RESPONSES TO MYTHS ABOUT MEDICAID EXPANSION IN VIRGINIA

MYTH: Medicaid expansion is a budget buster for states.	
FACT	Several expansion states have experienced much higher enrollment and costs than they expected. But the required state costs (5% in 2016 and growing to 10% in 2020) are small compared to the amount of federal funding received by the states.
DETAILS	Virginia officials have carefully estimated program costs and savings and have learned from the experiences of other states. This work shows expanding Medicaid in Virginia will cost $351 million in state general funds during fiscal years 2019 and 2020, but it will also generate savings of $489 million. That's a NET SAVINGS of over $138 million state dollars.
MYTH: Medicaid is "broken". It provides bad care and is worse than no insurance.	
FACT	Medicaid, along with Medicare, is an essential part of the health system in the United States. Medicaid is comprehensive health insurance for lower income populations. For actual delivery of services, Virginia's Medicaid program uses many of the same insurance companies that sell private health insurance. These managed care companies must provide all required services, in a timely manner, to all Medicaid enrollees.
DETAILS	For many decades the Medicaid program has been the backbone of Virginia's health system for low income seniors, children, pregnant women, and people with disabilities. It offers comprehensive insurance that provides preventive care, treatment for chronic conditions, and acute care when necessary. Medicaid improves health and saves lives because it provides medical care when people need it, in an appropriate setting, and at a cost they can afford. Without coverage, low-income uninsured people often delay necessary care and can end up with more serious and costly conditions. They also live in fear of possible accidents and illnesses in their families and may file for bankruptcy because of large medical bills they can't pay.
MYTH: Medicaid reforms must be implemented and working before Virginia expands.	
FACT	In 2013, the Virginia General Assembly ordered a series of Medicaid reforms. These reforms have been implemented and they are saving millions of dollars. The legislature continues to carefully evaluate the efficiency and cost-effectiveness of Virginia's Medicaid program on an ongoing basis.
DETAILS	Reforms and audits are always necessary – but they should not be used as excuses to delay coverage for the 240,000 uninsured Virginians in the coverage gap. Currently, many Medicaid reforms are in place in Virginia and they are exceeding expectations. For example, improved oversight saved $98.5 million in the delivery

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<tr><td></td><td>of behavioral health services, and the cost of the state’s privately managed care plans came in $71 million under budget. The “reform Medicaid first” argument is also undercut by the fact that the 2015 General Assembly adopted new, very limited Medicaid coverage for 20,000 adults with serious mental illness. Legislators need to fully close the coverage gap without further delay, and continue to monitor the overall program on an ongoing basis.</td></tr>
<tr><td colspan="2">MYTH: Medicaid costs are out of control, and the program is filled with fraud and abuse.</td></tr>
<tr><td>FACT</td><td>Medicaid controls costs better than private insurance. Recent reforms have made Virginia’s Medicaid program even more efficient. Virginia’s payment error rate is less than one half of one percent – lower than the national average.</td></tr>
<tr><td>DETAILS</td><td>Medicaid costs have increased due to population growth, new long term care services adopted by the General Assembly, and medical inflation. But the rate of growth is lower for Medicaid than in the private sector. Despite its growth, Virginia’s Medicaid program is still very limited and restricted when compared to other states. Virginia is ranked 46th nationally in per capita Medicaid spending (JLARC). Fraud and abuse must be investigated and prosecuted. Large fraud recoveries usually relate to illegal actions of medical providers, not the recipients of those services. Virginia has a good track record collecting misspent funds.</td></tr>
<tr><td colspan="2">MYTH: Virginia can’t afford the costs of closing the gap.</td></tr>
<tr><td>FACT</td><td>Closing the coverage gap will save the state millions of dollars in health program costs that use only state dollars today.</td></tr>
<tr><td>DETAILS</td><td>The state has several options to pay for its share of closing the coverage gap. Virginia will be responsible for a small portion – never more than 10 percent – of the costs for the new coverage. There will be savings from spending less on local mental health services, hospital indigent care services and other health programs currently funded with state dollars. Virginia hospitals have been willing to make contributions to the state to help support the new coverage for uninsured adults. This approach would eliminate any financial risk to the state.</td></tr>
<tr><td colspan="2">MYTH: The federal government won’t keep its financial promise, & Virginia will be stuck with the bill.</td></tr>
<tr><td>FACT</td><td>The federal budget includes funding to close the coverage gap, and Virginia can roll-back the new coverage if the federal funding is lowered.</td></tr>
<tr><td>DETAILS</td><td>The Affordable Care Act provides funding for the new coverage. 100% federal funding was available through 2016. Now, the federal funding will reduce gradually to 90% in 2020 and after. Thirty-one states and the District of Columbia are currently using available federal dollars to close their coverage gaps. If Virginia does not close the coverage gap by expanding Medicaid, the state will forgo approximately $3.4 billion dollars in federal funds during fiscal years 2019 and 2020. Those funds could be used to help the uninsured, medical providers and Virginia’s economy. Since the new coverage is optional, states can cut the new eligibility if they choose to for any reason. While some expansion states are now discussing program changes, none of the expansion states are eliminating the new coverage.</td></tr>
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