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An Unsustainable Path: How ObamaCare's Medicaid Expansion Is Causing an Enrollment and Budget Crisis

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KEY FINDINGS



STATES HAVE BEEN MISLED DOWN
THE PATH OF EXPANSION



ENROLLMENT IS 160 PERCENT
MORE THAN PROMISED



PER-PERSON COSTS ARE
64 PERCENT ABOVE ESTIMATES



NON-EXPANSION STATES COULD FACE
ENROLLMENT OF NEARLY 11.7 MILLION



TAXPAYERS COULD BE ON THE HOOK
FOR MORE THAN \$700 BILLION IF THE
REMAINING STATES EXPANDED MEDICAID

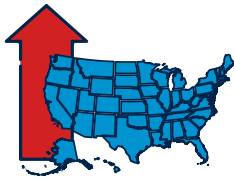
THE BOTTOM LINE:

STATE POLICYMAKERS MUST REJECT THE BROKEN
PROMISES OF EXPANSION.

Overview

Over the past decade, state policymakers have been often tricked by lobbyists and activists seeking to expand Medicaid to a new class of able-bodied adults under ObamaCare. Leftist think tanks and government agencies continue to use bad data and worse assumptions to produce misleading and inaccurate projections. These projections grossly underestimate how many able-bodied adults would enroll if states expanded Medicaid and how much such an expansion would cost taxpayers.¹⁻² Now, the Biden administration is attempting to bait the remaining non-expansion states into following this same path with new gimmicks and false assurances.³

But promise after promise has been broken while states have been led to believe a false reality. Now, they are paying the price.



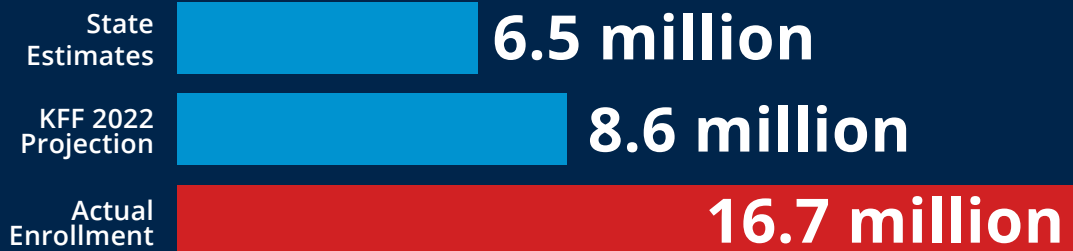
NATIONWIDE ENROLLMENT IS NEARLY 160 PERCENT MORE THAN PROMISED

Advocates of expansion dramatically underestimate enrollment. This is easily observed by the actual experiences of expansion states. Expansion states projected that no more than 6.5 million able-bodied adults would enroll in the expansion.⁴ Those projections were shattered as soon as enrollment opened, with many states signing up more able-bodied adults than would ever even be eligible. Today, enrollment in these states sits at more than 16.7 million—a 160 percent overage.⁵

Unsurprisingly, the projections by leftist think tanks have also been wildly off. The Kaiser Family Foundation (KFF), for example, predicted that just 8.6 million would be enrolled in Medicaid expansion in these expansion states by 2022.⁶ But actual enrollment has exceeded its projections by nearly 95 percent.⁷

OBAMACARE EXPANSION ENROLLMENT HAS SHATTERED PROJECTIONS

*Medicaid Expansion Enrollment Across Expansion States**



Source: State reports, KFF, Authors' calculations

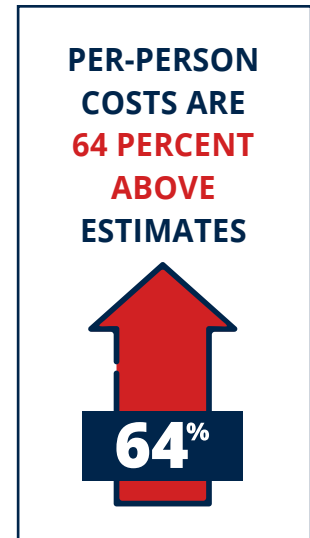
Estimates by other think tanks and government agencies—including the Congressional Budget Office—have also been consistently wrong.⁸ This enrollment explosion, paired with much higher per-person costs than expected, has led to skyrocketing costs for taxpayers and budget shortfalls.

