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Louisiana Budget Project

A Medicaid “freeze” would reverse expansion gains

Baton Rouge construction magnate Eddie Rispone has [offered precious few clues](#) about the policies he would pursue if he wins the Nov. 16 runoff to become Louisiana’s next governor. One of the few exceptions involves Medicaid, the federal-state program that provides health care coverage for [more than 1.5 million](#) Louisianans.

Rispone has promised to [“freeze” Medicaid enrollment](#) at current levels if he’s elected. Although Rispone has provided no details about his plan, the experience of other states shows that an enrollment freeze would reverse [the dramatic gains in health coverage](#) that Louisiana has seen since Medicaid was expanded in 2016.

An enrollment freeze also would face legal roadblocks and potentially drive up the state’s healthcare costs by hundreds of millions of dollars. When Arizona froze its Medicaid program earlier this decade, enrollment dropped by 70% and the state soon had to reverse course. When a similar scheme was proposed in Ohio recently, it was vetoed by that state’s Republican governor on the grounds that 500,000 people could lose coverage.

Background: The Medicaid program [provides life-sustaining health coverage](#) for Louisiana residents who couldn’t otherwise afford the cost of care. It covers children from low- and moderate-income families, senior citizens and people with disabilities who need ongoing care at home or in an institution, and women who are pregnant. Since 2016, the program also has covered working-age adults, age 19-64, whose incomes fall below 138% of the poverty line ([\\$17,244 per year for an individual, \\$29,436 for a family of 3](#)).

Medicaid expansion is an excellent deal for Louisiana, due to a very favorable federal match rate. The federal government [covers 66% of the cost](#) for regular Medicaid enrollees, but [91.5% of the cost](#) for the expansion population. To cover its share of the expansion cost, Louisiana levies a fee on Medicaid managed care companies and hospitals. These fees have largely kept the state from having to pay for the expansion population using state general funds.

Legally questionable: Earlier this year, [Utah asked](#) the federal government for permission to put an enrollment cap - or freeze - on its Medicaid expansion population. Even though President Donald Trump administration has given states a lot of flexibility to restrict Medicaid coverage, [Utah’s request was denied](#). In rejecting Utah’s request, the federal agency that oversees Medicaid said the enrollment cap would mean that some people who qualify for coverage due to their low income would end up being denied, and that this would amount to a “partial expansion.” Federal policy says that states can only receive the favorable 91.5% match rate if everyone who qualifies for coverage can actually get covered.

This means that if Louisiana tried to freeze enrollment in Medicaid expansion, it could lose the favorable 91.5% match rate for everyone covered under expansion. If Louisiana had to provide coverage for the

expansion population (currently 467,000) at the regular match rate of 66.4%, the added cost to the state would be hundreds of millions of dollars¹.

The failed Arizona experiment: During the Great Recession, Arizona's Medicaid program was under financial strain and the state responded by freezing enrollment - first for children (in 2009) and then for childless adults (in 2011). [The results were disastrous](#) for people who need help paying for health care.

Enrollment in Arizona's KidsCare program (similar to [LaCHIP in Louisiana](#)) dropped by more than 60% in less than two years. For childless adults - a population similar to the Medicaid expansion group in Louisiana - enrollment dropped by 70% over two years even though the state put safeguards in place.

Supporters of an enrollment freeze sometimes argue that it won't affect people who are already covered. But that ignores a basic reality: People often cycle on and off Medicaid as their circumstances change, and sometimes people lose coverage just because they missed a paperwork deadline. Under an enrollment freeze, they would not be able to re-enroll.

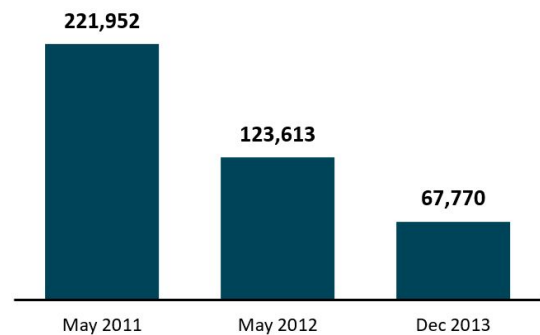
Ohio dodged a bullet: More recently, the Ohio Legislature [passed a budget bill](#) that included a freeze on enrollment in Medicaid expansion. But the Buckeye State's then-governor, John Kasich, vetoed the idea by saying it would jeopardize coverage for 500,000 state residents. In his [veto message](#) to the Legislature, Kasich wrote that a freeze would violate federal law, and that expansion in that state has led to *"improved access to care, decreased costly emergency room use, better overall health status and improved opportunities to seek and continue employment."*

Conclusion: Louisiana's Medicaid expansion has helped reduce [the state's uninsured rate](#) by more than half. It has given hundreds of thousands of our fellow citizens the ability to see a doctor when they get sick, and get treatment for chronic conditions such as diabetes and heart disease before they become more serious. A Medicaid enrollment freeze amounts to a de-facto repeal of expansion, would put untenable pressure on the state budget and take Louisiana in the wrong direction.

-By Jan Moller

Arizona Medicaid Caseload Plummeted After July 2011 Enrollment Freeze

Enrollment among childless adults



Note: Starting in July 2011, Arizona stopped accepting new enrollees for its waiver expansion and continued coverage for existing enrollees only if their income remained below poverty and they turned in renewal paperwork on time.

Source: Arizona Health Care Cost Containment System with analysis by Center on Budget and Policy Priorities

¹ LBP calculation. Louisiana projects to spend \$3.75 billion for the expansion population in FY19-20 (House Fiscal Division). The difference between an 8.5% state match and a 33.6% state match is about \$941 million.