

# ISSUE BRIEF

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## WSHA OBJECTIVE

**Medicaid Expansion:** Extend Medicaid to cover 325,000 new Medicaid enrollees who are currently uninsured, and take advantage of federal funding.

## BACKGROUND

Washington State currently has about a million uninsured people. These people suffer the consequences of no insurance, with a greater risk of prolonged illnesses, disability, and even death. Hospitals provide much of their care, often after an illness has gotten worse, and much more expensively than it could be delivered in the community.

Our state has a once-in-a-generation opportunity to expand health coverage through Medicaid to many of the currently uninsured. The legislature needs to act in 2013 to take full advantage of this opportunity. Most of the newly eligibles will be low-income adults who are not now receiving primary or preventive care. It will also bring in some people – including children – who are currently eligible, but not enrolled.

Expanding Medicaid makes financial sense. It allows Washington State to move current state enrollees (Basic Health and Disability Lifeline) to the federal Medicaid program and save state funds. Under the current program, the state pays for half the costs of their care, but with expansion, their care will be fully federally funded. The Medicaid expansion will actually save our state money.

Year	2014	2015	2016
State Budget Savings	\$110 million	\$115 million	\$101 million

Hospitals have a significant financial stake in the success of the expansion. Hospitals in Washington State will take federal funding cuts of **\$3 billion** over the next ten years to pay for the expansion. These cuts were made at the federal level under the assumption that if fewer people are uninsured, Medicare payments can be cut and special payments for hospital uncompensated care will be less necessary.

Years	2014-2015	2016-2017	2018-2019	2020-2021
Federal Cuts to Washington State Hospitals	-\$320 million	-\$610 million	-\$860 million	-\$1.06 billion

We will pay for the Medicaid expansion whether we expand coverage or not. It is a federal funding base and we have a choice to either pay for Washingtonians to enroll, or to use our money to fund other states' expansions.



## Background (continued)

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Currently, Medicaid enrollment for adults is very restricted. To qualify, you must be poor *and* have another reason for needing help. A single adult can make only about \$8,500 annually, and also must have another qualifying factor: being pregnant, having a child, being disabled, or being elderly.

The expansion does two things:

- It raises the income cutoff to about \$15,000 a year for a single adult, a substantial increase but clearly still at an income level where it is difficult or impossible to buy private insurance; and
- It removes the requirement for another qualifying factor, so low-wage workers who are not disabled or pregnant may now qualify.

What	Current	Expansion
Annual income level - Single adult	About 75% federal poverty level, or up to about \$8,500	138% federal poverty level, or up to about \$15,000
Other qualifying factors required - Adults	Disability Pregnant or parenting Elderly	None

## WSHA POSITION

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Washington State should take full advantage of the opportunity to expand Medicaid coverage. Doing so will improve access to health care for low-income individuals and ensure federal hospital funding cuts are offset by increases in people with insurance coverage.