

UNDERSTANDING

Medicaid Expansion



A Guide for People of Faith

Alaska's faith leaders are often the first people to whom families turn in times of need. Clergy know the pain surrounding not only the spiritual needs of their people, but also the physical needs, such as the need for food or rental assistance. Increasingly, more pastors are hearing about the need for health care and the lack of affordable health insurance.

In 2013, Alaskans are asking whether an expansion of access to medical care is in the best interest of the people of the state. In order to answer this question, faith leaders are exploring the economic and moral questions related to expanding



Medicaid under the Affordable Care Act.

Most important is that Alaska's citizens have accurate information about the issue. This booklet provides currently available and relevant information.¹ We begin where people of faith always begin—with our values and our beliefs.

¹ This document is based on information and studies available to the public as of August 2013. An analysis commissioned by the State of Alaska has not been released to the public and is therefore not referenced. A statement issued by the Department of Health and Social Services states, "The Department is withholding the April 12, 2013, document, titled 'An Analysis of the Impact of Medicaid Expansion in Alaska,' as it is exempt from disclosure under the deliberative process privilege."



WHY *does the faith community care about health care?*

When people of faith consider issues in the public square, they care about more than facts and figures, dollars and cents. Alaskans also care about how best to love their neighbor as themselves.² In Jesus' public ministry, Jesus acted with compassion.

Jesus took a good look at all the people and he had compassion for them, so he healed the sick.³ A crowd of people had been following Jesus for three days, to hear his teaching. Jesus knew that the people were hungry and in

need of food. He had compassion on them; he fed them.⁴ Jesus noticed people's needs, hurts, and sufferings. He noticed the widow in Nain who was about to bury her only son. He had compassion for her, and so he gave the breath of life back to her son.⁵ In compassion, Jesus healed a man of leprosy⁶ and two men of their blindness.⁷

Compassion means that Jesus had a deep response to people's needs and sufferings. He was so deeply moved that it hurt, like someone had kicked him in the stomach. He was upset by what he witnessed, and so he did something about it. Jesus asks for the same compassion from us. Thus, we teach: "As God's chosen ones, holy and beloved, clothe yourselves with compassion."⁸

As people of faith, we know that our God of compassion cares deeply for the health of His creation, including the medical health of the people of Alaska. It is good and wise for Alaska to consider the facts and figures, the dollars and cents, about Medicaid expansion. In the final analysis, our state budget becomes an expression of our values.

² Matthew 22:39; Mark 12:31; Luke 10:27

³ Matthew 14:14

⁴ Matthew 15:32; Mark 8:2

⁵ Luke 7:13

⁶ Mark 1:41

⁷ Matthew 20:34

⁸ Colossians 3:12

WHAT *is the status of health care costs and benefits in Alaska?*

Employers are feeling the weight of rapidly rising health care costs in Alaska.⁹ Businesses are paying an average of \$11,926 annually per employee for health benefits. As the price of benefits rises, fewer employers are willing to offer these benefits. Families, too, are feeling the pinch.

A recent article in the Alaska Department of Labor's *Alaska Economic Trends* calls the increase in health care expenses "meteoric."¹⁰ In fact, health care costs in Anchorage grew 70 percent between 2000 and 2013.¹¹ By 2010, the average annual cost of regular health insurance for a family in Alaska was \$14,230.¹²



⁹ Tim Bradner, "Health care costs are biting Alaskans, businesses harder," *Alaska Journal of Commerce*/February-Issue-4 2012.

¹⁰ Neal Fried, "The Cost of Living in Alaska," *Alaska Economic Trends*, July 2013, Alaska Department of Labor, p. 5.

¹¹ See note 10, page 7.

¹² See note 9, Bradner.



HOW *does* *Medicaid help?*

Medicaid is a program of medical aid for those families unable to afford regular medical insurance or services. Medicaid is financed by both state and federal governments. In 2010, more than 135,000 Alaskans were covered by Medicaid, at a state cost of \$1.2 billion.¹³

¹³ "Medicaid in Alaska: The Opportunities and Challenges of Health Reform," Executive Summary, April 2011, AK Health Reform, p. 1.

