

The Mousetrap

The legislature has just been called back by the Governor for a special session, with two of the topics being Medicaid Expansion and the Budget. The legislature is being bombarded by requests for more money and to expand the Medicaid system. The State is currently looking at an approximately four billion dollar deficit, a number that is understandably hard to get your head around. In essence, we'll be completely out of money before 2020, excepting the Permanent Fund. Yes, it's that bad, but yet there are many voices out there crying for the legislature to spend what little we have now and not make the hard decisions. A good example of a bad program that needs drastic reform is Medicaid.

Currently in Alaska we spend \$1.6 billion per year on Medicaid. It has grown 149% in the last 10 years, and will eventually overwhelm the entire budget including education. Expansion will add around 40,000 people to those rolls and by 2022 is estimated to be costing the state around \$36 million, with a total cost up to then of around \$109 million. Medicaid is admitted even by its proponents, like the Governor, to be a broken system; in fact, its level of brokenness is like a helicopter crashing in some new action movie where the blade goes off spinning and destroying all in its path. No exaggeration, it is on course to destroy the Alaskan State budget, wiping out the PFD and bringing in unnecessary taxation.

From a philosophical viewpoint, expansion's design dis-incentivizes the young adults under thirty that would be the main recipients of it from pushing themselves to find better jobs or build businesses that would allow them a higher level of healthcare. Actually, it's not just philosophical, based on last year's election results. In 2014, Alaskans voted to not just raise minimum wage, but to unsustainably raise it every single year. Currently those on minimum wage will be eligible for Medicaid, but in 2017 those working full-time for minimum wage will exceed the eligible income for Medicaid. The choice then will be keep Medicaid or keep a full-time job. This is a huge problem that exists for these types of entitlement programs, that anyone who tries to better themselves financially loses the benefits, thereby offsetting the benefits of working. Why in the world would we want to expand a system to young single adults that encourages them not to work or improve their situation?

Another aspect that has been overlooked by many is that Medicaid pays more than Medicare, for senior citizens, and Tricare, for military families and veterans, so those few doctors who are left that see patients on that program will make more by serving Medicaid patients than those on Medicare or Tricare. This will only make it harder for senior citizens, veterans and our military families to be able to get the health care they need.

There are way more broken aspects of Medicaid, fraud and abuse, than can be addressed in this short article, but it's consistently shown that reform is mandatory to be able to even keep the Medicaid system we have in place, let alone add more people to that system. The State needs to work out the large amount of billing problems it has, and implement some cost controls. Be wary, some are proposing reforms, which are really just taxes, like up to a 6% tax on providers, even if they don't have Medicaid patients.

There are also problems with how Medicaid pays out much less than the costs of doing business; for example, the Fairbanks North Star Borough only gets approximately half of what it costs us to do an ambulance run. These underpayments add up considerably and contribute substantially to the high cost of medical care.

Remember when they talk about all the free Federal money that we'll get: There's Free Cheese in a Mouse Trap. Please let the legislature know that we need to reform Medicaid before we even think of expanding it. You can email them all at GOV.Alllegislators@alaska.gov.