



ILLINOIS CHAMBER OF COMMERCE

STATEMENT of SUPPORT for MEDICAID EXPANSION (HA #1 to HB 6253)

Beginning in 2014, all non-Medicare eligible individuals will be required to obtain health insurance through their employer, the private market, the public health insurance exchange, or Medicaid under the federal Affordable Care Act (ACA). The ACA's goal of reducing the number of uninsured individuals is expected to be achieved by: 1) making available advanceable premium tax credits to individuals at or below 400% FPL to purchase coverage on the exchange and 2) the expansion of Medicaid to cover all individuals at or below 133% FPL. The largest reduction in the uninsured population, however, is projected to occur under the Medicaid expansion, for which states will be eligible to capture 100% federal funding for adults meeting the new eligibility requirements through 2016, after which federal support will step down to 90% in 2020 and beyond. Federal support for Illinois' non-expansion population will remain at 50%.

The Illinois Chamber of Commerce supports access to high quality, affordable healthcare for all employers and consumers. The Illinois Chamber also supports retaining as much federal tax paid by Illinois' employers and employees. Illinois employers and consumers have already invested enormous amounts of resources on the implementation of and compliance with the ACA; a law that does little to address escalating healthcare costs, but does promise to create new avenues to insurance thereby reducing the uninsured population in 2014 and beyond. The Illinois Chamber remains committed to addressing the challenges of this law at both the state and federal levels, but believes the expansion of Medicaid, as was originally envisioned by the ACA, is the best way to mitigate additional cost pressures on employers and consumers in the near term.

Our support for expansion is derived from several key considerations:

- Illinois will receive approximately \$12 billion in federal funds to support the expansion of its Medicaid program between 2014 and 2020.
- The Medicaid program will incur additional costs through 2020 regardless of expansion as individuals who currently qualify for Medicaid enroll to avoid the individual mandate penalty.
- A recent study performed by the University of Missouri on the impact of Medicaid expansion in Missouri cited expansion's multiplier effect on the economy, generating an estimated 24,000 new and sustainable jobs through 2020; a positive economic impact that is likely to be felt in other states, including Illinois.
- A recent Kaiser Family Foundation state-by-state analysis of the impact of Medicaid expansion projected a 49% reduction in the uninsured population under expansion and only a 26% reduction in the 1.8 million uninsured Illinoisans if the state forgoes expansion, which means the cost shift back to the private payers will be more acute without expansion.
- Under the ACA, employers with 50 or more employees are responsible for providing affordable coverage to all of their full-time equivalent employees. If the employer fails to provide this affordable coverage AND the employee qualifies for and accepts a premium tax credit to purchase coverage on the exchange, the employer could face a penalty of up to \$3,000 per employee. While the ACA authorizes expansion of the Medicaid program to all childless adults at or below 133% FPL, the ACA also authorizes the application of the premium tax

credit to individuals whose income is between 100% FPL to 400% FPL. If the state were to forgo expansion, employers could face greater penalty exposure.

Our support of the expansion, however, is not absent serious concerns about the fiscal stewardship of Illinois and its track record under the Medicaid program. The Illinois Chamber expressed serious concern over the future of the program and supported many of the programmatic reforms enacted earlier in 2012 that are critical to the long-term sustainability of Medicaid. The success of the reforms in achieving viability of the program in the immediate and near future becomes even more crucial under expansion.

Given the intricate ties between the Medicaid program and the private market and the overall ability to keep healthcare costs affordable and accessible for all employers and their employees, the Illinois Chamber's position of support is not a position we take lightly and we therefore recommend the following:

1. Any cost-savings achieved through the reduction or elimination of state-supported programs currently serving individuals who will qualify for Medicaid under the expansion and cost-savings achieved through new care-coordination programs must be set-aside to support future state liabilities under the expanded Medicaid program and reductions in the payment cycle to providers;
2. The state's goal for enrollment in care coordination must be increased post-2014; and
3. The state must strengthen oversight of state eligibility and enrollment systems and ensure greater transparency with respect to how eligibility is verified for new enrollees and on an ongoing basis.