WHAT *would Medicaid expansion mean for Alaskans?*

Eligibility for Medicaid is based on a percentage of income under the federal poverty level (FPL).¹⁴ For example, in 2013 an individual in Alaska earning \$14,350 falls within the federal poverty guidelines.¹⁵

Based on 2010 census figures, about 17,000 children and 94,000 adults in Alaska have no medical insurance—public or private.¹⁶ The Affordable Care Act fills in current gaps in coverage for the poorest Alaskans by creating a minimum Medicaid income eligibility. Beginning in January 2014, individuals under 65 years of age with incomes below 138 percent of the federal poverty level will be eligible for Medicaid.¹⁷ Each state must decide for itself whether to expand its Medicaid program.

For the first time, low-income adults without children can be guaranteed coverage through Medicaid in every state, and parents of children can be eligible at a uniform income level across all states.¹⁸ The chart below outlines the changes possible in Alaska under the Medicaid expansion.

POPULATION GROUPS	CURRENT ALASKA MEDICAID COVERAGE	MEDICAID EXPANSION OPTION
Working Low-Income Parents	Up to 81% of FPL	Up to 138% of FPL
Non-working Low-Income Parents	Up to 76% of FPL	Up to 138% of FPL
Childless Adults (19-64 years)	None	Up to 138% of FPL

If Alaska chooses to expand Medicaid, nearly 40,000 uninsured Alaskans with incomes below 138% of federal poverty level will become eligible for Medicaid's health insurance coverage.¹⁹ If more people are insured, Alaska could expect more people to receive preventive care, a decrease in the statewide mortality rate, and a healthier Alaska.

¹⁴ See 2013 Federal Poverty Guidelines, <http://www.medicaid.gov/Medicaid-CHIP-Program-Information/By-Topics/Eligibility/Downloads/2013-Federal-Poverty-level-charts.pdf>. See also Alaska Medicaid standards and Alaska's federal poverty guidelines, http://dhss.alaska.gov/dpa/Documents/POLICY/PDF/2013%20Med_standards.pdf.

¹⁵ Children and pregnant women will be largely unaffected by the Medicaid Expansion in Alaska as they are covered by Medicaid/Denali KidCare with incomes up to 175% of the federal poverty guidelines. People over 65 and some disabled persons may also receive medical benefits through Medicare. According to Karen Perdue, CEO of the Alaska State Hospital and Nursing Home Association, hospitals need Medicaid expansion and extra revenue because under the Affordable Care Act, providers in Alaska could lose up to \$25 million dollars per year in Medicare reimbursements. Peter Granitz, "Health Care Providers Push Governor Parnell to Expand Medicaid," Alaska Public Media, November 27, 2012.

¹⁶ Mark Foster and Scott Goldsmith, "Alaska's Health-Care Bill: \$7.5 Billion and Climbing," UA Research Summary No. 18, Institute of Social and Economic Research, University of Alaska Anchorage, August 2011, p. 1.

¹⁷ Federal law provides expansion of Medicaid to all individuals whose income is at or below 133% of FPL. The method of calculating income makes the effective eligibility 138% of FPL.

¹⁸ Affordable Care Act: Eligibility, Medicaid.gov, Keeping America Healthy."

¹⁹ Matthew Buettgens and Christopher Hildebrand, "Medicaid in Alaska Under the ACA," Health Policy Center, The Urban Institute, Feb. 1, 2013, p. 7.



