

## **Maine's Question #2: The November 7<sup>th</sup> Ballot Initiative to Expand Medicaid**

(for more information, go here: <http://mainersforhealthcare.org/>)

**What Question #2 Is:** Maine's legislature has passed Medicaid expansion five times – and every time, it has been vetoed by Gov. Paul LePage. On November 7<sup>th</sup>, Maine voters will have the opportunity to pass Question #2 – a ballot initiative that would enact Medicaid expansion as the law of the land in Maine, and make it the 32<sup>nd</sup> state to expand the program.

**What A Yes Vote on Medicaid Expansion Would Mean for Maine:** If Maine passed Question #2:

- 70,000 to 80,000 Mainers will get access to health care through Medicaid.
- The state would receive more than \$525 million in new federal funds every year, while achieving \$27 million in savings in other state problems through decreased state-funded health care spending and savings to the criminal justice system.
- Medicaid expansion would create [6,000 new jobs](#) in Maine.
- The state's ability to respond to the opioid crisis would be greatly improved, with increased access to treatment services for currently-uninsured people struggling with addiction.
- The policy could be implemented next year *even* if Gov. LePage maintains his opposition.

**What A Yes Vote on Medicaid Expansion Would Mean Nationally:** If Maine passes Question #2, it will have benefits for the national fight to expand access to affordable health care. In particular:

- A "yes" vote would provide further validation of the popularity of the ACA and Medicaid expansion in particular among voters.
- Further momentum would build behind efforts to expand Medicaid either legislatively or at the ballot in 2018, including in states like Utah, Idaho, Virginia, North Carolina, Tennessee and Kansas.

**What Medicaid Expansion Advocates in Maine Are Up Against:** Gov. LePage is leading a well-funded effort to defeat Question #2, supported by significant resources from conservative groups inside and outside of Maine. That money is funding an aggressive advertising campaign against the ballot initiative, including on TV, and the vote – especially in an off-off election year – is expected to be close.



## **GET THE FACTS ON QUESTION 2: Medicaid Expansion Will Help Maine**

### **1. What is Medicaid Expansion?**

Medicaid is a federal-state health insurance program for low-income parents and children, the elderly and people with disabilities. Under the Affordable Care Act (ACA), states can expand Medicaid coverage to include adults who earn less than 138% of the federal poverty level, which is about \$16,000 for one person or \$22,000 for a family of two.

### **2. Will Medicaid expansion cost too much?**

No. In fact, expanding Medicaid through the ACA is an incredible bargain. Initially, the federal government will pay 94% of the cost of coverage for most who would become eligible and no less than 90% after 2020.

### **3. Are there other economic reasons to expand Medicaid in Maine?**

Yes. It is the single most important economic opportunity available to the state. It would stimulate our economy by bringing more than \$525 million in new federal funds into the state every year once fully implemented, save the state budget at least \$27 million a year and create about 6,000 new jobs, most with higher than average wages.

Other states have seen huge economic benefits, which is why none of the 31 states that have expanded has ended its expansion even though they could at any time.

### **4. How would additional Medicaid dollars generate new revenue for Maine?**

Every dollar of additional Medicaid spending will create more than a dollar of economic benefit, known as the “multiplier effect.” This means that the 90 cents that Maine will get from the federal government for every dollar spent at this enhanced rate, will translate into between \$1.35 and \$1.80 in state economic activity. Here’s how it works:

- Hospitals employees and other healthcare providers will spend the additional federal dollars in their local communities for everyday expenses. The businesses that receive those dollars will spend that money on wages, supplies and job creation.
- Maine would then be able to generate additional tax revenues on that extra economic activity.

### **5. Is Maine saving money by not expanding Medicaid?**

**No.** Maine will *lose* over 1.8 billion federal dollars (from 2018 to 2021) if we don’t expand Medicaid beginning in 2018. We have already lost nearly that much by failing to take advantage of these funds



beginning in 2014. This<sup>1</sup> means that Maine has not benefitted from increased tax revenue, economic activity and job creation.

## **6. Will Medicaid expansion take money from Maine taxpayers and put it into the pockets of others who are not working?**

**No.** Most of the people who would receive health insurance coverage with Medicaid expansion do work, but aren't offered or don't earn enough money to buy insurance on the private market.

Medicaid is health insurance coverage. Medicaid dollars go directly to health care providers to pay for services that they deliver. No cash goes to Medicaid enrollees.

