



The Journey of Medicaid Expansion from the Affordable Care Act to Ohio

July 10, 2013

On March 23, 2010, President Barack Obama signed into law the broadest, most significant overhaul of our nation's health system since Medicare and Medicaid were passed in 1965.¹ Among its many provisions, there are two main elements designed to satisfy the Affordable Care Act (ACA) requirement that all citizens have health insurance, which is known as the individual mandate. One is the establishment of a new regulated market called an exchange where individuals who cannot for a variety of reasons get health insurance can purchase coverage. The other is a requirement that all states expand their Medicaid coverage to include everyone with an income of up to 133 percent of the poverty line by January 1, 2014.²

On June 28, 2012, U.S. Supreme Court Justice John Roberts cast the deciding vote that upheld the individual mandate portion of the law. In *National Federation of Independent Business v. Sebelius*, a majority also found that although the law's Medicaid expansion was invalid because it coerced states into accepting the program by threatening to take away their existing Medicaid funding, the Court ruled that the remainder of the law — without that provision — was still valid. With this ruling, states are now able to opt out of Medicaid expansion.

So far, 23 states and the District of Columbia have opted in and plan to expand their Medicaid eligibility beginning in 2014. Nineteen states have opposed the expansion and eight are still deciding. Ohio is one of those eight and is also among a handful of states with Republican governors who are pushing to opt in.³ Although opposed to the ACA, Ohio Governor John Kasich said that the expansion is a way for the state to capture 13 billion federal stimulus dollars over seven years to cover approximately 275,000 low-income Ohioans, 26,000 of whom are veterans and 55,000 of whom are suffering from mental illness.⁴

On November 16, 2012, Governor Kasich informed the Center for Consumer Information and Insurance Oversight at the Centers for Medicare & Medicaid Services that due to a lack of guidance and rules needed by the state in order for it to "align plan management and eligibility with an otherwise federally-facilitated health benefits exchange," Ohio will not operate a federally mandated exchange, leaving that to the federal government. He also said that Ohio "will not turn over to the federal government the right to determine Medicaid and Children's Health Insurance Plan (CHIP) eligibility for citizens but, as permitted by the law, will retain that function as well as manage that work through Ohio's Medicaid director."⁵

On February 12, 2013, Governor Kasich's budget for fiscal years 2014 and 2015 — "Jobs Budget 2.0" — was introduced as H.B. 59. Included was an expansion of Medicaid featuring the creation of the Ohio Department of Medicaid and its executive head, the Medicaid director. Both the Senate and House versions of the budget stripped the governor's proposal to expand Medicaid — Senate President Keith Faber (R-Celina) indicated that the issue would be considered outside of the budget.⁶

In general, Republicans are opposed to the expansion of Medicaid because they view it as an unprecedented expansion of authority on the part of the federal government over the states. Those calling for Ohio to reject the Affordable Care Act's optional Medicaid expansion say that taxpayer-funded Medicaid is supposed to be a health care safety net that was never intended to include able-bodied childless adults. They also maintain that expanding Medicaid would crowd out private coverage and fail to reduce hospitals' uncompensated charity care. Opponents are particularly skeptical that the federal government will maintain its promise of funding for the program and fear Ohio would be unable to scale back the program even if it does lose funding.⁷

Despite strong opposition from his own party, Governor Kasich's battle to expand Medicaid continued when Ohio Rep. Barbara Sears (R-Monclova Township) introduced [H.B. 176](#) to implement Medicaid reforms, including expanding the program to Ohioans earning up to 138 percent of the federal poverty level. Because many opponents of Medicaid expansion fear that the federal government will fail to live up to its promise to pay for all newly eligible enrollees for three years and then 90 percent in future years, the legislation includes a provision that the state's Medicaid coverage would cease its expanded coverage should the government go back on its funding promise.⁸ The governor recently wrote a [guest column for USA Today](#) explaining how expanding Medicaid embodies modern Reagan conservatism.

Then, on June 13, 2013, Ohio Republicans took what they described as their "first step" toward overhauling the state's Medicaid system with the introduction of companion bipartisan bills in both chambers. [H.B. 208](#) and [S.B. 145](#) provide a loose outline of initiatives to lower health care costs, establish performance metrics and create accountability for the entitlement program, but do not include language about expanding the program. The bills are in line with expectations that Ohio will end up pursuing a path of reform — and not expansion — for Medicaid. Reformers insist they must fix the system before adding beneficiaries to it; however, there is some uncertainty as to whether Republicans would allow expansion to proceed once these reforms have been successfully enacted.⁹

The Ohio General Assembly began its summer recess at the end of June, so additional legislative action on these two new bills is not expected until September at the earliest. However, during a rally of Medicaid expansion supporters at the Statehouse on July 9, Governor Kasich urged legislators to have a General Assembly vote by the end of the summer.¹⁰ According to administration officials, this time frame would "likely allow Ohio enough time to prepare to enroll up to 366,000 new Medicaid members by January 1, when federal money becomes available."¹¹ Governor Kasich said that while he wants to respect the legislative process and not force a vote on the issue, all options are still on the table for moving forward with Medicaid expansion should the legislature fail to act.

Footnotes

- Kliff, Sarah (July 5, 2012) "What Happens if a State Opts Out of Medicaid, in One Chart" *The Washington Post*.
- Somashekhar, Sandhya "GOP governors' endorsements of Medicaid expansion deepen rifts within party" *The Washington Post*.
- Bernard-Kuhn, Lisa and Thompson, Chrissie "Plan may save Kasich Medicaid expansion" *Cincinnati Enquirer*.
- Kasich, John (June 21, 2012) Letter to Gary Cohen, Director of the Centers for Medicare and Medicaid Services Center for Consumer Information and Insurance Oversight.
- Ghose, Carrie (April 24, 2013) "Senate Republicans looking at Medicaid expansion alternatives outside state budget process" *Columbus Business First*.
- Ingram, Jonathan "Medicaid in Ohio: The Choice is Clear" Foundation for Government Accountability and Opportunity Ohio
- Suddes, Thomas (June 08, 2013) "Medicaid expansion is a jobs issue, too" *The Plain Dealer*.
- (June 17, 2013) "Some States Have Second Thoughts About Refusing Medicaid Expansion" PBS
- Candisky, Catherine (July 10, 2013) "Kasich urges legislators to extend Medicaid this summer" *The Columbus Dispatch*.
- Thompson, Chrissie (July 9, 2013) "Kasich, Dems spar on rally for Medicaid expansion" *Cincinnati Enquirer*.

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