

## **Updated General Public & Media Talking Points Medicaid Expansion February 25, 2013**

*NOTE: THA will be updating its talking points with new data and other information as the association's outreach efforts move forward. Please throw away the old talking points and use the most current version in your discussions with the general public, media and community leaders. Information on the Medicaid expansion also will be available on the THA website's home page on a "Medicaid expansion" link at [www.tha.com](http://www.tha.com).*

### **Background**

- The Affordable Care Act (ACA) and subsequent federal legislation reduced the amount the federal government reimburses Tennessee hospitals to care for Medicare patients by \$5.6 billion over the next 10 years.
- Nationally, hospitals agreed to accept these cuts in exchange for expanded health insurance coverage that would reduce the cost of unreimbursed care now being provided. In 2011 alone, the cost of uncompensated care in Tennessee hospitals was \$2.5 billion.
- Other measures being considered in Washington would raise the Medicare hospital cuts to \$7.4 billion.

### **Economic Impact**

- With the Medicare cuts already in law and those currently pending, Tennessee stands to lose 90,000 jobs in a 10-year period. This is equal to the number of jobs lost in Tennessee during the height of the recession in the summer of 2009. It would have a recessionary impact totaling \$13.3 billion for the same 10-year period.
- These cuts not only will impact hospitals directly but also the communities where they are located. The goods and services hospitals purchase from other businesses create additional economic value for the community. If hospitals have to cut jobs, their employees also may have to relocate to earn a paycheck.
- This is a reality that threatens communities where hospital employees' tax dollars support local schools and public safety.
- Without balancing these cuts in some way, many hospitals will not be able to function as full service acute care facilities and some may be forced to close altogether. This would make it very difficult for their communities to attract new jobs.
- More importantly, many Tennesseans would have to travel further to get access to essential care.
- Hospitals that are able to avoid restructuring and closure likely would be forced to stop providing certain types of care. Examples might include delivering babies or providing chemotherapy treatments to cancer patients.

- Rural hospitals are especially vulnerable to these cuts. These hospitals are the lifeline of their communities. They already are struggling to pay employees and continue to offer vital healthcare services.

## **How Expansion Works**

- Under the new federal healthcare law, many uninsured Tennesseans with incomes less than 138 percent of the federal poverty level could get healthcare coverage through Medicaid starting in 2014.
- Of the 437,600 people in this category, the TennCare Bureau estimates 181,700 will enroll in Medicaid coverage by 2019.
- For the first three years, the federal government will pay the full cost of the expansion.
- For the fourth through sixth years, the federal share will decline to 95 percent, 94 percent and 93 percent. These three years combined are expected to cost Tennessee \$199 million, according to TennCare projections.
- Thereafter, the federal government will provide 90 percent of the matching dollars. This still is a much higher rate than the 65 percent currently provided for TennCare enrollees.
- The state can sunset the expansion after three years or at any point that the federal government changes the plan.

## **Funding for Tennessee**

- The federal government already has allocated the funding for the first three years of Medicaid expansion nationwide. These funds include tax dollars from Tennesseans and federal savings from cuts to Tennessee hospitals. Not expanding is saying no to returning the dollars cut from Tennessee hospitals and letting these funds go to other states. Communities across this state will be threatened by the rejection of these funds.
- Tennessee stands to leave a lot of money on the table by not expanding Medicaid.
- According to projections of the costs of healthcare coverage only, the state would receive \$6.4 billion in new federal funds in the first 5.5 years of expansion. During this same time, the state's financial commitment would be \$199 million. This equates to \$32 in federal funds for every state dollar invested.

## **Decisions and Response**

- Absent a more viable option, many believe Tennessee has no choice but to accept the funding from the federal government because the consequences to Tennessee communities and hospitals are too difficult to imagine.
- Findings of a statewide poll of insured, registered Tennessee voters show 59 percent believe the state should accept federal dollars for expanding Medicaid coverage.

Conversely, 35 percent feel the state should not expand the program and 6 percent were undecided.

- Hospitals supported the Affordable Care Act – with its significant cuts – because of the expanded pool of insured individuals created in the law. Without this expansion in coverage, hospital care as it now exists is unsustainable.
- Hospitals will make every effort to minimize the impact of these cuts on workforce and services for patients and communities.
- In light of cuts already implemented in recent years, hospitals are struggling to balance existing operations with these additional cuts. Medicaid expansion alleviates the strain and helps balance the impact.