

MEDICAID & MEDICARE EXPANSION

This section is designed to better explain the fiscal benefits of an Expanded Medicaid System as it pertains to both the American People and State/Federal Governments. Under the ACA, Medicaid has been expanded to people earning 138% of the Federal Poverty Level. For those people nothing substantial will change. They will continue to pay nothing beyond the co-pays etc. currently in effect. However, for those who are working (full or part-time) that earn above the current **threshold**, the benefits of Medicaid will be expanded to 200% of the Federal Poverty Level. Like all other employees they will pay the 6% base payroll assessment, that is also also matched by their employer AND the .9% **Benefit Tax**. They WILL NOT receive the \$2000/year HSA or a subsidy, but rather the full range of Medicaid benefits. It is assumed that Medicaid Block Grants WILL come into being and that this approach, when integrated with overall cost saving measures, will cause current Medicaid dollars to be able to assist more people.

They will now be participating in two systems. One they are paying for and one they are not. As a result, each SYSTEM will pay ½ of the benefit cost. This is significant because there are currently 18 states who have not adopted Medicaid Expansion due to cost although they are eligible to “opt-in” at the current matching rate, at any time under the ACA. These 18 States represent a major roadblock to passage of a National Healthcare Agenda. They have high numbers of uninsured. The Federal government is currently obligated to match Medicaid spending in every state dollar for dollar and in many cases even more, but only to the 138% level. In Mississippi the match is \$2.79 for every dollar spent. Block grants will effectively change allocation strategies for the states. Block grants should provide each state with a more of a fixed budget type system when compared to current. Because “US.US” is based on individual income as opposed to household, it is further assumed that many working parent with dependents who currently qualify for Medicaid, will now qualify for expanded Medicaid individually, thereby lessening state expenditures for these people. This reduces the State per person cost, allowing their dollars, when combined with Block Grant funding to cover more beneficiaries. Employee will pay 25%, Employer will pay 25%, State will pay 25% and the Federal Government will pay 25% in approximate terms. Many of the current uninsured are working poor and also assumed to be younger and healthier than most Medicaid recipients.

Medicare beneficiaries such as myself will benefit as well. Although disabled, by working, I pay the government the same Social Security and Medicare surtaxes as everybody else, as does my employer, and further, cause my disability income to become subject to Federal income taxes. For Medicare beneficiaries who are working, there will be little to no out-of-pocket cost. Deductibles and co-pays will be substantially reduced and/or eliminated for them. They too will be participating in both programs,

paying the same 6% payroll assessment that is again matched by their employer, and, the same .9% benefit tax. As a result the National Plan and Medicare will each pay 1/2 of those benefits, saving Medicare a TON! The pie is once again split four ways although not equal.

I do see the potential to possibly add some Vision and Dental benefits for these beneficiaries. Because I currently work, although part-time, my employment generates about \$2400/yr. in revenue back to the Federal Government towards the benefits I receive, that they would not have by my not working.