

Detroit Free Press

Now's not the time to double down on health law

By **Joseph G. Lehman and Clifford W. Taylor**
Detroit Free Press guest writers

The GOP-led state Senate may vote as early as Tuesday to accept an expansion of the federal Medicaid program and throw Michigan's weight behind the national health care law that some call Obamacare. Any benefits of a bigger Medicaid program would be short-lived and far outweighed by long-term economic and health harms.

The Senate should proceed with great caution and skepticism.

Obamacare originally made every state a conduit for the largest-ever expansion of Medicaid in order to make the health law work. But when the U.S. Supreme Court upheld the law, it also made state Medicaid expansions optional, not mandatory. Twenty-one states (including Florida, Texas and Pennsylvania) containing more than 40% of the country's population have rejected the expansion. Michigan and another handful have yet to decide.

The state's main incentive to expand Medicaid is a federal promise to transfer to Michigan \$2 billion (increasing to \$3 billion) annually for three years if we add 320,000 Michiganders earning up to 138% of the poverty level to Medicaid rolls.

After three years, our federal subsidy would shrink by \$300 million per year, meaning either Michigan taxes increase by that much or lawmakers kick 320,000 people off Medicaid, which seems unlikely.

A \$3-billion gift for three years and then \$2.7 billion after that sounds good until you think about it the way Avik Roy of the Manhattan Institute does: "Would you buy a \$30-million house if I paid 100% of your mortgage for three years and then 90% of your mortgage after that?" Most of us couldn't afford the gift.

The idea of free money explains why hospitals have suddenly emerged as Lansing's biggest new lobbying force. They hope most of the money redirected through wide-open Medicaid spigots would flow to them. The \$22.5 billion promised to Michigan through 2022 wouldn't come from a federal surplus; it would go on the national credit card.

Nobody promised billions of free federal money when the House rejected the state Obamacare exchange last year, aligning Michigan with 32 other states. Then-Rep. Chuck Moss, R-Birmingham, memorably said GOP lawmakers would "rather be caught sacrificing to Satan than voting for Obamacare."



Thomas Gennara

The state Senate could vote as early as Tuesday on whether to expand Medicaid, as Gov. Rick Snyder has urged.

Now state senators might find a devil in the Medicaid details. With a majority comprised of nearly all Democrats and a few Republicans, the GOP-controlled House quickly passed its expansion with reforms and federal waiver requests intended to improve Michigan's version of the entitlement. Gov. Rick Snyder and hospitals support it.

But the House did not and cannot require the Obama administration to approve any reforms before our expansion would proceed. Federal waivers, if granted, are temporary. Expansion is permanent.

The reforms also fail to address some of Medicaid's core deficiencies. Because of low levels of doctor acceptance and other factors, Medicaid patients seek emergency room care at nearly twice the rate of those privately insured, clouding the claim that Medicaid expansion will ease ER costs and crowding.

The public wants a basic health safety net, but Obamacare may be the most vulnerable major national policy since Prohibition. Its Democratic sponsors are openly critical, the president is unilaterally delaying key mandates, nearly every state is behind, and lawsuits abound. Pressure grows for Congress to reopen the law, which could spawn truly promising reforms — such as ending the linkage between employment status and health coverage — that might unite Democrats and Republicans.

Democrats need a better idea than "add the cost to our tab," and Republicans need a better response than "no." Expanding Medicaid now would be like bidding on a City of Detroit contract on the eve of its bankruptcy. Now is not the time to double down on Obamacare.

Joseph G. Lehman is president of the Mackinac Center for Public Policy, a research institute in Midland. Clifford W. Taylor, former chief justice of the Michigan Supreme Court, is chairman of the Mackinac Center Board of Directors.