



---

# JOEL KITCHENS

STATE REPRESENTATIVE • 1<sup>ST</sup> ASSEMBLY DISTRICT

May 10, 2019

To my constituents,

In Wisconsin, anyone earning less than 100 percent of the federal poverty level – \$12,490 for a single adult – is eligible for Medicaid (BadgerCare), which covers all medical expenses. Prior to the Affordable Care Act (ACA or Obamacare), many states required a significantly lower income to qualify for Medicaid and some states still do.

Anyone with an income higher than 100 percent of the poverty level may now purchase private insurance through the exchange set up by Obamacare. Subsidies are provided, depending on the income of the purchaser.

Under the ACA, the federal government initially offered to pay 100 percent of the expansion of Medicaid eligibility to anyone earning up to 138 percent of the federal poverty level, or \$17,236 for a single adult. Traditionally, Wisconsin has paid about 40 percent of Medicaid costs, which is a large part of the total state budget.

Since Medicaid expansion was introduced in 2014, the federal government has continually reduced the percentage they will pay toward the program. It is currently at 93 percent and is scheduled to go down to 90 percent next year. In just four short years, the percentage will have declined by 10 percent and further decreases are expected to be forthcoming.

These reductions and other unpredictable factors have caused massive budgetary problems for some states that have accepted the expansion dollars.

Following the expansion, Ohio originally estimated that their increase in Medicaid enrollment would be 447,000 people by 2020. However, reports have enrollment exceeding 653,000, which has ballooned Ohio's Medicaid spending to \$23 billion in the 2017 fiscal year alone. Ohio also predicted that their Medicaid expansion would cost \$14 billion between 2014 and 2020. Spending for the expansion in Ohio is now anticipated to cost \$28.5 billion by 2020.

California initially estimated that their enrollment would be 910,000 adults after the expansion, but that total ended up being 3.8 million by July of 2017. Their initial cost estimate was about \$11.6 billion, but that turned out to actually be \$43.7 billion.

Louisiana originally projected that Medicaid spending would increase by almost \$1.2 billion per year following the expansion. According to a recent report, however, they were spending nearly \$3.5 billion in 2018 on Medicaid enrollees.

As you can see, there is a tremendous amount of uncertainty surrounding the levels of federal funding that states can count on in the future. That is one of the main reasons why states such as Wisconsin have been reluctant to accept the expansion, as this trend is almost certain to continue.

Currently, the people who would become eligible if Wisconsin accepted the expansion – those earning between 101 and 138 percent of the poverty level – may purchase private insurance through the exchange in the Green Bay region at a cost as low as 18 cents per month. This insurance has a yearly deductible of \$50. Of the 82,000 Wisconsinites who fall into this income range, about half have bought private insurance on the exchange. It's also estimated that nearly 50,000 Wisconsinites who are eligible for Medicaid currently have not applied. They may still enroll at any time.

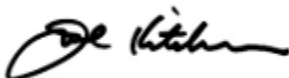
One of the problems with Medicaid is that the program only reimburses healthcare providers at a rate of 60 percent of their costs. This means that they are losing money on every Medicaid patient they see, so they must charge more to patients who have private insurance to cover those losses. Putting more people on Medicaid would cause a greater shift in cost and an increase in premiums for those with insurance. A recent UW study estimates that Wisconsinites' insurance premiums would rise by \$600 million if Medicaid were expanded. Others may dispute this figure, but it is nonetheless a very significant concern.

It is also important to recognize that while Medicaid is a valuable program that provides healthcare to our most needy, it is not equivalent to private health insurance. Because providers lose money when they see Medicaid patients, many will see few, if any, of these patients. Largely because of this limited access, healthcare outcomes for those on Medicaid are not as good as those on real insurance. From a health standpoint, it is clearly advantageous for individuals to purchase insurance on the exchange in comparison to accepting Medicaid.

Wisconsin's total healthcare system consistently ranks among the top few. Our percentage of people who are insured ranks in the Top 10, which is higher than most of the states that have accepted the Medicaid expansion.

The ultimate goal in all of these discussions must be to maintain our tradition of high-quality healthcare in Wisconsin for those at all income levels and at a cost that we can all afford. I remain committed this session to working with all of my colleagues to ensure that we take care of all our residents while doing so in a fiscally responsible manner.

Sincerely,

A handwritten signature in black ink, appearing to read "Joel Kitchens". The signature is fluid and cursive, with a large initial "J" and "K".

Rep. Joel Kitchens  
1<sup>st</sup> Assembly District