Maine taxpayers are already paying for Medicaid expansion in *other* states, but not for people here in Maine. The tax dollars Mainers pay to the federal government are now being used to fund Medicaid expansion in other states. We should bring those tax dollars back to Maine to provide health coverage here to Mainers.

## **7. Will people give up their current private insurance for Medicaid?**

No. Most studies that have looked at "crowd out," which is people dropping their private coverage for Medicaid under expansion, have found no evidence that this was happening.<sup>2</sup> Most who would be covered by expansion are under the poverty level. They are not eligible for help with premiums through the Marketplace because it was assumed states would expand Medicaid to cover these low-wage earners.

## **8. Will people who buy insurance in the private market be impacted?**

**Yes.** Medicaid expansion will have a positive effect on private insurance premiums benefitting all of us in by slowing the growth of private marketplace insurance premiums and reducing charity care provided by hospitals, which will reduce the growth of health insurance costs overall.

- New research shows that private marketplace premiums in Medicaid expansion states were about 7 percent lower than in states that did not expand their Medicaid programs.<sup>3</sup>
- Expansion states have seen significant declines in hospital uncompensated care costs. This is a promising sign for all of us that pay for insurance in the private market. Uncompensated care

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<sup>1</sup> Maine and the ACA's Medicaid expansion, healthinsurance.org, <https://www.healthinsurance.org/maine-medicaid/>

<sup>2</sup> <https://www.kff.org/medicaid/issue-brief/the-effects-of-medicaid-expansion-under-the-aca-updated-findings-from-a-literature-review-september-2017/>

<sup>3</sup> The Effects of Medicaid Expansion under the ACA: Updated Findings from a Literature Review, Feb 22, 2017, <http://www.kff.org/medicaid/issue-brief/the-effects-of-medicaid-expansion-under-the-aca-updated-findings-from-a-literature-review/>



costs impact all health care stakeholders: providers shift these costs to insured patients and as a result private insurance companies increase premiums for consumers and small businesses.<sup>4</sup>

### **9. Will expanding Medicaid take money away from people with disabilities and the elderly?**

**No.** New federal dollars coming into Maine for Medicaid expansion will not take anything away from older Mainers or people with disabilities. Expansion does not involve taking funding from one group to pay for another. It is about taking advantage of an unprecedented, cost effective opportunity available from the federal government to provide health insurance coverage to low income Mainers who can't access Medicaid now. Providing coverage to more people will help to stabilize our health care system overall.

### **10. Were past expansions of Medicaid coverage in Maine a failure?**

**No.** Medicaid expansion has successfully reduced the number of uninsured in the country. This is just what Maine found when it expanded coverage between 2000 and 2012. During that period Maine's uninsured rate dropped dramatically compared to the rest of the nation. We went from ranking in the middle of the states, to having the sixth lowest rate of uninsured in the nation.<sup>5</sup>

And, even with Maine's earlier Medicaid expansions between 2000 and 2012, the growth in Maine's Medicaid spending during that period remained squarely in line with the national trend rate. The big reason that Maine's and all other states' costs increased during this time was due to factors associated with the major recession.

It is also important to note that Maine's previous expansions did not come with increased federal funding for Medicaid as does the current expansion. With Question 2, the federal government will pay 90 percent or more of the cost of most newly enrolled Mainers.

### **11. How have other states fared economically under Medicaid expansion?**

**Evidence from the 31 states that have expanded Medicaid tells a story of success.** State and national studies show that states expanding Medicaid have realized budget savings, revenue gains, and overall economic growth. In some states expansion is paying for itself<sup>6</sup>.

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<sup>4</sup> [http://www.commonwealthfund.org/~media/files/publications/issue-brief/2017/may/dranove\\_aca\\_medicaid\\_expansion\\_hospital\\_uncomp\\_care\\_ib.pdf](http://www.commonwealthfund.org/~media/files/publications/issue-brief/2017/may/dranove_aca_medicaid_expansion_hospital_uncomp_care_ib.pdf); and *The Impact of Medicaid Expansion on Uncompensated Care Costs: Early Results and Policy Implications for States* Prepared by Deborah Bachrach, Patricia Boozang, and Mindy Lipson, Manatt Health Solutions ISSUE BRIEF, June 2015

<sup>5</sup> <http://www.mejp.org/sites/default/files/Medicaid-Expansion-The-Real-Impact-Kilbreth-Sep2017.pdf>

<sup>6</sup> John Z. Ayanian, M.D., M.P.P., Gabriel M. Ehrlich, Ph.D., Donald R. Grimes, M.A., and Helen Levy, Ph.D., *The Economic Effects of Medicaid Expansion in Michigan*.

