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ASIA AND THE PACIFIC

Congress of the United States

House of Representatives

Washington, DC 20515-4611

October 15, 2013

Congressman Gerald E. Connolly Comments on Medicaid Expansion in Virginia

The Honorable Emmett W. Hanger, Jr.
Chairman, Medicaid Innovation and Reform Commission
201 North 9th Street
General Assembly Building
Richmond, Virginia 23219

Dear Chairman Hanger and Members of the Commission,

I appreciate the Medicaid Innovation and Reform Commission inviting comments and holding a public hearing on whether the Commonwealth should partner with the Federal Government in expanding Medicaid coverage to newly eligible Virginians under the Patient Protection and Affordable Care Act. Aside from the significant health benefits that would become available to thousands of uninsured Virginians, there is a compelling business case for extending Medicaid coverage, including a significant reduction in uncompensated care and an increase in health care-related jobs.

According to the Kaiser Family Foundation's Commission on Medicaid and the Uninsured, 245,840 uninsured Virginians would be eligible to receive Medicaid coverage under the expansion. As you know, most uninsured Virginians currently access health care via the most expensive point of entry – the emergency room. That uncompensated care is paid for through a mixture of higher premiums for those who have insurance, local and state tax dollars, and volunteer services and care provided by hospitals. Expanding Medicaid coverage would not only reduce the Commonwealth's uninsured population, but it also would save hundreds of millions in uncompensated costs.

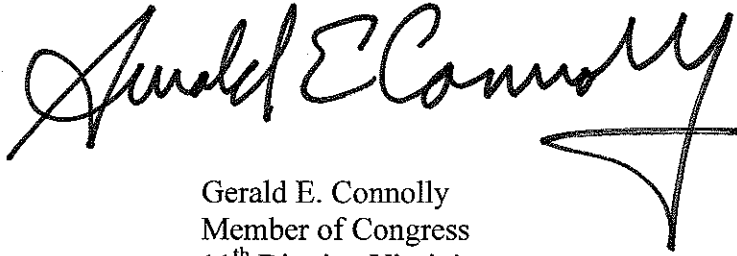
The Health Reform Initiative Advisory Council, created by Gov. McDonnell to assist in implementing the ACA, found that uncompensated care in Virginia costs \$1.65 billion per year. The Council also found that ACA reforms, including the proposed Medicaid expansion, would reduce those uncompensated costs borne by state and local governments, families, businesses, and hospitals by \$860 million. Declining to expand this successful State-Federal partnership would actually cause those uncompensated care costs to continue spiraling out of control.

Under the ACA, Medicaid eligibility is being expanded to include individuals with annual incomes up to 133 percent of the Federal poverty level. The Federal Government currently pays half of Virginia's Medicaid costs. Through the proposed expansion, the Federal Government would pay 100% of the costs of covering those newly eligible for coverage in 2014, 2015, and 2016. The Federal share would taper to 95% in 2017, 94% in 2018, 93% in 2019, and 90% in 2020 and remain at that level thereafter. By expanding this State-Federal partnership, Virginia's spending on Medicaid to expand coverage would increase 1.8%, but Federal Medicaid spending in Virginia would increase 35.1% or \$9,629,000,000.

The choice we face as Virginia's leaders is momentous. Will we move forward together to implement these historic reforms, reversing our unsustainable trajectory of spiraling costs? Or will we allow this once-in-a-lifetime opportunity to leverage billions of dollars of federal funds to help Virginia's families, businesses, and bottom line?

I respectfully urge the Commission to remember the historical notion of "commonwealth" as it considers this important question for Virginia's future. Join with Virginia leaders, who, on a bipartisan basis, have recognized the economic benefits of extending the Medicaid partnership to save on the cost of uncompensated care, create new jobs, and reduce the number of uninsured. Together we can seize this opportunity to make life better for all Virginians.

Sincerely,

A handwritten signature in black ink, reading "Gerald E. Connolly". The signature is fluid and cursive, with a large, stylized "G" and "C". A horizontal line extends from the end of the signature.

Gerald E. Connolly
Member of Congress
11th District, Virginia