Per-Person Costs Are 64 Percent Above Estimates

In 2012, before states implemented ObamaCare’s Medicaid expansion, the U.S. Department of Health and Human Services (HHS) predicted that expansion would initially cost \$3,200 per person, growing to nearly \$4,000 per person by 2018.⁹

But taxpayers were on the hook for far more than initially promised. Medicaid expansion actually cost taxpayers more than \$5,500 per person in 2014. By 2018, annual expansion costs had grown to nearly \$6,100 per person.¹⁰ During the first five years of expansion, taxpayers spent roughly 64 percent more per person than officials from HHS initially predicted. These costs have continued to climb even higher since 2018.¹¹

Unfortunately, states have seen this harsh reality pan out as Medicaid has consumed other budget priorities.¹² As Medicaid grows and grows as a proportion of states’ budgets, other areas like education and transportation have been crowded out.¹³



Non-Expansion States Could Face Enrollment of Nearly 11.7 Million

If additional states were to expand Medicaid, they could face enrollment of at least 11.4 million able-bodied adults—well above the routinely inaccurate estimates of expansion proponents.¹⁴

Enrollment Would Be Through the Roof in Non-Expansion States

State	Original Projected Enrollment (KFF)	Original Projected Enrollment (Urban)	Expected Enrollment Based on Other States' Experiences
Alabama	313,000	321,000	608,000
Florida	1,276,000	1,296,000	2,479,000
Georgia	698,000	684,000	1,356,000
Kansas	169,000	141,000	328,000
Mississippi	231,000	230,000	449,000
North Carolina	568,000	587,000	1,104,000
South Carolina	312,000	297,000	606,000
South Dakota	44,000	41,000	85,000
Tennessee	363,000	361,000	705,000
Texas	1,805,000	1,748,000	3,507,000
Wisconsin	211,000	182,000	410,000
Wyoming	27,000	24,000	52,000
TOTAL	6,017,000	5,912,000	11,689,000

Source: Authors' calculations

Taxpayers Could Be on the Hook for More Than \$700 Billion if the Remaining States Expanded Medicaid.

These same expansion advocates produced cost estimates based on their inaccurate enrollment projections. And it is no surprise that Medicaid expansion has cost more than double what was promised, as these flawed enrollment predictions led to equally incorrect cost estimates.

Based on the actual experience of expansion states and the error rate of expansion advocates, the remaining 12 non-expansion states could face at least \$700 billion in expansion costs over the next decade if they were to expand Medicaid.¹⁵

“Based on the actual experience of expansion states and the error rate of expansion advocates, the remaining 12 non-expansion states could face at least **\$700 billion in expansion costs** over the next decade if they were to expand Medicaid.”

EXPANSION WOULD BUST BUDGETS

Total 10-year federal and state expansion cost in billions

State	Original Projected Cost	Expected Cost Based on Other States' Experiences
Alabama	\$18.0	\$35.0
Florida	\$83.2	\$161.7
Georgia	\$42.2	\$82.0
Kansas	\$6.7	\$13.0
Mississippi	\$18.1	\$35.2
North Carolina	\$49.7	\$96.6
South Carolina	\$19.8	\$38.5
South Dakota	\$2.6	\$5.1
Tennessee	\$28.3	\$55.0
Texas	\$83.0	\$161.3
Wisconsin	\$14.0	\$27.2
Wyoming	\$1.7	\$3.3
TOTAL	\$367.3	\$713.6

Source: Authors' calculations

THE BOTTOM LINE: State Policymakers Must Reject the Broken Promises of Expansion

Non-expansion states need only look to their expansion counterparts to see the trail of destruction that has been left in their wake: shattered enrollments, busted budgets, crowded-out investments, lengthy waiting lists, and more. The costs of Medicaid expansion—both for taxpayers and the most vulnerable—are simply too great to bear.

States must reject the false promises and bait offered to get them to expand Medicaid. The actual experiences of expansion states make it crystal clear that holding the line and resisting a massive expansion of welfare is the most prudent action states can take to protect their budgets, taxpayers, and the truly needy.

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