WHAT *is the economic impact of Medicaid expansion?*

The federal government will pay 100% of the cost of Medicaid expansion from 2014 through 2016. The cost will eventually transition to the federal government paying 90% in 2020 and beyond and the state paying 10%. Over the six-year period of 2014 to 2020, Alaska will spend nearly \$90.7 million for the expansion, while receiving \$1.105 billion in new federal funds.²⁰

Medicaid expansion is also expected to produce some economic benefits in Alaska. In 2010, hospitals in Alaska lost \$178 million because people couldn't pay their bills. Those unpaid bills show up in increased costs to those Alaskans who have insurance

and can pay their bills.²¹ Even the state, as an employer, is adversely affected by uncompensated care provided to the uninsured. A legislative report found that the State of Alaska paid an extra \$18.9 million for state employee benefits because of the price increase caused by uncompensated care.²² If more people are insured by Medicaid in Alaska, health care providers could see a dramatic decrease in bad debt and uncompensated health care costs. Employers, such as the state, and individuals could see a decrease in the cost of their insurance.

The state could expect other cost savings as a result of the expansion, which could further offset the cost of Medicaid expansion. For example, beginning in 2014, state prison inmates could be eligible for Medicaid coverage for hospital expenses,²³ providing substantial savings to Alaska's prison budget.

²⁰ See note 19, Buettgens, pp. 13-15.

²¹ Tim Bradner, "Report: Alaska health care industry booming," Alaska Journal of Commerce (AJC), January 2012.

²² Representative Gabrielle LeDoux, "Affordable Health Insurance for All Alaskans, Frequently Asked Questions," Alaska State Legislature, 2007-08. http://www.housemajority.org/ledoux/pdfs/25/hb0242_faq.pdf.

²³ Christine Vestal, Medicaid Expansion Seen Covering Nearly All State Prisoners, The Pew Charitable Trusts, October 18, 2011.

WHAT'S *next* for Alaskans?

The Medicaid expansion option is just that—an option. Each state must choose whether or not to expand Medicaid and provide health insurance to more people. Twenty-six states, as of June 14, 2013, have accepted the Medicaid expansion option.²⁴ If Alaska decides to expand Medicaid eligibility, it could later choose to reduce it if necessary.²⁵

Alaska could also consider other ways to insure those under the 138% of poverty level. The U.S. Health and Human Services Secretary Kathleen Sebelius has said she will work with states that wish to pursue alternatives to Medicaid expansion.²⁶ Alaska Health and Social Services Commissioner Bill Streur recently indicated that he was looking at how Alaska

might accept the federal Medicaid expansion dollars, but use those dollars to purchase private insurance through the health exchange instead of placing those eligible into the Medicaid program.²⁷

In Alaska, Governor Sean Parnell recently chose not to accept the Medicaid expansion at this time. However, the Governor plans to revisit that decision in December 2013 as part of his annual budget proposal.²⁸ The time for prayer and dialogue by the people of Alaska is now.



²⁴ "Where the States Stand: June 14, 2013" (map), The Advisory Board Company. <http://www.advisory.com/Daily-Briefing/2012/11/09/MedicaidMap#lightbox/1/>.

²⁵ Conversation with Susan Johnson, US Department of Health & Human Services, Region 10 Director, August 15, 2013. See also Dylan Scott, "CMS: States Could Adopt Medicaid Expansion, Then Drop It," 8/6/2012, <http://www.governing.com/news/federal/gov-cms-no-deadline-for-state-decisions-on-medicaid-expansion.html>.

²⁶ "Sebelius Signals Openness to State Alternatives to Medicaid Expansion," Kaiser Health News, August 13, 2013.

²⁷ "Alaska health official eyes Arkansas plan," Anchorage Daily News, August 23, 2013.

²⁸ Alexandra Gutierrez, "Parnell Says No To Medicaid Expansion For Now," Alaska Public Media, February 28, 2013.



Can people of faith **MAKE A DIFFERENCE?**

1. **STUDY** the issues in the light of your faith and your values.
2. **ORGANIZE** discussion groups and create a dialogue in your congregation.
3. **PRAY** for Alaska's decision makers.
4. **SHARE** your views with Governor Parnell and your legislators.

For further information contact AFACT, 907-297-7737.

*The time for prayer and dialogue
by the people of Alaska is*

NOW



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