

Local View: Medicaid expansion saves costs and lives

12 HOURS AGO • BY ALLEN OVERCASH

Medicaid expansion under the Affordable Care Act in Nebraska would make Medicaid available to people who earn less than 138 percent of the federal poverty level, or \$15,856 per year for an individual and \$26,951 for a family of three.

Approval of Medicaid expansion is important for Nebraska for both personal and financial reasons.

It is unreasonable to believe that a single Nebraskan earning less than \$1,500 per month or a family of three earning less than \$2,500 per month could afford health insurance with health costs for adults running more than \$400 per month. About 100,000 Nebraskans in this category cannot afford health insurance, nor can they afford regular preventive medical care. Therefore, they are more likely to suffer serious medical difficulties and even die sooner than those with health insurance.

On a moral basis we must be concerned and offended by the fact that a significant portion of the population of our state is likely to be involved in an unnecessary medical crisis. This not only involves a personal tragedy for these Nebraskans, but also for their families and the people who depend on them. Whatever the cost, we should search for ways to help people avoid this disaster.

And it turns out, the cost actually might save Nebraskans money. In August, the UNMC Center for Health Policy made a detailed study of medical care in Nebraska and the effect of the extension of Medicaid. The study reasonably estimated the cost of uncompensated care in Nebraska over the next few years will exceed \$1 billion. These costs are financed by hospitals, other care providers and the government, but ultimately are passed on to consumers in the form of higher insurance premiums, sometimes referred to as the "silent tax."

Medicaid extension will not eliminate all of the silent tax, but it will save a good portion of it. UNMC estimates Medicaid would save between \$163 and \$325 million of the \$1 billion cost during the next few years. But wait a minute: What do Nebraskans have to pay in taxes to save these costs?

The UNMC study concludes the amount saved from reducing the silent tax is greater than the out-of-pocket cost to Nebraskans for extending Medicaid. Other studies, including those of the Legislative Fiscal Office and studies done by the Milliman Group for the Administration, also show that the state will save money in its overall budget by shifting coverage from some existing programs to this new Medicaid program. If we can avert so much human tragedy and save money doing it, why is that not a good deal? It is, but that is only a small part of the story.

The largest part of the cost of Medicaid extension will come from the federal spending. These are tax dollars that already have been appropriated and can be returned to Nebraska for this useful purpose. UNMC estimates between \$2.8 billion and \$3.4 billion will be returned to our state over the next few years.

What does this mean to Nebraska? Initially, these funds are going to health care providers in this state. Of course, health care providers hire employees and purchase goods and services, thereby multiplying the impact of these funds in Nebraska. UNMC estimates this spending by the federal government will generate between \$701 million and \$849 million per year in new economic activity for the state. How much would we cater to a new industry that promised to spend this much in this state every year?

Even these statistics ignore, as UNMC points out, potential savings to the state that Medicaid extension can produce from reduced health services and tax revenue. But, more importantly, the statistics themselves fail to measure the emotional cost of the human tragedies that Medicaid extension might avoid -- or do they?