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Medicaid Expansion Is the Wrong Path for Maine

Problem

In November, Maine voters will decide whether to expand MaineCare, the state's Medicaid program, to cover additional recipients. If approved, this policy change would further inflate an already over-extended entitlement program and lead to thousands of others becoming more dependent on this government welfare program.

Contrary to expansion supporters' depiction of the new federal funds as "free money," Medicaid expansion is expensive. It creates new costs for states the federal government doesn't cover or will not cover forever, leaving state taxpayers on the hook for new liabilities.

"Over the next five fiscal years, state spending on Medicaid [in Maine] would total nearly \$400 million, reaching \$100 million in 2022 alone and increasing steadily in subsequent years as medical inflation outstrips the rate of personal income growth," wrote Liam Sigaud and Jacob Posik of the Maine Heritage Policy Center. "To put that in perspective, expansion would require an annual tax increase of about \$180 on every household in Maine, or cuts to other programs."

Medicaid expansion is extremely difficult to roll back, because federal law effectively blocks states from backing out of expansion under a provision called "Maintenance of Effort," which requires states to fund a program at the initially agreed-upon level regardless of the amount of federal funding received.

Policy Solution

Instead of expanding a flawed Medicaid model that is too costly, delivers subpar health care, and shifts more power to the national government, the state

References

1. Don't Wait for Congress to Fix Health Care. Matthew Glans. The Heartland Institute. 2017.

<https://www.heartland.org/publications-resources/publications/dont-wait-for-congress-to-fix-health-care>

2. Reject Medicaid Expansion: Unaffordable, Unfair, Unpredictable. Liam Sigaud and Jacob Posik. Maine Heritage Policy Center. 2017. <http://mainepolicy.org/rejectexpansion/>

should focus instead on reforming the current system.

Maine should repeal existing state regulations that are obsolete or counterproductive. These reforms include a repeal of mandated benefits, guaranteed-issue, community rating, and anti-free-market certificate of need laws. States can also improve their health care markets by removing unnecessary licensing standards, ending overregulation of dental service organizations, and limiting expensive maintenance of certification requirements.

States should apply to the U.S. Department of Health and Human Services secretary for Section 1115 waivers, giving them more flexibility managing their Medicaid programs, and for Section 1332 waivers, which could help states ease the financial and regulatory burdens imposed by Obamacare.

Policy Message

Point 1: Medicaid is an expensive program that provides very poor-quality health care coverage.

Point 2: Obamacare has caused health insurance premiums to increase by an average by 25 percent, pricing millions of people out of the market.

Point 3: The federal government will not cover expansion indefinitely.

Point 4: A study in Oregon revealed Medicaid does not actually improve health outcomes.

Point 5: Maine should not wait on Congress. Lawmakers should immediately enact free-market policy solutions that will lower prices and increase consumers' health care options.

For more information, contact The Heartland Institute at 312/377-4000 or by email at governmentrelations@heartland.org, or visit our website at www.heartland.org.