medicaid up to 138% of the Federal Poverty Level (FPL), rejecting expansion means that federal insurance subsidies will be available to uninsured South Carolinians with incomes between 100% and 400% of FPL, while those living in poverty receive no coverage and no access to federal subsidies to afford healthcare.

10. How will Medicaid expansion affect South Carolina's workforce?

Countless studies show that insured employees are healthier and more productive on the job. Therefore, investing in Medicaid expansion will make South Carolina's workforce healthier and more productive. DHHS Director Tony Keck said it best when explaining his agency's reasoning for expanding Medicaid to more children in South Carolina in 2012, "by connecting children to a medical home we will help to ensure they get the preventative care they need to stay healthy and excel in school." It's safe to say that that same philosophy can be applied to South Carolina's workforce.

11. How will Medicaid expansion impact mental health in South Carolina?

Recent tragedies have brought attention to our nation's mental health epidemic, and South Carolina has recognized the steepest drop in mental health funding in America in the last four years (40%). Medicaid expansion would expand access to care for South Carolina's mentally ill while recognizing savings for the Department of Mental Health.

12. How will Medicaid expansion benefit employers?

The ACA requires large employers to provide affordable healthcare coverage to full time employees or face financial penalties when those employees access health exchanges because affordable coverage is not offered. Refusing Medicaid expansion will drive more low-income employees to health exchanges, putting employers at risk of financial penalties, while Medicaid expansion would qualify these employees for health coverage at no cost to the employer.