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Obamacare's Medicaid Enrollment Explosion: A Looming Fiscal Nightmare For States

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Across the country, governors and state lawmakers have circled "2017" on their calendars. This is the first year that the enhanced federal funding for Obamacare's Medicaid expansion starts to fade away and states will have to scramble to find new funds to pick up their share of the expense. As it turns out, "free money" comes at a cost.

But a new report from the Foundation for Government Accountability (FGA) reveals that the fiscal pain soon coming to states may be even worse than anticipated.¹

* In Ohio, Medicaid expansion ran \$1.5 billion over budget in its first 18 months.

* The state of Washington had to increase its biennium budget by \$2.3 billion to deal with higher than expected Medicaid expansion costs and, having now surpassed even those revised projections, expansion overruns will only continue to climb.

* Illinois' Medicaid expansion ran \$800 million over budget in 2014 and has now signed up more able-bodied adults than state officials predicted would ever be eligible.

* In Kentucky, Medicaid expansion is now projected to run a combined \$1.8 billion over budget in fiscal years 2014 and 2015.

These states aren't outliers. They're the norm.



Expansion States Blow Past Enrollment Projections

The Foundation for Government Accountability analyzed Medicaid expansion enrollment for 17 states. The remaining expansion states were excluded because they did not produce publicly available enrollment projections, expanded Medicaid eligibility prior to Obamacare, or refused to provide enrollment projections and/or actual enrollment data in response to public records requests.

Of the 17 reviewed states, every single one far surpassed projected enrollment in 2014. In fact, these states surpassed projections by an average of 91%.

Medicaid expansion enrollment 91% higher than projected

STATE	PROJECTED 2014 ENROLLMENT	ACTUAL 2014 ENROLLMENT	PERCENT OVER PROJECTIONS
Arizona	297,000	309,232	4%
Arkansas	172,000	233,518	36%
California	795,000	2,000,000	152%
Colorado	100,000	307,333	207%
Connecticut	113,000	177,068	57%
Illinois	199,000	540,887	172%
Iowa	81,000	121,257	50%
Kentucky	154,000	375,175	144%
Maryland	91,000	232,075	155%
Michigan	323,000	507,618	57%
Minnesota	141,000	186,431	32%
Nevada	78,000	164,906	111%
New Mexico	130,000	186,054	43%
Ohio	365,000	487,699	34%
Oregon	223,000	360,422	62%
Washington	245,000	509,646	108%
West Virginia	70,000	150,616	115%

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But the news gets worse for state budgeters, as 2017 quickly approaches: each of these states have also surpassed their projected *maximum* enrollment. And these states didn't just slightly exceed projections – they blew past them, by an average of 73%.



Medicaid expansion enrollment 73% higher than projected maximum

STATE	PROJECTED MAX ENROLLMENT	ACTUAL ENROLLMENT	PERCENT OVER PROJECTIONS
Arizona	297,000	347,447 (07/15)	17%
Arkansas	215,000	254,749 (05/15)	18%
California	910,000	2,300,000 (05/15)	153%
Colorado	187,000	357,851 (06/15)	91%
Connecticut	113,000	177,068 (12/14)	57%
Illinois	342,000	626,097 (03/15)	83%
Iowa	122,900	131,764 (05/15)	7%
Kentucky	188,000	375,175 (12/14)	100%
Maryland	143,000	232,075 (12/14)	62%
Michigan	477,000	586,694 (07/15)	23%
Minnesota	141,000	203,445 (02/15)	44%
Nevada	78,000	166,393 (01/15)	113%
New Mexico	170,000	219,783 (06/15)	29%
Ohio	447,000	595,509 (06/15)	33%
Oregon	245,000	425,113 (06/15)	74%
Washington	262,000	533,628 (02/15)	104%
West Virginia	95,000	150,616 (09/14)	59%

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Brace Yourself Taxpayers

With higher-than-expected enrollment comes higher-than-expected costs. States that opted into Medicaid expansion will soon face increased costs of equal proportion as federal funding for the expansion begins to drop in 2017.

The fiscal pain could be starker for states if congressional Republicans follow through on their pledge to roll back the immoral, enhanced funding for the Obamacare expansion. ²

In fact, a bill recently filed by Congressman Bruce Westerman (R-Arkansas) would do just that, resetting expansion funding to the traditional Medicaid matching rate. ³

Even if expansion states had the foresight and self-control to set aside tax dollars for their expansion matching funds, Obamacare's Medicaid expansion enrollment explosion means state budget writers



will have to dig even deeper into public programs or into taxpayers' pockets to pay for this new Obamacare program.

Obamacare Puts Truly Needy Patients On The Chopping Block

Where will states find the money to pay for this enrollment surge?

Obamacare's perverse funding formula for able-bodied adults creates a massive new incentive for states to siphon away resources from the truly needy, to help pay for these cost overruns.

After all, the matching rate for covering able-bodied adults is nearly twice as high as the matching rate for covering seniors, poor children and individuals with disabilities.

If state budget writers can't find the money there, cuts to public safety, education and infrastructure will surely be on the horizon.

Obamacare's Medicaid expansion has created an imminent disaster for taxpayers, state lawmakers, and patients alike. It's only a matter of time before the full fiscal havoc arrives in expansion states. Lawmakers in non-expansion states should take note and be glad they haven't subjected their states to the same fate.

SOURCES:

1. Jonathan Ingram and Nicholas Horton, "The ObamaCare expansion enrollment explosion," (2015), <https://thefga.org/wp-content/uploads/2015/04/ExpansionEnrollmentExplosion-Final3.pdf>.
2. Josh Archambault, "How the new Congress can thoughtfully repeal Obamacare's expansion," Forbes (2015), <http://www.forbes.com/sites/theapothecary/2015/01/05/how-the-new-congress-can-thoughtfully-repeal-obamacares-expansion/2>.
3. Bruce Westerman, "Westerman proposes permanent fix for federal highway trust fund," (2015), <https://westerman.house.gov/media-center/press-releases/westerman-proposes-permanent-fix-federal-highway-trust-fund>.



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