N Engl J Med 2017; 376:407-410 February 2, 2017 DOI: 10.1056/NEJMp1613981



A recent study relying on the most comprehensive budget data from all states found no significant increases in spending from state funds due to expansion, nor any significant reductions in spending on education or other programs in those states that expanded Medicaid. These states' advance budget projections were also reasonably accurate in the aggregate, with no significant differences between the projected levels of federal, state, and Medicaid spending and the actual expenses as measured at the end of the fiscal year."<sup>7</sup>

Studies in Michigan, Colorado, and New Mexico all concluded that the state's new Medicaid spending would be fully covered through new state revenue attributable to expansion.<sup>8</sup>

### **12. Does Medicaid improve access to health care that makes people healthier?**

**Yes.** Medicaid expansion results in significant coverage gains and reductions in uninsured rates, both among the low-income population broadly and within specific vulnerable populations. This positively impacts access to care, utilization of services, the affordability of care, and financial security among the low-income population. Studies have also shown improved self-reported health following expansion.<sup>9</sup>

### **13. Is it true that Medicaid expansion created the drug crisis?**

**No.** There is no reliable evidence whatsoever to support this claim. In fact, Medicaid is one of the best tools states have for addressing the drug crisis. Criminal Justice systems in other states are using Medicaid expansion to provide drug and mental health treatment through drug courts, something Maine has struggled to do. Other states are also able to continue providing treatment to people when they leave jail or prison which has shown to reduce drug related crime and reentry into the criminal justice system.<sup>10</sup>

### **14. How many people will gain coverage if Maine expands Medicaid?**

There have been several analyses of the number of people who would gain coverage with Medicaid expansion since this opportunity became available. A previous study by the Maine Health Access Foundation estimated that approximately 70,000 people would gain coverage. More recently the non-partisan Office of Fiscal Policy and Review (OFPR) estimated that 80,000 Mainers would gain coverage. The Maine Heritage Policy Center cites a bigger number that is not grounded in reliable data. Whether the number is 70,000 or 80,000, we know that tens of thousands of Mainers will gain health coverage and this is a good thing for these individuals, their families, our communities, and our state.

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<sup>7</sup> (<http://content.healthaffairs.org/content/early/2017/04/10/hlthaff.2016.1666.abstract>)

<sup>8</sup> Kilbreth, *The Real Impact of Medicaid Expansion in Maine*. 2017)

<sup>9</sup> The Effects of Medicaid Expansion under the ACA: Updated Findings from a Literature Review, Feb 22, 2017, <http://www.kff.org/medicaid/issue-brief/the-effects-of-medicaid-expansion-under-the-aca-updated-findings-from-a-literature-review/>

<sup>10</sup> <http://www.statenetwork.org/wp-content/uploads/2015/11/State-Network-Manatt-Medicaid-Expansion-and-Criminal-Justice-Costs-November-2015.pdf>



### **15. Why Medicaid expansion when the governor won't implement it?**

If the voters elect to expand Medicaid in November, the referendum will become law. While, the Legislature has the authority to repeal the law when they convene in 2018, numerous factors make this outcome extremely unlikely. The Legislature has passed Medicaid expansion five times. The policy continues to enjoy majority support in both the Maine House and Senate. Medicaid expansion has strong champions at the Legislature, including those in leadership positions, who will make implementation a top priority.

With passage of the referendum, Medicaid expansion would likely become law regardless of whether the state share is funded. Even if the Legislature were unable to secure funding in 2018, implementation could occur.

Should the governor fail to fund and implement this measure as required, there would be legal grounds to go to court to force implementation. Once a state elects to participate in the Medicaid program, as Maine has, the state is legally bound to comply with federal law. The ballot initiative would establish eligibility for a new group of individuals and the state would be subject to these requirements with respect to this group.

### **16. What is the point of passing Medicaid expansion when Congress will probably repeal the ACA and with it the enhanced Medicaid match?**

Three times now the United States Senate has refused to pass legislation repealing the Affordable Care Act with the support of both of Maine's Senators. This extraordinary record is the result of opposition to the proposed changes to both Medicaid and the ACA by virtually the entire medical establishment in this country. Multiple governors opposed these measures including Republican governors Kasich, Sandoval, and Baker and independent Gov. Bill Walker of Alaska. There is no reason to believe that future repeal efforts will see a different result.

If Maine expands its program we will share the interest of safeguarding the enhanced Medicaid match funding with 31 other states (18 with republican governors and 13 with democratic governors).