

Medicaid Expansion and the Pennsylvania Governor's Race

President Obama's health care law – known as Obamacare – has survived a U.S. Supreme Court challenge and congressional gridlock that almost brought the federal government to a standstill around this time last year.

With Obamacare now largely in the hands of individual states, the law is still being debated in gubernatorial elections around the country.

Facing an intense battle from Democrat Tom Wolf in his bid for a second term, Pennsylvania's GOP Governor Tom Corbett softened his stance on one of Obamacare's key reforms: the expansion of Medicaid. Wolf doesn't think Corbett's plan goes far enough.

The Committee of Seventy, as part of its ongoing series on the 2014 governor's race, will fill you in on the basics, let you know what the candidates think and help you find credible sources of information if you want to dig deeper. Our goal is to encourage you to learn as much as you can about the issues before you head to the polls on November 4.

-- October 8, 2014

The Basics

Remind me what Medicaid is.

The U.S. government officially defines Medicaid as a "joint federal and state program that helps with medical costs for some people with limited income and resources." Each state has its own eligibility and application rules.

Why is Medicaid reform even being talked about? Didn't Obamacare create health care coverage for everyone?

It's not so simple. Obamacare was approved by the U.S. Supreme Court in 2012. But the majority ruling rejected the part of the law that said individual states must expand Medicaid for most adults under age 65 earning less than 138% of the federal poverty level – or lose federal Medicaid funding. The majority ruling said it was "unconstitutionally coercive."

So what happened to Medicaid expansion?

The high Court left it up to each state to decide whether or not to expand Medicaid. The federal government offers financial incentives to join in, including paying for 100% of the cost through 2016. After 2016, federal contributions will decline until they reach 90% of total costs in 2020.

How many states have decided to expand Medicaid?

According to The Advisory Board Company – a global research, technology and consulting firm – as of September 4, 2014, 27 states (plus the District of Columbia) are implementing some form of Medicaid expansion, three states are considering it and 20 have no expansion plans at this time.



Where does Pennsylvania stand?

No fan of Obamacare, Governor Corbett was initially mum about his plans for Medicaid expansion. But in 2013, he introduced a compromise plan called “Healthy Pennsylvania.” The U.S. Department of Health and Human Services approved the plan this past August. Applications open on December 1, and it’s supposed to go into effect on January 1, 2015.

How does Healthy PA work?

Healthy PA takes federal money designed to expand state Medicaid programs and uses it to provide subsidized private health care for uninsured Pennsylvanians between ages 21 and 64 who earn up to 138% of the federal poverty line (for a single individual, that’s about \$15,856 a year). Health care coverage options for existing Medicaid recipients will be reduced from 14 benefit plans to two: a low-risk plan and a high-risk plan.

How many more people will benefit under Healthy PA?

Medicaid programs currently benefit about 2.2 million state residents. And an estimated 500,000 – 600,000 will benefit under Healthy PA, depending on the number of newly eligible adults who enroll and others who may switch from employer-provided plans and other insurance options.

Not to be a killjoy, but how much is this going to cost?

The final tab isn’t known yet. But consider this baseline: The Henry J. Kaiser Foundation, which keeps close tabs on Medicaid expansion programs, reports over \$20.4 billion spent annually on Medicaid in Pennsylvania, including both state and federal dollars. That was in Fiscal Year 2012.

What the Candidates Say

What’s Tom Wolf’s argument if the Commonwealth already has “Healthy PA?”

Wolf says he would do away with the subsidies for private coverage and expand Medicaid directly as envisioned by Obamacare. He says this would be cheaper than Healthy PA, add jobs and stimulate the economy. For Wolf’s perspective on expanding the state’s existing Medicaid program, start with his campaign site’s [page on health care reform](#). His campaign’s overarching policy white paper – “[Fresh Start](#)” – has more details.

And Corbett?

Corbett is touting Healthy PA as a victory, saying his plan offers increased health care access without expanding Medicaid, a program he has called an “unsustainable” entitlement. According to Corbett, his plan will save \$4.5 billion over the next eight years. The administration also highlights the plan’s incentive program to reduce premiums for people who engage in certain healthy behaviors, like seeing a doctor on an annual basis. For more information on HealthyPA, visit the state’s website [here](#).

Do voters really care where the candidates are on Obamacare and Medicaid expansion?

Although pointing out that Obamacare is not the divisive issue it once was, a Princeton University professor [reported in August 2014](#) that GOP governors who accepted Obamacare and Medicaid



expansion are faring better with voters in their reelection bids than GOP governors who did not. Although Corbett is inching up on Wolf in the polls, he may be the exception. (Then again, he disputes that his plan “expands” Medicaid.)

Do the candidates have any other ideas on health care reform?

Both candidates support debt repayment programs to help keep doctors in state and allocating more resources to home-based medical care. The two Toms haven’t sparred over health care in either of the first two televised debates. If you missed them, you can watch the two debates [here](#) and [here](#). The third and final debate is [tonight at 7pm](#), hosted in Pittsburgh by WTAE-TV and the League of Women Voters.

Get More Information

Supporters of Medicaid expansion point to the millions of Americans who will be able to obtain health care coverage who are currently without it. They also point to the economic boost for states from the influx of federal dollars. Click [here](#) to see a review of studies investigating the economic and fiscal impact. This [brief](#) by the national Center on Budget and Policy Priorities outlines an argument for Medicaid expansion.

Opponents argue that Medicaid expansion will stifle innovation and ultimately become cost prohibitive. For one such analysis, see this Heritage Foundation [report](#). The American Enterprise Institute makes an argument [here](#) on why federal funding for expansion is straightjacketing other potential plans that might be more effective at increasing health care access.

For general information about Medicaid and its expansion, the U.S. government’s [HealthCare.gov](#) explains Medicaid eligibility guidelines and how to access the Affordable Care Act’s health insurance marketplace. The Henry J. Kaiser Family Foundation also has done in-depth research into the many aspects of Medicaid reform nationwide and has a plethora of [online resources](#).

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