

## **Catholic Health Care in South Dakota Supports Medicaid Program Expansion**

The Medicaid program has been a vital component of the nation's safety net since its creation in 1965. Funded jointly by the federal government and states, Medicaid provides health coverage for low-income families and individuals including children, parents, seniors and the disabled. Just prior to enactment of the Affordable Care Act (ACA), Medicaid served nearly 63 million low-income Americans over the course of the year, including 31 million children; 17 million adults (mostly low-income working parents); 6 million seniors; and 10 million persons with disabilities.

The ACA included an expansion of the Medicaid program to everyone under 138 percent of the federal poverty level (FPL). The coverage expansion is a vital part of the law's effort to provide health coverage to approximately 30 million people. Unfortunately, the June 2012 ruling by the Supreme Court allows states to choose whether or not to expand the Medicaid program without penalty. If a state chooses not to expand the Medicaid program, the ability of the ACA to expand coverage, particularly to vulnerable populations currently living without health coverage, is diminished.

### **Position of Catholic Health Care**

The mission of the Catholic health ministry, in accordance with the *Ethical and Religious Directives for Catholic Health Care Services*, calls us to be distinguished through "service to and advocacy for those people whose social condition puts them at the margins of our society and makes them particularly vulnerable to discrimination." We are committed to ensuring that these populations get the access to coverage extended to them under the ACA, as well as to preserving Medicaid from harmful budget cuts and program changes proposed in Washington.

### **As a Major Employer and Health Care Provider**

The Catholic health ministry is an important part of the health care system in South Dakota, employing 9,420 individuals.

Medicaid is an important safety net program in South Dakota, where Catholic hospitals provided inpatient care to 6,481 program beneficiaries in 2015.

### **Medicaid Expansion and the Uninsured**

The Medicaid expansion under the Affordable Care Act is estimated to reduce the number of uninsured adults living below 138 percent of the poverty level by 34,000 in South Dakota.<sup>i</sup> This would be a significant step in reducing the overall number of uninsured in our state, which was 78,900 in 2016.<sup>ii</sup>

Without access to Medicaid under the expansion, many low-income individuals and families will not be able to take advantage of the other coverage provisions available due to their cost. This will continue the situation of the uninsured seeking care in hospital emergency rooms. This uncompensated care is wasteful and costly, and was a major factor behind efforts to reform the health system.

### **The Costs and Benefits of Medicaid Expansion**

The shared costs of covering the population eligible for the Medicaid expansion are markedly different from current Medicaid rates. After initially paying 100 percent of the coverage costs until 2016, the federal government payment gradually phases down through 2020 to no less than 90 percent thereafter.

The Congressional Budget Office estimates that the average additional cost to states for the expansion represents only a 2.8 percent increase in what they would have spent on Medicaid from 2014 to 2022, in the absence of health reform.<sup>iii</sup>

Concerns about increased state expenditures for currently eligible but not enrolled Medicaid individuals have been decreased by evidence from states that have expanded the program, where additional savings and revenue have been generated to offset much, if not all, of the costs of expansion. In addition, Medicaid expansion will reduce state and local government costs for uncompensated care and other services they provide to the uninsured. In 2014, expansion states saw a reduction in uncompensated care costs of 26 percent, compared to a 16 percent reduction in non-expansion states.<sup>iv</sup>

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<sup>i</sup> Families USA, *A 50-State Look at Medicaid Expansion*, April, 2017

<sup>ii</sup> March 2016 Current Population Survey US Census Bureau

<sup>iii</sup> Center on Budget and Policy Priorities: *How Health Reform's Medicaid Expansion Will Impact State Budgets*, July 2012

<sup>iv</sup> State Health Reform Assistance Network (RWJ Foundation): *States Expanding Medicaid See Significant Budget Savings and Revenue Gains*, Issue Brief: March 2016