



Medicaid expansion debate ahead in Illinois House

May 16, 2013

(AP) — The Illinois House is gearing up to consider a key part of President Barack Obama's health care law, an expansion of Medicaid that would provide coverage to low-income adults who don't have children at home.

House Democrats warn that failure to expand Medicaid would lead to unintended consequences: A Cook County program that expanded Medicaid early would be in jeopardy. And Illinois employers would be exposed to tax penalties of up to \$106 million because of a quirk in the federal health law.

Republicans say they have concerns about future costs, specifically whether the federal government eventually will shift more of the burden than expected to states. Last summer's Supreme Court decision made the expansion optional for states and, so far, 14 Republican-led states have declined.

Up to 500,000 uninsured Illinois residents would be newly eligible for coverage, with the federal government paying for their care the first three years. Illinois officials expect 342,000 people to enroll by 2017. The expansion would cover low-income people making up to 138 percent of the federal poverty level, or about \$15,860 for an individual.

The state Senate has approved the expansion and Gov. Pat Quinn supports it. A House committee is scheduled to hear the bill Tuesday. A quick summary of some of the issues:

COOK COUNTY

If Illinois fails to expand Medicaid, Cook County's demonstration project will be at risk. More than 52,000 county residents have applied for the CountyCare program, a Medicaid expansion granted by the federal government in October, which is set to expire at the end of the year. About 10,000 applications have been approved and the state has hired 30 additional employees, doubling the staff reviewing the backlog of applications.

The Rev. Debra Davis was approved for the program. She's 62 years old, too young for Medicare, and lost her health insurance when she left her job as a licensed practical nurse to deal with her own health problems. Because she qualified, she now sees a doctor at ACCESS Blue Island Family Health Center.

"In my fantastic plan for getting away from my job, I didn't have a backup for my health insurance," Davis said. "I was kind of panicked about it." But when she found out about CountyCare, "I was excited. I could actually get health insurance."

To protect the program, Illinois has asked the federal government to extend it "through the complete implementation date of the Affordable Care Act within our state," according to a March 21 letter from Illinois Department of Healthcare and Family Services Director Julie Hamos to federal officials.

"Illinois will spare no effort in seeking to achieve timely implementation by January 1, 2014," Hamos wrote. "However, to protect the interests of the tens of thousands of persons who will be covered by 'Illinois/Cook County Care' in December, 2013, prudence requires that an extension be approved as a contingency."

Dr. Ram Raju, CEO of Cook County Health and Hospitals System, said the CountyCare early Medicaid expansion will bring in \$198 million in federal money for the county.

BUSINESS PENALTIES

The federal law includes financial penalties for employers with 50 or more workers if those people get subsidized private insurance through the new state marketplaces, up to \$3,000 per employee. Employers generally don't face fines under the law for workers who enroll in Medicaid.

A recent study by Jackson Hewitt Tax Service found Illinois businesses could pay \$70 million to \$106 million in penalties if the state doesn't expand Medicaid.

"There's a financial incentive for businesses to support the Medicaid expansion to avoid these penalties and fees," said Rep. Sara Feigenholtz, a Chicago Democrat and a House sponsor of the bill.

UNKNOWN COSTS

The Medicaid expansion is expected to lower the state's cost of uncompensated care by \$953 million, according to a study by the nonpartisan Kaiser Family Foundation. In addition, the expansion will bring in approximately \$4.6 billion in federal dollars to health care providers through 2016.

But Rep. Patti Bellock, a Hinsdale Republican, said her party questions whether the federal government will be able to pay the large majority of the health costs of the newly insured. She also said she's never seen a state estimate of additional administrative costs.

"Why does this have to be done now?" Bellock asked. "If any state should have a serious caution regarding Medicaid expansion it would be Illinois because there's so much debt."