

# The “Preventing an Unrealistic FMAP Act” Act

*The “Preventing an Unrealistic Future Medicaid Augmentation Plan (FMAP)” Act of 2013*

## **Congress should not make an unrealistic promise to fund any State’s expanded Medicaid program at a higher level of federal reimbursement.**

In June of last year, the Supreme Court found the mandatory expansion of the Medicaid program under the health reform law to be unconstitutional and struck this provision down.

In the wake of that decision, some states have endorsed expanding Medicaid anyway because the federal government would pay 100 percent of the costs of this expansion in the first few years and then 90 cents on the dollar for populations covered under the expanded program.

It is dishonest for Congress to pretend that the federal government will pay the vast majority of costs for the expansion, when we are already running annual deficits and have a national debt of \$16 trillion dollars.

We cannot afford the Medicaid program we have, much less an expansion. This bill would address the unrealistic matching rate of federal dollars under the law, and reduce the enhanced FMAP to normal matching rates.

## **Runaway Medicaid spending worsens our debt and threatens our economy.**

Americans know that Congress has a spending addiction and our country has a debt problem. For the past several years, the federal government has been spending hundreds of billions of dollars more than it has.

Unfortunately, our debt problems are projected to get far worse. According to the Congressional Budget Office’s (CBO) budget and economic outlook, federal debt will increase to more than \$26 trillion by 2023.<sup>1</sup>

CBO also says that federal outlays for the big three entitlement programs – Medicare, Medicaid and Social Security – will account for almost *half* of all federal spending by 2023. In fact, Medicaid spending alone will total more than \$4.3 trillion over the next 10 years.<sup>2</sup>

Our ballooning federal debt is so serious that Admiral Mullen has said our debt is a national security threat.

## **States face budget pressures from Medicaid; expanding Medicaid increases state costs.**

Medicaid spending currently consumes nearly a quarter of every state dollar, passing education as the largest state budgetary commitment. Increased Medicaid spending will continue to crowd out spending on roads, bridges, universities, and criminal justice systems.

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<sup>1</sup> <http://www.cbo.gov/publication/43907>

<sup>2</sup> <http://www.cbo.gov/publication/43907>, Table 1-2

According to analysis by the Heritage Foundation, four out of five states would see higher net costs—not savings—from expanding Medicaid. As Heritage’s analysis explains, “the majority of states see costs exceed savings when the federal match rate is lowered after the first three years. From there, state costs continue to climb, dwarfing any projected savings.”<sup>3</sup>

Math, not ideology, shows the Medicaid spending status quo is unsustainable. This bill would allow States to still expand their program if they chose, but the federal government would not make a commitment we all know it cannot keep.

### **The federal government should not pay more for poorer access to care.**

It is unfair for the federal government to use taxpayer dollars to incentivize States to expand a broken program when we know Medicaid already leads to delayed and denied access to care for many patients.

Today, only a fraction of providers accept Medicaid patients. As a result, patients have a hard time accessing care.<sup>4</sup> One survey of physicians showed that half of doctors do not even accept new Medicaid patients.<sup>5</sup> Another survey found that 31 percent of physicians nationally were unwilling to accept new Medicaid patients.<sup>6</sup>

Because patients on Medicaid are denied access to care, *many patients on Medicaid may have poorer outcomes than Americans with no insurance at all.* A 2010 study performed at the University of Virginia concluded that Medicaid patients were more likely to die than those with private insurance, and their hospital stays were more than 40 percent longer, costing a quarter more.<sup>7</sup> Moreover, medical research also shows that Medicaid patients experience lower health outcomes in a number of areas and have higher rates of infant mortality.<sup>8</sup>

Government data also shows that working-age adults on Medicaid – the bulk of the population that would be covered under an expanded Medicaid program—already face severe access problems in Medicaid. The Government Accountability Office (GAO) found working-age adults had “greater difficulty obtaining needed medical care than similar adults with private health insurance.”<sup>9</sup> Even worse, these adults were nearly three times more likely to report difficulty obtaining dental services than similar adults with private insurance.”<sup>10</sup>

Expanding this program in its current form is neither compassionate nor financially sustainable. This bill will prevent the federal government from paying more to expand a broken program that too often fails patients and making promises we cannot afford to.

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<sup>3</sup> <http://blog.heritage.org/2013/03/05/obamacare-medicaid-expansion-state-by-state-charts/>

<sup>4</sup> The Congressional Budget Office has previously noted that “studies indicate that [Medicaid’s] payment rates for physicians and hospitals were about 40 percent and 35 percent lower, respectively, than private rates.” Congressional Budget Office, “Key Issues in Analyzing Major Health Insurance Proposals,” December 18, 2008. <http://www.cbo.gov/ftpdocs/99xx/doc9924/12-18-KeyIssues.pdf>

<sup>5</sup> <http://www.hschange.com/CONTENT/1078/#table4a>, 2008 survey

<sup>6</sup> Sandra L. Decker, “In 2011 Nearly One-Third Of Physicians Said They Would Not Accept New Medicaid Patients, But Rising Fees May Help,” Health Affairs, August 2012, vol. 31 no. 8, 1673-1679. <http://content.healthaffairs.org/content/31/8/1673.abstract>

<sup>7</sup> Avik Roy, “UVA Study: Surgical Patients On Medicaid Are 13% More Likely To Die Than Those Without Insurance,” The Apothecary, July 17, 2010, <http://www.avikroy.org/2010/07/uva-study-surgical-patients-on-medicaid.html> and [http://www.americansurgical.info/abstracts/2010/18\\_cg](http://www.americansurgical.info/abstracts/2010/18_cg)

<sup>8</sup> Elayne J. Heisler, “Infant Mortality Rates,” Congressional Research Service, October 14, 2009, [http://coburn.senate.gov/public/index.cfm?a=Files.Serve&File\\_id=5d0b18f4-af13-4d84-85fd-b44c58895933](http://coburn.senate.gov/public/index.cfm?a=Files.Serve&File_id=5d0b18f4-af13-4d84-85fd-b44c58895933).

<sup>9</sup> <http://gao.gov/assets/650/649788.pdf>

<sup>10</sup> <http://gao.gov/assets/650/649788.pdf>