



Why CHA Supports Medicaid Expansion in Colorado

The Colorado Hospital Association (CHA) Board of Trustees has affirmed the Association's support of the State of Colorado pursuing Medicaid expansion under the terms of the 2010 Patient Protection and Affordable Care Act (ACA). This position is consistent with CHA's historic position of supporting coverage for the uninsured and those most vulnerable in our communities; aligns with the missions of CHA and its member hospitals and health systems; and recognizes that increasing rates of insurance coverage and access to care among Coloradans significantly impacts the economic stability and viability of Colorado hospitals.

The [Colorado Medicaid program](#) currently covers adults up to 100 percent of the federal poverty level (FPL). State funds are used for covering those with a household income of up to 60 percent FPL, while the [Colorado hospital provider fee](#) has made additional coverage possible for Coloradans with an annual household income of 60 to 100 percent FPL and other expansion populations, including uninsured Coloradans who are pregnant or disabled. [Colorado taxpayers do not pay anything to cover the provider fee expansion populations](#); instead, a combination of an assessment on hospitals and a dollar-for-dollar federal match provides the funds to enable Medicaid coverage for these groups. Colorado's Medicaid expenditures in fiscal year 2011-12 were \$2.9 billion, with 651,122 Coloradans enrolled in Medicaid as of June 2012 according to the Colorado Department of Health Care Policy and Financing (HCPF).

The ACA mandated that states expand their Medicaid programs to include thousands of additional enrollees. Under the law as enacted, states that opted out of expanding their Medicaid rolls could have lost ALL federal Medicaid funding. The United States Supreme Court, however, [ruled in June 2012 that the penalty for not expanding Medicaid was overly coercive](#). Instead, the Court gave states the option to expand Medicaid to adults up to 138 percent FPL; to choose a lower income level for which to expand; or to not expand at all.

Fully expanded Medicaid [would enable enrollees to have their health care completely funded by the federal government from 2014 to 2016](#), gradually declining to 90 percent funding over several years (a [Congressional Budget Office \(CBO\) analysis estimates](#) that the federal government will pick up 93 percent of the Medicaid expansion cost from 2014 to 2022). The remaining 10 percent would be paid by the State of Colorado starting in 2017, with estimates of this multi-year, state-specific cost at approximately \$470 million [according to the Kaiser Family Foundation](#).

The incentives for Colorado to expand Medicaid are significant. More than 800,000 Coloradans lack any health insurance, and another 675,000 are under-insured, [according to the most recent Colorado Health Access Survey](#). Colorado hospitals [incurred more than \\$1.4 billion in uncompensated costs](#) in 2011 as a result of providing care to uninsured or under-insured patients. Additionally, a significant portion of the money to pay for the expansion will actually come at hospitals' expense; Medicare and Medicaid disproportionate-share hospital (DSH) payments will be cut under a provision in the ACA—the assumption being that if fewer people are uninsured, less funding to pay for uncompensated care will be necessary.

The [Colorado hospital provider fee](#) has already demonstrably helped bend the “cost shift” (the costs generated by uncompensated and under-compensated care that must either be absorbed by hospitals

or shifted to private insurers—and, subsequently, to Colorado companies and their employees in the form of higher premiums). In the first two years since the provider fee was enacted, levels of uncompensated care at Colorado hospitals were reduced by approximately \$300 million statewide, due in large part to increased reimbursement rates for Medicaid (which is still well below cost). CHA believes that a full Medicaid expansion in Colorado would have a similar impact on reducing levels of uncompensated care, a critical component of health care cost containment.

The Medicaid expansion could [save the State of Colorado \\$361 million by reducing costs related to caring for the uninsured](#), according to the Robert Wood Johnson Foundation (RWJF). From 2014 to 2022, Medicaid expansion will cost states 2.8 percent more than they'd spend without the ACA, found a [Center on Budget and Policy Priorities analysis](#) of CBO findings; however, [RWJF's Urban Institute has estimated](#) that overall state savings in these areas will total between \$26 and \$52 billion from 2014 through 2019. [The Lewin Group estimates](#) savings to state and local governments of \$101 billion in uncompensated care resulting from ACA-related full Medicaid expansion.

A [recent study in the *New England Journal of Medicine*](#) by Harvard University researchers found that in states with expanded adult Medicaid coverage, one death was averted for every 176 previously uninsured adults who gained coverage; and an additional three million covered lives under Medicaid could ward off as many as 17,000 deaths, [according to a Bell Policy Center analysis of the study](#). In the Medicaid expansion states studied, the effect was most pronounced on residents that were older, poorer or minority. The same study found Medicaid coverage meant better access to care, and more people self-reporting “excellent” or “very good” health.

Other evidence suggests that gaining insurance coverage improves both health outcomes and quality of life. [Institute of Medicine research](#) found that adults without health insurance are more likely to be diagnosed with late-stage cancers and to die from trauma, heart attacks or strokes. Uninsured children with less access to preventive services have higher rates of unmet health care needs, avoidable hospitalizations and missed school days (the latter has tangible economic consequences, as children that are unable to attend school often result in parents missing work).

Expanding Medicaid under the ACA could also substantially reduce many of the historic health care disparities for minorities in terms of access to health care, [according to an Urban Institute study](#). With full implementation of the ACA, gaps in uninsurance rates between whites and Hispanics and between whites and blacks are expected to narrow.

Lastly, of the roughly 15 million people nationwide who could become eligible for coverage if states fully expand Medicaid, [82.4 percent are adults without dependent children](#) (AwDC). Colorado has already struggled to find enough state funding to provide Medicaid coverage to this population. The provider fee has [enabled Medicaid coverage for 10,000 Colorado AwDC to date, but only at 10 percent FPL](#) (a household income of about \$90 per month). In Colorado, [about 197,000 uninsured AwDC live at 133 percent FPL or below](#)—meaning only about five percent of this population has been covered thus far using existing means. Without Medicaid expansion, Colorado won't be able to make significant progress in providing coverage to one of the state's largest and most at-risk populations.